



blackmountain
resources limited

29 January 2016

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

By E-Lodgement

Quarterly Report for the Period Ending 31 December 2015

The Board of Black Mountain Resources Limited ("**Black Mountain**" or the "**Company**"), the silver focused development company with interests in the US, provides the following commentary regarding its activities during the three months ended 31 December 2015 and the Appendix 5B (Quarterly Cash Flow Report).

CORPORATE

Status of Suspension from Trading

Pursuant to the Company's Offer Document dated 24 August 2015, the Company undertook a capital raising by way of a fully underwritten renounceable entitlement issue to shareholders comprising 687,845,825 Shares at an issue price of A\$0.01 per Share to raise up to A\$6,878,458 (before expenses) (**Rights Issue**).

The Rights Issue was completed as part of a recapitalisation of the Company that had involved an extended period of negotiation with the Company's creditors and secured and unsecured debt holders. The Rights Issue was part of a broad recapitalisation and restructuring of the Company's balance sheet.

As announced by the Company on 7 September 2015, the Company received subscriptions and shortfall applications to the value of A\$2,729,467 and 272,946,665 Shares were issued, following consultation with ASX, under the Rights Issue on 11 September 2015.

Subsequent to the Rights Issue closing date, the Company was suspended from trading pursuant to Listing Rule 17.3. The Company was suspended from trading to enable ASX to review the proposed capital raising and terms of the DMS Transaction (as announced by the Company on 29 July 2015).

During the Quarter, the Company continued in its discussions with ASX in relation to the requirements for the Company's reinstatement to trading and requirements for the Company to proceed with the previously announced DMS Transaction which is currently being funded by private interests.

During and subsequent to the Quarters end, the Company had progressed its discussions with the ASX in respect to the DMS Transaction and in respect to another potential corporate transaction that if successfully completed to the satisfaction of the ASX would be likely to reinstate the Company's securities to trading on completion of the new corporate transaction, provided that the Company can demonstrate to ASX at that time that it complies with Chapter 12 of the Listing Rules.

As at the end of the Quarter, the Company's shares remain suspended with a further update on the proposed new transaction scheduled for the first week of February.

Status of Rights Issue Shortfall

The Company received valid acceptances (and Shortfall applications) for the Rights Issue to the value of A\$2,729,467 and 272,946,665 Shares were issued.

It had been intended that the resultant shortfall of 414,899,170 shares to the value of A\$4,148,992 were to be placed by the underwriter to the Rights Issue within 3 months of the closing date in accordance with the provisions of the Offer Document (being 2 December 2015).

As a result of the Company suspension from trading pursuant to Listing Rule 17.3, the Company and the underwriter to the Rights Issue was unable to complete the placement of the 414,899,170 Rights Issue Shortfall Shares within the required 3 months after the close of the offer.

As the Company did not complete the placement of Rights Issue Shortfall Shares within the required period, the Company will now seek approval to place the Rights Issue Shortfall Shares from Shareholders under Listing Rule 7.1 and by way of a full-form prospectus required under section 710 of the Corporations Act.

Completion of the placement of the 414,899,170 Rights Issue Shortfall Shares will allow the Company to maintain and commence a drilling program on the Company's Conjecture Mine, stabilise the Company's balance sheet and potentially move forward with a proposed corporate transaction close to finalisation subject to any applicable ASX requirements, including re-compliance with Chapters 1 and 2 of the Listing Rules.

New Project Acquisitions

As a result of the continued low silver price and the very difficult market conditions for junior resource companies, which has impacted the Company's ability to secure the necessary long term development funding for the New Departure and Conjecture Silver Projects, management have continued to progress other key initiatives designed to strengthen the Company's balance sheet and inject new capital.

During the Quarter management has reviewed several new business opportunities, projects and acquisitions globally as a strategy to compliment its existing exploration and mining focused activities and to preserve and create value for the Company's shareholders and further improve the Company's current position.

US SILVER PROJECTS

Over the past 3½ years the Company has expended approx. A\$8.0m on exploration, evaluation and mine permitting and has completed underground mine development, appointed mining contractors and purchased mine equipment at the New Departure Silver Project (**New Departure**), the Conjecture Silver Project (**Conjecture**) and the Tabor Gold and Silver Project (**Tabor**). The Company has further purchased a processing facility and has been focused on the recommencement of underground mining activities.

Exploration and development work at the US Silver Projects in the previous 12 months has however been limited primarily due to the continued low silver prices and the Company's focus on refinancing its existing indebtedness and recapitalising the Company's balance sheet to permit the Company to proceed with mining operations. As a result the Company relinquished its interest in Tabor and activities at New Departure have now been suspended with the operation placed on care and maintenance.

Work, albeit minimal, is continuing at Conjecture with a view of commencing a further drilling program, completing refurbishment works at the processing facilities and completing further geological and detailed mine planning work with a view to recommencing mine development and operating activities later in 2016 subject to an appreciation in prevailing silver prices and in the Company completing the placement of the 414,899,170 Rights Issue Shortfall Shares and recapitalising the Company.

For and on behalf of the Board



Peter Landau
Executive Chairman

For further information please visit www.blackmountainresources.com.au or contact:

Black Mountain Resources Limited

Peter Landau

Executive Chairman

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About Black Mountain Resources Limited

Black Mountain Resources Limited (ASX: BMZ) is a silver and gold focused development company focused on the advancement of three highly prospective previously operating assets located in two of the world's most developed and proven silver and gold mining regions of Idaho and Montana, USA.

The Company holds a 70% interest in the New Departure Silver Project and the Conjecture Silver Project pursuant to 45 year leases from Chester Mining Company and Lucky Friday Extension Mining Company respectively.

Competent Persons Statement

The information included in this release that relates to historical mining data and exploration results is based on information compiled by Mr. James Baughman, a technical consultant to the Company. Mr. Baughman is a qualified geologist and has sufficient experience in exploration and mine development which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Baughman has reviewed this release and consents to the inclusion in the release of the matters based on his information in the form and context in which it appears.

Forward Looking Statement

Certain statements made during or in connection with this communication, including, without limitation, those concerning the economic outlook for the silver market, expectations regarding silver ore prices, production, cash costs and other operating results growth prospects and the outlook of the Company's operations including the likely commencement of commercial operations of the New Departure and Conjecture Silver Projects, its liquidity and the capital resources and expenditure, contain or comprise certain forward-looking statements regarding the Company's development and exploration operations economic performance and financial condition. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes in the regulatory environment and other government actions, fluctuations in silver ore prices and exchange rates and business and operational risk management. For a discussion of such factors refer to the Company's most recent annual report and half year report. The Company undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events.

| Mining Tenement (Claim) | Reference (BLM Serial No.) | Interest Held |
|---|----------------------------|---------------|
| 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% |

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

BLACK MOUNTAIN RESOURCES LIMITED

ABN

55 147 106 974

Quarter ended ("current quarter")

31 December 2015

Consolidated statement of cash flows

| Cash flows related to operating activities | | Current quarter | Year to date |
|---|--|-----------------|-----------------------|
| | | \$A'000 | (6 months) \$A'000 |
| 1.1 | Receipts from product sales and related debtors | - | - |
| 1.2 | Payments for | | |
| | (a) exploration, permitting & evaluation | - | (236) |
| | (b) development & equipment | - | - |
| | (c) production | - | - |
| | (d) administration | (3) | (208) |
| 1.3 | Dividends received | - | - |
| 1.4 | Interest and other items of a similar nature received | - | - |
| 1.5 | Interest and other costs of finance paid | - | - |
| 1.6 | Income taxes paid | - | - |
| 1.7 | Other Receipts (refunds) | - | - |
| 2.7 | Other | - | - |
| Net Operating Cash Flows | | (3) | (444) |
| Cash flows related to investing activities | | | |
| 1.8 | Payment for purchases of: | | |
| | (a)prospects | - | - |
| | (b)equity investments | - | - |
| | (c) new project acquisition | - | - |
| 1.9 | Proceeds from sale of: | | |
| | (a)prospects | - | - |
| | (b)equity investments | - | - |
| | (c)other fixed assets | - | - |
| 1.10 | Loans from other entities | - | - |
| 1.11 | Loans repaid by other entities | - | - |
| 1.12 | Proceeds from underwriting | - | - |
| Net investing cash flows | | - | - |
| 1.13 | Total operating and investing cash flows (carried forward) | (3) | (444) |

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

| | | | |
|---|--|--------------|------------|
| 1.13 | Total operating and investing cash flows (brought forward) | (3) | (444) |
| Cash flows related to financing activities | | | |
| 1.14 | Proceeds from raising | - | 1,300 |
| 1.15 | Proceeds from sale of forfeited shares | - | - |
| 1.16 | Proceeds from borrowings | - | - |
| 1.17 | Repayment of borrowings | (819) | (819) |
| 1.18 | Dividends paid | - | - |
| 1.19 | Costs associated with issue of shares | - | - |
| Net financing cash flows | | (819) | 481 |
| Net increase (decrease) in cash held | | (822) | 37 |
| 1.20 | Cash at beginning of quarter/year to date | 872 | 13 |
| 1.21 | Exchange rate adjustments to item 1.20 | - | - |
| 1.22 | Cash at end of quarter | 50 | 50 |

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

| | | Current quarter \$A'000 |
|------|--|----------------------------|
| 1.23 | Aggregate amount of payments to the parties included in item 1.2 | Nil |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10 | Nil |

1.25 Explanation necessary for an understanding of the transactions

| |
|-----|
| Nil |
| |

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

| |
|-----|
| Nil |
|-----|

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

| |
|-----|
| Nil |
|-----|

Appendix 5B
Mining exploration entity quarterly report

Financing facilities available

Add notes as necessary for an understanding of the position.

| | Amount available \$A'000 | Amount used \$A'000 |
|---------------------------------|-----------------------------|------------------------|
| 3.1 Loan facilities | 3,000 | 1,570 |
| 3.2 Credit standby arrangements | Nil | - |

Estimated cash outflows for next quarter

| | \$A'000 |
|--|------------|
| 4.1 Exploration, permitting and evaluation | 150 |
| 4.2 Development and equipment | - |
| 4.3 Production | - |
| 4.4 Administration | 100 |
| Total | 250 |

Reconciliation of cash

| Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows. | Current quarter \$A'000 | Previous quarter \$A'000 |
|---|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank | 50 | 872 |
| 5.2 Deposits at call | - | - |
| 5.3 Bank overdraft | - | - |
| 5.4 Other – Term Deposit | - | - |
| Total: cash at end of quarter (item 1.22) | 50 | 872 |

Changes in interests in mining tenements

| | Tenement reference | Nature of interest (note (2)) | Interest at beginning of quarter | Interest at end of quarter |
|-----|---|-------------------------------|-------------------------------------|----------------------------|
| 6.1 | Interests in mining tenements relinquished, reduced or lapsed | N/A | See additional information appendix | |
| 6.2 | Interests in mining tenements acquired or increased | N/A | See additional information appendix | |

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

| | Total number | Number quoted | Issue price per security (see note 3) (cents) | Amount paid up per security (see note 3) (cents) |
|--|-----------------------------------|---------------|---|--|
| 7.1 Preference securities (description) | Nil | | | |
| 7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions | Nil | | | |
| 7.3 *Ordinary securities | 410,515,820 | 410,515,820 | | |
| 7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs | Nil Nil | Nil Nil | | |
| 7.5 *Convertible debt securities (description) | Nil | | | |
| 7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted | Nil Nil | | | |
| 7.7 Options (description and conversion factor) | 500,000 1,000,000 3,000,000 | - - - | <i>Exercise price</i> \$0.25 \$0.10 \$0.12 | <i>Expiry date</i> 25/07/2016 30/11/2016 31/03/2017 |
| 7.8 Issued during quarter | Nil | Nil | | |
| 7.9 Exercised during quarter | Nil | Nil | | |
| 7.10 Expired during quarter | 2,000,000 | - | <i>Exercise price</i> \$0.30 | <i>Expiry date</i> 14/11/2015 |
| 7.11 Debentures (totals only) | Nil | Nil | | |
| 7.12 Unsecured notes (totals only) | Nil | Nil | | |
| Performance Based Shares | Nil | Nil | | |
| Changes during quarter (a) Increases | Nil | Nil | Nil | |

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Peter Landau
Executive Director
29 January 2016

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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