



5 April 2018

ASX RELEASE

## BMZ RAISES \$500,000 AND ENTERS INTO DUE DILIGENCE ON LITHIUM PROJECT IN DRC

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### HIGHLIGHTS

- Convertible Note raising of \$500,000 which converts (subject to all necessary shareholder approvals) on the same terms as next equity capital raising event with a 10% premium.
- Exclusive 90 day due diligence option secured to earn via farm-in a 60% legal and beneficial interest in Mining Permits PE 13081, PR 4076 & PR 4072 (**Permits**), located in south-east of Manono lithium province, Democratic Republic of Congo, from Crown Mining Sarl.
- Exclusive 45 day due diligence option secured to earn via farm-in a 75% beneficial interest in Exploration Licences ZEA 392 and 394 (**Licences**), located in south-east of Manono lithium province, Democratic Republic of Congo, from Cooperative Miniere de Development de Dikuluwe.
- Permits / Licences lie within the same geological and structural setting as the AVZ Minerals Limited's (ASX. AVZ) Manono Project – potentially one of the world's largest lithium rich LCT (Lithium Caesium Tantalum) pegmatite deposits.
- BMZ preparing exploration program for the Bukusu Carbonatite complex which hosts the Busumbu Phosphate Mine, the mapped and sampled Ngala hills copper prospect as well as identified anomalies for rare earths metals (**Bukusu Complex**).
- In addition to the initial work undertaken by BMZ in 2016, the Bukusu Complex contains a significant database of historical work (drilling, soil sampling, geophysics, trenching etc) and data previously undertaken by Rio Tinto Resources and Gulf Industrial on copper, rare earth elements and phosphate. Most of the work has been done on the Mining Lease, PL 1370, and minimal work was undertaken on the Exploration Lease, EL 4501.
- Advanced negotiations with strategic partner to progress the Busumbu Phosphate Project (BMZ – 75% interest - see ASX announcement 19 February 2018). Significant exploration and development upside with the Busumbu Phosphate Project (which operated intermittently over a 20 year period up to 1960s). Diamond drilling by ASX listed Gulf Industrials in 2012 at the Busumbu Phosphate Project confirmed high grade and extensive phosphate mineralisation with grades of up to 30.5% P<sub>2</sub>O<sub>5</sub> and best intercepts of 35.4m at 25.8% P<sub>2</sub>O<sub>5</sub> from 4.7m and 29.2m at 25.1% P<sub>2</sub>O<sub>5</sub> from 7.0m respectively.
- Black Mountain continuing to assess a number of additional strategic joint venture and farm-in opportunities throughout Africa and other jurisdictions.

## CONVERTIBLE NOTE

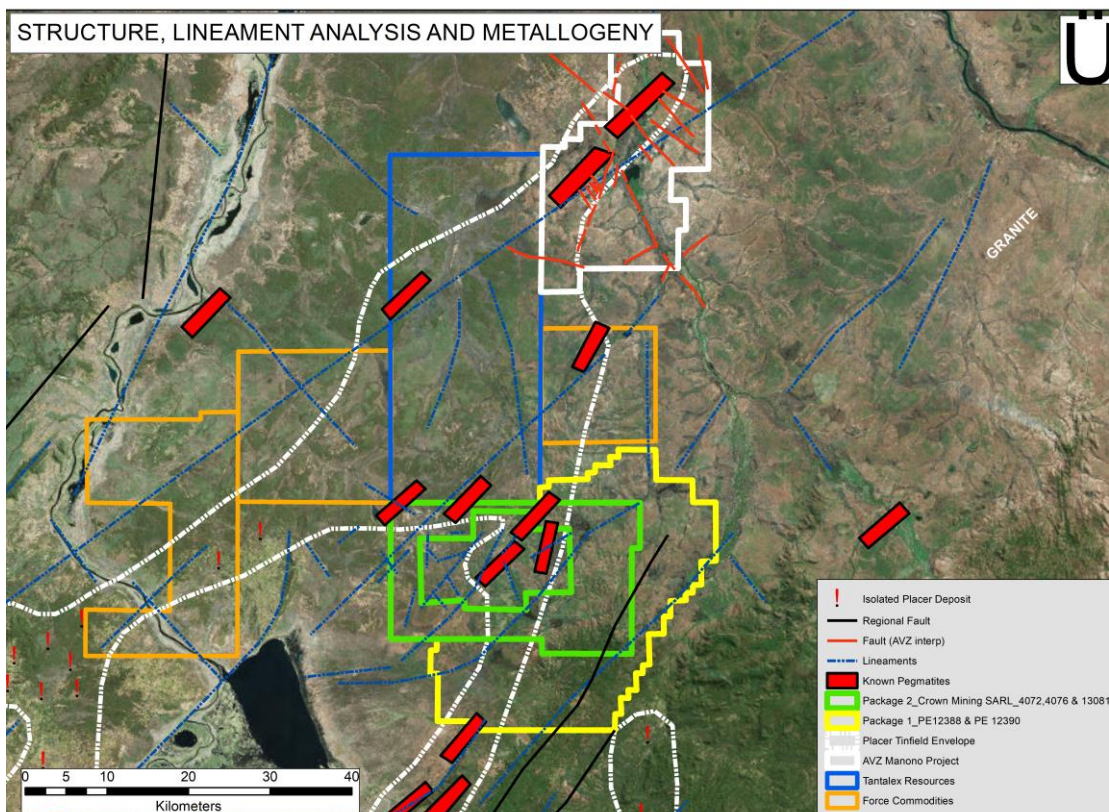
The Company is pleased to advise that it has raised \$500,000 by way of convertible note. Funds will be used for working capital (including the recently announced restructure transaction), exploration on the Bukusu Complex and investigating additional potential synergistic farm-in opportunities. Funds were raised through clients of Sanlam Private Wealth. The note is for a 6 month period, attracts a 10% repayment or conversion premium (\$550,000 in total) and automatically converts on the same terms (subject to all necessary shareholder and regulatory approvals) upon the Company's next equity capital raising event.

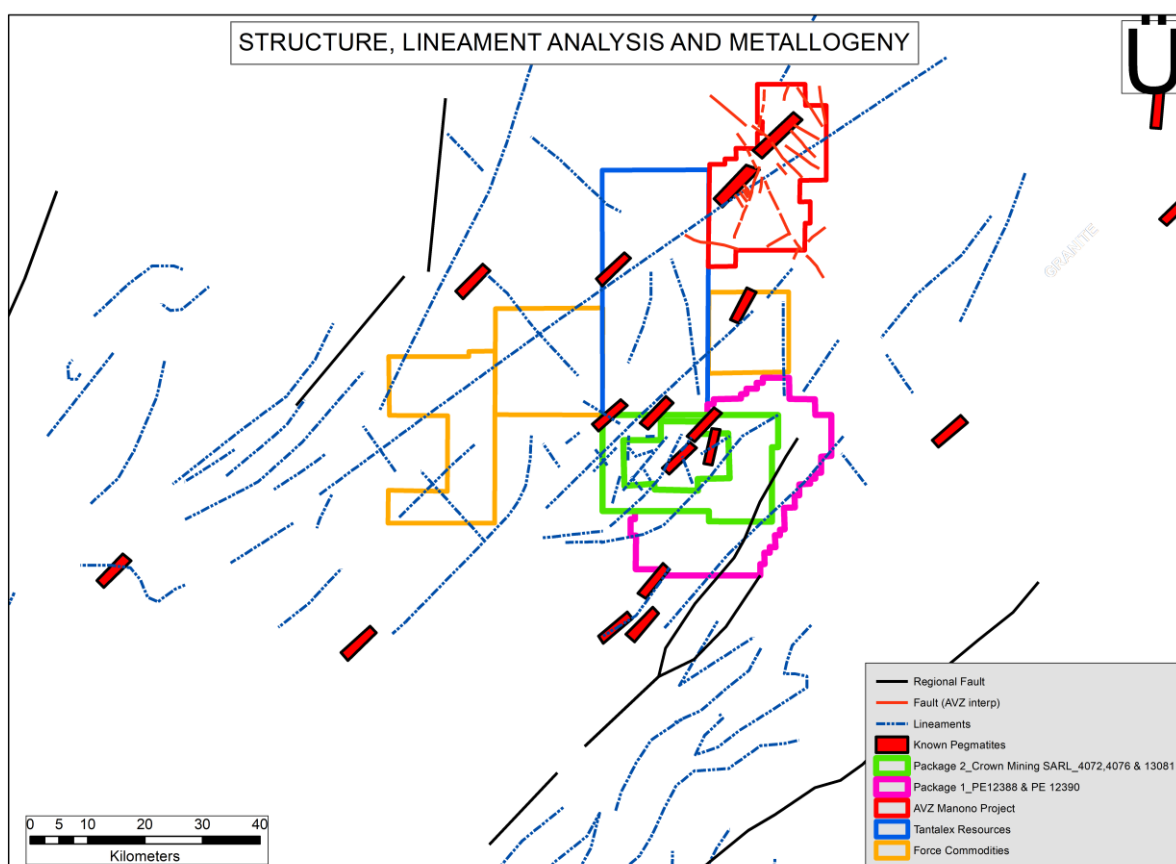
## EXCLUSIVE OPTIONS TO FARM INTO DRC LITHIUM LICENSES

Black Mountain is pleased to announce that it has secured the following two exclusive option agreements:

- i. Exclusive 90 day due diligence option to earn (by way of farm-in) a 60% legal and beneficial interest in Mining Permits PE 13081, PR 4076 & PR 4072 (**Permits**), located in south-east of Manono lithium province, Democratic Republic of Congo, from Crown Mining Sarl; and
- ii. Exclusive 45 day due diligence option to earn (by way of farm-in) a 75% beneficial interest in Exploration Licences ZEA 392 and 394 (**Licences**), located in south-east of Manono lithium province, Democratic Republic of Congo, from Cooperative Miniere de Development de Dikuluwe. Black Mountain notes that these are local artisanal Licences and a key part of the due diligence will be investigating commercial mechanisms that are available to partner with the local cooperative.

Farm-in terms are to be negotiated and finalised during the due diligence option periods. Location of the Permits and Licences is set out in green below and also shows the proximity to AVZ Minerals Limited (ASX. AVZ) and Force Commodities Limited (ASX. 4CE) respectively.





Figures 1 & 2: Above Figure (and other published information) show that the regional and local structures that control the Manono Pegmatites is similar to that which controls the pegmatites on the Project Area.

The Permits and Licences (“**Project Area**”) lie within the same geological and structural setting as the AVZ Mineral’s Manono Project. The Manono Project is potentially one of the world’s largest lithium rich LCT (Lithium Caesium Tantalum) pegmatite deposits. It was initially mined for its tin content between 1919 and 1980. The strike extent of the Manono pegmatites is at least 13km, with only a small shallow portion tested by historical exploration activities. The historical exploration activity indicates potential thickness of pegmatites is up to 250m in places. Historical geological work previously published confirms that the Project Area under option has geological and mineralization characteristics identical to those of the much explored Manono-Kitotolo deposits namely, the presence and extraction of Sn-Nb-Ta in alluvium and laterite, the occurrence of undeformed type 3 granites, and the identification of a quartz-feldspar-mica pegmatite, possibly greisen, near the type 3 granites. These characteristics suggest an LCT pegmatite is the source of that Sn-Nb-Ta in the Project Area, and that a rare-element Li pegmatite exists below laterite and alluvial cover. It is worth noting that the Manono-Kitotolo pegmatites were not discovered until the thick laterites and alluvium were removed.

## BUSUMBU PHOSPHATE PROJECT

Advanced negotiations are continuing with a strategic partner to progress the Busumbu Phosphate Project (BMZ 75% - see ASX announcement 19 February 2018), and the Company looks forward to providing further details on these discussions in the near-term.

As previously announced, 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 Industrial 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.

Analysis of the soil samples identified potential of up to 3km 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”. Full details of the initial exploration work completed by Gulf Industrial at the Busumbu Phosphate Project is included in an ASX release dated 21 June 2012 “High Grade Phosphate Mineralisation Presence Confirmed”.

The full results of the six hole diamond drill program completed by Gulf Industrial in 2012 is included in 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 60m with assay grades of up to 30.5% P<sub>2</sub>O<sub>5</sub>.”

### **Next Steps**

Black Mountain is currently in the process of completing its technical due diligence into the acquisition of the respective Manono tenements which will include an independent geological review of the Project Area, and the Company looks forward to updating shareholders as the due diligence and option period progress.

Black Mountain is also planning 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.

Black Mountain would also like to advise shareholders that it is continuing to assess a number of additional strategic joint venture and farm-in opportunities throughout Africa and other favourable investment jurisdictions globally and further updates will be provided to the market in due course.

**-ENDS-**

**Released through Ben Jarvis, Six Degrees Investor Relations: +61 (0) 413 150 448**

### **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.

#### **Competent Person’s Statement**

The information in this report that relates to exploration results and geological interpretation has been compiled by Mr Willard Matola Mbalaka. Mr Mbalaka is a full-time employee and Principal Consultant at South African geological consultancy and advisory firm, Kweneng Group and an independent consultant to the Company. A member of the Geological Society of South Africa (GSSA) and the South African Institute of Mining and Metallurgy, Mr Mbalaka is registered as Professional Scientist with the South African Council for Professional Natural Scientific Professions (SACNASP) which is a Recognised Professional Organisation (RPO). Mr Mbalaka has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code (2012)). Mr Mbalaka consents to the disclosure of this information in this report in the form and context in which it appears.