



blackmountain
resources limited

31 January 2013

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

By E-Lodgement

Quarterly Report for the Period Ending 31 December 2012

Issued Capital: **75M Ordinary Shares***
+ 25M Performance Shares*

* as at 31 December 2012

ASX Code: **BMZ**

AIM Code: **BMZ**

Closing price: **A\$0.21***

Closing Price: **£0.1388***

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 regarding its activities during the three months ended 31 December 2012 and Appendix 5B.

Highlights

- **Positive exploration and development progress made at the New Departure Silver Project, Montana, which is on target to achieve Q1 2013 production:**
 - **Mine development on-going with adit refurbishment almost complete and new decline extension scheduled to commence to access historic workings**
 - **Initial drill results returned grades of up to 365 g/t of silver confirming down-dip extension of historic workings and indicate a potential projected strike length of 670m**
- **Strong prospectivity of Conjecture Silver Project, Idaho, highlighted through exploration and development milestones – on target to achieve Q2 2013 production:**
 - **Graham adit and portal installation completed and decline commenced to access historic workings Additional 20 mining claims staked – a total of 59 mining claims now held over 700 acres in a prolific silver region**
 - **Full drill results confirm high grade silver zones and have identified new mineralisation structure – best intercepts include:**
 - **715g/t Ag equivalent intercept over 1.38m (depth of 101m)**
 - **363g/t Ag equivalent intercept over 3.91m (depth of 38m)**
 - **340g/t Ag equivalent intercept over 0.73m (depth of 17m)**
 - **157g/t Ag equivalent intercept over 3.04m (depth of 40m)**

Black Mountain Executive Chairman, Peter Landau, commented, “This quarter has been highly productive for Black Mountain, both in terms of exploration and development at our US New Departure and Conjecture Silver Projects. Drilling at both projects has identified new areas of high grade mineralisation near to surface outside of the historic workings, demonstrating the value and potential of these campaigns. The development programmes have been extremely successful and will enable us to exploit the projects’ near term production capabilities to generate cash flows from historic zones within our high grade silver portfolio. With this in mind, the coming months will be focussed on building upon our knowledge of the area whilst pursuing an early route to production which is targeted for Q1 2013 at New Departure and Q2 2013 at Conjecture.”

New Departure Silver Project, Montana

Mine development at the New Departure Silver Project in Montana recommenced during the quarter with the widening of the Laczay portal and tunnel now almost complete, as well as the steel set structure being set in the portal entry. The Company will commence driving the 335m decline at a 15% decline to access historic workings below the historic blocks known as the Main Zone. In addition, secondary drifts will be driven from the main decline to enabling access to the Quien Sabbe Zones and the Bonzana Zones. The revised projected production levels for the project are between 200-250 tonnes per day (previously 100 tonnes per day) with development to be undertaken on three different headings.



Figure 1: New Departure Silver Project: Laczay Adit and Tunnel

Exploration Programme

During the quarter the Company completed a 13 hole drill programme (3,000m) targeting the projected downward dip extension of historic ore shoot and induced polarised (‘IP’) anomaly targets previously identified. This was the first exploration drilling undertaken at the New Departure Silver Project. Initial assay results for holes 3 and 5 intercepted high grade silver intercepts of up to 365g/t Ag confirming mineralisation zones and the down-dip extension of the historic workings. These intercepts indicate the potential for a projected strike length of approximately 670m. With the identification of the extended mineralisation zone, the Company intends to drill the extension area further as part of its exploration programme scheduled for Q2 2013.

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 25 January 2013.

Conjecture Silver Project, Idaho

During the quarter, mine development at the Conjecture Silver Project was advanced with the completion of the re-entry and rehabilitation of the Graham Adit (adjacent to the previously targeted Morris Adit) to provide access to historic workings. The portal and initial tunnel were extended and the decline will now 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 revised projected production levels for the project are between 300-400 tonnes per day (previously 150 tonnes per day) with development to be undertaken on three different headings.

The Company will focus on the development of the mine plan and exploration programme for the project with site access anticipated towards the end of the quarter, weather permitting. A detailed mine model is almost complete using Vulcan incorporating the data from historic production and mapping at the project.

In addition a further 20 mining claims were staked in the Lakeview Mining District at the Conjecture Silver Project. The Company now holds a total of 59 mining claims that form the project and extend over 700 acres in a prolific silver region. The resulting land staking continues to assure Black Mountain's position for continued exploration and resource expansion at the property. This area, along with additional potential resources identified from the 2012 drilling programme, will be evaluated for the 2013 exploration programme.

Exploration Programme

During the quarter the Company released further drill results from its maiden 16 hole (1,800m) diamond core drill programme. This was the first exploration drilling undertaken at the Conjecture Silver Project since the 1980s and it successfully confirmed the grades and the presence of historic mining blocks identified by previous sampling, exploration and mining undertaken at the property. The final drill results were released subsequent to the quarter end. This data, 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 the objective of achieving first production in Q2 2013.

The historic map below (figure 2) shows the historic workings for the Conjecture Silver Project including the Conjecture mineralisation zone and projected extension to this zone across the property. The 2012 drill programme targeted confirmation of the historic mining block 31, holes 1-7 from drill pads 1 and 2 confirmed the grades and presence of this historic block identified by previous sampling, exploration and mining undertaken at the property. Drilling undertaken from pad 3 (holes 8 to 16) targeted an area which had not previously been explored or tested to the east of the historic ore shoot. The mineralised structure identified is much closer to the surface than anticipated with high grade silver intercepts. The Company intends to evaluate this area further as part of its 2013 mine development and exploration programmes at the Conjecture Silver Project.

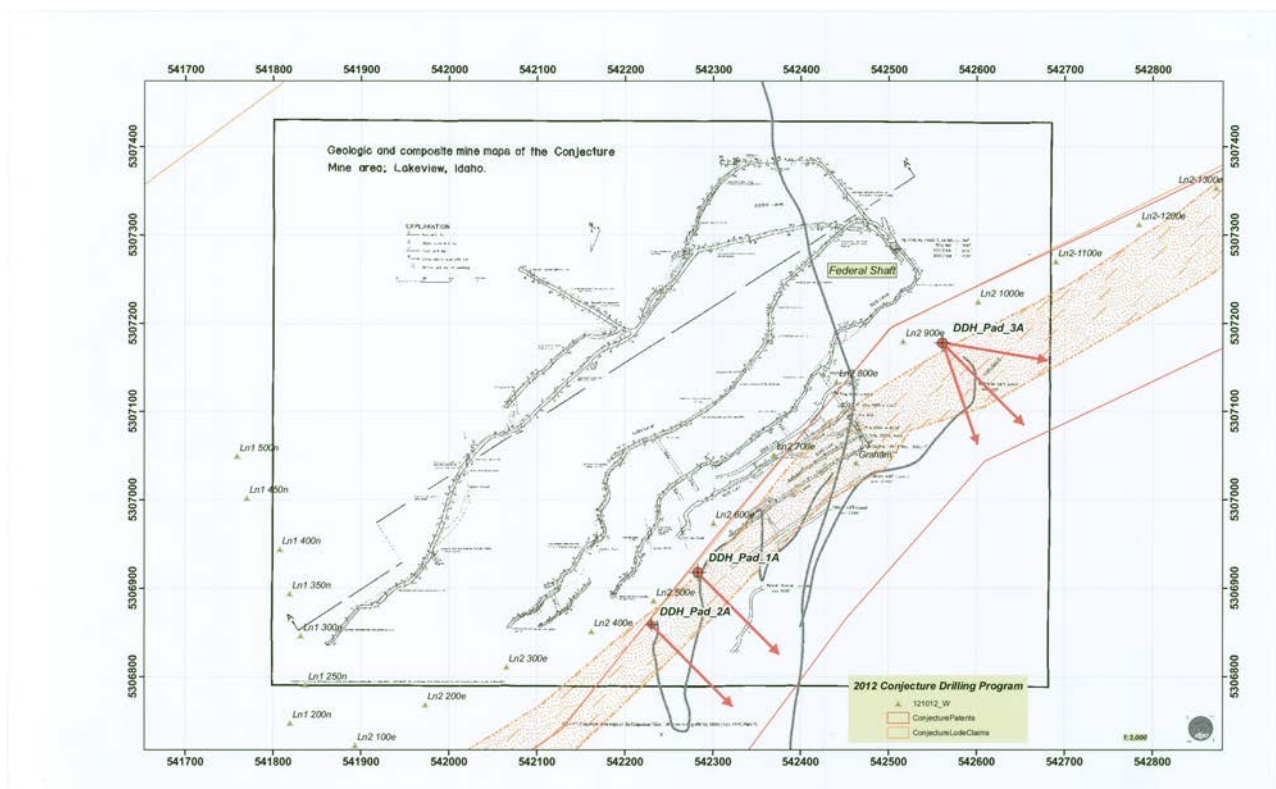


Figure 2: Conjecture Project: Historical Working Cross-Section and 2012 Drill Program

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

Tabor Silver and Gold Project

Preliminary development activities for the Tabor Silver and Gold Project in Montana are scheduled for Q3 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 sampling and assay programme. The Company will focus on obtaining necessary permitting and access for operations for the project during the coming quarter.

Corporate

During the quarter, the Company appointed Ms. Shannon Robinson as an executive director of the Board.

Subsequent to the end of the quarter, the Company satisfied its earn-in obligations to acquire the 70% interest in each of the Conjecture Silver Project, the New Departure Silver Project and the Tabor Silver and Gold Project. The Company continues its focus on the development of these projects targeting initial ore production in Q1 | Q2 2013 from its two silver projects. In addition the Company is discussing potential prepaid offtake arrangements with several interested parties given the timetable for initial ore production.

For and on behalf of the Board



Peter Landau
Executive Director

Annexure A

Hole	Northing	Easting	Azimuth	Angle	From (m)	To (m)	Width (m)	Grade
New Departure Silver Project Assay Results								
3	5006800	348780	N45E	-50	145m	148m	3m	162.36g/t Ag; 0.22g/t Au; 0.20% Pb; 0.28% Zn (174g/t Ag eq)
4	5006125	348812	N45E	-70	NRI			
5	5006125	348812	N45E	-50	148m	151m	3m	365.47g/t Ag; 0.11g/t Au; 0.35% Pb; 0.46% Zn; 0.6% Cu (371g/t Ag eq)
6	5006850	348837	N45E	-50	NRI			
7	5006850	348837	N45E	-70	NRI			
Conjecture Silver Project Assay Results								
Drill Pad 1								
1	5306918	542283	S45E	-85	NRI			
2	5306918	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	5306918	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	5306918	542283	S45E	-50	73.22	73.72	1.50	59g/t Ag, 0.87g/t Au, 0.05% Pb, 0.19% Zn (105.5g/t Ag eq)
3	5306918	542283	S45E	-50	79.22	80.72	1.50	92g/t Ag, 0.50g/t Au, 0.09% Pb, 0.15% Zn (119g/t Ag eq)
Drill Pad 2								
4	5306846	542231	S45E	-50	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	5306846	542231	S45E	-70	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	5306846	542231	S45E	-85	236.46	236.82	0.36m	898g/t Ag, 0.47g/t Au,

Hole	Northing	Easting	Azimuth	Angle	From (m)	To (m)	Width (m)	Grade
								0.89% Pb, 1.77% Zn (923g/t Ag-eq)
7	5306846	542231	S60E	-50	NRI			
Drill Pad 3								
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	5307178	542561	S8E	-50	NRI			
12	5307178	542561	S8E	-70	21.67	21.77	0.10	75g/t Ag, 0.56g/t Au, 0.12% Pb, 0.02% Zn (105g/t Ag eq)
12	5307178	542561	S8E	-70	46.65	48.17	1.52	118g/t Ag, 0.78g/t Au, 0.11% Pb, 0.07% Zn (160g/t Ag eq)
13	5307178	542561	S8E	-85	NRI			
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	5307178	542561	S71E	-75	22.00	22.69	0.69	199g/t Ag, 0.06g/t Au, 0.15% Pb, 1.11% Zn (202g/t Ag eq)
16	5307178	542561	S71E	-85	NRI			

1. Intersections were calculated using minimum criteria of 50g/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 AgEQ 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 pursuant to 45 year leases from Chester Mining Company, Lucky Friday Extension Mining Company and Brush Prairie Minerals respectively. Black Mountain plans to implement low cost production and development programmes across all three assets, targeting first production from New Departure and Conjecture by Q1|Q2 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")

31 DECEMBER 2012

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for		
	(a) exploration, permitting & evaluation	(253)	(1,056)
	(b) development & equipment	(1,087)	(1,364)
	(c) production	-	-
	(d) administration	(202)	(778)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	9	24
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		(1,533)	(3,174)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a)prospects	-	-
	(b)equity investments	-	-
	(c) new project acquisition	-	(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)
1.13	Total operating and investing cash flows (carried forward)	(1,533)	(3,705)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,533)	(3,705)
	Cash flows related to financing activities		
1.14	Proceeds from raising	-	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	(19)	(165)
	Net financing cash flows	(19)	2,048
	Net increase (decrease) in cash held	(1,552)	(1,657)
1.20	Cash at beginning of quarter/year to date	3,149	3,254
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	1,597	1,597

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	128
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	58
Payments to Director Related Companies	70

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, permitting and evaluation	(40)
4.2 Development and equipment	(1,000)
4.3 Production	-
4.4 Administration	(200)
Total	(1,240)

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	1,597	3,149
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other – Term Deposit	-	-
Total: cash at end of quarter (item 1.22)	1,597	3,149

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	100% interest acquired	Nil	20 Unpatented Mining Claims

+ 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	Nil Nil			
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
- (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.

+ See chapter 19 for defined terms.

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 January 2013

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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