



5 February 2016

ASX RELEASE

AGREEMENT WITH AFRICAN PHOSPHATE TO ACQUIRE PRODUCING MINE AND MAJOR PHOSPHATE PROJECT

HIGHLIGHTS

- Agreement with African Phosphate Pty Limited to acquire 100% of Namakera Mining Company Limited which operates the Namakera Vermiculite Mine and Busumbu Phosphate Project in Uganda
- Acquisition includes the existing Mining License and Exploration License, all mining equipment, the processing plant, power generator, mine office and all associated site infrastructure and equipment
- Investment in Namakera Mining Company Limited provides an immediate production and cashflow asset that it considers capable of supporting a low cost, long life mining operation with expansion opportunities
- Acquisition gives the Company's shareholders exposure to Africa's growing agriculture sector which is forecast to increase to US\$500 billion in value over the next 5 years by the African Development Bank
- Vermiculite (Vm) production commenced in 2002 and the former Rio Tinto asset is considered to be world's largest vermiculite deposit with JORC Code (2004) Inferred Resources of 57.4Mt at 26.7% Vm (>18mm) completed for and announced to ASX by Gulf Industrials on 23 July 2009¹
- Proven transport logistics and market acceptance with sales of premium large and medium vermiculite flake and fine and superfine flake into both export and African markets under existing marketing agreements
- Expansion Study for Namakera Mine and Processing Plant proposed to re-commence in 2016 targeting a significant increase in sales of premium large and medium vermiculite flake products
- Negotiations advanced with major agri-business company to expand marketing and offtake sales of large and medium size vermiculite flakes and to accelerate phosphate exploration and development
- Significant exploration and development upside with the Busumbu Phosphate Project (which operated intermittently over a 20 year period up to 1960s) which is located on the existing Namakera Mining Lease
- Diamond drilling results reported by Gulf Industrials to ASX on 26 November 2012 at Busumbu confirmed high grade and extensive phosphate mineralisation² with grades of up to 30.5% P₂O₅ and best intercepts of:
 - ND03: 35.4m at 25.8% P₂O₅ from 4.7m
 - ND43: 29.2m at 25.1% P₂O₅ from 7.0m
- Board changes with strengthened exploration, development, mining and finance credentials
- Appointment of leading global financial services and investment house, Sanlam Private Wealth Australia (part of the ZAR420 billion Sanlam Group) and South African corporate finance group Verdant Capital in connection with the Company's future capital requirements and implementation of its strategic initiatives
- Company elects to not proceed with the previously announced DMS Transaction.



Black Mountain Resources (“**Black Mountain**” or the “**Company**”) is pleased to announce that it has entered into a Binding Heads of Agreement with African Phosphate Pty Limited (“**African Phosphate**”) to acquire Namakera Mining Company Limited (“**Namakera Mining**”) which operates a high quality producing vermiculite mine and a high grade phosphate project with historical production located in Uganda.

AFRICAN PHOSPHATE

African Phosphate is a recently established mining and development company focused on the acquisition of advanced projects and producing mines in the agricultural and fertiliser sectors.

The Company has agreed to acquire the option that African Phosphate has secured to purchase 100% of the share capital in GLF Holdings Limited (“**Gulf**”) from its existing shareholders. Gulf is the 100% shareholder of Namakera Mining, directly and indirectly through its 100% interest in Industrial Minerals International Corporation.

The acquisition will allow the Company to rapidly establish itself as a leading “agri-mining” producer and a major player in Africa's rapidly growing fertiliser and agriculture sectors.

According to the African Development Bank, Africa is one the most important markets in the world for mineral fertilisers and has the potential to increase the value of its annual agricultural output of US\$280 billion in 2010 to over US\$500 billion by 2020.

The acquisition of the operating Namakera Vermiculite Mine and the Busumbu Phosphate Project is considered by management to provide the Company with an opportunity to acquire a producing cashflow asset with significant expansion and development upside in the agriculture and fertiliser sector.

The corporate structure of the Company post the proposed acquisition is summarised below.

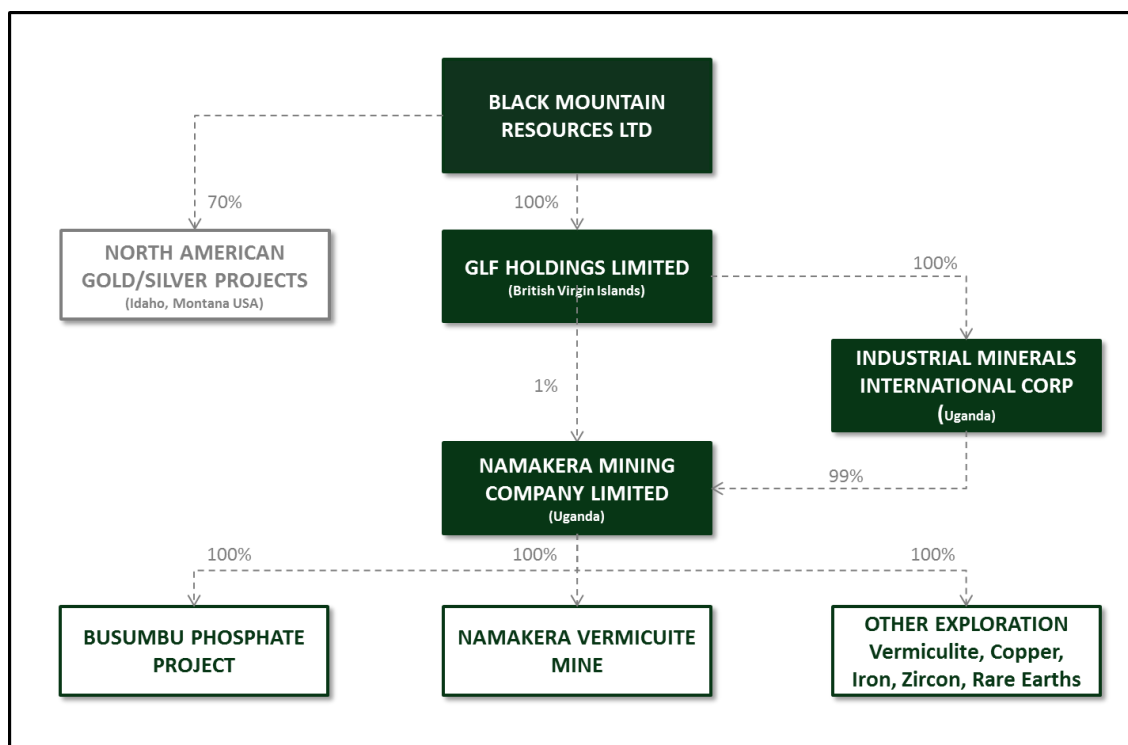


Figure 1. Corporate structure of the Company post the proposed acquisition of African Phosphate

Phosphate rock minerals are the only significant global resources of phosphorous, which is one of three nutrients used in fertiliser. Approx. 95% of phosphate is used in agricultural fertiliser. Fertiliser is critical to modern agricultural practices and requirements and global food security with fertiliser linked to approx. 50% of current global food production.

Vermiculite is a unique, naturally occurring, inert laminar mineral that is used extensively in agriculture, horticulture as well as in construction, industrial and manufacturing. Over 50% of vermiculite is used in the agriculture sector in fertilisers. Chemically a hydrated magnesium aluminium silicate, vermiculite exfoliates (expands) when heated to form an ultra-lightweight aggregate. It is non-combustible, compressible, highly absorbent and non-reactive.

NAMAKERA VERMICULITE MINE

The Namakera Vermiculite Mine is located in Eastern Uganda near the towns of Mbala and Tororo, approx. 190 km from the Uganda capital, Kampala and close to the border with Kenya.

It is on major central African road and rail networks and is 30 km from a rail spur that connects to the Kenyan port of Mombasa.



Figure 2. Regional location of the Namakera Vermiculite Mine and the Busumbu Phosphate Project

The Namakera Vermiculite deposit is hosted in the Bukusu Complex, one of a number of carbonatites in the Uganda/Kenya border area and the only one known to host commercially viable vermiculite.

Namakera Mining 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.

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

Tenement	Interest	Area	Expiry Date	Other Conditions
Mining License ML 4651	100%	17.2498 km ²	14/05/24	Option to extend up to a further 15 years
Exploration License EL 1534	100%	30.8335 km ²	23/11/17	Two options to extend each for a further 2 years

The Bukusu Complex extends over about 50 km² and consists principally of intrusive carbonatites and silicate rocks. The complex is composed of alkaline and ultrabasic rocks forming ring dyke structures surrounding a central vent agglomerate. The Bukusu Complex is one of Africa's largest alkaline carbonatite complexes.

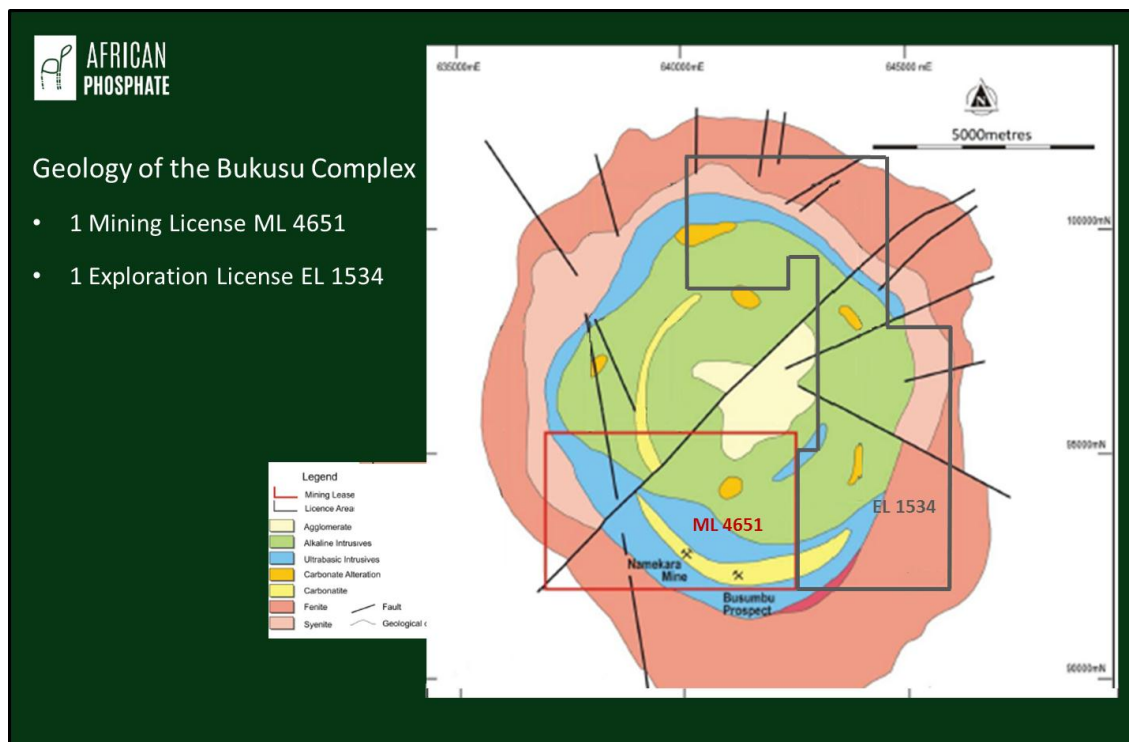


Figure 3. Project geology and tenure (Source Namakera Mining Company)

The Bukusu Complex is surrounded by a broad zone of feldspathisation or fenites in which leucocratic granite, syenite and quartz-pegmatoid have been developed from alteration of the granodiorite gneiss country rocks.

The vermiculite occurs within an approx. 34 m thick sub-horizontal tabular zone and is derived by weathering of phlogopite within coarse-grained to pegmatoidal pyroxenite.

Vermiculite mineralisation was first discovered in the Bukusu Complex in the 1950s but commercial development only commenced in the 1990s, when TSX listed IBI Corporation conducted a series of exploration programs and commenced development of a small scale mining and vermiculite flake production plant.

The Namakera Vermiculite deposit and surrounding licenses were acquired by Rio Tinto in 2007 for C\$5m and further drilling, resource definition work, pit optimisation and design, plant optimisation, transport and infrastructure studies and market research work was subsequently undertaken.

Rio Tinto completed a 64 hole RC percussion drilling program in 2007, which resulted in a 2004 JORC Code compliant Inferred Mineral Resource Estimate being released in 2008.

ASX listed Gulf Industrials Limited acquired the mining operation in 2009 from Rio Tinto.

Gulf Industrials engaged SRK Consulting East Africa in 2009 to complete a review of the resource estimates completed by Rio Tinto. The SRK review included site visits and an assessment of Rio Tinto drill samples and results at the Namakera Mine, including also a geological assessment in the pit.

The Namakera Vermiculite deposit was determined to extend from surface to a depth of between 45m to 55m.



Figure 4. The Namakera Vermiculite Mine Open Pit (Source Namakera Mining Company)

Gulf Industrials reported on 23 July 2009 that the Namakera Vermiculite deposit contained a JORC Code 2004 Inferred Resource estimate of 54.9 Mt at a grade of 26.7% vermiculite > 0.18 mm. This resource estimate had a surface extent of 1.0 km by 1.0km (location of the existing mine/pit).

This information was prepared and first disclosed under the JORC Code 2004 guidelines by Gulf Industrials. This resource estimate is not the Company's and the Company is itself neither making those estimates nor reporting those results. The Company has not updated this resource estimate nor done sufficient work to verify the data or resource estimate. It has not been updated since to comply with the JORC Code 2012 guidelines on the basis that the information has not materially changed since it was last reported (since 2009 only limited production of approx. 45,783 tonnes of vermiculite flake product >0.5mm has occurred)

Gulf Industrials recommissioned and ramped up the mining operation in 2010, achieving several successive quarters of increased production and increased sales. Conventional open pit "free-dig" mining methods were employed using an owner-operator standard truck and shovel operation.

Throughput and recoveries through the single stage crushing circuit, magnetic separation, air drying, two stage screening and winnowing processing plant were reported to produce up to the planned steady state levels of 30,000tpa of vermiculite flake product.



Figure 5. The Namakera Processing Plant – rotary dryer and dryer feed and discharge (Source Namakera Mining Company)

Vermiculite flake product was bagged in 1.15t bulk bags and transported by road in “back-loads” to the Kenyan port of Mombasa where it was sold under a long term and exclusive offtake agreement to the European export markets.



Figure 6. Loading of bulk bagged 1.15t Namakera Vermiculite (Source Namakera Mining Company)

In 2011 Gulf Industrials commenced a Bankable Feasibility Study to increase product sales to 80,000 tpa.



Between 2011 and 2013 Gulf Industrials produced and sold 42,045 tonnes of vermiculite flake product >0.5mm size into the European markets. Approx. 60% of sales were in the premium large and medium flake products at prices in excess of US\$300/t with the balance of sales in the fine and super fine flake products.

The mining operation was placed on care and maintenance in late 2012, as a result of the terms of its 25 year exclusive distribution offtake agreement with a UK based group who were unable to guarantee future purchases of vermiculite flake. This agreement was subsequently terminated, following a US\$1.2m termination payment to the UK based group, which allowed them to then freely market its vermiculite product independently rather than exclusively.

In 2013 Gulf Industrials' secured debt holders assumed ownership of the mining operation in exchange for approx. US\$4.1m of debt forgiveness and they have maintained and operated the mine and processing plant since then.

Mining and processing operations recommenced at the Namakera Vermiculite Mine in the second half of 2013 with 2,620t of sales of vermiculite flake being made under two non-exclusive marketing agreements up to 31 December 2014.

Production continued in 2015 but was halted in February 2015 when temporary restrictions were placed on the export of a number of mineral commodities in Uganda including vermiculite. These restrictions were lifted in August 2015 and production and processing operations resumed with export sales made.

Vermiculite sales in 2015, for the 11 months up to 30 November 2015 totalled 1,118t of vermiculite flake, of which 70% of sales were in the premium large and medium flake products at prices in excess of US\$400/t with the balance of sales in the fine and super fine flake products. Mine and processing throughput over this period have been limited to the levels required to meet the limited sales volumes under the non-exclusive marketing agreements. There is currently approx. 1,400t of bagged saleable vermiculite product at site that is to be sold into the European export market over the next two months.

The Company is proposing to increase mine production through additional new capital investment in the mining fleet and in mine planning and the purchase of additional surface rights adjacent to the existing open pit. The proposed increased mine production levels is anticipated to allow the Company to achieve the previous steady state product sales levels achieved of 30,000t of vermiculite flake product >0.5mm size into the European and African.

The Company is also proposing to commence a Bankable Feasibility Study, to increase the processing plant capacity to up to 80,000tpa of vermiculite flake product >0.5mm size into the European and African.

African Phosphate's executive management have been in advanced negotiations with a major regional agribusiness company and marketing agents in Europe to expand the marketing and offtake sales of vermiculite flakes to regional agricultural markets in Africa and with other potential international export off take partners to broaden the market for sales of Namakera's premium vermiculite large and medium flake products.

The Company is proposing to complete detailed evaluation work at the Namakera Vermiculite Mine including, resource and reserve drilling to enable the Company to report a 2012 JORC Code compliant Mineral Resource Estimate in accordance with the JORC 2012 Guidelines.

Further mine planning and optimisation studies, metallurgical testwork and processing plant optimisation studies and further feasibility work will be completed to enable the operation to continue at sustainable levels in 2016 at the design rates and saleable product rates of the processing plant.

BUSUMBU PHOSPHATE PROJECT

The Busumbu Phosphate Project is located on the Busumbu ridge approx. 3km east of the Namakera Vermiculite Mine and on the existing Mining License held. A phosphate mine operated intermittently at Busumbu during the period from 1944 to 1963.

The Busumbu Phosphate Project is located less than 30km from the Sukulu Phosphate Project, where 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.

Research on the Busumbu Phosphate Project in 1995 described the formation of calcium-aluminium phosphates such as crandallite in the regolith to form “soft phosphate rock” and re-precipitation of apatite to form “hard phosphate rock”.

Exploration work was completed by Gulf Industrials at the Busumbu Phosphate Project in 2011 and 2012. The work comprised soil sampling to delineate the potential mineralised target, followed by six diamond drill holes to test for depth extent, determine tenor of phosphate mineralisation and to identify phosphate minerals present.

Analyses of the soil samples identified potential of up to 3 km of strike extent of phosphate mineralisation between the Busumbu Phosphate Project and the Namakera Vermiculite Mine. It also indicated a “substantial phosphate mineralisation footprint for future exploration.” These exploration results were reported by Gulf Industrials in an ASX release dated 21 June 2012 “High Grade Phosphate Mineralisation Presence Confirmed”.

Gulf Industrials provided the results of the six hole diamond drill program an ASX release dated 26 November 2012 “Confirmation of High Grade Phosphate Discovery – Busumbu”. The results enabled Gulf to estimate “the potential dimensions of the prospect to be in excess of 3km by 400m” and the drilling “confirms high-grade mineralisation to a depth of over 60 m with assay grades of up to 30.5% P₂O₅.”

These exploration results are not the Company’s and the Company is itself making these exploration results nor reporting those results. The Company has not done sufficient work to verify the data or exploration results.

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 testwork and preliminary processing plant optimisation studies. The project is considered to be one of two “world-class” phosphate deposits in Uganda and is a key focus of the Company. The Company will commence a pre-feasibility study in 2016, upon completion of an initial drilling program, and anticipates completing this study late in 2016.

APPOINTMENT OF CORPORATE ADVISORS AND LEAD BROKER

The Company is pleased to announce that it has appointed Sanlam Private Wealth Australia and Verdant Capital as advisors to the Company in connection with its future capital requirements and implementation of its strategic initiatives in the agricultural and fertiliser sectors in Africa.

Sanlam Private Wealth is a leading global financial services and investment house with extensive experience in serving the needs of private investors, corporate clients and institutional investors. It is part the Sanlam Group, one of the largest financial services groups in South Africa, and with 23 international offices managing over ZAR240 billion in assets under management and administration for 30,000 clients.



Verdant Capital is an independent corporate finance firm focused on assisting companies and projects on a pan-Africa basis. It has offices in Johannesburg, Ebene and Accra and is licenced by the Financial Services Commission in Mauritius and authorised by the Financial Services Board in South Africa.

Over the last two years Verdant Capital has been one the most active corporate finance firms in Africa in the agriculture and fertiliser sector.

In December 2015, Verdant Capital advised on the sale of Zambia, Malawi and Mozambique based Greenbelt Fertilisers to global fertiliser company Yara. The transaction is one of the largest for a fertiliser business in Africa in recent times. In 2015, Verdant Capital was awarded “Best Corporate Finance Firm in South Africa”, 2015 by Acquisition International.

The Company’s management will work with Sanlam Private Wealth Australia and Verdant Capital to finalise the acquisition and ensure the Company’s future capital requirements are met.

ACQUISITION TERMS

The Company has executed a Binding Heads of Agreement (**Agreement**) to acquire the option secured by African Phosphate and to complete the acquisition of Namakera Mining (**Acquisition**). The Agreement is subject to satisfaction of a number of conditions precedent outlined below, and including regulatory and shareholder approval.

The key terms of the Agreement are as follows:

- completion of due diligence by the Company on African Phosphate, on Gulf, on Namakera Mining Company Limited on the businesses, its fixed and floating assets and exploration and mining assets to the absolute satisfaction of the Company on or before 29 February 2016 or such other date as agreed by the parties;
- placement of the Rights Issue Shortfall Shares;
- completion of an equity and/or debt capital raising by the Company to raise up to A\$2.5m to be used to fund amongst other things, investment into the Namakera Vermiculite Mine, fund a Bankable Feasibility Study to expand existing mining and processing operation, complete further exploration work at the Busumbu Phosphate Project, meet ongoing funding requirements at the US Silver Projects and meet general working capital requirements; and
- the Company obtaining all necessary shareholder and regulatory approvals pursuant to the ASX Listing Rules, Corporations Act 2001 (Cth) or any other applicable law or regulations, including but not limited to, approval to reinstatement to official quotation on ASX of the Company, and all necessary third party consents to allow the Company to lawfully complete the Acquisition.

CONSIDERATION

At completion of the Acquisition, the Company will provide the following in consideration:

- a. 400,000,000 Shares at completion of the Transaction (**Consideration Shares**) payable to the vendors financiers and advisors; and
- b. a 1.00% p.a. royalty on revenue received from mineral production by NMCL (**Royalty**).

The Company will further commit to investing up to US\$2.5m in new capital investment into the operation (exploration, evaluation, mine development and the purchase/upgrade of mine and processing plant



equipment) over the next two years and will also assume vendor finance obligations of US\$3.0m that is to be repaid from a percentage of net profits over the first 5 years of operations.

The Consideration Shares will be subject to a 12 month voluntary escrow period.

The Consideration Shares and Royalty will be issued to the NMCL stakeholders (or to their nominees who will include project vendors, financiers and advisors to African Phosphate in Australia, Uganda and South Africa).

No stakeholder (or project vendor, financier or promoter) (together with their associates) will acquire a relevant interest of greater than 20% in the Company.

Mr Jason Brewer, a non-executive Director of the Company, is also Chief Executive Officer of African Phosphate. Subject to the Transaction proceeding, Mr Brewer is defined as a “related party” under Chapter 10 of the ASX Listing Rules.

As a result Listing Rule 10.1 applies to the acquisition of the option from African Phosphate and the acquisition of 100% of the share capital in Gulf, and shareholder approval will be sought.

BOARD CHANGES

The Company is pleased to announce that Mr Julian Ford is to be appointed as a Non-Executive Director of the Company and Mr Steve Brockhurst to be appointed as Company Secretary. Mr Peter Landau, an Executive Director of the Company and Ms Jane Flegg, Company Secretary have both advised that they will resign from their positions with the Company as part of the transaction.

Mr Jason Brewer, an existing Non-Executive Director of the Company, will assume the role of Executive Director and Mr John Ryan will continue in the role of managing the Company’s US Silver Projects.

In addition at completion of the acquisition, it is proposed that Mr Simon Grant-Rennick will be appointed as an Independent Non-Executive Chairman of the Company and Mr Luca Bechis will be appointed as a Non-Executive Director of the Company and as a representative of the existing Namakera shareholders.

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 Project Management Institute and the Australian Institute of Company Directors.

Mr Grant-Rennick is a mining engineer with over 38 years’ experience in exploration, mining and mining geology specialising in industrial minerals. Mr Grant-Rennick is the principal of IMFH a UK based industrial minerals consultancy group providing specialist operations, investment and financial analysis and advice. In addition, Mr Grant-Rennick has owned and managed vermiculite mining and marketing operations in the United States.

Mr Bechis has extensive experience in international finance and international capital markets with 25 years’ experience. He holds a Master’s in Business Administration with Honours and a Business Administration Degree with Honours from Università Bocconi. Mr Bechis is the Founding Partner, Chief Executive Officer, and Advisor at Richmond Capital LLP and Richmond Partner Masters Limited, the major shareholder of Namakera Mining.



Mr Bechis was also Chairman and Non-Executive Director of ASX listed Gulf Industrials Limited in 2013 and 2014 when they operated the Namkera Vermiculite Mine. Mr Bechis was a Partner at Egerton Capital Limited from 1997 to 2004 and prior to that was European Equity Analyst at Cazenove Group Limited and Head of Italian and French markets at Cazenove & Co in London from 1991 to 1997. Mr Bechis is currently Chairman of HAMC, an Independent Director of Novo Resources Corp. since November 18, 2014 and is a Director of The Richmond Environmental Charitable Foundation.

Mr Brockhurst has 14 years' experience in the finance and corporate advisory industry and has been responsible for the preparation of the Due Diligence process and Prospectuses on a number of initial public offers. His experience includes corporate and capital structuring, corporate advisory and company secretarial services, capital raising, ASX and ASIC compliance requirements. Mr Brockhurst has served on the Board and acted as Company Secretary for numerous ASX listed and unlisted companies.

ASX LISTING RULE CHAPTER 11 AND CHAPTER 10 SUBMISSIONS

The Company has made a submission to the ASX in relation to the application of ASX Listing Rule 11.1.2 and 11.1.3 to the proposed acquisition and in respect to ASX Listing Rule 10.1.

The ASX has confirmed to the Company that based solely on the information provided to ASX, the Company will not be required to re re-comply with Chapters 1 and 2 of the ASX Listing Rules pursuant to Listing Rule 11.1.3. However, the Company will be required to obtain approval of its shareholders for the proposed acquisition of 100% of the share capital in Gulf for the purpose of Listing Rule 11.1.2.

The Company will despatch a notice of meeting to shareholders seeking the relevant approvals to proceed with the proposed acquisition, with such notice to contain detailed information relating to the acquisition including amongst other things an Independent Technical Report.

The ASX has confirmed that Listing Rule 10.1 applies to the acquisition of the option from African Phosphate and the acquisition of 100% of the share capital in Gulf, and shareholder approval under that rule must be obtained. To that end, listing rule 10.10 requires that the Notice of Meeting contains an Independent Expert's Report and a voting exclusion statement.

Following satisfaction of the above, ASX has advised that it would be likely to reinstate the Company's securities to trading on completion of the transaction, provided that the Company can demonstrate to ASX at that time that it complies with Chapter 12 of the Listing Rules.

RIGHTS ISSUE

Pursuant to the Company's Offer Document dated 24 August 2015, the Company undertook a capital raising by way of a fully underwritten renounceable entitlement issue to shareholders comprising 687,845,825 Shares at an issue price of A\$0.01 per Share to raise up to A\$6,878,458 (before expenses) (**Rights Issue**).

The Rights Issue was completed as part of a recapitalisation of the Company that had involved an extended period of negotiation with the Company's creditors and secured and unsecured debt holders. The Rights Issue was a broad recapitalisation and restructuring of the Company's balance sheet.

The Company received subscriptions (comprising entitlements and shortfall applications) to the value of A\$2,729,467. 272,946,665 Shares were issued, following consultation with ASX, under the Rights Issue on 11 September 2015.



Funds raised under the Rights Issue were to be applied towards (refers to Use of Funds in Section 2.3 of the Offer Document): repayment of amounts outstanding to existing creditors and secured and unsecured debt providers; general administration and working capital and capital raising fees and expenses of the Offer.

The Company announced to the market (the Company's Offer Document dated 24 August 2015), that if the Company did not proceed with the DMS Project, funds raised pursuant to the Rights Issue that would otherwise have been applied towards the DMS Project would be used to further reduce existing creditors and for general working capital.

As the Company is not proceeding with the DMS Project, the Company will be adhering to its previously announced use of funds. The Company has introduced private funding for the DMS Project and is entitled to a 5% carried interest in the recovery operation of the SS Arabic and Hesperian.

The Company will now proceed to work with the underwriter of the Rights Issue, to place the remainder of the Rights Issue Shortfall. As the Company did not complete the placement of the remainder of the Rights Issue Shortfall Shares within 3 months after the close of the offer, the Company will seek approval to place the Rights Issue Shortfall Shares from Shareholders under Listing Rule 7.1 and by way of a full-form prospectus required under section 710 of the Corporations Act.

As a consequence of the Company electing not to proceed with the revised status of the DMS Transaction, the Company will offer each applicant under the Rights Issue the right to withdraw their application and receive a refund of application monies in full. Applicants representing in excess of 93 % of total subscriptions have confirmed that they will not withdraw their application.

CAPITAL RAISING

As part of the acquisition of African Phosphate, the Company will work with Sanlam Private Wealth Australia and Verdant Capital and seek to raise up to a further A\$2,500,000 for investment in the mining operation and exploration ground.

Together with proceeds from the placement of the Rights Issue Shortfall Shares, it is proposed that the budget for the 12 months following completion of the Transaction will be as follows (assuming completion of the Capital Raising):

Item of Expenditure	Amount
Exploration, Mine Planning and Optimisation Studies at Namakera Vermiculite	1,150,000
Busumbu Phosphate Exploration, Mine Planning and Pre-Feasibility Studies	1,000,000
Investment in North American Gold and Silver Projects	1,000,000
General Administration and Working Capital	600,000
Capital Raising Fees and Expenses	250,000
Total	4,000,000

The above table is a statement of current intentions as at the date of this letter. Intervening events may alter the way funds are ultimately applied by the Company. The Company's existing cash at hand will continue to be spent in accordance with previous stated objectives in relation to the Company's current operations.

INDICATIVE TIMETABLE

The indicative timetable for the Acquisition will be provided following completion of due diligence by the Company.

INDICATIVE CAPITAL STRUCTURE

The indicative effect of the Transaction and the Capital Raising on the capital structure of the Company is anticipated to be as follows:

Description	Ordinary Shares	Options
Current Issued Capital	410,515,820 ¹	4,500,000 ²
Rights Issue Shortfall Shares Issued	414,899,160 ³	-
Issued Capital on Close of Rights Issue	825,414,980	
Shares to be Issued Pursuant to the Acquisition	400,000,000	-
Issued Capital on Completion of Acquisition	1,225,414,980	4,500,000
Consolidation of Capital 1:10	122,541,498⁴	450,000⁴
Capital Raising to Fund Mine Expansion and Working Capital	25,000,000 ⁵	-
Issued Capital on Completion	147,541,498	450,000

¹ Refer to Appendix 5B dated 2 November 2015. Includes 272,946,665 Ordinary Shares issued under the Rights Issue and applied towards repayment of creditors and working capital

² 500,000 unlisted options exercisable at A\$0.25 on or before 25/07/16, 1,00,000 unlisted options exercisable at A\$0.10 on or before 30/11/16, 3,000,000 unlisted options exercisable at A\$0.12 on or before 31/03/17

³ Rights Issue of 687,845,825 Shares at an issue price of A\$0.01 per Share, with 272,946,665 subscribed for and 414,899,160 to be placed, with up to approx. 200,000,000 to be used for conversion of existing indebtedness of the Company into equity.

⁴ The Company will seek shareholder approval for a 1 for 10 consolidation of the capital of the Company upon completion of the Transaction.

⁵ The Company proposes to raise up to A\$2,500,000 by the issue of 25,000,000 Shares at A\$0.10 per Share upon completion of the Transaction.

As the Company did not complete the placement of the Rights Issue Shortfall Shares within 3 months after the close of the offer, the Company will seek approval from Shareholders under Listing Rule 7.1 and by way of a full-form prospectus required under section 710 of the Corporations Act.

The Company is proposing that approx. 200,000,000 of the Rights issue Shortfall Shares will be issued to existing secured and unsecured debt providers and creditors of the Company as repayment of existing indebtedness.

The Company will further seek to raise a further A\$2.5m by way of a private placement to institutional holders in Europe and South Africa. Approval will be sought from Shareholders under Listing Rule 7.1 and by way of a full-form prospectus required under section 710 of the Corporations Act

The Company will further seek approval for a 1 for 10 consolidation of the capital of the Company (**Consolidation**) at the Company's meeting of shareholders to approve the proposed acquisition.



The Consolidation applies equally to all shareholders and as such, individual shareholdings will be reduced in the same ratio as the total number of shares (subject to rounding). Accordingly, the Consolidation will have no effect on the percentage interest in the Company of each shareholder.

The Company will have approx. 1.47 billion shares on issue, which is relatively large for a company of its size. The Consolidation will reduce the number of shares on issue to approximately 147 million, creating a more efficient capital structure. Should the Consolidation be approved, the number of options on issue and the exercise price of those options will also be adjusted in accordance with the ASX Listing Rules.

Further details in relation to the Consolidation will be provided to the Company's shareholders in the notice of meeting, which will be mailed to all shareholders.

PRO-FORMA BALANCE SHEET

The pro-forma balance sheet of the Company upon completion of the placement of the Rights Issue Shortfall, the reduction of indebtedness and repayment of creditors and after the acquisition of 100% of the share capital in Gulf is summarised below.

	Pre-Acquisition A\$	Pro-Forma A\$
CURRENT ASSETS		
Cash and cash equivalents	2,148,992	4,648,992
Trade and other receivables	37,665	37,665
Other current assets	3,000	3,000
TOTAL CURRENT ASSETS	2,189,657	4,689,657
NON CURRENT ASSETS		
Project acquisition	-	4,000,000
Other non-current assets	59,577	59,577
TOTAL NON CURRENT ASSETS	59,577	4,059,577
TOTAL ASSETS	2,249,234	8,749,234
CURRENT LIABILITIES		
Trade and other payables	1,874,485	1,874,485
Borrowings	-	-
TOTAL CURRENT LIABILITIES	1,874,485	1,874,485
TOTAL LIABILITIES	1,874,485	1,874,485
NET ASSETS	374,749	6,874,749
EQUITY		
Issued capital	27,663,674	34,163,674
Reserves	3,281,264	3,281,264
Accumulated losses	(28,380,910)	(28,380,910)
Parent interest	2,564,028	9,064,028
Non-controlling interest	(2,189,279)	(2,189,279)
TOTAL EQUITY	374,749	6,874,749

DMS TRANSACTION

The Company announced on 29 July 2015, that it had entered into an option agreement (subject to any necessary regulatory or shareholder approvals) for the right to earn a 20% interest in a significant cargo salvage project and an intellectual property base regarding a number of shipwrecks around the world with an intention to explore these assets for the potential recovery of silver and gold cargo (**DMS Project**).



The consideration payable by the Company for the DMS Project was an initial cash payment of A\$2,000,000 and, subject to obtaining any necessary Shareholder approvals, the Company was also to issue 100,000,000 fully paid ordinary shares and 50,000,000 options (exercisable at A\$0.01 on or before 31 July 2017)

After due consideration of the Company's financial position and following substantial consultation with ASX, **the Company has elected not to proceed with the DMS Project.**

The Company did introduce private funding for the DMS Project and is entitled to a 5% carried interest in the recovery operation of the SS Arabic and Hesperian.

The Company considers that it is in the best interests of Black Mountain's shareholders and existing creditors that the Company proceed with the proposed African Phosphate transaction.

Jason Brewer
Director

For further information please visit www.blackmountainresources.com.au

¹ Note ASX listed Gulf Industrials Limited reported on 23 July 2009 that the Namakera Vermiculite deposit contained a JORC Code 2004 Inferred Resource estimate of 54.9 Mt at a grade of 26.7% vermiculite > 0.18 mm.

This information was prepared and first disclosed under the JORC Code 2004 guidelines by Gulf Industrials. This resource estimate is not the Company's and the Company is itself making those estimates nor reporting those results. The Company has not updated this resource estimate nor done sufficient work to verify the data or resource estimate. It has not been updated since to comply with the JORC Code 2012 guidelines on the basis that the information has not materially changed since it was last reported.

² Note ASX listed Gulf Industrials Limited provided the results of the six hole diamond drill program an ASX release dated 26 November 2012 "Confirmation of High Grade Phosphate Discovery – Busumbu". The results enabled Gulf to estimate "the potential dimensions of the prospect to be in excess of 3km by 400m" and the drilling "confirms high-grade mineralisation to a depth of over 60 m with assay grades of up to 30.5% P₂O₅."

These exploration results are not the Company's and the Company is itself making these exploration results nor reporting those results. The Company has not done sufficient work to verify the data or exploration results. 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 testwork and preliminary processing plant optimisation studies.



About Black Mountain Resources Limited

Black Mountain Resources Limited is an Australian Securities Exchange listed (ASX: BMZ) silver and gold focused development company focussed on the advancement of 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 and the Conjecture Silver Project pursuant to 45 year leases from Chester Mining Company and Lucky Friday Extension Mining Company respectively. Black Mountain plans to implement low cost production and development programmes across these two 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) – trading codes BMZ.

Forward Looking Statement

Certain statements made during or in connection with this communication, including, without limitation, those concerning the economic outlook for commodity markets, expectations regarding commodity prices, production, cash costs and other operating results growth prospects and the outlook of the Company's operations including the likely commencement and sustainability of commercial operations of the US Silver Projects or Namakera Vermiculite Project, 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.



blackmountain
resources limited

INVESTOR PRESENTATION

ACQUISITION OF AFRICAN AGRI-BUSINESS

FEBRUARY | 2016

DISCLAIMER

This presentation is not a prospectus nor an offer of securities in any jurisdiction nor a securities recommendation. The information in this presentation is an overview and does not contain all information necessary for investment decisions.

In making investment decisions, investors should rely on their own examination of Black Mountain Resources Ltd and consult their own legal, technical, business and/or financial advisers.

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A MAJOR ACQUISITION

- Black Mountain agreement with African Phosphate to acquire 100% of GLF Holdings Limited, subject to due diligence, receiving regulatory and shareholder approval
- GLF holds a 100% interest in Namakera Mining Company which operates the Namakera Vermiculite Mine and has exploration at the Busumbu Phosphate Project in south-eastern Uganda
- Acquisition includes the existing Mining and Exploration Licenses, all mining equipment, the processing plant, power generator, mine office and all associated site infrastructure and equipment
- Acquisition provides Company with an immediate producing and cashflow asset capable of supporting a low cost, long life mining operation with significant expansion and exploration opportunity
- **Provides shareholders with exposure to Africa's growing agriculture sector which is forecast to increase to US\$500 billion in value over the next 5 years by the African Development Bank**



COMPANY DEFINING - PRODUCTION

- **Aim to rapidly establish the company as a leading producer and provider of agri-commodities and fertiliser products throughout Sub-Sahara Africa**
- Significant acquisition of a high quality producing vermiculite mine and a high grade phosphate project with historical production
- Immediate production and cashflow asset capable of supporting a low cost, long life mining operation with huge expansion opportunity
- Low volume, high priced product with strong and growing demand
- All mine infrastructure in place with established marketing agreements
- High grade premium flake products which attract premium prices
- Bankable Feasibility Study for mine expansion to commence in 2016
- Proven logistics with regional and export sales via sealed road
- Strong market fundamentals and pricing
- Negotiations ongoing with further offtake partners to expand sales
- Strengthened Board and management team to deliver on production



ACQUISITION HIGHLIGHTS

- **The Namakera deposit is one of the world's largest vermiculite deposits with a reported +10Mt of contained vermiculite¹**
- The former Rio Tinto asset commenced production in 2002
- Conventional open pit “free-dig” mining methods using an owner-operator standard truck and shovel operation
- A single stage crushing circuit, magnetic separation, air drying, two stage screening and winnowing processing plant has achieved steady state production of 30,000tpa of high quality vermiculite flake sales
- Sales of premium large and medium vermiculite flake and fine and superfine flake are made into regional and export markets
- Previous feasibility studies targeted an expansion to 80,000tpa
- Significant exploration/development upside with the high-grade Busumbu Phosphate Project located on the existing mining lease



NAMAKERA HIGHLIGHTS

- **A world class asset with the potential to dominate world production in the larger, premium priced vermiculite market**
- Granted mining and exploration licenses over approx. 5,000 ha
- All operating and export permits and approvals in place
- Well established workforce and infrastructure
- Located on major central African road and rail networks
- Shallow open pit mining operation with no drill and blast requirements
- Established and operating plant with demonstrated ability to produce premium priced large vermiculite flake product
- Current sales into Europe and regional markets
- Strong project economics forecast
- Significant upside with studies commenced to increase production and sales



POSITIONED FOR SUCCESS



Exploration Potential



Large Landholding
5,000ha
<10% explored



Previous Resource¹
57.4Mt at 26.7%
Vm (>18mm)



Historical Activity
Phosphate mine with
historical production
over 20 years



Mining and Processing



Coarse-High Grade
High grade resource
Premium Flake



Free Dig
No drill and blast
Low cost mining



Processing
+60% production of premium
large and medium flake



Logistics and Offtake



Established Infrastructure
Regional and export sales
using sealed road



Fertiliser Product
Opportunity to increase
sales to fertiliser sector



Strong Demand
Only significant producer of
large and medium flake



Outlook and Demand



Food Security
A key driver for future
demand and pricing



Robust Pricing
Pricing remains stable
through offtake agreements



Market Fundamentals
Critical commodity with
demand growth

NAMAKERA COMPETITIVE ADVANTAGE

- Vermiculite market recognises 6 size fractions: premium, large, medium, fine, superfine and micron
- There continues to be limited supply globally of the larger size fractions
- +60% of Namakera's production is in the large and medium flake size
- Namkera's large and medium vermiculite flake sales currently attract a price premium of +US\$100/t and is priced in excess of US\$300/t
- No other global vermiculite producers can produce medium and large vermiculite flake in any significant commercial quantities
- Other South African and Zimbabwe producers are producing increasing amounts of lower priced fine flake
- European, USA and South American production is limited to just fines
- **NAMAKERA HAS THE CAPACITY TO DOMINATE WORLD PRODUCTION IN THE LARGER, PREMIUM PRICED VERMICULITE MARKET**



THE TRANSACTION

- **Black Mountain has acquired African Phosphate's right to acquire 100% of the share capital of GLF Holdings BVI Limited**
- GLF holds a 100% interest in the Namakera Vermiculite Mine and the Busumbu Phosphate Project in Uganda
- Black Mountain to complete placement of its Rights Issue Shortfall
- Acquisition consideration predominantly shared based
- 400M Shares on receipt of shareholder and regulatory approval
- 1.00% p.a. royalty on revenue from mineral production
- Black Mountain to invest US\$2.5m into exploration, resource drilling, evaluation work, mine development, mine planning and feasibility work at Namakera Vermiculite Mine and Busumbu Phosphate Project
- Assumption of vendor finance obligations of US\$3.0m that is to be repaid from a percentage of net profits over 5 years of operations.
- Vendor shares will be subject to a 12 month voluntary escrow

NEW CAPITAL STRUCTURE

Shares on Issue*	411M
Rights Issue Shortfall	415M
TOTAL ON ISSUE	825m

Vendor Shares	400M
TOTAL ON ISSUE	1,225M
TOTAL ON ISSUE**	123M

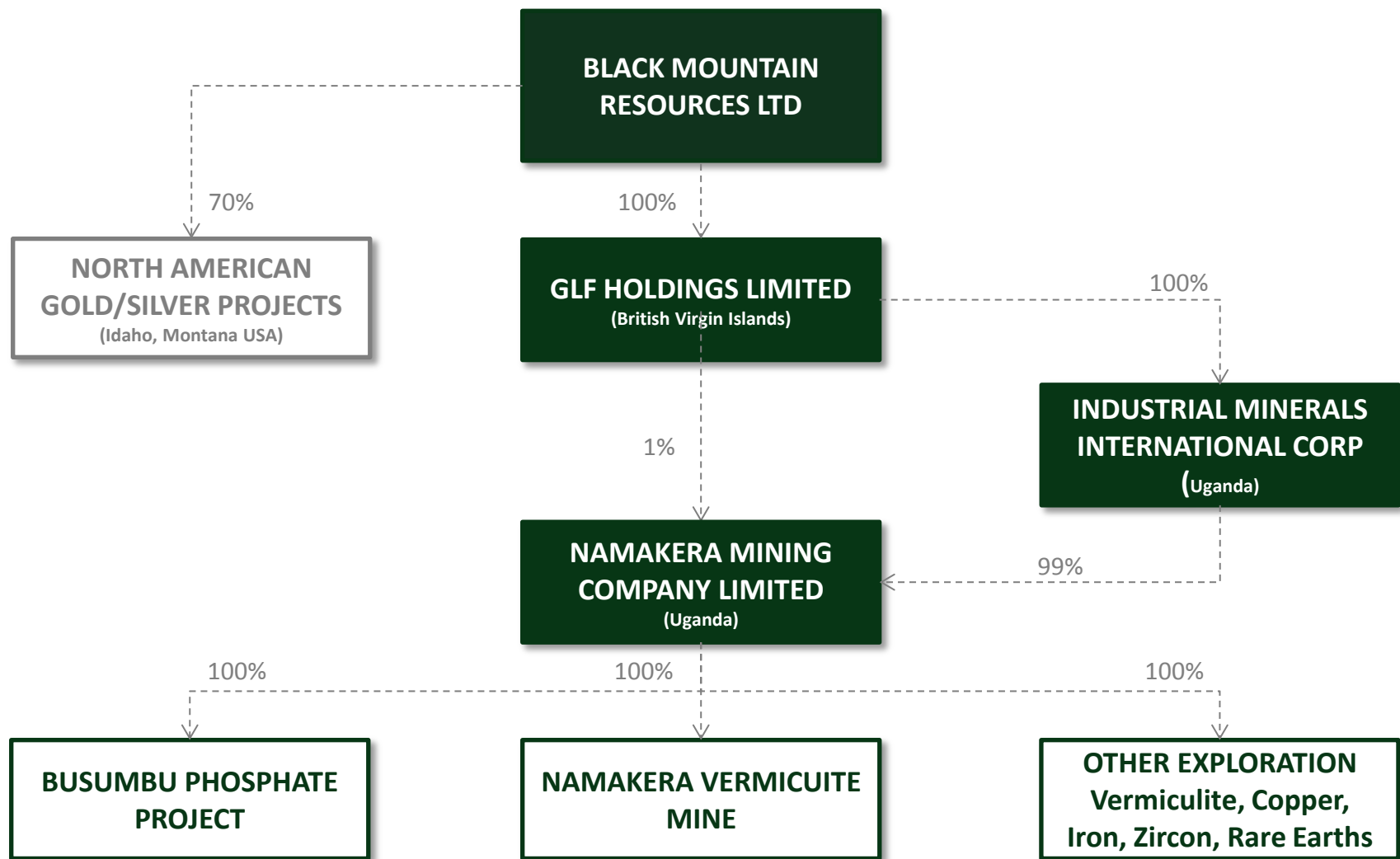
Capital Raising***	25M
TOTAL ON ISSUE	148M

* excludes current options on issue

** assumes a 1:10 consolidation of capital

*** assumes a 10c share price and A\$2.5m raised

NEW CORPORATE STRUCTURE



FUTURE BOARD AND MANAGEMENT

▪ Strengthened Board with proven African production and development credentials

Simon Grant-Rennick (B. Eng CSM) Non-Executive Chairman	<ul style="list-style-type: none"> ✓ 38 years in exploration, mining and mining geology specialising in industrial minerals ✓ Managed vermiculite mining and marketing operations in the United States ✓ Director of UK based Industrial Minerals industrial minerals consultancy and marketing group
Julian Ford (BSc (Eng) Bcom, Grad Dip (Bus Mgt) Non-Executive Director	<ul style="list-style-type: none"> ✓ 25 years in the mining sector across precious metals, base metals, and bulk commodities ✓ Management roles across mining, mineral beneficiation and hydrometallurgical processing ✓ Founded, developed and led mining companies listed on both ASX and AIM markets.
Luca Bechis (B.Bus Hons MBA) Non-Executive Director	<ul style="list-style-type: none"> ✓ 30 years extensive experience in international finance and international capital markets ✓ Founding Partner at Richmond Partner Masters Limited, a resource focused hedge fund ✓ Chairman and director of a number of African focused mine development companies
Jason Brewer (M.Eng ARSM) Executive Director	<ul style="list-style-type: none"> ✓ 20 years mining, investment banking and funds management in the mining sector in Africa ✓ Extensive experience in sourcing, structuring and providing funding for bulk, precious and base metal mining projects throughout Africa
Rob Jewson (BSc Mining Geology) Technical Consultant	<ul style="list-style-type: none"> ✓ 15 years geological experience across precious, base and industrial metals and minerals ✓ Advisor to ASX listed junior mining companies, AIM listed and private enterprises, offering a full suite of geological consulting services, project evaluation and geological reviews
Stephen Brockhurst (B.Com) Company Secretary	<ul style="list-style-type: none"> ✓ 14 years' experience in the finance and corporate advisory industry providing capital structuring, corporate advisory and company secretarial services ✓ Non-executive director and company secretary for numerous ASX listed resource companies

APPOINTMENT OF ADVISORS AND BROKERS

- Sanlam Private Wealth and Verdant Capital appointed as advisors and brokers in connection with its future capital requirements and implementation of strategic initiatives in agricultural and fertiliser sector
- Sanlam Private Wealth is a leading global financial services and investment house
- Part of the Sanlam Group, one of the largest financial services groups in South Africa managing over R240 billion in assets under management
- Verdant Capital is an independent corporate finance firm that has been one the most active advisors in Africa in the agriculture and fertiliser sector
- In December 2015, Verdant advised on sale of Zambia, Malawi and Mozambique based Greenbelt Fertilisers to global fertiliser company Yara
- In 2015, Verdant Capital was awarded “Best Corporate Finance Firm in South Africa” by Acquisition International.
- Company will work with Sanlam Private Wealth and Verdant Capital to finalise the acquisition and ensure future capital requirements are met



AFRICA'S AGRI-BUSINESS SECTOR

- **Investment in Africa's agriculture sector over the past decade has been unprecedented, with it forecast to increase to US\$500 billion in value over the next 5 years by the African Development Bank**
- Agricultural production is one of the most important economic sectors in the majority of African countries
- Agribusiness accounts for more than 30% of national incomes as well as the bulk of export revenues and employment
- Despite possessing the world's largest reservoir of unused arable land, about 60%, Africa has the lowest agricultural productivity
- Investment in Africa's agriculture sector to boost intra-Africa trade and investments, industrialization and economic diversification
- Africa's agriculture sector has the potential to remove food insecurity and reduce poverty, and to be a major player in global food markets
- 2016 World Bank Report "Growing Africa" says agriculture and agribusiness should be at the top of the development and business agenda in Sub-Sahara Africa



INVESTMENT IN UGANDA

- **Well regulated highly liberalized economy in which all sectors are open for investment and there is a free movement of capital**
- Political and economic environment is one of the strongest in the East African region
- Security of investment guaranteed under Constitution of Uganda as well as the major international investment related agreements
- Strategic regional hub for trade and investment in Africa
- Endowed with significant natural resources including ample fertile land, regular rainfall and substantial undeveloped mineral resources
- Uganda has the unrivaled potential to be the food basket of East Africa, with the capacity for exports throughout Africa
- Major cash and food crops include coffee, tea, cotton, tobacco, cocoa, plantains, cassava, sweet potatoes, millet and maize
- Agriculture sector employs over 80% of the countries workforce, accounts for over 90% of foreign earnings and over 40% of GDP



VERMICULITE

- Vermiculite is a unique, naturally occurring, inert laminar mineral that is used in agriculture and horticulture as well as a number of construction and industrial applications
 - Vermiculite is a hydrated magnesium aluminum silicate
 - When heated above 800°C it exfoliates to form a ultra lightweight aggregate
 - It is non-combustible, compressible, highly absorbent, nonreactive and it also has high cation exchange capacity
 - In agriculture vermiculite has the excellent property of improving soil aeration while retaining moisture and nutrients to feed roots, for faster and maximum growth
 - Used extensively in fertilizer because of its ability to act as a bulking agent, carrier and extender
 - When combined with organic material it promotes faster root growth, helps retain air, plant food and moisture, releasing them as it is required
- *over 50% of vermiculite is used in agriculture and fertiliser*
 - *presence of metal oxides makes it an ideal biostimulant*
 - *high water absorption optimises soil moisture levels*
 - *improves the structure of both light and heavy soils*
 - *reduces acidity and salinity*
 - *increases fertilizer efficiency*
 - *Increases crop productivity*

PHOSPHATE

- The phosphate industry is a key component of global food security and the phosphorous derived from phosphate rock is essential to all forms of life
- Phosphate rock is mined to obtain phosphorus
- Mined phosphate rock minerals are the only significant global resources of phosphorous
- Phosphorus is a limited non-renewable resource that cannot be produced synthetically
- Phosphorus is one of three nutrients used in fertilizer
- Only phosphorus can make crops thrive
- Fertiliser is critical to modern agricultural practices and requirements and global food security
- Demand for fertiliser driven by rising world population, improving dietary requirements, constraints on arable land and government policies to enhance crop yields



- *Essential for all life*
- *Vital for agriculture*



- *Fertiliser linked to 50% of global food production*



- *95% of phosphate used in agricultural fertiliser to feed an ever growing world*

NAMAKERA LOCATION AND LOGISTICS

- Located in Eastern Uganda near the towns of Mbala and Tororo
- 230 kms from the Uganda capital, Kampala and close to the border with Kenya.
- Located on major central African road and rail networks
- Nearest rail siding is approx. 28kms from the mine, with the rail line just 10km from operations.
- Rail line connects through to the Kenyan port of Mombasa
- Current regional sales are made by truck with export sales back-loaded on trucks through to Mombasa
- Discussions advanced for future exports sales to be potentially transported by rail in Uganda to Mombasa



GEOLOGY - THE BUKUSU CARBONATITE COMPLEX

- The Bukusu Complex is similar from a geological perspective to the Palabora Complex in South Africa which hosts major world class vermiculite, phosphate and copper mining operations
- Bukusu Complex is only known carbonatite in Uganda/Kenya to host commercially viable vermiculite
- One of Africa's largest alkaline carbonatite complexes
- Extends over about 50km² and consists principally of intrusive carbonatites and silicate rocks.
- Composed of alkaline and ultrabasic rocks forming ring dyke structures surrounding a central vent agglomerate
- Surrounded by a broad zone of feldspathisation or fenites in which leucocratic granite, syenite and quartz-pegmatoid have been developed from alteration
- Vermiculite occurs within 34m thick sub-horizontal tabular zone and is derived by weathering of phlogopite within coarse-grained to pegmatoidal pyroxenite



Fresh, very coarse grained vermiculite exposed in the north-western wall of the open pit

LARGEST AND HIGH VALUE

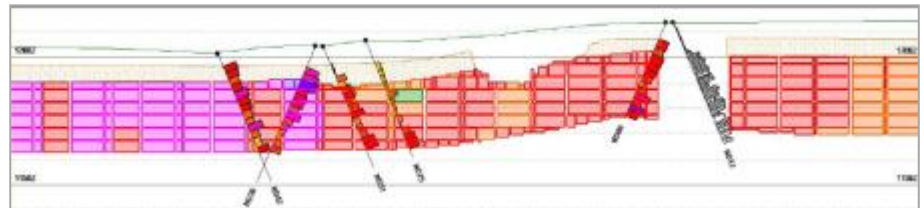
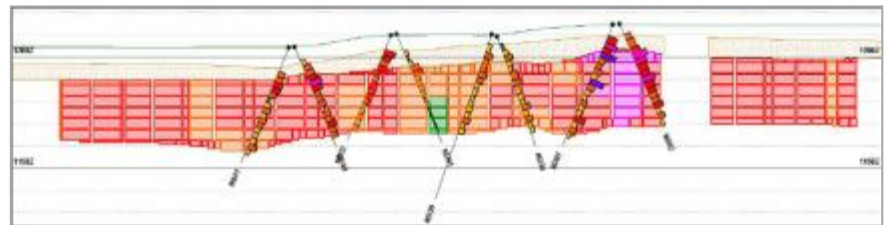
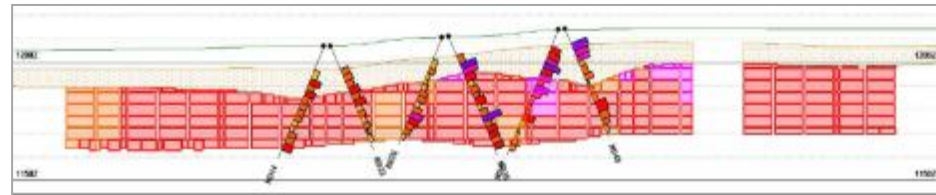
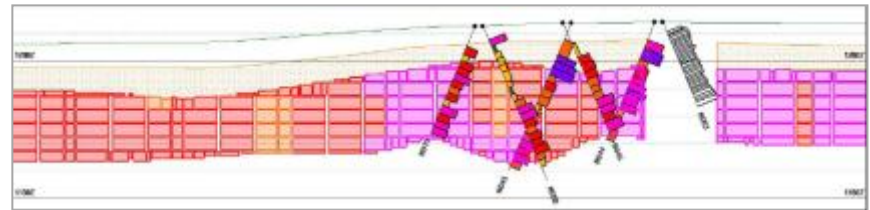
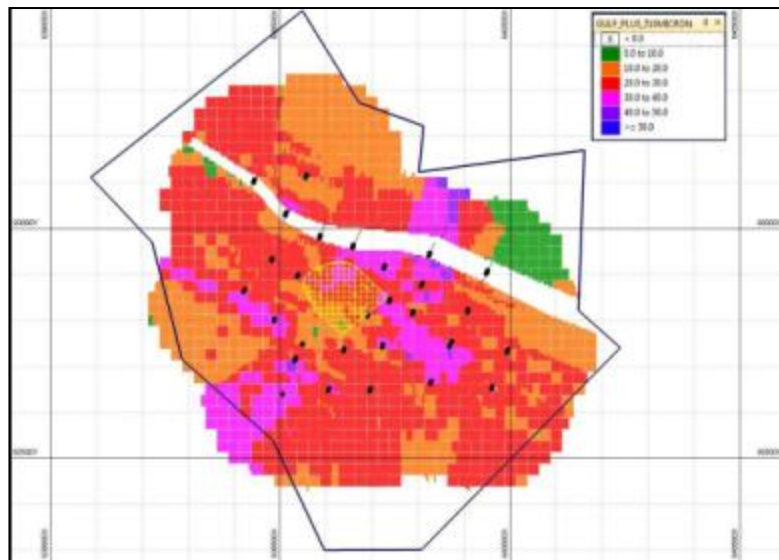
- Namakera is considered one of the world's largest and highest grade vermiculite deposits
- Gulf Industrials reported JORC 2004 Inferred Resource reported 10.9Mt of contained vermiculite at >425µm¹
- Over 50% contained in premium, large and medium size flake which attracts premium pricing

JORC 2004 RESOURCE (as reported by Gulf Industrials 23/07/2009)			
	Million Tonnes	Grade >180µm	Grade >425µm
Inferred Resource	54.9	26.7%	18.8%

Marketing Grade	Size	Distribution	Mt Vm (>180µm)	Mt Vm (>425µm)
Premium	>9.5mm	8%	1.2	0.8
Large	>5.6mm <9.5mm	21%	3.1	2.2
Medium	>2.0mm <5.6mm	30%	4.4	3.1
Fine	>1.18mm <2.0mm	20%	2.	2.1
Super Fine, Micron	<1.18mm	21%	3.1	2.2
TOTAL			14.7	10.3

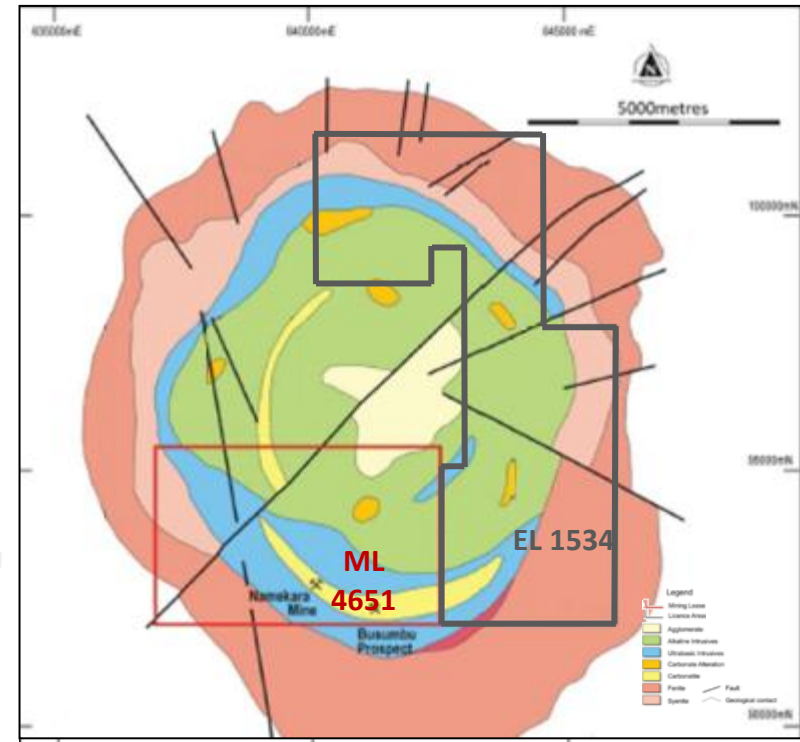
VERMICULITE OVER 34M ZONE

- Vermiculite mineralisation occurs within a 34m thick sub-horizontal tabular zone



LICENSES, PERMITS AND APPROVALS

- The Namakera Vermiculite Mine is a fully permitted operational mine with approvals to sell its premium large and medium and fine and superfine vermiculite flake to regional and the international export markets
- Mining License ML 4651
 - Valid to 2024 with extension up to a further 15yrs
 - Extends overs 1,722 hectares and includes the Namakera Vermiculite Mine, processing plant and all office, warehouse and administration buildings
 - Also includes the Busumbu Phosphate Project
- Exploration License EL 1534
 - Valid to November 2018 with 2 x 2 year extensions
 - Extends over 3,083 hectares on exploration ground that is considered highly prospective for vermiculite, phosphate, copper, iron, zircon and rare earths mineralisation.



FIRST VERMICULITE PRODUCTION IN 2002

- Vermiculite mineralisation was first discovered in the 1950s
- Exploration and mine and pilot plant development commenced in 1990s
- Production of 16,000t of vermiculite between 2002 and 2006
- Acquired by Rio Tinto in 2007 targeting a tie up with the Palabora Complex
- Rio Tinto completed resource definition work, pit optimisation and design, plant optimisation, and logistics and market research studies
- ASX listed Gulf Industrial Limited acquired the mining operation in 2009
- Plant recommissioned in 2010, with initial production rate of 8,000tpa increasing to 30,000tpa of vermiculite sales over successive quarters
- BFS commenced in 2011 to increase vermiculite sales to 80,000tpa
- Production and sales of 42,045t in total of vermiculite into export markets between 2011 and 2013
- 60% of historical sales have been of premium large and medium flake products attracting prices in excess of US\$300/t



OPPORTUNITY TO INCREASE PRODUCTION

- Since 2013 sales have been limited under the private ownership of the mining operation and limited capital investment
- Previous marketing agreement restricted sales and led to operation being placed on care and maintenance in 2012 has been terminated
- Limited mining and processing operations continuing
- Current sales of vermiculite flake made under two non-exclusive marketing agreements with regional and export sales made
- The Company will commence detailed evaluation work including, mine planning, processing plant optimisation studies and further feasibility work to enable the mine to achieve 30,000tpa of sales in 2016
- The Company will completing a Bankable Feasibility Study in 2016 targeting an increase in vermiculite sales to 80,000tpa
- The Company is negotiating new marketing and offtake agreements to expand both export and regional vermiculite sales to +80,000tpa



PROCESSING TO PRODUCE A PREMIUM PRODUCT

- Extensive testwork completed since the 1990s
- First commercial sales made in 2002
- Plant optimisation work completed by Rio Tinto and Gulf since 2007
- Processing plant achieved design throughput and recoveries
- Conventional processing plant to produce high quality vermiculite premium large and medium flake sales
- Single stage crushing circuit, magnetic separation, air drying, two stage screening and winnowing processing
- Plant capacity of 30,000tpa of saleable product
- Vermiculite flake bagged in 1.15t bulk bags and transported by road
- Bankable Feasibility Study commenced in 2011 to increase plant capacity to 80,000tpa of saleable product
- Proposed modular expansion to processing plant to achieve increase saleable product



MARKETING AND OFFTAKE SALES

- Growing demand for production of large and medium premium priced vermiculite flake
- No other vermiculite producers can produce medium and large vermiculite flake in any significant commercial quantities
- Currently two non-exclusive marketing agreements in place with export sales to Europe and Asia
- Regional sales into agriculture and fertiliser sector in Southern Africa
- New marketing and offtake agreements targeting sales to meet Africa's increasing fertiliser and agriculture demand
- Export sales to continue into Europe and Asia with forecast increase in sales
- New marketing agreement with major European industrial minerals trading house



BUSUMBU PHOSPHATE PROJECT

- Located on Busumbu Ridge, 3km east of the Namakera Vermiculite Mine and on the existing Mining License
- Phosphate mining occurred intermittently at Busumbu for approx 20 years up to mid-1960s
- 30km from the Sukulu Phosphate Project, where construction of a US\$620m phosphate mine and fertiliser facility has commenced
- Exploration has identified the formation of calcium-aluminium phosphates in the regolith to form “soft phosphate rock” and re-precipitation of apatite to form “hard phosphate rock”
- Exploration in 2011 and 2012 included soil sampling to delineate the potential mineralised target, followed by diamond drilling to test for depth extent, determine tenor of phosphate mineralisation and to identify phosphate minerals present²
- Analyses of the soil samples identified up to 3km of strike extent of phosphate mineralisation between Busumbu and Namakera Mine²



BUSUMBU PHOSPHATE EXPLORATION

- Substantial phosphate mineralisation identified
- Initial six hole diamond drill program by Gulf Industrials in 2012 confirmed high grade phosphate discovery
- Potential dimensions of the prospect to be in excess of 3km by 400m
- Drilling as reported by Gulf Industrials to ASX on 26/11/2012 confirmed high mineralisation to a depth of over 60m
- Results enabled Gulf Industrials to estimate “the potential dimensions of the prospect to be in excess of 3km by 400m” and the drilling “confirms high-grade mineralisation to a depth of over 60 m with assay grades of up to 30.5% P_2O_5 .”
- Company to commence resource definition drilling, preliminary mine planning and optimisation studies, broad sampling and metallurgical testwork and preliminary processing plant optimisation studies in 2016



12 MONTH PROGRAM

- Complete acquisition of GLF Holdings and assume control over mining operations at Namakera Vermiculite Mine
- Detailed evaluation work including, mine planning, and processing plant and optimisation studies at Namakera Vermiculite Mine to enable 30,000tpa of sales in 2016
- Increase sales and exports of premium large and medium vermiculite flake into regional and European and Asian markets
- Increase regional sales into Africa's agriculture and fertilizer sectors
- New marketing and offtake agreements to expand both export and regional vermiculite sales to +80,000tpa
- Complete BFS to increase vermiculite sales to 80,000tpa
- Resource definition drilling and preliminary mine planning work on the Busumbu Phosphate Project
- Complete BFS on development of Busumbu Phosphate Project

STRONG INVESTMENT CASE

- ✓ Significant acquisition of a high quality producing vermiculite mine and a high grade phosphate project with historical production
- ✓ Immediate production and cashflow asset capable of supporting a low cost, long life mining operation with huge expansion opportunity
- ✓ Low volume, high priced product with strong and growing demand
- ✓ All mine infrastructure in place with established marketing agreements
- ✓ High grade premium flake products which attract premium prices
- ✓ Bankable Feasibility Study for mine expansion to commence in 2016
- ✓ Proven logistics with regional and export sales via sealed road
- ✓ Strong market fundamentals and pricing
- ✓ Negotiations ongoing with further offtake partners to expand sales
- ✓ Board and management team with the necessary credentials to deliver on production, expansion and finance



NAMAKERA MINING COMPANY



NOTES

¹ Gulf Industrials reported on 23 July 2009 that the Namakera Vermiculite deposit contained a JORC Code 2004 Inferred Resource estimate of 54.9 Mt at a grade of 26.7% vermiculite > 0.18 mm. This resource estimate had a surface extent of 1.0 km by 1.0km (location of the existing mine/pit).

This information was prepared and first disclosed under the JORC Code 2004 guidelines by Gulf Industrials. This resource estimate is not the Company's and the Company is itself making those estimates nor reporting those results. The Company has not updated this resource estimate nor done sufficient work to verify the data or resource estimate. It has not been updated since to comply with the JORC Code 2012 guidelines on the basis that the information has not materially changed since it was last reported (since 2009 limited production of approx. 45,783 tonnes of vermiculite flake product >0.5mm).

² Gulf Industrials provided the results of the six hole diamond drill program an ASX release dated 26 November 2012 "Confirmation of High Grade Phosphate Discovery – Busumbu". The results enabled Gulf to estimate "the potential dimensions of the prospect to be in excess of 3km by 400m" and the drilling "confirms high-grade mineralisation to a depth of over 60 m with assay grades of up to 30.5% P₂O₅."

These exploration results are not the Company's and the Company is itself making these exploration results nor reporting those results. The Company has not done sufficient work to verify the data or exploration results.

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 testwork and preliminary processing plant optimisation studies. The project is considered to be one of two "world-class" phosphate deposits in Uganda and is a key focus of the Company. The Company will commence a pre-feasibility study in 2016, upon completion of an initial drilling program, and anticipates completing this study late in 2016.