



18 July 2023

BLACK MOUNTAIN ENERGY

JUNE 2023 QUARTERLY ACTIVITIES REPORT

Black Mountain Energy Ltd (ASX: BME) is an energy and resources company focused on natural gas exploration, development, and production in Australia and the United States of America.

Activities for the quarter

- A new Working Interest Unit was formed during the Quarter that included BME's Half Moon Prospect acreage, and a well MIA 64 FEE 2H, located in the Permian Basin in New Mexico, USA was drilled.
- The MIA 64 FEE 2H well was designed to appraise the 3rd Bone Spring interval with a 1.75 mile (~2.8 km) horizontal lateral and was spud on 11 June 2023.
- The Target Well Depth of 16,845 feet (5,135 meters) was successfully completed ahead of schedule.
- The Company is quickly monetizing the Half Moon Prospect since it acquired the asset only 6 months ago.
- The first reported contingent resources from the 3rd Bone Spring interval were added to the Company's portfolio from the T19S R26E Half Moon block.
- Project Valhalla remains the Company's flagship project and key focus and is potentially a globally significant natural gas basin.
- Discussions with the Environment Protection Authority Services continue to be progressed on the draft EP371 Environmental Review Document.
- Dr Helen Astill appointed as Non-Executive Director.

September quarter outlook

- MIA 64 FEE 2H well hydraulic fracture stimulation followed by testing and tying into production sales with first production anticipated during the September quarter.

- The Company expects to convert Half Moon resources into reserves following testing and first production from the MIA 64 Fee 2H well.
- The Company expects to share more information around the number of possible Half Moon drilling locations, a field development plan and possible upside within other intervals, such as the 2nd Bone Springs.

HALF MOON POSPECT

First Well - MIA 64 FEE 2H

A 3,538-acre Working Interest Unit (WIU) together with Partners¹ and Operator, Manzano LLC, was formed in 19S-26E and 20S-26E and the first well was spud on 11 June 2023. BME has contributed 416 acres and has a working interest of 11.7% following pooling with Manzano LLC. The BME share of costs was US\$1.44m and the well was designed to appraise the 3rd Bone Spring (3BS) interval with a 1.75 mile (~2.8 km) horizontal lateral. The well achieved a measured depth of 16,845 feet (5,134 meters) with strong gas shows noted throughout the lateral section. The Company expects the entire lateral to be oil productive with first production anticipated during the September quarter.

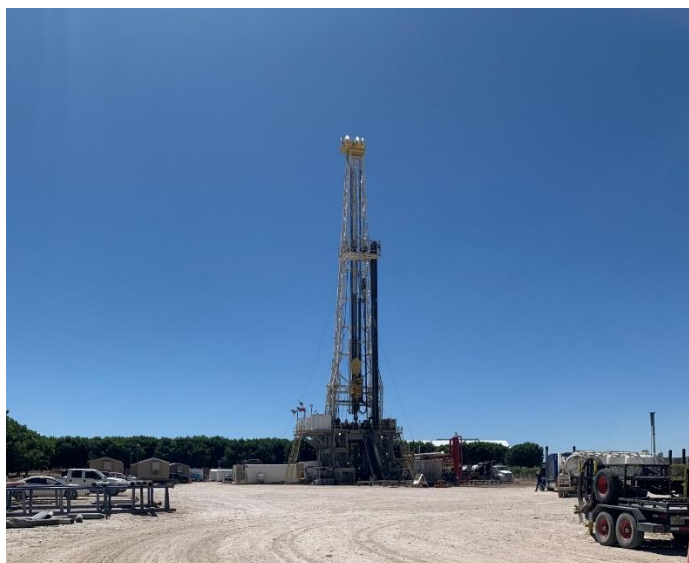


Figure 1: Scandril 1418, MIA 64 FEE 2H

Presently, there are over 100 3BS horizontal wells on production within 25 miles of the Half Moon Prospect. While there are a wide range of outcomes, analysis shows the average estimated ultimate recovery (EUR) is approximately 439,000 bbls of oil and 1.9 bcf of gas plus natural gas liquids (NGL's)² Additionally, there are 5 early life Tascosa Energy wells, within close proximity to BME's acreage, that have been producing from 2 to 24 months with encouraging results.

The Company's Half Moon acreage sits in an ideal position up dip in areas with reduced structural complexity and lower water cuts. Technical workflows show material upside potential across the acreage and new appraisal data will ultimately help steer the future development plan.

New Contingent Resources

The first reported contingent resources from the 3rd Bone Spring (3BS) interval have been added to the Company's portfolio from the T19S R26E Half Moon block. See Table 1.

Category	Contingent Resource (volumes)			
	Net Oil (bbls)	Net NGL (bbls)	Net Gas (MMscf)	Total (boe)
Low Estimate (1C)	347,000	94,000	752	561,000
Best Estimate (2C)	831,000	322,000	2,577	1,564,000
High Estimate (3C)	1,587,000	782,000	6,253	3,366,000

Table 1: Contingent Resources T19S R26E Half Moon block³

With favorable results from the MIA 64 FEE 2H well, there are an estimated 20 gross horizontal drilling candidates available for follow-up development.

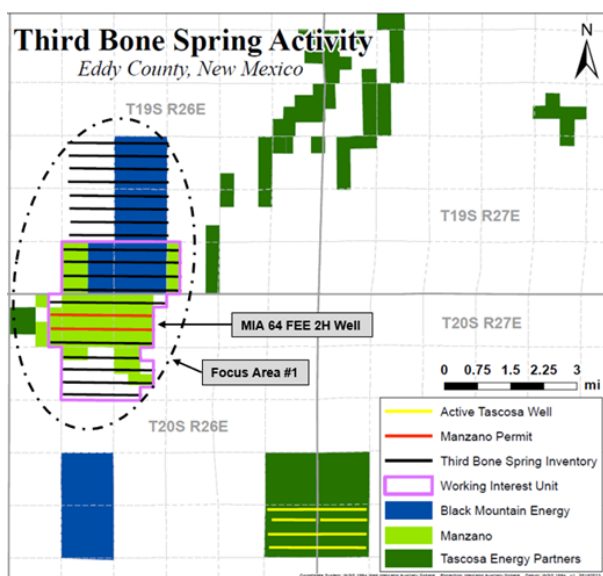


Figure 2: Half Moon Prospect - Potential FDP

Should the performance of the MIA 64 FEE 2H well align approximately to the Best Estimate (2C) numbers, the Company will look to convert resources into reserves categories.

Half Moon Share of Production

Amid increased natural gas supply in the USA, at June 2023 gas prices remain approximately three times lower than the levels observed in June 2022. Rubicon Oil & Gas LLC, the operator of the eight BME producing Permian basin wells, has reduced production and will do so until gas prices increase. Share of production cash inflow since the effective date of the Half Moon asset acquisition is US\$54k while production costs have been US\$42k.

Permian Transactions

The Permian basin has experienced significant production growth and promises to follow this upward trajectory in the future. Production is nearly 6mm boe/day⁴, which is more than Saudi Arabia's supergiant Ghawar field produces. Presently there are more than 340 active drilling rigs (~50% of the US total rig count) located in the Basin. Per Reuters, over US\$10B⁵ in Permian deals have been announced in the last 6 months. The transactions and value indicate a possible increase in acreage values surrounding BME's investment.



PROJECT VALHALLA (EP 371)

The Valhalla Project is in the Fitzroy Trough, west of Fitzroy River in WA's north, about 2,500km from Perth. The permit area covers 3,662km² in the Canning Basin – believed to be the eighth largest undeveloped onshore gas reservoir in the world and the last non-developed basin in Australia.

The Company aims to develop Valhalla to provide energy security and employment to WA. Valhalla's location is adjacent to three key natural gas markets – primarily WA domestic supply, but also to customers in eastern Australia and export to Asia.

Previously held by Buru Energy and Mitsubishi, EP371 has existing wells and an Independent Technical Expert has estimated it has 11.8 trillion cubic feet (TCF) of prospective gas resources and 1.5TCF of contingent gas resources⁶. The Company aims to develop these resources to provide socio-economic uplift to the project area's Traditional Owners and also provides WA with a supply of low-cost and reliable natural gas.

Baseline Monitoring

To support the development of the Environment Protection Authority (EPA) referral documentation for the Valhalla Exploration and Appraisal Program, groundwater and air quality baseline data continues to be collected within EP 371.

The Company continues to progress discussions with the EPA Services and other Government Departments including the Department of Water and Environmental Regulation to determine the best path forward.

Well Check Programme

The Asgard well site access road has recently been graded and the well integrity check programme has been planned.



CORPORATE

Non-Executive Director Appointment

Dr Helen Astill was appointed as a Non-Executive Director on 21 April 2023. Dr Astill is a post-graduate qualified (PhD) environmental scientist with over 20 years' experience and has previous and current roles employed with State Government regulatory bodies, environmental consultancies and research organisations. Dr Astill has a Masters of Business Administration at Curtin Business School, which compliments her more than ten years' experience in line management and business planning roles.

Prior to appointing with Black Mountain, Dr Astill was the HSE Manager for Jadestone Energy, working with operations, drilling and brownfield projects in Australia.

SEPTEMBER QUARTER OUTLOOK

Half Moon Development Program

First production is anticipated from MIA 64 FEE 2H during the September quarter.

The Company expects to share more information around the number of possible drilling locations, a field development plan and if it sees upside within other intervals, such as the 2nd Bone Spring interval.

Half Moon Reserves & Resources Statement

Should the performance of the MIA 64 FEE 2H well align approximately to the Best Estimate (2C) numbers released to the ASX on 15 June 2023, the Company will look to convert resources into reserves categories.

**FINANCIALS**

The Use of Funds Summary for the Quarter is presented below.

	\$'000
	Actual Cash Outflow for the Quarter
Project Valhalla	
Environmental, permitting and baseline studies	184
Well monitoring and remediation	28
Expert commercial support	9
Half Moon Prospect	
Share of well costs	2,189
G&A	
Corporate costs and working capital	379
Total	2,789

For the purpose of Section 6 of the Appendix 5B, related party payments of \$77,855 were made in the Quarter in relation to Directors fees.



INTEREST IN PETROLEUM PERMITS

Australia

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

United States of America

The Company has an interest in wells and the associated exploration rights known as the Half Moon Prospect in the Permian Basin, New Mexico, United States of America.

API number	Well	Township	Gross Acres	Net Acres	Working Interest	Operator
30-015-35687	Lakewood 21 #001	T19S-R26E	320.00	122.34	38.23%	Rubicon Oil & Gas LLC
30-015-36047	Lakewood 21 #002	T19S-R26E	320.00	122.34	38.23%	Rubicon Oil & Gas LLC
30-015-56400	Lakewood 28 #001	T19S-R26E	320.00	84.36	26.36%	Rubicon Oil & Gas LLC
30-015-36858	Lakewood 28 #002	T19S-R26E	320.00	118.45	37.02%	Rubicon Oil & Gas LLC
30-015-35786	Lakewood 32 #001	T19S-R26E	320.00	127.26	39.77%	Rubicon Oil & Gas LLC
30-015-35944	Lakewood 33 #001	T19S-R26E	320.00	127.92	39.98%	Rubicon Oil & Gas LLC
30-015-36322	MOMO 33 #001	T19S-R26E	320.00	128.00	40.00%	Rubicon Oil & Gas LLC
30-015-34823	Twin Peaks Fed #001	T20S-R26E	960.00	480.00	50.00%	Rubicon Oil & Gas LLC
30-015-34823	Twin Peaks Fed #001	T19S-R26E	320.00	80.00	25.00%	Rubicon Oil & Gas LLC
	MIA 64 FEE 2H	T20S-R26E			11.70%	Manzano LLC

1. Manzano LLC, Promontory Exploration LP, Bursake LLC, Rhea Resources LLC, Flying W Resources LLC, Seven Rivers Operating II LLC, McCombs Energy LLC and Chi Energy Inc.
2. Well performance data is sourced from state public resources. FAQ: Oil & Gas (nmt.edu). BME ASX Announcement 1 June 2023.
3. BME ASX Announcement 15 June 2023
4. [https://oilprice.com/Energy/Energy-General/The-Permian-Basin-Is-Out-Producing-Saudi Arabias-Ghawar-Field.html](https://oilprice.com/Energy/Energy-General/The-Permian-Basin-Is-Out-Producing-Saudi-Arabias-Ghawar-Field.html) BME ASX Announcement 15 June 2023.
5. <https://www.reuters.com/markets/deals/permian-set-ma-frenzy-cash-rich-producers-seek-reserve-boost-2023-05-23/> BME ASX Announcement 15 June 2023.
6. Prospective Resources and Contingent Resources in relation to the Valhalla Project referred to in this presentation are accurate as at the date of the Replacement Prospectus dated 5 November 2021.



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

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About Black Mountain Energy

Black Mountain Energy Ltd (ASX: BME) is focused on sustainable 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.

Prospective Resources Reporting Notes - Canning Basin

References to Prospective Resources and Contingent Resources in relation to the Valhalla Project referred to in this presentation are accurate as at the date of the Replacement Prospectus dated 5 November 2021. Full details of the resources, qualifying factors and the qualified petroleum reserves and resources evaluator statement can be located at:

<https://www.asx.com.au/asx/statistics/displayAnnouncement.do?display=pdf&idsId=02469895>

Prospective Resources Reporting Notes – Half Moon Prospect

References to Contingent Resources in relation to the Half Moon Project are accurate as set out in the ASX announcement dated 15 June 2023. Full details of the resources, qualifying factors and the qualified petroleum reserves and resources evaluator statement can be located at:

<https://www.asx.com.au/asx/statistics/displayAnnouncement.do?display=pdf&idsId=02676194>



The Company confirms that it is not aware of any new information or data that materially affects the information included in the above announcements and that all the material assumptions and technical parameters underpinning the estimates in those announcements continue to apply and have not materially changes, in satisfaction of ASX LR 5.43.2

FORWARD LOOKING STATEMENTS

The contents of this announcement reflects various technical and economic conditions at the time of writing. Given the nature of the industry in which BME operates, these conditions can change significantly over relatively short periods of time. Consequently, actual results may vary from those expressed or implied in this presentation.

Some statements in this announcement regarding estimates or future events are forward-looking statements. They include indications of, and guidance on, future earnings, cash flow, costs and financial performance. Forward-looking statements include, but are not limited to, statements preceded by words such as “planned”, “expected”, “projected”, “estimated”, “may”, “scheduled”, “intends”, “anticipates”, “believes”, “potential”, “predict”, “foresee”, “proposed”, “aim”, “target”, “opportunity”, “could”, “nominal”, “conceptual” and similar expressions.

Forward-looking statements, opinions and estimates included in this announcement are based on assumptions and contingencies which are subject to risks and uncertainties outside the control of BME and may change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions.

Forward-looking statements are provided as a general guide only and should not be relied on as guarantee of future performance. Forward-looking statement may be affected by a range of variables that could cause actual results to differ from estimated results and may cause BME’s actual performance and financial results in future periods to materially differ from any projections of future performance or results expressed or implied by such forward-looking statements. Therefore, there can be no assurance that actual outcomes will not materially differ from these forward-looking statements.

Given these uncertainties, recipients are cautioned not to place reliance on forward looking statements. Any forward-looking statements in this presentation speak only at the date of issue of this announcement. Subject to any continuing obligations under applicable law, BME does not undertake any obligation to update or revise any information or any of the forward-looking statements in this announcement.

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")

30 June 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	44	44
1.2 Payments for		
(a) exploration & evaluation	(220)	(609)
(b) development	-	-
(c) production	-	-
(d) staff costs, directors' fees and consultant's costs	(297)	(630)
(e) administration and corporate costs	(185)	(504)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	7	10
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(651)	(1,689)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	(2,738)
(c) property, plant and equipment	-	(2)
(d) exploration & evaluation	(2,189)	(2,189)
(e) investments	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
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 (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(2,189)	(4,929)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	835	3,205
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	(148)	(157)
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	Lease payments	(20)	(32)
3.10	Net cash from / (used in) financing activities	667	3,016

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,953	4,382
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(651)	(1,689)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,189)	(4,929)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	667	3,016

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	93	93
4.6	Cash and cash equivalents at end of period	873	873

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	873	2,953
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	873	2,953

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	78
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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.

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)	(651)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(2,189)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(2,840)
8.4	Cash and cash equivalents at quarter end (item 4.6)	873
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	873
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	0.3
	<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: Yes. However, exploration expenditure is not expected to be occurred to the same extent during the September 2023 quarter as was the case in the June 2023 quarter.	
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: The Company will raise additional funds through a capital raising or loan facilities to fund operations.	

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: Yes, the Board has options available to ensure that the Company is able to continue operations and meet its business objectives.

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.

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: 18 July 2023

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.