



31 July 2012

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 June 2012

Issued Capital: **65M Ordinary Shares***
+ 25M Performance Shares*

* as at 30 July 2012

ASX Code: **BMZ**
AIM Code: **BMZ**

Closing price: **A\$0.275***
Closing Price: **£0.19***

The Board of Black Mountain Resources Limited (**Black Mountain** or the **Company**) is pleased to provide the following commentary and Appendix 5B.

Highlights

- **Option for exclusive mill access secured for Conjecture Silver Project**
- **Commencement of drilling at Conjecture and New Departure Silver Projects**
- **Preliminary mine exploration development activities commenced at Conjecture and New Departure Silver Projects underway with initial production targeted for Q4 2012**
- **Completion of \$1.5m capital raising pursuant to loyalty option entitlement issue and placement**
- **Successful dual listing on AIM**

Black Mountain CEO John Ryan, commented:

“Key corporate and operational milestones have been achieved over recent months as we pursue our strategy to bring the Conjecture and New Departure silver projects into production in Q4 2012. Production will be focussed on the historic mines located on each project and low cost development programmes have commenced to target these orebodies. Outside of the historic mines, the Board is confident that New Departure and Conjecture demonstrate the potential to host considerable additional resources which would have the ability to contribute to the overall life of mine, and ultimately the economics of both projects. In line with this, drilling has commenced at targets which have not been subject to modern exploration techniques with results expected over the coming months.

Our solid operational progress has been underpinned by our corporate developments over the period, including the successful raising of A\$1.5m. Our dual listing on AIM, where there are few pure silver plays, provides us with exposure to a broader investor community and we are confident that this will benefit Black Mountain shareholders going forward.”

Silver and Gold Projects

During the quarter Black Mountain significantly progressed exploration and the development of its Conjecture and New Departure Silver Projects with initial production for these projects targeted for Q4 2012. In addition the Company secured further funding pursuant to a loyalty option entitlement issue and placement.

Conjecture Silver Project

Preliminary mine development activities at the Conjecture Silver Project were commenced during the quarter. The Company initiated the construction of the Morris Adit, which is situated approximately 35ft (10.7m) to the left of the previously accessed Graham Adit in the footwall of the vein zone.

Construction of the Morris decline will continue this quarter to access historic underground workings. This decline is proposed to be driven at a 15 degree decline and parallel to the vein zone to enable further exploration and development of historic workings as well as new ground. Cross cuts from the decline to the vein zone are proposed to be driven approximately every 200 feet (61.2m). Additionally planned i-drifting on the vein will enable bulk sample testing of the vein zone as well as delineation of potential resource blocks for eventual mining.

The Company appointed Coeur d'Alene Mine Contracting LLC ("CDA Mine Contracting") as the mining contractor for the Conjecture Silver Project during the quarter. CDA Mine Contracting have significant hard rock mining experience in North America, particularly in the Coeur d'Alene Mining District, and will jointly manage the development of the site works and mine development program.

In addition Mr Richard Morris recently joined the Black Mountain team as the Conjecture Silver Project's chief geologist. Mr Morris wrote the 1981 reserve report on the Conjecture Silver Project which previously identified blocks of high grade mineralisation at Conjecture for potential historical mining. An initial objective of Mr Morris will be to sufficiently assess the information on which these previous estimates were based so as to allow an initial resource or exploration target to be estimated for these mineralised blocks.

Drilling Program

Subsequent to the quarter end, drilling at the Conjecture Silver Project commenced. The 10 hole diamond core drilling program of approximately 5,886ft (1,800m) will target the historic "31" mining block where high grade silver mineralisation was delineated in the early 1980s. This block, which will also be penetrated at depth by the proposed new Morris Decline when complete, is shown in Diagram 1 – Phase 1 Target Area.

The program will also target the undrilled zone below the historic Upper Adit and Spider Adit, labelled in Diagram 1 as the Phase 1 Target Area. These areas have never been drill tested and have significant potential for mineralisation based upon historic records of mining as well as projections of known mineral resources from deeper in the mine.

As the Morris decline develops, a phase 2 drilling program is scheduled to commence October / November 2012. Diamond holes will be drilled from underground stations and target the known mineralised zones (as shown in Diagram 1 – Phase 2 Target Area) of the St Regis Formation.

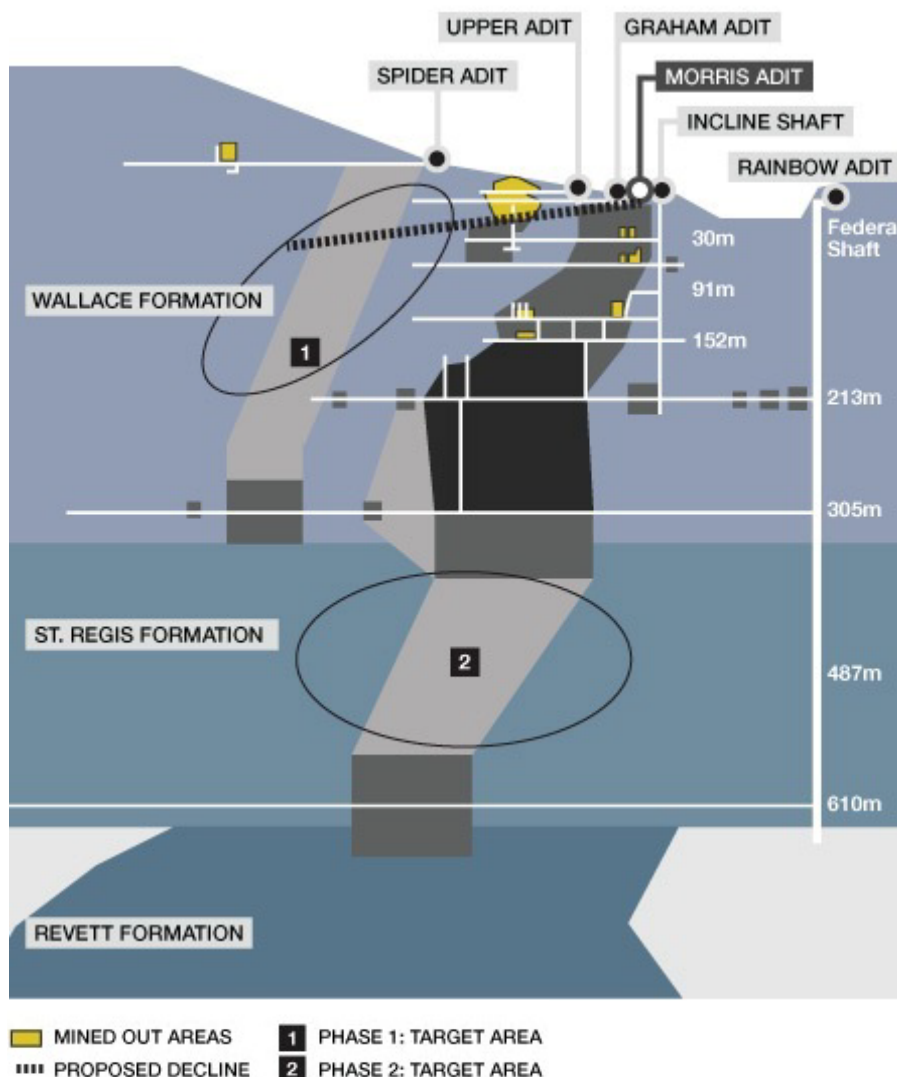


Figure 4: Cross-Section of Historic Workings and Historic Reserves Areas (non-JORC Code compliant) at the Conjecture Silver Mine

Mill Access

Subsequent to the quarter end, the Company entered into an exclusive option for a long term (45 year) lease at the Lakeview Mill and to acquire the historic Weber Mine, both in northern Idaho. The Lakeview Mill is ideally positioned for near term use by the Company's Conjecture Project which is only 3.5 kilometres away. The Company is currently undertaking due diligence on the Lakeview Mill and the historic Weber Mine.



Figure 1: Lakeview District, Idaho, USA



Figures 2 and 3: Lakeview Mill, Idaho, USA

New Departure Silver Project

Mine development at the New Departure Silver Project was commenced during the quarter. Work continued with repairs and maintenance on the Laczay Tunnel which will be used as the main underground exploration and development tunnel. Part of the work undertaken involved widening the initial 120 metres of the existing Laczay Tunnel so it can accommodate modern diesel equipment as well as rock bolting and wire mesh fence installation to meet safety standards for ground support.

A decline will be driven from the end of the Laczay Tunnel below the downward projection of the New Departure ore shoot which produced the bulk of the high grade silver production historically. The decline will be approximately 335 metres in length at a 15% decline. This decline will access the historic ore shoot approximately 50 metres below the historic workings. From the decline, other sublevels can be driven to confirm and mine remaining ore shoots that were identified in historical reserve reports.

Drilling Program

During to the quarter drilling at the New Departure Silver Project commenced. The 13 hole drill program initially targets the induced polarised (IP) anomaly targets southwest of the historic workings in a potential parallel mineralised trend identified by geophysical work conducted last year. Then four angled holes will be drilled into the projected downward dip of the historic ore shoot. Following that, four vertical holes will be drilled on the IP anomaly target to test the one kilometre potential strike length of the trend. In total, the 13 hole drill program will be approximately 3,000m.

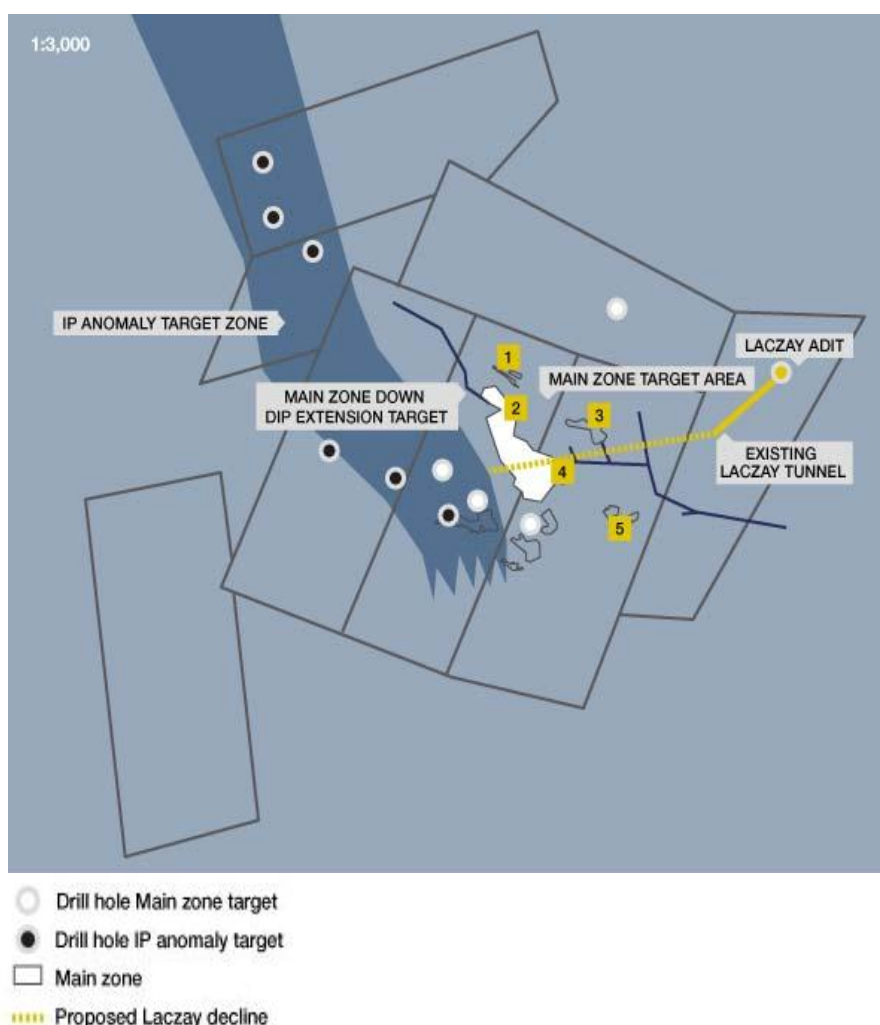


Figure 5: New Departure Patented Claims

The initial diamond hole was drilled to a depth of 165m before experiencing technical difficulties and highly fractured rock and the hole was suspended 15/30m short of the target area. In certain areas the ground conditions are too fractured at depth to continue diamond drilling and the program has been revised to incorporate all non-core drilling. An reverse circulation ("RC") rig is expected on-site in this week to complete the drill program.

The geological data from the recovered core at the first drill hole confirms the potential mineralisation identified by previous geophysical work undertaken. This data is key to understanding the geological structure of the area. The core log indicates sulphides in what is believed to be diorite dyke intrusive. These sections of core will be assayed to determine minerals present. There has also been evidence of marbleised limestone in some sections of the core which are a good indicator of alteration associated with a mineralising event.

The Company expects to complete the RC drilling program by mid-September 2012 and expects results within a few weeks thereafter. The continued improvement and widening of the Laczay Tunnel should also be complete by the mid-September 2012 with the decline to begin shortly thereafter.

Tabor Silver and Gold Project

Preliminary development activities are scheduled for the Tabor Silver and Gold Project this quarter including securing access, general portal repair and development. Once the portals and tunnels are secured the Company intends to access the mine openings and begin a sampling and assaying program.

Corporate

The Company completed a loyalty option entitlement issued which successfully raising \$980,000 (before costs) during the quarter. In addition a further \$500,000 was raised pursuant to a placement.

Subsequent to the quarter end, the Company successfully dual listed on the London Stock Exchange's AIM market. The Company's ordinary shares trade on AIM under the code "BMZ".

For and on behalf of the Board



Peter Landau
Executive Director

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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. It plans to implement low cost production and development programmes across all three assets, targeting first production from New Departure and Conjecture by Q4 2012. 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 and London's AIM Market (BMZ).

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 JUNE 2012

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for		
	(a) exploration and evaluation	(1,464)	(1,840)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(196)	(776)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	25	132
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other Receipts (refunds)	25	25
Net Operating Cash Flows		(1,610)	(2,459)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a)prospects	-	-
	(b)equity investments	-	-
	(c) new project acquisition	-	(478)
1.9	Proceeds from sale of:		
	(a)prospects	-	-
	(b)equity investments	-	-
	(c)other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Proceeds from underwriting	-	-
Net investing cash flows		-	(478)
1.13	Total operating and investing cash flows (carried forward)	(1,610)	(2,937)

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,610)	(2,937)
	Cash flows related to financing activities		
1.14	Proceeds from raising	984	3,354
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Costs associated with issue of shares	(32)	(231)
	Net financing cash flows	952	3,123
	Net increase (decrease) in cash held	(658)	186
1.20	Cash at beginning of quarter/year to date	4,310	3,466
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	3,652	3,652

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	182
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	78
Payments to Director Related Companies	104

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	Nil	-
3.2 Credit standby arrangements	Nil	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	(500)
4.2 Development	(750)
4.3 Production	-
4.4 Administration	(300)
Total	(1,550)

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	3,652	4,310
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other – Term Deposit	-	-
Total: cash at end of quarter (item 1.22)	3,652	4,310

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	Nil	Nil	Nil

+ 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	65,330,001	37,855,001		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	2,517,500 Nil	2,517,500	\$0.20	
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 Nil	Nil 36,138,750	\$0.30 \$0.20	
7.8	Issued during quarter	36,156,250	36,156,250	\$0.03 (exercisable at \$0.20)	Nil
7.9	Exercised during quarter	17,500	17,500	-	\$0.20
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 July 2012

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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