



blackmountain
resources limited

AND CONTROLLED ENTITIES

ABN 55 147 106 974

**INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2011**

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Directors' Report

Your directors present their report on the consolidated entity of Black Mountain Resources Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2011.

Directors

The persons who were directors of Black Mountain Resources Limited during the half -year and up to the date of this report are:

- Mr Peter Landau (Executive Director)¹
- Mr John Ryan (Executive Director)²
- Mr Jason Brewer (Non Executive Director)³
- Mr Stephen Anastos (Non Executive Chairman)⁴
- Mr David Morris (Non Executive Director)⁵
- Mr Jeremy Bond (Non Executive Director)⁶

Note:

1. Mr Landau was appointed Executive Director effective 23 August 2011.
2. Mr Ryan was appointed as Executive Director effective 3 February 2012.
3. Mr Brewer was appointed as a Non Executive Director effective 3 February 2012.
4. Mr Anastos resigned as Non-Executive Chairman effective 3 February 2012.
5. Mr Morris resigned as Non-Executive Director effective 3 February 2012.
6. Mr Bond resigned as Non-Executive Director effective 23 August 2011.

Review of Operations for the Half Year ended 31 December 2011

The consolidated statement of comprehensive income shows a consolidated net loss for the half-year ended 31 December 2011 to members of (\$243,300) (2010: net loss of \$28,635).

During the half-year, Black Mountain Resources Limited entered into a heads of agreement to acquire a 70% interest in 3 silver and gold projects which are highly prospective former producing mines in north-western USA (**Projects**).

The Company sought shareholder approval for the acquisition of the Projects. The Company was also required to re-comply with Chapters 1 and 2 of the ASX listing rules. As a result the Company was suspended from ASX whilst it gained shareholder approval and complied with the listing rule requirements. The acquisition of the Projects was approved by shareholders on 6th January 2012 and the Company recommenced trading on ASX on 17th February 2012.

USA Projects

New Departure Project – Beaverhead County, Montana

The New Departure property was discovered in the 1880's and has a history of small production of extremely high grade silver. The ore deposits occur as veins and replacements within a dolomitic limestone host (analogous to the deposits in Leaderville, CO) and are comprised of high grade silver minerals such as tetrahedrite and high grade silver bearing galena.

Review of Operations for the Half Year ended 31 December 2011 (cont)

Conjecture Project – Lakeview Mining District, Idaho

The Conjecture Project has significant production and development history going back over 100 years, although there has been no significant activity since the 1970's. The producing rocks are the same group of rocks which host the major ore deposits of the Coeur d'Alene District some 35 mile 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 having produced in excess of 1.2 billion ounces of silver over a period from 1885 to present.

Tabor Project – Virginia City, Montana

The Tabor Project claims include the historic workings of 8 past producing mines (named by the actual rock vein mined) the Jayhill, Pearl, Nellie Bay, St. John, Don-A-Vera, Eagle Black, Shenandoah and Fortuna. The workings were the subject of an in depth technical feasibility study in the early 80's which analysed the production potential of each vein.

Pursuant to the terms of the acquisition, the Company committed an initial USD \$1,000,000 on the Projects for preliminary feasibility work and due diligence. During the half-year, period work was undertaken on the projects to secure tenure and in particular stake additional ground surrounding the New Departure Project. In addition detailed sampling was undertaken of the old mine dumps on the New Departure Project as well as an extensive soil sampling program

West Australian Projects

During the half-year, the Company undertook further reconnaissance exploration on its West Australian tenements, the Foley Outcamp Project and the Six Mile Well Project. In addition an extensive mobile metal ions ("MMI") soil geochemical survey was undertaken. Subject to assay results from the MMI sampling, the Company intends to further test anomalies and targets identified by conducting further MMI analysis and pending the outcome of results will consider a more extensive drill program.

The Company was granted a 2 year extension of exploration tenements E36/563 E37/834 and which were scheduled to expire.

Auditors Independence Declaration

The Auditor's Independence Declaration included within these financial statements forms part of the Director's Report for the half-year ended 31 December 2011.

This report is signed in accordance with a resolution of the Board of Directors.

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

Peter Landau
Executive Director

Perth, Western Australia, 15 March 2012

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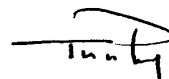
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Black Mountain Resources Limited for the half-year ended 31 December 2011, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants



TUTU PHONG
Partner

Perth, WA
Dated: 15 March 2012

Consolidated Statement of Comprehensive Income

	Note	6 months to 31 Dec 2011 \$	29 Oct 2010 to 31 Dec 2010 \$
Interest income	2	69,987	3,054
Foreign exchange gain		12,427	-
General and administrative expenses		(64,227)	-
Compliance and regulatory expenses		(30,397)	-
Consultancy costs		(74,712)	-
Director fees		(77,680)	-
Employee benefits expense		-	(24,000)
Travel expense		(66,827)	-
Interest expense		(8,866)	-
Other expenses		(3,005)	(7,689)
Loss before income tax expense		(243,300)	(28,635)
Income tax expense		-	-
Loss for the half-year attributable to owners of the company		(243,300)	(28,635)
Other comprehensive income		-	-
Total comprehensive income for the half-year attributable to owners of the company		(243,300)	(28,635)
Basic loss per share (cents per share)		(1.28)	(1.16)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

	Note	31 December 2011 \$	30 June 2011 \$
ASSETS			
Current Assets			
Cash and cash equivalents		3,256,197	3,466,366
Trade and other receivables		51,711	12,320
Total Current Assets		3,307,908	3,478,686
Non-Current Assets			
Exploration and evaluation expenditure		1,223,892	119,828
Total Non-current Assets		1,223,892	119,828
TOTAL ASSETS		4,531,800	3,598,514
LIABILITIES			
Current Liabilities			
Trade and other payables		77,182	64,765
Share application monies	4	657,000	-
Total Current Liabilities		734,182	64,765
Non-Current Liabilities			
Interest bearing liabilities		507,169	-
Total Non-Current Liabilities		507,169	-
TOTAL LIABILITIES		1,241,351	64,765
NET ASSETS		3,290,449	3,533,749
EQUITY			
Issued capital	4	3,677,619	3,677,619
Accumulated losses		(411,170)	(167,870)
Reserves		24,000	24,000
TOTAL EQUITY		3,290,449	3,533,749

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

Consolidated	Note	Contributed Equity \$	Option Reserve	Accumulated Losses \$	Total \$
Balance at 29 October 2010		-	-	-	-
Total comprehensive income for the half-year					
Loss for the half-year		-	-	(28,635)	(28,635)
Total comprehensive income for the half-year		-	-	(28,635)	(28,635)
Transactions with owners, recorded directly in equity					
Issue of ordinary shares		175,001	-	-	175,001
Options issued		-	24,000	-	24,000
Total transactions with owners		175,001	24,000	-	199,001
Balance at 31 December 2010		175,001	24,000	(28,635)	170,366
Balance at 1 July 2011		3,677,619	24,000	(167,870)	3,533,749
Total comprehensive income for the half-year					
Loss for the half-year		-	-	(243,300)	(243,300)
Total comprehensive income for the half-year		-	-	(243,300)	(243,300)
Transactions with owners, recorded directly in equity					
Issue of ordinary shares		-	-	-	-
Options issued		-	-	-	-
Total transactions with owners		-	-	-	-
Balance at 31 December 2011		3,677,619	24,000	(411,170)	3,290,449

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

Note	6 months to 31 Dec 2011 \$	29 Oct 2010 to 31 Dec 2010 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees (inclusive of GST)	(346,760)	(114,632)
Finance and interest costs	(60)	-
Interest received	69,987	3,054
Net cash provided by (used in) operating activities	(276,833)	(111,578)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration and evaluation	(115,703)	-
Payments for tenement acquisition	(477,633)	(50,000)
Net cash provided by (used in) investing activities	(593,336)	(50,000)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of shares and options	-	175,001
Proceeds from share applications	660,000	3,692,700
Net cash provided by (used in) financing activities	660,000	3,867,701
Net increase/(decrease) in cash held	(210,169)	3,706,123
Cash and cash equivalents at the beginning of the half-year	3,466,366	-
Cash and cash equivalents at end of half-year	3,256,197	3,706,123

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

Note 1 – Summary of Significant Accounting Policies

(a) Statement of Compliance

These half-year financial statements are general purpose financial statements prepared in accordance with the requirements of the *Corporations Act 2001*, applicable accounting standards including AASB 134: Interim Financial Reporting. Compliance with AASB 134 ensures compliance with IAS 34: Interim Financial Reporting.

These half-year financial statements do not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the company as in the full financial report.

It is recommended that these financial statements be read in conjunction with the annual financial statements for the year ended 30 June 2011 and any public announcements made by Black Mountain Resources Limited during the period of this report in accordance with continuous disclosure requirements arising under the *Corporations Act 2001 and ASX Listing Rules*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as detailed below.

(b) Basis of Preparation

The half-year financial report has been prepared on an accrual basis and is based on historical costs. Cost is based on fair value of the consideration given in exchange for assets. The company is domiciled in Australia and all amounts are presented in Australian dollars.

(c) Changes in accounting policies

From 1 July 2011, the Company has adopted the Standards and Interpretations mandatory from annual periods beginning on or after 1 July 2011. Adoption of these Standards and Interpretations did not have any effect on the financial position or performance of the Company.

Note 2 – Other Income

	6 months to 31 Dec 2011 \$	29 Oct 2010 to 31 Dec 2010 \$
Interest income	69,987	3,054
Total other income	69,987	3,054

Notes to the Financial Statements (Cont)

Note 3 – Segment Information

Management has determined the operating segments based on the reports reviewed by the board of directors that are used to make strategic decisions.

The Company does not have any customers, operates only in the mineral exploration industry within the geographical segments of Australia and USA.

	Australia \$	USA \$	Consolidated \$
Revenue	82,414	-	82,414
	<u>82,414</u>	<u>-</u>	<u>82,414</u>
Assets	3,540,438	991,362	4,531,800
	<u>3,540,438</u>	<u>991,362</u>	<u>4,531,800</u>

Note 4 – Contributed Equity

(a) Movements in share capital from 1 July 2011 to 31 December 2011 were as follows:

	No of Shares	Issue Price \$	\$
Opening Balance	27,812,501	-	3,677,619
Issue of shares	-	-	-
Closing Balance	<u>27,802,501</u>	<u>-</u>	<u>3,677,619</u>

Share application monies of \$657,000 disclosed as current liability in the statement of financial position as at 31 December 2011 were converted to equity post 31 December 2011 upon completion of the capital raising in relation to the Prospectus dated 20 December 2011 that was issued by the company.

(b) Movements in options on issue from 1 July 2011 to 31 December 2011 were as follows:

	No of Shares	Issue Price \$	\$
Opening Balance	2,000,000	-	24,000
Issue of options	-	-	-
Closing Balance	<u>2,000,000</u>	<u>-</u>	<u>24,000</u>

The options were granted on 15 November 2010 and exercisable at \$0.30 each on or before 14 November 2015.

Note 5 – Dividends

No dividend has been declared or paid during the half-year ended 31 December 2011.

Notes to the Financial Statements (Cont)

Note 6 – Events subsequent to Reporting Date

- (1) Shareholders approved the acquisition of a 70% interest in the Projects on 6th January 2012;
- (2) The Company issued 25,000,000 fully paid Ordinary Shares pursuant to the agreement to acquire the Projects;
- (3) The Company issued 25,000,000 Performance Shares pursuant to the agreement to acquire the Projects; and
- (4) The Company issued 10,000,000 fully paid Ordinary Shares pursuant to a Prospectus; and
- (5) The Company re-complied with Chapters 1 and 2 of the ASX Listing Rules and recommenced trading on the ASX on 17th February 2012.

Except for the above items, there are no other matters or circumstances that have arisen since 31 December 2011 that have or may significantly affect the operations, results, or state of affairs of the Company in future financial periods.

Note 7 – Commitments and Contingent Liabilities

The Company has budgeted approximately \$4,000,000 for exploration and development of newly acquired Projects in north-western USA.

Note 8 - Related Party Disclosures

Mr Landau and Mr Brewer are directors of Okap Ventures Pty Ltd (Okap). Okap provides compliance services including company secretarial and financial management services to Black Mountain Resources Limited on normal commercial terms and conditions.

Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes are in accordance with the Corporations Act 2001, including:
 - (a) Complying with the Accounting Standard AASB 134: Interim Financial Reporting; and
 - (b) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Executive Director:
Peter Landau

Dated this 15 March 2012

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF BLACK MOUNTAIN RESOURCES LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Black Mountain Resources Limited which comprises the statement of financial position as at 31 December 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Black Mountain Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Black Mountain Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

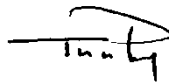
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Black Mountain Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants



TUTU PHONG
Partner

Perth, WA
Dated: 15 March 2012