



blackmountain
resources limited

Black Mountain Resources Limited
ABN 55 147 106 974

Notice of Annual General Meeting

TIME: 2:00pm (WST)

DATE: 20 November 2012

PLACE: The University Club of Western Australia
Hackett Drive, Crawley, Western Australia

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (08) 9488 5220.

Contents Page

Business of the Meeting (setting out proposed resolutions)	3
Explanatory Statement (explaining the proposed resolutions)	6
Glossary	11
Schedule A –Option Terms and Conditions	12

Important Information

Time and Place of Meeting

Notice is given that the Annual General Meeting of Shareholders of Black Mountain Resources Limited which this Notice of Meeting relates to will be held on **20 November 2012 at 2:00pm (WST)** at:

The University Club of Western Australia Hackett Drive, Crawley, Western Australia

Your Vote Is Important

The business of the Annual General Meeting affects your shareholding and your vote is important.

Voting Eligibility

The Directors have determined pursuant to Regulation 7.11.37 of Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders at 5:00pm (WST) on 18 November 2012.

Voting in Person

To vote in person, attend the Annual General Meeting on the date and at the place set out above. The meeting will commence at **2:00pm (WST)**.

Voting by Proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by **2:00pm (WST)** on **18 November 2012** and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

New sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Annual General Meeting. Broadly, the changes mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes is set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (ie. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting;
 - the proxy does not vote on the resolution,

chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

Black Mountain Resources Limited
ABN 55 147 106 974

Business of the Meeting

Notice is given that the Annual General Meeting of Shareholders of Black Mountain Resources Limited will be held at **The University Club of Western Australia, Hackett Drive, Crawley, Western Australia at 2:00pm (WST) on 20 November 2012 (General Meeting)**.

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001 (Cth)* that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders of the Company as at 5:00pm on 18 November 2012.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the glossary or in the Explanatory Statement.

Agenda

The Explanatory Statement to this Notice of Meeting describes the matters to be considered at the Annual General Meeting.

Adoption of Annual Financial Report

To receive the Annual Financial Report, including Directors' declaration and accompanying reports of the Directors and auditors for the period ending 30 June 2012.

Non-Binding Business

Resolution 1 – Adoption of Remuneration Report (Non-Binding)

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

“That for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given to the adoption of the Remuneration Report as contained in the Company’s Annual Report for the period ended 30 June 2012.”

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Short Explanation: The Corporations Act provides that a resolution in respect of the adoption of the remuneration report must be put to vote at a listed company’s annual general meeting. The vote on this resolution is advisory only and does not bind the Directors or the Company. Shareholders are encouraged to read the Explanatory Memorandum for further details on the consequences of voting on this Resolution.

Voting Exclusion: The Company will disregard any votes cast on Resolution 1 by or on behalf of a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or a Closely Related Party of such a member. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Further, the Company will not disregard a vote cast by the Chair of the meeting as a proxy, if the appointment of the Chair expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel, Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 1. Shareholders may also choose to direct the Chair to vote against Resolution 1 or to abstain from voting.

Ordinary Business

Resolution 2 – Re-Election of Mr Jason Brewer

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

“To elect Mr Jason Brewer as a director of the Company who retires by rotation pursuant to the Constitution of the Company and being eligible offers himself for re-election.”

Short Explanation: In accordance with ASX Listing Rule 14.4(rotation of directors) and the Company’s Constitution, one third of the Directors must retire by rotation at every Annual General Meeting. Accordingly, Mr Brewer retires by rotation and being eligible for re-election, offers himself for re-election at the Meeting.

Resolution 3 – Re-Election of Ms Shannon Robinson

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

“That Ms Shannon Robinson, having been appointed as a Director prior to the date of this meeting, who retires in accordance with the Constitution and, being eligible, be re-appointed as a director of the Company with immediate effect.”

Short Explanation: In accordance with ASX Listing Rule 14.4, a director of the Company appointed to fill a casual vacancy or as an addition to the Board may not hold office (without re-election) past the next Annual General Meeting following their appointment. Further, in accordance with the Constitution, any Director appointed by the Board holds office only until conclusion of the next General Meeting and is eligible for re-election. Accordingly, Ms Robinson retires and being eligible for re-election, offers herself for re-election at the Meeting.

Resolution 4 – Ratification of Prior Option Issue

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That for the purposes of Listing Rule 7.4 of the ASX Listing Rules and for all other purposes, Shareholders ratify the issue and allotment of 3,500,000 Options on the terms and conditions set out in the Explanatory Statement.”

<p>Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if:</p> <ul style="list-style-type: none">(a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directors on the proxy form; or(b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 5 – Pre-approval of Share Placement

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That for the purposes of Listing Rule 7.1 of the ASX Listing Rules and for all other purposes, the shareholders of the Company authorise and approve the Directors to issue Shares to raise a total of up to \$5 million on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, and any associates of those persons. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directors on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Dated this 16th day of October 2012

By order of the Board



Peter Landau
Executive Director

Notes:

A shareholder of the Company entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholder's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes. A proxy need not be a shareholder of the Company.

For the purposes of the Corporations Regulations, the Directors have set a snapshot date to determine the identity of those entitled to attend and vote at the Meeting. The snapshot date is 5:00pm (WST) on 18 November 2012. Accordingly, transactions registered after this time will be disregarded in determining entitlements to attend and vote at the meeting.

Enquiries:

Shareholders are invited to contact the Company on +61 8 9488 5220 if they have any queries in respect of the matters set out in these documents.

Explanatory Statement

This Explanatory Statement has been prepared for the information of the Shareholders of the Company in connection with the business to be conducted at the Annual General Meeting to be held at 2:00pm (WST) on 20 November 2012 at the University Club of Western Australia, Hackett Drive, Crawley, WA.

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

This Explanatory Statement is an important document and should be read carefully in full by all Shareholders. If you have any questions regarding the matters set out in this Explanatory Statement or the preceding Notice, please contact the Company, your stockbroker or other professional adviser.

1. Financial Statements and Reports

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2012 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at www.blackmountainresources.com.au

<h3>2. Resolution 1 – Remuneration Report (Non-Binding Resolution)</h3>

2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the Directors or the Company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

2.2 Voting Consequences

Under changes to the Corporations Act which came into effect on 1 July 2011, a company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the previous financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

2.3 Previous Voting Results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

2.4 Proxy Voting Restrictions

Shareholders appointing a proxy for this Resolution should note the following:

- ***If you appoint a member of the Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member as your proxy***

You must direct your proxy how to vote on this Resolution. Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.

- ***If you appoint the Chair as your proxy (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member).***

You **do not** need to direct your proxy how to vote on this Resolution. However, if you do not direct the Chair how to vote, ***you must mark the acknowledgement on the Proxy Form to expressly authorise the Chair to exercise his/her discretion in exercising your proxy even though this Resolution is connected directly or indirectly with the remuneration of Key Management Personnel.***

- ***If you appoint any other person as your proxy***

You **do not** need to direct your proxy how to vote on this Resolution, and you **do not** need to mark any further acknowledgement on the Proxy Form.

3. Resolution 2 – Re-Election of Mr Jason Brewer

In accordance with ASX Listing Rule 14.4, no director of the Company may hold office (without re-election) past the longer of 3 years and the third Annual General Meeting following their appointment. Further, in accordance with the Company's Constitution, at every Annual General Meeting, one third of the Directors for the time being must retire from office and are eligible for re-election. Accordingly, Mr Brewer retires and being eligible for re-election, offers himself for re-election at the Meeting.

Mr Jason Brewer has 18 years international experience in mining, equity investment, corporate and project financing, capital raising, investment advising and evaluation of resource companies. He is a qualified mining engineer with operating experience in Canada, South Africa and Australia and has worked for several international investment banks and also managed Australia's largest ASX-listed resources fund. Mr Brewer also holds a number of non-executive directorships with several public resource companies and is an executive director of Okap Ventures Pty Ltd and Komodo Capital Pty Ltd.

4. Resolution 3 – Re-Election of Ms Shannon Robinson

In accordance with ASX Listing Rule 14.4, a director of the Company appointed to fill a casual vacancy or as an addition to the Board may not hold office (without re-election) past the next Annual General Meeting following their appointment. Further, in accordance with the Constitution, any Director appointed by the Board holds office only until conclusion of the next Annual General Meeting and is eligible for re-election. Accordingly, Ms Robinson retires and being eligible for re-election, offers herself for re-election at the Meeting.

Ms Shannon Robinson is a former corporate lawyer and corporate advisor with significant experience in providing corporate, capital raising, transaction and strategic advice to numerous public companies. Ms Robinson has been involved with Black Mountain since its incorporation and is also a director of Kaboko Mining Limited.

5. Resolution 4 – Ratification of Option Issue

5.1 Background

In May 2012 the Company issued 3,500,000 Options in consideration for services provided by the lead manager, 708 Capital, in lieu of cash fees in respect of the loyalty option entitlement issue.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. This rule provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purposes of ASX Listing Rule 7.1.

Resolution 4 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of the Options. By ratifying the issue of these Options, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without requirement to obtain prior Shareholder approval.

5.2 Specific information required by ASX Listing Rule 7.5

For the purposes of ASX Listing Rule 7.5, the following information is provided in relation to Resolution 4:

- (a) 3,500,000 Options were issued in total;
- (b) the listed Options are exercisable at \$0.20 each on or before 7 May 2015, the full terms and conditions of the options are set out in Schedule A;
- (c) the Options were issued and allotted on 10 May 2012;
- (d) the Options were issued to 708 Capital, or its nominees, who are not related parties to the Company;

- (e) no funds will be raised by the issue of the Options (although funds will be raised to the extent that the Options are eventually exercised, with any such funds to be used for working capital purposes of the Company).

A voting exclusion statement is included in the Notice.

6. Resolution 5 – Pre-approval of Share Placement

6.1 Background

Resolution 5 seeks Shareholder approval for the allotment and issue of Shares raising a total of up to \$5 million (**Share Placement**).

None of the subscribers pursuant to this issue will be related parties of the Company.

A summary of ASX Listing Rule 7.1 is set out in section 5 above.

The effect of Resolution 5 will be to allow the Directors to issue the Shares pursuant to the Share Placement during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

6.2 Specific information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Share Placement:

- (a) the maximum number of Shares to be issued is up to that number of Shares which, when multiplied by the issue price, equals \$5 million. Assuming the following issue prices the maximum number of shares pursuant to the share placement would as follows;
 - i. \$0.23 would be 21,739,130 shares
 - ii. \$0.33 would be 15,151,515 shares
 - iii. \$0.43 would be 11,627,907 shares
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (c) the issue price will be at least 80% of the average market price for securities calculated over the last 5 days on which sales in the securities are recorded before the day on which the issue is made;
- (d) the Shares will be allotted and issued to sophisticated investors identified by a financial advisor to be appointed by the Company. These persons will not be related parties of the Company;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the Company intends to use the funds raised from the Share Placement towards expenditure commitments and development of existing projects, corporate and business development activities and general working capital.

Responsibility for Information

The information concerning the Company contained in this Explanatory Statement, including information as to the views and recommendations of the Directors has been prepared by the Company and is the responsibility of the Company.

The Explanatory Statement does not take into account the individual investment objectives, financial situation and particular needs of individual Shareholders. If you are in doubt as to what you should do, you should consult your legal, financial or professional advisor prior to voting.

Glossary

In this Explanatory Statement, the following terms have the following unless the context otherwise requires:

ASIC means Australian Securities Investment Commission.

ASX means ASX Limited ABN 98 008 624 691.

ASX Listing Rules or Listing Rules means the listing rules of ASX.

Board means the board of Directors of the company.

Chairman means the Chairman of the Company.

Company means Black Mountain Resources Limited ABN 55 147 106 974.

Constitution means the constitution of the Company.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company.

Option means a listed option in the capital of the Company.

Schedule means a schedule to this Explanatory Statement.

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

Shareholder means a shareholder of the Company.

Schedule A – Option Terms and Conditions

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

- (a) Each Option gives the Optionholder the right to subscribe for one (1) Share.
- (b) Each Option will expire at 5.00pm (WST) on 7 May 2015 (**Expiry Date**). A 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 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 Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Options specifying the number of Options being exercised; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of 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 Options shall be freely transferable.
- (i) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
- (j) The Company will apply for quotation of the Options on ASX. In addition, the Company will also apply for quotation of all Shares allotted pursuant to the exercise of 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 Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
- (m) A Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.