



29 October 2015

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

By E-Lodgment

ANNUAL REPORT AND NOTICE OF ANNUAL GENERAL MEETING

Please find attached the Company's Annual Report, which is available on the Company's website www.blackmountainresources.com.au, and Notice of Annual General Meeting of shareholders including proxy form as dispatched to shareholders.

For and on behalf of the Board

A handwritten signature in black ink, consisting of several overlapping horizontal strokes, enclosed within a hand-drawn oval.

Peter Landau
Executive Director



blackmountain
resources limited

AND CONTROLLED ENTITIES
ABN 55 147 106 974

ANNUAL REPORT
FOR THE YEAR ENDED
30 JUNE 2015

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Corporate Information

This financial report includes the consolidated financial statements of Black Mountain Resources Limited and controlled entities (“the Group”). The Group’s functional presentation currency is AUD (\$).

A description of the Group’s operations and of its principal activities is included in the review of operations and activities in the Director’s Report.

Directors

Mr Peter Landau – Executive Chairman
Mr John Ryan – Executive Director
Mr Jason Brewer – Non-Executive Director

Auditors

RSM Bird Cameron Partners
8 St Georges Terrace
Perth WA 6000

Company Secretary

Ms Jane Flegg

Solicitors

Steinepreis Paganin
Level 4, 16 Milligan Street
Perth WA 6000

Registered Office

Ground Floor, 1 Havelock Street
West Perth WA 6005

Stock Exchange

Australian Securities Exchange
Exchange Plaza
2 The Esplanade
Perth WA 6000

Share Registry

Computershare Investor Services
Level 11, 172 St Georges Terrace
Perth WA 6000

ASX Code: BMZ

Website

www.blackmountainresources.com.au

Competent Persons Statement

The information included in this report 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.

Directors' Report

Your Directors present the following report on Black Mountain Resources Limited and its controlled entities (referred to hereafter as "the Group") for the year ended 30 June 2015.

Directors

The names of the Directors in office during the year and until the date of this report are as follows. All Directors were in office for the entire period unless otherwise stated:

Mr Peter Landau (Executive Chairman)

Mr John Ryan (Executive Director)

Mr Jason Brewer (Non-Executive Director)

Ms Shannon Robinson (Executive Director) - resigned 21 July 2014

Principal Activities

The principal activity of the Group for the year ended 30 June 2015 was silver and resource mineral exploration and exploitation.

Overview

During the year ended 30 June 2015, while focusing on its New Departure and the Conjecture Silver Project's in Montana, USA, the Board continued to assess the best financing solution moving forward taking into account the continued low silver price and the very difficult prevailing market conditions for junior resource companies that impacted the Group's ability to secure the necessary long term development funding for its projects.

The Group 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 and inject new capital culminating in a restructure and new opportunity announced after the year end subject to the necessary regulatory and shareholder approvals (refer to ASX Announcement 29 July 2015).

Operating Results

The consolidated statement of comprehensive income shows a consolidated net loss for the year ended 30 June 2015 to members of \$20,606,172 (2014: net loss of \$3,577,481). The loss is primarily due to the full impairment of all its exploration and evaluation expenditures as a result of the prevailing silver price.

Dividends

No dividend has been paid or recommended by the Directors since the commencement of the financial year.

Directors Report (continued)

Review of Operations

New Departure Silver Project, Montana

The New Departure Silver Project in Montana, USA, consists of 68 patented and unpatented claims, over a 427 hectare area which is under a 45 year lease from the Chester Mining Company.

Since it was discovered in the 1880's, New Departure has produced high grade silver through several operators up until mining was halted in the 1980s.

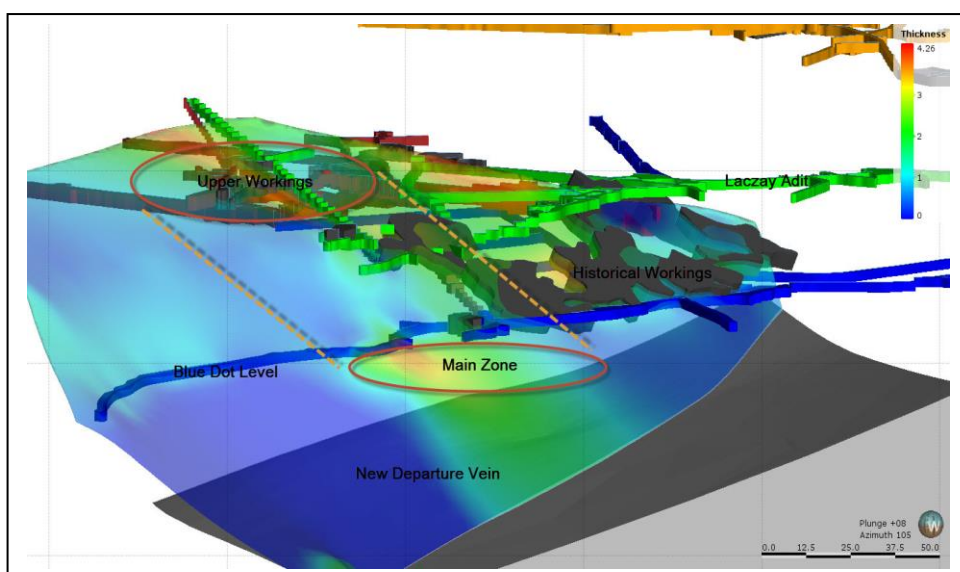
During the financial year ended 30 June 2015, the Group continued its focus on exploration and development at the New Departure Silver Project.

Results from two phases of channel sampling undertaken during the year ended 30 June 2015, which confirmed significant high grade results, highlighted that the Blue Dot Level has the greatest potential for hosting a mineral resource in the downward and northwest plunging remainder of the ore body, and extended the silver mineralisation at the Main Zone (for full results refer ASX announcements of 22 July 2014 and 18 September 2014).

Further work targeted a strategy of initially developing 13,000-15,000 identified tonnes at the upper Coppin Level at a targeted diluted mining grade of approximately 30oz/t Ag before focussing on the Blue Dot Level. It is expected that development and mining could possibly be achieved faster and at a reduced capital cost.

Given the continued low price of silver, the New Departure mine was put on care and maintenance in the latter part of the year ended 30 June 2015, with a further development decision to be reviewed at calendar year end.

The Group confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The Group confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.



New Departure Mine

Directors Report (continued) Review of Operations (Cont'd)

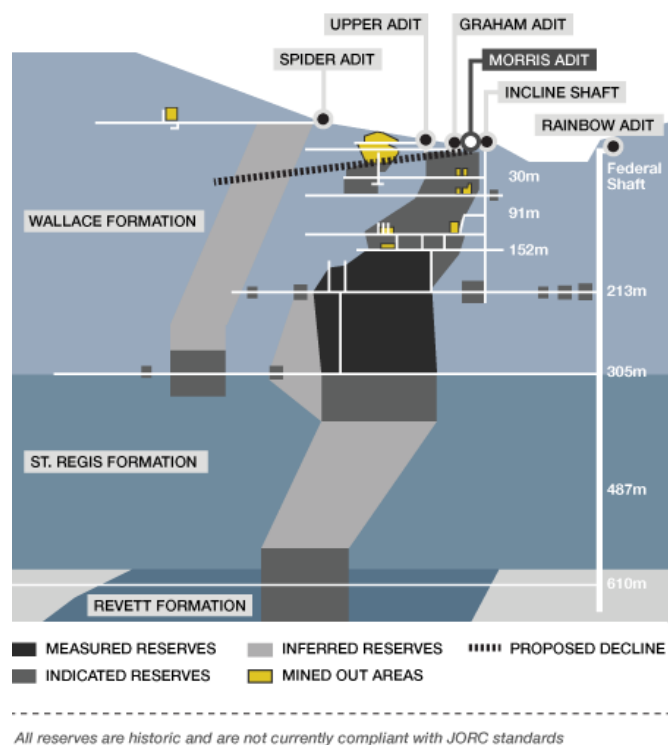
Conjecture Silver Project, Idaho

The Conjecture Silver Project consists of 59 patented and unpatented mining claims covering over 700 hectares in the Lakeview Mining District which is under a 45 year lease from the Chester Mining Company.

The property has a history of production and development going back over 100 years, although there has been no significant activity since the 1970s.

During the year, with the Group's focus being on the New Departure Silver Project no significant work was undertaken at the Conjecture Silver Project.

A part of the Group'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 Group 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 the Group in 2013.



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

Tabor Silver and Gold Project

During the year ended 30 June 2015, due to the need for the Group to optimise its allocation of capital and human resources it relinquished the Tabor Project to the lease owner.

Directors Report (continued)

Review of Operations (Cont'd)

Salvage Expedition

Subsequent to the year end, the Group announced that it had 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.

The Group 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, the Group 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 the Group 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 began operations at the first site in August and will continue as long as weather conditions permit.

Corporate

Capital Raising and Debt Restructure

Subsequent to the year end, the Group announced that it had 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, the Group 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 Group's interest in its second silver project, New Departure (\$1.5m).

The Group announced a pro-rata, renounceable entitlement issue, of 687,845,825 new shares at an issue price of 1 cent per share on the basis of 5 new shares being held and despatched its Offer Document to shareholders on 24 August 2015.

The Group announced valid acceptances had been received to the value of \$2,729,467 (272,946,655 new shares) with the resultant shortfall of 414,899,170 new shares to the value of \$4,148,992, being placed by the underwriter to the entitlement issue within 3 months of the closing date in accordance with the provisions of the Offer Document.

Directors Report (continued)

Review of Operations (Cont'd)

Significant Changes in State Of Affairs

There have been no significant changes in the state of affairs of the consolidated entity during the financial year.

After Balance Date Events

Subsequent to year end,

- the company issued offer document for renounceable pro rata entitlement issue to shareholder of five shares for every one share held at issue price of \$0.01 per share to raise up to \$6,878,458.
- the company received cash in advanced pending allotment shares of approximately \$1 million.

Other than the above, there are no matters or circumstances that have arisen since 30 June 2015 that have or may significantly affect the operations, results, or state of affairs of the company in future financial years.

Likely Developments and Expected Results

Following the completion of the capital raising initiatives, it is expected the Group 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 the Group's shareholders.

Financial Position

At 30 June 2015, the Group had net liabilities of \$6,503,709 with cash reserves of \$13,477 (2014: net assets \$13,595,685 with cash reserves of \$61,785).

The decrease in net assets is primarily due to the impairment due to the relinquishing of Tabor project license to its owner and full impairment of all its exploration and evaluation expenditure as a result of the prevailing silver price.

The independent auditor's report contains an 'Emphasis of Matter'. For further information, refer to Note 1(a) in the Notes to the Financial Statements.

Environmental Regulation

The Group operates within the resources sector and conducts its business activities with respect for the environment, while continuing to meet the expectations of the shareholders, employees and suppliers. The company's exploration activities are currently regulated by significant environmental regulation under laws of the Commonwealth and states and territories of Australia. The Group aims to ensure that the highest standard of environmental care is achieved, and that it complies with all relevant environmental legislation.

The directors have considered the recently enacted National Greenhouse and Energy Reporting Act 2007 (the NGER Act) which introduces a single national reporting framework for the reporting and dissemination of information about the greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the directors have determined that the NGER Act will have no effect on the Group for the current, or subsequent financial year. The directors will reassess this position as and when the need arises.

The directors are mindful of the regulatory regime in relation to the impact of the organisational activities on the environment.

There have been no known breaches by the Group during the financial year.

Directors Report (continued)

Information on Directors

Mr Peter Landau	-	Executive Chairman
Qualifications	-	Bachelor of Law, BComm
Experience	-	Mr Peter Landau is the founding director of Okap Ventures Pty Ltd and ICBC Capital Pty Ltd, internationally focused project management, corporate advisory and venture capital firms based in Western Australia and London. Mr Landau is a former corporate lawyer and corporate advisor and has over 15 years' experience in providing general corporate, capital raising, transaction and strategic advice to numerous ASX listed and unlisted companies. Mr Landau has project managed a significant number of oil and gas mining exploration and development transactions around the world including capital raisings, M&A, joint ventures and finance structures. Mr Peter Landau is also a director of several ASX and AIM listed resource companies.
Interest in Shares and Options	-	305,000 Ordinary Shares
Current directorships	-	Director of Citation Resources Limited, Continental Coal Limited, Aus Roc Mining Limited
Former directorships held in past three years	-	Director of NKWE Platinum Limited, Paynes Find Gold Limited, Range Resources Ltd and Eclipse Metals Limited

Mr John Ryan	-	Executive Director
Qualifications	-	B.S Mining Engineering, J.D. Juris Doctor
Experience	-	Mr. John Ryan is a qualified mining engineer with extensive international mining experience particularly in the Coeur d'Alene District including work at the Consolidated Silver Mine and the Galena Mine. Mr Ryan is the founder / co-founder of a number of resource companies including Royal Silver Mines Inc., Silver Bull Resources, Western Goldfields Inc., and U.S. Silver Corporation.
Interest in Shares and Options	-	4,000,000 Ordinary Shares 5,000,000 Performance Shares
Current directorships	-	Trend Mining Company, Independence Brewing Company, Direct Response Media Inc, Lucky Friday Extension Mining Company Inc, Mineral Mountain Mining & Milling Company, Tintic Standard Gold Mines Inc, Consolidated Goldfields Inc, Silver Verde May Mining Company Inc.
Former directorships held in past three years	-	US Silver Corporation, Gold Crest Mines Inc

Directors Report (continued)

Information on Directors (cont)

Mr Jason Brewer	-	Non-Executive Director
Qualifications	-	Masters of Mining Engineering, Masters of Mineral Law and Policy
Experience	-	Mr Jason Brewer has 18 years international experience in mining, equity investment, corporate and project financing, capital raising, investment advising and evaluation of resource companies. He is a qualified mining engineer with operating experience in Canada, South Africa and Australia and has worked for several international investment banks and also managed Australia's largest ASX-listed resources fund. Mr Brewer also holds a number of non-executive directorships with several public resource companies and is an executive director of Okap Ventures Pty Ltd and Komodo Capital Pty Ltd.
Interest in Shares and Options	-	Mr Brewer holds no shares or options in the company
Current directorships	-	Director of De Grey Mining Limited.
Former directorships held in past three years	-	Director of Continental Coal Limited, Altona Mining Limited and Kaboko Mining Limited

Ms Jane Flegg - Company Secretary

Ms Flegg has over 20 years of experience in finance and administration. During the past decade she has been a Corporate Advisor to several ASX and AIM listed mining and oil and gas exploration companies, specialising in corporate and financial management, compliance and company secretarial advice. Ms Flegg is currently Company Secretary/CFO of Continental Coal Limited, International Goldfields Limited and Black Mountain Resources Limited.

Directors Meetings

The number of Directors' meetings held and the number of meetings attended by each of the Directors of the Group for the time the Director held office during the year were as follows:

	Number of Meetings Eligible to Attend	Number of Meetings directors' attended
Number of Meetings Held		
Number of Meetings Attended		
Director		
Mr Peter Landau	4	4
Mr John Ryan	4	4
Mr Jason Brewer	4	4
Ms Shannon Robinson	-	-

Shares under Option

Unissued ordinary shares of Black Mountain Resources Limited under option at the date of this report are as follows:

Type	Expiry Date	Issue Price of Shares	Number Under Option
Unlisted	25 July 2016	\$0.25	500,000
Unlisted	14 November 2015	\$0.30	2,000,000
Unlisted	30 November 2016	\$0.10	1,000,000
Unlisted	31 March 2017	\$0.12	3,000,000

Shares Issued on the Exercise of Options

There were no options exercised during the year.

Insurance of Officers

During the year, Black Mountain Resources Limited paid a premium of \$13,347 to insure the directors and secretaries of the Group.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for them or someone else or to cause detriment to the Group. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Directors Report (continued)

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on Behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Group with leave of the Court under section 237 of the Corporations Act 2001.

Non-Audit Services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 22 to the financial statements. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services do not compromise the auditor's independence as all non-audit services have been reviewed to ensure that they do not impact the impartiality and objectivity of the auditor and none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board.

Auditor's Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 has been included as part of the financial report.

Directors Report (continued)

Remuneration Report (Audited)

The remuneration report is set out under the following main headings:

- A Principles used to determine the nature and amount of remuneration.
- B Details of remuneration.
- C Service agreements.
- D Share-based compensation.
- E Additional disclosures relating to key management personnel

A Principles used to determine the nature and amount of remuneration

The Board has elected not to establish a remuneration committee based on the size of the organisation and has instead agreed to meet as deemed necessary and allocate the appropriate time at its board meetings.

The following items are considered and discussed as deemed necessary at the board meetings:

- make specific recommendations to the board on remuneration of directors and senior officers;
- recommend the terms and conditions of employment for the Executive Director;
- undertake a review of the Executive Director's performance, at least annually, including setting with the Executive Director goals for the coming year and reviewing progress in achieving those goals;
- consider and report to the Board on the recommendations of the Executive Director on the remuneration of all direct reports; and
- develop and facilitate a process for Board and Director evaluation.

Non-Executive Directors

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board.

Directors' Fees

Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum currently stands at \$150,000 per annum.

Directors Report (continued)

Remuneration report (Audited) (cont'd)

A Principles used to determine the nature and amount of remuneration (cont'd)

Additional fees

A Director may also be paid fees or other amounts as the Directors determine if a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

Retirement allowances for directors

Superannuation contributions required under the Australian Superannuation Guarantee Legislation continue to be made and are deducted from the directors' overall fee entitlements.

Executive pay

The executive pay and reward framework has two components:

- base pay and benefits, including superannuation; and
- long-term incentives through participation in the Employee Share Option Plan.

The combination of these comprises the executive's total remuneration. The Group intends to revisit its long-term equity-linked performance incentives for executives as deemed necessary by the Board.

Base pay

The employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits at the executives' discretion.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Base pay for executives is reviewed annually to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed every 12 months and may increase every 12 months.

Benefits

No benefits other than noted above are paid to Directors or Management except as incurred in normal operations of the business.

Directors Report (continued)

Remuneration report (Audited) (cont'd)

A Principles used to determine the nature and amount of remuneration (cont'd)

Long term incentives

Options are issued at the Board's discretion. Other than options disclosed in section D of the remuneration report, there have been no options issued to employees as at the date of this financial report.

B Details of remuneration

Details of the remuneration of the directors and the key management personnel of the Group are found below:

Mr Peter Landau
Mr John Ryan
Mr Jason Brewer
Ms Shannon Robinson – resigned on 21 July 2014

Key Management personnel and other executives of the Group

30 June 2015	Short- term employee benefits			Post-employment benefits		Share-based payments	Total	Total Remuneration Represented by Options
	Cash salary & Fees	Consulting fee	Non Monetary Benefits	Super-annuation Pensions	Retirement Benefits			
Directors	\$	\$	\$	\$	\$	\$	\$	%
<i>Executive directors</i>								
Peter Landau	120,000	-	-	-	-	-	120,000	-
John Ryan	60,000	144,300	-	-	-	-	204,300	-
Sub-total executive directors	180,000	144,300	-	-	-	-	324,300	-
<i>Non-executive directors</i>								
Jason Brewer	40,000	-	-	-	-	-	40,000	-
Sub-total Non-executive directors	40,000	-	-	-	-	-	40,000	-
Total key management personnel compensation (Group)	220,000	144,300	-	-	-	-	364,300	-

Directors Report (continued)

Remuneration report (cont'd)

Key Management personnel and other executives of the Group (cont)

30 June 2014	Short-term employee benefits			Post-employment benefits		Share-based payments	Total	Total Remuneration Represented by Options
	Cash salary & Fees	Consulting fee	Non Monetary Benefits	Super-annuation Pensions	Retirement Benefits			
Directors	\$	\$	\$	\$	\$	\$	\$	%
<i>Executive directors</i>								
Peter Landau	120,000	-	-	-	-	-	120,000	-
John Ryan	14,108	98,796	-	-	-	-	112,904	-
Shannon Robinson	60,000	-	-	-	-	-	60,000	-
Sub-total executive directors	194,108	98,796	-	-	-	-	292,904	-
<i>Non-executive directors</i>								
Jason Brewer	40,000	-	-	-	-	-	40,000	-
Sub-total Non-executive directors	40,000	-	-	-	-	-	40,000	-
Total key management personnel compensation (Group)	234,108	98,796	-	-	-	-	332,904	-

C Service agreements

On appointment to the Board, all non-executive directors enter into a service agreement with the Group in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation, relevant to the director.

D Share-based compensation

There were no shares or options issued to key management personnel as part of the compensation during the year ended 30 June 2015.

Directors Report (continued)

Remuneration report (cont'd)

E Additional disclosures relating to key management personnel

Key management personnel options

The number of options over ordinary shares in the company held during the year by each director of Black Mountain Resources Limited and other key management personnel of the Group, including their personally related parties, are set out below:

2015 Name	Balance at the start of the year	Granted as compensation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
Directors							
Peter Landau	-	-	-	-	-	-	-
John Ryan	2,000,000	-	-	-	2,000,000	2,000,000	-
Shannon Robinson ¹	86,364	-	-	(86,364)	-	-	-
Jason Brewer	-	-	-	-	-	-	-
Total	2,086,364	-	-	(86,364)	2,000,000	2,000,000	-

¹ Ms Shannon Robinson resigned on 21 July 2014.

Key management personnel shareholdings

The numbers of shares in the company held during the year by each director of Black Mountain Resources Limited and other key management personnel of the Group, including their personally related parties are set out below.

2015 Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes	Balance at the end of the year
Directors				
Peter Landau ¹	-	-	-	-
John Ryan	9,000,000	-	-	9,000,000
Shannon Robinson ²	172,727	-	(172,727)	-
Jason Brewer	-	-	-	-
Total	9,172,727	-	(172,727)	9,000,000

¹ Okap Ventures Pty Ltd, a company of which Mr Landau is a director holds 305,000 ordinary shares in the company.

² Ms Shannon Robinson resigned on 21 July 2014.

Directors Report (continued)

Remuneration report (cont'd)

Other transactions and balances with key management personnel

Doull Holdings Pty Ltd, a company of which Mr Landau is a director, charged the group directors' fees, which \$280,000 was outstanding at year end.

Scooby Holdings Pty Ltd, a company of which Mr Brewer is a director, charged the group directors' fees, which \$103,332 was outstanding at year end.

Okap Ventures Pty Ltd, a company which Mr Landau is a director, charged the group corporate management fees totalling to \$300,000 for the year and \$794,835 was outstanding at year end.

Director fee payable to John Ryan at 30 June 2015 is \$60,000.

These transactions have been entered into on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

[End of Remuneration Report]

This report of Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of Directors.



Peter Landau
Executive Director

Perth, Western Australia, 30th September 2015

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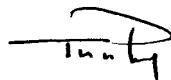
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Black Mountain Resources Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 30 September 2015

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
BLACK MOUNTAIN RESOURCES LIMITED**

Report on the Financial Report

We have audited the accompanying financial report of Black Mountain Resources Limited, which comprises the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Black Mountain Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of Black Mountain Resources Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1(a).

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1(a), which indicates that the company and consolidated entity incurred losses of \$19,951,006 and \$20,879,022 respectively and the consolidated entity had net cash outflows from operating and investing activities of \$79,765 and \$56,143 respectively for the year ended 30 June 2015. As at that date, the company had net current liabilities/net liabilities of \$6,355,322 and the consolidated entity had net current liabilities of \$6,563,286 and net liabilities of \$6,503,709. The ability of the company and consolidated entity to continue as going concerns is contingent on a number of future events, the most significant of which is the ability of the company and the consolidated entity to renegotiate the repayment terms of the interest bearing liabilities and to obtain additional funding to continue its exploration activities and to pay its debts as and when they fall due. These conditions, along with other matters as set forth in Note 1(a), indicate the existence of a material uncertainty which may cast significant doubt about the company's and consolidated entity's ability to continue as going concerns and therefore, the company and consolidated entity may be unable to realise their assets and discharge their liabilities in the normal course of business.

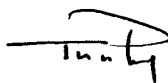
Report on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Black Mountain Resources Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

RSM Bird Cameron Partners
RSM BIRD CAMERON PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 30 September 2015

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2015

	Note	2015 \$	2014 \$
Revenue			
Interest received	2	-	2,888
Other income		-	44,456
		-	47,344
Finance costs		(333,694)	(394,836)
Employee and director benefits expense	3	(382,118)	(555,426)
Financial and company secretarial management expenses		(330,882)	(346,403)
ASX and share registry fees		(161,924)	(240,322)
Consultants and travel		(323,589)	(175,826)
Depreciation		(52,242)	(364,206)
Share-based payments		-	(853,129)
Exploration cost written off	11	(19,212,249)	(480,099)
Other expenses		(82,324)	(588,980)
Loss before income tax expense		(20,879,022)	(3,951,883)
Income tax expense	4	-	-
Net loss for the year		(20,879,022)	(3,951,883)
Other comprehensive income, net of income tax			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation differences		779,628	(127,781)
Other comprehensive income for the year, net of income tax		779,628	(127,781)
Total comprehensive loss for the year		(20,099,394)	(4,079,664)
Loss attributable to:			
Owners of the Company		(20,606,171)	(3,577,481)
Non-controlling Interests		(272,851)	(374,402)
		(20,879,022)	(3,951,883)
Total comprehensive (loss) attributable to:			
Owners of the Company		(19,445,768)	(3,753,195)
Non-controlling Interests		(653,626)	(326,469)
		(20,099,394)	(4,079,664)
Basic and diluted loss per share (cents)	5	(19.44)	(4.05)

The above consolidated statement of comprehensive income is to be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2015

	Note	2015 \$	2014 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	13,477	61,785
Trade and other receivables	8	37,665	320,634
Other assets	9	3,000	12,340
Total Current Assets		54,142	394,759
Non-Current Assets			
Plant and equipment	10	59,577	158,644
Exploration and evaluation expenditure	11	-	18,349,689
Total Non-Current Assets		59,577	18,508,333
TOTAL ASSETS		113,719	18,903,092
LIABILITIES			
Current Liabilities			
Trade and other payables	12	2,902,118	1,679,697
Interest bearing liabilities	13	3,715,310	3,627,710
Total Current Liabilities		6,617,428	5,307,407
TOTAL LIABILITIES		6,617,428	5,307,407
NET (LIABILITIES)/ASSETS		(6,503,709)	13,595,685
EQUITY			
Issued capital	14	20,785,216	20,785,216
Reserves	15	3,281,264	2,120,861
Accumulated losses		(28,380,910)	(7,774,739)
Parent interest		(4,314,430)	15,131,338
Non-controlling interest		(2,189,279)	(1,535,653)
TOTAL EQUITY		(6,503,709)	13,595,685

The above consolidated statement of financial position is to be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 30 June 2015

	Note	2015 \$	2014 \$
Cash flows from operating activities			
Payments to suppliers and employees		(79,765)	(1,416,595)
Interest and other revenue		-	2,888
Net cash flows used in operating activities	23	(79,765)	(1,413,707)
Cash flows from investing activities			
Payments for exploration and evaluation expenditure		(106,880)	(513,917)
Proceeds from disposal of plant and equipment		50,737	112,333
Net cash flows used in investing activities		(56,143)	(401,584)
Cash flows from financing activities			
Repayment of borrowings		-	(300,000)
Proceeds from borrowings		87,600	1,847,730
Net cash flows from financing activities		87,600	1,547,730
Net decrease in cash and cash equivalents		(48,308)	(267,561)
Cash and cash equivalents at beginning of year		61,785	329,346
Cash and cash equivalents at end of year	7	13,477	61,785

The above consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2015

	Issued Capital	Accumulated Losses	Option Reserve	Foreign currency translatio n reserve	Non- controlling interest	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2013	20,328,656	(4,197,258)	1,161,244	738,762	(1,209,184)	16,822,220
Loss for the year	-	(3,577,481)	-	-	(374,402)	(3,951,883)
Other comprehensive income	-	-	-	(175,714)	47,933	(127,781)
Total Comprehensive Income	-	(3,577,481)	-	(175,714)	(326,469)	(4,079,664)
Transaction with owner, directly recorded in equity:						
Issue of shares	456,560	-	-	-	-	456,560
Issue of options	-	-	396,569	-	-	396,569
Balance at 30 June 2014	20,785,216	(7,774,739)	1,557,813	563,048	(1,535,653)	13,595,685
Balance at 1 July 2014	20,785,216	(7,774,739)	1,557,813	563,048	(1,535,653)	13,595,685
Loss for the year	-	(20,606,171)	-	-	(272,851)	(20,879,022)
Other comprehensive income	-	-	-	1,160,403	(380,775)	779,628
Total Comprehensive Income	-	(20,606,171)	-	1,160,403	(653,626)	(20,099,394)
Transaction with owner, directly recorded in equity:						
Issue of shares	-	-	-	-	-	-
Issue of options	-	-	-	-	-	-
Balance at 30 June 2015	20,785,216	(28,380,910)	1,557,813	1,723,451	(2,189,279)	(6,503,709)

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

Notes to the Financial Statements

1. Summary of significant accounting policies

These consolidated financial statements and notes represent those of Black Mountain Resources Limited and controlled entities (“Group” or “Consolidated Entity”).

Black Mountain Resources Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The nature of the operations and principal activities of the Group are described in the Directors’ Report.

The separate financial statements of the parent entity, Black Mountain Resources Limited, have not been presented within this financial report as permitted by the *Corporations Act 2001*.

The financial report was authorised for issue on 30 September 2015 by the directors of the company.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations), other authoritative pronouncements of the Australian Accounting Standards Board (“AASB”) and the *Corporations Act 2001*. Black Mountain Resources Limited is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

Except for cash flow information, the financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Adoption of new and revised standards

In the current year, the company has reviewed all of the new and revised Australian Accounting Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period. It has been determined by the company that there is no impact, material or otherwise, of the new Standards and Interpretations on its business and therefore, no changes are required to its accounting policies. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

Notes to the Financial Statements

1. Summary of significant accounting policies (cont'd)

(a) Basis of preparation (cont'd)

Going Concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the company and consolidated entity incurred losses of \$19,951,006 and \$20,879,022 respectively and the consolidated entity had net cash outflows from operating and investing activities of \$79,765 and \$56,143 respectively for the year ended 30 June 2015. As at that date, the company had net current liabilities/net liabilities of \$6,355,322 and the consolidated entity had net current liabilities of \$6,563,286 and net liabilities \$6,503,709. The ability of the company and consolidated entity to continue as going concerns is contingent on a number of future events, the most significant of which is the ability of the company and the consolidated entity to renegotiate the repayment terms of the interest bearing liabilities and to obtain additional funding to continue its exploration activities and to pay its debts as and when they fall due.

Notwithstanding the above, the Directors believe that there are reasonable grounds to believe that the company and the consolidated entity will be able to continue as going concerns, after consideration of the following factors:

- The company plans to issue additional shares in the next 12 months in accordance with the *Corporations Act 2001*. The company has been previously able to raise capital as and when required;
- As disclosed in the Note 21, subsequent to year end, the company issued an offer document for a renounceable pro rata entitlement issue to shareholders of five shares for every one share held at issue price of \$0.01 per share to raise up to \$6,878,458 and at the date of this report, the company has received cash of \$1 million which is pending allotment of shares;
- As disclosed in Notes 12 and 13, the consolidated entity has interest bearing liabilities of \$3,715,310 and interest accrual of \$828,806 at reporting date, which are classified as current. The directors plan to negotiate the repayment terms of these loans in the company's favour, when they become due and payable. The Company has been previously able to extend the loan repayment dates;
- The consolidated entity has received confirmation from related party creditors amounting to \$798,835 as at 30 June 2015, to defer the payment of their debts until the consolidated entity has sufficient cash on hand and the ability to make repayment; and
- The consolidated entity plans to scale down its operations during the next 12 months, including corporate overheads, in order to curtail expenditure, in the event insufficient cash is available to meet projected expenditure.

Accordingly, the Directors believe that the company and consolidated entity will be able to continue as going concerns and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

Should the directors not achieve the matters set out above, there is significant uncertainty whether the company and consolidated entity will continue as going concerns and therefore whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the company and consolidated entity are not able to continue as going concerns.

Notes to the Financial Statements

1. Summary of significant accounting policies (cont'd)

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of Black Mountain Resources Limited and its subsidiaries as at 30 June each year. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing when the Group controls another entity.

Unrealised gains or transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the statement of comprehensive income and within equity in the consolidated statement of financial position. Losses are attributed to the non-controlling interests even if that results in a deficit balance.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity attributable to owners of the Company.

When the group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Notes to the Financial Statements

1. Summary of significant accounting policies (cont'd)

(b) Basis of consolidation (cont'd)

Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or business under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic condition, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition date.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified as either equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in the statement of comprehensive income.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognised additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Notes to the Financial Statements

1. Summary of significant accounting policies (cont'd)

(c) Foreign Currencies

The functional and presentation currency of the Group is Australian dollars.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange prevailing at the end of the reporting period. Foreign exchange gains and losses resulting from settling foreign currency transactions, as well as from restating foreign currency denominated monetary assets and liabilities, are recognised in profit or loss, except when they are deferred in other comprehensive income as qualifying cash flow hedges or where they relate to differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined.

The functional currency of the overseas subsidiaries is based on the primary economic environment in which the entity operates. At the end of the reporting period, the assets and liabilities of these overseas subsidiaries are translated into the presentation currency of Group at the closing rate at the end of the reporting period and income and expenses are translated at the weighted average exchange rates for the year. All resulting exchange difference are recognised in other comprehensive income as a separate component of equity (foreign currency translation reserve). On disposal of a foreign entity, the cumulative exchange differences recognised in foreign currency translation reserves relating to that particular foreign operation is recognised in profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(d) Income Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Notes to the Financial Statements

1. Summary of Significant Accounting Policies (cont'd)

(d) Income Tax (cont'd)

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Notes to the Financial Statements

1. Summary of Significant Accounting Policies (cont'd)

(e) Exploration and Development Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(f) Plant and Equipment

Plant and equipment are stated at historical cost, including costs directly attributable to bring the assets to the location and condition necessary for it to be capable of operating in the manner intended by management, less accumulated depreciation and accumulated impairment losses.

The depreciable amount of all assets including capitalised lease assets are depreciated over their useful lives commencing from the time the asset is held ready for use.

The following depreciation rates are used in the calculation of depreciation.

Plant and equipment	40%
---------------------	-----

The asset's residual value and depreciation rates are reviewed, and adjusted if appropriate, at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss in the year that the item is derecognised.

Notes to the Financial Statements

1. Summary of Significant Accounting Policies (cont'd)

(g) Impairment of Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

(h) Employee Benefits

(i) *Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) *Other long-term employee benefits*

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) *Share-based payments*

Share-based compensation benefits are provided to employees of the company at the Directors discretion.

The fair value of options granted is recognised as an option benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

If options are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement option is substituted for the cancelled option, the cancelled and new option is treated as if they were a modification.

The fair value at grant date is independently determined using an appropriate valuation model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the company revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the statement of comprehensive income with a corresponding adjustment to equity.

Notes to the Financial Statements

1. Summary of Significant Accounting Policies (cont'd)

(i) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result, of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(j) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash.

(k) Revenue

Revenue is recognised when it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. All revenue is stated net of the amount of goods and services tax (GST).

Other income is recognised when it is received or when the right to receive payments is established.

(l) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(m) Comparatives

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Notes to the Financial Statements

1. Summary of Significant Accounting Policies (cont'd)

(n) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. Trade receivables are due for settlement within 30 days from the date of recognition. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off.

An allowance account for doubtful receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the statement of comprehensive income. When a trade receivable for which an impairment allowance has been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income. Other receivables are recognised at amortised cost, less any provision for impairment.

(o) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the company becomes party to the contractual provisions of the financial instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. Trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method*.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense item in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

Notes to the Financial Statements

1. Summary of Significant Accounting Policies (cont'd)

(o) Financial Instruments (cont'd)

(i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, where they are expected to mature within 12 months after the end of the reporting period.

(i) *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

(ii) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses and foreign exchange gains and losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in non-current assets where they are not expected to be sold within 12 months after the end of the reporting period. All other financial assets are classified as current assets.

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in profit or loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

The amount of the impairment allowance for financial assets carried at cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for similar financial assets.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Notes to the Financial Statements

1. Summary of Significant Accounting Policies (cont'd)

(p) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(q) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(r) Current and Non-Current Classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in its normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in its normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

(s) Issued Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Notes to the Financial Statements

1. Summary of Significant Accounting Policies (cont'd)

(t) Significant Accounting Estimates and Judgments

Significant accounting judgments

The preparation of the financial statements requires management to make judgements, estimates and assumption that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectation of future events, management believes to be reasonable under the circumstances. The resulting accounting judgments and estimates will seldom equal the related actual results.

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts in the financial statements.

Exploration and evaluation assets

The Group's accounting policy for exploration and evaluation expenditure is set out at Note 1(e). The application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under the policy, it is concluded that the expenditures are unlikely to be recovered by future exploitation or sale, then the capitalised amount will be written off to the statement of comprehensive income.

Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Impairment of assets

In determining the recoverable amount of assets, in the absence of quoted market prices, estimations are made regarding the present value of future cash flows using asset-specific discount rates and the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined from market value.

Notes to the Financial Statements

1. Summary of Significant Accounting Policies (cont'd)

(u) New Accounting Standards for Application in Future Periods

At the date of this financial report the following accounting standards, which may impact the consolidated entity in the period of initial application, have been issued but are not yet effective:

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS '9 Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use the expected credit loss ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The Group will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the Group.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2017. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The Group will adopt this standard from 1 July 2017 but the impact of its adoption is yet to be assessed by the Group.

The consolidated entity has decided against early adoption of these standards and interpretations. Furthermore, these changes in standards and interpretations are not expected to have a material impact on the consolidated entity in the current or future reporting periods and on foreseeable future transactions.

Notes to the Financial Statements

2. Revenue

	2015 \$	2014 \$
Revenue		
Bank interest	-	2,888
	-	2,888

3. Employee and director benefits expense

Employee and director benefits expense for the year includes the following items:

	2015 \$	2014 \$
Employee benefits expense		
Directors fees	220,000	234,108
Consulting fee	144,300	98,796
Salaries and wages	-	207,506
Other employee benefits	17,818	15,016
Total employee benefits expense	382,118	555,426

4. Income Tax

	2015 \$	2014 \$
Loss before income tax	(20,879,022)	(3,951,883)
Tax benefit, prima facie, at the Australian tax rate of 30%	(6,263,706)	(1,185,565)
Less:		
Non-deductible expenses	5,875,054	795,182
	(388,652)	(390,383)
Deferred tax assets not brought to account	388,652	390,383
Income tax expense/ (benefit)	-	-

At 30 June 2015, the Group has unused tax losses of \$6,369,489 (2014: \$4,847,394). The potential tax benefit at 30% not recognised for unused tax losses is \$1,910,847 (2014: \$1,454,218).

The benefit for tax losses will only be obtained if:

- (i) the Group derives future assessable income in Australia of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- (ii) the Group continues to comply with the conditions for deductibility imposed by tax legislation in Australia; and
- (iii) there are no changes in tax legislation in Australia which will adversely affect the Group in realising the benefit from the deductions for the losses.

Notes to the Financial Statements

5. Earnings per Share

Basic earnings per share amounts are calculated by dividing net profit/ (loss) for the year attributable to ordinary equity holders of the company by the weighted average number of ordinary shares outstanding during the year.

The following reflects the loss and share data used in the basic earnings per share computations:

	2015 \$	2014 \$
Loss after income tax	(20,606,172)	(3,951,883)
	No.	No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	105,995,224	88,393,854

6. Dividends Paid or Proposed

The directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

7. Cash and Cash Equivalents

	2015 \$	2014 \$
Current		
Cash at bank and in hand	13,477	61,785
	<u>13,477</u>	<u>61,785</u>

8. Trade and Other Receivables

	2015 \$	2014 \$
Current		
Other receivables	37,665	320,634
	<u>37,665</u>	<u>320,634</u>

9. Other Assets

	2015 \$	2014 \$
Current		
Prepayments	3,000	12,340
	<u>3,000</u>	<u>12,340</u>

Notes to the Financial Statements

10. Plant and Equipment

	2015 \$	2014 \$
At cost	181,336	319,409
Accumulated Depreciation	(121,759)	(160,765)
	59,577	158,644
Movement in carrying amounts	Plant and Equipment \$	Plant and Equipment \$
Balance at 1 July	158,644	967,138
Additions	55,041	63,262
Disposal	(132,310)	(487,548)
Depreciation expense	(52,242)	(364,206)
Translation differences	30,444	(20,002)
Balance at 30 June	59,577	158,644

11. Exploration and Evaluation Expenditure

	2015 \$	2014 \$
Non – Current		
Exploration and evaluation expenditure – at cost	-	18,349,689
Movement		
At 1 July	18,349,689	18,400,482
Impairment of exploration costs ⁽ⁱ⁾	(19,212,249)	(480,099)
Exploration costs incurred	106,880	513,917
Forex movement	755,680	(84,611)
At 30 June	-	18,349,689

The carrying value of the Group's interest in exploration expenditure is dependent upon:

- the continuance of the Group's rights to tenure of the areas of interest;
- the results of future exploration; and
- the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

⁽ⁱ⁾ The Company was required to impair its exploration assets in full, predominantly due to the prevailing silver price, however recognises that upon a return to a higher silver price, along with the ability to recommence development of either of both assets, the impairment can be reversed back onto the balance sheet if justified as recoverable.

Notes to the Financial Statements

12. Trade and Other Payables

	2015 \$	2014 \$
Current		
Trade payables	1,269,243	872,883
Other payables	804,069	393,281
Interest payable	828,806	413,533
	2,902,118	1,679,697

Trade and other payables are non-interest bearing and are normally settled within 30-60 days.

13. Interest Bearing Liabilities

	2015 \$	2014 \$
Current		
Unsecured Loan ^{a b}	835,000	835,000
Secured Loan ^c	2,880,310	2,792,710
	3,715,310	3,627,710

^a The Group has unsecured a loan facility of \$335,000. As of the previous financial year, the Group has fully utilised this facility. The loan is not secured against any assets of the Group and bears an interest rate of 10% per annum and repayable upon repayment of the principal sum. The loan expiry date has been further extended to 31 December 2015.

^b The Group has an unsecured loan facility of \$500,000. At 30 June 2015, the Group has fully utilised this facility. The loan is not secured against any assets of the Group and bears a fixed interest amount of \$100,000 from the date drawn down to July 2014 and default rate thereafter 20% per annum. Interest is repayable upon repayment of the principal sum. The loan expiry date has been further extended to 31 October 2015.

^c The Group has secured a loan facility of \$3 million. The loan facility is secured with the lender having the first charge over the Group's US Silver assets. The loan bears an interest rate of 10% per annum and is repayable to the lender at the end of each 6 months period during the term of the loan. The loan expiry has been further extended to 31 December 2015.

Notes to the Financial Statements

14. Issued Capital

	2015 \$	2014 \$
(a) Issued and paid up capital		
Ordinary shares - fully paid	20,785,216	15,947,716
Performance shares - fully paid	-	4,837,500
	20,785,216	20,785,216

Movement in ordinary shares on issue:

Date	Details	No. of Shares	\$
30 June 2013		86,324,266	15,491,156
31 March 2014	Shares issue	8,301,095	456,560
30 June 2014		94,625,361	15,947,716
15 January 2015	Performance shares converted into ordinary share	25,000,000	4,837,500
30 June 2015		119,625,361	20,785,216

Movement in performance shares on issue:

30 June 2014	25,000,000	4,837,500
30 June 2015	-	-

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Group in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Capital risk management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Management effectively manages the Group's capital by assessing its financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues. There have been no changes in the strategy adopted by management to control the capital of the Company since the prior year. The gearing ratios for the year ended 30 June 2015 and 30 June 2014 are as follows:

	Note		
Total borrowings	12, 13	6,617,428	5,307,407
Less cash and cash equivalents	7	(13,477)	(61,785)
Net debt		6,603,951	5,245,622
Total equity		(6,503,709)	13,595,685
Total capital		100,242	18,841,307
Gearing ratio		6588%	28%

Refer to Note 1(a) for going concern consideration.

Notes to the Financial Statements

15. Reserves

Reserves

Option reserve	1,557,813	1,557,813
Foreign currency translation reserve	1,723,451	563,048
	<u>3,281,264</u>	<u>2,120,861</u>

Movement during the year

	Option reserve	Foreign currency translation reserve
Balance at 30 June 2013	1,161,244	738,762
Share based payments	396,569	-
Foreign currency translation	-	(175,714)
Balance at 30 June 2014	<u>1,557,813</u>	<u>563,048</u>
Foreign currency translation	-	1,160,403
Balance at 30 June 2015	<u>1,557,813</u>	<u>1,723,451</u>

Options reserve

The option reserve recognises options issued by the company.

Foreign currency translation reserve

The foreign currency translation reserve records exchange differences arising on translation of its foreign controlled subsidiaries.

Summary of share options:

	Expiry Date	Exercise Price	Balance at start of year Number	Granted during the year Number	Exercised during the year Number	Forfeited during the year Number	Balance at end of the year Number	Vested & exercisable at end of the year Number
2015								
Listed option	7 May 2015	\$0.20	51,123,750	-	-	(51,123,750)	-	-
Unlisted option	14 Nov 2015	\$0.30	2,000,000	-	-	-	2,000,000	2,000,000
Unlisted option	25 July 2016	\$0.25	500,000	-	-	-	500,000	500,000
Unlisted option	30 Nov 2016	\$0.10	1,000,000	-	-	-	1,000,000	1,000,000
Unlisted option	31 Mar 2017	\$0.12	3,000,000	-	-	-	3,000,000	3,000,000
			<u>57,623,750</u>	<u>-</u>	<u>-</u>	<u>(51,123,750)</u>	<u>6,500,000</u>	<u>6,500,000</u>
2014								
Listed option	7 May 2015	\$0.20	36,138,750	14,985,000	-	-	51,123,750	51,123,750
Unlisted option	14 Nov 2015	\$0.30	2,000,000	-	-	-	2,000,000	2,000,000
Unlisted option	25 July 2016	\$0.25	500,000	-	-	-	500,000	500,000
Unlisted option	30 Nov 2016	\$0.10	-	1,000,000	-	-	1,000,000	1,000,000
Unlisted option	31 Mar 2017	\$0.12	-	3,000,000	-	-	3,000,000	3,000,000
			<u>38,638,750</u>	<u>18,985,000</u>	<u>-</u>	<u>-</u>	<u>57,623,750</u>	<u>57,623,750</u>

Notes to the Financial Statements

16. Financial Instruments

Financial Risk Management

The Group's principal financial instruments comprise receivables, payables, cash and short-term deposits. The Group manages its exposure to key financial risks in accordance with its financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets while protecting future financial security.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. The Group does not speculate in the trading of derivative instruments. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rates and assessments of market forecasts for interest rates. Ageing analysis of and monitoring of receivables are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and agrees policies for managing each of these risks as summarised below.

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified below, including for interest rate risk, credit allowances and cash flow forecast projections.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 1 to the financial statements.

The Group's activities expose it to a variety of financial risks including market risk, foreign currency risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group does not use derivative financial instruments.

Risk Exposures and Responses

Interest rate risk

The Group's exposure to risks of changes in market interest rates relates primarily to its cash balances. The Group constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing positions and the mix of fixed and variable interest rates. As the company has no variable rate interest bearing borrowings, its exposure to interest rate movements is limited to the amount of interest income it can potentially earn on surplus cash deposits. The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date.

At reporting date, the Group had the following financial assets exposed to variable interest rates that are not designated in cash flow hedges:

	2015 \$	2014 \$
<i>Financial Assets</i>		
Cash and cash equivalents	13,477	61,785
Net exposure	13,477	61,785

Notes to the Financial Statements

16. Financial Instruments (cont'd)

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date.

At 30 June, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity relating to financial assets of the Group would have been affected as follows:

	2015 \$	2014 \$
Judgements of reasonably possible movements:		
<i>Post tax profit – higher / (lower)</i>		
+ 0.5%	67	309
- 0.5%	(67)	(309)
<i>Equity – higher / (lower)</i>		
+ 0.5%	67	309
- 0.5%	(67)	(309)

Liquidity Risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources; and
- managing credit risk related to financial assets;

The table below reflects an undiscounted contractual maturity analysis for financial liabilities.

	<u>Less than 1 year</u>	<u>1 – 3 years</u>	<u>Total</u>
	\$	\$	\$
2015			
Interest bearing liabilities	3,715,310	-	3,715,310
Trade and other payable	2,902,118	-	2,902,118
	<u>6,617,428</u>	<u>-</u>	<u>6,617,428</u>
2014			
Interest bearing liabilities	3,627,710	-	3,627,710
Trade and other payable	1,679,697	-	1,679,697
	<u>5,307,407</u>	<u>-</u>	<u>5,307,407</u>

Credit risk

Credit risk arises from the financial assets of the Group, which comprise deposits with banks and trade and other receivables. The Group's exposure to credit risk arises from potential default of the counter party, with the maximum exposure equal to the carrying amount of these instruments. The carrying amount of financial assets included in the statement of financial position represents the Group's maximum exposure to credit risk in relation to those assets.

The Group does not hold any credit derivatives to offset its credit exposure.

The Group trades only with recognised, credit worthy third parties and as such collateral is not requested nor is it the Group's policy to secure its trade and other receivables.

Receivable balances are monitored on an ongoing basis with the result that the Group does not have a significant exposure to bad debts.

Notes to the Financial Statements

16. Financial Instruments (cont'd)

Credit risk (cont'd)

The Group's cash deposits are held with a major Australian banking institution. There are no significant concentrations of credit risk within the Group.

The following table details the expected maturity of the Group's financial assets and liabilities based on the earliest date of maturity or payment respectively. The amounts are stated on an undiscounted basis and include interest.

2015 Financial Instrument	Floating interest rate	Fixed Interest rate maturing in			Non-interest Bearing	Total	Weighted average effective interest rate
		1 year or less	Over 1 to 5 years	More than 5 years			
	\$	\$	\$	\$	\$	\$	
Financial Assets							
Cash and cash equivalents	13,477	-	-	-	-	13,477	0.01%
Receivables – other	-	-	-	-	37,665	37,665	
Total financial assets	13,477	-	-	-	37,665	51,142	
Financial Liabilities							
Trade payables and accruals	-	-	-	-	2,902,118	2,902,118	
Borrowings	-	3,715,310	-	-	-	3,715,310	10%
Total financial liabilities	-	3,715,310	-	-	2,902,118	6,617,428	
2014							
Financial Assets							
Cash and cash equivalents	61,785	-	-	-	-	61,785	0.01%
Receivables – other	-	-	-	-	320,634	320,634	
Total financial assets	61,785	-	-	-	320,634	382,419	
Financial Liabilities							
Trade payables and accruals	-	-	-	-	1,679,697	1,679,697	
Borrowings	-	3,627,710	-	-	-	3,627,710	10%
Total financial liabilities	-	3,627,710	-	-	1,679,697	5,307,407	

Notes to the Financial Statements

16. Financial Instruments (cont'd)

Foreign currency risks

There is exposure to foreign currency risk as part of its normal business. In particular, there is exposure to United States dollar currency risk due to one of its subsidiaries is located in the United States of America with its functional currency denominated in United States dollar.

The following table details the amounts denominated in non-functional currency:

USD	2015	2014
	\$	\$
<u>Financial Assets:</u>		
Cash and cash equivalents	3,380	49,963
Trade and other receivables	37,101	119,503
Total financial assets	<u>40,481</u>	<u>169,466</u>
<u>Financial Liabilities:</u>		
Trade and other payables	248,446	121,697
Total financial liabilities	<u>248,446</u>	<u>121,697</u>
Net financial liabilities at end of the year	<u>(207,965)</u>	<u>47,769</u>

The Foreign Exchange Sensitivity Analysis

The would not be any material sensitivity on profit or loss after tax to the group for the financial year if there is a 10% increase and decrease in the Australian Dollar against the relevant foreign currencies due to the low levels of foreign currency balance exposures.

Net Fair Values

Fair value estimation

The carrying value of financial assets and liabilities as presented in the statement of financial position are the same as their fair value. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

17. Operating Segment

The Group's operation is organised into one main operating segment which is managed in Australia and involved exploration of its mineral properties in USA only.

No revenues (2014 - Nil) were derived from an external customers.

The Group is currently conducting exploration upon tenements considered prospective in USA.

Notes to the Financial Statements

18. Share-Based Payments

	2015	2014
	\$	\$
Value of share based payments in the financial statements		
Share based payments – finance facility fees ¹	-	456,560
Share based payments – finance facility fees ^{2 3}	-	396,569
	<u>-</u>	<u>853,129</u>

The share-based payments expense recognised in the statement of comprehensive income for the year was nil (2014: \$853,129).

¹ Ordinary shares issued to lender for facility fee on extension of existing debt facility.

² Unlisted options issued to lender to the existing debt facility.

³ Listed options issued to lender to the existing debt facility.

During the previous financial year, two tranches of total amount of 4,000,000 unlisted options were issued to lender. Using the Black-Sholes model, the fair value of the options has been assessed based on the following variables:

Tranche 1: 3,000,000 unlisted options

Underlying share price	\$0.055
Exercise price	\$0.12
Expected volatility	100%
Option life	3 years
Risk-free interest rate	3.03%

Tranche 2: 1,000,000 unlisted options

Underlying share price	\$0.045
Exercise price	\$0.10
Expected volatility	100%
Option life	2.5 years
Risk-free interest rate	3.03%

All the shares issued above were valued at the market price of the company's share at grant date.

Notes to the Financial Statements

19. Commitments and Contingent Liabilities

(a) Other commitments

2015:

- As part of the long term lease at Lakeview Mill ("mill"), the Group is required to pay US\$10 per ton (toll milling fees) milling charged on all the ore processed at the mill. From the 11th anniversary of the date of the lease, the Group shall ensure that the toll milling fees are a minimum of USD\$250,000 per annum.

2014:

- As part of the consideration of the \$3,000,000 loan facility, the company has committed to issue 15 million listed options to the lenders with exercise price of \$0.20 and exercisable on or before 7 May 2015, which is subject to shareholder approval. During the reporting year, 14,985,000 listed options has been issued. The loan agreement also states the company must pay a Net Smelter Return royalty of US\$0.50 per ounce of silver produced from the New Departure and Conjecture Silver Projects capped at the first 20 million ounces of production. The royalty increases to US\$1.00 per ounce in respect of sales above US\$20 per ounce silver price.
- As part of the long term lease at Lakeview Mill ("mill"), the Group is required to pay US\$10 per ton (toll milling fees) milling charged on all the ore processed at the mill. From the 11th anniversary of the date of the lease, the Group shall ensure that the toll milling fees are a minimum of USD\$250,000 per annum.

(b) Contingent Liabilities

There are no contingent liabilities at the date of this report.

Notes to the Financial Statements

20. Related Party Disclosure

(a) Parent entity

Black Mountain Resources Limited is the ultimate Australian parent entity.

(b) Transactions between related parties

Below are transactions with director-related entities:

Related Party	Type of Service	2015 \$	2014 \$
Okap Ventures Pty Ltd*	Corporate Advisory Fee	300,000	330,000
		<u>300,000</u>	<u>330,000</u>
Balance owing to directors and directors' related companies included in trade and other payable		<u>1,238,168</u>	<u>705,374</u>

* a company of which Mr Landau is a director and shareholder for the provision of strategic and corporate advisory, capital raising, company secretarial, financial management, investor and public relations and associated services in fully serviced offices in both Perth and London.

These transactions have been entered into on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

21. Events after the Reporting Date

Subsequent to year end:

- the company issued an offer document for a renounceable pro rata entitlement issue to shareholders of five shares for every one share held at an issue price of \$0.01 per share to raise up to \$6,878,458; and
- in relation to the entitlement issue, the company has received cash of \$1 million pending allotment shares.

Other than the above, there are no matters or circumstances that have arisen since 30 June 2015 that have or may significantly affect the operations, results, or state of affairs of the company in future financial years.

22. Auditors' Remuneration

	2015 \$	2014 \$
Amounts received or due and receivable by RSM Bird Cameron Partners:		
- An audit or review services	32,500	29,500
- Tax services	10,230	5,180
- Reports for AIM listing	-	7,370
	<u>42,730</u>	<u>42,050</u>

Notes to the Financial Statements

23. Cash Flow Information

Reconciliation of Cash Flow from Operations

	2015	2014
	\$	\$
Reconciliation of Cash Flow from Operations with Loss after Income Tax		
Loss after income tax for the year	(20,879,022)	(3,951,883)
Share-based payments	-	853,129
Depreciation	52,242	364,206
Foreign currency differences	58,708	-
Impairment of other receivables	-	185,643
(Gain)/Loss on disposal of plant and equipment	(38,651)	190,667
Impairment of exploration expenditure	19,212,249	480,099
Others	129,592	(18,397)
Movements in assets and liabilities:		
- Trade and other receivables	282,969	(118,191)
- Other assets	9,340	16,764
- Trade payables and accruals	1,222,400	584,256
Net Cash used in Operating Activities	(79,765)	(1,413,707)

Non-cash investing activities

2015

During 2015, no shares were issued in relation to non-cash investing activities.

2014

During 2014, no shares were issued in relation to non-cash investing activities

Loan facilities

The Group has loans facility amounting to \$3,835,000 (2014: \$3,835,000). For details, refer to note 13.

Notes to the Financial Statements

24. Directors and Key Management Disclosures

(a) Key management personnel compensation

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the consolidated entity's key management personnel for the year ended 30 June 2015.

	2015 \$	2014 \$
Short-term employee benefits	220,000	234,108
Consulting fee	144,300	98,796
Total	364,300	332,904

25. Subsidiaries and non-controlling interests

(a) Interests in Subsidiaries

The following table sets out the group's interests in principal subsidiaries at 30 June 2015.

	County of Incorporation	% Equity Interest	
		2015 %	2014 %
Future Generation Energy Pty Ltd	Australia	100	100
Blue Mountain Mining Corporation	USA	100	100
Magenta Mountain Mining Corporation	USA	100	100
ABM Mining Corporation	USA	70	70

(b) Non-controlling interests (NCI)

The following table sets out the summarised financial information for each subsidiary that has non-controlling interests that are material to the group. Amounts disclosed are before intercompany eliminations.

Summarised statement of financial position

ABM Mining Corporation

	2015 \$	2014 \$
Current assets	40,481	169,466
Non-current assets	4,561,877	4,112,360
Total assets	4,602,358	4,281,826
Current liabilities	248,446	121,697
Non-current liabilities	11,651,505	9,278,970
Total liabilities	11,899,951	9,400,667
Net liabilities	(7,297,593)	(5,118,841)

Notes to the Financial Statements

25. Subsidiaries and non-controlling interests (cont'd)

(b) Non-controlling interests (NCI) – cont'd

Summarised statement of profit or loss and other comprehensive income	ABM Mining Corporation	
	2015	2014
	\$	\$
Revenue	-	-
Expenses	(909,502)	(1,248,005)
Profit/ (Loss) for the period	(909,502)	(1,248,005)
Other comprehensive income/ (loss)	(909,502)	(1,248,005)
Total comprehensive income/ (loss)	(909,502)	(1,248,005)

Summarised cash flows	ABM Mining Corporation	
	2015	2014
	\$	\$
Cash flows from operating activities	(150,503)	(1,133,526)
Cash flows from investing activities	50,737	112,334
Cash flows from financing activities	53,183	849,904
Net increase/ (decrease) in cash and cash equivalents	(46,583)	(171,288)

26. Parent Entity Information

The following details information related to the parent entity, Black Mountain Resources Limited, as at 30 June 2015. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

	2015	2014
	\$	\$
Current assets	13,660	225,293
Non-current assets	-	18,556,101
Total assets	13,660	18,781,394
Current liabilities	6,368,982	5,185,710
Total liabilities	6,368,982	5,185,710
Contributed equity	20,785,216	20,785,216
Accumulated losses	(28,698,349)	(8,747,343)
Reserves	1,557,811	1,557,811
Total (deficiency in equity)/equity	(6,355,322)	13,595,684
Loss after income tax	(19,951,006)	(4,079,663)
Other comprehensive income for the year	-	-
Total comprehensive loss for the year	(19,951,006)	(4,079,663)

Guarantees

The Company has not entered into any guarantees in relation to the debts of its subsidiary.

Other Commitments and Contingencies

The Company has no commitments to acquire property, plant and equipment and has no contingent liabilities as at the date of report.

Directors' Declaration

The directors of the company declare that:

1. the financial statements and notes, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards, which, as stated in accounting policy note 1(a) to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards; and
 - b. give a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date;

In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Board of Directors.



Peter Landau
Executive Director

Perth, Western Australia, 30th September 2015

Corporate Governance

The Board of Directors are responsible for the overall strategy, governance and performance of Black Mountain Resources Limited and its controlled entities. The Group is silver exploration and development focused group whose strategy is to add substantial shareholder value through the acquisition, exploration, development and commercialisation of its projects. The Board has adopted a corporate governance framework which it considers to be suitable given the size, history and strategy of the Group.

Principles of Best Practice Recommendations

In accordance with ASX Listing Rule 4.10, Black Mountain Resources Limited is required to disclose the extent to which it has followed the Principles of Best Practice Recommendations during the financial year. Where Black Mountain Resources Limited has not followed a recommendation, this has been identified and an explanation for the departure has been given. Further details can be found on the Group's website.

PRINCIPLES AND RECOMMENDATIONS		COMMENT
1.	<i>Lay solid foundations for management and oversight</i>	
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	Satisfied. Refer the Corporate Governance section on the Group website. The Company's Corporate Governance Plan includes a Board Charter, which discloses the specific responsibilities of the Board. The Board delegates responsibility for the day-to-day operations and administration of the Company to the executive Directors.
1.2	Companies should disclose the process for evaluating the performance of senior executives.	Satisfied. The Company's Corporate Governance Plan includes a section on performance evaluation practices adopted by the Company. The Board has established formal processes to review its own performance and the performance of individual directors, any executive directors and any committees of the Board at least annually.
1.3	Companies should provide the information indicated in the <i>Guide to reporting on Principle 1</i> .	Satisfied. Refer to Annual Report and the Corporate Governance section on the Group website. Details of each of the director's qualifications and expertise are set out in the Directors' Report. All directors are financially literate and have an understanding of the industry in which the Company operates. Performance evaluation of senior executives has taken place and this process is conducted annually.
1.4	The Company Secretary of a listed entity should be accountable directly to the Board	The Company Secretary reports to the Board through the chair on all matters to do with the proper functioning of the Board.
2.	<i>Structure the board to add value</i>	
2.1	A majority of the board should be independent directors.	Not satisfied. There are currently a majority of executive directors on the board. The Board believes that it is able to exercise independence and judgement and does possess the necessary skills, expertise and experience required to effectively discharge their duties. The focus has been on the ability of the Board to add value by effectively

PRINCIPLES AND RECOMMENDATIONS		COMMENT
		exercising independence and discharging their duties, rather than on meeting the independence test in the guidelines.
2.2	The chair should be an independent director.	Not satisfied. The chair of the Board is an executive director.
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	Not satisfied. The Company has an executive chairman as well as an executive director (considered to be the Chief Executive Officer) who is separate from the chair.
2.4	The board should establish a nomination committee.	<p>Not satisfied. The Board considers that given the current size of the board, this function is efficiently achieved with full Board participation. Accordingly, the Board has resolved not to establish a nomination committee at this stage.</p> <p>The Company's Corporate Governance Plan includes a Nomination Committee Charter, which discloses the specific responsibilities of the committee.</p> <p>In addition, the Board, Board Committees or individual Directors may seek independent external professional advice as considered necessary at the expense of the Group, subject to prior consultation with the Chairman. A copy of any such advice received is made available to all members of the Board.</p>
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Satisfied.
2.6	Companies should provide the information indicated in the <i>Guide to reporting on Principle 2</i> .	Satisfied.
3.	<i>Promote ethical and responsible decision-making</i>	
3.1	<p>Companies should establish a code of conduct and disclose the code or a summary of the code as to:</p> <ul style="list-style-type: none"> ▪ the practices necessary to maintain confidence in the company's integrity ▪ the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders ▪ the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. 	Satisfied.
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measureable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.	<p>Not Satisfied. The Company recognises that a talented and diverse workforce is a key competitive advantage and that an important contributor to the Company's success is the quality, diversity and skills of its people.</p> <p>Under the Company's Code of Conduct, employees must not harass, discriminate or support others who harass and discriminate against colleagues or members of the public on the grounds of sex, pregnancy, marital status, age, race (including their colour, nationality, descent, ethnic or religious background), physical or intellectual impairment, homosexuality or transgender. Such harassment or discrimination may constitute an offence under legislation.</p> <p>Due to the small scale of the Company's operations</p>

PRINCIPLES AND RECOMMENDATIONS		COMMENT
		and the limited number of employees, the Company has not yet established a Diversity Policy. However, as the Company develops the Board will consider adopting such a policy.
3.3	Companies should disclose in each annual report the measureable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress in achieving them.	Not Satisfied. Given the size of the Company, the Company has not yet set measurable objectives for achieving gender diversity. In addition, the Board will review progress against any objectives identified on an annual basis.
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	Satisfied. Given the size of the Board and the Company, the Board considers that this function is efficiently achieved with Ms Jane Flegg as Company Secretary / Chief Financial Officer holding a senior executive position in the Company.
3.5	Companies should provide the information indicated in the <i>Guide to reporting on Principle 3</i> .	Satisfied.
4.	<i>Safeguard integrity in financial reporting</i>	
4.1	The board should establish an audit committee.	Not Satisfied. The Directors believe that it would not increase efficiency or effectiveness to have a separate audit committee, and that audit matters are of such significance that they should be considered by the full Board. The Board may seek independent external professional advice as considered necessary if it requires assistance in this area.
4.2	The audit committee should be structured so that it: <ul style="list-style-type: none"> ▪ consists only of non-executive directors ▪ consists of a majority of independent directors ▪ is chaired by an independent chair, who is not chair of the board ▪ has at least three members. 	Not satisfied. Refer 4.1.
4.3	The audit committee should have a formal charter.	The Company's Corporate Governance Plan includes an Audit and Risk Committee Charter, which discloses the manner and process to consider audit and risk management matters..
4.4	Companies should provide the information indicated in the <i>Guide to reporting on Principle 4</i> .	Satisfied.
5.	<i>Make timely and balanced disclosure</i>	
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Satisfied. Continuous disclosure policy is available in the Corporate Governance section on the Group website.
5.2	Companies should provide the information indicated in <i>Guide to Reporting on Principle 5</i> .	Satisfied. Refer to the Corporate Governance section on the Company's website.
6.	<i>Respect the rights of shareholders</i>	
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	Satisfied. Communications with Shareholders policy is available in the Corporate Governance section on the Company's website, which aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs.
6.2	Companies should provide the information indicated in the <i>Guide to reporting on Principle 6</i> .	Satisfied. Refer to the Corporate Governance section on the Company's website.
7.	<i>Recognise and manage risk</i>	
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Satisfied. Risk management policy is available in the Corporate Governance section on the Company's website.
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business	Satisfied. Refer 7.1 & 7.3.

PRINCIPLES AND RECOMMENDATIONS		COMMENT
	risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Satisfied.
7.4	Companies should provide the information indicated in <i>Guide to Reporting on Principle 7</i> .	Satisfied. Refer 7.1.
8.	<i>Remunerate fairly and responsibly</i>	
8.1	The board should establish a remuneration committee.	Not satisfied. The Board considered this recommendation and formed the view that it would not increase efficiency or effectiveness to have a separate committee, and that remuneration matters are of such significance that they should be considered by the full Board. The Board may seek independent external professional advice as considered necessary if it requires assistance in this area. The Company's Corporate Governance Plan includes a Remuneration Committee Charter, which discloses its specific responsibilities.
8.2	The remuneration committee should be structured so that it: <ul style="list-style-type: none"> ▪ consists of a majority of independent directors ▪ is chaired by an independent director ▪ has at least three members 	Not satisfied. Refer to 8.1.
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Satisfied.
8.4	Companies should provide the information indicated in the <i>Guide to reporting on Principle 8</i> .	Satisfied.

ASX Additional Information

Additional information required by the ASX Limited Listing Rules not disclosed elsewhere in this Annual Report is set out below.

1. Shareholdings

The issued capital of the Group as at 28 September 2015 is 410,515,820 ordinary fully paid shares, 2,000,000 unlisted options (exercisable at 30 cents, on or before 15 November 2015), 500,000 unlisted options (exercisable at 25 cents, on or before 25 July 2016), 1,000,000 unlisted options (exercisable at 10 cents, on or before 30 November 2016), 3,000,000 unlisted options (exercisable at 12 cents, on or before 31 March 2017). All issued ordinary fully paid shares carry one vote per share.

Ordinary Shares

Shares Range	Holders	Units	%
1-1,000	19	4,618	0.00
1,001-5,000	43	140,253	0.03
5,001-10,000	72	632,969	0.15
10,001-100,000	321	12,204,428	2.97
100,001-9,999,999	135	397,533,552	96.84
Total	590	410,515,820	100.00

Unmarketable parcels

There were 334 holders of less than a marketable parcel of ordinary shares.

2. Top 20 Shareholders as at 28 September 2015

	Name	Number of Shares	%
1	CITICORP NOMINEES PTY LIMITED	81,929,296	19.96
2	DOULL CONSOLIDATED LIMITED	81,692,648	19.90
3	708 CAPITAL PTY LTD	54,201,847	13.20
4	EMPIRE CAPITAL PARTNERS PTY LTD	37,193,804	9.06
5	NAZDALL PTY LTD	19,625,000	4.78
6	INTUITIVE PTY LTD	10,000,000	2.44
7	CORK INVESTMENTS INC	9,000,000	2.19
8	MR JOHN RYAN	9,000,000	2.19
9	TEXAS ENERGY ADVISORS LLC	9,000,000	2.19
10	PARK END LIMITED	8,900,000	2.17
11	J & J BANDY NOMINEES PTY LTD <J & J BANDY SUPER FUND A/C>	8,500,000	2.07
12	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	8,025,927	1.96
13	BRUSH PRAIRIE MINERALS INC	3,000,000	0.73
14	BARCLAYSHIRE NOMINEES LIMITED	2,875,134	0.70
15	WEST HOLLY INC	2,166,640	0.53
16	REDMAYNE (NOMINEES) LIMITED <LB3773E>	2,035,161	0.50
17	SHOSHONE SILVER/GOLD MINING COMPANY	2,000,000	0.49
18	TD DIRECT INVESTING NOMINEES (EUROPE) LIMITED <SMKTNOMS>	1,881,202	0.46
19	RAVENHILL INVESTMENTS PTY LTD <HOUSE OF EQUITY A/C>	1,500,000	0.37
20	KARAKORAM NO2 PTY LTD <SUPER FUND A/C>	1,400,000	0.34
	TOTAL	353,926,659	86.22

3. Substantial Shareholders as at 28 September 2015

	Name	Number of Shares	%
1	CITICORP NOMINEES PTY LIMITED	81,929,296	19.96
2	DOULL CONSOLIDATED LIMITED	81,692,648	19.90
3	708 CAPITAL PTY LTD	54,201,847	13.20

4. Group cash and assets

In accordance with Listing Rule 4.10.19, the Group confirms that it has been using the cash and assets it had acquired at the time of admission and for the period ended 30 June 2015 in a conservative manner that is consistent with its business objective and strategy.

Mining Claim Schedule

Mining Tenement (Claim)	Reference (BLM Serial No.)	Interest Held
New Departure Silver Project, Montana US		
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%
Conjecture Silver Project, Idaho US		
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%
Tabor Silver & Gold Project, Montana US		
HIGHLAND LODE – 7295	-	70%
MCKINLEY LODE – 7292	-	70%
HOPE – 6623	-	70%
SHENANDOAH – 6624	-	70%
BAY STATE LODE – 6625	-	70%
NELLIE BLY – 9722	-	70%
ALDER FRACTION – 9722	-	70%
PRESCOTT – 9722	-	70%
MALTA LODE – 9722	-	70%
ST. JOHN – 5984	-	70%
BUTCHER GULCH PLACER – TRACT 3 OF BOOK 7 SURVEYS, PAGE 253	-	70%
BG 9	MMC226241	70%
BG 10	MMC226242	70%
BG19	MMC226243	70%
BG20	MMC226244	70%
BG21	MMC226245	70%
BG22	MMC226246	70%
BG23	MMC226247	70%
DON-A-VERA	MMC175327	70%
DON-A-VERA NO. 1	MMC175328	70%
PEARL NO. 1	MMC175355	70%
PEARL NO. 2	MMC175356	70%
EAGLE BLACK NO. 1	MMC175363	70%
EAGLE BLACK NO. 5	MMC175367	70%
NEW WINNETKA	MMC175384	70%
TABOR LODE	MMC175409	70%

BLACK MOUNTAIN RESOURCES LIMITED

ACN 147 106 974

NOTICE OF ANNUAL GENERAL MEETING

TIME: 10.30 am (WST)

DATE: Thursday, 26 November 2015

PLACE: The University Club of Western Australia
Seminar Room 2
Hackett Drive, Crawley, Western Australia

This Notice of Annual General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Annual General Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9488 5220.

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IMPORTANT INFORMATION

TIME AND PLACE OF MEETING

Notice is given that the meeting of the Shareholders to which this Notice of Annual General Meeting relates will be held at 10.30 am (WST) on Thursday, 26 November 2015 at:

The University Club of Western Australia
Seminar Room 2
Hackett Drive, Crawley, Western Australia

YOUR VOTE IS IMPORTANT

The business of the Meeting affects your shareholding and your vote is important.

VOTING ELIGIBILITY

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5 pm (WST) on Monday, 23 November 2015.

VOTING IN PERSON

To vote in person, attend the Meeting at the time, date and place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

New sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Meeting. Broadly, the changes mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes is set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting;
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

BUSINESS OF THE MEETING

AGENDA

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2015 together with the declaration of the directors, the director's report, the Remuneration Report and the auditor's report.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2015."

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – JOHN RYAN

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of clause 13.2 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, John Ryan, a Director, retires by rotation, and being eligible, is re-elected as a Director."

DATED: 29 OCTOBER 2015

BY ORDER OF THE BOARD



JANE FLEGG
COMPANY SECRETARY

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions which are the subject of the business of the Meeting.

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2015 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at www.blackmountainresources.com.au.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

2.2 Voting consequences

Under changes to the Corporations Act which came into effect on 1 July 2011, a company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

2.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

2.4 Proxy voting restrictions

Shareholders appointing a proxy for this Resolution should note the following:

Proxy	Directed	Undirected
Key Management Personnel (other than the Chair) ¹	Can vote directed votes	Cannot vote undirected votes ³
Chair ²	Can vote directed votes	Can vote at discretion of Proxy ⁴
Other third party	Can vote directed votes	Can vote at discretion of Proxy

Notes:

1. Refers to Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member.
2. Refers to the Chair (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report), or a Closely Related Party of such a member).
3. Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.
4. The Proxy Form notes it is the Chair's intention to vote all undirected proxies in favour of all Resolutions. The Proxy Form states that by appointing the Chair as a proxy (or where the Chair becomes proxy by default) the Shareholder gives the Chair express authority to exercise the proxy on Resolution 1 (except where indicated differently) even though Resolution 1 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – JOHN RYAN

ASX Listing Rule 14.4 provides that a director of an entity must not hold office (without re-election) past the third AGM following the director's appointment or 3 year, whichever is the longer.

Clause 13.2 of the Constitution provides that:

- (a) at the Company's annual general meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third (rounded upwards in case of doubt), shall retire from office, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election;

- (b) the Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots;
- (c) a Director who retires by rotation under clause 13.2 of the Constitution is eligible for re-election; and
- (d) in determining the number of Directors to retire, no account is to be taken of:
 - (i) a Director who only holds office until the next annual general meeting pursuant to clause 13.4 of the Constitution; and/or
 - (ii) a Managing Director,each of whom are exempt from retirement by rotation.

The Company currently has three Directors and accordingly one must retire.

Mr John Ryan retires by rotation and seeks re-election.

Information on the skills and experience of Mr John Ryan is set out in the annual financial report of the Company for the financial year ended 30 June 2015.

The Board has considered Mr Ryan's independence and considers that he is not an independent Director due to his shareholding in the Company and his role as an Executive Director.

The Directors, other than Mr Ryan, support the election of Mr Ryan and recommend that Shareholders vote in favour of Resolution 2.

GLOSSARY

\$ means Australian dollars.

Annual General Meeting or **Meeting** means the meeting convened by the Notice.

ASX means ASX Limited.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company means Black Mountain Resources Limited (ACN 147 106 974).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Managing Director means the managing director of the Company who may, in accordance with the ASX Listing Rules, continue to hold office indefinitely without being re-elected to the office.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2015.

Resolutions means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

WST means Western Standard Time as observed in Perth, Western Australia.

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PROXY FORM

BLACK MOUNTAIN RESOURCES LIMITED
ACN 147 106 974

ANNUAL GENERAL MEETING

I/We

of:

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint:

Name:

OR:

the Chair of the Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at The University Club of Western Australia, Seminar Room 2, Hackett Drive, Crawley, Western Australia on Thursday, 26 November 2015 at 10.30 am (WST), and at any adjournment thereof.

AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolution 1 (except where I/we have indicated a different voting intention below) even though Resolution 1 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES

The Chair intends to vote undirected proxies in favour of all Resolutions. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

Voting on business of the Meeting

Resolution 1 Adoption of Remuneration Report
Resolution 2 Re-Election of Director – John Ryan

FOR AGAINST ABSTAIN

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is: _____ %

Signature of Shareholder(s):

Individual or Shareholder 1

Sole Director/Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Date:

Contact name:

Contact ph (daytime):

E-mail address:

Consent for contact by e-mail

in relation to this Proxy Form:

YES NO

Instructions for completing Proxy Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
 - **(Individual):** Where the holding is in one name, the Shareholder must sign.
 - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
 - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
 - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (a) post to Black Mountain Resources Limited, PO Box 684, West Perth, WA 6005; or
 - (b) facsimile to the Company on facsimile number +61 8 9324 2400,so that it is received not less than 48 hours prior to commencement of the Meeting.

Proxy Forms received later than this time will be invalid.