



QUARTERLY REPORT FOR 3 MONTH PERIOD ENDING 30 SEPTEMBER 2016

17 October 2016

HIGHLIGHTS

- Shareholders approve acquisition of GLF Holdings Limited
- Independent Experts and Technical Valuation Reports released for acquisition of GLF Holdings Limited
- Technical update released on the Namekara Vermiculite Mine
- Replacement Prospectus lodged with ASIC to complete capital raising and broad recapitalisation
- Financiers continue to support the Company whilst acquisition proceeds
- 1 for 10 Share Consolidation completed
- Annual Report and Audited Financial Accounts lodged

Subsequent to Quarter End

- ASX Waiver granting extension to complete the GLF Holdings Limited acquisition by 31 October 2016
- Further strengthening of corporate management with appointed of new Company Secretary and Chief Financial Officer
- Confirmation of commitments for the full amount of the Capital Raising and Recapitalisation proceeding announced on 14 October 2016.

The Board of Black Mountain Resources Limited ("**Black Mountain**" or the "**Company**") provides the following operations report and quarterly cash flow report (Appendix 5B) of its activities during the three months ended 30 September 2016.

PROJECTS

Namakera Vermiculite Mine and Busumbu Phosphate Project

During the Quarter, the Company progressed its proposed acquisition of 100% of the share capital in GLF Holdings Limited (**Gulf**) from its existing shareholders, Richmond Partners Masters Limited and Jonah Resource Holdings Limited.

Gulf is the 100% shareholder of Namekara Mining Company Limited (**NMCL**), directly and indirectly through its 100% interest in Industrial Minerals International Corporation (IMIC).

NMCL is the registered holder of Mining License ML 4651, upon which it operates the Namekara Vermiculite Mine and conducts exploration activities on the Busumbu Phosphate Project.

NMCL is also the registered holder of Exploration License EL 1534 that covers the majority of the Bukusu Complex and which is also considered prospective for vermiculite, phosphate, copper, iron, zircon and rare earths mineralisation.

Independent Experts and Valuation Reports were prepared and released to Shareholders with a Notice of Meeting and Explanatory Statement seeking amongst other things Shareholder approval to proceed with the transaction to complete the acquisition of Gulf.

At the General Meeting of Shareholders on 15 August 2016, 100% of shareholders voted in favour of the acquisition directly or by directing their proxy vote in favour.

On 23 September 2016, the Company provided a Technical Update and Exploration Target for the Namekara Vermiculite Mine located in Uganda. The Exploration Target was announced on the ASX and is also available on the Company's website.

This Exploration Target is conceptual in nature. There has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource in accordance with the JORC 2012 Code.

Table A: Namekara Exploration Target

Classification	Million Tonnes	Grade > 180µm	Grade > 425µm
Exploration Target	45-55	20-27%	15-19%

US Silver Projects

No exploration or technical work was undertaken during the Quarter.

The Company is in advanced negotiations with a number of creditors of the Company's 70% owned US based subsidiary ABM Mining Corporation, to settle outstanding amounts due with the previous exploration and mining activities. Settlement of these amounts are anticipated in the current quarter.

CORPORATE

Shareholder General Meeting

At the General Meeting of Shareholders on 15 August 2015, the following resolutions were passed:

- a) 1 for 10 consolidation of Share Capital;
- b) the Company entering into the Transaction to acquire Gulf;
- c) the issue of 33,190,380 shares to the shareholders of Gulf;
- d) the issue of 18,500,000 shares to African Phosphate issued as part of the Transaction to acquire Gulf;
- e) the election of Luca Bechis, Simon Grant- Rennie and Julian Ford as Directors of the Company;
- f) the issue of up to 45,000,000 shares pursuant to a Placement at 10 cents each;
- g) the issue of 2,500,000 Finance Options, exercisable at 12.5 cents, on or before 30 June 2018; and
- h) the issue of a total of 15,474,800 shares to repay secured and unsecured debt to various unrelated creditors of the Company.

Consolidation of Capital

On 25 August 2016, the Company completed the 1 for 10 consolidation of share capital. Following this the new share capital of the Company was as follows:

Quoted securities: 41,051,630 fully paid ordinary shares
Unquoted securities: 100,000 options exercisable at A\$1.00 on or before 30 November 2016
300,000 unlisted options exercisable at A\$1.20 on or before 31 March 2017

Replacement Prospectus

The Company lodged a Prospectus with ASIC on the 10 August 2016 to issue up to 45 million Shares at 10 cents per share and for the purpose of satisfying ASX requirements for re-instating the Company's Shares to Quotation on the ASX.

On 19 August 2016 ASIC issued an interim stop order in respect to the Prospectus after raising some concerns.

On 23 September 2016, upon confirmation from ASIC of the revocation of the interim stop order, the Company lodged a Replacement Prospectus providing further disclosure in relation to the use of proceeds, expenses of the offer, the timetable, key risks, the application for shares under the Offer and the Minimum Subscription. Additional disclosures were also provided in relation to the transaction, the transaction Parties, the amount previously claimed by former Director Mr. Peter Landau and his related entities and the profile and background of directors. The Independent Geological Report, Investigating Accountant's Report and Competent Persons Statement were also updated to incorporate the additional disclosure.

As a result of this, the transaction to complete the acquisition of Gulf and the Namekara Vermiculite Mine was further delayed by over 6 weeks.

Annual Report and Audited Financial Statements

On 30 September 2016, the Company lodged its 2016 Annual Report and Audited Financial Statements for the 12 months ending 30 June 2016.

For the 2016 financial year, the Company reported a Net Loss of A\$408,211 (2015 financial year net loss of A\$22,879,022).

The Annual Report is available to be downloaded from the Company's website.

EVENTS SUBSEQUENT TO QUARTER END

Appointment of Executive Management

Subsequent to the end of the Quarter (refer ASX Announcement 4 October 2016), the Company announced the appointment of Ms Susan Hunter as Company Secretary and Mr Nyasha Makoni as Chief Financial Officer following the resignation of Ms Amy Fink as Company Secretary and CFO.

Ms Hunter has over 22 years' experience in the corporate finance industry. She is founder and Managing Director of consulting firm Hunter Corporate Pty Ltd, which specialises in the provision of corporate governance and company secretarial advice to ASX listed entities. She has previously held senior management roles at Ernst & Young, PricewaterhouseCoopers and Bankwest, both in Perth and Sydney. Ms Hunter holds a Bachelor of Commerce degree majoring in accounting and finance, is a Fellow of the Financial Services Institute of Australasia and is a Graduate Member of the Australian Institute of Company Directors and the Governance Institute of Australia. Ms Hunter has extensive experience in Company Secretarial and Non-Executive Director roles on ASX, AIM and TSX listed companies.

Mr Nyasha Makoni is a Zimbabwean born Chartered Accountant, who trained at Deloitte's and then started his mining career with Anglo American in Zimbabwe in 1990. Since then Mr Makoni has held a range CFO roles across various industries which included CFO roles for mining Companies in Zimbabwe, Zambia and Cameroon.

His last role was as CFO for Sable Chemicals, a Zimbabwean Fertiliser manufacturer with an annual turnover of US\$60 million.

ASX Waiver Granted

Subsequent to the end of the Quarter (refer ASX Announcement 7 October 2016), the Company announced the ASX had granted BMZ a waiver from ASX Listing Rule 14.7 allowing an extension to 31 October 2016 to issue the shares to Gulf and African Phosphate directors and related parties, that were approved by the Company's Shareholders at the General Meeting held on 15 August 2016.

Capital Raising Completed and Recapitalisation Proceeding

Subsequent to the end of the Quarter (refer ASX Announcement 14 October 2016), the Company announced that it's Lead Manager, Sanlam Private Wealth Pty Ltd ("**Sanlam**") had confirmed that it has received commitments for the full amount of the Capital Raising approved by Shareholders at the General Meeting held on 15 August 2016 for the proposed acquisition of Gulf. Sanlam advised that commitments had been received for the minimum subscription of 45 million shares at 10 cents per share pursuant to the Replacement Prospectus lodged with ASIC on 23 September 2016.

The Company further announced that it was now proceeding with its broader recapitalization under which further subscriptions of up to 15.5 million shares at 10 cents per share are to be received and applied towards reducing principal and interest amounts due to debt providers and creditors and the forgiveness of interest bearing liabilities as set out in the Investigative Accountants Report included in the Replacement prospectus.

The Company will, upon receipt of all cleared funds and finalization of its recapitalization, formally apply to ASX for re-instatement of BMZ's shares to quotation on ASX, on the basis that the shares under the Replacement Prospectus and recapitalisation will be issued and the transaction to acquire 100% of the share capital of GLF will complete on re-instatement of the Company's shares to quotation on ASX. The Company anticipates being able to formally request re-instatement of the Company's shares to quotation in the week beginning the 24 October 2016.

ENDS

Forward looking statements

Information included in this release constitutes forward-looking statements. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as “may”, “will”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “continue”, and “guidance”, or other similar words and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production or construction commencement dates and expected costs or production outputs.

Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the Company’s actual results, performance and achievements to differ materially from any future results, performance or achievements. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licences and permits and diminishing quantities or grades of reserves, political and social risks, changes to the regulatory framework within which the company operates or may in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relations issues and litigation.

Forward looking statements are based on the Company and its management’s good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the Company’s business and operations in the future. The Company does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that the Company’s business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by the Company or management or beyond the Company’s control.

Although the Company attempts and has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in forward looking statements, there may be other factors that could cause actual results, performance, achievements or events not to be as anticipated, estimated or intended, and many events are beyond the reasonable control of the Company. Accordingly, readers are cautioned not to place undue reliance on forward looking statements. Forward looking statements in these materials speak only at the date of issue. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, in providing this information the company does not undertake any obligation to publicly update or revise any of the forward looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.

Competent Person’s Statement

The Independent Geological Report has been prepared by Allen J. Maynard. Allen Maynard is not an employee of the Company or any related party. Mr. Maynard is the Principal of AM&A, a qualified geologist, a Member of the Australasian Institute of Mining & Metallurgy (“AusIMM”) (# 104986) and a Member of the Australian Institute of Geoscientists (“AIG” #2062). Mr. Maynard has had over 35 years of continuous experience in mineral exploration and evaluation and more than 30 years’ experience in mineral asset valuation. Mr. Maynard holds the appropriate qualifications, experience and independence to qualify as an independent “Expert” and “Competent Person”. The information in the Independent Geological Report and this Prospectus that relates to the Namakera Vermiculite Mine and the Busumbu Phosphate Project is based on and fairly represents, information and supporting documentation prepared by Mr Maynard. The Company has obtained the prior written consent of Mr Maynard to the form and context in which the information is presented.

Table B: BMZ Tenements

Mining Tenement (Claim)	Reference (BLM Serial No.)	Interest Held
New Departure Silver Project, Montana US⁽¹⁾		
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⁽²⁾		
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%

Notes to Leases

1. The New Departure lease has been prepaid for the two year period July 2015 to June 2017. The lease fee was paid by Mr Greg Smith who is a Director of ABM Mining Company, the Lessee and majority owned subsidiary of the Company. Mr Smith is holding the lease on trust for ABM Mining who owe Mr Smith for these lease payments. For the period ending 30 June 2016, the outstanding fees owed to Mr Smith for these lease fees are US\$36,000.
2. The Conjecture Lease fees have not been paid since the end of March 2016. The Company owes Chester Mining Company, Lessor of the project. Mr. Bill Campbell, President of Chester Mining, has acknowledged that for the period being reported, the Company owes Chester US\$6,000 for the lease payments and has verbally agreed to rectify all the outstanding amounts on completion of the Namekara transaction.

Appendix 5B

Mining exploration entity quarterly report

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

Name of entity

BLACK MOUNTAIN RESOURCES LIMITED

ABN

55 147 106 974

Quarter ended ("current quarter")

30 September 2016

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter	Year to date (3 months)
	\$A'000	\$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration, permitting & evaluation	(469)	(469)
(b) development & equipment	-	-
(c) production	-	-
(d) administration	(39)	(39)
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 (movement in restricted cash)	-	-
Net Operating Cash Flows	(508)	(508)
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)	(508)	(508)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(508)	(508)
	Cash flows related to financing activities		
1.14	Proceeds from raising	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	519	519
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Costs associated with issue of shares	-	-
	Net financing cash flows	519	519
	Net increase (decrease) in cash held	11	11
1.20	Cash at beginning of quarter/year to date	-	-
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	11	11

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	3,446 ¹	2,847
3.2 Credit standby arrangements	Nil	-

¹ Total Loan facilities available before drawdowns.

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration, permitting and evaluation	950*
4.2 Development and equipment	1,895
4.3 Production	
4.4 Administration	1,530
Total	4,375

* assumes acquisition of Namakera Mining proceeds and funding from Loan facilities.

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	11	-
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other – Term Deposit	-	-
Total: cash at end of quarter (item 1.22)	11	-

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	N/A	N/A	N/A
6.2 Interests in mining tenements acquired or increased	N/A	N/A	N/A	N/A

+ 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 <i>(description)</i>	Nil			
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	Nil			
7.3 *Ordinary securities	41,051,630	41,051,630		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	1:10 Consolidation during the quarter. 410,515,820 consolidated to 41,051,630.	1:10 Consolidation during the quarter. 410,515,820 consolidated to 41,051,630.		
7.5 *Convertible debt securities <i>(description)</i>	Nil			
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	Nil Nil			
7.7 Options <i>(description and conversion factor)</i>	100,000 300,000	- -	<i>Exercise price</i> \$1.00 \$1.20	<i>Expiry date</i> 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	500,000	-	<i>Exercise price</i> \$0.25	<i>Expiry date</i> 25/07/2016
7.11 Debentures <i>(totals only)</i>	Nil	Nil		
7.12 Unsecured notes <i>(totals only)</i>	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.



Jason Brewer
17 October 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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