

20 February 2023

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BLACK MOUNTAIN ENERGY LAUNCHES PRO RATA RENOUNCEABLE ENTITLEMENT OFFER TO RAISE UP TO \$4.25 MILLION

Key details

- 2 for 3 pro rata renounceable entitlement offer to raise up to approximately \$4.25 million (before costs).
- Offer price of \$0.025 per New Share represents a 37.5% discount to the last closing share price of \$0.04 (as at 17 February 2023) and a 39.6% discount to the 5 day VWAP of \$0.0414 (as at 17 February 2023).
- Proceeds of the capital raising to be applied towards acquisition costs of the Half Moon Prospect, commercialisation of the Valhalla Project, working capital and offer costs.

Key details of the Entitlement Offer

| Aspect | Details |
|-----------------------------------|---|
| Ratio | 2 New Shares for every 3 Shares held on the Record Date |
| Offer Price | \$0.025 per New Share |
| Discount (as at 17 February 2023) | 37.5% to last closing share price of \$0.04 39.6% to the 5 day VWAP of \$0.0414 |
| Size | Up to 170,000,001 New Shares |
| Renounceability | The Entitlement Offer is renounceable |
| Gross proceeds | Up to \$4.25 million (before costs) |
| Major Shareholder commitments | Rhett Bennett and BM Canning LLC are substantial Shareholders of the Company and 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. |

Entitlement Offer

Black Mountain Energy Ltd (**Company**) is pleased to announce that it is offering eligible shareholders the opportunity to acquire new shares through a pro rata renounceable entitlement offer to raise up to approximately \$4.25 million (before costs) (**Entitlement Offer**).

The Entitlement Offer will open on 28 February 2023 and is expected to close on 9 March 2023 (unless extended by the Company). Eligible shareholders with an address in Australia, New Zealand and certain other jurisdictions will be invited to participate in the Entitlement Offer and will be able to subscribe for 2 new fully paid ordinary shares (**New Shares**) for every 3 existing shares (**Shares**) in the Company held on the Record Date (**Entitlement**), being 5.00pm on 23 February 2023.

If you are an eligible shareholder, you can choose to:

- take up all of your Entitlement and if you do so, you may also apply for additional New Shares under the Shortfall Offer;
- take up part of your Entitlement and elect for the balance to be sold on ASX or transferred to another person or party;
- sell your Entitlement on ASX or transfer your Entitlement to another person or party; or
- do nothing, in which case your Entitlement will lapse and you will receive no value for the lapsed Entitlement.

The Entitlement Offer is renounceable. Accordingly, if you do not wish to take up your Entitlement, you may sell all or part of your Entitlement on ASX between 22 February 2023 (on a deferred settlement basis) and 2 March 2023 (inclusive) through your broker or sell or transfer all or part of your Entitlement directly to another person.

Eligible shareholders wishing to participate in the Entitlement Offer should carefully read the Information Booklet and accompanying personalised entitlement and acceptance form.

Eligible shareholders wishing to participate should contact their suitably qualified stockbroker, solicitor, accountant or other professional adviser if they have any questions.

Foster Stockbroking Pty Limited will act as Sole Lead Manager to the Entitlement Offer and Sale Nominee for Ineligible Shareholders for the purposes of section 615 of the Corporations Act.

Shortfall Offer

Eligible shareholders who subscribe for their Entitlement in full are eligible to apply for additional New Shares (**Additional New Shares**) that are not subscribed for under the Entitlement Offer (**Shortfall Offer**). The Additional New Shares will be offered at the issue price of \$0.025, being the same issue price for New Shares under the Entitlement Offer.

The Additional New Shares will only be issued to the extent there is sufficient shortfall, and applications will be subject to the allocation policy which is detailed in the Information Booklet. Additional New Shares will not be issued to an applicant if the issue would otherwise contravene the Listing Rules or any applicable law.

As permitted under ASX Listing Rule 7.2 exception 3, the Directors reserve the right at their discretion to place any shortfall remaining after the close of the Entitlement Offer. The allocation of any such shortfall will be on the same terms and conditions as the Entitlement Offer and will remain open for up to 3 months after the closing date of the Entitlement Offer.

Indicative timetable

| Activity | Date |
|--|------------------|
| Announcement of the Entitlement Offer Information Booklet and cleansing notice lodged with ASX | 20 February 2023 |
| Ex date Rights quoted on a deferred settlement basis | 22 February 2023 |
| Record Date for eligibility under the Entitlement Offer (5.00pm) | 23 February 2023 |
| Information Booklet and Entitlement and Acceptance Form despatched to Eligible Shareholders Entitlement Offer opens | 28 February 2023 |
| Rights trading closes at close of trading | 2 March 2023 |
| New Shares quoted on a deferred settlement basis | 3 March 2023 |
| Last day to extend Entitlement Offer Closing Date | 6 March 2023 |
| Entitlement Offer closes (5.00pm) | 9 March 2023 |

| | |
|---|---------------|
| Results of Entitlement Offer announced | 16 March 2023 |
| Issue of New Shares under the Entitlement Offer | |

Notes: The timetable above is indicative only and may change. The Company reserves the right to amend any or all of these dates and times without notice, subject to the Corporations Act, the Listing Rules and other applicable laws. In particular, the Company reserves the right to extend the Closing Date and to accept late Applications (either generally or in particular cases). Any extension of the Closing Date will have a consequential effect on the allotment date of New Shares. The commencement of quotation of the New Shares is subject to confirmation from ASX. The Company also reserves the right not to proceed with the Entitlement Offer in whole or in part at any time prior to allotment and issue of the New Shares. In that event, the relevant application monies (without interest) will be returned in full to applicants.

Indicative use of funds

| Use of funds | Allocation of funds |
|---|---------------------|
| Acquisition of the Half Moon Prospect interest ¹ | \$2,950,000 |
| Costs of the Entitlement Offer ² | \$230,000 |
| Working Capital | \$1,070,000 |
| TOTAL | \$4,250,000 |

Notes:

1. Refer to the Company's ASX announcements dated 17 February 2023 and 25 January 2023 and the Investor Presentation announced today for additional information.
2. Working capital includes the general costs associated with the management and operation of the business including administration expenses, rent and other associated costs. Working capital also includes surplus funds. The Directors will allocate surplus funds at their discretion.
3. The above table assumes that the Entitlement Offer is fully subscribed. In the event that the Entitlement Offer is not fully subscribed, the amount allocated towards working capital will be reduced accordingly. The above table is a statement of current intentions as at the date of this announcement. Investors should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including market conditions, the development of new opportunities and/or any number of other factors (including the risk factors disclosed in the Company's Investor Presentation lodged with ASX today), and actual expenditure levels, may differ significantly from the above estimates. Although the Company's immediate focus will be on its existing projects, the Company may pursue and assess other new business opportunities over time which complement its business. These new business opportunities may take the form of direct project acquisitions, joint ventures, farm-ins, acquisition of permits, and/or direct equity participation. The use of further equity or debt funding may be considered by the Board where it is appropriate to accelerate a specific project or strategy. The Company will require further financing in the future.

Investor Presentation

For further information, please refer to the Investor Presentation also lodged today with the ASX. Eligible shareholders should be aware that an investment in the Company, including taking up your Entitlement, involves risks. The key risks identified by the

Company are summarised in the Company's Investor Presentation, but these are not an exhaustive list of the risks associated with an investment in the Company.

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

All dollar amounts are in Australian dollars unless otherwise stated.

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