



31 October 2013

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

By E-Lodgement

Quarterly Report for the Period Ending 30 September 2013

Issued Capital: **86M Ordinary Shares***
+ 53M Performance Shares*

* as at 30 September 2013

ASX Code: **BMZ**

AIM Code: **BMZ**

Closing price: **A\$0.14**

Closing Price: **£0.071**

The Board of Black Mountain Resources Limited (**Black Mountain** or the **Company**), the silver focused development company with interests in the US, is pleased to provide the following commentary regarding its activities during the three months ended 30 September 2013 and the Appendix 5B.

Highlights

- **Bonanza grade grab samples of up to 5,194 g/t silver received from the New Departure Silver Mine, further underpinning its prospectivity and confirming the extensive historic data**
- **Development drives now provide access to three historic mineralisation blocks which are planned to form a key part of proposed near term production**
- **Metallurgical test work completed positively**
 - **Increased silver recoveries to over 85% from optimised flotation metallurgical testing**
 - **Anticipated to improve to over 90% recovery as the mining operations move into fresh sulphide zones**
 - **Potential for CIL with tests yielding 89.51% silver recovery with low NaCN and lime consumption**
- **First phase of underground surveying completed and 3-D mine model in progress**

Black Mountain Executive Chairman, Peter Landau, commented, "Exploiting the near term production potential of the New Departure Silver Mine in Montana is our main area of focus at present, and during the quarter we have hit key development milestones towards this target. This includes advancing access to three historic ore blocks which will comprise a key part of production, significantly progressing the decline currently being developed towards the Main Zone and demonstrating the potential to enhance flotation concentrate recoveries to over 90% through metallurgical testwork.

"Historic bonanza silver grades at the New Departure mine are confirmed by grab sample fire assay analysis, generating additional substance to the project. The new results along with historic data, will be included in the 3-D mine model to be completed shortly. The completion of this, and our advanced

metallurgical testwork, will represent important pre-production milestones as we finalise toll treat arrangement with a local mill and we look forward to updating shareholders in the near term regarding our progress across these areas.”

New Departure Silver Project, Montana

During the quarter, the Company announced that additional underground grab samples returned up to 5,194 g/t silver grades at the Company’s New Departure Silver Project located in Montana, US. Importantly the samples were taken from the newly opened up Blue Dot Level which accesses both the Bonanza Zone and Main Zone historic ore blocks (see Figure 1 below) and will form a key part of production moving forward in the coming months.

The Blue Dot level was initially entered through the eastern area from beneath the historic workings. The drive has been continued through the historic Bonanza Zone, opening access to various levels of historic workings, including the Blue Dot level. These high grade silver results further underpin the project’s credentials and agree with the extensive historic data available for the New Departure Silver Project. A summary of the results is shown below (see Table 1).

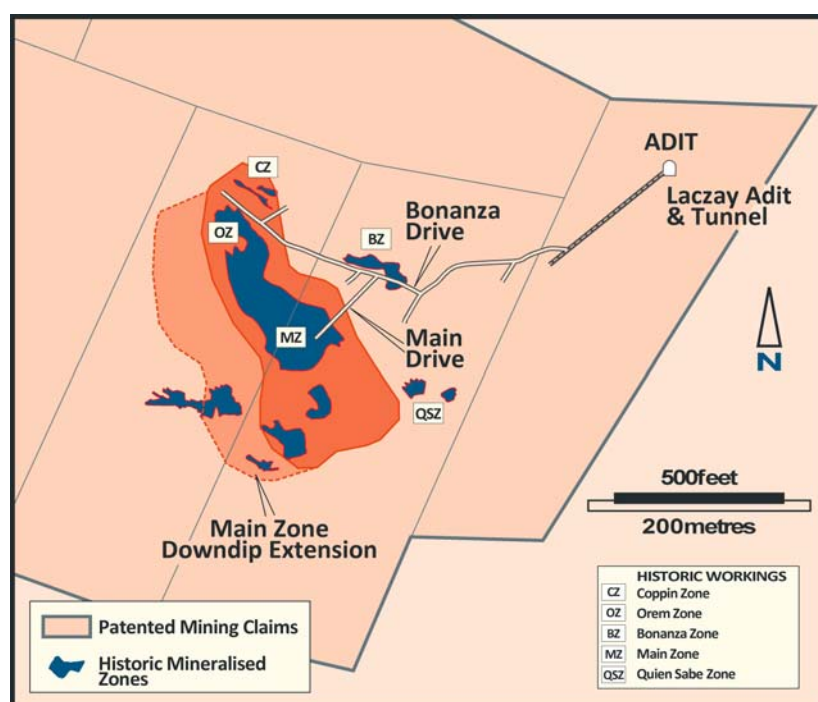


Figure 1: New Departure Silver Mine

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

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

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

During the quarter the Company undertook a comprehensive sampling programme, underground and surface surveying, as well as geological mapping. These activities, in conjunction with new drifts being developed, have opened access to various levels of historic workings, enabling greater and more cost effective access to known historic mineralization zones as well as new mineralization areas. As a result of significant progress made so far, the development drives now access three historical mineralisation blocks, in addition to the decline currently being developed towards the Main Zone.

In addition, the Company has completed the initial phase of metallurgical test work from bulk samples collected from its underground mine development.

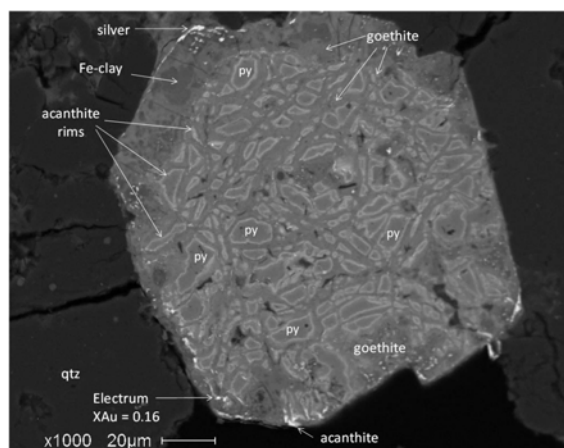
Initial results from flotation processing yield up to 79% silver recovery, producing 359 oz/t (11,160 g/t) silver concentrate. The Company is focussed on optimizing recoveries to ensure that shareholder returns are maximised when production commences in the near term. With this in mind, following optimization of reagents and gravity separation of tails the recovery results from the flotation test improved to around 85% silver recovery.

The Company selected a representative composite sample from a 227kg (500lb) bulk sample extracted from the upper Coppin Ore Zone, accessed from the Silver Springs level (via the Laczay Tunnel), to use for flotation testing and bottle roll cyanide leach testing. This was focussed on assessing the potential to treat the tailings. A summary of the results is shown:

Sample	Head Grade		Float Con 1 Grade		Tails Grade		Recovery	
	Ag (g/t)	Au (g/t)	Ag (g/t)	Au (g/t)	Ag (g/t)	Au (g/t)	Ag %	Au %
ABM met1-1	425.18	0.37	10,924	3.48	131.26	0.53	69.58	17.90
ABM met1-2	425.18	0.37	21,284	8.46	126.90	0.19	75.75	48.36
ABM met1-3	425.18	0.37	4,398	3.73	226.12	0.43	53.76	41.03
ABM met1-4	425.18	0.37	11,159	4.98	96.11	0.34	78.97	37.19

Table 2: Sample results from initial phase of metallurgical test work extracted from the upper Coppin Ore Zone

The material comes from the upper mine workings where the ore zone is strongly oxidised and is composed of silver chlorides and base metal carbonates. A mineralogy study was undertaken to characterize the Coppin Zone material that was used for the metallurgical testing. Ore minerals were identified using scanning electron microscopy, reflected light and thin section petrographic analysis. Results show that silver from the New Departure mine occurs as acanthite, tetrahedrite, native silver and electrum. The study aids in the identification of ore and in the selection of mineral processing routes and parameters.



Figures 2 and 3: Images from New Departure's ore mineralogy study

The Company anticipates these results to improve further (to over 90%) as the mining operations move into fresh sulphide zones where the bulk of the historic ounces are contained as opposed to older oxidised areas where the bulk samples were taken.

Importantly, the laboratory that conducted the flotation tests uses the same style circuit of the mill that Black Mountain proposes to use to toll treat ore from the New Departure mine. This provides the Company with significant advantage in expediting the final toll treat arrangements for the New Departure mine.

Toll treat arrangements with nearby mills will be finalised when the Company completes its advanced metallurgical testing.

Conjecture Silver Project, Idaho

The Company anticipates recommencing mine development at the Conjecture Silver Project in Q2 2014 given weather conditions and short term focus on the New Departure Project. Mine development will entail completion of the decline ramp to access historic workings and drifting on exposed vein structures. In the meantime the Company has focussed on the development of the mine plan, permitting and exploration programme for the project, including a detailed 3-D mine model, using Vulcan software and incorporating the data from historic production and mapping at the project.

Tabor Silver and Gold Project

Black Mountain continues with the collation, digitisation, mapping and review of historic data on the project. The Company will evaluate the development of this project once production at both the New and Departure and Conjecture projects is underway.

For and on behalf of the Board



Peter Landau
Executive Chairman

For further information please visit www.blackmountainresources.com.au or contact:

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About Black Mountain Resources Limited

Black Mountain Resources Limited is a dual listed (ASX | AIM: BMZ) silver and gold focused development company focussed on the advancement of three highly prospective previously operating assets located in two of the world's most developed and proven silver and gold mining regions of Idaho and Montana, USA.

The Company holds a 70% interest in the New Departure Silver Project, the Conjecture Silver Project and the Tabor Gold and Silver Project pursuant to 45 year leases from Chester Mining Company, Lucky Friday Extension Mining Company and Brush Prairie Minerals respectively. Black Mountain plans to implement low cost production and development programmes across all three assets. It is also implementing exploration programmes to capitalise on the exploration upside potential apparent across its portfolio.

Black Mountain Resources Limited was incorporated on 29 October 2010 and is listed on the Australian Securities Exchange (ASX) and London's AIM Market – trading codes BMZ and BMZO.

Competent Persons Statement

The information included in this release that relates to historical mining data and exploration results is based on information compiled by Mr. Gregory Schiffrin, a technical consultant to the Company. Mr. Schiffrin has worked as a geologist in exploration and mine development for 29 years in precious and base metal exploration and is a professional member (SME Registered Member) of the Society of Mining, Metallurgy and Exploration (SME) #4053449, a 'Recognized Overseas Professional Organization' ('ROPO') included in a list promulgated by the ASX from time to time. Mr. Schiffrin 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. Schiffrin has reviewed this release and consents to the inclusion in the release of the matters based on his information in the form and context in which it appears.

Forward Looking Statement

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

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

BLACK MOUNTAIN RESOURCES LIMITED

ABN

55 147 106 974

Quarter ended ("current quarter")

30 SEPTEMBER 2013

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for		
	(a) exploration, permitting & evaluation	-	-
	(b) development & equipment	(280)	(280)
	(c) production	-	-
	(d) administration	(108)	(108)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	1	1
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other Receipts (refunds)	-	-
2.7	Other	-	-
Net Operating Cash Flows		(387)	(387)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a)prospects	-	-
	(b)equity investments	-	-
	(c) new project acquisition	-	-
1.9	Proceeds from sale of:		
	(a)prospects	-	-
	(b)equity investments	-	-
	(c)other fixed assets	-	-
1.10	Loans from other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Proceeds from underwriting	-	-
Net investing cash flows		-	-
1.13	Total operating and investing cash flows (carried forward)	(387)	(387)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(387)	(387)
	Cash flows related to financing activities		
1.14	Proceeds from raising	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	500	500
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Costs associated with issue of shares	-	-
	Net financing cash flows	500	500
	Net increase (decrease) in cash held	113	113
1.20	Cash at beginning of quarter/year to date	329	329
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	442	442

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

	Current quarter \$A'000
1.23 Aggregate amount of payments to the parties included in item 1.2	-
1.24 Aggregate amount of loans to the parties included in item 1.10	Nil
1.25 Explanation necessary for an understanding of the transactions	
Payments of Directors Fees and Remuneration	-
Payments to Director Related Companies	-

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

Appendix 5B

Mining exploration entity quarterly report

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	3,000	1,500
3.2 Credit standby arrangements	Nil	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration, permitting and evaluation	(40)
4.2 Development and equipment	(200)
4.3 Production	-
4.4 Administration	(100)
Total	(340)

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	442	329
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other – Term Deposit	-	-
Total: cash at end of quarter (item 1.22)	442	329

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	Nil	None		
6.2 Interests in mining tenements acquired or increased	Nil	None		

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference *securities (description)	Nil			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	Nil			
7.3	*Ordinary securities	86,324,266	82,324,266		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	Nil Nil			
7.5	*Convertible debt securities (description)	Nil			
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	Nil Nil			
7.7	Options (description and conversion factor)	2,000,000 36,138,750	Nil 36,138,750	\$0.30 \$0.20	
7.8	Issued during quarter	Nil	Nil		
7.9	Exercised during quarter	Nil	Nil		
7.10	Expired during quarter	Nil	Nil		
7.11	Debentures (totals only)	Nil	Nil		
7.12	Unsecured notes (totals only)	Nil	Nil		
	Performance Based Shares	25,000,000	Nil	\$0.20	
	Changes during quarter (a) Increases	Nil	Nil	Nil	

Note – performance milestones for Performance Shares:

- (a) the Company completing exploration and development on each US Project in the total amount of not less than US\$1,500,000, or exploration and development in the amount of US\$4,500,000 across all of the US Projects, within three (3) years from the date of issue of the Performance Shares; and
- (b) production from the Project of not less than 2,000 ounces of gold or gold equivalent within five (5) years from the date of issue of the Performance Shares.

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Peter Landau
Executive Director
31 October 2013

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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