



ASX ANNOUNCEMENT

18 July 2016

CAPITAL STRUCTURE AND PROPOSED CONSOLIDATION OF CAPITAL

Black Mountain Resources Limited (**ASX:BMZ**) (**Black Mountain** or the **Company**) announced on 14 July 2016 that it had dispatched a Notice of Meeting (**Notice**) to Shareholders of the Company.

Included in the Notice, was a resolution (**Resolution 1 - Approval of Consolidation**) under which the Company proposes to consolidate its share capital through the conversion of every 10 Existing Shares into one Share. Under section 254H of the Corporations Act, a company may consolidate its shares if the consolidation is approved by an ordinary resolution of shareholders at a General Meeting.

The Board considers that the consolidation of its share capital through the conversion of every 10 Existing Shares into one Share is important and necessary as part of its restructuring plans for the Company.

The Board does not believe that any material disadvantage will arise for Shareholders as a result of the proposed consolidation of the Company's share capital. While the share consolidation will have no effect on the underlying value of the Company, the effect on the Company's share price at the time of conversion should (all things being equal) be to trade at 10 times the price at which the shares previously traded. The share price will continue to be influenced by other factors and there can be no assurances as to the level that the Company's shares will trade following the consolidation and re quotation of the Company's securities.

Current Capital Structure

The current capital structure of the Company comprises:

Ordinary Shares:	410,515,820
Unlisted Options:	500,000 exercisable at \$0.25, each on or before 25 July 2016
	1,000,000 exercisable at \$0.10, each on or before 30 November 2016
	3,000,000 exercisable at \$0.120, each on or before 31 March 2017

Effect of Consolidation

If the consolidation of Existing Shares is approved, the number of the Company's shares on issue will be reduced from 410,515,820 Existing Shares to 41,051,582 Shares.

As the consolidation applies equally to all Shareholders, individual shareholdings will be reduced in the same ratio as the total number of shares (subject only to the rounding of fractions). It follows that the consolidation will have no material effect on the percentage interest of each individual Shareholder.

Therefore, if a Shareholder currently has 4,105,159 Shares, representing approximately 1% of the Company's issued capital, then if the share consolidation is approved and implemented, that Shareholder will have 410,516 Shares following the consolidation, still representing the same 1% of the Company's issued capital. Similarly, the aggregate value of each Shareholder's holding (and the Company's market capitalisation) should not materially change as a result of the consolidation – other than minor changes as a result of rounding – as a result of the share consolidation alone (and assuming no other market movement or impacts occur). The price per Share should logically increase in proportion to reflect the reduced number of Shares on issue. However, as this is a market issue, no definite forecast can be provided.

Options

If the share consolidation is approved, the remaining Options will also be reorganised in accordance with their terms and conditions and Listing Rule 7.22.1 (as applicable) on the basis that the number of Options will be consolidated in the same ratio as the share consolidation and the exercise price will be amended in inverse proportion to that ratio.

For example, a holding of 100 Options with an exercise price of \$0.10 each prior to the share consolidation would result in a holding of 10 options with an exercise of \$1.00 each after the share consolidation.

After the share consolidation, there will be 400,000 unlisted Options, comprising:

- (a) 100,000 exercisable at \$1.00, each on or before 30 November 2016; and
- (b) 300,000 exercisable at \$1.20, each on or before 31 March 2017.

With the 500,000 pre-share consolidation options exercisable at \$0.25, each on or before 25 July 2016, having expired prior to the shareholder meeting to be held on 15 August 2016.

The share consolidation will not result in any change to the substantive rights and obligations of existing holders of Options.

Convertible Securities

If the share consolidation is approved, any convertible securities in the Company will be reorganised in accordance with their terms and conditions and Listing Rule 7.21 (as applicable) so that the shares into which the convertible securities convert represent the same percentage of the issued ordinary share capital of the Company as they do immediately before the consolidation, and in a manner which will not result in holders of convertible securities receiving any benefits that holders of Shares do not receive.

Rounding

Where the consolidation of a Shareholder's holding results in an entitlement to a fraction of a Share, the fraction will be rounded up to the nearest whole number of Shares.

If the Company reasonably believes that a Shareholder has been a party to the division of a shareholding in an attempt to obtain an advantage from this treatment of fractions, the Company may take appropriate action, having regard as appropriate to the terms of the Company's constitution and the ASX Listing Rules. In particular, the Company reserves the right to disregard the division of a Shareholder's shareholding for the purposes of dealing with fractions so as to round up any fraction to the nearest whole number of Shares that would have been received but for the division.

Tax Implications for Shareholders

Shareholders are encouraged to seek and rely only on their own professional advice in relation to their tax position. Neither the Company nor any of its officers, employees or advisors assumes any liability or responsibility for advising Shareholders about the tax consequences for them for the proposed share consolidation.

The share consolidation will occur through the conversion of every 10 Shares into 1 Share. The Board is not aware that any capital gains tax (CGT) event is expected to occur as a result of the share consolidation. However, it is emphasised that Shareholders must obtain their own advice on this regard.

Timetable

The indicative timetable for the share consolidation is set out below.

The dates are estimates only and will be updated by the Company once confirmed.

Event	Date
Date of AGM and date Company informs ASX of approval of share Consolidation	15 August 2016
Trading commences in post-share consolidation Shares on a deferred settlement basis*	16 August 2016
First day for the Company to register Shares on a post-share Consolidation basis	16 August 2016
First day for holding statements to be dispatched to Shareholders notifying them of number of Shares held post-share Consolidation	16 August 2016
Last day for the Company to register Shares on a post-Share Consolidation basis	22 August 2016
Last day for holding statements to be dispatched to Shareholders notifying them of number of Shares held post-share Consolidation	22 August 2016
End of trading in post-share Consolidation shares on a deferred settlement basis	22 August 2016
Trading starts on a normal T+2 basis	23 August 2016

* Trading in consolidated Shares will be dependent on the Company's Shares being re-instated to trading on ASX.

ENDS



Jason Brewer
Director
Black Mountain Resources Ltd

Forward looking statements

Information included in this release constitutes forward-looking statements. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as “may”, “will”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “continue”, and “guidance”, or other similar words and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production or construction commencement dates and expected costs or production outputs.

Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the Company’s actual results, performance and achievements to differ materially from any future results, performance or achievements. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licences and permits and diminishing quantities or grades of reserves, political and social risks, changes to the regulatory framework within which the company operates or may in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relations issues and litigation.

Forward looking statements are based on the Company and its management’s good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the Company’s business and operations in the future. The Company does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that the Company’s business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by the Company or management or beyond the Company’s control.

Although the Company attempts and has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in forward looking statements, there may be other factors that could cause actual results, performance, achievements or events not to be as anticipated, estimated or intended, and many events are beyond the reasonable control of the Company. Accordingly, readers are cautioned not to place undue reliance on forward looking statements. Forward looking statements in these materials speak only at the date of issue. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, in providing this information the company does not undertake any obligation to publicly update or revise any of the forward looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.