

25 January 2023

BLACK MOUNTAIN ENERGY ACQUIRES INTEREST IN U.S. BASED OIL AND GAS FIELDS

- Black Mountain Energy acquires Earthstone Energy’s (NYSE: ESTE) interest in an existing oil and gas field in the Permian Basin
- Diversifies current business model and provides steady production revenue
- Cash consideration of US\$2 million
- 1,800 gross mcfepd (gross boepd 300), 465 net mcfepd (net boepd 77) from 8 producing wells
- Potential to unlock further value from existing fields and evolving plays
- Profitable existing wells, minimal operating costs with no-leasing fees
- Company remains debt free post acquisition

Black Mountain Energy Ltd (“Black Mountain” or the “Company”) is pleased to announce that it has entered into an agreement with Earthstone Energy Inc (“Earthstone”) to acquire 100% of Earthstone’s interest in eight (8) producing gas wells and associated leases (known as the Half Moon Project) in the Permian Basin in New Mexico, United States.

The Half Moon Project is located in the northwestern corner of the Delaware Basin adjacent to the NW shelf (see Figure 1 and 2) and comprises of the wells and leases listed in Annexure A. The Half Moon Project has proven petroleum systems and the acquisition wells have produced nearly 3 mmboe from the lease. The acquisition strategically diversifies Black Mountain’s business model and provides approximately 465 mcfepd (77 boepd) of net non-operated production from 8 PDP vertical wells located over 3,200 gross (1,268 net non-operated acres).

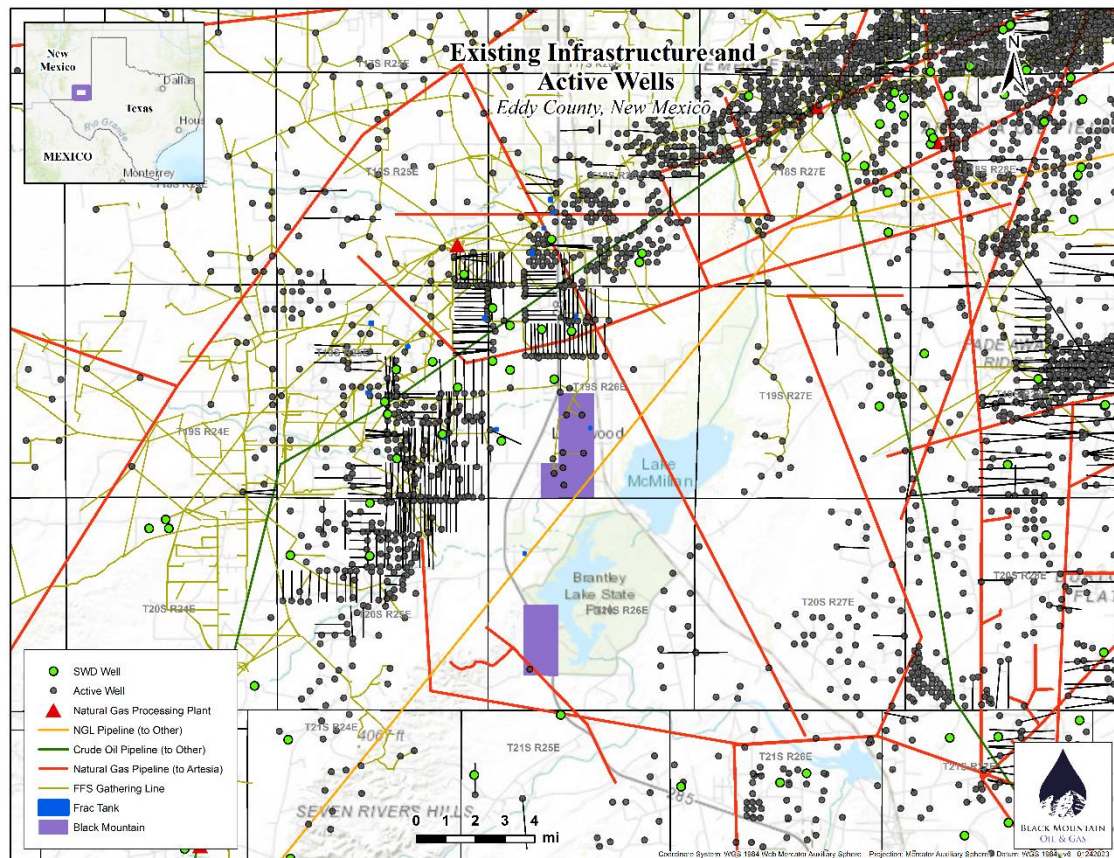
Potential hydrocarbons are believed to exist in multiple formations on the acreage and will be evaluated using geologic and engineering analogues. With the potential to grow and further unlock value, the company is actively working to expand the project’s footprint. The company believes there may be further value to unlock via horizontal drilling.

The acquisition will generate a steady monthly production revenue for the Company while it continues to develop its flagship Valhalla natural gas project in the Canning Basin, Australia.





FIGURE 2



Executive Chairman Rhett Bennett commented *“The assets provide the Company with an ability to diversify and generate immediate revenue through acquiring a portfolio of producing wells as we continue to develop the Valhalla project. The assets provide another operating nexus for us to drive value creation for shareholders, through existing production and possible future drilling”.*

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

ABOUT BLACK MOUNTAIN ENERGY

Black Mountain Energy Ltd (ASX: BME) is focused on development of oil and gas projects onshore Australia and the USA, led by a team of highly experienced upstream oil and gas professionals. The Black Mountain Group is a major shareholder of BME, specialising in identifying and capturing high-growth opportunities in the global energy sector.

ABOUT EARTHSTONE ENERGY, INC.

Earthstone Energy, Inc (NYSE: ESTA) is an independent oil and natural gas development and production company. Its primary assets are located in the Permian Basin of west Texas and New Mexico. Earthstone is listed on the New York Stock Exchange under the symbol “ESTE.” As of January 2023, Earthstone has a market cap of US \$2.03 Billion. For more information, visit Earthstone’s website at www.earthstoneenergy.com.

ANNEXURE A

Wells

Lakewood 21-1	API #30-015-35687
Lakewood 21-2	API #30-015-36047
Lakewood 28-1	API #30-015-36400
Lakewood 28-2	API #30-015-36858
Lakewood 32-1	API #30-015-35786
Lakewood 33-1	API #30-015-35944
Momo 33 No. 1	API #30-015-36322
Twin Peaks 29 Fed #1	API #30-015-34823