



29 April 2022

BLACK MOUNTAIN ENERGY

MARCH 2022 QUARTERLY ACTIVITIES REPORT

Highlights

Black Mountain Energy Ltd (ASX: BME), an energy and resources company focused on natural gas exploration, development and production, is pleased to provide an update on its activities during the March 2022 quarter.

Over the quarter BME achieved several key milestones signifying important progress at the Valhalla gas project. These activities highlight BME's commitment to the commercialisation of Valhalla in an efficient and sustainable manner.

- Seismic Survey Environmental Plan approved by WA Department of Mines, Industry Regulation and Safety (DMIRS)
- Formal award of Seismic Survey tender to Terrex Seismic
- Lodgement of Environmental Review Document with Environmental Protection Authority (EPA)
- Section 43A lodged with EPA to amend the disturbance footprint
- Commencement of Pipeline Blending Study to confirm suitability of Valhalla gas
- Commercial gas sales and technical discussions progressing

June Quarter outlook

- Continue Seismic Survey planning activities
- Seismic Processing tender to be issued and awarded
- Receive feedback from EPA on Environmental Review Document and progress through public review period
- Receive approval from EPA of Section 43A
- Completion of Pipeline Study confirming suitability of Valhalla Gas



- Continue discussions with potential offtake partners and pipeline operators regarding commercialising the Valhalla Gas Project
- Assist Traditional Owners in the formation of cultural awareness training businesses
- Annual HSE risk assessment, audit and compliance activities commenced in April

Black Mountain Energy Executive Chairman Rhett Bennett said: *“The March quarter saw the Company continue to lay the foundations for the commercialisation of the Valhalla project, including receiving approval of seismic survey environmental plans and lodgement of Environmental Review Documents with the Environmental Protection Authority (EPA). The quarter also saw the commencement of a pipeline blending study to confirm the suitability of gas for sale from the project.*

During the September quarter, the focus will be on the completion of studies and continuing off take discussions as we take another step in moving closer to commercialising the Valhalla Project.

I continue to be excited by the untapped potential of the project and the significant developments we will be achieving in the coming period.”

Seismic Survey Environmental Plan awarded by WA DMIRS

On 31 March 2022, Black Mountain Energy’s 2D Seismic Survey Environmental Plan was approved by WA’s Department of Mining, Industry Regulation and Safety (DMIRS).

This approval allows the Company to undertake a 130km 2D seismic survey within EP371, providing the Company with additional data on the sub surface geology and enabling Black Mountain Energy to further interpret and evaluate the resource potential.

Prior to submitting the Environmental Plan, multiple heritage, flora and fauna surveys were completed. These surveys were undertaken by independent technical experts, in conjunction with Traditional Owners and focused specifically on the proposed seismic activity areas.



Formal award of Seismic Survey Tender

The Board formally awarded the Valhalla 2D Seismic Survey to Terrex Seismic (Terrex) during the quarter. Terrex has significant experience within the Canning Basin.

The Company looks forward to working with Terrex ensuring all activities are completed safely and in partnership with Traditional Owners, ensuring heritage, cultural awareness and employment opportunities are at the forefront.

Lodgement of Environmental Review Document and Section 43A

The Environmental Review Document (ERD) for the Valhalla Exploration and Appraisal Program was lodged with the EPA on 10 January 2022.

The ERD has been prepared in accordance with the EPA Procedure Manual (Part IV Divisions 1 and 2). The ERD is our response to the EPA's Environmental Scoping Document and was submitted after completion of an environmental review, it describes the Proposal and its likely effects on the environment.

After the lodgement of the ERD, the Company submitted a Section 43A to the EPA, varying our Proposal to avoid and minimise impacts to a marshland area.

Completion of Pipeline Study

The Company consulted the Australian Gas Pipeline Infrastructure Group (AGIG) to conduct a qualitative gas composition analysis of anticipated Valhalla gas to LNG, the aim of this study is to confirm suitability for blending with existing pipeline infrastructure.

Appointment of Adviser as Alternate Director

The Company was delighted to announce the appointment of Ms Ashley Zumwalt-Forbes as an alternate director to Rhett Bennett. Ashley serves as a senior adviser to the Company.



June Quarter Outlook

In conjunction with continued on ground Seismic Survey planning activities, the Company will be issuing a tender for 2D Seismic Data Processing.

The Company expects to soon receive initial feedback from the EPA on its ERD submission and enter the public review period. Approval of the Section 43A is also anticipated during the coming quarter.

Whilst the Pipeline Blending Study completed during the quarter, commercial discussions and technical studies will remain ongoing.

The Company has proposed and offered to assist local communities residing on EP 371 in setting up Cultural Awareness Training businesses. These businesses are an opportunity for ongoing employment within the community, providing the opportunity for Traditional Owners to educate visitors whilst achieving ongoing positive financial impacts from facilitating Cultural Awareness inductions with visitors to the Noonkanbah community.

The 2022 HSE Risk Assessment and audit activities commenced in April. Risk assessments are an integral part of the business, creating awareness and ensuring all hazards and risks are identified and appropriate controls are in place.

Corporate

The Company was admitted to the official list of the ASX on 23 December 2021 following completion of an IPO raising A\$11m. The period from admission to 31 March 2022 is included in a period covered by a use of funds statement in the IPO Prospectus lodged with the ASX under Listing rule 1.1 condition 3.

A comparison of the Company's actual expenditure since admission to 31 March 2022 against the estimated expenditure in the use of funds statement is set out below as required by the ASX Listing Rule 4.7c.2.



	A\$'000	A\$'000
	Estimated Expenditure at IPO	Actual Expenditure to date
Use of Funds		
2D seismic acquisition and processing	3,941	25
Environmental, permitting and baseline studies	2,800	441
Well monitoring and remediation	1,000	20
Corporate costs and working capital	2,400	899
Expenses of the offer	1,189	1,039
Total	11,330	2,424

For the purpose of Section 6 of the Appendix 5B, related party payments of A\$286,000 were made in the quarter in relation to Directors fees and Consulting costs.

INTEREST IN PETROLEUM PERMIT

Permit	Location	Operator	Legal Interest
EP371	Canning Basin, Western Australia	Bennett Resources (100% owned subsidiary of Black Mountain Energy)	100%

This ASX announcement was approved and authorised for release by the Board of Black Mountain Energy Ltd.

For more information, please contact:

Investors/Media

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About Black Mountain Energy

Black Mountain Energy Ltd (ASX: BME) is focused on sustainable development of Project Valhalla (EP371) in WA's Canning Basin, led by a team of highly experienced upstream oil and gas professionals.

Project Valhalla is a ~3,600km² permit area in the Canning Basin in northern Western Australia. The tight gas acreage is believed to hold 1.5 trillion cubic feet (TCF) of contingent gas resources and 11.8 TCF of prospective resources.

The Black Mountain Group is a major shareholder of BME, specialising in identifying and capturing high-growth opportunities in the global energy sector.

Prospective Resources Reporting Notes

- (i) The prospective resources information in this document is effective as of the Replacement Prospectus dated 29 October 2021 (Listing Rule (LR) 5.25.1).*
- (ii) The prospective resources information in this document has been estimated and is classified in accordance with SPE PRMS (Society of Petroleum Engineers Petroleum Resources Management System) (LR 5.25.2).*
- (iii) The prospective resources information in this document is reported according to the Company's economic interest in each of the resources and net of royalties (LR 5.25.5).*
- (iv) The prospective resources information in this document has been estimated and prepared using the probabilistic method (LR 5.25.6).*
- (v) The prospective resources information in this document has been estimated using a 0.18233 standard barrels oil equivalent BOE conversion ratio for gas to oil; this conversion ratio is based on an energy equivalency conversion method and does not represent value equivalency (LR 5.25.7).*
- (vi) The prospective resources information in this document has been estimated on the basis that products are sold on the spot market with delivery at the sales point on the production facilities (LR 5.26.5.)*
- (vii) Prospective resources are reported on a best estimate basis (LR 5.28.1).*
- (viii) For prospective resources, the estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons (LR 5.28.2)*
- (ix) In respect to the prospective resources referred to in this statement, the Company's working interest in EP 371 is 100%.*
- (x) The prospective resources and the methodology for their estimation is set out in the Replacement Prospectus dated 29 October 2021*
- (xi) The chance of discovery is considered high due to the nature of the petroleum system and the proximity of the Prospective Resources to the Contingent Resources already found in EP 371. (LR 5.35.3).*
- (xii) Prospective resources are un-risked and have not been adjusted for an associated chance of discovery and a chance of development (LR 5.35.4).*

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

BLACK MOUNTAIN ENERGY LTD

ABN

83 652 281 868

Quarter ended ("current quarter")

31 March 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(309)	(309)
(b) development	-	-
(c) production	-	-
(d) staff costs, directors' fees and consultant costs	(362)	(362)
(e) administration and corporate costs	(179)	(179)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	5	5
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (IPO fees)	(19)	(19)
1.9 Net cash from / (used in) operating activities	(864)	(864)

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(7)	(7)
	(d) exploration & evaluation	-	-
	(e) investments	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other	-	-
2.6	Net cash from / (used in) investing activities	(7)	(7)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	9,685	9,685
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(864)	(864)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(7)	(7)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	8,814	8,814

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	814	1,685
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (Term deposits)	8,000	8,000
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	8,814	9,685

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	286
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

Related party payments relate to directors' fees and consultants' costs of \$286,000.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(864)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(864)
8.4 Cash and cash equivalents at quarter end (item 4.6)	8,814
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	8,814
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	10.2
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	
8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A	
<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 April 2022.....

Authorised by the Board of Black Mountain Energy Ltd

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.