



blackmountain
resources limited

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

By E-Lodgement

Conjecture Project Update

- **Excellent progress at Conjecture Silver Project with production on track for Q4 2012**
- **Appointment of Mining Contractor and Chief Geologist**
- **Site development and portal construction commenced**
- **Exploration program planned targeting historic workings and delineating potential extensions**

Black Mountain Resources Limited (ASX: BMZ) is pleased to provide an exploration and development update on the Conjecture Silver Project. The Company acquired a 70% interest in three projects: Conjecture, New Departure and Tabor, located in the prolific silver regions of north-western USA, in February 2012. Development is well underway with initial production for Conjecture and New Departure on track for Q4 2012.

Appointment of Mine Contractor and Geologist

The Company is pleased to announce that Coeur d'Alene Mine Contracting LLC ("CDA Mine Contracting") has been appointed as the mining contractor for the Conjecture Project. The two project managers and principals for CDA Mine Contracting, Mr. Jeff Lambert and Mr. Steve Ivie, both have over twenty years of hard rock mining experience in North America including the Sunshine Mine and Galena Mine in the Coeur d'Alene Mining District. Mr. Lambert and Mr. Ivie will jointly manage the development of the site works and mine development program, including the construction of the Morris Portal and driving the Morris Decline over the coming weeks and months. Further details of this program are contained below.

In addition, Black Mountain is very pleased to announce the appointment of Mr. Richard Morris as the Project's chief geologist. Mr. Morris wrote the 1981 reserve report on the Conjecture Project which identified historic mining blocks estimated to contain 650,000 – 700,000 tons¹ of silver ("Ag") at an estimated grade of 280 – 370 grams Ag per ton¹. Mr. Morris has over 35 years' experience in the industry with significant experience at the Conjecture Project itself and was the geologist involved with exploration, development and mining of the project in the early 1980's. Mr. Morris will manage all exploration aspects of the Conjecture Project.

1. These estimates of potential quantity and grade are based on historical reports and are conceptual in nature. There is insufficient exploration to define Mineral Resources and it is uncertain if further exploration will result in the determination of a Mineral Resource.

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Commencement of Development

Work has commenced at the site to construct the Morris Decline, which will be situated approximately 35ft (10.7m) to the left of the previously accessed Graham Adit in the footwall of the vein zone. Work on the ground at the site over the past week identified the remnants of the Graham Adit aiding the on-site crew in picking the definitive location for the Morris Decline.

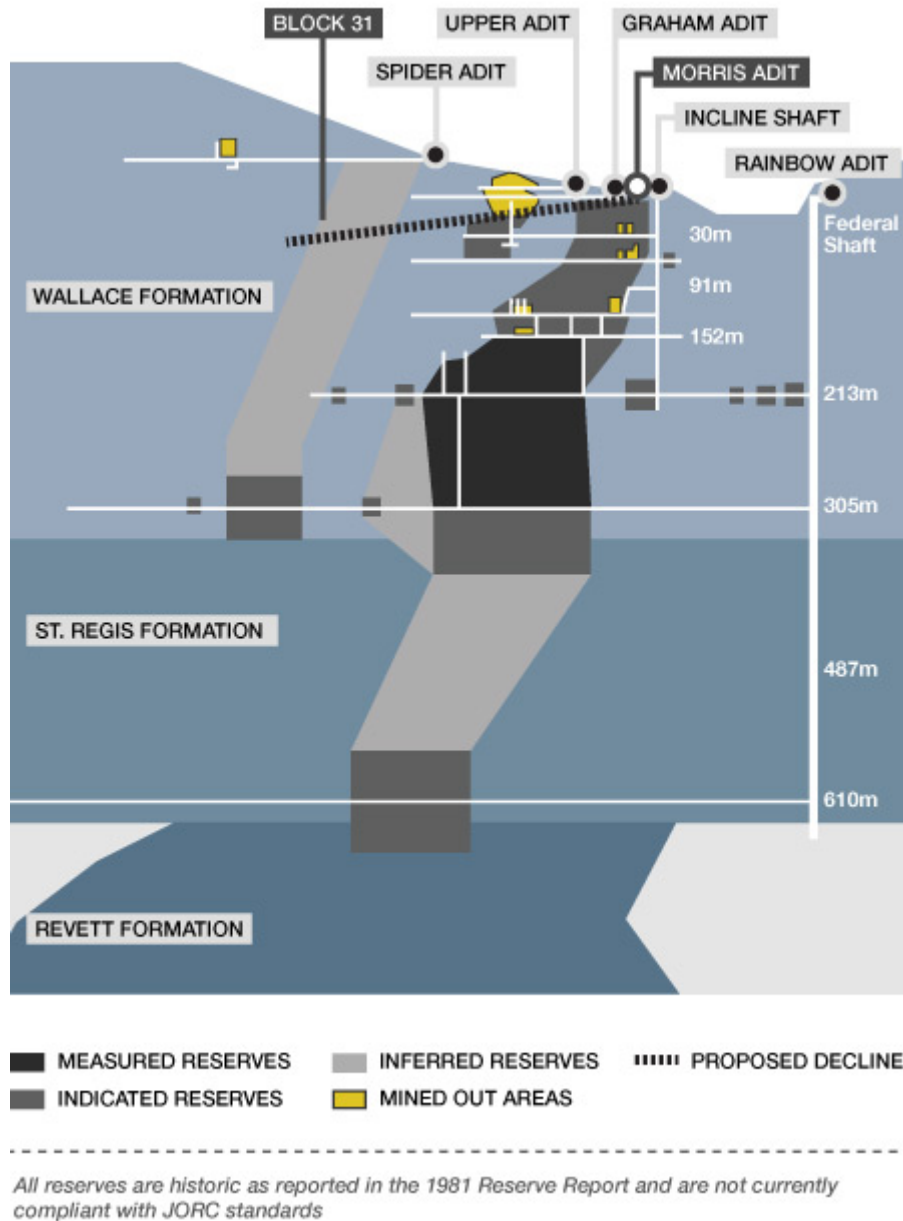


Diagram 1
Cross-Section of Historic Workings and Historic Reserves at the Conjecture Silver Mine

This decline will be driven at a 15 degree decline and parallel to the vein zone to enable further exploration and development of historic workings as well as new ground. Cross cuts from the decline to the vein zone will be driven approximately every 200 feet (61.2m) and I-drifting on the vein will commence enabling bulk sample testing of the vein zone as well as delineation of additional resource blocks for eventual mining.

It is anticipated that the Morris Decline will be driven initially for approximately 1,100 feet (335.4m) over the next six months which will allow the Company to regain access to the historic 100 foot (30.6m) level of the mine and areas below that level. In addition, from the decline a horizontal adit will be driven approximately 200 feet (61.2m) below the historic Spider Tunnel workings which will open up new resources along strike of the Spider Vein which have not been previously tested or examined by previous operators.

Exploration Program

An approximate 5,886ft (1,800m) diamond core drilling program is also planned to commence by early August which will test the Spider Adit portion of the vein at depth and along strike. Drill targets and positioning of the drill holes is being managed by our recently appointed Chief Geologist.

Drilling is designed to target and confirm the historic “31” mining block estimated (1981 Reserve Report) to contain approximately 50,000 to 60,000 tons² at an estimated grade of 365 – 380 grams Ag per ton². This block, which will also be penetrated at depth by the new Morris Decline when complete, is shown in Diagram 1. A further surface drill program will then be undertaken targeting extension of this vein at depth and along the strike of this vein system to the southwest which, as depicted in Diagram 1, would be the area to the left of the “31” block and below the Spider Adit.

The Morris Decline will cross-cut the vein system in four places, enabling the Company to begin bulk sample mining of the vein system by I-Drifting on the vein in multiple headings and on multiple levels. In combination with an underground drill program currently being designed, the Company expects to confirm historical mining blocks and would also anticipate the identification of new blocks at various levels all within several hundred meters of the surface.

Confirmed historic blocks will then be prepped for continuous mining activity and the Company will provide a secondary access and ventilation circuit for the mine by driving a raise in the area of the Spider Vein system from approximately the 328ft (100m) level to a newly constructed short decline which will be driven in the footwall of the Spider Adit from the surface. All of this work will be designed to open up the blocks for eventual mining and resource delineation.

Black Mountain CEO John Ryan said, “We are rapidly developing the Conjecture Project to enable us to access near-surface blocks indicated by historical reports in line with our strategy to bring this project back into production by the end of the year. Importantly, we also have the right team in place with extensive knowledge of the area and mineral systems, and a defined exploration program planned which we believe will enable us to commercialise and build value in the Conjecture Project over the coming months. This is set to be a highly active time for the Company with news anticipated from our New Departure project in Montana, and we look forward to updating shareholders at the appropriate time.”

For and on behalf of the Board



Peter Landau
Executive Director

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Competent Persons Statement

The information included in this release that relates to historical mining data and exploration targets is based on information compiled by Mr. Gregory Schifrin. Mr. Schifrin has worked as a geologist in exploration and mine development for 29 years in precious and base metal exploration and is a professional member (SME Registered Member) of the Society of Mining, Metallurgy and Exploration (SME) #4053449, a 'Recognized Overseas Professional Organization' ('ROPO') included in a list promulgated by the ASX from time to time. Mr. Schifrin has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Schifrin consents to the inclusion in the release of the matters based on his information in the form and context in which it appears.