
blackmountain
resources limited
INVESTOR PRESENTATION
4 OCTOBER | 2016

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The Information in this presentation that relates to geological and technical matters in respect to the Namekara Vermiculite Mine and the Busumbu Phosphate Project is based on information included in an Independent Geological Report that has been prepared by Allen J. Maynard. Allen Maynard is not an employee of the Company or any related party. Mr. Maynard is the Principal of AM&A, a qualified geologist, a Member of the Australasian Institute of Mining & Metallurgy ("AusIMM") (# 104986) and a Member of the Australian Institute of Geoscientists ("AIG" #2062). Mr. Maynard has had over 35 years of continuous experience in mineral exploration and evaluation and more than 30 years' experience in mineral asset valuation. Mr. Maynard holds the appropriate qualifications, experience and independence to qualify as an independent "Expert" and "Competent Person".

The information in the Independent Geological Report and the Replacement Prospectus lodged with ASIC on 23 September 2016 that relates to the Namekara Vermiculite Mine and the Busumbu Phosphate Project is based on and fairly represents, information and supporting documentation prepared by Mr Maynard. The Company has obtained the prior written consent of Mr Maynard to the form and context in which the information is presented.

Namekara VERMICULITE MINE

OVERVIEW

- Black Mountain is to acquire a 100% interest in Namekara Mining Company
- Includes the operating Namekara Vermiculite Mine and Busumbu Phosphate Project in south-eastern Uganda
- Acquisition includes the existing valid Mining and Exploration Licenses, all mining equipment, the processing plant, power generator, mine office and all associated site infrastructure and equipment
- Provides shareholders with exposure to Africa's growing agriculture sector which is forecast to increase to US$500 billion in value over the next 5 years by the African Development Bank
- **$A4.5m Capital Raising pursuant to a Replacement Prospectus[1] to purchase new mining equipment, refurbish the processing plant, and increase production and sales**

[1] **Replacement Prospectus lodged 23 September 2016**

CAPITAL AND TRANSACTION STRUCTURE	
Ordinary Shares on Issue (1)	108M
Capital Raising (2)	45M
TOTAL ON ISSUE (3)	**153m**

Net Cash Post Capital Raising, to be Applied to Operations and Working Capital	A$3.2M
Total Debt	Nil
Prospectus, Share Placement Price per share	A$0.10

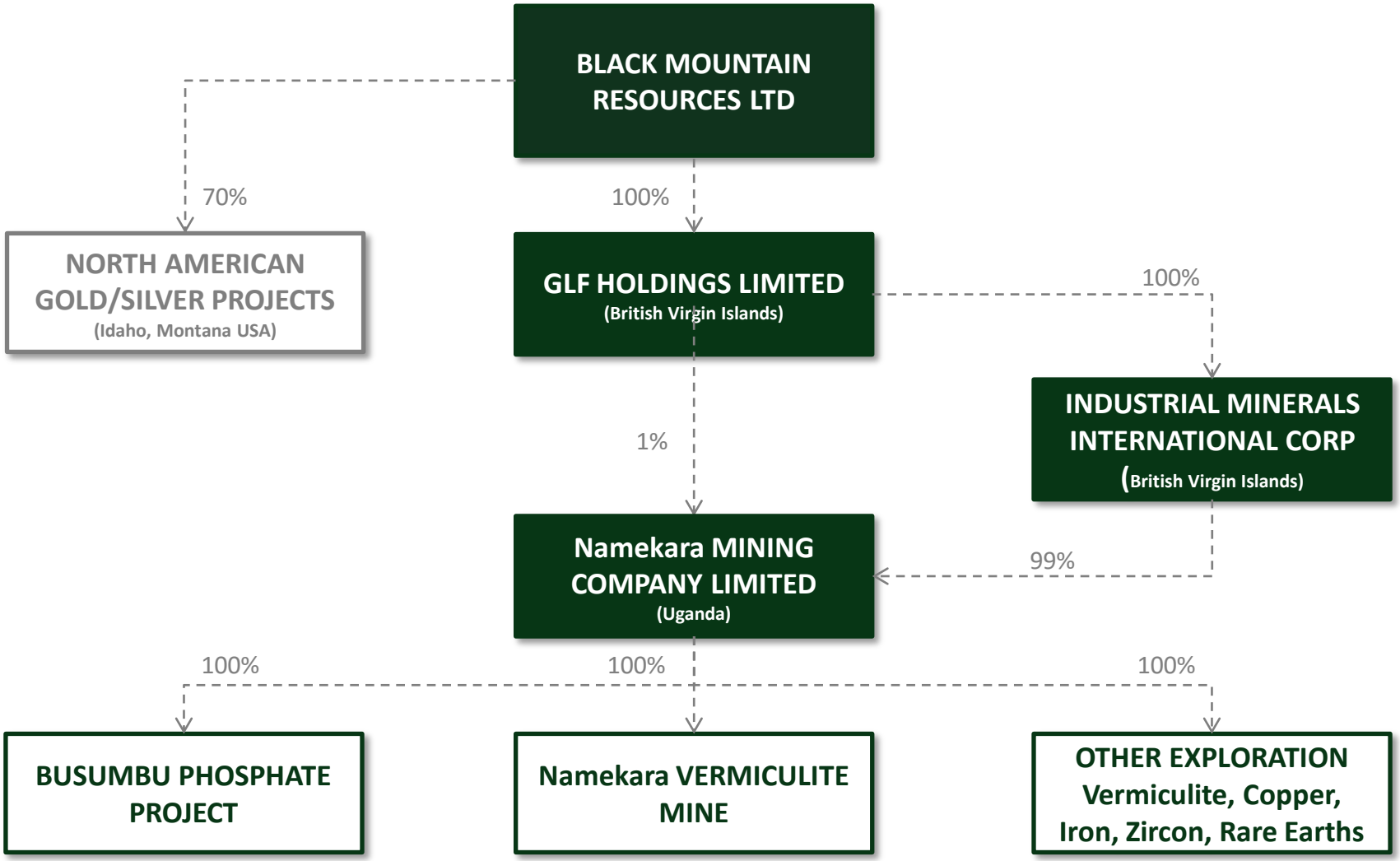
Notes to Capital Structure:

1. Ordinary Shares as approved at EGM dated 15 Aug 2016. Assumes Namekara Transaction completed and Debt for Equity conversions completed.
2. Assumes A$4.5 million raised at A$0.10 per share.
3. Excludes Options. Options on issue are 100,000 unlisted options exercisable at A$1.00 on or before 30 November 2016 and 300,000 unlisted options exercisable at A$1.20. Options to be issued under the Transaction of 2,500,000 unlisted options exercisable at A$0.125 on or before 30 June 2018, convert into one ordinary share per option on exercise

HIGHLIGHTS

- Operating vermiculite mine and a high grade phosphate project with historical production
- Immediate small scale production and cash-flow asset
- Low volume, high priced product with strong growth
- All mine infrastructure in place with established sales and marketing agreements
- High grade premium flake products which attract premium prices
- Further studies to optimise operations
- Proven logistics with track record of export sales to Europe/Asia
- Strong market fundamentals and pricing
- Strengthened Board and management team
- Significant exploration/development upside with the high-grade Busumbu Phosphate Project located on the existing mining lease

NEW CORPORATE STRUCTURE



NEW EXPERIENCED BOARD

Strengthened Board with extensive proven African production and development credentials

Julian Ford **(BSc (Eng) Bcom, Grad Dip (Bus Mgt)** **Non-Executive Chairman**	✓ 25 years across precious and base metals, and bulk commodities ✓ Management across mining, mineral beneficiation and hydrometallurgical processing ✓ Founded, developed and led mining companies listed on both ASX and AIM markets
Simon Grant-Rennick **(B. Eng CSM)** **Executive Director**	✓ 38 years in exploration, mining and mining geology specialising in industrial minerals ✓ Managed Dillon vermiculite mining and marketing operations in the United States ✓ Director of UK based Industrial Minerals industrial minerals consultancy and marketing group
Luca Bechis **(B.Bus Hons MBA)** **Non-Executive Director**	✓ 30 years extensive experience in international finance and international capital markets ✓ Founding Partner at Richmond Partner Masters Limited resource focused hedge fund ✓ Chairman and director of a number of African focused mine development companies
Jason Brewer **(M.Eng ARSM)** **Executive Director**	✓ 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

PROVEN OPERATIONAL SENIOR MANAGEMENT

Henson Mambo **(Bsc(Hons), MBA)** **GM Operations**	✓ 16 years in bulk and industrial minerals, including vermiculite in Africa ✓ Former General Manager of Shawa Vermiculite Mine in Zimbabwe ✓ 4 years' operating and mine management experience in Uganda
Patrick Takaedza **(Bsc (Geology), AusIMM)** **Senior Mine Geologist**	✓ 13 year experience in mine geology, exploration geology, and mine planning spanning various commodities including vermiculite and phosphate ✓ 2 years managing exploration programs in western Uganda
Ronald Shikuku **(BBS (Fin& Acc),CPA(U), MBA(Fin & Acc))** **Finance/administration**	✓ 16 in finance and accounting covering managing management accounts, tax planning, regulatory requirements and both internal and external auditing in mining industry
Stephen Nathi **Community Relations**	✓ Involved with community relations programs at Namakara since 1999 ✓ Responsible for the establishment and implementation of all activities of the company within the local community
Fred Butia **(B.Bus Administration)** **Logistics Superintendent**	✓ 6 years' experience in mine logistics planning and execution for vermiculite exports ✓ Extensive experience in taxation and tax planning including 4 years with Uganda Revenue Authority

ACQUISITION OF OPERATING AND EXPORT MINE

- Acquiring 100% of the operating and exporting Namakara Vermiculite Mine and Busumbu Phosphate Project in Uganda
- Former Rio Tinto operation that commenced production in 2002
- New Exploration Target released September 2016 (See Appendix 1)
- Established workforce and infrastructure with all operating and export permits and approvals in place
- Currently limited production of high grade premium, large and medium flake vermiculite products
- Exports to international agricultural and industrial customers in Europe, Japan and Australia
- Potential to expand operations with studies to commence post acquisition

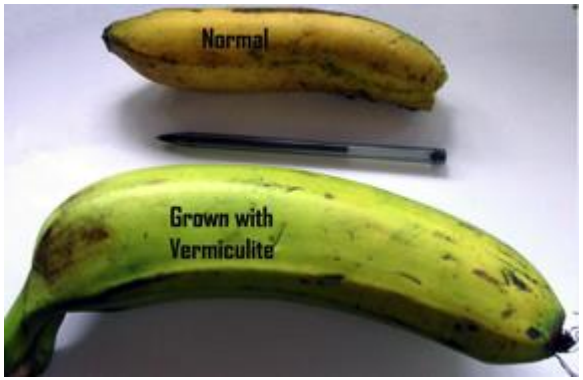
FUNDS TO INCREASE Namekara SALES

APPLICATION OF FUNDS 2016

Namekara Vermiculite Mine	
Mine and Plant Optimisation and Feasibility Studies	A$275,000
Up-Grade of Processing Plant	A$1,295,500
Up-Grade of Mining Fleet and Site Infrastructure	A$599,500
Busumbu Phosphate Project	
Resource Definition Drilling and Pre-Feasibility Study Work	A$550,000
Corporate and Capital Raising Costs	
Administration, Working Capital, Creditors and Capital Raising Costs	A$1,780,000
TOTAL	**A$4,500,000**

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^{o}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

VERMICULITE MARKET

- Vermiculite market recognises 6 size fractions: premium, large, medium, fine, superfine and micron
- Market demand for up to 0.75Mt annually across all sizes
- Limited supply of larger premium priced size fractions
- +60% of Namekara's historical production is large and medium flake size
- No other global vermiculite producers can produce medium and large vermiculite flake in any significant commercial quantities
- Southern Africa and Brazilian production is increasingly in lower priced superfine and micron size fraction
- Chinese production uncompetitive and meets domestic demand
- US, Australian and Middle East markets increasingly targeting large and medium vermiculite flake

- ***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***

Namekara 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
- Namekara has historically produced the coarse grades vermiculite
- Namekara's large and medium vermiculite flake sales currently attract a price premium to fine and super fine product
- In the *Large Flake Market*, the other competitors, namely 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

HISTORY

- 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 on annualised basis by June 2012
- 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$330/t

12 MONTH GROWTH PROGRAM

PHASE 1: JUNE 2016 – DECEMBER 2016

- Complete acquisition of Namekara Vermiculite Mine
- New marketing and sales agreements into UK and USA to broaden client base
- JORC 2012 resource work to commence[(1)]
- Further studies to consider expansion[(2)]

Cautionary Statement:

Note 1. Currently the Company has a declared *Exploration Target* only. An *Exploration Target* is conceptual in nature. There has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource in accordance with the JORC 2012 Code. This is not a JORC Mineral Resource estimate in accordance with the JORC Code 2012, and based on the assessment of the current information no JORC Minerals can be declared.

Note 2. The planned activities for further expansion and the Phase 2 operations outlined below are contingent in the ability of the Company to successfully complete a JORC 2012 Resource. In the event that the Company is unable to complete a JORC 2012 Resource, then the Company intends to review and potentially adjust its planned activities

PHASE 2: DECEMBER 2016 – JUNE 2017[(2)]

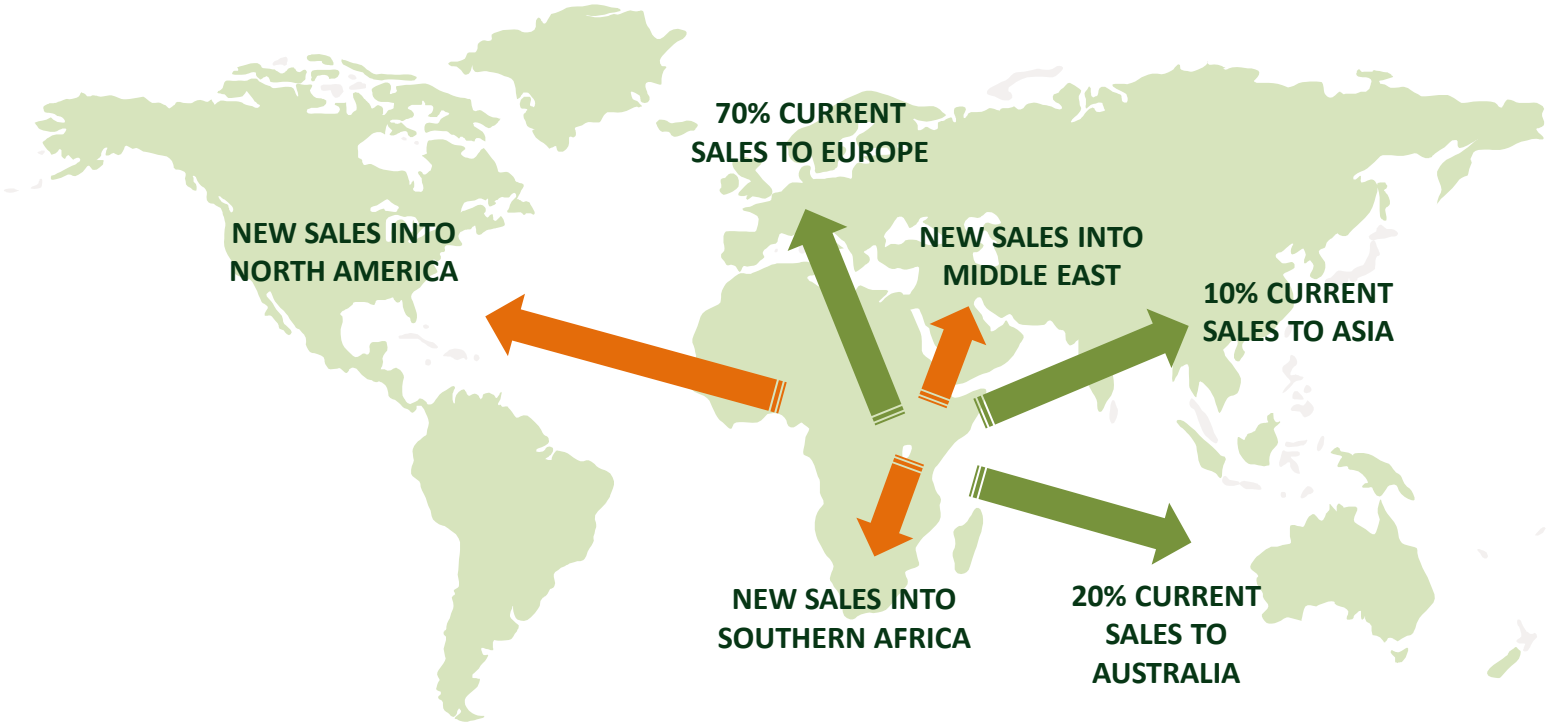
- Results of optimisation of mine and process plant investment
- Broader marketing of export sales to USA, Europe and Australasia
- Consider expansion opportunities for Namekara Mine
- Further studies on Busumbu Phosphate Project

BROADER GLOBAL SALES AND MARKETING

NEWLY ESTABLISHED SALES AND MARKETING OFFICE LONDON UK

NEW CONTRACTS FOR SALES INTO U.S.

INCREASED CONTRACTS FOR SALES INTO EUROPE AND ASIA



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 Namekara has 10 customers worldwide
- Non-exclusive marketing agreements in place with export sales to Europe and Asia
- New marketing and offtake agreements targeting sales to meet premium product demand in US and Middle East
- Export sales to continue into Europe and Asia
- New marketing agreement with major European and South African industrial minerals trading houses

LOCATION AND LOGISTICS

- Located in Eastern Uganda near the towns of Mbala and Tororo
- 230km 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

WELL POSITIONED FOR LONG-TERM SUCCESS

Exploration Potential

Large Landholding
+50km^2
<10% explored

Exploration Target
45-55Mt at 20-27%
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
Growth in demand and increase in pricing

PROJECT OVERVIEW

GEOLOGY - THE BUKUSU CARBONATITE COMPLEX

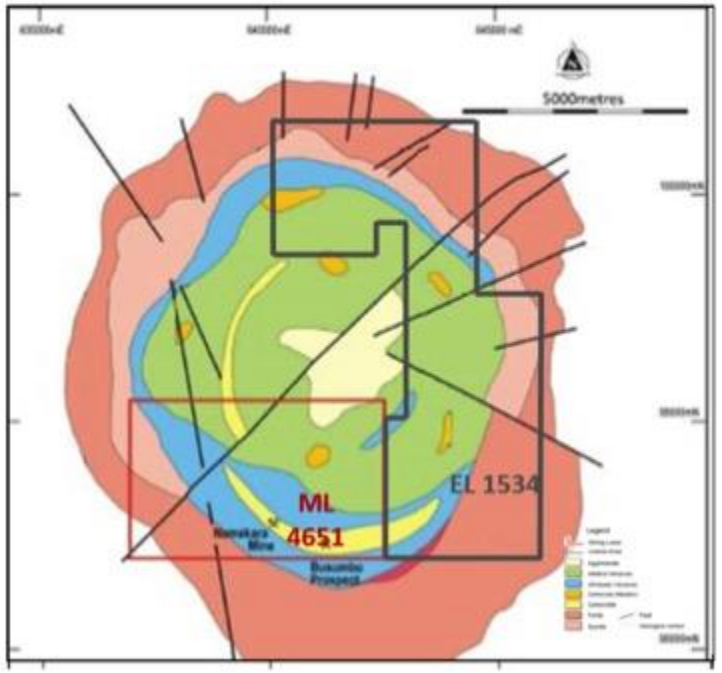
- **The Bukusu Complex is similar from a geological perspective to the Palabora Complex in South Africa which hosts major world class vermiculite, phosphate and copper mining operations**

- Bukusu Complex is only known carbonatite in Uganda/Kenya to host commercially viable vermiculite
- One of Africa's largest alkaline cabonatite complexes
- Extends over about 50km^2 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

LICENSES, PERMITS AND APPROVALS

- **The Namekara Vermiculite Mine is a fully permitted operational mine with approvals to sell its premium large and medium and fine and superfine vermiculite flake into international export markets**
- Mining License ML 4651
  - Valid to 2024 with extension up to a further 15yrs
  - Extends overs 17,218 hectares and includes the Namekara 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 30,834 hectares on exploration ground that is considered highly prospective for vermiculite, phosphate, copper, iron, zircon and rare earths mineralisation.



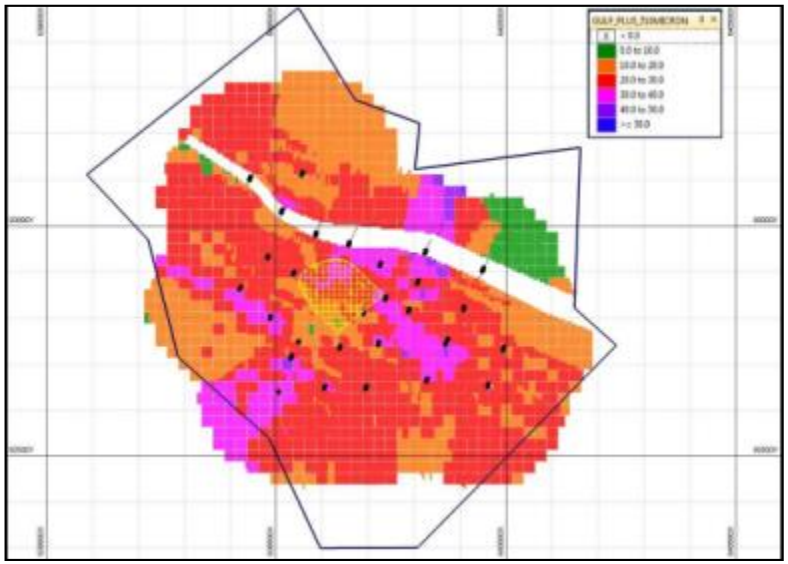
EXPLORATION TARGET

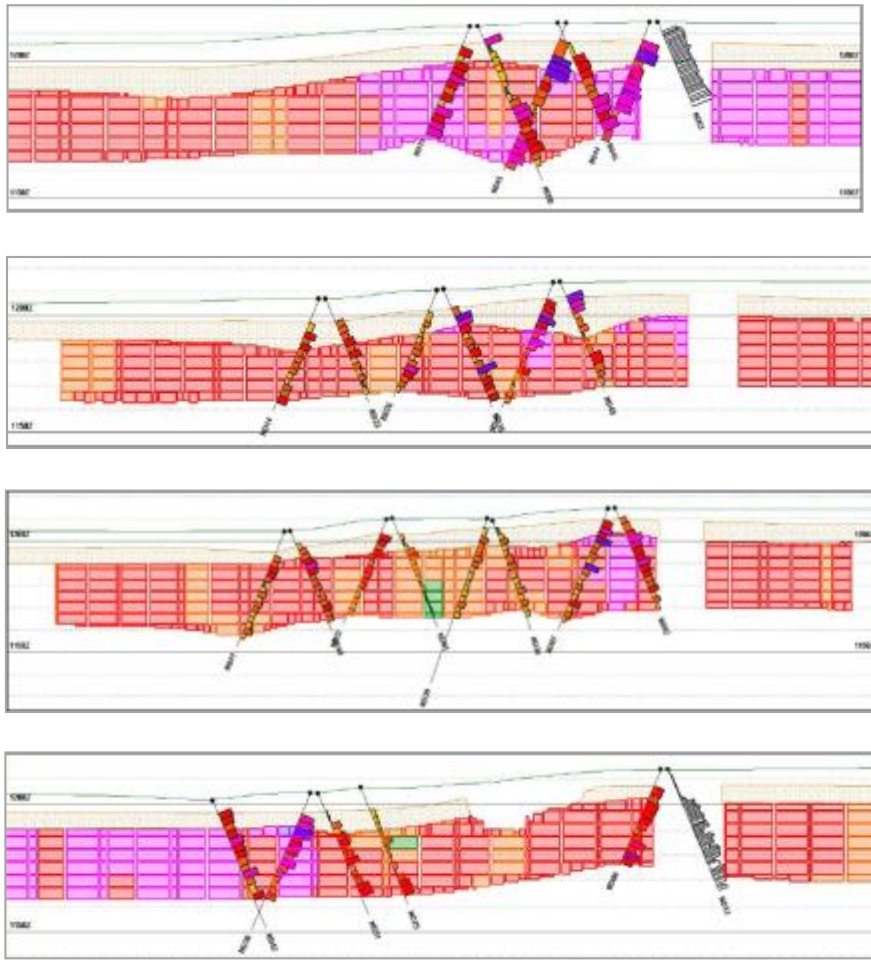
EXPLORATION TARGET (REFER ASX:BMZ ANNOUNCEMENT 23 SEPTEMBER 2016			
	Million Tonnes	**Grade >180µm**	**Grade >425µm**
Exploration Target	45 - 55	20 - 27%	15 - 19%

- Exploration Target is conceptual in nature. There has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource in accordance with the JORC 2012 Code.
- This is not a JORC Mineral Resource estimate in accordance with the JORC Code 2012, and based on the assessment of the current information no JORC Minerals can be declared.
- The Exploration Target has been prepared by the Company's technical consultants and is based on data generated from approx. 7 years of intermittent mining and process plant operations and the production of saleable vermiculite flake product at the Namekara Vermiculite Mine site and from historical resource evaluation studies completed between 2008 and 2012. Only one of these resource evaluation studies has been published externally and is in the public domain.
- See Appendix 1 for details

HISTORICAL WORK

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



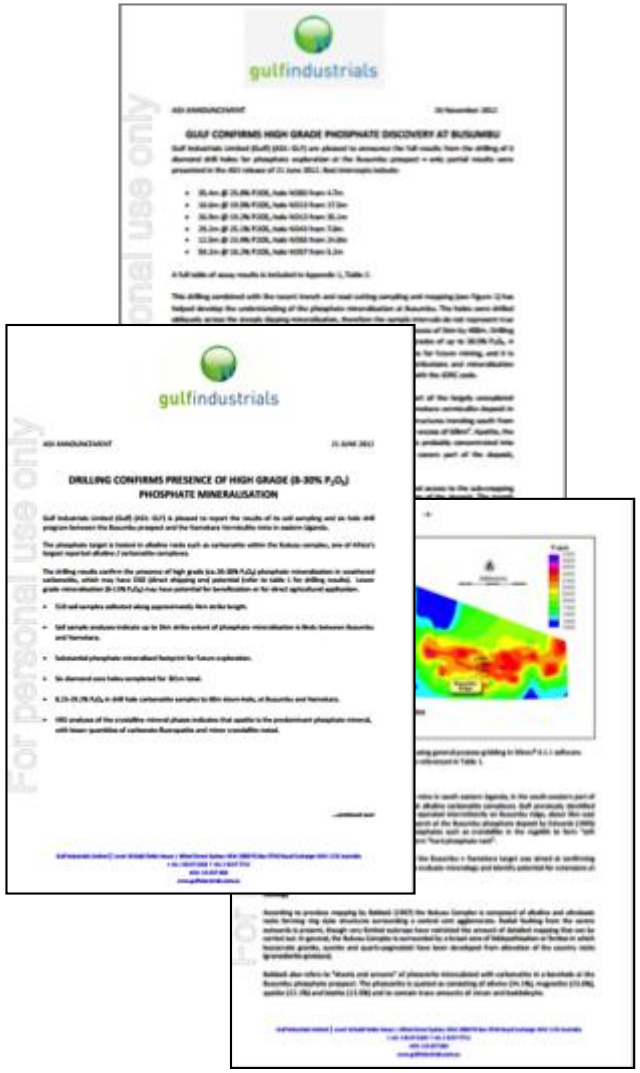


PROCESSING TO PRODUCE A COARSE PRODUCT

- Extensive test-work 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
- Sales of large, medium, fine and superfine vermiculite flake
- Vermiculite flake bagged in 1.15t bulk bags and transported by road
- Exported from Port of Mombasa in containers to customers in Europe, Asia, Australia and USA

BUSUMBU PHOSPHATE PROJECT

- Located on Busumbu Ridge, 3km east of the Namekara Vermiculite Mine and on the existing Mining License
- Open pit phosphate mining occurred for 20 years up to mid-1960s
- Phosphate rock was being exported to Kenya for manufacture of citric-soluble soda phosphate fertilizer with the fine phosphatic material used as direct application fertilizer
- 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 2012 and 2013 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 present
- Analyses of the soil samples identified up to 3km of strike extent of phosphate mineralisation between Busumbu and Namekara Mine



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***

BUSUMBU PHOSPHATE EXPLORATION

- Substantial phosphate mineralisation identified
- Initial six hole diamond drill program in 2012 confirmed high grade phosphate discovery
- Potential dimensions of the prospect to be in excess of 3km by 400m
- Drilling confirmed high mineralisation to a depth of over 60m 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 test-work and preliminary processing plant optimisation studies in 2016
- The project is considered to be a significant phosphate deposit

ASSAY RESULTS FROM 2012 DRILLING[(1)]

ND03: 35.4m at **at 25.8% P_2O_5 from 4.7m**

ND13: 16.6m at **at 19.5% P_2O_5 from 17.5m**

ND13: 26.9m at **at 19.2% P_2O_5 from 35.1m**

ND43: 29.2m at **at 25.1% P_2O_5 from 7.0m**

ND55: 12.5m at **at 23.9% P_2O_5 from 24.0m**

ND57: 59.2m at **at 18.2% P_2O_5 from 5.2m**

Note 1: The Assay drilling results shown in the table were first published by Gulf (GLF:ASX) on the 21 June 2012 and were reported in accordance with the JORC Code 2004.

INVESTMENT SUMMARY

- ✓ Significant acquisition of a high quality producing vermiculite mine and a high grade phosphate project with historical production
- ✓ Immediate production and cash-flow asset
- ✓ 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
- ✓ Studies for potential mine expansion
- ✓ Proven logistics with regional and export sales via sealed road
- ✓ Strong market fundamentals and pricing
- ✓ Negotiations ongoing with further off-take partners to expand sales
- ✓ Board and management team with the necessary credentials to deliver on production, expansion and finance

APPENDICES

1: EXPLORATION TARGET

EXPLORATION TARGET [1]			
	Million Tonnes	**Grade >180µm**	**Grade >425µm**
Exploration Target	45 - 55	20 - 27%	15 - 19%

Material Risks Associated with Exploration Target

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Competent Person's Statement
The Exploration Target has been prepared by Allen J. Maynard. Allen Maynard is not an employee of the Company or any related party. Mr. Maynard is the Principal of AM&A, a qualified geologist, a Member of the Australasian Institute of Mining & Metallurgy ("AusIMM") (# 104986) and a Member of the Australian Institute of Geoscientists ("AIG" #2062). Mr. Maynard has had over 35 years of continuous experience in mineral exploration and evaluation and more than 30 years' experience in mineral asset valuation. Mr. Maynard holds the appropriate qualifications, experience and independence to qualify as an independent "Expert" and "Competent Person". The Company has obtained the prior written consent of Mr Maynard to the form and context in which the information is presented.

Note 1: The Exploration Target was first published by the Company (BMZ:ASX) on the 23 September 2016 the Exploration Target estimate was completed in accordance with the JORC 2012, JORC Code

2: 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