



**blackmountain**  
resources limited

31 January 2014

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 2013

---

Issued Capital: <b>86M Ordinary Shares*</b> + 25M Performance Shares*	ASX Code: <b>BMZ</b> AIM Code: <b>BMZ</b>	Closing price: <b>A\$0.08</b> Closing Price: <b>£0.05</b>
* as at 31 December 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 31 December 2013 and the Appendix 5B.

### Highlights

- **Strategic financing of A\$3 million secured being utilised towards bringing the New Departure Silver Project into production and facilitate on-going development of the Conjecture Silver Project**
- **Bonanza grade grab samples of up to 5,194 g/t received from the New Departure Silver Mine, further underpinning its prospectivity and confirming the extensive historic data**
- **2013 strategy to assess the potential of the mine in its entirety has highlighted the presence of previously unidentified zones of high grade mineralisation – long term value of the mine enhanced ahead of production**
- **Continued progress made towards first production at New Departure**
  - **Pre-production milestones consist of: Conclusion of 3-D mine modelling, completion of drive to access Main Zone (200ft decline), results from channel samples and confirmation of toll treat agreement with a local mill**

Black Mountain Executive Chairman, Peter Landau, commented, “Looking back on the quarter, and indeed at the previous year, we now have a strengthened understanding of the mine’s overall potential having stepped back and assessed the mineralogy in its entirety. While this may have caused some delays to commencement of production, our low capex approach has prevailed and we have increased the long term value of the project by identifying new areas of mineralisation, which demonstrates the upside available within mining licence areas.

“We were delighted to have rounded off the December quarter by securing strategic financing for A\$3 million with Alcyone (ASX: AYN). This was a pivotal achievement for Black Mountain which will fund the development of New Departure into production and the on-going development of Conjecture. With this in

mind, our journey to become a producing, cash generative high grade silver company is underway and with a clear path defined, we look forward to providing regular updates in the coming months as we achieve the milestones required to make this exciting transition.”

### New Departure Silver Project, Montana

A significant development during the quarter was the successful completion of A\$3 million strategic financing provided by ASX listed silver producing company, Alcyone Resources Limited. The secured funds will be utilised towards bringing the New Departure Silver Project into production and to facilitate on-going development of the Conjecture Silver Project. To have secured this financing represents a critical pre-production development and places us firmly on the path towards production. The A\$3 million loan facility is for 36 months (bullet repayment) with interest payable at a rate of 12% per annum, further details of the facility are set out in the announcement made on 24 December 2013.

The Company is currently finalising the 3-D mine model and will complete the 200ft decline to access the Main Zone from which initial production will predominantly be derived. Outstanding milestones ahead of production consist of: completion of the 3D model, results from advanced metallurgical testwork, results from channel sampling and confirmation of the toll treat agreement with a local mill.

The high grade nature of the mineralisation was re-confirmed during the December 2013 quarter following the receipt of silver grades of up to 5,194 g/t from the Company’s comprehensive sampling campaign, which has now been completed (full details in ASX announcement dated 9<sup>th</sup> October 2013). This programme also included underground and surface surveying, as well as geological mapping. These activities, in conjunction with new drifts being developed, have opened access to various levels of historic workings, enabling greater and more cost effective access to known historic mineralization zones as well as new mineralization areas. As a result of significant progress made so far, the development drives now access three historical mineralisation blocks, in addition to the decline currently being developed towards the Main Zone.

Importantly, the bonanza grade samples outlined above were taken from the newly opened up Blue Dot Level. This will access both the Bonanza Zone and Main Zone historical mining blocks (see Figure 1 below) and will form a key part of production moving forward. As previously reported, the Blue Dot level was initially entered through the eastern area from beneath the historic workings. The drive has been continued through the historic Bonanza Zone, opening access to various levels of historic workings, including the Blue Dot level. These high grade silver results further underpin the project’s credentials and are in line with the extensive historic data available for the New Departure Silver Project. A summary of the results is shown below (see Table 1).

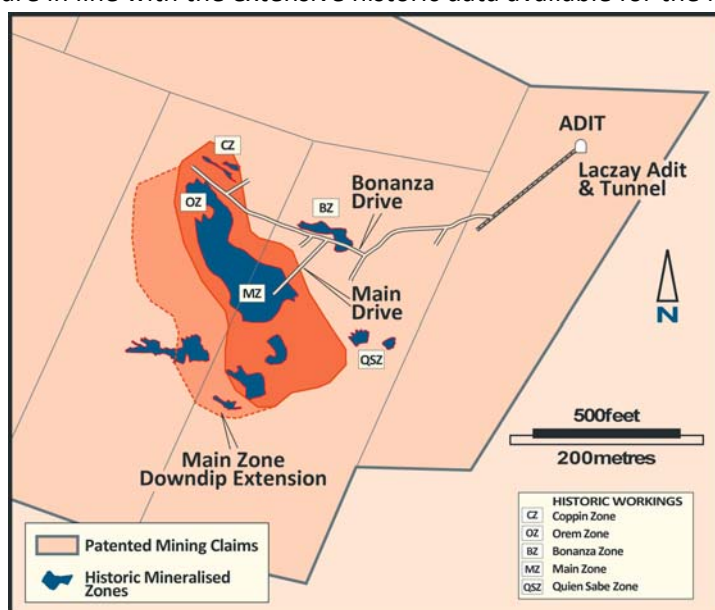


Figure 1: New Departure Silver Mine

Grab Sample	Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)	Location
432651	0.155	2,814.9	0.628	2.12	4.32	Blue Dot Level
432654	0.28	780.7	0.083	0.66	0.596	Blue Dot Level
432657	0.653	4,914.3	0.824	5.88	2.94	Blue Dot Level
432658	0.28	1,993.7	0.272	1.96	1.51	Blue Dot Level
432660	0.933	5,194.3	0.984	3.1	4.56	Blue Dot Level
432662	NA	1,334.3	0.156	0.66	0.282	Blue Dot Level

*Table 1: Sample results from the Blue Dot Level. The tabulated grab samples are 6 face samples of visual mineralisation - 5 additional control and test samples were taken having lower or insignificant grades*

The latest grab sample results follow on the back of previous results from sampling at the historic Coppin and Bonanza Zones, which reported grades of up to 3,452 g/t and 1,684 g/t, respectively (refer to previous announcements made on 1 August 2013 and 27 June 2013 for full result details).

As previously reported, optimization work focused on maximising silver recoveries have shown that the flotation test improved to around 85% silver recovery. This is based on material from the upper mine workings where the ore zone is strongly oxidised and is composed of silver chlorides and base metal carbonates. However, the Company anticipates flotation recoveries to improve further (to over 90%) as the mining operations move into fresh sulphide zones where the bulk of the historic ounces are contained, as opposed to older oxidised areas where the bulk samples were taken.

Importantly, the laboratory that conducted the flotation tests uses the same style circuit of the mill that Black Mountain proposes to use to toll treat ore from the New Departure mine. This provides the Company with significant advantage in expediting the final toll treat arrangements for the New Departure mine. Toll treat arrangements with nearby mills will be finalised when the Company completes its advanced metallurgical testing and 3-D geological mapping.

### **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 in Q2 2014. The Company continues the development of the mine plan, permitting and exploration programme for the project, including a detailed 3-D mine model, using Vulcan and incorporating the data from historic production and mapping at the project ahead of recommencing mine development.

### **Tabor Silver and Gold Project**

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

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:

**Black Mountain Resources Limited**

Shannon Robinson  
Executive Director | Corporate Relations  
E: [shannon@blackmountainresources.com.au](mailto:shannon@blackmountainresources.com.au)  
T: +61 (8) 9488 5220

**Media (Australia)**

PPR  
David Tasker  
T: +61 (8) 9388 0944

**Joint Broker (UK)**

Westhouse Securities Limited  
Martin Davison  
T: +44 (0) 207 601 6100

**Nominated Advisor (UK)**

RFC Ambrian Limited  
Stuart Laing  
T: +61 (8) 9480 2500

**Black Mountain Resources Limited**

Eva Bezruchko  
Investor Relations  
E: [eva@blackmountainresources.com.au](mailto:eva@blackmountainresources.com.au)  
T: +44 (0) 207 025 7040

**Media (UK)**

St Brides Media & Finance Limited  
Elisabeth Cowell  
T: +44 (0) 207 236 1177

**Joint Broker (UK)**

Xcap Securities  
Jon Belliss  
T: +44 (0) 203 216 2630

**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.

<b>Mining Tenement (Claim)</b>	<b>Reference (BLM Serial No.)</b>	<b>Interest Held</b>
<b>New Departure Silver Project, Montana US</b>		
IM 1- 12	MMC224987 – 224998	70%
IM 14 – 18	MMC225000 – 225004	70%
IM 24	MMC225010	70%
IM 27-30, 32, 34-70	MMC226248 – 226289	70%
MOTHER LODE – 8431	-	70%
DIRECTOR LODE – 5600	-	70%
PROTECTOR LODE – 5601	-	70%
SHIELD LODE – 5602	-	70%
CLIFF LODE – 2264	-	70%
GUARDIAN LODE – 2411	-	70%
QUIEN SABE LODE – 2265	-	70%
SIGNAL LODE – 2505A	-	70%
<b>Conjecture Silver Project, Idaho US</b>		
SPIDER – SURVEYOR GENERAL'S SURVEY #2683	-	70%
CONJECTURE – SURVEYOR GENERAL'S SURVEY #2683	-	70%
RAINBOW – SURVEYOR GENERAL'S SURVEY #2689	-	70%
COMET – SURVEYOR GENERAL'S SURVEY #3071	-	70%
LUCKY STRIKE – SURVEYOR GENERAL'S SURVEY #2744	-	70%
SILVER CORD – SURVEYOR GENERAL'S SURVEY #2744	-	70%
FEDS #1 - #4	IMC206019 - 206022	70%
FEDCO FR	IMC206023	70%
FEDCO #2	IMC206024	70%
NORTHSIDE #1 - #4	IMC206025 - 206028	70%
METEOR #6	IMC206029	70%
METEOR #7	IMC206030	70%
MET #3 - #5	IMC206031 - 206033	70%
UFCO #1	IMC206034	70%
UFCO #2	IMC206035	70%
STAR #4	IMC206036	70%
STAR #5	IMC206037	70%
ROBIN	IMC206038	70%
MARS #1	IMC206039	70%
MARS #2	IMC206040	70%
MARS #4	IMC206041	70%
MARS #6	IMC206042	70%
METEOR #1	IMC206043	70%
METEOR #2	IMC206044	70%
METEOR #18	IMC206045	70%
LAKEVIEW 1-81	IMC210780 -210860	70%
LAKEVIEW 1-4,17,29-33,43-47,58-60	IMC210780-210783, IMC210796, IMC210808-210812,	70%

	IMC210822-210826, IMC210837-210839	
CC 1-20	IMC212242-212261	70%
HEWER NO. 2-4	IMC13736-13738	100%
HEWER NO. 5	IMC13739	100%
BUNCO	IMC103971	100%
HEWER NO. 1 MILLSITE	IMC13743	100%
IDAHO LAKEVIEW NO. 6 MILLSITE	IMC13746	100%
IDAHO LAKEVIEW NO. 9 MILLSITE	IMC13749	100%
TIP TOP MILLSITE	IMC13753	100%
<b>Tabor Silver &amp; Gold Project, Montana US</b>		
HIGHLAND LODE – 7295	-	70%
MCKINLEY LODE – 7292	-	70%
HOPE – 6623	-	70%
SHENANDOAH – 6624	-	70%
BAY STATE LODE – 6625	-	70%
NELLIE BLY – 9722	-	70%
ALDER FRACTION – 9722	-	70%
PRESCOTT – 9722	-	70%
MALTA LODE – 9722	-	70%
ST. JOHN – 5984	-	70%
BUTCHER GULCH PLACER – TRACT 3 OF BOOK 7 SURVEYS, PAGE 253	-	70%
BG 9	MMC226241	70%
BG 10	MMC226242	70%
BG19	MMC226243	70%
BG20	MMC226244	70%
BG21	MMC226245	70%
BG22	MMC226246	70%
BG23	MMC226247	70%
DON-A-VERA	MMC175327	70%
DON-A-VERA NO. 1	MMC175328	70%
PEARL NO. 1	MMC175355	70%
PEARL NO. 2	MMC175356	70%
EAGLE BLACK NO. 1	MMC175363	70%
EAGLE BLACK NO. 5	MMC175367	70%
NEW WINNETKA	MMC175384	70%
TABOR LODE	MMC175409	70%

# 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 2013

### 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	-	-
(b) development & equipment	(186)	(466)
(c) production	-	-
(d) administration	(151)	(259)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other Receipts (refunds)	-	-
2.7 Other	-	-
<b>Net Operating Cash Flows</b>	<b>(337)</b>	<b>(724)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) new project acquisition	-	-
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>-</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(337)</b>	<b>(724)</b>

+ See chapter 19 for defined terms.



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

1.13	Total operating and investing cash flows (brought forward)	(337)	(724)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from raising	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	150	650
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Costs associated with issue of shares	-	-
	<b>Net financing cash flows</b>	<b>150</b>	<b>650</b>
	<b>Net increase (decrease) in cash held</b>	<b>(187)</b>	<b>(74)</b>
1.20	Cash at beginning of quarter/year to date	442	329
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>255</b>	<b>255</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	10
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	10

**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	1,500
3.2 Credit standby arrangements	Nil	-

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration, permitting and evaluation	-
4.2 Development and equipment	(100)
4.3 Production	-
4.4 Administration	(100)
<b>Total</b>	<b>(200)</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	255	442
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other – Term Deposit	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>255</b>	<b>442</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	N/A	See additional information appendix	
6.2	Interests in mining tenements acquired or increased	N/A	See additional information appendix	

+ 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	82,324,266		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	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			
7.7 <b>Options</b> (description and conversion factor)	2,000,000 36,138,750	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 January 2014

## 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.

== == == == ==