BLACK MOUNTAIN RESOURCES LIMITED
ACN 147 106 974

PROSPECTUS

By this Prospectus, the Company invites investors to apply for 45,000,000 Shares at an issue price of $0.10 each to raise $4,500,000.

Lead Manager

Advisor

IMPORTANT NOTICE

The Offer to issue Shares, contained in this Prospectus (**Offer**), is conditional on certain Resolutions being passed at the General Meeting of Shareholders to be held on 15 August 2016 and the Company's successful re-compliance with the ASX Listing Rules.

This Prospectus has been prepared for the purpose of satisfying ASX requirements for re-instating the Company's Shares to Quotation on the ASX.

This document is important and requires your immediate attention. It should be read in its entirety. If you do not understand its contents or are in doubt as to the course you should follow, you should consult your professional adviser. The Shares the subject of this Prospectus should be considered speculative.

IMPORTANT NOTICE

Prospectus

This Prospectus is dated 10 August 2016 and a copy of this Prospectus was lodged with ASIC on that date. No responsibility for the contents of this Prospectus is taken by ASIC nor ASX.

The expiry date of this Prospectus is at 5.00pm WST on that date which is 13 months after the date this Prospectus was lodged with the ASIC (**Expiry Date**). No securities may be issued on the basis of this Prospectus after the Expiry Date.

Application will be made to ASX within seven (7) days after the date of this Prospectus for Official Quotation of the Shares the subject of this Prospectus.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer or to otherwise permit a public offering of the Shares in any jurisdiction outside Australia and New Zealand.

The Offer contained in this Prospectus to persons with registered addresses in New Zealand is made in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2013* (New Zealand).

The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia and New Zealand should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

This Prospectus is issued to provide information about the Company to facilitate the Company's application for re-instatement of its Shares to quotation on the ASX.

Throughout this Prospectus, for ease of reading, various words and phrases have been defined rather than used in full on each occasion and are set out in Sections 17 of this Prospectus.

Electronic Prospectus

This Prospectus is available to Australian residents to download from the Company's website at www.blackmountainresources.com.au.

A paper copy of this Prospectus may be obtained free of charge on request while this Prospectus remains open by contacting the Company on +61 8 9380 8343.

Shares will only be issued with respect to an Acceptance Form if the Company is satisfied the Acceptance Form was attached to a hard copy of this Prospectus or accompanied a complete and unaltered version of this Prospectus. You must not pass the Acceptance Form to another person consider unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus.

Completion of the Transaction, Related Party Interests, and Re-Compliance with the ASX Listing Rules

The Offer is conditional:

1. On the Company obtaining Shareholder approval for of the following Resolutions at the Meeting of Shareholders to be held on 15 August 2016:

    a. Resolution 1 – approval of 1 for 10 consolidation of Share Capital;
    b. Resolution 2 – approval of the Company entering into the Transaction;
    c. Resolution 3 – approval of the issue of 33,190,380 Consideration Shares;
    d. Resolution 4 – approval of the issue of 9,500,000 AP Agreement Shares to African Phosphate (or its nominees) (part of the total 18,500,000 AP Shares);
    e. Resolution 5 – approval of the issue of 5,500,000 AP Agreement Shares to Jason Brewer or nominee (part of the 18,500,000 AP Shares);
    f. Resolution 6 – approval of the issue of 3,500,000 AP Agreement Shares to Langleycourt Properties Pty Ltd and Alpha Corporate Services (Bermuda) Limited or their nominees companies associated with Simon Grant-Rennick (part of the 18,500,000 AP Shares to be issued); and a 20% share of the Royalty to Langleycourt Properties Pty Ltd and Alpha Corporate Services (Bermuda) Limited or their nominees;
    g. Resolution 7 – approval of the election of Luca Bechis as a Director of the Company;
    h. Resolution 8 – approval of the election of Simon Grant- Rennick as a Director of the Company;
    i. Resolution 9 – approval of the election of Julian Ford as a Director of the Company;
    j. Resolution10 – approval of the issue of up to 45,000,000 New Shares pursuant to a Placement at 10 cents each (the Offer);
    k. Resolution 11 – approval of the issue of 2,500,000 Finance Options, exercisable at 12.5 cents, on or before 30 June 2018; and
    l. Resolution 12 – approval of the issue a total of 15,474,800 Debt Conversion Shares that includes the issue of 5,000,000 Debt Conversion Shares to Nazdell, up to 7,974,800 Debt Conversion Shares (in total) to Seefeld, Tyche and Gorilla Pit Pty Ltd and up to $250,000 Debt Conversion Shares to various unrelated creditors of the Company.

2. On the successful re-instatement of the Company's Shares to quotation on the ASX.

    The Company's Shares will remain suspended from Official Quotation and will not be reinstated until the Company has completed the steps required of a company seeking quotation of its shares on the ASX and the ASX has re-instated the quotation of the Company's Shares.

    There is a risk that the Company may not be able to meet the ASX requirements for re-instatement of its Shares on the ASX.

    If the Company does not obtain Shareholder approval for the Resolutions, the conditions applicable to the Offer are not satisfied, or the Company does not receive approval for re-instatement of its Shares to quotation on ASX, the Company will not proceed with the Offer, no Shares will be issued pursuant to this Prospectus, and the Company will repay all application monies received (without interest).

Risk Factors

You should read the entire Prospectus. In considering the prospects of the Company, you should consider the risk factors that could affect the performance of the Company. Please refer to Section 6 for further information.

Forward-looking statements

All statements contained in this Prospectus, statements made in press releases and oral statements that may be made by us or our Directors, our Key Personnel or our employees acting on our behalf that are not statements of historical fact constitute "forward-looking statements". You can identify some of these forward-looking statements by terms such as "may", "will", "would", "could", "expects", "anticipates", "intends", "estimates", "believes", "plans", or similar words and phrases. However, you should note that these words are not the exclusive means of identifying forward-looking statements. All statements regarding our expected financial position, business strategy, plans and prospects are forward-looking statements.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements.

All forward-looking statements by or attributable to us, or persons acting on our behalf, contained in this Prospectus are expressly qualified in their entirety by such factors. Given the risks and uncertainties that may cause our actual future results, performance or achievements to be materially different than expected, expressed or implied by the forward-looking statements in this Prospectus, we advise you not to place undue reliance on those statements.

Photographs and diagrams

Photographs used in this Prospectus which do not have a description are for illustration only and should not be interpreted to mean that any person shown endorses the Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in the Prospectus are illustrative only and may not be drawn to scale.

Questions

If you have any questions concerning this Prospectus you may contact the Company Secretary on +61 8 9380 8343 or email info@blackmountainresources.com.au.

Disclaimer

No person is authorised to give any information or to make any representation in connection with the Offer other than as set out in this Prospectus. Any information relating to the Offer that is not in this Prospectus may not be relied upon as having been authorised by the Company or any other person in connection with the Offer. You should rely only on information in this Prospectus.

CHAIRMAN'S LETTER

Black Mountain Resources Limited
Suite 5, 531 Hay Street
Subiaco WA 6008

10 August 2016

Dear Investor

On behalf of the Directors, I am pleased to present this Prospectus and invite you to become a shareholder in Black Mountain Resources Limited. Black Mountain is a Perth based company established with the purpose of acquiring, exploring and developing mineral deposits.

This Prospectus has been issued by the Company for the purposes of the offer of 45 million Shares at $0.10 each to raise $4,500,000 before expenses of the Offer.

Black Mountain has entered into an agreement to acquire a 100% interest in GLF Holdings Limited, which holds a 100% interest in Namakera Mining Company Limited, a Ugandan registered company which owns 100% of the Namakera Vermiculite Mine, the Busumbu Phosphate Project and various exploration targets for vermiculite, copper, iron, zircon and rare earths all located in Uganda in Africa.

Our aim is to generate Shareholder value through optimising activities at the the Namakera Vermiculite Mine, and exploration success at the Busumbu Phosphate Project and other early stage exploration across the Uganda Projects. In addition to exploration, development, evaluation and mining of the Ugandan Projects, the Company intends to also continue to progress its US Silver Projects to add further shareholder value.

The new Black Mountain Board brings together a combination of experience and expertise that will assist in the development and enhancement of the Company's assets.

This Prospectus includes details of the Company, the assets and proposed operations, together with a statement of the risks associated with investing in the Company. These risks are set out in Section 8 of this Prospectus and investors are urged to consider those risks carefully before deciding whether to invest in the Company.

On behalf of the Directors, I look forward to you joining us as a Shareholder and sharing in what we believe are exciting times ahead for the Company. Before you make an investment decision, I urge you to read this Prospectus in its entirety and seek professional advice if required.

Julian Ford, Chairman
Black Mountain Resources Limited

CONTENTS

1. INVESTMENT OVERVIEW

1.1 IMPORTANT NOTICE

This Section is not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

The Shares offered under this Prospectus carry no guarantee in respect of return of capital, return on investment, payment of dividends or the future value of the Shares.

1.2 THE TRANSACTION

Black Mountain Resources Limited (**Black Mountain** or the **Company**) announced to ASX on 5 February 2016 that it had entered into a transaction with African Phosphate Pty Limited (**African Phosphate**), to assume the rights that African Phosphate had secured to acquire 100% of the issued capital of GLF Holdings Limited (**GLF**).

The Company announced to ASX on 11 April 2016, that it had executed a Share Sale Agreement and Deed of Assignment with GLF's shareholders to proceed with the acquisition of 100% of the issued capital of GLF subject to the Company obtaining all necessary shareholder and regulatory approvals pursuant to ASX Listing Rules, Corporations Act 2001 (Cth) and other applicable law or regulations, including but not limited to, approval to reinstatement to official quotation on ASX of the Company.

GLF is a company incorporated in the British Virgin Islands and which owns 100% of Industrial Minerals International Corp (**IMIC**) a British Virgin Islands company and 1% of Namakera Mining Company Limited (**NMCL**), a Ugandan registered company. IMIC owns 99% of NMCL, making NMCL a wholly owned subsidiary of GLF.

NMCL owns 100% of the Namakera Vermiculite Mine, the Busumbu Phosphate Project and various exploration targets for vermiculite, copper, iron, zircon and rare earths all located on Mining License 4651 and Exploration Licence 1534 located in the Manafwa District in South Eastern Uganda (**Uganda Projects**).

Refer to Section 4 for further details on the Transaction.

Refer to Section 9 for further details on the Uganda Projects contained in the Independent Geological Report.

Refer to Section 14 for further details on Material Contracts and the transaction with African Phosphate and the Share Sale Agreement and Deed of Assignment between BMZ and GLF and its shareholders.

The acquisition of African Phosphate's rights to acquire 100% of the issued capital of GLF and its interest in the Ugandan Projects (the **Transaction**) is subject to the satisfaction of a number of conditions, including:

(a) approval for the Transaction from Shareholders (which is being sought at a General Meeting of Shareholders to be held at Suite 183, Level 6, 580 Hay Street, Perth, WA 6000, at 10.00 a.m. on 15 August 2016;

(b) the Company completing a consolidation of its share capital through the conversion of every 10 Existing Shares into one New Share;

(c) the Company completing a capital raising with binding commitments for equity capital of no less than $4,500,000;

(d) the Company issuing 33,190,380 shares to the GLF shareholders and advisors, and issuing 18,500,000 shares to African Phosphate shareholders;

(e) the Company receiving shareholder approval to appoint Mr Julian Ford, Mr Simon Grant-Rennick and Mr Luca Bechis to the Board;

(f) the Company issuing 12,974,800 shares and 2,500,000 options (unlisted options exercisable on or before 30 June 2018 at A$0.125, which convert into one ordinary share per option on exercise) to eliminate $1,297,480 of the Company's debt and creditors;

(g) the Company obtaining all required regulatory approvals pursuant to the ASX Listing Rules, and applicable laws in connection with the Transaction;

(h) the Company obtaining ASX's approval to re-instate the Company's Shares to official quotation on the ASX; and

(i) the various transaction documents remaining binding and in full force and effect and none of them being terminated.

1.3 THE OFFER

By this Prospectus, the Company invites investors to apply for 45,000,000 Shares at an issue price of $0.10 each to raise $4,500,000.

The Shares offered under this Prospectus will rank equally with the existing Shares on issue.

Refer to Section 3 for further details in relation to the Offer.

1.4 PURPOSE OF THE OFFER

The purpose of this Offer is to:

(a) satisfy the conditions of the Transaction;

(b) meet the requirements of ASX and obtain ASX's approval to re-instate the Company's Shares to official quotation on the ASX;

(c) provide funding for the mining and processing activities and exploration programs of the Uganda Projects and for the Company's general working capital.

1.5 USE OF PROCEEDS

Subject to Shareholder approval of the Transaction and completion of the Offer the funds raised by this Offer will be applied towards the following activities over the next 12 months:

PROPOSED APPLICATION OF FUNDS (A$)			
	Jul-Dec 2016	Jan-Jun 2017	Total
Namakera Vermiculite Drilling, Mine and Process Plant Optimisation Studies: • Resource and Reserve Definition Drilling • Mine Optimisation Studies • Process Plant Optimisation Studies	400,000	150,000	550,000
Namakera Process Plant Capital and Maintenance Works: • Impact Crusher and Wet Screening • Process Controls and Instrumentation • Rotary Dryer Capital Works • Screening and Winnowing Capital Works • Dust Extraction Maintenance-Upgrade • Plant Maintenance Works	1,050,000	150,000	1,200,000
Namakera Mine Fleet and Site Infrastructure Capital: • Surface Land Rights Acquisition • Lease and Purchase of New Mining Fleet • Purchase of Spares and Consumables • Construction of New Load Facility • Installation of New Storage Facilities	850,000	-	850,000
Busumbu Phosphate Project: • Sampling and Surveying • Resource Definition Drilling • Scoping and Pre-Feasibility Studies	450,000	100,000	550,000
Exploration on North American Silver Projects	125,000	125,000	250,000
Capital Raising Fees and Expenses of the Offer	500,000	-	500,000
Administration, Working Capital and Creditors	600,000	-	600,000
TOTAL	3,975,000	525,000	4,500,000

The above table is a statement of current intentions as at the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the ultimate way funds will be applied. The Directors reserves the right to alter the way funds are applied on this basis. Actual expenditure may differ significantly from the above estimates due to a change in market conditions, the development of new opportunities and other factors.

Under the terms of the Transaction described in section 4 the Company has an obligation to raise $4.5m. If the Company does not raise this amount under the Offer the GLF shareholders will be asked to agree that the Company can raise less than this amount and, if they agree, the funds raised will be applied in this order: first, to Capital Raising Fees and Expenses of the Offer, then to Mine and Process Plant Optimisation Studies at Namakera, Mine Fleet and Infrastructure Upgrades at Namakera, and then Administration and Working Capital requirements and creditor payments.

If the GLF shareholders do not agree to the Company raising less than $4.5m within 3 months after the date of this Prospectus, the Company will not proceed with the Offer, no Shares will be issued pursuant to this Prospectus, and the Company will repay all application monies received (without interest).

The Company has an obligation to invest a minimum of US$2.5m of total expenditure commitments under the Transaction by no later than 31 December 2016, and US$5.0m by April 2019. The minimum planned capital expenditure work program above, together with approximately $371,000 of costs incurred up to 30 June 2016 by the Company in respect to the Transaction will satisfy the Company's minimum US$2.5m expenditure commitment required by 31 December 2016.

The Company will need to expend further funds to satisfy the Company's minimum expenditure commitments under the Transaction over the approximately 3-year period up to April 2019. It is the Company's present intent to meet this further funding obligation from forecast free cash flow, however if there is insufficient free cash flow to meet this requirement for any reason, then the Company may need to seek additional debt or equity funding to be able to satisfy the minimum expenditure commitment. The Company's existing cash at hand will continue to be spent in accordance with previous stated objectives in relation to the Company's current operations.

1.6 EXPENSES OF THE OFFER

The Company's total approximate expenses of the Offer are:

Item of Expenditure	Amount
ASX and ASIC Fees	$50,000
Australian Legal Fees	$50,000
Independent Experts Fees	$30,000
Investigating Accountants Fees	$20,000
Independent Legal Fees - Uganda	$10,000
Printing, Postage and Administration Fees	$25,000
Lead Manager and Brokers Fees	$315,000
TOTAL	**$500,000**

1.7 INDICATIVE TIMETABLE

Event	Date
Dispatch of Notice of General Meeting to Shareholders	14 July 2016
Date of Lodgement of Prospectus with ASIC and ASX	10 August 2016
Offer Opening Date	10 August 2016
Offer Closing Date	5.00pm WST 9 September 2016
General Meeting to Approve the Acquisition and other Resolutions	15 August 2016
Issue of Shares under the Offer and Settlement of the Acquisition	9 September 2016
Company's Shares re-instated to official quotation by ASX[1]	10 September 2016

Notes:

1 The Company's Shares will only be reinstated by ASX after the Company has completed the Transaction and the Company has complied with relevant ASX Listing Rules.

The above timetable is indicative only and the Directors reserve the right to amend the timetable at anytime in consultation with the ASX. Any changes will be released to the ASX.

1.8 CAPITAL STRUCTURE

The capital structure of the Company following completion of the Offer and the Transaction is:

Securities	Shares	Options
On Issue as at the Date of this Prospectus	410,515,820	4,000,000[1]
Consolidation of Capital on a 1 for 10 Basis	41,051,582	400,000
To be Issued Pursuant to the Transaction[2]	51,690,380	-
To be Issued in Satisfaction of Debt Obligations[3]	15,474,800	2,500,000[4]
To be Issued Pursuant to the Offer	45,000,000	-
TOTAL	**153,216,762**	**2,900,000**

Notes:

1 The terms of the existing Options are as follows:
1,00,000 unlisted options exercisable at A$0.10 on or before 30 November 2016 which convert into one ordinary share per option on exercise
3,000,000 unlisted options exercisable at A$0.12 on or before 31 March 2017 which convert into one ordinary share per option on exercise

2 Comprises 33,190,380 Shares to be issued to GLF shareholders (including 28,211,577 issued to entities associated with Mr Luca Bechis) and advisors, 18,500,000 to be issued to African Phosphate shareholders (including 5,500,000 and 3,500,000 issued to Mr Jason Brewer and Mr Simon Grant-Rennick respectively.

3 Issued to eliminate $1,547,480 of Company debt and creditors

4 2,500,000 unlisted options exercisable at A$0.125 on or before 30 June 2018 which convert into one ordinary share per option on exercise

1.9 SUBSTANTIAL SHAREHOLDERS

As at the date of this Prospectus, there are 410,515,820 pre-consolidated shares on issue in the Company, with the following shareholders holding 5% or more:

Shareholder	Shares Held	% of Issued Capital
Citicorp Nominees Pty Limited	81,829,296	19.93
Doull Consolidated Limited	81,629,648	19.90
708 Capital Pty Ltd	54,201,847	13.20
Empire Capital Partners Pty Ltd	37,193,804	9.06
TOTAL	**254,917,596**	**62.09**

On completion of the Offer (assuming full subscription and no new subscriber to the Offer assumes a greater than 5% shareholding in the Company and no participation by any of the existing Substantial Shareholders) and Transaction, the interests held by Citicorp Nominees Pty Limited and Doull Consolidated Limited would represent a 5.34% and 5.33%interest in the capital of the Company. Richmond Partners Masters Limited, the major shareholder of GLF would have a 18.41% interest in the Company.

Shareholder	Shares Held	% of Issued Capital
Richmond Partners Master Limited	28,211,577	18.41
Citicorp Nominees Pty Limited	8,182,930	5.34

Doull Consolidated Limited	8,162,965	5.33
TOTAL	**44,557,472**	**29.08**

The Company will announce to the ASX details of its top 20 Shareholders (following completion of the Offer and Transaction) prior to the shares re-commencing quotation on the ASX.

1.10 THE COMPANY AND KEY FEATURES OF IT'S BUSINESS MODEL

Black Mountain is a public company, incorporated in Australia. The Company is listed on the official list of ASX (ASX code BMZ).

The Company's is engaged in the identification, acquisition, exploration and, if warranted, development of mineral assets.

The Company currently holds a 70% interest in ABM Mining Corporation (**ABM**) a company incorporated in the United States of America. ABM has interests in two gold and silver projects, the New Departure Project and Conjecture Project, located in Idaho and Montana respectively (**US Projects**).

Exploration and development activities at the US Projects have been limited over the past 12 months have been curtailed as prevailing silver prices do not yet warrant a major investment plan to accelerate their development and the Company's has not been able to secure the necessary development capital funding.

Upon completion of the Transaction and Offer and the acquisition of 100% of the share capital of GLF, the Company's principal focus will be on:

(a) exploration, development and optimisation work associated with the Namakera Vermiculite Mine;

(b) exploration work on the Busumbu Phosphate Project; and

(c) other early stage exploration activities on other vermiculite, copper, iron, zircon and rare earths targets on the Uganda Projects.

The Company's main objectives on completion of the Offer will be:

(a) completing the acquisition of the 100% of the Share Capital of GLF and satisfying all conditions associated with the Transaction;

(b) commencing resource definition drilling and verification work to upgrade the Namakera vermiculite deposit to have a JORC 2012 compliant resource;

(c) reviewing current mining, processing and sales activities at the Namakera Vermiculite Mine;

(d) commencing detailed evaluation work, mine and process plant planning and optimization studies and work on the Namakera Vermiculite Mine;

(e) commencing exploration and resource definition drilling on the Busumbu Phosphate Project;

(f) commencing early stage exploration activities on other vermiculite, copper, iron, zircon and rare earths targets on the Uganda Projects; and

(g) continuing to evaluate options to maximize the value of all the Company' assets.

Refer to Section 5 for more information regarding the Company's business model.

Refer to Section 9 for further details on the Uganda and US Projects.

Refer to Section 10 for further details on the financial aspects of the Transaction and the Company.

1.11 KEY RISKS

The future performance of the Company, and the price of its Shares, will be influenced by a number of factors. Whilst some of these factors can be mitigated by the use of safeguards and appropriate systems and actions, some are outside the control of the Company and cannot be mitigated.

A summary of material industry risks and risks relating to the Company is set out below. It should be noted that these risks are in addition to the risks commonly faced by businesses, including financial, economic, counterparty, credit and regulatory risks, which may have adverse consequences on the Company.

The future performance of the Company, and the price of its Shares, will be influenced by a number of factors. Whilst some of these factors can be mitigated by the use of safeguards and appropriate systems and actions, some are outside the control of the Company and cannot be mitigated. The principal risks include, but are not limited to, those set out below.

This list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company and Shareholders should refer to the risk factors set out in full in Section 8 of this Prospectus before making a decision to subscribe for Securities under this Prospectus.

(a) The Company may not be able to meet the requirements of ASX for re-instatement of its Shares to quotation on the ASX.

The Company's Shares were suspended from quotation on the ASX on 10 September 2015 pursuant to Listing Rule 17.3. The acquisition contemplated by the Transaction constitutes a related party transaction and the Company needs to re-comply with the ASX Listing Rules in order to obtain the ASX's agreement to re-instate the Company's Shares to quotation on the ASX. There is a risk that the Company may not be able to meet the requirements of the ASX for re-instatement of its Shares on the ASX. Should this occur, the Shares will not be able to be traded on the ASX until such time as those requirements can be met, if at all. Whilst this is not a risk for new investors in so far as their funds will be returned if the Company's Shares are not re-instated to quotation on the ASX, it is a risk for existing shareholders in the Company who may be prevented from trading their shares if the Company's suspension from trading continues.

(b) If the Offer is not completed the Company may not be able to complete the Transaction and it will face cash flow constraints and going concern matters.

If the Company is unable to raise the sufficient funds under the Offer it will not be able to complete the Transaction. Under the Transaction the Company has reached agreement with various creditors and debt financiers to accept either cash or shares (or a combination of both) to settle amounts owing to them on completion of the Transaction. There is a risk that the directors may need to seek to raise additional funds through capital raisings or seek to further renegotiate payment terms with its creditors and the Company's debt financiers, if the Transaction or Offer is not completed. If the market conditions do not materially improve in respect of the Company's existing US Projects, and the Company is unable to raise sufficient additional funds (by asset sales or additional capital raisings), or further renegotiate its debt obligations on terms acceptable to the Company, the directors would need to consider whether the Company's operations are viable, which could ultimately impact on the Company's ability to operate as a going concern.

(c) The Company's principal focus will be on activities at its Uganda Projects in a country considered to have high political and sovereign risk.

Uganda is considered to have high political and sovereign risk. Changes in legislative and administrative regimes, taxation laws, interest rates, other legal and government policies in Uganda may have an adverse effect on the assets, operations and ultimately the financial performance of the Company and the market price of the Company's Shares.

Any material adverse changes in government policies or legislation in Uganda may affect the viability and profitability of the Company. Possible sovereign risks associated with operating in Uganda include, without limitation, changes to the terms of mining legislation, changes to royalty arrangements, changes to taxation rates and concessions and changes to the ability to enforce legal rights.

The Company's operations in Uganda require the granting and maintenance of appropriate licences, permits and regulatory consents, authorisations (including those related to interests in mining and exploration licenses), which may not be granted or may be withdrawn or be made subject to limitations at the discretion of government or regulatory authorities. The Company also relies on authorisations pursuant to some of its contracts with various counterparties in relation to its ongoing operations and development activities. Although such authorisations may be renewed following expiry or granted (as the case may be), there can be no assurance that such authorisations will be continued, renewed or granted, or of terms of renewals or grants. If there is a failure to obtain or retain the appropriate authorisations or there is a material delay in obtaining or renewing them or they are granted subject to onerous conditions, then the Company's ability to conduct its exploration, development or operations may be adversely affected.

(d) The Company's operations and development activities at the Uganda Projects could be affected by various unforeseeable events and circumstances.

The Company's activities at the Namakera Vermiculite Mine and Busumbu Phosphate Project and other early stage exploration activities on vermiculite, copper, iron, zircon and rare earths targets on the Uganda Projects could be affected by various unforeseeable events and circumstances, which may result in increased costs, lower production levels and, following on from that, lower revenue levels. The Company could be adversely affected by disruptions to operations or future proposed mine development or operations caused by adverse climatic conditions (including weather/natural disasters and other force majeure events), hydrological, geological, geotechnical, seismic and mining conditions, breakdown of equipment, industrial accidents, labour disputes, transport accidents occupational safety and health issues, port delays and potential substantial costs associated with environmental remediation and rehabilitation (and associated damage control and losses).

The Company will seek to minimise the potential damage that could arise from the occurrence of some of these risks by obtaining appropriate insurance cover for certain events and appropriate indemnities from suppliers and contractors. As to mitigating environmental risks, the Company aims to conduct its operations and activities to the highest standard of environmental obligation, including compliance with all environmental laws and regulations. However, the Company is unable to predict any future changes to environmental laws and regulations, which may materially increase the Company's cost of doing business or affect its operations. Any negative outcomes flowing from these operational risks could have an adverse effect on the Company's business, financial condition, profitability and performance.

The Company's Uganda Projects are subject to operating risks that could result in increased costs and reduced revenues and, as a result, one or more mineral deposits becoming unprofitable or uneconomic. If any one or more of these operating risks eventuates, it could result in increased production costs for the Company and may materially impact on the Company's competitive position or ability to derive profits. In particular, mining costs may be materially impacted by adverse mining and geological conditions. Vermiculite ore processing costs and yields may be negatively impacted by any unforeseen deterioration in the quality or quantity of vermiculite ore mined and any unbudgeted increase in operating costs.

These potential risks in relation to both disruptions to operations and operating risks generally, should they eventuate, could adversely affect the Company's business, financial condition, profitability and performance. This may include loss of revenue due to lower production than expected, higher operation and maintenance costs or on-going unplanned capital expenditure in order to meet potential vermiculite ore production targets.

In addition, the amount of vermiculite ore to be extracted from the Company's mining activities at the Namakera Vermiculite Mine is estimated based on Inferred Resources (JORC 2004) and the knowledge and experience of the current operational management. No assurance can be given that the anticipated tonnage and grades will be achieved, that ore could be mined or processed profitably or that the indicated level of recovery will be realised from these estimates. The estimates may require revision once the Company completes the Transaction and new information becomes available.

(e) The Company’s potential future revenues and cash flows are to be derived from the sale of vermiculite product under fixed term sales contracts with pricing set by direct negotiations with the customers and not linked to a spot market price for vermiculite products.

The Company's potential future revenues and cash flows are to be derived from the sale of vermiculite product. Prices achieved will not be through the sale of the vermiculite product into an open spot market but under sales contracts directly negotiated with NMCL's customers which are by, nature, fixed price and fixed term contracts for up to 3 years. The Company could be adversely affected by its ability to extend and renegotiate these sales contracts at sufficient sales volumes and at vermiculite prices that do not materially impact on the Company's financial position. If the Company is not able to negotiate sales contracts with its customers over sufficient sales volumes and at vermiculite prices, it could result in reduced sales and lower revenue levels.

Vermiculite product prices may be influenced by numerous factors and events that are beyond the control of the Company, including increased global supply, actions of other producers, decreased demand, currency exchange rates, general economic conditions, regulatory changes and other global, regional, political and economic factors. The Company cannot provide any assurance as to the prices it will achieve for its vermiculite product. Changes in vermiculite product prices may have a positive or negative effect on various aspects of the Company's business including revenues, project development and production plans and activities, together with its ability to fund those plans and activities.

A fall in vermiculite product prices, or a sustained period of current low and volatile pricing, may have a negative effect on the Company's future revenues and cash flows and the Company would need to consider an adjustment for value in use (or discount). The Company would need to also consider suspending its operations at the Namakera Vermiculite Mine if there was a sustained decline in vermiculite product prices.

(f) A significant portion of the Company's operating expenses are denominated in foreign currency and will be subject to exchange rate fluctuations.

The Company's revenue from its sales of vermiculite product is received in US dollars, whilst a significant portion of the Company's operating expenses are denominated in Ugandan Shillings. Furthermore, the Company holds a portion of its cash balance in US dollars and Australian dollars at any given time.

Accordingly, the Company's income from, and the value of its business, will be affected by fluctuations in the rates by which the US dollar is exchanged with Ugandan shilling and Australian dollars. For example, a weakening in the value of the US dollar as compared to the Ugandan shilling and Australian dollar, would have an effect of reducing the Ugandan shilling value of US dollar sales. Although steps may be undertaken by the Company to manage currency risk (for example via hedging strategies to be implemented under the Company's Hedging Policy), adverse movements in the Ugandan shilling and Australian dollar against the US dollar may have an adverse impact on the Company. Combined with other factors, this could lead to a deterioration in the Company's financial performance and competitive position.

(g) A significant portion of the Company's customers for vermiculite product from the Namakera Vermiculite Mine are foreign domiciled.

The Company's potential future revenues and cash flows are to be principally derived from the sale of vermiculite product. Therefore, the financial performance, revenue and profits of the Company are exposed to the vermiculite price (see (d) above), the prevailing applicable exchange rate (see (e) above) and any failure by counterparties to sales contracts or any other agreements that the Company has entered into to perform or pay. Many of the Company's counterparties are foreign domiciled and the Company may encounter difficulty enforcing legal remedies in foreign jurisdictions. For this reason, there can be no assurance that the Company would be successful in attempting to enforce any of its contractual rights through legal action. Results of operations could be materially and adversely affected as the Company may not be able to obtain sales contracts or agreements with alternative customers on similar terms and prices. Further, the Company's practical ability to recover any losses is limited to the assets of its counterparties, assuming any associated legal proceedings find in the Company's favour.

In addition, given the Company is a public company and its securities are listed, statements made publicly regarding the Company can have an impact on investors' perception of its performance. Accordingly, should a counterparty of the Company make an adverse statement regarding the Company publicly, such statement could have an impact on the value of the Company's securities, regardless of the validity of that statement.

(h) Uganda is a land locked country and the export of the Company’s vermiculite product to its customers is subject to access to infrastructure and the stability of and regulation in the countries neighboring Uganda.

The Company's operations in Uganda access road and rail haulage and transportation operations through Uganda and Kenya, and access to relevant infrastructure and its use of port facilities at Mombasa rely on the granting and maintenance of appropriate licences, permits and regulatory consents and authorisations, which may not be granted or may be withdrawn or be made subject to limitations at the discretion of government or regulatory authorities.

Although the authorisations may be granted or renewed following expiry (as the case may be), there can be no assurance that such authorisations will be continued, renewed or granted, or as to the terms of renewals or grants. If there is a failure to obtain or retain these authorisations or there is a material delay in obtaining or renewing them or they are granted subject to onerous conditions, then the Company's ability to export its vermiculite product, access road and rail haulage and transportation operations through Uganda and Kenya, access relevant infrastructure or use the port facilities at Mombasa for export may be adversely affected.

(i) The Company's exploration and production activities may be impacted by exploration and mining, operational and technical difficulties.

The Company's exploration and production may be hampered by adverse developments in mining laws, environmental legislation, industrial accidents, industrial disputes, cost overruns, failure to achieve predicted grades in exploration and operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, land claims and compensation and other unforeseen contingencies.

The success of the Company is also impacted by the discovery of economically recoverable reserves and resources, the availability and cost of required development capital, movement in the price of commodities, securing and maintaining title to its exploration and mining tenements as well as obtaining all necessary consents and approvals of the conduct of its exploration and production activities.

Exploration and production on the Company's existing exploration and mining licenses may prove unsuccessful resulting in a reduction of the value of those licenses and a diminution in the cash flow and cash reserves of the Company as well as possible relinquishment of the exploration and mining licenses.

Risks involved in mining operations include unusual and unexpected geologic formations, seismic activity, cave-ins, flooding and other conditions involved in the drilling and removal of any material, any of which could result in damage to life or property, environmental damage and possible legal liability. Further, weather conditions over a prolonged period can damage infrastructure, including haulage roads, and adversely affect exploration, production, mining and drilling operations and the timing of earning revenues.

Whether income will result from projects undergoing exploration and development programs depends on the successful establishment of mining operations. Factors including costs, actual mineralisation, consistency, quality and reliability of ore grades and commodity prices affect successful project development. The design and construction of efficient processing facilities, the existence of competent operational management and prudent financial administration, as well as the availability and reliability of appropriately skilled and experienced consultants also can affect successful project development.

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company and Shareholders should refer to the risk factors set out in full in Section 8 of this Prospectus before making a decision to subscribe for Securities under this Prospectus.

1.12 KEY FINANCIAL INFORMATION

GLF and its subsidiaries including IMIC and NMCL are currently unlisted companies. Details of the financial operating history of GLF and NMCL and IMIC over the past three financial years and the nine months ended 31 March 2016 have been reviewed in the Investigating Accountant's Report in Section 10.

The Investigating Accountant's Report contained in Section 10 sets out:

(a) the reviewed Statement of Financial Position of the Company as at 31 March 2016;

(b) the reviewed Statement of Financial Position of GLF, IMIC and NMCL as at 31 March 2016; and

(c) the reviewed pro-forma Statement of Financial Position of the Company (after Completion of the Transaction) as at 31 March 2016.

Investors are urged to read the Investigating Accountant's Report in Section 10 in full.

The financial statements for the Company for its financial year ended 30 June 2015, and the half-year ended 31 December 2015, which includes the notes to the financial statements can be found on the Company's website at www.blackmountainresources.com.au and on the ASX announcement platform on www.asx.com.au.

The reviewed Statement of Financial Position of the Company as at 31 March 2016 (Column A) and the reviewed pro-forma Statement of Financial Position of the Company (after Completion of the Transaction) is summarized below.

	31 March 2016 ($'000) A	Pro-forma On Completion ($'000) B
Current Assets		
Cash Assets	1	2,703
Receivables and Prepayments	4	465
Inventory at Cost	-	169
Total Current Assets	5	3,337
Non Current Assets		
Plant and Equipment	-	712
Loan to NMCL	125	-
Capitalised Exploration Costs	-	37,840
Total Non-Current Assets	125	38,552
Total Assets	**130**	**41,889**
Current Liabilities		
Trade and Other Payables	2,331	1,276
Other Unsecured Borrowings	89	-
Interest Bearing Liabilities - Secured	90	-
Interest Bearing Liabilities - Unsecured	2,643	-
Royalty and Advisory Fee Liabilities	-	92
Total Current Liabilities	5,153	1,368
Non-Current Liabilities		
Environmental Provision	-	41
Royalty Liability	-	1,300
Advisory Fee Liability	-	4,177
Deferred Income Tax	-	11,013
Total Non-Current Liabilities	-	16,531
Total Liabilities	5,313	17,899
Net Assets (Liabilities)	(5,023)	23,990
Equity		
Issued Capital	23,627	34,243
Reserves	3,385	3,475
Accumulated Losses	(29,687)	(11,380)
Parent Interest	(2,675)	26,338
Non-Controlling Interests	(2,348)	(2,348)
Total Equity (Deficiency)	(5,023)	23,990

1.13 DIRECTORS AND KEY PERSONNEL

The current Directors of the Company are Jason Brewer, John Ryan and Julian Ford.

Subject to completion of the Transaction, the Board of the Company will be strengthened further with the addition of new Directors and a management team who will oversee the exploration, development, mining and processing, and sales and marketing activities of the Ugandan Projects.

Immediately following completion of the Transaction, the Board shall consist of:

(a) Mr. Julian Ford as an independent non-executive Chairman of the Board;

(b) Mr. Jason Brewer as an Executive Director;

(c) Mr. Simon Grant-Rennick as an Executive Director;

(d) Mr. John Ryan as a Non-Executive Director; and

(e) Mr. Luca Bechis as a Non-Executive Director.

Ms. Susan Hunter will also assume the role of Company Secretary and Ms. Amy Fink the role of Financial Controller.

Immediately following completion of the Transaction, the executive management team of the Company shall comprise of:

(a) Jason Brewer as Chief Executive Director;

(b) Simon Grant-Rennick as Sales and Marketing Director;

(c) Robert McCrae as Business Development Manager;

(d) Henson Mambo as General Manager Operation;

(e) Patrick Takaedza as Senior Mine Geologist;

(f) Ronald Shikuku as Finance and Administration Manager;

(g) Stephen Nathi as Community Relations Manager; and

(h) Fred Butia as Logistics Manager.

Refer to Section 12 for more information in relation to the Directors and the Company's key personnel.

1.14 DISCLOSURE OF DIRECTORS INTERESTS, BENEFITS AND RELATED PARTY TRANSACTIONS

Directors are not required under the Company's Constitution to hold any Shares. As at the date of this Prospectus, the Directors have relevant interests in Shares and Options as set out in the table below:

Director	Shares[1]	Options
Julian Ford	-	-
Jason Brewer	-	-
John Ryan	900,000	-
Simon Grant-Rennick[2]	-	-
Luca Bechis[2]	-	-

Notes:

1 Shares held are reported on a Post-Consolidation basis

2 The Board proposes to appoint Mr Simon Grant-Rennick and Mr Lucha Bechis as Directors following completion of the Transaction and subject to approval of Resolutions at the General Meeting of Shareholders on 15 August 2016

Subject to completion of the Transaction and the passing of the relevant Resolutions at the Meeting of Shareholders on 15 August 2016, the Directors of the Company will have relevant interests in Shares and Options as set out in the table below:

Director	Shares[1]	Options
Julian Ford	-	-
Jason Brewer[2]	5,500,000	-
John Ryan	900,000	-
Simon Grant-Rennick[2]	3,500,000	-
Luca Bechis[3]	28,211,577	-

Notes:

1 Shares held are reported on a Post-Consolidation basis

2 The Shares issued to Mr Jason Brewer and Mr Simon Grant-Rennick are subject to approval of Resolutions at the General Meeting of Shareholders on 15 August 2016.

3 The Shares issued to Mr Luca Bechis are subject to approval of Resolutions at the General Meeting of Shareholders on 15 August 2016.

The Company requires that:

(a) a Director with a material personal interest in a matter is required to give notice to the other Directors before such a matter is considered by the Board; and

(b) for the Board to consider such a matter, the Director who has a material personal interest is not present while the matter is being considered at the meeting and does not vote on the matter.

As the Transaction involves interests of Jason Brewer, shareholder approval for the acquisition of 100% of the share capital of GLF, is required under ASX Listing Rule 10.1.

As the Transaction involves interests of Simon Grant-Rennick, shareholder approval for the acquisition of 100% of the share capital of GLF, is required under ASX Listing Rule 10.1.

As the Transaction involves interests of Luca Bechis, shareholder approval for the acquisition of 100% of the share capital of GLF, is required under ASX Listing Rule 10.11.

ASX Listing Rule 10.1 provides that an entity (or any of its subsidiaries) must not acquire a substantial asset from, or dispose of a substantial asset to a related party or a substantial holder or an associate of a related party or a substantial holder without shareholder approval.

ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues or agrees to issue securities to a related party or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

Jason Brewer, a Director of the Company, is currently Chief Executive Officer and shareholder in African Phosphate (and will, pursuant to the Transaction, be issued with Shares in the Company).

Simon Grant-Rennick, a proposed director of the Company, is a shareholder in AP, and entities associated with him will (pursuant to the Transaction) be issued Shares and receive a 20% interest in the Royalty.

Luca Bechis, a proposed director of the Company, is a related party of RPM and LBI, and entities associated with him will (pursuant to the Transaction) be issued Shares and be paid the Advisory Fee and Working Capital Fee.

A "substantial asset" is an asset valued at greater than 5% of the equity interests of a company as set out in the latest accounts given to ASX under the Listing Rules. The assets acquired pursuant to the Transaction are greater than 5% of the equity interests of the Company as set out in the latest accounts given to ASX under the ASX Listing Rules. The assets acquired pursuant to the Transaction are therefore substantial assets.

ASX Listing Rule 10.1 provides that shareholder approval sought for the purpose of ASX Listing Rule 10.1 must include a report on the proposed acquisition or disposal from an independent expert. Stantons International Securities Pty Ltd has completed a report on the fairness and/or reasonableness of the Transaction.

Refer to Section 12 for more information regarding the interests of the Directors and for more information regarding the interests of persons named in this Prospectus.

1.15 CORPORATE GOVERNANCE

To the extent applicable, in light of the Company's size and nature, the Company has adopted The Corporate Governance Principles and Recommendations (2nd Edition) as published by ASX Corporate Governance Council (Recommendations).

The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined in Section 13 of this Prospectus.

In addition, the Company's Corporate Governance Plan is available from the Company's website (www.blackmountainresources.com.au).

2. CORPORATE INFORMATION

BOARD OF DIRECTORS	Julian Ford Jason Brewer John Ryan
COMPANY SECRETARY AND FINANCIAL CONTROLLER	Amy Fink
REGISTERED OFFICE AND CONTACT DETAILS	Suite 5, 531 Hay Street Subiaco WA 6008 Telephone: +61 8 9380 8343 Facsimile: +61 8 9380 8300
WEBSITE	www.blackmountainresources.com.au
SHARE REGISTRY AND SHARE TRANSFER AGENT	Computershare Investor Services Pty Limited Level 11, 172 St Georges Terrace Perth WA 6000 Telephone: +61 8 9323 2000 Facsimile: +61 8 9323 2033
AUDITORS	RSM Australia Partners 8 St Georges Terrace Perth WA 6000 Telephone: +61 8 9261 9100 Facsimile: +61 8 9261 9111
INVESTIGATNG ACCOUNTANT	Stantons International Securities Pty Ltd Level 2, 1 Walker Avenue West Perth WA 6005 Telephone: +61 8 9481 3188 Facsimile: +61 8 9321 1204
SOLICITORS TO THE COMPANY	Murcia Pestell Hillard Suite 183, Level 6, 580 Hay Street Perth WA 6000 Telephone: +61 8 9221 0033 Facsimile: +61 8 9221 0013
LEAD MANAGER	Sanlam Private Wealth Level 15, 37 York Street Sydney NSW 2000 Telephone: +61 2 8245 0501 Facsimile: +61 2 8245 0599
ADVISOR	Verdant Capital Limited Building 4, Albury Office Park Dunkeld West, Johannesburg 2196 Telephone: +27 11 593 3109 Facsimile: +27 11 593 3155

3. DETAILS OF THE OFFER

3.1 THE OFFER

By this Prospectus, the Company invites investors to apply for 45,000,000 Shares at an issue price of $0.10 each to raise $4,500,000.

The Shares offered under this Prospectus will rank equally with Shares on issue at the date of this Prospectus.

Please refer to Section 15 of this Prospectus for further information regarding the rights and liabilities attaching to the Shares.

3.2 APPLICATION FOR SHARES UNDER THE OFFER

Applications for Shares offered under this Prospectus must be made using the Application Form attached to the Prospectus. Alternatively, complete a paper copy of the electronic Application Form that accompanies the electronic version of the Prospectus which can be found and downloaded from www.blackmountainresources.com.au.

Payment for the Shares must be made in full at the issue price of $0.10 per Share. Applications for Shares must be for a minimum of 5,000 Shares and thereafter in multiples of 1,000 Shares. Applicants should return their completed Application Form together with application monies in full prior to 5.00pm (WST) on 9 September 2016 to:

Posted to:
Computershare Investor Services Pty Limited
GPO Box 52
MELBOURNE VIC 3001

Refer to the instructions on the back of the Application Form when completing your application. Where payment is by cheques, these should be made payable to "Black Mountain Resources Limited" and crossed "Not Negotiable". All cheques must be in Australian currency.

An original completed and lodged Application Form, together with a cheque for the application monies, constitutes a binding and irrevocable offer to subscribe for the number of Shares specified in the Application Form. An application will be deemed to have been accepted by the Company upon allotment of Shares to the applicant.

3.3 OPENING AND CLOSING DATES

The Offer will open for receipt of acceptances at 9.00am WST on 10 August 2016 and will close at 5.00pm WST on 9 September 2016, or such later date as the Directors, in their absolute discretion and subject to compliance with the Listing Rules, may determine and provided that the Company gives ASX notice of the change at least 6 Business Days prior to the Closing Date.

The Offer may be closed at an earlier date, and time, at the discretion of the Directors, without prior notice. Applicants are therefore encouraged to submit their Application Forms as early as possible.

3.4 MINIMUM SUBSCRIPTION

There is no minimum subscription in respect of the Offer.

3.5 UNDERWRITING

This Offer is not underwritten.

3.6 LEAD MANAGER

The Company has appointed Sanlam Private Wealth Australia Pty Limited to act as lead manager of the Offer.

Under the terms of the agreement with Sanlam Private Wealth Australia Pty Ltd, the Company will pay Sanlam Private Wealth Australia Pty Limited a 6% placement fee on funds raised by them under the Prospectus. Sanlam Private Wealth Australia Pty Limited will be responsible for paying all capital raising fees with any other financial service licensees and any sub-underwriters. The mandate agreement otherwise contains terms and conditions which are standard for an agreement of this nature.

3.7 ISSUE AND ALLOTMENT OF NEW SHARES

Subject to ASX granting conditional approval for the Company's Shares to be re-instated to official quotation on the ASX, the allotment of Shares offered by this Prospectus will take place as soon as practicable after the Closing Date.

Prior to allotment, all application monies shall be held by the Company on trust in a separate bank account opened and maintained for that purpose only. The Company, irrespective of whether the allotment of Shares takes place, will retain any interest earned on the application monies.

The Directors reserve the right to allot Shares in full for any application or to allot any lesser number of Shares or to decline any application. Where the number of Shares allotted is less than the number applied for, or where no allotment is made, the surplus application monies will be returned by cheque to the applicant as soon as practicable after the allotment date.

3.8 ASX REINSTATEMENT AND LISTING

The Company will make application to ASX for reinstatement of its existing Shares to official quotation by the ASX and for official quotation of the Shares offered pursuant to this Prospectus within 7 days following the date of this Prospectus.

If ASX does not grant permission for Official Quotation of the Shares within three (3) months after the date of this Prospectus, or such longer period as is permitted by the Corporations Act, none of the Shares offered by this Prospectus will be allotted or issued. In that circumstance, all applications will be dealt with in accordance with the Corporations Act.

A decision by ASX to reinstate the Shares to official quotation and to grant official quotation of the New Shares is not to be taken in any way as an indication of ASX's view as to the merits of the Company or the Shares.

3.9 OVERSEAS PERSONS

The Offer is not being extended to, persons outside Australia and New Zealand and does not constitute an offer or invitation in any place outside Australia and New Zealand, or to any person to whom, it would not be lawful to make such an offer or invitation.

The Company has not made investigations as to the regulatory requirements that may prevail in countries outside Australia and New Zealand.

Each person providing a completed Acceptance Form warrants that:

- the law of any place does not prohibit that person from being given this Prospectus and the Acceptance Form
- the law of any place does not prohibit that person from applying for Shares
- that person is otherwise eligible to apply for Shares.

The distribution of this Prospectus in jurisdictions outside Australia and New Zealand, may be restricted by law and persons who come into possession of this Prospectus, or an electronic version of this Prospectus, should seek advice on and observe any such restrictions. Any failure to comply with those restrictions may constitute a violation of applicable securities laws.

The offer contained in this Prospectus to persons with registered addresses in New Zealand is made in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2013* (New Zealand).

3.10 RESTRICTED SECURITIES

Subject to the Company's Shares being re-instated to official quotation on the ASX, and completion of the Offer and Transaction, ASX has advised that the following shares to be issued on completion of the Transaction are to be classified as restricted securities and will be required to be held in escrow for a period of 12 months from the date of issue of the shares.

Holder (or their respective nominees)	Shares
JC Trust Pty Limited	5,500,000
Alpha Corporate Services (Bermuda) Limited	1,750,000
Langleycourt Properties Limited	1,750,000
Jonah Resource Holdings Limited	4,978,803
Richmond Partners Masters Limited	26,641,577
LB International Limited	570,000

During the period in which these shares are prohibited from being transferred trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner.

3.11 DIVIDENDS

The Company does not expect to pay dividends in the near future as its focus will be primarily on using cash reserves to further develop the Company's Uganda Projects. These activities are expected to dominate the two-year period following the issue of this Prospectus. Accordingly, the Company has no immediate intention to declare or distribute dividends and does not expect to declare any dividends during that period.

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend upon matters such as the availability of distributable earnings, the operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurances are given in relation to the declaration of dividends, or that dividends, if any, may attract franking credits.

3.12 TAXATION

The acquisition and disposal of Shares will have tax consequences which will differ depending on the individual financial affairs of each investor.

It is not possible to provide a comprehensive summary of the possible taxation position of all potential Applicants. As such, all potential investors in the Company are urged to obtain independent financial advice about the tax and financial consequences of acquiring Shares.

To the maximum extent permitted by law, the Company its officers and each of their respective advisers accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

3.13 CHESS

The Company participates in Clearing House Electronic Subregister System (**CHESS**). ASX Settlement, a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and the ASX Settlement Operating Rules.

Under CHESS, the Company will not issue certificates to investors. Instead Shareholders will receive a statement of their Shareholding.

If you are broker sponsored, ASX Settlement will send you a CHESS statement with respect to your New Shares.

The CHESS statement will set out the number of New Shares you hold, provide details of your holder identification number and give the participation identification number of the sponsor.

If you are registered on the issue sponsored sub register, your statement will be dispatched by the Company's Share Registry and will contain the number of Shares you hold and your security holder reference number.

A CHESS statement or issuer sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their Shareholding changes. Shareholders may request a statement at any other time. However, a charge may be made for additional statements.

3.14 COMMISSION PAYABLE

The Company reserves the right to pay a commission of 5% (exclusive of goods and services tax) of amounts subscribed through any licensed securities dealers or Australian Financial Services Licensees in respect of any valid applications lodged and accepted by the Company and bearing the stamp of the licensed securities dealer or Australian financial services licensee. Payments will be subject to the receipt of a proper tax invoice from the licensed securities dealer or Australian Financial Services Licensees.

3.15 PRIVACY

The Company collects information about each Shareholder for the purposes of administering that Shareholder's security holding in the Company.

A Shareholder has an entitlement to gain access to the information the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

3.16 ENQUIRIES

This Prospectus provides information about the Company and its prospects and it should be read in its entirety.

If, after reading this Prospectus, you have any questions about any aspect of the Company, please contact the Company Secretary on +61 8 9380 8343 or email info@blackmountainresources.com.au.

4. TRANSACTION OVERVIEW

4.1 THE COMPANY

Black Mountain is a public company, incorporated in Australia. The Company is listed on the official list of ASX (ASX code BMZ).

The Company was incorporated in Australia on 29 October 2010 and listed on the ASX on 15 February 2011.

The Company's principal activity is the identification, acquisition, exploration and, if warranted, development of mineral assets.

The Company currently holds a 70% interest in ABM Mining Corporation (ABM) a company incorporated in the United States of America. ABM has interests in two gold and silver projects, the New Departure Project and Conjecture Project, located in Idaho and Montana respectively (**US Projects**) and where activities over the past 12 months have been curtailed as a result of the impact of low silver prices and the Company's ability to raise the necessary development capital funding.

Over the past 12 months, the Company has continued to progressed other key initiatives designed to strengthen the Company's balance sheet and inject new capital, and actively seek new business opportunities, projects and acquisitions globally as a strategy to complements its existing exploration and mining focused activities and to preserve and create value for the Company's shareholders and improve the Company's current position.

It is the Company's present intention to continue to meet expenditure commitments on its US Projects to keep them in good standing during this current period of low silver prices while considering all potential funding options in respect of the development of the Conjecture Project (e.g. potential joint venture or farm-out or sale of the asset). Such consideration will be undertaken subject to the prevailing capital raising conditions in the marketplace. The Company notes that, at present, it is very challenging to raise funds for the exploration and development of a non-JORC silver asset particularly given the increasing cost environment as a result of the decline in the value of the Australian dollar to the US dollar.

4.2 THE TRANSACTION

On 5 February 2016, the Company announced to ASX it had entered into an agreement with African Phosphate to acquire the right that African Phosphate had secured to acquire 100% of the issued capital of GLF from its two shareholders Jonah Resource Holdings Limited (**JRH**) and Richmond Partners Masters Limited (**RPM**).

The Company subsequently announced to ASX on 11 April 2016, that it had executed a Share Sale Agreement and Deed of Assignment with GLF's shareholders to proceed with the acquisition of 100% of the issued capital of GLF subject to the Company obtaining all necessary shareholder and regulatory approvals pursuant to ASX Listing Rules, Corporations Act 2001 (Cth) and other applicable law, including but not limited to, ASX's approval to re-instate the Company's Shares to official quotation on ASX.

GLF is a company incorporated in the British Virgin Islands which owns 100% of IMIC a British Virgin Islands company and 1% of NMCL, a Ugandan registered company. IMIC owns 99% of NMCL, making NMCL a wholly owned subsidiary of GLF.

NMCL owns 100% of the Uganda Projects comprising the operating Namakera Vermiculite Mine and the Busumbu Phosphate Project and various exploration targets for vermiculite, copper, iron, zircon and rare earths all located on Mining License 4651 and Exploration Licence 1534 located in the Manafwa District in South Eastern Uganda.

4.3 KEY TERMS OF THE TRANSACTION

The key parties to the Transaction are:

Party	Role
African Phosphate Pty Limited	Holder of the right to acquire all the shares in Gulf and currently overseeing all management and operation of NMCL and its key mining projects (being the Namakera Vermiculite Mine and Busumbu Phosphate Project). Sells this right to the Company (so that the Company can acquire all the shares in Gulf).
GLF Holdings Limited	Corporate parent of IMIC and NMCL. To be acquired by the Company.
Industrial Minerals International Corp	Subsidiary of Gulf.
Namakera Mining Company Limited	Subsidiary of Gulf. Owner of Namakera Vermiculite Mine and Busumbu Phosphate Project.
Jonah Resource Holdings	Shareholder of GLF. Vendor of GLF shares to the Company.
Richmond Partners Masters Limited	Shareholder of GLF. Vendor of GLF shares to the Company.
LB International Limited	Related party of RPM. Provided services to the Company in relation to the Share Sale Agreement. Provided working capital to NMCL.

The Shareholders of African Phosphate are:

Shareholder	Shares Held	Percentage Held
CoLab Theory Pty Limited	55	29.73%
Davy Corp Pty Ltd ATF the Davy Investment Trust	25	13.51%
Alpha Corporate Services (Bermuda) Limited (an entity associated with Simon Grant-Rennick) (**Alpha**)	17.5	9.46%
Langleycourt Properties Limited (an entity associated with Simon Grant-Rennick) (**Langleycourt**)	17.5	9.46%
Elite Sky Investment Limited	15	8.11%
JC Trust Pty Limited (an entity associated with Jason Brewer) (**JC**)	55	29.73%
Total:	**185**	**100.00%**

The Shareholders of GLF Holdings Limited are:

Shareholder	Percentage Held
Richmond Partners Masters Limited	81.81%
Jonah Resources Holdings Limited	18.19%
Total:	**100.00%**

The composition of the Transaction is:

Transferor	Transferee	Transfer	Basis	Value
Company	African Phosphate, JC, Langleycourt and Alpha	18,500,000 Shares	To acquire African Phosphate's right to buy 100% of the shares in GLF.	$nil (on the basis set out in the Independent Expert's Report). $1,850,000 (if adopting the per share price under the Offer).
Company	Corporate and Technical Advisors of African Phosphate	Royalty	To repay the recipients for services provided to African Phosphate. Being paid by the Company as part of the Company acquiring African Phosphate's right to buy 100% of the shares in GLF.	US$1,000,000 (estimated discounted value, refer to Independent Expert's Report).
Company	JRH, RPM, LBI	33,190,380 Shares	To acquire 100% of the shares in GLF.	$nil (on the basis set out in the Independent Expert's Report). $3,319,038 (if adopting the per share price under the Offer).
Company	Gulf	US$5,000,000	To be invested into Gulf over time	US$5,000,000
Company	JRH, RPM	US$250,000	Payment if the Company fails to invest the required amount into Gulf (as long as the vendors retain at least 50% of the Consideration Shares).	US$250,000
JRH, RPM	Company	Debt US$13,784,554	Assignment to the Company of the shareholder debt owed to JRH and RPM by Gulf.	US$13,784,554 (however, this will be a debt owed to the Company by a wholly owned subsidiary)

Company	LBI	US$3,000,000 and interest at a 5% cumulative annual rate	Advisory Fee	US$3,000,000 and interest at a 5% cumulative annual rate.
Company	LBI	US$120,000	Payment of Working Capital Fee owed to LBI by NMCL	US$120,000

The material terms of the Transaction are:

(a) **African Phosphate Agreement**

African Phosphate holds the right to acquire Gulf (and so obtain a 100% interest in NMCL) from Gulf's shareholders, being JRH and RPM (**African Phosphate Agreement**).

Subject to the passing of the Transaction Resolutions, the Company will acquire this right from African Phosphate by issuing a total of 18,500,000 Shares to AP and its nominees.

African Phosphate has nominated that these 18,500,000 Shares be issued as follows:

i. at African Phosphate's request, 5,500,000 Shares to JC (or its nominee
ii. at African Phosphate's request, 3,500,000 Shares to Langleycourt and Alpha (or their nominees); and
iii. the remaining 9,500,000 Shares to other African Phosphate shareholders.

(b) **Royalty**

African Phosphate was assisted to enter into the African Phosphate Agreement by various corporate and technical advisors, who provided financial assistance, technical assistance and corporate advisory services to African Phosphate in relation to the Transaction.

As part of acquiring the benefit of the African Phosphate Agreement from African Phosphate, the Company has entered into a deed with corporate and technical advisors of African Phosphate, pursuant to which, in consideration for financial assistance, technical assistance and corporate advisory services provided to African Phosphate in relation to the Transaction.

The Company will pay those advisors a royalty equal to 1% of all sales revenue generated from mineral production by NMCL up to the period ending 31 December 2026 (**Royalty**).

Two beneficiaries of the Royalty (intended to hold a 20% interest) will be Langleycourt and Alpha, which are associated with Simon Grant-Rennick (who is proposed to be elected as a Director of the Company).

The Royalty beneficiaries are:

Name	Pro Rata Share of Royalty
CoLab Theory Pty Limited PO Box 98415, Sloane Park, Johannesburg, South Africa 2152	20%
Davy Corp Pty Ltd ATF the Davy Investment Trust 29 Coldwells Street, Bicton, WA 6157	20%
Alpha Corporate Services (Bermuda) Limited 29 Coldwells Street, Bicton, WA 6157	10%
Langleycourt Properties Limited (an entity associated with Simon Grant-Rennick) Suite F9, Waterside Centre, Lewes, East Sussex BN7 2PE	10%
Elite Sky Investment Limited Unit B, 11/F Prince Industrial Building, Prince Edward Road East, Kowloon, Hong Kong	40%
Total:	**100%**

(c) **Share Sale Agreement**

The Company has entered into a share sale agreement with JRH and RPM pursuant to which JRH and RPM have agreed to sell and the Company has agreed to purchase all the shares in Gulf (**Share Sale Agreement**).

Pursuant to the Share Sale Agreement, the Company has agreed to:

i. issue 33,190,380 Shares to JRH and RPM or their nominees as follows:
   A. JRH, 4,978,803 Shares;
   B. RPM, 27,641,577 Shares; and
   C. LBI (a related party of RPM), 570,000 Shares,

ii. invest a total of US$5,000,000 into Gulf, with US$2,500,000 of that amount being invested by 31 December 2016 and the remainder within 3 years of the date of the Share Sale Agreement, being 3 April 2019;

iii. in the event the Company does not make the investment described in section (ii) above, make an additional aggregate cash payment to JRH and RPM of US$250,000. The cash payment will only be payable if the JRH and RPM continue to hold at least 50% of the Shares on the third anniversary of the date of the Share Sale Agreement, being 3 April 2019; and

iv. complete the Offer with binding commitments for equity capital of no less than $4,500,000.

(d) **Deed of Assignment of Debt**

The Company has entered into a deed of assignment of debt with JRH and RPM pursuant to which JRH and RPM have agreed to jointly and severally assign to the Company all of their rights, title and interest to the debt owed to them by Gulf (**Debt**) (**Deed of Assignment of Debt**).

After the assignment, Gulf will owe this amount to the Company. The present amount of the Debt is approximately US$13,784,554. The Company is seeking tax advice and sign off from its tax advisors as to how this Debt is to be classified after Completion. At this stage it represents an inter-company loan and an amount that is due to the Company by Gulf.

(e) **Payment to LBI**

LBI advised and assisted the Company in the settlement of the Share Sale Agreement.

The Company has entered into a deed with LBI pursuant to which, in consideration of the services provided by LBI, the Company has agreed:

i. to pay LBI a transaction fee of US$3,000,000 cash to be paid on a deferred basis quarterly in arrears, with each quarterly payment amount calculated as an amount equal to 66% of NMCL and IMIC's net cashflow after-tax (**Advisory Fee**). If the transaction fee is not paid in full by 30 June 2019 then subject to obtaining shareholder approval at the time the outstanding balance will automatically convert into Shares which will be issued to LBI at an issue price equivalent to the VWAP for the 6 months prior to the last date due for payment and will be issued within 30 Business Days. The Advisory Fee will accrue interest at a 5% cumulative annual interest rate;

ii. to reimburse LBI, by no later than 1 July 2016, an amount of US$120,000 to settle funds and associated interest and penalties fees, advanced by LBI (**Working Capital Fee**) to NMCL.

iii. in the event that the investment commitment payments of US$5,000,000 are not made by 3 April 2019, then subject to the Company obtaining shareholder approval at the time the, shortfall in the investment commitment will automatically be converted to ordinary fully paid shares in the Company (shares issued to LBI). The issue price will be equivalent to the volume weighted average share price for the six months prior to the third anniversary date of the agreement with LBI.

4.4 COMPLETION OF THE TRANSACTION

Completion of the Transaction by the Company remains subject to:

(a) Shareholders approval of the Resolutions as set out in the Notice of Meeting (to be held at Suite 183, Level 6, 580 Hay Street, Perth, WA 6000, at 10.00 a.m. on 15 August 2016) and Explanatory Memorandum as released to the ASX on 14 July 2016;

(b) the Company completing a consolidation of its share capital through the conversion of every 10 Existing Shares into one New Share;

(c) the Company completing the Offer;

(d) the Company issuing the relevant Shares to GLF shareholders and issuing the relevant Shares to AP Shareholders;

(e) the Company receiving shareholder approval to appoint Mr. Julian Ford, Mr. Simon Grant-Rennick and Mr. Luca Bechis to the Board;

(f) the Company issuing 15,474,800 shares and 2,500,000 options (unlisted options exercisable at A$0.125 on or before 30 June 2018 which convert into one ordinary share per option on exercise) to eliminate $1,5474,800 of the Company's debt and creditors;

(g) the Company obtaining all required regulatory approvals pursuant to the ASX Listing Rules, Corporations Act and other applicable laws or regulations in connection with the Transaction;

(h) the various transaction documents remaining binding and in full force and effect and none of them being terminated.

4.5 KEY ADVANTAGES AND INVESTMENT HIGHLIGHTS OF THE TRANSACTION

The Directors are of the view that completion of the Transaction will result in the following non-exhaustive list of advantages and key highlights.

(a) the Transaction represents an opportunity for the Company to invest in vermiculite and phosphate exploration, development and mining and processing assets;

(b) the Transaction represents an opportunity for the Company to invest in assets that have historical production and exports sales;

(c) the Transaction represents an opportunity for the Company to assume control of an operating mining and processing operation with established international customers for the purchase of its saleable product;

(d) the Transaction brings to the Company an established operations management team with experience in exploration, development and mining and processing in Uganda;

(e) the Company will retain its current interest in its US Silver Projects;

(f) the Transaction has enabled the Company to reach agreement with the majority of its creditors and secured lenders to convert a significant portion of amounts owed into shares in the Company thus reducing its interest and interest bearing liabilities;

(g) the up-front consideration for the Transaction is comprised of Shares, thereby conserving the Company's cash reserves;

(h) the appointment of Mr. Simon Grant-Rennick and Mr. Luca Bechis provides the Company with extensive experience in industrial minerals marketing and sales and resource project development and finance in Africa; and

(i) the Transaction provides that some value will be preserved for existing Shareholders. While the Transaction may result in the dilution of existing shareholdings, the Directors consider that if the Transaction does not proceed, the Company is unlikely to be able to source adequate funds to meet working capital requirements and repayment of interest and interest bearing liabilities.

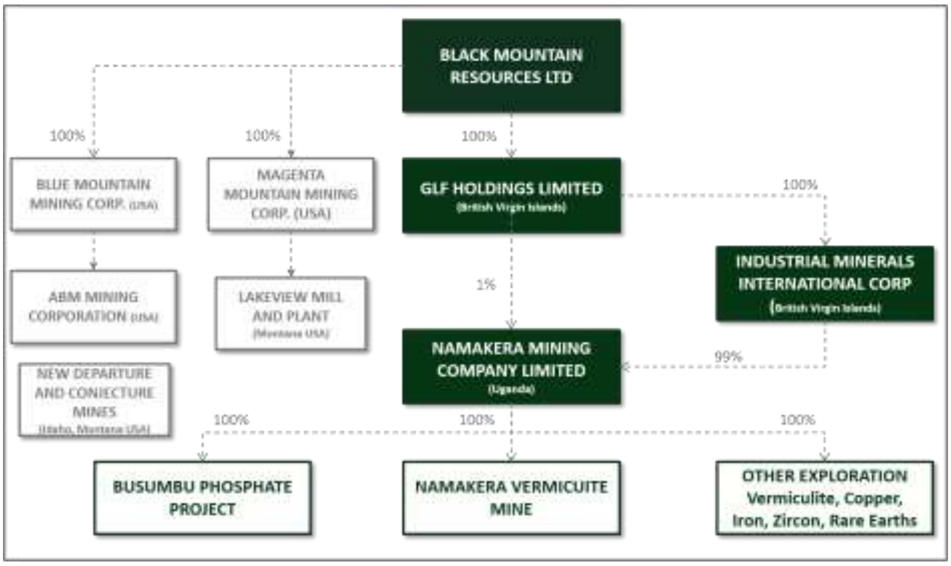
4.6 ABOUT GLF HOLDINGS LIMITED

GLF is a company incorporated in the British Virgin Islands.

GLF directly and indirectly through its shareholding of IMIC, a British Virgin Islands company, has a 100% interest in NMCL, a Ugandan registered company.

NMCL owns 100% of the Uganda Projects comprising the operating Namakera Vermiculite Mine and the Busumbu Phosphate Project and various exploration targets for vermiculite, copper, iron, zircon and rare earths.

A corporate structure of the Company upon completion of the Transaction is set out below:



Corporate structure of the Company post-Transaction

4.7 ABOUT NMCL

NMCL is a limited liability company incorporated in Uganda on 6 June 2008.

NMCL is the registered holder of Mining License ML 4651 upon which it operates the Namakera 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 considered prospective for vermiculite, phosphate, copper, iron, zircon and rare earths mineralisation.

Tenement	Interest	Area	Expiry Date	Other Conditions
Mining License ML 4651	100%	17.25 km^2	14/05/24	Option to extend up to a further 15 years
Exploration License EL 1534	100%	30.83 km^2	23/11/17	Two options to extend each for a further 2 years

The licenses are located in Manafwa Province in South-East Uganda, 230km from the Uganda capital, Kampala and close to the border with Kenya.

The nearest major towns are Tororo, 27km to the South-west and Mbale, 40km north west.

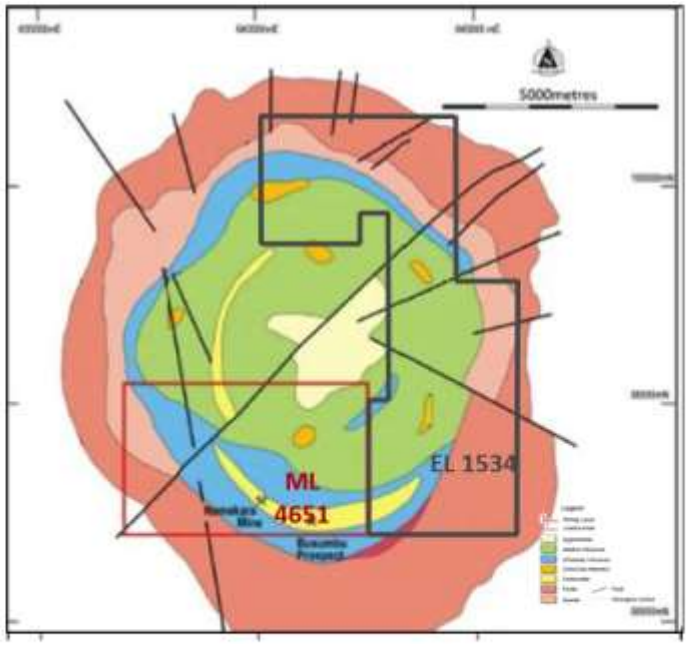
The licenses are connected by a well maintained gravel road to the tarred highway which heads west via Mbale to Kampala and east to the major coastal port of Mombasa in Kenya.

Location of the NMCL Mining and Exploration Licenses

The nearest rail siding is 28kms from the mine at Tororo, which connects to the main rail railroad, which also serves the port at Mombasa. The main electricity power line to Mbale traverses the area and the plant is already connected to the grid.

The licenses extend over the south-western margin of the Busuku Complex, which consists principally of intrusive carbonatites and silicate rocks. The complex is composed of alkaline and ultrabasic rocks forming ring dyke structures surrounding a central vent agglomerate.

The Bukusu Complex, with a diameter of ±13km, is one of the world's largest known carbonatite and is a similar geological setting to that of some of the world's largest vermiculite mining operations, including Libby in the USA and Palabora in South Africa.



The Bukusu Carbonatite Complex and NMCL's Mining and Exploration Licenses

Vermiculite and Phosphate mineralisation was first discovered in the Bukusu Complex in the 1930s and 1950s respectively by exploration programs run by the British Geological Survey in conjunction with the Uganda Geological Survey. The exploration programs concluded that the vermiculite formation was predominantly attributable to the weathering and alteration of primary biotite and phlogopite in mica-rich rocks by chemical reaction over time with a downward percolating water surface.

The work completed established that phlogopite is almost completely altered to vermiculite to a depth of 50-55m below surface and beneath a6.5m thick layer of overburden. Vermiculite mineralisation is followed by a transitional zone of 'vermiculitised' phlogopite, and unaltered phlogopite, at greater depth.

The fresh vermiculite mineralisation is a pale golden colour, with a silvery sheen, and is highly reflective. A pinkish tinge is developed upon weathering.

Fresh vermiculite flakes are readily delaminated and although pliable commonly break moderately easily along small cracks visible on the surface.

When exfoliated the vermiculite becomes a dark cream colour.

Fresh, coarse grained vermiculite exposed in the open pit on Mining License ML 4651

4.8 NAMAKERA VERMICULITE MINE

Historical Exploration, Development and Mining Activities

In the 1950s joint exploration work by both the British and Uganda Geological Survey departments comprising trenching, the excavation of 71 shallow pits and the drilling of 10 diamond drill holes identified the presence of vermiculite mineralisation within the Bukusu Complex beneath up to 15m of overburden.

Commercial exploitation of the vermiculite mineralisation only commenced in the 1990s, when IBI Corporation (**IBI**), a company listed on the Toronto Stock Exchange, conducted a series of exploration programs, investigating the vermiculite potential of the Namekara area by means of 17 trenches and/or pits and 12 NQ size diamond drillholes totalling 490m, which were drilled to depths ranging from 22.5–51.0m at unknown locations. Based on these results, Mining License ML 4651 was granted, and construction of a small scale mining operation and vermiculite production plant commenced in 2001.

Export of a predominantly medium grade vermiculite product commenced in 2002, with small tonnages of micron grade vermiculite exfoliated on-site and sold into the local market, as a soil conditioner and insulating material. From the commencement of production in 2002 until 2007, an estimated 16,000 tonnes of vermiculite concentrate were produced and sold.

In January 2007, IBI announced that it had signed an agreement with diversified commodities group Rio Tinto's subsidiary, Rio Tinto Uganda (**Rio Tinto**), for the sale of the Namakera Vermiculite Mine for cash consideration of C$5-million and an ongoing royalty payment.

Rio Tinto commenced a technical study designed to further evaluate the quality and quantity of vermiculite mineralisation and review options for mine development. The project team that undertook the work included experienced personnel from Rio Tinto Exploration, Rio Tinto Minerals, the Palabora Mining Company and outside consultants. During this study a total of 72 vertical RC drillholes totalling 3,490 m were drilled in two phases within an area of ±1.3 km^2 to depths of predominantly 40- 60 m at spacing of 50-150 m.

In March 2009, ASX listed Gulf Industrials Limited (**Gulf Industrials**) acquired the Namakera Vermiculite from Rio Tinto and engaged SRK Consulting East Africa (**SRK**) in 2009 to complete a review of the work undertaken by Rio Tinto.

Gulf Industrials reported on 23 July 2009 that the Namakera Vermiculite deposit contained a JORC Code 2004 Inferred Resource estimate of 54.9 Mt at a grade of 26.7% vermiculite > 0.18 mm.

JORC 2004 COMPLIANT RESOURCE – GULF INDUSTRIALS			
	Million Tonnes	Grade > 180µm	Grade > 425µm
Inferred Resources	54.9	26.7%	18.8%

Marketing Grade	Size	Distribution	Mt Vm (> 180µm)	Mt Vm (> 425µm)
Premium	>9.5mm	8%	1.2	18.8%
Large	>5.6mm <9.5mm	21%	3.1	0.8
Medium	>2.0mm <5.6mm	30%	4.4	2.2
Fine	>1.18mm <2.0mm	20%	2.9	3.1
Super Fine/Micron	<1.18mm	21%	3.1	2.1
TOTAL			**14.7**	**2.2**

This information was prepared and first disclosed under the JORC Code 2004 guidelines by Gulf Industrials. This resource estimate is not the Company's and the Company is itself making those estimates nor reporting those results. The Company has not updated this resource estimate nor done sufficient work to verify the data or resource estimate. It has not been updated since to comply with the JORC Code 2012 guidelines on the basis that the information has not materially changed since it was last reported.

Gulf Industrials recommissioned the Namakera Vermiculite Mine in 2010, achieving increased mine and plant production and increased sales through an expansion to the plant from the then current output levels of 8,000tpa of vermiculite product. Conventional open pit "free-dig" mining methods were employed using an owner-operator standard truck and shovel operation. The vermiculite was processed through a single stage crushing circuit, magnetic separation, air drying, two stage screening and winnowing processing plant.

Vermiculite product was bagged in 1.15t bulk bags and transported under contract by road to the Kenyan port of Mombasa where it was sold under a long term and exclusive offtake agreement to the European export markets.

In 2011 Gulf Industrials commenced a Bankable Feasibility Study to increase vermiculite product sales to 80,000 tpa. An in-fill drilling program, pit expansion studies and preliminary engineering work for a modular plant expansion were completed as part of this Bankable Feasibility Study in early 2012.

Between 2011 and 2013 Gulf Industrial produced and sold 42,045 tonnes of vermiculite flake product >0.5mm size into the European markets. Approx. 60% of sales were in the premium large and medium vermiculite products with the balance of sales in the fine and super fine vermiculite products.

The mining operation was placed on care and maintenance in October 2012, as a result of the terms of its 25-year exclusive distribution agreement with a UK based group who were unable to guarantee future purchases of vermiculite product from the operation and which prevented sales of vermiculite products to other third parties or directly to customers. Working capital over this period was provided by two of Gulf Industrial major shareholders JRH and RPM, who advanced the required funds as debt that was secured by way of a fixed and floating charge over all the assets of NMCL and a pledge over Gulf Industrial's shares in NMCL.

In 2014 Gulf Industrials entered into a Deed of Settlement and Release with the secured debt holders under which JRH and RPM were transferred Gulf Industrials shares in GLF and assumed full ownership of the vermiculite mining operation, including the Mining and Explorations Licenses, all plant and equipment and all other assets and liabilities in exchange for the cancellation of approx. A$4.9m of debt owing.

RPM and JRH have maintained and operated the mine and processing plant since 2014. Payment of a termination fee to cancel the 25-year exclusive distribution agreement was subsequently made, which allowed the operation to then freely market its vermiculite product independently rather than exclusively.

Mining and processing operations recommenced at the Namakera Vermiculite Mine in May 2013 with 2,620t of sales of vermiculite product being made under two non-exclusive marketing agreements up to 31 December 2014.

Production continued in 2014 and 2015 but was halted in March 2015 when temporary restrictions were placed on the export of a number of mineral commodities in Uganda including vermiculite.

These restrictions were lifted in September 2015 and production and processing operations resumed and operations and export sales into existing contracts have continued since then.

	CY 2012[1]	CY 2013[1]	CY 2014	CY 2015[3]
Total Material Mined (t)	105,000	3,000	113,900	26,590
Plant Throughput (t)	64,100	1,800	15,870	5,920
Saleable Product (t)	11,221	352	2,844	1,066
Plant Yield	18%	20%	18%	18%

Notes:

1 Mining and processing operations were suspended from October 2012 due to restrictions on the sales and marketing agreement of Namakera's vermiculite product with the operations exclusive distributor..

2 Mining and processing operations were suspended between March 2015 and September 2015 due to restrictions on exports from Uganda, that were subsequently lifted in September 2015.

In 2015 the mine produced 1,118 t of vermiculite product and recorded sales of 1,066 t of vermiculite. In the first quarter of 2016 to 31 March 2016, the mine produced 712t of vermiculite product and recorded sales of 978 t.

Current Development and Mining Activities

Mining activities on Mining License ML 4651

Vermiculite mineralisation is excavated from a shallow open pit on Mining License ML 4651 using conventional earthmoving equipment including excavators, front end loaders, bulldozers and tipper trucks.

No blasting is required, the ore is "free dig" is transported in open trucks to the processing plant located less than 1km from the mine where it is either placed on the ROM stockpile or fed directly into the process plant.

Mining activities on Mining License ML 4651

Current open pit mining operations are focused on a single pit approximately 1.0 km by 400m and to a maximum depth of 35 m, with bench heights of 2.5 m

Generally, near surface ore and ore from the bottom benches is stockpiled separately from the ore that is mined from the deeper levels due to differences in colour and exfoliation rates.

The ore is then blended prior to processing. In this manner, a consistent product can be produced both in terms of the product colour as well as the exfoliation ratios.

The mine is currently operating for 6 days/week on a single shift basis only and only when there is sufficient working capital to fund key consumables.

During day shift, trucks tip ore directly into the Run Of Mine (**ROM**) bin with excess production being placed upon ROM stockpiles to facilitate blending and to cater for processing when the pit is not operating. When ore from trucks is not available the run of mine material is fed into the ROM bin by a front end loader.

Vermiculite ore from the ROM bin is conveyed to a magnetic separator which separates magnetic minerals (predominantly magnetite) from the vermiculite-bearing non magnetics and is placed them on a separate waste stockpile.

Plant crushing and screening operations located on Mining License ML 4651

Plant rotary dryer and conveyors located on Mining License ML 4651

The non-magnetic, vermiculite-rich ore is then fed into a rotary dryer where the moisture content is lowered from an average +9% to less than 5%, which will allows the material to pass over screens without excessive blinding.

The resultant dry ore then passes through a bank of screens where dust is removed from the stream of ore before the ore is passed onto a circuit of screens that separates the ore into the different size fractions according to their particle size as per the table below.

Particle Size Range		Large	Medium	Fine	Superfine
Min. % by weight retained in size range indicated	11.2mm - 4.75mm	80%	-	-	-
	4.75mm - 2.00mm	-	80%	-	-
	2.80mm – 1.00mm	-	-	80%	-
	1.70mm – 0.3mm	-	-	-	80%

The separated, different sized ore fractions are then passed through winnowers to separate the vermiculite from the none-vermiculite grit particles.

Winnowing is a gravity separation process that utilises the relative density differences between vermiculite and the waste material. Winnowing increases the concentration of vermiculite in the product to a minimum of 95% vermiculite. Large fractions that are not saleable are recirculated through a granulator where they are reduced in size and fed back into the sizing circuit.

The output from the winnowers is then screened for the final time to remove remaining dust before the ore is packed in bulk bags.

The vermiculite product is packed into 1.1 tonne bulk bags for all grades of vermiculite product, for storage and dispatching to clients.

Final screening and bagging of product located at the plant on Mining License ML 4651

Bagged product loaded on Mining License ML 4651 for transport to Mombasa

Bagged product loaded on Mining License ML 4651 for transport to Mombasa

The bagged vermiculite product is loaded on 40' foot sided or container trucks at the mine site and is transported by sub-contractors to the port at Mombasa in Kenya. The bagged product is maintained in a warehouse at the port before transloading into 20 foot shipping containers.

Sales of the vermiculite product are sold under fixed price contract to customers and trading houses in Europe, Asia and Australia. Over the past 24 months, sales of vermiculite product have been made to customers in Spain, Belgium, Germany, Switzerland, Slovenia, Poland, France, Saudi Arabia, United States, Japan and Australia. Currently contracts are in place for the sale of vermiculite product to 10 customers, predominantly in Europe, Japan and Australia.

The Company's Planned Development and Mining Activities at the Namakera Vermiculite Mine
The Company will undertake reserve and resource evaluation and drilling work to determine whether a 2012 JORC Code compliant Mineral Resource Estimate can be finalised. The Company and its consultants have reviewed the previous exploration and drilling results upon which Rio Tinto and Gulf Industrials were able to report a JORC Code 2004 Inferred Resource Estimate and consider these estimates to be of acceptable standards and reasonable, however it cannot at this stage be assumed that the Company will be able report any resources or reserves in accordance with the 2012 JORC Code Mineral Resource Estimate Guidelines.

The Company will concurrently commence mine optimisation studies with the objective of confirming the long term economic viability of the Namakera Vermiculite Mine and to demonstrate the economics of the resources and a proposed mine development strategy. The Company will also in parallel with these activities complete process plant optimisation studies with the objective of being able to demonstrate the economic viability of increasing process plant throughput, efficiencies and yields through capital investment in the existing process plant.

The Company's proposed mine development strategy will aim to increase mine production and efficiencies at the Namakera Vermiculite Mine through additional new capital investment in the mining fleet and in mine planning and the purchase of additional surface rights adjacent to the existing open pit. The purchase of the additional surface rights is not considered material to the operation's commercial viability, but is anticipated to provide greater operational flexibility. NMCL has already entered into binding agreements to acquire the additional surface rights, subject only to payment of the acquisition fee of approx. $30,000.

The new mine strategy and associated expenditure on new mining equipment and on the additional surface rights will commence immediately after completion of the Transaction and is not dependent on the completion of the Company's planned reserve and resource evaluation and drilling work.

Based on study work reviewed by the Company and completed by the current mine management, a new mine plan has been prepared. The new mine plan incorporates data based on actual historical performance and costs, the forecast efficiencies and increased mine production anticipated to be achieved from a new mining fleet and has been used as an evaluation tool to assist the Company in its plans to implement its new mine strategy.

Work completed by the Company has identified that the current mining fleet is unable to achieve the required monthly mining volume rates of 25,000t of vermiculite due to extremely low utilisation rates obtained from the mining fleet and in particular the haul trucks, which require high levels of maintenance and servicing as a result of their age and which can also not operate effectively in the open pit during the wet season, when the condition of the haul roads make ore and waste transportation difficult. It is proposed that the existing mining fleet and haul trucks are replaced by new leased or purchased mining equipment from the funds raised from the Capital Raising.

The Company believes that the funds raised from the Capital Raising and the availability of appropriately sized mining equipment that can be purchased or leased and mobilised to site in a short time frame, and availability of other key mining consumables will be sufficient for the Company to achieve the required monthly mining volume rates of 25,000t of vermiculite in the short-term.

Subject to completion of the Transaction, the Company will also immediately commence process plant optimisation studies with the objective of being able to demonstrate the economic viability of increasing process plant throughput, efficiencies and yields through capital investment in the existing process plant. The Company's consultants have set out a provisional work program for optimisation and upgrade work associated with the rotary dryer and product screening and winnowing process, as well as a program to complete essential and overdue plant maintenance work.

Work already completed by the Company and its consultants has identified that the overall operation is currently capable of only operating at steady state product sales levels of between 10,000 to 15,000tpa of vermiculite product. This is due to the constraints on mine production due to the current mining fleet and maintenance and capital works required to be completed on the process plant.

This amount (10,000 to 15,000tpa of vermiculite product) is more than the overall operation is presently producing. This is a result of the mine presently only operating for 6 days/week on a single shift basis only and only when there is sufficient working capital to fund key consumables. Work completed by the Company and its consultants has identified that the overall operation is capable of operating at steady state product sales levels of between 10,000 to 15,000tpa of vermiculite product (before upgrade of the current mining fleet and before capital works).

With the acquisition of new mining equipment, and the associated attributable increase in mine production, the overall operation is still forecast to only be able to achieve 15,000 to 20,000tpa of saleable vermiculite production.

For the overall operation to achieve the previous steady state product sales levels of 30,000tpa of vermiculite product, further capital investment and maintenance work is required to be made by the Company on the process plant. This work is planned to comprise amongst other things, installation of an impact crusher and wet screening circuit ahead of the current ROM bin; recalibration and maintenance of all the variable speed flow meters, weightometers, temperature monitors and probes to optimise and control feed rates to and from key processes; maintenance of the dust extraction system; installation of floor lifters in the rotary dryer; insulation of the rotary dryer to reduce heat loss and fuel consumption; and optimisation and simplification of the screening and winnowing process flows to eliminate overloading and additional material handling.

The Company believes that the funds raised from the Offer will be sufficient for the Company to carry out this proposed optimisation and upgrade work at the process plant, as well as completing essential and overdue plant maintenance work.

Upon completion of the Transaction, the Company is proposing to commence investment in new mining fleet, capital investment and maintenance work at the process plant simultaneously with its proposed reserve and resource evaluation and drilling work., There is a risk that the Company may not be able to identify sufficient vermiculite reserve and resources to meet any increased or sustained productions and sales levels and its expenditure on new mining fleet and plant upgrades and maintenance work prior to that may not be economically recoverable.

It must be further noted, that as the Company has not yet completed sufficient work to release a 2012 JORC Code Mineral Resource Estimate nor has at present completed sufficient mine and process plant planning and optimisation study work to confirm the long term economic viability of any resources at the Namakera Vermiculite Mine it cannot be assumed that the Company will be able to achieve any increase in mine production or achieve the previous steady state product sales levels of 30,000tpa, through its proposed mine development strategy or proposed capital investment in plant optimisation and upgrade and maintenance work.

Further mine planning and optimisation studies, processing plant testwork and optimisation studies and further feasibility work will all need to be completed by the Company and the Company cannot presently say whether there is sufficient vermiculite to meet the targeted production and sales levels for any period of time.

In order to operate the Namakera Vermiculite Mine at the design capacity of 30,000tpa of vermiculite product for any sustainable period of time, the Company will also need to increase the volume of vermiculite sales that are sold under fixed price contract to customers and trading houses in Europe, Asia, the United States, Middle East and Australia.

The Company already has existing sales contracts in place over the next 12 months for the sale of up to 10,000tpa vermiculite product to 10 customers, predominantly in Europe, Japan and Australia. The Company has already further received non-binding sales enquiries and expressions of interest from a major global marketing and trading group for up to 30% of the Company's total planned vermiculite sales, for a further 12,000tpa of sales into the United States from a South African based industrial minerals trading group, and 6,000tpa of sales into the United Kingdom and Europe and several other expressions of interests from potential customers in the United States, the Middle East and Australia.

The Company also plans to strengthen its sales and marketing team, and in addition to appointing new sales agents in the United States, Europe, the Middle East and Asia it will also appoint Mr. Simon Grant Rennick as Director Sales and Marketing. Mr Grant-Rennick will be responsible for the negotiation and sale of the Company's vermiculite product sold under contract globally and for the operation of the Company's sale and marketing of its vermiculite product. Mr Grant-Rennick is a mining engineer with over 38 years' experience in exploration, mining and mining geology specialising in industrial minerals. He is also the principal of a UK based industrial minerals consultancy group providing specialist operations, investment and financial analysis and advice with particular focus on the sales and marketing of industrial minerals. Mr Grant-Rennick has owned and managed vermiculite mining and marketing operations in the United States.

There is no guarantee or assurances that the Company will be able to negotiate new sales contracts for the proposed increased level of vermiculite sales at commercially acceptable vermiculite prices. If the Company is not able to negotiate new and increased sales contracts with its customers over sufficient sales volumes and at commercially acceptable vermiculite prices, it could result in reduced sales volumes or prices.

The Company has not yet completed sufficient work to release a 2012 JORC Code Mineral Resource Estimate nor has at present completed sufficient mine and process plant planning and optimisation study work to confirm the long term economic viability of any resources at the Namakera Vermiculite Mine. There is no guarantee or assurances that the Company will be able to produce vermiculite to satisfy existing and proposed sales contracts.

4.9 BUSUMBU PHOSPHATE PROJECT

Historical Exploration, Development and Mining Activities

The Busumbu Phosphate Project is located on the Busumbu ridge approx. 1km south east of the Namakera Vermiculite Mine and on the existing Mining License ML 4651 held by NMCL. A small phosphate mine operated intermittently at Busumbu during the period from 1944 to 1963.

Phosphate rocks from Busumbu were mined between 1944 and 1963 from small open pits along Busumbu ridge. Until 1956 the 'hard' phosphate rock was excavated, crushed and screened before being exported to Kenya for the manufacture of citric-soluble soda phosphate fertilizer using soda-ash from Lake Magadi. The undersized, fine phosphatic material was used as direct application fertilizer. From 1956 onward the customer requirement changed and 'hard' phosphate rock was replaced by a blend of soft phosphate rock with a P_20_5 content of 15% P_20_5 and hard phosphate with a P_20_5 content of 30%. This phosphate blend was upgraded using magnetic separation techniques. The annual production of Busumbu reached 6,000 tonnes and a total of 62,000 tonnes of phosphate concentrate was produced over the period that the mine was in operation.

The Busumbu Phosphate deposit, is a residual fluoro-apatite deposit overlying a carbonatite lithology which is presumed to be the source of the phosphate. The deposit consists of a hard rock and a soft rock category. Soft rock refers to the phosphate in residual soils and saprolite and has reported grades of 5% to 15% P_2O_5. The hard rock refers to a re-cemented deposit, the cement being secondary phosphate minerals. The primary and secondary apatite differs slightly in composition with the primary apatite being the higher grade.

Exploration work was completed by Gulf Industrials at the Busumbu Phosphate Project in 2011 and 2012. The work comprised soil sampling to delineate the potential mineralised target, followed by six diamond drill holes to test for depth extent, determine tenor of phosphate mineralisation and to identify phosphate minerals present.

The Company's Planned Development and Mining Activities at the Busumbu Phosphate Project

The Company is proposing to complete further detailed exploration work at the Busumbu Phosphate Project including, resource definition drilling and preliminary mine planning. Assuming the resource definition work is successful and market conditions for phosphate remain positive, then the Company would seek to progress additional studies.

This work is proposed to be completed over an initial period of 12 months and a budgeted amount of $550,00 has initially been allocated towards this work. The Company and its consultants have reviewed the previous historical exploration work undertaken including the work undertaken by Gulf Industrial and considers that this work to be of acceptable standards and reasonable, however it cannot at this stage be assumed that the Company will be able to report any resources in accordance with the 2012 JORC Code Mineral Resource Estimate Guidelines following completion of its planned drilling program.

The Busumbu Phosphate Project is considered to be one of two "world-class" phosphate deposits in Uganda and is a key focus of the Company. The Company is further proposing to commence a pre-feasibility study in 2016, upon completion of an initial drilling program, and anticipates completing this study late in 2016.

The Company and its consultants have reviewed previous historical exploration work undertaken including the work undertaken by Gulf Industrial and considers that this work to be of acceptable standards and reasonable, however it cannot at this stage be assumed that the Company will be able to report any resources in accordance with the 2012 JORC Code Mineral Resource Estimate Guidelines following completion of its planned drilling program.

5. COMPANY OVERVIEW

5.1 BUSINESS OVERVIEW AND BACKGROUND

The Company was incorporated in October 2010 with the purpose of acquiring, exploring and developing mineral resources projects.

The Company has been listed on the Australian Securities Exchange ("ASX") since 17 February 2011.

In February 2012 the Company completed the acquisition of a 70% interest in ABM Mining Corporation (**ABM**). ABM entered into lease agreements with US based Chester Mining Company and Lucky Friday Extension Mining Inc. that provided the Company rights to explore and develop a portfolio of patented and unpatented mining claims in western Montana and northern Idaho, that comprised three distinct project areas: the New Departure Project, the Conjecture Project and the Tabor Project.

The US Projects cover historical mines that produced silver, gold and/or base metals and are located in districts with prolific historical production of these metals. Existing mine and related infrastructure supported the Company's strategy to target development of initial near term small scale mining operations for relatively low capital expenditure, whilst exploration and evaluation activities seek to prove up a resource base capable of supporting a larger scale development. The projects are in close proximity to nearby milling and toll treatment facilities, and include Mineral Rights that allow for such near term re-entry and production.

The Company aimed to bring the New Departure Project and Conjecture Project into production through the refurbishment and extension of existing underground workings which provide access to known areas of mineralisation, whilst assessing the long term development of the Tabor Project and continuing with broader exploration activities on all the US Projects.

In 2015, the Company relinquished its interest in the Tabor Project and suspended activities at New Departure as a result of the impact of low silver prices and the Company's ability to raise the necessary development capital funding. Activities at the Conjecture Project have also been limited in 2016 given the Company's current financial position.

The Company has over the past 18 months progressed other key initiatives designed to recapitalize the Company, strengthen its balance sheet, inject new capital, and actively seek new business opportunities, projects and acquisitions globally as a strategy to compliments its existing exploration and mining focused activities and to preserve and create value for the Company's shareholders and improve the Company's current position.

On 29 July 2015, the Company announced to ASX:

(a) a broad capital raising and debt restructuring initiative aimed at strengthening the Company's balance sheet a key part of which was agreement with its major creditors to either convert their debt into equity as part of a proposed A$6.87m capital raising or restructure the debt on a non-recourse basis against the New Departure Project;

(b) that it had entered into an option agreement to earn a 20% interest in a marine cargo salvage project with IDM Exploration Limited (**DMS Project**), subject to any necessary regulatory or shareholder approvals; and

(c) that it had issued 17,943,804 shares at an issue price of A$0.01 per Share to raise A$179,943 (before expenses) under Listing Rule 7.1 and was finalising an A$2.24m convertible note facility. As part of these financings the Company was also proposing to issue 137,000,000 unlisted options exercisable at A$0.01 on or before 31 July 2017. The Company did not proceed with the issue of these unlisted options.

On 13 August 2015, the Company announced that it would be proceeding with a fully underwritten rights 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 Company issued 272,946,665 shares under the Rights Issue however only 5,446,655 shares were issued for cash consideration to raise A$54,467. 164,880,000 shares were issued on conversion of debt to equity (A$1,648,000) (as part of the Rights Issue) and 102,700,000 shares were issued on conversion of convertible notes (A$1,027,000) under the Rights Issue. Subsequent to the Rights Issue in September 2015, the Company's shares were suspended from trading by ASX and remain suspended. The Company was planning to complete the issue of the shortfall shares (414,899,160 Shortfall Shares) and raise a further A$4,148,991, however, as the time limit to place the Shortfall Shares has now expired, this cannot proceed.

On 5 February 2016, the Company announced to ASX it had elected not to proceed with the DMS Project.

The Company also announced on 5 February 2016 that it had entered into an agreement with African Phosphate to acquire its rights to acquire 100% of the issued capital of GLF from its two shareholders JRH and RPM.

The Company subsequently announced to ASX on 11 April 2016, that it had executed a Share Sale Agreement and Deed of Assignment with GLF's shareholders to proceed with the acquisition of 100% of the issued capital of GLF subject to the Company obtaining all necessary shareholder and regulatory approvals pursuant to ASX Listing Rules, Corporations Act 2001 (Cth) and other applicable law or regulations, including but not limited to, ASX's approval to reinstate the Company's Shares to official quotation on the ASX.

5.2 FUTURE DIRECTION OF THE COMPANY UPON COMPLETION OF TRANSACTION AND OFFER

Upon completion of the Transaction and Offer and the acquisition of 100% of the share capital of GLF, the Company's principal focus will be on optimisation work associated with the mining processing and sales activities at the Namakera Vermiculite Mine, on exploration work on the Busumbu Phosphate Project and on other early stage exploration activities on other vermiculite, copper, iron, zircon and rare earths targets on the Uganda Projects.

The Company intends to continue to meet expenditure commitments on its US Projects to keep them in good standing while considering all potential funding options in respect of the development of the Conjecture Project (e.g. potential joint venture or farm-out or sale of the asset). Such consideration will be undertaken subject to the prevailing capital raising conditions in the marketplace, the Company noting that, at present, it is very challenging to raise funds for the exploration and development of a non-JORC silver asset particularly given the increasing cost environment as a result of the decline in the value of the Australian dollar to the US dollar.

If Transaction does not proceed, the Company will continue to seek to identify other resource opportunities, projects and acquisitions that may complement its existing exploration and mining focused activities and create value for Shareholders and improve the Company's current financial position.

The Company believes the Conjecture Project offers a potential to return value to Shareholders in the event that there is a sustained and material improvement in the current silver price. However, the Company is mindful of the requirement for further exploration drilling activity and development studies in order to advance the Conjecture Silver Project and will continue to assess the silver market and conduct these activities when prudent.

The Company has reached agreement with a number of its creditors, who are owed approximately $2,642,834 in interest and interest bearing liabilities as at 31 December 2015, to waive accrued interest of approximately $703,175 and convert approximately $971,176 of interest and interest bearing liabilities into Shares if the Transaction is approved by Shareholders. In the event that the Transaction is not approved by Shareholders, then the Company must either satisfy these interest and interest bearing liabilities obligations by way of a cash repayment or agree a further restructure. The Company will also need to source additional funds to meet its working capital requirements. There are no assurances that the Company will be able to achieve this.

5.3 BUSINESS PLAN AND OBJECTIVES OF THE COMPANY UPON COMPLETION OF TRANSACTION AND OFFER

The Company's main objectives on completion of the Transaction and Offer are:

(a) complete the acquisition of the 100% of the Share Capital of GLF and satisfy all conditions associated with the Transaction;

(b) commence resource definition drilling to upgrade the Namakera vermiculite deposit to have a JORC 2012 compliant resource;

(c) commence concurrent detailed evaluation work, mine and process plant planning and optimization studies and work on the Namakera Vermiculite Mine and its sales and marketing of vermiculite product;

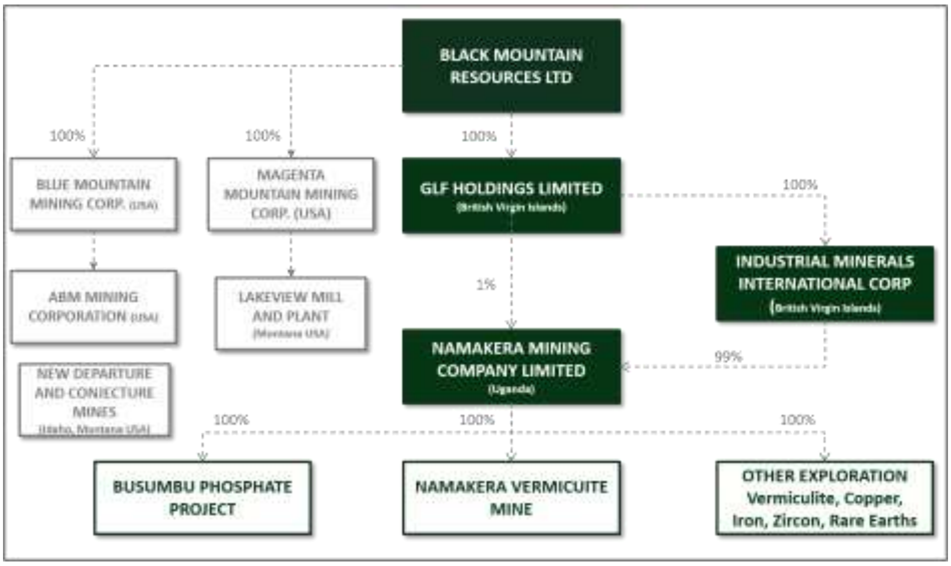
(d) commence exploration and resource definition drilling, pre-feasibility study work on the Busumbu Phosphate Project;

(e) commence early stage exploration activities on other vermiculite, copper, iron, zircon and rare earths targets on the Uganda Projects; and

(f) continue to see to maximize the value of all the Company' assets.

5.4 CORPORATE STRUCTURE

The corporate structure of the Company is set out below to reflect the completion of the Transaction:



Corporate structure of the Company post-Transaction

5.5 DIRECTORS AND KEY PERSONNEL

The current Directors of the Company are Mr. Jason Brewer, Mr. John Ryan and Mr. Julian Ford.

Subject to completion of the Transaction, the Board of the Company will be re-structured.

Immediately following completion of the Transaction, the Board will consist of:

(f) Mr. Julian Ford as an independent non-executive Chairman of the Board;

(g) Mr. Jason Brewer as an Executive Director;

(h) Mr. Simon Grant-Rennick as an Executive Director;

(i) Mr. John Ryan as a Non-Executive Director; and

(j) Mr. Luca Bechis as a Non-Executive Director.

Ms. Susan Hunter will also assume the role of Company Secretary and Ms. Amy Fink the role of Financial Controller.

Immediately following completion of the Transaction, the executive management team of the Company will comprise of:

(i) Jason Brewer as Chief Executive Director;

(j) Simon Grant-Rennick as Sales and Marketing Director;

(k) Robert McCrae as Business Development Manager;

(l) Henson Mambo as General Manager Operation;

(m) Patrick Takaedza as Senior Mine Geologist;

(n) Ronald Shikuku as Finance and Administration Manager;

(o) Stephen Nathi as Community Relations Manager; and

(p) Fred Butia as Logistics Manager.

Refer to Section 12 for more information in relation to the Directors and the Company's key personnel.

5.6 DISCLOSURE OF DIRECTORS INTERESTS, BENEFITS AND RELATED PARTY TRANSACTIONS

Directors are not required under the Company's Constitution to hold any Shares. As at the date of this Prospectus, the Directors have relevant interests in Shares and Options as set out in the table below:

Director	Shares[1]	Options
Julian Ford	-	-
Jason Brewer	-	-
John Ryan	900,000	-
Simon Grant-Rennick[2]	-	-
Luca Bechis[2]	-	-

Notes:

1 Shares held are reported on a Post-Consolidation basis

2 The Board proposes to appoint Mr Simon Grant-Rennick and Mr Lucha Bechis as Directors following completion of the Acquisition and subject to approval of Resolutions at the General Meeting of Shareholders on 25 July 2016

Subject to completion of the Transaction and the passing of the relevant Resolutions at the Meeting of Shareholders on 25 July 2016, the Directors of the Company will have relevant interests in Shares and Options as set out in the table below:

Director	Shares[1]	Options
Julian Ford	-	-
Jason Brewer[2]	5,500,000	-
John Ryan	900,000	-
Simon Grant-Rennick[2]	3,500,000	-
Luca Bechis[3]	28,211,577	-

Notes:

1 Shares held are reported on a Post-Consolidation basis

2 The Shares issued to Mr Jason Brewer and Mr Simon Grant-Rennick are subject to approval of the Transaction.

3 The Shares issued to Mr Luca Bechis are subject to approval of the Transaction.

The Company requires that:

(a) a Director with a material personal interest in a matter is required to give notice to the other

Directors before such a matter is considered by the Board; and

(b) for the Board to consider such a matter, the Director who has a material personal interest is not present while the matter is being considered at the meeting and does not vote on the matter.

As the Transaction involves interests of Jason Brewer, shareholder approval for the acquisition of 100% of the share capital of GLF and the obligation secured by African Phosphate, is required under ASX Listing Rule 10.1.

As the Transaction involves interests of Simon Grant-Rennick, shareholder approval for the acquisition of 100% of the share capital of GLF, is required under ASX Listing Rule 10.1.

As the Transaction involves interests of Luca Bechis, shareholder approval for the acquisition of 100% of the share capital of GLF, is required under ASX Listing Rule 10.11.

ASX Listing Rule 10.1 provides that an entity (or any of its subsidiaries) must not acquire a substantial asset from, or dispose of a substantial asset to a related party or a substantial holder or an associate of a related party or a substantial holder without shareholder approval.

Jason Brewer, a Director of the Company, is currently Chief Executive Officer and shareholder in AP (and will, pursuant to the Transaction, be issued Shares).

Simon Grant-Rennick, a proposed director of the Company, is a shareholder in AP, and entities associated with him will (pursuant to the Transaction) be issued Shares and receive a 20% interest in the Royalty.

Luca Bechis, a proposed director of the Company, is a related party of RPM and LBI, and entities associated with him will (pursuant to the Transaction) be issued Shares and be paid the Advisory Fee and Working Capital Fee.

A “substantial asset” is an asset valued at greater than 5% of the equity interests of a company as set out in the latest accounts given to ASX under the Listing Rules. The acquisition of GLF shares are a substantial asset for the purposes of ASX Listing Rule 10.1.

ASX Listing Rule 10.1 provides that shareholder approval sought for the purpose of ASX Listing Rule 10.1 must include a report on the proposed acquisition or disposal from an independent expert. Stantons International Securities Pty Ltd has completed a report on the fairness and/or reasonableness of the Transaction.

Refer to Section 12 for more information regarding the interests of the Directors and Section the interests of persons named in this Prospectus.

5.7 FUNDING OF THE COMPANY

The funding for the Company for the objectives stated under this Prospectus following re-admission to the Official List of the ASX will be met by the Offer. As and when further funds are required, either for existing or future developments, the Company will consider both raising additional capital from the issue of securities and/or from debt funding.

5.8 FINANCIAL INFORMATION

Refer to Section 10 for further information.

GLF and its subsidiaries including IMIC and NMCL are currently unlisted companies. Details of the financial operating history of GLF and NMCL over the past three financial years and the nine months ended 31 March 2016 have been reviewed in the Investigating Accountant's Report in Section 10.

The Investigating Accountant's Report contained in Section 10 sets out:

(a) the reviewed Statement of Financial Position of the Company as at 31 March 2016;

(b) the reviewed Statement of Financial Position of GLG, IMIC and NMCL as at 31 March 2016; and

(c) the reviewed pro-forma Statement of Financial Position of the Company (after Settlement of the Transaction) as at 31 March 2016.

he financial statements for the Company for its financial year ended 30 June 2015, and the half-year ended 31 December 2015, which includes the notes to the financial statements can be found on the Company's website at www.blackmountainresources.com.au and on the ASX announcement platform on www.asx.com.au.

	31 March 2016 ($'000)	Pro-forma 31 March 2016 ($'000)
Current Assets		
Cash Assets	1	2,703
Receivables and Prepayments	4	465
Inventory at Cost	-	169
Total Current Assets	5	3,337
Non Current Assets		
Plant and Equipment	-	712
Loan to NMCL	125	-
Capitalised Exploration Costs	-	37,840
Total Non-Current Assets	125	38,552
Total Assets	**130**	**41,889**
Current Liabilities		
Trade and Other Payables	2,331	1,276
Other Unsecured Borrowings	89	-
Interest Bearing Liabilities - Secured	90	-
Interest Bearing Liabilities - Unsecured	2,643	-
Royalty and Advisory Fee Liabilities	-	92
Total Current Liabilities	5,153	1,368
Non-Current Liabilities		
Environmental Provision	-	41
Royalty Liability	-	1,300
Advisory Fee Liability	-	4,177

Deferred Income Tax	-	11,013
Total Non-Current Liabilities	-	16,531
Total Liabilities	5,313	17,899
Net Assets (Liabilities)	(5,023)	23,990
Equity		
Issued Capital	23,627	34,243
Reserves	3,385	3,475
Accumulated Losses	(29,687)	(11,380)
Parent Interest	(2,675)	26,338
Non-Controlling Interests	(2,348)	(2,348)
Total Equity (Deficiency)	(5,023)	23,990

Notes:

The pro forma Statement of Financial Position of the Company assumes the followings:

(a) The audit reviewed balance sheet (statement of financial position) of the Company as at 31 March 2016 has been adjusted for estimated exploration, administration and other costs for the period 1 April 2016 to 30 June 2016 of approximately $50,000 (increase in creditors) and an understatement of USA creditors of US$28,773 as at 31 March 2016 (approximately $40,065) (increase in borrowings), increased cash borrowings of $139,500 and the lending of $125,000 to NMCL.

(b) The borrowings of a further $169,935 (estimated) from Gorilla Pit Pty Ltd and then repayment of all loans to Gorilla Pit of $260,000;

(c) The completion of the 1 for 10 consolidation of capital;

(d) The issue of 510,835 Debt Conversion Shares to Shannon Robinson at 10 cents each ($51,083.50) and the forgiveness of $51,083.50 by Shannon Robinson to eliminate amounts owing to her regarding past director fees of $102,167;

(e) The issue of 7,174,800 Debt Conversion Shares to various Financiers (at 10 cents each - $717,480) and the payment of $717,480 cash to eliminate principal amounts owing to the Financiers and forgiveness of interest owing of $671,216;

(f) The issue of 5,000,000 Debt Conversion Shares to a Financier at 10 cents each ($500,000) to eliminate the principal debt of $500,000 and forgiveness of interest debt of $36,657;

(g) The issue of an estimated 480,100 Debt Conversion Shares to eliminate group creditors of $48,010, the payment of cash to eliminate creditors of $301,853 (includes estimated $50,000 of costs incurred post 31 March 2016 as noted above) and carrying forward creditors with an estimated value as at 31 March 2016 of $480,415 (most of the remaining creditors are disputed and it is expected that most may not be payable and will be written back to the statement of comprehensive income in due course);

(h) The issue of 45,000,000 post consolidated New Capital Raising Shares to raise a gross $4,500,000 and incurring of New Capital Raising costs of say $500,000.

(i) The acquisition of all of the shares in GLF by way of an issue of 33,190,380 Consideration Shares and 18,500,000 AP Agreement Shares (deemed booked accounting cost approximately $5,169,038 that assumes inter-alia that the market value of a Black Mountain share approximates 10.0 cents (being the proposed Capital Raising share issue price) (the actual issue price may be different) and applying fair values to the assets and liabilities of the GLF Group (including ascribing a fair value to the mineral tenements of NMCL of $37,840,000). This results in a gain on consolidation of approximately $13,929,000;

(j) The assignment of the Debt due to the GLF Vendors by GLF to Black Mountain to the extent of US$13,784,554 (approximately $19,194,533) and accounting for a gain on consolidation;

(k) Accounting for a deferred income tax of approximately $11,013,047;

(l) The issue of 2,500,000 Options exercisable at 12.5 cents each by 30 June 2018 with a deemed fair value of $90,475;

(m) The raising of a liability in relation to the Advisory Fee commitment to LBI of US$3,000,000 (approximately $4,177,000) of which an estimated $nil is current and $4,177,000 is non-current;

(n) The raising of a liability in relation to the Royalty at an estimated discounted value of US$1,000,000 (approximately $1,392,000) of which approximately $92,000 is current and the balance of $1,300,000 as non-current;

(o) The write back of amounts initially claimed for services by Peter Landau and his associated companies, to the extent of $1,235,895;

(p) The repayment of US$120,000 (AUS$167,096) and interest of US$7,345 (AUS$10,228) (total estimated at US$127,345 (AUS$177,324) owing to LBI;

(q) The repayment of Other Borrowings of $89,500 (Black Mountain) and $60,997 (NMCL);

(r) The issue of 800,000 shares to Gorilla as Interest and Establishment Fees totalling $80,000; and

(s) The issue of 500,000 shares ($50,000) to Financiers as fees to allow restructure of loans.

5.9 FINANCIAL FORECASTS OF THE COMPANY

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that the operations of the Company, GLF, and NMCL, are inherently uncertain at the moment and, as a result, they do not have a reasonable basis to forecast future earnings and it is not possible to provide any financial forecasts or projections in this prospectus.

5.10 PERMITS, APPROVALS, CERTIFICATIONS AND GOVERNMENT REGULATIONS

Refer to Section 11 for further information.

Subject to the Company completing the Offer and Transaction, it’s principal focus will be on activities at its Uganda. Uganda is considered to have high political and sovereign risk. Changes in legislative and administrative regimes, taxation laws, interest rates, other legal and government policies in Uganda may have an adverse effect on the assets, operations and ultimately the financial performance of the Company.

The business and operations in Uganda are subject to legislation and government regulations which are generally applicable to companies and businesses operating in the Uganda. As at the date of the Prospectus, NMCL has good title to its Mining and Exploration Licenses and has complied with all applicable legislation and government regulations to operate its business.

5.11 INSURANCE

We maintain insurance which provides coverage for workers’ compensation (including industrial disease), goods in transit, general and products liability insurance, commercial motor vehicle, mobile plant, broad form liability, group income protection, industrial risks and specific contract works.

As at the date of this Prospectus, we also have insurance policies to cover Directors' and officers' liability, employment practices liability, statutory liability and employment theft.

All the above policies are in existence and the premiums have been paid thereon. These insurance policies are reviewed regularly to ensure that the coverage is adequate. Although our Directors believe that the coverage from these insurance policies is adequate for our present operations, please also refer to the Section 8 for more information.

6. UGANDA OVERVIEW

6.1 UGANDA

The Republic of Uganda, is a landlocked country in East Africa.

It is bordered to the east by Kenya, to the north by South Sudan, to the west by the Democratic Republic of the Congo, to the southwest by Rwanda, and to the south by Tanzania.

Uganda is the world's second most populous landlocked country in Africa. The southern part of the country includes a substantial portion of Lake Victoria, shared with Kenya and Tanzania. Uganda is in the African Great Lakes region and lies within the Nile basin.

Map of Uganda

Uganda takes its name from the Buganda kingdom, which encompasses a large portion of the south of the country, including the capital Kampala.

Beginning in 1894, the area was ruled as a protectorate by the British, who established administrative law across the territory. Uganda gained independence from Britain on 9 October 1962.

The official language is English. Luganda, a central language, is widely spoken across the country, and several other languages are also spoken including Runyoro, Runyankole, Rukiga, and Lango.

6.2 KEY FACTS

Country: Republic of Uganda

Political System: Directly elected President, with executive authority with Parliament elected on a non-party basis, with legislative authority

Form of Government: Unitary, with limited devolution to regions

Capital City: Kampala

Head of State: Lt.-Gen. (Retd) Yoweri Kaguta Museveni (since 1 January 1986)

Vice President: Edward Kiwanuka Ssekandi (since 24 May 2011)

Prime Minister: Ruhakana Rugunda (since 18 September 2014)

Administrative Divisions:	111 districts across 4 administrative regions.
Area	93,065km^2 (land: 76,101 km^2, water 16,956 km^2)
Land Use:	Agricultural land 71.2%; arable land 34.3%; permanent crops 11.3%; permanent pasture 25.6%; forest: 14.5%; other: 14.3%
Borders	2,698 km in total (Democratic Republic of Congo 765 km; Kenya 933 km; Rwanda 169 km; South Sudan 435 km; Tanzania 396 km)
Population:	39.03 million
Climate:	Tropical Rainy seasons, March to May, and September to November; Dry seasons, December to February and mid-June to mid-August. Mean annual temperatures range from 16^{o}C in the south-western highlands to 25^{o}C in the northwest; but in the northeast temperatures exceed 30 ^{o}C about 254 days per year.
Currency:	The Shilling (UGX)
Elevations:	Highest point: Margherita Peak on Mount Stanley at 5,110m.

6.3 ECONOMY AND ECONOMIC INDICATORS

Uganda has substantial natural resources, including fertile soils, regular rainfall, small deposits of copper, gold, and other minerals, and recently discovered oil. Agriculture is the most important sector of the economy, employing over two-thirds of the workforce. Coffee accounts for the bulk of export revenues.

Starting in the late 1980s, the Uganda government has pursued a series of stabilization and pro-market structural reforms. The resultant macroeconomic stability, post-conflict rebound, and investment response generated a sustained period of high growth during 1987-2010. Real gross domestic product (GDP) growth averaged 7% p.a. in the 1990s and the 2000s, placing Uganda among the 15 fastest growing economies in the World.

Over the past decade, the country has experienced some economic volatility and the growth in gross domestic product (GDP) slowed to an average of just about 5%.p.a. With the population increasing at a rate of at least 3% per annum through these decades, per capita income growth decelerated from a rate of 3.6% recorded in the decades of 1990s and 2002, to about 2%.

Going forward, takeoff of a huge public investment program and resumption of private sector economic activity in the post-election era is expected to drive growth. This notwithstanding, the effects of a volatile global economy on demand for Uganda’s exports and timing of key infrastructure projects in the country’s oil sector, could offset any benefits of improved terms of trade due to low oil prices.

Under these circumstances, the Ugandan economy is forecast by the World Bank to grow at a rate of approximately 5.9% in 2016/17 and will increase to 6.8% in 2017/18, and thereafter stay on an upward trajectory into the medium term, if major infrastructure projects are implemented as planned, and private investment intensifies with oil-related activities.

UGANDA KEY ECONOMIC INDICATORS (as at 31 March 2016)	
GDP Growth Rate	2.1 % p.a.
GDP Annual Growth Rate	6.68 % p.a.
GDP	US$27 Billion
GDP per capita	US$422
GDP per capita PPP	US$1,638
Unemployment Rate	3.8 % p.a.
Population	39.03 Million
Un-Employment Rate	3.8 %
Employment Rate	47.8 %
Inflation Rate	5.4 % p.a.
Balance of Trade	(US$127) Million
Annual Exports	US$240 Million
Annual Imports	US$367 Million
Current Account	(US$703) Million
Current Account to GDP	-5.2 %
Government Debt to GDP	34.7 %

6.4 INVESTMENT ENVIRONMENT

Uganda is located within central Sub-Saharan Africa within the East African region and lies astride the equator. The country is bordered by Sudan in the north, Kenya in the east, Tanzania in the south, Rwanda in the southwest and the Democratic Republic of Congo in the west. This land linked position, is considered to give the country a strategic base to be a regional hub for trade and investment.

Key aspects of Uganda's investment environment include:

(a) Predictable Environment

i. Uganda has been able to achieve macro-economic stability when clouds of uncertainty rocked many regions of the world.
ii. Inflation rate has been single digit for over 15 years.
iii. Strong economic growth averaging 7.0% per annum since the year 2000 making Uganda one of the fastest growing economies in East Africa.
iv. Maintained a competitive real exchange rate that supports export growth.

(b) Liberalized Economy

i. All sectors liberalized for investment and marketing.

ii. Free inflow and outflow of capital.
iii. 100% foreign ownership of investment permitted.

(c) Market Access

i. Uganda enjoys a unique location at the heart of Sub-Saharan Africa giving it a commanding base for regional trade and investment.
ii. Uganda is a member of the Common Market for Eastern and Southern African States (COMESA), a region with a market of over 400 million people in 19 countries.
iii. Uganda is a member of the East African Community (EAC) comprising Burundi, Kenya, Rwanda, Uganda and Tanzania with a population of over 125 million people.
iv. Duty and quota free access into the US (AGOA), Generalized System of Preferences (GPS) scheme and EU (EBA) markets.

(d) Strong Natural Resource Base

i. Abundant rainfall evenly spread in two seasons, rich loamy soils, and favourable temperature which enhance the productivity of the land to support the cultivation of both food and cash crops, organically.
ii. Unexploited mineral deposits; confirmed deposits include Phosphates, Gold, Zinc, Wolfram, Petroleum, Diamond, vermiculite, Silica etc.
iii. Lush green tropical forests, inhabited by a wide variety of birds and fauna.

(e) Government Commitment to Private Sector

i. Government and private sector dialogue in policy formulation.
ii. Continuous improvement in provisions of infrastructure and other social services.

(f) Security of Investment

i. Guaranteed under the Constitution and the Investment Code Act Cap .92 Laws of Uganda 2000 edition.
ii. Uganda is a signatory to major international investment related institutions such as:
    Multilateral Investment Guarantee Agency (MIGA).
    Overseas private Investment Corporation (OPIC) of USA.
    Convention of the Recognition and Enforcement of Foreign Arbitral Award (CREFAA).
    Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC)

7. VERMICULITE OVERVIEW

7.1 VERMICULITE

Vermiculite comprises a group of hydrated, laminar magnesium-aluminum-iron silicate minerals resembling mica.

They are secondary minerals, typically altered biotite, iron-rich phlogopite or other micas or clay-like minerals that are formed through natural weathering and percolating ground waters which reduce the alkali metal levels to incorporate crystalline water into its structure.

Figure . Crude and exfoliated vermiculite

Vermiculite deposits are associated with volcanic ultramafic rocks rich in magnesium silicate minerals, and flakes of the mineral range in colour from black to shades of brown and yellow. The crystal structure of vermiculite contains water molecules, a property that is critical to its processing for common uses.

Vermiculite is found in various parts of the world including Australia, Brazil, Bulgaria, Kenya, Russia, South Africa, Uganda, USA and Zimbabwe and is mined using open cast mining techniques where the vermiculite ore is separated from other minerals and screened or classified into several basic vermiculite flake sizes.

Using a process called exfoliation — in which the vermiculite flakes are heated to 900 degrees Celsius or higher, causing water within the flakes to flash to steam and expand — crude vermiculite ore is processed into particles that are eight to 20 times larger. The resulting lightweight material is chemically inert and fire resistant, with low density and low thermal conductivity, it is non-combustible, compressible, absorbent and nonreactive. It is also odourless, has high liquid absorption capacity and catalytic properties.

Because it is lightweight and thermally insulating, vermiculite is used in general building plasters and concrete products. Special plasters, in which vermiculite is combined with binders like gypsum, fillers or other additives, provide fire protection and soundproofing. As insulation, exfoliated vermiculite, is used to fill pores and cavities in masonry construction and hollow blockwork to enhance acoustic properties, fire rating and insulation performance. Exfoliated vermiculite can also be used to produce refractory and insulation concretes and mortars, and to make high-temperature binders for construction materials, gaskets, specialty papers, textiles and vehicle brake linings. Finer grades of exfoliated vermiculite can be used to produce various shapes of insulation pellets, high-temperature insulation, as a primary component in cementitious coatings, and as a filler in inks, paints, plastics and other materials.

Vermiculite can absorb liquids such as fertilizers, herbicides and insecticides, which can then be transported as free-flowing solids. It is used in the fertilizer and pesticide markets because of its ability to act as a bulking agent, carrier and extender. In horticulture, exfoliated vermiculite improves soil aeration and moisture retention, and when mixed with peat or other composted materials, such as pine bark, vermiculite produces a good growing medium for plants. As a soil conditioner, exfoliated vermiculite improves aeration in clay-rich soils and water retention in sandy soils, while reducing the likelihood of compaction, cracking and crusting of the soil.

NMCL only sells crude vermiculite flakes, however, many of its existing customers are companies that either exfoliate the vermiculite to either use for their own purposes or sell on to end users.

Crude vermiculite from the Namakera Vermiculite MIne consists of golden/brown flakes which are classified into four grades – each having a specified range of particle sizes. The coarsest grade ranging between 11.2mm and 4.75mm, while the finest grade between 1.7mm and 0.30mm in size.

Grade	Size	Applications and End Uses
Large	11.2mm - 4.75mm	Loose fill insulation/loft insulation, packaging of chemicals, lightweight concretes, agriculture and horticulture
Medium	4.75mm - 2.00mm	Bitumen coated vermiculite screeds, horticulture and hydroponics, lightweight concretes, loose fill Insulation
Fine	2.80mm – 1.00mm	Fire protection, vermiculite plasters and renders, lightweight concretes, horticulture, insulation in steelworks and foundries
Superfine	1.70mm – 0.3mm	Fire protection, vermiculite plasters and renders, lightweight concretes, refractory products, chemically processed vermiculite, animal feedstuffs, silicate bonded shapes and mouldings

7.2 VERMICULITE PROPERTIES

The typical chemical, physical and thermal conductivities at different bulk denisities for exfoliated vermiculite is summarised in the tables below.

Typical Chemical Analysis	
Element	**% by Weight**
SiO_2	30% - 46%
Al_2O_3	10% - 16%
MgO	16% - 35%
CaO	1% - 5%
K_2O	1% - 6%
Fe_2O_3	6% - 13%
TiO_2	1% - 3%
H_2O	8% - 16%
Other	0.2 % - 1.2%

Typical Conductivities at Different Bulk Densities	
Bulk Density	**Thermal Conductivity**
kg/m^3	**W/mK**
56 - 64	0.058
80 - 96	0.064
160 - 192	0.071

Typical Physical Properties (Exfoliated)	
Colour	Light to Dark Brown
Shape	Accordion-shaped granule
Bulk Density[1]	64 - 160kg/m^3
Moisture Loss at 110C	4% - 10%
pH (in water)	6 - 9
Combustibility	Non-combustible
MOH Hardness	1 - 2
Sintering temp	1150 - 1250C
Fusion Point	1200 - 1320C
Cation Exchange[2]	50 -100me/100g
Specific Heat	0.84 - 1.08kJ/kgK 0.20 - 0.26kcal/kgK
Waterholding Capacity[1]	220 - 325% by weight 20 - 50% by volume

Notes:

[1] Bulk density and water holding capacity vary with product size

[2] Exchangeable ions are Mg+2 and Ca+2 sodium acetate saturation/ammonium acetate substation method

7.3 VERMICULITE APPLICATIONS AND USES

Vermiculite is a very versatile mineral because of its thermal stability and inertness. It is clean to handle, odourless and mould resistant and also inert due to the high temperature to which it is subjected in production.

The major uses of vermiculite include:

(a) Agriculture and Horticulture

Vermiculite is always used in the horticultural and agriculture sectors in its exfoliated form and it has the benefits of improving soil aeration while retaining moisture and nutrients to feed roots, cuttings and seeds for faster, maximum growth.

Vermiculite is well established as a growing medium and is most commonly used in compost formulations, usually in combination with peat or coir. These compost formulations provide ideal conditions for plant growth. The presence of vermiculite particles in the compost aids aeration, improves moisture retention and promotes the steady release of added fertilisers, whilst the vermiculite itself contributes potassium, magnesium and a number of minor elements.

In hydroponics the air/water ratios for vermiculite/peat or coir composts are ideal for the stimulation of root growth, and hence the production of healthy young plants. The vermiculite is inert when processed and if stored correctly it will need no further treatment before incorporation into composts.

Vermiculite can also be used as a carrier and extender for fertilisers, pesticides and herbicides. It is also used for encapsulating seeds.

(b) Animal Feedstuffs

Exfoliated vermiculite is used in animal feed as a support and carrying medium for a range of nutrients such as fat concentrates, vitamin preparations and molasses because it is free flowing, soft, sterile and absorbent. Vermiculite can act as a slow release agent for the active ingredients carried and will also provide extra roughage.

Because of its absorbent capacity vermiculite allows a high volume uptake of the appropriate liquid and thus a greater yield is attained while retaining good handling characteristics; this allows ease of mixing with other materials. Feedgrade fats, vegetable oils, choline chloride (as a methyl donor), amino acids, saccharide, polyoxyethylene (to control bloat in ruminants), propionic acid and formalin are compounds that all benefit from being ‘carried’ by vermiculite.

(c) Chemically Processed Vermiculite

Chemical treatments can cause the layered structure of vermiculite to expand or delaminate, producing very high aspect ratio particles. Such dispersions play an important role in the coating of both organic and inorganic fibre products. This treatment substantially increases the thermal stability of fibres.

A whole new family of vermiculite products can be generated by varying the chemical process. It is possible to produce flexible films, papers and coatings, and to make specialised additives for various industries.

Developments in this area of research have indicated that it may be feasible to manufacture complex silicate structures which, when polymerised, would form inorganic analogues of organic polymer systems with unique properties of flexibility and fire resistance.

(d) Fire Protection

Vermiculite is widely used in fire protection because of its low density and good insulation properties. Vermiculite products range from factory made building boards and panels to premixed coatings suitable for application by mechanical spray or by hand plastering techniques on a range of structures. These coatings are widely used in the petrochemical industry and in the tunnel lining. Boards are often used as a 'core' in firedoors, to build fire barriers, to encase or construct ductwork and to protect steel building elements from the effects of fire.

Low pressure spray applied commercial and industrial structural steel fire protection products use exfoliated vermiculite to improve the application characteristics and to impart a high degree of fire resistance.

Exfoliated vermiculite is very efficient at retaining moisture, and in the event of a fire this turns to steam which has a cooling effect on the steel substrate and thus delays its temperature rise. Vermiculite concentrate is also used in the production of fire resistant gypsum plasterboard (drywall or wallboard).

(e) Friction Linings

Finer grades of exfoliated vermiculite are used in friction linings primarily for the automotive market. Vermiculite is used because of its thermal resistance, shape, surface characteristics and its ease of addition to other raw materials to achieve a homogenous mix.

(f) Insulation in Steelworks and Foundries

Vermiculites thermal insulation properties, low density and natural refractory capabilities make it a highly suitable material for use in steelworks and foundries. It is used for hot topping molten steel to reduce heat loss from ingots and ladles and generally as a loose-fill insulator.

(g) Lightweight Concretes

The finer grades of exfoliated vermiculite are used with portland cement and other aggregates, placing aids and water to produce roof and floor concrete screeds or concretes which have the benefit of being both lightweight and insulating. These lightweight vermiculite concretes have good insulating properties and are intrinsically fire resistant and can be used for insitu roof and floor screeds and in the fabrication of pre-cast products.

Roof screeds containing vermiculite are often used in conjunction with other insulation materials such as polystyrene board to form a total roofing system.

When combined with a bituminous binder exfoliated vermiculite can be used as a dry, lightweight roof screed which has the advantages of low thermal conductivity, low moisture content and ease of placement by pouring from the bag and then tamping.

(h) Loose Fill and Loft Insulation

Larger grades of exfoliated vermiculite can be used to insulate lofts and attics. Vermiculite has the benefit of being easy to use with application consisting of pouring it between the joists and then leveling.

Loosefill vermiculite can be used between joists in lofts for home insulation. The free flowing properties of exfoliated vermiculite make installation very simple. The insulating properties of vermiculite significantly reduce the loss of heat in cold weather and keep the interior cool in hot weather. It also functions as a sound absorbent material.

(i) Packing Materials

Exfoliated vermiculite is a used as a packaging medium given that it is it lightweight, clean and easily poured around irregular shaped objects. Being highly absorbent, it safely retains leaks from packed materials such as hazardous chemicals. As it is inorganic it does not present any potential fire hazards.

Exfoliated vermiculite can also be used as a packing material for storing fruit, bulbs and tubers. Vermiculite degrades naturally, so is easily disposed of. Being soft and non-abrasive it has also been used effectively for insulation and cushioning the base of plastic-lined swimming pools.

(j) Processed Vermiculite

Vermiculite may be processed before or after exfoliation according to the range of particle sizes required. Such material may be used for the production of anti-drumming coatings; condensation control paints; high performance gaskets and seals and for upgrading the fire resistance of organic foams and other polymer based systems.

(k) Refractory Products

Vermiculite is used in the production of insulation shapes which are typically produced using finer grades of the mineral and sodium or potassium silicate. High alumina (also known as calcium aluminate) cements and exfoliated vermiculite can be combined with other aggregates such as expanded shale, clay and slate to produce refractory and insulation concretes and mortars to produce a wide range of vermiculite products which, depending on type and application can withstand hot face temperatures of up to 1,100ºC. Some of the refractory products that are made using vermiculite include:

i. pre-fired clay bonded insulation firebricks;
ii. castable high alumina concretes for back up insulation;
iii. high alumina bonded bricks, slabs and special shapes;

iv. silicate bonded insulating shapes and moulded products.

Pressed vermiculite block insulation can be used in high temperature kilns, furnaces, combustion plants, boilers, wood burning stoves and night storage heaters. It is becoming more widely accepted as an alternative for asbestos or man-made mineral fibre insulation. The units can vary from simple blocks to very intricate shapes designed to accommodate electrical elements, fixing screws etc

(l) Specialised Coatings

Specialist coatings containing vermiculite are made from dispersions of the mineral after it has been either chemically or physically very finely delaminated. Vermiculite dispersions are used in high temperature coatings or binders for construction materials, gaskets, weld curtains, specialty papers/textiles, oxidation resistant coatings on carbon composites, and as barrier coatings for films. When combined with other fillers milled exfoliated vermiculite and a 'paint type' binder can be used as a wet spray applied anti-drumming compound. These products are used extensively to damp the vibration of architectural panels such as those used in curtain wall construction or as claddings in railway stations and tunnels.

(m) Vermiculite Plasters

Exfoliated vermiculite is used in general building plasters to improve coverage, ease of handling, adhesion to a wide variety of substrates, fire resistance, and resistance to chipping, cracking and shrinkage. Advantages that vermiculite plasters give over conventional plasters include:

i. improved coverage
ii. lighter weight
iii. improved workability
iv. excellent fire resistance
v. reduced thermal conductivity
vi. improved adhesion to a wide range of backgrounds
vii. increased resistance to cracking and shrinkage.

Vermiculite also improves the swelling index of plasters due to the ability of vermiculite particles to accommodate dimensional change.

7.4 VERMICULITE PRODUCTION AND CONSUMPTION

(a) Production

Annual world production of crude vermiculite flake has been relatively stable at about 450,000 to up to 500,000 tpa since 1992. There have been several new entrants to the market over that period including new mine development and expansions in Brazil, Zimbabwe and Uganda.

In terms of market share, South Africa and the United States are the two leading world producers accounting for approx. 53% of reported production in 2015. Production in these countries is dominated by the Palabora Mining Company in South Africa and Virginia Vermiculite in Virginia. The Palabora Mining Company produced approx. 160,000t in 2015 representing 30% of world production with production of 100,000t produced from the United States. Brazil and China are the next leading of producers of vermiculite with Brazil's production of 70,000t from Uniao Brasiliera de Minirecao in 2015 accounting for 16% of world production and China accounting for 12% of world production, predominantly from deposits in Xinjiang and Hebei. Other world producers include Zimbabwe, India, Japan, Russia and Uganda.

Over the past 4 years, production from South Africa and the United States has fallen by 80,000t and 50,000t respectively. In South Africa, Rio Tinto sold the Palabora Mining Company in 2012 to a consortium of Chinese and domestic companies comprising South African state-owned development entity the Industrial Development Corporation and Chinese government owned Hebei Iron & Steel Group. The Palabora vermiculite operations which accounted for over 41% of total world vermiculite production in 2000, has seen production from its two open pit operations decline steadily to account for just 30% of production in 2015. Of most significance has been the declining production of Palabora's coarser grade crude vermiculite (large and medium flake size) which attract premium pricing in the market and the increased production of fine and superfine vermiculite material which trades.

As a result of declining production in South Africa and the United States, demand for vermiculite has led to growth in production in other countries, most noticeably Brazil and Zimbabwe. Production from these countries has increased by approx. 50,000t over the past 4 years, however crude vermiculite production of approx. 70,000tpa from Brazil is predominantly fine and superfine vermiculite grades. Zimbabwe which has seen production increase four-fold to 40,000tpa has the capacity to produce the coarser vermiculite grades but currently produces predominantly medium, fine and super fine vermiculite.

Despite the growth in vermiculite production in countries such as Brazil and Zimbabwe, demand has not been met and as a result China has become a leading exporter of vermiculite, with export sales of up to 100,00tpa forecast in 2015.

Over the past 4 years, the vermiculite market has become less reliant on crude vermiculite production from South Africa and the United States to meet its demand for fine and super fine vermiculite. Consumers have more producers from which to source finer vermiculite material. Further supply diversification is anticipated to continue as producers at established operations look to a repositioning of supply, with projects in Brazil, Russia, China and Uganda capable of expanding their position. The vermiculite market is still however heavily reliant on crude vermiculite production from South Africa to meet its demand for the coarser large and medium grade vermiculite.

(b) Demand and Consumption

Demand for vermiculite is driven by consumptions by both the agriculture/horticulture sectors and the construction and industrial sectors, with approx. 53% of vermiculite used in agriculture/horticulture and the balance used in a variety of construction and industrial applications.

Global vermiculite demand is expected to grow by 3.5-4.3% a year over the next 5 years with South East Asia and Asia Pacific forecast to show the highest consumption growth rates.

With almost 70% of world vermiculite production consumed in North America and Europe, demand growth is closely linked to the relative prosperity of the building and construction industries in developed nations.

Whilst construction has generally been depressed in recent years due to economic sluggishness, vermiculite producers have seen increased demand in a number of key geographical centres, most noticeably the US, Middle East and South East Asia. This has increased demand for vermiculite use in construction in these areas, which saw a growth of over 15% over the past 3 years.

In addition, a number of key industrial application areas have contributed to the growth trend in the demand for vermiculite. The demand for vermiculite in the fire protection sector is one that has undergone particular growth. This includes the use of vermiculite in dispersion technology that is applied to fire extinguisher compounds, to improve the fire resistance of man-made mineral fibre tapes and wraps and wraps, as well as the manufacture of fire barriers and fire blankets. It is also used to boost passive fire protection in buildings and in fire resistant panelling on ships and offshore installations. A further area of growth is in speciality manufacturing where vermiculite demand is growing for high-temperature insulation mouldings and panels.

8. RISK FACTORS

8.1 RISKS

There are a number of risks which may have a material and adverse impact on the future operating and financial performance of the Company and the value of the Company's securities, and if any such risks materialise an investor could lose all or part of its investment.

These include risks that are general risks associated with any form of business and specific risks associated with the Company's business and its involvement in minerals exploration, development and production in Uganda and the Company's historical activities in the United States.

Whilst many of these risk factors are largely beyond the control of the Company and its Directors, the Company will seek to mitigate these risks to the extent that the Directors consider appropriate for a company of the size and nature of the Company, where possible.

The Directors believe the following risks to be the most relevant and material to the Company. However, the list below is not an exhaustive list, nor is it an explanation of all the risk factors involved in investing in the Company and nor are the risks set out in any order of priority (save that those risks that the Directors believe to be specific to the Company are set out ahead of those risks they consider to be general).

Further risks which are not presently known to the Directors, or that the Directors currently deem immaterial, may also have a material adverse effect on the business, financial condition, prospects and share price of the Company.

Neither the Company nor the Directors provide any assurances or guarantees of future profitability, distributions, payment of dividends, return of capital or performance of the Company or its Shares.

8.2 RISKS RELATING TO THE REQUOTATION OF SHARES ON ASX

8.2.1 The Company may not be able to meet the requirements of ASX for re-quotation of its Shares on the ASX.

The Company's Shares were suspended from quotation on the ASX on 10 September 2015 pursuant to Listing Rule 17.3.

There is a risk that the Company may not be able to meet the requirements of the ASX for re-instatement of its Shares to quotation of its Shares on the ASX. Should this occur, the Shares will not be tradable on the ASX until such time as those requirements can be met, if at all.

Whilst this is not a risk for applicants for Shares Offered by this Prospectus, because their funds will be returned should the Company's Shares not be re-instated to quotation, it is a risk for existing shareholders in the Company who may be prevented from trading their shares until the Shares are re-instated to official quotation on the ASX.

8.3 RISKS RELATING TO THE OFFER

8.3.1 If the Offer is not completed the Company may not be able to complete the Transaction and it will face cash flow constraints and going concern matters.

If the Company is unable to raise sufficient funds under the Offer, then it will not be able to complete the Transaction. Under the Transaction the Company has reached agreement with various creditors and debt financiers to accept either cash or shares (or a combination of both) to settle amounts owing to them on completion of the Transaction.

There is a risk that the directors may need to seek to raise additional funds through capital raisings or seek to further renegotiate payment terms with its creditors and the Company's debt financiers, if the Transaction or Offer is not completed.

If the market conditions do not materially improve in respect to the Company's existing US Projects, and the Company is unable to raise sufficient additional funds (by asset sales or additional capital raisings), or further renegotiate its debt obligations on terms acceptable to the Company, the directors would need to consider whether the Company's operations viable, which could ultimately impact on the Company's ability to operate as a going concern.

8.4 RISKS RELATING TO OUR BUSINESS AND OUR INDUSTRY

8.4.1 The Company's principal focus will be on activities at its Uganda Projects in a country considered to have high political and sovereign risk.

Uganda is considered to have high political and sovereign risk. Changes in legislative and administrative regimes, taxation laws, interest rates, other legal and government policies in Uganda may have an adverse effect on the assets, operations and ultimately the financial performance of the Company and the market price of the Company's Shares.

Any and any material adverse changes in government policies of legislation in Uganda may affect the viability and profitability of the Company. Possible sovereign risks associated with operating in Uganda include, without limitation, changes to the terms of mining legislation, changes to royalty arrangements, changes to taxation rates and concessions and changes to the ability to enforce legal rights.

The Company's operations in Uganda require the granting and maintenance of appropriate licences, permits and regulatory consents and authorisations (including those related to interests in mining and exploration licenses), which may not be granted or may be withdrawn or be made subject to limitations at the discretion of government or regulatory authorities. The Company also relies on authorisations pursuant to contractual regimes with various counterparties in relation to its ongoing operations and development activities. Although such authorisations may be renewed following expiry or granted (as the case may be), there can be no assurance that such authorisations will be continued, renewed or granted, or as to the terms of renewals or grants. If there is a failure to obtain or retain the appropriate authorisations or there is a material delay in obtaining or renewing them or they are granted subject to onerous conditions, then the Company's ability to conduct its exploration, development or operations may be adversely affected.

8.4.2 The Company's operations and development activities at the Uganda Projects could be affected by various unforeseeable events and circumstances.

The Company's operations and development activities at the Namakera Vermiculite Mine and Busumbu Phosphate Project and other early stage exploration activities on vermiculite, copper, iron, zircon and rare earths targets on the Uganda Projects could be affected by various unforeseeable events and circumstances, which may result in increased costs, lower production levels and, following on from that, lower revenue levels. The Company could be adversely affected by disruptions to operations or future proposed mine development or operations caused by adverse climatic conditions (including weather/natural disasters and other force majeure events), hydrological, geological, geotechnical, seismic and mining conditions, breakdown of equipment, industrial accidents, labour disputes, transport accidents occupational safety and health issues, port delays and potential substantial costs associated with environmental remediation and rehabilitation (and associated damage control and losses).

The Company will seek to minimise the potential damage flowing from the occurrence of some of these risks by obtaining appropriate insurance cover for certain events and appropriate indemnities from suppliers and contractors. As to mitigating environmental risks, the Company aims to conduct its operations and activities to the highest standard of environmental obligation, including compliance with all environmental laws and regulations. However, the Company is unable to predict any future changes to environmental laws and regulations, which may materially increase the Company's cost of doing business or affect its operations. Any negative outcomes flowing from these operational risks could have an adverse effect on the Company's business, financial condition, profitability and performance.

The Company's Uganda Projects are subject to operating risks that could result in increased costs and reduced revenues and, as a result, one or more mineral deposits becoming unprofitable or uneconomic. If any one or more of these operating risks eventuates, it could result in increased production costs for the Company and may materially impact on the Company's competitive position or ability to derive profits. In particular, mining costs may be materially impacted by adverse mining and geological conditions. Vermiculite ore processing costs and yields may be negatively impacted by any unforeseen deterioration in the quality or quantity of vermiculite ore mined and any unbudgeted increase in operating costs.

These potential risks in relation to both disruptions to operations and operating risks generally, should they eventuate, could adversely affect the Company's business, financial condition, profitability and performance. This may include loss of revenue due to lower production than expected, higher operation and maintenance costs or on-going unplanned capital expenditure in order to meet potential vermiculite ore production targets.

In addition, the amount of vermiculite ore to be extracted from the Company's mining activities at the Namakera Vermiculite Mine is estimated based on knowledge, experience and industry practice. No assurance can be given that the anticipated tonnage and grades will be achieved, that ore could be mined or processed profitably or that the indicated level of recovery will be realised from these estimates. The estimates may require revision once the Company assumes production at the Namakera Vermiculite Mine and new information becomes available.

8.4.3 The Company's proposed revenues and cash flows are to be derived from the sale of vermiculite product under fixed term sales contracts with pricing set by direct negotiations with the customers and not linked to a spot market price for vermiculite products.

The Company's revenues and cash flows are to be derived from the sale of vermiculite product. Prices achieved will be under sales contracts that are determined by direct negotiations with NMCL's customers and are by nature fixed price and fixed term contracts for up to 3 years and not through the sale of the vermiculite product into an open spot market. The Company could be adversely affected by its ability to extend and renegotiate these sales contracts at sufficient sales volumes and at vermiculite prices that do not materially impact on the Company's competitive position or ability to derive profits.

If the Company is not able to negotiate sales contracts with its customers over sufficient sales volumes and at vermiculite prices, it could result in reduced sales and lower revenue levels.

Vermiculite product prices may be influenced by numerous factors and events that are beyond the control of the Company, including increased global supply, actions of other producers, decreased demand, currency exchange rates, general economic conditions, regulatory changes and other global, regional, political and economic factors. The Company cannot provide any assurance as to the prices it will achieve for its vermiculite product. Changes in vermiculite product prices may have a positive or negative effect on various aspects of the Company's business including profit margins, project development and production plans and activities, together with its ability to fund those plans and activities.

A fall in vermiculite product prices, or a sustained period of current low and volatile pricing, may have a negative effect on the Company's future revenues and cash flows and the Company would need to consider an adjustment for value in use (or discount). Discounting of the Company's vermiculite products may also occur which would result in a decrease in profit margins. The Company would need to also consider suspending its operations at the Namakera Vermiculite Mine if there was a sustained decline in vermiculite product prices.

8.4.4 A portion of the Company's operating expenses are to denominated in foreign currency and will be subject to exchange rate fluctuations.

Revenue from the sale of any vermiculite product is to received in US dollars, whilst a significant portion of the Company's operating expenses are likely to be denominated in

Ugandan Shillings. Furthermore, the Company will likely hold a portion of its cash balance in US dollars and Australian dollars at any given time. any given time.

Accordingly, the Company's income from, and the value of its business, will be affected by fluctuations in the rates by which the US dollar is exchanged with Ugandan shilling and Australian dollars. For example, a weakening in the value of the US dollar as compared to the Ugandan shilling and Australian dollar, would have an effect of reducing the Ugandan shilling value of US dollar sales.

Although steps may be undertaken by the Company to manage currency risk (for example via hedging strategies), adverse movements in the Ugandan shilling and Australian dollar against the US dollar may have an adverse impact on the Company. Combined with other factors, this could lead to a deterioration in the Company's financial performance and competitive position.

8.4.5 A significant portion of the Company's likely customers for vermiculite product from the Namakera Vermiculite Mine are foreign domiciled.

The Company's future revenues and cash flows are principally derived from the sale of vermiculite product. Therefore, the financial performance, revenue and profits of the Company are exposed to the vermiculite price, the prevailing applicable exchange rate (see (e) above) and any failure by counterparties to sales contracts or any other agreements that the Company has entered into to perform or pay. Many of the Company's counterparties are foreign domiciled and the Company may encounter difficulty enforcing legal remedies in foreign jurisdictions.

For this reason, there can be no assurance that the Company would be successful in attempting to enforce any of its contractual rights through legal action. Results of operations could be materially and adversely affected as the Company may not be able to obtain sales contracts or agreements with alternative customers on similar terms and prices. Further, the Company's practical ability to recover any losses is limited to the assets of its counterparties, assuming any associated legal proceedings find in the Company's favour.

In addition, given the Company is a public company and its securities are listed, statements made publicly regarding the Company can have an impact on investors' perception of its performance. Accordingly, should a counterparty of the Company make an adverse statement regarding the Company publicly, such statement could have an impact on the value of the Company's securities, regardless of the validity of that statement.

8.4.6 **Uganda is a land locked country and the export of the Company’s vermiculite product will be subject to access to infrastructure and the stability of and regulation in the countries neighboring Uganda**.

The Company's activities in Uganda, access road and rail haulage and transportation operations through Uganda and Kenya, and access to relevant infrastructure and its use of port facilities at Mombasa, all rely on the granting and maintenance of appropriate licences, permits and regulatory consents and authorisations, which may not be granted or may be withdrawn or be made subject to limitations at the discretion of government or regulatory authorities.

Although the authorisations may be renewed following expiry or granted (as the case may be), there can be no assurance that such authorisations will be continued, renewed or granted, or as to the terms of renewals or grants. If there is a failure to obtain or retain the authorisations or there is a material delay in obtaining or renewing them or they are granted subject to onerous conditions, then the Company's ability to export its vermiculite product, access road and rail haulage and transportation operations through Uganda and Kenya, access relevant infrastructure or use the port facilities at Mombasa for export may be adversely affected.

8.4.7 The Company's exploration and development activities may be impacted by exploration and mining, operational and technical difficulties.

The Company's exploration and development may be hampered by adverse developments in mining, environmental legislation, industrial accidents, industrial disputes, cost overruns, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, land claims and compensation and other unforeseen contingencies.

The success of the Company is also impacted by the discovery of economically recoverable reserves and resources, the availability and cost of required development capital, movement in the price of commodities, securing and maintaining title to its exploration and mining tenements as well as obtaining all necessary consents and approvals of the conduct of its exploration and production activities.

Exploration and production on the Company's existing exploration and mining licenses may prove unsuccessful resulting in a reduction of the value of those licenses and a diminution in the cash flow and cash reserves of the Company as well as possible relinquishment of the exploration and mining licenses.

Risks involved in mining operations include unusual and unexpected geologic formations, seismic activity, cave-ins, flooding and other conditions involved in the drilling and removal of any material, any of which could result in damage to life or property, environmental damage and possible legal liability. Further, weather conditions over a prolonged period can damage infrastructure, including haulage roads, and adversely affect exploration, production, mining and drilling operations and the timing of earning revenues.

Whether income will result from projects undergoing exploration and development programs depends on the successful establishment of mining operations. Factors including costs, actual mineralisation, consistency, quality and reliability of ore grades and commodity prices affect successful project development. The design and construction of efficient processing facilities, the existence of competent operational management and prudent financial administration, as well as the availability and reliability of appropriately skilled and experienced consultants also can affect successful project development.

8.4.8 The Company's planned development, construction and commissioning may encounter significant problems.

There is a risk that, should any of the Company's proposed projects and any future mine upgrades progress to mine construction, the development and construction of those mines are not completed on schedule, or that the construction cost exceeds the budget, or that significant problems in constructing the mines may arise. The Company will depend on third party contractors to undertake construction, equipment supply, installation, commissioning and operation. There is a risk that one or more of these third party contractors will not perform its contractual obligations properly or at all.

8.4.9 The Company's competitive position could be affected through increased competition

The Company competes with other companies, including major mining companies in Australia and internationally. Some of these companies have greater financial and technical resources than the Scheme Company and, as a result, may be in a better position to compete for future business opportunities. As such, the Company's relative competitiveness will be lower when compared to these companies.

Commodity prices have fallen considerably over the last eighteen months. However, prior to that, commodity prices were significantly higher and were more conducive to profitable mining operations and led to increases in mining, exploration, development and construction activities, which resulted in increased demand for, and cost of, production, exploration, development and construction services and equipment. This increased demand for, and costs of, these services and equipment may exist in the future and could adversely impact production and the Company's financial performance.

8.4.10 The Company is Exposed to Economic risk and External Market Factors

Factors such as (but not limited to) political movements, stock market trends, changing customer preferences, interest rates, inflation levels, commodity prices, foreign exchange rates, industrial disruption, environmental impacts, international competition, taxation changes and legislative or regulatory changes, may all have an adverse impact on the Company's operating costs, profit margins and share price. These factors are beyond the control of Atlas and Atlas cannot, to any degree of certainty, predict how they will impact on Atlas. Prolonged deterioration in general economic conditions could potentially have an adverse impact on the Company and its operations.

8.4.11 The Company is Subject to Regulatory and Title Risks

Changes in legislative and administrative regimes, taxation laws, interest rates, other legal and government policies in Uganda may have an adverse effect on the assets, operations and ultimately the financial performance of the Company and the market price of the Company's shares. Exploration and production are dependent on the granting and maintenance of appropriate licences, permits and regulatory consents and authorisations (including those related to interests in tenements), which may not be granted or may be withdrawn or be made subject to limitations at the discretion of government or regulatory authorities.

The Company also relies on authorisations pursuant to contractual regimes with various counterparties in relation to its ongoing operations and development activities. Although such authorisations may be renewed following expiry or granted (as the case may be), there can be no assurance that such authorisations will be continued, renewed or granted, or as to the terms of renewals or grants. If there is a failure to obtain or retain the appropriate authorisations or there is a material delay in obtaining or renewing them or they are granted subject to onerous conditions, then Atlas' ability to conduct its exploration, development or operations may be adversely affected.

8.4.12 The Company is May Face Claims, Liability and Litigation

The Company may have disputes with counterparties in respect of major contracts, or may be exposed to customer or environmental, occupational health and safety or other claims. Atlas may incur costs in defending or making payments to settle any such claims, which may not be adequately covered by insurance or at all. Such payments may have an adverse impact on the Company's profitability and/or financial position.

8.4.13 The Company May Loose Key Management and Personnel

The Company may also face risks from the loss of key personnel from time-to-time, as it may be difficult to secure replacements with appropriate experience and expertise.

A number of key management and personnel are important to the attainment of the business goals of the Company. Some of these key personnel have significant direct or indirect shareholdings in the Company.

The Company Atlas has an employee incentive plan in order to provide incentive and to promote retention of key personnel. Despite these, one or more of the key employees could leave their employment with the Company, and this may adversely affect the ability of the Company to conducts its business and, accordingly, affect the financial performance of the Company and its share price. Further, the Company's success depends, in part, on its ability to identify, attract, accommodate, motivate and retain additional suitably qualified personnel. The inability to access and retain the services of a sufficient number of qualified staff could be disruptive to the Company's development efforts or business development and could materially adversely affect its operating results.

8.4.14 The Company Has Insurance Risk

Although insurance is maintained for the construction and operation of its projects within ranges of coverage consistent with industry practice, no assurance can be given that such insurance will be available in the future on commercially reasonable terms or that any cover will be adequate and available to cover any or all claims. If the Company incurs uninsured losses or liabilities, its assets, profits and prospects may be adversely affected.

8.5 RISKS RELATING TO THE SHARES

8.5.1 Share Price Volatlity and Share Market Risks

Prospective investors should be aware that the value of an investment in the Shares may go down as well as up and that the market price of the Shares may not reflect the operating performance and underlying value of the Company.

Investors may therefore realise less than, or lose all of, their investment. The share prices of quoted companies can be highly volatile and shareholdings may be illiquid. The price at which the Shares are quoted and the price which investors may realise for their Shares may be influenced by a large number of factors, some of which are specific to the Company and its operations and some of which may affect quoted companies generally. These factors include the specific and general risks affecting the Company (as listed above), large purchases or sales of Shares by other investor and changes in market expectations and investor sentiment towards particular market sectors and the equity markets in general. Such factors also impact on the ability of the Company to raise further funds by the issue of further Shares or other securities in the Company.

Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

8.5.2 Share trading liquidity and Future Sales of Shares

Although the Company's Shares are already listed on the ASX, there is no guarantee that there will be a liquid market in the Shares on the ASX. It may therefore be difficult, in certain circumstances, to achieve the prevailing market price for sales of Shares or to sell Shares at all, and to realise a return on investment in the Shares. Although the Shares are to be admitted to trading on AIM, they will not be listed on the Official List of the London Stock Exchange. An investment in securities traded on AIM may carry a higher degree of risk than securities quoted on the Official List.

8.6 SPECULATIVE NATURE OF INVESTMENT

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus.

The Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities. Potential investors should consider that an investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

9. INDEPENDENT GEOLOGICAL REPORT

AL MAYNARD & ASSOCIATES Pty Ltd

Consulting Geologists

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Australian & International Exploration & Evaluation of Mineral Properties

INDEPENDENT GEOLOGICAL REPORT

FOR

Black Mountain Resources Limited's (ASX:BMZ)

MINERAL ASSETS

Located in the Republic of Uganda and in the U.S.A.

Author: Allen J Maynard BAppSc(Geol), MAIG, MAusIMM

Company: Al Maynard & Associates Pty Ltd

Date: 5 August 2016

EXECUTIVE SUMMARY

Namakera Vermiculite Project, Uganda

The Namakera Vermiculite Project which is located in the Manafwa District in South Eastern Uganda comprises Mining License ("ML") 4651 and Exploration Licence ("EL") 1534 which is located adjacent to the ML (Fig.1).

Executive Summary - Figure 1: Location of the Namakera Vermiculite Project

The bulk of the available project data was generated by Rio Tinto Mining and Exploration Limited ("RIO") including exploration work and Mineral Resource estimates completed on the vermiculite potential. Later SRK Consulting – Eastern Africa (Pty) Limited ["SRK-EA"] were engaged by previous holder Gulf Industrials Limited ("Gulf") to conduct a site visit in 2009 and then review and comment on the resource statement.

The Vermiculite mineralisation at Namakera is closely associated with the occurrence of alkali and carbonatite intrusives in ultramafic rock. RIO stated that vermiculite formation is predominantly attributable to the weathering and alteration of primary biotite and phlogopite in mica-rich rocks by chemical reaction with downward percolating surface water. The best vermiculite development occurred down to a depth of >50 metres (m) below surface. The overburden in the Namakera area averages 6.5 m thickness and up to 12 m.

Exploration work completed indicated that vermiculite occurs in near-surface, flat lying zones which contain sub-vertical, coarse-grained, high grade zones. It was concluded that an area of over 1.0 km^2 within ML4651 contains an average thickness of 31 m containing >10% vermiculite, free of phlogopite, from a depth of 10 m to 53 m below surface. This vermiculite rich zone may extend for over another ±2 kilometres (km) towards the north, although probably at reduced grade.

Previous independent verification work was undertaken by SRK-EA who were engaged by Gulf to review the exploration work and Mineral resource estimates completed by RIO on the vermiculite potential of the Namakera project. A site visit was undertaken by SRK-EA from the 16th to the 18th of May 2009.

The Mineral Resource Estimate (JORC Code 2004) for the Namakera Vermiculite Project is presented in Table 1. No material change has occurred since that estimate was completed, thus no update to JORC Code 2012 guidelines has been prepared.

Classification	Million Tonnes	Grade > 180µm	Grade > 425µm
Inferred Resources	54.9	26.7%	18.8%

Marketing Grade	Size	Distribution	Mt Vm (> 180µm)	Mt Vm (> 425µm)
Premium	>9.5mm	8%	1.2	0.8
Large	>5.6mm <9.5mm	21%	3.1	2.2
Medium	>2.0mm <5.6mm	30%	4.4	3.1
Fine	>1.18mm <2.0mm	20%	2.9	2.1
Super Fine/Micron	<1.18mm	21%	3.1	2.2
TOTAL			**14.7**	**10.3**

Table 1: Mineral Resources for the Namakera Project based on 15% vermiculite (180-V) cut-off

Grade Tonnage curves support the Mineral Resource inventory and uncertainties in the data quality support the Namakera estimates into the JORC Code (2004) Inferred category.
In the current open pit operation, enriched, very coarse-grained vermiculite zones developed containing ±80% vermiculite as compared with a consistent ±25% elsewhere. An additional deposit of high concentration, coarse grade vermiculite, with a low strip ratio also occurs to the ESE of the present open pit.

Prior to 2007 only coarser-grained, higher grade material was mined and processed by disaggregating large or premium grade feed due to the market requirement to yield the medium grade product. As a result, the waste generated characteristically contained ±35% vermiculite. Approximately 15 – 20% of this waste is medium grade which is marketable and provides further income rather than being regarded as waste.

Mining and processing operations first commenced in 2001 and have continued largely uninterrupted since that date, other than between October 2012 and July 2013 and March 2015 and September 2015 when activities were initially placed on care and maintenance and then suspended due to restrictions on the sales and marketing agreement of its vermiculite product with the operations exclusive distributor and temporary restrictions that were placed on exports from Uganda.

The current mining and processing operations are generally well run and employ a total workforce of 68, comprising 66 Ugandan and 2 expatriate workers.

Current open pit mining operations are focused on a single pit approximately 1.0 km by 400 m and to a depth of up to 35 m. The vermiculite is mined by open pit mining methods in a free dig operation using hydraulic excavators and haul trucks that move the ore from the open pit to a run-of mine (ROM) stockpile at the processing plant.

Generally, near surface ore and ore from the top benches is stockpiled separately from the ore that is mined from the deeper levels due to differences in colour and exfoliation rates. The ore is then blended prior to processing. In this manner, a consistent product can be produced both in terms of the product colour as well as the exfoliation ratios.

Monthly mining rates of 25,000 t of vermiculite ore are targeted by existing mine management with a strip ratio of 0.5:1. The current mining operations are unable to achieve these targets at present, largely due to the low utilisation rates achieved from the mining fleet and in particular the haul trucks, which require high levels of maintenance and servicing as a result their age and which cannot operate effectively in the open pit during the wet season. The mining fleet and haul trucks are proposed to be replaced by new leased or purchased equipment once new funding is secured for the operation, and thereafter the targeted mining rates are considered achievable. The planned expenditure on mining fleet is considered appropriate and sufficient to purchase or lease the mine equipment with the necessary production capabilities to achieve the monthly ore mining and waste mining volumes identified.

Historical Mine and Process Plant Performance				
	2012[1]	**2013**[1]	**2014**	**2015**[2]
Total Material Mined (tonnes)	105,000	3,000	113,900	26,590
Plant Throughput (tonnes)	64,100	1,800	15,870	5,920
Sales Production (tonnes)	11,221	352	2,844	1,066
Plant Yields	18	20	18	18

Table 2: Historical Production Tonnes 2012-2015

[1] Mine records indicate that mining and processing operations were suspended between October 2012 and July 2013 due to restrictions on the sales and marketing agreement of Namakera vermiculite product with the operations exclusive distributor. This agreement was subsequently cancelled.
[2] Mine records indicate that mining and processing operations were suspended between March 2015 and September 2015 due to restrictions on exports from Uganda, that were subsequently lifted in September 2015.

The processing of the vermiculite is through a processing plant that was constructed and upgraded by Gulf between 2010 and 2012.

The processing is a simple beneficiation plant that involves a sequential process involving drying, screening, winnowing, re-screening and then bagging of the final product. The processing plant has a design capacity to produce 30,000tpa of vermiculite product comprising a large, medium, fine and super-fine grades. The process plant is currently not achieving the design capacity of 30,000tpa.

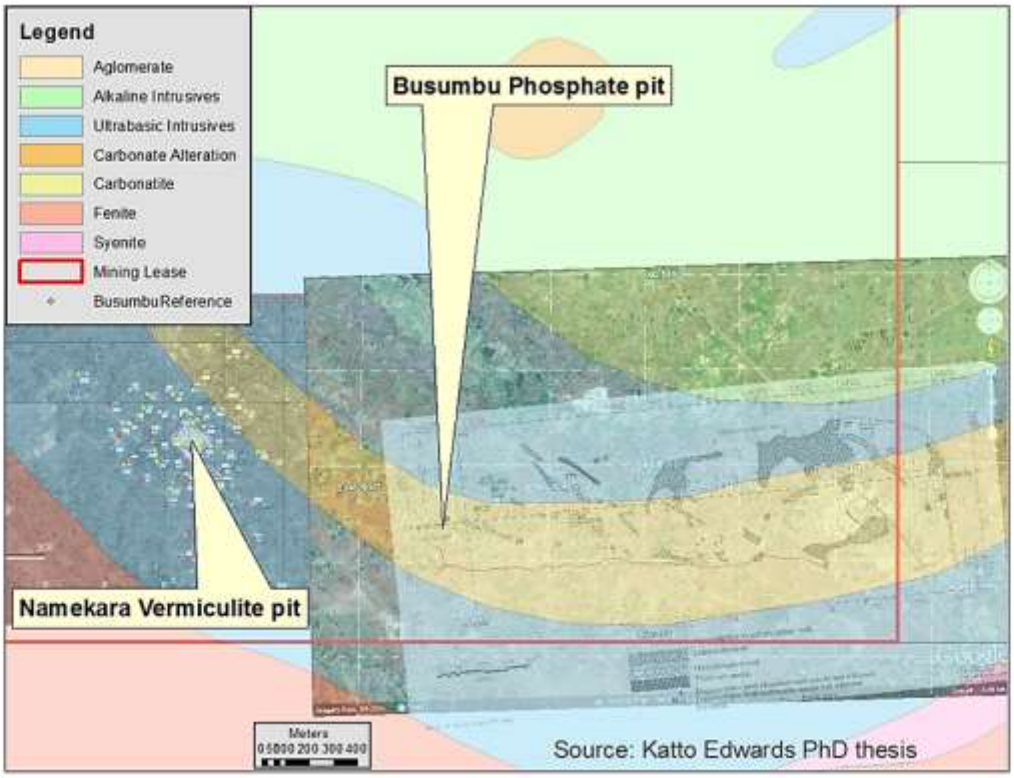
Based on the current mine and mining fleet constraints, the process plant condition and availability of working capital to pay for key consumables, the process plant is only capable of operating at levels capable of producing between 10,000 to 15,000tpa of saleable vermiculite product. With the acquisition of new mining equipment, the process plant should be capable of achieving 15,000 to 20,000tpa of saleable vermiculite production (approx. 50-66% of design capacity). To further increase annual saleable vermiculite production up to the design capacity of 30,000tpa, further process plant capital works and maintenance work is required. This proposed work includes installation of an impact crusher and wet screening circuit ahead of the current ROM bin, the recalibration and maintenance of all the process controls and instrumentation to improve control feed rates, essential maintenance of the dust extraction system, modifications to the rotary dryer and screening and winnowing process flows to eliminate overloading and additional material handling. The planned capital expenditure on process plant capital and maintenance works is necessary and considered sufficient for the plant to achieve the previously reported design capacity of the plant.

The final bagged product is packed into 1.1 tonne bulk bags for all grades of vermiculite product, for storage and dispatching to clients. The bagged product is loaded on 40 foot sided or container trucks at the mine site and is transported under contract to Mombasa in Kenya, where it is sold under contract to customers in Europe, Asia and Australia under fixed price contracts.

The Busumbu Phosphate Prospect, Uganda

The Busumbu Phosphate deposit, located a kilometre to the southeast of the Namakera vermiculite mine, is a residual fluoro-apatite deposit overlying a carbonatite lithology which is presumed to be the source of the phosphate. The deposit consists of a hard rock and a soft rock category. Soft rock refers to the phosphate in residual soils and saprolite and has a grade of 5% to 15% P_2O_5. The hard rock refers to a re-cemented deposit, the cement being secondary phosphate minerals. The primary and secondary apatite differs slightly in composition with the primary hard rock apatite being the higher grade; 25% to 35% P_2O_5. The reported grade has been confirmed by Gulf when a grab sample from this unit assayed 31% P_2O_5.

The deposit was studied in detail by a number of researchers. An aeromagnetic survey was used to guide further exploration. A large number of pits were dug, sampled and mapped and a resource estimated (not differentiated between hard rock and soft rock) of 3 million tonnes (Mt) at a grade of 11% P_2O_5 in the soil and 5.5 Mt at a grade of 15% P_2O_5 in the saprolite to a depth of 6 metres. The resource present in the underlying carbonatite was ignored.



Executive Summary - Figure 2: Busumbu Phosphate Location in relation to the Namakera Vermiculite open cut, Uganda.

Earlier pitting and drilling (1942 to 1945), reported “about 5 million tonnes of phosphate rock with grades between 8% and 35% P_2O_5. The average P_2O_5 content from samples of 430 m of pitting was 11.9% (Davies 1947, 1956.)” A joint team from the Department of Geological Survey and Mines (DGSM) and the United Nations Department for Development Support and Management reported higher grade ‘hard’ phosphates of 332,000 tonnes averaging 28.5 % P_2O_5, and 2,468,000 tonnes of lower grade ‘soft’ phosphates grading 13.5 % P_2O_5 (Celenk and Katto 1993) based on limited pit excavations to a depth of 6 m. Another report states 8.4 Mt grading of 12.6% P_2O_5 is present on Hill # 2.

A small phosphate mine operated intermittently at Busumbu during the period from 1944 to 1963. Phosphate rocks from Busumbu were mined from small open pits along Busumbu ridge. Until 1956 the 'hard' phosphate rock was excavated, crushed and screened before being exported to Kenya for the manufacture of citric-soluble soda phosphate fertilizer using soda-ash from Lake Magadi. The undersized, fine phosphatic material was used as direct application fertilizer. From 1956 onward the customer requirement changed and 'hard' phosphate rock was replaced by a blend of soft phosphate rock with a P205 content of 15% P_20_5 and hard phosphate with a P_20_5 content of 30%. This phosphate blend was upgraded using magnetic separation techniques. The annual production of Busumbu reached 6,000 tonnes and a total of 62,000 tonnes of phosphate concentrate was produced over the period that the mine was in operation.

Work completed by MSA Group in 2012 included the preparation of an initial resource definition program that incorporated historical aeromagnetic surveys over the Busumbu Phosphate Project area.

Subsequent RC drilling in 2012 confirmed historical results averaging 34.8m grading 21.48% P_2O_5 (Table 2). The thicknesses of mineralisation varied from several layers of 3 m thickness to a massive zone 59.2 metres in thickness from 5.2 m depth.

Further investigations confirmed the presence of up to 35% P_2O_5 in the laterite profile and up to 16% P_2O_5 in the soft saprolite profile below the laterite. Also observations in the Namekara vermiculite pit indicated extensive presence of several generations of late stage, cross cutting iron/phosphate rich carbonatite dykes, intruded into the country rock at shallow angles. Assays returned 16 to 24% P_2O_5. This suggests that substantial additional medium to high grade reserves are present at both projects.

HOLE ID	FROM	TO	Interval	P_2O_5 %	Lithology
ND03	**5.00**	**40.14**	**35.1**	**25.6**	**Phosphatic carbonatite**
ND13	**17.50**	**62.04**	**44.5**	**19.31**	**Includes;**
ND13	17.5	24.4	6.9	18.9	Massive carbonatite
ND13	24.4	26.3	1.9	21.2	Phosphatic carbonatite
ND13	26.3	27.3	1.0	21.4	Massive carbonatite
ND13	27.3	36.1	8.8	19.7	Phosphatic carbonatite
ND13	36.1	62.04	25.9	19.0	Massive carbonatite
ND43	**7.00**	**36.20**	**29.2**	**25.3**	**Massive carbonatite**
ND55	**24.00**	**33.50**	**3.2**	**23.4**	**Phosphatic carbonatite**
ND55	**33.50**	**36.50**	**3.0**	**25.9**	**Massive carbonatite**
ND57	**5.20**	**64.44**	**59.2**	**18.3**	**Includes;**
ND57	5.20	23.10	17.9	18.0	Massive carbonatite
ND57	23.10	29.20	6.1	22.3	Phosphatic carbonatite
ND57	29.20	56.60	27.4	19.9	Massive carbonatite
ND57	56.60	64.44	7.8	10.3	Phosphatic carbonatite
AVERAGE			**13.4m**	**28.2%**	

Table 3: Drilling results from the 5 holes testing the Busumbu Phosphate Project.

This report was prepared for inclusion in a prospectus to be issued by Black Mountain Resources Ltd to raise $4,500,000 by the issue of 45,000,000 shares at 10 cents per share

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The Directors
Black Mountain Resources Ltd
Suite 5, 531 Hay Street
Subiaco WA 6008
Australia

5 August, 2016

Dear Sirs,

1.0 Introduction

This report has been prepared by Al Maynard and Associates ("AM&A") at your request to provide an independent geological report on Black Mountain Resources Ltd's ("BMZ") relevant mineral interests in Uganda and Silver in the USA

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1.1 Scope and Limitations

This Report is valid as of 5th August, 2016 which is the date of the latest review of the data and technical information and there have been no material changes to this data or valuation since that date.

The information presented in this Report is based on technical reports provided by BMZ supplemented by our own inquiries as to the reasonableness of the supplied data. At the request of AM&A, copies of relevant technical reports and agreements were readily made available. There is also information available in the public domain and relevant references are listed in Section 8.0 –References. A site visit was undertaken from 21st to 26th February, 2016 by A. Maynard accompanied by BMZ technical personnel and sufficient technical information is provided to enable an informed opinion to be derived.

BMZ will be invoiced and expected to pay a fee, estimated to be $9,000 for the preparation of this Report. This fee comprises a normal, commercial daily rate plus expenses. Payment is not contingent on the results of this report. Except for these fees, neither the writer nor any family members nor Associates have any interest, nor the rights to any interest in BMZ nor any interest in the mineral assets reported upon. BMZ has confirmed in writing that all technical data known it was made available to the writer.

1.2 Statement of Competence

This Report has been prepared by Allen J. Maynard, Principal geologist 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). He has had over 35 years of continuous experience in mineral exploration and evaluation and more than 30 years' experience in mineral asset valuation.

2.0 Background Information

2.1 Environmental implications

Information to date is that there are no identified existing material environmental liabilities on the mineral assets. Accordingly, no adjustment was made during this Report for environmental implications.

2.2 Indigenous Title Claims

Neither the Company nor the authors are aware of any indigenous title claims within the project areas. Accordingly, no adjustment was made during this Report for indigenous title implications.

2.3 Resource/Reserve Summary

There are JORC Code (2004) compliant Resources declared for the Projects.

The Namakera Vermiculite Project has operated as a small open pit mining operation intermittently since 2002 with ore processed through a beneficiation plant located near to the existing open pit and sales of vermiculite product made predominantly to customers in Europe.

There are no JORC Code (2012) compliant Reserves or Resources for the Busumbu Phosphate Project.

The Busumbu Phosphate Project operated as a small open pit mining operation intermittently from 1944 to 1963, with sales of a phosphate rock product made to customers in Kenya for the manufacture of citric-soluble soda phosphate fertilizer and as a direct application fertilizer.

2. 4 Encumbrances/Royalty

Mining operations in Uganda are subject to government royalties based on the gross value of the minerals based on the prevailing market price of the minerals. For industrial minerals the applicable royalty rates are up to 3% of the gross value of the mineral.

3.0 Namekara Vermiculite Project Information

3.1 Uganda Introduction

ML4651 and EL 1534 are in the vicinity of Namakera, Manafwa Province, SE Uganda where the bulk of the available project data was generated RIO covering exploration work and Mineral Resource estimates completed on the vermiculite potential. Later SRK-EA were engaged by Gulf Industrials Ltd (ASX-GLF) to conduct a site visit in 2009 and then review and comment on the resource statement.

3.2 Location, Access and Infrastructure

The Namakera vermiculite deposit is located in Manafwa district in SE Uganda (Fig. 1). The nearest major towns are Tororo (27 km SW), situated adjacent to the international border with Kenya and Mbale (40 km NW). The area is connected by a well maintained gravel road to the tarred highway which heads westwards via Mbale and Jinja to Kampala and eastwards to the major coastal port of Mombasa in Kenya. A spur of the main railroad, which also serves the port at Mombasa, passes within 20 km of the deposit. The main electricity power line to Mbale traverses the area and the plant is already connected to the grid.

3.3 Tenement Details

Two tenements; one ML and one EL are held over the Namakera prospect area by Namakera Mining Co. Limited ("NMCL"), (Fig 1). Copies of the current licenses and permits, details of which are provided in Table 2, are included in the Independent Solicitors Report completed by Ugandan legal firm Adukule and Co Advocates dated 5 August 2016. On the basis of this report AM&A is satisfied that the licences are in good standing and BMZ has lawful access to the mineral and exploration rights provided under Ugandan mining and exploration legislation.

Licence	Name	Area (km^2)	Issued	Holder	Expiry
ML4651	Namekara	17.3	15-May-03	NMCL	14-May-24
EL1534	Butiru	30.8	24-Nov-15	"	23-Nov-18

Table 1: Exploration and Mining Licenses held over the Namekara Vermiculite Area

In 2006 the tenements were provisionally evaluated by RIO with the objective of establishing a sales and marketing agreement between Canmin Resources Limited ("CRL") and the Palabora Mining Company ("PMC"). However, it was subsequently determined that the RIO interests would be best served by purchase.

Following transfer of ownership on 31st March 2007, in order that a technical evaluation could be undertaken, permission to suspend mining operations, as required under Section 53 of the Mine and Minerals Act of Uganda (2003), was obtained from the Government of Uganda for a period of one year. A renewal of this suspension was granted by the Commissioner of Mines, Minerals and Energy, in the Geological Survey and Mines Department of Uganda, until 30th September 2008. A further extension was successfully applied for as listed in Table 2.

3.4 Geological setting

The regional and project geology presented here is summarised from Hester (1996), RIO (2008) and Van Stratten (1988).

3.4.1 Regional geology

Seven carbonatite complexes occur along a ±65 km long NNE-trend in south-eastern Uganda (Fig. 3). The most extensive of these is the Busuku Carbonatite Complex which, with a diameter of ±13km, is the world's largest known carbonatite (Fig. 1). The older group of carbonatites, which include Busuku, have been dated at 26 ±2.5Ma. These carbonatites are typified by having central vent agglomerate surrounded by poorly exposed broad zones of ijolite, melteigite and nephaline syenites and an outer fringe of pyroxenite, micro-pyroxenite and hornblendite. Discontinuous rings of carbonatite and arcuate masses of carbonatised silicate rock, phoscorite and magnetite-melanite syenite occur within both the ultramafic and alkaline rocks.

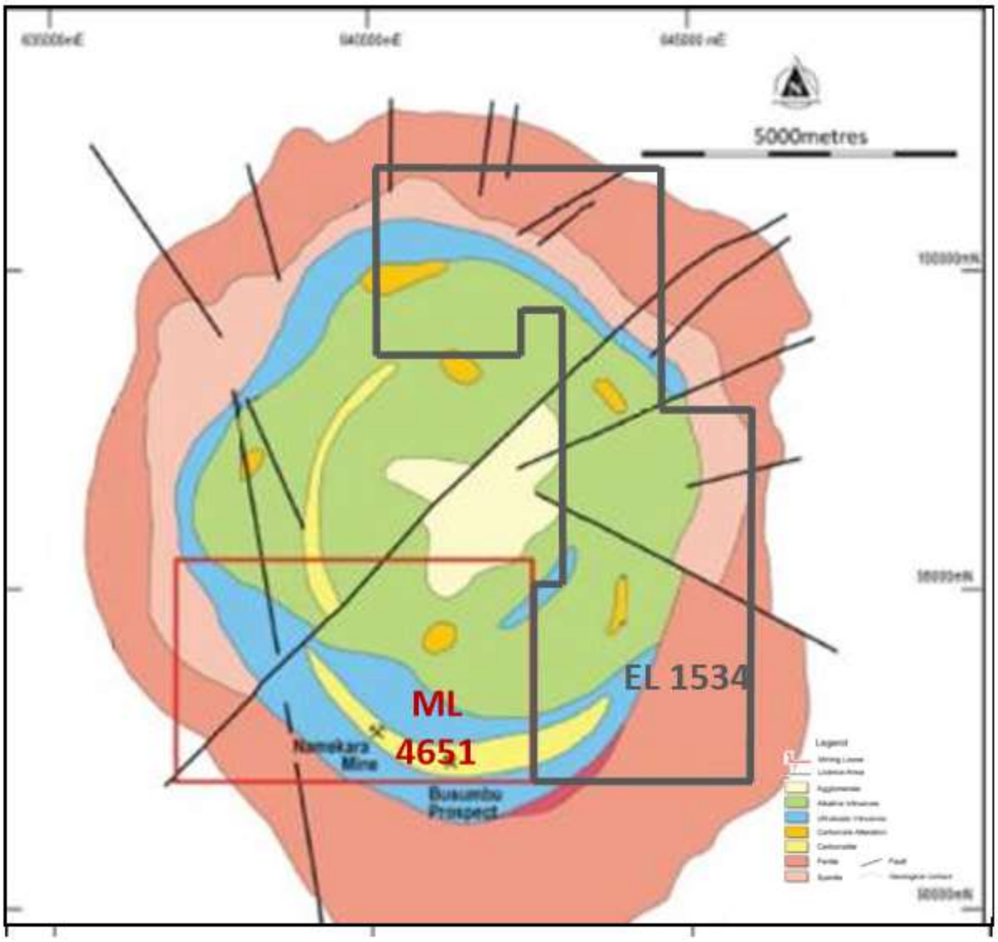

Figure 1: Geology of the Busuku Carbonatite Complex, SE Uganda, and the Namakera Prospect to its SW.

The Busuku Carbonatite Complex consists of alkaline and ultrabasic ring structures surrounding an agglomerate vent (Fig. 2). It is surrounded by a broad zone of feldspathisation in which leucocratic granite, syenite and quartz pegmatoid have developed from the alteration of the gneissic granodiorite basement.

The rocks of the complex, which are commonly concealed beneath a cover of residual soil, are generally poorly exposed. Van Stratten (1988) reported that the average depth to unweathered bedrock is some 40 – 45 metres below surface.

It has been established that the Busuku Carbonatite Complex contains economically significant deposits of carbonate, phosphate and vermiculite with sub-economic copper, iron and pyrochlore mineralisation.

Chalcopyrite, coincident with a known copper soil anomaly, was observed in rock chips of basement rock intersected during the Reverse Circulation ("RC") drilling program undertaken to evaluate the vermiculite potential of the Namekara area (Baldock, 1966).

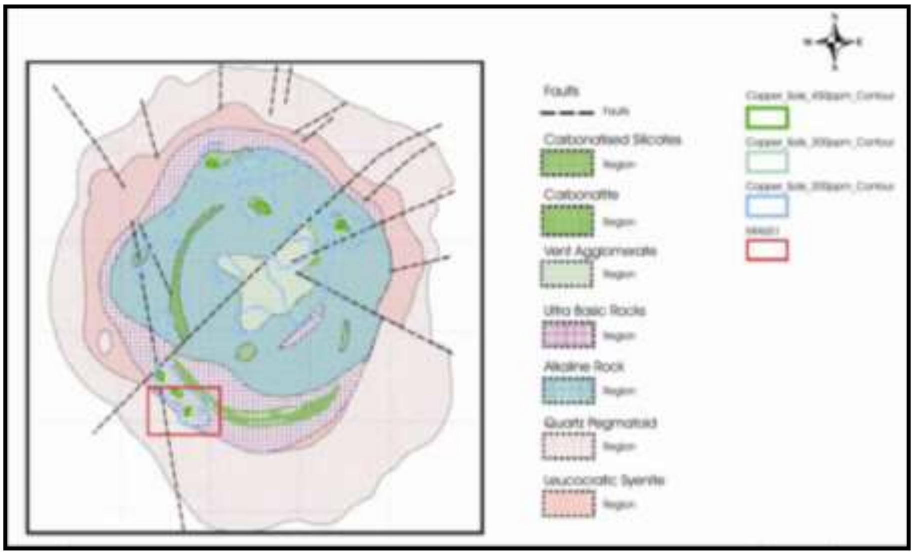

Figure 2: Geology of the Busuku Carbonatite Complex, SE Uganda, and the Namakera Prospect to its SW.

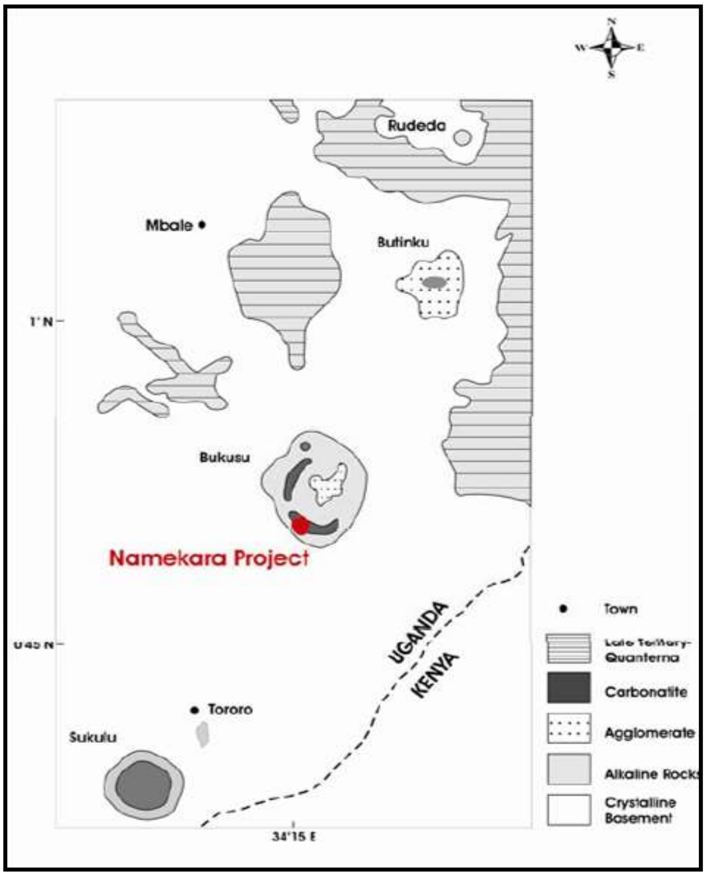

Figure 3: Carbonatites and Alkali Igneous Complexes in SE Uganda.

3.4.2 Project Geology

The Namakera Prospect occurs in a region of low rolling hills on the south-western margin of the Busuku Carbonatite Complex (Fig. 5). Vermiculite formation, as developed at the contact between mica-rich pyroxenites and carbonatite, is closely associated with the occurrence of localised alkali and carbonatite intrusives in ultramafic rock.

This is a similar geological setting to that of many of the better documented worldwide vermiculite deposits, including Libby in the USA and Palabora in South Africa. These, like Namakera, formed within a concentrically zoned complex of earlier ultramafic intrusive bodies, which include biotite-pyroxenite and biotite that are cut by later intrusions of carbonatite and syenite.

Such syenitic rocks, which are more resistant to erosion, form low lying hills such as those in the vicinity of Busuku.

At Namakera, as common throughout the Busuku Carbonatite Complex, bedrock is concealed beneath a ≤12m, but on average 6.5m thick layer of overburden. This includes a hematite-rich goethite, locally termed ‘murram’, development of which indicates significant ferruginisation and laterisation. As a consequence vermiculite mineralisation is best observed in the surface pit developed by CRL.

Fresh vermiculite from the Namakera area is a pale golden colour, with a silvery sheen, and is highly reflective. A pinkish tinge is developed upon weathering (Photo 1 & 2). Fresh flakes are readily delaminated and although pliable commonly break moderately easily along small cracks visible on the surface. When exfoliated the vermiculite becomes a dark cream colour.

Vermiculite formation has been attributable to the weathering and alteration of primary biotite and phlogopite in mica-rich rocks by chemical reaction over time with a downward percolating water surface.

Phlogopite is almost completely altered to vermiculite to a depth of 50-55m below surface. Vermiculite mineralisation is followed by a transitional zone of ‘vermiculitised’ phlogopite, and presumably unaltered phlogopite, at greater depth.

Phlogopite bearing material was encountered in 16 of the RC drillholes completed in 2007. In one of these holes a low phlogopite/high vermiculite bearing ‘raft’ was intersected within a vermiculite dominant mass. The borehole logs indicate that the boundary between non-phlogopite and phlogopite bearing vermiculite is sharp, with the phlogopite content commonly increasing from nil to >10% over a distance of ±5m.

Photo 1: Slightly weathered very coarse grained vermiculite - north wall of the Namekara open pit on ML4651

The exploration completed indicates that the vermiculite in the Namekara Prospect occurs in flat lying zones which contain sub-vertical, coarse-grained, high grade developments (Photo 1).

The underlying biotite is cut by carbonatite and mica-pyroxenite dykes. It is postulated that these structures acted as conduits for hydrothermal fluids which mobilised and re-crystallised coarse grained biotite in zones which, being permeable to groundwater flow, were subsequently altered to vermiculite.

In the open pit the enriched, often very coarse-grained zones developed contain ±80% vermiculite as opposed to a consistent ±25% elsewhere.

When exploited by CRL, as the processing plant required disaggregating large or premium Grade feed to yield the Medium Grade product required by market, only coarser grained, higher grade material was processed. As a result the waste generated characteristically contained ±35% vermiculite. Approximately 15 – 20% of this waste material is medium grade.

Photo 2: Very coarse grained vermiculite zone - NW wall of the Namakera open pit on ML4651.

3.5 Exploration History

Van Stratten (1988) recorded that vermiculite was discovered near Namakera, approximately 1 km west of the Busumbu Phosphate Mine, in the early 1950s by the British Geological Survey in conjunction with the Uganda Geological Survey.

The investigations included trenching, the excavation of 71 shallow pits and the drilling of 10 diamond drillholes that delineated a limited tonnage of vermiculite. Mining on a restricted scale in the late 1950s proved uneconomic.

Records indicate that the quality of the vermiculite at Namakera was good with a cation exchange capacity >110cmol$_+$/kg and an exchangeable Mg^{2+} content of ≤4,390mg/kg. The trenching and pitting was deemed to have indicated the presence of ±500,000 tonnes of vermiculite beneath up to 15m of overburden. The amount of recoverable vermiculite was then estimated at ±350,000 tonnes.

Investigations completed to greater depth in the late 1980s are reported to have delineated additional quantities of vermiculite. Van Stratten (1988) noted that the occurrence of vermiculite in the Namakera area is spatially related to mica-rich rocks in the pyroxenite zone of the Busuku Carbonatite Complex.

CRL, a Ugandan registered subsidiary of the IBI Corporation in Canada who initially focused on the phosphate potential of Busumbu, investigated the apparent high grade vermiculite potential of the Namakera area by means of 17 trenches and/or pits and 12 NQ size diamond drillholes totalling 490 m, which were drilled to depths ranging from 22.5–51.0 m at unknown locations. CRL constructed a processing plant in 2001.

Between 2002 and 2006 a total of 16,000 tonnes of predominantly medium grade vermiculite was exported, while in addition a small tonnage of micron grade vermiculite exfoliated on-site was sold on the local market, as a soil conditioner and insulating material in the manufacture of fuel efficient stoves, under the product name of V-Gro.

3.5.1 Investigation undertaken by Rio Tinto

RIO completed the acquisition of the property in 2007 and instituted a technical study designed to evaluate the quality and quantity of vermiculite mineralisation and review options for mine development.

The project team that undertook the work included experienced personnel from Rio Tinto Exploration, Rio Tinto Minerals, the Palabora Mining Company ("PMC") and outside consultants. During these investigations a total of 72 vertical RC drillholes totalling 3,490 m were drilled in two phases within an area of ±1.3 km^2 to depths of predominantly 40-60 m at spacing of 50-150 m. No twinned holes were drilled to investigate geological and analytical variance.

Vermiculite enriched and phlogopite depleted mineralisation was identified near surface with lower grade vermiculite identified as occurring between coarser grained, higher grade zones of vermiculite. Unweathered bedrock was encountered at depths of 41-56 m.
An area of over 1 km^2 within Mining Lease 4651 has been determined to contain an average thickness of 31 m of >10% vermiculite, free of phlogopite, from a depth of 10-53 m below surface.

In addition, a deposit of high, coarse grade vermiculite, with a low strip ratio was identified to occurs to the ESE of the present open pit.

In November 2007 RIO proceeded to divest out of a significant portion of its Industrial Minerals holdings including the Namakera Vermiculite Prospect.

3.5.2 SRK- EA

SRK-EA were engaged by Gulf to review the exploration work and Mineral resource estimates completed by RIO on the vermiculite potential of the project. A site visit was undertaken by SRK-EA from the 16th to the 18th of May, 2009.

A review of work undertaken over this period on samples collected in the current open pit, which had an average vermiculite content of 49%, tentatively indicated that 59% of the vermiculite reported to the +2 mm size fraction. These results are supported by bulk samples of selectively mined medium grade +2mm product which showed recoveries of 47.1% and 61.7% vermiculite.

Grit contents ranging from 8.1% to 9.5% by weight, consisting of non-exfoliating mica and gangue minerals, were reported in the bulk samples of medium grade vermiculite investigated. Some of these materials occur as inclusions within vermiculite flakes. Investigations completed on a -4 mm to +2.8 mm sample of vermiculite, from which the grit fraction was hand removed, indicated an inherent grit flake content of 1.8%. This result, as grit content may vary from location to location and with coarseness and depth, etc. requires additional investigation.

Fibres identified in the vermiculite were determined to be mineralogically and not classified as asbestiform. In addition, the occurrence of these fibres was considered to be associated with geological lineations and to be of localised extent only which, to mitigate risk, could be avoided during mining if required.

The relatively low exfoliation yields reported on bulk samples of vermiculite evaluated were attributed to the high Loss-On-Ignition and grit contents. It was noted that significant improvement could be attained by additional drying, screening and heating. This is supported by the increased exfoliation yield of 9.3m_3/t that was obtained when the temperature of exfoliation was raised from 720-±800^{0}C.

It was concluded that, at the industry standard temperature range, the exfoliation yields for the medium grade vermiculite evaluated from Namakera was <10m_3/t.

Based on our review of the exploration work completed:

- Namakera could be considered to be the world's largest resource of coarser grained vermiculite, and;
- The overall quality of the vermiculite investigated was well suited to meet the specifications of both local and world markets.

Our review of the Mineral Resource estimates indicated that the Namakera database contains the logging descriptions of 72 RC holes, of which only 66 have analytical data available. The database is subdivided into 2 drilling phases; each one sampled using different criteria. The Phase 1 drilling samples were collected at 1 m intervals, and then composited over 5 m covering all mineralised and non-mineralised intervals regardless of the grade, and shipped to the PMC labs for assaying. The Phase 2 drilling samples were collected over 1 m intervals and only intervals logged as containing visible vermiculite were analysed.

A "gap-fill value" was applied to the non-analysed intervals within the mineralised zone of the Phase 2 drilling. This "gap-fill value" was obtained by extracting all the samples within the Phase 1 drilling with vermiculite content in the 180 µm fraction ("180_V") less than 20% and calculating the average grade of these samples.

The database was domained using lithological as well as grade definitions. Lithologically the database is domained into the overburden ("OVB"), an ore section ("OS"), a lower grade ore section ("OSNV") and a biotite or basement unit ("BTT"). The OS lithological unit in turn is sub-domained into OS domain, containing <10% vermiculite, an ("OSM") unit, containing >10vermiculite, and an ("OSL") unit which is described as lenses of OS within the OSM unit.

Two potential shortcomings have been identified in the sampling procedures that could influence confidence of the grade estimation. These are compositing of samples during the first drilling phase and sections of the drillholes inside the ore section that were not sampled during the second phase of drilling.

It is expected that the inconsistent sampling criteria used between the two drilling phases could influence the sub-domaining of the OS lithological unit. OSL layers that are visible within the Phase 2 drilling database (“gap-fill values” removed), are in some instances not seen within the Phase 1 drilling. This is due to the mixing of high grade and lower grade samples during the Phase 1 sample compositing, the latter being upgraded by the former.

All the data falling within the OSM upper and lower contact wireframes where selected. In an ideal situation all the selected data should have the OSM unit code but Instances were found where the unit codes are given as OS, BT, and OSNV.

The design of the OSM unit wireframe has to be re-considered, taking into account that the Phase 2 drilling, with the “gap-filled” values removed, indicated a higher number of low grade lenses, the “OSL” unit, occurring within the OSM unit.

Density determination is an important aspect of the Namakera Mineral Resources (JORC Code 2004) because it is used to convert measured volumes into tonnes. In the Namakera resource model the blocks with the highest vermiculite grade (180_V) have the lowest density value assigned to it. SRK felt that more samples across a broader grade range needed to be analysed for bulk densities. The percentage difference in mean grade between the estimates and the sample data is 1%, which is considered good. The interpolation method used was ID^2. Whereas the estimates compare well with the data, SRK is of the opinion that the use of geostatistical techniques would provide robust local estimates.

3.6 Mining and Processing Operations

Vermiculite mineralisation has been known in the project area since the 1950s following joint exploration work by both the British and Uganda Geological Survey departments. Minor production was made from the site in the late 1950’s, but was halted due to market limitations at the time.

CRL recommenced production and sales of vermiculite from the Namakera mine in 2002. Mining was carried out by manual hand sorting of the ore, focusing mainly on the rich outcrops within the vermiculite orebody. From the commencement of production in 2002 until the sale of the asset to RIO in 2007, records show an estimated 16,000 tonnes of vermiculite concentrate were produced and sold.

When Gulf acquired the asset in 2009, they recommissioned and upgraded the processing plant and recommenced open pit mining operations. Between 2011 and 2013 Gulf produced and sold 42,045 tonnes of vermiculite flake product >0.5mm size.

Historical Mine and Process Plant Performance				
	2012[1]	2013[1]	2014	2015[2]
Total Material Mined (tonnes)	105,000	3,000	113,900	26,590
Plant Throughput (tonnes)	64,100	1,800	15,870	5,920
Sales Production (tonnes)	11,221	352	2,844	1,066
Plant Yields	18	20	18	18

Table 2: Historical Production Tonnes 2012-2015

[1] Mining and processing operations were suspended between October 2012 and July 2013 due to restrictions on the sales and marketing agreement of Namakera's vermiculite product with the operations exclusive distributor. This agreement was subsequently cancelled in 2014.
[2] Mining and processing operations were suspended between March 2015 and September 2015 due to restrictions on exports from Uganda, that were subsequently lifted in September 2015.

Since 2013, and including a period under care and maintenance in 2012 and 2013 and a suspension of operations for 6 months in 2015 the project has mined 143,500 tonnes of material, processed 23,600 tonnes and sold 4,260 tonnes of vermiculite flake product >0.5 mm size into the European markets.

Photo 3: Current open pit mining operations on the western side of the open pit on ML4651.

The current mining and processing operations employ a total workforce of 68, comprising 66 Ugandan and 2 expatriate workers.

The overall operation is generally well run, with experienced mining engineers, geologists, mineral processing and plant engineers employed in all the key areas.

Mining of the vermiculite is currently excavated from a shallow open pit using conventional earthmoving equipment including excavators, front end loaders, bulldozers and tipper trucks. The mining fleet is owned by Namakera Mining Company Limited and currently comprises:

1 x Caterpillar 330C excavator

1 x Caterpillar 320B excavator
1 x D6H Caterpillar Bulldozer
3 x 10 tonne Haulamatic Rigid Dump Trucks
1 x 10 tonne Fuso Tipper Truck

No blasting is required in the open pit. The ore is “free dig” and is transported in open trucks to the processing plant located less than 1km from the mine where it is either placed on the ROM stockpile or fed directly into the process plant.

Current open pit mining operations are focused on a single pit approximately 1.0 km by 400m and to a maximum depth of 35 m, with bench heights of 2.5 m

Generally, near surface ore and ore from the bottom benches is stockpiled separately from the ore that is mined from the deeper levels due to differences in colour and exfoliation rates.

The ore is then blended prior to processing. In this manner, a consistent product can be produced both in terms of the product colour as well as the exfoliation ratios.

The mine is currently operating for 6 days/week on a single shift basis only. During day shift, trucks tip ore directly into the ROM bin with excess production being placed upon ROM stockpiles to facilitate blending and to cater for processing when the pit is not operating. When ore from trucks is not available the run of mine material is fed into the ROM bin by a front end loader.

Monthly mining rates of 25,000 t of vermiculite ore are targeted by existing mine management with a strip ratio of 0.5:1. The current mining operations are unable to achieve these targets at present, largely due to the low utilisation rates achieved from the mining fleet and in particular the haul trucks, which require high levels of maintenance and servicing as a result their age and which cannot operate effectively in the open pit during the wet season, when the condition of the haul roads make ore and waste transportation difficult.

Management have proposed that the existing mining fleet and haul trucks be replaced by new leased or purchased equipment once new funding is secured for the operation, and thereafter the targeted mining rates are considered achievable.

Photo 4: Open pit mining on ML4651 usea conventional owner operated standard truck and shovel operation

Photo 5: Pit Face on ML4651 showing vermiculite mineralisation

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Photo 6: Current Trucking Operations from the Open Pit on ML4651

Photo 7: The Plant Crushing and Screening Operations Located on ML4651

Photo 8: Feed Conveyer and Rotary Kiln Located on ML4651

Photo 9: Kiln Drive Mechanism Located on ML4651

Photo 10: View of Plant from Top of Fired Product Conveyer Located on ML4651

Photo 11: View of Plant Showing Blowers and Heating Furnaces Located on ML4651

The processing of the vermiculite is through a processing plant that was constructed and upgraded between 2010 and 2012. All plant and equipment is currently owned by Namakera Mining Company Limited.

The processing of the vermiculite is through a conventional beneficiation plant that involves a sequential process involving drying, screening, winnowing, re-screening and then bagging of the final product.

The processing of vermiculite is a sequential process in the plant involving drying, screening, winnowing, re-screening and then bagging of the final product.

a. Drying

The blended ore is fed into a ROM bin that feeds a rotary dryer. Drying reduces the moisture content in the ore from a range of 8 to 15 % to less than 5%. The dried product from the dryer is transported by a belt conveyor to a bank of screens where the product is classified into the different product grades according to their particle sizes.

Photo 12: View of Plant Showing Feed Hopper Located on ML4651

b. Screening

During the screening process, the first bank of screens removes the dust from the ore to ensure that the final product is free of dust. The subsequent screens then classify the ore into the different product grades according to particle size.

Photo 13: Raw Feed going into Production Process Located on ML4651

c. Winnowing

Winnowing is the process by which the vermiculite that would have been classified into the different size fractions is concentrated through a process of removing the gangue material that is normally associated with vermiculite. This is a gravity separation technique whereby the process takes advantage of the density differences to separate vermiculite from the other none vermiculite materials that are normally associated with it. This process is carried out in winnowers. The output from this process is a vermiculite concentrate with a minimum purity of 95% vermiculite content.

Photo 14: Final Screening and Bagging of the Product Within the Plant Located on ML4651

d. Final Screening and Bagging
The output from the winnowing process is run through a final screening section that removes any residual dust that may still be present in the ore before the product is bagged. The current packaging practice is that all grades are packed into bulk bags with a carrying capacity of 1.1 tonnes per bag, for all grades.

The processing plant has a design capacity to produce 30,000tpa of vermiculite product comprising a large, medium, fine and super-fine grades.

The process plant is currently not achieving the design capacity of 30,000tpa in part due to the lower tonnages delivered to the ROM stockpile from the mine and in part due to essential maintenance work and optimisation work that is outstanding and required on the drying, screening and winnowing processes. This work is proposed to be undertaken once new funding is secured for the operation, and thereafter the targeted design capacity of 30,000tpa is considered achievable.

The process plant is only capable of operating at levels to produce between 10,000 to 15,000tpa of saleable vermiculite product. With the acquisition of new mining equipment, the process plant should be capable to achieve up to between 15,000 to 20,000tpa of saleable vermiculite production. To further increase annual saleable vermiculite production up to the design capacity of 30,000tpa, further process plant capital works and maintenance work is required.

The capital and maintenance works program is planned to raise throughput by installing an impact crusher and wet screening circuit ahead of the current ROM bin, by recalibrating and completing maintenance on all the variable speed flow meters, weightometers, temperature monitors and control and instrumentation to optimise and control feed rates to and from the plants key processes, essential maintenance of the dust extraction system and a series of work programs on the rotary dryer and further optimisation and simplification of the screening and winnowing process flows to eliminate overloading and additional material handling.

Photo 15:
Photo 15: Final Screening and Bagging of the Product Within the Plant Located on ML4651

The bagged vermiculite product is loaded on 40 foot sided or container trucks at the mine site and is transported under contract to the port at Mombasa in Kenya. The bagged product is maintained in a warehouse at the port before transloading into 20 foot shipping containers.

A new load out and storage facility for the bagged vermiculite product is required and proposed to address the limited storage capacity for stock and to allow for truck and container loading without impacting on process plant operations.

Sales of the vermiculite product are sold under fixed price contract to customers and trading houses in Europe, Asia and Australia. Over the past 24 months, sales of vermiculite product have been made to customers in Spain, Belgium, Germany, Switzerland, Slovenia, Poland, France, Saudi Arabia, United States, Japan and Australia. The operation is currently contracted for the sale of vermiculite product to 10 customers, predominantly in Europe, Japan and Australia, are in place.

4.0 Namakera Vermiculite Resource Conclusions

The Mineral Resource for the Namakera Vermiculite Project has been presented in Table 1 above and is repeated here as Table 3.

Classification	Million Tonnes	Grade > 180µm	Grade > 425µm
Inferred Resources	54.9	26.7%	18.8%

Marketing Grade	Size	Distribution	Mt Vm (> 180µm)	Mt Vm (> 425µm)
Premium	>9.5mm	8%	1.2	0.8
Large	>5.6mm <9.5mm	21%	3.1	2.2
Medium	>2.0mm <5.6mm	30%	4.4	3.1
Fine	>1.18mm <2.0mm	20%	2.9	2.1
Super Fine/Micron	<1.18mm	21%	3.1	2.2
TOTAL			**14.7**	**10.3**

Table 3: Mineral Resources for the Namekara Project based on a 15% vermiculite (180_V) cut-off

A review of the grade Tonnage curves supports the Mineral Resource inventory, with uncertainties in the data quality and application further supporting the inclusion of Namakera estimates into the JORC Code (2004) compliant Inferred category

Based on a review of the verification work, AM&A believes that the quality of the estimates, as reported, is of acceptable standards and also reasonable.

The Vermiculite mineralisation at Namakera is understood to be closely associated with the occurrence of alkali and carbonatite intrusives in ultramafic rock. Vermiculite formation, predominantly attributable to the weathering and alteration of primary biotite and phlogopite in mica-rich rocks by chemical reaction with downward percolating surface water, occurred to a depth of >50m below surface. The overburden in the Namakera area is up to ≤12 m, but on average 6.5 m thick.

A review of the historical exploration work completed indicates that vermiculite occurs in flat lying zones near surface which contain sub-vertical, coarse-grained, high grade developments and extend over an area of over 1km^2 within ML4651 and contain an average thickness of 31 m containing >10% vermiculite, free of phlogopite, from a depth of 10-53 m below surface. This zone may extend over for another ±2.3 km northwards with vermiculite, although probably at reduced grade, extending over a total distance of ±5 km.

In the open pit the enriched, often very coarse-grained zones developed contain ±80%

vermiculite as compared with a consistent ±25% elsewhere. A deposit of high, coarse grade vermiculite, with a low strip ratio also occurs to the ESE of the present open pit.

When previously exploited, since the processing plant required disaggregating large or premium grade feed to yield the medium grade product required to be marketed, only coarser-grained, higher grade material was processed. As a result, the waste generated characteristically contained ±35% vermiculite. Approximately 15–20% of this waste is medium grade.

For this report the Inferred Mineral Resource Estimate (JORC Code 2004) extending over an area of over 1km^2 within ML4651 is presented in Table 3 has been included. No material change has occurred since that estimate, thus no update to JORC Code 2012 guidelines has been prepared.

In addition, for this report, a previous Exploration Target estimate which was prepared by AM&A in over a further area of 2.3 km^2 within ML4651 and northwards of the existing Inferred Mineral Resource Estimate (JORC Code 2004) is included.

This Exploration Target is estimated in the range of 20 Mt to 25 Mt at grades between 20% to 25% vermiculite. The potential quantity and grade of this estimate is therefore conceptual in nature. There has been insufficient work to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

This Exploration Target was based on exploration work and drilling programs completed by RIO between 2007 and 2008 and Gulf between 2010 and 2012. The RIO work included drilling of 72 vertical RC drill holes totalling 3,490m to depths of 40- 60m at spacing of 50-15 m. Of this drilling program six holes, NAM029 to NAM034 and NAM037 were drilled to test the occurrence of vermiculite outside the area upon which the JORC Code 2004 Inferred Mineral Resource had been determined and within the previous estimate area. It also included re-examination and logging of previously excavated small pits located in several areas north of the existing open pit and within the previous estimate area. The Gulf work included drilling of 54 drill holes totalling 3,408 m that were drilled at an angle of between 50 and 55 degrees off horizontal and the directions of drilling were 29 and 205 degrees on average. The drill hole density and or trenching density in the Exploration Target area is not sufficient to warrant this being classified as an Inferred Mineral Resource Estimate (JORC Code 2012). There has been insufficient work to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

5.0 The Busumbu Phosphate Deposit

5.1 Introduction

The Busumbu Phosphate deposit, is a residual fluoro-apatite deposit overlying a carbonatite lithology which is presumed to be the source of the phosphate. The deposit consists of a hard rock and a soft rock category. Soft rock refers to the phosphate in residual soils and saprolite and has a grade of 5% to 15% P_2O_5. The hard rock refers to a re-cemented deposit, the cement being secondary phosphate minerals. The primary and secondary apatite differs slightly in composition with the primary apatite being the higher grade. In total the hard rock deposit has a grade of 25% to 35% P_2O_5. The reported grade has been confirmed by Gulf when a grab sample from this unit assayed 31% P_2O_5.

5.2 Location, Access and Infrastructure

The Busumbu Phosphate deposit is located 1.0 km to the southeast of the Namekara vermiculite mine (Fig. 4).

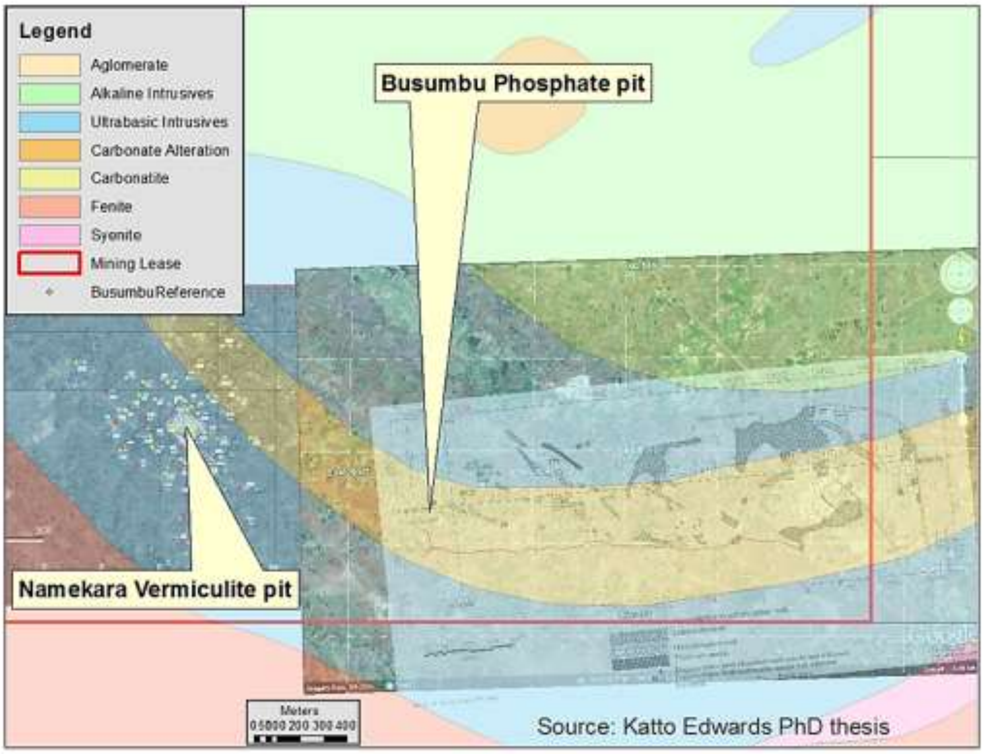

Figure 4: Location of Busumbu Phosphate deposit on ML4651

5.3 Tenement Details

The Busumbu Phosphate deposit is located on ML 4651.

Licence	Name	Area (km²)	Issued	Holder	Expiry
ML4651	Namekara	17.3	15-May-03	NMCL	14-May-24

Table 4: Busumbu Phosphate Deposit Tenement Details.

5.4 Local Geological setting

The deposit was studied in detail by a number of researchers. Katto Edwards' thesis "Evaluation of the Phosphate Resource at Busumbu Ridge", ITC Delft University is the most complete study currently available. Figure 5 below shows the distribution of hard rock phosphate at the surface as mapped by Edwards in 1995.

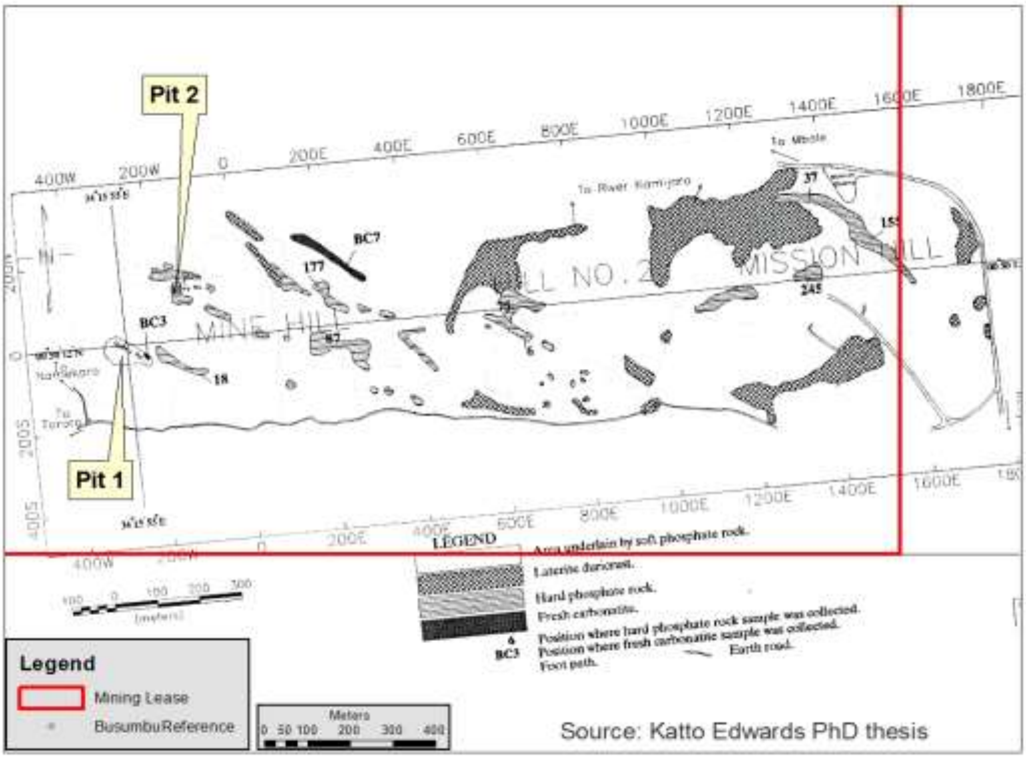

Figure 5: Surface mapping of the Busumbu Phosphate project on ML4651.

During the study a large number of pits were dug, sampled and mapped. The position of these pits can be reconstructed and the assay data is available from his thesis. Edwards estimated a resource from his results. The kriging process did not differentiate between the hard rock and soft rock deposits and returned a resource of 3 million tons at a grade of 11% P_2O_5 in the soil and 5.5 million tons at a grade of 15% P_2O_5 in the saprolite to a depth of 6 m. The resource present in the underlying carbonatite was ignored. Figure 6 below shows the position of pits forming part of Edwards' study.

The following excerpt from "Rocks for Crops, chapter 59 – Uganda" (Van Straaten 2002) adequately describes earlier work done on the deposit:

> *"Davies discovered carbonate rocks at Busumbu in the early 1930s. A pitting and drilling program, conducted between 1942 and 1945, revealed about 5 million tonnes of phosphate rock with grades between 8 and 35% P2O5. The average P2O5 content from samples of 430 m of pitting was 11.9% (Davies 1947, 1956). After Davies, the deposit has been studied by a succession of geologists, including Taylor (1955, 1960), Baldock (1969), Bloomfield (1973), Celenk and Katto (1993) and Mathers (1994). A joint team from the Department of Geological Survey and Mines (DGSM) and the United Nations Department for Development Support and Management carried out detailed geological investigations at Busumbu. Findings indicate that proven reserves of higher grade 'hard' phosphates (average grade 28.5 % P2O5) are 332,000 tonnes, and lower grade 'soft' phosphates with an average grade of 13.5 % P2O5 account for more than 2,468,000 tonnes (Celenk and Katto 1993).*

These initial and preliminary reserve estimates were based on limited pit excavations to a depth of 6 m from the surface."

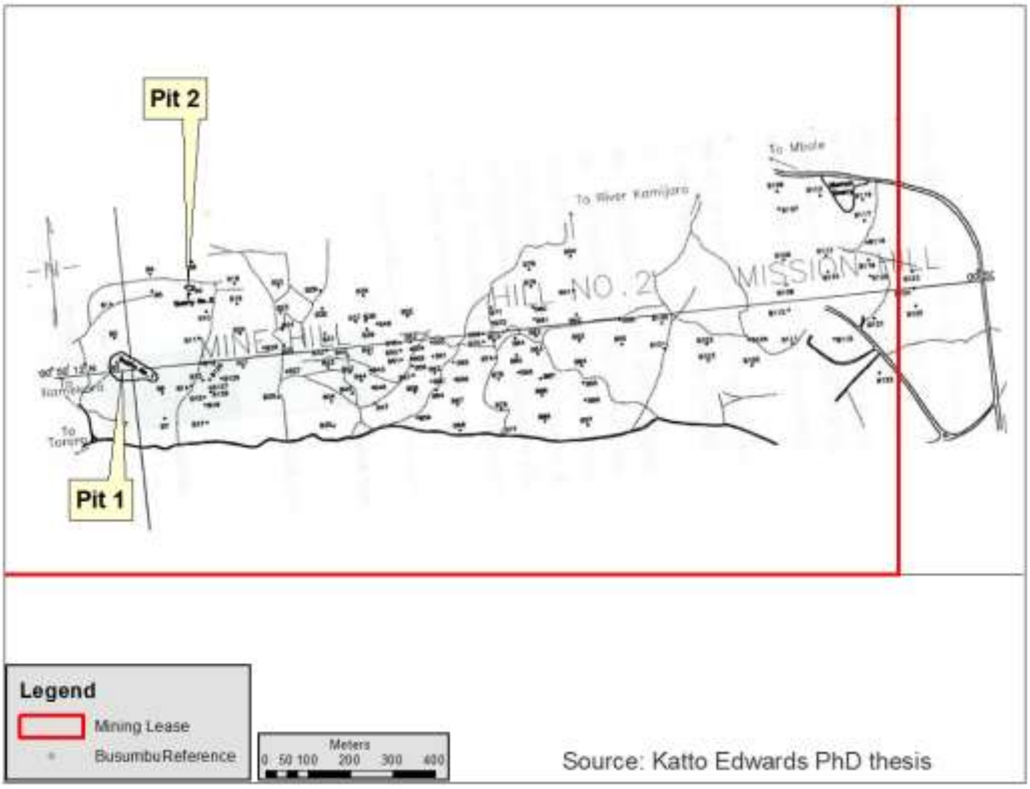

Figure 6: Pit Locations for the Busumbu Phosphate evaluation on ML4651.

Other sources indicate that the hard rock deposit consists of 332,000 tons at a grade of 28.5% P_2O_5 and another report that 8.4 Mt at a grade of 12.6% P_2O_5 is present on Hill no 2 alone.

RC drilling in 2012, confirmed historical results from 5 drillholes (details Table 2) returning up to;

35.1 m @ 25.6% P_2O_5 from 5 m,
44.5 m @ 19.3% P_2O_5 from 17.5 m,
29.2 m @ 25.3% P_2O_5 from 7 m and
59.2 m @ 18.3% P_2O_5 from 5.2 m.

Further investigations confirmed the presence of up to 35% P_2O_5 in the laterite profile and up to 16% P_2O_5 in the soft saprolite profile below the laterite.
Also observations in the Namekara vermiculite pit indicated extensive presence of several generations of late stage, cross cutting iron/phosphate rich carbonatite dykes, intruded into the country rock at shallow angles. Assays returned 16 to 24% P_2O_5. This suggests that substantial additional medium to high grade reserves are present at both projects.

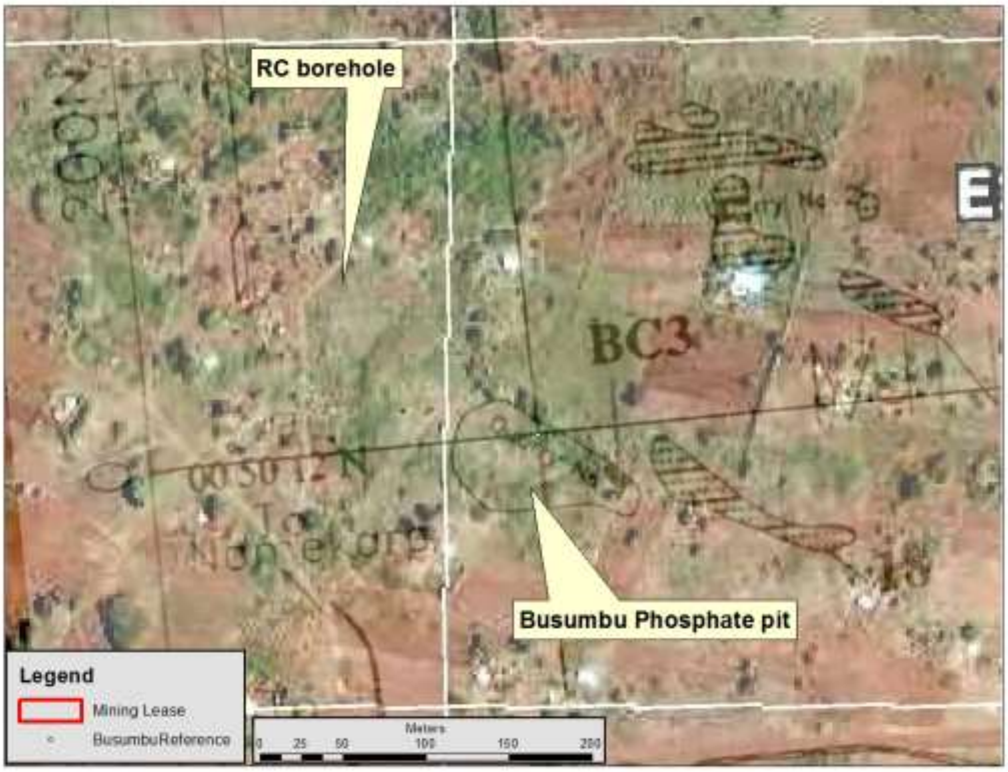

Figure 7: Position of Phosphate RC borehole on ML 4651

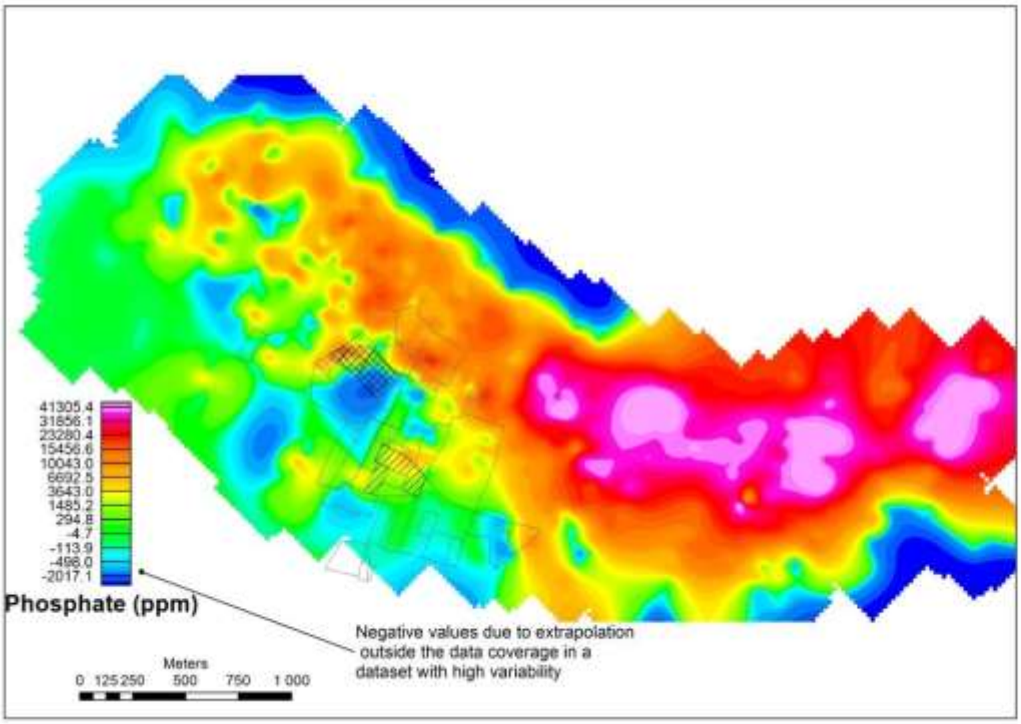

Figure 8: Geochemical soil sampling for phosphate in 2011 on ML4651.

5.5 Historical Mining Activities

A small phosphate mine operated intermittently at Busumbu during the period from 1944 to 1963. Phosphate rocks from Busumbu were mined from small open pits along

Busumbu ridge. Until 1956 the 'hard' phosphate rock was excavated, crushed and screened before being exported to Kenya for the manufacture of citric-soluble soda phosphate fertilizer using soda-ash from Lake Magadi. The undersized, fine phosphatic material was used as direct application fertilizer. From 1956 onward the customer requirement changed and 'hard' phosphate rock was replaced by a blend of soft phosphate rock with a P205 content of 15% P205 and hard phosphate with a P205 content of 30%. This phosphate blend was upgraded using magnetic separation techniques. The annual production of Busumbu reached 6,000 tonnes and a total of 62,000 tonnes of phosphate concentrate was produced over the period that the mine was in operation.

5.6 Potential

A review of the drilling completed in 2012 at the Busumbu Phosphate Project confirms the historical exploration results, with phosphate rock intersections averaging 34.8m grading 21.48% P_2O_5. The thicknesses of mineralisation in the drilling varied from several layers of 3 m thickness to a massive zone 59.2 metres in thickness from 5.2 m depth. Table 2 above shows drilling results from the 5 drill holes testing the Busumbu Phosphate Project.

Observations in the Namekara vermiculite pit indicated extensive presence of several generations of late stage, cross cutting iron/phosphate rich carbonatite dykes, intruded into the country rock at shallow angles. Assays returned 16 to 24% P_2O_5 from sampling in these dykes. It is postulated that the Busumbu Phosphate deposit is a residual soil deposit with some supergene enrichment developed over a concentration of such late stage dykes. This interpretation suggests that substantial additional medium to high grade reserves are hidden below the residual soils of Busumbu.

5.6 Busumbu Phosphate Deposit Conclusion

The reported historical resource estimates detailed above by Van Stratten and Katto Edwards over a period from 1942 are not reported in accordance with the JORC Code 2012 guidelines; a competent person has not done sufficient work to classify the historical estimates as mineral resources or ore reserves in accordance with the JORC Code (2012); and it is uncertain that following evaluation and/or further work that the historical estimates will be able to be reported as mineral resources or ore reserves in accordance with the JORC Code (2012).

AM&A considers that there is potential to outline a substantial high quality phosphate deposit at Busumbu.

For the purpose of this report, the historic resource estimated by Katto Edwards in 1995 has been used as a basis for that part of the valuation. It has not been updated since to comply with the JORC Code (2012) on the basis that the information has not materially changed since it was last reported.

The historical resource estimated by Katto Edwards in 1995 was determined based on trenching, sampling, surface mapping, geochemical and aeromagnetic surveys and RC drilling programs and mining and processing activities that had been completed at the Busumbu Phosphate Project since 1942. The potential dimensions of the apatite deposit at Busumbu are well defined.

A review of the work completed in 2011 and 2012 by Gulf, supports the reported historical exploration results. The thicknesses of mineralisation in the drilling completed then varied from several layers of 3m thickness to a massive zone 59.2 m in thickness from 5.2 m depth.

6.0 Silver Projects located in the USA

The Company holds a 70% interest in two prospective silver and gold projects, namely the New Departure Silver Project and the Conjecture Silver Project located in Idaho and Montana, north-western USA.

6.1 New Departure Project – Beaverhead County, Montana

The 427 hectare New Departure Silver Project comprises patented and unpatented claims located in Montana, US which is under a maximum 45 year lease from the Lucky Friday Extension Mining Company. Since it was discovered in the 1880s, the project has produced high grade silver through several operators, although production ceased in the 1980s.

Geological reports completed in 1998 identified six separate undeveloped ore blocks within the historic mine estimated to contain 100,000 – 120,000 tonnes of Ag mineralisation at an estimated average grade of 700 – 750 g/t Ag. The undeveloped ore blocks are located 30 m below the existing workings.

The mineralisation occurs as veins and replacements within a dolomitic limestone host (analogous to the deposits in Leaderville, Co.) and comprise high grade silver minerals such as tetrahedrite and high grade silver bearing galena.

The Company has completed a 3,000 m drill program comprising of 13 drill holes targeting the extension of historical workings and Induced Polarisation anomalies.

Sampling of the newly opened level returned silver grades of up to 5,194 g/t Ag. The samples were taken from the newly opened Blue Dot Level to access both the Bonanza Zone and Main Zone historical mining blocks. Initial metallurgical test work from bulk samples yielded up to 79% recovery producing 359 oz/t (11,160 g/t) silver concentrate recoverable from flotation processing.

No significant exploration or development work has been undertaken at the New Departure Silver Project over the past 12 months and the project has been placed on care and maintenance by the Company.

6.2 Conjecture Silver Project, Lakeview mining District, Idaho

The Conjecture Silver Project consists patented and unpatented mining claims covering over 700 hectares in the Lakeview Mining District, a prolific silver region.

The property has a history of production and development for over 100 years, with no significant activity since the 1970s. The geology is the same as that hosting the major ore deposits of the Coeur d'Alene District some 35 miles to the east of the Conjecture mine. The Coeur d'Alene District has the distinction of being the most productive silver district in North America.

The Conjecture Project, which is leased for a maximum 45 years from Chester Mining Company, has infrastructure including a three compartment shaft. Exploration drifts exist at the 700 ft level (213.3m), 1,000 ft level (304.8m), 1,600 ft level (487.7m) and the 2,000 ft level (609.6m).

The Company completed a 16 hole diamond core drilling programme (1,800 m) at the targeting confirmation of historic mining blocks and previously undrilled sections of the Conjecture Shear Zone. Initial assay results for intercepts returned grades of 300-1,100 g/t silver.

BMZ began development with a culvert at the portal entry for the Graham Adit at the Conjecture Project and commenced work on the construction of a decline parallel to the vein zone to enable further exploration and development of historic workings as well as new ground. Cross cuts were proposed to be driven from the decline to the vein zones approximately every 200 feet (61.2 m) assess production targeting up to 300 tpd.

No significant exploration work or development activities have been undertaken at the Conjecture Silver Project over the past 6 months.

7.0 Conclusion

There is demonstrated potential to support a viable mining project at both the vermiculite and phosphate projects

Yours faithfully,

Allen J. Maynard BAppSc(Geol), MAIG, MAusIMM.

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9.0 Glossary

Augite	Common rock-forming mineral; $(Ca,Na)(Mg,Fe,Al,Ti)(Si,Al)_2O_6$
Basalt	A fine-grained volcanic rock composed primarily of plagioclase feldspar and mafic minerals.
Bedding	A rock surface parallel to the surface of deposition.
Cleavage	The tendency of a rock and minerals to split along closely spaced, parallel planes.
Country rock	A general term applied to rock surrounding or penetrated by mineral veins.
Dip	The angle at which a rock layer, fault of any other planar structure is inclined from the horizontal.
Domain	The areal extent of given lithology or environment.
Dyke	A tabular intrusive body of igneous rock that cuts across bedding at a high angle.
Fault	A fracture in rocks on which there has been movement on one of the sides relative to the other, parallel to the fracture.
Fold	A bend in the rock strata or planar structure.
Foliation	The laminated structure resulting from the parallel arrangement of different minerals.
Footwall	Rocks underlying mineralisation .
Igneous	Formed by solidification from a molten or partly molten state.
Inferred Resource	A resource inferred from geoscientific evidence, drill holes, underground openings or other sampling procedures where lack of data is such that continuity cannot be predicted with confidence and where geoscientific data may not be known with a reasonable level of reliability.
Ijolite	Igneous rock consisting of nepheline and augite.
Isocline	An anticline or syncline so closely folded that the two sides have the same dip.
JORC Code	Joint Ore Reserves Committee- Australasian Code for Reporting for Identified Resources and Ore Reserves.
Mineralisation	In economic geology, the introduction of valuable elements into a rock body.
Nepheline	Silica undersaturated aluminosilicate; $Na_3KAl_4Si_4O_{16}$.
Open pit	Descriptive of a mine worked open from the surface.
Ore	A mixture of minerals, host rock and waste material which is expected to be mineable at a profit.
Orebody	A continuous, well-defined mass of ore.
Outcrop	The surface expression of a rock layer (verb: to crop out).
Plunge	Angle of the axis of folding with a horizontal plane.
Primary mineralisation	Mineralisation which has not been affected by near-surface oxidising process.
RAB	**R**otary **A**ir **Bl**ast (as related to drilling)—A drilling technique in which the sample is returned to the surface outside the rod string by compressed air.

RC	**R**everse **C**irculation (as relating to drilling)—A drilling technique in which the cuttings are recovered through the drill rods thus minimising sample losses and contamination.
Resource	In-situ mineral occurrence from which valuable or useful minerals may be recovered, but from which only a broad knowledge of the geological character of the deposit is based on relatively few samples or measurements.
Reverse Fault	A fracture in rocks in which the strata above the fracture have been displaced up the fracture plane relative to the strata below the fracture.
Shear (zone)	A zone in which shearing has occurred on a large scale so that the rock is crushed and brecciated.
Silicified	Containing a high proportion of silicon dioxide.
Soil sampling	Systematic collection of soil samples at a series of different locations in order to study the distribution of soil geochemical values.
Strike	The direction or bearing of the outcrop of an inclined bed or structure on a level surface.
Strike-slip fault	Faults parallel to the strike of the rock strata.
Stringer	A narrow vein or irregular filament of mineral traversing a rock mass.
Subcrop	The surface expression of a mostly concealed rock layer.
Syncline	A fold where the rock strata dip inwards towards the axis (antonym: anticline).
Unconformity	Lack of parallelism between rock strata in sequential contact, caused by a time break in sedimentation.
Vein	A narrow intrusive mineral body.

Abbreviations

Au	Gold
Pb	Lead
g	gram
kg	kilogram
km	kilometre
km^2	square kilometre
m	metre
m^2	square metre
m^3	cubic metre
mm	millimetre
MMI	Mobile Metal Ions
t	tonne
oz	troy ounce, equivalent to 31.1035g.
ppb	parts per billion
ppm	parts per million

10.INVESTIGATING ACCOUNTANT'S REPORT

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5 August 2016

The Board of Directors
Black Mountain Resources Limited
Suite 5, 531 Hay Street
SUBIACO WA 6008

Dear Sirs

RE: INVESTIGATING ACCOUNTANT'S REPORT

1. Introduction

This report has been prepared at the request of the Directors of Black Mountain Resources Limited ("Black Mountain" or "the Company") for inclusion in a Prospectus to be dated on or around 8 August 2016 ("the Prospectus") relating to the proposed offer and issue by Black Mountain of a minimum of 45,000,000 post-consolidated shares to be issued at a price of 10 cents each to raise a gross $4,500,000 ("Capital Raising Shares").

Further details are outlined below including summary details on the proposal to issue 18,500,000 post consolidated ordinary shares whereby Black Mountain will acquire the rights that African Phosphate Pty Limited ("African Phosphate") has to acquire 100% of the issued capital of GLF Holdings Limited ("GLF"). In addition, Black Mountain will issue 33,093,380 post consolidated shares to the vendors of GLF as more fully described below.

GLF is a company incorporated in the British Virgin Islands and GLF owns 100% of Industrial Minerals International Corp ("IMIC") a British Virgin Island company and 1% of Namakera Mining Company Limited ("NMCL") a Ugandan registered company. IMIC owns 100% of the share capital of East African Vermiculite Pty Ltd ("EAV"), a company that has loaned the equivalent of approximately $6,315,000 to NCML. All of such companies are known in this report as the GLF Group.

NMCL owns 100% of the Namakera Vermiculite Mine, the Busumbu Phosphate Project and various exploration targets for vermiculite, copper, iron, zircon and rare earths ("Exploration Targets") all located in Uganda in Africa. All of the interests are collectively called the Ugandan Projects. In effect via the various interests in IMIC and NMCL, GLF controls the Ugandan Projects. Further details on NMCL and its mineral interests are outlined elsewhere in this report and the Prospectus.

2. Basis of Preparation

This report has been prepared to provide investors with information on historical results, the condensed statement of financial position (balance sheet) of Black Mountain and the pro-forma consolidated statement of financial position of Black Mountain as noted in Appendix 2. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial reports in accordance with the Corporations Act 2001. This report does not address the rights attaching to the securities to be issued in accordance with the Prospectus, nor the risks associated with the investment. Stantons International Securities Pty Ltd (trading as Stantons International Securities) has not been requested to consider the prospects for Black Mountain (including its proposed subsidiary, GLF and its subsidiaries)), the securities on offer and related pricing issues, nor the merits and risks associated with becoming a shareholder and accordingly, has not done so, nor purports to do so.

Stantons International Securities Pty Ltd accordingly takes no responsibility for those matters or for any matter or omission in the Prospectus, other than responsibility for this report. Risk factors are set out in Sections 1.11 and 8 of the Prospectus and all investors should read the risks of investing in the Company.

3. Background

Black Mountain is a public company, incorporated in Australia. The Company's is engaged in the identification, acquisition, exploration and, if warranted, development of mineral assets. Its most significant mineral interests are:

US Silver Projects – over the past 3 and a half years, the Company (and its subsidiaries) have spent approximately $8,000,000 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, the Conjecture Silver Project and the Tabor Gold and Silver Project. The Company has further entered into a lease agreement with a processing facility and has been focused on the recommencement of underground mining activities at Conjecture.

Exploration and development work at the US Silver Projects in the past 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 the Tabor Gold and Silver Project and activities on the New Departure Silver project have been suspended with the operation placed on care and maintenance with the Company's ongoing involvement in that project under ongoing review.

Work, albeit minimal, is continuing at the Conjecture Silver Project with a view of commencing a further drilling programme, completing refurbishment works at the processing facilities and completing further geological and detailed mine planning work with a view to recommence mine development and operating activities later in 2017 is subject to an appreciation in prevailing silver prices and in the Company recapitalising to an extent that it has sufficient working capital.

The Company in the second half of calendar 2015 undertook a capital raising by way of a rights issue at 1 cent each (planned to issue 687,845,825 shares) with the plan to raise a gross $6,878,458 ("Rights Issue"). The Company's shareholders subscribed for 272,946,665 shares and raised a gross $2,729,467. Subsequent to the Rights Issue in September 2015, the Company's shares were suspended from trading and remain suspended. The Company was planning to complete the issue of the shortfall shares (414,899,160 Shortfall Shares) from last years' Rights Issue and raise a further $4,148,991. However, due to running out of time, the proposed issue of the Shortfall Shares did not proceed.

It is planned to consolidate the shares on a 1 for 10 basis and then undertake a new capital raising (New Capital Raising) of $4,500,000 by way of the issue of up to 45,000,000 shares at 10 cents each (on a post consolidated basis).

In March 2016, the Company entered into an agreement with African Phosphate, in which Jason Brewer (director of Black Mountain) is Chief Executive Officer and shareholder to assume the rights of African Phosphate for African Phosphate to acquire 100% of the shares in GLF. In effect via the various interests in IMIC and NMCL, GLF controls the Ugandan Projects. African Phosphate had entered into a Binding Heads of Agreement ("BHA") to acquire 100% of GLF.

The GLF vendors are Jonah Resource Holdings Limited ("JRH") and Richmond Master Partners Limited ("RPM"). All rights under the BHA between African Phosphate and JRH and RMP were transferred to the Company and an agreement was signed between the Company and JRH and RPM described below as the Share Sale Agreement.

Summary of the proposals (noted as the Transaction)

Composition of Transaction

The material terms of the Transaction are:

- The Company will acquire the rights secured by African Phosphate to acquire NMCL by acquiring 100% of the issued capital of GLF (by way of an issue of 18,500,000 post-consolidated shares ("AP Agreement Shares") to the shareholders of African Phosphate (of which the interests of Jason Brewer will receive 5,500,000 AP Agreement Shares).

- The Company has entered into a share sale agreement with JRH and RPM pursuant to which JRH and RPM have agreed to sell and the Company has agreed to purchase all the shares in GLF – and so obtain a 100% interest in NMCL (the Share Sale Agreement);

- Pursuant to the Share Sale Agreement, the Company had agreed to:

    - issue to JRH and RPM shares ("the Consideration Shares") (in effect JRH is to receive 4,978,803 Consideration Shares and RPM and LB International Limited a related party to RPM are to receive a total between them of 28,211,577 Consideration Shares following completion of the minimum capital raising of $4,000,000 (at 10 cents per post consolidated share) and at the time of the recommencement of trading on the ASX by the Company (RPM will receive 28,641,577 Consideration Shares and LB International Limited will receive 570,000 Consideration Shares);

    - invest a total of US$5,000,000 ("Investment Commitment") into GLF within 3 years of the date of the Share Sale Agreement (of which US$2,500,000 is to be made by 31 December 2016);

    - in the event the Company does not make the investment Commitment payment, make an additional cash payment to JRH and RPM in aggregate of US$250,000 within 3 years. The amount will only be payable if the Vendors continue to hold at least 50% of the Consideration Shares on the third anniversary of the execution date of the Share Sale Agreement; and

    - complete the capital raising (Placement) with binding commitments for equity capital of no less than US$4,000,000 (subsequently agreed to be altered to a capital raising of $4,500,000);

  The Company has entered into a deed of assignment of debt with JRH and RPM pursuant to which JRH and RPM have agreed to jointly and severally assign all of their rights, title and interest to the Debt (see below) to the Company ("Deed of Assignment of Debt").

  The Debt is the amount owing by GLF to JRH and RPM at the date of settlement of the Share Sale Agreement, including the loans in the sum of US$10,144,257.37 advanced to GLF by JRH and RPM. The maximum amount of the Debt liability owing by GLF to JRH and RPM is not expected to exceed US$13,784,554 (the amount disclosed as owing as at 31 March 2016). On completion of the acquisition of the GLF Group and after the assignment of the Debt, GLF will owe the Debt (liability) to Black Mountain and no funds will be owed by GLF to JRH and RPM.

The interests of Jason Brewer (a non-executive Director), is Chief Executive Officer of African Phosphate and will, subject to Resolution 5 of the Notice as referred to below, receive 5,500,000 AP Shares on Completion. In addition, subject to the passing of Resolution 6 of the Notice as referred to below, the interests of Simon Grant-Rennick, a proposed director of Black Mountain will receive 3,500,000 AP Agreement Shares.

Royalty Payment

The Company has entered into a Royalty Agreement with various parties who have provided financial assistance, technical assistance and corporate advisory assistance in respect of the Transaction and corporate assistance in relation to the restructuring and re-capitalisation of the Company. The consideration for such services is a 1% royalty (allocated between each royalty holder) equal to 1% of all sales revenue received from mineral production by the Company and NMCL and is payable quarterly in arrears. The royalty period is the period from the commencement (after the date of the Royalty Agreement) of production until 31 December 2026. Further details are outlined in the Prospectus.

The Company has entered into a deed with LB International Limited (LBI) pursuant to which, in consideration of LBI's role in advising and assisting the Company in the settlement of the Share Sale Agreement, the Company has agreed:

- To pay LBI an advisory fee of US$3,000,000 cash to be paid on a deferred basis quarterly in arrears, with each quarterly payment amount calculated as an amount equal to 66% of NMCL and IMIC's net cash flow after-tax ("Advisory Fee"). The Advisory Fee will accrue interest at the rate of 5% cumulative annual interest rate. If the Advisory Fee is not paid in full by 30 June 2019 then the outstanding balance will automatically convert into Shares which will be issued to LBI at an issue price equivalent to the VWAP for the 6 months prior to the last date due for payment and will be issued within 30 Business Days; and

- To reimburse LBI, by no later than the date of settlement of the acquisition of GLF, an amount of US$120,000 to settle funds and associated interest and penalties fees, advanced by LBI to NCML from 1 February 2016 to 1 March 2016 ("Working Capital Fee"). The Working Capital Fee will accrue interest at a rate of 2% per month from 30 April 2016 compounding monthly until full repayment is made. It is expected that the interest may approximate US$7,345.

In the event that the Investment Commitment payments of US$5,000,000 are not paid within 3 years, then the shortfall in the Investment Commitment will automatically be converted to ordinary fully paid shares in the Company (shares issued to LBI). The issue price will be equivalent to the volume weighted average share price ("VWAP") for the six months prior to the third anniversary date of the agreement with LBI. LBI is a party associated with RPM.

Directors

The current Directors are Jason Brewer, John Ryan and Julian Ford. Subject to Completion and the passing of the relevant resolutions, the Board of the Company will be re-structured so that immediately following Completion, the Board shall consist of:

- Simon Grant-Rennick (Executive Director – Sales and Marketing)
- Jason Brewer as Executive Director;
- John Ryan;
- Julian Ford (Non Executive Chairman); and
- Luca Bechis, as nominee of RPM.

Some details of the proposed new Directors are set out at section 12 of the Prospectus.

Completion of the Transaction is subject to the following key conditions:

- the Company obtains all required Shareholder approvals;
- the Placement is completed and raises $4,500,000;
- the Company obtains all required regulatory approvals pursuant to the ASX Listing Rules, Corporations Act and other applicable laws or regulations in connection with the Transaction; and
- the various transaction documents remain binding and in full force and effect and none of them are terminated.

Furthermore, agreement has been reached with various creditors and financiers to accept either cash or shares (or a combination of both) to settle amounts owing to them as at 31 March 2016. The discount applicable to the relevant creditors and financiers will be written back to the statement of comprehensive income as reversal of expenses.

It is noted that amounts initially shown as owing to a past Director, Peter Landau and his associated entities of approximately $1,235,835 will be written back to $nil on the basis of written instructions from Peter Landau. However, ASIC has a freezing order involving Peter Landau and thus there is always the possibility that the initial claims may be payable. The Company has written back the initial amounts claimed by Peter Landau and his associated companies and these are now disclosed as contingent liabilities. The Company would negotiate to extinguish any debts payable to Peter Landau and his associated companies by way of the issue of new shares in Black Mountain in the event a claim was made at a later stage.

As noted above, the Consideration Payable for the shares in GLF and acquiring the rights from African Phosphate:

- A total of 33,190,380 Consideration Shares in Black Mountain will be issued to the vendors of GLF ("Vendors" or "GLF Vendors") (Resolution 3 of the Notice as referred to below) refers to the issue of Consideration Shares); and

- A total of 18,500,000 AP Agreement Shares will be issued to the shareholders of African Phosphate (of which the interests of Jason Brewer will receive 5,500,000 AP Agreement shares and the interests of Simon Grant- Rennick will receive 3,500,000 AP Consideration Shares). Resolutions 4, 5 and 6 of the Notice referred to below refer to the issue of AP Agreement Shares.

The proposed acquisition of 100% of the issued capital of GLF and the rights and obligations of African Phosphate (and effectively a 100% interest in NMCL) is known as the Acquisition.

The Acquisition (of GLF) and details on the GLF Group and the Ugandan Projects are outlined in further detail in Sections 1.2 and 4 of the Prospectus.

A summary of the audit reviewed consolidated balance sheet (statement of financial position) of the GLF Group as at 31 March 2016 is noted elsewhere in this report.

Shareholders' approval for the Acquisition and other ancillary resolutions is being sought at the Extraordinary General Meeting of Shareholders to be held on 15 August 2016 ("EGM") and this report assumes all resolutions (see below) are approved and acted upon.

There are 12 resolutions being put to the shareholders as noted in the Notice of Meeting ("Notice") mailed to shareholders on July 2016. The resolutions, inter-alia, are as follows:

- Resolution 1 - approve the proposed 1 for 10 consolidation of capital;
- Resolution 2 – approve entering into the Transaction (as noted in section 1.3 of the EM and as noted above);

- Resolution 3 – approve the issue of 4,978,803 Consideration Shares to JRH, 27,641,577 Consideration Shares to RPM and 570,000 to LBI;
- Resolution 4 – approve the issue of 9,500,000 AP Agreement Shares to African Phosphate (or its nominees) (part of the 18,500,000 AP Shares);
- Resolution 5 – approve the issue of 5,500,000 AP Agreement Shares to Jason Brewer or nominee (part of the 18,500,000 AP Shares);
- Resolution 6 – approve the issue of 3,500,000 AP Agreement Shares to Langleycourt Properties Pty Ltd and Alpha Corporate Services (Bermuda) Limited or their nominees companies associated with Simon Grant (part of the 18,500,000 AP Shares to be issued); and a 20% share of the Royalty to Langleycourt Properties Pty Ltd and Alpha Corporate Services (Bermuda) Limited or their nominees;
- Resolution 7 – approve the election of Luca Bechis as a Director of the Company;
- Resolution 8 – approve the election of Simon Grant- Rennick as a Director of the Company;
- Resolution 9 – approve the election of Simon Julian Ford as a Director of the Company;
- Resolution10 – approve the issue of up to 45,000,000 New Shares pursuant to a Placement (Capital Raising) at 10 cents each;
- Resolution 11 – approve the issue of 2,500,000 Finance Options, exercisable at 12.5 cents, on or before 30 June 2018; and
- Resolution 12 – approve the issue a total of 15,474,800 Debt Conversion Shares that includes the issue of 5,000,000 Debt Conversion Shares to Nazdell, up to 7,974,800 Debt Conversion Shares (in total) to Seefeld, Tyche and Gorilla Pit Pty Ltd and up to $250,000 Debt Conversion Shares to various unrelated creditors of the Company.

The Company has also entered into various agreements with Gorilla Pit Pty Ltd to secure a loan from Gorilla Pit Pty Ltd to the extent of up to $260,000 (includes an existing advance of $50,000 and US$28,773). The loan incurs and interest rate of 11.5% per annum and this is fixed at $30,000 and may be payable, at the option of the Company, in cash or 300,000 post consolidated shares. Furthermore, an establishment fee of $50,000 is payable and may be payable, at the option of the Company, in cash or 500,000 post consolidated shares. All share issues to Gorilla Pit Pty Ltd are subject to shareholder approval and if not approved, the interest and establishment fees are payable in cash. The advance/facility is secured over the assets and undertakings of the Company by way of a fixed and specific charge. The 800,000 post consolidated shares are noted in Resolution 13 of the Notice referred to above as part of the 7,974,800 Debt Conversion Shares.

The employment and engagement arrangements of the directors of Black Mountain post completion of the Acquisition are set out in Section 14 of the Prospectus.

Potential investors should read the Prospectus in full. We make no comments as to ownership or values of the current and proposed assets of the GLF Group. Further details on all significant (material) contracts entered into by the Company and the GLF Group relevant to new and existing investors are referred to in Section 14 of the Prospectus.

4. Scope of Examination

You have requested Stantons International Securities Pty Ltd to prepare an Independent Accountant's Report on:

(a) The consolidated statement of comprehensive income of Black Mountain for the year ended 30 June 2015 and nine months ended 31 March 2016 and the consolidated statement of comprehensive income of the GLF Group for the 2 years ended 30 June 2015 and nine months ended 31 March 2016;

(b) The consolidated statement of financial position of Black Mountain and the GLF Group as at 31 March 2016; and

(c) The consolidated pro-forma statement of financial position of Black Mountain at 31 March 2016 adjusted to include funds to be raised by the Prospectus and the completion of transactions referred to in note 2 of Appendix 3.

All of the financial information referred to above has been audited (except for the audit reviewed pro-forma consolidated statement of financial position as at 31 March 2016; the consolidated statement of comprehensive income for the nine months ended 31 March 2016 for Black Mountain and the GLF Group for the years ended 30 June 2014 and 2015 and the nine months ended 31 March 2016).

The financial accounts of NMCL have been audited for the years ended 30 June 2014 and 2015 and the nine months ended 31 March 2016. GLF and IMIC are in effect holding companies and only have loans from two shareholders and investments in and loans to NMCL. In addition, EAV's only asset is a loan to NMCL. All intercompany loans are eliminated on consolidation. The Directors of Black Mountain are responsible for the preparation and presentation of the historical and pro-forma financial information, including the determination of the pro-forma transactions. We have however examined the financial statements and other relevant information and made such enquiries, as we considered necessary for the purposes of this report.

The scope of our examination was substantially less than an audit examination conducted in accordance with Australian Auditing Standards and accordingly, we do not express such an opinion. We have conducted our engagement in accordance with Auditing Standard on Review Engagements ASAE 3450 – Assurance Engagements involving Corporate Fundraising and/or Prospective Financial Information and with Standard on Assurance Engagements ASRE 3420 – Assurance Engagements to Report on the Compilation of Pro Forma Historical Financial Information Included in a Prospectus or other Document.

Our examination included:

a) Discussions with Directors and other key management of Black Mountain;
b) Review of contractual arrangements;
c) A review of publicly available information; and
d) A review of work papers, accounting records and other documents

5. Opinion

In our opinion, the pro-forma consolidated statement of financial position as set out in Appendix 2 presents fairly, the pro-forma consolidated statement of financial position of Black Mountain as at 31 December 2015 in accordance with the accounting methodologies required by Australian Accounting Standards on the basis of assumptions and transactions set out in Appendix 3.

It is our view that the historic financial information set out in Appendices 1, 2 and 3 (including the financial information on Black Mountain as well as the GLF Group) presents fairly and no adjustments on the historical results and statements of financial position, as shown in Appendices 1, 2 and 3 (including GLF Group financial information) are required. We state that nothing has come to our attention which would require any further modification to the financial information relating to Black Mountain and the GLF Group in order for it to present fairly, the consolidated statements of comprehensive income (for Black Mountain and the GLF Group for the years ended 30 June 2014 and 2015 and nine months ended 31 March 2016) and the consolidated statements of financial position as at 30 June 2015 and 30 June 2014 for GLF and the consolidated statement of financial position of Black Mountain and GLF as at 31 March 2016.

To the best of our knowledge and belief, there have been no other material items, transactions or events subsequent to 31 March 2016 that have come to our attention during the course of our review which would cause the information included in this report to be misleading.

6. Other Matters

At the date of this report, Stantons International Securities Pty Ltd or Stantons International Audit and Consulting Pty Ltd (Trading as Stantons International) do not have any interests in Black Mountain either directly or indirectly, or in the outcome of the offer. Stantons International Securities Pty Ltd were not involved in the preparation of any other part of the Prospectus, and accordingly, make no representations or warranties as to the completeness and accuracy of any information contained in any other part of the Prospectus. Stantons International Securities Pty Ltd consents to the inclusion of this report (including Appendices 1 to 3) in the Prospectus in the form and content in which it is included. At the date of this report, this consent has not been withdrawn.

Yours faithfully
STANTONS INTERNATIONAL SECURITIES PTY LTD

John Van Dieren – FCA
Director

INVESTIGATING ACCOUNTANT'S REPORT

APPENDIX 1 – CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Black Mountain Year ended 30 June 2015 (Audited)	Black Mountain Nine month ended 31 March 2016 (Reviewed)
	$	$
Revenue- interest income and other income	-	-
Employment/director related expenses	(382,118)	(110,000)
Financial and company secretarial management expenses	(330,882)	(196,664)
Exploration costs and impairment	(19,212,249)	(70,203)
Finance costs	(336,694)	(166,975)
Consultancy and travel	(323,589)	(628,492)
Other expenses	(82,324)	(58,090)
ASX and share registry costs	(161,924)	(49,974)
Depreciation	(52,242)	(10,950)
Write back of creditor claims	-	-
(Loss) before tax	(20,879,022)	(1,290,128)
Income tax	-	-
Net (loss) after tax from continuing activities	(20,879,822)	(1,290,128)
Other Comprehensive Income- Foreign exchange gains	779,628	-
Total Comprehensive Profit (Loss) for the period	(20,099,394)	(1,290,128)
Profit (Loss) attributable to:		
Equity holders of the Company	(20,206,171)	(1,091,887)
Non controlling interests	(272,851)	(198,241)
	(20,879,822)	(1,290,128)

The Company, once the acquisition of the GLF Group is consummated, will be entering into expanded business activities in the vermiculite, copper, iron, zircon and rare earths sector in Africa and an increase in the scale of activities.

We have not disclosed the detailed financial information for the year ended 30 June 2014 (a net loss from operation of $3,951,883 and a total comprehensive loss of $4,079,664). The disclosure of Black Mountain financial information for the year ended 30 June 2014 is not considered relevant to investors.

APPENDIX 2 – CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	**Black Mountain Consolidated 31 March 2016 (Reviewed) $000's**	**Black Mountain Pro-forma Reviewed Consolidated 31 March 2016 $000's**
Current Assets			
Cash assets	3	1	2,703
Receivables, prepayments and loans	4	4	465
Inventory		-	169
Total Current Assets		5	3,337
Non-Current Assets			
Plant and equipment	5	-	712
Loan to NMCL	4	125	-
Capitalised exploration and evaluation costs	6	-	37,840
Investment in subsidiaries	7	-	-
Total Non Current Assets		-	38,552
Total Assets		130	41,889
Current Liabilities			
Trade and other payables	8	2,331	1,276
Short term borrowings	9	89	-
Interest bearing loans	9	90	-
Interest bearing loans to other parties (secured)	9	2,643	-
Royalty and advisory fee liability	10	-	92
Total Current Liabilities		5,153	1,368
Non-Current Liabilities			
Make good provision		-	41
Owing to East African Vermiculite	9	-	-
Royalty liability	10	-	1,300
Adviser Fee liability	10		4,177
Deferred tax liability	11	-	11,013
Total Non- Current Liabilities		-	16,531
Total Liabilities		5,153	17,899
Net Assets (Liabilities)		(5,023)	23,990
Equity			
Issued capital- ordinary	12	23,627	34,243
Reserves	13	3,385	3,475
Accumulated losses	14	(29,687)	(11,380)
		(2,675)	26,338
Non controlling interests		(2,348)	(2,348)
Total Equity (Deficiency)		(5,023)	23,990

Condensed Notes to and forming part of the above condensed consolidated statements of financial position are attached.

INVESTIGATING ACCOUNTANT'S REPORT

APPENDIX 3

CONDENSED NOTES TO THE AUDITED, AUDIT REVIEWED AND UNAUDITED STATMENTS OF COMPREHENSIVE INCOME AND CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

1. Statement of Significant Accounting Policies

(a) **Basis of Accounting**

The audited and audit reviewed condensed consolidated Statements of Comprehensive Income and audit reviewed or audited condensed consolidated Statements of Financial Position have been prepared in accordance with applicable accounting standards, the Corporations Act 2001 and mandatory professional reporting requirements in Australia (including the Australian equivalents of International Financial Reporting Standards) and we have made such disclosures as considered necessary. They have also been prepared on the basis of historical cost and do not take into account changing money values. The accounting policies have been consistently applied, unless otherwise stated. The financial statements have been prepared on a going concern basis that is dependent on the capital raising being successful.

(b) **Income Tax**

The charge for current income tax expense is based on the profit for the year adjusted for any non assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantially enacted as at balance date. Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxation profit or loss. Deferred income tax assets are recognised to the extent that it is probable that the future tax profits will be available against which deductible temporary differences will be utilised. The amount of the benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in the income taxation legislation and the anticipation that the economic unit will derive sufficient future assessable income to enable the benefits to be realised and comply with the conditions of deductibility imposed by law.

(c) **Plant and Equipment**

Each class of property, plant and equipment is carried at cost or fair value, less where applicable, any accumulated depreciation and impairment losses. The carrying amount of the plant and equipment is reviewed annually by the Directors to ensure it is not in excess of the recoverable amount of these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employed and their subsequent disposal. The expected net cash flows have been discounted to their present value in determining recoverable amounts.

(d) **Depreciation**

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the Company commencing from the time the asset is held ready for use. The asset's residual value and useful lives are reviewed and adjusted if appropriate, at each balance sheet date. An asset's carrying value is written down immediately to its recoverable amount if the asset's carrying value is greater than the estimated recoverable amount. Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

(e) **Trade and other accounts payable**

Trade and other accounts payable represent the principal amounts outstanding at balance date, plus, where applicable, any accrued interest.

(f) **Recoverable Amount of Non Current Assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at a re-valued amount (in which case the impairment loss is treated as a revaluation decrease). An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the financial statements unless the asset is carried at re-valued amount, in which case the reversal is treated as a revaluation increase/decrease. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(g) **Revenue and Other Income**

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the entity and specific criteria relating to the type of revenue as noted below, has been satisfied.

Sale of Goods

Revenue from sale of goods is recognised when the Parent and Group has transferred to the buyer the significant risks and rewards of ownership of the goods supplied. Significant risks and rewards are generally considered to be transferred to the buyer when the customer has taken undisputed delivery of the goods.

Interest Income

Interest revenue is recognised on an accrual basis using the effective interest method.

(h) **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. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

(i) **Principles of Consolidation**

The consolidated financial statements comprise the financial statements of Black Mountain and its subsidiaries ("the Group"). Subsidiaries are all those entities over which the Company has control. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Investments in subsidiaries are carried at their cost of acquisition in the Company's financial statements. In preparing the consolidated financial statements all intercompany balances and transactions, income, expenses and profit and loss resulting from intergroup transactions have been eliminated in full. Minority interests held by the Company are allocated their share of net profit after tax in the statement of comprehensive income and are presented within equity in the statement of financial position, separately from parent shareholders' equity.

(j) **Employee benefits**

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

(k) **Critical accounting estimates and judgements**

In preparing this Financial Report, the Company has been required to make certain estimates and assumptions concerning future occurrences. There is an inherent risk that the resulting accounting estimates will not equate exactly with actual events and results.

Significant accounting judgements

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

Share Based Payments

The Company measures the cost of equity settled transactions with directors and employees by reference to the fair value of the equity instruments as at the date at which they are granted. The assessed fair value of the share options at the grant date is allocated equally over the period from the grant date to the vesting date. The fair value at the grant date is determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the options, the impact of dilution, the share price, the expected volatility of the underlying share, the expected dividend, and the risk-free interest rate for the term of the option.

Impairment

The Group assesses impairment at each reporting date by evaluating conditions and events specific to the Group that may be indicative figures. Recoverable amounts of relevant assets are reassessed using value-in use calculations which incorporate various key assumptions. In particular the carrying value of fixed assets and capitalised exploration, evaluation and development costs are reviewed on a regular basis to ensue impairment is not necessary (other than normal depreciation and amortisation).

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 include impairment of capitalised research and development, software capitalised, plant and equipment and investments in subsidiaries.

(l) **Financial Instruments**

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' ("FVTPL"), 'held-to-maturity' investments, 'available-for-sale' ("AFS") financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if: it has been acquired principally for the purpose of selling it in the near term; or on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or it has a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if: such designation eliminates or significantly reduces a measurement or recognition in consistency that would otherwise arise; or the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item.

AFS financial assets

Listed shares held by the Company that are traded in an active market are classified as AFS and are stated at fair value. The Company also has investments in unlisted shares that are not traded in an active market but that are also classified as AFS financial assets and stated at fair value (because the directors consider that fair value can be reliably measured). Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as ‘loans and receivables’. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset’s carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

(m) **Intangible assets**

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment. If impaired, a write down will occur.

Acquired both separately and from a business combination
Intangible assets acquired separately are acquired at cost and from a business combination are acquired at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible assets. The useful lives of these intangible assets are assessed to be either finite or indefinite. Where amortization is charged on assets with finite lives, this expense is taken to the income

statement. Intangible assets, excluding development costs, created within the business are not acquired and expenditure is charged against the income statement in the year in which the expenditure is incurred.

Intangible assets are tested for impairment where an indicator of impairment exists and in the case of indefinite life intangibles annually, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Other intangible assets

Other intangible assets that are acquired by the consolidated entity are stated at cost less accumulated amortisation (see below) and impairment losses.

Expenditure on internally generated goodwill and brands is recognised in the statement of comprehensive income as an expense as incurred.

Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation

A summary of the policies applied to the consolidated entity's intangible assets is as follows:

Goodwill and intangible assets with an indefinite life are systematically tested for impairment at each balance sheet date. Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted as appropriate. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

(n) **Accounting for business combinations**

The Company has adopted IFRS 3 *Business Combinations*. All business combinations are accounted for by applying the acquisition method.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Company takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

The Company measures goodwill as the fair value of the consideration transferred including the acquired amount of any non-controlling interest in the acquiree, less the net acquired amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Company to the previous owners of the acquiree, and equity interests issued by the Company. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination (see below). If a business combination results in the termination of pre-existing relationships between the Company and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognized in other expenses.

Transaction costs that the Company incurs in connection with a business combination, such as stamp duty, finder's fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred. A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

When share-based payment awards (replacement awards) are exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then a part of the market-based measure of the replacement awards is included in the consideration transferred. If future services are required, then the difference between the amount included in consideration transferred and the market-based measure of the replacement awards is treated as post-combination compensation cost.

(o) **Leases**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the company are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amount equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives or the lease term.
Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(p) 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. Accumulated costs in relation to an abandoned area are written off in full 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. Due diligence costs associated with exploration and development expenditure are fully written off.

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. 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 plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the relevant 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.

(q) Foreign Currency Translation

The presentation currency of the Company and its Australian subsidiaries is Australian dollars. The functional currency of the Company is Australian dollars. Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All differences in the consolidated financial report are taken to the Statement of Comprehensive Income. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in the Statement of Comprehensive Income. Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The functional currency of overseas subsidiaries is United States dollars (or Ugandan Shillings in relation to NMCL). As at the reporting date the assets and liabilities of these overseas subsidiaries are translated into the presentation currency of the Company at the rate of exchange ruling at the reporting date and the Statement of Comprehensive Income are translated at the weighted average exchange rates for the period. The exchange differences arising on the retranslation are taken directly to a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the Statement of Comprehensive Income.

2 Actual and Proposed Transactions to Arrive at Pro-forma Unaudited Consolidated Statement of Financial Position

The audit reviewed balance sheet (statement of financial position) of Black Mountain (Balance Sheet "A") as at 31 March 2016 has been adjusted for estimated exploration, administration and other costs for the period 1 April 2016 to 30 June 2016 of approximately $50,000 (increase in creditors) and an understatement of USA creditors of US$28,773 as at 31 March 2016 (approximately $40,065) (increase in borrowings), increased cash borrowings of $139,500 and the lending of $125,000 to NMCL.

In addition, we disclose a pro-forma consolidated Balance Sheet "B" assuming the following:

(a) The borrowings of a further $169,935 (estimated) from Gorilla Pit Pty Ltd and then repayment of all loans to Gorilla Pit of $260,000;
(b) The completion of the 1 for 10 consolidation of capital;
(c) The issue of 510,835 Debt Conversion Shares to Shannon Robinson at 10 cents each ($51,083.50) and the forgiveness of $51,083.50 by Shannon Robinson to eliminate amounts owing to her regarding past director fees of $102,167;
(d) The issue of 7,174,800 Debt Conversion Shares to various Financiers (at 10 cents each - $717,480) and the payment of $717,480 cash to eliminate principal amounts owing to the Financiers and forgiveness of interest owing of $671,216;
(e) The issue of 5,000,000 Debt Conversion Shares to a Financier at 10 cents each ($500,000) to eliminate the principal debt of $500,000 and forgiveness of interest debt of $36,657;
(f) The issue of an estimated 480,100 Debt Conversion Shares to eliminate group creditors of $48,010, the payment of cash to eliminate creditors of $301,853 (includes estimated $50,000 of costs incurred post 31 March 2016 as noted above) and carrying forward creditors with an estimated value as at 31 March 2016 of $480,415 (most of the remaining creditors are disputed and it is expected that most may not be payable and will be written back to the statement of comprehensive income in due course);
(g) The issue of 45,000,000 post consolidated New Capital Raising Shares to raise a gross $4,500,000 and incurring of New Capital Raising costs of say $500,000.
(h) the acquisition of all of the shares in GLF by way of an issue of 33,190,380 Consideration Shares and 18,500,000 AP Agreement Shares (deemed booked accounting cost approximately $5,169,038 that assumes inter-alia that the market value of a Black Mountain share approximates 10.0 cents (being the proposed Capital Raising share issue price) (the actual issue price may be different) and applying fair values to the assets and liabilities of

the GLF Group (including ascribing a fair value to the mineral tenements of NMCL of $37,840,000). This results in a gain on consolidation of approximately $13,929,000;

(i) The assignment of the Debt due to the GLF Vendors by GLF to Black Mountain to the extent of US$13,784,554 (approximately $19,194,533) and accounting for a gain on consolidation;

(j) Accounting for a deferred income tax of approximately $11,013,047.

(k) The issue of 2,500,000 Options exercisable at 12.5 cents each by 30 June 2018 with a deemed fair value of $90,475;

(l) The raising of a liability in relation to the Advisory Fee commitment to LBI of US$3,000,000 (approximately $4,177,000) of which an estimated $nil is current and $4,177,000 is non-current;

(m) The raising of a liability in relation to the Royalty at an estimated discounted value of US$1,000,000 (approximately $1,392,000) of which approximately $92,000 is current and the balance of $1,300,000 as non-current;

(n) The write back of amounts initially claimed for services by Peter Landau and his associated companies, to the extent of $1,235,895;

(o) The repayment of US$120,000 (AUS$167,096) and interest of US$7,345 (AUS$10,228) (total estimated at US$127,345 (AUS$177,324) owing to LBI;

(p) The repayment of Other Borrowings of $89,500 (Black Mountain) and $60,997 (NMCL);

(q) The issue of 800,000 shares to Gorilla as Interest and Establishment Fees totalling $80,000; and

(r) The issue of 500,000 shares ($50,000) to Financiers as fees to allow restructure of loans.

	Note 2	Reviewed Consolidated Black Mountain 31 March 2016 $000's	Reviewed Consolidated Black Mountain Pro-forma 31 March 2016 $000's
3. Cash Assets			
The movements in cash assets are as follows:			
Unaudited 31 March 2016		1	1
Further borrowings	(a)	-	170
Repayment of loan	(a)	-	(260)
Issue of Capital Raising Shares	(g)	-	4,500
Prospectus issue costs	(g)	-	(500)
Repayment of payables	(f)	-	(302)
Repayment of loans	(d)	-	(717)
Repay LBI	(o)	-	(177)
Repayment of other borrowings	(p)	-	(150)
Cash of the GLF Group	16	-	138
		1	2,703
4. Receivables, Prepayments and Loans			
Current			
Other receivables		4	1
Receivables and prepayments of GLF Group	16	-	461
		4	465
Non Current			
Loan to NMCL	16	125	125
Eliminated on consolidation		-	(125)
		126	-

	Note 2	Reviewed Consolidated Black Mountain 31 March 2016 $000's	Reviewed Consolidated Black Mountain Pro-forma 31 March 2016 $000's
5. Plant and equipment			
GLF Group, at cost	16	-	4,078
Less: accumulated depreciation	16	-	(3,273)
Less: additional depreciation	16	-	(93)
		-	712
6. Capitalised exploration and evaluation costs			
At cost – Black Mountain Group		-	-
Ugandan Projects, at cost	16	-	3,271
Less: Accumulated amortisation	16		(2,102)
Less: Additional amortisation	16	-	(39)
Increase in fair value of Ugandan Projects	16	-	36,710
		-	37,840
7. Investment in subsidiaries			
At cost, GLF	(h)16	-	5,169
Less: eliminated on consolidation		-	(5,169)
		-	-
Loans to GLF (see note 4)	(o) (p)	125	480
Less: Eliminated on consolidation		-	(480)
		125	-
8. Trade and other payables			
Trade and other payables		2,331	2,331
Payables of the GLF Group	16	-	633
Less: Repayment of Black Mountain payables in cash	(f)	-	(302)
Less: Repayment of Black Mountain creditors by shares and forgiveness of fees	(c)(f)	-	(150)
Less: Write back of amounts associated with Peter Landau	(n)	-	(1,236)
		2,331	1,276
9. Interest Bearing Loans and non interest bearing loans			
Non Interest bearing – current			
Other borrowings		89	89
Owing to LBI and other parties	(o)(p)	-	228
Less: Repayment of loan from other parties, LBI and African Phosphate	(o)(p)	-	(317)
		89	-

	Note 2	Reviewed Consolidated Black Mountain 31 March 2016 $000's	Reviewed Consolidated Black Mountain Pro-forma 31 March 2016 $000's
Non- Interest Bearing Loan – Non Current			
Owing to East African Vermiculite ("EAV")		-	6,315
Less: Eliminated on Consolidation GLF		-	(6315)
		-	-
Interest bearing- Current			
Owing to Financiers		2,643	2,643
Loans to related parties		90	90
Increase in borrowings	(a)	-	170
Less: Repayment of Loan	(a)	-	(260)
Less: Repayment of non related Financiers by cash and shares	(d)(e)	-	(1,935)
Less: part Debt/interest forgiven	(d)(e)	-	(708)
		2,743	-

10. Royalty and Advisory fee liabilities

Current			
Royalty	(m)	-	92
Advisory fee	(l)	-	-
		-	92
Non Current			
Royalty	(m)	-	1,300
Advisory fee	(l)	-	4,177
		-	5,477

The Company has entered into a Royalty Agreement with various parties who have provided financial assistance, technical assistance and corporate advisory assistance in respect of the Transaction and corporate assistance in relation to the restructuring and recapitalisation of the Company. The consideration for such services is a 1% royalty (allocated between each royalty holder) equal to 1% of all sales revenue received from mineral production by the Company and NMCL and is payable quarterly in arrears. The royalty period is the period from the commencement (after the date of the Royalty Agreement) of production until 31 December 2026. The estimated net present value of the Royalty liability is US$1,000,000 (approximately $1,092,000. The amount will be assessed regularly (not less than every 12 months) and where necessary, the liability altered.

The Company has entered into a deed with LB International Limited ("LBI") pursuant to which, in consideration of LBI's role in advising and assisting the Company in the settlement of the Share Sale Agreement, the Company has agreed to pay LBI an advisory fee of US$3,000,000 cash to be paid on a deferred basis quarterly in arrears, with each quarterly payment amount calculated as an amount equal to 66% of NMCL and IMIC's net cash flow after-tax ("Advisory Fee"). The Advisory Fee will accrue interest at the rate of 5% cumulative annual interest rate. If the Advisory Fee is not paid in full by 30 June 2019 then the outstanding balance will automatically convert into Shares which will be issued to LBI at an issue price equivalent to the VWAP for the 6 months prior to the last date due for payment and will be issued within 30 Business Days.

A liability of US$3,000,000 (approximately $4,177,000) has been raised and the actual liability re-assessed on a regular basis (not more than 12 months) and where necessary altered.

	Note 2	Reviewed Consolidated Black Mountain 31 March 2016 $000's	Reviewed Consolidated Black Mountain Pro-forma 31 March 2016 $000's
11. Deferred Income Tax			
Deferred income tax due to ascribing fair values to the mineral tenements of NMCL	(j)16	-	11,013
12. Issued Capital			
Ordinary Shares			
410,515,820 fully paid shares on issue		23,627	23,628
1 for 10 consolidation of capital			
41,051,582 post consolidated shares on issue	(b)	23,627	23,627
45,000,000 Capital Raising Shares pursuant to the Prospectus	(g)	-	4,500
33,190,380 Consideration Shares to acquire GLF	(h)	-	3,319
18,500,000 AP Agreement Shares	(h)	-	1,850
510,835 shares to eliminate director fees	(c)	-	51
12,174,800 shares to eliminate financier loans	(d)(e)	-	1,218
480,100 shares to eliminate part creditors	(f)	-	48
800,000 shares to Gorilla Pit	(q)	-	80
500,000 shares to Financiers	(r)	-	50
		23,627	34,743
Less: estimated share issue costs	(g)	-	(500)
Pro-forma		23,627	34,243

The number of Black Mountain ordinary shares on issue after the Acquisition is completed will be 152,198,697.

The number of shares may total 152,416,762 shares if further shares are issued to eliminate some Black Mountain creditors as disclosed in the pro-forma statement of financial position. Approximately $480,000 of pro-forma liabilities are being disputed by the Company as not being payable on the grounds the services were not rendered or inadequately rendered. A portion of such creditors may be written back in due course and/or shares issued at a deemed 10 cents each to extinguish the liabilities (if any shares are issued they would be issued as part of the 2,500,000 Debt Conversion Shares noted in Resolution 12).

		Reviewed Consolidated Black Mountain 31 March 2016 $000's	Reviewed Consolidated Black Mountain Pro-forma 31 March 2016 $000's
13. Reserves			
Option Reserve Balance as at 31 March 2016		3,385	3,385
Issue of share options	(k)	-	90
		3,885	3,475

There will be the following post consolidated share options on issue following completion of the Acquisition in August 2016:

- 100,000 exercisable at $1.00 each, on or before 30 November 2016;
- 300,000 exercisable at $1.20 each, on or before 31 March 2017; and
- 2,500,000 exercisable at 12.5 cents each, on or before 30 June 2018.

14. Accumulated losses

Balance as at 31 March 2016		29,687	29,687
Write back of Director fees	(c)	-	(51)
Write back of interest on financier loans	(d)(e)	-	(708)
Debt acquired - gain	(i)(16)		(19,195)
Deferred income tax	(j)	-	11,013
Finance option costs	(k)	-	90
Advisory fee	(l)	-	4,177
Royalty liability	(m)	-	1,392
Write back of claims by Peter Landau and associated companies	(n)	-	(1,236)
Interest fee	(o)	-	10
Interest and establishment fees	(q)	-	80
Financiers restructure fees	(r)	-	50
Gain on consolidation	(h)		(13,929)
		29,687	11,380

15. Contingent Assets, Liabilities and Commitments

The Company has the following contingent liabilities and commitments that have not been accounted for in the pro-forma consolidated statement of financial position as at 31 March 2016.

The non-executive directors who will remain on the Board of GLF post completion of the Acquisition are entitled to director fees. Further details are outlined in section 12 of the Prospectus. In addition, the Company has entered into Indemnity Deeds with each Executive and Non-Executive Director.

It is noted that amounts initially shown as owing to a past Director, Peter Landau and his associated entities of approximately $1,235,835 as at 31 March 2016 have been written back to $nil on the basis of written instructions from Peter Landau. However, ASIC has a freezing order involving Peter Landau and thus there is always the possibility that the initial claims may be payable. The Company has written back the initial amounts claimed by Peter Landau and his associated companies and these are now disclosed as contingent liabilities. If any amounts are deemed payable, the Company would negotiate to repay any sums by way of issue of shares in Black Mountain.

Approximately $480,000 of pro-forma liabilities are being disputed by the Company as not being payable on the grounds the services were not rendered or inadequately rendered. A portion of such creditors may be written back in due course and/or shares issued at a deemed 10 cents each to extinguish the liabilities (if any shares are issued they would be issued as part of the 2,500,000 Debt Conversion Shares as noted in Resolution 12 in the Background Section of this report).

The Company has entered into a deed with LBI pursuant to which, in consideration of LBI's role in advising and assisting the Company in the settlement of the Share Sale Agreement, the Company has agreed to pay LBI an advisory fee of US$3,000,000 cash to be paid on a deferred basis quarterly in arrears, with each quarterly payment amount calculated as an amount equal to 66% of NMCL and IMIC's net cash flow after-tax ("Advisory Fee"). Days (an estimated liability has been provided for in the pro-forma statement of financial position). The Advisory Fee will accrue interest at the rate of 5% cumulative annual interest rate. If the Advisory Fee is not paid in full by 30 June 2019 then the outstanding balance will automatically convert into Shares which will be issued to LBI at an issue price equivalent to the VWAP for the 6 months prior to the last date due for payment and will be issued within 30 Business Days. An estimate of the liability has been included in the pro-forma statement of financial position and the liability will be assessed on a regular basis.

Investment Commitment

In the event that the Investment Commitment payments of US$5,000,000 are not paid within 3 years, then the shortfall in the Investment Commitment will automatically be converted to ordinary fully paid shares in the Company (shares issued to LBI). The issue price will be equivalent to the volume weighted average share price ("VWAP") for the six months prior to the third anniversary date of the agreement with LBI.

Royalty Payment

The Company has entered into a Royalty Agreement with various parties who have provided financial assistance, technical assistance and corporate advisory assistance in respect of the Transaction and corporate assistance in relation to the restructuring and recapitalisation of the Company. The consideration for such services is a 1% royalty (allocated between each royalty holder) equal to 1% of all sales revenue received from mineral production by the Company and NMCL and is payable quarterly in arrears. The royalty period is the period from the commencement (after the date of the Royalty Agreement) of production until 31 December 2026. An estimated liability has been provided for in the pro-forma statement of financial position and will be re-assessed on a regular basis.

The Company has entered into agreements with three corporate advisers in February 2016 or March 2016. One of the corporate advisers is to charge a 6% capital raising fee on capital raised by them as part of the $4,500,000 Capital Raising. In addition, the same adviser is to charge a $10,000 administration fee. In the event that the introduced funds exceed $750,000, the corporate adviser may charge a $3,000 retainer fee for a period of 12 months ($36,000 in total). A further corporate adviser is to charge a 5% fee on funds raised by them under the Capital Raising and if the corporate adviser participates in the Capital Raising, it is to receive a fee of £40,000 (approximately $80,000). A further corporate adviser is entitled to charge a 5% fee on funds raised and is entitled under certain circumstances to a Milestone Fee totalling US$25,000 and would be settled by way of the issue of shares in Black Mountain.

Based on discussions with the Directors and legal advisors, to our knowledge, the Company has no other material commitment or contingent liabilities not otherwise disclosed in this Investigating Accountant's Report (refer Background section 3 and Note 15) and in the Prospectus.

Investors should read the Prospectus for further possible contingencies and commitments. For details on proposed commitments pertaining to the expanded Black Mountain Group, refer to the Use of Proceeds Section 3.4 of the Prospectus.

16. Summary of GLF from the audited Statements of Financial Position as at 31 March 2016, 30 June 2015 and 30 June 2014 for NMCL and audit reviewed statements of financial position for the balance of GLF Group (before adjustments by us)

	31 March 2016 $000's	30 June 2015 $000's	30 June 2014 $000's
Current Assets			
Cash at bank	13	6	42
Receivables and prepayments	461	112	265
Inventories	169	274	59
Total Current Assets	643	392	366
Non Current Assets			
Plant and equipment	805	1,170	1,743
Capitalised exploration and evaluation costs	1,169	1,414	1,741
Total Non- Current Assets	1,974	2,584	3,484
Total assets	2,617	2,976	3,850
Current Liabilities			
Creditors and accruals	215	269	44
Short term borrowings	61	-	-
Total current liabilities	276	269	44
Non- Current Liabilities			
Environmental make good provision	41	41	41
Related party loans	19,195	18,122	17,029
Borrowings	-	-	-
Total non-current liabilities	19,236	18,163	17,070
Total Liabilities	**19,512**	**18,432**	**17,114**
Net Assets (Liabilities)	**(16,895)**	**(15,456)**	**(13,264)**

All figures are after conversion of US dollars and Ugandan Shillings to Australian dollars using a 31 March 2016 exchange rates of US$1=Ugandan Shilling 3,324 and US$1=AUS$1.3924 (AUS$1-US$0.7185).

The related party loans are amounts (Debts) due by GLF to JRH and RPM (the Vendors) of US$13,784,554 (AUS$19,195,000) and the Debt due to the Vendors will be assigned to Black Mountain for no cash consideration. On completion of the Acquisition of the GLF Group, the Debt liability in the books of GLF will become owing to Black Mountain and as Black Mountain paid nil cash consideration for the Debt, the Debt amount is eliminated as a gain on consolidation.

Excluded in the above figures is an amount that was disclosed in the audited and audit reviewed accounts as owing to East African Vermiculite ("EAV") that as at 31 March 2016 was disclosed at approximately US$4,535,000 (approximately $6,315,000). EAV is claimed to be a wholly owned subsidiary of IMIC and thus the intercompany loan had been eliminated on consolidation. Also eliminated on consolidation are the investments in NMCL by GLF and IMIC, the investment in and loans to EAV by IMIC and loans between GLF and IMC (lent to NMCL) and NMCL.

	Black Mountain 31 March 2016 $
The estimated cost of the GLF Acquisition from Black Mountain's point of view as a parent entity is as follows:	
Shares issued (33,190,380 Consideration Shares and 18,500,000 AP Agreement Shares at a deemed 10 cents each)	5,169,038
Total Acquisition costs	5,169,038

Post 31 March 2016 and to say 31 July 2016, the GLF Group has forecasted a loss of $550,000 (including depreciation and amortisation of $132,000) and after review by us has been adjusted to account for a $125,000 loan from Black Mountain and accounting for cost incurred by a related party of US$114,400 (AU$159,298) not previously taken in the 31 March 2016 audit reviewed accounts.

	$
Net (liabilities) of the GLF Group as above	(16,895,000)
Less: Loss for period to 30 June 2016 (estimated) before depreciation (say add to creditors)	(418,000)
Less: additional depreciation to 30 June 2016 (estimated)	(132,000)
Further costs via LBI funding (increase in loan liabilities)	(167,000)
Cash inflow from Black Mountain	125,000
Less: Loan to Black Mountain	(125,000)
Adjusted net (liabilities) (estimated)	**(17,612,000)**

(i) The assessed fair value of the interests of NMCL in various tenements in Uganda has been independently assessed by Al Maynard & Associates with a preferred fair value of $37,840,000. The book value costs relating to the tenements as at 31 March 2016 approximated $1,129,943 and thus there is an increase in fair value of approximately $36,710,057. This results in a deferred income tax of approximately $11,013,017 at the Ugandan company tax rate of 30%.

As a result of fair valuing the interest in Mining Assets under the business combination accounting standard to the preferred fair value of $37,840,000 as compared with the written down cost of $1,130,000, the uplift is $36,710,000 and a deferred tax liability of $11,013,000 (at 30% of $36,710,000) is required to be accounted for. As the $37,840,000 is amortised on production, the deferred tax liability is reduced by debiting the deferred tax liability and crediting the income statement as a tax credit so that over time the deferred tax liability reduces to $nil.

The increase in value in the Ugandan Projects of approximately $36,710,000 results in the book net liabilities of $17,622,000 becoming a fair net asset value of $19,098,000.

The deemed value attributable to the Consideration Shares and AP Agreement Shares is $5,169,038 and the adjusted net assets of the GLF Group may be disclosed (estimated) at approximately $19,098,000 and thus the excess of the cost of Acquisition over the net adjusted fair value of the GLF Group has been taken up as a gain on Acquisition (approximately $13,929,000) to the statement of comprehensive income. The final amount on acquisition of the GLF Group may well be different.

Recoverability of the investment in the subsidiary GLF, recoverability of any future loans made to GLF and any capitalised exploration and evaluation costs is dependent on the success of existing and future businesses of the GLF Group. The Company, in the absence of sufficient profits in the future by the GLF Group may need to impair the investment (including any loan funds).

17. GLF Group Consolidated Statement of Comprehensive Income before FX movements as part of other comprehensive income

	Nine Months Ended 31 March 2016 (Reviewed) $000's	Year Ended 30 June 2015 (Audited) $000's	Year Ended 30 June 2014 (Audited) $000's
Revenue- Sale of minerals	710	605	502
Other income	-	-	2
Cost of goods/services sold	(975)	(984)	(816)
Communications	(11)	(15)	(28)
Occupancy costs	(46)	(61)	(64)
Travel costs	(70)	(59)	(38)
General and administration	(211)	(147)	(168)
Employee benefit expenses	(298)	(314)	(244)
Geology costs	(331)	(39)	(85)
Disposal of assets	-	8	-
Depreciation	(351)	(596)	(637)
Amortisation	(251)	(332)	(331)
Mining lease expenses	-	-	(327)
Fines and penalties	-	-	(44)
FX gains (loss)	45	32	331
Operating (loss) before tax	(1,473)	(1,902)	(1,947)
Income tax expense	-	-	-
Net (Loss) after income tax	(1,473)	(1,902)	(1,947)

The above figures are not a guide as to future profitability that may be earned by the GLF Group and actual future results may be materially different.

It is noted that the GLF Group has never prepared consolidated accounts as GFL and IMIC are incorporated in the British Virgin Islands and under laws of the British Virgin Islands there is no need to prepare accounts for GFL and IMIC (including consolidated accounts for GFL). The consolidated figures noted above have been prepared by us from the individual accounts of GLF, IMIC and NMCL.

The overwhelming majority of the results arise from operations incurred by NMCL. The audited net loss from operations for NMCL for the years ended 30 June 2015 and 30 June 2014 (after conversion to Australian dollars) were approximately $1,897,000 and $1,947,000 respectively and the audited loss for the nine months ended 31 March 2016 approximated $1,459,000.

All figures are after conversion of US dollars and Ugandan Shillings to Australian dollars using a 31 March 2016 exchange rates of US$1=Ugandan Shilling 3,324 and US$1=AUS$1.3924 (AUS$1-US$0.7185).

11.SOLICITOR'S REPORT

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ACA/SR/01/2016

August 2nd, 2016

The Directors,
Black Mountain Resources Ltd
Suite 5, 531 Hay Street, Subiaco
Western Australia 6008
AUSTRALIA

Dear Sirs,

SOLICITORS REPORT ON CORPORATE STANDING AND MINING TENEMENTS

1. INTRODUCTION

1.1 Namekara Mining Company Limited ("**the Company**") is a legal entity established in the form of a Limited Liability Company incorporated on 6th June 2008 as Gulf Resources (U) Ltd having the right to deal with financial-economic activity in accordance with its foundation documents and the laws of the Republic of Uganda.

1.2 African Phosphate Limited of Suite 5, 531 Hay Street, Subiaco, Western Australia 6008, has engaged M/S Adukule & Co. Advocates to prepare a solicitor's report of tenements in Uganda as held by the Company. This report, is therefore prepared for inclusion in a capital raising prospectus to be issued by African Phosphate Limited for its planned listing on the Australian Securities Exchange or the financial market it operates as the context determines.

1.3 This Solicitor's Report on the Tenements sets out the results of our investigations (subject to the assumptions and qualifications herein) into the corporate standing of the Company as well as investigations into the holding, tenure and legal standing of the Exploration Licence E.L. No 1534 and Mining Lease M.L No. 4651 held by the Company.

1.4 For purposes of this report and in so far as we could gain access to the information and/or documents reasonably within our reach, we have reviewed and reported on the following:

1.4.1 Public documents filed and kept at the Uganda Registration Services Bureau ('the Companies Registry');

1.4.2 Public documents filed and kept at the Geological Survey and Mines Department ('the Mines Department');

1.4.3 Public documents filed and kept at Registries of the Commercial Court, High Court and Industrial court; and

1.4.4 The relevant statutes and regulations issued in relation thereto including but not limited to the Companies Act No.1 of 2012, the Mining Act, 2003 and the Mining Regulations, 2004, Laws of Uganda.

2. CORPORATE STANDING

We have reviewed the corporate records of Namekara Mining Company Ltd and a summary of our findings are set out herein:

2.1 The Company is a private company limited by shares, duly registered and validly existing under the laws of Uganda for an indefinite duration, with its registered address as Legacy House, 38b Windsor Crescent, Kololo, and P.O. Box 30330 Kampala. It is a legal entity with full corporate power and authority to own property, assets, to carry on business and has the capacity to sue or be sued in its own name and right.

2.2 The Company, according to its foundation documents is engaged in the business of all aspects of mining of minerals and hydrocarbons, oil production and mineral beneficiation of various industrial minerals, rare earths, stones and hydrocarbons for purposes of converting them into industrial agro-use; as well as the carrying on the business of quarry and stone merchants among others.

2.3 The Company was incorporated on 6th June 2008 as Gulf Resources (U) Ltd vide registration number 98772. On 2nd September 2014 vide a special resolution, Gulf Resources changed its name to Namekara Mining Company Ltd. The change of name was gazetted on the Uganda Gazette on 2nd December 2014 pursuant to S. 19(4) of the

Companies Act No. 1 of 2012 Laws of Uganda. A Certificate of Change of Name was subsequently issued to that effect on the 19th day of December, 2014.

2.4 The Company has a nominal share capital of UGX 10,000,000 (Uganda shillings Ten Million) divided into 10,000,000 (Ten Million) ordinary shares of UGX 1/- (Uganda Shillings One) each. The share capital is fully paid as evidenced by the Company's return of allotment and is unencumbered.

2.4 The shareholding structure of the company as evidenced in the form of annual return for the year 2015 filed on 17th December 2015 stands as follows:

- Industrial Minerals International Corporation Ltd - 9,999,999 shares
- G.L.F Holdings Ltd - 1 share

2.5 The officers of the Company include Mr. Luca Bechis, Mr. Alun Frost and Mr. Henson Mambo as directors with Dennis Kusaasira as the company secretary.

2.6 The Company executed a debenture in favour of G.L.F Holdings for securing the sum of AUS $ 4,000,000 (Four Million AUS Dollars). The debenture created a fixed charge over Mining Lease No. M.L. 4651 at Namekara in Manafwa District, and Exploration Licenses No. E.L. 0620, E.L. 0666 and E.L. 0713 and a floating charge over the Company's future assets

2.7 According to the laws of Uganda, under the Company's Act No. 1 of 2012, S.125; a Company duly registered in Uganda is required at least once every year to make a return containing the situation of the registered office of the company and registered postal address of that office, register of members and debenture holders, shares, indebtedness, past and present members, directors and secretary. Our investigation revealed that this requirement has been complied with and that the returns have been filed up to date. Therefore to the best of our knowledge and belief, the Company is compliant and has legal standing with respect to satisfying the corporate requirements as provided in the Companies Act.

2.8 To the best of our knowledge and belief, there are no actions, suits, proceedings or claims or arbitrations or administrative or other proceedings by or before any governmental entity pending or threatened against the Company.

2.9 To the best of our knowledge and belief, no proceedings are pending for the winding-up of, or dissolution of the Company.

2.10 To the best of our knowledge and belief, Namekara Mining Company Ltd is compliant with the corporate requirements as provided in the Companies Act.

3. <u>**REVIEW OF THE MINING TENEMENTS HELD BY NAMEKARA MINING COMPANY LIMITED**</u>

For purposes of this report, we have conducted investigations of the record at the Department of Geological Survey and Mines pertaining to Namekara Mining Company Limited and our findings are set out herein. Our investigations have been conducted on the following tenements:

- M.L. No. 4651
- E.L. No. 1534

3.1 <u>**M.L No. 4651**</u>

3.1.1 Pursuant to Ugandan laws, ownership of all mineral resources is vested in the state to be held in trust for the people of Uganda and their use and exploitation is regulated by the Mining Act, 2003 ('Mining Act') and the regulations made thereunder. Accordingly, the right to prospect, mine or explore mineral resources is granted by the State subject to terms and conditions in the Mining Act.

3.1.2 In this regard, the Company, upon application and fulfilment of the terms and conditions prescribed in the Mining Act, was granted and is the lawful owner of a Mining Lease (M.L) No. 4651 covering an area of 1,724.98 hectares (17.2498 km2) in Namekhara, in Manafwa District in the Republic of Uganda.

3.1.3 In terms of the Mining Lease dated 15th May 2003, the lease was granted for a period of 21 (Twenty One) years subject to the terms and conditions set out therein. The lease will be due for renewal on 14th May 2024. In instances where the holder may wish to renew the lease, he or she is required to file the application for renewal not later than one year before the expiry of the lease and the period for which the renewal is sought should not exceed 15 years. A renewal will be subject to the Commissioner being satisfied that the applicant has met all the requisite conditions as set out in the Mining Act.

3.1.4 It is a requirement of the law that the holder of a mineral right shall lodge in triplicate, quarterly reports concerning the licence(s) held by the holder in respect of the mineral rights. As far as we can establish the Company has taken all the necessary steps to obtain, maintain and file appropriate registrations and/or returns for the Mining Lease it currently holds. This has been verified by a search conducted at the Department of Mines.

3.1.5 From the perusal of the records of the Company maintained at the Department Mines, all the requisite returns in respect to M.L 4651 have been filed and are up to date with the last one being filed on the 28th day of January, 2016 with respect to the year ending December 2015.

3.1.6 We were also able to ascertain from the perusal of the said records that the all statutory payments relating to this lease are up to date with the last payment on record as Ugx 78,000,000 (Uganda Shillings Seventy Eight Million) which was made vide receipt no. 2160000742270 being requisite mineral rent for the period 15th May, 2013 to 14th March, 2015.

3.1.7 The company was issued with a letter of good standing by the Commissioner dated 3rd July, 2014 in respect of M.L. 4651 wherein he confirmed that the license was operational and in good standing and that company was operating professionally and within the provisions of the Mining Act, 2003 and the Mining Regulations, 2004.

3.1.8 Regulation 47 (1) of the Mining Regulations, 2004 provides that the working obligations of a Mining Lease Holder shall be as specified in the second schedule to the regulations. Consequently under Part 6 (1) of the said schedule, a Mining Lease Holder is obligated to comply with the provisions of Section 50 of the Mining Act which provides the obligations of a Mining Lease holder. Regulation 47(2) and (3) make provision for the grant of a Certificate of Cessation, suspension or curtailment of working obligations provided in the opinion of the commissioner good cause is shown for such grant. The Company has on previous occasions applied and has been granted a certificate of suspension of business obligations based the poor market conditions at the time affecting the sale of Vermiculite. Of interest is a letter on record dated 28th July, 2015 from the company addressed to the Commissioner of Geological Survey and Mines notifying the department of the Company's intention to suspend all activities relating to its Mining Lease following the Government ban on Vermiculite. It should be noted however that we could not ascertain whether such permission was granted or not owing to the fact that there was no documented response on file. However we were able to confirm from the commissioner that the Government had lifted the ban on Vermiculite.

3.2 **E.L. 1534**

3.2.1 The Company, upon application and fulfilment of the terms and conditions prescribed in the Mining Act, was granted was granted an Exploration Licence (E.L.) No. 1534 covering an area of 30.8 Sq. Km. in Manafwa District, on 24th November, 2015 for a duration of three (3) years to prospect for Vermiculite, Base Metals (Fe, Ti, CU, Nb) Ree and Uranium.

3.2.2 In terms of the Mining Act, an Exploration Licence maybe renewed for a further period not exceeding two years on more than one occasion by the Commissioner of the Mines Department at the request of the licence holder. Similarly, a renewal will be subject to the Commissioner being satisfied that the applicant has met all the requisite conditions as set out in the Mining Act.

4. QUALIFICATIONS AND ASSUMPTIONS

4.1 While the status of the Tenements held by the Company is dealt with above, the Firm has made the following assumptions in conducting the mining tenements due diligence, namely:

4.1.1 The accuracy and completeness of all the tenement searches and other information and responses which were obtained from the Mines Department. We cannot comment on any of the obligations of the Company that may arise from agreements not registered as a dealing encumbrances or otherwise noted in the searches of the Tenements; and

4.1.2 the accuracy and completeness or information which we have received from the Company or any of its officers and representatives.

5. QUALIFICATIONS

5.1 While the status of the mining Tenements is dealt with above we point out by way of summary that:

5.1.1 This report is solely based on the search and extracts obtained from the Mining Register with respect to the mining tenements held by the Company by the Mines Department;

5.1.2 The report provides the results of our due diligence as at the date of issue. Unless otherwise indicated, this Report is solely based on the information provided to us on the date and manner described above, and is limited to legal matters that directly concern the mining tenements held by the Company;

5.1.3 The holding of the tenements is subject to compliance with the terms and conditions as provided for in the Mining Act and the Regulations made thereunder;

5.1.4 Where compliance with the requirements necessary to maintain a tenement in good standing is not disclosed on the face of the searches referred to in this report, we express no opinion on such compliance;

5.1.5 The information with respect to the mining tenements is accurate as at the date the relevant searches were obtained. We cannot comment on whether any changes have since occurred in respect of the tenements between the date of the searches and the date of submission of the final report;

5.1.6 We have not commented on nor were we asked to look into the tax affairs of the Company and hence, we have not advised on the tax aspects concerning the subject matter of this report. The Firm specifically disclaims any skills or expertise in any other capacity, whether financial, statistical, accounting, geological operational or otherwise.

6. CONCLUSION

6.1 On the strength of our investigations and findings above and subject to such qualifications as set out herein, we are of the considered legal opinion that Namekara Mining Company Limited is a duly established and validly existing company and as such enjoys and is accorded all the protection accruing to an incorporated entity. On the basis of the various searches and to the best of our knowledge, belief and information, there are no litigation matters or insolvency proceedings pending or threatened against the Company. The Company is compliant with the provisions of the Companies Act.

6.2 Further, based on the assumptions and subject to the qualifications set out herein, we are of the considered opinion that the Company has taken all necessary steps to obtain and manage its Mining Lease and Exploration Licence. These tenements are all in good order and standing pursuant to the provisions of the Mining Act. We are of the view therefore that the Company is in good standing and generally compliant with the provisions of the Mining Act.

6.3 Based on the results of the searches and information obtained from the Mines Department, we are satisfied that the information contained in this report is an accurate statement of the status of the tenements held by the Company as at the date of the searches conducted.

7. CONSENT

7.1 This report is given solely for the benefit of the Company and the Board of Directors of **African Phosphate Limited** in connection with the issue of the Prospectus and is not to be relied on or disclosed to any other person to be used for any other purpose or quoted or referred to in any public document or filed with any Government body or other person without prior consent.

Yours Faithfully,

ADUKULE & CO. ADVOCATES

12.DIRECTORS AND KEY PERSONNEL

12.1 BOARD OF DIRECTORS

The current Directors of the Company are:

(a) Jason Brewer as Non-Executive Director;

(b) John Ryan as Executive Director; and

(c) Julian Ford as an Independent Non-Executive Chairman.

Subject to Shareholder approval and completion of the Offer and the Transaction, the Board of Directors will be restructured with a number of additional appointments and change of roles to existing Directors to provide additional experience for overseeing the exploration, development, mining and processing, and sales and marketing activities of the Ugandan Projects.

(a) Mr. Julian Ford continues in his role as Independent Non-Executive Chairman;

(b) Mr. Jason Brewer's is appointed as Chief Executive Officer and an Executive Director of the Company and no longer continues in his role as a Non-Executive Director;

(c) Mr. John Ryan assumes the role of a Non-Executive Director and no longer continues in his role as an Executive Directors;

(d) Mr. Simon Grant-Rennick is appointed as Sales and Marketing Director and an Executive Director of the Company; and

(e) M.r Luca Bechis is appointed a Non-Executive Director of the Company.

12.2 PROFILE OF DIRECTORS

(a) Mr. Julian Ford
Independent Non-Executive Chairman
Qualifications: BSc (Eng) Bcom, Grad Dip (Bus Mgt)
Appointed 13 April 2015 (Appointed as Independent Non-Executive Chairman on 19 May 2016)

Mr Ford has over 25 years' experience in the mining sector spanning precious metals, base metals, and bulk commodities in Australia, Africa, South America, Europe and South East Asia across operational management roles which have included exploration, mining, mineral beneficiation, hydrometallurgical processing, marketing and shipping.

Mr Ford has worked for several major resource companies including Alcoa, British Gas, Western Metals and Rustenburg Platinum. Mr Ford co-founded ASX listed African focused copper company Zambezi Resources Limited in 2004 and was its Managing Director up to 2009. Mr Ford was Managing Director of ASX listed Sumatra Copper and Gold between January 2011 and December 2014 and was Chairman of Asia Minerals Corporation Limited from February 2015 to December 2015.

Interests in shares and options: Nil

Other current public company directorships: Nil

Past public company directorships held over the last three years: Sumatra Copper and Gold

(b) Mr. John Ryan
Executive Director
Qualifications: B.S Mining Engineering, J.D. Juris Doctor
Appointed 3 February 2012

Mr Ryan has over 20 years' experience as a qualified mining engineer with extensive international mining experience particularly in the Coeur d'Alene District in the United States.

Mr. Ryan is a Professional Mining Engineer. He has a BS in Mining Engineering from the University of Idaho and a Juries Doctor from Boston College Law School.

Mr. Ryan, has been the Chief Executive Officer and President of Premium Exploration, Inc. since August 2013 and has been its Chairman since November 2013. He has been an Interim Chief Financial Officer of Independence Resources Plc since April 1, 2014. He has been the Chief Financial Officer and Vice President of Shoshone Silver/Gold Mining Company since March 2012 and serves as its Principal Accounting Officer and Treasurer.

Mr Ryan has an extensive management experience in the mining industry. He served as the Chairman, Chief Executive Officer and President of Silver Scott Mines, Inc. From June 1996 to February 2000, he served in various positions, including President, Secretary and Director, for Metalline Mining Company and Grand Central Silver Mines. He serves as the Chairman of Silver Verde May Mining Co. and was Chairman of U.S. Silver & Gold Inc. from April 2006 to October 14, 2008. He has been a Director of Big Bear Mining Corp. since August 24, 2011.

Interests in shares and options: 4,000,000 Ordinary Shares and 5,000,000 Performance Shares

Other current public company 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.

Past public company directorships held over the last three years: Gold Crest Mines Inc.

(c) Mr. Jason Brewer
Non-Executive Director
Qualifications: M.Eng (Mining Engineering) Hons. ARSM
Appointed 3 February 2012

Mr Brewer has 20 years' international experience in mining, equity investment, corporate and project financing, capital raising, investment advising and evaluation of resource companies. Mr. Brewer is a Mining Engineer with a Master's Degree in Mining from Imperial College of Science and Technology, Engineering with honours from the Royal School of Mines, London.

Mr. Brewer has experience in a variety of commodities and also worked in underground and opencast mining operations in the UK, Australia, Canada and South Africa. He worked at the Kidd Creek Copper and ZInc. mine in Canada for Falconbridge, the Lanfranchi Nickel Mine in Western Australia for WMC and the Kinross Gold Mine in South Africa for Gencor. Mr. Brewer worked for major global investment banks including Dresdner Kleinwort Benson, NM Rothschild & Sons (Australia) Limited, and Investec Bank (Australia) Limited in London, Sydney and Perth, where he was responsible for structuring and arranging corporate and project funding facilities for mining companies operating in Australia, Africa, Asia, Europe and North America. He has undertaken numerous advisory assignments for resources companies, encompassing acquisitions and disposals, debt advisory and project advisory roles. Mr. Brewer served as the General Manager and Portfolio Manager of ASX listed, LinQ Resources Fund. Mr Brewer was also CEO of Perth Glory FC between August 2013 and April 2015.

Mr Brewer is a non-executive director of Cape Lambert Resources Limited, Kupang Resources Limited and International Goldfields Limited and Company Secretary of International Goldfields Limited and International Petroleum Limited. Kupang Resources Limited was involved in significant litigation with Murchison Metals Limited and subsequently with the litigation funder for that action. The litigation funder appointed receivers and managers on 7 August 2014 and, while the company challenged this, ultimately a voluntary administrator was appointed on 29 July 2015. Its insolvency was primarily due to unfavourable court decisions.

Interests in shares and options: Nil (subject to Shareholder approval to be issued 5,500,000 Ordinary Shares on completion of the Transaction)

Other current public company directorships: Cape Lambert Resources Limited, International Goldfields Limited, Kupang Resources Limited

Past public company directorships held over the last three years: Global Strategic Metals Limited, Continental Coal Limited, De Grey Mining Limited

(f) Mr. Simon Grant-Rennick is appointed as an Executive Director.
Proposed Executive Director
Qualifications: B. Eng CSM

Mr Grant-Rennick is a mining engineer with over 38 years' experience in exploration, mining and mining geology specialising in industrial minerals. Mr Grant-Rennick is the co-founder and principal of IMFH a UK based industrial minerals consultancy group providing specialist operations, investment and financial analysis and advice. In addition, Mr Grant-Rennick has owned and managed vermiculite mining and marketing operations in Montana and California in the United States.

Mr. Grant Rennick worked for Leopold Lazarus as a metal trader from 1979 to 1981, SGS as a UK manager of their minerals division from 1981 to 1982, and for Falconbridge International as raw materials marketing manager based in Bermuda from 1982 to 1987. He has further held senior positions with a number of mining and investment companies including, Executive Director of Middlesex Holdings plc, responsible for mining and raw material marketing; Non-Executive Director of the AIM listed Philippine Gold plc; Executive Chairman of a private property investment company, primarily focused on the Liverpool commercial property market; and Non-Executive director of unlisted Unity Power plc, the owner of a coal mine in South Wales.

Interests in shares and options: Nil (subject to Shareholder approval to be issued 3,500,000 Ordinary Shares on completion of the Transaction)

Other current public company directorships: Nil

Past public company directorships held over the last three years: Nil

(g) Mr. Luca Bechis
Proposed Non-Executive Director
Qualifications: B.Bus Hons MBA

Mr Bechis has extensive experience in international finance and international capital markets with 25 years' experience. He holds a Master's in Business Administration with Honours and a Business Administration Degree with Honours from Universita' Bocconi.

Mr. Luca Bechis is the Founding Partner, Chief Executive Officer, and Advisor at Richmond Capital LLP and. Mr. Bechis previously served as its Director and had founded the firm in 2004. Mr. Beechis served as a Partner at Egerton Capital Limited from 1997 to 2004. Mr. Beechis served as an European Equity Analyst at Cazenove Group Limited from 1990 to 1997. He has served as the Head of Italian and French markets at Cazenove & Co in London from 1991 to 1997. Mr. Bechis serves as the Chairman of HAMC. He has been an Independent Director at Novo Resources Corp. since November 18, 2014. Mr. Bechis served as a Director of Richmond Capital LLP, and Richmond Capital Partners LP. He served as the Chairman and Non-Executive Director of Gulf Industrials Limited from August 27, 2013 to March 5, 2014. Mr. Bechis served as an Interim Non-Executive Chairman of Paragon Resources Plc (formerly, Noventa Limited) from September 30, 2011 to September 11, 2012 and as a Non-Executive Director from September 2, 2011 to April 10, 2013. He serves as a Director of The Richmond Environmental Charitable Foundation.

Interests in shares and options: Nil (subject to Shareholder approval to be issued 28,222,577 Ordinary Shares on completion of the Transaction)

Other current public company directorships: Nil

Past public company directorships held over the last three years: Gulf Industrials Limited.

12.3 COMPANY SECRETARY AND FINANCIAL CONTROLLER

(a) Ms. Amy Fink
Company Secretary and Financial Controller
Qualifications: CA

Ms. Fink has 15 years' of experience in the accounting profession, primarily in the area of corporate administration and financial reporting. Ms. Fink has worked in Australia and the United Kingdom for both listed and private companies and has been involved in a number of initial public offerings and capital raisings for resource companies on the ASX.

Subject to Shareholder approval and completion of the Offer and the Transaction, it is proposed that Ms. Amy Fink continues in her role of Financial Controller and Ms. Susan Hunter is appointed as the Company's new Company Secretary.

(b) Ms. Susan Hunter
Proposed Company Secretary
Qualifications: BCom; ACA; F Fin (GDipAFin(SecInst)); MAICD(Dip); ACIS(Dip)

Ms. Hunter has over 18 years' experience in the corporate finance industry. She has held senior management positions in Ernst & Young, PricewaterhouseCoopers, Bankwest and boutique corporate advisory firm Norvest Corporate. She has been involved in lead advisory roles with respect to initial public offerings on the ASX and capital raisings, preparation of valuations, financial forecast reviews, acquisition due diligence and acquisition advice, independent accountant and expert reports pursuant to the provisions of the Corporations Act 2001 (Cth) and the ASX Listing Rules, litigation support, financial modelling and the provision of company secretarial services.

12.4 EXECUTIVE MANAGEMENT TEAM AND KEY PERSONNEL

Subject to Shareholder approval and completion of the Offer and the Transaction, the Company's executive management team will comprise of:

(a) Jason Brewer as Chief Executive Director;

(b) Simon Grant-Rennick as Sales and Marketing Director;

(c) Robert McCrae as Business Development Manager;

(d) Henson Mambo as General Manager Operation;

(e) Patrick Takaedza as Senior Mine Geologist;

(f) Ronald Shikuku as Finance and Administration Manager;

(g) Stephen Nathi as Community Relations Manager; and

(h) Fred Butia as Logistics Manager

12.5 PROFILE OF EXECUTIVE MANAGEMENT TEAM AND KEY PERSONNEL

(a) Robert McCrae
Business Development Manager
Qualifications:

Mr. McCrae is an accountant and ex-stockbroker with over 15 years' experience in the exploration and mining industry in Africa. He has been involved in the development of projects in over 15 countries in Africa and has been responsible for the identification and sourcing of projects and has been involved in the completion of feasibility studies; project finance; development and operations of projects.

Mr. McCrae served as the Chief Executive Officer of ASX listed Minbos Resources Limited from June 2010 to June 2012.

(b) Henson Mambo
General Manager Operation
Qualifications: BSc.(Hons), MBA

Mr Mambo is a mining engineer with over 16 years in bulk and industrial minerals throughout Africa. He is the former General Manager of Shawa Vermiculite Mine in Zimbabwe and has over 4 years' operating and mine management experience in Uganda.

(c) Patrick Takaedza
Senior Mine Geologist
Qualifications: BSc (Geology), AusIMM

Mr. Takaedza is a geologist with 13 years' experience in mine geology, exploration geology, and mine planning in Africa across base metal, bulk commodities and industrial and agri-commodities including both vermiculite and phosphate. He has managed exploration programs throughout Southern and East Africa, with the past 2 years managing exploration programs in western Uganda

(d) Ronald Shikuku
Finance and Administration Manager
Qualifications: BBS (Fin& Acc), CPA(U), MBA(Fin & Acc)

Mr. Shikuku is a qualified accountant who has over 16 years' experience in mine finance and accounting covering managing management accounts, tax planning, regulatory requirements and both internal and external auditing in mining industry.

(e) Stephen Nathi
Community Relations Manager

Mr. Nathi has been involved with community relations programs at the Namakera operations since 1999 and has been responsible for the establishment and implementation of all activities of the Company within the local community.

(f) Fred Butia
Logistics Manager
Qualifications: B.Bus Administration

Mr Butia is a qualified accountant with 6 years' experience in mine logistics planning and execution for vermiculite exports in east Africa.

12.6 DIRECTORS REMUNERATION

Details of the Directors remuneration in the previous two completed financial years and the current financial year are set out below:

Director	FY 2013/14	FY2014/15[1]	FY2015/16
Julian Ford	-	-	$12,822[1]
Jason Brewer	$40,000[2]	$40,000[2]	$40,000[2]
John Ryan	$112,904	$204.300[3]	$60,000

Notes:

1 Annualised remuneration of $60,000. $8,548 has been accrued to 30 June 2016 and not paid since 13 April 2016.

2 Annualised remuneration of $40,000. $142,300 has been accrued to 30 June 2016 and not paid since 1 December 2012.

3 Annualised remuneration comprising base cash salary of $60,000 and agreed consultant fees associated with work completed on the US Projects. $120,000 accrued to 30 June 2016 and not paid since 1 July 2015.

12.7 REMUNERATION OF NON-EXECUTIVE DIRECTORS

The Company's constitution provides that the remuneration of non-executive directors will not be more than the aggregate fixed sum determined by a general meeting. The aggregate limit of fees payable per annum is $150,000 in total. Non-executive director remuneration has remained unchanged since the Company listed in 2010. The Constitution provides that the aggregate remuneration for non-executive directors may be varied by ordinary resolution of the shareholders in general meeting. The remuneration of any executive Director appointed to the Board will be fixed by the Board and may be paid by way of salary or consultancy fee.

The remuneration for the non-executive directors for the 2016/17 Financial Year are set out in the table below:

Director	Position	FY2016/17 Remuneration
Julian Ford	Non-Executive Chairman	$60,000
John Ryan	Non-Executive Director	$40,000
Luca Bechis	Non-Executive Director	$40,000

All directors have their indemnity insurance paid by the Company.

12.8 EMPLOYMENT ARRANGEMENTS WITH THE EXECUTIVE DIRECTORS AND KEY MANAGEMENT

The Board is committed to driving alignment between the remuneration arrangements of its executive directors and key management (collectively "Executives") and the expectations of our shareholders, its employees, and the Company's sustainability.

The Company's Executive Remuneration Policy aims to reward Executives fairly and responsibly in accordance with the Australian and international markets that it operates in and ensure that it:

(a) provides competitive rewards that attract, retain and motivate Executives of the highest calibre;

(b) sets demanding levels of performance which are clearly linked to an Executive's remuneration;

(c) structures remuneration at a level that reflects the Executive's duties and accountabilities and is competitive within Australia and internationally;

(d) benchmarks remuneration against appropriate comparator groups;

(e) aligns Executive incentive rewards with the creation of value for shareholders; and

(f) complies with applicable legal requirements and appropriate standards of governance.

The remuneration arrangements for Executives consist of fixed remuneration and long term incentives. Market trends, strategic business objectives and shareholder interests are considered when determining the mix of remuneration and how each component will drive desired outcomes.

The Company has entered into an executive services agreement with Mr. John Ryan pursuant to which he is entitled to be paid a salary of $60,000 per annum, and fees under a consultants agreement for agreed work completed in respect to the exploration, development and mining of the US Projects.

The Company is proposing to enter into an executive services agreement with Mr. Jason Brewer under which, subject to completion of the Transaction and Offer, he will be engaged by the Company to provide executive services as Chief Executive Officer on a full time basis. The Company will remunerate Mr. Brewer with an executive remuneration package comprising a base salary of $160,000 per year and an agreed long term incentive package.

The Company is proposing to enter into an executive services agreement with Mr. Simon Grant-Rennick under which, subject to completion of the Transaction and Offer, he will be engaged by the Company to provide executive services as Director Sales and Marketing on a full time basis. The Company will remunerate Mr. Grant-Rennick with an executive remuneration package comprising a base salary of $200,000 per year and an agreed long term incentive package.

For further information on the agreements the Company has and is proposing to enter into with Mr. Ryan, Mr. Brewer, and Mr Grant-Rennick refer to Section 12.

12.9 DISCLOSURE OF DIRECTORS INTERESTS, BENEFITS AND RELATED PARTY TRANSACTIONS

Directors are not required under the Company's Constitution to hold any Shares. As at the date of this Prospectus, the Directors have relevant interests in Shares and Options as set out in the table below:

Director	Shares[1]	Options
Julian Ford	-	-
Jason Brewer	-	-
John Ryan	900,000	-
Simon Grant-Rennick[2]	-	-
Luca Bechis[2]	-	-

Notes:

1 Shares held are reported on a Post-Consolidation basis
2 The Board proposes to appoint Mr Simon Grant-Rennick and Mr Lucha Bechis as Directors following completion of the Transaction and Offer

No Proposed Director has a relevant interest in any other securities of the Company as at the date of the Prospectus.

Subject to completion of the Transaction and the Offer, the Directors of the Company will have relevant interests in Shares and Options as set out in the table below:

Director	Shares[1]	Options
Julian Ford	-	-
Jason Brewer[2]	5,500,000	-
John Ryan	900,000	-
Simon Grant-Rennick[2]	3,500,000	-
Luca Bechis[3]	28,211,577	-

Notes:
1 Shares held are reported on a Post-Consolidation basis
2 The Shares issued to Mr Jason Brewer and Mr Simon Grant-Rennick relate shares to be issued as part of the Transaction.
3 The Shares issued to Mr Luca Bechis relate to a shares to be issued to RPM and LBI as part of the Transaction.

Mr. Simon Grant-Rennick, a proposed Director of the Company, is currently a shareholder in African Phosphate and pursuant to the Transaction 3,500,000 Shares will be issued to him or his nominees and entities associated with him will receive a 20% interest in the Royalty.

Mr. Luca Bechis, a proposed Director of the Company, is Chief Executive Officer at RPM and LBI and pursuant to the Transaction, 28,211,577 Shares in aggregate will be issued to RPM and LBI. In addition, entities associated with him will (pursuant to the Transaction) be paid the Advisory Fee and Working Capital Fee

12.10 DEEDS OF ACCESS, INDEMNITY AND INSURANCE

The Company has entered an Indemnity, Insurance and Access Deed with each Director.

The Deeds provide that:

(a) each Director is indemnified by the Company against any liability incurred in that capacity as an officer of the Company to the maximum extent permitted by law subject to certain exclusions;

(b) the Company must keep a complete set of company documents until the later of:

i. the date which is seven years after the Director ceases to be an officer of the Company; and
ii. the date after a final judgment or order has been made in relation to any hearing, conference, dispute, enquiry or investigation in which the Director is involved as a party, witness or otherwise because the Director is or was an officer of the Company (Relevant

Proceedings);

(c) the Director has the right to inspect and/or copy a company document in connection with Relevant Proceedings during the period referred to above;

(d) the Company must maintain an insurance policy insuring the Director against liability as a director and officer of the Company while the Director is an officer of the Company and until the later of:

   i. the date which is seven years after the Director ceases to be an officer of the Company; and
   ii. the date any Relevant Proceedings commenced before the date referred to above have been finally resolved,

   unless the Company reasonably determines that the type of coverage is no longer available.

13.CORPORATE GOVERNANCE

13.1 ASX CORPORATE GOVERNANCE COUNCIL PRINCIPLES AND RECOMMENDATIONS

The Directors monitor the business affairs of the Company on behalf of Shareholders and have formally adopted a corporate governance policy which is designed to encourage Directors to focus their attention on accountability, risk management and ethical conduct.

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent applicable, commensurate with the Companies' size and nature, the Company has adopted the Corporate Governance Principles and Recommendations (3rd Edition) as published by ASX Corporate Governance Council (Recommendations).

The Board seeks where appropriate to provide accountability levels that meet or exceed the recommendations.

The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined below and further details on the Company's corporate procedures, policies and practices can be obtained from the Company website at http://www.blackmountainresources.com.

13.2 BOARD OF DIRECTORS

The Board is responsible for corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives.

The goals of the corporate governance processes are to:

(a) maintain and increase shareholder value;

(b) ensure a prudential and ethical basis for the Company's conduct and activities; and

(c) ensure compliance with the Company's legal and regulatory objectives.

Consistent with these goals, the Board, among other things, assumes the following responsibilities.

(a) developing initiatives for profit and asset growth;

(b) reviewing the corporate commercial and financial performance of the Company on a regular basis;

(c) acting on behalf of and being accountable to the Shareholders; and

(d) identifying business risks and implementing actions to manage those risks and corporate systems to assure quality.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors participation in the Board discussions on a fully-informed basis.

In light of the Company's size and nature, the Board considers that the proposed board is a cost effective and practical method of directing and managing the Company'. If the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

13.3 COMPOSITION OF THE BOARD OF DIRECTORS

Election of Board Members is substantially the province of the Shareholders in a general meeting. However, subject thereto the Company is committed to the following principles.

(a) The Board is to comprise Directors with a blend of skills, experience and attributes appropriate for the Company and its business, and

(b) The principal criterion for the appointment of new Directors is their ability to add value to the Company and its business.

Following completion of the Transaction and the Offer the Board is proposed to consist of 5 members. The Directors consider that the Company will then be of a size to justify the formation of a Nomination and Remuneration Committee. The responsibilities of a Nomination and Remuneration Committee are currently carried out by the Board.

Where a casual vacancy arises during the year, the board has procedures to select the most suitable candidate with the appropriate experience and expertise to ensure a balanced and effective board. Any director appointed during the year to fill a casual vacancy or as an addition to the current Board holds office until the next General Meeting and is then eligible for re-election by the Shareholders.

13.4 IDENTIFICATION AND MANAGEMENT OF RISK

The Board has not established a Risk Management Committee responsible for overseeing the risk management function. Accordingly, the Board performs the role of Risk Committee. Items that are usually required to be discussed by a Risk Committee are discussed at a separate meeting when required. Following completion of the Transaction and the Offer the Directors consider that the Company will then be of a size to justify the formation of a Risk Management Committee. The responsibilities of a Risk Management Committee are currently carried out by the Board.

13.5 ETHICAL STANDARDS

The Board is committed to the establishment and maintenance of appropriate ethical standards.

13.6 INDEPENDENT PROFESSIONAL ADVICE

Subject to the Chairman's approval (not to be unreasonably withheld), the Director's at the Company's expense may obtain independent professional advice on issues arising in the course of their duties.

13.7 REMUNERATION ARRANGEMENTS

The total maximum aggregate remuneration of Non-Executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of Non-Executive Directors Remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-Executive Director. The current maximum aggregate amount of Non-Executive Directors' remuneration has been set at an amount not to exceed $150,000 per annum.

Directors are also entitled to be paid reasonable travelling and other expenses incurred by them respectively in or about the performance of their duties as directors.

The Board renews and approves the remuneration policy to enable the Company to attract and retain directors who will create value for Shareholders having consideration to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant Directors time, commitment and responsibility.

13.8 TRADING POLICY

The Board has adopted a policy that sets out the guidelines on the sale and purchase of securities in the Company by its key management personnel (i.e. Directors and, if applicable, any employees reporting directly to the Chief Executive Officer). The policy generally provides that written notification to the Chairman (or in the case of the Chairman, the Board) must be satisfied prior to trading.

13.9 EXTERNAL AUDIT

The Company in general meeting is responsible for the appointment of the external auditors of the Company and the Board from time to time will review the scope, performance and fees of those external auditors.

13.10 AUDIT COMMITTEE

The Board performs the role of an Audit Committee which fulfils the Company's corporate governance and monitoring responsibilities in relation to the Company's risks associated with the integrity of the financial reporting international control systems and the independence of the external audit function.

Following completion of the Transaction and the Offer the Directors consider that the Company will then be of a size to justify the formation of an Audit Committee. The responsibilities of the Audit Committee are currently carried out by the Board.

13.11 DIVERSITY POLICY

The Board has adopted a diversity policy which provides a framework for the Company to achieve amongst other things a diverse and skilled workforce, a workforce culture characterized by inclusive practices and behaviours for the benefit of all staff, improved employment and career development opportunities for women and a work environment that values and utilises the contributions of employees with diverse backgrounds experiences and perspectives.

13.12 DEPARTURES FROM RECOMMENDATIONS

Following the re-instatement of its Shares to official quotation on the ASX, the Company will be required to report any departures from the ASX'S statement of Corporate Governance Principles and Recommendations (Recommendations) in its Annual Financial Report.

The Recommendations are not mandatory, however the Recommendations that will not be followed will be identified and reasons will be provided for not following them.

The Company's proposed compliance and departures from the Recommendations as at the date of reinstatement to Official Quotation will be provided prior to the re-instatement of the Company's Shares to official quotation on the ASX.

14.SUMMARY OF MATERIAL CONTRACTS

14.1 MATERIAL CONTRACTS

Set out below is a summary of the contracts to which the Company is a party that may be material.

(a) African Phosphate Agreement between the Company and African Phosphate;

(b) Share Sale Agreement between the Company, JRH and RPM;

(c) Deed of Assignment of Debt between the Company and JRH, RPM and GLF;

(d) Deed of Agreement between the Company and LBI;

(e) Lease Agreement between ABM and Chester Mining Company;

(f) Lease Agreement between ABM and Lucky Friday Extension Mining Inc.;

(g) Lease Agreement between Magenta Mining Corporation and Shoshone Silver Gold Mining Corporation Inc.;

(h) Lead Manager Mandate between the Company and Sanlam Private Wealth Australia Pty Limited;

(i) Existing and Proposed Executive Services Agreements with Mr. John Ryan, Mr. Jason Brewer, and Mr. Simon Grant-Rennick; and

(j) Consultancy Agreements between the Company and its Non-Executive Chairman, Mr. Julian Ford and Proposed Non-Executive Director Mr. Luca Bechis.

The whole of the provisions of the agreements below are not repeated in this Prospectus.

14.2 AFRICAN PHOSPHATE AGREEMENT

(a) African Phosphate Pty Limited holds the right to acquire all of the shares in GLF (and so obtain a 100% interest in NMCL) from GLF's shareholders, being JRH and RPM;

(b) The Company has entered into the African Phosphate Agreement to acquire this right from African Phosphate by issuing a total of 18,500,000 Shares to the shareholders of African Phosphate and its nominees;

(c) Of these 18,500,000 Shares, Mr. Jason Brewer (a current Director of the Company) or his nominees will receive 5,500,000 Shares and Mr. Simon Grant-Rennick (who is proposed to be elected as a Director of the Company) or his nominees will receive 3,500,000 Shares;

(d) In addition, under this agreement, a royalty equal to 1% of all sales revenue generated from sales of mineral production by the Company and its subsidiaries including NMCL, is payable by the Company to various corporate and technical advisors of African Phosphate up to the period ending 31 December 2026. Two beneficiaries of this royalty (in aggregate holding a 20% interest), Langleycourt properties Limited and Alpha Corporate Services (Bermuda) Limited, are entities controlled by Mr. Simon Grant-Rennick (who is proposed to be elected as a Director of the Company).

14.3 SHARE SALE AGREEMENT

(a) The Company has entered into a Share Sale Agreement with JRH and RPM pursuant to which JRH and RPM have agreed to sell and the Company has agreed to purchase all the shares in GLF and so obtain a 100% interest in NMCL;

(b) Pursuant to the Share Sale Agreement, the Company has agreed to:

i. Issue Shares to JRH and RPM,with JRH to receive 4,978,803 Shares, and RMP and LBI receive a total between them of 28,781,577 Shares;

ii. invest a total of US$5,000,000 (**Investment Commitment**) in cash into GLF within 3 years of the date of the Share Sale Agreement (3 April 2019) of which US$2,500,000 is to be made by 31 December 2016;

iii. in the event the Company does not make the investment Commitment payment, make an additional aggregate cash payment to JRH and RPM (on a pro rata basis) of US$250,000 within 3 years. The amount will only be payable to either of the parties if they JRH and RPM continue to hold at least 50% of the Shares on the third anniversary of the Execution Date; and

iv. complete a capital raising with binding commitments for equity capital of no less than $4,500,000);

14.4 DEED OF ASSIGNMENT OF DEBT

(a) The Company has entered into a Deed of Assignment of Debt with JRH and RPM pursuant to which JRH and RPM have agreed to assign the debt owing to them from GLF at the date of settlement of the Share Sale Agreement, including the loans in the sum of US$10,144,257.37 advanced to GLF by JRH and RPM;

14.5 DEED OF AGREEMENT WITH LBI

(a) The Company has entered into a deed with LBI pursuant to which, in consideration of LBI's role in advising and assisting the Company in the settlement of the Share Sale Agreement, the Company has agreed:

i. To pay LBI an advisory fee of US$3,000,000 cash to be paid on a deferred basis quarterly in arrears, with each quarterly payment amount calculated as an amount equal to 66% of NMCL and IMIC's net cash flow after-tax ("Advisory Fee"). The Advisory Fee will accrue interest at the rate of 5% cumulative annual interest. If the Advisory Fee is not paid in full by 30 June 2019 then subject to the Company obtaining shareholder approval at the time the outstanding balance will automatically convert into Shares which will be issued to LBI at an issue price equivalent to the VWAP for the 6 months prior to the last date due for payment and will be issued within 30 Business Days; and

ii. To reimburse LBI, by no later than the date of settlement of the acquisition of GLF, an amount of US$120,000 to settle funds and associated interest and penalties fees, advanced by LBI to NCML from 1 February 2016 to 1 March 2016 (**Working Capital Fee**). The Working Capital Fee has been paid by the Company.

iii. In the event that the Investment Commitment payments of US$5,000,000 are not paid within 3 years, then subject to the Company obtaining shareholder approval at the time the shortfall in the Investment Commitment will automatically be converted to ordinary fully paid shares in the Company (shares issued to LBI). The issue price will be equivalent to the volume weighted average share price for the six months prior to the third anniversary date of the agreement with LBI.

14.6 LEASE AGREEMENT WITH CHESTER MINING COMPANY

(a) The Company's 70% subsidiary ABM has entered into a Lease Agreement with Chester Mining Company in respect to the Conjecture Project;

(b) The lease is for a period of 15 years and may be extended for 2 successive terms of 15 years on written notice 30 days prior to expiry of each term;

(c) Pursuant to the lease ABM has agreed to:

i. a quarterly payment of US$1,200 per month (US$14,400 per annum) prior to the commencement of mining, payable in cash in the first year and thereafter, in the form of cash or stock or combination as agreed by the parties; and

ii. upon the commencement of mining, a quarterly royalty payment equal to the greater of US$3,600 or 2.5% of the net smelter return on all minerals extracted, milled and sold from the Conjecture Project.

(d) ABM may cancel or terminate the lease at any time by giving 30 days notice and will have no further obligations except any cleanup, mine closure, revegetation or other costs to return the Project to a safe manner.

14.7 LEASE AGREEMENT WITH LUCKY FRIDAY EXTENSION MINING INC.

(a) The Company's 70% subsidiary ABM has entered into a Lease Agreement with Lucky Friday Extension Mining Inc in respect to the New Departure Project;

(b) The lease is for a period of 15 years and may be extended for 2 successive terms of 15 years on written notice 30 days prior to expiry of each term;

(c) Pursuant to the lease ABM agreed to:

i. a quarterly payment of US$1,200 per month (US$14,400 per annum) prior to the commencement of mining payable in cash in the first year and thereafter, in the form of cash or stock or combination as agreed by the parties;

ii. upon the commencement of mining, a quarterly royalty payment equal to the greater of US$3,600 or 2.5% of the net smelter return on all minerals extracted, milled and sold from the New Departure Project in any quarter; and

iii. undertake a minimum of US$400,000 of exploration or development work on the New Departure Project within the first 4 years of the lease. Note this obligation has been satisfied by ABM.

(d) ABM may cancel or terminate the lease at any time by giving 30 days notice and will have no further obligations except any cleanup, mine closure, revegetation or other costs to return the Project to a safe manner.

14.8 LEASE AGREEMENT WITH SHOSHONE SILVER GOLD MINING CORPORATION INC.

(a) The Company's 100% subsidiary Magenta Mining Corporation (Magenta) has entered into a Lease Agreement with Shoshone Silver Gold Mining Corporation Inc in respect to the Lakeview Mill;

(b) The lease is for a period of 15 years and may be extended for 2 successive terms of 15 years on written notice 30 days prior to expiry of each term;

(c) Pursuant to the lease Magenta has agreed, from the commencement of ore being processed through the Lakeview Mill to:

i. a fee of US$10 per ton of all ore processed through the Lakeview Mill from the Company's US Projects; and

ii. a minimum of US$250,000 of toll milling fees would be payable each year after September 2022.

(d) Magenta has also been granted a pre-emptive right and the first right of refusal to acquire Shoshone's interest in any further patented and/or unpatented mining claims in the Lakeview Mining District or the Coeur d'Alene Mining District including the Idaho Lakeview Mine properties, Keep Cool Mine properties, Talacho Claim Group properties, Auxer Mine properties and Silver Strand Mine properties

(e) Magenta may cancel or terminate the lease at any time by giving 30 days notice and will have no further obligations except any cleanup, mine closure, revegetation or other costs to return the Lakeview Mill to a safe manner.

14.9 LEAD MANAGER MANDATE

(a) The Company has appointed Sanlam Private Wealth Australia Pty Limited to act as lead manager of the Offer.

(b) Under the terms of the mandate agreement the Company will pay:

   i. a fee of 1% of the gross amount raised under the Offer (excluding GST) as a management fee; and

   ii. a 5% placement fee on funds raised by Sanlam Private Wealth Australia Pty Limited under the Prospectus.

   Sanlam Private Wealth Australia Pty Limited will be responsible for paying all capital raising fees with any other financial service licensees.

   (b) The mandate agreement otherwise contains terms and conditions which are standard for an agreement of this nature.

14.10 EXECUTIVE SERVICES AGREEMENTS

The Company has entered into a services agreement with Mr. John Ryan which sets out the terms upon which Mr. Ryan has provided executive services to the Company in respect to the US Projects

The key terms and conditions of the services agreement are as follows:

(a) Term: Mr. Ryan's engagement commenced on the 3 February 2012 and continues until terminated by either party;

(b) Remuneration: Mr. Ryan will be paid a rate of $60,000 per annum and agreed consultant fees associated with work completed on the US Projects;

   The Company will also reimburse the Mr. Ryan all reasonable expenses incurred in the performance of his services.

(c) Termination: either party may terminate the services agreement by giving the other party four weeks written notice at any time after the Commencement Date.

The Company is proposing to enter into a services agreement with Mr. Jason Brewer which sets out the terms upon which Mr. Brewer will provide executive services as Chief Executive Officer of the Company on a full time basis.

The key terms and conditions of the services agreement are as follows:

(a) Term: Mr. Brewer's engagement will commence on the date that the Company's Shares are re-instated to quotation on the ASX and shall continue until terminated by either party;

(b) Remuneration: Mr. Brewer will be paid a rate of $160,000 per annum for Mr. Brewer services. The services agreement also provides that an agreed long term incentive package will be agreed and be based on a series of performance milestones;

   The Company will also reimburse the Mr. Brewer all reasonable expenses incurred in the performance of his services.

(c) Termination: either party may terminate the services agreement by giving the other party three months written notice at any time after the Commencement Date.

The Company is proposing to enter into a services agreement with Mr. Simon Grant-Rennick which sets out the terms upon which Mr. Grant-Rennick will provide executive services as Director Sales and Marketing of the Company on a full time basis.

The key terms and conditions of the services agreement are as follows:

(a) Term: Mr. Grant-Rennick's engagement will commence on the date that the Company's Shares are re-instated to quotation on the ASX and shall continue until terminated by either party;

(b) Remuneration: Mr. Grant-Rennick's will be paid a rate of $200,000 per annum for Mr. Grant-Rennick's services. The services agreement also provides that an agreed long term incentive package will be agreed and be based on a series of performance milestones;

The Company will also reimburse the Mr. Grant-Rennick's all reasonable expenses incurred in the performance of his services.

(c) Termination: either party may terminate the services agreement by giving the other party three months written notice at any time after the Commencement Date.

14.11 CONSULTANCY AGREEMENTS FOR NON-EXECUTIVE DIRECTORS

The Company has entered into a services agreement with Mr. Luca Bechis which sets out the terms upon which Mr. Bechis will be appointed a Non-Executive Director of the Company.

(a) Term: Mr. Bechis will commence on the date that the Company's Shares are re-instated to quotation on the ASX and shall continue until terminated by either party;

(b) Remuneration: Mr. Bechis will be paid a fee of $40,000 per annum for his role as a non-executive Director of the Company. Any fees paid to Mr. Bechis will in any event be subject to annual review by the Board of the Company and approval by Shareholders (if required).

(c) The Company will also reimburse the Mr. Bechis all reasonable expenses incurred in the performance of his services.

14.12 CONSULTANCY AGREEMENTS FOR NON-EXECUTIVE CHAIRMAN

The Company has entered into a services agreement with Mr. Julian Ford which sets out the terms upon which Mr. Ford will be appointed Non-Executive Chairman of the Company.

(a) Term: Mr. Ford commenced on 13 April 2016.

(b) Remuneration: Mr. Ford will be paid a fee of $60,000 per annum for his role as Non-Executive Chairman of the Company. Any fees paid to Mr. Ford will in any event be subject to annual review by the Board of the Company and approval by Shareholders (if required).

(c) The Company will also reimburse the Mr. Ford all reasonable expenses incurred in the performance of his services.

15.ADDITIONAL INFORMATION

15.1 RIGHTS ATTACHING TO SHARES

The following is a summary of the more significant rights attaching to Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders.

To obtain such a statement, persons should seek independent legal advice.

Full details of the rights attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

i. each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;

ii. on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and

iii. on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Dividend rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) Winding-up

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

(e) Shareholder liability

As the Shares under the Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) Transfer of Shares

Generally, Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the ASX Listing Rules.

(g) Variation of rights

Pursuant to section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(h) Alteration of Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

15.2 FINANCE OPTIONS

The Finance Options to be issued pursuant to the Transaction will be issued on the terms and conditions below.

(a) Entitlement

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) Exercise Price

Subject to paragraph (j), the amount payable upon exercise of each Option will be $0.125 (Exercise Price)

(c) Expiry Date

Each Option will expire at 5:00 pm (WST) on 30 June 2018 (Expiry Date). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) Exercise Period

The Options are exercisable at any time on or prior to the Expiry Date (Exercise Period).

(e) Notice of Exercise

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (Notice of Exercise) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (Exercise Date).

(g) Timing of issue of Shares on exercise

Within 15 Business Days after the Exercise Date, the Company will:

i. allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;

ii. if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

iii. if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) Shares issued on exercise

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) Quotation of Shares issued on exercise

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

(j) Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) Participation in new issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(l) Change in exercise price

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(m) Transferability

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

15.3 INTERESTS OF DIRECTORS OF THE COMPANY

Except as disclosed in this Prospectus, no Director holds, or during the last two years as held any interests in:

(a) the formation or promotion of the Company; or

(b) property acquired or proposed to be acquired by the Company,

and no amounts of any kind (whether in cash, Shares or otherwise) have been paid or agreed to be paid to any Director to induce him to become or to qualify as a Director or otherwise for services rendered by him in connection with the formation or promotion of the Company.

15.4 INTERESTS OF PERSONS NAMED

Except as disclosed in this Prospectus, no expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with, has now, or has had, in the 2 year period ending on the date of this Prospectus, any interest in:

(a) the formation or promotion of the Company; or

(b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion of this Prospectus.

Except as disclosed in this Prospectus, no amounts of any kind (whether in cash, Shares, Options or otherwise) have been paid or agreed to be paid to any expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, or to any firm in which any of those persons is or was a partner or to any company in which any of those persons is or was associated with, for services rendered by that person in connection with the formation or promotion of the Company or this Prospectus.

Murcia Pestell Hillard has acted as solicitors to the Company in relation to this Prospectus. For their work on this Prospectus, the Company estimates it will pay approximately $50,000 for these professional services. Subsequent fees will be charged in accordance with normal charge out rates.

Murcia Pestell Hillard has provided other professional services to the Company during the last two years amounting to approximately $150,000.

Stantons International Securities Pty Limited has acted as Investigating Accountant and has prepared an Investigating Accountant's Report which has been included in Section 10 of this Prospectus. For their work on this Prospectus, the Company estimates it will pay approximately $20,000 for those services. Subsequent fees will be charged in accordance with normal charge out rates.

Stantons International Securities Pty Limited has provided other professional services to the Company during the last two years amounting to approximately $32,150.

The amounts disclosed above are exclusive of any amount of goods and services tax payable by the Company for those amounts.

15.5 CONSENTS

Each of the parties referred to in Section 15.4:

(a) does not make, or purport to make, any statement in this Prospectus or on which a statement made in the Prospectus is based, other than as specified in this Section 15.5; and

(b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section 15.5.

Computershare Investor Services Pty Limited has given and, as at the date hereof, has not withdrawn, its written consent to be named as Share Registry in the form and context in which it is named. Computershare Investor Services Pty Limited has had no involvement in the preparation of any part of the Prospectus other than being named as Share Registry to the Company. Computershare Investor Services Pty Limited has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of the Prospectus.

Murcia Pestell Hillard has consented to being named in this Prospectus as the solicitors to the Company and has not withdrawn such consent prior to the lodgement of this Prospectus with ASIC.

Stantons International Securities Pty Limited has consented to being named in this Prospectus as the Investigating Accountant to the Company and has prepared an Investigating Accountant's Report. Stantons International Securities Pty Limited consents to the inclusion of its Investigating Accountant's Report in the form and context in which it is included in the Prospectus and has not withdrawn these consents prior to the lodgement of this Prospectus with ASIC.

Al Maynard & Associates Pty Ltd has consented to being named in this Prospectus as the Independent Geologist and has prepared an Independent Geologist's Report. Al Maynard & Associates Pty Ltd consents to the inclusion of its Independent Geologist's Report in the form and context in which it is included in the Prospectus and has not withdrawn these consents prior to the lodgement of this Prospectus with ASIC.

Adukule & Company has consented to being named in this Prospectus as the Independent Solicitors and consents to the inclusion of its report dated 2nd August 2016 in the form and context in which it is included in the Prospectus. Adukule & Company has not withdrawn these consents prior to the lodgement of this Prospectus with ASIC.

RSM Australia Partners have consented to being named in this Prospectus as the Company's auditors and have not withdrawn such consent prior to the lodgement of this Prospectus with ASIC.

Sanlam Private Wealth Australia Pty Limited has consented to being named in this Prospectus as the Lead Manager to the offer and has not withdrawn such consent prior to the lodgement of this Prospectus with ASIC.

Verdant Capital Limited has consented to being named in this Prospectus as an adviser to the Company and has not withdrawn such consent prior to the lodgement of this Prospectus with ASIC.

15.6 EXPENSES OF THE PROSPECTUS

The approximate expenses of the Offer will be $500,000. These expenses are payable by the Company.

15.7 LITIGATION

As at the date of this Prospectus, except as disclosed in this Prospectus, the Company is not involved in any material legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against our Company.

15.8 CONTINUOUS DISCLOSURE OBLIGATIONS

On being reinstated to ASX, the Company will be a “disclosing entity” for the purposes of Part 1.2A of the Corporations Act. As such, it will be subject to regular reporting and disclosure obligations which require it to disclose to ASX any information which it is, or becomes aware of concerning the Company and which a reasonable person would expect to have a material effect on the price or value of the securities of the Company. Their documents will also be made available on the Company’s website.

15.9 ELECTRONIC PROSPECTUS

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

16.DIRECTORS RESPONSIBILITY AND CONSENT

The Directors state they have made all reasonable enquiries and on that basis have reasonable grounds to believe any statements made by the Directors in this Prospectus are not misleading or deceptive and that in respect to any other statements made in the Prospectus by persons other than Directors, the Directors have made reasonable enquiries and on that basis have reasonable grounds to believe persons making the statement or statements were competent to make such statements, those persons have given their consent to the statements being included in this Prospectus in the form and context in which they are included and have not withdrawn that consent before lodgement of this Prospectus with ASIC.

The Prospectus is prepared on the basis that certain matters may be reasonably expected to be known to likely investors or their professional advisers.

Each Director has consented to the lodgement of this Prospectus with the ASIC and has not withdrawn that consent.

Dated: 10th August 2016

Jason Brewer
Director

17.GLOSSARY OF GENERAL DEFINITIONS

In this Prospectus unless the context otherwise requires, the following definitions apply throughout where the context so admits:

$	means Australian dollars, unless otherwise stated;
ASIC	means the Australian Securities and Investments Commission;
ASX	means ASX Limited and, where the context permits, the Australian Securities Exchange operated by ASX Limited;
ASX Settlement	ASX Settlement Pty Ltd ACN 008 504 532;
ASX Settlement Operating Rules	ASX Settlement Operating Rules means the settlement operating rules of ASX Settlement as amended from time to time;
Board	means the board of Directors of our Company, unless otherwise stated;
Business Day	means every day other than a Saturday, Sunday, New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day;
CHESS	CHESS means ASX Clearing House Electronic Sub-register System;
Company	Means Black Mountain Resources Limited. The terms “we”, “our”, “our Company” have correlative meanings;
Constitution	Constitution means the constitution of the Company;
Corporations Act	means the *Corporations Act 2001* (Cth);
Director	means a director of the Company;
FY	means the financial year ended or, as the case may be, ending 30 June;
Listing Rules	means the listing rules of the ASX
Option	means an option to acquire a Share;
Share Registry	Computershare Investor Services Pty Limited Level 11, 172 St Georges Terrace Perth WA 6000 Telephone: +61 8 9323 2000 Facsimile: +61 8 9323 2033
Prospectus	means this prospectus dated 10 August 2016 issued by our Company;
Shareholder	means the holder of a Share; and
Share	means an ordinary share in the capital of our Company.

Black Mountain Resources Limited

ACN 147 106 974

APPLICATION FORM

This Application Form is important. If you are in doubt as to how to deal with it, please contact your stockbroker or professional adviser without delay. You should read the entire Prospectus carefully before completing this Application Form. To meet the requirements of the Corporations Act, this Application Form must not be distributed unless included in, or accompanied by, the Prospectus.

A **I/we apply for**

Number of Shares at $0.10 per Share. Applications must be a minimum of 5,000 Shares ($500.00) or a greater number in multiples of 1,000 Shares ($100.00).

B **I/we lodge full Application Money**

A$.

C **Individual/Joint applications - refer to naming standards overleaf for correct forms of registrable title(s)**

Title or Company Name Given Name(s) Surname

Joint Applicant 2 or Account Designation

Joint Applicant 3 or Account Designation

D **Enter the postal address - include State and Postcode**

Unit Street Number Street Name or PO Box/Other information

City/Suburb/Town State Postcode

E **Enter your contact details**

Contact Name

Telephone Number - Business Hours ( )

F **CHESS Participant**

Holder Identification Number (HIN)

X

Please note that if you supply a CHESS HIN but the name and address details on your form do not correspond exactly with the registration details held at CHESS, your application will be deemed to be made without the CHESS HIN, and any Shares issued as a result of the Offer will be held on the Issuer Sponsored subregister.

G **Payment details - Please note that funds are unable to be directly debited from your bank account**

Drawer	Cheque Number	BSB Number	Account Number	Amount of cheque
				A$

Make your cheque, money order or bank draft payable to 'Black Mountain Resources Limited'

By submitting this Application Form:

- I/we declare that this application is complete and lodged according to the Prospectus dated 10 August 2016, and the declarations/statements on the reverse of this Application Form,
- I/we declare that all details and statements made by me/us (including the declaration on the reverse of this Application Form) are complete and accurate, and
- I/we agree to be bound by the Constitution of Tractile Pty Ltd ('**the Company**')

See overleaf for completion guidelines →

How to complete this form

A Shares applied for
Enter the number of Shares you wish to apply for. The application must be for a minimum of 5,000 Shares ($500.00) or a greater number in multiples of 1,000 Shares ($100.00). The Offer Price of the Shares is payable in full on Application.

B Application Monies
Enter the amount of Application Monies. To calculate the amount, multiply the number of Shares by the issue price of $0.10 per Share. The minimun amount of Application monies is $500.00 and applications for less than this amount may be rejected.

C Applicant Name(s)
Enter the full name you wish to appear on the register of Shares and statement of shareholding. This must be either your own name or the name of a company. Up to 3 joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applications using the wrong form of names may be rejected. Clearing House Electronic Subregister System (CHESS) particpants should complete their name identically to that presently registered in the CHESS system.

D Postal Address
Enter your postal address for all correspondence. All communications to you from the Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

E Contact Details
Enter your contact details. These are not compulsory but will assist us if we need to contact you regarding this application.

F CHESS
The Company participates in CHESS. If you are a CHESS participant (or are sponsored by a CHESS participant) and you wish to hold Shares allotted to you under this Application on the CHESS Subregister, enter your CHESS HIN. Otherwise, leave this section blank and on allotment, you will be sponsored by the Company and allocated a Securityholder Reference Number (SRN).

G Payment
Make your cheque, money order or bank draft payble to **'Black Mountain Resources Limited'** in Australian currency and cross it **'Not Negotiable'**. Your cheque, money order or bank draft must be drawn on an Australian Bank.
Complete the cheque details in the boxes provided. The total amount must agree with the amount shown in box B. **Please note that funds are unable to be directly debited from your bank account.**
Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented any may result in your Application being rejected.
Paperclip (do not staple) your cheque(s) to the Application Form. Cash will not be accepted. No receipt for payment will be forwarded to Applicants.

Before completing the Application Form the Applicant(s) should read this Prospectus to which this Application relates. By lodging the Application Form, the Applicant agrees that this Application for Shares in the Company is upon and subject to the terms of the Prospectus and the Constitution of the Company, agrees to take any number of Shares that may be issued to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

Lodgement of Application

Application Forms must be received by Computershare Investor Services Pty Limited (**CIS**) by no later than 5:00pm AEST on 9 September. You should allow sufficient time for this to occur.
Return the Application Form with cheque(s) attached to:
Computershare Investor Services Pty Limited
GPO Box 52
MELBOURNE VIC 3001
Neither CIS nor the Company accepts any responsibility if you lodge the Application Form at any other address or by any other means. If you have any enquiries concerning your application, please contact Computershare Investor Services Pty Limited on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia).

Privacy Statement

Personal information is collected on this form by CIS for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. In addition, the Company may authorise us on their behalf to send you marketing material or include such material in a corporate communication. You may elect not to receive marketing material by contacting CIS using the details provided on the front of this form or emailing privacy@computershare.com.au. We may be required to collect your personal information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf or to third parties upon direction by the Company where related to their administration of your securityholding, or where you have otherwise agreed we may disclose it. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at privacy@computershare.com.au or see our Privacy Policy at http://www.computershare.com/au.

Correct forms of registrable title(s)

Note that ONLY legal entities are allowed to hold Shares. Application Forms must be in the name(s) of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and the surname is required for each natural person. Application Forms cannot be completed by persons less than 18 years of age. Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual: Use given names in full, not initials	Mr John Alfred Smith	JA Smith
Company: use the company's full title, not abbreviations	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings: use full and complete names	Mr Peter Robert Williams & Ms Louise Susan Williams	Peter Robert & Louise S Williams
Trusts: use the trustee(s) personal name(s)	Mrs Susan Jane Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates: use the executor(s) personal name(s)	Ms Jane Mary Smith & Mr Frank William Smith <Est John Smith A/C>	Estate of late John Smith or John Smith Deceased
Minor (a person under the age of 18): use the name of a responsible adult with an appropriate designation	Mr John Alfred Smith <Peter Smith A/C>	Master Peter Smith
Partnerships: use the partners personal names	Mr John Robert Smith & Mr Michael John Smith <John Smith and Son A/C>	John Smith and Son
Long Names	Mr John William Alexander Robertson-Smith	Mr John W A Robertson-Smith
Clubs/Unincorporated Bodies/Business Names: use office bearer(s) personal name(s)	Mr Michael Peter Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds: use the name of the trustee of the fund	Jane Smith Pty Ltd <Super Fund A/C>	Jane Smith Pty Ltd Superannuation Fund