



31 October 2014

Manager of Company Announcements
Australian Securities Exchange
Level 6, 20 Bridge Street
Sydney NSW 2000

By E-Lodgement

Quarterly Report for the Period Ending 30 September 2014

The Board of Black Mountain Resources Limited ("**Black Mountain**" or the "**Company**"), the silver focused development company with interests in the US, provides the following commentary regarding its activities during the three months ended 30 September 2014 and the Appendix 5B (Quarterly Cash Flow Report).

Operations

The Company continued its focus on exploration and development at the New Departure Silver Project in Montana, USA during the period. Importantly, the work undertaken, in line with Black Mountain's on-going strategy to complete its 3-D mine model ahead of production upon securing financing, re-emphasised the high grade nature of the mineralisation at the project.

During the period, the Company's technical teams undertook two phases of channel sampling, the first of which delivered results in July 2014. Approximately 118 channel samples were taken and grades of up to 422 oz/t of silver over 1.9m were returned. These super high grade results surpassed the Company's expectations and were far beyond those previously received from historical work. While re-emphasising the future production profile of this project, these results also highlighted that the Blue Dot level has the greatest potential for hosting a mineral resource in the downward and northwest plunging remainder of the ore body, as well as confirming existing historical results.

The second round of sampling commenced in August and the results were reported in September 2014. These results, which were also ahead of management's expectations with over 90 oz/t Ag reported over 0.5-2m channels, confirmed the run of mine grade, extended the silver mineralisation at the Main Zone, and provided the Company with key production assumptions.

Following the completion of this programme, Hard Rock Consulting ('HRC') commenced modelling of the silver vein mineralisation to confirm historical resource estimates and to update the mine plan for the Project. HRC is also incorporating zinc and lead as saleable products from the New Departure Mine. The Company now plans to commence a third and final round of underground sampling prior to the commencement of mining..

Highlights of the channel sampling results are set out below. Note that silver results are given in ounces per ton ("opt") and length in meters. Full details of the sampling results were announced on 22 July 2014 and 18 September 2014. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

Area	Sample #	Ag Opt	Sample length (m)
Silver Springs	14614	422.6	1.9
Silver Springs	14618	137.9	0.5
Stinker Decline	14601	132.1	1.4
Stinker Decline	14609	117.0	0.9
Blue Dot Level	14521	98.7	0.9
Blue Dot Level	14503	63.7	0.3
Stinker Decline	14605	34.1	1.9
Silver Springs	14615	33.1	1.9
Blue Dot Level	14542	25.0	0.9
Stinker Decline	14610	19.0	2.5
Silver Springs	14621	18.7	0.3
Stinker Decline	14608	17.0	0.6
Blue Dot Level	14541	15.7	0.9
Blue Dot Level	14547	14.3	1.6
Stinker Decline	14613	11.2	1.3
Blue Dot Level	14543	10.9	0.9
Silver Springs	14616	10.1	0.9
Blue Dot Level	14538	8.5	1.3
Blue Dot Level	14504	6.2	0.9
Silver Springs	14617	4.5	0.9
Blue Dot Level	14506	3.9	1.3
Blue Dot Level	14511	3.7	1.3
Stinker Decline	14604	3.5	1.0
Blue Dot Level	14548	3.1	0.9
Stinker Decline	14602	3.0	1.1

Area	Sample #	Ag Opt	Sample length (m)
Blue Dot Level	14516	3.0	0.9
Blue Dot Level	14627	80.90	0.457
Blue Dot Level	14628	98.20	0.305
Blue Dot Level	14637	11.60	0.457
Blue Dot Level	14639	54.10	0.3048
Blue Dot Level	14648	51.10	0.3048
Blue Dot Level	14649	25.50	0.1016
Blue Dot Level	14799	62.70	0.1524

Table 1 – Highlight of Sample Results

These samples continue to confirm the high grade nature of the New Departure silver mineralisation (see map below). The map also shows the silver vein mineralization confirming the historical resource estimates and develops a preliminary mine plan for New Departure.

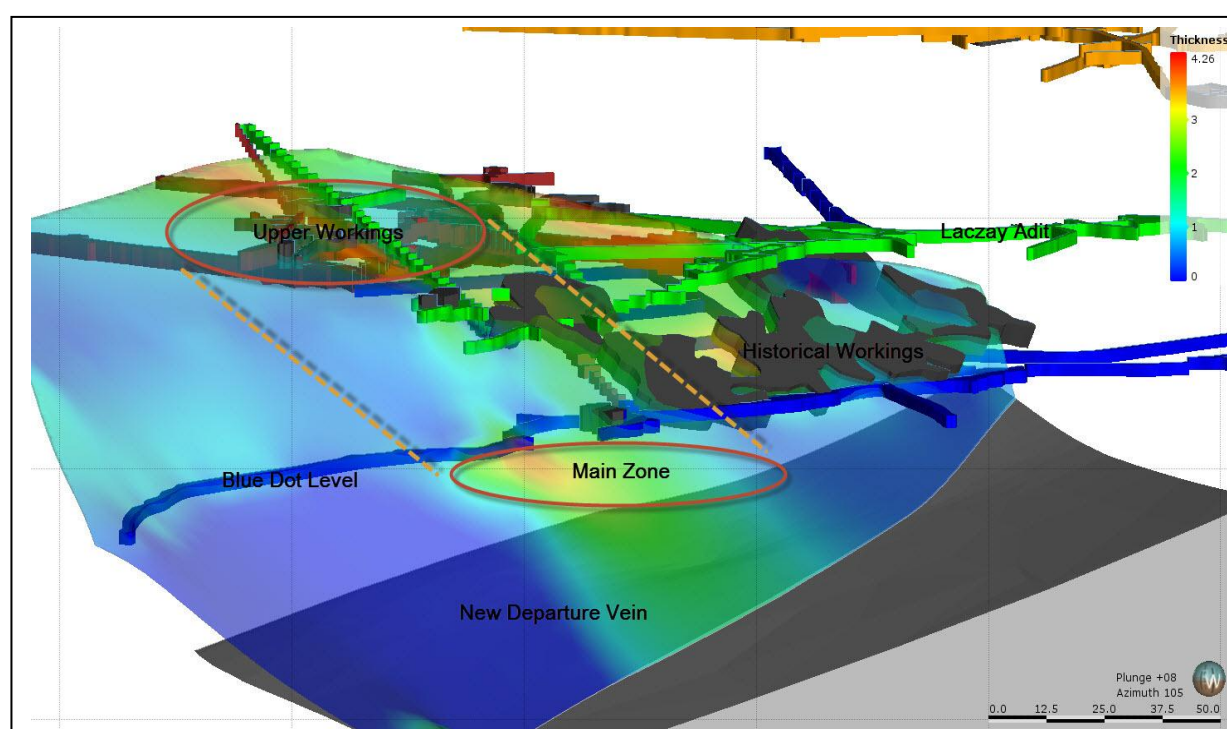


Figure 1: New Departure Mine

In looking at the most effective method of recommencing mining at New Departure, management are close to finalising a revised strategy of initially developing 13,000-15,000 identified tonnes at the upper Coppin Level at a targeted diluted mining grade of approximately 30 opt before moving to the Blue Dot Level

The Coppin level could be accessed from the existing stinker adit with minor extensions. The larger portal would give Black Mountain access to the Coppin zone which is approximately 75m from the mouth of the portal. Development and mining could be commenced quickly and for a significantly lower cost when

compared to just starting at the Blue Dot with ore sale proceeds from this Coppin zone being used to fund the development of the larger Blue Dot Level.

With the Company's focus being on the planned mine development and production activities at New Departure, no significant work was undertaken during the Quarter at the Conjecture Silver Project or the Tabor Silver and Gold Project.

Corporate

The Board has continued to assess the best financing solution moving forward taking into account the current tight equity structure of the Company and tough market conditions for junior resource companies. Despite the delayed progress in concluding the most appropriate financing path for New Departure, the Board is confident that it will be finalised in the coming weeks. At this point, considering the high grade nature of the mineralisation at the project, and its low cost production credentials, shareholders will begin to see the benefits of bringing New Departure into production with a suitable facility in place.

For and on behalf of the Board



Peter Landau
Executive Director

For further information please visit www.blackmountainresources.com.au or contact:

Black Mountain Resources Limited

Peter Landau
Executive Chairman
E: peter@blackmountainresources.com.au
T: +61 8 9488 5220

Media (Australia)

PPR
David Tasker
T: +61 8 9388 0944

Black Mountain Resources Limited

Melissa Pellicciotti
Investor Relations
E: melissa@blackmountainresources.com.au
T: +61 8 9488 5220

Media (UK)

St Brides Media & Finance Limited
Elisabeth Cowell
T: +44 207 236 1177

Joint Broker (UK)

Westhouse Securities Limited
Martin Davison
T: +44 207 601 6100

Joint Broker (UK)

Hume Capital Securities Plc
Jon Belliss
T: +44 203 693 1493

Nominated Advisor

RFC Ambrian Limited
Oliver Morse / Trinity McIntyre
T: +61 (8) 9480 2500

About Black Mountain Resources Limited

Black Mountain Resources Limited is a dual listed (ASX | AIM: BMZ) silver and gold focused development company focussed on the advancement of three highly prospective previously operating assets located in two of the world's most developed and proven silver and gold mining regions of Idaho and Montana, USA.

The Company holds a 70% interest in the New Departure Silver Project, the Conjecture Silver Project and the Tabor Gold and Silver Project pursuant to 45 year leases from Chester Mining Company, Lucky Friday Extension Mining Company and Brush Prairie Minerals respectively. Black Mountain plans to implement low cost production and development programmes across all three assets. It is also implementing exploration programmes to capitalise on the exploration upside potential apparent across its portfolio.

Black Mountain Resources Limited was incorporated on 29 October 2010 and is listed on the Australian Securities Exchange (ASX) and London's AIM Market – trading codes BMZ and BMZO.

Competent Persons Statement

The information included in this release that relates to historical mining data and exploration results is based on information compiled by Mr. James Baughman, a technical consultant to the Company. Mr. Baughman is a qualified geologist and has sufficient experience in exploration and mine development which is 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Baughman has reviewed this release and consents to the inclusion in the release of the matters based on his information in the form and context in which it appears.

Forward Looking Statement

Certain statements made during or in connection with this communication, including, without limitation, those concerning the economic outlook for the silver market, expectations regarding silver ore prices, production, cash costs and other operating results growth prospects and the outlook of the Company's operations including the likely commencement of commercial operations of the New Departure and Conjecture Silver Projects, its liquidity and the capital resources and expenditure, contain or comprise certain forward-looking statements regarding the Company's development and exploration operations economic performance and financial condition. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes in the regulatory environment and other government actions, fluctuations in silver ore prices and exchange rates and business and operational risk management. For a discussion of such factors refer to the Company's most recent annual report and half year report. The Company undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events.

Mining Tenement (Claim)	Reference (BLM Serial No.)	Interest Held
New Departure Silver Project, Montana US		
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%
Conjecture Silver Project, Idaho US		
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, IMC210796, IMC210808-210812, IMC210822-210826, 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%
Tabor Silver & Gold Project, Montana US		
HIGHLAND LODGE – 7295	-	70%
MCKINLEY LODGE – 7292	-	70%
HOPE – 6623	-	70%
SHENANDOAH – 6624	-	70%
BAY STATE LODGE – 6625	-	70%
NELLIE BLY – 9722	-	70%
ALDER FRACTION – 9722	-	70%
PRESCOTT – 9722	-	70%
MALTA LODGE – 9722	-	70%
ST. JOHN – 5984	-	70%
BUTCHER GULCH PLACER – TRACT 3 OF BOOK 7 SURVEYS, PAGE 253	-	70%
BG 9	MMC226241	70%
BG 10	MMC226242	70%
BG19	MMC226243	70%
BG20	MMC226244	70%
BG21	MMC226245	70%
BG22	MMC226246	70%
BG23	MMC226247	70%
DON-A-VERA	MMC175327	70%
DON-A-VERA NO. 1	MMC175328	70%
PEARL NO. 1	MMC175355	70%
PEARL NO. 2	MMC175356	70%
EAGLE BLACK NO. 1	MMC175363	70%
EAGLE BLACK NO. 5	MMC175367	70%
NEW WINNETKA	MMC175384	70%
TABOR LODGE	MMC175409	70%

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 SEPTEMBER 2014

Consolidated statement of cash flows

		Current quarter	Year to date (3 months)
		\$A'000	\$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for		
	(a) exploration, permitting & evaluation	-	-
	(b) development & equipment	(225)	(225)
	(c) production	-	-
	(d) administration	(110)	(110)
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)	201	201
2.7	Other	-	-
Net Operating Cash Flows		(134)	(134)
Cash flows related to investing activities			
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	126	126
1.10	Loans from other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Proceeds from underwriting	-	-
Net investing cash flows		126	126
1.13	Total operating and investing cash flows (carried forward)	-	-

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(8)	(8)
	Cash flows related to financing activities		
1.14	Proceeds from raising	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	200	200
1.17	Repayment of borrowings	(212)	(212)
1.18	Dividends paid	-	-
1.19	Costs associated with issue of shares	-	-
	Net financing cash flows	(12)	(12)
	Net increase (decrease) in cash held	(20)	(20)
1.20	Cash at beginning of quarter/year to date	62	62
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	42	42

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

	Current quarter \$A'000
1.23 Aggregate amount of payments to the parties included in item 1.2	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 \$A'000	Amount used \$A'000
3.1 Loan facilities	3,000	1,500
3.2 Credit standby arrangements	Nil	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration, permitting and evaluation	-
4.2 Development and equipment	100
4.3 Production	-
4.4 Administration	100
Total	200

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	42	62
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other – Term Deposit	-	-
Total: cash at end of quarter (item 1.22)	42	62

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	See additional information appendix		
6.2 Interests in mining tenements acquired or increased	N/A	See additional information appendix		

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference *securities <i>(description)</i>	Nil			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	Nil			
7.3	*Ordinary securities	94,625,361	94,625,361		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	Nil Nil	Nil		
7.5	*Convertible debt securities <i>(description)</i>	Nil			
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	Nil Nil			
7.7	Options <i>(description and conversion factor)</i>	2,000,000 51,123,750	Nil 51,123,750	\$0.30 \$0.20	
7.8	Issued during quarter	Nil	Nil		
7.9	Exercised during quarter	Nil	Nil		
7.10	Expired during quarter	Nil	Nil		
7.11	Debentures <i>(totals only)</i>	Nil	Nil		
7.12	Unsecured notes <i>(totals only)</i>	Nil	Nil		
	Performance Based Shares	25,000,000	Nil	\$0.20	
	Changes during quarter (a) Increases	Nil	Nil	Nil	

Note – performance milestones for Performance Shares:

- (a) the Company completing exploration and development on each US Project in the total amount of not less than US\$1,500,000, or exploration and development in the amount of US\$4,500,000 across all of the US Projects, within three (3) years from the date of issue of the Performance Shares; and
- (b) production from the Project of not less than 2,000 ounces of gold or gold equivalent within five (5) years from the date of issue of the Performance Shares.

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Peter Landau
Executive Director
31 October 2014

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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