BLACK MOUNTAIN READY TO BRING LIFE BACK TO HISTORIC US MINES

When it comes to well known gold and silver regions, they don’t come much more famous than the rich Montana area in the United States.

Thanks to numerous movie and TV westerns, places like Virginia City in Montana are known all over the world for the fortunes taken out of the ground there.

A 100 years later, a young Australian minerals explorer is about to revisit those historic sites and is ready to start creating its own chapter in the rich story of the north western gold and silver fields of America.

Targeting a number of historic mining areas, United States-focused Western Australian minerals company Black Mountain Resources Limited (ASX: BMZ) is set to start producing silver just 12 months after listing on the ASX.

Black Mountain re-commenced trading on ASX in early December and is seeking shareholder approval for a company changing acquisition of a 70% interest in three silver projects in north-western USA at a general meeting on 6 January 2012.

Under the transaction to acquire its interest in the three project areas Black Mountain has agreed to spend US$4.5 million on the projects within 3 years

Pursuant to the terms of the agreement, the Company has committed an initial $1,250,000 on the US Projects for preliminary project development.

The acquisition of the interest in the three projects, announced in late August, is set to provide a quick bounty for Black Mountain and its shareholders with the Company preparing to re-start production from the historic New Departure Mine property in Montana in Q1 2012.

Located in Beaverhead County in Montana, the New Departure Project consists of 8 patented mining claims and 24 unpatented mining claims. The property was discovered in the 1880’s and has had minor production of extremely high grade silver by several small operators since. The ore deposits occur as veins and replacements within a dolomitic limestone host and are comprised of high grade silver minerals such as tetrahedrite and high grade silver bearing galena.

Black Mountain has already successfully re-entered the existing workings at the mine site and is aiming to produce 100 tonnes per day of ore at an estimated average grade of 110 ounces per tonne. With a production target at a cash cost of just US$6 to US$8 per ounce and the current silver price sitting around US$32 an ounce that is nice profit margin for a fledgling company.

The current plan with New Departure is to commence small scale mining activities and mine approximately 80,000 tonnes for three years starting late 2011. Raw ore can be trucked to a nearby Bi-Metallic Mill with excess capacity. Current budgets are looking at approximately US$2m to bring the mine back into production.

Since entering the agreement to acquire the US projects, Black Mountain has undertaken work to secure tenure for additional ground surrounding the New Departure Project.

It has also undertaken detailed sampling of the old mine dumps on the New Departure Project as well as an extensive soil sampling program.
JUST THE BEGINNING

However, the start-up of operations at the New Departure Mine in Montana is just the beginning.

Black Mountain believes there is significant exploration upside at New Departure, as well as its Tabor Mine in Montana and the Conjecture Mine in Idaho.

Historical reports on New Departure outline six separate ore blocks to a depth of only 90 feet (27.4 metres) below the level of existing workings. At the time the ore blocks were estimated to contain a total of 3,916,000 ounces at an average grade of 50 ounces per tonne Ag (non JORC).

With historic exploration at New Departure concentrated on shallow targets, Black Mountain believes there is significant deeper and down dip potential to be exploited.

TABOR

As with the New Departure Mine, Black Mountain is planning to take advantage of previous mine workings to gain a quick entry into production at Tabor.

Located in the famous Virginia City Mining District - where some 2.6 billion ounces of gold have been pulled out of the ground since the 1860s - the Tabor Mine has been historically assessed to contain 323,000 ounces of gold at an average grade of 9 g/t and more than 3.1 million ounces of silver at an average grade of 85 g/t (non JORC).

The Tabor Project consists of 10 patented mining claims and 9 unpatented mining claims. The claims include the historic workings of eight past producing mines (named after the actual rock vein mined) the Jayhill, Pearl, Nellie Bay, St. John, Don-A-Vera, Eagle Black, Shenandoah and Fortuna. The workings were the subject of an in depth technical feasibility study in the early 1980’s which analysed the production potential of each vein.

The underground workings are generally shallow and would be developed from mountain side adits. The priority target is the Pearl Vein which has both gold and silver running at a ratio of approximately one ounce of gold for every eight ounces of silver.

Black Mountain plans to undertake confirmatory work on production grades following on from historical feasibility study with a targeted production rate of 100 to 150 tonnes per day for a minimum five year mine life.

Tabor, like the New Departure Mine, benefits from its proximity to toll treatment facilities.

In conjunction with the Pearl vein development, an exploration program consisting of 25 holes totalling 6096 metres would be undertaken on the St John vein with an aim of doubling the targeted production rate.

CONJECTURE

The Conjecture Mine in the Lakeview District of Idaho has more than a century of historic exploration and production, and the property has been historically estimated to still contain almost 8.3 million ounces in historic reserves.

The Conjecture Project consists of 6 patented mining claims and 6 unpatented mining claims in the Lakeview Mining District.

Black Mountain is particularly interested in the deep potential at Conjecture where previous production has come from above 500 feet. The majority of ore deposits in the neighbouring Coeur d’Alene District have occurred at depths from 1,000 feet to 10,000 feet.

Black Mountain management believes that the full extent and potential of the Conjecture Mine and the Lakeview District generally remains to be discovered and intends to spend A$500,000 on deeper drilling during 2012.