

20 February 2023

CLEANSING NOTICE

RENOUNCEABLE ENTITLEMENT OFFER

Black Mountain Energy Ltd (**Company**) is pleased to announce that it is undertaking a renounceable entitlement offer (**Entitlement Offer**) to raise up to approximately \$4.25 million (before costs).

Under the Entitlement Offer, eligible shareholders will be invited to subscribe for two (2) new fully paid ordinary shares (**New Shares**) for every three (3) existing fully paid ordinary shares (**Shares**) in the Company held as at 5.00pm on 23 February 2023 (**Entitlement**) at an issue price of \$0.025 per New Share.

Further details of the Entitlement Offer are set out in the Announcement and Information Booklet as lodged today with ASX.

Eligible shareholders who subscribe for their Entitlement in full are also eligible to apply for additional New Shares that are not subscribed for under the Entitlement Offer (**Shortfall Offer**). The allocation policy under the Shortfall Offer is detailed in the Information Booklet.

Notice under section 708AA(2)(f) of the *Corporations Act 2001* (Cth)

In respect of the Entitlement Offer, the Company advises:

1. The New Shares will be offered without disclosure under Part 6D.2 of the *Corporations Act 2001* (Cth) (**Corporations Act**).
2. This notice is given under section 708AA(2)(f) of the Corporations Act, as modified by applicable legislative instruments including *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84* and *ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73*.
3. As at the date of this notice, the Company has complied with:
 - (a) the provisions of Chapter 2M of the Corporations Act as they apply to the Company; and

- (b) sections 674 and 674A of the Corporations Act.

- 4. As at the date of this notice, there is no excluded information of the type referred to in sections 708AA(8) or 708AA(9) of the Corporations Act, which is required to be set out under section 708AA(7) of the Corporations Act.

- 5. The potential effect that the issue of the New Shares will have on the control of the Company, and the consequences of that effect are as follows:
 - (a) **General**
 - (i) The maximum number of New Shares to be issued under the Entitlement Offer is 170,000,001 (subject to rounding) which will constitute approximately 40% of the Shares on issue following completion of the Entitlement Offer (assuming the Entitlement Offer is fully subscribed and no other Shares are issued or convertible securities exercised or converted prior to the Record Date).
 - (ii) As a result of the Entitlement Offer, the Company's existing substantial shareholders may increase their respective voting power in the Company from a starting point that is above 20% and below 90%.
 - (iii) Shareholders who do not take up their Entitlement in full may be diluted relative to those shareholders who apply for some or all of their Entitlement. The extent of dilution will depend on the extent to which eligible shareholders take up their Entitlement.
 - (iv) The proportional interests of shareholders who are ineligible to participate in the Entitlement Offer will also be diluted.
 - (b) **Substantial shareholders**

- (i) The Company currently has two substantial shareholders as follows (together, the **Substantial Shareholders**):

Substantial Shareholder ¹	Shares	Voting power ²	Entitlement
BM Canning LLC	199,968,253	78.42%	133,312,169
Rhett Bennett ³	202,930,379	79.58%	135,286,919

Notes:

1. The shareholdings listed above are as disclosed to the Company by shareholders in substantial holding notices. Information regarding substantial holdings that arise, change or cease after the date of the substantial holding notices disclosed to the Company, or in respect of which the relevant announcement is not available on the ASX's website (www.asx.com.au), is not included above.
2. Assumes 255,000,001 Shares on issue as at the date of this notice.
3. Rhett Bennett (Chief Executive Officer and Executive Chairman of the Company) has a relevant interest in: (i) 2,930,379 Shares registered in his own name; (ii) 199,968,253 Shares registered in the name of BM Canning LLC; and (iii) 31,747 Shares registered in the name of Black Mountain Land Company LP. Accordingly, for the purposes of section 608 of the Corporations Act, Mr Bennett: (i) has the power to exercise, or control the exercise of, a right to vote attached to the aforementioned Shares; (ii) has the power to dispose of, or control the exercise of a power to dispose of, the aforementioned Shares; and (iii) controls BM Canning LLC and Black Mountain Land Company LP as he has the capacity to determine the outcome of decisions about the entities financial and operating policies.

Each of the Substantial Shareholders will be an eligible shareholder and otherwise eligible to participate in the Entitlement Offer.

- (ii) The Substantial Shareholders have undertaken to apply for an aggregate of at least \$2.1 million of their Entitlements under the Entitlement Offer, representing 84 million New Shares.

(iii) The following table illustrates each of the Substantial Shareholders' maximum potential relevant interest and voting power in the Company under several scenarios where the Entitlement Offer is:

- (A) fully subscribed by other shareholders;
- (B) 75% subscribed by other shareholders;
- (C) 50% subscribed by other shareholders; and
- (D) in the unlikely event that no other shareholders take up their entitlement under the Entitlement Offer.

Participation by other shareholders	Voting power of Substantial Shareholders	
	BM Canning LLC	Rhett Bennett
100%	78.42%	79.58%
75%	80.15%	81.25%
50%	81.96%	82.99%
0%	85.83%	86.70%

(iv) As illustrated above, the Substantial Shareholders may increase their respective voting power in the Company from a starting point that is above 20% and below 90% as a result of the Entitlement Offer. This increase will fall within the exception pursuant to item 10 of section 611 of the Corporations Act subject to approval by ASIC of the appointment of a nominee under section 615 of the Corporations Act.

(v) To the best of the Company's knowledge, it is not expected that

any other shareholder will increase their relevant interest above 20% as a result of participating in the Entitlement Offer.

- (vi) In the event where the Entitlement Offer is significantly undersubscribed by eligible shareholders, with the result that there is a large number of shortfall shares, the Company intends to mitigate the potential effects on control by ensuring that its allocation policy under the Shortfall Offer facilitates the allotment of shortfall shares to a spread of investors. The potential control effects have also been mitigated through the Entitlement Offer being structured as a renounceable offer.

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