



blackmountain
resources limited

18 April 2012

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

By E-Lodgement

Dispatch of Loyalty Option Prospectus

Black Mountain Resources Limited (ASX: BMZ) confirms the dispatch of the Prospectus dated 3 April 2012 for a pro-rata non-renounceable entitlement issue of 32,656,250 Loyalty Options on the basis of one (1) Loyalty Option for every two (2) Shares held by Shareholders at a subscription price of \$0.03 per Loyalty Option, to raise approximately \$979,688.

The Closing Date and time for acceptance and payments is scheduled to be 5.00pm (WST) on 3 May 2012, subject to the Company varying the Closing Date in accordance with the Corporations Act and the ASX Listing Rules.

For and on behalf of the Board

Peter Landau
Executive Director

Black Mountain Resources Limited
ABN 55 147 106 974
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Black Mountain Resources Limited **ACN 147 106 974**

Loyalty Option Issue Prospectus

For a pro rata non-renounceable entitlement issue of one Option for every two Shares held by Shareholders on the Record Date at an issue price of 3 cents per Option, to raise approximately \$979,688 (**Offer**).

and for the offer of up to 100 Shares at an issue price of \$0.30 per Share to raise approximately \$30.00 (**Share Offer**).

The Share Offer pursuant to this Prospectus is for the purpose of Section 708A(11) of the Corporations Act to remove any trading restrictions on the sale of Shares issued by the Company prior to the Share Offer Closing Date.

708
Capital^{Pty}_{Ltd}

Lead Manager

Important Information

This is an important document that should be read in its entirety. If you do not understand it you should consult your professional advisers without delay.

The Loyalty Options offered by this Prospectus should be considered speculative.



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1. Important Notes

Shareholders should read this document in its entirety and, if in doubt, should consult their professional advisors.

This Prospectus is dated 3 April 2012 and a copy of this Prospectus was lodged with the ASIC on that date. The ASIC and ASX take no responsibility for the content of this Prospectus. The expiry date of the Prospectus is the date that is 13 months after the date of this Prospectus (**Expiry Date**). No Loyalty Options will be allotted or issued on the basis of this Prospectus after the Expiry Date.

Applications for Loyalty Options offered pursuant to this Prospectus can only be submitted on an Entitlement and Acceptance Form which accompanies 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.

The distribution of this Prospectus in jurisdictions outside Australia 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 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.

The Offer to New Zealand investors are regulated offers made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and the Corporations Regulations 2001. In New Zealand, this is Part 5 of the Securities Act 1978 and the Securities (Mutual Recognition of Securities Offerings – Australia) Regulations 2008.

The Offer and the content of the Prospectus are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 (Cth) sets out how the Offer must be made.

There are differences in how securities are regulated under Australian law.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies, and compensation arrangements for New Zealand securities.

Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to the Offer. If you need to make a complaint about the Offer, please contact the Securities Commission, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian securities is not the same as for New Zealand securities.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The Offer may involve a currency exchange risk. The currency for the Loyalty Options is not New Zealand dollars. The value of the Options will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant. If you expect the Shares and/or Options to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

As noted in this Prospectus at Section 4.8, the Company will apply to the ASX for quotation of the Shares offered under this Prospectus. If quotation is granted, the Options offered under this Prospectus will be able to be traded on the ASX. If you wish to trade the Options through that market, you will have to make arrangements for a participant in that market to sell the Options on your behalf. As the ASX does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the securities and trading may differ from securities markets that operate in New Zealand.



No person is authorised to give information or to make any representation in connection with this Prospectus which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

Transaction Specific Prospectus

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

Electronic Prospectus

Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident or New Zealand resident and must only access the Prospectus from within Australia or New Zealand.

The Corporations Act prohibits any person passing onto another person an Entitlement and Acceptance Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.



2. Corporate Directory

Directors

Peter Landau Executive Director
John Ryan Executive Director
Jason Brewer Non-Executive Director

Joint Company Secretary

Rebecca Sandford
Shannon Robinson

ASX Code

BMZ

Website

<http://www.blackmountainresources.com.au>

Share Registry*

Computershare Investor Services Pty
Limited
Level 2, Reserve Bank Building
45 St Georges Terrace
Perth WA 6000

Investor enquiries: 1300 557 010
Telephone: +61 8 9323 2000
Facsimile: +61 8 9323 2033

Registered Office

Ground Floor
1 Havelock Street
West Perth WA 6005
Telephone: +61 8 9488 5220
Facsimile: +61 8 9324 2400

Solicitors

Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Building
16 Milligan Street
PERTH WA 6000

Auditor*

RSM Bird Cameron Partners
8 St Georges Terrace
Perth WA 6000
Telephone: +61 8 9261 9100
Facsimile: +61 8 9261 9101

Lead Manager

708 Capital Pty Ltd
Level 26
25 Bligh Street
Sydney NSW 2000

* These parties have been included for information purposes only. They have not been involved in the preparation of this Prospectus.



3. Investment Overview

3.1 Important Notice

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

3.2 Summary of the Offer and Share Offer

By this Prospectus, the Company offers for subscription the Loyalty Options referred to in the recent Re-compliance Prospectus. The Offer is for approximately 32,656,250 Loyalty Options on the basis of one (1) Loyalty Option for every two (2) Shares held on the Record Date.

Fractional entitlements will be rounded up to the nearest whole number.

The Loyalty Options issued will be exercisable at 20 cents within three (3) years from the date of issue.

By this Prospectus, the Company also invites investors identified by the Directors to apply for up to 100 Shares at an issue price of \$0.30 per Share payable in full on application (**Share Offer**). The purpose of the Share Offer is to remove any trading restrictions that may have attached to the Shares issued by the Company prior to the Share Offer Closing Date.

3.3 Timetable and Important Dates*

Event	Timing
Announcement of Loyalty Option Issue, Lodgement of Prospectus and Appendix 3B with ASIC and dispatch of letters to Optionholders	3 April 2012
Notice sent to Shareholders	4 April 2012
Ex Date for determining Entitlements	10 April 2012
Record Date for determining Entitlements	16 April 2012
Prospectus dispatched to Shareholders	18 April 2012
Closing Date of Offer	3 May 2012
Loyalty Options quoted on a deferred settlement basis	4 May 2012
Notify ASX of under-subscriptions	4 May 2012
Dispatch date / Loyalty Options issued pursuant to the Offer	7 May 2012

* These dates are indicative only and subject to change. The Company reserves the right, subject to the Corporations Act, the ASX Listing Rules and other applicable laws, to vary the dates of the Offer, including but not limited to, extending the Closing Date or accepting late applications, either generally or in particular cases, without notifying you. Any extension of the Closing Date will have a consequential effect on the date of issue of the Loyalty options. The Offer does not require approval of Shareholders.

3.4 Purpose of the Offer

The purpose of the Offer and the Share Offer is to:

- issue the Loyalty Options initially referred to in the Re-compliance Prospectus;
- raise approximately \$979,718 (before expenses);
- remove any trading restrictions that may have attached to Shares issued by the Company prior to the Share Offer Closing Date (including prior to the date of this Prospectus); and
- provide working capital for the Company.



3.5 Use of Funds Raised

The proceeds of the Offer are planned to be used in accordance with the table set out below:

Proceeds of the Offer and Share Offer	\$
Working Capital	920,000
Expenses of the Offer ¹	59,718
Total	979,718

Notes:

1. Refer to Section 3.13 of this Prospectus for further details relating to the estimated expenses of the Offer.

The above table is a statement of current intentions as of the date of lodgement of this Prospectus with ASIC. As with any budget, intervening events and new circumstances have the potential to affect the ultimate way funds will be applied. The Board reserves the right to alter the way funds are applied on this basis.

3.6 Effect of the Offer

The principal effect of the Offer will be to:

- (a) increase the cash reserves by approximately \$920,000 immediately after completion of the Offer and Share Offer after deducting the estimated expenses of the Offer and Share Offer;
- (b) increase the number of Shares on issue from 65,312,501 to 65,312,601; and
- (c) increase the number of Options on issue from 2,000,000 Options to approximately 38,156,250 Options following completion of the Offer and issue of Options to the Lead Manager. The new Options offered pursuant to the Offer will be listed, each with an exercise price of \$0.20 and an expiry date of 3 years from the date of issue.

3.7 Effect on Capital Structure

A comparative table of changes in the capital structure of the Company as a consequence of the Offer is set out below, assuming that the Offer is fully subscribed.

	Shares	Options
On issue at date of the Prospectus	65,312,501	2,000,000 ¹
Offered pursuant to the Share Offer	100	
Offered pursuant to the Offer	-	32,656,250
To be issued to Lead Manager ²	-	3,500,000
Total securities on issue after completion of the Offer	65,312,601	38,156,250

Notes:

1. Unquoted options exercisable at 30 cents on or before 15 February 2015.
2. Options to be issued to the Lead Manager for capital raising and corporate advisory services provided pursuant to mandate.

3.8 Underwriting

The Offer is not underwritten.

3.9 Lead Manager

The Company has engaged 708 Capital Pty Ltd to act as Lead Manager to the Offer. Pursuant to the mandate, the Company will issue 3,500,000 listed options exercisable at \$0.20 within 3 years of issue to 708 Capital Pty Ltd or



its nominees in consideration for capital raising and corporate advisory services provided in relation to the Offer. The options will be issued on the same terms as the Loyalty Options as set out in Section 6.1.

3.10 Directors' Interests

Other than as set out above, in the Prospectus or elsewhere in this Prospectus, no Director nor any firm in which such a Director is a partner, has or had within two (2) years before the lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer pursuant to this Prospectus; or
- (c) the Offer pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director or to any firm in which any such Director is a partner, either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him or by the firm in connection with the formation or promotion of the Company or Offer pursuant to this Prospectus.

The Directors' interests in securities of the Company at the date of this Prospectus are:

	Shares	Options ¹	Performance Shares	% interest	Annual Remuneration ²
P Landau ³	305,000	-	-	0.047%	\$60,000
J Ryan ⁴	4,000,000	-	5,000,000	6.12%	Nil
J Brewer ³	305,000	-	-	0.047%	\$40,000

Notes:

1. Existing Options on issue are exercisable at \$0.30 on or before 15 February 2015.
2. This figure is exclusive of superannuation.
3. Mr Peter Landau was appointed as a director of the Company on 23 August 2011 and Mr Jason Brewer was appointed as a director of the Company on 3 February 2012. 305,000 Shares are held by Komodo Capital Pty Ltd, an entity of which Messrs Landau and Brewer are both a director.
4. Mr John Ryan was appointed as a director of the Company on 3 February 2012. 4,000,000 Shares subject to escrow until 20 February 2014; 5,000,000 Performance Shares subject to escrow until 20 February 2014.

The Director's interests in securities of the Company on completion of the Offer are:

	Shares	Performance Shares	Options			Maximum % interest ¹
			Current	Entitlement	Total	
P Landau	305,000	-	-	152,500	152,500	0.047%
J Ryan	4,000,000	5,000,000	-	2,000,000	2,000,000	6.12%
J Brewer	305,000	-	-	152,500	152,500	0.047%

Notes:

1. These figures include the Director's interest in their Entitlement.

The Constitution of the Company provides that the non-executive Directors may be paid for their services as Directors, a maximum total amount of directors' fees determined by the Company in general meeting. Total Directors' fees paid to all non-executive Directors are not to exceed \$150,000 per annum.

The Company paid to the Directors a total of \$67,890 the year ended 30 June 2011 and \$77,680 for the period ended 31 December 2011. In addition to the above, the Directors have been paid fees totalling \$51,845.50 and have accrued unpaid fees totalling \$6,666 from the end of the previous financial year until the date of this Prospectus.



Directors, companies associated with the directors or their associates are also reimbursed for all reasonable expenses properly incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of the Company and other miscellaneous expenses.

3.11 Key Risks

The Directors are of the view that the Loyalty Options offered under this Prospectus should be considered speculative because of the nature of the Company's business and that an investment in the Company is subject to a number of risks.

Set out below is a summary of the key risks factors which should be considered before subscribing for Shares under this Prospectus. This list is not exhaustive and potential Applicants should examine the contents of this Prospectus and consult with their professional advisors before deciding whether to apply for Loyalty Options.

Risk Area	Risks
Exploration and Development Risk	<p>The mining claims are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings.</p> <p>There can be no assurance that exploration of the mining claims, or any other claims that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.</p> <p>The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the control of the Company.</p> <p>The success of the Company will also depend upon the Company having access to sufficient development capital, being able to maintain title to its mining claims and obtaining all required approvals for its activities. In the event that exploration programmes prove to be unsuccessful this could lead to a diminution in the value of the mining claims, a reduction in the case reserves of the Company and possible relinquishment of the mining claims.</p> <p>The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.</p>
Mine Development	<p>The Company's ability to sustain or increase the proposed levels of production is dependent upon the successful development of new producing mines and/or identification of reserves and resources at existing mining operations. Whilst the Directors consider the Projects to have good potential for the discovery of resources, there is no guarantee of a discovery or that any discovery will be commercially feasible. If the</p>



Risk Area	Risks
	<p>Company is unable to develop new ore bodies, it will not be able to sustain the proposed production levels.</p> <p>Many factors are involved in the determination of the economic viability of a deposit, including the achievement of satisfactory mineral reserve estimates, the level of estimated metallurgical recoveries, capital and operating cost estimates and the estimate of future metals prices. Capital and operating cost estimates are based upon many factors, including anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, ground and mining conditions, expected recovery rates of the copper from the ore and anticipated environmental and regulatory compliance costs. Each of these factors involves uncertainties and as a result, the Company cannot give any assurance that its development or exploration projects will become operating mines. If a mine is developed, actual operating results may differ from those anticipated in a feasibility study.</p> <p>The proposed development is based on the Company relying on historical mining and resource studies completed by previous owners of the Projects which are not JORC compliant and additional drilling may be required.</p>
Equipment and availability	<p>The Company's ability to undertake mining and exploration activities is dependent upon its ability to source appropriate contractors with access to mining equipment. Equipment is not always available and the market for mining equipment experiences fluctuations in supply and demand. If the Company is unable to source appropriate equipment economically or at all then this would have a material adverse effect on the Company's financial or trading position.</p>
Reliability of technical information and project data	<p>The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits; 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; unanticipated metallurgical problems which may affect extraction costs; adverse weather conditions; industrial and environmental accidents; industrial disputes; and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.</p> <p>Should the Company be successful in defining a mineral resource on any of the mining claims, such resource estimate will be an expression of judgment based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.</p>
Title and Regulatory Risk	<p>Interests in mineral rights in the USA are governed by state and federal legislation. The claims which grants the title to the Projects is subject to compliance with certain requirements, including lodgement of reports, payment of annual fees and compliance with environmental conditions</p>



Risk Area	Risks
	<p>and environmental legislation.</p> <p>The access to and ability to progress the New Departure and Tabor Projects are dependent on a small mines exemption being granted under the laws of the state of Montana, and other factors such as availability of human resources and local mine services and equipment providers. Progress at the Conjecture Project will be subject to developing a finalized drill program to target known mineralised zones within the Conjecture Mine. Should the Company need to drill on unpatented mining claims which are subject to Bureau of Land Management and Forest Service jurisdiction, the Company will have to obtain drill permits from one or more of these agencies in order to conduct its initial drill program.</p> <p>Under US mining law a “patented claim” gives the holder title to the lands within the boundaries of the claim. Title resides with the patented claim owner or his grantee in perpetuity. In addition under Montana state law a mining company may rely on a small mine exemptions to mine without further regulatory approvals where no more than five acres of land are disturbed by the mining activity and no more than two projects are in undertaken in the state and such projects are not closely proximate to each other. The Company intends to rely on this exemption in order to achieve early production at New Departure as planned.</p> <p>An “unpatented mining claim” is a particular parcel of land, valuable for a specific mineral deposit or deposits. It is a parcel for which the grantee has asserted a right of possession, which is restricted to the extraction and development of a mineral deposit. However, unlike a patented mining claim, the interest to extract minerals is leased by the government and no land ownership is conveyed to the holder.</p>
Joint Venture Risk	The Company is subject to the risk that changes in the status of any of the company’s joint venture (including changes caused by financial failure or default by a participant in the joint venture) may adversely affect the operations and performance of the Company.
Operations	<p>The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, 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, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.</p> <p>No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its claim interests. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.</p>
Resource estimates	The Company does not presently have any JORC Code compliant resources on the mining claims in which it is acquiring an interest. In the event a resource is delineated this would be an estimate only. An estimate is an expression of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter



Risk Area	Risks
	<p>significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.</p>
Environmental Risks	<p>The operations and proposed activities of the Company are subject to the laws of the states of Montana and Idaho, and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.</p> <p>Mining operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products occurring as a result of mineral exploration and production. The occurrence of any such safety or environmental incident could delay production or increase production costs. Events, such as unpredictable rainfall or bushfires may impact on the Company's ongoing compliance with environmental legislation, regulations and licences. Significant liabilities could be imposed on the Company for damages, clean up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations.</p> <p>There is a risk that environmental laws and regulations become more onerous in the future, making the Company's operations more expensive.</p>
Demand and Supply Risks for Gold and Silver	<p>If the Company achieves success leading to gold and silver production, the revenue it will derive through the sale of these precious metals exposes the potential income of the Company to price and exchange rate risks.</p> <p>Gold and silver prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious metals, technological advancements, forward selling activities and other macro-economic factors. Furthermore, international prices of gold and silver are denominated in United States dollars, exposing the Company to the fluctuations and volatility of the relevant exchange rate for the United States dollar as determined in international markets.</p>

Details of other risks related to the Company are set out in Section 7 of this Prospectus and investors are urged to consider those risks carefully (and, if necessary, consult their professional adviser) before deciding whether to invest in the Company.

The risk factors set out in Section 7 of this Prospectus, and other general risks applicable to all investments in listed securities not specifically referred to, may in the future affect the value of the Loyalty Options. Accordingly, an investment in the Company should be considered speculative.



3.12 Estimated Expenses of Offer

In the event that the Offer and the Share Offer is fully subscribed, the estimated expenses of the Offer are as follows:

	\$
ASIC & ASX fees	13,126
Advisor fees	33,000
Printing and other expenses	13,592
Total	59,718



4. Details of the Offer

4.1 Offer

By this Prospectus, the Company offers for subscription approximately 32,656,250 Loyalty Options pursuant to a pro-rata non-renounceable entitlement issue to Shareholders of one (1) Loyalty Option for every two (2) Shares held on the Record Date at an issue price of 3 cent per Option. Fractional entitlements will be rounded up to the nearest whole number.

The Loyalty Options issued pursuant to the Offer will be exercisable at 20 cents and expire within three (3) years of issue. The Company will apply for quotation of the Loyalty Options on ASX. Refer to Section 6.1 of this Prospectus for the full terms of the Loyalty Options.

Based on the capital structure of the Company, the maximum number of Loyalty Options to be issued pursuant to the Offer is approximately 32,656,250. The Offer will raise approximately \$979,688 (before costs). The purpose of the Offer and the use of funds raised are set out in Section 3 of this Prospectus.

4.2 How to Accept the Offer

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus. Your acceptance must not exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be for the maximum Entitlement.

You may participate in the Offer as follows:

- (a) if you wish to **accept your Entitlement in full**:
 - (i) complete the Entitlement and Acceptance Form, filling in the details in the spaces provided; and
 - (i) attach your cheque for the appropriate application monies (at 3 cents per Loyalty Option);
- (b) if you only wish to **accept part of your Entitlement**:
 - (ii) fill in the number of Loyalty Options you wish to accept in the space provided on the Entitlement and Acceptance Form; and
 - (iii) attach your cheque for the appropriate application monies (at 3 cents per Loyalty Option);
- (c) if you do **not wish to accept all or part of your Entitlement**, you are not obliged to do anything;

The Directors have reserved the right to place, at their discretion, some or the entire Shortfall arising from Eligible Shareholders applying for less than their Entitlement under the Offer. The Directors may place the Shortfall with other investors.

Payment by Cheque/Bank Draft

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to “Black Mountain Resources Limited – Entitlement Issue Account” and crossed “Not Negotiable”.

Your completed Entitlement and Acceptance Form and cheque must reach the Company no later than 5.00pm WST on the Closing Date.

Any application monies received for more than your final allocation of Loyalty Options (only where the amount is \$1.00 or greater) will be refunded. No interest will be paid on any application monies received or refunded.



4.3 Non-Renounceable Offer

The Offer is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or part of their Entitlement.

4.4 Minimum Subscription

There is no minimum subscription in respect of the Offer.

4.5 Underwriting

The Offer is not underwritten.

4.6 Lead Manager

The Company has engaged 708 Capital Pty Ltd to act as Lead Manager to the Offer. Pursuant to the mandate, the Company will issue 3,500,000 listed options exercisable at \$0.20 within 3 years of issue to 708 Capital Pty Ltd or its nominees in consideration for capital raising and corporate advisory services provided in relation to the Offer. The options will be issued on the same terms as the Loyalty Options as set out in Section 6.1.

4.7 Shortfall

If you do not wish to take up any part of your Entitlement you are not required to take any action. That part of your Entitlement not taken up will form part of the Shortfall.

The offer of the Shortfall is a separate offer pursuant to this Prospectus (**Shortfall Offer**). The issue price of any Loyalty Options offered pursuant to the Shortfall Offer shall be 3 cents, being the same price as the Loyalty Options pursuant to the Offer. The Directors, in consultation with the Lead Manager, reserve the right pursuant to Listing Rule 7.2 (exception 3) to allot and issue any Shortfall to parties selected by them, in their absolute discretion. The Company reserves the right to allot to an applicant a lesser number of Shortfall Options than the number, for which the applicant applies, or to reject an application, or to not proceed with placing the Shortfall.

There is no guarantee that Eligible Shareholders that subscribe for additional Loyalty Options beyond their entitlement will be allocated these securities. All Shortfall will be placed within 3 months of the Closing Date and will be issued on the same terms as are being offered to Eligible Shareholders pursuant to this Prospectus.

4.8 Share Offer

By this Prospectus, the Company invites investors identified by the Directors to apply for up to 1,00 Shares at an issue price of \$0.30 per Share payable in full on application.

The Offer will only be extended to specific parties on invitation from the Directors. Application Forms will only be provided by the Company to these parties. All recipients of the Shares under the Offer will be sophisticated or professional investors (within the meaning of Sections 708(8) and 708(11) of the Corporations Act, respectively).

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

The secondary purpose of this Prospectus is to remove any trading restrictions that may have attached to the Shares issued by the Company prior to the Closing Date.

Relevantly, Section 708A(11) of the Corporations Act provides that a sale offer does not need disclosure to investors if:

- (a) the relevant securities are in a class of securities that are quoted securities of the body;
- (b) either:



- (i) a prospectus is lodged with the ASIC on or after the day on which the relevant securities were issued but before the day on which the sale offer is made; or
- (ii) a prospectus is lodged with ASIC before the day of which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and
- (c) the prospectus is for an offer of securities issued by the body that are in the same class of securities as the relevant securities.

The Opening Date of the Share Offer will be 3 April 2012 and the Share Offer Closing Date will be 4 April 2012 at 5:00pm WST. The Directors reserve the right to close the Share Offer early or extend the Share Offer Closing Date (as the case may be), should it be considered by them necessary to do so.

4.9 Australian Securities Exchange Listing

Application for official quotation by ASX of the Shares and Options offered pursuant to this Prospectus will be made within seven (7) days after the date of this Prospectus. The Company will apply to list the Loyalty Options.

If approval is not obtained from ASX before the expiration of three (3) months after the date of issue of the Prospectus (or such period as modified by the ASIC), the Company will not issue any Loyalty Options or Shares and will repay all application monies for the Shares and Loyalty Options within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant official quotation to the Shares and/or Loyalty Options is not to be taken in any way as an indication of the merits of the Company or the securities now offered for subscription.

4.10 Allotment of Securities

Loyalty Options and Shares issued pursuant to the Offer and Share Offer will be allotted as soon as practicable after the Closing Date or Share Offer Closing Date (as applicable).

The Company will allot the Loyalty Options on the basis of a Shareholder's Entitlement. Where the number of Loyalty Options issued is less than the number applied for, or where no allotment is made, surplus application monies will be refunded without any interest to the applicant as soon as practicable after the Closing Date.

The Directors will determine the allottees of the Shares pursuant to the Share Offer. The Directors reserve the right to reject any application or to allocate any Applicant fewer Shares than the number applied for.

Pending the allotment and issue of the Loyalty Options, the Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

4.11 Overseas Shareholders

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. No action has been taken to register or qualify the Loyalty Options the subject of this Prospectus or otherwise permit a public offering of the Loyalty Options the subject of this Prospectus in any jurisdiction outside Australia.

It is the responsibility of applicants outside Australia to obtain all necessary approvals for the allotment and issue of the Loyalty Options pursuant to this Prospectus. The return of a completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation and warranty by the Applicant that all relevant approvals have been obtained.



4.12 Taxation Implications

The Directors do not consider that it is appropriate to give Applicants advice regarding the taxation consequences of applying for Loyalty Options under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation consequences. The Company, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to Applicants. Potential Applicants should, therefore, consult their own professional tax adviser in connection with the taxation implications of the Loyalty Options offered pursuant to this Prospectus.

4.13 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing share certificates. The Company will apply to ASX to participate in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Loyalty Options allotted to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

4.14 Privacy Act

If you complete an application for Loyalty Options, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASTC Settlement Rules. You should note that if you do not provide the information required on your application, the Company may not be able to accept or process your application.

4.15 Enquiries

Any questions relating to this Prospectus should be directed to the Joint Company Secretary, Shannon Robinson, by email on shannon@okapventures.com.



5. Financial Information

The unaudited consolidated statement of financial position as at 31 December 2011 and the unaudited Pro Forma consolidated statement of financial position as at 31 December 2011 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position. They have been prepared on the assumption that all Options pursuant to the Offer in this Prospectus are issued.

The unaudited consolidated statement of financial position has been prepared to provide Shareholders with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. 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 statements.

Unaudited Consolidated Statement of Financial Position and Unaudited Pro Forma Consolidated Statement of Financial Position as at 31 December 2011

	Unaudited 31 December 2011	Pro-Forma Transactions	Pro-Forma
Assets			
Current Assets			
Cash	3,256,197	2,792,717 ¹	6,048,914
Trade and other receivables	51,711		51,711
Total Current Assets	3,307,908		6,100,625
Non-Current Assets			
Exploration and evaluation	1,223,892		1,223,892
Project Acquisition	-	5,000,000 ³	5,000,000
Total Non-Current Assets	1,223,892		6,223,892
Total Assets	4,531,800		12,324,517
Current Liabilities			
Trade and other payables	77,182		77,182
Share application monies	657,000	(657,000) ²	-
Total Current Liabilities	734,182		77,182
Non-Current Liabilities			
Interest bearing liabilities	507,169		507,169
Total Non-Current Liabilities	507,169		507,169
Total Liabilities	1,241,351		584,351
Net Assets	3,290,449		11,470,166
Equity			
Contributed equity	3,677,619	7,365,030 ^{1,3}	11,057,649
Option reserve	24,000	1,084,687 ^{4,6}	1,093,687
Accumulated losses	(411,170)		(411,170)
Total Equity	3,290,449		11,470,166

Notes:

- This figure includes funds for the Option Entitlement Issue, being \$979,687.53, and funds pursuant to the Re-Compliance Prospectus completed post 31 December 2011, being \$1,343,000, which is in addition to \$657,000 of subscription monies that had already been received as at 31 December 2011. This figure also



includes funds received in respect of the placement of 2,500,000 Shares at an issue price of \$0.20 on 3 April 2012, being \$500,000. An amount has also been included in respect of the Share Offer.

2. Funds received pursuant to the Re-Compliance Prospectus before 31 December 2011, these Shares have since been issued.
3. 25,000,000 Shares issued at an issue price of \$0.20 per share pursuant to the terms of the acquisition of the Projects.
4. 65,312,501 Shares on issue as at the date of this Prospectus and on a 1 for 2 basis 32,656,251 Options to be issued pursuant to the Offer.
5. A 6% fee paid in respect of the placement of 2,500,000 Shares at an issue price of \$0.20 on 3 April 2012.
6. Fees to be paid to the Lead Manager for capital raising and corporate advisory services in respect of the Offer of 3,500,000 listed options at a deemed issue price of \$0.03 per option.



6. Rights and Liabilities Attaching to the Company's Securities

6.1 Terms and Conditions of Loyalty Options

The Loyalty Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each Loyalty Option gives the Optionholder the right to subscribe for one (1) Share.
 - (b) Each Loyalty Option will expire at 5.00pm (WST) on that date which is three (3) years from their date of issue (**Expiry Date**). A Loyalty Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
 - (c) Subject to paragraph (k), the amount payable upon exercise of each Option will be \$0.20 (**Exercise Price**).
 - (d) The Loyalty Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
 - (e) An Optionholder may exercise their Loyalty Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Loyalty Options specifying the number of Loyalty Options being exercised; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Loyalty Options being exercised;
- (Exercise Notice).**
- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
 - (g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Loyalty Options specified in the Exercise Notice.
 - (h) The Loyalty Options shall be freely transferable.
 - (i) All Shares allotted upon the exercise of Loyalty Options will upon allotment rank pari passu in all respects with other Shares.
 - (j) The Company will apply for quotation of the Loyalty Options on ASX. In addition, the Company will also apply for quotation of all Shares allotted pursuant to the exercise of Loyalty Options on ASX within 10 Business Days after the date of allotment of those Shares.
 - (k) 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.
 - (l) There are no participating rights or entitlements inherent in the Loyalty Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Loyalty Options without exercising the Loyalty Options.
 - (m) A Loyalty Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Loyalty Option can be exercised.



6.2 Terms of Shares

The following is a summary of the more significant rights and liabilities 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 and liabilities attaching to Shares are set out in the Company's 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 of the Company.

(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 persons (if any) entitled to shares with special rights to dividends the Directors may declare a final dividend out of profits in accordance with the Corporations Act and may authorise the payment or crediting by the Company to the shareholders of such a dividend. The Directors may authorise the payment or crediting by the Company to the shareholders of such interim dividends as appear to the Directors to be justified by the profits of the Company. Subject to the rights of persons (if any) entitled to shares with special rights as to dividends, all dividends are to be declared and paid according to the amounts paid or credited as paid on the shares in respect of which the dividend is paid. Interest may not be paid by the Company in respect of any dividend, whether final or interim.

(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. Where an order is made for the winding up of the Company or it is resolved by special resolution to wind up the Company, then on a distribution of assets to members, shares classified by ASX as



restricted securities at the time of the commencement of the winding up shall rank in priority after all other shares.

(e) Transfer of Shares

Generally, Shares in the Company 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 Listing Rules.

(f) 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.



7. Risk Factors

Applicants should consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for Loyalty Options. Potential Applicants should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Loyalty Options.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

7.1 Key Risks

INVESTORS SHOULD NOTE THAT DETAILS RELATING TO THE KEY RISK FACTORS HAS BEEN INCLUDED IN SECTION 3.11 AT THE FRONT OF THIS PROSPECTUS AND HAVE NOT BEEN REPEATED IN THIS SECTION.

7.2 Specific Risks

(a) Exploration and production risks

The business of silver, gold and base metal exploration, project development and production involves risks by its very nature. To prosper, it depends on the successful exploration appraisal and development of ore reserves. Operations, such as design and construction of efficient recovery and processing facilities, competent operational and managerial performance and efficient distribution and marketing services are required to be successful. In particular, exploration is a speculative endeavour whilst production operations can be hampered by force majeure circumstances, engineering difficulties, cost overruns, inconsistent recovery rates and other unforeseen events.

The outcome of exploration programs will affect the future performance of the Company and its Shares. If, and when, the Company commences production, the production may be curtailed or shut down for considerable periods of time due to any of the following factors:

- disruptions to the transport chain being road and rail;
- a lack of market demand;
- government regulation;
- production allocations; and
- force majeure.

These curtailments may continue for a considerable period of time resulting in a material adverse effect on the results of operations and financial condition of the Company.

Further, the exploration for and production of minerals involves certain operating hazards, such as:

- failure and or breakdown of equipment;
- adverse geological, seismic and geotechnical conditions;
- industrial accidents;
- labour disputes;
- adverse weather conditions;
- pollution; and
- other environmental hazards and risks.

Any of these hazards could cause the Company to suffer substantial losses if they occur.

The future exploration activities of the Company may not be successful. Unsuccessful exploration activities could have a material adverse effect on the results of operations and financial condition.

Under Montana State Law a mining company may rely on an exemption from the normal permitting procedure which would be required for a larger scale mine. If the company meets certain small mine exemptions. The Montana Law provides that a Company can undertake up to two projects in the state which cannot be closely proximate to each other. Furthermore, the exemption is valid so long as no more



than five acres of land are disturbed by the mining activity. Importantly there is no limit on the tonnes which may be produced per annum or cumulatively.

The Company intends to rely on this exemption in order to achieve early production at New Departure as planned. The historic workings of the New Departure have about nine acres of disturbance. The Company and its advisors are interpreting the statute to read that we may disturb up to five acres of new disturbance and still qualify for the exemption. It is possible that the State of Montana may deny the exemption should they find that the historic disturbance would preclude application of the exemption by reason of the past level of disturbance. Since the Small Mine Exemption is in fact an exemption and not a permit application, the Company is unlikely to find out how the State will rule on this question until the Company has filed its affidavit of exemption (which it intend to file within the next thirty days) and the State of Montana officials have studied our affidavit and make a finding.

(b) Exchange rate risk

If the Group achieves success leading to mineral production, the revenue it will derive through the sale of silver, gold and other base metals exposes the potential income of the Company to commodity price and exchange rate risks.

(c) Unforeseen expenditure risk

Expenditure may need to be incurred that has not been taken into account in the preparation of this Notice. Although the Company is not aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company.

(d) Additional requirements for capital

The Directors expect that the Company will have sufficient capital resources to enable the Company to achieve its initial business objectives upon settlement of the Acquisition Agreement.

However, the Directors can give no assurances that such objectives will in fact be met without future borrowings or capital raisings. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its expansion and development programs. If the Company is successful in meeting its initial objectives with respect to the US Projects, then additional capital will be required to further develop its operations and pursue business opportunities.

(e) Reliance on key management

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel.

In particular, the Company intends that the day-to-day management of the Projects will remain with the existing senior management and key personnel of ABM Mining Corporation, the joint venture vehicle, who have the experience and knowledge required to manage silver and gold exploration and production in the USA. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these personnel cease their employment.

(f) Competition

There is a risk that the Company will not be able to continue to compete profitably in the competitive industry in which it intends to operate. The potential exists for the nature and extent of the competition to change rapidly, which may cause loss to the Company.



(g) Third party risks

The operations of the Company will require the involvement of a number of third parties, including suppliers, contractors and customers. Financial failure, default or contractual non-compliance on the part of such third parties may have a material impact on the Company's operations and performance. It is not possible for the Company to predict or protect itself against all such risks.

(h) Management of growth

There is a risk that management of the Company will not be able to implement the Company's growth strategy after completion of the Acquisition. The capacity of the new management to properly implement and manage the strategic direction of the Company may affect the Company's financial performance.

(i) Insurance

The Company will, where possible and economically practicable, endeavour to mitigate some project and business risks by procuring relevant insurance cover. However, such insurance cover may not always be available or economically justifiable and the policy provisions and exclusions may render a particular claim by the Company outside the scope of the insurance cover.

While the Company will undertake all reasonable due diligence in assessing the creditworthiness of its insurance providers, there will remain the risk that an insurer defaults in payment of a legitimate claim by the Company under an insurance policy.

(j) Economic risks

General economic conditions, movements in interest and inflation rates, commodity prices and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

Further, share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- general political and economic outlook in Australia and the USA;
- interest rates and inflation rates;
- currency fluctuations;
- changes in investor sentiment toward particular market sectors (in particular silver);
- industrial and landowner issues and disputes; and
- terrorism or other hostilities.

(k) No profit to date and uncertainty of future profitability

The Company has incurred losses in the past and it is therefore not possible to evaluate the Company's future prospects based on past performance. The Company expects to make losses in the foreseeable future. Factors that will determine the Company's future profitability are its ability to manage its costs, its ability to execute its development and growth strategies, the success of its activities in a competitive market, the actions of competitors and regulatory developments. As a result, the extent of future profits, if any, and the time required to achieve sustainable profitability, is uncertain. In addition, the level of any such future profitability (or loss) cannot be predicted and may vary significantly from period to period.



8. Additional Information

8.1 Continuous Disclosure Obligations

The Company is a “disclosing entity” (as defined in Section 111AC of the Corporations Act) for the purposes of Section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms “transaction specific prospectuses” are only required to contain information in relation to the effect of the issue of securities on the Company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 12 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in Section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the financial statements of the Company for the financial year ended 30 June 2011 being the last financial statements for a financial year, of the Company lodged with the ASIC before the issue of this Prospectus;
 - (ii) the half year financial statements of the Company since the lodgement of the last financial statements for the year ended 30 June 2011 lodged with ASIC before the issue of this Prospectus; and
 - (iii) any documents used to notify ASX of information relating to the Company in the period from lodgement of the financial statements referred to in paragraph (i) above until the issue of the Prospectus in accordance with the Listing Rules as referred to in Section 674(1) of the Corporations Act.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.



The Company has lodged the following announcements with ASX since the lodgement of the 2011 audited financial statements:

Date	Description of Announcement
03/04/2012	Option Entitlement Issue – Notice to Option holders
03/04/2012	Appendix 3B – Option Entitlement Issue
03/04/2012	Appendix 3B – Issue of Securities
03/04/2012	Corporate Update
30/03/2012	Competent Person Statement
30/03/2012	New Results Fast Track Conjecture Development
23/03/2012	Mine Development Commences At New Departure
15/03/2012	Half Yearly Accounts
17/02/2012	Recommencement of Trading
16/02/2012	Revised terms of Performance Shares
16/02/2012	Compliance with Listing Rules
16/02/2012	Completion of Shareholders Agreement
16/02/2012	Completion of Subscription Agreement
16/02/2012	Amendment to Subscription Agreement
16/02/2012	Statement of Escrow
16/02/2012	Distribution Schedule
16/02/2012	Appendix 1A - ASX Listing application and agreement
16/02/2012	Constitution
16/02/2012	Top 20 Holders
16/02/2012	Reinstatement to Official Quotation 20 February 2012
16/02/2012	Market Release - Pre-Reinstatement Disclosure
16/02/2012	ASX Circular - Reinstatement to Official Quotation
09/02/2012	Appendix 3B
07/02/2012	Director's Interest Notice
07/02/2012	Appendix 3B
07/02/2012	Completion of Acquisition of US Projects
01/02/2012	Quarterly Activities and Cash flow Report
06/01/2012	Results of Meeting
06/01/2012	Grant of ASX Waiver
05/01/2012	Suspension of Official Quotation
04/01/2012	Supplementary Prospectus
20/12/2011	Prospectus
02/12/2011	Reinstatement to Official Quotation
02/12/2011	Notice of Annual General Meeting/Proxy Form
22/11/2011	Appointment of Joint Company Secretary/New Contact Details
22/11/2011	Restricted Securities Released From Escrow
04/11/2011	Restricted Securities to be released from Escrow
31/10/2011	Quarterly Report

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website www.blackmountainresources.com.au.

8.2 Interests and Consents of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no expert, underwriter, 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 with which any of those persons is or was associated, has or had within two (2) years before the lodgement of this Prospectus with the ASIC, 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 or the Offer of securities pursuant to this Prospectus; or
- (c) the Offer of securities pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any expert, underwriter, 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 this Prospectus, or to any firm in which any of those persons is or was a partner, or to any company with which any of those persons is or was associated, for services rendered by that person, or by the firm or the company, in connection with the formation or promotion of the Company or the Offer pursuant to this Prospectus.

Pursuant to Section 716 of the Corporations Act, 708 Capital Pty Ltd has given and has not withdrawn its consent to being named as Lead Manager to the Offer in the Corporate Directory of this Prospectus in the form and context in which it is named. 708 Capital Pty Ltd has not caused or authorised the issue of this Prospectus, does not make or purport to make any statement in this Prospectus and takes no responsibility for any part of this Prospectus. 708 Capital Pty Ltd will be issued 3,500,000 listed options exercisable at \$0.20 within 3 years of issue to 708 Capital Pty Ltd or its nominees in consideration for capital raising and corporate advisory services provided in relation to the Offer. Over the past two years, the Company has paid \$138,500 (excluding GST) fees to 708 Capital Pty Ltd in respect of capital raising and corporate advisory services provided.

Pursuant to Section 716 of the Corporations Act, Steinepreis Paganin has given, and has not withdrawn its consent to being named as Solicitors to the Company in the Corporate Directory of this Prospectus in the form and context in which it is named. Steinepreis Paganin has not caused or authorised the issue of this Prospectus, does not make or purport to make any statement in this Prospectus and takes no responsibility for any part of this Prospectus.

Steinepreis Paganin act as solicitors to the Company. Steinepreis Paganin will be paid approximately \$15,000 for services in relation to the preparation of this Prospectus. Steinepreis Paganin will receive fees for other legal services including general advice in accordance with normal charge out rates.

Pursuant to Section 716 of the Corporations Act, Okap Ventures Pty Ltd has given, and has not withdrawn its consent to being named as corporate advisor to the Company in this Prospectus in the form and context in which it is named. Okap Ventures Pty Ltd has not caused or authorised the issue of this Prospectus, does not make or purport to make any statement in this Prospectus and takes no responsibility for any part of this Prospectus.

Okap Ventures Pty Ltd provides corporate advisory and compliance services to the Company. Okap Ventures Pty Ltd will be paid approximately \$20,000 for services in relation to the preparation of this Prospectus. Okap Ventures Pty Ltd will receive fees for other compliance services provided including company secretarial and financial management in accordance with normal charge out rates. Messrs Landau and Brewer are principals of Okap Ventures Pty Ltd.

Computershare Investor Services Pty Limited has been appointed to conduct the Company's share registry functions and to provide administrative services in respect to the processing of Applications received pursuant to this Prospectus, and will be paid for these services on standard industry terms and conditions.

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 this Prospectus other than being named as Share Registry of 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 this Prospectus.



8.3 Legal Proceedings

There is no litigation, arbitration or proceedings pending against or involving the Company as at the date of this Prospectus.

8.4 Market Price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest and lowest market sale prices of the Company's Shares on ASX during the three (3) months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest: 36 cents on 29 March 2012
Lowest: 22 cents on 29 December 2011

The latest available closing sale price of the Company's Shares on ASX prior to the lodgement of this Prospectus with the ASIC was 36 cents on 2 April 2012.

8.5 Electronic Prospectus

Pursuant to Class Order 00/044, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the application form. If you have not, please phone the Company and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both.

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.



9. Directors' Authorisation

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

Dated the 3rd of April 2012

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

Peter Landau
Executive Director
For and on behalf of
Black Mountain Resources Limited



10. Glossary

Where the following terms are used in this Prospectus they have the following meanings:

Applicant means a Shareholder or Underwriter or other party instructed by the Underwriter who applies for Loyalty Options pursuant to the Offer.

ASIC means the Australian Securities and Investments Commission.

ASTC Settlement Rules means the settlement rules of the securities clearing house which operates CHES.

ASX means the ASX Limited (ACN 008 624 691).

Board means the board of Directors unless the context indicates otherwise.

Business Day means a day on which trading takes place on the stock market of ASX.

Closing Date means the closing date of the Offer, being 5.00pm (WST) on 4 May 2012 (unless extended).

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

Constitution means the Company's Constitution as at the date of this Prospectus.

Corporations Act means the Corporations Act 2001(Cth).

Directors mean the directors of the Company at the date of this Prospectus.

Dollar or **\$** means Australian dollars.

Eligible Shareholder means a Shareholder who is registered with an Australian or New Zealand address at the Record Date.

Entitlement means the entitlement of a Shareholder who is eligible to participate in the Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form either attached to or accompanying this Prospectus.

Issue means the issue of Loyalty Options offered by this Prospectus.

Lead Manager means 708 Capital Pty Ltd.

Listing Rules or **ASX Listing Rules** means the Listing Rules of the ASX.

Loyalty Option means the Options issued pursuant to this Prospectus on the terms and conditions set out in Section 6 of this Prospectus.

Offer means the offer pursuant to the Prospectus of one (1) Option for every two (2) Shares held by a Shareholder on the Record Date.

Official List means the official list of ASX.

Option means an option to acquire a Share.

Projects mean the silver projects in the US, being the New Departure Project, the Conjecture Project and the Tabor Project as detailed in Section **Error! Reference source not found.** of the Prospectus.



Prospectus means this prospectus.

Quotation and **Official Quotation** means official quotation on ASX.

Re-compliance Prospectus means the prospectus dated 20 December 2011.

Record Date means 16 April 2012.

Related Corporation has the meaning given to that term in the Corporations Act.

Security means a Share or an Option, or both (as the context requires).

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

Shareholder means a shareholder of the Company.

Shortfall means those Loyalty Options under the Offer not applied for by Shareholders under their Entitlement.

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