

5 December 2022

Mr James Rowe
Head of Listings Compliance (Perth)
Australian Securities Exchange
Level 40, Central Park
152 -158 St George's Terrace
PERTH WA 6000

By email: ListingsCompliancePerth@asx.com.au

Dear James,

RESPONSE TO QUERY LETTER

Black Mountain Energy Ltd (“**Black Mountain**” or the “**Company**”) responds to the general query letter received from the Australian Securities Exchange (“ASX”) dated 1 December 2022.

In reference to the questions listed in the ASX letter, the Company answers as follows with each respond corresponding to the question as set out in the letter:

1. *Does BME consider the following information or any part thereof, to be information that a reasonable person would expect to have a material effect on the price or value of its securities?*
 - (i) *BME was granted a gas export exemption by the West Australian (WA) State Government (described in the Chairman's Letter as a significant milestone)*

Yes.
 - (ii) *Approval received from West Australian Government “allowing the export of gas from the Valhalla gas field”*

Yes.
 - (iii) *Black Mountain Energy has acquired an export exemption from the WA Gov JTSI to export natural gas from the Valhalla gas field*

Yes.

2. *If the answer to any part of question 1 is “no”, please advise the basis for that view*

Please answer separately for each of the items in question 1 above.

 - (i) N/A
 - (ii) N/A

(iii) N/A

3. *Is the gas export exemption granted by the West Australian State Government subject to any conditions, in particular, BME agreeing Domestic Gas Agreement with the State?*

The exemption is subject to Black Mountain agreeing a Domestic Gas Commitment Agreement with the State.

4. *If the gas export exemption granted by the West Australian State Government is subject to BME agreeing Domestic Gas Agreement with the State, are there conditions, licences, agreements or approvals that must be satisfied, obtained or agreed by BME prior to agreeing a Domestic Gas Agreement with the State?*

The exemption does not refer to any specific conditions, licences, agreements or approvals that must be satisfied, obtained or agreed by BME prior to agreeing a Domestic Gas Commitment Agreement with the State.

However, there are a number of licences, agreements and approvals that are required to develop a gas project in Western Australia that are considered customary for projects of this nature. It is unclear at this time which of these (if any) the State will specifically require to have been obtained prior to entering a Domestic Gas Commitment Agreement. The Company does not consider this to be material given that it will be necessary to obtain these prior to entering production in any event.

The Company refers ASX to disclosures relating to licences, agreements and approvals contained in its replacement prospectus dated 5 November 2021 (**Prospectus**), in particular:

- Investment Overview (page x) and Section 3.1(e) (page 24) regarding risks associated with Drilling and HFS activities, including that the Company will need to obtain regulatory and environmental approval from the EPA and DMIRS;
- Investment Overview (page xiv) and Section 3.1(s) (page 27) regarding regulatory risks;
- Investment Overview (page xiv) and Section 3.1(ee) (page 30) regarding environmental risk and the required approvals required to undertake the Company's proposed activities; and
- Sections 4.4, 9.2 and 9.3 of Annexure C (Solicitor's Report) regarding the existing approvals obtained by the Company (as at the date of the Prospectus), approvals that would be required in the future and the processes associated with obtaining those approvals.

5. *If there are conditions, licences, agreements or approvals that must be satisfied, obtained or agreed by BME prior to agreeing a Domestic Gas Agreement with the*

State, please detail the conditions, licences, agreements or approvals and a timeline for each.

Refer above to the response to question 4.

6. *Does BME consider that the granted gas export exemption is subject to conditions to be information that a reasonable person would expect to have a material effect on the price or value of its securities?*

No.

7. *If the answer to question 6 is “no”, please advise the basis for that view.*

Investors in companies focussed on the development of oil and gas assets are aware of the need for various regulatory hurdles to be met in order for any particular project to be developed to production and to export oil and gas product domestically and/or internationally. The Company is at an early stage of development, it has not drilled any wells to test flow rates and will need to undertake significantly more work to confirm that the project is economical.

As noted above, there are numerous approvals and licenses that an oil and gas company requires in order to fully develop a project and enter production (including the Domestic Gas Commitment Agreement). On this basis and considering the Company’s early stage of development, the Company does not consider that the need to agree a Domestic Gas Commitment Agreement to enable the domestic export of its gas is a matter that a reasonable person would expect to have a material effect on the price or value of its securities.

8. *Has BME disclosed in any announcement released on MAP the condition(s) on the grant of the gas export exemption?*

No.

9. *If the answer to question 8 is “no” please advise why the disclosure has not been made.*

Refer to the response to question 7. The Company does not consider this condition to be material.

10. *Please confirm that BME is complying with the Listing Rules and, in particular, Listing Rule 3.1.*

The Company confirms that it is in compliance with listing rule 3.1.

11. *Please confirm that BME’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or*

otherwise by its board or an officer of BME with delegated authority from the board to respond to ASX on disclosure matters.

The responses in this letter have been authorised and approved by the Board of Black Mountain Energy Ltd.

Rhett Bennett
Executive Chairman
Black Mountain Energy



1 December 2022

Mr Ben Donovan
Company Secretary
Black Mountain Energy Ltd

By email:

Dear Mr Donovan

Black Mountain Energy Limited ('BME' or the 'Company'): General – Query Letter

ASX refers to the following:

- A. BME's Replacement prospectus dated 5 November 2021 which included amongst other things the following statements regarding the grant of an exemption to the export restrictions on domestic natural gas.

In August 2020, Premier Mark McGowan announced that the WA Domestic Gas Policy would be amended to prevent the export of local WA gas to the Eastern States or overseas. This policy would have prevented the Company from exporting EP 371 gas and, given the lack of infrastructure to get EP 371 gas to market and the current domestic gas prices, would have made it challenging to develop EP 371 gas.

In September 2021, the Company was granted an exemption to the export restrictions on domestic natural gas from the Western Australian government's Department of Jobs, Tourism, Science and Innovation (JTSI). The Company was granted this exemption on the basis of its remote location and isolated nature of the Valhalla gas field.

There is a risk this exemption may be withdrawn and/or terminated in which case, as outlined above, it may be challenging for the Company to develop EP 371 gas at the current domestic gas prices. However, the Company is not aware of any reason why the exemption would be withdrawn or terminated.

- B. BME's announcement titled "IPO Presentation" released on the ASX Market Announcements Platform ('MAP') on 23 December 2021 (the 'Announcement'), which included amongst other things the following disclosure:

Slide 4

Approval received from West Australian Government "allowing the export of gas from the Valhalla gas field"

Slide 12

Black Mountain Energy has acquired an export exemption from the WA Gov JTSI to export natural gas from the Valhalla gas field

Slide 14

Approval received from West Australian Government "allowing the export of gas from the Valhalla gas field"

- A. BME's announcement titled "Black Mountain Energy Commences ASX Trading After A\$11 million IPO" released on MAP on 23 December 2021 which included amongst other things the following disclosure:

While WA has a domestic gas policy which prevents export of all new onshore gas to the eastern states or overseas, Black Mountain Energy was granted an exemption from the export restrictions by the Department of Jobs, Tourism, Science and Innovation (JTSI) in September 2021.

“This export ban previously made development of EP371 a challenge, however Black Mountain was granted an exemption due to the isolated nature of the project and to underpin foundation pipeline infrastructure that connects the Canning Basin to the Western Australian pipeline network. The Valhalla Project will provide new gas supply to the WA domestic gas market and benefits to the region through local employment and business opportunities,” Mr Bennett said.

- B. BME’s Annual Report for the year ended 31 December 2021 released on MAP on 29 March 2022 disclosed amongst other things:

Chairman’s Letter

In September 2021 the Company was granted a gas export exemption by the West Australian (WA) State Government, this was a significant milestone and enabled us to commence commercial discussions with several parties in our efforts to commercialise any future gas discovery within EP 371.

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Black Mountain Energy received a domestic gas export exemption from the WA Government enabling us to commence commercial offtake discussions.

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In September 2021, prior to the Company’s ASX listing, Black Mountain Energy achieved a major milestone when it was granted an ability to export onshore gas from WA by the WA State Government via the Department of Jobs, Tourism, Science and Innovation (JTSI).

The Company believes the project has strong commercialisation prospects and this exemption provides Black Mountain Energy with the option to export gas, in addition to supplying the WA domestic market, as required under the state’s reservation policy.

- C. BME’s announcement titled “Investor Update – Project Overview” released on the ASX Market Announcements Platform (‘MAP’) on 27 May 2022, which included amongst other things statements regarding the grant of an exemption to the export restrictions on domestic natural gas, in particular:

Black Mountain Energy has acquired an export exemption from the WA Gov JTSI to export natural gas from the Valhalla gas field.

- D. BME’s announcement titled “Good Oil Conference Investor Presentation” released on the ASX Market Announcements Platform (‘MAP’) on 8 September 2022, which included amongst other things statements regarding the grant of an exemption to the export restrictions on domestic natural gas, in particular:

Black Mountain Energy has acquired an export exemption from the WA Gov JTSI to export natural gas from the Valhalla gas field.

- E. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity’s securities.

- F. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

“3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:

3.1A.1 One or more of the following applies:

- It would be a breach of a law to disclose the information;*
- The information concerns an incomplete proposal or negotiation;*

- *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- *The information is generated for the internal management purposes of the entity; or*
- *The information is a trade secret; and*

3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*

3.1A.3 *A reasonable person would not expect the information to be disclosed."*

- G. ASX's policy position on the concept of "confidentiality", which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. In particular, the Guidance Note states that:

"Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule."

Request for information

Having regard to the above, ASX asks BME to respond separately to each of the following questions and requests for information:

1. Does BME consider the following information or any part thereof, to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
 - (i) BME was granted a gas export exemption by the West Australian (WA) State Government (described in the Chairman's Letter as a significant milestone);
 - (ii) Approval received from West Australian Government "allowing the export of gas from the Valhalla gas field"; and
 - (iii) Black Mountain Energy has acquired an export exemption from the WA Gov JTSI to export natural gas from the Valhalla gas field.

Please answer separately for each of the above.

2. If the answer to any part of question 1 is "no", please advise the basis for that view.

Please answer separately for each of the items in question 1 above.

3. Is the gas export exemption granted by the West Australian State Government subject to any conditions, in particular, BME agreeing Domestic Gas Agreement with the State?
4. If the gas export exemption granted by the West Australian State Government is subject to BME agreeing Domestic Gas Agreement with the State, are there conditions, licences, agreements or approvals that must be satisfied, obtained or agreed by BME prior to agreeing a Domestic Gas Agreement with the State?
5. If there are conditions, licences, agreements or approvals that must be satisfied, obtained or agreed by BME prior to agreeing a Domestic Gas Agreement with the State, please detail the conditions, licences, agreements or approvals and a time line for each.
6. Does BME consider that the granted gas export exemption is subject to conditions to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
7. If the answer to question 6 is "no", please advise the basis for that view.

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8. Has BME disclosed in any announcement released on MAP the condition(s) on the grant of the gas export exemption?
 9. If the answer to question 8 is “no” please advise why the disclosure has not been made..
 10. Please confirm that BME is complying with the Listing Rules and, in particular, Listing Rule 3.1.
 11. Please confirm that BME’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of BME with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **6.30 AM WST on 5 December 2022**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, BME’s obligation is to disclose the information ‘immediately’. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require BME to request a trading halt immediately.

Your response should be sent to ASX by e-mail at **ListingsCompliancePerth@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in BME’s securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in BME’s securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to BME’s obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B. It should be noted that BME’s obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under listing rule 18.7A.

Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Yours sincerely

James Rowe

Head of Listings Compliance (Perth)