



blackmountain
resources limited

31 October 2012

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

By E-Lodgement

Quarterly Report for the Period Ending 30 September 2012

Issued Capital: 75M Ordinary Shares* + 25M Performance Shares*	ASX Code: BMZ AIM Code: BMZ	Closing price: A\$0.23* Closing Price: £0.15*
* as at 30 October 2012		

The Board of Black Mountain Resources Limited ('**Black Mountain**' or the '**Company**'), the silver focused development company with interests in the US, is pleased to provide the following commentary and Appendix 5B.

Highlights

- **High grade silver results from drilling completed at the Conjecture Silver Project**
- **New mineralisation structure identified with high grades close to surface on Conjecture Shear Zone**
- **Further anomaly targets identified for further test work by geophysical work programs at Conjecture Silver Project and New Departure Silver Project**
- **Completion of \$2.3m capital raising pursuant to placement**
- **Mine development on-going at both Conjecture and New Departure with production scheduled for Q1 2013**
- **Successful dual listing on AIM**
- **Management team strengthened with the appointment of Shannon Robinson as Executive Director**

Black Mountain CEO John Ryan, said, "The last three months have been highly significant for Black Mountain, both on a corporate and operational level, and I am very pleased with the progress made to date at both the Conjecture and New Departure Silver Projects in the USA. High grade silver mineralisation has been confirmed and the potential resource extended through drilling at Conjecture and we have successfully delineated new targets here and at New Departure through geophysical campaigns. This work, alongside development programs which are now underway following a slight delay in our plans due to new health and safety regulations, have not only progressed us towards near term low cost production, but have also enabled us to demonstrate the opportunities to build the scale and therefore the value in the projects through exploration."

During the quarter Black Mountain significantly progressed exploration and the development of its Conjecture and New Departure Silver Projects, located in Idaho and Montana respectively. Maiden drilling at both projects returned high grade silver results with further results expected over the coming weeks.

Conjecture Silver Project

Due to new federal health and safety regulations introduced across the resource sector, the Company revised its development schedule for the Conjecture Silver Project. Post quarter end the mine development is back on track following completion of all necessary compliance work.

The re-entry and rehabilitation of the Graham Adit (adjacent to the previously targeted Morris Adit) is currently underway to provide access to historic workings, and the decline will then be constructed to cross cut and access historic working levels. Cross cuts from the decline to the vein zone are proposed to be driven approximately every 200 feet (61.2m). Additionally, planned i-drifting on the vein will enable bulk sample testing of the vein zone as well as delineation of additional potential resource blocks for eventual mining. The Company has also revised its projected production levels to between 300-400 tonnes per day (previously 150 tonnes per day) with development to be undertaken on three different headings.

Exploration Program

During the quarter the Company completed a 16 hole diamond core drill program (1,800m), which was the first exploration drilling undertaken at the Conjecture Silver Project since the 1980s. The program successfully confirmed the grades and the presence of historic mining blocks identified by previous sampling, exploration and mining undertaken at the property.

Significantly, each hole drilled encountered mineralisation structures, although some of the samples are still being processed with final assay results. The following high grade intercepts, as released on 17 October 2012:

- 715g/t of silver ('Ag') equivalent intercept over 1.4m (depth of 101m)
- 363g/t Ag equivalent intercept over 3.9m (depth of 38m)
- 340g/t Ag equivalent intercept over 0.7m (depth of 17m)
- 157g/t Ag equivalent intercept over 3.0m (depth of 40m)

Full details on the drilling results, including drill hole locations and assumptions for calculating Ag equivalent grades are contained in the Company's previous release on 17 October 2012 and as set out in Annexure A.

During the quarter the Company also commenced a geophysical exploration program, which included an initial Induced Polarity ('IP') survey strike line along the Conjecture Shear Zone of approximately 6 kilometres. A number of target anomalies were identified along the zone which will require further test work. Desktop modelling and mapping is being undertaken on these results and a program involving cross lines across prospective areas is being planned for Q2 2013. The IP work continues to develop new potential drilling targets and will require follow up geochemical and structural geology work to be done on the new targets for further development.

The data from the drilling and geophysical programs undertaken, combined with the wealth of historic reports and information, will be integral to the Company as it focusses on the successful development of the project with an objective of achieving first production in Q1 2013.

Mill Access

During the quarter, the Company entered into an exclusive option for a long term (45 year) lease at the Lakeview Mill and to acquire the historic Weber Mine, both in northern Idaho. The Lakeview Mill is ideally positioned for near term use by the Company's Conjecture Project which is only 3.5 kilometres away.

The mill has been refurbished and upgraded following the purchase of discounted equipment from a nearby mill resulting in increased capacity to approximately 350 tonnes per day. The Company has completed due diligence on the Lakeview Mill and the historic Weber Mine and will formalise the acquisition in the coming quarter.

New Departure Silver Project

Mine development at the New Departure Silver Project in Montana was also delayed due to the introduction of new federal health and safety regulations. Development work is scheduled to recommence in the next few weeks following compliance approvals with a revised first ore production target of February 2013.

It is anticipated that the rehabilitation of the Laczay Adit and Tunnel will be completed in early December 2012. A 335m decline will then be driven at a 15% decline to access historic workings below the historic blocks known as the Main Zone, additionally allowing access to the Quien Sabe Zones and the Bonzana Zones by way of secondary drifts off the main decline (depicted as numbers 5 and 3 respectively in Figure 1 below).

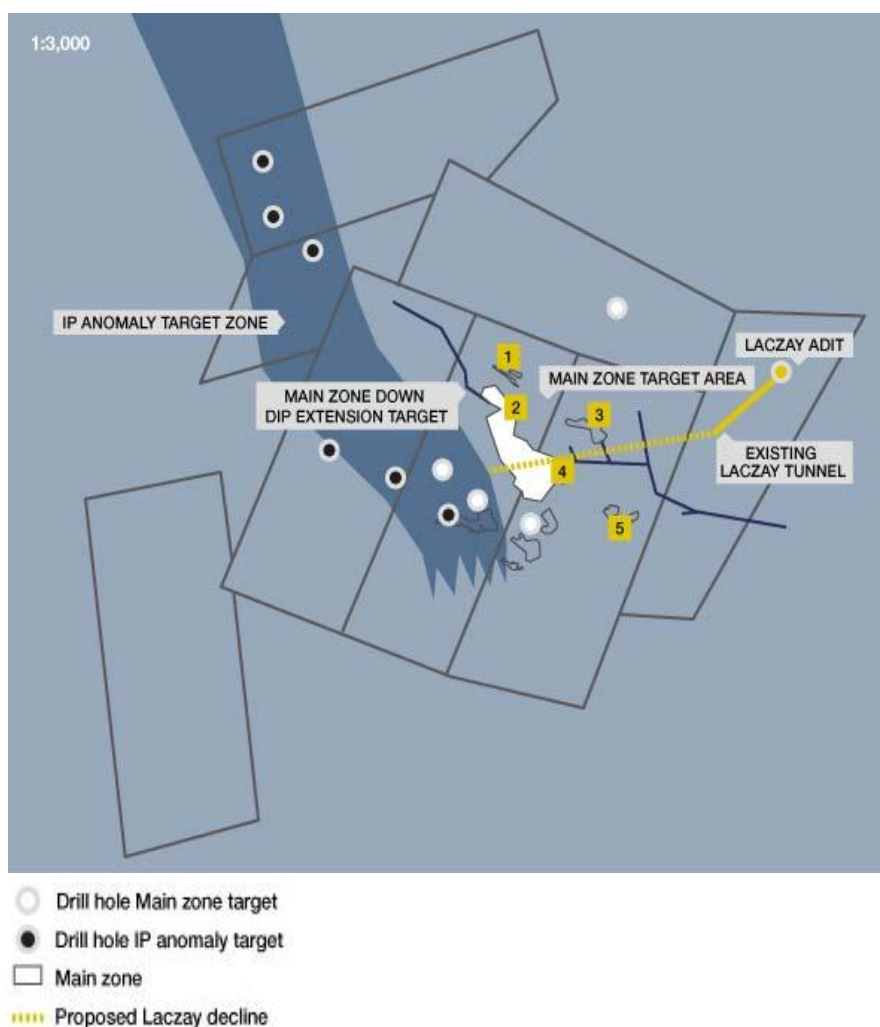


Figure 1: New Departure Patented Claims

Exploration Program

During the quarter drilling at the New Departure Silver Project continued targeting the projected downward dip extension of historic ore shoot and IP anomaly targets identified last year. Drilling is anticipated to be completed with assay results available this quarter.

In addition, further geophysical and structural geological mapping was undertaken on the project. A number of further IP anomaly targets have been identified over the claims and an additional geophysical and geochemical program is planned prior to drilling prioritised targets in Q2 2013.

Tabor Silver and Gold Project

Preliminary development activities for the Tabor Silver and Gold Project in Montana are scheduled for Q2 2013 including securing access, general portal repair and development. Once the portals and tunnels are secured, the Company intends to access the mine openings and commence exploration by way of an initial a sampling and assay program.

Corporate

During the quarter, the Company successfully dual listed and commenced trading on the London Stock Exchange's AIM market. The Company's ordinary shares trade on AIM under the code "BMZ".

The Company also completed a placement which successfully raising approximately \$2.3 million (before costs) during the quarter which will be used to fund development of its assets towards first production in Q1 2013.

Subsequent to the quarter end, the Company appointed Ms Shannon Robinson as an executive director of the Board.

The Company also intends to proceed with an ADR listing in the US on the OTCQX in Q4 2012.

For and on behalf of the Board



Peter Landau
Executive Director

Annexure A.

Conjecture Silver Project Assay Results								
Hole	Northing	Easting	Azimuth	Angle	From (m)	To (m)	Width (m)	Grade
Drill Pad 1								
1	530691	542283	S45E	-85				NRI
2	530691	542283	S45E	-70	94.17	1.27	0.6	85.5g/t Ag , 0.72g/t Au, 0.07% Pb, 0.38% Zn (123g/t Ag-eq)
2	530691	542283	S45E	-70	101.36	102.74	1.38	692g/t Ag , 0.43g/t Au, 5.66% Pb, 0.39% Zn (715g/t Ag-eq)
3	Assay results pending							
Drill Pad 2								
4*	5,306,846	542,231	-112.9	-51.7	100.41	101.00	0.59m	1,106g/t Ag , 0.81g/t Au, 0.65% Pb, 0.23% Zn (1,149g/t Ag-eq)
5*	5,306,846	542,231	119.4	-67.7	122.00	122.32	0.32m	1,060g/t Ag , 0.72g/t Au, 0.56% Pb, 0.53% Zn (1,098g/t Ag-eq)
6*	5,306,846	542,231	-273.3	-88.1	236.46	236.82	0.36m	898g/t Ag , 0.47g/t Au, 0.89% Pb, 1.77% Zn (923g/t Ag-eq)
7	Assay results pending							
Rainbow Drill Pad								
8	5307178	542561	S46E	-50	36.70	39.73	3.04	90.6g/t Ag , 1.25g/t Au, 0.19% Pb, 0.24% Zn (157g/t Ag-eq)
9	5307178	542561	S46E	-70				NRI
10	5307178	542561	S46E	-85				NRI
11	Assay results pending							
12	Assay results pending							
13	Assay results pending							
14	5307178	542561	S71E	-50	17.58	18.31	0.73	320g/t Ag , 0.37g/t Au, 0.26% Pb, 0.43% Zn (340g/t Ag-eq)
14	5307178	542561	S71E	-50	38.41	42.32	3.91	264g/t Ag , 1.87g/t Au, 0.31% Pb, 0.39% Zn (363g/t Ag-eq)
15	Assay results pending							
16	Assay results pending							
<p>* Assay results previously disclosed</p> <ol style="list-style-type: none"> 1. Intersections were calculated using minimum criteria of 100g/t Ag and Ag equivalent 2. NRI = no reportable intersection 3. Ag-eq (equivalent) grades in this release are gross value equivalents utilising the following metal prices US\$33/oz silver price and US\$1,740/oz gold price. 4. These are calculated by gross \$ value of any Ag and Au in drill intersections, For the purposes of this release, values have not be attributed to Pb and Zn content. 5. It should be noted that Ag-eq is for the purpose of illustrating gross comparative values compared as a ratio to other metals in the drill intersection. 								

Competent Persons Statement

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

For further information please visit www.blackmountainresources.com.au or contact:

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About Black Mountain Resources Limited

Black Mountain Resources Limited is a dual listed (ASX | AIM: BMZ) silver and gold focused development company focussed on the advancement of three highly prospective previously operating assets located in two of the world's most developed and proven silver and gold mining regions of Idaho and Montana, USA.

The Company holds a 70% interest in the New Departure Silver Project, the Conjecture Silver Project and the Tabor Gold and Silver Project. It plans to implement low cost production and development programmes across all three assets, targeting first production from New Departure and Conjecture by Q1 2013. It is also implementing exploration programmes to capitalise on the exploration upside potential apparent across its portfolio.

Black Mountain Resources Limited was incorporated on 29 October 2010 and is listed on the Australian Securities Exchange and London's AIM Market (BMZ).

Appendix 5B

Mining exploration entity quarterly report

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

Name of entity

BLACK MOUNTAIN RESOURCES LIMITED

ABN

55 147 106 974

Quarter ended ("current quarter")

30 SEPTEMBER 2012

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for		
	(a) exploration and evaluation	(803)	(803)
	(b) development	(277)	(277)
	(c) production	-	-
	(d) equipment	-	-
	(e) administration	(561)	(561)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	15	15
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other Receipts (refunds)	-	-
2.7	Other	-	-
Net Operating Cash Flows		(1,641)	(1,641)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a)prospects	-	-
	(b)equity investments	-	-
	(c) new project acquisition	(531)	(531)
1.9	Proceeds from sale of:		
	(a)prospects	-	-
	(b)equity investments	-	-
	(c)other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Proceeds from underwriting	-	-
Net investing cash flows		(531)	(531)
1.13	Total operating and investing cash flows (carried forward)	(2,172)	(2,172)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(2,172)	(2,172)
	Cash flows related to financing activities		
1.14	Proceeds from raising	2,213	2,213
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Costs associated with issue of shares	(146)	(146)
	Net financing cash flows	2,067	2,067
	Net increase (decrease) in cash held	(105)	(105)
1.20	Cash at beginning of quarter/year to date	3,254	3,254
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	3,149	3,149

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	227
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

Payments of Directors Fees and Remuneration	52
Payments to Director Related Companies	175

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

Appendix 5B Mining exploration entity quarterly report

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Nil	-
3.2 Credit standby arrangements	Nil	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	(250)
4.2 Development	(1,000)
4.3 Production	-
4.4 Administration	(300)
Total	(1,550)

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	3,149	3,254
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other – Term Deposit	-	-
Total: cash at end of quarter (item 1.22)	3,149	3,254

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	None		
6.2	Interests in mining tenements acquired or increased	Nil	Nil	Nil

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities (description)	Nil			
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	Nil			
7.3 *Ordinary securities	68,769,792	41,294,792		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	3,439,791 Nil	3,439,791	£0.155	
7.5 *Convertible debt securities (description)	Nil			
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	Nil Nil			
7.7 Options (description and conversion factor)	2,000,000 36,156,250	Nil 36,138,750	\$0.30 \$0.20	
7.8 Issued during quarter	Nil	Nil		
7.9 Exercised during quarter	Nil	Nil		
7.10 Expired during quarter	Nil	Nil		
7.11 Debentures (totals only)	Nil	Nil		
7.12 Unsecured notes (totals only)	Nil	Nil		
Performance Based Shares	25,000,000	Nil	\$0.20	
Changes during quarter (a) Increases	Nil	Nil	Nil	

Note – performance milestones for Performance Shares:

- (a) the Company completing exploration and development on each US Project in the total amount of not less than US\$1,500,000, or exploration and development in the amount of US\$4,500,000 across all of the US Projects, within three (3) years from the date of issue of the Performance Shares; and

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Mining exploration entity quarterly report

- (b) production from the Project of not less than 2,000 ounces of gold or gold equivalent within five (5) years from the date of issue of the Performance Shares.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Peter Landau
Executive Director
31 October 2012

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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