



ASX ANNOUNCEMENT

31 October 2017

Quarterly Activities Report for Period Ended 30 September 2017

Highlights:

- Sales of 2,131 tonnes achieved for the quarter excluding material sold and in transit of 753t making a total of 2,884 tonnes – represents a 23% increase on previous quarter
- New customers in North America and Europe trialling NMCL material
- Strategic stockpiles in Uganda and Europe grew by 3% - with an approximate realisable sales value of US\$789,900 as of 30 September 2017
- Mining operations intersected high grade zones of the Namekara pit during the quarter - allowing quarterly production to meet demand for both Q3 and Q4 orders
- BMZ well-positioned to accelerate production of large flake material during Q4 2017 to meet growing repeat and new customer orders
- Mr Ronald Shikuku and Mr Nathi Stephen who have over 33 years management and operating experience at NMCL were appointed to the NMCL Board of Directors
- Divestment of North American Silver assets completed and Mr John Ryan stepped down from Board
- Funding received from cornerstone investor Investmet Limited totalling A\$400,000

Black Mountain Resources Limited (**ASX: BMZ**) (**Black Mountain** or the **Company**) is pleased to provide its Quarterly Activities Report for the period ended 30 September 2017.

OPERATIONS

Namekara Vermiculite Mine, Uganda

During the quarter, mining operations intercepted a high grade zone that averaged between 35 to 40% above forecast grade which allowed for the production of significant amounts of large, medium and fine grade material. The increased production allowed NMCL operations to meet sales requirements for the third and fourth quarters of 2017.

Importantly, the high grade zones within the pit are still open and BMZ expects to be able to produce large flake vermiculite product as required for our customers.

New Customers

During the quarter, BMZ secured additional sales into North America, in line with its strategy detailed in the June quarterly. The sale comprised two grades of Namekara product. The product has been successfully shipped and delivered and is currently being tested by the customer. BMZ will continue to aggressively pursue additional customers in the North American market and will provide further updates on this strategy in due course.

In addition, BMZ is pleased to report that during the quarter it shipped two grades of Namekara product to a new customer in a key European market. This takes the total number of European countries that BMZ is actively supplying to four. The material has been shipped, delivered and is currently being tested by the customer.

Existing Customers

During the quarter, BMZ continued to supply material into the five supply contracts previously announced in the June quarterly. Importantly, these existing customers have again placed repeat orders during the quarter including different grades for testing purposes.

Stockpiles

The strategic stockpiles established in the June quarter are continuing to deliver cost savings in logistics and improved delivery times and security of supply chain for customers.

Stockpile volumes increased by 3% quarter on quarter and at the end of the quarter the combined total realised value in stockpile was US \$789,900.

Production Update

Production for the quarter was 1,913t. Importantly this included a ramp up period during the first two weeks of July during which time plant modifications and optimisations made during the June quarter were commissioned.

The plant modifications and optimisations focussed on the drier which is the largest contributor to OPEX. Significantly, actual kerosene consumption has been reduced 25% below budgeted cost. Going forward this will translate into significant cost OPEX savings for the project.

Modifications in the screening plant focussed on improving recovery and providing additional flexibility in the grade final product produced thus allowing the increase or decrease in across all grades tailored to orders from customers.

Cash Receipts

Quarterly sales of 2,131t were achieved during the September quarter resulting in revenue of US\$672,544.

Corporate Overview

During the quarter the divestment of the Company's non-core North American silver assets were completed and Mr John Ryan stepped down from the BMZ board. BMZ wishes Mr Ryan well and thanks him for his time on the BMZ Board.

With the successful divestment of the non-core, BMZ is now able to focus its resources squarely on unlocking the considerable underlying value of the Namekara Vermiculite Mine, and also on further investigating the significant regional exploration opportunities available across the Company's exploration licenses.

BMZ further strengthened its in-country team with the appointment of Mr Ronald Shikuku and Mr Nathi Stephen respectively, both of whom are Uganda Nationals, to the Board of NMCL. Mr Shikuku and Mr Stephen have cumulatively over 33 years management and operating experience.

BMZ also advised that experienced mining professional Bronwyn Barnes was appointed Interim Chief Executive Officer on July 26 2017. Maurice Feilich was also appointed as a Non-Executive Director of the Company in July.

During the quarter Non-Executive Chairman Julian Ford resigned from his roles as CEO and Chairman, with existing Executive Director Simon Grant-Rennick appointed Interim Chairman.

In addition, BMZ reported in August that it had received a further \$250,000 from cornerstone investor Investmet Limited ("Investmet"), taking the total amount received from Investmet and related parties to \$400,000. BMZ expects the final \$600,000 committed (see ASX release dated 21 June 2017) under the Share Placement to be received during Q4 2017.

MANAGEMENT COMMENTARY

Black Mountain's Interim Chairman Simon Grant-Rennick commented:

"Our vermiculite operations continued to perform well during the September quarter, as we maintained our focus on continuing to drive increased operational efficiencies at Namekara.

"With our mining operations now producing from a high grade zone of the Namekara pit, BMZ has the requisite operational flexibility to scale up production over the next 3-6 months to meet increasing demand for our large flake material. This strategy is also adequately supported by our robust existing stockpiles.

"Importantly, we continue to grow our sales into key North American and European markets, while servicing our existing customers. The successful establishment of strategic stockpiles during the previous has not only provided substantial cost savings to operations, but they have also provided improved delivery times and supply chain security to our existing customers.

"Furthermore, the appointment of Mr Shikuku and Mr Stephen to the Board of NMCL has significantly increased the Company's in-country strength and experience, and the Board looks forward to working alongside both gentlemen over the coming months.

"The combination of increased operational efficiencies, strengthened management, increased repeat orders from our customers and a growing customer base continues to confirm Namekara's position as one of the only large remaining sources of premium large and medium grade vermiculite globally and we look forward to delivering on a number of key corporate and operational objectives in the near-term."

-ENDS-

Further information, please contact:

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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.

Competent Person’s Statement

The information in this report that relates to Exploration Results has been compiled by Andrew Scogings and Patrick Takaedza. Dr Scogings is a full-time employee of CSA Global Pty Ltd. Mr Takaedza is a full-time employee of Namekara Mining Company Ltd. Dr Scogings is a Member of the Australian Institute of Geoscientists and Mr Takaedza is a member of the Australian Institute of Mining and Metallurgy. Both Dr Scogings and 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). Both Dr Scogings and Mr Takaedza consent to the disclosure of this information in this report in the form and context in which it appears.

The information in this report that relates to Mineral Resources has been compiled by Matthew Cobb, who is a full-time employee of CSA Global Pty Ltd. Dr Cobb is a Member of the Australian Institute of Geoscientists and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the JORC Code (2012). Dr Cobb consents to the disclosure of this information in this report in the form and context in which it appears.

Table A: Tenement Schedule

Mining Tenement (Claim)	Reference No.	Interest Held
Namekara Mining Company Limited, Uganda		
MINING LICENSE 4651	ML 4651	100%
EXPLORATION LICENSE 1534	EL 1534	100%

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

BLACK MOUNTAIN RESOURCES LTD

ABN

55 147 106 974

Quarter ended ("current quarter")

30 September 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	654	654
1.2 Payments for		
(a) exploration & evaluation	(1)	(1)
(b) development	-	-
(c) production	(365)	(365)
(d) staff costs	(386)	(386)
(e) administration and corporate costs	(278)	(278)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other	(25)	(25)
1.9 Net cash from / (used in) operating activities	(401)	(401)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(16)	(16)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(16)	(16)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	400	400
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(5)	(5)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	395	395

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	57	57
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(401)	(401)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(16)	(16)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	395	395
4.5	Effect of movement in exchange rates on cash held	(1)	(1)
4.6	Cash and cash equivalents at end of period	34	34

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	34	57
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	34	57

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
Nil
Nil

Nil

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
Nil
Nil

Nil

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	1,613 ¹	1,613
8.2 Credit standby arrangements	Nil	
8.3 Other (please specify)	Nil	
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

¹ Total loan facilities available before drawdown

- a) Convertible Notes issued 5 April 2017 – Unsecured – 10%p/a interest - \$535,000 with a maturity of 30 April 2020, convertible at \$0.05 per share. Interest accrued to of \$26,090 to quarter end.
- b) LB International US\$750,000 loan facility – Unsecured – 10%p/a interest with a 6% facility fee payable on maturity. Interest accrued of US\$75,090 to quarter end.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	21
9.2 Development and capital expenditure	60
9.3 Production	328
9.4 Logistics	210
9.5 Staff costs	152
9.6 Administration and corporate costs	107
9.7 Interest paid to convertible note holders	13
9.8 Total estimated cash outflows	891

During the June 2017 quarter BMZ announced that it had entered into a AUD \$1 million funding agreement with cornerstone investor InvestMet Limited. During the September quarter the company received the first tranche of \$400,000 from InvestMet, and expects to receive the balance of the funds during the current quarter which will be used to meet the expenses outlined above.

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	New Departure Silver Project, Montana USA: Mother Lode – 8431 Director Lode – 5600 Protector Lode – 5601 Shield Lode – 5602 Cliff Lode – 2264 Guardian Lode – 2411 Quien Sabe Lode – 2265 Signal Lode – 2505A Conjecture Silver Project, Montana USA: Spider – Surveyor General's Survey #2683 Conjecture – Surveyor General's Survey #2683 Rainbow – Surveyor General's Survey #3689 Comet – Surveyor General's Survey #3071 Lucky Strike – Surveyor General's Survey #2744 Silver Cord – Surveyor General's Survey #2744	Outright ownership through subsidiary divested during the quarter. Outright ownership through subsidiary divested during the quarter.	70% 70%	NIL NIL
10.2	Interests in mining tenements and petroleum tenements acquired or increased	N/A	N/A	N/A	N/A

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:
(Director)

Date: 31 October 2017

Print name: Simon Grant-Rennick

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report

has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.