



2 December 2011

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

By E-Lodgement

Notice of Meeting

Black Mountain Resources Limited (ASX: BMZ) is pleased to release its Notice of Meeting and advise that trading in the Company's securities will recommence on Monday, 5 December 2011.

The Notice of Meeting will be dispatched to shareholders on Tuesday, 6 December 2011.

For and on behalf of the Board

A handwritten signature in black ink, appearing to read "S. Robinson".

Shannon Robinson
Joint Company Secretary

Black Mountain Resources Limited
ACN 147 106 974

NOTICE OF ANNUAL GENERAL MEETING

TIME: 10:00am (WST)

DATE: 6 January 2012

PLACE: Okap Ventures
Ground Floor
1 Havelock Street
West Perth, WA, 6005

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9488 5220.

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CRITICAL DATES FOR SHAREHOLDERS

Event	Date
Announcement of Acquisition & suspension of the Company's securities from date of the announcement	23 August 2011
Dispatch of notice of meeting to shareholders	28 November 2011
Trading in securities reinstated by ASX following dispatch of notice of meeting	28 November 2011
Lodgement of Prospectus	19 December 2011
Cut off for lodging proxy form for General Meeting	4 January 2012
Snapshot date for eligibility to vote at General Meeting	4 January 2012
General Meeting to approve the Acquisition and other matters, and a trading halt to be requested from commencement of trade	6 January 2012
If shareholders approve the Acquisition, then the Company's securities will be suspended from trading on ASX until the Company re-complies with requirements of chapters 1 and 2 of the ASX Listing Rules	6 January 2012
Issue of shares under the capital raising & settlement of the Acquisition	18 January 2012
Trading in securities reinstated by ASX (subject to satisfaction of Chapters 1 and 2 of the ASX Listing Rules) ² . Normal T+3 trading on a post-consolidation basis commences	24 January 2012

Notes:

1. The Company intends to issue the Prospectus before the date of the Meeting.
2. Trading in securities will only be reinstated by ASX after the Company has completed the Acquisition and the Company has complied with Chapters 1 and 2 of the ASX Listing Rules. The Company will endeavour to minimise the period of suspension as much as possible.
3. The above timetable is indicative only and may be varied in consultation with the ASX. Any changes will be released to the ASX.

TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 10:00am (WST) on 6 January 2012 at Okap Ventures, Ground Floor, 1 Havelock Street, West Perth, WA.

YOUR VOTE IS IMPORTANT

The business of the Annual General Meeting affects your shareholding and your vote is important.

VOTING IN PERSON

To vote in person, attend the Annual General Meeting on the date and at the place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by 10:00am (WST) on 4 January 2012 and in accordance with the instructions set out on the Proxy Form.

New sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Annual General Meeting. Broadly, the changes mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes is set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and

- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting;
 - the proxy does not vote on the resolution,chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

DIRECTOR'S LETTER

Dear Shareholder

The Board is extremely excited to be presenting to you the US Silver opportunities the subject of this Notice of Meeting. Key features of the proposed US Projects include:

- consensus view on the positive short, medium and long term outlook for silver;
- scheduled high grade silver production commencing in the New Departure Mine in Q1 2012 with toll treatment facilities available close by;
- final feasibility work to be finished on the Tabor Mine by Q2 2012 with scheduled gold and silver production Q3 2012, again with toll treatment facilities close by;
- both mines fully permitted with respect to the ability to commence mining activities;
- significant high grade exploration upside possible with the conjecture mine based on historical results with key drilling program to be undertaken during 2012.

The Board considers the three US Projects to be a great opportunity for the Company to capitalise on strong support for silver and a good balance between near term production and significant exploration upside. In addition, Black Mountain's executive management will be strengthened with seasoned US silver mining veterans John Ryan and Howard Crosby to ensure production and exploration programs are best practice and comply with all necessary local regulations.

I would encourage shareholders to review the information contained in the notice of meeting, including the independent geologist's report with the 2012 budget, and participate in what the Board believes to be an exciting opportunity for Black Mountain to grow considerably in the coming years.

Yours faithfully



Peter Landau
Executive Director

NOTICE OF GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders will be held at 10:00am (WST) on 6 January 2012 at Okap Ventures, Ground Floor, 1 Havelock Street, West Perth, WA.

The Explanatory Statement to this Notice of Annual General Meeting provides additional information on matters to be considered at the Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders of the Company at 10:00am (WST) on 6 January 2012.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

AGENDA

The Explanatory Statement to this Notice of Meeting describes the matters to be considered at the Annual General Meeting.

Adoption of Annual Financial Report

To receive the Annual Financial Report, including Directors' declaration and accompanying reports of the Directors and auditors for the period ending 30 June 2011.

NON-BINDING BUSINESS

1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT (NON-BINDING)

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

"That for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given to the adoption of the Remuneration Report as contained in the Company's Annual Report for the period ended 30 June 2011."

Short Explanation: The Corporations Act provides that a resolution that the remuneration report be adopted must be put to vote at a listed company's annual general meeting. The vote on this resolution is advisory only and does not bind the Directors or the Company. Shareholders are encouraged to read the Explanatory Memorandum for further details on the consequences of voting on this Resolution.

Voting Exclusion: The Company will disregard any votes cast on Resolution 1 by or on behalf of a Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or a Closely Related Party of such a member. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

ORDINARY BUSINESS

2. RESOLUTION 2 – RE-ELECTION OF MR PETER LANDAU

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

“To elect Mr Peter Landau as a director of the Company who retires by rotation pursuant to the Constitution of the Company and being eligible offers himself for re-election.”

Short Explanation: In accordance with ASX Listing Rule 14.4, a director of the Company appointed to fill a casual vacancy or as an addition to the Board may not hold office (without re-election) past the next Annual General Meeting following their appointment. Further, in accordance with the Constitution, any Director appointed by the Board holds office only until conclusion of the next General Meeting and is eligible for re-election. Accordingly, Mr Landau retires and being eligible for re-election, offers himself for re-election at the Meeting.

3. RESOLUTION 3 – APPOINTMENT OF AUDITOR

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an ordinary resolution:

“That, for the purposes of section 327B of the Corporations Act and for all other purposes, RSM Bird Cameron Partners, having been nominated by a shareholder and consented in writing to act in the capacity of auditor, be appointed as auditor of the Company.”

4. RESOLUTION 4 – CHANGE TO NATURE AND SCALE OF ACTIVITIES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolutions 5 to 11, for the purpose of Listing Rule 11.1.2 and all other purposes, approval be and is hereby given for the Company to make a significant change to the nature and scale of its activities as set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on Resolution 4 by any person who might obtain a benefit if Resolution 4 is passed (except a benefit solely in the capacity of a holder of ordinary Shares) and by any associate of that person or those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

5. RESOLUTION 5 – ISSUE OF CONSIDERATION SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to passing of Resolutions 4 and 6 to 11, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue 25,000,000 Consideration Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed. However the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

6. RESOLUTION 6 – ISSUE OF PERFORMANCE SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to passing of Resolutions 4, 5 and 7 to 11, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue 25,000,000 Performance Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed. However the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

7. RESOLUTION 7 – APPROVAL OF CAPITAL RAISING

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolutions 4 to 6, 8 and 11, for the purposes of ASX Listing Rule 7.1 and for all other purposes, the shareholders of the Company authorise and approve the Directors to issue Shares to raise a total of up to \$2,000,000 on the terms and conditions set out in the Explanatory Statement.”

Short Explanation: The Company must issue a Prospectus in order to satisfy the requirements of Chapters 1 and 2 of the ASX Listing Rules and as a condition of the Company’s securities recommencing trading on the ASX following the Acquisition. Please refer to the Explanatory Statement for details.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who may obtain a benefit, except a benefit solely in the capacity of a security holder, if the resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

8. RESOLUTION 8 – APPOINTMENT OF DIRECTOR

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, subject to the passing of Resolutions 4 to 7 and 11, Mr Jason Brewer is appointed as a Director effective immediately.”

Short Explanation: The Directors may at any time appoint a person to be a Director in accordance with the Constitution. Any Director so appointed holds office only until the next following annual general meeting unless appointed by shareholders.

9. RESOLUTION 9 – APPOINTMENT OF DIRECTOR

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, subject to the passing of Resolutions 4 to 8 and 10 to 11, Mr John Ryan is appointed as a Director effective immediately.”

Short Explanation: The Directors may at any time appoint a person to be a Director in accordance with the Constitution. Any Director so appointed holds office only until the next following annual general meeting unless appointed by shareholders.

10. RESOLUTION 10 – PARTICIPATION IN CAPITAL RAISING BY DIRECTORS – MR PETER LANDAU

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

“That, subject to the passing of Resolutions 4 to 9 and 11, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for Mr Peter Landau (or his nominees) to participate in the Capital Raising and, upon subscription, for the Company to issue and allot up to 1,000,000 Shares pursuant to the Capital Raising to Mr Peter Landau (or his nominee), a Director, on the terms and conditions set out in the Explanatory Statement.”

Short Explanation: Under the ASX Listing Rules an issue of securities to a related party requires prior shareholder approval. Mr Peter Landau, as a Director is a related party and wishes to participate in the Capital Raising referred to in Resolution 7. For the purposes of ASX Listing Rule 10.11, Shareholder approval is being sought to allow Mr Peter Landau to be issued Shares pursuant to the Capital Raising.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Landau and any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

11. RESOLUTION 11 – PARTICIPATION IN CAPITAL RAISING BY DIRECTORS – MR JASON BREWER

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That, subject to the passing of Resolutions 4 to 10 and 11, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for Mr Jason Brewer (or his nominees) to participate in the Capital Raising and, upon subscription, for the Company to issue and allot up to 1,000,000 Shares pursuant to the Capital Raising to Mr Jason Brewer (or his nominee), a proposed Director, on the terms and conditions set out in the Explanatory Statement."

Short Explanation: Under the ASX Listing Rules an issue of securities to a related party requires prior shareholder approval. Mr Jason Brewer, as a Director is a related party and wishes to participate in the Capital Raising referred to in Resolution 7. For the purposes of ASX Listing Rule 10.11, Shareholder approval is being sought to allow Mr Jason Brewer to be issued Shares pursuant to the Capital Raising.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Brewer and any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

DATED: 2 December 2011

BY ORDER OF THE BOARD



Peter Landau
Executive Director

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the Annual General Meeting to be held at 10:00am (WST) on 6 January 2012 at Okap Ventures, Ground Floor, 1 Havelock Street, West Perth, WA.

This purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Annual General Meeting.

1. GENERAL

1.1 Background

Black Mountain Resources Limited (**Black Mountain** or **BMZ**) is a public company listed on the official list of ASX (ASX code: BMZ).

The Company is an Australian based mineral exploration company which holds exploration tenements in Western Australia. The tenements comprise approximate 187km² of exploration ground near Lenora in the north eastern goldfields in the northern part of the Yilgarn Craton, Western Australia. The tenements are prospective for uranium and potentially also for nickel or gold mineralisation.

As announced to ASX on 23 August 2011, the Company has entered into an agreement to acquire a 70% interest in the issued capital of ABM Mining Corporation (**ABM**), a wholly owned subsidiary of Abot Mining Corporation (**Abot**), and the holder of 3 projects which are highly prospective, former producing silver and gold mines in north-western USA (**US Projects**) (**Acquisition**).

Further details of the Silver Projects are set out in Section 1.3.

1.2 Acquisition Agreement

The Acquisition Agreements set out the terms upon which the Company is to acquire its 70% interest in ABM. The material terms of the Acquisition Agreement are as follows:

- (a) (**Conditions Precedent**): settlement of the Acquisition Agreements is subject to and conditional upon (inter alia):
 - (i) completion of due diligence by Black Mountain of the US Projects, ABM and Abot to the satisfaction of Black Mountain;
 - (ii) ABM being the legal and beneficial holder of formal leases in respect of each US Project;
 - (iii) receipt of all applicable waivers of any applicable pre-emption or similar rights that have been obtained or have lapsed in respect of the issue of ABM Shares to BMZ (or its nominee);
 - (iv) receipt of all necessary ministerial consents, government, regulatory and third party approvals, in respect of the issue of the ABM Shares;
 - (v) ABM obtaining any other third party approvals required to complete its obligations under the Agreement;

- (vi) the Company obtaining all necessary shareholder approvals required by the Corporations Act and the ASX Listing Rules in relation to the Acquisition; and

(together, the **Conditions**). If the Conditions are not satisfied or waived on or before 5.00pm (Perth time) on or before 31 December 2011 or such later date as may be agreed between the parties in writing, the Acquisition Agreements shall terminate and of no force or effect, and each party will be released from obligations and liabilities under the Acquisition Agreements except for any obligations or liabilities arising or relating to the period before the termination date. The parties have undertaken to use their best efforts to ensure that the Conditions are satisfied;

- (b) **(Consideration)**: in consideration of the acquisition of a 70% interest in the US Projects, the Company will:

- (i) commit to an initial US\$1,250,000 due diligence program which will include preliminary feasibility work, securing tenure and additional ground and an independent geological report required as part of the Acquisition (**Advance**);
- (ii) spend US\$1,500,000 on each Project or a total of US\$4,500,000 across the Projects within 3 years of settlement of the Acquisition (**Expenditure Commitment**). In the event that the Acquisition proceeds, then the Advance already paid by the Company will be offset against its Expenditure Commitment. In the event that the Acquisition does not proceed and is terminated, then the Advance already paid by the Company will convert into a 10% equity interest in ABM. If the Acquisition does not proceed due to misrepresentation or gross negligence by the vendor (being Abot), then the Advance already paid by the Company is repayable in full;
- (iii) issue 25,000,000 Consideration Shares to the nominees of Abot (refer to Resolution 5);
- (iv) issue 25,000,000 Performance Shares (refer to Resolution 6), which shall convert into fully paid ordinary shares in the capital of Company when the Expenditure Commitment has been satisfied and production is achieved on any one of the US Projects of not less than 2,000 ounces of gold or gold equivalent (net smelter) within 5 years of settlement of the Acquisition, and on such other terms as acceptable to ASX; and
- (v) the grant of a 3% net smelter royalty (**Royalty**),

(together, the **Consideration**);

- (c) **(Operation of US Projects)**: following satisfaction of the Earn-in Commitment, BMZ agrees to finance carry Abot in respect of its pro-rata share of up to:

- (i) \$4.5 million of costs incurred in respect of exploration and development on the US Projects; and
- (ii) a further \$6 million of costs incurred in respect of exploration and development of a second mine on either the Conjecture Project or the Tabor Project.

- (d) **(Settlement)**: settlement of the Acquisition Agreements is to occur on that date which is 10 business days after the satisfaction or waiver of the last of the Conditions (**Settlement**);

- (e) **(Change to Board)**: with effect from Settlement, the current Directors (other than Mr Peter Landau) will resign and Mr Jason Brewer and Mr John Ryan (together, the **Proposed Directors**)

will be appointed to the Board. Refer to Section 1.12 for further details of the Proposed Directors;

- (f) **(Existing Royalty):** the parties acknowledge and agree that ABM has agreed to the existing royalty arrangements with the owner of each US Project **(Existing Royalty)** as follows:
- (i) that in respect of the Conjecture Project, Chester Mining Company shall be entitled to receive a royalty equal to 2.5% of the Net Smelter Return on all Minerals extracted, milled and sold from the Conjecture Project in any Quarter;
 - (ii) that in respect of the New Departure Project, Lucky Friday Extension Mining Company shall be entitled to receive a royalty equal to 3.0% of the Net Smelter Return on all Minerals extracted, milled and sold from the New Departure Project in any Quarter; and
 - (iii) that in respect of the Tabor Project, Brush Prairie Minerals, Inc shall be entitled to receive a royalty equal to 4.0% of the Net Smelter Return on all Minerals extracted, milled and sold from the Tabor Project in any Quarter.
- (i) **(Warranties):** ABM and Abot have provided standard warranties and representations in favour of the Company in relation to the ABM, Abot, and ABM's interests in the US Projects. The Acquisition Agreements otherwise contains standard clauses typical for an agreement of this nature.

1.3 Overview of the US Projects

The Projects have extensive historical data, independent geological reports and significant production and exploration upside. The mines were closed down when silver hit historical lows (approx. US\$5/oz – currently US\$39/oz) and have only recently become available through a private vendor.

Of key importance is the fact that the Projects contain certain 'patented claims' which allows for immediate re-entry and production as well as being in close proximity to nearby milling and toll treatment facilities which potentially will see one of the Projects in production in the first quarter of the 2012 calendar year.

New Departure Mine – Beaverhead County, Montana

The New Departure Project consists of 8 patented mining claims: the Cliff Lode; Mother Lode; Director; Guardian; Protector; Quien Sabbe; Shield and Signal, and 24 federal unpatented mining claims in Beaverhead County, Montana covering 216.48 hectares in total. The property was discovered in the 1880's and has had small production of extremely high grade silver by several small operators since. The ore deposits occur as veins and replacements within a dolomitic limestone host (analogous to the deposits in Leaderville, CO) and are comprised of high grade silver minerals such as tetrahedrite and high grade silver bearing galena.

An independent report completed in 1998 outlined 6 separate ore blocks to a depth of only 90 feet (27.4 metres) below the level of existing workings. The current plan with New Departure is to commence small scale mining activities in early 2012. Raw ore can be trucked to a nearby bi-metallic mill with excess capacity.

Conjecture Project – Lakeview Mining District, Idaho

The Conjecture Project consists of 6 patented mining claims and 6 unpatented mining claims in the Lakeview Mining District at the southeast end of Pend Oreille Lake in Bonner County, Idaho covering

88.49 hectares. The property has significant production and development history going back over 100 years, although there has been no significant activity since the 1970's. The producing rocks are the same group of rocks which host the major ore deposits of the Coeur d'Alene District some 35 mile to the east of the Conjecture mine. The Coeur d'Alene District has the distinction of being the most productive silver district in North America having produced in excess of 1.2 billion ounces of silver over a period from 1885 to present. The similarities between the Lakeview District where the Conjecture Mine is located and the neighbouring Coeur d'Alene District have been the subject of numerous professional reports.

By way of background the Conjecture Project was acquired by Federal Uranium in 1956 and encouraged by the high grade ore which had been produced to date, a 2,000 foot (609.6 metres), three compartment, vertical shaft was sunk at a present day equivalent of approximately US\$35m. Exploration drifts were then developed at the 700 ft level (213.3 metres), 1,000 ft level (304.8 metres), 1,600 ft level (487.7 metres) and the 2,000 ft level (609.6 metres).

The initial program to be undertaken, subject to completion of the Acquisition, would include inspection and evaluation of this shaft by a camera survey, followed by further drilling to test the downward extensions of the ore shoots which have been developed to the 2,000 ft level (609.6 metres). Given that no significant exploration work has been undertaken at Conjecture for over 30 years, the full extent and potential of the Conjecture Mine (and surrounding areas) generally remain undiscovered with significant indicators pointing towards a high chance of exploration success.

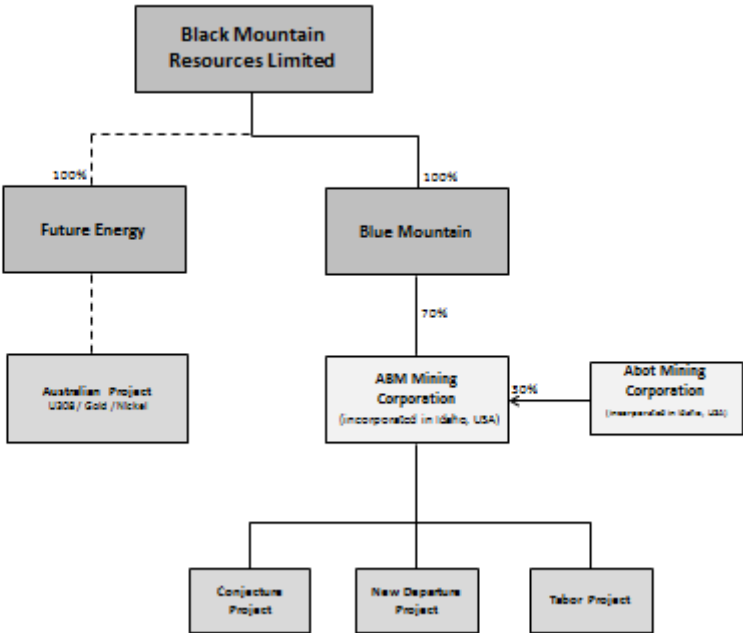
Tabor Project

The Tabor is located in the historic mining town of Virginia City, Montana and consists of 10 patented mining claims: Don a Vera; Don a Vera #1; Pearl #1; Pearl #2; Eagle Black #1; Eagle Black #5; New Winnetka; Butcher Gulch Placer; and the Tabor Lode, and 9 federal unpatented mining claims covering 308.21 hectares. The claims include the historic workings of 8 past producing mines (named by the actual rock vein mined) the Jayhill, Pearl, Nellie Bay, St. John, Don-A-Vera, Eagle Black, Shenandoah and Fortuna. The workings were the subject of an in depth technical feasibility study in the early 80's which analysed the production potential of each vein.

The underground workings are generally shallow and are/would be developed from mountain side adits. The priority target is the Pearl Vein which has both gold and silver running at a ratio of approximately 1 oz of gold for every 8 ozs of silver. Confirmatory work on production grades would be undertaken following on from the previous feasibility study with a targeted production rate of 100-150 tons per day for a minimum 5 year mine life. Similar to the New Departure Mine, nearby toll treatment facilities are available for ore processing. In conjunction with the Pearl vein development, an exploration program consisting of 25 holes (20,000 feet (6096 metres)) would be undertaken on the St John vein with an aim of doubling the targeted production rate.

Ownership Structure

Following completion of the Acquisition, the corporate structure for Black Mountain will be as follows:



US Projects Location

The US Projects are located in western Montana and northern Idaho. The largest centre in western Montana in proximity to the properties is Butte, Montana with a population of 34,200. The largest centre in northern Idaho in proximity to the properties is Couer d’Alene, Idaho with a population of over 44,000.



Figure 1: US Properties Location Map

Technical Report

The Company has engaged an independent consultant to carry out a full technical review and report on the US Projects (**Technical Report**) which is set out in full in Annexure A. For further detail on the US Projects, please refer to the Technical Report. The Directors recommend that all Shareholders carefully read the Technical Report.

1.4 Re-compliance with Chapters 1 and 2 of the ASX Listing Rules

On the basis that approval pursuant to Resolution 4 is obtained, the Company will seek to re-comply with the requirements of Chapters 1 and 2 of the ASX Listing Rules.

1.5 Impact of the Acquisition and Capital Raising on Capital Structure

The effect of the Acquisition and the Capital Raising (on an undiluted basis) on the capital structure of the Company (assuming \$2 million is raised under the Capital Raising) can be summarised as follows:

Proposed Capital Structure			
Securities	Shares	Options	Performance Shares
On issue	27,812,501	2,000,000 ¹	-
To be issued pursuant to Acquisition (Resolution 4)	25,000,000	-	25,000,000 ²
To be issued pursuant to Capital Raising (Resolution 3) ³	10,000,000	-	-
Total	62,812,501	2,000,000¹	25,000,000²

Notes:

1. Exercisable at \$0.30 on or before 14 November 2014
2. Convertible to 25,000,000 fully paid ordinary shares in the capital of Company where the expenditure outlined above has been completed and upon the production of not less than 2,000 ounces of gold or gold equivalent (net smelter) are produced on any one mine within 5 years, and on such other terms as acceptable to ASX.
3. Assuming an issue price of \$0.20 for a raising of \$2 million. It is noted that the Company intends to raise between \$1 million and \$2 million at a minimum issue price of \$0.20.
4. The Company proposes to undertake a bonus option issue within three to six months after the Meeting, subject to market conditions ("Loyalty Issue"). All Shareholders registered on the share register of the Company at a date to be announced by the Company to the ASX will be entitled to participate in the Loyalty Issue on the basis of 1 option for every 2 Shares held. The options are proposed to be issued exercisable at 20 cents and within 3 years from date of issue. The subscription price for the options is yet to be determined by the Board. It is proposed to apply for the options issued pursuant to the Loyalty Issue to be listed for quotation on the ASX. A disclosure document will be issued in respect of the Loyalty Issue when the securities are offered, if required under the Corporations Act.

1.6 Pro Forma Balance Sheet

An pro forma balance sheet of the Company following completion of the Acquisition and Capital Raising is set out in Schedule 2 of this Explanatory Statement.

1.7 Impact of the Acquisition on the Company

Settlement of the Acquisition Agreement will result in the Company acquiring a 70% interest in ABM and a corresponding 70% interests in its US Projects. The proposed Acquisition will result in various advantages and disadvantages to the Company which Shareholders should consider prior to exercising their vote.

1.8 Advantages of Acquisition

The Directors consider that the key advantages to the Company and non-associated Shareholders of completing the Acquisition are as follows:

- (a) extensive land package in highly prospective western Montana and northern Idaho, USA;
- (b) considerable historical production and activity on the US projects;
- (c) advanced exploration projects and near-term silver production capability represent a significant opportunity for the Company;
- (d) the Acquisition provides an opportunity for the Company to diversify its current business operations; and
- (e) the potential increase in market capitalisation of the Company following completion of the Acquisition and the associated Capital Raising may lead to increased coverage from investment analysts, access to improved equity capital market opportunities and increased liquidity, which are not currently present.

1.9 Disadvantages of Acquisition

The Directors consider that the key disadvantages to the Company and non-associated Shareholders of completing the Acquisition are as follows:

- (a) the Company will be changing the nature of its activities to become a company focused on silver, gold and base metal production and exploration activities, with initial projects in north-western USA, which may not be consistent with the objectives of all Shareholders;
- (b) there are many risk factors associated with the change in nature of the Company's activities, including sovereign risk, and risks associated with the requirement to obtain environmental and other regulatory approvals;
- (c) a significant future outlay of funds will be required which will increase funding pressure on the Company in order to continue exploration and development of the US Projects;
- (d) current Shareholders will have their interests in the Company diluted by the Acquisition, Capital Raising and any further equity funding undertaken by the Company;
- (e) there is no guarantee that exploration and development on the US Projects by the Company will result in the discovery of additional Mineral Resources; and
- (f) proposed project timelines may not proceed as expected.

1.10 Statement of Commitments

The Company statement of commitments, subject to shareholder approval and completion of the Capital Raising (\$2 million) are as follows:

Commitment	Amount \$	
	Pre - Acquisition	Post Acquisition
Total Cash ¹	\$2,490,000	\$4,940,000
Exploration and Development of the New Departure Project ²	-	(\$2,000,000)
Exploration and Development of the Tabor Project ²	-	(\$1,500,000)
Exploration and Development of the Conjecture Project ²	-	(\$500,000)
Exploration and Development of the existing projects ²	(\$1,900,000)	(\$200,000)
Identify and evaluate new resource opportunities	(\$250,000)	-
Capital Raising and transaction expenses	-	(\$250,000)
Administrative expenses and unallocated working capital	(\$395,000)	(\$490,000)

Notes:

1. Assuming cash held as at 30 September 2011 as per the Quarterly Report released to ASX on 31 October 2011 plus \$2,000,000 raised pursuant to the Capital Raising.
2. It should be noted that the allocation of funds will be subject to modification based on the outcome and success of the exploration programs.

1.11 Risks – change of activities

Shareholders should be aware that if the Resolutions are approved, the Company will be changing the nature and scale of its activities to silver, gold and base metal exploration and production company with operations in the USA and Australia, and which will become subject to various risk factors which do not necessarily apply to the Company at present. Based on the information available, a non-exhaustive list of risk factors associated with the Acquisition are as follows:

(a) Exploration and production risks

The business of silver, gold and base metal exploration, project development and production involves risks by its very nature. To prosper, it depends on the successful exploration appraisal and development of ore reserves. Operations, such as design and construction of efficient recovery and processing facilities, competent operational and managerial performance and efficient distribution and marketing services are required to be successful. In particular, exploration is a speculative endeavour whilst production operations can be hampered by force majeure circumstances, engineering difficulties, cost overruns, inconsistent recovery rates and other unforeseen events.

The outcome of exploration programs will affect the future performance of the Company and its Shares. If, and when, the Company commences production, the production may be curtailed or shut down for considerable periods of time due to any of the following factors:

- disruptions to the transport chain being road and rail;
- a lack of market demand;
- government regulation;
- production allocations; and
- force majeure.

These curtailments may continue for a considerable period of time resulting in a material adverse effect on the results of operations and financial condition of the Company.

Further, the exploration for and production of iron ore involves certain operating hazards, such as:

- failure and or breakdown of equipment;
- adverse geological, seismic and geotechnical conditions;
- industrial accidents;
- labour disputes;
- adverse weather conditions;
- pollution; and
- other environmental hazards and risks.

Any of these hazards could cause the Company to suffer substantial losses if they occur.

The future exploration activities of the Company may not be successful. Unsuccessful exploration activities could have a material adverse effect on the results of operations and financial condition.

(b) Resource estimates

Resource and other estimates of ore occurrences, including those contained in this Notice, are expressions of judgment based on knowledge, experience and industry practice. Often these estimates were appropriate when made but may change significantly when new information becomes available. There are risks associated with such estimates, including that iron ore mined may be of a different quality, tonnage or strip ratio from the estimates. Resource estimates are necessarily imprecise and depend to some extent upon interpretations, which may ultimately prove to be inaccurate and require adjustment. Adjustments to the estimates of iron ore reserves could affect its development and mining plans.

(c) Title risk

Interests in mineral rights in the USA are governed by state and federal legislation. The claims which grants the title to the US Projects is subject to compliance with certain requirements, including lodgement of reports, payment of annual fees and compliance with environmental conditions and environmental legislation. Consequently, the Group could lose title to or its interest in the US Projects if these requirements are not met. For avoidance of doubt, the prospectus to be issued pursuant to the Capital Raising will include a solicitors report in respect of US Projects.

(d) Environmental risk

The Group's operations in the USA will be subject to various regulations regarding environmental matters and the discharge of hazardous waste and materials. Development of any ore resources will be dependent on the project meeting environmental guidelines and gaining approvals by government authorities. Whilst the Company intends to conduct its activities in an environmentally responsible manner, risks arise in relation to compliance with these regulations and approvals. The introduction of more stringent regulations and conditions may also adversely affect the Company.

(e) Commodity price volatility

Upon completion of the Acquisition and subsequent development of the US Projects (if developed), a significant proportion of the Group's revenues and cash flows are likely to be derived from the sale of silver, gold and other base metals from the US Projects. Therefore, the financial performance of the Company will be sensitive to the silver and gold price.

Commodity prices are affected by numerous factors and events that are beyond the control of the Company. These factors and events include general economic activity, world demand, costs of production by other iron ore producers and other matters such as inflationary expectations, interest rates, currency exchange rates (particularly the strength of the US dollar) as well as general global economic conditions and political trends.

If silver or gold prices should fall below or remain below the Group's future costs of production for any sustained period due to these or other factors and events, the Group's exploration and production could be delayed or even abandoned. A delay in exploration or production or the abandonment of the Group's project may have a material adverse effect on the Company's production, earnings and financial position.

(f) Exchange rate risk

If the Group achieves success leading to mineral production, the revenue it will derive through the sale of silver, gold and other base metals exposes the potential income of the Company to commodity price and exchange rate risks.

(g) Unforeseen expenditure risk

Expenditure may need to be incurred that has not been taken into account in the preparation of this Notice. Although the Company is not aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company.

(h) Additional requirements for capital

The Directors expect that the Company will have sufficient capital resources to enable the Company to achieve its initial business objectives upon settlement of the Acquisition Agreement.

However, the Directors can give no assurances that such objectives will in fact be met without future borrowings or capital raisings. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its expansion and development programs. If the Company is successful in meeting its initial objectives with respect to the Silver Projects, then additional capital will be required to further develop its operations and pursue business opportunities.

(i) Government policy changes and legal risk

Government action or policy change (in particular, by USA state or federal governments) in relation to access to lands and infrastructure, compliance with environmental regulations, export restrictions, taxation, royalties and subsidies may adversely affect the Company's operations and financial performance.

The Group's operations will be governed by a series of USA state and federal laws and regulations. Breaches or non-compliance with these laws and regulations can result in penalties and other liabilities. These may have a material adverse impact on the financial position, financial performance, cashflows, growth prospects and share price of the Company.

These laws and regulations may be amended from time to time, which may also have a material adverse impact on the financial position, financial performance, cashflows, growth prospects and share price for the Company.

The introduction of new legislation or amendments to existing legislation by governments, developments in existing common law, or the respective interpretation of the legal requirements in any of the legal jurisdictions which govern the Company's operations or contractual obligations, could impact adversely on the assets, operations and, ultimately, the financial performance of the Company and the value of its Shares. In addition, there is a commercial risk that legal action may be taken against the Company in relation to commercial matters.

(j) Reliance on key management

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel.

In particular, the Company intends that the day-to-day management of the US Projects will remain with the existing senior management and key personnel of ABM, who have the experience and knowledge required to manage silver and gold exploration and production in the USA. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these personnel cease their employment.

(k) Competition

There is a risk that the Company will not be able to continue to compete profitably in the competitive industry in which it intends to operate. The potential exists for the nature and extent of the competition to change rapidly, which may cause loss to the Company.

(l) Third party risks

The operations of the Company will require the involvement of a number of third parties, including suppliers, contractors and customers. Financial failure, default or contractual non-compliance on the part of such third parties may have a material impact on the Company's operations and performance. It is not possible for the Company to predict or protect itself against all such risks.

(m) Management of growth

There is a risk that management of the Company will not be able to implement the Company's growth strategy after completion of the Acquisition. The capacity of the new management to properly implement and manage the strategic direction of the Company may affect the Company's financial performance.

(n) Insurance

The Company will, where possible and economically practicable, endeavour to mitigate some project and business risks by procuring relevant insurance cover. However, such insurance cover may not always be available or economically justifiable and the policy provisions and exclusions may render a particular claim by the Company outside the scope of the insurance cover.

While the Company will undertake all reasonable due diligence in assessing the creditworthiness of its insurance providers, there will remain the risk that an insurer defaults in payment of a legitimate claim by the Company under an insurance policy.

(o) Economic risks

General economic conditions, movements in interest and inflation rates, commodity prices and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

Further, share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- general political and economic outlook in Australia and the USA;
- interest rates and inflation rates;
- currency fluctuations;
- changes in investor sentiment toward particular market sectors (in particular silver);
- industrial and landowner issues and disputes; and
- terrorism or other hostilities.

(p) Risks relating to the Change in Nature and Scale of Activities

The Acquisition constitutes a significant change in the nature and scale of the Company's activities and the Company needs to comply with Chapters 1 and 2 of the ASX Listing Rules as if it were seeking admission to the official list of ASX. There is a risk that the Company may not be able to meet the requirements of the ASX for re-quotations of its securities on the ASX. Should this occur, the securities will not be able to be traded on the ASX until such time as those requirements can be met, if at all.

(q) No profit to date and uncertainty of future profitability

The Company has incurred losses in the past and it is therefore not possible to evaluate the Company's future prospects based on past performance. The Company expects to make losses in the foreseeable future. Factors that will determine the Company's future profitability are its ability to manage its costs, its ability to execute its development and growth strategies, the success of its activities in a competitive market, the actions of competitors and regulatory developments. As a result, the extent of future profits, if any, and the time required to achieve sustainable profitability, is uncertain. In addition, the level of any such future profitability (or loss) cannot be predicted and may vary significantly from period to period.

1.12 Proposed Board of Directors

Upon completion of the Acquisition, all the members of the current Board will resign (other Mr Peter Landau), the Board will change to introduce an experienced executive team who will oversee the exploration and development activities of the US Projects. The Board appointments will include Mr Peter Landau as Executive Chairman, Mr Jason Brewer as Non Executive Director and Mr John Ryan as Executive Director. Further details of the Proposed Directors (known as at the date of this Notice) are set out below.

Mr Peter Landau (LLB, BComm)
(Executive Chairman)

Mr Landau is a former corporate lawyer and corporate advisor, having previously worked with Grange Consulting Group, Clayton Utz and as general counsel at Co-operative Bulk Handling. Peter

was responsible for providing general corporate, capital raising, transaction and strategic advice to numerous ASX listed and unlisted companies. Through Okap Ventures Pty Ltd and Komodo Capital Pty Ltd, Mr Landau has project managed a significant number of oil and gas mining exploration and development transactions around the world including capital raisings, M&A, joint ventures and financings. Mr Landau is also an Executive Director of ASX listed Nkwe Platinum Limited (PGMs), ASX/AIM listed Range Resources Limited (oil and gas).

Mr Jason Brewer (Masters of Mining Engineering, Masters of Mineral Law and Policy)
(Non Executive Director)

Mr Jason Brewer has 18 years international experience in mining, equity investment, corporate and project financing, capital raising, investment advising and evaluation of resource companies. He is a qualified mining engineer with operating experience in Canada, South Africa and Australia and has worked for several international investment banks and also managed Australia's largest ASX-listed resources fund. He also holds a number of non-executive directorships with several public resource companies and is an executive director of Okap Ventures Pty Ltd and Komodo Capital Pty Ltd.

Mr John Ryan (B.S Mining Engineering, J.D. Juris Doctor)
(Executive Director)

Mr. John Ryan is a mining engineering graduate of the University of Idaho and also holds a law degree from Boston College. He is the co-founder of US Silver, High Plains Uranium, Western Goldfields. Inc. among other companies.

1.13 Resolutions

The Company is putting the Resolutions to Shareholders to seek approval for:

- (a) adoption of remuneration report (non-binding) (Resolution 1);
- (b) re-election of Mr Peter Landau (Resolution 2);
- (c) appointment of auditor (Resolution 3);
- (d) a change of nature and scale of its activities (Resolution 4);
- (e) the issue of the Consideration Shares (Resolution 5);
- (f) the issue of Performance Shares (Resolution 6);
- (g) the issue of Shares raising a total of \$2 million pursuant to the Capital Raising (Resolution 7);
- (h) appointment of Mr Jason Brewer as a Director (Resolution 8);
- (i) appointment of Mr John Ryan as a Director (Resolution 9);
- (j) participation in Capital Raising by Directors – Mr Peter Landau (Resolution 10);
- (k) participation in Capital Raising by Directors – Mr Jason Brewer (Resolution 11).

Resolutions 4 to 11 are conditional on each other and cannot proceed without each of those Resolutions being passed.

1.14 Plans for the Company if the Acquisition does not proceed

If the Acquisition does not complete, the Company will continue with the exploration of its current tenements and continue to look for an alternate transaction or acquisition to add value to the Company.

1.15 Directors Recommendations

The Directors do not have any material interest in the outcome of the Resolutions other than as a result of their interest arising solely in the capacity of Shareholders of the Company.

Each of the Directors intends to vote their Shares in favour of the Resolutions. Based on the information available, all of the Directors consider that the proposed Acquisition is in the best interests of the Company and recommend that Shareholders vote in favour of the Resolutions. The Directors have approved the proposal to put the Resolutions to Shareholders.

2. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the period ended 30 June 2011 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at www.blackmountainresources.com.au

3. RESOLUTION 1 – REMUNERATION REPORT (NON-BINDING RESOLUTION)

3.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the Directors or the Company.

Under recent changes to the Corporations Act which came into effect on 1 July 2011, if at least 25% of the votes cast on Resolution 1 are voted against adoption of the Remuneration Report at the Annual General Meeting, and then again at the Company's 2012 annual general meeting, the Company will be required to put to Shareholders a resolution proposing the calling of an extraordinary general meeting to consider the appointment of directors of the Company (**Spill Resolution**).

If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene the extraordinary general meeting (**Spill Meeting**) within 90 days of the Company's 2012 annual general meeting. All of the Directors who were in office when the Company's 2012 Directors' report was approved, other than the managing director of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting. Following the Spill Meeting those persons whose election or re-election as Directors is approved will be the Directors of the Company.

The remuneration report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The remuneration report is part of the Directors' report contained in the annual financial report of the Company for the period ending 30 June 2011.

A reasonable opportunity will be provided for discussion of the remuneration report at the Annual General Meeting.

3.2 Proxy Restrictions

Pursuant to the Corporations Act, if you elect to appoint the Chair, or another member of Key Management Personnel whose remuneration details are included in the Remuneration Report or any Closely Related Party of that member as your proxy to vote on this Resolution 1, you must direct the proxy how they are to vote. Where you do not direct the Chair, or another member of Key Management Personnel whose remuneration details are included in the Remuneration Report or Closely Related Party of that member on how to vote on this Resolution 1, the proxy is prevented by the Corporations Act from exercising your vote and your vote will not be counted in relation to this Resolution 1.

Shareholders are urged to carefully read the proxy form and provide a direction to the proxy on how to vote on this Resolution.

4. RESOLUTION 2 – RE-ELECTION OF MR PETER LANDAU

In accordance with ASX Listing Rule 14.4, a director of the Company appointed to fill a casual vacancy or as an addition to the Board may not hold office (without re-election) past the next Annual General Meeting following their appointment. Further, in accordance with the Constitution, any Director appointed by the Board holds office only until conclusion of the next General Meeting and is eligible for re-election. Accordingly, Mr Landau retires and being eligible for re-election, offers himself for re-election at the Meeting.

Refer to Section 1.12 for a summary of Mr Landau's experience and qualifications.

5. RESOLUTION 3 – APPOINTMENT OF AUDITOR

In accordance with section 328B(1) of the Corporations Act, the Company has sought and obtained a nomination from a shareholder for RSM Bird Cameron Partners (**RSM**) to be appointed as the Company's auditor. Under section 328B(3) of the Corporations Act, a copy of this nomination:

- (a) has been sent to RSM Bird Cameron Partners; and
- (b) is attached to this notice as Annexure B.

RSM Bird Cameron Partners has given its written consent to act as the Company's auditor subject to shareholder approval of this Resolution 3.

If Resolution 3 is passed, the appointment of RSM Bird Cameron Partners as the Company's auditor will take effect at the close of this Annual General Meeting.

6. RESOLUTION 4 – CHANGE TO NATURE AND SCALE OF ACTIVITIES

6.1 Background

The Company is required to seek Shareholder approval to its proposed change in nature and scale of activities.

Assuming Shareholders approve Resolution 4, the Company must comply with Chapters 1 and 2 of the ASX Listing Rules.

6.2 Listing Rule 11.1.3

In summary, Listing Rule 11.1 provides that a listed company that proposes to make a significant change to the nature or scale of its activities must provide full details to ASX as soon as practicable and:

- (a) provide to ASX information regarding the change and its effect on future potential earnings, and any information that ASX asks for;
- (b) if ASX requires, obtain the approval of holders of its shares to the change; and
- (c) if ASX requires, meet the requirements in Chapters 1 and 2 of the ASX Listing Rules as if the Company were applying for admission to the official list of ASX.

ASX may also suspend quotation of the shares until the company has satisfied the requirements of Listing Rule 11.1.

ASX has informed the Company that the proposed change in the nature and scale of activities will require:

- (a) Shareholder approval; and
- (b) compliance with the requirements set out in Chapters 1 and 2 of the ASX Listing Rules.

The Company is preparing a prospectus, as required by the ASX Listing Rules, to provide information about the Company and its business, and this will be lodged at ASIC before the Meeting as set out in the indicative timetable set out at the front of the Notice. The Prospectus will also facilitate the offer of the Shares referred to in Resolution 7.

If Resolution 4 is passed, the Company will have obtained, in compliance with Listing Rule 11.1.2, Shareholder approval to the change in the nature and scale of its activities to the extent described in this Explanatory Statement.

If Resolution 4 is not passed, the Company will not be permitted to change the nature and scale of its activities and the Acquisition will not proceed.

The passing of Resolution 4 is conditional upon, and subject to, Resolutions 5 to 11 being passed by Shareholders.

7. RESOLUTION 5 – ISSUE OF CONSIDERATION SHARES

7.1 General

As set out in Section 1.2, in accordance with the terms and conditions of the Acquisition Agreements, the Company has agreed to issue 25,000,000 Consideration Shares in part consideration for the acquisition of a 70% interest in the capital of ABM and its US Projects.

Resolution 5 seeks Shareholder pursuant to ASX Listing Rule 7.1 for the issue of the Consideration Shares to the existing shareholders of the Vendor in part consideration for the acquisition by the Company of a 70% interest in the US Projects.

7.2 ASX Listing Rules 7.1

ASX Listing Rule 7.1 provides that the prior approval of the shareholders of a company is required for an issue of equity securities if the securities will, when aggregated with the securities issued by the company during the previous 12 months, exceed 15% of the number of securities on issue at the commencement of that 12 month period.

One circumstance where an issue is not taken into account in the calculation of the 15% threshold is where the issue has the prior approval of shareholders in general meeting.

The effect of Resolution 5 will be to allow the Directors to issue the Consideration Shares during the period of 3 months after the General Meeting (or a longer period if allowed by ASX), without using the Company's 15% placement capacity.

7.3 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of the Consideration Shares for the purpose of the Acquisition:

- (a) the maximum number of securities to be issued pursuant to Resolution 5 is 25,000,000 Shares;
- (b) the Consideration Shares will be allotted and issued to the existing shareholders of the Vendor, but no recipient is a related party of the Company. Specifically the Consideration Shares will be issued as follows:

Shareholder	Consideration Shares
J Ryan	4,000,000
Texas Energy Advisors	4,000,000
Cork Investments Inc.	4,000,000
Brush Prairie Minerals Inc. or nominee	4,000,000
Park End Limited	9,000,000
Total	25,000,000

- (c) the Consideration Shares will be issued for nil cash consideration as they are being issued in part consideration for the acquisition of a 70% interest in the capital of ABM and its US Projects as detailed in Section 1.2 of this Explanatory Statement;
- (d) the Consideration Shares will be issued on the settlement date of the Acquisition Agreements, and in any event not later than three months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated that the Consideration Shares will be allotted on one and the same date. The issue of the

Consideration Shares is subject to the Company's re-compliance with chapters 1 and 2 of the ASX Listing Rules and obtaining the approval of ASX for reinstatement of its securities to quotation;

- (e) the Consideration Shares will be issued on the same terms as the existing fully paid ordinary shares in the Company other than the fact the Shares will be escrowed for 12 months from the date of issue (subject to any waiver granted by ASX or any other period of escrow determined by ASX); and
- (f) no funds will be raised from the issue of the Consideration Shares as they are being issued in part consideration for the Acquisition by the Company.

7.4 Interests and Recommendations of Directors

Based on the information available, including that contained in this Explanatory Statement and the Technical Report, all of the Directors consider that the Acquisition and issue of Shares the subject of Resolution 5 is in the best interests of the Company for the reasons set out in Section 1.8.

Each of the Directors approved the proposal to put Resolution 5 to Shareholders and each of the Directors recommends that Shareholders vote in favour of Resolution 5.

7.5 Role of the Technical Consultant

The Technical Report has been provided to assist Shareholders in assessing the US Projects. The Directors recommend all Shareholders carefully read the Technical Report.

The passing of Resolution 5 is conditional upon, and subject to, Resolutions 4 and 6 to 11 being passed by Shareholders.

8. RESOLUTION 6 – ISSUE OF PERFORMANCE SHARES
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8.1 General

As set out in Section 1.2, in accordance with the terms and conditions of the Acquisition Agreement, the Company has agreed to issue 25,000,000 Performance Shares in part consideration for the acquisition of a 70% interest in the capital of ABM and its US Projects.

Resolution 6 seeks Shareholder pursuant to ASX Listing Rule 7.1 for the issue of the Performance Shares to the existing shareholders of the Vendor in part consideration for the acquisition by the Company of a 70% interest in the US Projects.

A summary of ASX Listing Rule 7.1 is set out Section 6.2 above.

The effect of Resolution 6 will be to allow the Directors to issue the Performance Shares during the period of 3 months after the General Meeting (or a longer period if allowed by ASX), without using the Company's 15% placement capacity.

8.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of the Performance Shares for the purpose of the Acquisition:

- (a) the maximum number of securities to be issued pursuant to Resolution 6 is 25,000,000 Performance Shares;

- (b) the Performance Shares will be allotted and issued to the existing shareholders of the Vendor, but no recipient is a related party of the Company. Specifically the Performance Shares will be issued as follows:

Shareholder	Performance Shares
J Ryan	5,000,000
Texas Energy Advisors	5,000,000
Cork Investments Inc.	5,000,000
Park End Limited	10,000,000
Total	25,000,000

- (c) the Performance Shares will be issued for nil cash consideration as they are being issued in part consideration for the acquisition of a 70% interest in the capital of ABM and its US Projects as detailed in Section 1.2 of this Explanatory Statement;
- (d) the Performance Shares will be issued on the settlement date of the Acquisition Agreement, and in any event not later than three months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated that the Consideration Shares will be allotted on one and the same date. The issue of the Performance Shares is subject to the Company's re-compliance with chapters 1 and 2 of the ASX Listing Rules and obtaining the approval of ASX for reinstatement of its securities to quotation;
- (e) the Performance Shares will be issued on the terms set out in Schedule 1, subject to approval from ASX. In accordance with ASX Listing Rule 6.2 the Company has applied to ASX for approval of the terms and conditions of the Performance Shares. At the date of this Notice of Meeting, the Company has not received approval from ASX and there is no guarantee that the Company will receive approval of the terms set out in this Notice of Meeting. Shareholders should note that the terms and conditions of the Performance Shares are subject to any conditions that ASX may impose in approving the terms. In addition the Performance Shares will be escrowed for 12 months from the date of issue (subject to any waiver granted by ASX or any other period of escrow determined by ASX); and
- (f) no funds will be raised from the issue of the Performance Shares as they are being issued in part consideration for the Acquisition by the Company.

8.3 Interests and Recommendations of Directors

Based on the information available, including that contained in this Explanatory Statement and the Technical Report, all of the Directors consider that the Acquisition and issue of Performance Shares the subject of Resolution 6 is in the best interests of the Company for the reasons set out in Section 1.8.

Each of the Directors approved the proposal to put Resolution 6 to Shareholders and each of the Directors recommends that Shareholders vote in favour of Resolution 6.

8.4 Role of the Technical Consultant

The Technical Report has been provided to assist Shareholders in assessing the US Projects. The Directors recommend all Shareholders carefully read the Technical Report.

The passing of Resolution 6 is conditional upon, and subject to, Resolutions 4, 5 and 8 to 11 being passed by Shareholders.

9. RESOLUTION 7 - ISSUE FOR PROSPECTUS CAPITAL RAISING

9.1 General

Resolution 7 seeks Shareholder approval for the allotment and issue of Shares raising up to a total of \$2,000,000 (**Capital Raising**).

The Company intends to conduct the Capital Raising through the issue of a Prospectus as part of its re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

None of the subscribers pursuant to this issue will be related parties of the Company.

A summary of ASX Listing Rule 7.1 is set out Section 6.2 above.

The effect of Resolution 7 will be to allow the Directors to issue the Shares pursuant to the Capital Raising during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's annual 15% placement capacity.

9.2 Technical Information Required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Capital Raising:

- (a) the number of Shares to be issued is up to that number of Shares which, when multiplied by the issue price, equals \$2,000,000. The maximum number of Shares to be issued assuming the minimum issue price of \$0.20 per Share is 10,000,000 Shares;
- (b) with the exception of Shares to be issued to Related Parties pursuant to Resolutions 10 to 12, the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (c) the issue price will be at least 80% of the average market price for Shares calculated over the last 5 days on which sales in the Shares are recorded before the date the prospectus, to be issued pursuant to the Capital Raising, is signed and in any event will not be less than \$0.20;
- (d) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (e) the Directors will issue the Shares to subscribers pursuant to the Prospectus. None of the subscribers will be related parties of the Company and no subscriber will hold an interest of 20% or greater in the capital of the Company as a result of the issue pursuant to the Capital Raising; and
- (f) the Company intends to use the amounts raised from the Capital Raising towards its proposed commitments as set out in Section 1.10.

Further details on the use of funds will be set out in the Prospectus that will be issued in respect of the Capital Raising.

The passing of Resolution 7 is conditional upon, and subject to, Resolutions 4 to 6 and 8 to 11 being passed by Shareholders.

10. RESOLUTIONS 8 – 9 – APPOINTMENT OF DIRECTORS

Article 13.3 of the Constitution allows the Company in general meeting to elect a Director, who shall be taken to have been elected with effect immediately after the end of that general meeting.

Refer to Section 1.12 for a summary of Messrs Brewer and Ryan's experience and qualifications.

The passing of Resolutions 8 and 9 are conditional upon, and subject to, Resolutions 4 to 7 and 10 to 11 being passed by Shareholders.

11. RESOLUTIONS 10 AND 11 – PARTICIPATION IN PLACEMENT BY DIRECTORS

Mr Peter Landau or his nominee currently holds 305,000 Shares in the Company and wishes to participate in the Placement. Shareholder approval is sought in Resolution 10 for the purposes of Listing Rule 10.11 to permit Mr Peter Landau or his nominee who is a related party of the Company as he is a Director to subscribe for and be issued up to 1,000,000 Shares.

Mr Jason Brewer or his nominee currently does not hold any Shares or Options in the Company and wishes to participate in the Placement. Shareholder approval is sought in Resolution 11 for the purposes of Listing Rule 10.11 to permit Mr Jason Brewer or his nominee who is a related party of the Company as he is a proposed Director to subscribe for and be issued up to 1,000,000 Shares.

11.1 ASX Listing Rule 10.11

Listing Rule 10.11 provides, subject to certain exceptions, a listed company must not issue or agree to issue equity securities to a related party without the approval of shareholders.

If Resolutions 10 and 11 are passed, the Company will be permitted to accept subscriptions from and issue Shares to Messrs Landau and Brewer, who are all related parties of the Company by virtue of them being Directors of the Company.

The Directors propose to participate in the Placement and subscribe for Shares pursuant to the Capital Raising. The purpose of Resolutions 10 and 11 is to seek Shareholder approval to allow the Company to issue Shares that Directors subscribe for pursuant to the Prospectus.

11.2 ASX Listing Rule 10.13

Listing Rule 10.13 sets out the matters which must be included in the notice of meeting convened to seek shareholder approval under Listing Rule 10.11.

For the purposes of Listing Rule 10.13, the following information is provided to Shareholders in relation to Resolutions 10 and 11:

- (a) the Shares will be issued to Messrs Landau and Brewer, Directors of the Company, or to their nominees;
- (b) up to 2,000,000 Shares will be subscribed for and issued to each of Messrs Landau and Brewer or their respective nominees (Resolutions 10 and 11);

- (c) the Shares will be issued on completion of the Placement and in any event no later than 1 month after the date of this Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules). ASX Listing Rule 10.13.3 provides that securities approved for issue in accordance with ASX Listing Rule 10.11 must be issued not more than 1 month after the date of the meeting. The Company has applied for a waiver from ASX to issue the Shares within 3 months of this Meeting in the event that compliance with chapters 1 and 2 of the ASX Listing Rules takes longer than 1 month. At the date of this Notice of Meeting, the Company has not received a waiver from ASX. Shareholders should note that there is no guarantee that the waiver will be granted. In the event that the Waiver is granted, the issue of Shares pursuant to Resolutions 10 and 11 would be subject to any conditions that ASX may impose in granting the waiver;
- (d) the Shares will be issued at an issue price that will be at least 80% of the average market price for Shares calculated over the last 5 days on which sales in the Shares are recorded before the date the prospectus, to be issued pursuant to the Capital Raising, is signed and in any event will not be less than \$0.20. ASX Listing Rule 10.13.5 provides that the issue price of securities be stated. The Company has applied for a waiver from ASX to issue the Shares on the same terms as the Capital Raising, with an issue price of the above formula. At the date of this Notice of Meeting, the Company has not received a waiver from ASX. Shareholders should note that there is no guarantee that the waiver will be granted. In the event that the Waiver is granted, the issue of Shares pursuant to Resolutions 10 and 11 would be subject to any conditions that ASX may impose in granting the waiver. The Company will advise the market the issue price of the Shares once known.
- (e) The Shares to be issued will be fully paid ordinary shares of the Company that rank equally with the Company's current issued Shares; and
- (f) the Company may raise a total of up to \$400,000 from the issue of the Shares to each Director, subject to the issue price of the Shares. These funds will be used as additional working capital as set out in Section 1.10 above.

Pursuant to Chapter 2E of the Corporations Act, a public company cannot give a “financial benefit” to a “related party” unless one of the exceptions to that section apply or shareholders have in general meeting approved the giving of that financial benefit to the related party.

In accordance with section 210 of the Corporations Act shareholder approval is not required where a financial benefit would be reasonable if the parties were dealing on terms that are at arm’s length or are less favourable to the related party. In the current circumstances the Directors independent of:

- (a) Mr Peter Landau in respect of Resolution 10; and
- (b) Mr Jason Brewer in respect of Resolution 11.

are satisfied that the Shares to be subscribed for pursuant to the Prospectus and subsequently issued to Messrs Landau and Brewer will be issued on arm’s length terms. Therefore, the Directors independent of each of Resolutions 10 and 11 (as set out above) have concluded that Shareholder approval is not required for purposes of Chapter 2E of the Corporations Act.

The passing of Resolution 10 to 11 are conditional upon, and subject to, Resolutions 4 to 9 being passed by Shareholders.

12. ENQUIRIES

Shareholders are required to contact the Company Secretary on +61 8 9488 5220 if they have any queries in respect of the matters set out in these documents.

GLOSSARY

\$ means Australian dollars.

\$US means the currency of the United States of America.

ABM means ABM Mining Corporation incorporated in Idaho, USA.

Abot means Abot Mining Corporation incorporated in Idaho, USA.

Acquisition means the proposed acquisition of a 70% interest in ABM and its US Projects by the Company from Abot in accordance with the terms and conditions of the Acquisition Agreements.

Acquisition Agreements mean the Subscription Agreement and the Shareholder Agreement.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Black Mountain or **Company** means Black Mountain Resources Limited (ACN 147 106 974).

Blue Mountain means a wholly owned subsidiary of Black Mountain incorporated in Idaho, USA for the purpose of holding a 70% interest in ABM and the US Projects.

Capital Raising means the capital raising the subject of Resolution 4.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001 (Cth)*.

Conjecture Project means the 5 patented mining claims and 40 unpatented mining claims on the Conjecture Mine in Bonner County, Idaho, and includes the lease interest relating to that project.

Consideration has the meaning given in section 1.2(b).

Consideration Shares means 25,000,000 Shares.

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Director means a director of the Company.

ABM Share means a fully paid ordinary share in the capital of ABM.

Existing Royalty has the meaning given in section 1.2(e).

Expenditure Commitment has the meaning given in section 1.2(b)(ii).

Explanatory Statement means the explanatory statement accompanying the Notice of Meeting.

Key Management Personnel has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

Meeting means the annual general meeting convened by the Notice of Meeting.

Minerals means all naturally occurring substances obtained or obtainable by mining operations carried out on or under the surface of the land the subject of the US Projects, including precious metals.

New Departure Project means the 7 patented mining claims and 20 unpatented mining claims on the New Departure Mine in Beaverhead County, Montana, and includes the lease interest relating to that project.

Net Smelter Return means the revenue generated from all Minerals extracted, milled and sold from the US Projects after deducting costs associated with smelting, refining, penalties, transportation and insurance, as defined in the respective Lease.

Notice of Meeting means this notice of Meeting, including the Explanatory Statement.

Option means an option to subscribe for a Share.

Optionholder means the holder of an Option.

Performance Shares means performance shares convertible into fully paid ordinary shares in the capital of Company where the Expenditure Commitment has been satisfied and upon the production of not less than 2,000 ounces of gold or gold equivalent (net smelter) are produced on any one mine within 5 years, and on such other terms as acceptable to ASX.

Proposed Directors means the identified proposed Directors of the Company following completion of the Acquisition as set out in Section 1.12.

Quarter means a calendar quarter ending 31 March, 30 June, 30 September and 31 December in any year.

Resolutions mean the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

Royalty has the meaning given in section 1.2(b)(v).

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Shareholder Agreement means the shareholder agreement between Abot and Black Mountain in respect of their proposed respective holdings in ABM.

Subscription Agreement means the subscription agreement between Black Mountain and ABM in respect of the subscription for shares in the capital of ABM representing a 70% interest Blue Mountain.

Tabor Project means the 12 patented mining claims and 10 unpatented mining claims on the Tabor Mine in Virginia City, Montana, and includes the lease interest relating to that project.

Technical Report means the Technical Report prepared by Minex Exploration annexed to this Notice Meeting as Annexure A.

USA means the United States of America.

US Projects means the New Departure Project, the Conjecture Project and the Tabor Project, collectively.

Vendor means Abot or ABM as applicable.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – TERMS OF PERFORMANCE SHARES

The terms and conditions of the Performance Shares are as follows:

Rights attaching to the Performance Shares

- (a) **(Performance Shares)** Each Performance Share is a share in the capital of the Black Mountain.
- (b) **(General Meetings)** The Performance Shares shall confer on the holder (**Holder**) the right to receive notices of general meetings and financial reports and accounts of the Black Mountain that are circulated to shareholders. Holders have the right to attend general meetings of shareholders of the Black Mountain.
- (c) **(No Voting Rights)** The Performance Shares do not entitle the Holder to vote on any resolutions proposed at a general meeting of shareholders of the Black Mountain.
- (d) **(No Dividend Rights)** The Performance Shares do not entitle the Holder to any dividends.
- (e) **(Rights on Winding Up)** The Performance Shares participate in the surplus profits or assets of the Black Mountain upon winding up of the Black Mountain only to the extent of \$0.000001 per Performance Share.
- (f) **(Not Transferable)** The Performance Shares are not transferable.
- (g) **(Reorganisation of Capital)** If at any time the issued capital of the Black Mountain is reconstructed, all rights of a Holder will be changed to the extent necessary to comply with the applicable ASX Listing Rules at the time of reorganisation.
- (h) **(Application to ASX)** The Performance Shares will not be quoted on ASX. However, upon conversion of the Performance Shares into fully paid ordinary shares (Shares), the Black Mountain must within seven (7) days after the conversion, apply for the official quotation of the Shares arising from the conversion on ASX.
- (i) **(Participation in Entitlements and Bonus Issues)** Holders of Performance Shares will not be entitled to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.
- (j) **(No Other Rights)** The Performance Shares give the Holders no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

Conversion of the Performance Shares

- (k) **(Conversion on achievement of milestone)** Each Performance Share will convert into one (1) Share upon satisfaction of the following performance hurdles to the reasonable satisfaction of the Black Mountain:
 - (i) Black Mountain 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 (being Black Mountain's Expenditure Commitment pursuant to the ABM Shareholders Agreement); and

- (ii) 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 Share,

(with both of the above performance hurdles constituting the **Milestone**).

- (l) **(Redemption if Milestone not Achieved)** If a Milestone is not achieved by the required date, or by such later date as the Parties may have agreed upon in writing prior to that date, then each Performance Share held by a Holder will be automatically redeemed by the Black Mountain for the sum of \$0.000001 within 10 Business Days of non satisfaction of the Milestone.
- (m) **(Conversion Procedure)** Black Mountain will issue the Holder with a new holding statement for the Shares as soon as practicable following the conversion of the Performance Shares into Shares.
- (n) **(Ranking of Performance Shares)** The Shares into which the Performance Shares will convert will rank pari passu in all respects with existing Shares.

SCHEDULE 2 – PRO-FORMA BALANCE SHEET

Set out below is an audited consolidated balance sheet of the Company as at 30 June 2011, adjusted for estimated administration costs for the period 1 July 2011 to 31 October 2011, along with a pro forma consolidated balance sheet.

	Audited	Pro Forma Transactions	Unaudited Pro Forma
Current Assets			
Cash and cash equivalents	3,466,366	806,250	4,272,616
Trade and other receivables	12,320	-	12,320
Total Current Assets	3,478,686		4,284,936
Non Current Assets			
Exploration and evaluation expenditure	119,828	6,193,750	6,313,578
Total Non Current Assets	119,828		6,313,578
Total Assets	119,828		10,598,514
Current Liabilities			
Trade and other payables	64,765		64,765
Total Current Liabilities	64,765		64,765
Net Assets	3,533,749		10,533,749
Equity			
Issued Capital	3,677,619	7,000,000	10,677,619
Reserves	24,000	-	24,000
Accumulated Losses	(167,870)	-	(167,870)
Total Equity	3,533,749		10,533,749

Notes:

1. Assumes \$2 million capital raising and \$250,000 costs of Acquisition.
2. Assumes US\$1,250,000 initial funds paid for project development (exchange rate US\$1 - \$0.955)
3. Assumes 25,000,000 fully paid ordinary issued to vendor.
4. In addition 25,000,000 performance shares will be issued to vendor at settlement.

ANNEXURE A – TECHNICAL REPORT

**Technical Report
On Black Mountain Resources Limited's
New Departure, Tabor
And Conjecture Properties**

**Montana and Idaho
USA**

**Prepared for Black Mountain Resources Limited
West Perth, Western Australia**

Prepared by:
Gregory Schiffrin
Minex Exploration
120 E Lake St., #401
Sandpoint, ID
83864
November 17, 2011

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1.0 SUMMARY

Minex Exploration of Sandpoint, Idaho was engaged by Black Mountain Resources Limited ("Black Mt") of West Perth, Western Australia, to complete an Independent Geologist's Report on its mineral claims in Montana and Idaho, United States. Black Mt is a listed public minerals resources company incorporated in Australia. Black Mt has entered into an agreement to acquire a 70% interest in the properties that are subject to this report. This report will be included in a Notice of Meeting to be dispatched to shareholders of Black Mt. The projects are the New Departure ("ND"), Tabor ("TB") and the Conjecture ("CJ") properties.

This report has been prepared in accordance with the Code and Guidance for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports (The VALMIN Code) and the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code).

The properties are located in western Montana and northern Idaho. The largest centre in Western Montana in proximity to the properties is Butte, Montana with a population of 34,200. Butte is a source of adequate labor for, and supplies to, mineral exploration in Western Montana. Butte has commercial airport service and rail support. The largest centre in Northern Idaho in proximity to the properties is Coeur d'Alene, Idaho with a population of over 44,000. Coeur d'Alene is a source of adequate labor for, and supplies to, mineral exploration in Northern Idaho. Coeur d'Alene has rail support and an international airport is present in Spokane, Washington 30 miles to the west.

Following is an overview map showing the location of Properties in Idaho and Montana, USA. (Figure 1 Property Overview Map) The map shows the proximity of the properties to local supply and cultural centers.

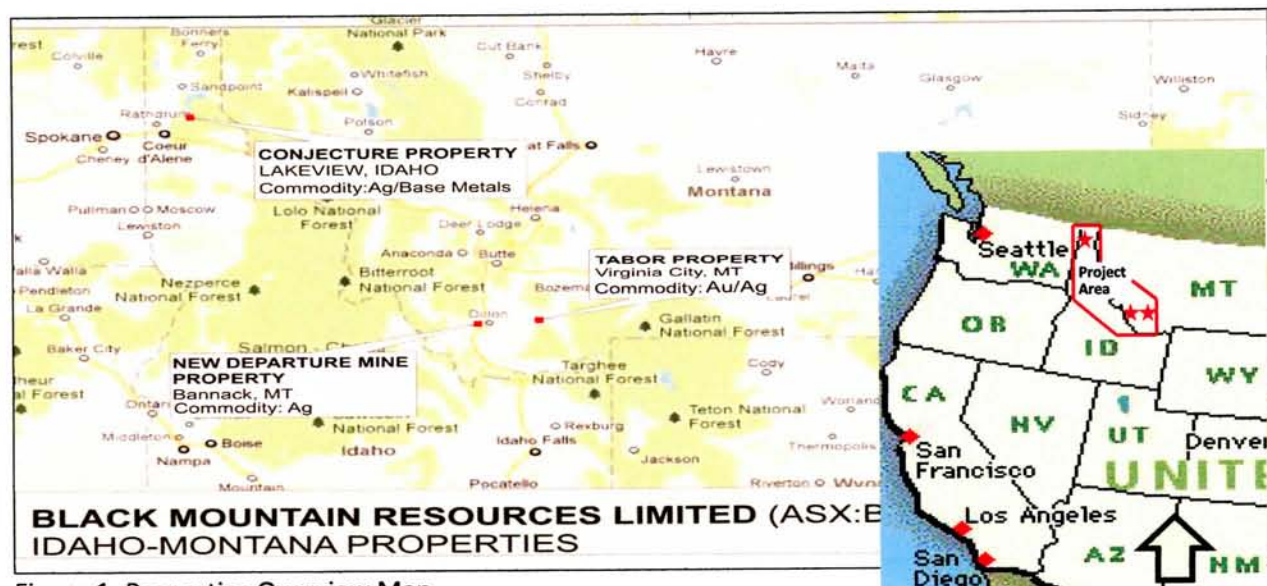


Figure 1: Properties Overview Map

1.1 The New Departure Mine Property

The New Departure Property (ND) is centered approximately 45° 11' 50.93"N and 112° 55' 07.51"W WGS84 datum in Beaverhead County, Montana (Figure 2: New Departure Property Map). The New Departure Mine is located at UTM coordinates 349046.3 E., 5006679.0 N., Zone 12 N. WGS 84. The ND Property is on the USGS Bannack Quadrangle Montana, Beaverhead County 7.5 minute series topographical map. The ND property is approximately 94.52 km southwest of Butte, Montana and 22.54 km west of Dillon, Montana. The ND property is off Montana Highway 278. Head west on Montana 278 for 12.58 km to the intersection of the Bon Accord Road. Turn south on the gravel Bon Accord Road for 8.11 km to the New Departure Mine. The property is at an elevation of approximately 1980 meters above mean sea level (MSL).

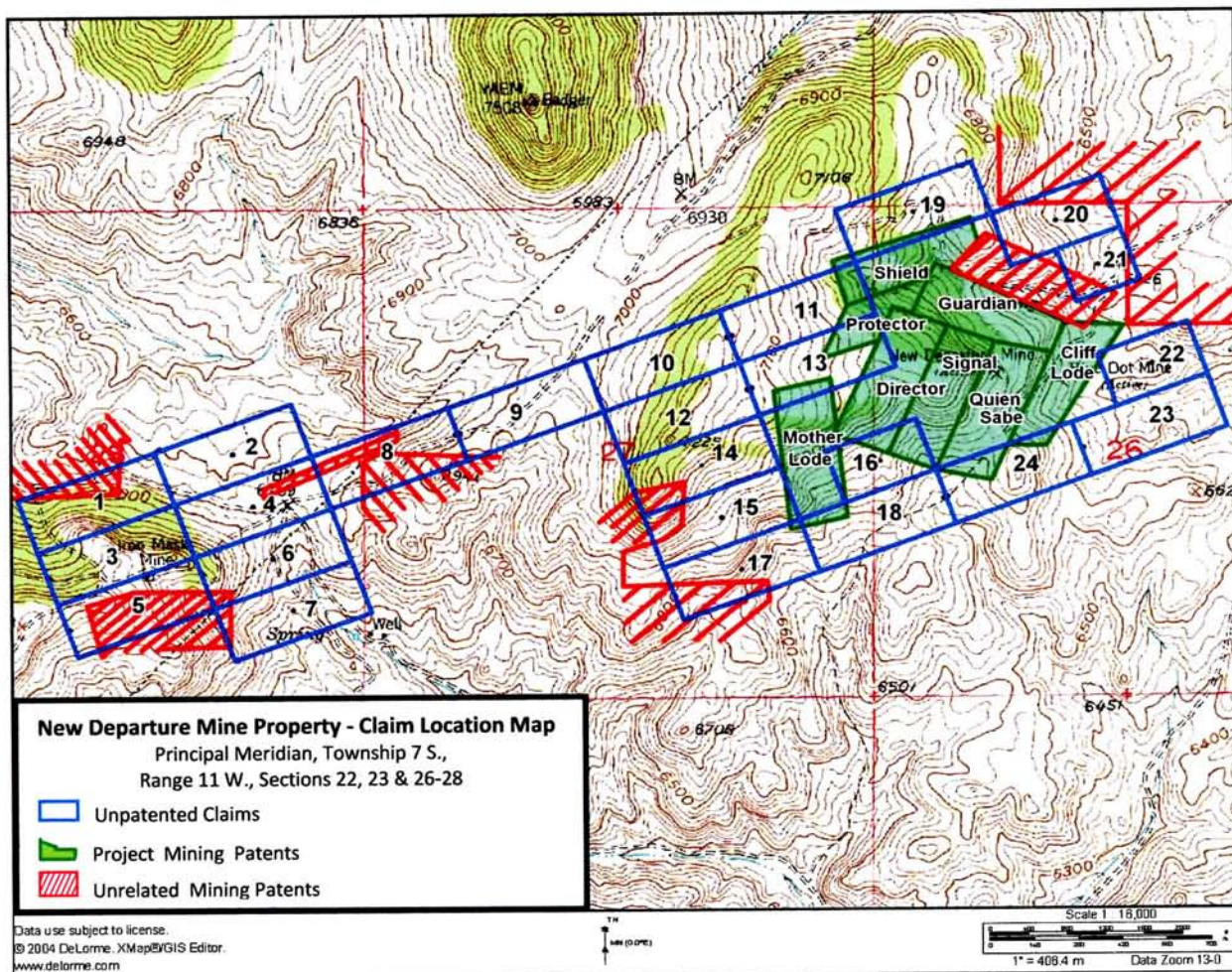


Figure 2: New Departure Mine Property

The ND Property consists of eight patented mining claims: the Cliff Lode, Mother Lode, Director, Guardian, Protector, Quien Sabbe, Shield and Signal. (54.78 hectares) and the IM Group consisting 24 federal unpatented mining claims (161.7 hectares). The ND Property is in sections 22,23,26,27,28, T.7S., R.11W., Montana Principal Meridian. The ND Property is in the Blue Wing Mining District, controlling a

total of 216.48 hectares of mineral rights. Most of the mine's previous production has come from the Signal and Shield (Geach 1972; Shenon 1931).

Historically the ND Property has been explored and developed with production of silver, lead and zinc with secondary production of copper and gold. The chief commercial minerals of value have been identified as native silver, tetrahedrite, argentite, cerargyrite and pyrargyrite. Less significant minerals present are malachite, azurite, smithsonite, cerussite, pyrite, and galena.

The mine was located by George Washington Stapleton in 1871. He developed an adit in the Quien Sabbe claim. Lawrence A. Brown and Joshua E. Clayton purchased the mine in 1880 for \$2,500. Brown bought out Clayton seven years later for \$3,500. He employed 15 miners and two top men at the mine to drive a 800 foot tunnel onto the vein. In the mid-1880s the mine was the most active in the district. In 1905 the heirs of Lawrence Brown sold the mine to the New Departure Mining Company for \$50,000. In the next two years, New Departure employed up to as many as 40 and as few as nine men extracting ore from a series of adits ranging from 200 to 1000 feet. The ore ran as high as 300 ounces silver per ton. An additional vein of 150-200 ounce of silver per ton ore was located below water level and plans were made to install a plant and sink a shaft. However, this did not come to fruition. After 1907 the mine was worked by lessees until 1918. In that year O. M. Best of Dillon bought the mine. Best leased the property to John Coppin from 1923 until 1928 when the mine was sold. J. L. Templeman of Butte acquired the mine and had it in production until 1941 with the exception of 1930, 1937 and 1938 (Walsh 1906; Sassman 1941; Shoemaker 1894; Shenon 1931; Geach 1972).

After World War II the mine was acquired by C. Gosta Miller of Dillon. In 1952 the Blue Dot Mining Company of Dillon began the Blue Dot adit 800 feet east of the previous activity to explore mineralization in the Signal claim. The adit reached 700 feet when the exploration project was stopped. Under an option, Spokane National Mines extended the Blue Dot adit in 1958. This resulted in the discovery of the lucrative 208 ore body. This ore body was developed from the Blue Dot level, the Stinker incline and the Silver Spring level from which 23,137 tons of ore were extracted by 1965. This amounts to 90 percent of the mine's Twentieth century ore production. However, over half of the silver and almost all of the gold was produced prior to the opening of the Blue Dot (Geach 1972).

Prior to the development of the Blue Dot adit, the oxidized ore was extracted to a depth of 250 feet. This ore was in the form of cerargyrite, cerussite, bindheimite, smithsonite, anglesite, malachite, azurite, gypsum and oxides of manganese and iron. The 208 ores are various sulphide minerals including sphalerite, galena, argentiferous tetrahedrite and probably some argentite (Winchell 1914; Geach 1972).

1.2 The Tabor Property

The Tabor (TB) Property is located approximately 6 Km south of Virginia City, MT, centered on UTM coordinates: 427972.92E, 5011243.86N Zone 12T World Geodetic Survey 1984 (WGS 84) Datum. The property lies partially within the Virginia City and Cirque Lake USGS 7 1/2 quadrangle maps, Madison County, Montana. ([Figure 3: Tabor Property Map](#)) The property is accessible via the county maintained, Alder Gulch Rd, which departs Montana Highway 287 in Virginia City. The road is asphalt and gravel,

open yearlong, and bisects the Tabor property. The TB property is positioned in moderately to steeply rolling, partially treed hills and mountain foothills at an elevation of ~1300-1350 m above mean sea level. The climate ranges from a summer average of 26° C to a winter average of -10° C. Annual precipitation is 40.3 cm.

The TB Property consists of; 9 existing unpatented Federal Mining Claims, Don a Vera, Don a Vera #1, Pearl#1, Pearl#2, Eagle Black #1, Eagle Black #5, New Winnetka, Butcher Gulch Placer and the Tabor Lode Claims, and 10 patented Federal Mining Claims. The existing unpatented group covers 66.88 hectares, and the patented claims cover 41.15 hectares, for an area total of 108.03 hectares. The existing unpatented and the patented claims are semi- contiguous units and are located within the Virginia City Mining District (VCMD).

The Virginia City mining district (VCMD) is in the southern portion of the Tobacco Root Mountains in Madison County, Montana on lands that slope to the north from Ramshorn and South Baldy mountains. The primary rocks are gneiss and schists of igneous and sedimentary origin, which were formed, in the pre-Paleozoic period and are part of the pre-Belt Series. During the late Cretaceous or early Tertiary the intrusion of a quartz monzonite batholith was the most significant event in the geologic history of the region. The metals formed within the batholith were the reason for the mining efforts in the area (Tansley et al. 1933:47).

The Tobacco Root batholith covers an area of about 100 square miles with numerous outliers, one of which is in the Virginia City area. In the Virginia City area the ore deposits occur in fissure filling veins which are independent of the bedding planes in the gneiss or schist and tend to dip to the north. These veins are the basis of the lode development in the VCMD and many of these veins have been mined for considerable distances. The Easton-Pacific vein system is economically the most important vein system in the VCMD. Besides the vein systems there are limestone beds in the Baldy Mountain area which "probably served as an important host rock for numerous high-grade ore lenses, which through erosion, gave rise to much of the Alder Gulch placer gold" (Tansley et al. 1933:47).

Ore deposits in Browns Gulch consist of argentite, auriferous pyrite, native silver, tetrahedrite, native gold, sphalerite, and stibnite. In the Summit district, ores consist of pyrite and coarse native (telluride) gold, with little silver or base metals. In the Fairweather and Highland districts stringers and quartz veins carry pyrite, chalcopryite, and galena. A fissure vein on the Winnetka mine contains quartz, pyrite, telluride, hematite, limonite, and chalcopryite. The primary recovered metals for the prolific Virginia City Mining District were Gold and Silver.

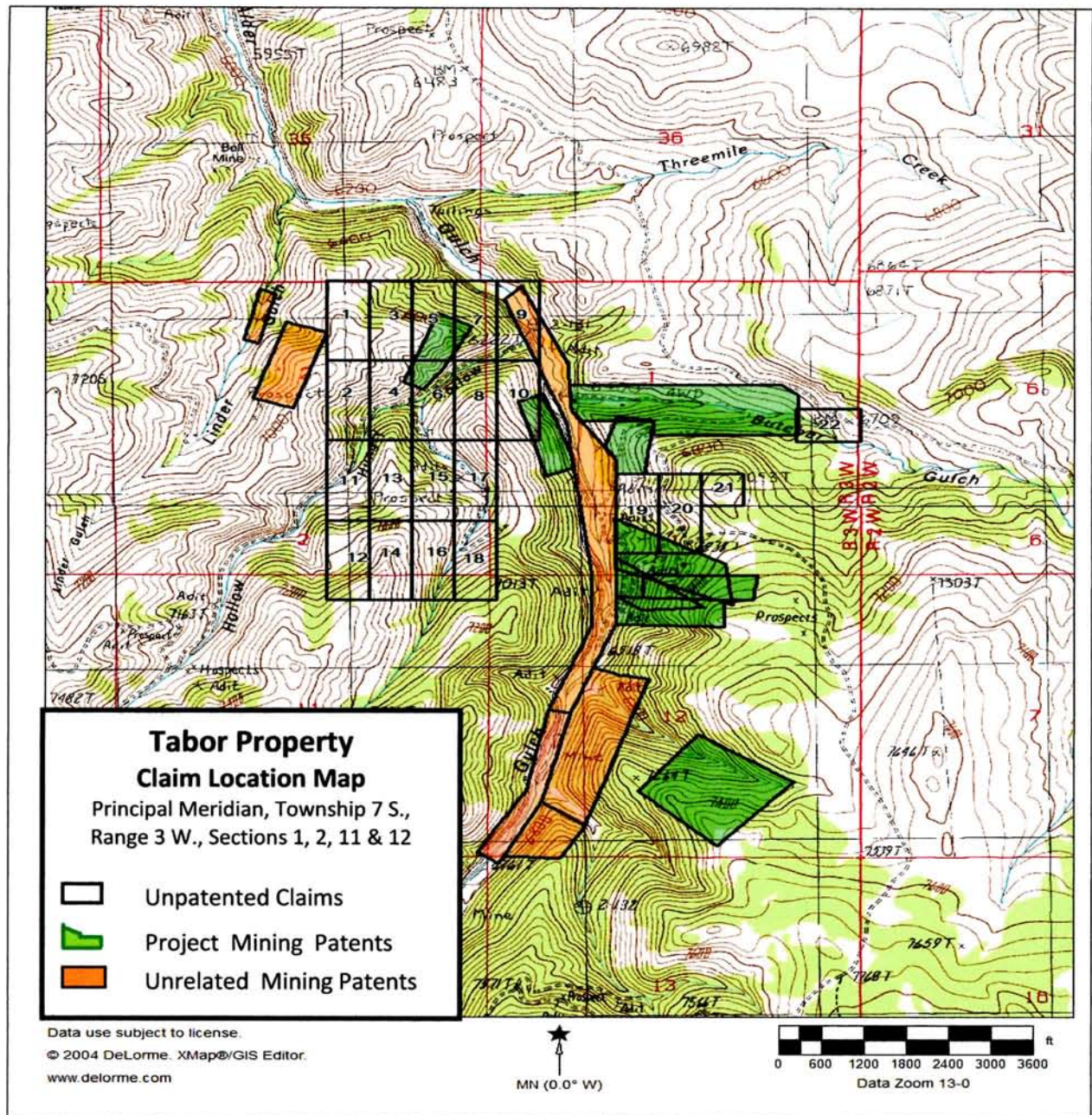


Figure 3: Tabor Property Map

Estimates of the total amount of gold produced in the Virginia City region range from a low of \$30,000,000 to a high of \$150,000,000. Tansley, Schafer and Hart (1933) put the total at over \$54,000,000 in 1933, although this figure was based on conservative estimates of early production from data published by the United States Geological Survey. Even conservative figures show Alder Gulch and the surrounding area to be one of the richest gold-producing areas in the West.

1.3 The Conjecture Mine Property

The Conjecture Mine property consists of 6 patented mining claims, and 31 unpatented mining claims, totaling 250.91 hectares (6 historic unpatented and 25 new-July 2011 unpatented claims), located in the Lakeview Mining District at the southeast end of Pend Oreille Lake in Bonner County, Idaho. (Figure 4: Conjecture Mine Property) Lakeview is about 35 miles north-west of the Coeur d'Alene mining district and 30 miles north of the city of Coeur d'Alene, and 60 miles south of the Canadian-United States border. The Conjecture Group claims are in Section 23, 26 & 27 of Township 53 North, Range 1 West, Boise Meridian. From the City of Coeur d'Alene, Idaho, the claims can be reached via 36 miles of paved and well-graded gravel roads. Approximately 16 miles north of Coeur d'Alene near the town of Athol on U.S. Highway 95 is the intersection with Bunco Road, which becomes U.S. Forest Service Road #332. Bunco Road traverses east to the Lakeview Mining District 18-22 miles from the highway. Many secondary roads lead from Bunco Road to the mines and prospects of the Lakeview Mining District. Commercial electrical power is available on the property. Water supply is unknown.

Most of the area is within Panhandle National Forests is dense forests of conifers and thick brush cover in most of the northern slopes and valley floors. Secondary growth of conifers, replacing forests destroyed by fire and areas that have been logged, are abundant.

The property has had significant production and development history going back over 100 years, although there has been no significant activity since the 1970's.

While the history of the Conjecture Mine dates back to the 19th century, most of the work was done in the first decade of the 20th century, then again in the 1930's and the 1950's. By the mid 1950's the property had been mined and produced high grade silver down to the 500 foot level through an incline shaft. This early production had come from quartzitic beds in the Wallace formation, the uppermost formation in the Belt Supergroup of rocks which are spread from Eastern Washington, through Idaho and into Montana. This Belt Supergroup is the same group of rock which hosts the major ore deposits of the Coeur d'Alene District some 35 mile to the southeast. The Coeur d'Alene District has the distinction of being the most productive silver district in North America having produced in excess of 1.2 billion ounces of silver over a period from 1885 to present. The similarities between the Lakeview District where the Conjecture Mine is located and the neighboring Coeur d'Alene District have been the subject of numerous professional reports.

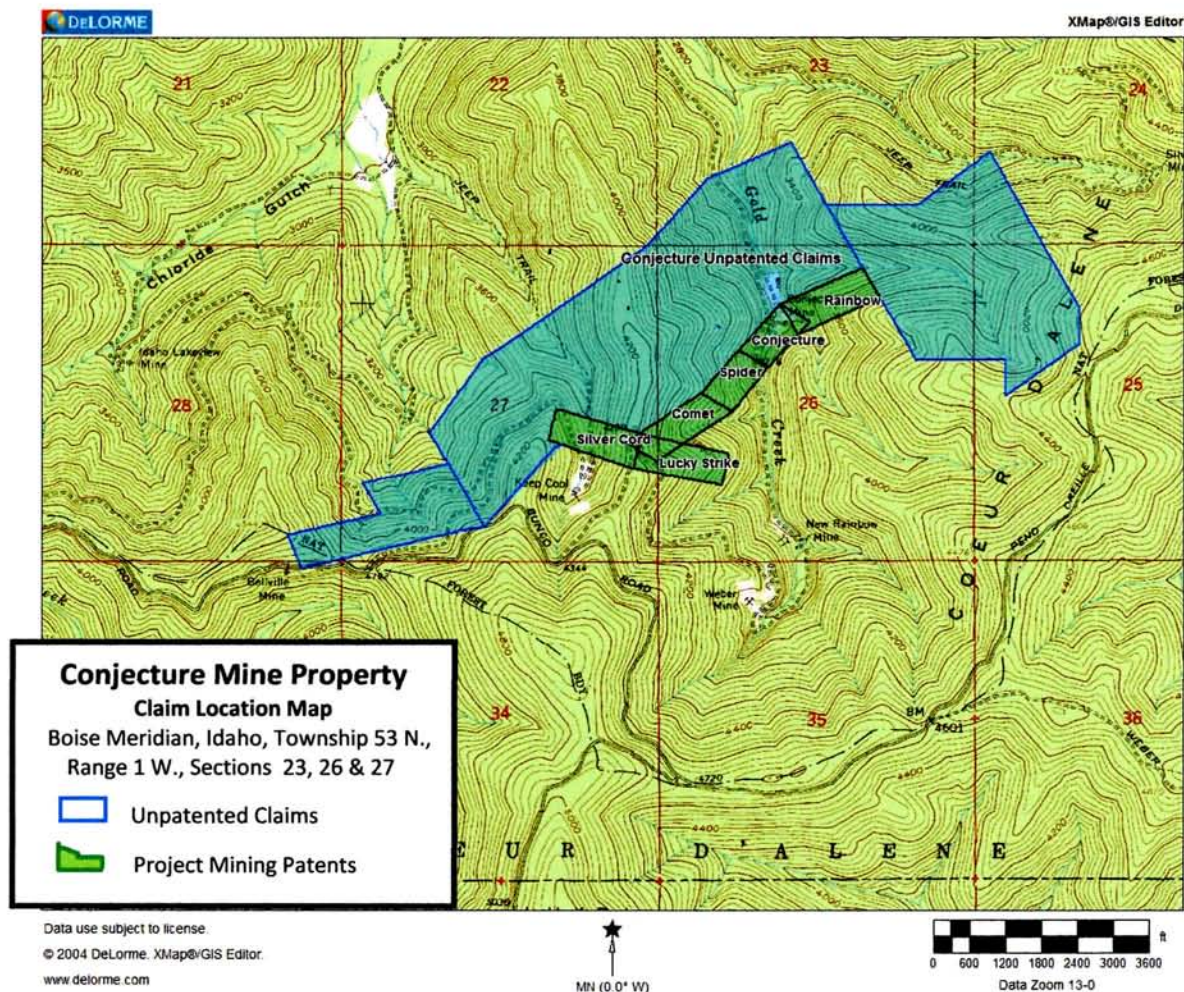


Figure 4: Conjecture Mine Property

Returning to the history of the Conjecture, the mine was acquired by Federal Uranium in 1956, and encouraged by the high grade ore which had been produced to date, they made the decision to sink a 2,000 foot, three compartment vertical shaft to allow them to fully explore and develop the downward projection of the Conjecture Shear Zone and to get access to the deeper rock units of the Lower St. Regis and Revett formations which are known to be the major ore hosts in the Coeur d'Alene District.

Once this shaft was completed (at a cost of over \$35 million in today's dollars) Federal developed exploration drifts at the 700 level, 1000 level, 1600 level and the 2000 level. As a result of this extensive work, historical non-JORC Code or 43-101 compliant reserves and resources were delineated. Although

these efforts were highly successful, a collapse in uranium prices negatively affected Federal's business and caused them to abandon efforts at the Conjecture Mine in the early 1970's.

Although Federal was never able to reap the benefits of their work, the importance of this shaft to the future of the property and the Lakeview District cannot be overstated. The ore deposits and past production of the district had all occurred at levels above 500 feet, in Wallace formation host rocks which are primarily silty, argillites with some quartzitic units interbedded. The vast majority of the major ore deposits in the Coeur d'Alene District have occurred in the thick, quartzite rocks (primarily of the Revett formation). The Conjecture Shaft is the only structure in the Lakeview District which penetrates these more favorable ore host rocks.

A two year budget is being evaluated currently with plan to augment the patented claim land position by staking additional unpatented mining claims around the Conjecture Mine patented claims, and begin to conduct surface exploration of a number of other veins and outcrops that have the same possible ore potential as the main Conjecture Shear. To inspect the shaft by doing a camera survey to evaluate the condition of the shaft (which is believed to be good) and determine where the water level is. To drill 2-3 deep holes (at around 3500 feet of depth) to test the downward extensions of the ore shoots which have been developed to the 2000 level.

2.0 INTRODUCTION

Minex Exploration of Sandpoint, Idaho was engaged by Black Mountain Resources Limited (Black Mt) of West Perth, Western Australia, to complete an Independent Geologist's Report on its mineral claims in Montana and Idaho, United States. Black Mt is an unlisted public minerals resources company incorporated in Australia. Black Mt has entered into an agreement to acquire a 70% interest in the properties that are subject to this report. This report will be included in a Notice of Meeting to be dispatched to shareholders of Black Mt. The projects are the New Departure ("ND"), Tabor ("TB") and the Conjecture ("CJ") properties.

This report has been prepared in accordance with the Code and Guidance for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports (The VALMIN Code) and the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code).

The author has not independently verified ownership and current standing of the claims and is not qualified to make legal assessment or representations in this regard.

The independent Geologist's Report is based on information available up to and including the date of the report. The author has endeavored, by making all reasonable inquiries, to confirm the authenticity, accuracy and completeness of the technical data relied on to complete the report.

Qualifications, Experience and Independence

Minex Exploration is an independent, privately owned consulting firm and has provided exploration consulting services to the minerals industry in North America, Canada and Mexico since 1986.

Author: Gregory Schifrin, B.Sc. Geology is a Registered Geologist, State of Washington #2146, and Professional Member Society of Mining, Metallurgy and Exploration (SME) # 4053449.

Gregory Schifrin has worked as a geologist in exploration and mining development for 29 years in precious and base metal exploration and is the owner operator of Minex Exploration, a firm established to provide mineral exploration and consulting services. He has provided and completed exploration projects and qualifying reports throughout North America. Mr. Schifrin has worked extensively for major and junior mining companies.

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr. Gregory Schifrin, who is a 'Recognized Overseas Professional Organization' ('ROPO') included in a list promulgated by the ASX from time to time to include Professional Member Society of Mining, Metallurgy and Exploration (SME) # 4053449.

Mr. Gregory 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. Gregory Schifrin consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Mr. Schifrin holds the relevant qualifications and professional associations required by ASX and the JORC and Valmin Codes in Australia. He is also a Qualified Person under the rules of NI-43-101 in Canada.

Neither Minex Exploration or Gregory Schifrin is an insider, associate or affiliate of Black Mt. or any associated company.

Minex Exploration's professional fees are based on work completed in regards to this report and are not contingent on any prior understanding concerning the conclusions to be reached in the report.

The report and recommendations are based on:

1. Public data archived from historical records and data provided by Abbott Mining.
2. Technical data and reports compiled by or derived from work conducted, supervised and/or documented by the exploration staff of the previous property owner.

The properties can be classified as exploration areas where mineralization may or may not have been identified, but where a formal JORC mineral resource has not yet been identified. The author has completed an independent assessment of the quality of the geological data. The author is of the opinion that the absence of site visits to the properties does not have a significant material effect on the conclusions and opinions included in this report.

The author exercised reasonable due diligence coupled with associated inquiries, to confirm the completeness and authenticity of the technical data that formed the basis of this report. Black Mt. was supplied with the final draft of the report and requested to identify any material errors or omissions prior to publishing.

3.0 PROPERTY DESCRIPTIONS AND LOCATION

The properties are located in western Montana and northern Idaho. The largest centre in Western Montana in proximity to the properties is Butte, Montana with a population of 34,200. Butte is a source of adequate labor for, and supplies to, mineral exploration in Western Montana. Butte has commercial airport service and rail support, and is a center to historical and current mining activity. The largest center in Northern Idaho in proximity to the property is Coeur d'Alene, Idaho with a population of over 44,000. Coeur d'Alene is a source of adequate labor for, and supplies to, mineral exploration in Northern Idaho, and is a strategically located within a favorable mining district. Coeur d'Alene has rail support and an international airport is present in Spokane, Washington 30 miles to the west.

Collectively Black Mt. will acquire an interest in a total of 61 claims in three properties comprised of 608.18 hectares.

The unpatented claims have not been legally surveyed. The government of the United State of America owns the surface rights of the unpatented claims.

The government of the United States of America requires annual rental fees of \$140.00 per year per claim, prior to expiry August 31, to keep the claims in good standing for the following year. An assessment report with holding fees must be submitted for Dept. of Interior by the expiry date.

There are no known environmental liabilities associated with the property. For the proposed exploration program no permits are required. Permits are required if, during the course of exploration, waterways are affected and or mechanical equipment such as drilling or excavation is conducted.

3.1 New Departure Mine Property

The New Departure Mine is located at UTM coordinates 349046.3 E., 5006679.0 N., Zone 12 N. WGS 84. The ND Property is on the USGS Bannack Quadrangle Montana, Beaverhead County 7.5 minute series topographical map. The ND property is approximately 94.52 km southwest of Butte, Montana and 22.54 km west of Dillon, Montana. The ND property is off Montana Highway 278. Head west on Montana 278 for 12.58 km to the intersection of the Bon Accord Road. Turn south on the gravel Bon Accord Road for 8.11 km to the New Departure Mine. The property is at an elevation of approximately 1980 meters above mean sea level (MSL).

The ND Property consists of eight patented mining claims: the Cliff Lode, Mother Lode, Director, Guardian, Protector, Quien Sabbe, Shield and Signal. (54.78 hectares) and the IM Group consisting 24 federal unpatented mining claims (161.7 hectares). The ND Property is in sections 22,23,26,27,28, T.7S., R.11W., Principal Meridian. The ND Property is in the Blue Wing Mining District, controlling a total of 216.48 hectares of mineral rights.

3.2 Tabor Property

The Tabor (TB) Property is located approximately 6 Km south of Virginia City, MT, centered on UTM coordinates: 427972.92E, 5011243.86N Zone 12T World Geodetic Survey 1984 (WGS 84) Datum. The property lies partially within the Virginia City and Cirque Lake USGS 7 1/2 quadrangle maps. The core of the property is accessible via the county maintained, Alder Gulch Rd, which departs Montana Highway 287 in Virginia City. The road is asphalt and gravel, open year-long, and bisects the Tabor property. Access to the periphery of the block is by ATV trails, abandoned mining roads, and cross-country travel.

The TB Property consists of; 9 existing un patented Federal Mining Claims, Don a Vera, Don a Vera #1, Pearl#1, Pearl#2, Eagle Black #1, Eagle Black #5, New Winnetka, Butcher Gulch Placer, and The Tabor Lode, and 10 patented Federal Mining Claims. The existing unpatented group covers 66.88 hectares and the patented claims cover 41.15 hectares, for an area total of 108.03 hectares. The new claim block, the existing un patented and the patented claims are semi- contiguous units and are located within the Virginia City Mining District (VCMD).

3.3 Conjecture Mine Property

The Conjecture Mine property consists of 6 patented mining claims, and 31 unpatented mining claims, totaling 250.91 hectares, located in the Lakeview Mining District at the southeast end of Pend Oreille Lake in Bonner County, Idaho. The block is located 70 Km north-west of the Coeur d'Alene mining district and 50 Km north of the city of Coeur d' Alene, centered on UTM coordinates: 542551.42E 5307127.91N Zone 11 T World Geodetic Survey 1984 (WGS 84) Datum. The block is 100 Km south of the Canadian-United States border. Access is via good gravel roads East off of US Hwy 95. The Conjecture Property has an existing network of roads, workings and existing structures.

4.0 ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE, AND PHYSIOGRAPHY

Table 1: Accessibility

New Departure Mine Property	The ND property is accessed by traveling south on Interstate 15 from Dillon Mt approx 5.7 Km, then West on Highway 278 for 22.5 Km. A gravel road leads south for 3.2 Km to the ND Property.
Tabor Property	Access is by the Alder Gulch Rd, which departs US HWY 287 in Virginia City, MT. The road is county maintained, and is surfaced with asphalt and gravel. Alder Gulch Rd bisects the Tabor property, providing very good access.
Conjecture Mine Property	Access is by Bunco Rd, a good gravel and paved road east off of US Hwy 95. The property is 21 Km East of the cut off at the community of Athol ID, located on US HWY 95.

New Departure Mine Property/ Tabor Property

The climate for the New Departure (ND) property and the Tabor (TB) property is similar as they are separated by approximately 57 Km. The terrain and climate are very similar. The properties are located on the east slope of the Rocky Mountains in high desert, semi arid, partially treed grass and sage lands.

Precipitation is moderate to low for the area, with an annual total of 40.3 cm. Summers are moderate to hot with a summer month average of 20-26° C. Periodic thunderstorms and heavy rain are common throughout the summer months. Winters are characterized by moderate to heavy snow, high winds and cold temperatures. The winter temperature average is -10 to 10°C. First snowfall is commonly Mid to late October, with permanent accumulation starting early to mid November. Snow cover is commonly melted off by late April to early May, but late season snowstorms are very common. Exploration activities could be carried out throughout the year with breaks due to extreme weather conditions.

Conjecture Mine Property

The terrain for the Conjecture (CJ) Property is moderate to thick, evergreen forests on moderate to steep, rocky slopes. Draws and creek bottoms are heavily vegetated with Alder, Willow and other thick underbrush.

Precipitation is moderate to high; with an annual fall of 66 cm. Periodic heavy rain and thunderstorms are common during the summer months. Summer months are moderate to hot with the average temperature being 30-32°C. Winters are moderate to extreme, with the average temperature of -10 to 10°C. Snow fall is heavy with the local average being 135 cm. First snowfall is commonly Mid to late

October, with permanent accumulation starting early to mid November. Snow cover is commonly melted off by late April to Early May, but late season snowstorms are very common. Exploration activities could be carried out throughout the year with breaks due to extreme weather conditions.

New Departure Property Infrastructure

The ND Property is located in an old and established mining district with firm ties to the larger, regional mining culture in Montana. The ownership of patented mining claims in the district will allow for use as an exploration, mining, processing and tailings site. Power is available on private property near the ND Property. All mining personnel, equipment, and supplies can be sourced from Butte MT, located 92 Km to the NNW. Local and short term supplies can be sourced from Dillon, MT, 22.5 Km to the East.

The ND Property has electric power lines on the property, enough private property upon which to build a mill and support facilities with sufficient area to dispose of mine tailings. Butte, Montana is the regional center for mining personnel, equipment and supplies. Dillon, Montana has a railhead and a town with sufficient size to support housing and general supplies for an exploration program. The Butte regional airport provides connecting flights to larger, international carriers.

Tabor Property Infrastructure

The Tabor Property is located in an old and established mining district with firm ties to the larger, regional mining culture in Montana. The ownership of patented mining claims in the district will allow for use as an exploration, mining, processing and tailings site. Power is available on private property near the Tabor Block. All mining personnel, equipment, and supplies can be sourced from Butte MT, located 92 Km to the NNW. Local and short term supplies can be sourced from Virginia City MT, 7 Km to the East, or Dillon MT, ~50Km to the West. Rail service is available in Dillon and Butte. The Butte regional airport provides connecting flights to larger, international carriers.

Conjecture Mine Property Infrastructure

The Conjecture Mine Property has sufficient surface rights for future exploration or mining operations including potential tailings storage areas, potential waste disposal area, and potential processing plant sites. Mining personnel can be sourced from local centers, including the prolific Silver Valley District of North Idaho, Couer D'Alene Idaho, Sandpoint Idaho, Spokane Washington, and Missoula Montana. Air, rail and vehicular support can be sourced out of Spokane WA. Spokane is the largest center of commerce in the region.

TABLE 2: Physiography

Property	Vegetation	Topography	Outcrop/Cover
New Departure Mine Property	Sage+grasslands, sparse to moderate Doug fir and Juniper	Moderate to rugged Max elev: 2194 m Part of the Atlantic Watershed	~25%-30% rock outcrop. Limestone, volcanic/detrital sediments, granodiorite intrusive rx. Alluvial cover on OC periphery.
Tabor Property	Sage+grasslands, sparse to moderate Doug fir and Juniper	Moderate to rugged Max elev: 2194 m, Part of the Atlantic Watershed	~25%-30% rock outcrop. Limestone, volcanic/detrital sediments, granodiorite intrusive rx. Alluvial cover on OC periphery
Conjecture Mine Property	Moderate to thick, Douglas Fir, Spruce, Pine trees. Thick Willow and Alder Brush	Moderate to Rugged. 900-1100 m avg elevation Part of Pacific Watershed	~10% outcrop exposure. Pre Cambrian Wallace Fm on surface

5.0 PROPERTY HISTORY

5.1 New Departure Mine Property

The mine was located by George Washington Stapleton in 1871. He developed an adit in the Quien Sabbe claim. Lawrence A. Brown and Joshua E. Clayton purchased the mine in 1880 for \$2,500. Brown bought out Clayton seven years later for \$3,500. He employed 15 miners and two top men at the mine to drive a 800 foot tunnel onto the vein. In the mid-1880s the mine was the most active in the district. In 1905 the heirs of Lawrence Brown sold the mine to the New Departure Mining Company for \$50,000. In the next two years, New Departure employed up to as many as 40 and as few as nine men extracting ore from a series of adits ranging from 200 to 1000 feet. The ore ran as high as 300 ounces silver per ton. An additional vein of 150-200 ounce of silver per ton ore was located below water level and plans were made to install a plant and sink a shaft. However, this did not come to fruition. After 1907 the mine was worked by lessees until 1918. In that year O. M. Best of Dillon bought the mine. Best leased the property to John Coppin from 1923 until 1928 when the mine was sold. J. L. Templeman of Butte acquired the

mine and had it in production until 1941 with the exception of 1930, 1937 and 1938 (Walsh 1906; Sassman 1941; Shoemaker 1894; Shenon 1931; Geach 1972).

After World War II the mine was acquired by C. Gosta Miller of Dillon. In 1952 the Blue Dot Mining Company of Dillon began the Blue Dot adit 800 feet east of the previous activity to explore mineralization in the Signal claim. The adit reached 700 feet when the exploration project was stopped. Under an option, Spokane National Mines extended the Blue Dot adit in 1958. This resulted in the discovery of the lucrative 208 ore body. This ore body was developed from the Blue Dot level, the Stinker incline and the Silver Spring level from which 23,137 tons of ore were extracted by 1965. This amounts to 90 percent of the mine's Twentieth century ore production. However, over half of the silver and almost all of the gold was produced prior to the opening of the Blue Dot (Geach 1972).

Prior to the development of the Blue Dot adit, the oxidized ore was extracted to a depth of 250 feet. This ore was in the form of cerargyrite, cerussite, bindheimite, smithsonite, anglesite, malachite, azurite, gypsum and oxides of manganese and iron. The 208 ores are various sulphide minerals including sphalerite, galena, argentiferous tetrahedrite and probably some argentite (Winchell 1914; Geach 1972).

5.2 Tabor Property

General Overview

The first discovery of placer gold in Alder Gulch occurred on May 22, 1863, when a small group of prospectors, including William Fairweather, Henry Edgar and Barney Hughes, panned the creek while on their way back to Bannack. The party had discovered what would become the richest placer strike in the history of the Montana Territory. The prospectors, however, had lost most of their supplies in an encounter with the Crow Indians and had to return to Bannack following the initial strike. They tried to keep the discovery a secret, but word inevitably got out and a horde of some 200 men followed them back to Alder Gulch. As word of the rich diggings along Alder Gulch became known, there was a general exodus from Bannack where the placer workings were starting to play out. Miners swarmed up and down Alder Gulch and within a year the population would swell to an estimated 10,000 people, and the Virginia City mining district and its sub-districts were established. Settlements were established along the gulch with Alder at the mouth, Summit at the head, Virginia City in the middle and Adobetown, Central City, Junction and Nevada City scattered in between resulting in a rambling, ramshackled continuous settlement extending up and down the gulch for 14 miles (Figure 1). For this reason the early settlement was also known as Fourteen-mile City. In 1865 the territorial seat of government moved from Bannack to Virginia City which remained the territorial capital until 1875 when the capital was moved to Helena (Malone and Roeder 1976; Wolle 1963).

Several mineralized veins and structures have been identified and mined in the past. These targets are considered to be of interest in the present time

Following are descriptions of examples of specific historic Exploration Targets within the Tabor property area

Nellie Bly

In August of 1901, the Nellie Bly was reported to have been worked for two months by L. O. Enoch, who had four to five tons of ore ready for shipment. This low grade ore was shipped to Twin Bridges for processing. In November, 1,000 ft of development, mostly tunneling was reported (Western Mining World 1901).

In 1909 interest was renewed in the mine. The Butte-Alder Gulch Exploration Company, with James McKee of Butte as President and M. R. Ostronich as supervisor, took a lease and bond on the mine and prepared for extensive work. They found a vein seven feet wide and blocked out 12,000 tons of ore worth \$10 per ton. Seven men started work after Christmas and drove a 300 foot tunnel on the lead. A raise was started to connect with the upper tunnel, 93 feet above (Mining World 1910; Walsh 1912).

The Nellie Bly was officially located on August 18, 1914. R. L. Ruble, the owner, listed a number of improvements including: a short discovery tunnel, an 87-foot tunnel, a 73-foot tunnel, a 328-foot tunnel, a 70-foot raise and an 85-foot inclined shaft. The mine was the dominant property worked in connection with the Alder Fraction, Prescott and the Malta mines (GLO Mineral Survey).

New Winnekta Mine

The Winnekta was first described in 1910 as a series of tunnels 200 to 400 feet long whose ore contained high values of free gold. A 10-stamp mill was erected by Fredrick C. Ball. Prior to construction of the mill, the mine was shipping two cars of ore (about 100 tons) monthly to Anaconda to be smelted. Early in 1911, Ball and Associates bought out Ball's partner, D. J. McGrath. The tunnel had been extended to 700 feet and was encountering gold bearing gneiss with some silver values. In September, a main haulage tunnel was begun just above Alder Gulch on a lower vein. Electricity was brought to the site to power a compressor and a saw mill. The mine and mill continued to make regular shipments until 1927 when the mill burned, closing the operation (Mining and Scientific Press 1912; 1918; Mining and Engineering World 1911; Mining World 1910; 1911; Walsh 1912; Winchell 1917).

In 1931, the newly incorporated Winnekta Mining Company bought the mine from Harold Gohn of Virginia City. With backing from American and Chinese American investors, R. A. Brett, the President of the Company, proceeded with construction of a 50-ton mill. Production in the finished mill had to wait until September of 1931 when a water line to the mill was completed. The company also constructed an assay office, boarding house, garage, compressor plant and bunk house. With 90 feet of new drift, the total operation had over 1,400 feet of underground workings. To protect the Chinese interests, Miss Ah Hee Yong, formerly a star on Broadway and successful radio announcer, served the company as secretary and treasurer. This unusual woman had recently obtained a Masters degree in mining engineering from Columbia University. Although capitalized with \$275,000 in stock, the company failed

its option payment and the mine reverted to G. Harold Gohn, the former owner, who also held the positions of trustee and mine superintendent for the Winnetka Mining Company. In 1932, Harold Gohn began limited production at the mill. With four men, the mill operated for two production runs and produced 70 ounces of gold. Gohn reported the mine could be profitable if run on a moderate level of development (Mining Journal 1931; 1932; 1933; Mining Truth 1931; 1932; Tansley 1933; Lorain 1937).

In 1936, when the mine and mill were inspected, 600 feet of drift (almost all ore) and 240 feet of stoping were seen in the mine. Both square-sets and cut and fill were used in the stoping. The mill was described as a 25-ton amalgamating-concentrating operation. An Ingersoll-Rand, Type 20, 210-cubic foot compressor was powered by a 30 h.p. motor. Ore was brought from the mine to a 20-ton ore bin; passed through a grizzly; reduced in a 7 x 10 inch Blake jaw crusher; lifted by bucket to a 80-ton ore bin; passed through a 10-foot Lane Chilean mill (8 rpm, 30 mesh); passed over an amalgam plate and processed over a Whifley Table which formed final tails and concentrate. This process recovered 75 percent of the gold. Eight miners, three millmen, one blacksmith, one laborer, and one superintendent were employed at the operation until 1940 (Lorain 1937).

The claim was apparently never patented under the name "Winnetka". Examination of Government Land Office maps show it may have been first claimed as the Alder Fraction. Whatever name, the mine has an extensive history of production from 1909 to 1911, 1915, 1917 to 1919, 1923 to 1927, 1931, 1934, 1935 and 1938 to 1940. From 1909 to 1932, 3,205 ounces of gold and 4,747 ounces of silver were produced from 3,322 tons of ore. In 1931 and 1932, while under the ownership of the Winnetka Mining Company, 881 tons were processed for 236 ounces of gold (GLO Records; Mineral Record 1909-1919; Mining Year 1923-1940).

5.3 Conjecture Property

The Conjecture Mine property consists of 6 patented mining claims, and 31 unpatented mining claims, totaling 250.91 hectares, and is located in the Lakeview Mining District at the southeast end of Pend Oreille Lake in Bonner County, Idaho. The property has had significant production and development history going back over 100 years, although there has been no significant activity since the 1970's.

During the early 1970's, the property was leased by Sunshine Mining Company, and a historic non-JORC Code or 43-101 compliant proven and probable reserve was calculated.

While the history of the Conjecture Mine dates back to the 19th century, most of the work was done in the first decade of the 20th century, then again in the 1930's and the 1950's. By the mid 1950's the property had been mined and produced high grade silver down to the 500 foot level through an incline shaft. This early production had come from quartzitic beds in the Wallace formation, the uppermost formation in the Belt Supergroup of rocks which are spread from Eastern Washington, through Idaho and into Montana. This Belt Supergroup is the same group of rock which hosts the major ore deposits of the Coeur d'Alene District some 35 mile to the east. The Coeur d'Alene District has the distinction of being the most productive silver district in North America having produced in excess of 1.2 billion

ounces of silver over a period from 1885 to present. The similarities between the Lakeview District where the Conjecture Mine is located and the neighboring Coeur d'Alene District have been the subject of numerous professional reports.

Returning to the history of the Conjecture, the mine was acquired by Federal Uranium in 1956, and encouraged by the high grade ore which had been produced to date, they made the decision to sink a 2,000 foot, three compartment vertical shaft to allow them to fully explore and develop the downward projection of the Conjecture Shear Zone and to get access to the deeper rock units of the Lower St. Regis and Revett formations which are known to be the major ore hosts in the Coeur d'Alene District.

Once this shaft was completed (at a cost of over \$35 million in today's dollars) Federal developed exploration drifts at the 700 level, 1000 level, 1600 level and the 2000 level. As a result of this extensive work, the reserves described above were developed. Although these efforts were highly successful, a collapse in uranium prices negatively affected Federal's business and caused them to abandon efforts at the Conjecture Mine in the early 1970's.

Although Federal was never able to reap the benefits of their work, the importance of this shaft to the future of the property and the Lakeview District cannot be overstated. The ore deposits and past production of the district had all occurred at levels above 500 feet, in Wallace formation host rocks which are primarily silty, argillites with some quartzitic units interbedded. The vast majority of the major ore deposits in the Coeur d'Alene District have occurred in the thick, quartzite rocks (primarily of the Revett formation). The Conjecture Shaft is the only structure in the Lakeview District which penetrates these more favorable ore host rocks.

6.0 GEOLOGICAL SETTING

6.1.1 New Departure Mine Property: Regional Geology

The lode mines of the Blue Wing district (Figure 5: New Departure Geologic Map) are along the sides of a north-trending ridge (Badger Ridge) of folded and thrust-faulted strata of Mesozoic and Paleozoic age. The bulk of the rocks exposed in the ridge are Mississippian through Triassic age. They have been thrust over Upper Cretaceous detrital sedimentary and volcanic rocks exposed along the east flank of the ridge. Most of the mines are localized in limestone on the periphery of a granodiorite stock. The chief sedimentary rocks in the district are cliff-forming beds of the Mississippian Lodge Pole Limestone and Mission Canyon Limestone, which constitute the Madison Group. For more than 3.2 km north of the district, these two units cap the ridge. Within the district, however, contact metamorphism has caused recrystallization of the normally light to dark gray limestone to produce fine-to coarse-grained white to light-gray marble to such an extent that the identification of the formations at many places is at present in doubt. Locally, calc-silicate skarn is present at the contact of the marble and the granodiorite. Also exposed are the Upper Mississippian Lombard Limestone and Kibbey Sandstone on the east and south sides of the district, and the Pennsylvanian Quadrant Quartzite on the west side of the district. All of the Paleozoic formations are in complex fault relations with one another. On the northeast side of

Grasshopper Creek east of the district, a thrust plate consisting of the Mississippian limestones lays on an Upper Cretaceous sequence, consisting of Beaverhead Group, tuff of Grasshopper Creek, and volcanics of Cold Spring Creek. These units have been tilted to vertical beneath the thrust, but in less than a 1.6 km farther to the east the dip has flattened to a gentle southeast dip, and deformation of the rocks seems to be insignificant. Within the Beaverhead, which is chiefly red-weathering limestone-pebble conglomerate with a quartz-sand matrix, are elongate masses of Mississippian limestone as much as 1.6 km long that are interpreted as exotic blocks similar to those described in the Beaverhead Group in the Tendoy Range to the south (Perry and Sando, 1982). Near Bannack, these blocks have previously been interpreted as klippe (Lowell, 1965). East of Bannack, well exposed contacts of these blocks with sandstone and conglomerate of the Beaverhead show clearly that they are not tectonic contacts. The masses are tentatively interpreted as blocks broken off of the overlying thrust plate after it broke through to the surface and became an erosion thrust. If this is true, the thrust probably did not continue eastward much farther than its present eastern trace.

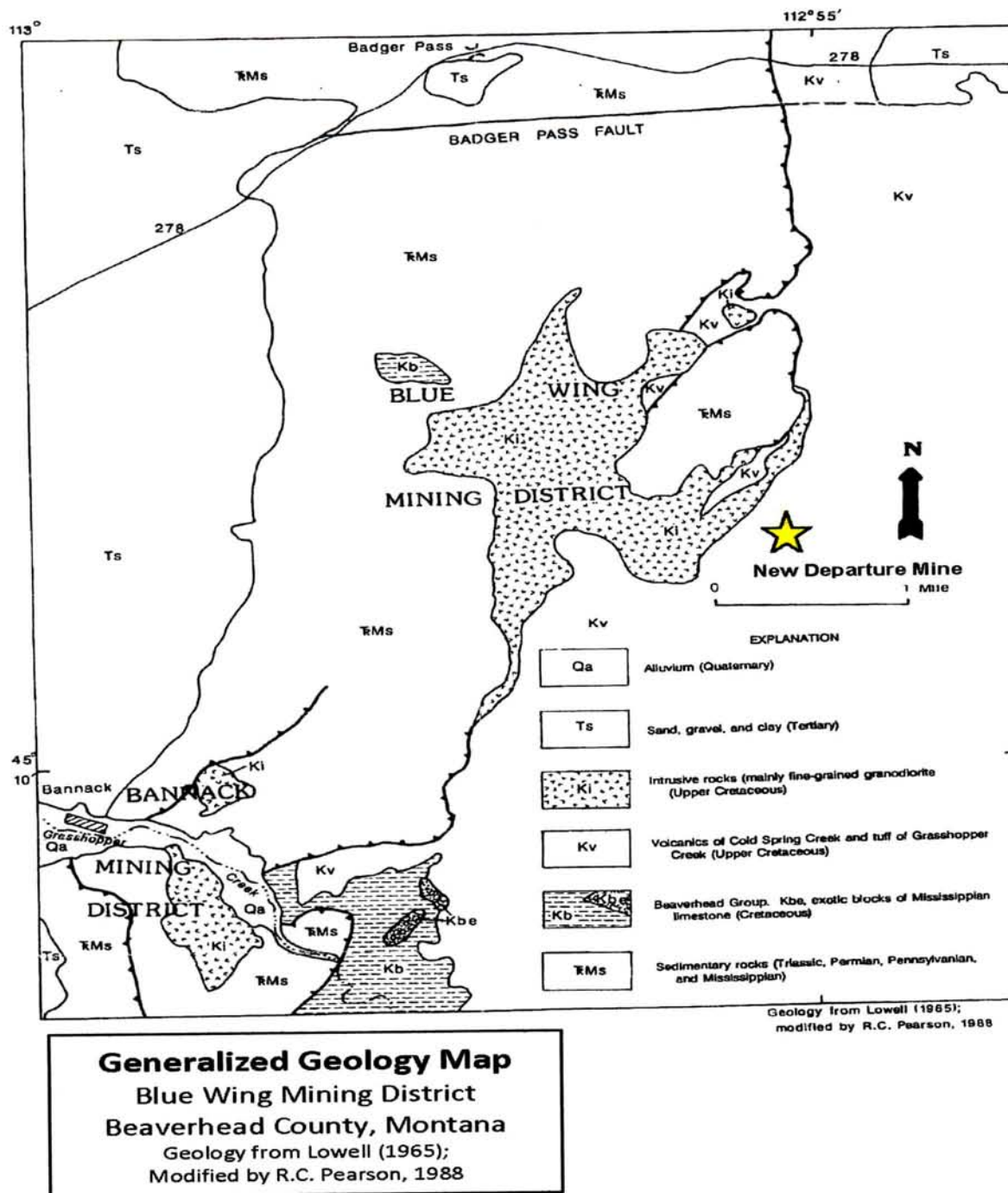


Figure 5: New Departure Geologic Map

The igneous rocks in the district consist of medium-gray fine-grained granodiorite that forms a stock about 1.6 km long and 0.8 km wide, a smaller stock about 0.4 km in diameter, and numerous dikes and small irregular bodies. The lode mines are associated spatially with both of the stocks, which are 0.32 km apart and hence probably apophyses of a single, large body at depth. The two stocks intrude Mississippian limestone, but the dikes and other small bodies are especially abundant in the Cretaceous

volcanic rocks. In general, the intrusive rocks are slightly altered and do not crop out well. Although the age of these intrusive rocks has not been determined directly, they are probably Late Cretaceous (about 75 Ma) on the basis of K/Ar determinations on similar rocks a few miles to the east and north (oral commun., L.W. Snee, 1988). The age of the intrusive rocks with respect to thrusting has likewise not been determined directly. The evidence is conflicting and can be interpreted to indicate two ages of faulting, two ages of intrusion, or both; however, most thrusting was probably over before intrusion began.

6.1.2 New Departure Property: Property Geology

The Blue Wing district was discovered in 1864, and the first mine developed, the Kent, became the first silver mine in Montana. In contrast to the Bannack District, the Blue Wing District is chiefly a silver district, and its total production is much smaller but probably in excess of \$2,000,000. The geology of the Blue Wing main ore bodies are replacement deposits and short veins in Mississippian limestone near the contact with fine-grained granodiorite. In addition, a few veins in granodiorite in the district are strikingly similar to the Bannack District. The intrusive body is more than 2.4 km wide and 3.2 km long but is probably relatively thin, as it seems to have been intruded along a flat or low west-dipping thrust fault (the same thrust exposed on the east side of the Bannack District). If this intrusive body has a root or feeder pipe beneath it, as seems likely, its location is unknown. The largest mine in the District is the New Departure that was developed in a klippe of Mississippian rocks. In part, the klippe, which is about 0.8 km wide and 1.6 km long, rests in fault contact with Cretaceous volcanic rocks and in part is underlain by the intrusive body that is inferred to have intruded along the thrust contact. The ore bodies are in limestone near the intrusive. Much of the richer ore mined was oxidized to a brown to black aggregate of iron and manganese oxides. Primary ore minerals include sphalerite, galena, chalcopyrite, pyrite, polybasite, tetrahedrite, and pyrargyrite in a gangue of quartz, calcite, and rhodochrosite.

6.2.1 Tabor Property: Regional Geology

The Virginia City Mining District, ([Figure 6: Tabor Property Geology Map](#)) a past producer of 2.5 - 10 million ounces of placer gold and nearly 200,000 ounces of lode gold, is characterized by complexly deformed and metamorphosed Archean rocks which are composed of numerous different lithologies, the majority of which are thought to have a sedimentary origin. Abundant Proterozoic pegmatite and rare diabase dikes cut the Archean rocks. Locally, Paleozoic rocks rest unconformably and/or in fault contact with the Archean and Proterozoic rocks. No Laramide intrusions are known in this District. The District is localized within a major northeast-trending gravity/magnetic lineament in southwest Montana known as the Malta Low. This lineament may represent a deep crustal break in the Archean basement. The Butte District and Golden Sunlight Mine lie within the lineament. Lode gold mineralization in the District is principally associated with N30E and N60W structural trends. The mineralization consists of sulfide-bearing quartz veins, or successions of veins, and/or broad (locally 150' + in width) silicified to carbonaceous shear zones. The lodes, in general, appear to slightly to severely crosscut the penetrative

foliation and may themselves be isoclinally folded. The lode gold production in the District has been minimal in part due to the bad underground mining conditions as evidenced from old reports and by the number of caved adits. Because of poor exposures, continuous outcropping mineralization is rare, but regional soil sampling has been very useful in delineating drill targets. Leaching of some gold from surface samples (and secondary enrichment) is suspected from evidence gained in drilling in the Kearsarge area.

In 1992 and 1993, Kennecott completed sixteen core holes and nineteen reverse circulation holes for a total of 16,685' of drilling in the Kearsarge/Upper Alder Gulch area under a 1992 agreement with Hanover Gold. The geologic resource, from limited Kennecott drilling in Upper Alder Gulch is estimated to be 6 m.t. of 0.083 opt at the Kearsarge prospect, 1.9 m.t. of 0.028 opt Au at the South Bachelor prospect, and 18 m.t. of 0.055 opt on the Atlas- Lucas prospects. In 1994, Kennecott conducted surface studies including regional geologic mapping plus rock and soil sampling in the Easton- Pacific/Brown's Gulch area to the west of the Alder Gulch area. By combining previous drilling by other companies with rock and soil sampling, four large bulk-tonnage gold-silver targets have been identified on the Easton- Pacific/Brown's Gulch side. Based on surface soil and rock sampling, limited drilling, and cross section construction, the four principal historical targets and their upside potential include the Easton-Pacific Mine (40+ m.t. of 0.025-0.08 opt Au), the Skid Row/South Easton prospect (10-20 m.t. of 0.05-0.1 opt Au), the Pacific Pit (10+ m.t. of 0.05-0.06 opt Au), and the High-Up Marietta prospect (20 m.t. of 0.05-0.1 opt Au equivalent). Silver/gold ratios are in the 10:1 range in the Easton-Pacific/Brown's Gulch area, thus silver represents a significant credit. Total lode potential for the unitized District exceed three million ounces of gold.

Gold-Silver mineralization in the Virginia City District (VCMD), occurs in Archean age gneiss's. Both Orthogneiss (Igneous derived), and Paragneiss (Sedimentary derived) are present. The rocks have been dated at approximately 2.75 billion.

The gold-silver mineralization in the Archean Gneiss occurs primarily in two different types of structures. The first type consists of quartz filled fissure veins that pinch and swell in width, both along strike and down dip. Width varies on these veins from several centimeters, to over 3.5 m, and occur in lenticular shaped deposits up to several hundreds of meters in length. The Pearl vein has been traced for more than 900 m, and potentially continues for a greater distance under cover. These veins are the product of hydrothermal fluids depositing quartz, gold, silver and other minerals along a fracture or fault in the rock.

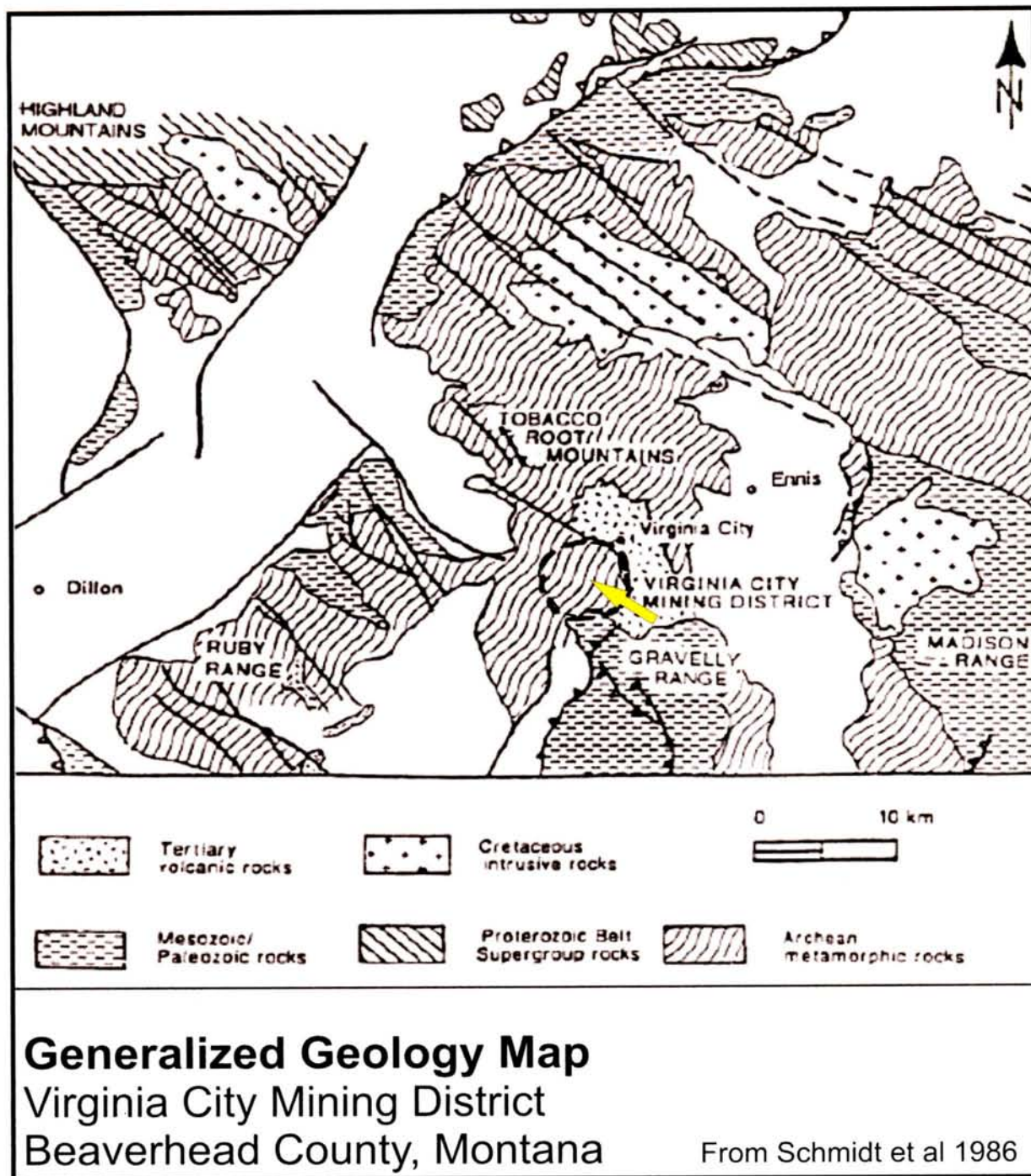


Figure 6: Tabor Property Geologic Map

6.2.2 Tabor Property: Property Geology

The second type of mineralization occurs in potassically altered shear zones that carry disseminated sulfides, primarily as Pyrite. In some areas, such as the West Jayhill, the altered shear zones are wide and need to be examined in order to determine extent and grade.

The Tobacco Root batholith covers an area of about 100 square miles with numerous outliers, one of which is in the Virginia City area. In the Virginia City area the ore deposits occur in fissure filling veins which are independent of the bedding planes in the gneiss or schist and tend to dip to the north. These veins are the basis of the lode development in the VCMD and many of these veins have been mined for considerable distances. The Easton-Pacific vein system is economically the most important vein system in the VCMD. Besides the vein systems there are limestone beds in the Baldy Mountain area which "probably served as an important host rock for numerous high-grade ore lenses, which through erosion, gave rise to much of the Alder Gulch placer gold" (Tansley et al. 1933:47).

Ore deposits in Browns Gulch consist of argentite, auriferous pyrite, native silver, tetrahedrite, native gold, sphalerite, and stibnite. In the Summit district, ores consist of pyrite and coarse native (telluride) gold, with little silver or base metals. In the Fairweather and Highland districts stringers and quartz veins carry pyrite, chalcopryite, and galena. A fissure vein on the Winnetka mine contains quartz, pyrite, telluride, hematite, limonite, and chalcopryite. The primary recovered metals are gold and silver (Winchell 1914:163-164).

6.3.1 Conjecture Mine Property: Regional Geology

The Conjecture Mine is located within the Middle Wallace Formation of the Belt Super group Series. (Figure 7: Conjecture Geology Map).

The Wallace is defined by the USGS as: A heterogeneous unit that includes dark-gray argillite, arenaceous and argillaceous limestone, in part dolomitic, and gray limy quartzite, with shale and sandstone in large areas. The argillaceous and sandy or quartzitic rocks are commonly slightly calcareous. The dominantly carbonate-rich rocks contain "molar tooth" or segregation structures commonly characterized by thin laminae. Locally red rocks near the top may represent a transition into the Missoula group.

Geologists have long noted similarities between the Precambrian belt series (i.e., Wallace, St. Regis, Revett) of the Lakeview District and those found in the world-class silver deposits of the Coeur d'Alene mining district, and the same important ore minerals (tetrahedrite, galena, sphalerite) define productive ore shoots in the Conjecture and the Coeur d'Alene District. Within the Lakeview District, only the Conjecture shaft has been driven deep enough to penetrate the less favorable Wallace formation into the better quartzite units.

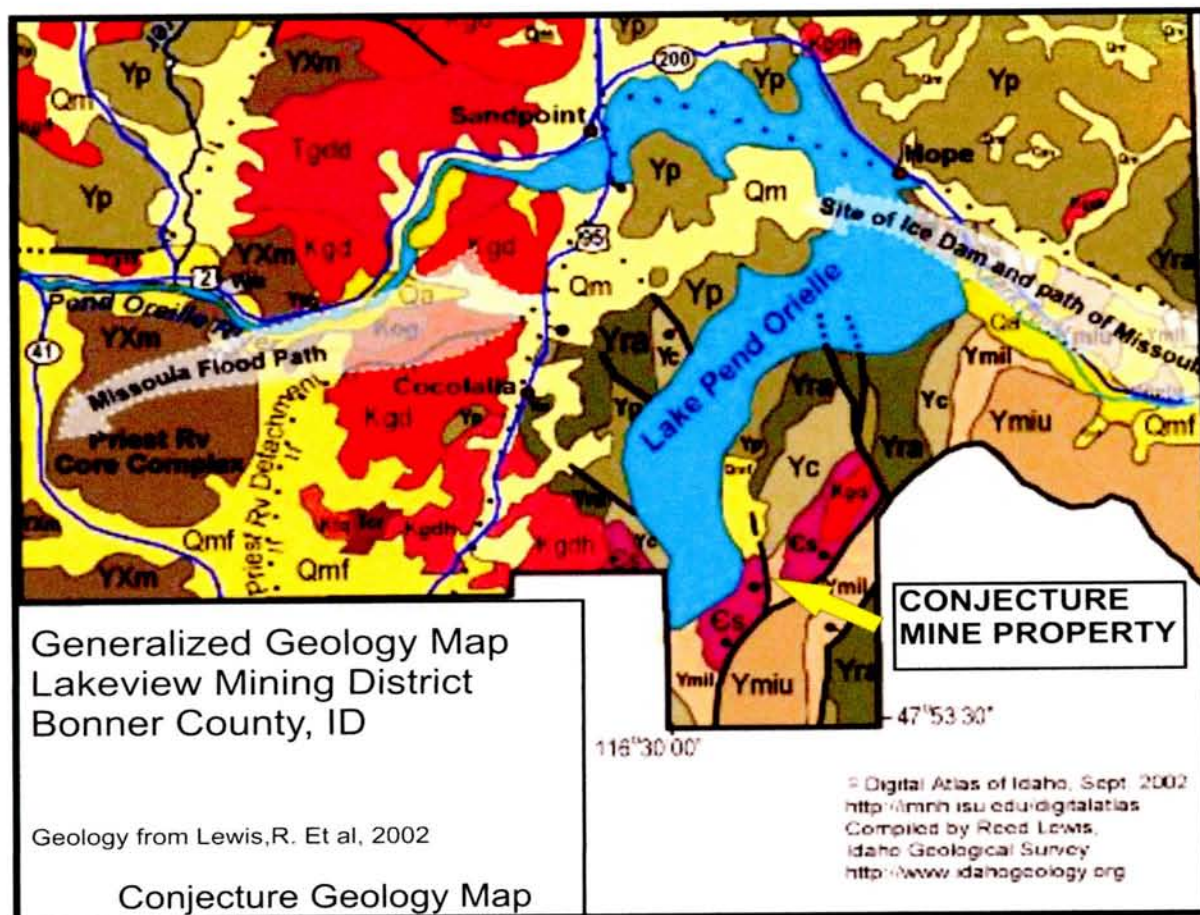


Figure 7: Conjecture Geologic Map

6.3.2 Conjecture Mine Property: Property Geology

The Conjecture Mine was discovered in 1894 in a slate shale and quartzite host rock (IGS,2000). Two main veins formed in shear zones were targeted for mining (the Conjecture Vein and the Weber Vein). Typical ore from the mine included galena, sphalerite and pyrite (IGS,2000). In 1953, IGS (2000) reports that a 60-tons-per-day (tpd) flotation mill was constructed at the site. The duration of milling is not apparent, but by 1962 plans to reactivate a 100-tpd mill at the site were reported in IGS (2000).

Total production from the Conjecture Mine was 12,663 tons of ore yielding 111 ounces of gold, 81,333 ounces of silver, 13,825 pounds of copper, 90,983 pounds of lead, and 53,778 pounds of zinc (IGS, 1997).

7.0 MINERALIZATION TYPES

7.1 New Departure Mine Property

The principal rock type is a series of undifferentiated dolomitic limestone beds varying in color from light grey to almost black, with a known thickness of at least 152 meters at the historic workings, with no penetration as yet into the underlying Boulder Batholith. The strike of the limestone beds is north to northwest dipping 20°-35° to the west. The mineralization occurs in steeply dipping fault controlled fissures, with offsets of a less than one meter to three meters displacement between mineralized shoots. Mineralization also occurs along receptive beds within the limestone.

Considerable silicification has occurred in the limestone along the fault planes and receptive beds into the wall rock. Historic mine production exploited the high grade veins but left the silicified-mineralized halos around the veins. The mineralized halos are a potential exploration target.

A review of previous reports on ND Property has outlined potential zones of economic mineralization of silver. Five silver zones have been outlined by geologist P. Lacey in 1998.

7.2 Tabor Property

Ore deposits in Browns Gulch consist of argentite, auriferous pyrite, native silver, tetrahedrite, native gold, sphalerite, and stibnite. In the Summit district, ores consist of pyrite and coarse native (telluride) gold, with little silver or base metals. In the Fairweather and Highland districts stringers and quartz veins carry pyrite, chalcopryite, and galena. A fissure vein on the Winnetka mine contains quartz, pyrite, telluride, hematite, limonite, and chalcopryite. The primary recovered metals for the prolific Virginia City Mining District were Gold and Silver. The indicated, probable and possible ore reserve projections were outlined for the Tabor Mines & Metals, Butler Report, 1985.

7.3 Conjecture Mine Property

The Lakeview District mines are located within the same Belt metamorphic rocks (the Wallace, St. Regis, and Revett Formations) and have similar mineralization as the world-class Coeur d'Alene District, just 25 miles south. However, exploration at the Lakeview District has been minimal compared to the Coeur District, and many geologists believe that mineralization at Lakeview, like Coeur, may grow much richer at depth. Lead-zinc-silver mineralization occurs, in shoots, along the Conjecture Shear Zone, the main structural feature in the mine. It is a zone of variable width trending approximately N30°E and dips about 65°NW. Mineralization consists of galena, tetrahedrite, rhodochrosite, pyrite, arsenopyrite and quartz that fill fractures in the brecciated, host rocks. The North-South trending Spider Fault offsets the Conjecture Shear Zone and Lamprophyre dikes were seen during exploration of the lowest level.

8.0 MINERALIZATION

8.1 New Departure Mine

A review of previous reports on ND Property has outlined potential zones of economic mineralization of silver. Five silver zones were outlined by geologist P. Lacey.

8.2 Tabor Property

Gold-Silver mineralization in the Virginia City District (VCMD), occurs in Archean age gneiss's. Both Orthogneiss (Igneous derived), and Paragneiss (Sedimentary derived) are present. The rocks have been dated at approximately 2.75 billion.

The gold-silver mineralisation in the Archean Gneiss occurs primarily in two different types of structures. The first type consists of quartz filled fissure veins that pinch and swell in width, both along strike and down dip. Widths vary on these veins from several centimeters, to over 3.5 m, and occur in lenticular shaped deposits up to several hundreds of meters in length. The Pearl vein has been traced for more than 900 m, and potentially continues for a greater distance under cover. These veins are the product of hydrothermal fluids depositing quartz, gold, silver and other minerals along a fracture or fault in the rock.

The Tabor Property is underlain by a series of veins and mineralized shear zones that appear to intersect and potentially widen at depth. Veins observed on the Pearl, Nellie Bly, and New Winnetka areas dip toward each other, providing an intersection, and possibly a drill target of interest.

The second type of mineralization occurs in potassically altered shear zones that carry disseminated sulphides, primarily as Pyrite. In some areas, such as the West Jayhill, the altered shear zones are wide and need to be examined in order to determine extent and grade.

8.3 Conjecture Mine Property

The Conjecture Group lies within the Lakeview Mining District. The Lakeview mining district is predominantly underlain by Precambrian metasedimentary rocks of the Belt Super-group represented by the Wallace Formation. The Wallace formation consists of black or grey, very thinly laminated argillites and siltites containing interbedded blue-grey dolomite or limestone horizons. Total thickness of the Wallace formation is in excess of 5,000 ft. The Conjecture Mine is hosted by the Calcareous member of the PreCambrian – Lower Wallace Formation. Exploration work during the mid-to-late 1950's revealed that rocks of the St. Regis Formation were also found. Lead-zinc-silver mineralization occurs, in shoots, along the Conjecture Shear Zone, the main structural feature in the mine. It is a zone of variable width trending approximately N30°E and dips about 65°NW. Mineralization consists of galena, tetrahedrite, rhodochrosite, pyrite, arsenopyrite and quartz that fill fractures in the brecciated, host rocks. The North-South trending Spider Fault offsets the Conjecture Shear Zone and Lamprophyre dikes were seen during exploration of the lowest level.

The property currently is without known JORC Code compliant reserves and the proposed program, as described below, is exploratory in nature and is intended to verify the historic reserves reported.

9.0 DATA VERIFICATION

The data presented in this Report has come primarily from numerous reports archived and provided by Abot Mining Company. The author has reviewed the historical data, and can verify that the information has been presented accurately as it exists in those files and reports the best of his ability. Those reports contain the supporting documentation for the data presented for the most recent work on the Properties.

The author has not visited the Properties but relied on the visits of Geologists under employment; Jesse Jennings and Peter Laczay to the ND and CJ Properties.

10.0 OTHER RELEVANT DATA AND INFORMATION

The author is unaware of any further data or relevant information that could be considered of any practical use in this report. The author is not aware of any material fact or material charge with respect to the subject matter of the Technical Report that is not reflective in the Technical Report, the omission to disclose, which makes the Technical Report misleading.

11.0 INTERPRETATIONS RECOMMENDATIONS AND CONCLUSIONS

11.1 New Departure Mine Property

The New Departure Mine Property lies within the Historic Blue Wing Mining District of Montana. The district is historically prolific with regard to Silver mineralization. Reexamination and evaluation of the property is necessary as a step toward economically sound development and production.

It is recommended that the following actions be carried out on the property.

PHASE 1

- Geochemical Sampling of known areas, in order to confirm past results and establish a working baseline.
- Expand Geochemical sampling to cover the property in its entirety.
- Carry out ground based Geophysical Surveys.

- Produce a Geologic Map at a scale that represents the structural and lithologic complexities of the property.
- Drill target Delineation.
- Prospecting

New Departure Budget Phase 2

Portal & Existing Tunnel Repair (underground equipt.)	\$500,000
Road & Mine Dump Improvement	\$100,000
Mine Facilities	\$200,000
Topside Equipment	\$200,000
Mine Electric, Air & Water	\$250,000
Underground Drilling, Sampling, Mapping & Assays	\$400,000
New Mine Development	\$500,000
Working Capital	\$350,000
Total Budget	\$2,500,000

11.2 Tabor Property

The Tabor Property lies within the Historic Virginia City Mining District, (VCMD) of Montana. The District is historically prolific with regard to Silver and Gold mineralization. Reexamination and evaluation of the property is necessary as a step toward economically sound development and production.

It is recommended that the following actions be carried out on the property.

PHASE 1

- Geochemical Sampling of known above and underground to confirm past results and establish a working baseline.
- Expand Geochemical surface and underground sampling to cover the property in its entirety.
- Carry out ground based Geophysical Surveys.
- Produce a Geologic Map at a scale that represents the structural and lithologic complexities of the property.
- Drill target Delineation.

- Prospecting

Tabor Budget Phase 2

Portal & Existing Tunnel Repair (underground equipt.)	\$400,000
Road & Mine Dump Improvement	\$50,000
Mine Facilities	\$100,000
Topside Equipment	\$200,000
Mine Electric, Air & Water	\$150,000
Underground Drilling, Sampling, Mapping & Assays	\$300,000
New Mine Development	\$200,000K
Working Capital	\$350,000
Total Budget	\$1,500,000

11.3 Conjecture Mine Property

The Conjecture Mine Property lies within the Historic Lakeview Mining District of North Idaho.. The district is historically prolific with regard to Silver, Base Metal and Gold mineralization. Reexamination and evaluation of the property is necessary as a step toward economically sound development and production.

It is recommended that the following actions be carried out on the property.

PHASE 1

- Geochemical Sampling of known above and underground to confirm past results and establish a working baseline.
- Expand Geochemical surface and underground sampling to cover the property in its entirety.
- Carry out ground based Geophysical Surveys.
- Produce a Geologic Map at a scale that represents the structural and lithologic complexities of the property.
- Drill target Delineation.
- Prospecting

Conjecture Budget Phase 2

Initial Drill Program	\$975,000
Tenement Maintenance	\$25,000
Total Budget	\$1,000,000

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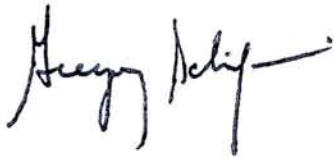
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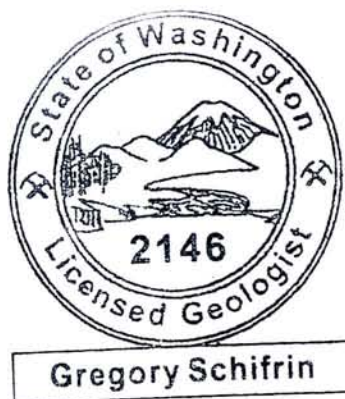
13.0 DATE AND SIGNATURE PAGE

This report titled "Technical Report On Black Mountain Resources Limited's New Departure, Tabor and Conjecture Properties, Montana and Idaho, USA". , and dated October 27, 2011 was prepared and signed by the following author:

Dated at Sandpoint, Idaho, USA.



Gregory Schifrin



Gregory Schifrin

14.0 GLOSSARY OF TERMS

Aeromagnetic A survey undertaken by helicopter or fixed-wing aircraft for the purpose of recording magnetic characteristics of rocks by measuring deviation of the Earth's magnetic field.

Airborne Geophysical Data Data pertaining to the physical properties of the Earth's crust at or near surface and collected from an aircraft.

Alluvial Relating to alluvium which is sediment deposited by flowing water, as in a riverbed, flood plain, or delta.

Alluvium A general term for clay, silt, sand, gravel, or similar unconsolidated sorted or semi-sorted sediment deposited during comparatively recent time by a stream or other body of running water.

Amphibolite Facies A degree of metamorphism at moderate to high pressures and temperatures from 450 to 700 degrees Celsius.

Anomalies An area where exploration has revealed results higher than the local background level.

Anomaly A departure from the expected norm. In mineral exploration this term is generally applied to either geochemical or geophysical values higher or lower than the norm.

Anticline A convex upward rock fold in which strata have been bent into an arch; the strata on each side of the core of the arch are inclined in opposite directions away from the axis or crest; the core contains older rocks than does the perimeter of the structure.

Archean A geological period to time before 2500 Ma.

Assayed The testing and quantification of metals of interest within a sample.

Au Symbol for the chemical element gold.

Auriferous Containing gold.

Basalt Volcanic rock (or lava) that characteristically is dark in color, contains 45% to 54% silica, and is generally rich in iron and magnesium.

Base Metals A non precious metal, usually referring to copper, lead and inc.

Bedrock The solid rock (sedimentary, igneous, or metamorphic) that underlies the unconsolidated (non-indurated) surface materials (for example, soil, sand, gravel, glacial till, etc.).

BIF A rock consisting essentially of iron oxides and cherty silica and possessing a marked banded appearance.

Boudins Typical features of sheared veins and shear zones where, due to stretching along the shear foliation and compression perpendicular to this, rigid bodies break up.

Carbonate Rock of sedimentary or hydrothermal origin, composed primarily of calcium, magnesium or iron and CO₃. Essential component of limestones and marbles.

Chert Silicon dioxide (SiO₂); a compact, massive rock composed of minute particles of quartz and/or chalcedony; it is similar to flint but lighter in color.

Chlorite A green colored hydrated aluminum-iron-magnesium silicate mineral common in metamorphic rock.

Clastic Said of rocks composed of particles of other rocks or minerals, including broken organic hard parts as well as rock substances of any sort, transported and deposited by wind, water, ice, or gravity.

Craton A craton is an old and stable part of the continental crust that has survived the merging and splitting of continents and supercontinents for at least 500 million years.

Deformation The alteration such as faulting, folding, shearing compressional and extension of rock formations by tectonic forces.

Diamond Drilling (DD) An exploration drill method which results in the extraction of a small diameter length of rock core for further geological logging and laboratory assaying.

Disseminated Sulphide Sulphide mineralization where sulphide grains are dispersed widely between other mineral grains in the rock.

Electromagnetic Survey Traverses carried out along equally spaced lines that input an electrical field to the ground.

Eluvial Weathered material which is at or near its point of formation.

Epigenetic Minerals introduced into pre-existing rocks.

Fault A fracture surface or zone of fractures in Earth materials along which there has been vertical and/or horizontal displacement or movement of the strata on opposite sides relative to one another.

Fe Symbol for the chemical element iron.

Feldspar A group of rock forming minerals.

Felsic An igneous rock having abundant light-colored minerals in its mode; also, applied to those minerals (quartz, feldspars, feldspathoids, muscovite) as a group. It is the complement of mafic.

Folding A term applied to the bending of strata or a planar feature about an axis.

Foliated Banded rocks, usually due to crystal differentiation as a result of metamorphic processes.

g/t Grams per ton.

Gabbro A group of dark-colored, basic intrusive igneous rocks composed principally of basic plagioclase and clinopyroxene with or without olivine and orthopyroxene.

Geochemical Pertains to the concentration of an element.

Geophysical Pertains to the physical properties of a rock mass.

Granite A plutonic rock in which quartz constitutes 10 to 50 percent of the felsic components and in which the alkali feldspar/total feldspar ratio is generally restricted to the range of 65 to 90 percent.

Granulite The granulite facies is part of a metamorphic facies series with the term granulite used to include a group of metamorphic rocks recrystallized under a range of high temperature conditions.

Greenschist A metamorphosed basic igneous rock which owes its color and schistosity to abundant chlorite.

Greenstone Belt A broad term used to describe an elongate belt of rocks that have undergone regional metamorphism to greenschist facies.

Hematite An oxide mineral with the general formula $\alpha\text{-Fe}_2\text{O}_3$.

Hydrothermal Of or pertaining to heated water, to its actions, or products related to its actions.

Igneous Said of a rock or mineral that solidified from molten or partly molten material, (that is from magma).

Intermediate A descriptive term applied to igneous rocks that are transitional between basic and acidic with silica (SiO_2) between 54% and 65%.

Intrusions A body of igneous rock which has forced itself into pre-existing rocks.

Isoclinal Describes a folded unit where the two adjacent limbs of the fold are parallel.

JORC Joint Ore Reserves Committee (of the Australian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and the Minerals Council of Australia).

Lineament A significant linear feature of the earth's crust, usually equating a major fault or shear structure.

Lithological Contacts The contrast between different rock types.

Lithology The description of rocks on the basis of color, structure, mineral composition, and grain size; the physical character of a rock.

Lode Mineral deposit consisting of an entire zone of dissemination.

Ma A symbol for millions of years before the present time.

Mafic General term to describe igneous rocks consisting mainly of ferro-magnesian minerals.

Magnetite A magnetic oxide mineral with the general formula $\text{Fe}+\text{Fe}_3\text{O}_4$.

Metamorphic Rock Any rock derived from pre-existing rocks by mineralogical, chemical, and structural changes, essentially in the solid state, in response to marked changes in temperature, pressure, shearing stress, and chemical environment at depth in Earth's crust (for example, gneisses, schists, marbles, quartzites, etc.).

Sedimentary Rock A rock resulting from the consolidation of loose sediment that has accumulated in layers (e.g., sandstone, siltstone, limestone).

Stratigraphic Unit A stratum or body of strata recognized as a unit in the classification of the rocks of Earth's crust with respect to any specific rock character, property, or attribute or for any purpose such as description, mapping, and correlation.

Unconformity A surface of erosion or nondeposition that separates younger strata from older strata; most unconformities indicate intervals of time when former areas of the sea bottom were temporarily raised above sea level.

Weathering The group of processes, chemical and physical, whereby rocks on exposure to the weather, change in character, decay, and finally crumble into soil.

Xenoliths A foreign inclusion in an igneous rock.

ANNEXURE B – AUDITOR NOMINATION

Nomination from a shareholder for the appointment of RSM Bird Cameron Partners as Auditor the subject of Resolution 3

2 December 2011

The Company Secretary
Black Mountain Resources Limited
Ground Floor, 1 Havelock Street
West Perth WA 6005

Dear Ms Sanford

NOMINATION OF RSM BIRD CAMERON PARTNERS AS AUDTOR OF BLACK MOUNTAIN RESOURCES LIMITED

We, Komodo Capital Pty Ltd, being a shareholder of Black Mountain Resources Limited, hereby nominate RSM Bird Cameron Partners of 8 St Georges Terrace, Perth, Western Australia for appointment as auditor of Black Mountain Resources Limited at its 2011 Annual General Meeting.

I consent to the distribution of a copy of this notice of nomination as an annexure to the Notice of Meeting and Explanatory Statement for the 2011 Annual General Meeting of Black Mountain Resources Limited as required by section 328B (3) of the Corporations Act 2001.

Yours faithfully

Komodo Capital Pty Ltd



Jane Flegg
Company Secretary

Shareholder Details

Name:

Address:

Contact Telephone:

Contact Name (if different from above):

Appointment of Proxy

I/We being a shareholder(s) of Black Mountain Resources Limited and entitled to attend and vote, hereby appoint

☐

The Chairman of
the Meeting
(mark with an 'X')

OR

Write here the name of the
person you are appointing if this
person is someone other than
the Chairman of the Meeting.

or failing the person named, or if no person is named, the Chairman of the Meeting, as my/our proxy to attend and act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the General Meeting of Black Mountain Resources to be held at Okap Ventures, Ground Floor, 1 Havelock Street, West Perth, Western Australia on 6 January 2012 at 10:00am (WST) and at any adjournment of that meeting.

IMPORTANT

If the Chairman of the Meeting is your nominated proxy, or may be appointed by default, and you have not directed your proxy how to vote, please place a mark in this box with an 'X'. By marking this box you acknowledge that the Chairman of the Meeting may exercise your proxy even if he has an interest in the outcome of the resolutions and that votes cast by him, other than as a proxy holder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on the resolutions and your votes will not be counted in computing the required majority if a poll is called. The Chairman of the Meeting intends to vote undirected proxies in favour of each resolution.

☐

Voting directions to your Proxy – please mark

X

to indicate your directions

- | | For | Against | Abstain* |
|--|--------------------------|--------------------------|--------------------------|
| Resolution 1. Adoption of Remuneration Report (non-binding) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 2. Re-election of Mr Peter Landau | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 3. Appointment of Auditor | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 4. Change to Nature and Scale of Activities | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 5. Issue of Consideration Shares | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 6. Issue of Performance Shares | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 7. Approval of Capital Raising | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 8. Appointment of Director – Mr Jason Brewer | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 9. Appointment of Director – Mr John Ryan | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 10. Participation in Capital Raising by Directors – Mr Peter Landau | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 11. Participation in Capital Raising by Directors – Mr Jason Brewer | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

*If you mark the Abstain box for a particular Resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

Appointment of a second proxy (see instructions overleaf)

If you wish to appoint a second proxy, state the % of your voting rights applicable to the proxy appointed by this form

%

PLEASE SIGN HERE

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Shareholder 1

Sole Director and
Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company
Secretary

How to complete this Proxy Form

1. Your Name and Address

Please print your name and address as it appears on your holding statement and the company's share register. If shares are jointly held, please ensure the name and address of each joint shareholder is indicated. Shareholders should advise the company of any changes. Shareholders sponsored by a broker should advise their broker of any changes. Please note, you cannot change ownership of your securities using this form.

2. Appointment of a Proxy

If you wish to appoint the Chairman of the Annual General Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairman of the Annual General Meeting please write the name of that person. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Annual General Meeting will be your proxy. A proxy need not be a shareholder of the company.

3. Votes on Resolutions

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each Resolution. All your shareholding will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any Resolution by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given Resolution, your proxy may vote as he or she chooses. If you mark more than one box on a Resolution your vote on that Resolution will be invalid.

4. Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company Secretary on +61 8 9324 2400 or you may photocopy this form.

To appoint a second proxy you must on each Proxy Form state (in the appropriate box) the percentage of your voting rights which are the subject of the relevant proxy. If both Proxy Forms do not specify that percentage, each proxy may exercise half your votes. Fractions of votes will be disregarded.

5. Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, all of the shareholders should sign.

Power of Attorney: to sign under Power of Attorney, you must have already lodged a copy of the Power of Attorney with the Company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

If a representative of the corporation is to attend the meeting a "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate is either included in the Notice of Meeting or may be obtained from the Company's share registry.

6. Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address given below not later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

This Proxy Form (and any Power of Attorney and/or second Proxy Form) may be sent to the Company, PO Box 684, West Perth, WA or sent by facsimile to the Company on +61 8 9324 2400.