



## **QUARTERLY REPORT FOR 3 MONTH PERIOD ENDING 30 JUNE 2016**

29 July 2016

### **HIGHLIGHTS**

#### **Project**

- **Completion of legal, financial and technical due diligence on the proposed acquisition of a 100% interest in the Namakera Vermiculite Mine and Busumbu Phosphate Project in Uganda**
- **Execution of formal sale and purchase documentation with Namakera's shareholders**

#### **Corporate**

- **Strengthen Board and management with appointment of Mr. Julian Ford as Independent Non-Executive Chairman and Ms. Amy Fink as Company Secretary and Financial Controller**
- **Investor roadshows successfully completed in Australia, South Africa and United Kingdom**
- **Continued support from existing financiers with additional funds advanced under existing facilities to complete due diligence and fund working capital**

#### **Subsequent to Quarter End**

- **Notice of Meeting and Explanatory Memorandum and Independent Expert and Technical Valuation Reports dispatched to Shareholders,**

The Board of Black Mountain Resources Limited ("**Black Mountain**" or the "**Company**") provides the following operations report and quarterly cash flow report (Appendix 5B) of its activities during the three months ended 30 June 2016.

### **PROJECTS**

#### **Namakera Vermiculite Mine and Busumbu Phosphate Project**

During the Quarter the Company announced that it had (refer ASX Announcement dated 11 April 2016) executed formal documentation for the acquisition of 100% of the share capital in GLF Holdings Limited (**Gulf**) from its existing shareholders, Richmond Partners Masters Limited and Jonah Resource Holdings Limited.

Gulf is the 100% shareholder of Namakera Mining Company Limited (**NMCL**), directly and indirectly through its 100% interest in Industrial Minerals International Corporation (IMIC).

NMCL is the registered holder of Mining License ML 4651, upon which it operates the Namakera Vermiculite Mine and conducts exploration activities on the Busumbu Phosphate Project.

NMCL is also the registered holder of Exploration License EL 1534 that covers the majority of the Bukusu Complex and which is also considered prospective for vermiculite, phosphate, copper, iron, zircon and rare earths mineralisation.

The execution of the Share Sale Agreement and Deed of Assignment of Debt with Namakera's shareholders, followed completion of a detailed legal, financial and technical due diligence by the Company and its consultants in Australia, Africa and the United Kingdom and the finalisation of negotiations with all key stakeholders.

With the technical, legal and financial due diligence and a number of key conditions precedent satisfied, the acquisition now remains subject to the Company obtaining all necessary shareholder and regulatory approvals pursuant to the ASX Listing Rules, Corporations Act 2001 (Cth) and other applicable law or regulations, including but not limited to, approval to reinstatement to official quotation on ASX of the Company.

### **US Silver Projects**

No exploration or technical work was undertaken during the Quarter.

The Company commenced a detailed review of its historical activities and expenditures and its current obligations under its lease agreements.

## **CORPORATE**

### **New Board and Management Appointments**

Mr Julian Ford was appointed as Independent Non-Executive Chairman of the Company during the Quarter.

Mr Ford has over 25 years' experience in the mining sector spanning precious metals, base metals, and bulk commodities in Australia, Africa, South America, Europe and South East Asia. Mr Ford has performed a number of functional and operational management roles which include exploration, mining, mineral beneficiation, hydrometallurgical processing, marketing and shipping. He has founded, developed and led a number of junior mining companies listed on both the ASX and AIM markets.

Mr Ford holds a Bachelor of Chemical Engineering, Bachelor of Commerce (Operations Research) and Graduate Diploma – Business Administration. He is a member of the Australian Institute of Mining and Metallurgy, the and the Australian Institute of Company Directors.

In addition, the Company further strengthened its management team with the appointment of Ms Amy Fink as Company Secretary and Financial Controller.

Amy Fink has 15 years' of experience in the accounting profession, primarily in the area of corporate administration and financial reporting. Ms. Fink has worked in Australia and the United Kingdom for both listed and private companies and has been involved in a number of initial public offerings and capital raisings for resource companies on the ASX. Ms. Fink has a Bachelor of Commerce (Accounting and Finance) Degree and is a member of the Institute of Chartered Accountants, Australia.

The Company also announced during the Quarter the resignation of Mr Peter Landau and Ms Jane Flegg and the termination of its corporate advisory, company secretarial and financial management services agreement with OKAP Ventures Pty Ltd.

### **Appointment of UK Broker and Advisor and Investor Roadshows**

The Company announced during the Quarter the appointment of London based merchant bank Brandon Hill Capital as the Company's UK broker and advisor.

Brandon Hill Capital is an independent Merchant Bank that provides its clients with integrated, independent advice on corporate finance, equity research, equity sales and corporate broking services to UK and overseas publicly-quoted companies and financial institutions.

The Company completed a series of investor presentations in Johannesburg Cape Town, Sydney, Melbourne, Perth and London during the Quarter with its advisors Sanlam Private Wealth Australia, Verdant Capital and Brandon Hill Capital. Following these investor meetings, the Company received positive feedback on its proposed acquisition of the Namakera Vermiculite Mine and support for the capital funding required to complete the acquisition and subsequent planned investment.

### **Drawing On Existing Loan Facilities to Meet Due Diligence and Working Capital Requirements**

During the Quarter, the Company's major secured debt providers, Seefeld Investment Limited and Tychee Investments Limited confirmed their continued support of the Company and its proposed acquisition of Namakera, by allowing further drawings of undrawn loan funds available under their facilities. Funds were drawn during the Quarter and used to meet due diligence and working capital costs associated with the acquisition and with working capital costs associated with the US Silver Projects. Further drawings under these facilities are forecast to be made in the current quarter to meet ongoing working capital and due diligence costs until the acquisition of Gulf is completed and until funds from the Company's proposed \$4,500,000 equity are available.

The Company is also working with its advisors in Australia, South Africa and United Kingdom to ensure the Company's future debt and equity capital requirements in respect to the acquisition of Gulf are met.

### **ASIC Determination**

During the Quarter, an ASIC Delegate made a determination pursuant to s713(6) of the Corporations Act 2001 (the **Act**) which excludes the Company from relying upon s713 of the Act until 23 April 2017.

ASIC's determination was based on the Company's failure to inform the market of details in relation to its convertible note agreements entered into in 2015, including details of: the names of the lenders and terms of conversion; the face value of the convertible notes; and the extent of conversion and amount outstanding under each relevant convertible note. The Company also failed to comply with the accounting standards in relation to its disclosure of the convertible notes as an after reporting date event in its annual report for the 2014/2015 financial year. The determination means that the Company will not be able to rely on reduced disclosure rules and must issue a full form prospectus in order to raise funds from retail investors.

The Company intends to issue a full form prospectus to raise funds to complete the acquisition of Gulf. The Company is also actively pursuing and implementing a number of initiatives led by the recently appointed Independent Non-Executive Chairman, Mr Julian Ford, to review and improve previous Company practices and corporate governance activities. To this effect, the Company updated its Corporate Governance Policies and published these on the recently relaunched and updated Company website. The Company plans to continue this continuous improvement process.

### **EVENTS SUBSEQUENT TO QUARTER END**

#### **Notice of Meeting and Explanatory Memorandum, Independent Expert and Technical Valuation Reports**

Subsequent to the end of the Quarter (refer ASX Announcement 14 July 2016), the Company dispatched a Notice of Meeting (**Notice**) to Shareholders of the Company to approve the acquisition of Gulf.

The Shareholders Meeting is to be held at 10.00 a.m. on 15 August 2016 at Suite 183, Level 6, 580 Hay Street, Perth WA 6000.

The Independent Expert's Report including the Independent Technical Valuation was enclosed with the Notice and has been published on the Company's website.

The Notice, Explanatory Memorandum, Independent Expert and Independent Technical Valuation Reports are all important documents and should be read carefully and in their entirety and in conjunction with all other announcements made by the Company in relation to its acquisition of Gulf.

ENDS



Jason Brewer  
Director  
Black Mountain Resources Ltd

#### **Forward looking statements**

Information included in this release constitutes forward-looking statements. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "continue", and "guidance", or other similar words and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production or construction commencement dates and expected costs or production outputs.

Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance and achievements to differ materially from any future results, performance or achievements. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licences and permits and diminishing quantities or grades of reserves, political and social risks, changes to the regulatory framework within which the company operates or may in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relations issues and litigation.

Forward looking statements are based on the Company and its management's good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the Company's business and operations in the future. The Company does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that the Company's business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by the Company or management or beyond the Company's control.

Although the Company attempts and has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in forward looking statements, there may be other factors that could cause actual results, performance, achievements or events not to be as anticipated, estimated or intended, and many events are beyond the reasonable control of the Company. Accordingly, readers are cautioned not to place undue reliance on forward looking statements. Forward looking statements in these materials speak only at the date of issue. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, in providing this information the company does not undertake any obligation to publicly update or revise any of the forward looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.

| Mining Tenement (Claim)                         | Reference (BLM Serial No.) | Interest Held |
|---|----------------------------|---------------|
| <b>New Departure Silver Project, Montana US</b> |                            |               |
| IM 1- 12  | MMC224987 – 224998         | 70%           |
| IM 14 – 18                                      | MMC225000 – 225004         | 70%           |
| IM 24   | MMC225010                  | 70%           |
| IM 27-30, 32, 34-70                             | MMC226248 – 226289         | 70%           |
| MOTHER LODE – 8431                              | -                          | 70%           |
| DIRECTOR LODE – 5600                            | -                          | 70%           |
| PROTECTOR LODE – 5601                           | -                          | 70%           |
| SHIELD LODE – 5602                              | -                          | 70%           |
| CLIFF LODE – 2264                               | -                          | 70%           |
| GUARDIAN LODE – 2411                            | -                          | 70%           |
| QUIEN SABE LODE – 2265                          | -                          | 70%           |
| SIGNAL LODE – 2505A                             | -                          | 70%           |
| <b>Conjecture Silver Project, Idaho US</b>      |                            |               |
| SPIDER – SURVEYOR GENERAL’S SURVEY #2683        | -                          | 70%           |
| CONJECTURE – SURVEYOR GENERAL’S SURVEY #2683    | -                          | 70%           |
| RAINBOW – SURVEYOR GENERAL’S SURVEY #2689       | -                          | 70%           |
| COMET – SURVEYOR GENERAL’S SURVEY #3071         | -                          | 70%           |
| LUCKY STRIKE – SURVEYOR GENERAL’S SURVEY #2744  | -                          | 70%           |
| SILVER CORD – SURVEYOR GENERAL’S SURVEY #2744   | -                          | 70%           |
| FEDS #1 - #4                                    | IMC206019 - 206022         | 70%           |
| FEDCO FR  | IMC206023                  | 70%           |
| FEDCO #2  | IMC206024                  | 70%           |
| NORTHSIDE #1 - #4                               | IMC206025 - 206028         | 70%           |
| METEOR #6                                       | IMC206029                  | 70%           |
| METEOR #7                                       | IMC206030                  | 70%           |
| MET #3 - #5                                     | IMC206031 - 206033         | 70%           |
| UFCO #1   | IMC206034                  | 70%           |

|                                   |   |      |
|-----------------------------------|---|------|
| UFCO #2                           | IMC206035   | 70%  |
| STAR #4                           | IMC206036   | 70%  |
| STAR #5                           | IMC206037   | 70%  |
| ROBIN                             | IMC206038   | 70%  |
| MARS #1                           | IMC206039   | 70%  |
| MARS #2                           | IMC206040   | 70%  |
| MARS #4                           | IMC206041   | 70%  |
| MARS #6                           | IMC206042   | 70%  |
| METEOR #1                         | IMC206043   | 70%  |
| METEOR #2                         | IMC206044   | 70%  |
| METEOR #18                        | IMC206045   | 70%  |
| LAKEVIEW 1-81                     | IMC210780 -210860   | 70%  |
| LAKEVIEW 1-4,17,29-33,43-47,58-60 | IMC210780-210783,<br>IMC210796,<br>IMC210808-210812,<br>IMC210822-210826,<br>IMC210837-210839 | 70%  |
| CC 1-20                           | IMC212242-212261  | 70%  |
| HEWER NO. 2-4                     | IMC13736-13738  | 100% |
| HEWER NO. 5                       | IMC13739  | 100% |
| BUNCO                             | IMC103971   | 100% |
| HEWER NO. 1 MILLSITE              | IMC13743  | 100% |
| IDAHO LAKEVIEW NO. 6 MILLSITE     | IMC13746  | 100% |
| IDAHO LAKEVIEW NO. 9 MILLSITE     | IMC13749  | 100% |
| TIP TOP MILLSITE                  | IMC13753  | 100% |

## 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 2016

#### Consolidated statement of cash flows

| Cash flows related to operating activities                      | Current quarter | Year to date<br>(12 months) |
|---|-----------------|-----------------------------|
|   | \$A'000         | \$A'000                     |
| 1.1 Receipts from product sales and related debtors             | -               | -                           |
| 1.2 Payments for  |                 |                             |
| (a) exploration, permitting & evaluation                        | (213)           | (607)                       |
| (b) development & equipment                                     | -               | -                           |
| (c) production  | -               | -                           |
| (d) administration  | (48)            | (253)                       |
| 1.3 Dividends received  | -               | -                           |
| 1.4 Interest and other items of a similar nature received       | -               | -                           |
| 1.5 Interest and other costs of finance paid                    | -               | -                           |
| 1.6 Income taxes paid   | -               | -                           |
| 1.7 Other Receipts (refunds)                                    | -               | -                           |
| 2.7 Other (movement in restricted cash)                         | -               | (50)                        |
| <b>Net Operating Cash Flows</b>                                 | <b>(261)</b>    | <b>(910)</b>                |
| <b>Cash flows related to investing activities</b>               |                 |                             |
| 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                                 | -               | -                           |
| <b>Net investing cash flows</b>                                 | <b>-</b>        | <b>-</b>                    |
| 1.13 Total operating and investing cash flows (carried forward) | <b>(261)</b>    | <b>(910)</b>                |

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

|      |  |            |             |
|------|--|------------|-------------|
| 1.13 | Total operating and investing cash flows (brought forward) | (261)      | (910)       |
|      | <b>Cash flows related to financing activities</b>          |            |             |
| 1.14 | Proceeds from raising                                      | -          | 1,300       |
| 1.15 | Proceeds from sale of forfeited shares                     | -          | -           |
| 1.16 | Proceeds from borrowings                                   | 260        | 418         |
| 1.17 | Repayment of borrowings                                    | -          | (821)       |
| 1.18 | Dividends paid   | -          | -           |
| 1.19 | Costs associated with issue of shares                      | -          | -           |
|      | <b>Net financing cash flows</b>                            | <b>260</b> | <b>897</b>  |
|      | <b>Net increase (decrease) in cash held</b>                | <b>(1)</b> | <b>(13)</b> |
| 1.20 | Cash at beginning of quarter/year to date                  | 1          | 13          |
| 1.21 | Exchange rate adjustments to item 1.20                     | -          | -           |
| 1.22 | <b>Cash at end of quarter</b>                              | -          | -           |

**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<br>\$A'000                                       |     |
|------|--|-----|
| 1.23 | Aggregate amount of payments to the parties included in item 1.2 | Nil |
| 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

|     |
|-----|
| Nil |
|-----|

**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<br>\$A'000 | Amount used<br>\$A'000 |
|---------------------------------|-----------------------------|------------------------|
| 3.1 Loan facilities             | 3,000 <sup>1</sup>          | 2,303                  |
| 3.2 Credit standby arrangements | Nil                         | -                      |

<sup>1</sup> Total Loan facilities available before drawdowns.

#### Estimated cash outflows for next quarter

|  | \$A'000       |
|--|---------------|
| 4.1 Exploration, permitting and evaluation | 450*          |
| 4.2 Development and equipment              | 750*          |
| 4.3 Production                             | -             |
| 4.4 Administration                         | 100*          |
| <b>Total</b>                               | <b>1,300*</b> |

\* assumes acquisition of Namakera Mining proceeds and funding from available amounts under existing loan facilities and from drawings from planned \$4,500,000 equity raising.

#### 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<br>\$A'000 | Previous quarter<br>\$A'000 |
|---|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank  | -                          | 1                           |
| 5.2 Deposits at call  | -                          | -                           |
| 5.3 Bank overdraft  | -                          | -                           |
| 5.4 Other – Term Deposit  | -                          | -                           |
| <b>Total: cash at end of quarter (item 1.22)</b>  | <b>-</b>                   | <b>1</b>                    |

#### 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 | N/A                | N/A                           | N/A                              | N/A                        |
| 6.2 Interests in mining tenements acquired or increased           | N/A                | N/A                           | N/A                              | N/A                        |

+ 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 <b>Preference securities</b> (description)   | Nil                               |               |   |  |
| 7.2 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs, redemptions | Nil                               |               |   |  |
| 7.3 <b>*Ordinary securities</b>  | 410,515,820                       | 410,515,820   |   |  |
| 7.4 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs              | Nil<br>Nil                        | Nil<br>Nil    |   |  |
| 7.5 <b>*Convertible debt securities</b> (description)  | Nil                               |               |   |  |
| 7.6 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through securities matured, converted              | Nil<br>Nil                        |               |   |  |
| 7.7 <b>Options</b> (description and conversion factor)   | 500,000<br>1,000,000<br>3,000,000 | -<br>-<br>-   | <i>Exercise price</i><br>\$0.25<br>\$0.10<br>\$0.12 | <i>Expiry date</i><br>25/07/2016<br>30/11/2016<br>31/03/2017 |
| 7.8 Issued during quarter  | Nil                               | Nil           |   |  |
| 7.9 Exercised during quarter   | Nil                               | Nil           |   |  |
| 7.10 Expired during quarter  | Nil                               | Nil           |   |  |
| 7.11 <b>Debentures</b> (totals only)   | Nil                               | Nil           |   |  |
| 7.12 <b>Unsecured notes</b> (totals only)  | Nil                               | Nil           |   |  |
| <b>Performance Based Shares</b>  | Nil                               | Nil           |   |  |
| Changes during quarter<br>(a) Increases  | Nil                               | Nil           | Nil   |  |

+ 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.



Jason Brewer

X July 2016

## 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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