



blackmountain
resources limited

14 March 2014

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

By E-Lodgement

Financing Update

Black Mountain Resources Limited (**Black Mountain** or the **Company**), the silver focused development company with interests in the USA, notes the recent announcement by Alcyone Resources Limited (ASX: AYN) (“Alcyone”) relating to the termination of Alcyone’s A\$25m financing arrangement with Platinum Partners. Alcyone now intends to undertake a non-renounceable rights issue to raise approximately A\$13.8 million. Alcyone remains committed to the previous A\$3m financing in Black Mountain but can only be in a position to provide the funding once the proposed rights issue is completed and consideration securities will be issued following funding completion and shareholder approval, as applicable.

Taking the timing of this rights issue into consideration and in order to expedite the project development, the Black Mountain Board has secured a \$1.5 million facility (on similar terms) subject to finalising definitive agreements anticipated next week. The funding will be used to finalise and move the Company’s New Departure Silver Project into production.

Black Mountain Chairman Peter Landau said, “Naturally, we are disappointed that this funding has been delayed and are aware of the implications on timelines at the New Departure Project. However, with limited work now required to bring the project into production we anticipate that this additional interim funding will ensure minimum disruption to Black Mountain’s plans to become a cash generative, low cost producer of high grade silver. With this in mind, we look forward to providing further updates shortly.”

The Company refers to the Appendix 3B dated 24 December 2013 and advises the issue of those securities was not completed. A revised Appendix 3B is attached which excludes securities originally contemplated to be issued to Alcyone under the financing arrangements and provides for additional securities to be issued in lieu of interest payments pursuant to existing debt facilities. The Company also seeks quotation of 4,000,000 fully paid ordinary shares that are no longer subject to restriction [or escrow] agreements. Consistent with shareholder approval sort at the AGM on 28th November 2013 the directors consider the issue of shares in lieu of interest payments pursuant to debt facilities that had been provided to the company for the purposes of working capital.

For and on behalf of the Board



Peter Landau
Executive Chairman

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. 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.

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.

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

Black Mountain Resources Limited

ABN

55 147 106 974

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|--|
| 1 | +Class of +securities issued or to be issued | i) Fully paid ordinary shares ii) Listed Options iii) Unlisted Options |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | i) 8,301,095 ii) 14,985,000 iii) 7,000,000 |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | i) Fully paid ordinary shares ii) Listed Options (\$0.20; 7 May 2015) iii) Unlisted options a) Unlisted options (\$0.12; 3 years from issue date) b) Unlisted options (\$0.10; 30 November 2016) |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

| | |
|--|--|
| <p>4 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> | <p>i) Yes ii) Yes on conversion of Options iii) Yes on conversion of Options</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment |
| <p>5 Issue price or consideration</p> | <p>i) Ordinary Fully Paid Shares issued pursuant to debt facility, advisor fees and local management at an independent valuation issue price of \$0.07</p> <p>ii) Nil iii) Nil</p> |
| <p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p> | <p>i) a) 3,576,809 Ordinary Fully Paid Shares issued in lieu of interest payable on existing debt facility b) 2,854,286 Ordinary Fully Paid Shares issued as debt raising fees c) 1,750,000 Ordinary Fully Paid Shares issued as part of existing debt facilities d) 120,000 Ordinary Fully Paid Shares issued to management</p> <p>ii) 14,985,000 Listed Options (\$0.20; 7 May 2015) issued pursuant to existing debt facility</p> <p>iii) a) 2,000,000 Unlisted Options (\$0.12; 3 years from issue date) issued under existing debt facility b) 5,000,000 Unlisted Options (\$0.10; 30 November 2016) to be issued as part of debt raising agreement subject to shareholder approval</p> |

+ See chapter 19 for defined terms.

| | | |
|----|---|--|
| 6a | Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A? If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i | Yes |
| 6b | The date the security holder resolution under rule 7.1A was passed | 27/11/2013 |
| 6c | Number of +securities issued without security holder approval under rule 7.1 | i) 8,301,095 fully paid ordinary shares ii) 2,000,000 unlisted options (\$0.12; 3 years from date of issue) |
| 6d | Number of +securities issued with security holder approval under rule 7.1A | 8,301,095 fully paid ordinary shares |
| 6e | Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting) | 14,985,000 Listed Options (\$0.20; 7 May 2015) |
| 6f | Number of +securities issued under an exception in rule 7.2 | Nil |
| 6g | If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation. | 8,301,095 fully paid ordinary shares issued as consideration for interest payments on existing debt facility and debt raising fees with a deemed issued price of \$0.07 which is greater than 75% of VWAP on 14 March 2014 |
| 6h | If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements | N/A |
| 6i | Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements | 11,279,972 |

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

7 +Issue dates

Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.

Cross reference: item 33 of Appendix 3B.

| |
|--|
| 31 March 2014 and otherwise following regulatory and/or shareholder approval as applicable |
|--|

8 Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)

| Number | +Class |
|------------|------------------------------|
| 94,625,361 | Fully Ordinary Shares |
| 51,123,750 | Options (\$0.20; 7 May 2015) |

+ See chapter 19 for defined terms.

| | Number | +Class |
|---|------------|---|
| 9 Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable) | 2,000,000 | Unlisted options (\$0.12; 3 years from issue date) |
| | 5,000,000 | Unlisted options (\$0.10; 30 November 2016) |
| | 500,000 | Unlisted options (\$0.25; 25 July 2016) |
| | 2,000,000 | Unlisted options (\$0.30; 14 November 2015) |
| | 25,000,000 | Performance shares (convertible to ordinary shares on a 1:1 ratio on satisfaction of performance milestones). |

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.

| | |
|---|-----|
| 10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests) | N/A |
|---|-----|

Part 2 - Pro rata issue

| | |
|--|-----|
| 11 Is security holder approval required? | N/A |
|--|-----|

| | |
|---|-----|
| 12 Is the issue renounceable or non-renounceable? | N/A |
|---|-----|

+ See chapter 19 for defined terms.

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|----|--|-----|
| 13 | Ratio in which the +securities will be offered | N/A |
| 14 | +Class of +securities to which the offer relates | N/A |
| 15 | +Record date to determine entitlements | N/A |
| 16 | Will holdings on different registers (or subregisters) be aggregated for calculating entitlements? | N/A |
| 17 | Policy for deciding entitlements in relation to fractions | N/A |
| 18 | Names of countries in which the entity has security holders who will not be sent new offer documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7. | N/A |
| 19 | Closing date for receipt of acceptances or renunciations | N/A |

+ See chapter 19 for defined terms.

| | | |
|----|---|-----|
| 20 | Names of any underwriters | N/A |
| 21 | Amount of any underwriting fee or commission | N/A |
| 22 | Names of any brokers to the issue | N/A |
| 23 | Fee or commission payable to the broker to the issue | N/A |
| 24 | Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders | N/A |
| 25 | If the issue is contingent on security holders' approval, the date of the meeting | N/A |
| 26 | Date entitlement and acceptance form and offer documents will be sent to persons entitled | N/A |
| 27 | If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders | N/A |
| 28 | Date rights trading will begin (if applicable) | N/A |
| 29 | Date rights trading will end (if applicable) | N/A |
| 30 | How do security holders sell their entitlements <i>in full</i> through a broker? | N/A |
| 31 | How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance? | N/A |

+ See chapter 19 for defined terms.

Appendix 3B New issue announcement

- 32 How do security holders dispose of their entitlements (except by sale through a broker)?
- 33 ⁺Issue date

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of ⁺securities
(tick one)
- (a) ⁺Securities described in Part 1
- (b) All other ⁺securities
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders
- 36 If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 A copy of any trust deed for the additional ⁺securities

⁺ See chapter 19 for defined terms.

Entities that have ticked box 34(b)

38 Number of +securities for which +quotation is sought 4,000,000

39 +Class of +securities for which quotation is sought Fully paid ordinary shares

40 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?

If the additional +securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

Yes

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another +security, clearly identify that other +security)

End of restriction period effective 20 February 2014

| | Number | +Class |
|--|------------|------------------------------|
| 42 Number and +class of all +securities quoted on ASX (including the +securities in clause 38) | 94,625,361 | Fully Ordinary Shares |
| | 51,123,750 | Options (\$0.20; 7 May 2015) |

+ See chapter 19 for defined terms.

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



14/03/2014

Sign here: Date:
(Director/~~Company~~ secretary)

Peter Landau

Print name:

+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

| Rule 7.1 – Issues exceeding 15% of capital | |
|--|------------|
| Step 1: Calculate “A”, the base figure from which the placement capacity is calculated | |
| Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue | 86,324,266 |
| Add the following: <ul style="list-style-type: none"> • Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 • Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval • Number of partly paid +ordinary securities that became fully paid in that 12 month period <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> | Nil |
| Subtract the number of fully paid +ordinary securities cancelled during that 12 month period | N/A |
| “A” | 86,324,266 |

+ See chapter 19 for defined terms.

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| | |
|---|--|
| Step 2: Calculate 15% of “A” | |
| “B” | 0.15 <i>[Note: this value cannot be changed]</i> |
| Multiply “A” by 0.15 | 12,948,640 |
| Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used | |
| <p>Insert number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> | 2,000,000 unlisted options (\$0.12; 3 years) |
| “C” | 2,000,000 |
| Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1 | |
| “A” x 0.15 <i>Note: number must be same as shown in Step 2</i> | 12,948,640 |
| Subtract “C” <i>Note: number must be same as shown in Step 3</i> | 2,000,000 |
| Total [“A” x 0.15] – “C” | 10,948,640 <i>[Note: this is the remaining placement capacity under rule 7.1]</i> |

+ See chapter 19 for defined terms.

Part 2

| Rule 7.1A – Additional placement capacity for eligible entities | |
|--|---|
| Step 1: Calculate “A”, the base figure from which the placement capacity is calculated | |
| “A” <i>Note: number must be same as shown in Step 1 of Part 1</i> | 86,324,266 |
| Step 2: Calculate 10% of “A” | |
| “D” | 0.10 <i>Note: this value cannot be changed</i> |
| Multiply “A” by 0.10 | 8,632,427 |
| Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used | |
| <i>Insert</i> number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A Notes: <ul style="list-style-type: none"> • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> | 8,301,095 ordinary fully paid shares |
| “E” | 8,301,095 |

+ See chapter 19 for defined terms.

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New issue announcement

| Step 4: Subtract "E" from ["A" x "D"] to calculate remaining placement capacity under rule 7.1A | |
|--|--|
| "A" x 0.10 <i>Note: number must be same as shown in Step 2</i> | 8,632,427 |
| Subtract "E" <i>Note: number must be same as shown in Step 3</i> | 8,301,095 |
| Total ["A" x 0.10] – "E" | 331,332 <i>Note: this is the remaining placement capacity under rule 7.1A</i> |

+ See chapter 19 for defined terms.