



**blackmountain**  
resources limited

**AND CONTROLLED ENTITIES**

**ABN 55 147 106 974**

**INTERIM FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED  
31 DECEMBER 2013**

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## Corporate Information

This financial report includes the consolidated financial statements of Black Mountain Resources Limited and controlled entities ('Group'). The Group's functional presentation currency is AUD (\$).

A description of the Group's operations and of its principal activities is included in the review of operations and activities in the Director's Report.

### Directors

Mr Peter Landau – Executive Chairman  
Mr John Ryan – Executive Director  
Ms Shannon Robinson – Executive Director  
Mr Jason Brewer – Non-Executive Director

### Company Secretaries

Ms Shannon Robinson  
Ms Rebecca Sandford

### Registered Office

Ground Floor, 1 Havelock Street  
West Perth WA 6005

### Share Registry

Computershare Investor Services  
Level 2/45 St Georges Tce  
Perth WA 6000

### Website

[www.blackmountainresources.com.au](http://www.blackmountainresources.com.au)

### Auditors

RSM Bird Cameron Partners  
8 St Georges Terrace  
Perth WA 6000

### Solicitors

Steinepreis Paganin  
Level 4, 16 Milligan Street  
Perth WA 6000

### Stock Exchange

Australian Securities Exchange  
Exchange Plaza  
2 The Esplanade  
Perth WA 6000

*ASX Code: BMZ*

London Stock Exchange plc (AIM)  
10 Paternoster Square  
London EC4M 7LS

*AIM Code: BMZ*

## Directors' Report

Your directors present their report on the consolidated entity of Black Mountain Resources Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2013.

### Directors

The persons who were directors of Black Mountain Resources Limited during the half -year and up to the date of this report are:

Mr Peter Landau (Executive Director)  
Mr John Ryan (Executive Director)  
Ms Shannon Robinson (Executive Director)  
Mr Jason Brewer (Non-Executive Director)

### Results

The consolidated statement of comprehensive income shows a consolidated net loss for the half-year ended 31 December 2013 of \$1,215,178 (2012: net loss of \$1,185,020).

## Review of Operations for the Half-Year ended 31 December 2013

### New Departure Silver Project, Montana

During the financial period, the Company continued development and extensive sampling programme at its New Departure Silver Project located in Montana, US. Importantly the samples were taken from the newly opened up Blue Dot Level which accesses both the Bonanza Zone and Main Zone historic ore blocks (see Figure 1 below) and will form a key part of production moving forward.

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.

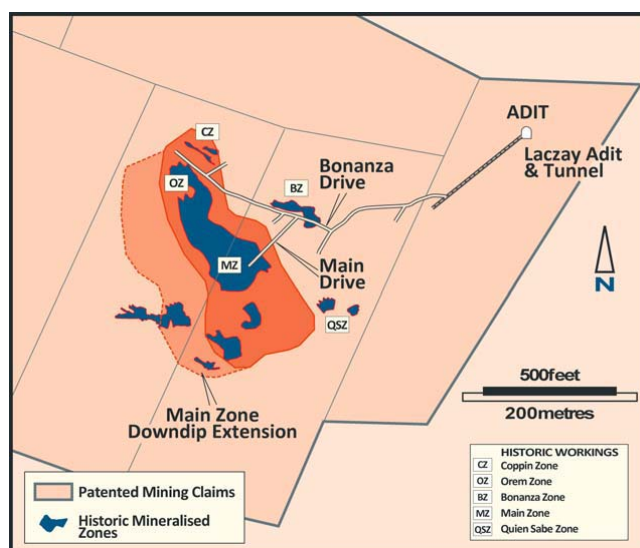


Figure 1: New Departure Silver Mine

## **Directors' Report (Cont.)**

The Company has undertaken a comprehensive sampling programme, 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 mineralisation 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.

In addition, the Company has completed the initial phase of metallurgical test work from bulk samples collected from its underground mine development to ensure that shareholder returns are maximised when production commences in the near term. Work to date has improved results from the flotation test 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.

The Company anticipates these results 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.

The Company is in the process of 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 3-D model, results from advanced metallurgical testwork, results from channel sampling and confirmation of the toll treat agreement with a local mill.

### **Conjecture Silver Project, Idaho**

The Company anticipates recommencing mine development at the Conjecture Silver Project in Q2 2014 given the weather conditions and current short term focus on the New Departure Project. Mine development will entail completion of the decline ramp to access historic workings and drifting on exposed vein structures. 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 software and incorporating the data from historic production and mapping at the project.

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

Black Mountain continues with 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.

## **Directors' Report (Cont.)**

### **Corporate**

A key development during the financial period was the signing of an agreement for A\$3 million strategic financing provided by ASX listed silver producing company, Alcyone Resources Limited. The secured funds will be utilised to facilitate mining at the Company's near term production projects. Full details of the facility are set out in the announcement made on 24 December 2013.

On 5 March 2014, Alcyone announced its intention to undertake a non-renounceable rights issue in order to fund its near term development. Importantly, the strategic financing of Black Mountain for A\$3 million from Alcyone remains in place, however, in light of the announcement by Alcyone, the Board of Black Mountain has taken the prudent approach to commence discussions with a range of additional parties should the need to source additional funds in the shorter term arise.

### **Outlook**

Commencement of first silver production at New Departure is the Company's predominant near term goal and in the coming weeks the Company will be focussed on implementing all the necessary corporate and operational requirements in order to reach this transformational goal. With the Conjecture Project due for development immediately following this, we are not far from having two productive high grade silver mines within our stable US portfolio. At this point we will be perfectly poised to undertake rigorous exploration programmes to uncover the proven high grade mineralisation spanning the surrounding patented and unpatented claims, which will be funded, at least in part, from internal revenues.

### **Subsequent Events**

There have been no significant events subsequent to the half-year up to the date of this report.

### **Auditor's Independence Declaration**

The Auditor's Independence Declaration included within these financial statements forms part of the Director's Report for the half-year ended 31 December 2013.

This report is signed in accordance with a resolution of the Board of Directors.



Peter Landau  
Executive Director

Perth, Western Australia, 14 March 2014

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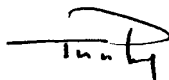
### AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Black Mountain Resources Limited for the half-year ended 31 December 2013, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

*Rsm Bird Cameron Partners*

RSM BIRD CAMERON PARTNERS



TUTU PHONG  
Partner

Perth, WA  
Dated: 14 March 2014

## Statement of Comprehensive Income

For the half-year ended 31 December 2013

|  | Consolidated       |                    |
|--|--------------------|--------------------|
|  | Half-Year          | Half-Year          |
|  | 31 Dec 2013        | 31 Dec 2012        |
|  | \$                 | \$                 |
| Interest revenue   | 2,185              | 23,600             |
| General and administrative expenses                                    | (531,019)          | (194,473)          |
| Compliance and regulatory expenses                                     | (104,091)          | (409,065)          |
| Consultancy costs  | (25,247)           | (95,591)           |
| Director fees  | (110,000)          | (98,833)           |
| Investor relations and legal expenses                                  | (91,949)           | (83,127)           |
| Travel expenses  | (21,592)           | (141,377)          |
| Interest expense   | (146,653)          | -                  |
| Other expenses   | (186,812)          | (186,154)          |
| <b>Loss before income tax expense</b>                                  | <b>(1,215,178)</b> | <b>(1,185,020)</b> |
| Income tax expense   | -                  | -                  |
| <b>Loss for the half-year</b>  | <b>(1,215,178)</b> | <b>(1,185,020)</b> |
| <b>Other comprehensive income, net of tax</b>                          |                    |                    |
| <i>Items that may be reclassified subsequently to operating result</i> |                    |                    |
| Foreign currency translation differences                               | 117,645            | -                  |
| <b>Total comprehensive income for the half-year</b>                    | <b>(1,097,533)</b> | <b>(1,185,020)</b> |
| Loss attributable to:  |                    |                    |
| Owners of the Company  | (1,119,242)        | (1,185,020)        |
| Non-controlling Interests  | (95,936)           | -                  |
|  | <b>(1,215,178)</b> | <b>(1,185,020)</b> |
| Total comprehensive loss attributable to:                              |                    |                    |
| Owners of the Company  | (961,328)          | (1,185,020)        |
| Non-controlling Interests  | (136,205)          | -                  |
|  | <b>(1,097,533)</b> | <b>(1,185,020)</b> |
| <b>Basic and diluted loss per share (cents per share)</b>              | <b>(1.30)</b>      | <b>(1.64)</b>      |

The above statement of comprehensive income should be read in conjunction with the accompanying notes.



## Statement of Financial Position

As at 31 December 2013

|  | Note | Consolidated      |                   |
|--|------|-------------------|-------------------|
|  |      | 31 December 2013  | 30 June 2013      |
|  |      | \$                | \$                |
| <b>ASSETS</b>                          |      |                   |                   |
| <b>Current Assets</b>                  |      |                   |                   |
| Cash and cash equivalents              |      | 89,679            | 329,346           |
| Trade and other receivables            |      | 311,991           | 271,552           |
| Other assets                           |      | 19,013            | 29,104            |
| <b>Total Current Assets</b>            |      | <b>420,683</b>    | <b>630,002</b>    |
| <b>Non-Current Assets</b>              |      |                   |                   |
| Plant and equipment                    |      | 927,411           | 967,138           |
| Exploration and evaluation expenditure | 3    | 18,854,862        | 18,400,482        |
| <b>Total Non-current Assets</b>        |      | <b>19,782,273</b> | <b>19,367,620</b> |
| <b>TOTAL ASSETS</b>                    |      | <b>20,202,956</b> | <b>19,997,622</b> |
| <b>LIABILITIES</b>                     |      |                   |                   |
| <b>Current Liabilities</b>             |      |                   |                   |
| Trade and other payables               |      | 1,148,309         | 1,095,422         |
| Interest bearing liabilities           |      | 3,329,960         | 335,000           |
| <b>Total Current Liabilities</b>       |      | <b>4,478,269</b>  | <b>1,430,422</b>  |
| <b>Non-Current Liabilities</b>         |      |                   |                   |
| Interest bearing liabilities           |      | -                 | 1,744,980         |
| <b>Total Non-Current Liabilities</b>   |      | <b>-</b>          | <b>1,744,980</b>  |
| <b>TOTAL LIABILITIES</b>               |      | <b>4,478,269</b>  | <b>3,175,402</b>  |
| <b>NET ASSETS</b>                      |      | <b>15,724,687</b> | <b>16,822,220</b> |
| <b>EQUITY</b>                          |      |                   |                   |
| Issued capital                         | 4    | 20,328,656        | 20,328,656        |
| Reserves                               |      | 2,057,920         | 1,900,006         |
| Accumulated losses                     |      | (5,316,500)       | (4,197,258)       |
| Parent interest                        |      | 17,070,076        | 18,031,404        |
| Non-controlling interest               |      | (1,345,389)       | (1,209,184)       |
| <b>TOTAL EQUITY</b>                    |      | <b>15,724,687</b> | <b>16,822,220</b> |

The above statement of financial position should be read in conjunction with the accompanying notes.

## Statement of Changes in Equity

For the half-year ended 31 December 2013

| Consolidated  | Issued<br>Capital | Accumulated<br>Losses | Option Reserve   | Foreign currency<br>translation<br>reserve | Non- controlling<br>interest | Total              |
|---|-------------------|-----------------------|------------------|--|------------------------------|--------------------|
|   | \$                | \$                    | \$               | \$   | \$                           | \$                 |
| <b>Balance at 1 July 2012</b>                                     | <b>15,596,011</b> | <b>(1,521,875)</b>    | <b>1,108,688</b> | -  | -                            | <b>15,182,824</b>  |
| Loss for the half-year  | -                 | (1,185,020)           | -                | -  | -                            | (1,185,020)        |
| <b>Total comprehensive loss for the half-year</b>                 | -                 | <b>(1,185,020)</b>    | -                | -  | -                            | <b>(1,185,020)</b> |
| <b>Transactions with owners, recorded<br/>directly in equity:</b> |                   |                       |                  |  |                              |                    |
| Issue of shares   | 2,328,664         | -                     | -                | -  | -                            | 2,328,664          |
| Share issue costs   | (107,299)         | -                     | -                | -  | -                            | (107,299)          |
| Issue of options  | -                 | -                     | 52,556           | -  | -                            | 52,556             |
| Total transactions with owners                                    | 2,221,365         | -                     | 52,556           | -  | -                            | 2,273,921          |
| <b>Balance at 31 December 2012</b>                                | <b>17,817,376</b> | <b>(2,706,895)</b>    | <b>1,161,244</b> | -  | -                            | <b>16,271,725</b>  |
| <b>Balance at 1 July 2013</b>                                     | <b>20,328,656</b> | <b>(4,197,258)</b>    | <b>1,161,244</b> | <b>738,762</b>                             | <b>(1,209,184)</b>           | <b>16,822,220</b>  |
| Loss for the half-year  | -                 | (1,119,242)           | -                | -  | (95,936)                     | (1,215,178)        |
| Other comprehensive income  | -                 | -                     | -                | 157,914                                    | (40,269)                     | 117,645            |
| <b>Total comprehensive loss for the half-year</b>                 | -                 | <b>(1,119,242)</b>    | -                | <b>157,914</b>                             | <b>(136,205)</b>             | <b>(1,097,533)</b> |
| <b>Balance at 31 December 2013</b>                                | <b>20,328,656</b> | <b>(5,316,500)</b>    | <b>1,161,244</b> | <b>896,676</b>                             | <b>(1,345,389)</b>           | <b>15,725,687</b>  |

*The above statement of changes in equity should be read in conjunction with the accompanying notes.*

## Statement of Cash Flows

For the half-year ended 31 December 2013

|   | Consolidated                   |                                |
|---|--------------------------------|--------------------------------|
|   | Half Year<br>31 Dec 2013<br>\$ | Half Year<br>31 Dec 2012<br>\$ |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                 |                                |                                |
| Payments to suppliers and employees                         | (749,222)                      | (1,336,309)                    |
| Finance and interest costs                                  | -                              | (738)                          |
| Interest received   | 2,185                          | 23,600                         |
| <b>Net cash (used in) operating activities</b>              | <b>(747,037)</b>               | <b>(1,313,447)</b>             |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                 |                                |                                |
| Payments for exploration and evaluation                     | (716,670)                      | (2,154,790)                    |
| Payment for Lakeview Mill                                   | -                              | (531,023)                      |
| Purchase of plant and equipment                             | (45,096)                       | -                              |
| Proceeds from disposal of plant and equipment               | 19,156                         | -                              |
| <b>Net cash (used in) investing activities</b>              | <b>(742,610)</b>               | <b>(2,685,813)</b>             |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                  |                                |                                |
| Proceeds from borrowings                                    | 1,249,980                      | -                              |
| Proceeds from issue of shares (net)                         | -                              | 2,144,795                      |
| <b>Net cash provided by financing activities</b>            | <b>1,249,980</b>               | <b>2,144,795</b>               |
| <b>Net (decrease) in cash held</b>                          | <b>(239,667)</b>               | <b>(1,854,465)</b>             |
| Cash and cash equivalents at the beginning of the half-year | 329,346                        | 3,254,072                      |
| <b>Cash and cash equivalents at end of half-year</b>        | <b>89,679</b>                  | <b>1,399,607</b>               |

*The above statement of cash flows should be read in conjunction with the accompanying notes.*

## **Notes to the Financial Statements**

### **For the half-year ended 31 December 2013**

#### **Note 1 – Summary of Significant Accounting Policies**

##### **Basis of Preparation**

These general purpose interim financial statements for the half-year reporting period ended 31 December 2013 has been prepared in accordance with Australian Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*. The consolidated entity is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

These half-year financial statements do not include all notes of the type normally included within the annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial statements.

It is recommended that the half-year financial statements be read in conjunction with the annual financial report for the year ended 30 June 2013 and any public announcements made by Black Mountain Resources Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies have been consistently applied with those of the previous financial year and corresponding interim reporting period, except in relation to the matters disclosed below.

##### **New and Revised Accounting Standards**

The consolidated entity has adopted all of the new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these new and revised Accounting Standards and Interpretations has not resulted in a significant or material change to the consolidated entity's accounting policies.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted by the consolidated entity.

## Notes to the Financial Statements

### For the half-year ended 31 December 2013

#### Going concern

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the consolidated entity incurred a loss of \$1,215,178 and had net cash outflows from operating and investing activities of \$747,037 and \$742,610 respectively for the half-year ended 31 December 2013. As at that date, the consolidated entity had net current liabilities of \$4,057,586.

The Directors believe that there are reasonable grounds to believe that the consolidated entity will be able to continue as a going concern, after consideration of the following factors:

- The company will seek to raise additional funding for working capital, which has proven to be successful in the past;
- As disclosed in the statement of financial position, the consolidated entity has interest bearing liabilities of \$3,329,960, which are classified as current as at 31 December 2013. The directors believe that the company will be able to negotiate repayment terms of these loans in its favour, when they become due and payable; and
- The ability to scale down its operations in order to curtail expenditure, in the event insufficient cash is available to meet projected expenditure.

Accordingly, the Directors believe that the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

If the consolidated entity is unable to raise further funding or successfully extend the repayment terms of the interest bearing liabilities, there would be material uncertainty as to whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the consolidated entity does not continue as a going concern.

## Notes to the Financial Statements

For the half-year ended 31 December 2013

### Note 2 – Segment Information

Management has determined the operating segments based on the reports reviewed by the board of directors that are used to make strategic decisions. The Company does not have any customers, operates only in the mineral exploration industry within the geographical segments of Australia and USA.

|  | Australia | USA        | Total       |
|--|-----------|------------|-------------|
|  | \$        | \$         | \$          |
| <b>31 December 2013</b>                                      |           |            |             |
| <b>Revenue</b>   |           |            |             |
| Other revenues from external customers                       | -         | -          | -           |
| Total segment revenue  | -         | -          | -           |
| <b>Result</b>  |           |            |             |
| Segment result   | (895,396) | (319,782)  | (1,215,178) |
| Interest revenue   | 2,073     | 112        | 2,185       |
| Depreciation expense   | -         | 106,822    | 106,822     |
| <b>Assets and Liabilities at 31 December 2013</b>            |           |            |             |
| Segment assets   |           |            |             |
| - Exploration expenditure                                    | -         | 18,854,862 | 18,854,862  |
| - Plant and equipment  | -         | 927,411    | 927,411     |
| - Cash and cash equivalents                                  | 35,580    | 54,099     | 89,679      |
| - Other assets   | 19,013    | -          | 19,013      |
| - Trade and other receivables                                | 121,580   | 190,411    | 311,991     |
| Total assets as per the statement of financial position      | 176,173   | 20,026,783 | 20,202,956  |
| Segment liabilities  |           |            |             |
| - Trade and other payables                                   | 724,440   | 423,869    | 1,148,309   |
| - Borrowings   | 3,329,960 | -          | 3,329,960   |
| Total liabilities as per the statement of financial position | 4,054,400 | 423,869    | 4,478,269   |

## Notes to the Financial Statements

### For the half-year ended 31 December 2013

#### Note 2 – Segment Information (cont'd)

|  | Australia<br>\$ | USA<br>\$  | Total<br>\$ |
|--|-----------------|------------|-------------|
| <b>31 December 2012</b>                                      |                 |            |             |
| <b>Revenue</b>   |                 |            |             |
| Other revenues from external customers                       | -               | -          | -           |
| Total segment revenue  | -               | -          | -           |
| <b>Result</b>  |                 |            |             |
| Segment result   | (1,185,020)     | -          | (1,185,020) |
| Interest revenue   | 23,600          | -          | 23,600      |
| <b>Assets and Liabilities at 31 December 2012</b>            |                 |            |             |
| Segment assets   |                 |            |             |
| - Exploration expenditure                                    | 176,800         | 13,898,517 | 14,075,317  |
| - Cash and cash equivalents                                  | 1,399,607       | -          | 1,399,607   |
| - Other assets   | 839,320         | -          | 839,320     |
| - Trade and other receivables                                | 84,608          | -          | 84,608      |
| Total assets as per the statement of financial position      | 2,500,335       | 13,898,517 | 16,398,852  |
| Segment liabilities  |                 |            |             |
| - Trade and other payables                                   | 127,127         | -          | 127,127     |
| Total liabilities as per the statement of financial position | 127,127         | -          | 127,127     |

#### Note 3 – Deferred exploration expenditure

|  | 31 December<br>2013<br>\$ | 30 June<br>2013<br>\$ |
|--|---------------------------|-----------------------|
| Costs carried forward in respect of areas of interest in the following phases: |                           |                       |
| <b>Deferred exploration and evaluation</b>                                     | 18,854,862                | 18,400,482            |
| <b>Movement:</b>   |                           |                       |
| Balance at beginning of half-year  | 18,400,482                |                       |
| Exploration and evaluation expenditure incurred                                | 535,369                   |                       |
| Exploration and evaluation expenditure written off                             | (186,532)                 |                       |
| Effects of foreign currency translation  | 105,543                   |                       |
| Balance at end of half-year  | <b>18,854,862</b>         |                       |

The carrying value of the consolidated entity's interest in exploration expenditure is dependent upon the continuance of the consolidated entity's right to tenure of the areas of interest, results of future exploration and the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

## Notes to the Financial Statements

### For the half-year ended 31 December 2013

|                                 | <b>31 December<br/>2013</b> | <b>30 June<br/>2013</b> |
|---------------------------------|-----------------------------|-------------------------|
|                                 | <b>\$</b>                   | <b>\$</b>               |
| <b>Note 4 – Issued Capital</b>  |                             |                         |
| <b>Issued Capital</b>           |                             |                         |
| Ordinary shares – fully paid    | 15,491,156                  | 15,491,156              |
| Performance shares - fully paid | 4,837,500                   | 4,837,500               |
|                                 | <u>20,328,656</u>           | <u>20,328,656</u>       |

(a) Movements in Ordinary shares from 1 July 2013 to 31 December 2013 were as follows:

|                        | <b>No of Shares</b>      | <b>\$</b>                |
|------------------------|--------------------------|--------------------------|
| Opening Balance        | 86,324,266               | 15,491,156               |
| Issue of shares        | -                        | -                        |
| <b>Closing Balance</b> | <b><u>86,324,266</u></b> | <b><u>15,491,156</u></b> |

(b) Movements in performance shares from 1 July 2013 to 31 December 2013 were as follows:

|                        | <b>No of Options</b>     | <b>\$</b>               |
|------------------------|--------------------------|-------------------------|
| Opening Balance        | 25,000,000               | 4,837,500               |
| Issue of options       | -                        | -                       |
| <b>Closing Balance</b> | <b><u>25,000,000</u></b> | <b><u>4,837,500</u></b> |

### Note 5 – Dividends

No dividend has been declared or paid during the half-year ended 31 December 2013 (2012: Nil).

### Note 6 – Events subsequent to Reporting Date

There have been no subsequent events since the half year reporting date.

### Note 7 –Contingent Liabilities

There has been no change in contingent liabilities since the last annual reporting date.



## Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes are in accordance with the *Corporations Act 2001*, including:
  - (a) complying with the Accounting Standard AASB 134: Interim Financial Reporting; and
  - (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year then ended.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Executive Chairman  
Peter Landau

Dated this 14 March 2014

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**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF  
BLACK MOUNTAIN RESOURCES LIMITED**

We have reviewed the accompanying half-year financial report of Black Mountain Resources Limited which comprises the statement of financial position as at 31 December 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

*Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Black Mountain Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Black Mountain Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

### *Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Black Mountain Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

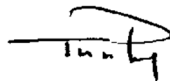
### *Emphasis of Matter*

Without qualifying our conclusion, we draw attention to Note 1 in the financial report, which indicates that during the half-year ended 31 December 2013, the consolidated entity incurred a net loss of \$1,215,178 and had net cash outflows from operating and investing activities of \$747,037 and \$742,610 respectively. As at that date, the consolidated entity had net current liabilities of \$4,057,586.

These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

*RSM Bird Cameron Partners*

RSM BIRD CAMERON PARTNERS



TUTU PHONG  
Partner

Perth, WA  
Dated: 14 March 2014