BLACK MOUNTAIN RESOURCES LIMITED
AND ITS CONTROLLED ENTITY
ABN 55 147 106 974

Interim Financial Report

For the period 29 October 2010, date of incorporation, to 31 December 2010

Contents

These interim financial statements do not include all the notes of the type normally included in the annual financial statements. Accordingly, these interim financial statements are to be read in conjunction with any public announcements made by Black Mountain Resources Limited during the period from the date of incorporation on 29 October 2010 to the date of this report in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

Directors' Report

Your Directors present their first report together with the financial statements for the period from the date of incorporation on 29 October 2010 to 31 December 2010.

Directors

The persons who were Directors of Black Mountain Resources Limited during the interim reporting period and up to the date of this report are:

Mr Stephen Anastos	(Non- Executive Chairman)	(Appointed on 29 October 2010)
Mr Jeremy Bond	(Non- Executive Director)	(Appointed on 29 October 2010)
Mr David Morris	(Non- Executive Director)	(Appointed on 29 October 2010)

Review of Operations

The entity's operating loss for the period from the date of incorporation on 29 October 2010 to 31 December 2010 was ($28,635).

The Company was incorporated on 29 October 2010. In November 2010, the Company entered into a tenement sale agreement to acquire exploration tenements in Western Australia. The Tenements include E36/563 (known as the Foley Outcamp Project) and E37/834 and E37/950 (known as the Six Mile Well Project).

During the half year the Company undertook a capital raising exercise by way of an initial public offering at $0.20 per share to issue 18,750,000 ordinary fully paid shares raising $3.75 million. All funds under the capital raising and the related share settlement were completed subsequent to the reporting date. The Company listed on the Australian Securities Exchange on 17 February 2011.

Auditor's Independence Declaration

The Auditor's Independence Declaration under section 307C of the Corporation Act 2001 is included within this financial report.

This report is signed in accordance with a resolution of the Board of Directors.

Stephen Anastos
Non-Executive Chairman

Perth, Western Australia, 11 March 2011

RSM Bird Cameron Partners
8 St Georges Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844
T +61 8 9261 9100 F +61 8 9261 9111
www.rsmi.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Black Mountain Resources Limited for the period 29 October 2010, date of incorporation, to 31 December 2010, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Rsm Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants

Perth, WA
Dated: 11 March 2011

TUTU PHONG
Partner

Condensed Statement of Comprehensive Income
For the period from the date of incorporation on 29 October 2010 to 31 December 2010

	Notes	Consolidated 2010 $
Revenue		
Revenue	3	3,054
Other expenses		(7,689)
Share based payment		(24,000)
Loss before income tax expense		(28,635)
Income tax expense		-
Loss for the period		(28,635)
Other comprehensive income for the period		-
Total comprehensive loss for the period		**(28,635)**
Basic and Diluted Earnings Per Share (cents)		(1.16)

The accompany notes form part of these financial statements.

Condensed Statement of Financial Position
As at 31 December 2010

	Notes	Consolidated 31 December 2010 $
ASSETS		
Current Assets		
Cash and cash equivalents		3,706,123
Trade and other receivables		27,631
Prepayments		92,512
Total Current Assets		3,826,266
Non Current Assets		
Exploration and evaluation costs		50,000
Total Non Current Assets		50,000
TOTAL ASSETS		3,876,266
LIABILITIES		
Current Liabilities		
Trade and other payables		13,200
Other - share application monies received	7	3,692,700
Total Current Liabilities		3,705,900
TOTAL LIABILITIES		3,705,900
NET ASSETS		170,366
EQUITY		
Contributed equity	5	175,001
Option reserve		24,000
Accumulated losses		(28,635)
TOTAL EQUITY		170,366

The accompany notes form part of these financial statements.

Condensed Statement of Changes in Equity
For the period from the date of incorporation on 29 October 2010 to 31 December 2010

Consolidated	Note	Contributed Equity $	Option Reserve	Accumulated Losses $	Total $
Balance at 29 October 2010		-	-	-	-
Total comprehensive income for the half-year					
Loss for the half-year		-	-	(28,635)	(28,635)
Total comprehensive income for the half-year		**-**	**-**	**(28,635)**	**(28,635)**
Transactions with owners, recorded directly in equity					
Issue of ordinary shares		175,001	-	-	175,001
Options issued		-	24,000	-	24,000
Total transactions with owners		175,001	24,000	-	199,001
Balance at 31 December 2010		**175,001**	**24,000**	**(28,635)**	**170,366**

The accompany notes form part of these financial statements.

Condensed Statement of Cash Flows
For the period from the date of incorporation on 29 October 2010 to 31 December 2010

	Notes	Consolidated 2010 $
Cash flows from operating activities		
Payments to suppliers and employees		(114,632)
Interest received		3,054
Net cash flows outflow from operating activities		(111,578)
Cash flows from investing activities		
Tenement acquisition payments		(50,000)
Net cash flows outflow from investing activities		(50,000)
Cash flows from financing activities		
Proceeds from share issue		175,001
Proceeds from share applications		3,692,700
Net cash flows inflow from financing activities		3,867,701
Net increase in cash and cash equivalents		3,706,123
Cash and cash equivalents at beginning of the financial period		-
Cash and cash equivalents at end of the half-year		**3,706,123**

The accompany notes form part of these financial statements.

Notes to the Financial Statements

Note 1 – Basis of preparation

The half-year financial statements are general purpose financial statements prepared in accordance with the requirements of the *Corporations Act 2001* and Accounting Standards AASB 134: Interim Financial Reporting. Compliance with AASB 134 ensures that the financial report and notes also comply with International Financial Reporting Standards IAS 34: Interim Financial Reporting.

These financial statements are to be read in conjunction with any publications made by Black Mountain Resources Limited during the period from the date of incorporation on the 29 October 2010 to the date of this report in accordance with continuous disclosure requirements arising under the *Corporations Act 2001.*

The half-year financial statements do not include full disclosures of the type normally included in annual financial statements.

The half-year financial statements have been prepared on an accruals basis and are based on historical costs.

Note 2 – Accounting policies

a) Revenue Recognition

Interest revenue is recognised on a time proportionate basis that takes into account the interest rates applicable to the financial assets.

b) Income Tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit.

Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and interests in joint ventures where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances relating to amounts recognised directly in equity are also recognised directly in equity.

c) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and bank balances.

Notes to the Financial Statements (Cont)

Note 2 – Accounting policies (Cont)

d) Trade and Other Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. Trade receivables are due for settlement within 30 days from the date of recognition. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off.

An allowance account for doubtful receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the statement of comprehensive income. When a trade receivable for which an impairment allowance has been recognised becomes uncollectable in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

e) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the period which are unpaid. They are recognised initially at fair value and subsequently at amortised cost. The amounts are unsecured and are usually paid within 30 days of recognition.

f) Exploration and evaluation assets

Exploration and evaluation costs are accumulated in respect of each separate 'area of interest' or geographical segment. Costs are either expensed as incurred or capitalised as an exploration and evaluation asset provided exploration titles are current and at least one of the following conditions are satisfied:

- the expenditure is expected to be recouped through successful development and exploitation of the area of interest; or
- activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amounts exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. Impairment losses are recognised in the statement of comprehensive income.

g) Contributed Equity

Ordinary shares are classified as equity.

Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds, net of any income tax benefit. Costs directly attributable to the issue of new shares or options associated with the acquisition of a business are included as part of the purchase consideration.

h) Earnings Per Share

(i) Basic earnings per share

Basic earnings per share is calculated as a net profit attributable to members, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Notes to the Financial Statements (Cont)

Note 2 – Accounting policies (Cont)

(ii) Diluted earnings per share

Diluted earnings per share is calculated as net profit attributable to members, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

i) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated exclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position. Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

j) Impairment of Assets

At each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the Income Statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

k) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the Income Statement.

l) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Notes to the Financial Statements (Cont)

Note 2 – Accounting policies (Cont)

m) Critical Accounting Judgments, Estimates and Assumptions

The preparation of financial statements in conformity with Australian Accounting Standards required the use of certain critical estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are:

Share based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model.

Exploration and evaluation costs

The board of directors determine when an area of interest should be abandoned. When a decision is made that an area of interest is not commercially viable, all costs that have been capitalised in respect of that area of interest are written off. The Director's decision is made after considering the likelihood of finding commercially viable reserves.

No areas of interest have been abandoned at the date of this report.

Note 3 – Other Income

	Period ended 31 December 2010 $
Interest income	3,054
Total other income	**3,054**

Note 4 – Segment Information

Management has determined the operating segments based on the reports reviewed by the board of directors that are used to make strategic decisions. The entity does not have any operating segments with discrete financial information. The Company does not have any customers, and all the Company's assets and liabilities are located within Australia.

The Board of Directors review internal management reports on a monthly basis that is consistent with the information provided in the statement of comprehensive income, statement of financial position and statement of cash flows. As a result, no reconciliation is required because the information as presented is what is used by the Board to make strategic decisions.

The Company operates in the mineral exploration industry.

Notes to the Financial Statements (Cont)

Note 5 – Contributed Equity

(a) Movements in share capital from 29 October 2010 to 31 December 2010 were as follows:

	No of Shares	Issue Price $	$
Opening Balance	-	-	-
Issue of shares	8,750,001	0.02	175,001
Closing Balance	**8,750,001**	**0.02**	**175,001**

(b) Movements in options on issue from 29 October 2010 to 31 December 2010 were as follows:

	No of Shares	Issue Price $	$
Opening Balance	-	-	-
Issue of director options	2,000,000	-	24,000
Closing Balance	**2,000,000**	**-**	**24,000**

The options were granted on 15 November 2010 and exercisable at $0.30 each on or before 14 November 2015.

Note 6 – Dividends

No dividend has been declared or paid during the half-year ended 31 December 2010.

Note 7 – Events subsequent to Reporting Date

(1) The Company was successfully listed on the Australian Stock Exchange on 17 February 2011 after issuing 18,750,000 shares and raising proceeds of $3,750,000 of which $3,692,700 was received as at the reporting date; and

(2) The Company has settled on the tenements E36/563, E37/834 and E37/550 pursuant to the Tenement Sale Agreement dated 25 November 2010 and the company issued and allotted 312,000 fully paid ordinary shares to the vendors as consideration in addition to the $50,000 already paid as at 31 December 2010.

Except for the above items, there are no other matters or circumstances that have arisen since 31 December 2010 that have or may significantly affect the operations, results, or state of affairs of the Company in future financial periods.

Note 8 – Commitments and Contingent Liabilities

The Company has budgeted approximately $1,400,000 for exploration and development within 12 months and $600,000 after 12 months from the date of this report.

Director's Declaration

The directors of the company declare that:

1) The financial statements and notes are in accordance with the *Corporations Act 2001* and:

(a) comply with the Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*;

(b) give a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance, as represented by the results of its operations, changes in equity and its cash flows for the period 29 October 2010, date of incorporation, to 31 December 2010.

2) At the date of this statement there are reasonable grounds to believe that Black Mountain Resources Limited will be able to pay its debts when they become due and payable.

This statement is made in accordance with a resolution of the Board of Directors.

Mr Stephen Anastos
Non- Executive Chairman

Perth, Western Australia, 11 March 2011

RSM Bird Cameron Partners
Chartered Accountants

RSM Bird Cameron Partners
8 St Georges Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844
T +61 8 9261 9100 F +61 8 9261 9111
www.rsmi.com.au

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
BLACK MOUNTAIN RESOURCES LIMITED

Report on the Interim Financial Report

We have reviewed the accompanying interim financial report of Black Mountain Resources Limited which comprises the condensed statement of financial position as at 31 December 2010, and the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the period 29 October 2010, date of incorporation, to 31 December 2010, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at 31 December 2010 or from time to time during the financial period.

Directors' Responsibility for the Interim Financial Report

The directors of the company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the period 29 October 2010 to 31 December 2010; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Black Mountain Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Black Mountain Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Black Mountain Resources Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the period 29 October 2010 to 31 December 2010; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants

TUTU PHONG
Partner

Perth, WA
Dated: 11 March 2011