

## FROM THE CAPITAL

# Black Mountain plumbs new depths

Long-delayed silver developer turns attention to sunken treasure off Ireland coast

Vladimir Putin ceding control of Crimea to the USA. President Obama admitting to being born in Kenya as he announces his intention to seek the country's presidency after his term in the White House expires. Pope Francis and Ayatollah Khamenei announcing their intention to take advantage of Ireland's new gay marriage laws as they reveal a long, secret relationship. These are all more likely than the directors of Black Mountain Resources restoring their shredded credibility.

Exaggerated claims are not unknown within the mining investment community. Nor is the occasional missed deadline or prolonged haggling over project funding. No one has been left untouched by delays in an industry in which so many variables must be aligned simultaneously to achieve success, but Black Mountain deserves special recognition.

The company was originally listed on the ASX in December 2010. In August 2011, it agreed to purchase a selection of properties in Montana and Idaho in the US. The assets included shuttered historical silver workings that were to be reopened, as well as longer-term development opportunities. With the new assets came a new group of directors and executives who asserted their ability to effect "immediate re-entry and production".

A market hungry for quick production embraced a prospect promising to avoid many of the delays afflicting returns from other industry investments. The unusually short timeline was emphatically justified by industry professionals with a long history of involvement in the region backing the project.

At the end of January 2012, two months later than the first estimated start date, the company reported that site preparation and mine entry work was scheduled to start "this quarter". No one would have begrudged that slippage.

By late March, near the end of the quarter, the company still held out hope that production was not far away. It said work was underway "to commence mining at a rate of 100t/d by June".

At the end of that June, the company was still not quite there. "Development is well underway with initial production... on track for Q4 2012," it said at the time.

A pattern was emerging. At the end of the following October the company referred to "production scheduled for Q1 2013" and



Drilling at New Departure in the US

ironically, at the end of November, referred to production being "on target".

In mid-April 2013, there was good news, at least by the standards Black Mountain was establishing. The company was "delighted to announce that the development drive... is underway". And, more. The company was in the final stages of completing debt/offtake financing arrangements.

By the end of July, expectations were rising. The company said: "We are poised to commence first production." Surely that was good news?

No doubt, people were working assiduously to deliver the anticipated production. This was not the only project, by any means, to be delayed by 18 months.

In a confidence-boosting statement to ASX on 9 October 2013, directors confirmed they were working towards production in what they referred to as the near term. On Christmas Eve, 2013, the company announced it had secured A\$3 million in strategic long-term debt funding. This would allow a first-quarter 2014 production target.

But there was a glitch. The funding that had supposedly been secured was no longer available, according to a March 14, 2014, disclosure. There would be implications for production, the company conceded, without being specific.

At the end of April 2014, the company referred in its activities report to the quarter having been frustrating but, undeterred, was "confident of now completing in the current quarter".

In July 2014, work leading to production was said to be "unfortunately delayed" due to funding negotiations. At the end of October, financing remained a sticking point but directors were "confident that it will be finalised in the coming weeks".

Moving ahead to February 2015, hope stayed alive with an assurance that "the company is confident of restarting development and operations this quarter".

In mid-March, trading on AIM ceased after the company's nominated adviser resigned and, in mid-April, its listing was cancelled when a replacement broker pulled out at the last minute. As the company failed to explain the reasons, we are none the wiser about whether the brokers were reacting to the company's history or whether other considerations had caused their reticence.

Elsewhere, in mid-April, Jason Brewer resigned under an especially dark cloud as chief executive of one of Australia's leading football clubs as it was expelled from the finals of the national competition by Australia's FIFA affiliated football federation for rort-ing salary cap rules. Brewer had turned his attention to sports administration while he remained one of three directors of Black Mountain Resources.

On 29 July 2015, the company announced that the mine that had been just weeks away from production for over three years would be placed on care and maintenance. On 3 August, the company's obligatory quarterly activities statement – lodged habitually late throughout the period of its listing – disclosed that no work had been undertaken at the US silver properties in the prior quarter.

Lesser men might have given up, but Black Mountain directors had a plan more cunning than anything Baldrick himself could have hatched. They announced an option to participate in salvaging the wreckage of two ships sunk by Germany off the coast of Ireland during the first world war. The ships allegedly contain gold and silver with a value at today's prices in excess of US\$2 billion.

This is not novel work for those leading the salvage bid. Apparently they helped recover Russia's Kursk nuclear submarine and played a role in locating the resting place of Air France Flight 447, which crashed into the Atlantic Ocean in 2009 while flying from Rio De Janeiro to Paris.

It would be hard to question such credentials, but how on earth did they end up looking to Black Mountain Resources for help? ▼