



# blackmountain

resources limited

31 July 2013

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

By *E-Lodgement*

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## Quarterly Report for the Period Ending 30 June 2013

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Issued Capital: <b>86M Ordinary Shares*</b> + 53M Performance Shares*	ASX Code: <b>BMZ</b> AIM Code: <b>BMZ</b>	Closing price: <b>A\$0.11</b> Closing Price: <b>£0.0712</b>
* as at 31 July 2013		

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 30 June 2013 and Appendix 5B.

### Highlights

- **Significant progress made towards first high grade silver production at New Departure Project**
  - **Successfully entered known mineralisation at the Bonanza Zone, providing cost effective access to further historic workings, with the drive to the Main Zone commenced**
  - **Potential new mining zones identified and historic zones confirmed through extensive sampling programme – multiple high grade silver results up to 3,452 g/t returned**
  - **Further upside potential through previously unknown historic workings - plans to perform further mapping and testing of all these workings to establish their significance**
- **Progression of Mine Plan and Exploration Programme at Conjecture Silver Project ahead of recommencing mine development**
- **Facilities upgraded at the Lakeview Mill to processing capacity of approximately 300 tonnes of ore per day**
- **AUD\$3M debt financing facility secured for exploration and development programmes with support indicated for a further AUD\$2M of funding availability**

Black Mountain Executive Chairman, Peter Landau, commented, "Development at New Departure has been significant during the last quarter and having now accessed the Bonanza Zone we are poised to commence first production following the results from metallurgical test work which are expected in the near term. The high grade nature of the mineralisation targeted across our asset base is expected to support low operating costs and help enable us to meet our objective of generating meaningful operating margins which can be used alongside the US\$3 million secured in debt financing to build further upside in our portfolio through exploration and development going forward. The recently identified previously unknown historic workings and potential new mineralized zones through our sampling campaign highlight the

potential upside and we will investigate these further as underground development continues. The Company is on track to have two producing high grade silver projects generating revenues in a politically stable and pro-mining location and I look forward to updating the market regarding our progress in the coming weeks.”

### New Departure Silver Project, Montana

Mine development at the New Departure Silver Project in Montana has advanced significantly in the last quarter with underground works completed to enter historic mineralisation at the Bonanza Zone with high grade silver results of up to 3,452g/t returned as part of the sampling program undertaken. During the quarter the Company appointed a mine contractor which significantly increased the efficiency of development work and included the contractor bringing their own mining equipment on site, increasing both the rate of development progress and preserving capital expenditure for Black Mountain.

During the quarter the Bonanza Zone was successfully accessed by cutting a development drive from the Laczay Tunnel. The Bonanza Zone was initially entered through the eastern area of the zone from beneath the historic workings and subsequently progressed with the drive continuing through the historic Bonanza mineralization zone. This opened access to various levels of historic workings, including the Blue Dot, Silver Springs and Valley of the Moon levels from which samples were taken. It is intended that these historic workings will be used, in conjunction with new drifts being developed, to enable greater and more cost effective access to known historic mineralization zones.

In addition a further drift has been driven to access the historic Coppin mineralization zone, where grab samples were taken from historic stopes and existing pillars. Work has also commenced on the Main Drive, which has been driven from the Bonanza Drive, to access the historic Main mineralization zone. The Main Zone has significant historic data and mapping on historic workings, and will potentially be used for blending material for milling.

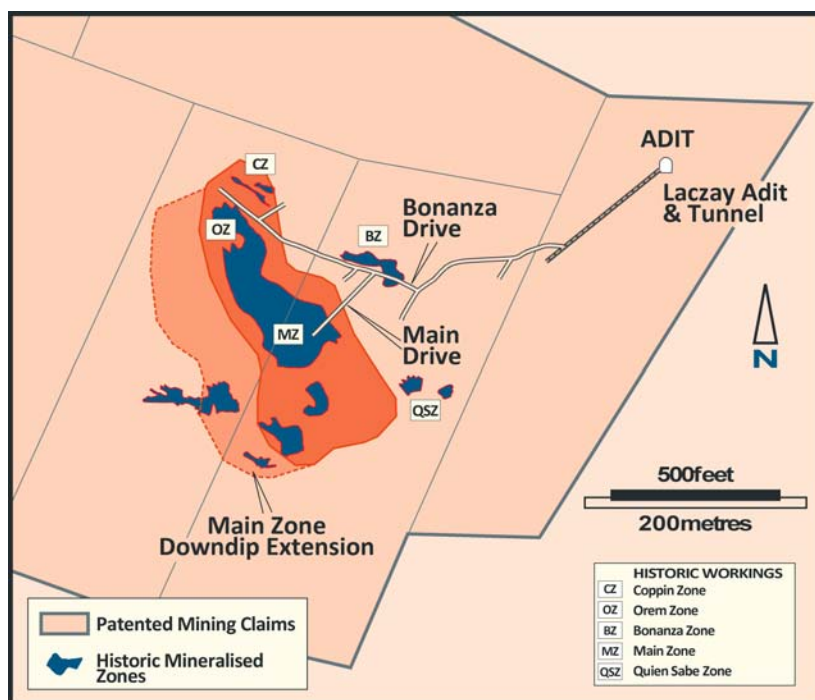


Figure 1: New Departure Silver Project

The Company continued its extensive sampling programme at the New Departure Silver Project during the quarter, including daily samples from the face of workings and bulk samples for mill testing. The sampling program focussed on identifying new mineralisation structures and confirming the location of known

mineralization areas in the Bonanza Zone and the recently reached Coppin Zone (see map above). The high grade samples were taken from multiple faces and various levels. The grab samples returned multiple high grade silver results including 3,452 g/t, as well as identified potential new mineralisation zones. In addition, bulk samples have been taken for flotation and mill recovery evaluation. The final optimisation testing is scheduled to be completed in early August 2013.

Grab Sample	Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)	Mn (%)	Zn (%)	Location
ABM 38 QC	1.70	1,684	0.31	0.45	na	1.40	Silver Springs
ABM 38	1.50	1,542	0.27	0.46	na	1.26	Silver Springs
ABM 29	5.45	93	0.02	0.12	na	0.67	Silver Springs
432532	na	1,672	0.23	1.08	1.22	3.05	Silver Springs
432525	na	1,244	0.11	0.52	0.37	1.20	Silver Springs
432511	na	787	0.18	0.47	1.64	0.48	Coppin Zone
432513	na	216	0.02	2.70	1.52	0.30	Coppin Zone
432559	0.15	1,891	0.26	1.62	0.20	0.17	Coppin Zone
432560	0.25	625	0.08	1.21	0.21	0.71	Coppin Zone
432561	0.34	2,056	0.35	2.30	0.92	1.64	Coppin Zone
432562	0.12	3,452	0.60	2.59	0.27	0.63	Coppin Zone
432565	0.78	1,291	0.20	1.41	0.41	2.43	Coppin Zone
432567	0.62	597	0.02	19.3	0.04	0.93	Coppin Zone
432573	1.34	3,141	0.46	2.92	0.43	1.95	Coppin Zone
432575	0.09	575	0.04	0.48	0.40	1.47	Coppin Zone
432577	0.59	1,499	0.27	1.80	1.05	3.20	Coppin Zone
432582	0.34	485	0.12	1.31	0.44	2.11	Coppin Zone
432585	0.37	793	0.18	0.65	0.40	1.12	Coppin Zone

*Table: Selected sample results from the Silver Springs Level at the Bonanza Zone and the Coppin Zone*

These high grade results taken from the historic Bonanza and Coppin Zones as well as potential new mining zones are encouraging as to the quality of potential mineralisation at the New Departure Silver Project. The mineralisation zones identified are high grade and the Company expects the project will be economically viable even at today's silver prices.



*Figures 2-4: New Departure Silver Project – Mining and Development Operations*

### Conjecture Silver Project, Idaho

The Company anticipates recommencing mine development at the Conjecture Silver Project to complete the decline ramp to access historic workings and drifting on exposed vein structures, subject to favourable financing being obtained. In the meantime the Company has focussed on the development of the mine plan, permitting and exploration programme for the project, including a detailed 3-D mine model, using Vulcan incorporating the data from historic production and mapping at the project.

## Tabor Silver and Gold Project

The Company will evaluate the development of the Tabor Silver and Gold Project in Montana once production at both the New and Departure and Conjecture projects is underway. In the meantime the Company continues to focus on permitting and access for the project as well as the collation, digitisation, mapping and review of historic data on the project.

## Corporate

During the quarter, the Company has secured a AUD\$3M debt financing facility from a syndicate of sophisticated investors. The syndicate has also indicated support for a further AUD\$2M of funding availability, subject to first commercial production milestones at New Departure. Key terms of the facility include a 10% interest rate per annum payable semi-annually and with a maturity date of 19 December 2014, the issue of 15,000,000 options exercisable at \$0.20 by 7 May 2015, and a Net Smelter Return (NSR) royalty of USD\$0.50 per ounce of silver produced from the New Departure and Conjecture Silver Projects capped at the first 20 million ounces of production. The royalty increases to USD\$1.00 per ounce in respect of sales above USD\$20 per ounce silver price.

Additionally, with the bulk sampling and final optimisation results being almost complete, the Company is in advanced discussions with key off-take partners with a view to securing additional off-take financing facility this quarter.

The Company also appointed Westhouse Securities Ltd to act as its joint corporate broker during the quarter.

For and on behalf of the Board



Peter Landau  
Executive Chairman

For further information please visit [www.blackmountainresources.com.au](http://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. 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 (ASX) and London's AIM Market – trading codes BMZ and BMZO.

**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.

**Forward Looking Statement**

Certain statements made during or in connection with this communication, including, without limitation, those concerning the economic outlook for the silver market, expectations regarding silver ore prices, production, cash costs and other operating results growth prospects and the outlook of the Company's operations including the likely commencement of commercial operations of the New Departure and Conjecture Silver Projects, its liquidity and the capital resources and expenditure, contain or comprise certain forward-looking statements regarding the Company's development and exploration operations economic performance and financial condition. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes in the regulatory environment and other government actions, fluctuations in silver ore prices and exchange rates and business and operational risk management. For a discussion of such factors refer to the Company's most recent annual report and half year report. The Company undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events.

# 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 JUNE 2013

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration, permitting & evaluation	(37)	(1,143)
(b) development & equipment	(1,374)	(3,946)
(c) production	-	-
(d) administration	(115)	(1,139)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	4	30
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other Receipts (refunds)	-	-
2.7 Other	-	52
<b>Net Operating Cash Flows</b>	<b>(1,522)</b>	<b>(6,146)</b>
<b>Cash flows related to investing activities</b>		
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 from other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Proceeds from underwriting	-	-
<b>Net investing cash flows</b>	<b>-</b>	<b>(531)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(1,522)</b>	<b>(6,677)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(1,522)	(6,677)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from raising	-	2,213
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	1,413	2,083
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Costs associated with issue of shares	-	(165)
	<b>Net financing cash flows</b>	<b>1,413</b>	<b>4,131</b>
	<b>Net increase (decrease) in cash held</b>	<b>(109)</b>	<b>(2,546)</b>
1.20	Cash at beginning of quarter/year to date	817	3,254
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>708</b>	<b>708</b>

**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	7
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	-
Payments to Director Related Companies	7

**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	3,000	1,000
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)
<b>Total</b>	<b>(1,240)</b>

#### 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	708	817
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other – Term Deposit	-	-
<b>Total: cash at end of quarter</b> (item 1.22)	<b>708</b>	<b>817</b>

#### 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	Nil	None	
6.2	Interests in mining tenements acquired or increased	Nil	None	

+ 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 <b>Preference *securities</b> (description)	Nil			
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	Nil			
7.3 <b>*Ordinary securities</b>	86,324,266	61,324,266		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	Nil Nil			
7.5 <b>*Convertible debt securities</b> (description)	Nil			
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	Nil Nil			
7.7 <b>Options</b> (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 <b>Debentures</b> (totals only)	Nil	Nil		
7.12 <b>Unsecured notes</b> (totals only)	Nil	Nil		
<b>Performance Based Shares</b>	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 July 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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