



ASX ANNOUNCEMENT

13 June 2018

BLACK MOUNTAIN COMPLETES RESTRUCTURE WITH FOCUS NOW ON LITHIUM FARM IN DRC AND EXPLORATION OF HIGHLY PROSPECTIVE UGANDAN ASSETS

African-focused exploration and development company Black Mountain Resources Limited (ASX Code: **BMZ**) (the **Company**) advises shareholders that it has completed its previously announced restructure initiatives:

- The disposal of its interest in the Namekara Vermiculite Mine in exchange for the retirement of ~A\$5.5m of debt (Transaction). BMZ is now debt free apart from some very minor trade creditors.
- BMZ retains a 75% farm in right to the highly prospective Busumbu Phosphate Project and for exploration of copper and rare earths mineralisation across the project.
- BMZ is in the final stages securing other farm-in partners for the phosphate, copper and rare earths to reduce its expenditure here.
- Previous exploration on the Busumbu Phosphate Project identified up to a 3km of strike extent of phosphate mineralisation likely between Busumbu and the Namekara Vermiculite Mine. The results also indicated a substantial phosphate mineralisation footprint for future exploration.¹
- Comprehensive work previously undertaken identifying key high impact exploration targets for phosphate, copper and rare earths to allow for immediate commencement of exploration activity.
- As previously announced Mr Luca Bechis has resigned in line with completion of the Transaction. Mr Sam Jarvis has been appointed to the Board as a Non-Executive Director. Mr Jarvis has over 20 years' experience in the resources, bulk commodities and energy sectors and has Degrees in Economics and Engineering (Hons).
- Director Simon Grant Rennick (previously appointed as vermiculite marketing specialist) and Company Secretary Susan Hunter have also stepped down. They will be replaced by Dan Smith (Director, Company Secretary).
- Following recent shareholder approval, Company to be renamed Hipo Resources Limited (ASX:HIP)
- Current Director Maurice Feilich to become Executive Chairman

Overview of the Busumbu Phosphate Project²

The Busumbu Phosphate Project is located on the Busumbu ridge ~ 3km east of the Namekara Vermiculite Mine and on the existing Mining License.

Exploration work was completed by Gulf Industrial Limited (ASX Listed) in 2011 and 2012. The full results of the six-hole diamond drill program completed by Gulf Industrial in 2012 is included in an ASX release dated 26 November 2012 "Confirmation of High Grade Phosphate Discovery – Busumbu". The results enabled Gulf to estimate "the potential

¹ As referenced in Independent Experts and Technical Valuations Report lodged with ASX on 14 July 2016 (**Expert Report**). The Company confirms that it is not aware of any new information or data that materially affects the information included in the Expert Report and all material assumptions and technical parameters underpinning the estimates in the Expert Report continue to apply and have not materially changed.

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dimensions of the prospect to be in excess of 3km by 400m” and the drilling “confirms high-grade mineralisation to a depth of over 60m with assay grades of up to 30.5% P₂O₅.

The Busumbu Phosphate Project is located less than 30km from the Sukulu Phosphate Project, where a Chinese firm, The 23rd Metallurgical Construction Group Co Ltd started construction in 2014 of a US\$620M phosphate mine and integrated fertiliser facility, rare earths project and power station.

Advanced negotiations are near to concluding with a strategic partner to progress the Busumbu Phosphate Project (BMZ 75% farm in interest) and the Company looks forward to providing further details upon conclusion of the farm in negotiations. This is likely to result in BMZ significantly and materially reducing any financial contribution to the exploration and development of the project.

The Company (and its potential farm in partner) are The Company is proposing to complete further detailed exploration work at the Busumbu Phosphate Project including, resource definition drilling, preliminary mine planning and optimisation studies, broad sampling and metallurgical test work and preliminary processing plant optimisation studies. The project is considered by the Board to be one of two “world-class” phosphate deposits in Uganda.

As a result of the restructure, Black Mountain retains a 75% interest in the Project subject to a minimum expenditure obligation of US\$1m per annum for 3 years, and a commitment to take the project into commercial production within another 2 years. The minimum expenditure funding can be used as project development and operational funding if the Project moves into commercial production in an accelerated time frame.

Exploration for copper and rare earths is also being pursued with two further farm in negotiations well advanced.

The Company considers the Busumbu Phosphate Project to be an attractive exploration and development asset which, along with the Crown Lithium option in the DRC, allows BMZ to move forward with a solid portfolio of mature exploration and development assets and nearly all of its debt extinguished.

Due diligence on the Crown Lithium assets in the Democratic Republic of Congo (see ASX release:) are well advanced and assays results from samples collected are expected to be released shortly.

Board Changes

BMZ is pleased to announce the appointment of Dan Smith as Non-Executive Director and Company Secretary. Dan holds a Bachelor of Arts, is a member of the Australian Institute of Company Directors and the Governance Institute of Australia, and has a strong background in finance having previously worked in the stock broking industry. Dan has over 10 years’ primary and secondary capital markets expertise, and has advised on a number of IPOs, RTOs and capital raisings on the ASX. Dan’s focus is on commercial due diligence, transaction structuring, and investor and stakeholder engagement. Dan is currently a director and company secretary of ASX and AIM-listed Europa Metals Limited and ASX-listed Lachlan Star Limited, and is also a company secretary of Taruga Gold Limited.

As previously announced, Mr Luca Bechis has resigned at the completion of the Transaction. Sam Jarvis has been appointed to the Board as a Non-Executive Director. He has over 20 years’ experience in the resources, bulk commodities and energy sectors and has Degrees in Economics and Engineering (Hons). Non-Executive Director Simon Grant-Rennick (previously appointed as vermiculite marketing specialist) and Company Secretary Ms Susan Hunter have also stepped down.

Commentary

Executive Director, Maurice Feilich commented: *“The Busumbu Phosphate Project and the Crown Lithium option are very valuable assets, and we are committed to developing both. Now that we have completed this transaction in Uganda, which greatly strengthens BMZ’s balance sheet, we have two clear objectives. Firstly, we plan to complete due diligence on the Crown Lithium project in the DRC and report assay results from our field work very soon. This will determine how we structure any farm-in to this very attractive asset. Secondly, we are in the final stages of negotiating farm-in terms with three different parties that have expressed an interest in exploring and developing Busumbu for its diverse mineralisation.*

“Securing farm-in partners will greatly reduce BMZ’s expenditure in Uganda but also allow BMZ to benefit from any exploration and development success give that we will retain a share in Busumbu. It also frees up funds to progress more lithium and cobalt opportunities in the DRC, and assess other opportunities to diversify and strengthen BMZ’s asset base.

"I would like to take this opportunity to thank outgoing Director Luca Bechis for the smooth transition selling the vermiculite asset, and we look forward to working with him to develop Busumbu. We also thank Simon Grant-Rennick and Susan Hunter for their contributions to BMZ."

BMZ confirms that assay results for samples taken from the Crown Lithium option are being assayed in South Africa and results will be reported as soon as they are available. Other opportunities to strengthen BMZ's focus on battery minerals and technology are also being carefully reviewed.

-ENDS-

Contact: info@blackmountainresources.com.au

Released through: Ben Jarvis, Six Degrees Investor Relations: +61 (0) 413 150 448