



7 August 2012

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

By E-Lodgement

Notice of General Meeting

Black Mountain Resources Limited (ASX | AIM: BMZ), the US focused silver and gold development company, is pleased to announce a General Meeting of Shareholders to be held at the University Club of WA, Seminar Room 2 at 11am on Wednesday, 5 September 2012. A copy of the Notice of Meeting is attached.

For and on behalf of the Board

Peter Landau
Executive Director

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About Black Mountain Resources Limited

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

The Company holds a 70% interest in the New Departure Silver Project, the Conjecture Silver Project and the Tabor Gold and Silver Project. It plans to implement low cost production and development programmes across all three assets, targeting first production from New Departure and Conjecture by Q4 2012. 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 and London's AIM Market (BMZ).



blackmountain
resources limited

Black Mountain Resources Limited
ABN 55 147 106 974

Notice of General Meeting

TIME: 11:00am (WST)

DATE: 5 September 2012

PLACE: The University Club of Western Australia
Seminar Room 2, Hackett Drive, Crawley, Western Australia

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (08) 9488 5220.



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Important Information

Time and Place of Meeting

Notice is given that the General Meeting of Shareholders of Black Mountain Resources Limited which this Notice of Meeting relates to will be held on **5 September 2012** at **11:00am** (WST) at:

The University Club of Western Australia
Seminar Room 2
Hackett Drive, Crawley, Western Australia

Your Vote Is Important

The business of the General Meeting affects your shareholding and your vote is important.

Voting Eligibility

The Directors have determined pursuant to Regulation 7.11.37 of Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders at 11:00am (WST) on 3 September 2012.

Voting in Person

To vote in person, attend the General Meeting on the date and at the place set out above. The meeting will commence at **11:00am** (WST).

Voting by Proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by **11:00am** (WST) on **3 September 2012** and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.



New sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this General Meeting. Broadly, the changes mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes is set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (ie. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting;
 - the proxy does not vote on the resolution,

chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

Black Mountain Resources Limited
ABN 55 147 106 974

Business of the Meeting

Notice is given that the General Meeting of Shareholders of Black Mountain Resources Limited will be held at **The University Club of Western Australia, Seminar Room 2, Hackett Drive, Crawley, Western Australia** at **11:00am** (WST) on **5 September 2012 (General Meeting)**.

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations* 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders of the Company as at 11:00am on 3 September 2012.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the glossary or in the Explanatory Statement.

Agenda

The Explanatory Statement to this Notice of Meeting describes the matters to be considered at the General Meeting.

Ordinary Business

Resolution 1 – Approval for Issue of Shares – Lakeview Properties

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rules 7.1 of the ASX Listing Rules and for all other purposes, Shareholders approve the issue and allotment of 11,000,000 ordinary shares to Shoshone Silver / Gold Mining or its nominees on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, their nominees and any associates of those persons. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 2 – Ratification and Approval of Prior Share Issue – Tranche 1

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That for the purposes of Listing Rule 7.4 of the ASX Listing Rules and for all other purposes, Shareholders approve and ratify the issue and allotment of 3,439,791 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 3 – Approval of Issue and Allotment of Shares – Tranche 2

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an ordinary resolution:

“That, for the purposes of ASX Listing Rules 7.1 of the ASX Listing Rules and for all other purposes, Shareholders approve the issue and allotment of up to 6,554,474 ordinary shares to on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, and any associates of those persons. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 4 – Approval of Issue and Allotment of Options

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an ordinary resolution:

“That, for the purposes of ASX Listing Rules 7.1 of the ASX Listing Rules and for all other purposes, Shareholders approve the issue and allotment of 500,000 Options to RFC Ambrian Limited (or its nominee) upon the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, their nominees and any associates of those persons. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Dated this 7th day of August 2012

By order of the Board



Peter Landau
Executive Director

Notes:

A shareholder of the Company entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholder's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes. A proxy need not be a shareholder of the Company.

For the purposes of the Corporations Regulations, the Directors have set a snapshot date to determine the identity of those entitled to attend and vote at the Meeting. The snapshot date is 11:00am (WST) on 3 September 2012. Accordingly, transactions registered after this time will be disregarded in determining entitlements to attend and vote at the meeting.

Enquiries:

Shareholders are invited to contact the Company on +61 8 9488 5220 if they have any queries in respect of the matters set out in these documents.

Explanatory Statement

This Explanatory Statement has been prepared for the information of the Shareholders of the Company in connection with the business to be conducted at the General Meeting to be held at 11:00am (WST) on 5 September 2012 at the University Club of Western Australia, Seminar Room 2, Hackett Drive, Crawley, WA.

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

This Explanatory Statement is an important document and should be read carefully in full by all Shareholders. If you have any questions regarding the matters set out in this Explanatory Statement or the preceding Notice, please contact the Company, your stockbroker or other professional adviser.

1. Resolution 1 – Approval for Issue of Shares – Lakeview Properties

Background

On 10 July 2012 the Company announced that it had entered into an exclusive 90 day option (**Lakeview Option**) for a long term (45 year) lease at the Lakeview Mill and to acquire the historic Weber Mine, both in northern Idaho (**Lakeview Properties**).

The Lakeview Mill is ideally positioned for near term use by the Company's Conjecture Project which is only 3.5 kilometres away. The mill is permitted under US regulatory requirements and has processed ore from the Lakeview District on a regular basis over the last 10 years. The mill has a current capacity of 300 tonnes per day with the ability to be upgraded further (current Conjecture mine planning is for 100 tonnes per day). The proposed lease is an initial 15 year lease renewable for a further 2 periods of 15 years (**Lakeview Mill Lease**). The use of the mill is key in developing both the short and long term production plans for Conjecture.

In addition the Company has the option to acquire the patented and unpatented mining claims forming the historic Weber Mine (**Weber Mining Claims**). The Weber Mine is approximately 2.5 kilometres from the Conjecture Project in the Lakeview District with similar geology. The Weber Mine is historically an open pit mine and will assist with mine logistics in developing Conjecture and waste ore disposal.

Pursuant to the terms of the Lakeview Option, the following consideration is payable:

- (a) an option fee of US\$500,000 which the Company has paid;
- (b) the issue of 11,000,000 Shares to Shoshone Silver / Gold Mining Company (**Shoshone**) (or its nominee), of which 5,500,000 Shares will be subject to 12 months voluntary escrow;
- (c) payment of a US\$10 per ton toll milling charge on all ore processed from BMZ's projects, other than the Weber Mining Claims (**Toll Milling Fee**), and for every year after the first 10 years of the Lakeview Mill Lease (30 September 2022), the Company agrees to pay a minimum of US\$250,000 for the Toll Milling Fees. Where the annual Toll Milling Fees are less than US\$250,000, then the Company will make an additional payment to ensure the minimum amount is met.

Pursuant to the Lakeview Option, the Company shall also have a pre-emptive right and the first right of refusal to acquire Shoshone's interest in any further patented and/or unpatented mining claims in the Lakeview Mining District or the Coeur d'Alene Mining District including the Idaho Lakeview Mine properties, Keep Cool Mine properties, Talacho Claim Group properties, Auxer Mine properties and Silver Strand Mine properties. Shoshone will also have a right to use any excess capacity at the Lakeview Mill to process ore from its other projects on commercial terms.

The Company advises that Mr John Ryan is also a director of Shoshone, being one of 4 directors, and Shoshone is not an entity controlled by Mr Ryan. As such Shoshone is not considered to be a related party to the Company.

The Company continues to undertake further due diligence on both the Lakeview Mill and the Weber Mine and intends to make a decision whether to exercise the Lakeview Option in early September 2012. For avoidance of doubt, the issue of Shares pursuant to Resolution 1 is subject to the Company electing to exercise the Lakeview Option.

ASX Listing Rule 7.1 requires that a listed company to obtain shareholder approval prior to the issue of shares, or securities convertible into shares, representing more than 15% of the issued capital of that company in any 12 month period.

Resolution 1 seeks Shareholder approval for the allotment and issue of securities as set out below.

The effect of Resolution 1 will be to allow the Directors to issue the Shares during the period of 3 months after the General Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

Specific information required by ASX Listing Rules 7.1 and 7.3

For the purposes of ASX Listing Rule 7.3, the following information is provided in relation to Resolution 1:

- (a) the maximum number of shares to be issued is 11,000,000 Shares;
- (b) the Shares will be issued no later than 3 months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur in one tranche on the same date;
- (c) the issue price will be issued for nil cash consideration pursuant to the Lakeview Option documentation;
- (d) the Shares will be issued to Shoshone or its nominees; and
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.

2. Resolution 2 – Ratification and Approval of Prior Share Issue – Tranche 1

Background

The Company is listed on both the ASX and AIM. The Company has announced that it intends to undertake a share placement to raise over £1.5 million in the UK and Australia by way of a two tranche placement of up to a total of 9,994,265 Shares at an issue price of £0.155 (**Placement**).

The Company intends to issue tranche one of the Placement, being up to 3,439,791 Shares, on or before 6 August 2012 (being before the Meeting) (**Tranche One**). The Tranche One Shares will be issued pursuant to the Company's 15% capacity under the ASX Listing Rules.

The subscribers pursuant to the Placement will not be related parties of the Company.

A summary of ASX Listing Rule 7.1 is set out in section 1 above.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. This rule provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purposes of ASX Listing Rule 7.1.

By ratifying the issue of the Tranche One Shares, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without requirement to obtain prior Shareholder approval.

Specific information required by ASX Listing Rule 7.5

For the purposes of ASX Listing Rule 7.5, the following information is provided in relation to Resolution 2:

- (a) it is anticipated that 3,439,791 Shares will be allotted and issued before the Meeting;
- (b) the Shares were issued for £0.155 each;
- (c) the Shares issued were fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares will be allotted and issued to professional and sophisticated investors and will not be related parties of the Company; and
- (e) the Company intends to use the funds raised from the Placement towards completion of the acquisition of the Lakeview Mill, subject to final due diligence and shareholder approval pursuant to resolution 1, and to carry out refurbishment and equipment upgrades to increase capacity at the mill. In addition, funds will be used for the development and exploration of the Conjecture Silver Project including the surface and underground drill programs scheduled for 2012.

A voting exclusion statement is included in the Notice.

3. Resolution 3 – Approval of Issue and Allotment of Shares – Tranche 2
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Background

The Company has announced that it intends to undertake the Placement, as summarised in section 2 above. Tranche two of the Placement, being up to 6,554,474 Shares, is to be issued subject to approval by Shareholders (**Tranche Two**). Resolution 2 seeks Shareholder approval for the allotment and issue of the Tranche Two Shares.

The subscribers pursuant to the Placement will not be related parties of the Company.

A summary of ASX Listing Rule 7.1 is set out in section 1 above.

Specific information required by ASX Listing Rules 7.1 and 7.3

For the purposes of ASX Listing Rule 7.3, the following information is provided in relation to Resolution 3:

- (a) the maximum number of shares to be issued is 6,554,474 Shares;
- (b) the Shares will be issued no later than 3 months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur in one tranche on the same date;
- (c) the issue price will be £0.155 per Share;
- (d) the Shares will be allotted and issued to professional and sophisticated investors and will not be related parties of the Company;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) the Company intends to use the funds raised from the Placement towards completion of the acquisition of the Lakeview Mill, subject to final due diligence and shareholder approval pursuant to resolution 1, and to carry out refurbishment and equipment upgrades to increase capacity at the mill. In addition, funds will be used for the development and exploration of the Conjecture Silver Project including the surface and underground drill programs scheduled for 2012.

A voting exclusion statement is included in the Notice.

4. Resolution 4 – Approval of Issue and Allotment of Options

Background

The Company has agreed to issue Options to its nominated advisor, RFC Ambrian Limited, (or its nominee) in accordance with the terms of engagement in respect of the dual listing on AIM.

Resolution 4 seeks Shareholder approval for the allotment and issue of 500,000 Options pursuant to ASX Listing Rule 7.1.

A summary of ASX Listing Rule 7.1 is set out in section 2 above.

Specific information required by ASX Listing Rules 7.1 and 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 4:

- (a) the maximum number of Options to be issued is 500,000 Options;
- (b) the Options will be issued no later than 3 months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur in one tranche on the same date;

- (c) the Options will be for nil cash consideration and no funds will be raised from their issue. The Options will be issued as part of consideration for services provided in respect of the dual listing on AIM;
- (d) the Options are exercisable at \$0.25 on or before 25 July 2016 on the terms and conditions set out in Schedule A; and
- (e) the Options will be issued to RFC Ambrian Limited (or its nominee), who will not be related parties of the Company.

Responsibility for Information

The information concerning the Company contained in this Explanatory Statement, including information as to the views and recommendations of the Directors has been prepared by the Company and is the responsibility of the Company.

The Explanatory Statement does not take into account the individual investment objectives, financial situation and particular needs of individual Shareholders. If you are in doubt as to what you should do, you should consult your legal, financial or professional advisor prior to voting.

Glossary

In this Explanatory Statement, the following terms have the following unless the context otherwise requires:

ASIC means Australian Securities Investment Commission.

ASX means ASX Limited ABN 98 008 624 691.

ASX Listing Rules or Listing Rules means the listing rules of ASX.

Board means the board of Directors of the company.

Chairman means the Chairman of the Company.

Company means Black Mountain Resources Limited ABN 55 147 106 974.

Constitution means the constitution of the Company.

Corporations Act means the *Corporations Act* 2001 (Cth).

Director means a director of the Company.

Lakeview Mill has the meaning given in section 1 of this Explanatory Statement.

Lakeview Option has the meaning given in section 1 of this Explanatory Statement.

Lakeview Properties has the meaning given in section 1 of this Explanatory Statement.

Option means a listed option in the capital of the Company.

Placement has the meaning given in section 2 of this Explanatory Statement.

Schedule means a schedule to this Explanatory Statement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder of the Company.

Shoshone means Shoshone Silver / Gold Mining Company, a US corporation.

Tranche One has the meaning given in section 2 of this Explanatory Statement.

Tranche Two has the meaning given in section 3 of this Explanatory Statement.

Toll Milling Fee has the meaning given in section 1 of this Explanatory Statement.

Weber Mining Claims has the meaning given in section 1 of this Explanatory Statement.

Schedule A – Option Terms and Conditions

The Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each Option gives the Optionholder the right to subscribe for one (1) Share.
- (b) Each Option will expire at 5.00pm (WST) on or before 25 July 2016 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) Subject to paragraph (k), the amount payable upon exercise of each Option will be \$0.25 (**Exercise Price**).
- (d) The Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- (e) An Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Options specifying the number of Options being exercised; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised;

(**Exercise Notice**).
- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
- (h) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
- (i) The Company will apply for quotation of the Options on ASX. In addition, the Company will also apply for quotation of all Shares allotted pursuant to the exercise of Options on ASX within 10 Business Days after the date of allotment of those Shares.
- (j) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (k) There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
- (l) An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.