



ASX ANNOUNCEMENT

24 February 2017

NAMEKARA VERMICULITE MINE DEVELOPMENT DRILLING AND OPERATIONS UPDATE

Highlights

- Maiden infill and grade control drilling and sample analysis now completed at Namekara Vermiculite Mine in South East Uganda, with assays due this month.
- 60 Aircore and 8 diamond core holes for 2,415m – sampling at 1 metre intervals completed.
- Drilling completed in existing open pit ("P1") for both grade control, detailed short term mine planning, validation of vermiculite flake size, bulk density, Mineral Resource and Mine Ore Reserve estimation and classification upgrade work.
- Drilling completed north west ("P2") and north east ("P3") of the current open pit with results to be used in the updated Mineral Resource and Ore Reserve estimation work and for medium to long term mine planning for the Namekara Vermiculite Mine.
- Twin hole drilling campaign completed to validate previous drilling campaign drill data and sterilise unmineralised ground for closer waste dumping site set up.
- 2,274 samples taken at 1m intervals, including 5% duplicates and 5% standards, analysed at 5.60mm, 2.00mm, 0.710mm and 0.425mm in order to tie in with work already completed by Rio Tinto and Gulf.
- Historical drilling includes 3,490m by Rio Tinto, 3,408m by Gulf and 2,415m by BMZ.
- Mineral Resource estimation and classification upgrade by the Company and independent mining and geological consulting company CSA Global who advised and oversaw the drilling program.

Black Mountain Resources Limited (ASX: BMZ) (Black Mountain or the Company) is pleased to update shareholders on the ongoing operational progress at its 100% owned Namekara Vermiculite Mine, Eastern Uganda.

The Company is pleased to confirm the completion of a maiden exploration program, a Mineral Resource and grade control drilling program, and analysis of all samples, and the subsequent creation of a 'master database' by combining this new data with Rio Tinto plc's ("Rio Tinto") and Gulf Industrials Limited's (ASX: GLF) ("Gulf") drilling data.

In 2007 and 2008, Rio Tinto completed a 72 vertical reverse circulation ("RC") holes, 3,490m drilling program. By June of 2008, an internal Mineral Resource estimate in accordance with the JORC Code (2004) had been completed. In 2011 and 2012, Gulf completed 56 angled DD boreholes in a 3,408 metre drilling campaign. In July 2012, Gulf published an Inferred Mineral Resource estimate that was never made public due to survey, QAQC and density concerns. The Rio Tinto drilling and the Gulf drilling used different vermiculite flake size cut off data.

The primary objectives of this drill campaign was to delineate an upgraded inferred Mineral Resource that would facilitate a Mining Ore Reserve for the short and medium term. The secondary objective was to tie the databases together by assaying and exfoliation for four different vermiculite flake, particle size distributions for each 1-metre drill hole intersection.

The specific gravity uncertainties surrounding the Gulf assay results have also been addressed by measuring specific gravity using two different methodologies. A diamond drilling campaign that twinned both Gulf and Rio Tinto holes was undertaken. As a result, BMZ will now be able to utilise with confidence the historical drilling data (which has estimated replacement cost of approximately A\$1 million) that was completed. The completion of these works again illustrate the value that the management team is adding to this project through well planned and effective exploration work.



Fig 1. Grade control drilling at P1

DRILLING

On the 26 of November 2016, under the supervision of CSA Global, Black Mountain commenced its maiden drilling program at the Namekara Mine to upgrade the Mineral Resource to a JORC 2012 compliant Mineral Resource. The drilling was completed 4 weeks later on 22 of December 2016. A total of 2,415m in 68 holes was drilled in and around the current Namekara Vermiculite Mine Pit. 2,039m (60 holes) were Aircore ("AC") and 375m (8 holes) were Diamond Core ("DC"). Drill spacing in the open pit was 10mx10m to enable grade control and short term mine planning while around the pit it was 25mx25m for medium to long term mine planning. All drilling completed is intended to be also used in the Mineral Resource upgrade which is now well underway.



Fig 2. Site visit and project review by CSA Global Principal Resource Geologist.
Left to Right, Patrick Takaedza, Geology Manager, Henson Mambo, Resident Manager,
Matthew Cobb, CSA Global Supervising and Independent Geologist

Twinning of historical RC and DC drill holes by both AC and DC drilling was also completed in 11 holes to validate drill data from the Rio Tinto and Gulf campaigns, and to adjust assay variance in the master database and determine bulk density more accurately. Twinning of historical holes in the unmineralised dyke was also done to sterilise the location for a new waste dump closer to the open pit.

AC drilling was used after it was established that Rio Tinto RC drilling had crushed and grinded samples giving a negative skew to the particle size distribution (“PSD”) of the vermiculite ore. The DC drilling utilised HQ triple tube (“HQ3”) with split inner tube to maximize recovery of the core, while a split inner tube was for ease of removing weathered core undisturbed.



Fig 3. Core removal from split inner tube

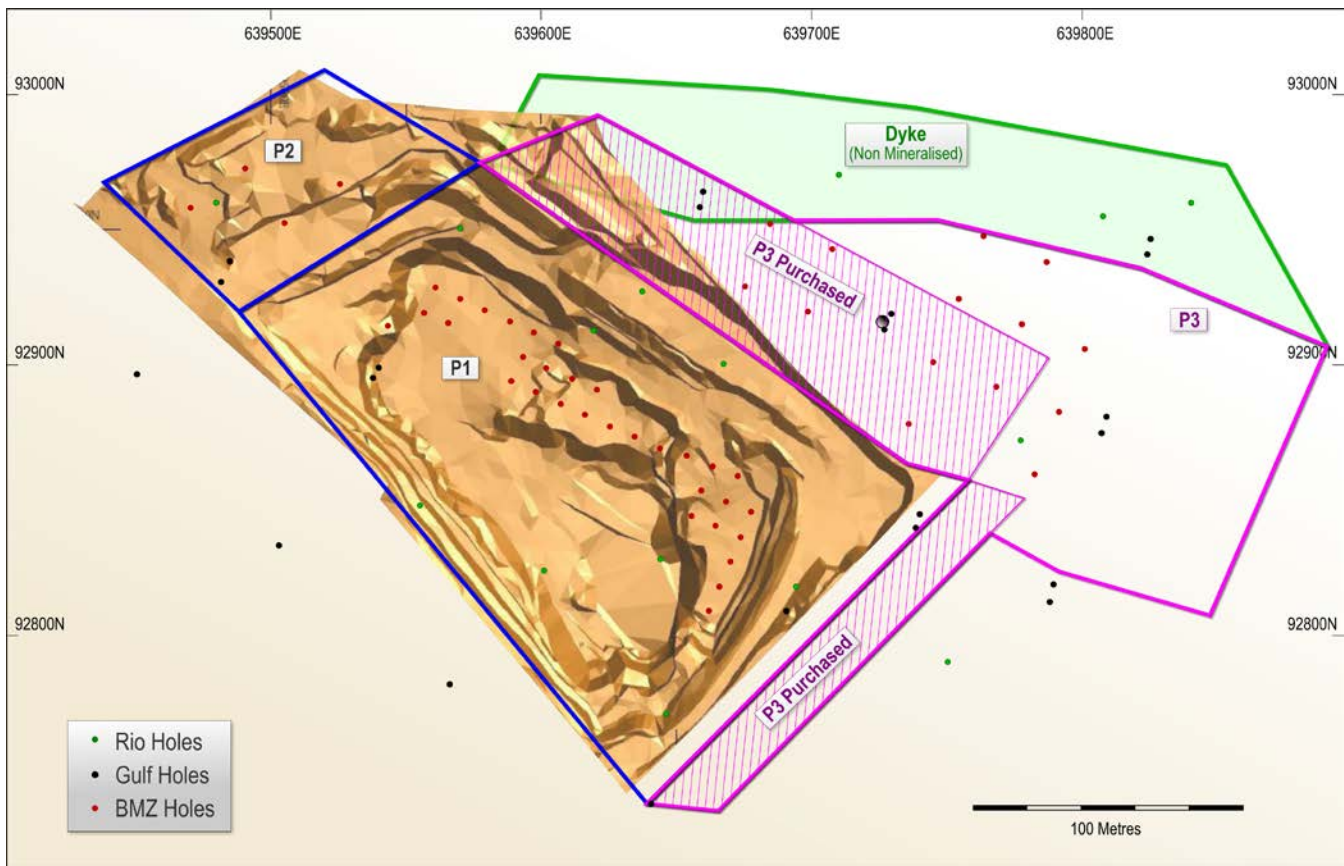


Fig 4. Namekara Pit Layout showing current operational pit, areas defined in Tables A1 through to A7 and drill hole locations

LOGGING

Logging and analysis of the samples commenced on 26 December 2016 after verification of sample procedures by the Company's independent consultants; CSA Global. All samples were logged for lithology, rock colour, weathering, zone, oxidation, vermiculite colour, vermiculite flake size, total vermiculite content and total magnetite content.



Fig 5. AC drilling and sampling in P2



Fig 6. AC logging (Top), AC chips rich in vermiculite flakes (Bottom Left), DC logging (Bottom Right)

ANALYSIS

Analysis was limited to the mineralised zones divided into oxidised and non-oxidised vermiculite. Parameters analysed for were total vermiculite content, particle size distribution, vermiculite colour, grit content, magnetite content, vermiculite expansion and residual moisture. PSD analysis was done at 5.60mm, 2.00mm, 0.710mm and 0.425mm to tie in with Rio Tinto and Gulf assay data, plant production specifications and market requirements. Rio Tinto analysed and estimated the vermiculite Mineral Resource at +0.180mm and +0.425mm, while Gulf reported analysis at 5.60mm, 2.00mm and 0.710mm and estimated at +0.710mm.

All AC and DC sampling was done at 1m intervals to determine any discrepancies or variances that might have been caused by 5m composites by Rio Tinto and 3m composites by Gulf.



Fig 7. Rotary Muffler/exfoliator used for Vermiculite analysis

QAQC

A total of 2,051 original samples were analysed. 109 duplicates and 114 standards were also inserted as part of QAQC. Further to these, CSA Global will also independently supervise the analysis of 5% umpire samples.

BULK DENSITY

Bulk density determination has also been successfully completed. Determinations were done using different methods for comparison, the core tray method and the calliper methods for different zones and lithologies.



Fig 8. Core Tray Bulk density method



Fig 9. Caliper Bulk density method

OUTSTANDING WORK

CSA Global will commence the supervision of the analysis of umpire samples as part of QAQC from 23 to 28 February 2017. In addition, a select sample of Gulf samples will also be re-analysed to validate the historical assay methods and results. Verification of the results and QAQC analysis report will be completed in early March 2017. Once completed assay data will be submitted to CSA Global for incorporation into the master database, which will be used for Mineral Resource estimation and mine planning.

It is also planned to re-analyse all Gulf DC samples at 1m intervals, without compositing to further refine and consolidate the master database. This work is expected to take about 3 months to complete, saving the Company both drilling time and money. Re-drilling the 3,408 Gulf metres would otherwise require about three months and US\$477,120.00 to complete.

Table A1. Grade Control AC Drilling in P1

Hole ID	Collar_E	Collar_N	Collar_RL	Azi	Dip	EOH	Intersection
NGC0001	639,662	92,809	1,195	0	-90	20.00	24.50% verm over 19.00m from 0 to 19.00m
NGC0002	639,666	92,818	1,196	0	-90	21.00	25.88% verm over 20.00m from 0 to 20.00m
NGC0003	639,670	92,827	1,196	0	-90	23.58	28.37% verm over 23.58m from 0 to 25.38m
NGC0006	639,674	92,837	1,196	0	-90	28.00	22.35% verm over 24.00m from 0 to 24.00m
NGC0005	639,664	92,840	1,196	0	-90	26.00	25.03% verm over 26.00m from 0 to 26.00m
NGC0004	639,656	92,844	1,196	0	-90	24.00	29.16% verm over 28.00m from 0 to 28.00m
NGC0007	639,659	92,853	1,198	0	-90	29.90	24.50% verm over 29.90m from 0 to 29.90m
NGC0008	639,668	92,850	1,197	0	-90	27.52	33.34% verm over 27.52m from 0 to 27.52m
NGC0009	639,678	92,846	1,197	0	-90	29.30	21.97% verm over 29.30m from 0 to 29.30m
NGC0010	639,655	92,866	1,199	0	-90	24.00	31.66% verm over 14.00m from 0 to 14.00m
NGC0011	639,662	92,862	1,198	0	-90	29.50	28.95% verm over 29.00m from 0 to 29.00m
NGC0012	639,673	92,859	1,198	0	-90	30.00	30.47% verm over 27.00m from 3 to 30.00m
NGC0014	639,589	92,894	1,192	0	-90	17.00	31.39% verm over 13.00m from 0 to 13.00m
NGC0015	639,598	92,889	1,192	0	-90	17.00	25.37% verm over 16.00m from 1 to 17.00m
NGC0016	639,607	92,886	1,192	0	-90	17.00	22.33% verm over 17.00m from 0 to 17.00m
NGC0017	639,616	92,882	1,192	0	-90	16.20	26.33% verm over 16.20m from 0 to 16.20m
NGC0018	639,625	92,878	1,192	0	-90	21.00	22.66% verm over 20.00m from 1 to 21.00m
NGC0019	639,636	92,875	1,192	0	-90	21.24	22.20% verm over 19.24m from 2 to 21.24m
NGC0021	639,557	92,920	1,192	0	-90	23.00	31.88% verm over 23.00m from 0 to 23.00m
NGC0022	639,566	92,916	1,192	0	-90	23.50	27.47% verm over 23.50m from 0 to 23.50m
NGC0023	639,593	92,903	1,192	0	-90	16.17	35.37% verm over 16.17m from 0 to 16.17m
NGC0024	639,602	92,899	1,192	0	-90	17.00	36.94% verm over 17.00m from 0 to 17.00m
NGC0025	639,611	92,895	1,191	0	-90	17.23	28.82% Verm over 17.23m from 0 to 17.23m
NGC0026	639,621	92,891	1,192	0	-90	17.00	29.01% verm over 17.00m from 0 to 17.00m
NGC0028	639,570	92,925	1,190	0	-90	20.00	33.06% verm over 20.00m from 0 to 20.00m
NGC0029	639,579	92,920	1,191	0	-90	17.72	28.96% verm over 17.72m from 0 to 17.72m
NGC0030	639,588	92,916	1,191	0	-90	16.60	33.42% verm over 15.60m from 1 to 16.60m
NGC0031	639,597	92,912	1,192	0	-90	17.00	32.53% verm over 17.00m from 0 to 17.00m
NGC0032	639,606	92,908	1,192	0	-90	17.15	41.33% verm over 17.15m from 0 to 17.15m

Table A2. Infill Aircore drilling in P2.

Hole	Collar_E	Collar_N	Collar_RL	Azi	Dip	EOH	Intersection
NGC0033	639,485	92,937	1,208	0	-90	42.20	28.06% verm over 37.20m from 5 to 42.20m
NGC0034	639,505	92,952	1,207	0	-90	35.40	26.95% verm over 18.00m from 17 to 35.00m
NGC0035	639,526	92,967	1,211	0	-90	40.00	29.95% verm over 27.00m from 13 to 40.00m
NGC0036	639,546	92,982	1,211	0	-90	36.00	31.17% verm over 22.00m from 14 to 36.00m
NGC0037	639,470	92,959	1,209	0	-90	46.16	31.86% verm over 40.00m from 5 to 45.00m
NGC0038	639,491	92,973	1,211	0	-90	40.00	31.43% verm over 31.00m from 9 to 40.00m
NGC0039	639,511	92,986	1,211	0	-90	36.00	29.47% verm over 24.00m from 9 to 33.00m

Table A3. Infill Aircore drilling in P3.

Hole	Collar_E	Collar_N	Collar_RL	Azi	Dip	EOH	Intersection
NGC0040	639,736	92,878	1,214	0	-90	54.00	26.41% verm over 45.00m from 6 to 51.00m
NGC0041	639,782	92,859	1,214	0	-90	51.00	42.65% verm over 45.00m from 6 to 51.00m
NGC0042	639,829	92,841	1,213	0	-90	53.00	36.42% verm over 49.00m from 4 to 53.00m
NGC0045	639,677	92,931	1,214	0	-90	45.13	39.57% verm over 40.00m from 5 to 45.00m
NGC0046	639,698	92,920	1,215	0	-90	46.62	35.02% verm over 42.00m from 4 to 46.00m
NGC0047	639,745	92,901	1,214	0	-90	48.00	31.34% verm over 44.00m from 4 to 48.00m
NGC0048	639,768	92,892	1,214	0	-90	53.50	33.54% verm over 43.00m from 4 to 47.00m
NGC0049	639,791	92,883	1,214	0	-90	52.00	33.11% verm over 47.00m from 5 to 52.00m
NGC0050	639,838	92,864	1,214	0	-90	50.00	42.41% verm over 45.00m from 5 to 50.00m
NGC0052	639,684	92,952	1,214	0	-90	47.00	40.19% verm over 41.00m from 5 to 46.00m
NGC0053	639,708	92,943	1,214	0	-90	46.00	37.48% verm over 40.00m from 6 to 46.00m
NGC0054	639,754	92,924	1,214	0	-90	46.75	35.72% verm over 41.00m from 5 to 46.00m
NGC0055	639,777	92,915	1,214	0	-90	41.00	20.76% verm over 10.00m from 18 to 28.00m
NGC0056	639,800	92,906	1,214	0	-90	48.00	33.60% verm over 38.00m from 9 to 47.00m
NGC0057	639,847	92,887	1,214	0	-90	45.00	42.93% verm over 36.00m from 6 to 42.00m
NGC0059	639,763	92,948	1,215	0	-90	47.00	35.92% verm over 19.00m from 28 to 47.00m
NGC0060	639,785	92,939	1,215	0	-90	48.12	37.44% verm over 40.00m from 8 to 48.00m
NGC0061	639,833	92,920	1,214	0	-90	45.70	38.55% verm over 36.00m from 6 to 42.00m
NGC0062	639,856	92,910	1,214	0	-90	47.00	40.81% verm over 26.00m from 18 to 44.00m

Table A4. AC twinning of historical Rio and Gulf Holes in P3 (*- apparent width)

Hole	Collar_E	Collar_N	Collar_RL	Azi	Dip	EOH	Intersection
NAM-009AC	639,778	92,872	1,214	0	- 90	53.00	46.04% verm over 45.00m* from 8 to 53.00m
NAM-064AC	639,710	92,970	1,214	0	- 90	46.00	Un-mineralized dyke
ND03AC	639,825	92,947	1,214	24	- 50	40.00	Un-mineralized dyke
ND46AC	639,809	92,875	1,214	29	- 49	46.00	33.70% verm over 35.00m* from 11 to 46.00m
ND45AC	639,809	92,880	1,214	204	- 49	39.00	48.71% verm over 31.00m* from 8 to 39.00m

Table A5. DC twinning of BMZ holes in P1

Hole	Collar_E	Collar_N	Collar_RL	Azi	Dip	EOH	Intersection
NGC0012DC	639,673	92,858	1,198	0	-90	27.00	39.88% verm over 25.50m from 0 to 25.50m
NGC0015DC	639,598	92,890	1,192	0	-90	17.00	22.01% verm over 16.20m from 5 to 21.20m

Table A6. DC twinning of Rio holes in P2

Hole	Collar_E	Collar_N	Collar_RL	Azi	Dip	EOH	Intersection
NAM-057DC	639,481	92,960	1,209	0	- 90	54.90	36.76% verm over 35.20m from 5.4 to 40.60m

Table A7. DC twinning of Gulf holes in P3 (*- apparent width)

Hole	Collar_E	Collar_N	Collar_RL	Azi	Dip	EOH	Intersection
ND07DC	639,725	92,912	1,214	205	- 50	72.10	37.94% verm over 45.10m* from 4.9 to 50.00m
ND02DC	639,727	92,920	1,215	27	- 50	34.10	44.23% verm over 29.00m* from 3.9 to 32.90m
ND44DC	639,823	92,940	1,214	204.	- 50	47.00	Un-mineralized dyke
ND48DC	639,739	92,845	1,214	31.00	- 50	60.00	38.58% verm over 53.90m* from 6.1 to 60.00m

-ENDS-

MANAGEMENT COMMENTARY

Black Mountain's Chairman and Chief Executive Officer Julian Ford commented: "Through careful analysis of the historical data, and from the results of this current works program, Black Mountain's management team have added considerable value to Namekara Vermiculite Mine, and we now have a much better understanding of the asset and its unrealised value.

"As well, these results allow us to undertake medium term and longer term mine planning which ensures we can recover the vermiculite Mineral Resource through the most economical means.

"We expect to report on an upgraded Mineral Resource in the next week, that is as soon as the umpire assay verification on these samples has been completed."

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Competent Person's Statement

The information in this report that relates to Exploration Results has been compiled Patrick Takaedza. Mr Takaedza is a full-time employee of Namekara Mining Company Ltd. Mr Takaedza is a member of the Australian Institute of Mining and Metallurgy. Mr Takaedza have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the JORC Code (2012). Mr Takaedza consent to the disclosure of this information in this report in the form and context in which it appears.

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 Ore 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.

JORC Code, 2012 Edition – Table 1 Report

Section 1: Sampling Techniques and Data (Criteria in this section apply to all succeeding sections)

Criteria	JORC Code explanation	Commentary
Sampling techniques	<i>Nature and quality of sampling (eg. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</i>	Sampling was done by Aircore (AC) and Diamond core (DC). AC sampling was at 1 m intervals and DC samples were generally taken at 1 m intervals within lithological boundaries.
	<i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i>	AC drill samples were 50-50 riffle split in order to obtain representative samples, with both samples being retained. All samples were weighted by a calibrated scale before splitting
	<i>Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg. submarine nodules) may warrant disclosure of detailed information.</i>	Industrial minerals such as vermiculite are required by JORC Code Clause 49 to be reported in terms of product specifications, which in the case of vermiculite includes flake size and expansion ratio (exfoliation). AC drilling selected as there is no hammer action that grinds the vermiculite flakes and distort particle size distribution, as percussion method reduces flake size. DC used to twin current AC, historical Rio Tinto RC and Gulf DC to check on any sampling/assaying variance and for accurate specific gravity determinations.
Drilling techniques	<i>Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic etc) and details (e.g. core diameter, triple of standard tube, depth of diamond tails, face-sampling bit or other type, whether core is orientated and if so, by what method, etc).</i>	AC drilling utilized 2 differing bits, both of 86.65mm internal diameter. Outer diameters were 112.70mm and 113.70mm respectively. DC drilling used a triple barrel wireline HQ diameter core barrel with a split inner barrel to allow for wet and weathered core to be removed without disturbance.
Drill sample recovery	<i>Method of recording and assessing core and chip sample recoveries and results assessed.</i>	All AC samples were weighed before splitting on a calibrated scale. Recovery was then back calculated against nominal hole diameter and density, based on previous analytical results for density measurement All DC recovered was measured and recovery calculated per run.
	<i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i>	Sample quality and recovery of AC and DC was continuously monitored during drilling to ensure that samples were representative and recoveries maximised.
	<i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i>	Recovery was lower when AC drilling encountered and holes were stopped at this point. For DC, recovery was severely reduced in highly broken ground and as a consequence the hole would be abandoned.
Logging	<i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i>	AC chips were qualitatively logged by the metre, for colour, vermiculite flake size, vermiculite content, magnetite content, as well lithology. Where more than one lithology was observed in an interval, the dominant material was logged as the primary lithology. The vermiculite color was also used to assign zones while logging. The AC samples

Criteria	JORC Code explanation	Commentary
		were not suitable for geotechnical logging. DC drilling was qualitatively logged for colour, vermiculite flake size, vermiculite content, magnetite content, as well lithology.
	<i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i>	AC chips were logged qualitatively by visual estimation of flake size, total content and magnetite content which was then compared with the quantitative analysis after assaying. DC was initially logged qualitatively then later quantitatively after analysis of samples
	<i>The total length and percentage of the relevant intersections logged.</i>	All AC chips were logged at 1 metre intervals. DC drilling was logged continuously from the top of hole.
Sub-sampling techniques and sample preparation	<i>If core, whether cut or sawn and whether quarter, half or all core taken.</i>	Entire core was dried, crushed and bagged in approximately 1 m intervals to retain representatively
	<i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i>	AC samples were collected at 1 m intervals. The AC cuttings were sampled every metre and all sample cuttings were collected via a cyclone directly from the drill and put into plastic-impregnated paper bags. A 50:50 riffle splitter was used to manually split the 1 m samples, The crushing of DC core was done manually on specially constructed steel tables, with all material reduced until passing through a 13 mm sieve. The material was then split through a 48 mm riffler and the sample and duplicate further crushed through a 2 mm roller crusher. The roller crusher allowed crushing of the grit to -2mm, while leaving the large vermiculite flakes virtually unaffected.
	<i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i>	AC samples were taken at 1m intervals with no subsequent compositing. The original one metre DD samples were not composited to avoid any grade smearing or variances.
	<i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i>	All AC samples were split 50-50 and both duplicates retained. The 20 th duplicate was sent for analysis. Every 20 th DC sample was duplicated in a 50-50 splitter and sent for analysis
	<i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i>	Duplicate samples of both AC and DC were collected using a riffler and submitted in the sample stream for analysis.
	<i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i>	The 1 m AC and DC samples were deemed to be sufficient size for the flake size and concentration of the vermiculite.
Quality of assay data and laboratory tests	<i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i>	AC samples were split by riffle to ± 1 kg sample. Further splitting was performed to approximately 300 g to be used for analysis; 300 g were also retained as a duplicate reference sample. Samples were screened by shaking and after sieving, all sieve fractions (5.6, 2.0, 0.71 and 0.425 mm) were weighed separately. A hand held magnet was used to remove magnetite particles which were ubiquitous in the samples.

Criteria	JORC Code explanation	Commentary
		<p>Each sample portion was exfoliated in small portions in pre-heated metal pans in a muffle furnace at 850±10°C until fully exfoliated (around 5 minutes). Samples were cooled, weighed and weight was recorded.</p> <p>Exfoliated vermiculite was separated from the remainder of each sample by a float / sink procedure using water. Approximately 750 ml water was added into a dish containing the exfoliated sample, with the dense non-exfoliating material settling within approximately 20 seconds. The sinks were dried, cooled and weighed.</p> <p>Phlogopite flakes were separated out by oral winnowing (gently blowing) and the remaining grit was recorded. The phlogopite weight was recorded also by subtracting the grit weight from the sinks weight.</p> <p>DC samples were reduced to approximately 300g by riffle. The sample was then split into two parts with one to be screened and the other to be dried in a laboratory oven to measure residual moisture.</p> <p>The sample to be screened was placed on a nest of sieves (5.6, 2.0, 0.71 and 0.425 mm) and placed on a mechanical sieve shaker.</p> <p>A hand held magnet was used to remove magnetite particles which were ubiquitous in the samples.</p> <p>Each of the fractions was then exfoliated in a rotary dryer, allowed to cool and then floated using a water funnel method.</p> <p>The above 'screening, calcining and floats / sinks' method is deemed appropriate for this style of mineralisation.</p>
	<i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i>	Geophysical tools were not used to determine analyses of the mineralisation, as the analytical process physically extracted the vermiculite, which could be weighed.
	<i>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.</i>	<p>2051 original drill samples were tested in-house at the Gulf exploration laboratory in Uganda. 109 duplicates (5%) were prepared and tested in-house. 114 (5%) standard samples were also prepared and analysed in-house. 103 (5%) were selected for umpire testing by CSA and will be analysed in-house but under their supervision.</p> <p>An approximately 100 kg sample of mined mineralisation was used as an internal standard material for analytical QC control. It was homogenized by running it through a rotary dryer for about 15min.</p> <p>The standards showed a good consistency was conducted properly in the laboratory.</p> <p>No blanks were inserted as the analytical test procedures were physical tests with results recorded as weights.</p>
Verification of sampling and assaying	<i>The verification of significant intersections by either independent or alternative company personnel.</i>	CSA Global consultants visited site and checked AC and DC sampling techniques and samples. In addition, vermiculite mineralisation was verified within the pit faces and floor.
	<i>The use of twinned holes.</i>	All 8 DC holes (375m) were twin holes, twinning historical Rio Tinto RC drill holes, Gulf DC drill holes and current AC drilling.

Criteria	JORC Code explanation	Commentary
	<i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i>	All data and logs recorded during drilling and analysis activities were compiled in hard copy paper and subsequently imported into Excel. All hard copy original documents have also been scanned into soft copy and safely backed up. Paper copies were safely stored at Namekara Project site.
	<i>Discuss any adjustment to assay data.</i>	The analytical data were not adjusted in any way.
Location of data points	<i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i>	All collar survey was done as soon as the hole was completed by consultant Native Geomatics Pvt Ltd using a Nikon DTM 352 Total Station with accuracy of +/-1.0mm. Initial control set up was by a Leica 500 Art 502 DGPS with results being post processed online by processing facility AUSPOS and independently checked with another processing facility CSRS Neither the AC nor DC holes were surveyed down-hole as the holes were short and not anticipated to deviate significantly. Given the style of mineralisation, any drill deviations were not anticipated to have a material impact on intercept widths of grades.
	<i>Specification of the grid system used.</i>	WGS84 UTM Zone 36 North
	<i>Quality and adequacy of topographic control.</i>	See notes above, under "Accuracy and quality of surveys used to locate drill holes". Native Geomatics did a detailed survey of the Namekara pit and tenement topography in addition to the drill collars.
Data spacing and distribution	<i>Data spacing for reporting of Exploration Results.</i>	Infill drilling was done on 10m by 10m in the pit and 25m by 25m around the pit.
	<i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i>	The data spacing is deemed sufficient to establish the geological and grade (quality) continuity appropriate for future classification of a Mineral resource
	<i>Whether sample compositing has been applied.</i>	No compositing of samples was done.
Orientation of data in relation to geological structure	<i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i>	The vermiculite occurs within a ca. 35 metre thick sub-horizontal tabular zone, derived by weathering of phlogopite within coarse-grained to pegmatoidal pyroxenite. CSA Global and the project geologist considered it unlikely that the sampling orientation has biased the data (vertical or inclined at -50 degrees).
	<i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i>	Given the horizontal orientation of the deposit, CSA Global and the project geologist did not consider the orientation of drilling to have introduced significant bias into the sampling.
Sample security	<i>The measures taken to ensure sample security.</i>	AC samples were labelled with hole number and interval was written on the bag and a ticket stub placed inside bag. All the data (sample number, hole number and depth interval) was recorded in duplicate as a QC measure. Samples are stored in shelves inside metal containers under lock and key. The DC samples were bagged and stored in same container as AC samples. All AC and DC sample details were firstly copied in paper

Criteria	JORC Code explanation	Commentary
		and then being entered in excel spreadsheets safely stored at Namekara Project site. All hard copy records have been scanned in pdf and safely backed up.
Audits or reviews	<i>The results of any audits or reviews of sampling techniques and data.</i>	CSA Global consultants have reviewed all sampling SOPs, techniques and data.

Section 2: Reporting of Exploration Results (Criteria listed in the preceding section also apply to this section)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i>	The Namekara Vermiculite Prospect is within 2 tenements; a Mining License, ML 4651 and an Exploration License, EL 1534. The prospect is located in Eastern Uganda near the towns of Mbale and Tororo, approx. 190 km from the Uganda capital, Kampala and close to the border with Kenya. The prospect and mine is owned by Namekara Mining Company LTD (NMCL) a wholly owned subsidiary of GLF Holdings LTD (Gulf). Gulf, in turn, is owned 100% by Black Mountain Resources LTD (BMZ:ASX). There are no material issues with third parties like JV agreements partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.
	<i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i>	The licences are in good standing and BMZ has lawful access to the mineral and exploration rights provided under Ugandan mining and exploration legislation as witnessed by Independent Solicitors, Ugandan legal firm Adukule and Co Advocates.
Exploration done by other parties	<i>Acknowledgment and appraisal of exploration by other parties.</i>	Rio Tinto previously drilled 72 vertical RC holes for a total of 3,490 m during 2007. Gulf Industrials drilled 54 inclined DC holes totalling 3,408 metres at the project from 2011 through 2012 but did not report a Mineral Resource mainly due to differences between original and umpire laboratory results for vermiculite content.
Geology	<i>Deposit type, geological setting and style of mineralisation.</i>	<p>The Namekara vermiculite deposit is located in the south-western part of the Bukusu Complex, which is an alkalai intrusive complex extending over about 50 Km² and which consists principally of intrusive carbonatite and silicate rocks such as pyroxenite.</p> <p>The vermiculite occurs within a ca. 35 metre thick sub-horizontal tabular zone, derived by weathering of phlogopite within coarse-grained to pegmatoidal pyroxenite.</p> <p>The vermiculite body is subdivided into an upper highly-oxidised zone (UZ) about 5 metres thick underlain by a less weathered lower zone (LZ). Vermiculite from the UZ does not readily exfoliate.</p> <p>The Namekara deposit is cut by a west-northwest-trending carbonatite dyke up to 50 metres wide. It is assumed that the dyke is steep dipping, based on DC information.</p>
Drill hole Information	<i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i> <ul style="list-style-type: none"> <i>easting and northing of the drill hole collar</i> <i>elevation or RL (Reduced Level – elevation above sea</i> 	See appended tables

Criteria	JORC Code explanation	Commentary
	<p>level in metres) of the drill hole collar</p> <ul style="list-style-type: none"> dip and azimuth of the hole down hole length and interception depth hole length. 	
	If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	NA
Data aggregation methods	In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg. cutting of high grades) and cut-off grades are usually Material and should be stated.	Drill hole intervals were length weighted
	Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.	NA
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	No metal equivalents were reported, as this is an industrial mineral deposit.
Relationship between mineralisation widths and intercept lengths	These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').	Both vertical and inclined holes were drilled. Vertical holes intercepts when mineralisation style is considered are therefore deemed to be similar to the true width. Holes that are inclined at about 50 degrees give apparent mineralisation lengths at approximately 25% longer than vertical holes.
Diagrams	Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	Results presented here do not represent a new significant discovery, they are extensional and infill drilling that is to be incorporated into an updated Mineral Resource (pending). Consequently no sections have been provided as results will be presented in the updated Mineral resource when published.
Balanced reporting	Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	See Tables A1 through to A7 for holes drilled.
Other substantive exploration data	Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	<p>Rio Tinto previously drilled 72 vertical RC holes for a total of 3,490 m during 2007. Gulf Industrials drilled 54 inclined DC holes totalling 3,408 metres at the project from 2011 through 2012.</p> <p>Bulk samples: although the mine is in production there has been no reliable reconciliation of tonnes mined and product produced. However Scogings and Barnett (2013) of CSA attempted to reconcile the pit volume with recorded production (2010 to 2012) and estimated that approximately 15,000 tonnes of vermiculite were produced from approximately 70,000 tonnes mined, for an estimated recovery of close to 24% vermiculite.</p>
Further work	The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).	BMZ plans to have an ongoing infill Resource and grade control drilling program to cover the whole tenement area
	Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations	NA

Criteria	JORC Code explanation	Commentary
	<i>and future drilling areas, provided this information is not commercially sensitive.</i>	