



BLACK MOUNTAIN

ENERGY

PROSPECTUS

Black Mountain Energy Ltd

ACN 652 281 868

For an initial public offering of 55,000,000 Shares to be issued at a price of \$0.20 per Share to raise \$11,000,000 (before costs).

This replacement prospectus has been issued to provide information on the offer of 55,000,000 Shares to be issued at a price of \$0.20 per Share to raise \$11,000,000 (before costs) (**Offer**).

It is proposed that the Offer will close at 5:00pm (AWST) on 27 November 2021. The Company reserves the right to close the Offer earlier or to extend this date without notice. Applications must be received before that time.

The Offer is subject to a number of conditions precedent as outlined in Section 1.4 of this replacement prospectus.

This is an important document and requires your immediate attention. It should be read in its entirety. Please consult your professional adviser(s) if you have any questions about this replacement prospectus.

Investment in the Shares offered pursuant to this replacement prospectus should be regarded as **highly speculative** in nature, and investors should be aware that they may lose some or all of their investment. Refer to Section 3 for a summary of the key risks associated with an investment in the Shares.

ACN 652 281 868

Directors

Rhett Bennett, Chief Executive Officer and Executive Chairman
Samantha Richardson, Executive Director and Chief Operating Officer
Marie Malaxos, Non-Executive Director
Peter Cramer, Non-Executive Director
Sara Kelly, Non-Executive Director

Officers

Alan Cooper, Chief Financial Officer and Joint Company Secretary
Ben Donovan, Joint Company Secretary

Registered and Principal Office

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Perth WA 6000
Phone: +61 8 9200 1685
Email: admin@blackmountainenergy.com
Website: www.blackmountainenergy.com

Corporate Lawyers

HWL Ebsworth Lawyers
Level 20, 240 St Georges Terrace
Perth WA 6000

Auditor*

KPMG Australia Pty Ltd
235 St Georges Terrace
Perth WA 6000

Investigating Accountant

BDO Australia Limited
38 Station Street
Subiaco WA 6008

Independent Technical Expert

Molyneux Advisors Pty Ltd
Level 1, 184 Adelaide Terrace
East Perth WA 6004

Share Registry*

Automic Group
Level 5, 126 Phillip Street
Sydney NSW 2000

Joint Lead Manager

Foster Stockbroking Pty Ltd
Level 25, 52 Martin Place
Sydney NSW 2000

Joint Lead Manager

CPS Capital Group Pty Ltd
Level 45, 108 St Georges Terrace
Perth WA 6000

Corporate Advisor

EAS Advisers, LLC
750 Lexington Avenue, 27th Floor
New York, NY 10022

Proposed Stock Exchange Listing

Australian Securities Exchange (**ASX**)
Proposed ASX Code: BME

** These entities are included for information purposes only.
They have not been involved in the preparation of this Prospectus.*



BLACK MOUNTAIN
ENERGY

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LETTER FROM THE CHAIRMAN

Dear Investor

On behalf of the Board of Black Mountain Energy Ltd (**Company** or **Black Mountain Energy**), I am pleased to present this Prospectus and to invite you to become a Shareholder in the Company.

The Company is an energy and resources company focused on natural gas exploration, development and production. On completion of the Offer, the Company will be the parent entity of Black Mountain Exploration Australia Pty Ltd (**BMA**), which in turn is the sole shareholder of Bennett Resources Pty Ltd (**BNR**), which is the owner of Petroleum Exploration Permit EP 371 (**Project Valhalla**).

BM Canning LLC (**BM Canning**), Black Mountain Energy's largest shareholder (on completion of the Offer), is a private, entrepreneurial upstream oil and gas company with deep experience sourcing, developing, and operating properties in hydrocarbon-rich basins throughout the lower 48 and beyond. Its strong financial backing allows it to evaluate a broad opportunity set, delivering the agility needed to create value in the oilfield through exploration and aggressive acquisition stages and drill bit ready opportunities. Black Mountain is headquartered in Fort Worth, Texas, with a secondary headquarters in Perth, Australia. Black Mountain companies have historically operated in both the United States and Australia.

The Company was founded on the premise that unconventional oil and gas reservoirs could be developed safely and commercially in Australia and internationally, not just in the United States. We are excited to bring our expertise to Australia and champion the effort to deliver responsibly developed and environmentally conscious natural gas supply. Our goal is to develop a resource that not only provides socio-economic uplift to our traditional owners, but that also provides Western Australia with a supply of low-cost and reliable natural gas. Our hope is that this resource will provide jobs, energy security, and a leading cost advantage for the manufacturing industry in the State of Western Australia for a long time to come. Our sincere hope is that you will join us and support us on this journey to create Australia's next great energy company.

The purpose of this Prospectus is to issue 55,000,000 Shares pursuant to the Offer at a price of \$0.20 per Share to raise \$11,000,000 (before costs), so it can be used towards:

- (a) 2D seismic acquisition and processing;
- (b) environmental activities and permitting;
- (c) baseline studies;
- (d) well monitoring and remediation;
- (e) corporate costs and working capital; and
- (f) expenses of the Offer.

This Prospectus contains detailed information about the Offer and the current and proposed operations of the Company, as well as the risks pertaining to an investment in the Company. Potential investors in the Company should carefully consider those risks (detailed in Section 3).

Before deciding on whether to invest in the Company, you should read this Prospectus carefully and consult with your accountant, financial adviser, stockbroker, lawyer or other professional adviser.

We look forward to welcoming you as a Shareholder should you decide to take up Shares pursuant to the Offer.

Yours faithfully

Rhett Bennett
Chief Executive Officer and Executive Chairman



IMPORTANT INFORMATION

Replacement Prospectus

This Replacement Prospectus is issued by Black Mountain Energy Ltd (ACN 652 281 868) (**Company**) for the purpose of Chapter 6D of the *Corporations Act 2001* (Cth) (**Corporations Act**). The Offer contained in this Prospectus is an initial public offering to acquire fully paid ordinary shares (**Shares**) in the Company.

This Prospectus is dated, and was lodged with ASIC on the Prospectus Date. This Replacement Prospectus replaces the Original Prospectus that was lodged with ASIC on the Original Prospectus Date.

For the purposes of this document, this Replacement Prospectus is referred to as either the "Replacement Prospectus" or "Prospectus".

This Replacement Prospectus has been issued to update Sections 2.1, 2.4, 2.6(b), 3.1(x) and the Solicitor's Report in Annexure C.

Neither ASIC nor ASX (or their respective officers) take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

Application was made to ASX within seven days of the date of this Original Prospectus for Official Quotation of the Shares the subject of the Offer.

Expiry date

This Prospectus expires on the date which is 13 months after the Original Prospectus Date (**Expiry Date**). No Shares will be issued on the basis of this Prospectus after the Expiry Date.

Note to Applicants

The information contained in this Prospectus is not investment or financial product advice and has been prepared as general information only, without consideration for your investment objectives, financial situation or particular needs.

It is important that you read this Prospectus in its entirety and seek professional advice where necessary. The Shares the subject of this Prospectus should be considered highly speculative.

Except as required by law, and only to the extent required, no person named in this Prospectus, nor any other person, warrants or guarantees the performance of the Company, the repayment of capital by the Company or any return on investment in Shares made pursuant to this Prospectus.

No person is authorised to give any information or to make any representation in connection with the Offer, other than as is contained in this Prospectus. Any information or representation not contained in this Prospectus should not be relied on as having been made or authorised by the Company, the Directors, the Joint Lead Managers or any other person in connection with the Offer.

Foster Stockbroking Pty Ltd and CPS Capital Group Pty Ltd have acted as Joint Lead Managers to the Offer. To the maximum extent permitted by law, the Joint Lead Managers and each of their respective affiliates, officers, employees and advisers expressly disclaim all liabilities in respect of, make no representations regarding, and take no responsibility for, any part of this Prospectus other than references to their name and make no representation or warranty as to the currency, accuracy, reliability or completeness of this Prospectus.

The Company, the Share Registry and the Joint Lead Managers disclaim all liability, whether in negligence or otherwise, to persons who trade Shares before receiving their holding statement.

Exposure Period

The Corporations Act prohibits the Company from processing Applications in the seven day period after the

Original Prospectus Date (**Exposure Period**). The Exposure Period may be extended by ASIC by up to a further seven days. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. You should be aware that this examination may result in the identification of deficiencies in this Prospectus. In such circumstances, any Application that has been received may need to be dealt with in accordance with section 724 of the Corporations Act. Applications under this Prospectus will not be processed by the Company until after the Exposure Period. No preference will be conferred upon Applications received during the Exposure Period.

No cooling-off rights

Cooling-off rights do not apply to an investment in Shares issued under this Prospectus. This means that, in most circumstances, you cannot withdraw your Application once it has been accepted.

Conditional Offer

The Offer contained in this Prospectus is conditional on certain events occurring. If these events do not occur, the Offer will not proceed and Applicants will be refunded their Application Monies (without interest). Please refer to Section 1.2 for further details on the conditions attaching to the Offer.

Electronic Prospectus and Application Forms

During the Exposure Period, an electronic version of this Prospectus (without an Application Form) will be available at www.blackmountainenergy.com to only persons in Australia, and certain investors in the United Kingdom, Germany, Hong Kong, Singapore, New Zealand and the United States. Application Forms will not be made available until after the Exposure Period has expired.

The Offer constituted by this Prospectus in electronic form is only available to persons receiving an electronic version of this Prospectus and Application Form within Australia, the United Kingdom, Germany, Hong Kong, Singapore, New Zealand and the United States.

The Prospectus is not available to persons in other jurisdictions in which it may not be lawful to make such an invitation or offer to apply for Shares. If you access the electronic version of this Prospectus, you should ensure that you download and read the Prospectus in its entirety.

Persons having received a copy of this Prospectus in its electronic form may obtain an additional paper copy of this Prospectus and the Application Form (free of charge) from the Company's registered office during the offer period by contacting the Company as detailed in the Corporate Directory. Applications will only be accepted on the relevant Application Form attached to, or accompanying, this Prospectus. The Corporations Act prohibits any person from passing on to another person the Application Form unless it is attached to a paper copy of the Prospectus or the complete and unaltered electronic version of this Prospectus.

Prospective investors wishing to subscribe for Shares under the Offer should complete the relevant Application Form. If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application.

Notice to foreign investors

No action has been taken to register or qualify the Shares the subject of this Prospectus or the Offer, or otherwise to permit the offering of the Shares, in any jurisdiction outside Australia.

Subject to the provisions outlined in Sections 1.17 and 1.18, certain investors in the United Kingdom, Germany, Hong Kong, Singapore, New Zealand and the United

States are eligible to participate in the Offer.

The distribution of this Prospectus in jurisdictions outside of Australia (including electronically) may be restricted by law and persons who come into possession of this Prospectus outside of Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Prospectus does not constitute an offer of securities in any jurisdiction where, or to any person to whom, it would be unlawful to make such an offer.

Notice to investors in New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the **FMC Act**).

The Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Notice to investors in the United Kingdom

Neither this document nor any other document relating to the Offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the Shares.

The Shares may not be offered or sold in the United Kingdom by means of this document or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This document is issued on a confidential basis in the United Kingdom to "qualified investors" within the meaning of Article 2(e) of the UK Prospectus Regulation. This document may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (**FPO**), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investment to which this document relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this document.

Notice to investors in Singapore

This document and any other materials relating to the Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the Offer or sale, or invitation for subscription or purchase, of Shares, may not be issued, circulated or distributed, nor may the Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an "institutional investor" (as defined in the SFA) or (ii) an "accredited investor" (as defined in the SFA). If you are not an investor falling within one of these categories, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

Notice to investors in Germany

This document has not been, and will not be, registered with or approved by any securities regulator in Germany or elsewhere in the European Union. Accordingly, this document may not be made available, nor may the Shares be offered for sale, in Germany except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the **Prospectus Regulation**).

In accordance with Article 1(4)(a) of the Prospectus Regulation, an offer of Shares in Germany is limited to persons who are "qualified investors" (as defined in Article 2(e) of the Prospectus Regulation).

Notice to investors in Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (SFO). Accordingly, this document may not be distributed, and the Shares may not be offered or sold, in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised

to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

Notice to investors in the United States

This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The Shares have not been, and will not be, registered under the US Securities Act of 1933 or the securities laws of any state or other jurisdiction of the United States. Accordingly, the Shares may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

The Shares will only be offered and sold in the United States to "institutional accredited investors" within the meaning of Rule 501(a)(1), (2), (3), (7), (8), (9) and (12) under the US Securities Act.

Speculative investment

The Shares offered pursuant to this Prospectus should be considered **highly speculative**. There is no guarantee that the Shares offered pursuant to this Prospectus will make a return on the capital invested, that dividends will be paid on the Shares or that there will be an increase in the value of the Shares in the future.

Prospective investors should carefully consider whether the Shares offered pursuant to this Prospectus are an appropriate investment for them in light of their personal circumstances, including their financial and taxation position. Refer to Section 3 for details relating to the key risks applicable to an investment in the Shares.

Qualified Evaluator's Statement

The resource estimates are consistent with the definitions of hydrocarbon reserves and resources as defined in the Listing Rules. The information in this Prospectus which relates to Contingent Resources and Prospective Resources is based on, and fairly and accurately represents, in the form and context in which it appears, information and supporting documentation prepared by, or under the supervision of, Hong Feng Wu, Director of Molyneux Advisors Pty Ltd. Hong Feng Wu is a member of the Society of Petroleum Evaluation Engineers and the Society of Petroleum Engineers, with sufficient experience which is relevant to the evaluation and estimation of Contingent Resources and Prospective Resources to qualify as a Qualified Petroleum Reserves and Resources Evaluator as defined in the Listing Rules.

Hong Feng Wu and Molyneux Advisors Pty Ltd have each separately consented to the inclusion in this Prospectus of the matters based on their information in the form and context in which it appears.

Using this Prospectus

Persons wishing to subscribe for Shares offered by this Prospectus should read this Prospectus in its entirety in order to make an informed assessment of the assets and liabilities, financial position and performance, profits and losses, and prospects of the Company and the rights and liabilities attaching to the Shares offered pursuant to this Prospectus. If persons considering subscribing for Shares offered pursuant to this Prospectus have any questions, they should consult their stockbroker, solicitor, accountant or other professional adviser for advice.

Statements of past performance

This Prospectus includes information regarding the past performance of the Company. Investors should be aware that past performance should not be relied upon as being indicative of future performance.

Forward-Looking Statements

This Prospectus contains forward-looking statements which are identified by words such as 'believes', 'estimates', 'expects', 'targets', 'intends', 'may', 'will', 'would', 'could', or 'should' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

The Company does not undertake to, and do not intend to, update or revise any forward-looking statements, or publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

Any forward-looking statements are subject to various risks that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. Forward-looking statements should be read in conjunction with, and are qualified by reference to, the risk factors as set out in Section 3. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and the Company's management.

The Company, the Directors, the Company's management and the Joint Lead Managers cannot and do not give assurances that the results, performance or achievements expressed or implied in the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

Photographs and diagrams

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses this Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the Prospectus Date.

Disclaimer

Except as required by law, and only to the extent so required, none of the Company, the Directors, the Company's management, the Joint Lead Managers or any other person warrants or guarantees the future performance of the Company, or any return on any investment made pursuant to this Prospectus.

Company website

Any references to documents included on the Company's website at www.blackmountainenergy.com are for convenience only, and none of the documents or other information available on the Company's website is incorporated into this Prospectus by reference.

Miscellaneous

All financial amounts contained in this Prospectus are expressed as Australian currency unless otherwise stated. Conversions may not reconcile due to rounding. All references to '\$' or 'A\$' are references to Australian dollars and all references to 'US\$' are references to US dollars.

All references to time in this Prospectus are references to AWST, being the time in Perth, Western Australia, unless otherwise stated.

Defined terms and abbreviations used in this Prospectus are detailed in the glossary in Section 9.

KEY OFFER DETAILS & INDICATIVE TIMETABLE

Key details of the Offer ⁽¹⁾	Shares	Options ⁽²⁾	Performance Rights ⁽³⁾
Existing Securities on issue	1	Nil	Nil
Securities to be issued to Directors and key management personnel	Nil	20,299,513	4,537,500
Shares to be issued pursuant to the Share Acquisition Agreement ⁽⁴⁾	200,000,000	Nil	Nil
Total number of Shares to be issued under the Offer	55,000,000	Nil	Nil
Total Securities on issue on completion of the Offer⁽⁵⁾	255,000,001	20,299,513	4,537,500

Notes:

- Please refer to Section 1.6 for further details relating to the current and proposed capital structure of the Company.
- See Section 7.2 for the terms and conditions of the Options.
- See Section 7.3 for the terms and conditions of the Performance Rights.
- Comprising:
 - 199,968,253 Shares to be issued to BM Canning and 31,747 Shares to be issued to Black Mountain Land Company LP pursuant to the Share Acquisition Agreement. Rhett Bennett (Chief Executive Officer and Executive Chairman) is the sole manager of BM Canning and holds a 7% equity interest in BM Canning personally. Mr Bennett is the sole limited partner of Black Mountain Land Company LP and holds a 100% equity interest in Black Mountain Land Company LP, 99% of which is held personally and 1% is held indirectly through Black Mountain Energy LLC (the sole general partner of Black Mountain Land Company LP). Mr Bennett holds a 100% equity interest in Black Mountain Energy LLC personally. Accordingly, on completion of the Offer, Mr Bennett will have a relevant interest in 199,968,253 Shares registered in the name of BM Canning and, 31,747 Shares registered in the name of Black Mountain Land Company LP; and
 - 1 Share issued to Mr Bennett on incorporation of the Company for nil or nominal consideration.
- Assuming no further Shares are issued and none of the Options or Performance Rights are exercised.

Indicative Timetable	Date
Lodgement of Prospectus with ASIC	5 November 2021
Opening Date for the Offer	6 November 2021
Closing Date for the Offer	27 November 2021
Issue Date under the Offer	6 December 2021
Expected dispatch of holding statements	7 December 2021
Expected date for Official Quotation on ASX	14 December 2021

Note:

The dates shown in the table above are indicative only and may vary subject to the Corporations Act, the Listing Rules and other applicable laws. The Company, in consultation with the Joint Lead Managers, reserves the right to vary the dates and times of the Offer (including, to vary the Opening Date and Closing Date, to accept late Applications, either generally or in particular cases, or to cancel or withdraw the Offer before Completion) in each case without notifying any recipient of this Prospectus or any Applicants, which may have a consequential effect on other dates. If the Offer is cancelled or withdrawn before the allotment of Shares, then all Application Monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act. Applicants are therefore encouraged to lodge their Application Form and deposit the Application Monies as soon as possible after the Opening Date if they wish to invest in the Company. The admission of the Company to the Official List of the ASX and the commencement of quotation of the Shares are subject to confirmation from the ASX.

INVESTMENT OVERVIEW

This Section is not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety. The Shares offered pursuant to this Prospectus carry no guarantee in respect of return of capital, return on investment, payment of dividends or the future value of the Shares.

TOPIC	SUMMARY	MORE INFORMATION
Introduction		
Who is the Company and what does it do?	<p>Black Mountain Energy is a public natural gas company focused on developing low-CO₂ unconventional gas resources in Western Australia (ie. gas produced in a means that is comparatively lower in carbon emissions than current producers). Black Mountain Energy's key asset is a 100% working interest in EP 371 located in the Fitzroy Trough in the Canning Basin, Western Australia.</p> <p>The Company is focused on developing early-stage, unconventional gas resources within its portfolio (comprising EP 371). The Board believes that there is considerable opportunity for it to commercialise the Prospective Resources in its assets due to the current climate of the gas industry, in general, and the supply and demand fundamental assessment in Australia specifically.</p>	Sections 2.1 and 2.2
What is the Company's project?	<p>Exploration Permit EP 371 is located in the Fitzroy Trough in the Canning Basin, Western Australia. The permit area covers 3,662 km² (~905,000 acres) and is located some 2,500 km northeast of Perth, Western Australia.</p> <p>The Independent Technical Expert has provided a best estimate of the Company's gross prospective and contingent gas resources relating to its 100% interest in the EP 371 unconventional gas prospects of approximately 11.8 Tcf and 1.5 Tcf respectfully as follows (as of 6 October 2021):</p> <p>(a) Prospective Gas Resource: 11,805 Bcf</p> <p>(b) Contingent Gas Resource: 1,525 Bcf⁽¹⁾</p> <p>The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.</p> <p>The estimates of Contingent Resources and Prospective Resources in this Prospectus have been prepared in accordance with SPE-PRMS.</p> <p>Note: refer to the Independent Technical Expert's Report at Annexure B for further information in respect of the prospective and contingent resources.</p> <p>The Company believes that the chance of discovery is considered high due to the nature of the petroleum system and the proximity of the Prospective Resources to the Contingent Resources already found in EP371. The Company believes it is likely that further exploration will result in the discovery of additional resources, potentially of sufficient quantity and quality to support a commercial development.</p>	Section 2.8 and Annexure B
Who is Black Mountain?	<p>BM Canning, Black Mountain Energy's largest shareholder on completion of the Offer, is a private, entrepreneurial upstream oil and gas company with deep experience sourcing, developing, and operating properties in hydrocarbon-rich basins throughout the lower 48 and beyond. Its strong financial backing allows it to evaluate a broad opportunity set, delivering the agility needed to create value in the oilfield through exploration and aggressive acquisition stages and drill bit ready opportunities. Black Mountain is headquartered in Fort Worth, Texas, with a secondary headquarters in Perth, Australia. Black Mountain companies have historically operated in both the United States and Australia.</p>	"Letter from the Chairman" and Section 2

TOPIC	SUMMARY	MORE INFORMATION
Introduction CONTINUED		
What is the Offer?	The Offer is an initial public offering of Shares, at an offer price of \$0.20 per Share, for the issue of 55,000,000 Shares to raise \$11,000,000 (before costs).	Section 1.1
What is the proposed capital structure of the Company at Admission?	Following completion of the Offers under this Prospectus, the proposed capital structure of the Company will be as set out in Section 1.6.	Section 1.6
What are the proposed use of funds raised under the Offer?	<p>The Company proposes to use the funds raised from the Offer towards:</p> <ul style="list-style-type: none"> (a) 2D seismic acquisition and processing; (b) environmental activities and permitting; (c) baseline studies; (d) well monitoring and remediation; (e) corporate costs and working capital; and (f) expenses of the Offer. 	Section 1.5
What is the Company's financial position?	<p>A summary of the Company's financial information is included in Section 4 and the Independent Limited Assurance Report (included in Annexure A).</p> <p>The Company was incorporated on 26 July 2021 and therefore has no operational and limited financial history on which to evaluate its business and prospects. The prospects of the Company must be considered in light of the risks, expenses and difficulties frequently encountered by companies in the early stages of their development, particularly in the gas exploration and development sector, which has a high level of inherent risk and uncertainty. No assurance can be given that the Company will achieve commercial viability through the successful exploration on, or development of, EP 371. Until the Company is able to realise value from EP 371, it is likely to incur operational losses.</p>	Sections 3.1(g) and 4 and Annexure A
What are the key dependencies of the Company's business model?	<p>The funds raised under the Offer will be applied as set out in Section 1.5 for the 12 month period post Admission. This includes funding for 2D seismic acquisition and processing; environmental activities and permitting; baseline studies and well monitoring and remediation.</p> <p>However, the key factors that the Company will depend on to meet its long term objectives are:</p> <ul style="list-style-type: none"> (a) permitting completion and subsequent approval to undertake activities such as seismic, drilling and HFS. These approvals are sought from the EPA and DMIRS; (b) in respect of EP 371 permit title: <ul style="list-style-type: none"> (i) exploration permit title extension being granted by DMIRS; and (ii) granting of retention lease and subsequent production license by DMIRS; (c) successful exploration drilling with expected gas flows; (d) development of facility and pipeline infrastructure to process and transport gas from the permit title; (e) completion of commercial arrangements relating to gas sales; (f) ability to source equipment and personnel in Australia to carry out activities; and (g) traditional owner and pastoral station consent to access (to the extent not already obtained for future activities). 	Section 2.4(b)

TOPIC	SUMMARY	MORE INFORMATION
Introduction CONTINUED		
What is the Company's dividend policy?	<p>The Company does not expect to pay dividends in the near future as its focus will primarily be on growing the existing business.</p> <p>Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend upon matters such as the availability of distributable earnings, the operating results and financial condition of the Company, future capital requirements, general business and other factors considered relevant by the Directors. No assurances are given in relation to the payment of dividends, or that any dividends may attach franking credits.</p>	Section 2.9
Summary of key risks		
<p>Prospective investors should be aware that subscribing for Shares in the Company involves a number of risks. The risk factors set out in Section 3, and other general risks applicable to all investments in listed securities, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. This Section summarises the key risks which apply to an investment in the Company and investors should refer to Section 3 for a more detailed summary of the risks.</p>		
Asgard 1 well risk	<p>Following recent pressure testing on the Asgard 1 well, the Company has determined pressure build-up on the annulus in the Asgard 1 wellbore. There is a risk the Company may be required to plug and abandon the Asgard 1 well if it is requested to do so by DMIRS. As at the date of this Prospectus, the Company confirms that it has not received any such determination by DMIRS.</p> <p>If the Company is required to plug and abandon the well, the Board has estimated the approximate exposure to be \$750,000. The Board confirms that these costs have been accounted for in the use of funds (as summarised in Section 1.5) and that no further funds have been allocated to the Asgard 1 well until the outcome of the DMIRS determination is known.</p>	Section 3.1(a)
Export exemption to Western Australian domestic gas supply	<p>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.</p> <p>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.</p> <p>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.</p>	Section 3.1(b)
Liquidity risk	<p>At Admission, the Company expects to have 255,000,001 Shares on issue. The Company expects approximately 200,000,000 Shares, 20,299,513 Options and 4,537,500 Performance Rights to be subject to up to 24 months escrow upon Admission. This would in aggregate, be equal to approximately 78.4% of the Company's issued Share capital. This creates a liquidity risk as a large portion of issued capital may not</p>	Section 3.1(c)

TOPIC	SUMMARY	MORE INFORMATION
Summary of key risks CONTINUED		
Liquidity risk CONTINUED	be able to be freely tradable for a period of time. The ability of an investor in the Company to sell their Shares on the ASX will depend on the turnover or liquidity of the Shares at the time of sale. Therefore, investors may not be able to sell their Shares at the time, in the volumes or at the price they desire.	
Control risk	<p>Mr Bennett, his respective associates and affiliated entities, will obtain a significant voting power in the Company on completion of the Offer. The Company and its Directors will comply with all applicable laws and the Listing Rules in relation to any dealings between Mr Bennett and the Company, including:</p> <ul style="list-style-type: none"> (a) obtaining any Shareholder approvals for transactions between Mr Bennett and the Company, where required by applicable law or the Listing Rules; and (b) the Directors' duties and obligations to the Company, including in relation to material personal interests and other conflicts of interest and, more generally, to act in the best interests of the Company as a whole. <p>However, there is a risk that investors will discount the Company's Shares as a result of the level of control being given to Mr Bennett and his respective associates and affiliated entities on completion of the Offer, and the decreased likelihood of a third party making a takeover bid for the Company.</p>	Section 3.1(d)
Drilling and HFS activities	<p>The funds raised under the Offer will provide the Company with sufficient funding for approximately the 12 month period following Admission to enable the Company to undertake its stated objectives in accordance with its use of funds (as set out in Section 1.5). The use of funds do not account for the costs associated with the Company's proposed activities following the 12 month period from Admission, including drilling and Hydraulic Fracture Stimulation (HFS) on EP 371. Refer to Section 2.8(a)(iv) for further details regarding the Company's proposed five-year work program.</p> <p>In order to undertake the proposed drilling program and to conduct HFS, which separately require regulatory and environmental approval from the EPA and DMIRS, the Company will require further funding in the future. The future capital requirements of the Company will depend on many factors including market rates for drilling and HFS equipment, market rates for personnel, success of future drilling campaigns and the timeliness of permitting requirements. See Section 3.1(f) for further details regarding the Company's future capital requirements.</p>	Section 3.1(e)
Future capital requirements	<p>The Company has no operating revenue and is unlikely to generate any operating revenue unless and until production commences. The funds raised under the Offer are only intended to provide the Company with sufficient funding for a 12 month period following Admission. The future capital requirements of the Company will depend on many factors including its abilities to produce and market its products. The Company believes its available cash and the net proceeds of the Offer should be adequate to fund its business objectives in the short term as stated in this Prospectus, however, the Company will likely require further financing in the future.</p> <p>In the event further financing is required to maintain operations, any additional equity financing may be dilutive to Shareholders, may be undertaken at lower prices than the then market price or may involve restrictive covenants which limit the Company's operations and business strategy. Debt financing, if available, may involve restrictions on financing and operating activities.</p>	Section 3.1(f)

TOPIC	SUMMARY	MORE INFORMATION
Summary of key risks CONTINUED		
Exploration risk	<p>Gas exploration and development is speculative and involves elements of significant risk with no guarantee of success. There is no assurance that expenditure on activities will result in gas discoveries that can be commercially or economically exploited.</p> <p>A key to the Company's financial performance is to have success in exploring for and locating commercially exploitable hydrocarbons. Exploration is subject to technical risks and uncertainty of outcome. The Company may not find any or may find insufficient hydrocarbon reserves and resources to commercialise, which would adversely impact the financial performance of the Company.</p> <p>There is the risk that drilling will result in dry holes or not result in the discovery of commercially exploitable hydrocarbons. Wells may not be productive, or they may not provide sufficient revenues to return a profit after accounting for associated costs. The cost of drilling, completing, equipping, and operating wells is subject to uncertainties.</p>	Section 3.1(h)
Operational risk	<p>Gas development activities include numerous operational risks, including but not limited to, adverse weather conditions, environmental hazards, and unforeseen increases in establishment costs, accidents (including, for example, fires, explosions, uncontrolled releases, spills and blowouts), equipment failure, industrial disputes, technical issues, supply chain failure, labour issues, deliberate destruction, adverse production results, uncertainty in resource and reserve estimation, uncertainty in deliverability estimation, IT system failure, cyber security breaches, political opposition and other unexpected events. Drilling operations, in particular, carry inherent risk associated with, for example, unexpected geological conditions, mechanical failures, or human error.</p> <p>The occurrence of an operational risk event could also result in damage to, or destruction of, production facilities, personal injury, environmental damage, increase operational costs and significantly disrupt the Company's operations, possibly restricting the Company's ability to advance its development and operational programs. This, in turn, may adversely impact the Company's financial performance.</p>	Section 3.1(i)
Development risk	<p>If the Company is successful in locating commercial quantities of gas, then that development could be delayed or unsuccessful for a number of reasons including extreme weather, unanticipated operational occurrences, failure to obtain necessary approvals, insufficient funds, a drop in commodity price, supply chain failure, unavailability of appropriate labour, or an increase in costs, access to infrastructure and land access to construct suitable infrastructure. If one or more of these occurrences has a material impact, then the Company's operational and financial performance may be negatively affected.</p>	Section 3.1(j)
Access to infrastructure risk, availability of drilling and hydraulic fracturing equipment	<p>The Company's gas exploration and development activities are dependent on the availability of drilling rigs and related equipment in its exploration permit. Recent increases in oil and gas exploration activities in Australia have resulted in high demand and limited availability for some types of drilling rigs and equipment in certain areas which may result in delays to the Company's planned exploration and development activities.</p> <p>The Company will very likely require access to infrastructure, or to construct infrastructure, to sell the reserves it produces, including pipelines to transport the gas to market. Given the remote location of the Company's project, there can be no guarantee that the Company will be able to gain access to appropriate infrastructure on</p>	Section 3.1(l)

TOPIC	SUMMARY	MORE INFORMATION
Summary of key risks CONTINUED		
Access to infrastructure risk, availability of drilling and hydraulic fracturing equipment CONTINUED	commercially viable terms or that it will be commercially viable for it to fund the construction of its own infrastructure. Failure to obtain access to infrastructure (whether owned by the Company or others) may adversely impact the Company's financial performance.	
Permit risk	<p>The Company is required to comply with a range of laws to retain its permits and periodically renew them. The Company is also required to comply with a range of laws and report milestones to obtain new permits related to the development and commercialization of the Company's project. The Company's permit also has its own specific requirements that the Company must satisfy. Even if specific requirements are met, there is no certainty that an application for grant or renewal of the permit will be approved at all, or on satisfactory terms or within expected timeframes.</p> <p>The laws relating to permits are complex and subject to changes in interpretation. Non-compliance with them could lead to the revocation of the Company's permit and the Company cannot guarantee its permit will be renewed or future permits will be granted.</p> <p>If the application for a retention lease is not granted, the declared location of discovery of a petroleum pool under the Petroleum Act will be lost and, on the next renewal of EP 371, the Company may be required to relinquish more blocks than it would otherwise.</p>	Section 3.1(m)
Native title risk	<p>The area of EP 371 is partially covered by one registered native title claim (in the name of Warlangurru) and five registered native title determinations (in the names of Noonkanbah, Nyikina Mangala, Bunuba People #2 Part A, Yi-Martuwarra Ngurrara Part A and Bunuba #2 Part B, respectively).</p> <p>For further information on the native title overlaps, please refer to section 6.8 of the Solicitor's Report in Annexure C.</p> <p>The Company is aware that the area of EP 371 is covered by the Yungngora Aboriginal Corporation RNTBC, Buru Energy Limited and Diamond Resources (Canning) Pty Ltd Body Corporate Indigenous Land Use Agreement (YAC ILUA). BNR (the holder of EP 371) is a party to the YAC ILUA, which was signed on 5 September 2016 and registered on 17 March 2017. The YAC ILUA relates to the Noonkanbah native title determination. For further information on the YAC ILUA, please refer to section 6.11 of the Solicitor's Report in Annexure C.</p> <p>There remains a risk that in the future, native title and/or registered native title claims may affect the land the subject of the Company's project or in the vicinity.</p> <p>The existence of native title claims over the area covered by the Company's project, or a subsequent determination of native title over the area, will not impact the rights or interests of the holder under the permits provided the permits have been validly granted in accordance with the Native Title Act. It is the Company's view that EP 371 was granted validly, and has been renewed validly, in accordance with the Native Title Act. For further information on the validity of grant of EP 371, please refer to section 6.9 of the Solicitor's Report in Annexure C.</p> <p>However, if any permit was not validly granted in compliance with the Native Title Act, this may have an adverse impact on the Company's activities.</p> <p>The grant of any future production licence to the Company over areas that are covered by registered claims or determinations will likely</p>	Section 3.1(x) and Annexure C

TOPIC	SUMMARY	MORE INFORMATION
Summary of key risks CONTINUED		
Native title risk CONTINUED	require engagement with the relevant claimants or native title holders (as relevant) in accordance with the Native Title Act. Any delays or costs in engaging with the relevant native title holders in negotiating new arrangements in respect of a production licence may adversely impact the Company's ability to carry out petroleum extraction activities within the affected areas.	
Aboriginal heritage risk	<p>The Company is aware that there are seven registered Aboriginal heritage sites and three applications for 'other' Aboriginal heritage places, within EP 371. However, the Company confirms that its current exploration program does not impact these sites. Please refer to section 7.5 of the Solicitor's Report at Annexure C for further details.</p> <p>There remains a risk that additional Aboriginal sites may exist on the land the subject of EP 371. The existence of such sites may preclude or limit exploration activities in certain areas of EP 371.</p>	Section 3.1(y) and Annexure C
Third party risks	<p>Under Western Australian and Commonwealth legislation, the Company may be required to obtain the consent of and/or pay compensation to the holders of third-party interests which overlay areas within the Company's project.</p> <p>The area of EP 371 overlaps a File Notation Area, in respect of which third party tenure and access rights may be granted in the future. EP 371 also overlaps several pastoral leases, mining tenure granted pursuant to the <i>Mining Act 1978</i> (WA), a petroleum pipeline licence granted the <i>Petroleum Pipelines Act 1969</i> (WA) and several 'C' Class Reserves (which is Crown Land set aside or "reserved" for a designated purpose).</p> <p>Please refer to section 8 of the Solicitor's Report at Annexure C for further specific details on this third-party tenure.</p> <p>Any delays in respect of conflicting third-party rights, obtaining necessary consents, or compensation obligations, may adversely impact the Company's ability to carry out exploration activities within the affected areas.</p>	Section 3.1(aa) and Annexure C
Hydraulic fracturing	There are regulatory requirements in relation to HFS. As HFS requires the use of water, the availability and regulation of which may change over time. There are costs associated with water disposal that may be required should the Company produce water in its wells. The Company may be subject to additional regulations or restrictions from local, state, or federal governmental authorities, resulting in increased compliance costs. Any modification to the current requirements may adversely impact the value of the Company's assets and future financial performance.	Section 3.1(p)
Royalties	<p>The Company is required to pay certain royalties in relation to EP 371 (including to BM Canning Royalty Co LLC (BMC), an entity owned 100% by BM Canning).</p> <p>These royalties, along with the usual royalties payable to the State of Western Australia, may have an impact on the economics of progressing any proposed exploration and petroleum production operation.</p>	Section 3.1(bb) and Annexure C
Conflicts of interest	Rhett Bennett (who is the sole manager of BM Canning and the sole limited partner of Black Mountain Land Company LP) has appointed himself as a nominee to the Board of the Company. On Completion of the Offer, Mr Bennett, together with his respective associates and affiliated entities, will have a relevant interest in up to 78% of the	Section 3.1(jj)

TOPIC	SUMMARY	MORE INFORMATION
Summary of key risks CONTINUED		
Conflicts of interest CONTINUED	<p>Company's issued Share capital. Despite this, the Company will have a majority of independent directors. The Company has adopted a Director Conflict Protocol to help manage any actual, potential or perceived conflicts of interest.</p> <p>Certain Directors are also directors and officers of other companies engaged in gas exploration, development and production. Accordingly, gas opportunities or prospects of which these Directors become aware may not necessarily be made available to the Company in the first instance. Although these Directors have been advised of their fiduciary duties to the situations that could arise in which their obligations to, or interests in, the Company, there exists actual and potential conflicts of interest among these persons.</p>	
Environmental risk	<p>Despite efforts to conduct activities in an environmentally responsible manner and in accordance with applicable laws, there is a risk that operational activities may cause harm to the environment which could impact production or delay future development timetables.</p> <p>The Company is also subject to laws and regulations to minimise the environmental impact of its operations and rehabilitation of any areas affected by its operations. Changes to environmental laws may result in the cessation or reduction of the Company's activities, materially increase development or production costs or otherwise adversely impact the Company's operations, financial performance or prospects. Penalties for failure to adhere to requirements and, in the event of environmental damage, remediation costs can be substantive and may not, in its entirety, be insurable. Compliance with these laws requires significant expenditure and non-compliance may potentially result in fines or requests for improvement action from the regulator.</p> <p>In addition, if the Company were to be held responsible for environmental damage, in addition to remediation costs, it may suffer reputational damage, possible suspension or cessation of operations, revocation of permits or financial penalties.</p> <p>Further environmental approvals will be required to be obtained by the Company prior to it being able to undertake drilling or HFS. The Company's Gas Exploration and Appraisal Program (which includes unconventional exploration and appraisal drilling and a program of HFS) has been referred to the Environmental Protection Authority under Part IV of the EP Act. It is the first proposal to undertake hydraulic fracturing in Western Australia since the State-wide moratorium on hydraulic fracturing was lifted in September 2019. This brings with it some uncertainty about the timing for assessment, approval and implementation and any delays, or requirements or obligations imposed, may adversely impact the Company's ability to carry out future exploration or petroleum extraction activities within the affected areas.</p> <p>The EPA's assessment scoping document for the proposal includes a timeline for assessment (which has the EPA providing its report and recommendations to the Minister for the final approval decision on 1 March 2023). The EPA's assessment is to occur in parallel with the Government's implementation of other recommendations coming out of the Independent Scientific Panel Inquiry into HFS. One such recommendation is the development of a WA Code of Practice. This work is still underway by the State Government.</p> <p>The State Government has advised that no hydraulic fracturing will be allowed to commence until the WA Code of Practice is developed. Any delays in developing, or requirements or obligations imposed, under</p>	Section 3.1(ee)

INVESTMENT OVERVIEW

TOPIC	SUMMARY	MORE INFORMATION																																								
Summary of key risks CONTINUED																																										
Environmental risk CONTINUED	the WA Code of Practice may adversely impact the Company's ability to carry out future petroleum exploration or production activities within the affected areas.																																									
COVID-19 impact risk	<p>The global economic outlook is facing uncertainty due to the current COVID-19 pandemic, which has been having, and is likely to continue to have, a significant impact on global capital markets, the gas price and foreign exchange rates. There is also continued uncertainty as to the ongoing and future responses of governments and authorities globally, and a further Australian economic shut down is possible. Given the economic uncertainty that remains during the COVID-19 pandemic, the Company's financial performance may be adversely impacted.</p> <p>COVID-19 also poses a health risk to the Company's personnel. While to date COVID-19 has not had any material impact on the Company's operations, should any Company personnel or contractors be infected, it could result in the Company's operations being suspended or otherwise disrupted for an unknown period of time, which may have an adverse impact on the Company's operations as well as an adverse impact on the financial condition of the Company.</p>	Section 3.1(hh)																																								
Significant interests of key people and related party transactions																																										
Who are the Directors?	<p>The Board of the Company comprises:</p> <p>(a) Rhett Bennett - Chief Executive Officer and Executive Chairman;</p> <p>(b) Samantha Richardson - Executive Director and Chief Operating Officer;</p> <p>(c) Marie Malaxos - Non-Executive Director (Independent);</p> <p>(d) Peter Cramer - Non-Executive Director (Independent); and</p> <p>(e) Sara Kelly - Non-Executive Director (Independent).</p>	"Corporate Directory" and Section 5.1																																								
Who are the key management personnel?	<p>The key management personnel of the Company comprise:</p> <p>(a) Alan Cooper - Chief Financial Officer and Joint Company Secretary; and</p> <p>(b) Ben Donovan - Joint Company Secretary.</p>	"Corporate Directory" and Section 5.3																																								
What interests do the Directors and key management personnel have in the Securities of the Company at the Prospectus Date and at Admission?	<p>As at the date of this Prospectus, only Rhett Bennett holds an interest in Securities (1 Share) in the Company out of the Directors and key management personnel and their related entities.</p> <p>Based on the intentions of the Directors and key management personnel at the date of this Prospectus in relation to the Offer, the Directors, key management personnel and their related entities will have the following interests in Securities on Admission:</p> <table border="1"> <thead> <tr> <th>Director and key management personnel</th> <th>Shares</th> <th>Voting power (%)⁽¹⁾</th> <th>Options</th> <th>Performance Rights</th> </tr> </thead> <tbody> <tr> <td>Rhett Bennett⁽²⁾</td> <td>200,000,001</td> <td>78.43</td> <td>9,131,348</td> <td>Nil</td> </tr> <tr> <td>Samantha Richardson</td> <td>Nil</td> <td>Nil</td> <td>3,844,778</td> <td>2,475,000</td> </tr> <tr> <td>Marie Malaxos</td> <td>Nil</td> <td>Nil</td> <td>1,373,135</td> <td>Nil</td> </tr> <tr> <td>Peter Cramer</td> <td>Nil</td> <td>Nil</td> <td>1,373,135</td> <td>Nil</td> </tr> <tr> <td>Sara Kelly</td> <td>Nil</td> <td>Nil</td> <td>1,373,135</td> <td>Nil</td> </tr> <tr> <td>Alan Cooper</td> <td>Nil</td> <td>Nil</td> <td>3,203,982</td> <td>2,062,500</td> </tr> <tr> <td>Ben Donovan</td> <td>Nil</td> <td>Nil</td> <td>Nil</td> <td>Nil</td> </tr> </tbody> </table> <p>Notes CONTINUED NEXT PAGE</p>	Director and key management personnel	Shares	Voting power (%) ⁽¹⁾	Options	Performance Rights	Rhett Bennett ⁽²⁾	200,000,001	78.43	9,131,348	Nil	Samantha Richardson	Nil	Nil	3,844,778	2,475,000	Marie Malaxos	Nil	Nil	1,373,135	Nil	Peter Cramer	Nil	Nil	1,373,135	Nil	Sara Kelly	Nil	Nil	1,373,135	Nil	Alan Cooper	Nil	Nil	3,203,982	2,062,500	Ben Donovan	Nil	Nil	Nil	Nil	Section 5.5
Director and key management personnel	Shares	Voting power (%) ⁽¹⁾	Options	Performance Rights																																						
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TOPIC	SUMMARY	MORE INFORMATION
Significant interests of key people and related party transactions CONTINUED		
<p>What interests do the Directors and key management personnel have in the Securities of the Company at the Prospectus Date and at Admission? CONTINUED</p>	<p>Notes:</p> <ol style="list-style-type: none"> 1. Based on 255,000,001 Shares being on issue at Admission and that no further Shares are issued and no Options or Performance Rights are exercised. 2. Rhett Bennett (Chief Executive Officer and Executive Chairman) is the sole manager of BM Canning and holds a 7% equity interest in BM Canning personally. Mr Bennett is the sole limited partner of Black Mountain Land Company LP and holds a 100% equity interest in Black Mountain Land Company LP, 99% of which is held personally and 1% is held indirectly through Black Mountain Energy LLC (the sole general partner of Black Mountain Land Company LP). Mr Bennett holds a 100% equity interest in Black Mountain Energy LLC personally. Accordingly, on completion of the Offer, Mr Bennett will have a relevant interest in 199,968,253 Shares registered in the name of BM Canning and, 31,747 Shares registered in the name of Black Mountain Land Company LP. 	
<p>What benefits are being paid to the non-executive Directors?</p>	<p>Peter Cramer has entered into a Non-Executive Director letter of appointment with the Company, pursuant to which he will receive \$50,000 per annum (plus statutory superannuation where applicable) for services provided to the Company as a Non-Executive Director, on and from the date of the Company's admission to the Official List of the ASX.</p> <p>Maire Malaxos has entered into a Non-Executive Director letter of appointment with the Company, pursuant to which she will receive \$50,000 per annum (plus statutory superannuation where applicable) for services provided to the Company as a Non-Executive Director, on and from the date of the Company's admission to the Official List of the ASX.</p> <p>Sara Kelly has entered into a Non-Executive Director letter of appointment with the Company, pursuant to which she will receive \$50,000 per annum (plus statutory superannuation where applicable) for services provided to the Company as a Non-Executive Director, on and from the date of the Company's admission to the Official List of the ASX.</p> <p>Peter Cramer, Marie Malaxos and Sara Kelly will, in aggregate, be issued a total of 4,119,405 Options. The terms of the Options is in Section 7.2.</p>	Section 6.7
<p>What benefits are being paid to the Executive Directors?</p>	<p>Rhett Bennett has entered into an Executive Services Agreement with the Company, pursuant to which he is engaged as the Chief Executive Officer and Executive Chairman of the Company and entitled to receive \$150,000 per annum (plus statutory superannuation where applicable), on and from the date of the Company's admission to the Official List of the ASX. Mr Bennett will also be issued a total of 9,131,348 Options.</p> <p>Samantha Richardson has entered into an Executive Services Agreement with the Company, pursuant to which she is engaged as Chief Operating Officer and Executive Director of the Company and entitled to receive \$300,000 per annum (plus statutory superannuation where applicable), on and from the date of the Company's admission to the Official List of the ASX. Samantha Richardson will also be issued a total of 3,844,778 Options and 2,475,000 Performance Rights.</p> <p>The terms of the Options and Performance Rights are in Sections 7.2 and 7.3, respectively.</p>	Section 6.7
<p>What important contracts with related parties is the Company a party to?</p>	<p>The Company, or its subsidiaries, have entered into the following related party transactions on arms' length terms:</p> <ol style="list-style-type: none"> (a) the Share Acquisition Agreement (refer Section 6.1 for details); (b) the Transitional Services Agreement (refer Section 6.2 for details); (c) the BMC Royalty Deed (refer Section 6.4 for details); (d) executive services agreement with Rhett Bennett and Samantha Richardson (refer Section 6.7 for details); 	Sections 5.8 and 6

TOPIC	SUMMARY	MORE INFORMATION															
Significant interests of key people and related party transactions CONTINUED																	
What important contracts with related parties is the Company a party to? CONTINUED	<p>(e) letters of appointment with its Directors on standard terms (refer Section 6.7 for details); and</p> <p>(f) deeds of indemnity, insurance and access with each of its Directors on standard terms (refer Section 6.8 for details).</p> <p>At the date of this Prospectus, no other material transactions with related parties and Directors' interests exist that the Directors are aware of, other than those disclosed in the Prospectus.</p>																
Who will be the substantial holders of the Company?	<p>Those Shareholders holding an interest in 5% or more of the Shares on issue as at the date of this Prospectus are as follows:</p> <table border="1" data-bbox="411 667 1181 750"> <thead> <tr> <th>Name</th> <th>Number of Shares</th> <th>% of Shares</th> </tr> </thead> <tbody> <tr> <td>Rhett Bennett</td> <td>1</td> <td>100</td> </tr> </tbody> </table> <p>Based on the information known as at the date of this Prospectus, on Admission the following persons will have an interest in 5% or more of the Shares on issue:</p> <table border="1" data-bbox="411 862 1181 981"> <thead> <tr> <th>Name</th> <th>Number of Shares</th> <th>% of Shares</th> </tr> </thead> <tbody> <tr> <td>BM Canning⁽¹⁾</td> <td>199,968,253</td> <td>78.42</td> </tr> <tr> <td>Rhett Bennett⁽¹⁾</td> <td>200,000,001</td> <td>78.43</td> </tr> </tbody> </table> <p>Note:</p> <p>1. Rhett Bennett (Chief Executive Officer and Executive Chairman) is the sole manager of BM Canning and holds a 7% equity interest in BM Canning personally. Mr Bennett is the sole limited partner of Black Mountain Land Company LP and holds a 100% equity interest in Black Mountain Land Company LP, 99% of which is held personally and 1% is held indirectly through Black Mountain Energy LLC (the sole general partner of Black Mountain Land Company LP). Mr Bennett holds a 100% equity interest in Black Mountain Energy LLC personally. Accordingly, on completion of the Offer, Mr Bennett will have a relevant interest in 199,968,253 Shares registered in the name of BM Canning and, 31,747 Shares registered in the name of Black Mountain Land Company LP.</p>	Name	Number of Shares	% of Shares	Rhett Bennett	1	100	Name	Number of Shares	% of Shares	BM Canning ⁽¹⁾	199,968,253	78.42	Rhett Bennett ⁽¹⁾	200,000,001	78.43	Section 7.5
Name	Number of Shares	% of Shares															
Rhett Bennett	1	100															
Name	Number of Shares	% of Shares															
BM Canning ⁽¹⁾	199,968,253	78.42															
Rhett Bennett ⁽¹⁾	200,000,001	78.43															
What fees are payable to the Joint Lead Managers?	<p>The Company will pay the Joint Lead Managers in connection with the Offer:</p> <p>(a) a management fee of 1% of the gross proceeds from the Offer, to be paid in equal portions to each Joint Lead Manager; and</p> <p>(b) a distribution fee of 5% of the gross proceeds from the Offer, to be split by the Joint Lead Managers on an agreed basis, in accordance with the Joint Lead Manager Mandate summarised in Section 6.6.</p>	Sections 1.7 and 6.6															
What are the Joint Lead Managers' interests in the Securities of the Company at the Prospectus Date and at Admission?	<p>As at the date of this Prospectus, the Joint Lead Managers and their respective associates do not have a relevant interest in any Securities.</p> <p>Based on the information available to the Company as at the date of the Prospectus regarding the intentions of the Joint Lead Managers in relation to the Offer and assuming:</p> <p>(a) the Minimum Subscription is achieved under the Offer; and</p> <p>(b) the Joint Lead Managers do not take up any Shares under the Offer, the Joint Lead Managers will not have a relevant interest in any Securities on Admission. However, associates of the Joint Lead Managers have indicated they may apply for Shares under the Offer (subject to the allocation policy in Section 1.14).</p>	Section 1.7															
What fees are payable to the Corporate Advisor?	<p>The Company will pay to the Corporate Advisor in connection with the Offer, a cash fee equivalent to 1% of the proceeds from the Offer, in accordance with the Corporate Advisor Mandate summarised in Section 6.5.</p>	Sections 1.8 and 6.5															

TOPIC	SUMMARY	MORE INFORMATION
Significant interests of key people and related party transactions CONTINUED		
What are the Corporate Advisor's interests in the Securities of the Company at the Prospectus Date and at Admission?	<p>As at the date of this Prospectus, the Corporate Advisor and their respective associates do not have a relevant interest in any Securities.</p> <p>Based on the information available to the Company as at the date of the Prospectus regarding the intentions of the Corporate Advisor and its associates in relation to the Offer and assuming:</p> <ul style="list-style-type: none"> (a) the Minimum Subscription is achieved under the Offer; and (b) neither of the Corporate Advisor nor its associates take up any Shares under the Offer, <p>the Corporate Advisor and its associates will not have a relevant interest in any Securities on Admission.</p>	Section 1.8
Summary of the Offer		
What is the Offer?	<p>The Offer is an initial public offering of Shares, at an offer price of \$0.20 per Share (Offer Price), for the issue of 55,000,000 Shares to raise \$11,000,000 (before costs).</p> <p>The Offer is a Broker Firm and Institutional Offer, which is only open to Australian resident investors and certain investors in Australia, New Zealand, the United Kingdom, Singapore, Hong Kong, Germany and the United States and who have received a firm allocation of Shares from a Broker.</p> <p>No general public offer of Shares will be made under this Prospectus.</p>	Section 1.1
What is the Offer Price?	\$0.20 per Share.	Section 1.1
What are the terms of the Shares offered under the Offer?	All Shares issued under the Offer will rank equally in all respects with existing Shares on issue. A summary of the rights and liabilities attaching to the Shares are described in Section 7.1.	Section 7.1
What are the conditions of the Offer?	<p>The Offer under the Prospectus is conditional upon:</p> <ul style="list-style-type: none"> (a) the Company raising the Minimum Subscription; (b) completion of the Share Acquisition Agreement; (c) to the extent required by ASX or the Listing Rules, certain persons entering into a restriction agreement imposing such restrictions on trading on the Company's Securities as mandated by the Listing Rules; and (d) ASX providing the Company with a list of conditions which, once satisfied, will result in ASX admitting the Company to the Official List. 	Section 1.4
Will the Shares be quoted?	<p>Within seven days after the Original Prospectus Date, the Company applied to ASX for admission to the Official List and for the Shares, including those offered by this Prospectus, to be granted Official Quotation (apart from any Shares that may be designated by ASX as restricted securities).</p> <p>If ASX does not grant permission for Official Quotation within three months after the date of the Original Prospectus (or within such longer period as may be permitted by ASIC) none of the Shares offered by this Prospectus will be allotted and issued. If no allotment and issue is made, all Application Monies will be refunded to Applicants (without interest) as soon as practicable.</p>	Section 1.12

TOPIC	SUMMARY	MORE INFORMATION
Summary of the Offer CONTINUED		
What is the Minimum Subscription amount under the Offer?	The minimum subscription under the Offer is \$11,000,000 (before costs) (being 55,000,000 Shares).	Section 1.3
Are there any escrow arrangements?	As at the date of this Prospectus, the Company expects approximately 200,000,000 Shares, 20,299,513 Options and 4,537,500 Performance Rights to be subject to up to 24 months escrow upon Admission. The Company may, in its discretion, resolve to enter into voluntary restriction agreements.	Section 1.19
Is the Offer underwritten?	No.	N/A
Will the Company be adequately funded after completion of the Offer?	The Company believes that the funds raised from the Offer will provide it with sufficient working capital to fund its near-term capital commitments and to achieve its stated objectives as detailed in this Prospectus.	Section 1.5
Who is eligible to participate in the Offer?	The Offer is a Broker Firm and Institutional Offer, which is only open to Australian resident investors and certain investors in New Zealand, the United Kingdom, Singapore, Hong Kong, Germany and the United States and who have received a firm allocation of Shares from a Broker. No general public offer of Shares will be made under this Prospectus.	Sections 1.1, 1.17 and 1.18
How do I apply for Shares under the Offer?	Applications for Shares under the Offer must be made on the Application Form accompanying this Prospectus. Persons wishing to apply for Shares under the Offer should refer to Section 1.10 for further details and instructions.	Section 1.10
What is the allocation policy?	<p>The Directors, in conjunction with the Joint Lead Managers will allocate Shares in the Offer at the Directors sole discretion with a view to ensuring an appropriate Shareholder base for the Company going forward.</p> <p>The allocation policy will be influenced, but not constrained by the following factors:</p> <ul style="list-style-type: none"> (a) number of Shares bided for by particular Applicants; (b) timeliness of the bid by particular Applicants; (c) the Company's desire for an informed and active trading market following completion; (d) the Company's desire to establish a wide spread of institutional Shareholders; (e) the Company's ability to satisfy ASX's 20% free float requirement at the time of Admission; (f) overall level of demand under the Offer; (g) size and type of funds under management of particular Applicants; (h) likelihood that particular Applicants will be long-term Shareholders; and (i) other factors that the Company and the Joint Lead Managers consider appropriate. 	Section 1.14

INVESTMENT OVERVIEW

TOPIC	SUMMARY	MORE INFORMATION
Summary of the Offer CONTINUED		
When will I receive confirmation that my Application has been successful?	It is expected that holding statements will be sent to successful applicants on or about 7 December 2021.	"Indicative Timetable"
Is there any brokerage, commission or stamp duty payable by Applicants?	No brokerage, stamp duty or other costs are payable by Applicants.	Section 1.10
How can I find out more about the Prospectus or the Offer?	Questions relating to the Offer and the completion of an Application Form can be directed to the Joint Company Secretary on ben.donovan@blackmountainenergy.com .	N/A

1. DETAILS OF THE OFFER

1.1 The Offer

The Offer is an initial public offering of Shares, at an offer price of \$0.20 per Share (**Offer Price**), for the issue of a 55,000,000 Shares to raise \$11,000,000 (before costs).

The Offer is made with disclosure under this Prospectus and is made on the terms, and is subject to the conditions, set out in this Prospectus.

Structure of the Offer

The Offer is a Broker Firm and Institutional Offer, which is only open to Australian resident investors and certain investors in New Zealand, the United Kingdom, Singapore, Hong Kong, Germany and the United States and who have received a firm allocation of Shares from a Broker.

No general public offer of Shares will be made under this Prospectus.

The Shares to be issued by the Company pursuant to the Offer, are of the same class and will rank equally with the existing Shares on issue. The rights and liabilities attaching to the Shares are further described in Section 7.1.

Applications for Shares under the Offer must be made via the Application Form accompanying this Prospectus or through the online application portal. Persons wishing to apply for Shares under the Offer should refer to Section 1.10 for further details and instructions.

1.2 Purpose of the Offer

The purpose of this Prospectus is to:

- (a) raise a minimum of \$11,000,000 (before costs) under the Offer;
- (b) provide funding for the purposes outlined in Section 1.5;
- (c) assist the Company to meet the requirements of ASX and satisfy Chapters 1 and 2 of the Listing Rules, as part of the Company's application for Admission;
- (d) position the Company to seek to achieve the objectives detailed in Section 2;
- (e) provide the Company with access to capital markets to improve financial flexibility; and
- (f) provide the Company with the benefits of an increased profile that arises from being a listed entity.



1. DETAILS OF THE OFFER

1.3 Minimum Subscription

The minimum subscription under the Offer is \$11,000,000 (before costs) (being 55,000,000 Shares) (**Minimum Subscription**).

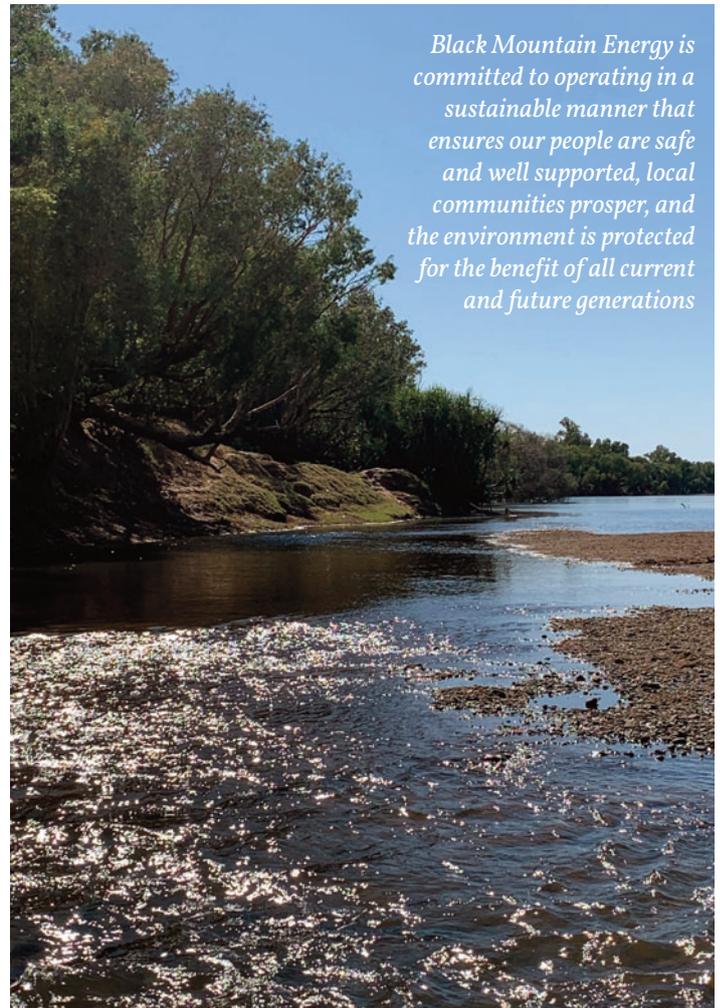
None of the Shares offered under this Prospectus will be issued if Applications are not received for the Minimum Subscription. Should Applications for the Minimum Subscription not be received within four months from the date of the Original Prospectus, the Company will either repay the Application Monies (without interest) to Applicants or issue a supplementary prospectus or replacement prospectus and allow Applicants one month to withdraw their Applications and have their Application Monies refunded to them (without interest).

1.4 Conditional Offer

The Offer under this Prospectus is conditional upon the following events occurring:

- (a) the Company raising the Minimum Subscription;
- (b) completion of the Share Acquisition Agreement;
- (c) to the extent required by ASX or the Listing Rules, certain persons entering into a restriction agreement imposing such restrictions on trading on the Company's Securities as mandated by the Listing Rules; and
- (d) ASX providing the Company with a list of conditions which, once satisfied, will result in ASX admitting the Company to the Official List.

If these conditions are not satisfied then the Offer will not proceed and the Company will repay all Application Monies received under the Offer to the Applicants (without interest) in accordance with the Corporations Act.



Black Mountain Energy is committed to operating in a sustainable manner that ensures our people are safe and well supported, local communities prosper, and the environment is protected for the benefit of all current and future generations

1. DETAILS OF THE OFFER

1.5 Proposed use of funds

Following the Offer, it is anticipated that the following funds will be available to the Company:

Source of funds	\$
Existing cash as at the date of this Prospectus	330,902
Proceeds from the issue of Shares under the Offer	11,000,000
Total funds available	11,330,902

The following table shows the intended use of funds in the 12 month period following Admission:

Use of funds	\$'000	%
2D seismic acquisition and processing	3,941	34.7%
Environmental activities and permitting	1,100	9.7%
Baseline studies	1,700	15.0%
Well monitoring and remediation	1,000	8.8%
Corporate costs and working capital ⁽¹⁾	2,400	21.2%
Expenses of the Offer ⁽²⁾	1,189	10.5%
Total funds allocated	11,330	100%

Notes:

- 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. See Section 5.7 for further details of the Directors' remuneration.
- Expenses paid or payable by the Company in relation to the Offer is set out in Section 7.8.

The above table is a statement of current intentions as at the date of this Prospectus. Prospective 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 outlined in Section 3). As such, actual expenditure levels may differ significantly from the above estimates.

The Company believes that the funds raised from the Offer will provide it with sufficient working capital to fund its near-term capital commitments and to achieve its stated objectives as detailed in this Prospectus.

The use of further equity funding may be considered by the Company where it is appropriate to accelerate a specific project or strategy.

Based on the intended use of funds detailed above, the amounts raised pursuant to the Offer will provide the Company with sufficient funding for approximately the 12 month period following Admission. The future capital requirements of the Company will depend on many factors including market rates for drilling and HFS equipment, market rates for personnel, success of future drilling campaigns and the timeliness of permitting requirements. The Company believes its available cash and the net proceeds of the Offer should be adequate to fund its business objectives in the short term as stated in this Prospectus, however, the Company may require further financing in the future. See Section 3.1(f) for further details about the risks associated with the Company's future capital requirements.

1. DETAILS OF THE OFFER

1.6 Capital structure on Admission

On the basis that the Company completes the Offer on the terms in this Prospectus, the Company's capital structure will be as follows:

Capital Structure ⁽¹⁾	Shares	Options ⁽²⁾	Performance Rights ⁽³⁾
Existing Securities on issue as at the date of this Prospectus	1	Nil	Nil
Securities to be issued to Directors and key management personnel	Nil	20,299,513	4,537,500
Shares to be issued pursuant to the Share Acquisition Agreement ⁽⁴⁾	200,000,000	Nil	Nil
Total number of Shares to be issued under the Offer	55,000,000	Nil	Nil
Total Securities on issue on completion of the Offer⁽⁵⁾	255,000,001	20,299,513	4,537,500

Notes:

- Please refer to Section 2.7(a) for further details relating to the Company's current capital structure.
- See Section 7.2 for the terms and conditions of the Options.
- See Section 7.3 for the terms and conditions of the Performance Rights.
- Comprising:
 - 199,968,253 Shares to be issued to BM Canning and 31,747 Shares to be issued to Black Mountain Land Company LP pursuant to the Share Acquisition Agreement. Rhett Bennett (Chief Executive Officer and Executive Chairman) is the sole manager of BM Canning and holds a 7% equity interest in BM Canning personally. Mr Bennett is the sole limited partner of Black Mountain Land Company LP and holds a 100% equity interest in Black Mountain Land Company LP, 99% of which is held personally and 1% is held indirectly through Black Mountain Energy LLC (the sole general partner of Black Mountain Land Company LP). Mr Bennett holds a 100% equity interest in Black Mountain Energy LLC personally. Accordingly, on completion of the Offer, Mr Bennett will have a relevant interest in 199,968,253 Shares registered in the name of BM Canning and, 31,747 Shares registered in the name of Black Mountain Land Company LP; and
 - 1 Share issued to Rhett Bennett on incorporation of the Company for nil or nominal consideration.
- Assuming no further Shares are issued and none of the Options or Performance Rights are exercised.

The Company's free float at the time of Admission will be not less than 20%.

1.7 Joint Lead Managers' interests in the Offer

Foster Stockbroking Pty Ltd and CPS Capital Group Pty Ltd (**Joint Lead Managers**) have been appointed as exclusive Joint Lead Managers to the Offer. The Joint Lead Managers are parties to the Joint Lead Manager Mandate that is summarised in Section 6.6.

(a) Fees payable to the Joint Lead Managers

The Company will pay the Joint Lead Managers in connection with the Offer:

- a management fee of 1% of the gross proceeds from the Offer, to be paid in equal portions to each Joint Lead Manager; and
- a distribution fee of 5% of the gross proceeds from the Offer, to be split by the Joint Lead Managers on an agreed basis,

in accordance with the Joint Lead Manager Mandate summarised in Section 6.6.

(b) Joint Lead Managers' interests in Securities

As at the date of this Prospectus, the Joint Lead Managers and their respective associates do not have a relevant interest in any Securities.

1. DETAILS OF THE OFFER

Based on the information available to the Company as at the date of the Prospectus regarding the intentions of the Joint Lead Managers in relation to the Offer and assuming:

- (i) the Minimum Subscription is achieved under the Offer; and
- (ii) the Joint Lead Managers do not take up any Shares under the Offer,

the Joint Lead Managers will not have a relevant interest in any Securities on Admission. However, associates of the Joint Lead Managers have indicated they may apply for Shares under the Offer (subject to the allocation policy in Section 1.14).

(c) Joint Lead Managers participation in previous placements

The Joint Lead Managers have not participated in a placement of Securities by the Company in the two years preceding lodgement of this Prospectus.

1.8 Corporate Advisor's interests in the Offer

EAS Advisors LLC (**Corporate Advisor**) has been appointed as Corporate Advisor to the Company. The Corporate Advisor is a party to the Corporate Advisor Mandate that is summarised in Section 6.5.

(a) Fees payable to the Corporate Advisor

The Company will pay to the Corporate Advisor in connection with the Offer, a cash fee equivalent to 1% of the proceeds from the Offer, in accordance with the Corporate Advisor Mandate summarised in Section 6.5.

(b) Corporate Advisor's interests in Securities

As at the date of this Prospectus, the Corporate Advisor and its associates do not have a relevant interest in any Securities.

Based on the information available to the Company as at the date of the Prospectus regarding the intentions of the Corporate Advisor and its associates in relation to the Offer and assuming:

- (i) the Minimum Subscription is achieved under the Offer; and
- (ii) neither of the Corporate Advisor nor its associates take up any Shares under the Offer,

the Corporate Advisor and its associates will not have a relevant interest in any Securities on Admission.

(c) Corporate Advisor's participation in previous placements

The Corporate Advisor has not participated in a placement of Securities by the Company in the two years preceding lodgement of this Prospectus.

1.9 Forecasts

The Directors have considered the matters detailed in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

The Directors consequently believe that, given these inherent uncertainties, it is not possible to include reliable forecasts in this Prospectus.

Refer to Section 2 for further information in respect to the Company's proposed activities.

1. DETAILS OF THE OFFER

1.10 Applications

(a) **The Offer**

Applications for Shares under the Offer can be made using the Application Form accompanying this Prospectus. The Application Form must be completed in accordance with the instructions set out on the form.

No brokerage, stamp duty or other costs are payable by Applicants.

As there is no general public offer for Shares under this Prospectus, the application process below only applies to those investors who have been provided with a firm allocation of Shares by a Broker.

(i) **Option 1: Submit an online Application Form and pay with BPAY®**

For online applications, investors can apply online with payment made electronically via BPAY®. Investors applying online will be directed to use an online Application Form and make payment by BPAY®. Applicants will be given a BPAY® biller code and a customer reference number (**CRN**) unique to the online Application once the online Application Form has been completed.

BPAY® payments must be made from an Australian dollar account of an Australian institution. Using the BPAY® details, Applicants must:

- (A) access their participating BPAY® Australian financial institution either via telephone or internet banking;
- (B) select to use BPAY® and follow the prompts; enter the biller code and unique CRN that corresponds to the online Application;
- (C) enter the amount to be paid which corresponds to the value of Shares under the online Application Form;
- (D) select which account payment is to be made from;
- (E) schedule the payment to occur on the same day that the online Application Form is completed. Applications without payment will not be accepted; and
- (F) record and retain the BPAY® receipt number and date paid.

Investors should confirm with their Australian financial institution whether there are any limits on the Investor's account that may limit the amount of any BPAY® payment and the cut off time for the BPAY® payment.

Investors can apply online by following the instructions at

<https://investor.automic.com.au/#/ipo/blackmountainenergy> and completing a BPAY® payment. If payment is not made via BPAY®, the Application will be incomplete and will not be accepted. The online Application Form and BPAY® payment must be completed and received by no later than the Closing Date.

(ii) **Option 2: Submit an Application Form and pay via Electronic Funds Transfer “EFT”**

Investors can apply online with payment made electronically via EFT. Investors applying online will be directed to use an online Application Form and will be given a payment reference number unique to the online Application once the online Application Form has been completed.

EFT payments must be received in Australian dollars (\$AUD). Using EFT payment details, Applicants must:

- (A) use the unique payment reference number that corresponds to the online Application Form;
- (B) enter the amount to be paid which corresponds to the value of Shares under the online Application Form;
- (C) select which account payment is to be made from;
- (D) schedule the payment to occur on the same day that the online Application Form is completed. Applications without payment will not be accepted; and
- (E) record and retain the EFT receipt number and date paid.

1. DETAILS OF THE OFFER

Applicants should confirm with their Australian financial institution whether there are any limits on the Applicant's account that may limit the amount of any EFT payment and the cut off time for the funds transfer.

An original, completed and lodged Application Form together with confirmation of BPAY® or EFT payment for the Application Monies, constitutes a binding and irrevocable offer to subscribe for the number of Shares specified in the Application Form. The Application Form does not need to be signed to be valid. If the Application Form is not completed correctly or if the accompanying payment is for the wrong amount, it may be treated by the Company as valid. The Directors' decision as to whether to treat such an Application as valid and how to construe amend or complete the Application Form is final; however an applicant will not be treated as having applied for more Shares than is indicated by the amount of the BPAY® or EFT for the Application Monies.

It is the responsibility of Applicants outside of Australia to obtain all necessary approvals for the allotment and issue of Shares pursuant to this Prospectus.

The return of a completed Application Form with the requisite Application Monies (if applicable) will be taken by the Company to constitute a representation and warranty by the Applicant that all relevant approvals have been obtained and that the Applicant:

- (A) agreed to be bound by the terms of the Offer;
- (B) agreed to be bound by the terms of the Constitution;
- (C) acknowledged having personally received a printed or electronic copy of the Prospectus (and any supplementary or replacement prospectus) including or accompanied by the Application Form and having read them all in full;
- (D) declares that all details and statements in the Application Form are complete and accurate;
- (E) declares that, if they are an individual, they are over 18 years of age and have full legal capacity and power to perform all its rights and obligations under the Application Form;
- (F) acknowledged that, once the Company receives an Application Form, it may not be withdrawn;
- (G) applied for the number of Shares at the Australian dollar amount shown on the front of the Application Form;
- (H) agreed to being allocated and issued or transferred the number of Shares applied for (or a lower number allocated in a way described in this Prospectus), or no Shares at all;
- (I) acknowledged that the Company may not pay dividends, or that any dividends paid may not be franked;
- (J) declared that the Applicant(s) is/are a resident of Australia or certain investors who are residents in New Zealand, the United Kingdom, Singapore, Hong Kong, Germany and the United States;
- (K) authorises the Company and its respective officers or agents, to do anything on their behalf necessary for the Shares to be issued to them, including to act on instructions of the Company's Share Registry upon using the contact details set out in the Application Form;
- (L) acknowledges that the information contained in, or accompanying, the Prospectus is not investment or financial product advice or a recommendation that Shares are suitable for them given their investment objectives, financial situation or particular needs;
- (M) acknowledges that the Shares have not, and will not be, registered under the securities laws in any other jurisdictions outside Australia, and accordingly, the Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of applicable securities laws;
- (N) acknowledged and agreed that the Offer may be withdrawn by the Company, or may otherwise not proceed in the circumstances described in this Prospectus; and
- (O) acknowledged and agreed that if the listing does not occur for any reason, the Offer will not proceed.

1. DETAILS OF THE OFFER

The Offer may be closed at an earlier date and time at the discretion of the Directors, without prior notice. Applicants are therefore encouraged to submit their Application Forms as early as possible. However, the Company reserves the right to extend the Offer or accept late Applications.

Applications under the Offer must be for a minimum of 10,000 Shares (\$2,000) and then in increments of 2,500 Shares (\$500).

Applications for Shares under the Offer must be made on the Application Form accompanying this Prospectus and received by the Company on or before the Closing Date.

1.11 CHESS and issuer sponsorship

The Company will apply to participate in CHESS. All trading on the ASX will be settled through CHESS. ASX Settlement, a wholly-owned subsidiary of the ASX, operates CHESS in accordance with the Listing Rules and the ASX Settlement Operating Rules. On behalf of the Company, the Share Registry will operate an electronic issuer sponsored sub-register and an electronic CHESS sub-register. The two sub-registers together make up the Company's principal register of securities.

Under CHESS, the Company will not issue certificates to Shareholders. Rather, holding statements (similar to bank statements) will be sent to Shareholders as soon as practicable after allotment. Holding statements will be sent either by CHESS (for Shareholders who elect to hold Shares on the CHESS sub-register) or by the Company's Share Registry (for Shareholders who elect to hold their Shares on the issuer sponsored sub-register). The statements will set out the number of existing Shares (where applicable) and the number of new Shares allotted under this Prospectus and provide details of a Shareholder's holder identification number (for Shareholders who elect to hold Shares on the CHESS sub-register) or Shareholder reference number (for Shareholders who elect to hold their Shares on the issuer sponsored sub-register). Updated holding statements will also be sent to each Shareholder at the end of each month in which there is a transaction on their holding, as required by the Listing Rules.

1.12 ASX Listing and Official Quotation

Within seven days after the Original Prospectus Date, the Company applied to ASX for admission to the Official List and for the Shares, including those offered by this Prospectus, to be granted Official Quotation (apart from any Shares that may be designated by ASX as restricted securities).

If ASX does not grant permission for Official Quotation within three months after the date of the Original Prospectus (or within such longer period as may be permitted by ASIC) none of the Shares offered by this Prospectus will be allotted and issued. If no allotment and issue is made, all Application Monies will be refunded to Applicants (without interest) as soon as practicable.

ASX takes no responsibility for the contents of this Prospectus. The fact that ASX may grant Official Quotation is not to be taken in any way as an indication of the merits of the Company or the Shares offered pursuant to this Prospectus.

1.13 Application Monies to be held in trust

Application Monies will be held in trust for Applicants until the allotment of the Shares. Any interest that accrues will be retained by the Company.

1.14 Allocation and issue of Shares

The Directors, in conjunction with the Joint Lead Managers will allocate Shares in the Offer at the Directors' sole discretion with a view to ensuring an appropriate Shareholder base for the Company going forward.

The allocation policy will be influenced, but not constrained by the following factors:

- (a) number of Shares bid for by particular Applicants;
- (b) timeliness of the bid by particular Applicants;
- (c) the Company's desire for an informed and active trading market following completion;
- (d) the Company's desire to establish a wide spread of institutional Shareholders;
- (e) the Company's ability to satisfy ASX's 20% free float requirement at the time of Admission;

1. DETAILS OF THE OFFER

- (f) overall level of demand under the Offer;
- (g) size and type of funds under management of particular Applicants;
- (h) likelihood that particular Applicants will be long-term Shareholders; and
- (i) other factors that the Company and the Joint Lead Managers consider appropriate.

There is no assurance that any Applicant will be allocated any Shares under the Offer, or the number of Shares for which it has applied. The Company reserves the right to reject any Application or to issue a lesser number of Shares than those applied for under the Offer. Where the number of Shares issued is less than the number applied for, surplus Application Monies will be refunded (without interest) as soon as reasonably practicable after the Closing Date.

Subject to the matters in Section 1.12, Shares under the Offer are expected to be allotted on the Issue Date. It is the responsibility of Applicants to determine their allocation prior to trading in the Shares issued under the Offer. Applicants who sell Shares before they receive their holding statements do so at their own risk.

1.15 Trading and selling Shares on market

It is expected that trading of the Shares on the ASX will commence on or about 14 December 2021 and dispatch of initial holding statements is expected to occur on or about 7 December 2021.

It is the responsibility of each person who trades in Shares to confirm their holding before trading in Shares. If you sell Shares before receiving a holding statement, you do so at your own risk. The Company, the Share Registry and the Joint Lead Managers disclaim all liability, whether in negligence or otherwise, if you sell Shares before receiving your holding statement.

1.16 Risks

Prospective investors should be aware that an investment in the Company should be considered highly speculative and involves a number of risks inherent in the various business segments of the Company. Section 3 details the key risk factors which prospective investors should be aware of. It is recommended that prospective investors consider these risks carefully before deciding whether to invest in the Company.

This Prospectus should be read in its entirety as it provides information for prospective investors to decide whether to invest in the Company. If you have any questions about the desirability of, or procedure for, investing in the Company please contact your stockbroker, accountant or other independent adviser.

1.17 Overseas Applicants

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia, except to the extent permitted under Section 1.18, may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Shares or otherwise permit an offering of the Shares the subject of this Prospectus in any jurisdiction outside Australia. Applicants who are residents in countries other than Australia, should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

If you are outside of Australia, it is your responsibility to obtain all necessary approvals for the issue of the Shares pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by you that all relevant approvals have been obtained.

1. DETAILS OF THE OFFER

1.18 Notice to foreign Applicants

(a) **Foreign offer restriction - notice to investors in New Zealand**

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the **FMC Act**).

The Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- (i) is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- (ii) meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- (iii) is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- (iv) is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- (v) is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

(b) **Foreign offer restriction - notice to investors in the United Kingdom**

Neither this document nor any other document relating to the Offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the Shares.

The Shares may not be offered or sold in the United Kingdom by means of this document or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This document is issued on a confidential basis in the United Kingdom to "qualified investors" within the meaning of Article 2(e) of the UK Prospectus Regulation. This document may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (**FPO**), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investment to which this document relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this document.

(c) **Foreign offer restriction- notice to investors in Singapore**

This document and any other materials relating to the Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the Offer or sale, or invitation for subscription or purchase, of Shares, may not be issued, circulated or distributed, nor may the Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (**SFA**), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an "institutional investor" (as defined in the SFA) or (ii) an "accredited investor" (as defined in the SFA). If you are not an investor falling within one of these categories, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

1. DETAILS OF THE OFFER

Any offer is not made to you with a view to the Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

(d) **Foreign offer restriction - notice to investors in Germany**

This document has not been, and will not be, registered with or approved by any securities regulator in Germany or elsewhere in the European Union. Accordingly, this document may not be made available, nor may the Shares be offered for sale, in Germany except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the Prospectus Regulation).

In accordance with Article 1(4)(a) of the Prospectus Regulation, an offer of Shares in Germany is limited to persons who are "qualified investors" (as defined in Article 2(e) of the Prospectus Regulation).

(e) **Foreign offer restriction - notice to investors in Hong Kong**

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (**SFO**). Accordingly, this document may not be distributed, and the Shares may not be offered or sold, in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

(f) **Foreign offer restriction - notice to investors in the United States**

This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The Shares have not been, and will not be, registered under the US Securities Act of 1933 or the securities laws of any state or other jurisdiction of the United States. Accordingly, the Shares may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

The Shares will only be offered and sold in the United States to "institutional accredited investors" within the meaning of Rule 501(a)(1), (2), (3), (7), (8), (9) and (12) under the US Securities Act.

1. DETAILS OF THE OFFER

1.19 Escrow arrangements

ASX will classify certain existing Shares on issue in the Company (as opposed to those to be issued under this Prospectus) as being subject to the restricted securities provisions of the Listing Rules. Classified Shares would be required to be held in escrow for up to 24 months and would not be able to be sold, mortgaged, pledged, assigned or transferred for that period without the prior approval of ASX. During the period in which these Shares are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of their Shares in a timely manner.

Prior to the Company's Shares being admitted to quotation on the ASX, the Company will enter into escrow agreements with certain recipients of the restricted Securities in accordance with Chapter 9 of the Listing Rules, and the Company will announce to ASX full details (quantity and duration) of the Securities required to be held in escrow.

As at the date of this Prospectus, the Company expects approximately 200,000,000 Shares, 20,299,513 Options and 4,537,500 Performance Rights to be subject to up to 24 months escrow upon Admission. The Company may, in its discretion, resolve to enter into voluntary restriction agreements.

1.20 Withdrawal

The Company, in consultation with the Joint Lead Managers, may at any time decide to withdraw this Prospectus and the Offer in which case the Company will return all Application Monies (without interest) to the Applicants within 28 days of giving notice of their withdrawal.

1.21 Taxation implications

The Directors do not consider it appropriate to give Applicants advice regarding the taxation consequences of subscribing for Shares under the Offer.

The Company, the Joint Lead Managers and their respective advisers and officers do not accept any responsibility or liability for any such taxation consequences to Applicants. As a result, Applicants should consult their professional tax adviser in connection with subscribing for Shares under the Offer.

1.22 Privacy disclosure

Persons who apply for Shares pursuant to this Prospectus are asked to provide personal information to the Company, either directly or through the Share Registry. The Company and the Share Registry collect, hold and use that personal information to assess Applications for Shares, to provide facilities and services to security holders, and to carry out various administrative functions. Access to the information collected may be provided to the Company's agents and service providers and to ASX, ASIC and other regulatory bodies on the basis that they deal with such information in accordance with the relevant privacy laws. If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application.

An Applicant has a right to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

1.23 Paper copies of Prospectus

The Company will provide paper copies of this Prospectus (including any supplementary or replacement document) and the Application Form to investors upon request and free of charge. Requests for a paper copy Prospectus and Application Form should be directed to the Joint Company Secretary on ben.donovan@blackmountainenergy.com.

1.24 Enquiries

This Prospectus provides information for potential investors in the Company, and should be read in its entirety. If, after reading this Prospectus, you have any questions about any aspect of an investment in the Company, please contact your stockbroker, accountant or independent financial adviser.

Questions relating to the Offer and the completion of an Application Form can be directed to the Joint Company Secretary on ben.donovan@blackmountainenergy.com.

2. COMPANY OVERVIEW

2.1 Introduction

Black Mountain Energy is a public natural gas company focused on developing low-CO₂ unconventional gas resources in Western Australia (ie. gas produced in a means that is comparatively lower in carbon emissions than current producers). The Company's key asset is a 100% working interest in EP 371 located in the Fitzroy Trough in the Canning Basin, Western Australia.

2.2 Background to the Company

The Company was incorporated on 26 July 2021 in the state of Western Australia as an energy and resources company. The Company's principal activity is seeking opportunities for gas exploration, development and production.

As shown in the diagram below at Section 2.7(b), on completion of the Offer, the Company will be the holding company of Black Mountain Exploration Australia Pty Ltd (**BMA**). The Company agreed to acquire 100% of the issued capital of BMA by way of a conditional share acquisition agreement (**Share Acquisition Agreement**), dated 14 October 2021. The Share Acquisition Agreement is subject to and conditional upon the Company receiving from ASX a conditional admission letter for Admission of the Company to the Official List, on terms acceptable to the Company, on or before 31 December 2021 (unless waived by BM Canning and Black Mountain Land Company LP (as sellers) in writing). BMA was incorporated on 9 July 2019 and is the holding company of Black Mountain Exploration Pty Ltd (**BMX**). BMX is the sole shareholder of Bennett Resources Pty Ltd (**BNR**) which is the owner of EP 371.

The Company is focused on developing early-stage, unconventional gas resources within its portfolio (EP 371) (the **Black Mountain Asset** or **Project Valhalla**). The Board believes that there is considerable opportunity for it to commercialise the Prospective Resources in Project Valhalla due to the current climate of the gas industry, in general, and the supply and demand fundamental assessment in Australia specifically.

The Company's Board comprises Rhett Bennett (Chief Executive Officer and Executive Chairman), Samantha Richardson (Executive Director and Chief Operating Officer), Marie Malaxos (Non-Executive Director), Peter Cramer (Non-Executive Director) and Sara Kelly (Non-Executive Director). Further information on the Board is set out in Section 5.



2. COMPANY OVERVIEW

2.3 BM Canning LLC, Black Mountain Land Company LP and BM Canning Royalty Co LLC

Pursuant to the Share Acquisition Agreement, the Company has agreed to issue BM Canning 199,968,253 Shares and Black Mountain Land Company LP 31,747 Shares as consideration for the acquisition of 100% of the issued Share capital of BMA.

BM Canning holds 100% of the issued capital of BMC which has been granted an overriding royalty interest of 5% of the gross well head value of all petroleum produced or otherwise recovered from a production area, being the area of any petroleum production licence granted to BNR (or an affiliate of BNR), over the area of EP 371 (refer to Section 6.4 for further details).

At Admission, BM Canning and Black Mountain Land Company LP will have a relevant interest in approximately 78% and 0.012% (respectively) of the issued Share capital of the Company.

Rhett Bennett (Chief Executive Officer and Executive Chairman) is the sole manager of BM Canning and holds a 7% equity interest in BM Canning personally. Mr Bennett is the sole limited partner of Black Mountain Land Company LP and holds a 100% equity interest in Black Mountain Land Company LP, 99% of which is held personally and 1% which is held indirectly through Black Mountain Energy LLC (the sole general partner of Black Mountain Land Company LP). Mr Bennett holds a 100% equity interest in Black Mountain Energy LLC personally. Accordingly, on completion of the Offer, Mr Bennett will have a relevant interest in 199,968,253 Shares registered in the name of BM Canning and, 31,747 Shares registered in the name of Black Mountain Land Company LP.

For the purposes of section 608 of the Corporations Act, Mr Bennett confirms that he:

- (a) has the power to exercise, or control the exercise of, a right to vote attached to the Shares held by BM Canning and Black Mountain Land Company LP;
- (b) has the power to dispose of, or control the exercise of a power to dispose of, the Shares held by BM Canning and Black Mountain Land Company LP; and
- (c) controls BM Canning and Black Mountain Land Company LP as he has the capacity to determine the outcome of decisions about BM Canning's financial and operating policies.

For further details refer to the Company's corporate structure diagram at Section 2.7(b) below.

2.4 Business model of the Company

The Company is pursuing a business model that the Board believes will enable it to achieve the Company's objectives of selling low CO₂ gas in the Australian domestic market and export markets (ie. gas produced in a means that is comparatively lower in carbon emissions than current producers).

The Company believes the Black Mountain Asset is highly prospective and located in the core of the Canning Basin unconventional formations. The Company aims to be a leader in developing world-class upstream gas assets in the Canning Basin.

(a) Nature of the business

Black Mountain Energy is an early-stage upstream natural gas company that will utilise unconventional horizontal drilling to extract hydrocarbons in a low-impact, carbon neutral manner.

(b) Significant dependencies

The funds raised under the Offer will be applied as set out in Section 1.5 for the 12 month period post Admission. This includes funding for 2D seismic acquisition and processing; environmental activities and permitting; baseline studies and well monitoring and remediation.

The Company's long term objectives depend on:

- (i) permitting completion and subsequent approval to undertake activities such as seismic, drilling and HFS. These approvals are sought from the Environmental Protection Agency (EPA) and Department of Mines, Industry Regulation and Safety (DMIRS);
- (ii) in respect of EP 371 permit title:
 - (A) exploration permit title extension being granted by DMIRS; and
 - (B) granting of retention lease and subsequent production license by DMIRS;
- (iii) successful exploration drilling with expected gas flows;

2. COMPANY OVERVIEW

- (iv) development of facility and pipeline infrastructure to process and transport gas from the permit title;
- (v) completion of commercial arrangements relating to gas sales;
- (vi) ability to source equipment and personnel in Australia to carry out activities; and
- (vii) traditional owner and pastoral station consent to access (to the extent not already obtained for future activities).

2.5 Strategy, plans and objectives

(a) **Our vision**

Forging a path for smarter natural resource extraction to ensure the world has clean, reliable, and affordable energy.

(b) **Our mission**

Powering human progress with responsible ingenuity.

(c) **Our values**

- (i) **Go boldly:** Black Mountain Energy believes that taking bold steps is required to differentiate a business model and create something transformative. Black Mountain Energy's drive to innovate permeates across the organisation, instilling confidence that, with Black Mountain Energy, there is a more thoughtful solution.
- (ii) **Embrace authentic change:** Black Mountain Energy believes authentic change and disruption drives value. Black Mountain Energy strives to consistently evaluate new opportunities that arise from changing circumstances, while being mindful of potential risks. Black Mountain Energy believes that progress requires continual agility and responsiveness. Black Mountain Energy readily adapts and responds through application and experience.
- (iii) **Champion unyielding persistence:** Black Mountain Energy is set apart from its peers through its continued effort and focus on a common goal. Black Mountain Energy believes that it continually thinks outside of the box to create the best possible solution.
- (iv) **Do the right thing:** Black Mountain Energy continually strives to cultivate a space that encourages integrity, transparency, communication, safety, and accountability for its employees, partners, and stakeholders.

2.6 ESG Commitment and Committee

Black Mountain Energy is committed to having an industry-leading ESG scorecard. As such, Black Mountain Energy is committed to operating in a sustainable manner that ensures our people are safe and well supported, local communities prosper, and the environment is protected for the benefit of all current and future generations. To ensure that this focus is maintained, Black Mountain Energy has created a Board-level ESG Committee, including Rhett Bennett, Samantha Richardson, Marie Malaxos, Sara Kelly as well as senior advisors Ashley Zumwalt-Forbes and Greg Denton.



2. COMPANY OVERVIEW



(a) Culture

Progress starts with the setting of intentions and establishing a strong culture. Black Mountain Energy pursues a fair and equitable working environment where its employees, partners, and stakeholders are treated with dignity and respect, and where the team conducts business as if the project was being built in their backyard. Black Mountain Energy recognises the importance of diversity to drive societal progress and better financial outcomes. Black Mountain Energy is an equal opportunity employer committed to providing a safe, supportive, and productive work environment to all partners.

(b) Environment

Black Mountain Energy is committed to protecting the environment to achieve long-term sustainable operations. Black Mountain Energy is aiming to develop Project Valhalla as a net-zero emissions natural gas operation. This net-zero mandate incorporates all Scope 1 and Scope 2 emissions. The Company's approach benefits from the greenfield nature of Project Valhalla, allowing it to design the project from the ground up as it seeks to eliminate all carbon dioxide and methane emissions from production.

In addition to designing Project Valhalla with the aim of eliminating production emissions, Black Mountain Energy will partner with an industry-leading and high-integrity carbon offset firm to offset the remaining Scope 1 and Scope 2 emissions associated with its activities. These offsets will intentionally be carbon removal credits, not avoidance or abatement credits, to ensure that Black Mountain Energy can attest that Project Valhalla gas is balanced to be net zero.

In relation to the Company's net-zero mandate, the above is qualified by the following:

- (i) the Company's net-zero mandate is applicable if the Company is able to progress to production from Project Valhalla, and the mandate does not necessarily apply in relation to any exploratory and development activities until then. However, the Company will endeavour to investigate ways to reduce emissions during the exploration and appraisal phase of Project Valhalla;
- (ii) given its early exploration stage, the Company has not progressed any specific works related to how it may design Project Valhalla to eliminate all CO₂ or CH₄ from production and as such, and has not at this time developed a detailed plan for to how it will achieve its aim. However, the Company intends to use internal resources to commence formulating such a plan following Admission; and
- (iii) while the Company is monitoring relevant industry developments, it has not planned to progress any specific works related to its net-zero aim in the near term and as such has allocated no funding for such purposes. However, the Company intends to use internal resources to commence formulating such a plan following Admission.

2. COMPANY OVERVIEW

(c) **Health and safety**

Health and safety is a fundamental core value to Black Mountain Energy. The Company's goal is to provide a safe and healthy work environment, such that all employees return home safely.

(d) **Corporate governance**

Employees of and partners to Black Mountain Energy are required to act in accordance with the highest standards of personal safety, environmental performance, governance, and business conduct. The Company will report its performance against the GRI Sustainability Reporting Standards. The Company has adopted a range of corporate governance policies and directives that govern business conduct and how its people are expected to behave including a code of conduct (refer to Section 5.9 for further details).

2.7 Company structure

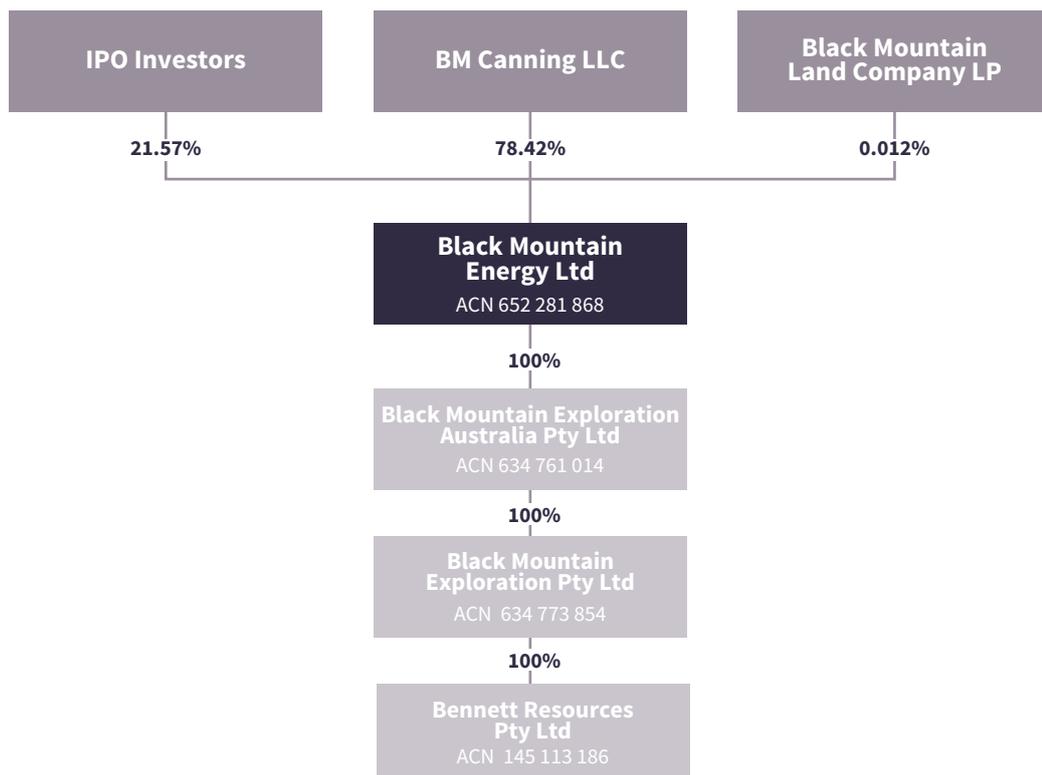
(a) **Capital Structure of the Company**

As at the date of this Prospectus, the capital structure of the Company, and particulars of its current Shareholders (and their related entities), are as follows:

Shareholder	Shares	%
Rhett Bennett (Chief Executive Officer and Executive Chairman)	1	100
Samantha Richardson (Executive Director and Chief Operating Officer)	Nil	Nil
Marie Malaxos (Non-Executive Director)	Nil	Nil
Peter Cramer (Non-Executive Director)	Nil	Nil
Sara Kelly (Non-Executive Director)	Nil	Nil
Non-related party Shareholders	Nil	Nil
Shares on issue as at the date of this Prospectus	1	100%

(b) **Corporate Structure**

Upon the Company's Admission, its corporate structure will be as set out in the following diagram.



2. COMPANY OVERVIEW

2.8 Overview of the Black Mountain Asset

A comprehensive summary of regional and local geology and historical exploration pertaining to the Black Mountain Asset is contained in the Independent Technical Expert's Report in Annexure B. A comprehensive summary of the status of the Black Mountain Asset can be found in the Solicitor's Report in Annexure C.

(a) **EP 371**

(i) **Location**

Exploration Permit EP 371 is located in the Fitzroy Trough in the Canning Basin, Western Australia. The permit area covers 3,662 km² (~905,000 acres) and is located some 2,500 km northeast of Perth, Western Australia.

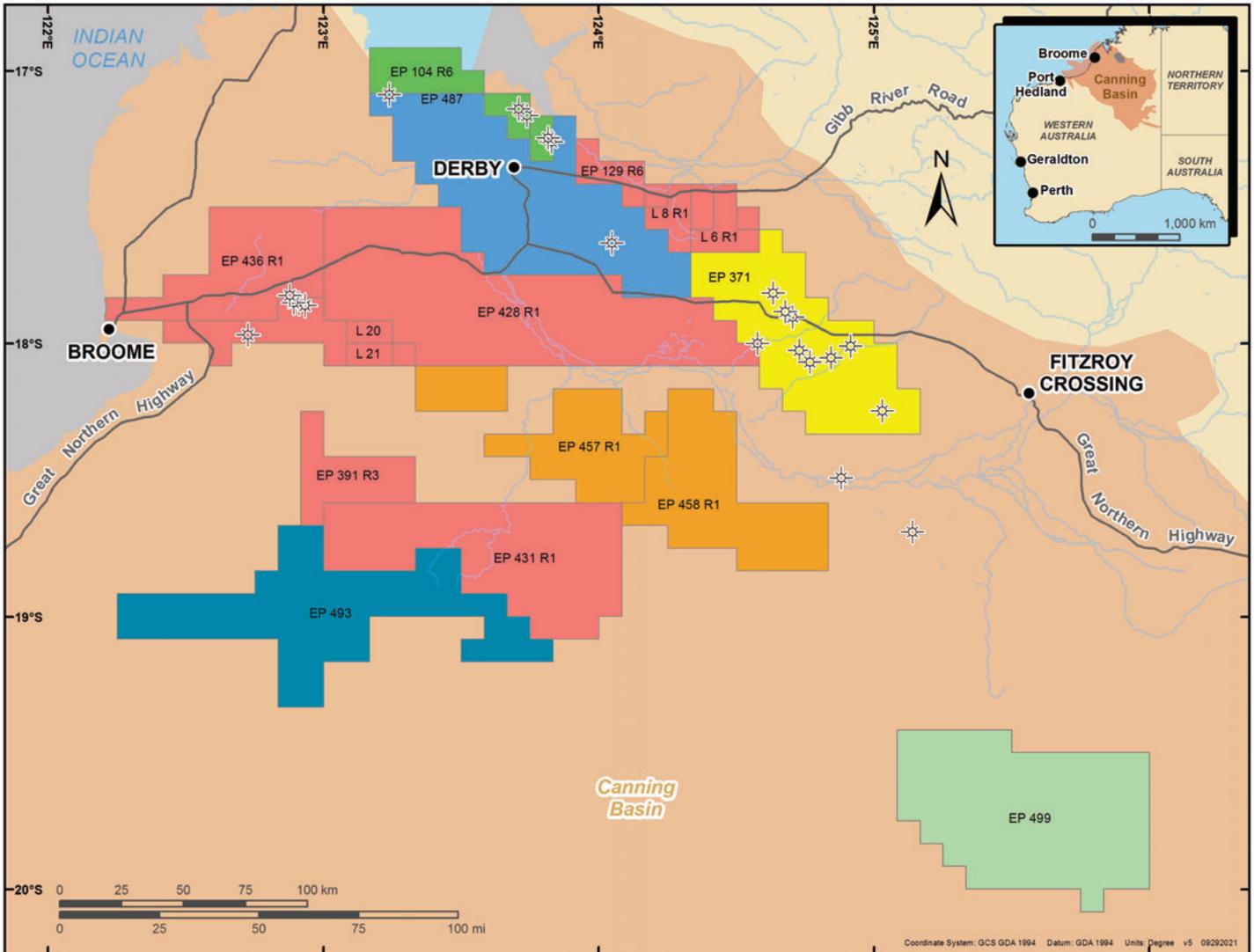


FIGURE 1:
PROJECT LOCATION MAP (PROJECT VALHALLA)



**CANNING BASIN
PETROLEUM TITLES
Western Australia**

- Town
- Major Road
- Major River
- BME EP 371
- ☼ Well of Interest

Petroleum Title Holder

- BURU ENERGY LIMITED
- BURU FITZROY PTY LTD
- GOSHAWK ENERGY (CANNING BASIN) PTY LTD
- GULLIVER PRODUCTIONS PTY LTD
- REY DERBY BLOCK PTY LTD
- THEIA ENERGY NO. 1 PTY LTD

2. COMPANY OVERVIEW

(ii) Geology

The onshore Canning Basin covers an area of approximately 530,000 km² in central-northern Western Australia. The succession in the onshore basin ranges in age from Ordovician to Cretaceous but is predominantly Palaeozoic.

The stratigraphy of focus are the interbedded clastics (sandstones siltstones and shales) and carbonates (marine limestones, calcilutites) of the Laurel Formation.

The overall pattern of thickness and lithology changes of the Laurel Formation indicates a depositional environment that progresses from deep water marine in the Asgard-Valhalla area to shelfal carbonates and restricted nearshore marine clastics that thin and condense to the north onto the Lennard Shelf. In the Fitzroy Trough, Buru Energy has informally subdivided the Laurel Formation into four lithostratigraphic units that vary in both thickness and facies according to position within the depocenter. These four informal sub-units are described below in reverse stratigraphic order (i.e. from youngest to oldest):

- (A) **Upper Laurel Clastics:** Comprises ~400m of interbedded calcareous claystone, sandy claystone, silty claystone, argillaceous sandstone, sandstone in the Valhalla area and thins northward to Ellendale 1 (~200m) becoming more siltstone and limestone dominated closer to the paleo shoreline.
- (B) **Upper Laurel Carbonate:** At Ellendale 1 this unit consists of a ~160m thick unit of limestone that becomes more argillaceous with depth, grading to calcisiltite and siltstone with minor interbeds of siltstone/marl and marl. To the south it thickens and becomes progressively less calcareous in the Valhalla area ~270m. The unit exhibits low angle shallow marine progrades on seismic and when mapped indicates a southwest advancing marine platform that cuts across the northern part of the block.
- (C) **Lower Laurel Clastics:** At Ellendale 1 it is only ~160m thick and in the upper part comprises shale, siltstone and thin calcisiltite beds progressing with depth to mainly sandstone with interbeds of siltstone, then siltstone and shale interbedded with minor fine-grained sandstone and limestone. To the south this unit rapidly thickens to ~800m where the upper part (~75m) consists of dominantly claystone and calcareous claystone. This is underlain by an interbedded sequence of sandstone, argillaceous sandstone, sandy claystone and claystone around 200m thick, then over 500m of dominantly claystone grading to silty claystone with argillaceous sandstones and siltstones. The zone of thickening is at the basin margin, roughly aligned with the NW-SE Harvey Fault system which was actively subsiding through the Late Devonian to Carboniferous which then continued as a zone of weakness for subsequent tectonic events.
- (D) **Lower Laurel Carbonate:** Comprised predominantly of limestone increasing with depth and interbedded with claystone, argillaceous siltstone and traces of argillaceous sandstone. This unit is clearly progradational in the Ellendale area, where it comprises over 600m of calcilutite to calcisiltite, calcareous siltstone, recrystallised dolomitic limestone and dolomite. Further into the basin this unit is below the total depth drilled by wells but can be mapped on the seismic across the northern half of the block as a E-W trending prograding platform.

(iii) Status

EP 371 is currently in care and maintenance whilst it undertakes regulatory review and approval, specifically in relation to drilling and HFS. The Company commenced the EPA HFS permitting process during 2020 by submitting a referral application and commencing the management plan activities and baseline data collection requirements, outlined in the environmental scoping document provided by the EPA. However, notwithstanding the above, from Admission, the Company is permitted to undertake well integrity testing, heritage survey, environmental monitoring activities and stakeholder visits under its existing Environment Plan in addition to the items set out in Section 1.5. The Company notes that its current use of funds (as set out in Section 1.5) does not include drilling and HFS, as this is not expected to occur within the 12 month period following Admission. See Section 3.1(e) for the risks associated with the Company's proposed drilling and HFS activities.

2. COMPANY OVERVIEW

To undertake the planned seismic activities the Company will be required to submit an updated Environment Plan and Safety Management Standard to DMIRS for approval. These submissions will outline how the Company plans to operate safely and with due care for the environment during the seismic program. The Company considers this approval to be an ordinary course of business item and sees no reason why the approval will not be granted or delayed.

The Company has also submitted its retention lease application in respect of the declared location of discovery of a petroleum pool under the Petroleum Act. Where a resource area is identified within an exploration permit, the title holder may apply to DMIRS to define the petroleum pool or geothermal resource as blocks by submitting a declaration of location application. The grant of a retention lease is subject to the provisions of the Native Title Act. It is imperative that the underlying exploration permit be maintained in compliance with the provisions of the Petroleum Act and any conditions imposed on the title until the application process is finalised. The Company's proposed compliance activities, together with stakeholder visits, heritage and environmental surveys are set out in the use of funds at Section 1.5. These activities are not subject to the granting of a retention lease and, along with the Company's planned seismic activities, can be undertaken throughout the retention lease assessment period under the terms of EP 371. If the application for a retention lease is not granted, the declared location will be lost and, on the next renewal of EP 371, Bennett may be required to relinquish more blocks than it would otherwise. The Company is not aware of any reasons why the retention lease will not be granted.

(iv) **Prospective and Contingent Resources**

The Independent Technical Expert has provided a best estimate of the Company's gross prospective and contingent gas resources relating to its 100% interest in the EP 371 unconventional gas prospects of approximately 11.8 Tcf and 1.5 Tcf respectfully as follows (as of 6 October 2021):

	Prospective Gas Resource (Bcf)	Contingent Gas Resource (Bcf)
EP 371	11,805	1,525



2. COMPANY OVERVIEW

The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

The estimates of Contingent Resources and Prospective Resources in this Prospectus have been prepared in accordance with SPE-PRMS.

The Prospective Resources are reported for the area of Exploration Permit 371 (EP 371) in the State of Western Australia. EP 371 permit area covers 3,662 km² (~905,000 acres). The Prospective Resources assessment covers those unconventional hydrocarbons expected to be present within EP 371.

The Prospective Resources shown herein have been estimated on the following basis:

- (A) the Prospective Resources are those resources estimated beyond reserves or Contingent Resources where geological and geophysical data suggest the potential for discovery of producible gas exists, but where the level of proof is insufficient for classification as reserves or Contingent Resource. The unrisks Prospective Resources are the range of volumes that could reasonably be expected to be recovered in the event of the development of the concession; and
- (B) a five-year work program has been designed by the Company to further delineate the extent of the resource-in-place, evaluate the reservoir properties of various zones of interest, and establish a longer-term production profile that will enable an accurate forecast of the Estimated Ultimate Recovery. This includes the acquisition of 2D seismic data, drilling of one or more additional pilot wells, performing logging and analysis, conducting HFS of at least one horizontal well, and monitoring flowback testing.

Calendar year	Work program
2022-2023	Extensive 2D seismic survey, site preparation and processing.
2024-2025	Drill 1 or more additional pilot wells, followed by formation evaluation. Conduct HFS of at least 1 horizontal well, followed by flow tests of each well.

The Company cautions investors that this timeline is indicative only and may vary subject to factors beyond the control of the Company, such as delays in obtaining permitting approvals, availability of equipment and personnel and future capital requirements (amongst others). Refer to 3.1(e) for the risks associated with the Company's proposed drilling and HFS activities and Section 3.1(f) in respect of the Company's future capital requirements.

The Company believes that the chance of discovery is considered high due to the nature of the petroleum system and the proximity of the Prospective Resources to the Contingent Resources already found in EP371. The Company believes it is likely that further exploration will result in the discovery of additional resources, potentially of sufficient quantity and quality to support a commercial development. However, investors should refer to Sections 3.1(h) and 3.1(j) for the risks associated with gas exploration and development.

Refer to Annexure B for further information regarding the Company's Prospective and Contingent Resources, including the method for aggregation of the resources and the arithmetic summaries by category.

(v) **Commercialisation**

Following the proposed drilling program in 2024, the Company will evaluate the status of the wells and well tests and, subject to the results, the Company's goal will be to pursue commercialisation of the license's gas resources. The Company understands that target markets may include gas supply to existing LNG facilities or greenfield gas upgrade opportunities, as well as the domestic market, likely on the west coast.

2. COMPANY OVERVIEW

(vi) Exploration history

In EP 371, four wells (boreholes) have been drilled to date by Buru Energy (the previous operator of the permit), of which two (Valhalla-North 1 and Asgard 1), were subsequently hydraulically fracture stimulated in 2015. Buru Energy then withdrew from the permit to focus on conventional oil operations, with its partner Mitsubishi taking over Buru's interest, before sale of the total asset to Black Mountain Exploration Pty Ltd in 2019.

(vii) Permit status

EP 371 will remain in effect until 30 July 2023:

Area	Approximately 3,662 km ²
Commencement date	31 July 2014
Blocks	45 blocks
Expiry	30 July 2023

(viii) Royalties

Pursuant to the Fitzroy Royalty Deed, BNR agrees to pay to Fitzroy River Corporation Limited (**Fitzroy**) a royalty at the rate of 2% of the well head value of petroleum recovered from EP 371. See Section 6.3 for further details on the Fitzroy Royalty Deed.

Pursuant to the BMC Royalty Deed, BNR agrees to pay to BM Canning Royalty Co LLC (**BMC**) (an entity owned 100% by BM Canning) an overriding royalty interest of 5% of the gross well head value of all petroleum produced or otherwise recovered from a production area over the area of EP 371. See Section 6.4 for further details on the BMC Royalty Deed.

In addition to the above royalties, BNR has agreed to pay a royalty of 1.25% to the Yungngora Aboriginal Corporation RNTBC under the YAC ILUA, and a royalty of 1.25% to the Warlangurru claim group under the WLAUA. For further information on these royalties, please refer to sections 10.3 and 10.4 of the Solicitor's Report in Annexure C.

2.9 Dividend policy

The Company does not expect to pay dividends in the near future as its focus will primarily be on growing the existing business.

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend upon matters such as the availability of distributable earnings, the operating results and financial condition of the Company, future capital requirements, general business and other factors considered relevant by the Directors. No assurances are given in relation to the payment of dividends, or that any dividends may attach franking credits.

3. RISK FACTORS

As with any share investment, there are risks involved. This Section identifies the major areas of risk associated with an investment in the Company, but should not be taken as an exhaustive list of the potential risk factors to which the Company and its Shareholders are exposed. Potential investors should read the entire Prospectus and consult their professional advisers before deciding whether to apply for Shares.

Any investment in the Company under this Prospectus should be considered highly speculative.

3.1 Risks specific to the Company and the industry

(a) **Asgard 1 well risk**

Following recent pressure testing on the Asgard 1 well, the Company has determined pressure build-up on the annulus in the Asgard 1 wellbore. There is a risk the Company may be required to plug and abandon the Asgard 1 well if it is requested to do so by DMIRS. As at the date of this Prospectus, the Company confirms that it has not received any such determination by DMIRS.

If the Company is required to plug and abandon the well, the Board has estimated the approximate exposure to be \$750,000. The Board confirms that these costs have been accounted for in the use of funds (as summarised in Section 1.5) and that no further funds have been allocated to the Asgard 1 well until the outcome of the DMIRS determination is known.

(b) **Export exemption to Western Australian domestic gas supply**

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.

(c) **Liquidity risk**

At Admission, the Company expects to have 255,000,001 Shares on issue. The Company expects approximately 200,000,000 Shares, 20,299,513 Options and 4,537,500 Performance Rights to be subject to up to 24 months escrow upon Admission. This would in aggregate, be equal to approximately 78.4% of the Company's issued Share capital. This creates a liquidity risk as a large portion of issued capital may not be able to be freely tradable for a period of time. The ability of an investor in the Company to sell their Shares on the ASX will depend on the turnover or liquidity of the Shares at the time of sale. Therefore, investors may not be able to sell their Shares at the time, in the volumes or at the price they desire.

(d) **Control risk**

Mr Bennett, his respective associates and affiliated entities, will obtain a significant voting power in the Company on completion of the Offer. The Company and its Directors will comply with all applicable laws and the Listing Rules in relation to any dealings between Mr Bennett and the Company, including:

- (i) obtaining any Shareholder approvals for transactions between Mr Bennett and the Company, where required by applicable law or the Listing Rules; and
- (ii) the Directors' duties and obligations to the Company, including in relation to material personal interests and other conflicts of interest and, more generally, to act in the best interests of the Company as a whole.

However, there is a risk that investors will discount the Company's Shares as a result of the level of control being given to Mr Bennett and his respective associates and affiliated entities on completion of the Offer, and the decreased likelihood of a third party making a takeover bid for the Company.

3. RISK FACTORS

(e) **Drilling and HFS activities**

The funds raised under the Offer will provide the Company with sufficient funding for approximately the 12 month period following Admission to enable the Company to undertake its stated objectives in accordance with its use of funds (as set out in Section 1.5). The use of funds do not account for the costs associated with the Company's proposed activities following the 12 month period from Admission, including drilling and HFS on EP 371. See Section 2.8(a)(iv) for further details regarding the Company's proposed five-year work program.

In order to undertake the proposed drilling program and to conduct HFS, which separately require regulatory and environmental approval from the EPA and DMIRS, the Company may require further funding in the future. Moreover, the future capital requirements of the Company will depend on many factors including market rates for drilling and HFS equipment, market rates for personnel, success of future drilling campaigns and the timeliness of permitting requirements. See Section 3.1(f) for further details regarding the Company's future capital requirements.

(f) **Future capital requirements**

The Company has no operating revenue and is unlikely to generate any operating revenue unless and until production commences. The funds raised under the Offer are only intended to provide the Company with sufficient funding for a 12 month period following Admission. The future capital requirements of the Company will depend on many factors including its abilities to produce and market its products. The Company believes its available cash and the net proceeds of the Offer should be adequate to fund its business objectives in the short term as stated in this Prospectus, however, the Company will likely require further financing in the future.

In the event further financing is required to maintain operations, any additional equity financing may be dilutive to Shareholders, may be undertaken at lower prices than the then market price or may involve restrictive covenants which limit the Company's operations and business strategy. Debt financing, if available, may involve restrictions on financing and operating activities.

Although the Directors believe that additional capital can be obtained, no assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its activities and this could have a material adverse effect on the Company's activities.

The Company may undertake additional offerings of Securities in the future. The increase in the number of Shares issued and outstanding and the possibility of sales of such Shares may have a depressive effect on the price of Shares. In addition, because of such additional Shares, the voting power of the Company's existing Shareholders will be diluted.

(g) **Limited operating history**

The Company was incorporated on 26 July 2021 and therefore has limited operational and financial history on which to evaluate its business and prospects.

The prospects of the Company must be considered in light of the risks, expenses and difficulties frequently encountered by companies in the early stages of their development, particularly in the gas exploration and development sector, which has a high level of inherent risk and uncertainty. No assurance can be given that the Company will achieve commercial viability through the successful exploration on, or development of its project. Until the Company can realise value from the project, it is likely to incur operational losses.

(h) **Exploration risk**

Gas exploration and development is speculative and involves elements of significant risk with no guarantee of success. There is no assurance that expenditure on activities will result in gas discoveries that can be commercially or economically exploited.

A key to the Company's financial performance is to have success in exploring for and locating commercially exploitable hydrocarbons. Exploration is subject to technical risks and uncertainty of outcome. The Company may not find any or may find insufficient hydrocarbon reserves and resources to commercialise, which would adversely impact the financial performance of the Company.

3. RISK FACTORS

There is the risk that drilling will result in dry holes or not result in the discovery of commercially exploitable hydrocarbons. Wells may not be productive, or they may not provide sufficient revenues to return a profit after accounting for associated costs. The cost of drilling, completing, equipping, and operating wells is subject to uncertainties.

(i) **Operational risk**

Gas development activities include numerous operational risks, including but not limited to, adverse weather conditions, environmental hazards, and unforeseen increases in establishment costs, accidents (including, for example, fires, explosions, uncontrolled releases, spills and blowouts), equipment failure, industrial disputes, technical issues, supply chain failure, labour issues, deliberate destruction, adverse production results, uncertainty in resource and reserve estimation, uncertainty in deliverability estimation, IT system failure, cyber security breaches, political opposition and other unexpected events. Drilling operations, in particular, carry inherent risk associated with, for example, unexpected geological conditions, mechanical failures, or human error.

The occurrence of an operational risk event could also result in damage to, or destruction of, production facilities, personal injury, environmental damage, increase operational costs and significantly disrupt the Company's operations, possibly restricting the Company's ability to advance its development and operational programs. This, in turn, may adversely impact the Company's financial performance.

(j) **Development risk**

If the Company is successful in locating commercial quantities of gas, then that development could be delayed or unsuccessful for a number of reasons including extreme weather, unanticipated operational occurrences, failure to obtain necessary approvals, insufficient funds, a drop in commodity price, supply chain failure, unavailability of appropriate labour, or an increase in costs, access to infrastructure and land access to construct suitable infrastructure. If one or more of these occurrences has a material impact, then the Company's operational and financial performance may be negatively affected.

(k) **Reserves and resources estimates**

Estimating hydrocarbon reserves and resources is subject to significant uncertainties associated with technical data and interpretation of that data, future commodity prices and development and operating costs. There can be no guarantee that the Company will successfully produce the volume of hydrocarbon that it estimates are reserves or that hydrocarbon resources will be successfully converted to reserves. Estimates may alter significantly or become more uncertain when new information becomes available due to, for example, additional drilling or production tests over the life of the field. As estimates change, development and production plans may also vary. Downward revision of reserves and resources estimates may adversely affect the Company's operational and financial performance.

Accumulations of hydrocarbons will be classified according to the system designed by the Society of Petroleum Engineers, through the Petroleum Resources Management System (**SPE-PRMS**) and in accordance with ASX Listing Rules.

The SPE-PRMS system classifies accumulations of hydrocarbons with respect to a matrix of uncertainty and chance of commerciality. Whilst there are a multitude of pathways through this matrix from Prospective Resources to Contingent Resources and then to reserves, the process is defined by three stages of exploration, appraisal, and development.

Prospective Resources are defined as those quantities of gas which are estimated on a given date to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective Resources have both an associated chance of discovery and a chance of development; however, are undiscovered and as such carry significant exploration risk.

There is a different process for the conversion of resources to reserves between conventional (high permeability) reservoirs and unconventional (low permeability) reservoirs.

For conventional reservoirs this is done via a relatively short-term flow tests in the appraisal wells. For the unconventional reservoirs which often contain much larger accumulations covering larger areas, several longer-term production pilots may be required to demonstrate commerciality and quantification of reserves.

3. RISK FACTORS

(l) **Access to infrastructure risk, availability of drilling and hydraulic fracturing equipment**

The Company's gas exploration and development activities are dependent on the availability of drilling rigs and related equipment in its exploration permit. Recent increases in oil and gas exploration activities in Australia have resulted in high demand and limited availability for some types of drilling rigs and equipment in certain areas which may result in delays to the Company's planned exploration and development activities.

The Company will very likely require access to infrastructure, or to construct infrastructure, to sell the reserves it produces, including pipelines to transport the gas to market. Given the remote location of the Company's project, there can be no guarantee that the Company will be able to gain access to appropriate infrastructure on commercially viable terms or that it will be commercially viable for it to fund the construction of its own infrastructure. Failure to obtain access to infrastructure (whether owned by the Company or others) may adversely impact the Company's financial performance.

(m) **Permit risk**

The Company is required to comply with a range of laws to retain its permits and periodically renew them. The Company is also required to comply with a range of laws and report milestones to obtain new permits related to the development and commercialization of the Company's project. The Company's permit also has its own specific requirements that the Company must satisfy. Even if specific requirements are met, there is no certainty that an application for grant or renewal of the permit will be approved at all, or on satisfactory terms or within expected timeframes.

The laws relating to permits are complex and subject to changes in interpretation. Non-compliance with them could lead to the revocation of the Company's permit and the Company cannot guarantee its permit will be renewed or future permits will be granted.

If the application for a retention lease is not granted, the declared location of discovery of a petroleum pool under the Petroleum Act will be lost and, on the next renewal of EP 371, the Company may be required to relinquish more blocks than it would otherwise.

(n) **Reliance on gas development and production activity**

The Company is an explorer and developer of hydrocarbons, with a focus on natural gas development in Australia. The level of activity in the gas industry may vary and is principally affected by the prevailing or predicted future gas prices, market demand and other factors. These other factors, including economic growth, the cost and availability of other energy sources (including renewable energy) and changes in energy technology and regulation, affect the industry. The future growth of the Company is dependent on the continued economic importance of gas, development, and production industry in Australia and internationally.

Any substantive and prolonged changes to the current economic importance of the gas development and production industry in Australia would be likely to have an adverse effect on the business, financial condition, and profits of the Company.

(o) **Community opposition risk**

Given community opposition to certain gas projects from time to time, there is a risk of community opposition to the Company's operations. Disapproval of local communities or other interested parties may lead to direct action which impedes the Company's ability to carry out its lawful operations, resulting in project delay, reputational damage and increased costs and thus impact the financial performance of the Company. Such action by community opposition may include undertaking legal proceedings, media campaigns and protests.

(p) **Hydraulic fracturing**

There are regulatory requirements in relation to HFS. As HFS requires the use of water, the availability and regulation of which may change over time. There are costs associated with water disposal that may be required should the Company produce water in its wells. The Company may be subject to additional regulations or restrictions from local, state, or federal governmental authorities, resulting in increased compliance costs. Any modification to the current requirements may adversely impact the value of the Company's assets and future financial performance.

3. RISK FACTORS

(q) **Price of gas currency volatility**

The demand for, and price of gas is highly dependent on a variety of factors, including international supply and demand, the level of consumer product demand, actions taken by governments and major gas corporations, global economic and political developments, and other factors all of which are beyond the control of the Company. As such, it is impossible to predict future commodity prices with confidence.

International gas prices fluctuate and at times the fluctuations can be quite wide. A material decline in the price of gas may have a material adverse effect on the economic viability of a project. Examples of such uncontrollable factors that can affect gas price are unrest and political instability in countries that have increased concern over supply.

(r) **Product risk**

There is a risk that any gas resource identified may not be of sufficient quality to develop commercial operations, which could have an adverse impact on the Company. There are also risks that actual gas products produced and sold will differ from the Company's expectations.

(s) **Regulatory risk**

The Company must comply with relevant laws and regulations in each jurisdiction it operates as it applies to the environment, tenure, land access, landholders and native title holders. Non-compliance with these laws and regulations and any special licence conditions could result in suspension of operations, loss of permits or financial penalties. Non-compliance may impact the Company's ability to commercialise or retain its assets, which may in turn impact its operational and financial performance.

Changes to these requirements (including, for example, new requirements relating to climate change, environmental protection and energy policy) may restrict or affect the Company's right or ability to conduct its activities.

(t) **Conditionality of Offer**

The obligation of the Company to issue the Shares under the Offer is conditional on ASX providing the Company with a list of conditions which, once satisfied, will result in ASX admitting the Company to the Official List, the Company raising the Minimum Subscription and to the extent required by ASX or the Listing Rules, and certain persons entering into a restriction agreement imposing such restrictions on trading on the Company's Securities as mandated by the Listing Rules. If these conditions are not satisfied, the Company will not proceed with the Offer. Failure to complete the Offer may have a material adverse effect on the Company's financial position.

(u) **Reliance on key personnel**

The Company is reliant on a number of key personnel and consultants, including members of the Board. The loss of one or more of these key contributors could have an adverse impact on the business of the Company.

It may be particularly difficult for the Company to attract and retain suitably qualified and experienced people given the current high demand in the industry and relatively small size of the Company, compared with other industry participants.

(v) **Policy risk**

The Company's business is affected by government policy, which in turn may be influenced by international policies and laws. While the Company considers that the Federal Government's current policy is supportive of the development of Australia's natural gas resources, there is no guarantee that this stance will not change in the future. In particular, there is a risk that the Federal Government could shift its domestic or international policy.

International policy developments have the potential to have an indirect impact on the Company's operations, given that domestic policy makers might have regard to those developments in helping to formulate and in setting the direction of local policy.

Shifts in government policy could have varying degrees of impact on the Company's operations and its profitability and could range from loss or reduction in industry incentives, preventing infrastructure development to moratoriums on future gas development in specific areas.

3. RISK FACTORS

(w) **Competition risk**

The Company competes with numerous other organisations in the search for, and the acquisition of, gas assets. The Company's competitors include gas companies that have substantially greater financial resources, staff and facilities than those of the Company and a longer operating history. The Company's ability to increase its resources and reserves in the future will depend not only on its ability to explore and develop its current project, but also on its ability to select and acquire suitable producing properties or prospects for exploratory drilling.

There is also no guarantee that the Company will be able to compete effectively with future competitors, including from organisations specialising in alternative sources of energy. Future competition may adversely impact the Company's financial performance.

(x) **Native title risk**

The area of EP 371 is partially covered by one registered native title claim (in the name of Warlangurru) and five registered native title determinations (in the names of Noonkanbah, Nyikina Mangala, Bunuba People #2 Part A, Yi-Martuwarra Ngurrara Part A and Bunuba #2 Part B, respectively).

For further information on the native title overlaps, please refer to section 6.8 of the Solicitor's Report in Annexure C.

The Company is aware that the area of EP 371 is covered by the Yungngora Aboriginal Corporation RNTBC, Buru Energy Limited and Diamond Resources (Canning) Pty Ltd Body Corporate Indigenous Land Use Agreement (**YAC ILUA**). BNR (the holder of EP 371) is a party to the YAC ILUA, which was signed on 5 September 2016 and registered on 17 March 2017. The YAC ILUA relates to the Noonkanbah native title determination. For further information on the YAC ILUA, please refer to section 6.10 of the Solicitor's Report in Annexure C.

There remains a risk that in the future, native title and/or registered native title claims may affect the land the subject of the Company's project or in the vicinity.

The existence of native title claims over the area covered by the Company's project, or a subsequent determination of native title over the area, will not impact the rights or interests of the holder under the permits provided the permits have been validly granted in accordance with the *Native Title Act 1993* (Cth) (**Native Title Act**). It is the Company's view that EP 371 was granted validly, and has been renewed validly, in compliance with the Native Title Act. For further information on the validity of grant of EP 371, please refer to section 6.9 of the Solicitor's Report in Annexure C.

However, if any permit was not validly granted in compliance with the Native Title Act, this may have an adverse impact on the Company's activities.

The grant of any future production licences to the Company over areas that are covered by registered claims or determinations will likely require engagement with the relevant claimants or native title holders (as relevant) in accordance with the Native Title Act. Any delays or costs in engaging with the relevant native title holders in negotiating new arrangements in respect of a production licence may adversely impact the Company's ability to carry out petroleum extraction activities within the affected areas.

(y) **Aboriginal heritage risk**

The Company is aware that there are seven registered Aboriginal heritage sites and three applications for 'other' Aboriginal heritage places, within EP 371. However, the Company confirms that its current exploration program does not impact these sites. Please refer to section 7.5 of the Solicitor's Report at Annexure C for further details.

There remains a risk that additional Aboriginal sites may exist on the land the subject of EP 371. The existence of such sites may preclude or limit exploration activities in certain areas of EP 371.

(z) **New projects and potential acquisitions**

The Company will actively pursue and assess other new business opportunities in the resources sector. These new business opportunities may take the form of direct project acquisitions, joint ventures, farm-ins, acquisition of tenements/permits, and/or direct equity participation.

The acquisition of projects (whether completed or not) may require the payment of monies (as a deposit and/or exclusivity fee) after only limited due diligence or prior to the completion of comprehensive due diligence. There

3. RISK FACTORS

can be no guarantee that any proposed acquisition will be completed or be successful. If the proposed acquisition is not completed, monies advanced may not be recoverable, which may have a material adverse effect on the Company.

If an acquisition is completed, the Directors will need to reassess at that time, the funding allocated to current projects and new projects, which may result in the Company reallocating funds from other projects and/or raising additional capital (if available). Furthermore, notwithstanding that an acquisition may proceed upon the completion of due diligence, the usual risks associated with the new project/business activities will remain.

(aa) **Third party risks**

Under Western Australian and Commonwealth legislation, the Company may be required to obtain the consent of and/or pay compensation to the holders of third-party interests which overlay areas within the Company's project.

The area of EP 371 overlaps a File Notation Area, in respect of which third party tenure and access rights may be granted in the future. EP 371 also overlaps several pastoral leases, mining tenure granted pursuant to the *Mining Act 1978* (WA), a petroleum pipeline licence granted pursuant to the *Petroleum Pipelines Act 1969* (WA) and several 'C' Class Reserves (which is Crown Land set aside or "reserved" for a designated purpose).

Please refer to section 8 of the Solicitor's Report at Annexure C for further specific details on this third-party tenure.

Any delays in respect of conflicting third-party rights, obtaining necessary consents, or compensation obligations, may adversely impact the Company's ability to carry out exploration activities within the affected areas.

(bb) **Royalties**

The following royalties are payable in relation to EP 371:

- (i) a royalty at the rate of 2% of the well head value of petroleum recovered from EP 371 to Fitzroy River Corporation Limited, pursuant to the Fitzroy Royalty Deed;
- (ii) a royalty at the rate of 5% of the gross well head value of all petroleum produced or otherwise recovered from a production area over the area of EP 371 to BMC (an entity owned 100% by BM Canning), pursuant to the BMC Royalty Deed;
- (iii) a royalty of 1.25% to the Yungngora Aboriginal Corporation RNTBC under the YAC ILUA in respect for petroleum recovered and sold from within the area of the YAC ILUA; and
- (iv) a royalty of 1.25% to the Warlangurru claim group under the WLAUA in respect for petroleum recovered and sold from within the area of EP 371 which overlaps the Warlangurru claim area.

These royalties, along with the usual royalties payable to the State of Western Australia, may have an impact on the economics of progressing any proposed exploration and petroleum production operations.

(cc) **Third party contractor risks**

The Company is unable to predict the risk of insolvency or managerial failure by any of the third party contractors used by the Company in any of its activities or the insolvency or other managerial failure by any of the other service providers used by the Company for any activity. The effects of such failures may have an adverse effect on the Company's activities.

(dd) **Health and safety risk**

All aspects of petroleum operations, including seismic, drilling, development and production are inherently hazardous. In addition to the risk of injury or damage to persons or property, health and safety failures represent a substantial reputational and regulatory risk for the Company. Furthermore, if any Company personnel are injured while undertaking operations, the Company may be financially liable to the individual. This would adversely impact the Company's financial performance.

Site safety and occupational health and safety outcomes are a critical element in the reputation of the Company and its ability to retain and be awarded new contracts in the industry. While the Company has a strong commitment to achieving a safe performance on site a serious site safety incident could impact upon the reputation and financial outcomes for the Company.

3. RISK FACTORS

Additionally, laws and regulations as well as the requirements of customers may become more complex and stringent or the subject of increasingly strict interpretation and/or enforcement. Failure to comply with applicable regulations or requirements may result in significant liabilities to suspended operations and increased costs.

Industrial accidents may occur in relation to the performance of the Company's services. Such accidents, particularly where a fatality or serious injury occurs, or a series of such accidents occurs, may have operational and financial implications for the Company which may negatively impact on the financial performance and growth prospects for the Company.

(ee) **Environmental risk**

Despite efforts to conduct activities in an environmentally responsible manner and in accordance with applicable laws, there is a risk that operational activities may cause harm to the environment which could impact production or delay future development timetables.

The Company is also subject to laws and regulations to minimise the environmental impact of its operations and rehabilitation of any areas affected by its operations. Changes to environmental laws may result in the cessation or reduction of the Company's activities, materially increase development or production costs or otherwise adversely impact the Company's operations, financial performance or prospects. Penalties for failure to adhere to requirements and, in the event of environmental damage, remediation costs can be substantive and may not, in its entirety, be insurable. Compliance with these laws requires significant expenditure and non-compliance may potentially result in fines or requests for improvement action from the regulator.

In addition, if the Company were to be held responsible for environmental damage, in addition to remediation costs, it may suffer reputational damage, possible suspension or cessation of operations, revocation of permits or financial penalties.

Further environmental approvals will be required to be obtained by the Company prior to it being able to undertake drilling or HFS. The Company's Gas Exploration and Appraisal Program (which includes unconventional exploration and appraisal drilling and a program of HFS) has been referred to the Environmental Protection Authority (**EPA**) under Part IV of the *Environmental Protection Act 1986* (WA) (**EP Act**). It is the first proposal to undertake hydraulic fracturing in Western Australia since the State-wide moratorium on hydraulic fracturing was lifted in September 2019. This brings with it some uncertainty about the timing for assessment, approval and implementation and any delays, or requirements or obligations imposed, may adversely impact the Company's ability to carry out future exploration or petroleum extraction activities within the affected areas.

The EPA's assessment scoping document for the proposal includes a timeline for assessment (which has the EPA providing its report and recommendations to the Minister for the final approval decision on 1 March 2023). The EPA's assessment is to occur in parallel with the Government's implementation of other recommendations coming out of the Independent Scientific Panel Inquiry into HFS. One such recommendation is the development of a WA Code of Practice. This work is still underway by the State Government of Western Australia.

The State Government of Western Australia has advised that no hydraulic fracturing will be allowed to commence until the WA Code of Practice is developed. Any delays in developing, or requirements or obligations imposed, under the WA Code of Practice may adversely impact the Company's ability to carry out future petroleum exploration or production activities within the affected areas.

(ff) **Climate change risk**

There has been increasing concern by the public and regulators globally on climate change issues. As a gas development company, the Company is exposed to both transition risks and physical risks associated with climate change. Transitioning to a lower-carbon economy may entail extensive policy, legal, technology and market changes and, if demand for gas declines, the Company will find it difficult to commercialise any resources it discovers.

Climate change is a risk the Company has considered, particularly related to its operations in the industry. The climate change risks particularly attributable to the Company include:

- (i) the emergence of new or expanded regulations associated with the transitioning to a lower-carbon economy and market changes related to climate change mitigation. The Company may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific

3. RISK FACTORS

taxation or penalties for carbon emissions or environmental damage. These examples sit amongst an array of possible restraints on industry that may further impact the Company and its profitability. While the Company will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the Company will not be impacted by these occurrences; and

- (ii) climate change may cause certain physical and environmental risks that cannot be predicted by the Company, including events such as increased severity of weather patterns and incidence of extreme weather events and longer term physical risks such as shifting climate patterns. All these risks associated with climate change may significantly change the industry in which the Company operates.

(gg) **Insurance risks**

The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company. Insurance against all risks associated with exploration and production is not always available and where available the costs can be prohibitive.

(hh) **COVID-19 impact risk**

The global economic outlook is facing uncertainty due to the current COVID-19 pandemic, which has been having, and is likely to continue to have, a significant impact on global capital markets, the gas price and foreign exchange rates. There is also continued uncertainty as to the ongoing and future responses of governments and authorities globally, and a further Australian economic shut down is possible. Given the economic uncertainty that remains during the COVID-19 pandemic, the Company's financial performance may be adversely impacted.

COVID-19 also poses a health risk to the Company's personnel. While to date COVID-19 has not had any material impact on the Company's operations, should any Company personnel or contractors be infected, it could result in the Company's operations being suspended or otherwise disrupted for an unknown period of time, which may have an adverse impact on the Company's operations as well as an adverse impact on the financial condition of the Company.

Supply chain disruptions resulting from the COVID-19 pandemic and measures implemented by governmental authorities around the world to limit the transmission of the virus (such as travel bans and quarantining) may, in addition to the general level of economic uncertainty caused by the COVID-19 pandemic, also adversely impact the Company's operations, financial position and prospects.

A risk is also present regarding the ability to secure a labour force that has the appropriate vaccination status, as required by the West Australian government.

(ii) **Unforeseen expenses**

The Company's cost estimates and financial forecasts include appropriate provisions for material risks and uncertainties and are considered to be fit for purpose for the proposed activities of the Company. If risks and uncertainties prove to be greater than expected, or if new currently unforeseen material risks and uncertainties arise, the expenditure proposals of the Company are likely to be adversely affected.

(jj) **Conflicts of interest**

Rhett Bennett (who is the sole manager of BM Canning and the sole limited partner of Black Mountain Land Company LP) has appointed himself as a nominee to the Board of the Company. On Completion of the Offer, Mr Bennett, together with his respective associates and affiliated entities, will have a relevant interest in up to 78% of the Company's issued Share capital. Despite this, the Company will have a majority of independent directors. The Company has adopted a director conflict protocol to help manage any actual, potential or perceived conflicts of interest.

Certain Directors are also directors and officers of other companies engaged in gas exploration, development and production. Accordingly, gas opportunities or prospects of which these Directors become aware may not necessarily be made available to the Company in the first instance. Although these Directors have been advised of their fiduciary duties to the situations that could arise in which their obligations to, or interests in, the Company, there exists actual and potential conflicts of interest among these persons.

3. RISK FACTORS

3.2 General Risks

(a) **General economic climate**

Factors such as inflation, currency fluctuations, interest rates, legislative changes, political decisions and industrial disruption have an impact on operating costs. The Company's future income, asset values and share price can be affected by these factors and, in particular, by exchange rate movements.

(b) **Market conditions**

The market price of the Shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular.

Further, share market conditions may affect the value of the Company's quoted Shares regardless of the Company's performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) changes in investor sentiment;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) **Securities investments**

Applicants should be aware that there are risks associated with any securities investment. The prices at which the Company's Shares trade may be above or below the Offer Price and may fluctuate in response to a number of factors. Further, the stock market is prone to price and volume fluctuations. There can be no guarantee that trading prices will be sustained. These factors may materially affect the market price of the Shares, regardless of the Company's operational performance.

(d) **Force majeure**

Events may occur within or outside Australia that could impact upon the global, Australian and other local economies, the operations of the Company and the price of the Shares. These events include but are not limited to acts of terrorism, an outbreak of international hostilities, fires, pandemic, floods, extreme weather, water contamination, earthquakes, labour strikes, war, natural disasters, outbreaks of disease, quarantine restrictions or other man-made or natural events or occurrences that can have an adverse effect on the demand for the Company's products and its ability to conduct business.

In most cases, these risks cannot be insured against and when they are insurable, there is no guarantee that insurance claims will be made in all circumstances or that available insurance proceeds will cover every aspect of loss or damage.

(e) **Government and legal risk**

Changes in government, monetary policies, taxation and other laws can have a significant impact on the Company's assets, operations and ultimately the financial performance of the Company and its Shares. Such changes are likely to be beyond the control of the Company and may affect industry profitability as well as the Company's capacity to conduct its activities.

The Company is not aware of any reviews or changes that would affect its project other than the Independent Scientific Panel Inquiry into HFS as outlined in Section 3.1(ee) and the resulting development of the WA Code of Practice in relation to hydraulic fracturing.

3. RISK FACTORS

However, changes in community attitudes on matters such as taxation, competition policy and environmental issues may bring about reviews and possibly changes in government policies. There is a risk that such changes may affect the Company's development plans or its rights and obligations in respect of its project. Any such government action may also require increased capital or operating expenditures and could prevent or delay certain operations by the Company.

(f) **Litigation risks**

The Company is exposed to possible litigation risks including native title claims, tenure disputes, environmental claims, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. The Company is not currently engaged in any litigation.

(g) **Taxation**

The acquisition and disposal of Securities will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Securities from a taxation point of view and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisers accept no liability and responsibility with respect to the taxation consequences of applying for Shares under this Prospectus.

3.3 Speculative investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus.

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.



4. FINANCIAL INFORMATION

4.1 Speculative investment

The Independent Limited Assurance Report contained in Annexure A sets out:

- (a) the audited Statement of Financial Position for the Company as at 27 July 2021;
- (b) the audited historical Statement of Profit or Loss and Other Comprehensive Income and Statement of Cashflows for BMA for the period from 9 July 2019 to 31 December 2019 and the year ended 31 December 2020;
- (c) the reviewed historical Statement of Profit or Loss and Other Comprehensive Income and Statement of Cashflows for BMA for the half years ended 30 June 2020 and 30 June 2021; and
- (d) the reviewed Statement of Financial Position for BMA as at 30 June 2021.

(together, the **Historical Financial Information**), and

- (e) the pro forma historical Statement of Financial Position as at 30 June 2021,

(collectively referred to as the **Financial Information**).

The Directors are responsible for the preparation and inclusion of the Financial Information in the Prospectus.

The Investigating Accountant has prepared an Independent Limited Assurance Report and a copy of this report, which includes an explanation of the scope and limitations of the Investigating Accountant's work, is set out in Annexure A. Investors are urged to read the Independent Limited Assurance Report in full.

4.2 Forecast financial information

There are significant uncertainties associated with forecasting future revenues and expenses of the Company. In light of uncertainty as to timing and outcome of the Company's growth strategies and the general nature of the industry in which the Company will operate, as well as uncertain macro market and economic conditions in the Company's markets, the Company's performance in any future period cannot be reliably estimated. On these bases and after considering ASIC Regulatory Guide 170, the Directors do not believe they have a reasonable basis to reliably forecast future earnings and accordingly forecast financials are not included in this Prospectus.

5. BOARD, MANAGEMENT AND CORPORATE GOVERNANCE

5.1 Board of Directors

As at the date of this Prospectus, the Board comprises of:

- (a) Rhett Bennett - Chief Executive Officer and Executive Chairman;
- (b) Samantha Richardson - Executive Director and Chief Operating Officer;
- (c) Marie Malaxos - Non-Executive Director;
- (d) Peter Cramer - Non-Executive Director; and
- (e) Sara Kelly – Non-Executive Director.

5.2 Directors' profiles

The names and details of the Directors in office at the date of this Prospectus are:

(a) **Rhett Bennett - Chief Executive Officer and Executive Chairman**

B Sc in Business Management

Mr Bennett has more than 16 years of experience in the exploration, financing, development, and operation of Natural Resources projects globally. Mr Bennett is the Founder and Chief Executive Officer of Black Mountain, a family of Natural Resources companies established in 2007 to create alpha throughout the value chain. Mr Bennett currently serves as the Chief Executive Officer of Black Mountain Oil & Gas III and Black Mountain Metals. Previously, Mr Bennett was Founder and Chief Executive Officer of Black Mountain Sand, creating the largest in-basin frac sand provider in the United States. Under Mr Bennett's leadership, the company grew from 1 employee to over 500 employees in two years. The company executed >US\$700 million in capex projects during this time, and within the first two years of existence had contracted >US\$360 million in annualized EBITDA.

Prior to Black Mountain Sand, Mr Bennett served as Founder & Chief Executive Officer of Black Mountain Oil & Gas I, where he oversaw the deployment of US\$115 million in equity acquiring oil & gas properties throughout southeast New Mexico. Within 16 months of founding the company, he led the company to a sale to Marathon Petroleum Corporation and other buyers for US\$700 million, resulting in a 5.5x ROI and 298% internal rate of return. Mr Bennett has been the recipient of numerous awards in his career: Oil & Gas Investor – Forty under 40, The Oil & Gas Awards – Future Industry Leader, EY Entrepreneur of the Year – Energy Services & National Finalist, D CEO Magazine – Oilfield Services Chief Executive Officer of the Year, Fort Worth Inc. Magazine's 2019 Entrepreneur of Excellence – Energy and University of Georgia's Forty under 40. Mr Bennett earned his Bachelor of Science in Business Management from the University of Georgia in 2003 and completed the Energy Executive Management Program at the University of Oklahoma Michael F. Price College Of Business in 2012.

Mr Bennett is not considered to be an independent Director as he is employed in an executive capacity as Chief Executive Officer and Executive Chairman.

(b) **Samantha Richardson - Executive Director and Chief Operating Officer**

MBA, GAICD

Ms Richardson has over 25 years' experience working in the exploration and mining sectors, across a range of commodities, both globally and within Australia. Specialising in sales, marketing and logistics, Ms Richardson's extensive senior management experience includes other cross-functional roles such as commercial, human resources, information technology, sustainability, strategy development and project management.

Ms Richardson is currently responsible for managing Project Valhalla in the Canning Basin and is focused on environmental and baseline monitoring, permitting, stakeholder engagement, regulatory compliance and operational activities.

Ms Richardson has an MBA from The Australian Institute of Management and is a graduate and member of the Australian Institute of Company Directors.

Ms Richardson is not considered to be an independent Director as she is employed in an executive capacity as an Executive Director and Chief Operating Officer.

5. BOARD, MANAGEMENT AND CORPORATE GOVERNANCE

(c) **Marie Malaxos - Non-Executive Director (Independent)**

DIP Engineering, GAICD

Ms Malaxos has over 25 years' experience as a professional executive in the resources sector, including formerly serving as Chief Operating Officer of Buru Energy Limited (ASX:BRU) in 2012. Ms Malaxos was a Non-Executive Director for Bombora Natural Energy Pty Ltd before being voted by shareholders to the board of directors for Pancontinental Energy NL (ASX:PCL). Ms Malaxos has experience managing all aspects of the development of oil and gas fields including commercial and budget control, technical oversight, and stakeholder management and liaison.

Ms Malaxos is a member of the Australian Institute of Company Directors and the Energy Club of WA.

Ms Malaxos is considered to be an independent Director and is free from any business or other relationship that could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of the person's judgement.

(d) **Peter Cramer - Non-Executive Director (Independent)**

BA-Physics, Member SEG, Member AAPG, Member PDA

Mr Cramer has over 20 years of global experience leading upstream oil and gas exploration projects including 15 years in exploration management roles for ConocoPhillips (NYSE:COP). Mr Cramer has experience managing conventional and unconventional exploration and appraisal operations including work programs, lease sales, farm-in trades, and stakeholder engagement globally. Mr Cramer holds multiple board member seats including acting as board treasurer for the Society of Exploration Geophysicists.

Mr Cramer is a member of the Society of Exploration Geophysicists, American Association of Petroleum Geologists, and Private Directors Association.

Mr Cramer is considered to be an independent Director and is free from any business or other relationship that could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of the person's judgement.

(e) **Sara Kelly - Non-Executive Director (Independent)**

LLB, BComm (Finance and Marketing)

Ms Kelly has significant transactional and industry experience having both worked in private practice, as a corporate advisor, and as in-house counsel. Ms Kelly regularly acts for ASX listed companies and their directors and officers, in relation to capital raisings, recapitalizations of ASX shells, asset acquisitions and disposals, Corporations Act and Listing Rules compliance, corporate reconstructions and insolvency, and directors' duties, meeting procedure, and general corporate and commercial advice. Ms Kelly is a Partner at Edwards Mac Scovell, a boutique litigation, insolvency and corporate firm based in Perth, Western Australia. Ms Kelly is currently the Non-Executive Chair of Midas Minerals Limited (ASX:MM1).

Ms Kelly is considered to be an independent Director and is free from any business or other relationship that could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of the person's judgement.

5.3 Joint Company Secretary and Chief Financial Officer

(a) **Alan Cooper – Chief Financial Officer and Joint Company Secretary**

CA, BA (Hons) in Accounting and Finance

Mr Cooper is a member of the Institute of Chartered Accountants of Scotland with extensive experience working in the oil and gas industry in both operated and non-operated settings.

Mr Cooper is a positive business leader with a skillset developed through exposure to varied business models and mentoring by highly regarded experts in the oil and gas industry. Held senior finance roles in public listed and private companies in Australia and UK, ranging from SME to Multinational organisations.

Mr Cooper is actively involved in M&A transactions covering asset and corporate acquisitions with a combined value exceeding US\$1.2 billion to date.

5. BOARD, MANAGEMENT AND CORPORATE GOVERNANCE

(b) **Ben Donovan – Joint Company Secretary**

B.Com (Hons) AGIA, ACIS

Mr Donovan is a member of the Governance Institute of Australia and provides corporate advisory, IPO and consultancy services to a number of companies. Mr Donovan is currently a company secretary of several ASX listed and public unlisted companies and has gained experience across resources, agritech, biotech, media and technology industries. He has extensive experience in listing rules compliance and corporate governance, having served as a Senior Adviser at the ASX in Perth for nearly 3 years, where he managed the listing of nearly 100 companies on the ASX. In addition, Mr Donovan has experience in the capital markets having raised capital and assisted numerous companies on achieving an initial listing on the ASX, as well as for a period of time, as a private client adviser at a boutique stock broking group.

5.4 **Interests of Directors**

No Director of the Company (or entity in which they are a partner or director) has, or has had in the two years before the date of this Prospectus, any interests in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Offer; or
- (c) the Offer, and

no amounts have been paid or agreed to be paid and no value or other benefit has been given or agreed to be given to:

- (d) any Director to induce him or her to become, or to qualify as, a Director; or
- (e) any Director of the Company for services which he or she (or an entity in which they are a partner or director) has provided in connection with the formation or promotion of the Company or the Offer,

except as disclosed in this Prospectus and as follows.

5.5 **Security holdings of Directors and key management personnel**

The Directors, key management personnel and their related entities have the following interests in Securities as at the date of this Prospectus:

Director and key management personnel	Shares	Voting power (%)
Rhett Bennett	1	100
Samantha Richardson	Nil	Nil
Marie Malaxos	Nil	Nil
Peter Cramer	Nil	Nil
Sara Kelly	Nil	Nil
Alan Cooper	Nil	Nil
Ben Donovan	Nil	Nil

5. BOARD, MANAGEMENT AND CORPORATE GOVERNANCE

Based on the intentions of the Directors at the date of this Prospectus in relation to the Offer, the Directors and their related entities will have the following interests in Securities on Admission:

Director and key management personnel	Shares	Voting power (%) ⁽¹⁾	Options	Performance Rights
Rhett Bennett ⁽²⁾	200,000,001	78.43	9,131,348	Nil
Samantha Richardson	Nil	Nil	3,844,778	2,475,000
Marie Malaxos	Nil	Nil	1,373,135	Nil
Peter Cramer	Nil	Nil	1,373,135	Nil
Sara Kelly	Nil	Nil	1,373,135	Nil
Alan Cooper	Nil	Nil	3,203,982	2,062,500
Ben Donovan	Nil	Nil	Nil	Nil

Notes:

- Based on 255,000,001 Shares being on issue at Admission and that no further Shares are issued and no Options or Performance Rights are exercised.
- Rhett Bennett (Chief Executive Officer and Executive Chairman) is the sole manager of BM Canning and holds a 7% equity interest in BM Canning personally. Mr Bennett is the sole limited partner of Black Mountain Land Company LP and holds a 100% equity interest in Black Mountain Land Company LP, 99% of which is held personally and 1% is held indirectly through Black Mountain Energy LLC (the sole general partner of Black Mountain Land Company LP). Mr Bennett holds a 100% equity interest in Black Mountain Energy LLC personally. Accordingly, on completion of the Offer, Mr Bennett will have a relevant interest in 199,968,253 Shares registered in the name of BM Canning and, 31,747 Shares registered in the name of Black Mountain Land Company LP.

5.6 Disclosure of Directors

No Director has been the subject of any disciplinary action, criminal conviction, personal bankruptcy or disqualification in Australia or elsewhere in the last 10 years which is relevant or material to the performance of their duties as a Director or which is relevant to an investor's decision as to whether to subscribe for Shares. No Director has been an officer of a company that has entered into any form of external administration as a result of insolvency during the time that they were an officer, or within a 12 month period after they ceased to be an officer.

5.7 Remuneration of Directors

The Constitution provides that the Company may remunerate the Directors. The remuneration shall, subject to any resolution of a general meeting, be fixed by the Directors. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is currently set at \$500,000 per annum. The remuneration of the Executive Directors will be determined by the Board.

The Company has entered into executive services agreements with Rhett Bennett and Samantha Richardson as well as letters of appointment with Marie Malaxos, Peter Cramer and Sara Kelly as set out in Section 6.7.

As at the date of this Prospectus, the Company has not paid any fees to the Directors. The Directors will receive the following remuneration following Admission:

Director	Remuneration (exclusive of superannuation)
Rhett Bennett ⁽¹⁾	\$150,000
Samantha Richardson ⁽²⁾	\$300,000
Marie Malaxos ⁽³⁾	\$50,000
Peter Cramer ⁽⁴⁾	\$50,000
Sara Kelly ⁽⁵⁾	\$50,000

Notes:

- In addition to security based remuneration of 9,131,348 Options to be issued to Mr Bennett.
- In addition to security based remuneration of 3,844,778 Options and 2,475,000 Performance Rights to be issued to Ms Richardson.
- In addition to security based remuneration of 1,373,135 Options to be issued to Ms Malaxos.
- In addition to security based remuneration of 1,373,135 Options to be issued to Mr Cramer.
- In addition to security based remuneration of 1,373,135 Options to be issued to Ms Kelly.

5. BOARD, MANAGEMENT AND CORPORATE GOVERNANCE

5.8 Related party transactions

The Company, or its subsidiaries, have entered into the following related party transactions on arms' length terms:

- (a) the Share Acquisition Agreement (see Section 6.1 for details);
- (b) the Transitional Services Agreement (see Section 6.2 for details);
- (c) the BMC Royalty Deed (see Section 6.4 for details);
- (d) executive services agreement with Rhett Bennett and Samantha Richardson (see Section 6.7 for details);
- (e) letters of appointment with its Directors on standard terms (see Section 6.7 for details); and
- (f) deeds of indemnity, insurance and access with each of its Directors on standard terms (see Section 6.8 for details).

At the date of this Prospectus, no other material transactions with related parties and Directors' interests exist that the Directors are aware of, other than those disclosed in the Prospectus.

5.9 ASX Corporate Governance Council Principles and Recommendations

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the Company's policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent applicable, the Company has adopted the 4th edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**Recommendations**).

In light of the Company's size and nature, the Board considers that the current Board is a cost effective and practical method of directing and managing the Company. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

The Company's main corporate governance policies and practices as at the date of this Prospectus are detailed below. The Company's full Corporate Governance Plan is available in a dedicated corporate governance information section of the Company's website at www.blackmountainenergy.com.

(a) Board of Directors

The Board is responsible for the corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. Clearly articulating the division of responsibilities between the Board and management will help manage expectations and avoid misunderstandings about their respective roles and accountabilities.

In general, the Board assumes (amongst others) the following responsibilities:

- (i) providing leadership and setting the strategic objectives of the Company;
- (ii) appointing and when necessary replacing the Chair;
- (iii) approving the appointment and when necessary replacement, of other senior executives;
- (iv) undertaking appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a Director;
- (v) overseeing management's implementation of the Company's strategic objectives and its performance generally;
- (vi) approving operating budgets and capital expenditure;
- (vii) overseeing the integrity of the Company's accounting and corporate reporting systems including the external audit;
- (viii) overseeing the Company's process for making timely and balanced disclosure of all material information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities;
- (ix) ensuring that the Company has in place an appropriate risk management framework and setting the risk appetite within which the Board expects management to operate; and
- (x) monitoring the effectiveness of the Company's governance practices.

The Company is committed to ensuring that appropriate checks are undertaken before the appointment of a Director and has in place written agreements with each Director which detail the terms of their appointment.

5. BOARD, MANAGEMENT AND CORPORATE GOVERNANCE

(b) **Composition of the Board**

Election of Board members is substantially the province of the Shareholders in a general meeting. The Board currently consists of the two Executive Directors and three Non-Executive Directors (all of which the Company considers independent). As the Company's activities develop in size, nature and scope, the composition of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

(c) **Conflict of interests**

Rhett Bennett (who is the sole manager of BM Canning and the sole limited partner of Black Mountain Land Company LP) has appointed himself as a nominee to the Board of the Company. Despite this, the Company will have a majority of independent directors.

The Company has adopted a director conflict protocol to manage any actual, potential or perceived conflicts of interest.

(d) **Identification and management of risk**

The Board's collective experience will assist in the identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

(e) **Ethical standards**

The Board is committed to the establishment and maintenance of appropriate ethical standards.

(f) **Independent professional advice**

Subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

(g) **Remuneration arrangements**

The remuneration of any Executive Director will be decided by the Board, without the affected Executive Director participating in that decision-making process.

In addition, subject to any necessary Shareholder approval, a Director may be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director (e.g. non-cash performance incentives such as options).

Directors are also entitled to be paid reasonable travel and other expenses incurred by them in the course of the performance of their duties as Directors.

The Board reviews and approves the Company's remuneration policy in order to ensure that the Company is able to attract and retain executives and Directors who will create value for Shareholders, having regard to the amount considered to be commensurate for an entity of the Company's size and level of activity as well as the relevant Directors' time, commitment and responsibility.

The Board is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

(h) **Securities trading policy**

The Board has adopted a policy that sets out the guidelines on the sale and purchase of securities in the Company by its key management personnel (i.e. Directors and, if applicable, any employees reporting directly to the Executive Directors). The policy generally provides that the written acknowledgement of the Chairman (or the Board in the case of the Chairman) must be obtained prior to trading.

(i) **Diversity policy**

The Board values diversity and recognises the benefits it can bring to the organisation's ability to achieve its goals. Accordingly, the Company has set in place a diversity policy. This policy outlines the Company's diversity objectives in relation to gender, age, cultural background and ethnicity. It includes requirements for the Board to establish measurable objectives for achieving diversity, and for the Board to assess annually both the objectives, and the Company's progress in achieving them.

(j) **Audit and risk**

The Company has established a separate audit or risk committee which carry out the Committee's charter and duties, including but not limited to, monitoring and reviewing any matters of significance affecting financial reporting and compliance, the integrity of the financial reporting of the Company, the Company's internal financial control system and risk management systems and the external audit function.

5. BOARD, MANAGEMENT AND CORPORATE GOVERNANCE

(k) **External audit**

The Board identifies and recommends an appropriate external audit partner for appointment by the Board and/or the Company in a general meeting, and the Board from time to time will review the scope, performance and fees of those external auditors.

(l) **Social media policy**

The Board has adopted a social media policy to regulate the use of social media by people associated with the Company or its subsidiaries to preserve the Company's reputation and integrity. The policy outlines requirements for compliance with confidentiality, governance, legal, privacy and regulatory parameters when using social media to conduct Company business.

(m) **Whistleblower policy**

The Board has adopted a whistleblower protection policy to ensure concerns regarding unacceptable conduct including breaches of the Company's code of conduct can be raised on a confidential basis, without fear of reprisal, dismissal or discriminatory treatment. The purpose of this policy is to promote responsible whistle blowing about issues where the interests of others, including the public, or of the organisation itself are at risk.

(n) **Anti-bribery and anti-corruption policy**

The Board has a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all business dealings. The Board has adopted an anti-bribery and anti-corruption policy for the purpose of setting out the responsibilities in observing and upholding the Company's position on bribery and corruption and to provide information and guidance to those working for the Company on how to recognise and deal with bribery and corruption issues.

5.10 Departures from Recommendations

Following admission to the Official List of the ASX, the Company will be required to report any departures from the Recommendations in its annual financial report.

The Company's compliance and departures from the Recommendations as at the date of this Prospectus are detailed in the table below:

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION FOR DEPARTURES
<p>Recommendation 2.1</p> <p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <ol style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	No	<p>The Company has not constituted a Nomination Committee given the size of the Board and the nature and scale of the Company's operations. The full Board carries out the role of a Nomination Committee.</p>

5. BOARD, MANAGEMENT AND CORPORATE GOVERNANCE

PRINCIPLES AND RECOMMENDATIONS CONTINUED	COMPLY (YES/NO)	EXPLANATION FOR DEPARTURES
<p>Recommendation 2.2</p> <p>A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.</p>	Partially	<p>The Board will review capabilities, technical skills and personal attributes of its directors. It will normally review the Board's composition against those attributes and recommend any changes in Board composition that may be required. An essential component of this will be the time availability of Directors. The Company has not disclosed a Board skill matrix.</p>
<p>Recommendation 2.5</p> <p>The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the Chief Executive Officer of the entity.</p>	No	<p>Rhett Bennett is not considered to be an independent Director because he is the Chief Executive Officer and Executive Chairman and is the sole manager of BM Canning (the largest Shareholder of the Company), an entity of which he a 7% equity interest personally (refer to Section 2.3 for further details). Notwithstanding this, the Directors believe that Mr Bennett will be able to, and will make, quality and independent judgement in the best interests of the Company on all relevant issues before the Board.</p>
<p>Recommendation 8.1</p> <p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <ol style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	No	<p>The Board does not have a separately constituted Remuneration Committee given the size of the Board and the nature and scale of the Company's operations. The Board as a whole fulfils the functions normally delegated to the Remuneration Committee.</p>

6. MATERIAL CONTRACTS

The Directors consider that certain contracts entered into by the Company are material to the Company or are of such a nature that an investor may wish to have particulars of them when assessing whether to apply for Shares under the Offer. The provisions of such material contracts are summarised in this Section.

6.1 Share Acquisition Agreement

On 14 October 2021, BM Canning and Black Mountain Land Company LP (**Sellers**), BMA and the Company entered into a Share Acquisition Agreement pursuant to which:

- (a) BM Canning and Black Mountain Land Company LP agreed to sell all of the fully paid ordinary shares in BMA to the Company (**Sale Shares**); and
- (b) the Company agreed to buy the Sale Shares.

In consideration for the acquisition of the Sale Shares, the Company agreed to issue the Sellers in aggregate 200,000,000 Shares in the Company.

The Share Acquisition Agreement is subject to and conditional upon the Company receiving from ASX a conditional admission letter for Admission of the Company to the Official List, on terms acceptable to the Company, on or before 31 December 2021 (unless waived by the Sellers in writing) (**SAA Condition**).

If the SAA Condition is not satisfied or waived by the Sellers in writing on or before 31 December 2021, then the Share Acquisition Agreement may be terminated by either the Company or the Sellers by notice to each other, provided that the terminating party is not in breach of the Share Acquisition Agreement.

The Share Acquisition Agreement contains additional provisions considered customary for agreements of this nature and is otherwise considered by the independent Board members to be on arm's length terms.

6.2 Transitional Services Agreement

On 14 October 2021, the Company entered into a transitional services agreement (**TSA**) with Black Mountain Oil & Gas III LLC (**BMOG**), pursuant to which the Company has sought to engage BMOG to provide the following services:

- (a) **Geology and geophysical:** analyse, review, and interpret geologic qualities of the Company's assets. Originate technical work products such as thickness maps and thermal maturity maps;
- (b) **Drilling and completion / operations:** establish and implement current and future drilling and completion procedures, including liaising with any service providers to facilitate the on-going development of EP 371;
- (c) **Reservoir engineering:** analyse reservoir characteristics and originate recoverable resource estimates, prior to, and during work program commencement; and
- (d) **Business development / investor relations:** facilitate successful progression of the Company's business plan and manage existing investor relationships,

(collectively, the **Services**).

The TSA continues until the earlier of:

- (a) the date that is 12 months from the commencement date (unless extended in writing by the parties);
- (b) the date the last service term expires; or
- (c) the date the TSA is terminated.

In consideration for BMOG agreeing to provide or procuring the provision of each of the Services, the Company has agreed to pay the service fee for each Service, calculated as follows:

$$\text{Service fee} = (\text{Chargeable Cost Basis} \times \text{Involvement Ratio}) \times (100\% + \text{Margin})$$

Where:

- (a) **Chargeable Cost Base** = all direct and indirect full absorbed actual costs incurred by the Supplier in providing the Services that provide a benefit to the Company, including without limitation:
 - (i) salaries and other associated costs;
 - (ii) administrative expenses;

6. MATERIAL CONTRACTS

- (iii) depreciation or wastage of assets if appropriate;
 - (iv) supply of materials and equipment necessary to perform the Services;
 - (v) telephone, copying and postage expense costs;
 - (vi) third party advisor fees;
 - (vii) ancillary overhead or common costs; and
 - (viii) any other costs including disbursements but excluding costs of capital nature.
- (b) **Involvement Ratio** = the percentage of BMOG's total activities which provide a benefit to the Company.
- (c) **Margin** = in the case of the Services, the arm's length mark-up of 5% (five percent) or such other amount as may be agreed in relation to any review, update and amendment.

The service fees will be calculated annually in advance in AUD by BMOG and reviewed by the Company using the BMOG's most recent year's direct and indirect costs.

The service fees are subject to an upper limit whereby the calculated amount for a service may not exceed the 'high' or 'principal' / tech lead salary benchmark ranges. The TSA contains additional provisions considered customary for agreements of this nature and is otherwise considered by the independent Board members to be on arm's length terms.

6.3 Fitzroy Royalty Deed

Pursuant to the Fitzroy Royalty Deed, BNR, agrees to pay to Fitzroy River Corporation Limited (**Fitzroy**) a royalty at the rate of 2% of the well head value of petroleum recovered from EP 371. The 'well head value' is defined under the Royalty Deed to be the gross value (in Australian dollars) of the petroleum at the well head.

The royalty is payable to Fitzroy on a quarterly basis. In the event that the royalty payable to the State of Western Australia under the *Petroleum and Geothermal Energy Resources Act 1967 (WA)* (**Petroleum Act**) is calculated as being equal to or below 2.5% of the well head value of petroleum recovered from EP 371, the royalty payable will be calculated at a rate of 1% of the well head value of petroleum recovered from EP 371.

The Fitzroy Royalty Deed continues to apply until such time that BNR (and its successors in title to EP 371) have no further interest whatsoever in EP 371.

The Fitzroy Royalty Deed is otherwise on terms considered standard for agreements of this nature.

6.4 BMC Royalty Deed

Pursuant to the BMC Royalty Deed, BNR, agrees to pay to BMC (which is 100% owned by BM Canning) an overriding royalty interest of 5% of the gross well head value of all petroleum produced or otherwise recovered from a production area, being the area of any petroleum production licence granted to BNR (or an affiliate of BNR), over the area of EP 371.

The 'gross well head value' is defined under the BMC Royalty Deed to have the same meaning as 'royalty value' per section 144A of the Petroleum Act in respect of petroleum which is recovered and sold from a production area. In the event no royalty is payable under the Petroleum Act, the 'gross well head value' means the gross sales price received or realised by BNR for such petroleum at or computed back to the well head of the well on the production area where the petroleum is produced.

BMC is owned 100% by BM Canning. Mr Bennett is the sole manager of BM Canning and holds a 7% equity interest in BM Canning. Refer to Section 2.3 for further details.

The BMC Royalty Deed is otherwise on market standard terms for agreements of this nature.

6. MATERIAL CONTRACTS

6.5 Corporate Advisor Mandate

The Company entered into a mandate agreement appointing EAS Advisors, LLC to act as Corporate Advisor to the Company on 22 September 2021 (**Corporate Advisor Mandate**).

Under the Corporate Advisor Mandate, the Corporate Advisor will work alongside the Joint Lead Managers to provide corporate advisory and investment banking services in connection with the Offer and assist the Company with its application to ASX for admission to the Official List.

The Company will pay the Corporate Advisor pursuant to the Corporate Advisor Mandate, subject to the successful completion of the Offer, a cash fee equivalent to 1% of the proceeds from the Offer.

Please see Section 1.8 for further information regarding the Corporate Advisor's interests in the Offer.

The Corporate Advisor Mandate contains additional provisions considered customary for agreements of this nature.

6.6 Joint Lead Manager Mandate

The Company entered into a mandate agreement appointing Foster Stockbroking Pty Ltd and CPS Capital Group Pty Ltd to act as exclusive Joint Lead Managers and brokers in respect of the Offer on 22 September 2021 (**Joint Lead Manager Mandate**).

Under the Joint Lead Manager Mandate, the Joint Lead Managers will provide services and assistance customarily provided in connection with marketing and execution of an initial public offer.

The Company will pay the Joint Lead Managers (or their respective nominees) pursuant to the Joint Lead Manager Mandate, subject to the successful completion of the Offer:

- (a) a management fee of 1% of the gross proceeds from the Offer, to be paid in equal portions to each Joint Lead Manager; and
- (b) a distribution fee of 5% of the gross proceeds from the Offer, to be split by the Joint Lead Managers on an agreed basis.

Please see Section 1.7 for further information regarding the Joint Lead Managers' interests in the Offer.

The Joint Lead Manager Mandate contains additional provisions considered customary for agreements of this nature.

6.7 Executive Services Agreements and Letters of Appointment

(a) Executive Services Agreement - Rhett Bennett

The Company has entered into an executive services agreement with Rhett Bennett on 14 September 2021, pursuant to which Mr Bennett serves as Chief Executive Officer and Executive Chairman responsible for providing leadership and direction to the Board, facilitating the operations and deliberations of the Board and the satisfaction of the Board's functions and responsibilities.

Pursuant to the agreement, Mr Bennett is entitled to receive \$150,000 per annum (plus statutory superannuation where applicable) on and from the date of the Company's admission to the Official List of the ASX. In addition, the Company has agreed to issue to Mr Bennett (or his nominees) 9,131,348 Options on the terms and conditions set out in Section 7.2.

The Board may, in its absolute discretion invite Mr Bennett to participate in bonus and/or other incentive schemes in the Company that it may implement from time to time, subject to compliance with the Corporations Act and Listing Rules.

The agreement is for an indefinite term, continuing until terminated by the Company by the giving of not less than twelve months' written notice of termination or by Mr Bennett by the giving of not less than 3 months' written notice of termination (or shorter period in limited circumstances).

Mr Bennett is also subject to restrictions in relation to the use of confidential information during and after his employment with the Company ceases and being directly or indirectly involved in a competing business during the continuance of his employment with the Company and for a period of twelve months after his employment with the Company ceases, on terms which are otherwise considered standard for agreements of this nature.

In addition, the agreement contains additional provisions considered standard for agreements of this nature.

6. MATERIAL CONTRACTS

(b) **Executive Services Agreement - Samantha Richardson**

The Company has entered into an executive services agreement with Samantha Richardson on 1 September 2021, pursuant to which Ms Richardson serves as Executive Director and Chief Operating Officer responsible for providing leadership and strategic vision to the organisation. Ms Richardson will bring managerial and administrative procedures, compliance and consideration of risk discipline, reporting structures, and operational efficiencies to the Company. Ms Richardson will effectively communicate and foster growth among the executive team and all employees.

Pursuant to the agreement, Ms Richardson is entitled to receive \$300,000 per annum (plus statutory superannuation where applicable) on and from the date of the Company's admission to the Official List of the ASX. In addition, the Company has agreed to issue to Ms Richardson (or her nominees) 3,844,778 Options on the terms and conditions set out in Section 7.2 and 2,475,000 Performance Rights on the terms and conditions set out in section 7.3.

The Board may, in its absolute discretion invite Ms Richardson to participate in bonus and/or other incentive schemes in the Company that it may implement from time to time, subject to compliance with the Corporations Act and Listing Rules.

The agreement is for an indefinite term, continuing until terminated by the Company by the giving of not less than twelve months' written notice of termination or by Ms Richardson by the giving of not less than 3 months' written notice of termination (or shorter period in limited circumstances).

Ms Richardson is also subject to restrictions in relation to the use of confidential information during and after her employment with the Company ceases.

In addition, the agreement contains additional provisions considered standard for agreements of this nature.

(c) **Executive Services Agreement - Alan Cooper**

The Company has entered into an executive services agreement with Alan Cooper on 8 October 2021, pursuant to which Mr Cooper serves as Chief Financial Officer and Joint Company Secretary responsible for providing strategic recommendations to the Chief Executive Officer and members of the executive management team.

Mr Cooper will bring financial discipline to the business through leadership, direction and managing the processes for financial forecasting, budgets, and overseeing the preparation of all financial reporting.

Pursuant to the agreement, Mr Cooper is entitled to receive \$250,000 per annum (plus statutory superannuation where applicable) on and from the date of the Company's admission to the Official List of the ASX. In addition, the Company has agreed to issue to Mr Cooper (or his nominees) 3,203,982 Options on the terms and conditions set out in Section 7.2 and 2,062,500 Performance Rights on the terms and conditions set out in Section 7.3.

The Board may, in its absolute discretion invite Mr Cooper to participate in bonus and/or other incentive schemes in the Company that it may implement from time to time, subject to compliance with the Corporations Act and Listing Rules.

The agreement is for an indefinite term, continuing until terminated by either the Company or Mr Cooper giving not less than three months' written notice of termination to the other party (or shorter period in limited circumstances).

Mr Cooper is also subject to restrictions in relation to the use of confidential information during and after his employment with the Company ceases.

In addition, the agreement contains additional provisions considered standard for agreements of this nature.

(d) **Non-Executive Director Letter of Appointment - Peter Cramer**

The Company has entered into a Non-Executive Director letter of appointment with Peter Cramer pursuant to which the Company has agreed to pay Mr Cramer \$50,000 per annum (plus statutory superannuation where applicable) for services provided to the Company as Non-Executive Director, on and from the date of the Company's admission to the Official List of the ASX.

In addition, the Company has agreed to issue to Mr Cramer (or his nominees) 1,373,135 Options on the terms and conditions set out in Section 7.2.

The agreement contains additional provisions considered standard for agreements of this nature.

6. MATERIAL CONTRACTS

(e) **Non-Executive Director Letter of Appointment – Marie Malaxos**

The Company has entered into a Non-Executive Director letter of appointment with Marie Malaxos pursuant to which the Company has agreed to pay Ms Malaxos \$50,000 per annum (plus statutory superannuation where applicable) for services provided to the Company as Non-Executive Director, on and from the date of the Company's admission to the Official List of the ASX.

In addition, the Company has agreed to issue to Ms Malaxos (or her nominees) 1,373,135 Options on the terms and conditions set out in Section 7.2.

The agreement contains additional provisions considered standard for agreements of this nature.

(f) **Non-Executive Director Letter of Appointment – Sara Kelly**

The Company has entered into a Non-Executive Director letter of appointment with Sara Kelly pursuant to which the Company has agreed to pay Ms Kelly \$50,000 per annum (plus statutory superannuation where applicable) for services provided to the Company as Non-Executive Director, on and from the date of the Company's admission to the Official List of the ASX.

In addition, the Company has agreed to issue to Ms Kelly (or her nominees) 1,373,135 Options on the terms and conditions set out in Section 7.2.

The agreement contains additional provisions considered standard for agreements of this nature.

6.8 Deeds of indemnity, insurance, and access

The Company is party to a deed of indemnity, insurance, and access with each of the Directors. Under these deeds, the Company indemnifies each Director to the extent permitted by law against any liability arising as a result of the Director acting as a director of the Company. The Company is also required to maintain insurance policies for the benefit of the relevant Director and must allow the Directors to inspect board papers in certain circumstances. The deeds are considered standard for documents of this nature.

7. ADDITIONAL INFORMATION

7.1 Rights attaching to Shares

A summary of the rights attaching to the Shares is detailed below. This summary is qualified by the full terms of the Constitution (a full copy of the Constitution is available from the Company on request free of charge) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of the Constitution with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to the Shares in any specific circumstances, the Shareholder should seek legal advice.

- (a) **(Ranking of Shares):** At the date of this Prospectus, all Shares are of the same class and rank equally in all respects. Specifically, the Shares issued pursuant to this Prospectus will rank equally with existing Shares.
- (b) **(Voting rights):** Subject to any rights or restrictions, at general meetings:
 - (i) every Shareholder present and entitled to vote may vote in person or by attorney, proxy or representative;
 - (ii) has one vote on a show of hands; and
 - (iii) has one vote for every Share held, upon a poll.
- (c) **(Dividend rights):** Shareholders will be entitled to dividends, distributed among members in proportion to the capital paid up, from the date of payment. No dividend carries interest against the Company and the declaration of Directors as to the amount to be distributed is conclusive.

Shareholders may be paid interim dividends or bonuses at the discretion of the Directors. The Company must not pay a dividend unless the Company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend.

- (d) **(Variation of rights):** The rights attaching to the Shares may only be varied by the consent in writing of the holders of three-quarters of the Shares, or with the sanction of a special resolution passed at a general meeting.
- (e) **(Transfer of Shares):** Shares can be transferred upon delivery of a proper instrument of transfer to the Company or by a transfer in accordance with the ASX Settlement Operating Rules. The instrument of transfer must be in writing, in the approved form, and signed by the transferor and the transferee. Until the transferee has been registered, the transferor is deemed to remain the holder, even after signing the instrument of transfer.

In some circumstances, the Directors may refuse to register a transfer if upon registration the transferee will hold less than a marketable parcel. The Board may refuse to register a transfer of Shares upon which the Company has a lien.

- (f) **(General meetings):** Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

The Directors may convene a general meeting at their discretion. General meetings shall also be convened on requisition as provided for by the Corporations Act.

- (g) **(Unmarketable parcels):** The Company's Constitution provides for the sale of unmarketable parcels subject to any applicable laws and provided a notice is given to the minority Shareholders stating that the Company intends to sell their relevant Shares unless an exemption notice is received by a specified date.
- (h) **(Rights on winding up):** If the Company is wound up, the liquidator may with the sanction of special resolution, divide the assets of the Company amongst members as the liquidator sees fit. If the assets are insufficient to repay the whole of the paid up capital of members, they will be distributed in such a way that the losses borne by members are in proportion to the capital paid up.
- (i) **(Restricted Securities):** A holder of Restricted Securities (as defined in the Listing Rules) must comply with the requirements imposed by the Listing Rules in respect of Restricted Securities.

7. ADDITIONAL INFORMATION

7.2 Terms and conditions of Options

The following terms and conditions apply to each of the Options issued to the Directors and key management personnel (together in this clause referred to as the Options):

- (a) **(Entitlement)**: Each Option entitles the holder to subscribe for one Share upon exercise of the Option.
- (b) **(Issue Price)**: The Options were issued for nil consideration.
- (c) **(Exercise Price)**: The Options have the following exercise prices:

Options	Exercise Price
Director and Executive Options	\$0.286

- (d) **(Vesting Conditions)**: The Options will vest in equal proportions over a three year period, with one-third vesting each year.

Where the holder becomes a leaver, all unvested Options will automatically be forfeited and lapse, subject to any determination otherwise by the Board in its sole and absolute discretion. The Board may take into account the holder's longevity in the role and the reasons for leaving. For example, the Board may, at its sole and absolute discretion, determine that unvested Options vest upon the holder becoming a leaver due to their role being made redundant, where the other vesting conditions have been met.

Where, in the opinion of the Board, the holder:

- (i) acts fraudulently, or dishonestly;
- (ii) wilfully breaches their duties to the Group;
- (iii) is responsible for: material financial misstatements; major negligence; significant legal, regulatory and/or policy non-compliance; or a significant harmful act,

then the Board may, at its sole and absolute discretion, deem some or all of the unvested, or vested but unconverted, Options to be forfeited and to have lapsed.

Unless the Board otherwise determines in its sole and absolute discretion, unvested Options will lapse in accordance with the Rules, which includes (without limitation):

- (i) if the Vesting Conditions applicable to that Options are not achieved by the relevant time;
 - (ii) if the Board determines in its sole and absolute discretion that any Vesting Condition applicable to that Options has not been met and cannot be met prior to the Expiry Date; or
 - (iii) if the holder becomes Insolvent.
- (e) **(Expiry Date)**: Each Option will expire at 5:00pm (AWST) on the date that is four years from the Admission Date (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
 - (f) **(Exercise Period)**: The vested Options are exercisable at any time and from time to time on or prior to the Expiry Date.
 - (g) **(Notice of Exercise)**: The Options may be exercised by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.
Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).
 - (h) **(Timing of issue of Shares and quotation of Shares on exercise)**: within 10 Business Days after the valid exercise of an Option, the Company will:
 - (i) issue, allocate or cause to be transferred to the Participant the number of Shares to which the Participant is entitled;
 - (ii) issue a substitute Certificate for any remaining unexercised Options held by the Participant;

7. ADDITIONAL INFORMATION

- (iii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
- (iv) do all such acts, matters and things to obtain the grant of quotation of the Shares by ASX in accordance with the Listing Rules.

All Shares issued upon the exercise of Options will upon issue rank equally in all respects with the then issued Shares.

- (i) **(Restrictions on transfer of Shares):** If the Company is unable to give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, Shares issued on exercise of the Options may not be traded until 12 months after their issue unless the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Corporations Act.
- (j) **(Cashless exercise of Options):** The holder of Options may elect not to be required to provide payment of the Exercise Price for the number of Options specified in a Notice of Exercise but that on exercise of those Options the Company will transfer or allot to the holder that number of Shares equal in value to the positive difference between the then Market Value of the Shares at the time of exercise and the Exercise Price that would otherwise be payable to exercise those Options (with the number of Shares rounded down to the nearest whole Share).

Market Value means, at any given date, the volume weighted average price per Share traded on the ASX over the five (5) trading days immediately preceding that given date.

- (k) **(Dividend and voting rights):** The Options do not confer on the holder an entitlement to vote at general meetings of the Company or to receive dividends.
- (l) **(Transferability of the Options):** The Options are not transferable, except with the prior written approval of the Company and subject to compliance with the Corporations Act.
- (m) **(Quotation of the Options):** The Company will not apply for quotation of the Options on any securities exchange.
- (n) **(Adjustments for reorganisation):** If there is any reorganisation of the issued share capital of the Company, the rights of the Option holder will be varied in accordance with the Listing Rules.
- (o) **(Participation in new issues):** There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
- (p) **(Adjustment for bonus issues of Shares):** If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):
 - (i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Option holder would have received if the Option holder had exercised the Option before the record date for the bonus issue; and
 - (ii) no change will be made to the Exercise Price.

7.3 Terms and conditions of Performance Rights

The following terms and conditions apply to each of the Performance Rights:

- (a) **(Milestone):** upon the Company announcing that it has successfully completed a 2D seismic program pursuant to which the Company delivers a minimum of 100km of seismic data on or before 31 December 2022, as verified by an independently qualified petrophysicist or geophysicist (**Milestone**).
- (b) **(Vesting):** Subject to the satisfaction of the Milestone, the Performance Rights will vest over a three year period in equal proportions, with one-third vesting each year. Each Performance Right will convert into one fully paid ordinary Share on conversion of the Milestone.
- (c) **(Vesting Process):** Subject to the satisfaction of the Milestone, the Company will notify the Holder in writing (**Vesting Notice**) within a reasonable period of becoming aware that the Milestone has been satisfied.
- (d) **(Conversion of Vested Performance Rights):** Following the vesting of any Performance Rights the holder has until the Expiry Date to convert any such vested Performance Rights, at their election.

7. ADDITIONAL INFORMATION

- (e) **(Exercise)** Upon receipt of a Vesting Notice, the Holder may apply to exercise Performance Rights by delivering a signed notice of exercise to the Company Secretary (**Notice of Exercise**). The Holder is not required to pay a fee in order to exercise the Performance Rights.
- (f) **(Issue of Shares)** As soon as practicable after the later of the following:
- (i) the Company receives a Notice of Exercise or the Performance Rights convert under condition 7.3(d); and
 - (ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,
- the Company will:
- (iii) issue the Shares specified in the Notice of Exercise;
 - (iv) give ASX a notice that complies with section 708A(5)(e) of the Corporations Act (to the extent required); and
 - (v) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Performance Rights.

If the Company is unable to deliver a notice under condition 7.3(f)(iv) or such a notice for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Shares issued on exercise of the Performance Rights may not be traded and will be subject to a holding lock until 12 months after their issue unless the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Corporations Act.

- (g) **(Restrictions on transfer or disposal of Shares):** If the Company is unable to give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, Shares issued on conversion of the Performance Rights may not be traded until 12 months after their issue unless the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Corporations Act.

Except as set out in the Company's share trading policy and applicable laws, no other specific disposal restrictions apply to any Shares that are issued or transferred as a result of the conversion of the Performance Rights.

- (h) **(Shares issued on exercise):** All Shares issued upon exercise of Performance Rights will upon issue rank equally in all respects with the Company's existing Shares on issue.
- (i) **(Expiry Date of Performance Rights):** All unvested, or all vested but unexercised, Performance Rights will expire and lapse automatically at 5.00pm AWST on the date which is 4 years from their date of issue unless an earlier lapsing date applies (as set out below).
- (j) **(Lapse of Performance Rights):** Where the holder becomes a leaver, all unvested Performance Rights will automatically be forfeited and lapse, subject to any determination otherwise by the Board in its sole and absolute discretion. The Board may take into account the holder's longevity in the role and the reasons for leaving. For example, the Board may, at its sole and absolute discretion, determine that unvested performance rights vest upon the holder becoming a leaver due to their role being made redundant, where the other vesting conditions have been met.

Where, in the opinion of the Board, the holder:

- (i) acts fraudulently, or dishonestly;
- (ii) wilfully breaches their duties to the Group;
- (iii) is responsible for: material financial misstatements; major negligence; significant legal, regulatory and/or policy non-compliance; or a significant harmful act,

then the Board may, at its sole and absolute discretion, deem some or all of the unvested, or vested but unconverted, Performance Rights to be forfeited and to have lapsed.

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Unless the Board otherwise determines in its sole and absolute discretion, unvested Performance Rights will lapse in accordance with the Rules, which includes (without limitation):

- (i) if the Vesting Conditions applicable to that Performance Right are not achieved by the relevant time;
 - (ii) if the Board determines in its sole and absolute discretion that any Vesting Condition applicable to that Performance Right has not been met and cannot be met prior to the Expiry Date; or
 - (iii) if the holder becomes Insolvent.
- (k) **(Transfer of Performance Rights):** The Performance Rights are not transferable.
 - (l) **(Quotation of Performance Rights):** The Performance Rights will not be quoted.
 - (m) **(Voting rights)** A Performance Right does not entitle the holder to vote on any resolutions proposed at a general meeting of the Company, subject to any voting rights provided under the Corporations Act or the Listing Rules where such rights cannot be excluded by these terms.
 - (n) **(Dividend rights)** A Performance Right does not entitle the Holder to any dividends.
 - (o) **(Return of capital rights)** The Performance Rights do not confer any right to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.
 - (p) **(Change of control):** In the event that a Change of Control Event occurs or the Board determines that either such an event is likely to occur before the Vesting Conditions are met, the Board will have a discretion whether to allow the vesting of the Performance Rights and on what terms. When determining the vesting of the Performance Rights, the Directors will take into consideration a number of criteria, but in particular the value to shareholders as a result of the event.
 - (q) **(Participation in entitlements and bonus issues):** Subject always to the rights under items (r) and (s), the holder of the Performance Rights will not be entitled to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.
 - (r) **(Adjustment for bonus issue):** If securities are issued pro-rata to shareholders generally by way of bonus issue (other than an issue in lieu of dividends by way of dividend reinvestment), the number of Performance Rights to which the holder is entitled will be increased by that number of securities which the holder would have been entitled if the Performance Rights held by the holder were converted immediately prior to the record date of the bonus issue, and in any event in a manner consistent with the Listing Rules at the time of the bonus issue.
 - (s) **(Reorganisation of capital):** In the event that the issued capital of the Company is reconstructed, all the holder's rights as a holder of Performance Rights will be changed to the extent necessary to comply with the Listing Rules at the time of reorganisation provided that, subject to compliance with the Listing Rules, following such reorganisation the holder's economic and other rights are not diminished or terminated.
 - (t) **(Right to receive Notices and attend general meeting)** Each Performance Right confers on the holder the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to shareholders. A holder has the right to attend general meetings of the Company.
 - (u) **(Rights on winding up)** The Performance Rights do not confer any right to participate in the surplus profits or assets of the Company upon a winding up.
 - (v) **(Additional information):** As the Performance Rights will issued as an incentive to the holder's remuneration, they will be granted at no cost and there will be no amount payable on vesting and exercise. Each Performance Right entitles the holder to one ordinary fully paid Share in the Company on vesting and exercise. Prior to vesting and exercise, Performance Rights do not entitle the holder to any dividends or voting rights.
 - (w) **(No other rights)** A Performance Right does not give a Holder any rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.
 - (x) **(Amendments required by ASX)** The terms of the Performance Rights may be amended as considered necessary by the Board in order to comply with the Listing Rules, or any directions of ASX regarding the terms provided that, subject to compliance with the Listing Rules, following such amendment, the economic and other rights of the Holder are not diminished or terminated.

7. ADDITIONAL INFORMATION

The following information is provided in respect of ASX Guidance Note 19:

- (a) A total of 4,537,500 Performance Rights will be issued as follows:
 - (i) 2,475,000 Performance Rights to Samantha Richardson (or her nominees); and
 - (ii) 2,062,500 Performance Rights to Alan Cooper (or his nominees).
- (b) Ms Richardson is the Chief Operating Officer and an Executive Director of the Company and Mr Cooper is the Chief Financial Officer and Joint Company Secretary of the Company.
- (c) The Performance Rights are being issued to remunerate or incentivise Ms Richardson and Mr Cooper and are not ordinary course of business remuneration securities.
- (d) As senior key management personnel of the Company, Ms Richardson and Mr Cooper will assist the Company in meeting the Milestone by coordinating, managing and completing the seismic survey, site preparation and processing.
- (e) The remuneration payable to each of Ms Richardson and Mr Cooper is set out in Sections 5.7 and 6.7.
- (f) The Securities in which each of Ms Richardson and Mr Cooper have a relevant interest is set out in Section 5.5. No cash consideration has been paid or is payable by Ms Richardson or Mr Copper in respect of the issue of the Performance Rights.
- (g) It is considered necessary to incentivise Ms Richardson and Mr Cooper as the Company believes it is appropriate to include a security component to Ms Richardson's and Mr Cooper's remuneration packages, in order to align their interests with shareholders of the Company, and to conserve the Company's available cash reserves. The Performance Rights reflect equitable and fair value of the work Ms Richardson and Mr Cooper will be required to undertake in order to achieve the Milestone within such a short time-frame.
- (h) The number of Performance Rights have been determined with consideration to Ms Richardson's and Mr Cooper's remuneration packages and the remuneration paid to directors and management of other comparable listed entities and to conserve the Company's available cash reserves. The Company considers the quantum of Performance Rights are reasonably proportionate to the additional value the Company will derive if the Milestone is achieved as the Company will likely be able to advance to the next stage of its work-program in a shorter period of time.
- (i) The Company considers that the Performance Rights are fair and reasonable, including because there is an appropriate link between the Milestone and the purpose for which the Performance Rights are to be issued, as:
 - (i) consistent with ASX Guidance Note 19, performance securities are sometimes issued to directors, senior managers or contractors as a means of incentivising them to achieve a particular performance milestone; and
 - (ii) as stated above, the Performance Rights will be issued to Ms Richardson and Mr Cooper as a means of incentivising performance.

The Performance Rights will convert into an aggregate of 4,537,500 Shares upon satisfaction of the Milestone and (assuming no other Shares are issued) will comprise, approximately 1.78% of the Shares on issue.

7.4 Summary of the Company's Employee Securities Incentive Plan

The Black Mountain Energy Ltd employee securities incentive plan (**Plan**) was adopted by the Board on or about the date of this Prospectus. The full terms of the Plan may be inspected at the registered office of the Company during normal business hours. A summary of the terms of the Plan is set out below. It is intended that both the Executive and Non-Executive Directors will participate in the Plan. As at the date of this Prospectus no Director currently participates or is proposed to participate in the Plan.

- (a) (**Eligible Participant**): Eligible Participant means a person that:
 - (i) is an "eligible participant" (as that term is defined in ASIC Class Order 14/1000) in relation to the Company or an Associated Body Corporate (as that term is defined in ASIC Class Order 14/1000); and
 - (ii) has been determined by the Board to be eligible to participate in the Plan from time to time.

7. ADDITIONAL INFORMATION

- (b) **(Maximum allocation)**
- (i) The Company must not make an offer of Securities under the Plan where the total number of Plan Shares that may be issued, or acquired upon exercise of Plan Convertible Securities offered, when aggregated with the number of Shares issued or that may be issued as a result of offers made under the Plan at any time during the previous 3 year period would exceed 5% of the total number of Shares on issue at the date of the offer.
 - (ii) The maximum number of equity securities proposed to be issued under the Plan for the purposes of the Listing Rules is 12,750,000 (**ASX Limit**) based on the minimum raising, meaning that the Company may issue up to the ASX Limit under the Plan, without seeking Shareholder Approval and without reducing its placement capacity under Listing Rule 7.1.
- (c) **(Purpose):** The purpose of the Plan is to:
- (i) assist in the reward, retention and motivation of Eligible Participants;
 - (ii) link the reward of Eligible Participants to Shareholder value creation; and
 - (iii) align the interests of Eligible Participants with shareholders of the Group (being the Company and each of its Associated Bodies Corporate), by providing an opportunity to Eligible Participants to receive an equity interest in the Company in the form of Securities.
- (d) **(Plan administration):** The Plan will be administered by the Board. The Board may exercise any power or discretion conferred on it by the Plan rules in its sole and absolute discretion. The Board may delegate its powers and discretion.
- (e) **(Eligibility, invitation and application):** The Board may from time to time determine that an Eligible Participant may participate in the Plan and make an invitation to that Eligible Participant to apply for Securities on such terms and conditions as the Board decides.

On receipt of an Invitation, an Eligible Participant may apply for the Securities the subject of the invitation by sending a completed application form to the Company. The Board may accept an application from an Eligible Participant in whole or in part. If an Eligible Participant is permitted in the invitation, the Eligible Participant may, by notice in writing to the Board, nominate a party in whose favour the Eligible Participant wishes to renounce the invitation.

- (f) **(Grant of Securities):** The Company will, to the extent that it has accepted a duly completed application, grant the Participant the relevant number of Securities, subject to the terms and conditions set out in the invitation, the Plan rules and any ancillary documentation required.
- (g) **(Terms of Convertible Securities):** Each 'Convertible Security' represents a right to acquire one or more Shares (for example, under an option or performance right), subject to the terms and conditions of the Plan.

Prior to a Convertible Security being exercised a Participant does not have any interest (legal, equitable or otherwise) in any Share the subject of the Convertible Security by virtue of holding the Convertible Security. A Participant may not sell, assign, transfer, grant a security interest over or otherwise deal with a Convertible Security that has been granted to them. A Participant must not enter into any arrangement for the purpose of hedging their economic exposure to a Convertible Security that has been granted to them.

- (h) **(Vesting of Convertible Securities):** Any vesting conditions applicable to the grant of Convertible Securities will be described in the invitation. If all the vesting conditions are satisfied and/or otherwise waived by the Board, a vesting notice will be sent to the Participant by the Company informing them that the relevant Convertible Securities have vested. Unless and until the vesting notice is issued by the Company, the Convertible Securities will not be considered to have vested. For the avoidance of doubt, if the vesting conditions relevant to a Convertible Security are not satisfied and/or otherwise waived by the Board, that Convertible Security will lapse.
- (i) **(Exercise of Convertible Securities and cashless exercise):** To exercise a Convertible Security, the Participant must deliver a signed notice of exercise and, subject to a cashless exercise of Convertible Securities (see below), pay the exercise price (if any) to or as directed by the Company, at any time prior to the earlier of any date specified in the vesting notice and the expiry date as set out in the invitation.

7. ADDITIONAL INFORMATION

An invitation may specify that at the time of exercise of the Convertible Securities, the Participant may elect not to be required to provide payment of the exercise price for the number of Convertible Securities specified in a notice of exercise, but that on exercise of those Convertible Securities the Company will transfer or issue to the Participant that number of Shares equal in value to the positive difference between the Market Value of the Shares at the time of exercise and the exercise price that would otherwise be payable to exercise those Convertible Securities.

Market Value means, at any given date, the volume weighted average price per Share traded on the ASX over the 5 trading days immediately preceding that given date, unless otherwise specified in an invitation.

A Convertible Security may not be exercised unless and until that Convertible Security has vested in accordance with the Plan rules, or such earlier date as set out in the Plan rules.

- (j) **(Delivery of Shares on exercise of Convertible Securities):** As soon as practicable after the valid exercise of a Convertible Security by a Participant, the Company will issue or cause to be transferred to that Participant the number of Shares to which the Participant is entitled under the Plan rules and issue a substitute certificate for any remaining unexercised Convertible Securities held by that Participant.
- (k) **(Forfeiture of Convertible Securities):** Where a Participant who holds Convertible Securities ceases to be an Eligible Participant or becomes insolvent, all unvested Convertible Securities will automatically be forfeited by the Participant, unless the Board otherwise determines in its discretion to permit some or all of the Convertible Securities to vest.

Where the Board determines that a Participant has acted fraudulently or dishonestly, or wilfully breached his or her duties to the Group, the Board may in its discretion deem all unvested Convertible Securities held by that Participant to have been forfeited.

Unless the Board otherwise determines, or as otherwise set out in the Plan rules:

- (i) any Convertible Securities which have not yet vested will be forfeited immediately on the date that the Board determines (acting reasonably and in good faith) that any applicable vesting conditions have not been met or cannot be met by the relevant date; and
- (ii) any Convertible Securities which have not yet vested will be automatically forfeited on the expiry date specified in the invitation.
- (l) **(Change of control):** If a change of control event occurs in relation to the Company, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the Participant's Convertible Securities will be dealt with, including, without limitation, in a manner that allows the Participant to participate in and/or benefit from any transaction arising from or in connection with the change of control event.
- (m) **(Rights attaching to Plan Shares):** All Shares issued under the Plan, or issued or transferred to a Participant upon the valid exercise of a Convertible Security, (**Plan Shares**) will rank pari passu in all respects with the Shares of the same class. A Participant will be entitled to any dividends declared and distributed by the Company on the Plan Shares and may participate in any dividend reinvestment plan operated by the Company in respect of Plan Shares. A Participant may exercise any voting rights attaching to Plan Shares.
- (n) **(Disposal restrictions on Securities):** If the invitation provides that any Plan Shares or Convertible Securities are subject to any restrictions as to the disposal or other dealing by a Participant for a period, the Board may implement any procedure it deems appropriate to ensure the compliance by the Participant with this restriction.

For so long as a Plan Share or Convertible Security is subject to any disposal restrictions under the Plan, the Participant will not:

- (i) transfer, encumber or otherwise dispose of, or have a security interest granted over that Plan Share; or
- (ii) take any action or permit another person to take any action to remove or circumvent the disposal restrictions without the express written consent of the Company.

7. ADDITIONAL INFORMATION

Notwithstanding any other provision of the Plan, where a Plan Share or Convertible Security is issued in reliance on the Company satisfying the start-up company requirements in section 83A-33 of the *Income Tax Assessment Act 1997* (Cth) (**Tax Act**), a legal or a beneficial interest in the Convertible Security may not be disposed of until the earlier of:

- (i) the Eligible Participant to whom the Convertible Securities were offered under an invitation becoming neither an employee nor a director of the Company;
 - (ii) three (3) years after the acquisition date of the Convertible Security;
 - (iii) a disposal under an arrangement which meets the requirements in section 83A-130 of the Tax Act;
 - (iv) such time as the Commissioner of Taxation allows in accordance with section 83A-45(5) of the Tax Act; and
 - (v) the Board determines that the Commissioner of Taxation is reasonably likely to allow a disposal of the Convertible Security under section 83A-45(5) of the Tax Act.
- (o) **(Adjustment of Convertible Securities):** If there is a reorganisation of the issued share capital of the Company (including any subdivision, consolidation, reduction, return or cancellation of such issued capital of the Company), the rights of each Participant holding Convertible Securities will be changed to the extent necessary to comply with the Listing Rules applicable to a reorganisation of capital at the time of the reorganisation.

If Shares are issued by the Company by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment), the holder of Convertible Securities is entitled, upon exercise of the Convertible Securities, to receive an allotment of as many additional Shares as would have been issued to the holder if the holder held Shares equal in number to the Shares in respect of which the Convertible Securities are exercised.

Unless otherwise determined by the Board, a holder of Convertible Securities does not have the right to participate in a pro rata issue of Shares made by the Company or sell renounceable rights.

- (p) **(Participation in new issues):** There are no participation rights or entitlements inherent in the Convertible Securities and holders are not entitled to participate in any new issue of Shares of the Company during the currency of the Convertible Securities without exercising the Convertible Securities.
- (q) **(Amendment of Plan):** Subject to the following paragraph, the Board may at any time amend any provisions of the Plan rules, including (without limitation) the terms and conditions upon which any Securities have been granted under the Plan and determine that any amendments to the Plan rules be given retrospective effect, immediate effect or future effect.

No amendment to any provision of the Plan rules may be made if the amendment materially reduces the rights of any Participant as they existed before the date of the amendment, other than an amendment introduced primarily for the purpose of complying with legislation or to correct manifest error or mistake, amongst other things, or is agreed to in writing by all Participants.

- (r) **(Plan duration):** The Plan continues in operation until the Board decides to end it. The Board may from time to time suspend the operation of the Plan for a fixed period or indefinitely, and may end any suspension. If the Plan is terminated or suspended for any reason, that termination or suspension must not prejudice the accrued rights of the Participants.

If a Participant and the Company (acting by the Board) agree in writing that some or all of the Securities granted to that Participant are to be cancelled on a specified date or on the occurrence of a particular event, then those Securities may be cancelled in the manner agreed between the Company and the Participant.

7. ADDITIONAL INFORMATION

7.5 Effect of the Offer on control and substantial Shareholders

Those Shareholders holding an interest in 5% or more of the Shares on issue as at the date of this Prospectus are as follows:

Name	Number of Shares	% of Shares
Rhett Bennett	1	100

Based on the information known as at the date of this Prospectus, on Admission the following persons will have an interest in 5% or more of the Shares on issue:

Name	Number of Shares	% of Shares
BM Canning ⁽¹⁾	199,968,253	78.42
Rhett Bennett ⁽¹⁾	200,000,001	78.43

Note:

- Rhett Bennett (Chief Executive Officer and Executive Chairman) is the sole manager of BM Canning and holds a 7% equity interest in BM Canning personally. Mr Bennett is the sole limited partner of Black Mountain Land Company LP and holds a 100% equity interest in Black Mountain Land Company LP, 99% of which is held personally and 1% is held indirectly through Black Mountain Energy LLC (the sole general partner of Black Mountain Land Company LP). Mr Bennett hold a 100% equity interest in Black Mountain Energy LLC personally. Accordingly, on completion of the Offer, Mr Bennett will have a relevant interest in 199,968,253 Shares registered in the name of BM Canning and, 31,747 Shares registered in the name of Black Mountain Land Company LP.

7.6 Interests of Promoters, Experts and Advisers

(a) **No interest except as disclosed**

Other than as set out below or elsewhere in this Prospectus, no:

- persons or entity named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus; or
- promoter of the Company;
- underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds at the date of this Prospectus, or has held at any time during the last 2 years, any interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or the Offer; or
- the Offer,

and the Company has not paid any amount or provided any benefit, or agreed to do so, to any of those persons for services rendered by them in connection with the formation or promotion of the Company or the Offer.

(b) **Share Registry**

Automic Group has been appointed to conduct the Company's share registry functions and to provide administrative services in respect to the processing of Applications received pursuant to this Prospectus, and will be paid for these services on standard industry terms and conditions. During the 24 months preceding lodgement of this Prospectus with ASIC, Automic Group has not provided any other services to the Company.

(c) **Auditor**

KPMG Australia Pty Ltd has been appointed to act as Auditor to the Company. The Company will pay KPMG Australia Pty Ltd a total of \$89,463 (excluding GST) for audit services in connection with the Offer.

During the 24 months preceding lodgement of this Prospectus with ASIC, KPMG Australia Pty Ltd has been paid approximately \$123,352 (excluding GST) for audit services (including the \$89,463 in connection with the Offer) and approximately \$75,598 (excluding GST) for non-audit services.

7. ADDITIONAL INFORMATION

(d) **Lawyers**

HWL Ebsworth Lawyers (**HWLE**) has acted as the corporate lawyers to the Company in relation to the Offer and has prepared the Solicitor's Report. The Company estimates it will pay HWLE \$100,000 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates.

During the 24 months preceding lodgement of this Prospectus with ASIC, HWLE has not provided any other services to the Company.

(e) **Independent Technical Expert**

Molyneux Advisors Pty Ltd as the Independent Technical Expert and has prepared the Independent Technical Expert's Report which is included in Annexure B of this Prospectus. The Company estimates it will pay Molyneux Advisors Pty Ltd a total of \$87,806 (excluding GST) for these services.

(f) **Investigating Accountant**

BDO Australia Limited has acted as Investigating Accountant and has prepared the Independent Limited Assurance Report which is included in Annexure A of this Prospectus. The Company estimates it will pay BDO Australia Limited a total of \$13,500 (excluding GST) for these services.

(g) **Joint Lead Managers**

Foster Stockbroking Pty Ltd and CPS Capital Group Pty Ltd have acted as the Joint Lead Managers to the Offer. Details of the payments to be made to the Joint Lead Managers is set out in Section 6.6.

(h) **Corporate Advisor**

EAS Advisors, LLC has acted as the Corporate Advisor to the Company. Details of the payments to be made to the Corporate Advisor is set out in Section 6.5.

7.7 Consents

(a) Each of the parties referred to below:

- (i) do not make the Offer;
- (ii) does not make, or purport to make, any statement that is included in this Prospectus, or a statement on which a statement made in this Prospectus is based, other than as specified below or elsewhere in this Prospectus;
- (iii) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement contained in this Prospectus with the consent of that party as specified below; and
- (iv) has given and has not, prior to the lodgement of this Prospectus with ASIC, withdrawn its consent to the inclusion of the statements in this Prospectus that are specified below in the form and context in which the statements appear.

(b) **Share Registry**

Automic Group has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as Share Registry of the Company in the form and context in which it is named.

(c) **Auditor**

KPMG Australia Pty Ltd has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as Auditor of the Company in the form and context in which it is named.

(d) **Corporate Lawyers**

HWLE has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as the Corporate Lawyers to the Company and for the inclusion of the Solicitors Report in the form and context in which it is named.

7. ADDITIONAL INFORMATION

(e) **Independent Technical Expert**

Molyneux Advisors Pty Ltd has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as the Independent Geologist to the Company in the form and context in which it is named and has given and not withdrawn its consent to the inclusion of the Independent Technical Expert Report in the form and context in which it is included.

(f) **Investigating Accountant**

BDO Australia Limited has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as the Investigating Accountant to the Company in the form and context in which it is named and has given and not withdrawn its consent to the inclusion of the Independent Limited Assurance Report in the form and context in which it is included.

(g) **Joint Lead Managers**

Foster Stockbroking Pty Ltd and CPS Capital Group Pty Ltd have separately given, and not withdrawn prior to the lodgement of this Prospectus with ASIC, their written consent to being named in this Prospectus as the Joint Lead Managers to the Offer in the form and context in which it is named.

(h) **Corporate Advisor**

EAS Advisors, LLC has separately given, and not withdrawn prior to the lodgement of this Prospectus with ASIC, their written consent to being named in this Prospectus as the Corporate Advisor to the Company in the form and context in which it is named.

7.8 Expenses of Offer

The total approximate expenses of the Offer payable by the Company are:

	A\$ (excluding GST)
ASX quotation fee	121,523
ASIC lodgement fee	3,206
Legal fees	100,000
Audit fees	89,463
Independent Technical Expert's fees	87,806
Investigating Accountant fees	13,500
Joint Lead Managers' fees ⁽¹⁾	660,000
Corporate Advisor fees ⁽²⁾	110,000
Printing, postage and administration fees	4,000
Total	1,189,498

Notes:

1. Refer to Section 6.6 for a summary of the Joint Lead Manager Mandate.
2. Refer to Section 6.5 for a summary of the Corporate Advisor Mandate.

7. ADDITIONAL INFORMATION

7.9 Continuous Disclosure Obligations

Following Admission, the Company will be a 'disclosing entity' (as defined in section 111AC of the Corporations Act) and, as such, will be subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company will be required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Shares (unless a relevant exception to disclosure applies). Price sensitive information will be publicly released through ASX before it is otherwise disclosed to Shareholders and market participants. Distribution of other information to Shareholders and market participants will also be managed through disclosure to ASX. In addition, the Company will post this information on its website after ASX confirms that an announcement has been made, with the aim of making the information readily accessible to the widest audience.

7.10 Litigation

So far as the Directors are aware, there is no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which the Company (or any other member of the Group) is directly or indirectly concerned which is likely to have a material adverse effect on the business or financial position of the Company or the Group.

7.11 Electronic Prospectus

Pursuant to Regulatory Guide 107 ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an Electronic Prospectus on the basis of a paper Prospectus lodged with ASIC and the issue of Shares in response to an electronic application form, subject to compliance with certain provisions. If you have received this Prospectus as an Electronic Prospectus please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please email the Company and the Company will send to you, for free, either a hard copy or a further electronic copy of this Prospectus or both.

The Company and the Joint Lead Managers reserve the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the Electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered. In such a case, the Application Monies received will be dealt with in accordance with section 722 of the Corporations Act.

7.12 ASIC Relief and ASX Waivers

No ASIC relief has been obtained and relied upon in relation to the Offer.

On 26 October 2021, ASX granted the Company a waiver of Listing Rule 1.1 Condition 12 to the extent necessary to permit the Company to have on issue 4,537,500 Performance Rights with a nil exercise price on the condition that the material terms and conditions of the Performance Rights be clearly disclosed in the Company's Prospectus (see Section 7.3).

7.13 Documents available for inspection

Copies of the following documents are available for inspection during normal business hours at the registered office of the Company:

- (a) this Prospectus;
- (b) the Constitution; and
- (c) the consents referred to in Section 7.7 of this Prospectus.

7.14 Statement of Directors

The Directors report that after due enquiries by them, in their opinion, since the date of the financial statements in the Independent Limited Assurance Report in Annexure A, there have not been any circumstances that have arisen or that have materially affected or will materially affect the assets and liabilities, financial position, profits or losses or prospects of the Company, other than as disclosed in this Prospectus.

8. AUTHORISATION

The Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

This Prospectus is signed for and on behalf of the Company by:



Rhett Bennett

Chief Executive Officer and Executive Chairman

Dated: 5 November 2021

9. GLOSSARY OF TERMS

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

\$ or A\$	means Australian dollars.
US\$	means United States dollars.
Admission	means admission of the Company to the Official List, following completion of the Offer.
Applicant	means a person who submits an Application Form.
Application	means a valid application for Shares pursuant to this Prospectus.
Application Form	means the application form attached to this Prospectus (including the electronic form provided by an online application facility).
Application Monies	means the amount of money submitted or made available by an Applicant in connection with an Application.
ASIC	means the Australian Securities and Investments Commission.
ASX	means ASX Limited ACN 008 624 691 or, where the context requires, the financial market operated by it.
ASX Settlement	means ASX Settlement Pty Limited (ACN 008 504 532).
ASX Settlement Rules	means ASX Settlement Operating Rules of ASX Settlement.
Auditor	means KPMG Australia Pty Ltd (ACN 008 644 728).
AWST	means Western Standard Time, being the time in Perth, Western Australia.
BMA	means Black Mountain Exploration Australia Pty Ltd (ACN 634 761 014).
BMC	means BM Canning Royalty Co LLC.
BM Canning	means BM Canning LLC.
BMC Royalty Deed	means the gross overriding royalty deed between BNR and BMC dated 8 October 2021.
BMOG	means Black Mountain Oil & Gas III LLC.
BMX	means Black Mountain Exploration Pty Ltd (ACN 634 773 854).
BNR	means Bennett Resources Pty Ltd (ACN 145 113 186).
Black Mountain Asset	means EP 371.
Board	means the board of Directors of the Company from time to time.
Broker	means any ASX participating organisation selected by the Joint Lead Managers and the Company to act as a broker to the Offer.
Broker Firm and Institutional Offer	means the offer of Shares under this Prospectus to Australian resident investors and and certain investors in Australia, New Zealand, the United Kingdom, Singapore, Hong Kong, Germany and the United States who have received a firm allocation of Shares from their Broker.
CHES	means the Clearing House Electronic Subregister System operated by ASX Settlement.
Closing Date	means the date that the Offer close which is 5:00pm (AWST) on 27 November 2021 or such other time and date as the Board determines.
Company	means Black Mountain Energy Ltd (ACN 652 281 868).

9. GLOSSARY OF TERMS

Completion	means the date on which the Shares are issued and transferred to Applicants in accordance with the terms of the Offer.
Contingent Resources	means those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development oil and gas projects, but which are not currently considered to be commercially recoverable due to one or more contingencies.
Constitution	means the constitution of the Company.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth), as amended from time to time.
Directors	means the directors of the Company from time to time.
DMIRS	means the Department of Mines, Industry Regulation and Safety.
EPA	means the Environmental Protection Authority.
EP Act	means the <i>Environmental Protection Act 1986</i> (WA).
Electronic Prospectus	means the electronic copy of this Prospectus located at the Company's website www.blackmountainenergy.com
Expiry Date	means 13 months after the Original Prospectus Date.
Exposure Period	means the period of seven days after the date of lodgement of the Original Prospectus, which period may be extended by the ASIC by not more than seven days pursuant to section 727(3) of the Corporations Act.
Financial Information	has the meaning given in Section 4.1.
Fitzroy Royalty Deed	means the royalty deed dated 26 August 2006 between ARC Energy Limited and Fitzroy River Corporation Limited (formerly European Gas Limited), as assigned from time to time and partially assigned to BNR by deed of assignment and assumption dated 28 August 2017 in respect to EP 371.
Group	means the Company and, from completion of the SAA, BMA, BMX and BNR.
GST	means Goods and Services Tax.
Historical Financial Information	has the meaning given in Section 4.1.
Indicative Timetable	means the indicative timetable for the Offer on page vi of this Prospectus.
Investigating Accountant	means BDO Australia Limited (ACN 050 110 275).
Issue Date	means the date, as determined by the Directors, on which the Shares offered under this Prospectus are allotted, which is anticipated to be the date identified in the Indicative Timetable.
Joint Lead Managers	means Foster Stockbroking Pty Ltd (ACN 088 747 148) and CPS Capital Group Pty Ltd (ACN 088 055 636).
Joint Lead Manager Mandate	means the mandate entered between the Company and the Joint Lead Managers dated 22 September 2021 for the provision of joint lead manager services and bookrunner services in respect of the Offer.
Listing Rules	means the listing rules of ASX.
Minimum Subscription	means the raising of \$11,000,000 (before costs) pursuant to the Offer.

9. GLOSSARY OF TERMS

Native Title Act	means the <i>Native Title Act 1993</i> (Cth).
Offer	means an initial public offering of 55,000,000 Shares at \$0.20 each to raise \$11,000,000 (before costs).
Offer Price	means \$0.20 per Share.
Official List	means the official list of ASX.
Official Quotation	means official quotation by ASX in accordance with the Listing Rules.
Opening Date	means the date specified as the opening date in the Indicative Timetable.
Option	means an option, giving the holder the right, but not an obligation, to acquire a Share at a predetermined price and at a specified time in the future.
Original Prospectus	means the Company's prospectus dated 29 October 2021 and lodged with ASIC on that date.
Original Prospectus Date	means the date of the Original Prospectus, being 29 October 2021.
PSLA82	means the <i>Petroleum (Submerged Lands) Act 1982</i> (WA).
Petroleum Act	means the <i>Petroleum and Geothermal Energy Resources Act 1967</i> (WA).
Plan	means the Black Mountain Energy Ltd Employee Securities Incentive Plan.
Project Valhalla	means EP 371.
Prospective Resources	means those quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations.
Prospectus or Replacement Prospectus	means this prospectus.
Prospectus Date	means the date on which a copy of this Prospectus was lodged with ASIC, being 5 November 2021.
Recommendations	means the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th Edition).
Relevant Interest	has the meaning given in the Corporations Act.
SPE-PRMS	means the "Society of Petroleum Engineers, through the Petroleum Resources Management System".
SAA Condition	has the meaning in Section 6.1.
Sale Shares	means all of the fully paid shares in BMA sold to the Company pursuant to the SAA.
Scope 1 emissions	means emissions that are direct greenhouse (GHG) emissions that occur from sources that are controlled or owned by an organisation. For Black Mountain Energy potential Scope 1 emissions are primarily associated with the CO ₂ content of the Valhalla gas resource.
Scope 2 emissions	means emissions that are indirect GHG emissions associated with the purchase of electricity, steam, heat, or cooling. For Black Mountain Energy, potential Scope 2 emissions will come from the processing and transportation of gas.
Share Acquisition Agreement	has the meaning in Section 2.2.
Section	means a section of this Prospectus.
Securities	means any securities, including Shares, Options or Performance Rights, issued or granted by the Company.
Sellers	means BM Canning and Black Mountain Land Company LP, under the Share Acquisition Agreement.

9. GLOSSARY OF TERMS

Services	has the meaning in Section 6.2.
Share	means a fully paid ordinary share in the capital of the Company.
Share Registry	means Automic Group (ACN 152 260 814).
Shareholder	means a holder of one or more Shares.
TSA	means the transitional services agreement between the Company and BMOG dated 14 October 2021.
WLAUA	means the Warlangurru Land Access and Use Agreement between the Warlangurru claim, Buru Energy Limited and Bennett dated 25 October 2016 and assigned from time to time.
YAC ILUA	means the Yungngora Aboriginal Corporation RNTBC, Buru Energy Limited and Diamond Resources (Canning) Pty Ltd Body Corporate ILUA.



BLACKMOUNTAIN
ENERGY



ANNEXURE A
Independent Limited Assurance Report



BLACK MOUNTAIN ENERGY LTD
Independent Limited Assurance Report

29 October 2021

29 October 2021

The Directors
Black Mountain Energy Ltd
Level 9, 40 The Esplanade
Perth WA 6000

Dear Directors

INDEPENDENT LIMITED ASSURANCE REPORT

1. Introduction

BDO Corporate Finance (WA) Pty Ltd (**'BDO'**) has been engaged by Black Mountain Energy Ltd (**'BME'** or **'the Company'**) to prepare this Independent Limited Assurance Report (**'Report'**) in relation to certain financial information of BME, for the Initial Public Offering of shares in BME, for inclusion in the Prospectus. Broadly, the Prospectus will offer 55 million shares at an issue price of \$0.20 each to raise \$11 million before costs (**'the Offer'**).

The Company has also entered into a Share Sale Agreement (**'SSA'**) to acquire 100% of the shares in Black Mountain Exploration Australia Pty Ltd (**'BMA'**) from Black Mountain Canning LLC (**'BM Canning LLC'**) and Black Mountain Land Company LP (**'BM Land'**). The consideration for the acquisition is 200 million shares, of which the terms are to be agreed.

Expressions defined in the Prospectus have the same meaning in this Report. BDO Corporate Finance (WA) Pty Ltd (**'BDO'**) holds an Australian Financial Services Licence (AFS Licence Number 316158) and our Financial Services Guide (**'FSG'**) has been included in this report in the event you are a retail investor. Our FSG provides you with information on how to contact us, our services, remuneration, associations, and relationships.

This Report has been prepared for inclusion in the Prospectus. We disclaim any assumption of responsibility for any reliance on this Report or on the Financial Information to which it relates for any purpose other than that for which it was prepared.

2. Scope

You have requested BDO to perform a limited assurance engagement in relation to the historical and pro forma historical financial information described below and disclosed in the Prospectus.

The historical and pro forma historical financial information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required

by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

You have requested BDO to review the following historical financial information (together the **'Historical Financial Information'**) of BME and BMA included in the Prospectus:

- the audited Statement of Financial Position for BME as at 27 July 2021;
- the audited historical Statement of Profit or Loss and Other Comprehensive Income and Statement of Cashflows for BMA for the period from 9 July 2019 to 31 December 2019 and the year ended 31 December 2020;
- the reviewed historical Statement of Profit or Loss and Other Comprehensive Income and Statement of Cashflows for BMA for the half years ended 30 June 2020 and 30 June 2021; and
- the reviewed Statement of Financial Position for BMA as at 30 June 2021.

The Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the company's adopted accounting policies.

The Historical Financial Information for a BME has been extracted from the financial report of BME for the period from 26 July 2021 to 27 July 2021, which was audited by KPMG (**'KPMG'**) in accordance with the Australian Auditing Standards. KPMG issued an unmodified audit opinion on the financial report. BME does not have historical operations and accordingly no Statement of Profit or Loss and Other Comprehensive Income and Statement of Cash Flows have been presented.

The Historical Financial Information for BMA has been extracted from the financial reports of BMA for the half years ended 30 June 2021 and 30 June 2020, which were reviewed by KPMG, and the financial reports of BMA for the year ended 31 December 2020 and the period from 9 July 2019 to 31 December 2019, which were audited by KPMG in accordance with the Australian Auditing Standards. KPMG issued an unmodified audit opinion on each of the financial reports.

Pro Forma Historical Financial Information

You have requested BDO to review the following pro forma historical financial information of BME included in the Prospectus (the **'Pro Forma Historical Financial Information'**):

- the pro forma historical Statement of Financial Position as at 30 June 2021.

As per the SSA, BME is to acquire 100% of the issued capital of BMA. Accordingly, following this acquisition, BMA is a wholly owned subsidiary of BME, however for the purposes of accounting for the acquisition, BMA is considered to be the accounting parent.

The Pro Forma Historical Financial Information has been derived from the historical financial information of BME and BMA, after adjusting for the effects of the subsequent events described in Section 6 of this Report and the pro forma adjustments described in Section 7 of this Report. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the events or transactions to which the pro forma adjustments relate, as described in Section 7 of this Report, as if those events or transactions had occurred as at the date of the historical financial information. Due to its nature, the Pro Forma Historical Financial Information does not represent the company's actual or prospective financial position or financial performance.

The Pro Forma Historical Financial Information has been compiled by the Company to illustrate the impact of the events or transactions described in Section 6 and Section 7 of the Report on BME's financial position as at 30 June 2021. As part of this process, information about BME's financial position has been extracted from the financial statements of BME for the period from 26 July 2021 to 27 July 2021 and BMA for the half-year period ended 30 June 2021.

3. Directors' responsibility

The directors of BME are responsible for the preparation and presentation of the Historical Financial Information and Pro Forma Historical Financial Information, including the selection and determination of pro forma adjustments made to the Historical Financial Information and included in the Pro Forma Historical Financial Information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of Historical Financial Information and Pro Forma Historical Financial Information are free from material misstatement, whether due to fraud or error.

4. Our responsibility

Our responsibility is to express limited assurance conclusions on the Historical Financial Information and the Pro Forma Historical Financial Information. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

Our limited assurance procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited assurance engagement is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or limited assurance reports on any financial information used as a source of the financial information.

5. Conclusion

Historical Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information, as described in the Appendices to this Report is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 2 of this Report.

Pro Forma Historical Financial information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information as described in the Appendices to this Report is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 2 of this Report.

6. Subsequent Events

The pro-forma statement of financial position reflects the following events that have occurred subsequent to the period ended 30 June 2021:

- On 27 September 2021, BMA issued 20,112,882 ordinary shares to BM Canning LLC for the \$20,112,882 additional share capital funding provided for the period covering 10 July 2021 to 31 August 2021. The additional share capital funding provided post balance sheet is \$665,882. The post balance sheet funds were used to cover working capital requirements for exploration expenditure and administrative expenses.
- On 28 September 2021, BMA issued 3,353 ordinary shares to Black Mountain and Company LP for \$3,353. The post balance sheet funds of \$3,353 were used to cover working capital requirements for exploration expenditure and administrative expenses.
- BMA entered into an office lease agreement on 14 September 2021 for a Perth CBD location. The lease has a three year term commencing 1 January 2022. The rental commitment is \$209,898 with estimated outgoings of \$128,196 over the three year term.
- On 11 October 2021, BMA issued 1,006,733 ordinary shares to BM Canning LLC for the \$1,006,733 additional share capital funding used to cover working capital requirements for exploration expenditure and administrative expenses.
- The Group anticipates a working capital funding of \$1.4 million. The funds will be used to cover exploration, general and administrative expenses that will be incurred prior to the completion. The resulting change of capital in BMA is unknown. However, the shares will be disposed following the Share Sale Agreement with BME against an issue of 200,000,000 shares. There is no impact on external shareholders.

Apart from the matters dealt with in this Report, and having regard to the scope of this Report and the information provided by the Directors, to the best of our knowledge and belief no other material transaction or event outside of the ordinary business of the Company or BMA not described above, has come to our attention that would require comment on, or adjustment to, the information referred to in our Report or that would cause such information to be misleading or deceptive.

7. Assumptions Adopted in Compiling the Pro-forma Statement of Financial Position

The pro forma historical Statement of Financial Position is shown in Appendix 1. This has been prepared based on the financial statements of BME as at 27 July 2021 and of BMA as at 30 June 2021, the subsequent events set out in Section 6, and the following transactions and events relating to the issue of Shares under this Prospectus:

- the issue of 55 million Shares at an offer price of \$0.20 each to raise \$11 million before costs pursuant to the Prospectus; and
- costs of the Offer are estimated to be \$1,189,498. The costs of the Offer not directly attributable to the capital raising are expensed through accumulated losses while the remainder is offset against issued capital. The portion of costs expensed and capitalised is \$329,018 and \$860,480 respectively; and
- the issue of 20,299,513 options to the Directors and Key Management Personnel, exercisable at \$0.286, with an expiry date of four years ('**Director and KMP Options**'). The Director and KMP Options have been valued at \$2,537,439 using the Black Scholes option pricing model. Given that a third of the Director and KMP Options will vest every year for the next three years after grant, there is no impact on the pro forma consolidated statement of financial position; and
- the issue of 4,537,500 performance rights ('**Performance Rights**') that will vest upon the Company announcing that it has successfully completed a 2D seismic program pursuant to

which BME delivers a minimum of 100km of seismic data on or before 31 December 2022, as verified by an independently qualified petrophysicist or geophysicist. The Performance Rights have no impact on the pro forma historical statement of financial position since they vest upon the achievement of their respective milestones which are yet to be met. Under the Black-Scholes methodology each option has a value of \$0.20.

All Options have been valued using the Black Scholes option pricing model, with the key inputs and the value set out in the table below:

	Options	Performance Rights
Number of options	20,299,513	4,537,500
Underlying share price	\$0.200	\$0.200
Exercise price	\$0.286	\$0.000
Expected volatility	100.00%	100.00%
Life of the options (years)	4.00	4.00
Expected dividends	Nil	Nil
Risk free rate	0.51%	0.51%
Value per option (\$)	\$0.125	\$0.200
Value per Tranche (\$)	\$2,537,439	\$907,500

8. Independence

BDO is a member of BDO International Ltd. BDO does not have any interest in the outcome of the proposed IPO other than in connection with the preparation of this Report and participation in due diligence procedures, for which professional fees will be received.

9. Disclosures

This Report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to be a substitute for professional advice and potential investors should not make specific investment decisions in reliance on the information contained in this Report. Before acting or relying on any information, potential investors should consider whether it is appropriate for their objectives, financial situation or needs.

Without modifying our conclusions, we draw attention to Section 2 of this Report, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

BDO has consented to the inclusion of this Report in the Prospectus in the form and context in which it is included. At the date of this Report this consent has not been withdrawn. However, BDO has not authorised the issue of the Prospectus. Accordingly, BDO makes no representation regarding, and takes no responsibility for, any other statements or material in or omissions from the Prospectus.

Yours faithfully

BDO Corporate Finance (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'Adam Myers', written in a cursive style.

Adam Myers

Director

APPENDIX 1

BLACK MOUNTAIN ENERGY LTD

PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Audited as at 27-Jul-21 \$'000	Reviewed as at 30-Jun-21 \$'000	Subsequent events \$'000	Pro-forma Adj. \$'000	Pro-forma 30-Jun-21 \$'000
CURRENT ASSETS						
Cash and cash equivalents	2	0	22	-	9,811	9,833
Receivables		-	44	-	-	44
Prepayments		-	103	-	-	103
TOTAL CURRENT ASSETS		0	169	-	9,811	9,980
NON CURRENT ASSETS						
Property, plant and equipment		-	66	-	-	66
Exploration and evaluation expenditure		-	17,260	-	-	17,260
Other non current assets	3	-	3	210	-	213
TOTAL NON CURRENT ASSETS		-	17,329	210	-	17,539
TOTAL ASSETS		0	17,498	210	9,811	27,518
CURRENT LIABILITIES						
Payables		-	262	-	-	262
Current financial liabilities	4	-	-	70	-	70
TOTAL CURRENT LIABILITIES		-	262	70	-	332
NON CURRENT LIABILITIES						
Provisions		-	2,721	-	-	2,721
Non current financial liabilities	5	-	-	140	-	140
TOTAL NON CURRENT LIABILITIES		-	2,721	140	-	2,861
TOTAL LIABILITIES		-	2,983	210	-	3,193
NET ASSETS		0	14,515	-	9,811	24,326
EQUITY						
Contributed equity	6	0	19,447	3,076	10,140	32,662
Accumulated losses	7	-	(4,932)	(3,076)	(329)	(8,337)
TOTAL EQUITY		0	14,515	-	9,811	24,326

The pro-forma statement of financial position after the Offer is as per the statement of financial position before the Offer adjusted for any subsequent events and the transactions relating to the issue of shares pursuant to this Prospectus.

APPENDIX 2

BLACK MOUNTAIN EXPLORATION AUSTRALIA PTY LTD

HISTORICAL STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Statements of Profit and Loss and Other Comprehensive Income	Reviewed for the half year ended 30-Jun-21 \$'000	Reviewed for the half year ended 30-Jun-20 \$'000	Audited for the year ended 31-Dec-20 \$'000	Audited for the period from 9-Jul-19 to 31-Dec-19 \$'000
Revenue	-	-	-	-
Finance income	-	163	138	-
Expenses				
Depreciation and amortisation	(2)	(1)	(2)	-
Exploration Expenditure	(774)	(896)	(1,792)	(741)
Administration and other corporate expenses	(354)	(574)	(948)	(390)
Finance costs	(5)	-	(11)	(51)
Profit/(Loss) Before Income Tax	(1,135)	(1,308)	(2,615)	(1,182)
Tax benefit/(expense)	-	-	-	-
Profit/(Loss) for the period	(1,135)	(1,308)	(2,615)	(1,182)
Total comprehensive income/(loss) attributable to:				
Owners of the Company	(1,135)	(1,308)	(2,615)	(1,182)

The above historical Statements of Profit or Loss and Other Comprehensive Income show the historical financial performance of BMA and are to be read in conjunction with the notes to and forming part of the Historical Financial Information set out in Appendix 4. Past performance is not a guide to future performance.

APPENDIX 3

BLACK MOUNTAIN EXPLORATION AUSTRALIA PTY LTD

HISTORICAL STATEMENTS OF CASH FLOWS

Statement of Cash Flows	Reviewed for the half year ended 30-Jun-21 \$'000	Reviewed for the half year ended 30-Jun-20 \$'000	Audited for the year ended 31-Dec-20 \$'000	Audited for the period from 9-Jul-19 to 31-Dec-19 \$'000
Cash flows from operating activities				
Payments to suppliers and employees	(80)	(344)	(1,035)	(52)
Interest paid	(1)	(1)	-	-
Payments for exploration expenditure	(774)	(1,009)	(1,720)	(741)
Net cash flows used in operating activities	(855)	(1,354)	(2,755)	(793)
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment	-	1	1	-
Payments for property, plant and equipment	(64)	(21)	-	(6)
Expenditure on evaluation and development areas	-	-	(90)	(14,946)
Net cash flows used in investing activities	(64)	(20)	(89)	(14,952)
Cash flows from financing activities				
Proceeds from issue of equity	688	578	579	18,180
Net cash flows from financing activities	688	578	579	18,180
Net decrease in cash and cash equivalents	(231)	(796)	(2,265)	2,435
Cash and cash equivalents at the beginning of the period	256	2,383	2,383	-
Effects of exchange rate changes	(2)	181	138	(52)
Cash and cash equivalents at the end of the period	23	1,768	256	2,383
Cash and cash equivalents comprise of the following:				
Cash at bank and cash on hand	23	1,768	256	2,383

The above historical Statements of Cash Flows show the historical cash flows of BMA and are to be read in conjunction with the notes to and forming part of the Historical Financial Information set out in Appendix 4.

APPENDIX 4
BLACK MOUNTAIN ENERGY LTD
NOTES TO AND FORMING PART OF THE HISTORICAL FINANCIAL INFORMATION

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the historical financial information included in this Report have been set out below.

a) Basis of preparation of historical financial information

The historical financial information of the Company have been prepared for the purpose of providing historical financial information of the Company in relation to the Directors due diligence in connection with an Initial Public Offering. The financial information have been prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board. The financial information comply with International Financial Reporting Standards adopted by the International Accounting Standards Board.

The financial information have been prepared on the historical cost basis.

b) Functional and Presentation Currency

The historical financial information has been prepared in Australian dollars which is the Company's functional currency.

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that Instrument, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

c) Going Concern

The historical financial information has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

d) Principles of Consolidation

The consolidated financial information incorporate the assets, liabilities and results of controlled entities at the end of the reporting period.

Control

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Company's voting rights and potential voting rights.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Company gains control until the date the Company ceases to control the subsidiary.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

e) Foreign Currency Translation

The Functional and Presentation Currency

Items included in the financial information of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial information are presented in Australian dollars, which is the Company's functional and presentation currency.

Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

f) Income Tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current Tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the period and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax liability arising from dividends.

Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow the

manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met. A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Tax exposures

In determining the amount of current and deferred tax the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on the purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

g) Cash and Cash Equivalents

Cash and cash equivalents includes cash at bank and in hand, deposits held at call with financial institutions, other short-term highly liquid deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

h) Financial Instruments

Recognition and Initial Measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and Subsequent Measurement

i. Financial Assets

On initial recognition, a financial asset is measured at: amortised cost; Fair Value through Other Comprehensive Income ('FVOCI') - debt investment; FVOCI - equity investment; or Fair Value Through Profit or Loss ('FVTPL').

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model. The Company's financial assets are all classified at FVTPL.

ii. Financial Assets - Subsequent Measurement and Gains and Losses

Financial assets at FVTPL. These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

iii. Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Fair Values

The Company uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1 - the fair value is calculated using quoted prices in active markets.

Level 2 - the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 - the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

Derecognition

i. Financial Assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

ii. Financial Liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

iii. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

i) Business Combination or Asset Acquisition

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Company;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Company recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition related costs are expensed as incurred.

The excess of the:

- consideration transferred;
- amount of any non-controlling interest in the acquired entity; and
- acquisition-date fair value of any previous equity interest in the acquired entity.

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

j) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure in respect of each area of interest is accounted for using the successful efforts method of accounting. The successful efforts method requires all exploration and evaluation expenditure to be expensed in the year it is incurred, except the costs of successful wells and the costs of acquiring interests in new exploration assets, which are capitalised as intangible exploration and evaluation. The costs of wells are initially capitalised pending the results of the well.

An area of interest refers to an individual geological area where the presence of oil or a natural gas field is considered favourable or has been proved to exist, and in most cases will comprise an individual prospective oil or gas field.

Exploration and evaluation expenditure is recognised in relation to an area of interest when the rights to tenure of the area of interest are current and either:

- i. such expenditure is expected to be recovered through successful development and commercial exploitation of the area of interest or, alternatively, by its sale; or
- ii. the exploration activities in the area of interest have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest is continuing.

Where an ownership interest in an exploration and evaluation asset is exchanged for another, the transaction is recognised by reference to the carrying value of the original interest. Any cash consideration paid, including transaction costs, is accounted for as an acquisition of exploration and evaluation assets.

Any cash consideration received, net of transaction costs, is treated as a recoupment of costs previously capitalised with any excess accounted for as a gain on disposal of non-current assets.

The carrying amounts of the Company's exploration and evaluation assets are reviewed at each reporting date to determine whether any of the following indicators of impairment exists:

- i. tenure over the licence area has expired during the year or will expire in the near future, and is not expected to be renewed; or
- ii. substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is not budgeted or planned; or
- iii. exploration for and evaluation of resources in the specific area has not led to the discovery of commercially viable quantities of resources, and the Company has decided to discontinue activities in the specific area; or
- iv. sufficient data exist to indicate that although a development is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or from sale.

Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, and any resultant impairment loss is recognised in the income statement. When a discovered oil or gas field enters the development phase the accumulated exploration and evaluation expenditure is transferred to oil and gas assets - assets in development.

k) Property, Plant and Equipment

Cost and Valuation

Property, plant and equipment are stated at cost less any accumulated depreciation and any impairment losses.

The cost of an item of property, plant and equipment comprises:

- Its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation

Depreciation is provided on a straight-line basis on all property plant and equipment other than land.

Major depreciation periods are:

Asset	Life	Method
Buildings	40 years	Straight line
Leasehold improvements	2 - 6 years	Straight line
Motor vehicles	3 years	Straight line
Plant and equipment	2 - 30 years	Straight line

l) Oil and Gas Assets

The estimated quantities of proved and probable hydrocarbon reserves and resources reported by the Company are integral to the calculation of amortisation (depletion), depreciation and assessments of possible impairments. Estimated reserves and resources quantities are based upon interpretations of geological and geophysical models and assessments of the technical feasibility and commercial viability of producing the reserves and resources. Management prepare estimates which conform to guidelines prepared by the Society of Petroleum Engineers. These assessments require assumptions to be made regarding future development and production costs, commodity prices, exchange rates and fiscal regimes. The estimates of reserves and resources may change from year to year as the economic assumptions used to estimate the reserves can change from year to year, and as additional geological data is generated during the course of operations.

i. Assets in Development

The costs of oil and gas assets in development are separately accounted for and include past exploration and evaluation costs, development drilling and other subsurface expenditure, surface plant and equipment and any associated land and buildings.

When the committed development expenditure programs are completed and production commences, these costs are subject to amortisation. Once the required statutory documentation for a Production Licence is received the accumulated costs are transferred to oil and gas assets - producing assets.

m) Payables

Liabilities for trade creditors and other amounts are carried at amortised cost which is the amount initially recognised, minus repayments whether or not billed to the consolidated entity. Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accruals basis.

n) Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

The Company records the present value of the estimated cost of legal and constructive obligations (such as those under the Company's Environmental Policy) to restore operating locations in the period in which the obligation is incurred. The nature of restoration activities includes dismantling and removing structures, rehabilitating wells, dismantling operating facilities, closure of plant and waste sites and restoration, reclamation and revegetation of affected areas.

Typically the obligation arises when the asset is installed at the production location. When the liability is initially recorded, the estimated cost is capitalised by increasing the carrying amount of the related assets. Over time, the liability is increased for the change in the present value based on the discount rates that reflect the current market assessments and the risks specific to the liability. Additional disturbances or changes in rehabilitation costs will be recognised as additions or changes to the corresponding asset and rehabilitation liability when incurred.

o) Employee Benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities recognised in respect of long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Company in respect of services provided by employees up to reporting date.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

p) Contributed Equity

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

q) Significant Accounting Estimates and Assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

- i. Provisions for decommissioning and restoration costs

The Company records the present value of the estimated cost of legal and constructive obligations to restore operating locations in the period in which the obligation arises. The nature

of restoration activities includes the removal of facilities, abandonment of wells and restoration of affected areas.

A restoration provision is recognised and updated at different stages of the development and construction of a facility and then reviewed on an annual basis. When the liability is initially recorded, the present value of the estimated future cost is capitalised by increasing the carrying amount of the related property plant and equipment. Over time, the liability is increased for the change in the present value based on a pre-tax discount rate appropriate to the risks inherent in the liability. The unwinding of the discount is recorded as an accretion charge within finance costs.

The carrying amount capitalised in property plant and equipment is depreciated over the useful life of the related producing asset. Costs incurred that relate to an existing condition caused by past operations and do not have a future economic benefit are expensed.

2. CASH AND CASH EQUIVALENTS

	Reviewed as at 30-Jun-21 \$'000	Pro-forma after Offer \$'000
Cash and cash equivalents	22	9,833
Reviewed balance of BMA at 30 June 2021		22
Audited balance of BME at 27 July 2021		0
<i>Pro-forma adjustments</i>		
Proceeds from shares to be issued pursuant to the Offer		11,000
Cash costs of the Offer		(1,189)
Total pro-forma adjustments		9,811
Pro-forma balance		9,833

3. OTHER NON CURRENT ASSETS

	Reviewed as at 30-Jun-21 \$'000	Pro-forma after Offer \$'000
Other non current assets	3	213
Reviewed balance of BMA at 30 June 2021		3
Audited balance of BME at 27 July 2021		-
<i>Subsequent events:</i>		
Office lease agreement - Rights of use		210
Total subsequent events		210
Pro-forma balance		213

4. CURRENT FINANCIAL LIABILITIES

	Reviewed as at 30-Jun-21 \$'000	Pro-forma after Offer \$'000
Current financial liabilities	-	70
Reviewed balance of BMA at 30 June 2021		-
Audited balance of BME at 27 July 2021		-
<i>Subsequent events:</i>		
Office lease agreement - Current portion of the finance liability		70
Total subsequent events		70
Pro-forma balance		70

5. NON CURRENT FINANCIAL LIABILITIES

	Reviewed as at 30-Jun-21 \$'000	Pro-forma after Offer \$'000
Non current financial liabilities	-	140
Reviewed balance of BMA at 30 June 2021		-
Audited balance of BME at 27 July 2021		-
<i>Subsequent events:</i>		
Office lease agreement - Non current portion of the finance liability		140
Total subsequent events		140
Pro-forma balance		140

6. CONTRIBUTED EQUITY

		Reviewed as at 30-Jun-21 \$'000	Pro-forma after Offer \$'000
Contributed equity		19,447	32,662
	Number of shares (min)		\$'000
Audited balance of BME at 27 July 2021	1		0
Reviewed balance of BMA at 30 June 2021	100		19,447
<i>Subsequent events:</i>			
Issue of ordinary shares to BM Canning LLC on 27-Sep-21	20,112,882		1,673
Issue of ordinary shares to BM Land on 28-Sep-21	3,353		3
Issue of ordinary shares to BM Canning on 11-Oct-21	1,006,733		-
Issue of ordinary shares for working capital funding prior to the Offer*	-		1,400
Total subsequent events	21,122,968		3,076
<i>Pro-forma adjustments</i>			
Shares to be issued under the IPO Offer	55,000,000		11,000
Costs of the Offer capitalised	-		(860)
Acquisition of BMA	200,000,000		-
Total pro-forma adjustments	255,000,000		10,140
Pro-forma balance	255,000,001		32,662

* No impact on the number of shares as they will be eliminated following the SSA.

7. ACCUMULATED LOSSES

		Reviewed as at 30-Jun-21 \$'000	Pro-forma after Offer \$'000
Accumulated losses		(4,932)	(8,337)
Reviewed balance of BMA at 30 June 2021			(4,932)
Audited balance of BME at 27 July 2021			-
<i>Subsequent events:</i>			
Issue of ordinary shares to BM Canning for working capital funding on 27-Sep-21			(666)
Issue of ordinary shares to BM Land for working capital funding on 28-Sep-21			(3)
Issue of ordinary shares to BM Canning for working capital funding on 11-Oct-21			(1,007)
Issue of ordinary shares for working capital funding prior to the Offer			(1,400)
Total pro-forma adjustments			(3,076)
<i>Pro-forma adjustments:</i>			
Cost of the IPO Offer not directly attributable to the capital raising			(329)
Total pro-forma adjustments			(329)
Pro-forma balance			(8,337)

APPENDIX 5 FINANCIAL SERVICES GUIDE

29 October 2021

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 ('we' or 'us' or 'ours' as appropriate) has been engaged by Black Mountain Energy Ltd ('the Company' or 'BME') to provide an Independent Limited Assurance Report ('ILAR' 'our Report') for inclusion in this Prospectus.

Financial Services Guide

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ('FSG'). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensee.

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our Australian Financial Services Licence, Licence No. 316158;
- remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our internal and external complaints handling procedures and how you may access them.

Information about us

BDO Corporate Finance (WA) Pty Ltd is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our Report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients.

When we provide the authorised financial services we are engaged to provide an ILAR in connection with the financial product of another entity. Our Report indicates who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

General Financial Product Advice

We only provide general financial product advice, not personal financial product advice. Our Report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice.

Fees, commissions and other benefits that we may receive

We charge fees for providing reports, including this Report. These fees are negotiated and agreed with the client who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately \$13,500 (exclusive of GST).

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the Report.

Remuneration or other benefits received by our employees

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from BME for our professional services in providing this Report. That fee is not linked in any way with our opinion as expressed in this Report.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, 38 Station Street, Subiaco, Perth WA 6008.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than **45 days** after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Australian Financial Complaints Authority ('AFCA'). AFCA was established on 1 November 2018 to allow for the amalgamation of all Financial Ombudsman Service schemes into one. AFCA will deal with complaints from consumers in the financial system by providing free, fair and independent financial services complaint resolution. If an issue has not been resolved to your satisfaction you can lodge a complaint with AFCA at any time.

Our AFCA Membership Number is 12561. Further details about AFCA are available on its website www.afca.org.au or by contacting it directly via the details set out below:

Australian Financial Complaints Authority
GPO Box 3
Melbourne VIC 3001
Toll free: 1300 931 678
Website: www.afca.org.au

Contact details

You may contact us using the details set out on page 1 of our Report.



BLACKMOUNTAIN
ENERGY



ANNEXURE B
Independent Technical Expert's Report

Independent Technical Report
- EP 371
Canning Basin
Australia

For: Black Mountain Energy Ltd

By: Molyneux Advisors

Date: 6 October 2021

MOLYNEUX
ADVISORS





Amendment Record:

Rev. No.	Issue Date	Description of changes made
A	09/08/2021	Draft document issued for client review
B	10/08/2021	Version issued to client
C	06/10/2021	Version incorporating BME comments

Approved by: Hong Feng Wu
Director of Molyneux Advisors Pty Ltd

Signed:

A handwritten signature in black ink, appearing to read 'Wu Hong Feng'.

Date: 6 October 2021



Declaration

Black Mountain Energy Ltd (“BME”) has commissioned Molyneux Advisors Pty Ltd (“MOLYNEUX ADVISORS” or “MA”) to provide an independent valuation of the Reserves and a review of EP 371 licence Prospective and Contingent Resource assets in the Canning Basin, WA to form a Independent Technical Report (“ITR”).

The assessment of petroleum assets is subject to uncertainty because it involves judgments on many variables that cannot be precisely assessed, including reserves, future oil and gas production rates, the costs associated with producing these volumes, access to product markets, product prices and the potential impact of fiscal/regulatory changes.

The statements and opinions attributable to MA are given in good faith and in the belief that such statements are neither false nor misleading. In carrying out its tasks, MA has considered and relied upon information obtained from a data room as well as information in the public domain. The information provided to MA has included electronic information supplemented with discussions between MA and key BME staff.

Whilst every effort has been made to verify data and resolve apparent inconsistencies, neither MA nor its servants accept any liability for its accuracy, nor do we warrant that our enquiries have revealed all the matters, which an extensive examination may disclose.

MA have not independently verified property title, encumbrances, regulations that apply to these assets. MA has also not audited the opening balances at the valuation date of past recovered and unrecovered development and exploration costs, undepreciated past development costs and tax losses.

MA believes its review and conclusions are sound, but no warranty of accuracy or reliability is given to its conclusions.

MA has no pecuniary interest, other than to the extent of the professional fees receivable for the preparation of this report, or other interest in the assets evaluated, that could reasonably be regarded as affecting our ability to give an unbiased view of these assets.

MA’s review was carried out only for the purpose referred to above and may not have relevance in other contexts.

No site visits were undertaken in the preparation of the ITR.

MOLYNEUX ADVISORS Pty LTD

(ACN 624 938 049)

1/184 Adelaide Terrace

East Perth WA 6004

Australia



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1. Executive Summary

Exploration Permit EP 371 is located in the Fitzroy Trough in the Canning Basin, Western Australia (WA). The permit area covers 3,662 km² (~905,000 acres) and is located some 2,500 km northeast of Perth, Western Australia. This resource assessment covers those unconventional hydrocarbons expected to be present or currently discovered in the early Carboniferous-age Laurel Formation in EP 371 (Figure 1.1).

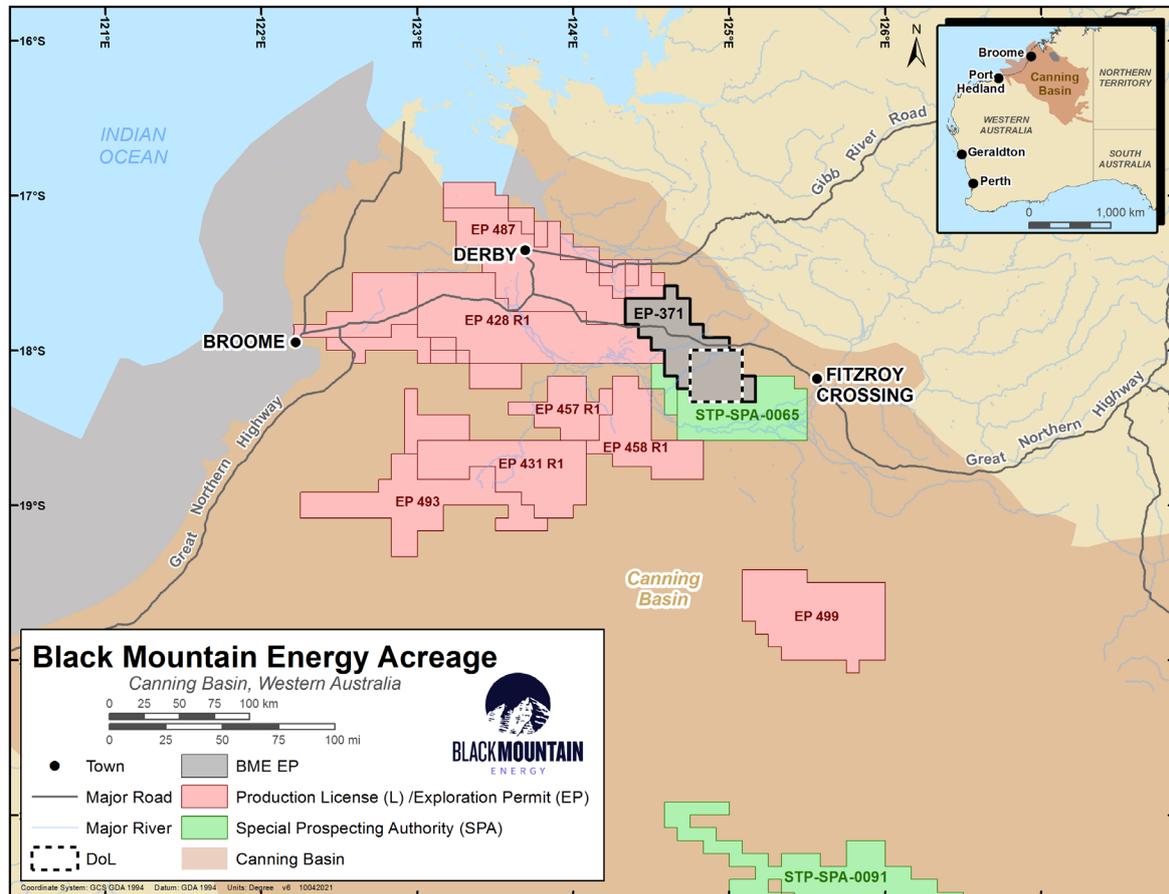


Figure 1.1: Location of Exploration Permit EP 371.

MA has independently reviewed the supplied interpretational work and softcopy isochore maps relating to selected Laurel Formation units and believe they represent a reasonable and consistent geological interpretation of the subsurface. These maps formed the basis for calculations of potential productive areas.

Petrophysical parameters (porosity, hydrocarbon saturation and net hydrocarbon thickness) and engineering parameters (recovery efficiency and fluid properties) were also estimated based on available well data, analogue field data and global experience.

A summary of estimated volume ranges for Prospective and Contingent Resources is given in Table 1-1 below. Note all volumes are unrisks.

Conversion factor used in calculating barrels of oil equivalent (“boe”) is 0.18233 standard barrels oil equivalent (equal to 1000 standard cubic feet gas).



Prospective Resources (unrisked)	1U	2U	3U
Recoverable Gas (Tcf)	4.376	11.805	27.834
Recoverable Condensate (MM bbls)	59.82	165.60	413.59
Recoverable Resources (MM boe)	857.74	2318.03	5488.52
Contingent Resources	1C	2C	3C
Recoverable Gas (Tcf)	0.572	1.525	3.200
Recoverable Condensate (MM bbls)	10.936	29.605	64.039
Recoverable Resources (MM boe)	115.26	307.66	647.51

Table 1-1: Summary of Prospective and Contingent Resources in EP 371

1.1 Petroleum System

The Prospective and Contingent Resources in EP 371 are deemed to be part of an “unconventional” petroleum system referred to as a Basin-Centred Gas Accumulation (“BCGA”) in the Fitzroy Trough area of the Canning Basin.

The key criteria supporting the interpretation of the EP 371 unconventional gas occurrence as a BCGA type accumulation are:

- All wells that penetrate the Laurel Formation in EP 371 and surrounding areas show continuous gas, indicating a pervasive accumulation beyond structural closure.
- Drilling mud data shows over-pressured sections within the target Laurel Formation.
- TOC ranges from 0.5 - 4.5 and maturity of source rock $R_o > 1.12$ ($T_{max} > 460$ °F).
- No downdip water has been detected and gas is typically the main fluid pressure phase.

1.2 Prospective and Contingent (Unconventional¹) Resources

Following PRMS 2018 guidelines [Ref. 1], MA have categorized EP 371 resources into two classes:

- (Undiscovered) unconventional Prospective Resources and
- (Discovered) unconventional Contingent Resources

The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated chance of discovery and a chance of development. Further exploration, appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

1.2.1 Prospective (Unconventional) Resources

The resource volumes shown Table 1-2 are classified as (unconventional) Prospective Resources and assigned to the **Lead** sub-class, as defined by the PRMS (2018: Prospect, Lead, Play).

¹ Note: Unconventional Prospective Resources and Unconventional Contingent Resources referred to in this report follow the definition as described in PRMS (Section 2.4) [Ref. 1]



Prospective Resources (by Area and Category)		Prospective Resource Range (Unrisked)		
		1U	2U	3U
DoL	GIIP (Tcf)	7.066	17.597	40.522
	Recoverable Gas (Tcf)	1.407	5.110	15.296
	Recoverable Condensate (MM bbl)	18.37	68.36	221.29
	Recoverable Resources (MM boe)	274.83	1000.07	3010.12
Non-DoL	GIIP (Tcf)	7.291	18.156	41.914
	Recoverable Gas (Tcf)	1.482	5.267	15.713
	Recoverable Condensate (MM bbl)	20.48	74.44	237.41
	Recoverable Resources (MM boe)	290.66	1034.73	3102.37
EP 371 Statistically Aggregated	GIIP (Tcf)	17.195	38.442	76.517
	Recoverable Gas (Tcf)	4.376	11.805	27.834
	Recoverable Condensate (MM bbl)	59.82	165.60	413.59
	Recoverable Resources (MM boe)	857.74	2318.03	5488.52

Table 1-2: Summary of Unconventional Prospective Resources in EP 371 as of 6 October 2021.

The prospective resources discussed and shown herein are those highly speculative resources estimated beyond reserves or contingent resources where geological and geophysical data suggest the potential for discovery of producible gas but where the level of proof is insufficient for classification as reserves or contingent resource. The unrisks prospective resources shown in this report are the range of volumes that could reasonably be expected to be recovered in the event of the discovery and development of the Lead.

The chance of discovery of the prospective resources addresses the probability of discovery of a significant quantity of potentially recoverable hydrocarbon; this analysis is conducted independent of estimations of petroleum volumes and without regard to the chance of development. For the accumulations in EP371 the principal geologic risk elements include quantity of reservoir, hydrocarbon content, storage capacity, and potential for commercial flow rates.

A five-year work program has been designed by BME to further delineate the extent of the resource-in-place, evaluate the reservoir properties of various zones of interest, and establish a longer-term production profile that will enable an accurate forecast of the Estimated Ultimate Recovery (“EUR”). This includes the acquisition of 2D and 3D seismic data, drilling of one or more additional pilot wells, performing logging and analysis, conducting hydraulic fracture-stimulation (“HFS”) of at least one horizontal well, and monitoring flowback testing etc.

A detailed timeline for this five-year work program can be found in the EP 371 Retention Lease Development Concept (BNR_COR_AP_001) document [Ref. 5].

1.2.2 Contingent (Unconventional) Resources

The classification of (unconventional) Contingent Resources (Table 1-3) is based upon confirmation of the presence and successful recovery of gas (following hydraulic fracture-stimulation) for the two most recent wells (Asgard 1 and Valhalla North 1) from the Laurel Formation.

Based on the high level of remaining technical and commercial uncertainty this resource is assigned to the CR **Development Unclassified** sub-class, as defined by the PRMS (2018, [Ref.1]) Guidelines.



Estimates of recovery efficiency presented in this ITR are based on analogue data and global experience and reflect the range in recovery for the potential reservoirs considered in the unconventional discovered/undiscovered accumulations. The recovery efficiency estimates do not incorporate development or economic inputs and are subject to change upon selection of specific development options and costs, economic parameters, and product price scenarios.

To conclude, the project maturity rather than technology under development is the main contingency that currently does not allow this resource to be classified as petroleum reserves.

Assessment of the chance of development of resource in EP371 includes a consideration of whether the entire area addressed by the assessment can and will be developed. This areal component is generally unique to unconventional gas because of the greater areal extent and the wide variability in thickness, rock quality and production characteristics across that area extend.

The chance of development in EP371 is impacted by the lack of infrastructure; the complexity of mobilizing drilling, completions, production and operation equipment and crews; lack of pipelines for export; commodity price; and the current absence of an acceptance from the Western Australian Environmental Protection Agency (EPA) of plans for further drilling and HFS.

A detailed appraisal drilling and evaluation program is included in the EP 371 Retention Lease Development Concept (BNR_COR_AP_001) document [Ref. 5].



Contingent Resources (by Area and Category)		Contingent Resource Range		
		1C	2C	3C
Asgard 1	GIIP (Tcf)	0.983	2.441	4.693
	Recoverable Gas (Tcf)	0.206	0.656	1.553
	Recoverable Condensate (MM bbl)	2.505	9.050	24.836
	Recoverable Resources (MM boe)	40.001	128.605	307.93
Valhalla North 1	GIIP (Tcf)	1.141	2.344	4.154
	Recoverable Gas (Tcf)	0.227	0.638	1.399
	Recoverable Condensate (MM bbl)	5.221	14.966	33.734
	Recoverable Resources (MM boe)	46.603	131.311	288.77
Valhalla 2	GIIP (Tcf)	0.161	0.546	1.500
	Recoverable Gas (Tcf)	0.036	0.147	0.465
	Recoverable Condensate (MM bbl)	0.843	3.369	10.542
	Recoverable Resources (MM boe)	7.422	30.166	95.251
Statistically Aggregated	GIIP (Tcf)	2.892	5.552	9.383
	Recoverable Gas (Tcf)	0.572	1.525	3.200
	Recoverable Condensate (MM bbl)	10.936	29.605	64.039
	Recoverable Resources (MM boe)	115.260	307.656	647.50

Table 1-3: Summary of Unconventional Contingent Resources for EP 371 as of 6 October 2021.



2. Introduction

2.1 Terms of reference

Black Mountain Energy Ltd, operating in EP 371 as Bennett Resources Pty Ltd, retained Molyneux Advisors Pty Limited to provide a Independent Technical Report on the Prospective and Contingent Resources in Exploration Permit EP 371 compliant with the requirements of PRMS 2018 [Ref. 1] with the following objectives:

- Review the available data and interpretations for quality and consistency
- Obtain an independent opinion from an objective and disinterested third party on the resource volumes internally provided.

2.2 EP 371 Assets

EP 371 is an exploration permit is located in the Fitzroy Trough area of the Canning Basin, Western Australia (WA). The permit area covers 3,662 km² (~905,000 acres) and is located some 2,500 km northeast of Perth, WA, (Figure 1.1). The permit was issued 31 July 2014 and is set to expire on 30 July 2023. The exploration work program is listed in Table 2-1

Year	Start Date	End Date	Description
1	31/07/2014	30/12/2019	Well Stimulation
1	31/07/2014	30/07/2019	Production Test
2	31/07/2015	30/07/2020	1 Exploration Well
3	31/07/2016	30/07/2021	Geological and Geophysical Studies
4	31/07/2017	30/07/2022	Acquire 100 line km 2D Seismic
5	31/07/2018	30/07/2023	1 Exploration Well

Table 2-1 EP 371 Exploration Work Program (6 October 2021)

In EP 371, four wells (boreholes) have been drilled to date by Buru Energy (the previous Operator of the permit), of which two (Valhalla-North 1 and Asgard 1), were subsequently underwent HFS. Buru Energy then withdrew from the permit, with its partner Mitsubishi taking over Buru's interest, before sale of the total asset to Black Mountain Exploration Pty Ltd in 2019. Following this acquisition, Black Mountain Exploration Pty Ltd established Bennett Resources ("BNR") as the sole (i.e. 100%) title holder of EP 371. Based upon the EP 371 well results and offset well data, a basin-centred gas accumulation is strongly indicated. BME is planning to confirm and, if successful, move into development.

In the future BME expect to acquire:

- 135 line km of 2D seismic in 2022; and
- 500 km² of 3D seismic in 2023.

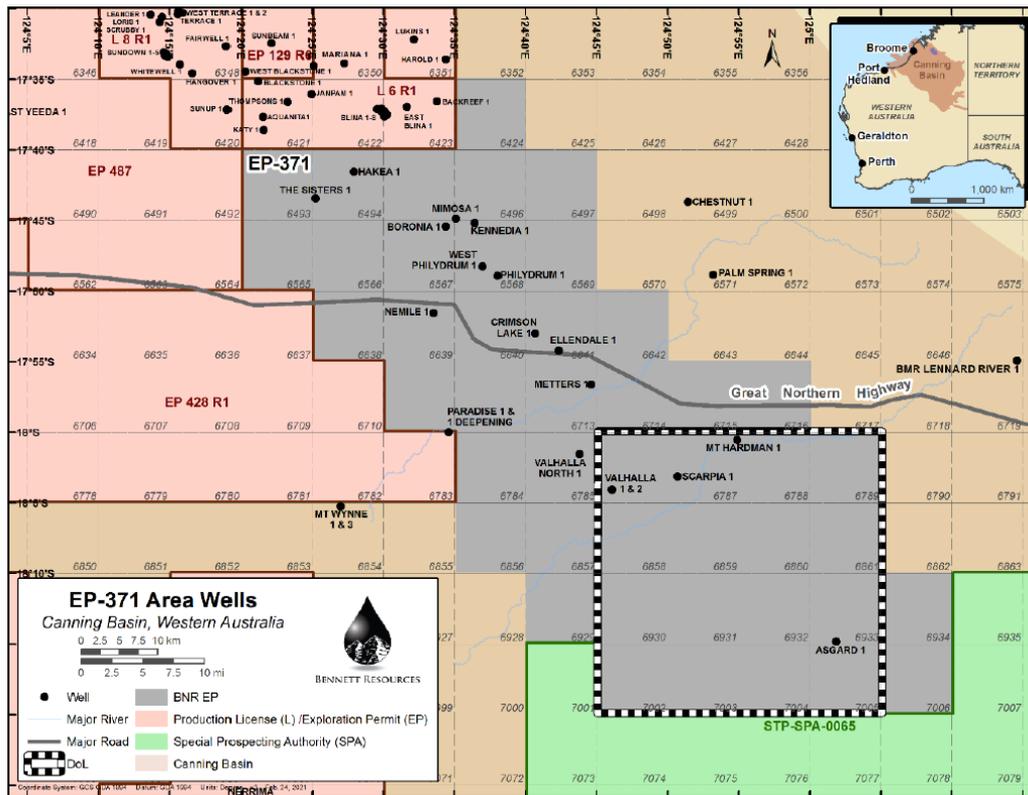


Figure 2.1: Location of DoL (Declaration of Location) and Non-DoL areas in EP 371.²

2.3 Basis of assessment

2.3.1 Qualifications

MA is an independent oil and gas advisory company. All MA staff and associates engaged in this assignment are professionally qualified engineers, geoscientists or analysts with more than twenty years work experience in senior technical and managerial positions in the petroleum industry.

MA was founded in 2018 to provide independent advice to companies associated with the oil and gas industry. Today the company has approximately fifteen highly experienced staff and consultants at its offices in Perth and locations in Europe and USA. Our services cover the entire range of the oil and gas business lifecycle and include:

1. Oil and gas asset valuations, expert advice to banks and other financial institutions for debt or equity finance.
2. Exploration/portfolio management.
3. Field development planning and field re-development in mature fields.
4. Reserves/resources assessment and certification, peer reviews.
5. Gas market advice.

² The Declaration of DoL for field name Valhalla-Asgard are related to the following 16 blocks: 6786, 6787, 6788, 6789, 6858, 6859, 6860, 6861, 6930, 6931, 6932, 6933, 7002, 7003, 7004, 7005. "Non-DoL" refers to area in EP 371 that lies outside of the above 16 DoL blocks. Richardson S et al., 2021 contains details of the definition of the DoL.



6. Independent Expert/Expert Witness reviews.
7. Strategy and corporate planning.
8. Evaluation of sustainable energy options and developments in connection with the energy transition.

The estimates of contingent resources and prospective resources in this Report are based upon, and fairly represent, information and supporting documentation by, or under the supervision of Mr. Hongfeng Wu. Hongfeng Wu is the Director of Molyneux Advisors Pty Ltd and is a (Full) member of Society of Petroleum Evaluation Engineers (SPEE #1021) and a member of Society of Petroleum Engineers (SPE # 5084882). Hongfeng Wu and the MA Technical/Review Team (see below) have provided their prior written consent as to the form and context in which the estimated contingent resources and prospective resource and the supporting information are presented in this report

Mr. Hongfeng Wu has 24 years of experience in oil and gas exploration and development business working with some of the world's largest oil and gas producers.

This ITR is an integrated product. The consultants involved in preparing and reviewing this ITR are listed in Appendix II: MA Technical/Review Team for EP 371 ITR

2.3.2 Limitations

The assessment of petroleum assets is subject to uncertainty because it involves judgments on many variables that cannot be precisely assessed, including reserves/resources, future oil and gas production rates, the costs associated with producing these volumes, access to product markets, product prices and the potential impact of fiscal/regulatory changes.

The EP 371 assets assessed in this report comprise the Prospective and Contingent areas as defined by BME.

The statements and opinions attributable to MA are given in good faith and in the belief that such statements are neither false nor misleading. While every effort has been made to verify data and resolve apparent inconsistencies, neither MA nor its servants accept any liability for, or warrant the accuracy or reliability of our conclusions, nor do MA warrant that our enquiries have revealed all the matters, which an extensive examination may disclose.

Whilst this report has been prepared within the context of the effects of petroleum legislation, taxation, and other regulations, that currently apply to assets, MA has not independently verified property title, encumbrances, regulations that apply to these assets. MA has not audited the opening balances at the valuation date of past recovered and unrecovered development and exploration costs, undepreciated past development costs and tax losses.

MA believe its review and conclusions are sound, but no warranty of accuracy or reliability is given to its conclusions.

Under its contract with MA, BME has agreed to release, discharge and indemnify MA from all or any claims, losses, costs, expenses, actions, demands, judgments, orders, liability at law or in equity however arising including but not limited to any claim or consequential damages or any other proceedings whatsoever incurred by MA in respect of any claim by a third party (including associates, agents or employees of the client) in connection with all or any of the services provided by MA to the client under the terms set out in this document.

2.3.3 Independence

MA makes the following disclosures:



- MA is independent with respect to BME and confirms that there is no conflict of interest with any party involved in this assignment.
- Under the terms of engagement between MA and BME for the provision of this report, MA will receive a fee, payable by BME. The payment of this fee is not contingent on the intended purpose of this report.
- Neither MA Directors nor any staff involved in the preparation of this report hold interests in BNR, BME or its Affiliates.

2.3.4 Standard

Reserves and resources are reported in accordance with the definitions of Reserves, Contingent Resources and Prospective Resources and guidelines set out in the Petroleum Resources Management System (PRMS) approved by the Society of Petroleum Engineers in 2018 [Ref. 1]. A full text of PRMS can be downloaded from:

https://secure.spe.org/sites/spe.org/files/prmgmtsystem_final_2018.pdf

2.4 Definitions

The following paragraphs briefly describe the categories of hydrocarbon volumes listed in this report:

Contingent Resources (Low (1C), Best (2C) and High (3C) estimates): those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable owing to one or more contingencies.

Prospective Resources (Low (1U), Best (2U) and High (3U) estimates have not been risked, based on an estimate of the “Geological Chance of Success”): those quantities of petroleum that are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations.

Note:

1. There are no Resources classified as currently meeting the PRMS definition of **Reserves** in EP 371 [Ref. 1].
2. The resources classified as Prospective and Contingent Resources are deemed unconventional and follow the definition and guidance in Section 2.4 of the 2018 PRMS [Ref. 1]

For convenience, the resources classification framework and sub-classes based on project maturity from PRMS 2018 (Page 7/57, Page13/57; Ref.1) have been attached as Figure 2.2 and Figure 2.3 in this Independent Technical Report.

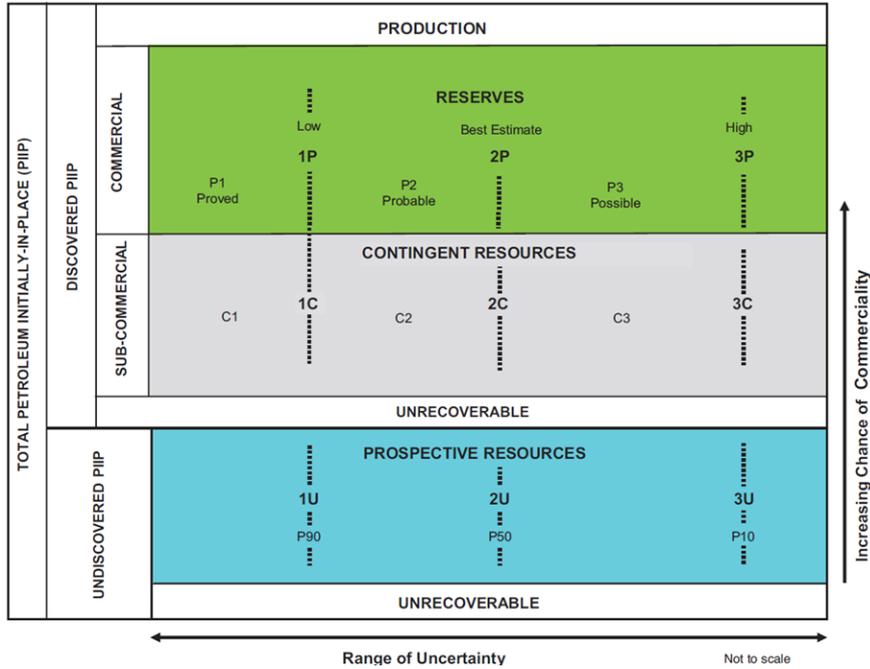


Figure 2.2 Resources classification framework (from PRMS 2018 Page 7/57 Ref. 1)

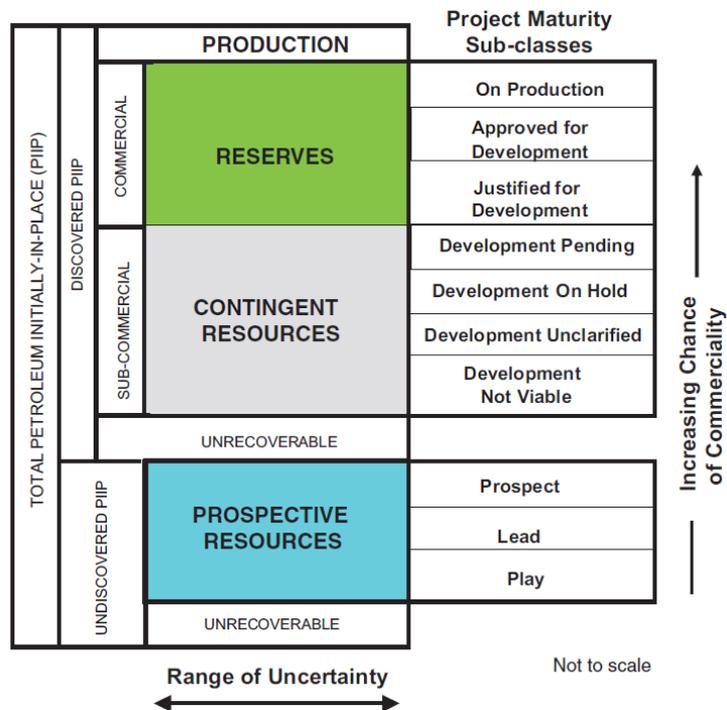


Figure 2.3: Sub-classes based upon project maturity (from PRMS 2018 Page 13/57 Ref. 1)



2.5 Data Provided

2.5.1 Seismic Data and Quality

MA has relied predominantly upon data and information made available by BME. Initial data was transferred via an FTP site along with a copy of the Kingdom interpretational database that was couriered to Perth. Following supporting data and attachments were supplied either via FTP or through email correspondence with BME. The Kingdom project includes an extensive set of 2D seismic data acquired over EP 371 with the approximate average line spacing being 2.5 km and 4 km in the dip and strike directions respectively around the wells. The spacing increases away from these areas to 6 km or more particularly into the basin centre (SW) away from the originally targeted structural highs. All key wells, and the majority of wells in the surrounding area, were included. See Figure 2.4 for a summary map of the main area of interest database. Seismic data quality ranges from fair in the case of the oldest vintages to good with relatively coherent and reliable events in the more recent data. In particular, the Upper Laurel Carbonate and Lower Laurel Carbonate units provide coherent and continuous seismic events that can be correlated with reasonable confidence across the Valhalla-Asgard area.

The Kingdom project also contained many interpreted horizons with faults and a selection of depth grids. See Appendix I for a full list of horizons and grids supplied.

2.5.2 Other Geoscience, Engineering and Supporting Data

The data supplied included reports covering petrophysical analysis, Development Concepts for the Retention Licence Submission, End-of-Well reports and raw production data from the extended production tests of wells Valhalla North 1 and Asgard 1. See References and Appendix I: Data .

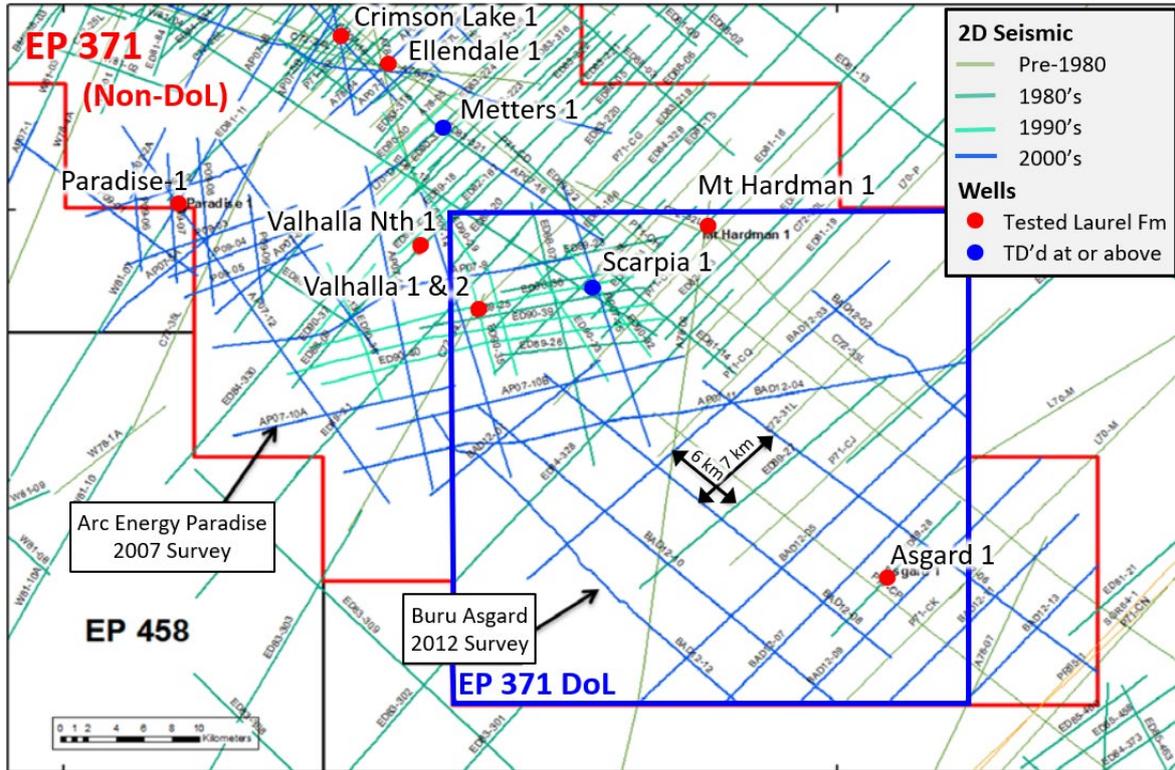


Figure 2.4: Map showing 2D seismic coverage and key wells in the Valhalla-Asgard area EP 371 Modified from Ref. 2.



3. Regional Geology and Petroleum System

3.1 Regional Geology

The onshore Canning Basin covers an area of about 530,000 km² in central-northern Western Australia [Ref. 3]. The succession in the onshore basin ranges in age from Ordovician to Cretaceous but is predominantly Palaeozoic (Figure 3.1).

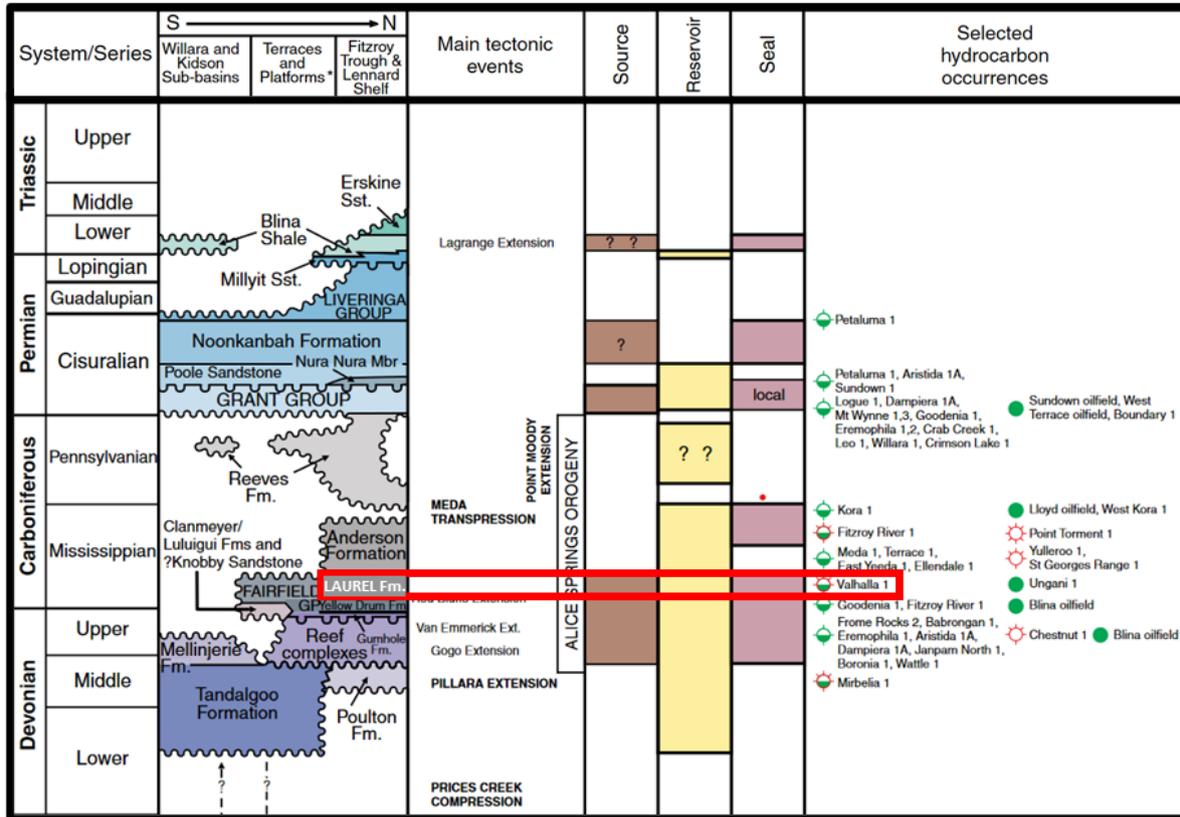


Figure 3.1: Generalised chronostratigraphy of the Canning Basin, WA [Ref. 3].

The stratigraphy of focus are the interbedded clastics (sandstones siltstones and shales) and carbonates (marine limestones, calcilutites) of the Laurel Formation.

The overall pattern of thickness and lithology changes of the Laurel Formation indicates a depositional environment that progresses from deep water marine in the Asgard-Valhalla area to shelfal carbonates and restricted nearshore marine clastics that thin and condense to the north onto the Lennard Shelf. In the Fitzroy Trough, Buru has informally subdivided the Laurel Formation into four lithostratigraphic units that vary in both thickness and facies according to position within the depocenter, Figure 3.2. These four informal sub-units are described below in reverse stratigraphic order (i.e. from youngest to oldest):

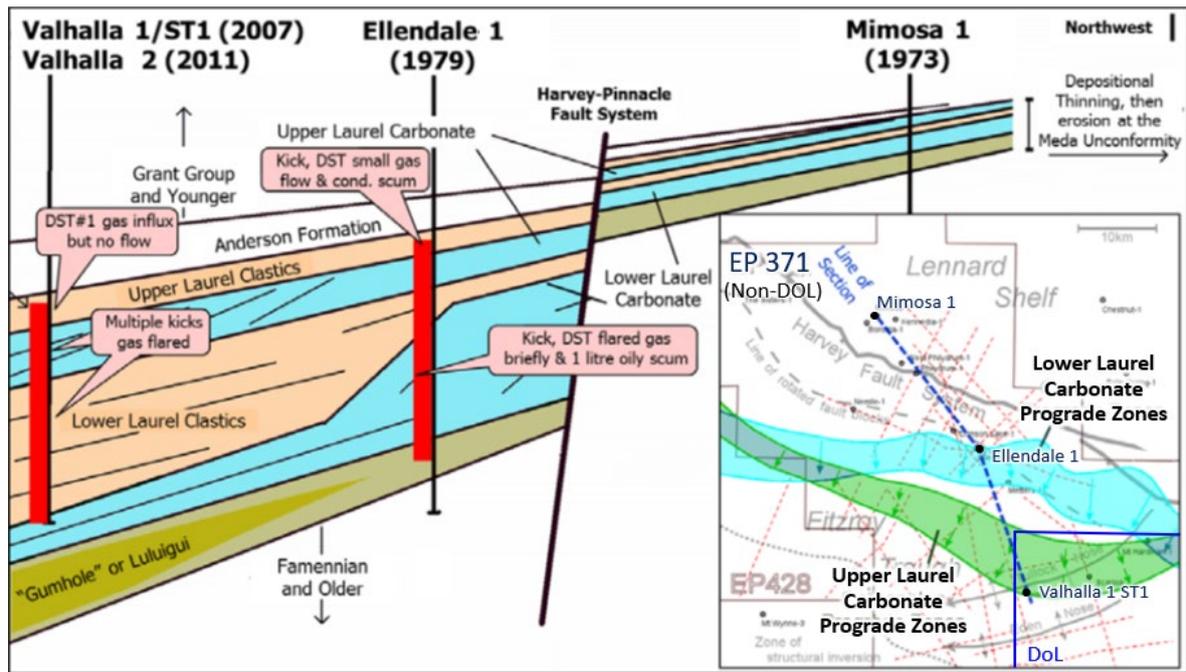


Figure 3.2: Cross-section through the Laurel Formation. on the eastern flank of Fitzroy Trough showing a simplified stratigraphy and key hydrocarbon shows [Ref. 2].

Upper Laurel Clastics: Comprises ~400 m of interbedded calcareous claystone, sandy claystone, silty claystone, argillaceous sandstone and sandstone in the Valhalla area. This unit thins northward to Ellendale 1 (~200 m) closer to the paleo shoreline, becoming more siltstone and limestone dominated.

Upper Laurel Carbonate: At Ellendale 1 this unit consists of a ~160 m thick unit of limestone that becomes more argillaceous with depth, grading to calcisiltite and siltstone with minor interbeds of siltstone/marl and marl. To the south it thickens and becomes progressively less calcareous in the Valhalla area ~270 m. The unit exhibits low angle shallow marine progrades on seismic and when mapped indicates a southwest advancing marine platform that cuts across the northern part of the block (see Figure 3.2).

Lower Laurel Clastics: At Ellendale 1 it is only ~160 m thick and in the upper part comprises shale, siltstone and thin calcisiltite beds progressing with depth to mainly sandstone with interbeds of siltstone, then siltstone and shale interbedded with minor fine-grained sandstone and limestone. To the south this unit rapidly thickens to ~800 m where the upper part (~75 m) consists of dominantly claystone and calcareous claystone. This is underlain by an interbedded sequence of sandstone, argillaceous sandstone, sandy claystone and claystone around 200m thick, then over 500m of dominantly claystone grading to silty claystone with argillaceous sandstones and siltstones. The zone of thickening is at the basin margin, roughly aligned with the NW-SE Harvey Fault system which was actively subsiding through the Late Devonian to Carboniferous which then continued as a zone of weakness for subsequent tectonic events.

Lower Laurel Carbonate: Comprised predominantly of limestone increasing with depth and interbedded with claystone, argillaceous siltstone and traces of argillaceous sandstone. This unit is clearly progradational in the Ellendale area, where it comprises over 600 m of calcilutite to calcisiltite, calcareous siltstone, recrystallised dolomitic limestone and dolomite. Further into the basin this unit is below the total depth drilled by wells but can be mapped on the seismic across the northern half of the block as an E-W trending prograding platform (See Figure 3.2).



3.2 Petroleum System

Originally Valhalla 1 ST1 was designed as a conventional test of a faulted East-West anticlinal feature at the Upper Laurel and Anderson Formation levels. There were encouraging oil and gas shows throughout the Laurel Clastics, but severely deteriorating borehole conditions prevented the execution of any further testing or evaluation. The fact that gas shows were seen over an interval that was an order of magnitude greater than the interpreted structural closure was unexplained (geologically) at the time. However, once the potential for BCGA was recognised, Valhalla 2 was drilled specifically to evaluate this possibility, followed by Valhalla North 1 and Asgard 1. The objective of these wells was to not only test the play beyond structural closure, but also to confirm the presence of unconventional over-pressured tight gas accumulation along the north-eastern flank of the Fitzroy Trough within the permit.

The Laurel Formation is now considered to be a Basin-Centred Gas Accumulation bounded at the top by the base Anderson Formation seal and at the base by the Lower Laurel Carbonate seal, (see Figure 3.2).

Key criteria supporting the presence of BCGA in the Fitzroy Trough / Canning Basin is indicated by:

- All wells that penetrate the Laurel Formation in EP 371 and surrounding areas show continuous gas indicating a pervasive accumulation beyond structural closure
- Drilling mud data shows over-pressure with no indication of gas or water contacts
- Total Organic Content (TOC) with the range of 0.5-4.5 and maturity of source rock $R_o > 1.12$ ($T_{max} > 460$ °F)
- No downdip water has been discovered and gas is typically the main fluid pressure phase.

While the above criteria indicate the high likelihood that such a petroleum system type exists, the existing 2D seismic data is not adequate to fully characterize the sub-surface structure. A further seismic acquisition program will be required to fully characterize the sub-surface structure. The Operator has a program to acquire a 2D and 3D seismic surveys and drill more wells to confirm and evaluate this BCGA.



4. Evaluation of Data Received

4.1 Methodology and Work Completed

The data and information used in the preparation of this report were provided by BME and supplemented by public domain information. MA has relied upon the information provided and has undertaken the evaluation based upon a review and audit of existing interpretations and assessments as supplied, making adjustments that in our judgment were necessary.

MA has not conducted a site visit.

MA has followed the standard resources evaluation techniques for onshore petroleum opportunities in this report. This approach is predominantly reliant on interpreted horizons from 2D seismic but also uses the regional seismic and geological knowledge from literature and nearby wells. While the seismic is key to understanding the structural and geological setting, assessment of the wells for porosity and permeability distributions, fluid characteristics, production performance and reservoir pressure is also vital. There is uncertainty in the measurement and interpretation of basic data. MA have estimated the degree of this uncertainty and incorporated this into the range of petroleum initially-in-place volumes quoted. MA have prepared estimates of recovery factors based upon consideration of the results of production performance analysis of wells in the region, classical reservoir engineering calculations and the performances of analogue fields, both in Australia and globally. Thereafter, MA have derived independent recoverable estimates for the EP 371 Unconventional Resource base, see Section 5.

Unless otherwise stated, all resources presented in this report are gross entitlement raw gas quantities with an effective date of 10 August 2021.

4.2 Assessment of Mapping and Interpretation

For the Prospective Resource evaluation, the Top Lower and Top Upper Carbonate Laurel Formation interpretations from the current Operator were quality checked along with the faulting and compared to the maps generated by the previous Operator. Although these picks were not the interpreted horizons used for the maps, (supplied by the previous Operator), they demonstrated a good level of conformity and were considered appropriate to use as the basis for the rock volume calculations.

4.2.1 Uncertainty in Seismic Horizon Mapping

The interpretation used to create the maps describing the Laurel Formation units were considered reasonable and representative of the play. An example seismic line is provided in Figure 4.1. Given the resolution of the seismic data available over EP 371, sub-division of the Laurel Formation into its constituent geological units using seismic markers is uncertain away from well control. This has been captured in the uncertainty range input to the intra-Laurel unit volume calculations.

4.2.2 Uncertainty in Seismic Velocities

Further examination was carried out to assess velocity sensitivities for the depth and isochore maps due to the lack of good velocity data with most wells not having a checkshot survey run. Assessment of the sensitivities indicate that they can support the current interpretation.

The depth maps supplied are based upon a simple time-depth regression adjusted to tie the wells. The velocities used are comparable to those recorded at Mt Hardman 1 down to the Top Laurel Formation. It should be noted that away from well control (e.g. in the deeper parts of the basin), there is likely to



be significant uncertainty in the position and depth of the mapped horizons due to changes in velocity that cannot be currently mapped. This uncertainty has been captured in the wide range of Reservoir Areas used in the resource estimation.

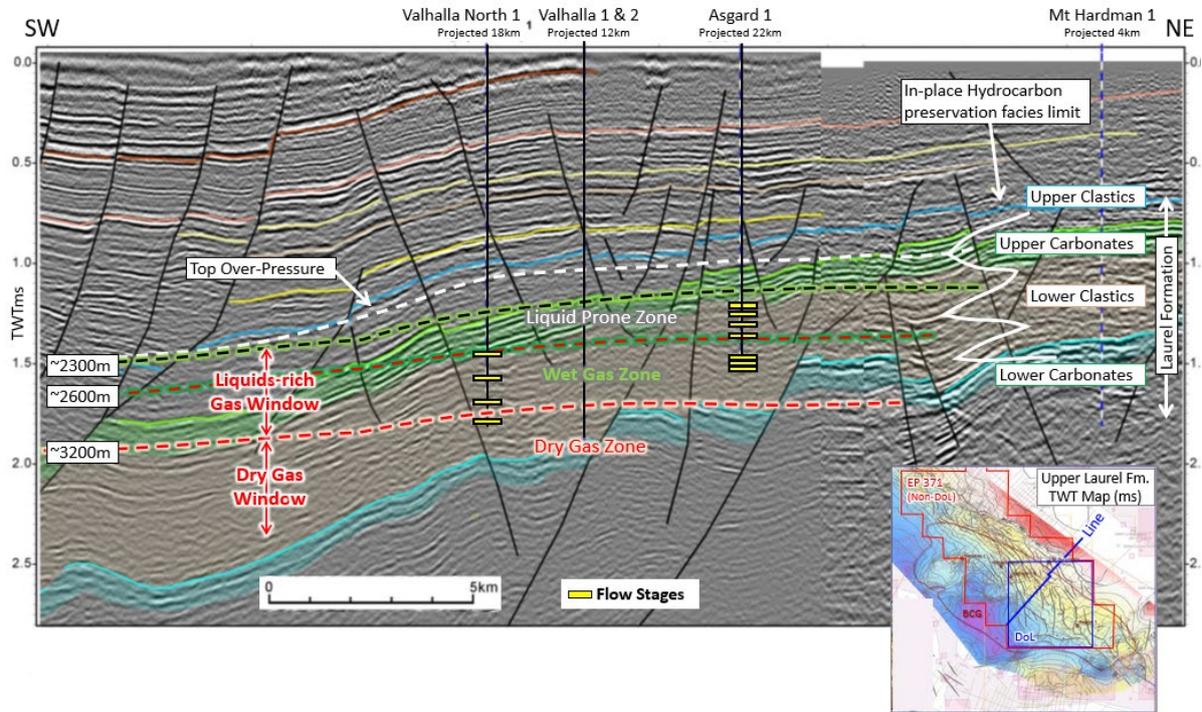


Figure 4.1: An illustrative seismic dip line from Mt. Hardman 1 showing the seismic control of the benches. Note the limit of the hydrocarbon pool up dip also has a yet to be defined lithological and fault-related component.



5. Estimation of Resources

This section covers the description of the calculation of in-place (static) and recoverable (dynamic) resources (Section 5.1). Resource Area then addresses the Prospective and Contingent Resources of EP 371 (Section 5.2). The next section then covers treatment of key components in the aforesaid calculations (Sections 5.3 – 5.6), followed by a summary of the EP 371 Prospective and Contingent Resources estimates (Section 5.7).

5.1 Calculation of in-place and recoverable hydrocarbons

In-place Volumes (i.e. volumes in-situ in the reservoir expressed at surface conditions) can be calculated based on the following input parameters:

$$GIIP = (A \times H \times NTG \times \emptyset \times (1 - S_w) \times \frac{1}{Bg})$$

where:

GIIP = Gas Initial In Place at a temperature base of 60 Degrees Fahrenheit and at a pressure base of 14.7 pounds per square inch absolute (psia) surface volume;

A = Area;

H= Thickness;

NTG = Net to gross;

\emptyset = Total porosity;

S_w = Total water saturation; and

B_g = Gas compressibility factor

$$GUR = GIIP \times R_f$$

where:

GUR= Gross raw gas ultimate recovery

R_f = Recovery efficiency(factor)

$$CUR = GUR \times CY_A$$

where:

CUR= Gross condensate ultimate recovery

CY_A = Average condensate yield (barrels per million cubic foot)

The Probabilistic Method has been used based upon estimates of resource mapping, formation thickness and log-based properties (mainly low, high and best estimates). These estimates are made based upon geoscience and engineering understanding of MA principal consultants from their global experience. Section 5.2 provides the details of how the resource area for different deterministic scenarios has been mapped.

Each of the input parameters has a high degree of uncertainty which is expressed as a distribution based on measurements or analogue data. Each parameter distribution (including recovery factor) is sampled statistically using a Monte Carlo approach to provide a stochastic range of gas initial in-place and recoverable volumes. From this volumetric distribution, minimum, low, best, high, maximum and mean estimates of unconventional resource volumes have been extracted that align to P100, P90, P50, P10, P0 and Mean probabilities respectively. Note that the Prospective Resource reported in this



ITR have NOT been risked, and that the recoverable volume in this ITR refers to the total raw gas potentially producible from the unconventional reservoir before any reduction to account for shrinkage due to separation or processing, fuel usage, flaring, re-injections and/or pipeline loss.

Stochastic volumes have been estimated for each of the main reservoirs, namely the Upper Laurel Clastics, Upper Laurel Carbonate, and Lower Laurel Clastics. The basis for the ranges applied to each of the input parameters are outlined in the Sections below. Note that Gross Rock Volume (GRV) has not been directly used as a variable in the stochastic (Monte Carlo) analysis. Instead, depth uncertainty has been captured by varying the areal extent of each reservoir unit within the Dry and Liquids-rich Gas windows. Uncertainty in reservoir thickness is based on a Net Pay distribution derived from the available well data and analogues.

5.2 Resource Area

The unconventional BCGA petroleum system described above (Section 3.2) is part of a wider continuous resource accumulation which is interpreted to cover a significant part of the EP 371 and adjacent permits. It is defined by extensive 2D seismic data, numerous well data and flows to surface of gas and condensate as outlined in Section 2.5 of this report.

The physical dimensions of the pool have been defined using the concepts of “benches”. This concept is in widespread use in the delineation of continuous resource accumulations in North America and recognises units or benches of similar lithology and thermal maturity/hydrocarbon content.

The diagram in Figure 5.1 illustrates the bench concept as applied to the Laurel Formation. The pool (bench) is defined within the stratigraphic units from which hydrocarbons have been recovered, bounded by a high confidence estimate of the over-pressure ceiling at 2300 m and a notional reservoir / BCGA floor of 4000 m (continuous gas shows in St. George Range 1, located to the SW of EP 371, indicates that this floor could be extended down to 4437 m). It should be noted that the pool has so far only been tested as a BCG resource in the Upper Carbonate and Lower Clastics. However, it is interpreted to extend into the Upper Clastics and Lower Carbonate units as well. For this report, the Upper Laurel Clastics are also included within the Prospective Resource estimate on the basis of gas log and mud weight data from the recent wells Valhalla 2, Valhalla North 2 and Asgard 1 wells which confirm the presence of a continuous gas column below the 2300 m pressure ceiling.

The physical dimensions of the pools are controlled by the seismic data and the depth conversion in the EP 371 area. An illustrative seismic dip line from Mt. Hardman heading SW between Valhalla North 1 and Asgard 1 wells is shown in Figure 4.1.

The P0 (maximum) extent of the pool is defined by the zero edges of the bench isochores. Figure 5.2 shows the isochore map for the extent of the total Lower Laurel Clastics hydrocarbon pool, whilst Figure 5.3 is an example of an isochore map of the Lower Clastics Dry Gas bench. The boundaries of these isochores define the P0 (maximum) extent of the gas pool in relation to the permit boundaries and well locations for the Prospective Resources calculations.

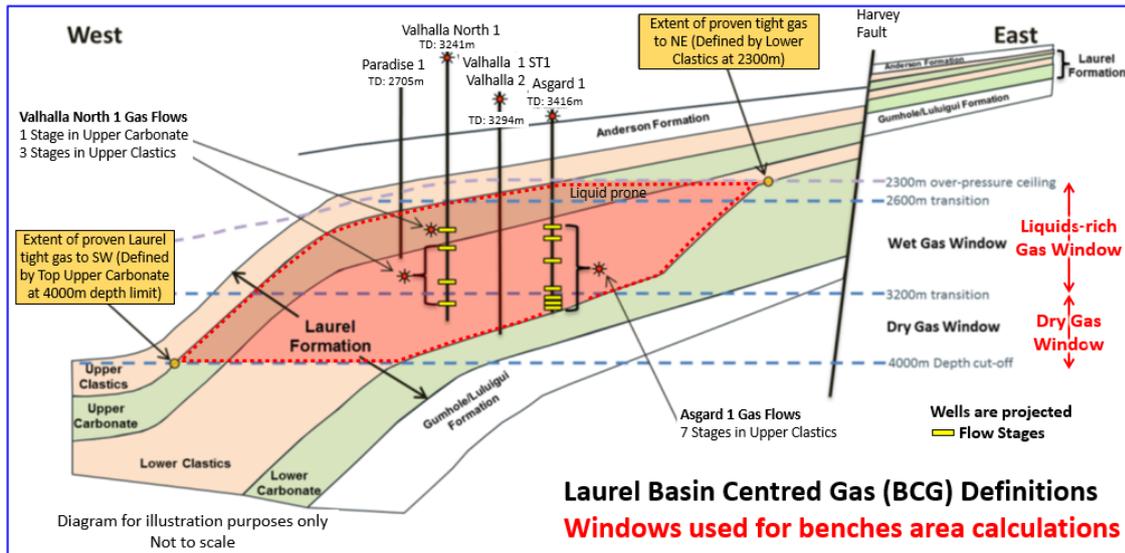


Figure 5.1: Illustration of the bench concept as applied to the Laurel Formation and the limits of the proven pools after testing. Modified from Ref. 2.

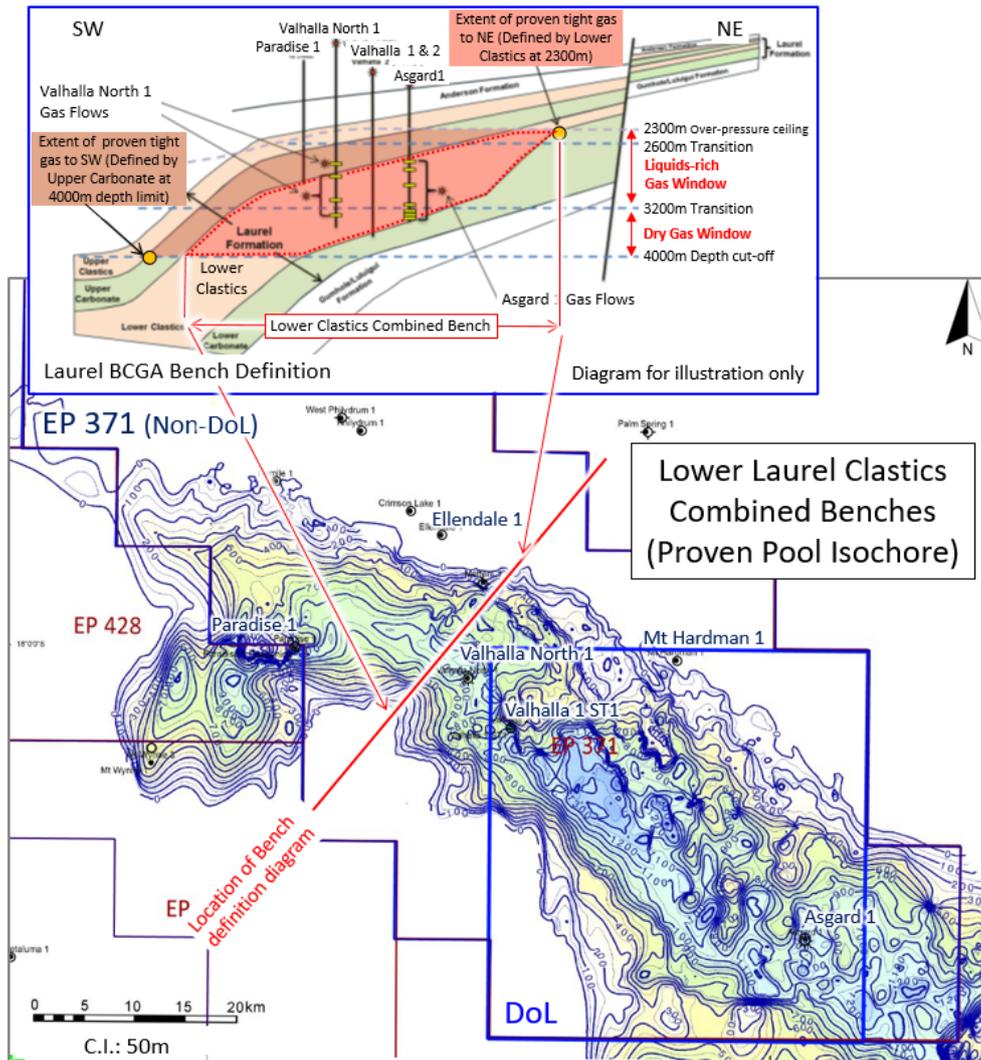


Figure 5.2: Isochore of the Lower Laurel Clastics geological structure or underground formation in which the Basin Centred Gas Accumulation is located. Modified from Ref. 2.

5.2.1 Prospective Resource Area

For this ITR, six prospective pools were evaluated using the isochore map for that interval:

1. Upper Laurel Clastics Liquids-rich Gas bench (2300-3200 m)
2. Upper Laurel Clastics Dry Gas bench (3200-4000 m)

4. Upper Laurel Carbonate Dry Gas bench (3200-4000 m)
5. Lower Laurel Clastics Liquids-rich Gas bench (2300-3200 m)
6. Lower Laurel Clastics Dry Gas bench (3200-4000 m)

These pools were then divided into DOL and Non-DOL areas with the areas used for Contingent Resources around the tested wells subtracted for each pool.

The remaining areas were considered to be the maximum scenario (P0) on a high confidence basis, given the large uncertainties in the interpretation and depth conversion away from well control. Then based upon the stratigraphic uncertainty due to depositional environment and balanced with a



Probabilistic Method approach using experience and analogues from MA’s global database, MA has used a Minimum Case (P100) of $0.05 \cdot P_0$ and Mean Case ($0.33 \cdot P_0$) for the log normal distribution inputs to the Monte Carlo simulation.

Figure 5.3 below is an example of the P0 area calculations for the Lower Laurel Clastics Dry Gas bench, DOL and Non-DOL areas.

Table 5-1 tabulates the range of areas included in the Prospective Resources estimate determined for the six benches separated out into DOL and Non-DOL areas.

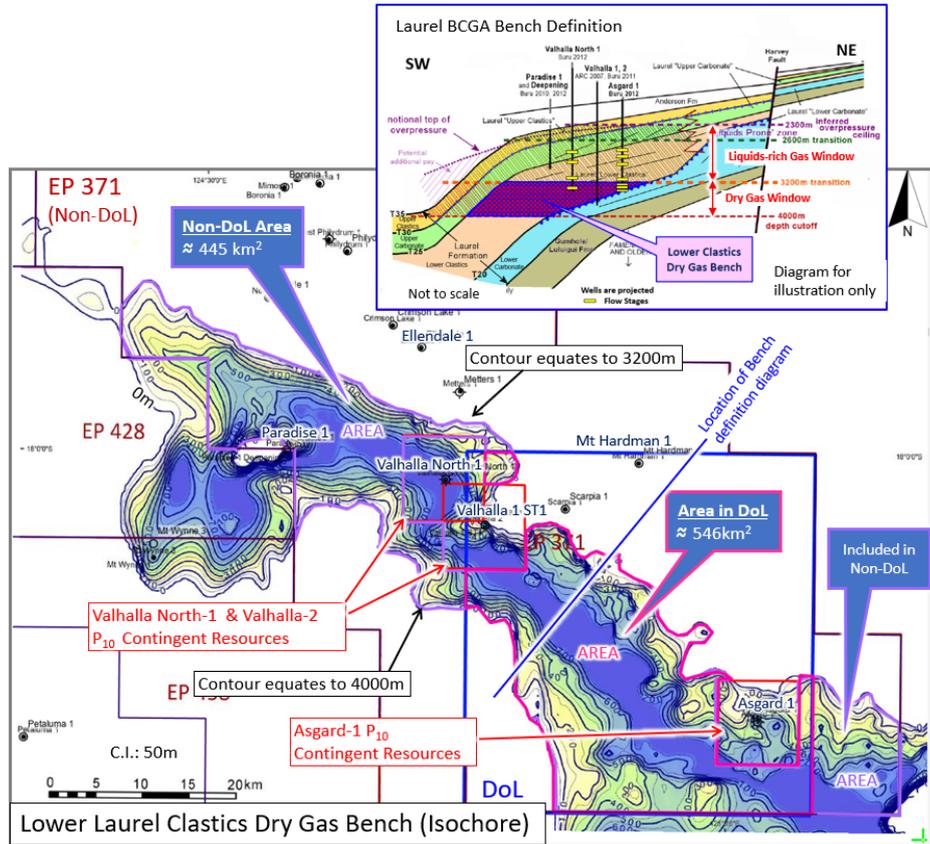


Figure 5.3: Example of the P0 area calculation for the Lower Laurel Dry Gas bench in the DoL and Non-DoL areas with the Contingent Resources removed around the tested wells Valhalla 2, Valhalla North 1 and Asgard 1.



Unit Benches	Productive Bench Area Inputs (km ²)												
	DoL						Non-DoL						EP 371
	P100	P90	P50	P10	P0	Mean	P100	P90	P50	P10	P0	Mean	
Upper Laurel Clastics Liquids-rich	22.3	44.6	124.9	276.5	446.0	144.8	25.0	50.0	140.0	310.0	500.0	162.4	946.0
Upper Laurel Clastics Dry Gas	13.2	26.3	73.6	163.1	263.0	85.4	16.9	33.7	94.4	208.9	337.0	109.4	600.0
Upper Laurel Carb Liquids- rich	19.1	38.1	106.7	236.2	381.0	123.7	30.2	60.3	168.8	373.9	603.0	195.8	984.0
Upper Laurel Carb Dry Gas	13.8	27.5	77.0	170.5	275.0	89.3	15.1	30.1	84.3	186.6	301.0	97.7	576.0
Lower Laurel Clastics Liquids-rich	31.1	62.1	173.9	385.0	621.0	201.7	24.1	48.1	134.7	298.2	481.0	156.2	1102.0
Lower Laurel Clastics Dry Gas	27.3	54.6	152.9	338.5	546.0	177.3	22.3	44.5	124.6	275.9	445.0	144.5	991.0

Table 5-1: Bench Areas, DoL and Non-DoL, calculated for EP 371 Prospective Resource.



5.2.2 Contingent Resource Area

Contingent Resources were estimated in and around the Asgard 1, Valhalla North 1 and Valhalla 2 wells. Both the Asgard 1 and Valhalla North 1 wells have been hydraulically fracture stimulated and flowed gas to surface. Based upon the test information from these two wells, they are considered to be hydrocarbon discoveries. Tracer data recorded indicate that all stimulated zones produced gas.

The Valhalla 2 well has been cased and suspended, but not yet hydraulically fractured. During the drilling of this well, numerous gas influxes and over pressure were recorded. Based upon the petrophysical evaluation, and detailed comparison with the Asgard 1 and Valhalla North 1 wells, Valhalla 2 is also considered to be a gas discovery. A total of three development spacing areas (DSAs) have been created around the existing wells and form the basis of the Contingent Resources estimation (see Figure 5.4)

A diagram illustrating the proximity to each discovery well is shown below. Based upon micro-seismic and global analogue data, a 160-acre well spacing is used. The proposed development plan (horizontal wells with multi-stage HFS as the base case well concept) was considered to be appropriate [Ref. 5].

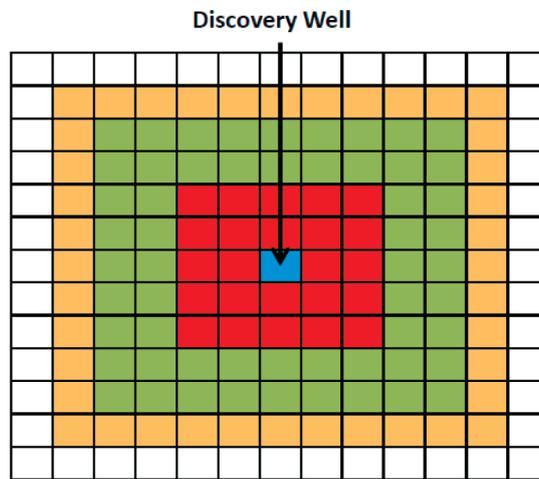


Figure 5.4: Schematic diagram showing the proximity to each discovery well. The discovery well (blue). Each box represents 160 acres well spacing.

The low case (P90) estimate includes the blue and red areas, which is 2 development well spacing areas (DSAs) from each side. The best case (P50) estimate area includes the blue, red and green areas (4 DSAs from each side). The high case (P10) estimate area includes the red, green, and brown areas (5 DSAs from each side).

Table 5-2 specifies the areas which have been booked per geological unit as Contingent Resources. Note: the areas up to and including the high productive areas quoted in this table(P0) have been *excluded* from the area assigned to Prospective Resource estimation for the corresponding units.



Well	Geological Unit	Productive Area (km ²)					
		P100	P90	P50	P10	P0	Mean
Asgard 1	Lower Laurel Clastics	7.52	16.18	52.44	78.33	154.78	53.20
Valhalla North 1	Upper Laurel Carbonate	7.52	16.18	52.44	78.33	154.78	53.20
	Lower Laurel Clastics	7.52	16.18	52.44	78.33	154.78	53.20
Valhalla 2	Upper Laurel Carbonate	1.01	3.29	16.18	52.41	67.95	19.60
	Lower Laurel Clastics	1.01	3.29	16.18	52.41	67.95	19.60

Table 5-2: Areas used per Geological Unit to calculate Contingent Resources in EP 371 (Combined Benches).

5.3 Reservoir Thickness and Net Pay Thickness

The gross gas column thickness of wells in the Canning Basin surrounding EP 371 has been summarized in Figure 5.5.

Note that uncertainty in reservoir thickness has been captured by a range in net pay based upon available well data and analogues.

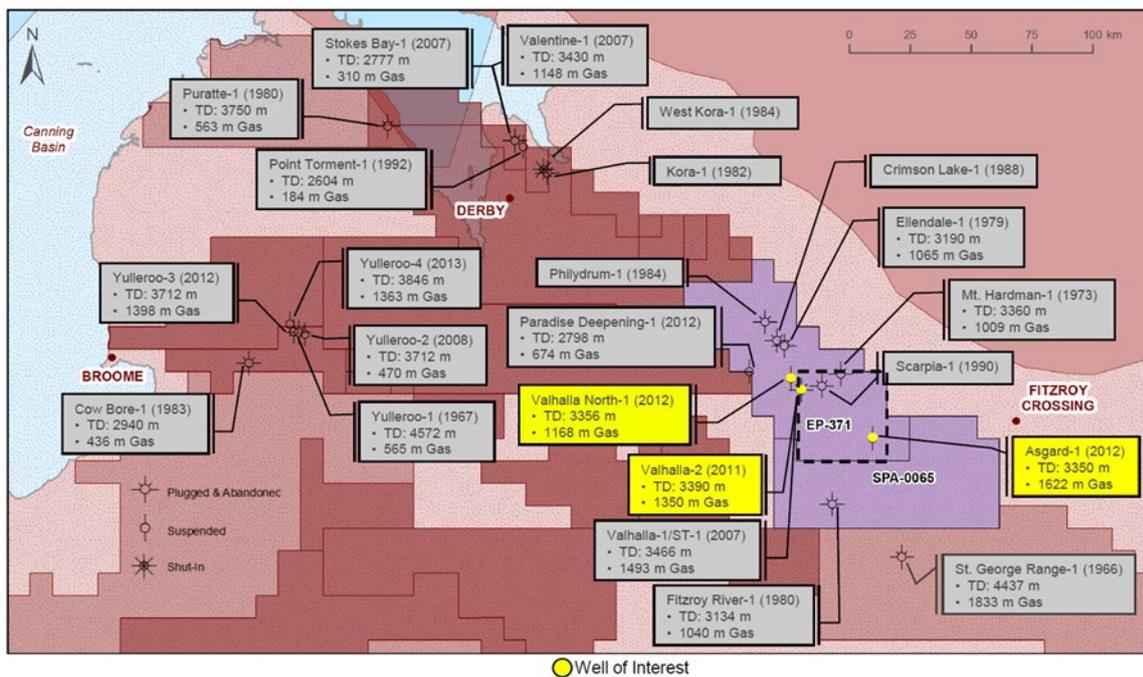


Figure 5.5: Summary of gross gas column thickness near EP 371 acreage (EP 371 wells marked with yellow boxes) [Ref. 5 and 6]

Estimates of net pay thickness are based upon inputs from original work done by Buru Energy (three wells in EP 371) and described in Figure 5.6, below.

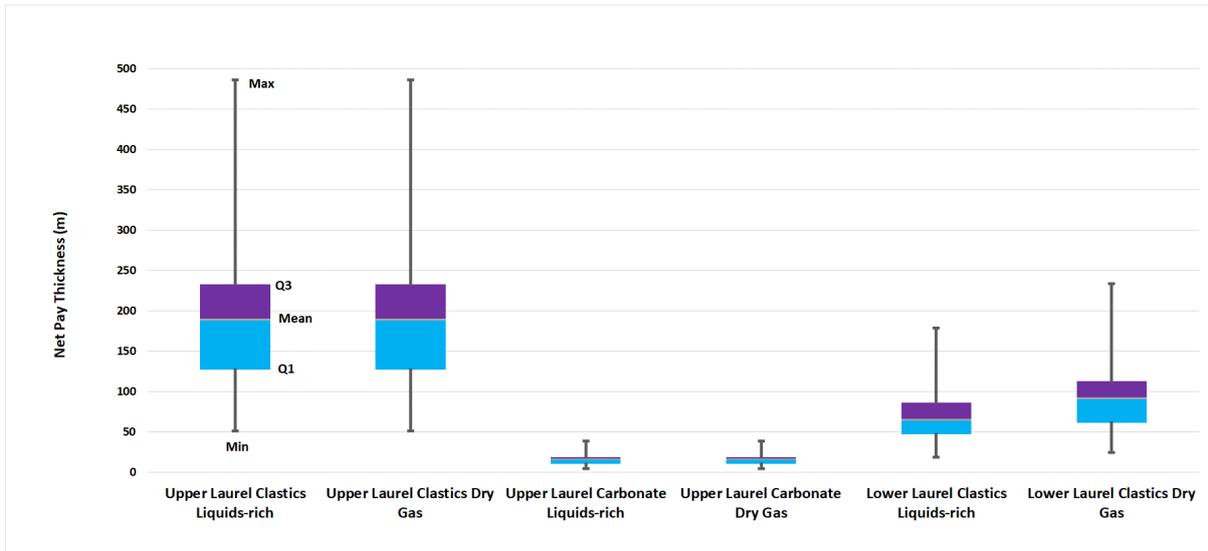


Figure 5.6: Uncertainty range of Net Pay Thickness used in Monte Carlo simulation. Blue represents the 2nd quartile (25% to Mean) and purple is the 3rd quartile (Mean to 75%); Min=Minimum and Max = Maximum, referring to total range in net pay thickness for each analogue.

Individual sandstone unit net pay thicknesses in EP 371 have been benchmarked against other tight gas fields as shown in Figure 5.7

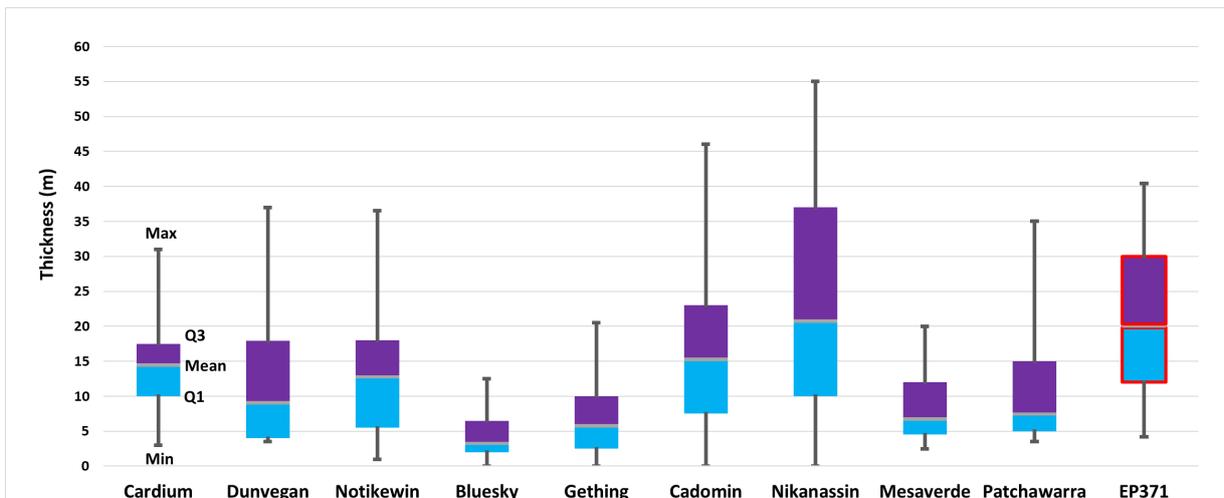


Figure 5.7: Individual Net Sandstone Unit Thickness range for analogues and EP 371 (outlined in red). Blue represents the 2nd quartile (25% to Mean) and purple is the 3rd quartile (Mean to 75%); Min=Minimum and Max = Maximum, referring to total range in thickness for each analogue.

5.4 Petrophysical Parameters

MA have reviewed the provided petrophysical inputs used to calculate the porosity, and water saturation for each unit, along with an assessment of the volume of gas in place and these were found to correctly reflect the available data.

Averaged petrophysical properties provided to MA are presented in Table 5-3 below.



Well Name	Laurel Interval	Top (m MD)	Bottom (m MD)	Net Pay (m)	Net to Gross Ratio	Average Effective Porosity (percent)
Valhalla North 1	Upper Carbonates	2618.80	2918.80	68.60	0.19	3.90
Valhalla North 1	Lower Clastics	2981.80	3320.00	135.20	0.40	4.20
Valhalla 2	Upper Carbonates	2351.40	2611.40	33.10	0.13	3.10
Valhalla 2	Lower Clastics	2611.40	3148.30	170.70	0.32	3.10
Asgard 1	Lower Clastics	2446.96	3530.64	200.47	0.19	3.50

Table 5-3: Summary of Petrophysics data from three wells in EP 371.

The distributions for the petrophysical variables were derived from:

1. Scenario-based interpretations
2. The geological, geophysical, petrophysical and engineering data available
3. Australian, regional and global analogues either from public literature or from the Evaluators' previous experience

Note: Porosities quoted in Table 5-3 are *Effective* porosity values, while Figure 5.8, to allow comparison, uses *Total* porosity values for all analogue formations (including EP 371).

Figure 5.8 and Figure 5.9 show the EP 371 data range of total porosity and water saturation benchmarked against analogues, primarily from formations containing unconventional accumulations in Western Alberta, Canada and Cooper Basin Australia [Ref. 4]. Min=Minimum and Max = Maximum, referring to total range in Total Porosity for each analogue.

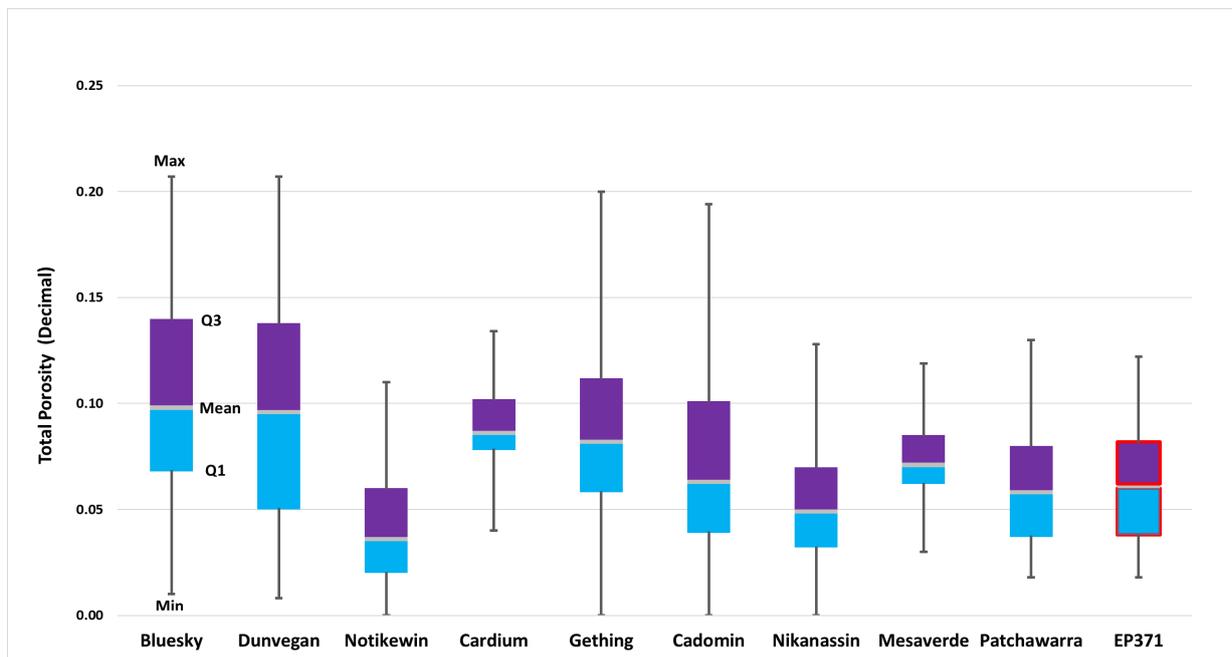


Figure 5.8: Total Porosity range for analogues and EP 371 (outlined in red). Blue represents the 2nd quartile (25% to Mean) and purple is the 3rd quartile (Mean to 75%); Min = Minimum and Max = Maximum, referring to the total range in porosity for each analogue.

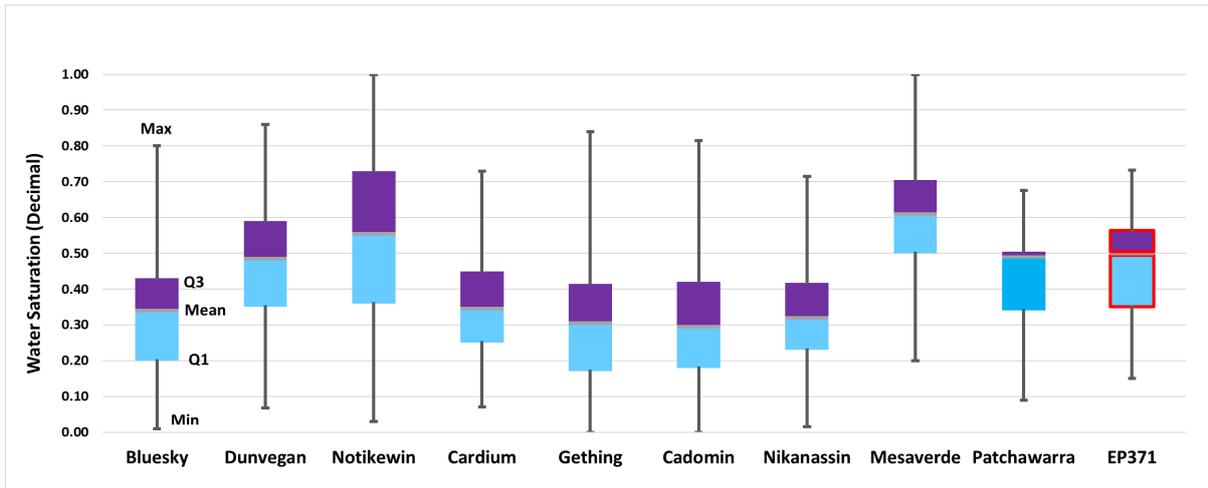


Figure 5.9: Water Saturation range for analogues and EP 371 (outlined in red). Blue represents the 2nd quartile (25% to Mean) and purple is the 3rd quartile (Mean to 75%); Min = Minimum and Max = Maximum, referring to the total range in water saturation for each analogue.

Porosity and water saturation are strongly negatively correlated, as illustrated by the empirical observation that for any given rock type, the bulk volume of water ($BVW = \Phi * S_w$) tends to be a constant. For that reason, MA has chosen a correlation factor between porosity and gas saturation of 0.9 in the Monte Carlo simulation.

5.5 Gas Expansion Factor

The reservoir pressure and temperature has been estimated based upon production test data and a dry gas fluid type was assumed in calculating the gas formation volume factor (B_g). Figure 5.10 shows the uncertainty ranges of $1/B_g$ used for Upper Laurel Clastics, Upper Laurel Carbonate and Lower Laurel Clastics.

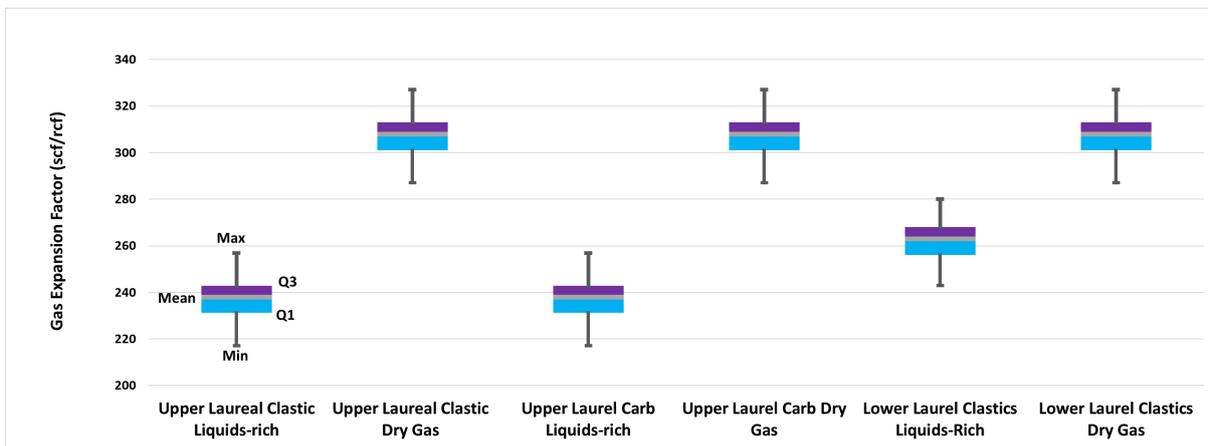


Figure 5.10: Uncertainty range of Gas Expansion Factor ($1/B_g$) used in Monte Carlo simulation. Blue represents the 2nd quartile (25% to Mean) and purple is the 3rd quartile (Mean to 75%); Min = Minimum and Max = Maximum, referring to the total range in gas expansion factor for each unit.



5.6 Gas Recovery Factor

The current well concept BME have used are multi-stage horizontal wells landed in tight sandstones with lateral lengths of ~3,000 m and well spacing of ~400 m. From comparison of estimates of recoverable hydrocarbons with global analogues and simulation studies from public literature, MA have used mean estimates for recovery factor (Rf) of 25% for the Upper Laurel Clastic “Liquids-rich” bench, 30% for Lower Laurel “Liquids-rich” and 35% for each of the dry gas intervals (Figure 5.11 and Table 5-4). Based on the development experience from unconventional tight gas fields, there is a correlation between Net Pay thickness and Gas Recovery Factor, so MA has chosen a correlation factor of 0.75 in the Monte Carlo simulation.

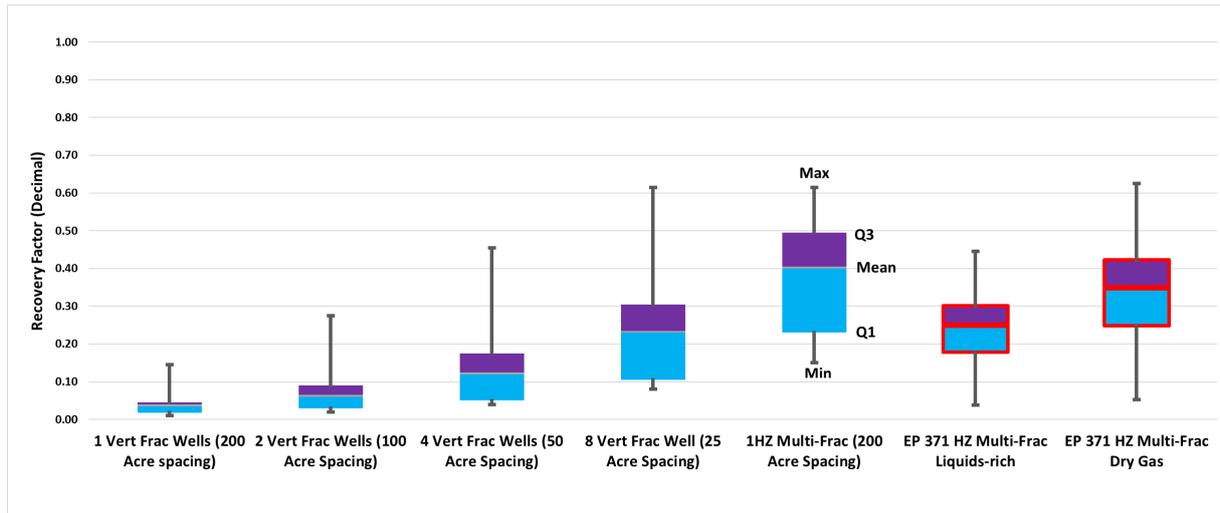


Figure 5.11: Recovery Factor range for different development well concepts in EP 371 (outlined in red) used in Monte Carlo simulation. Blue represents the 2nd quartile (25% to Mean) and purple is the 3rd quartile (Mean to 75%); Min = Minimum and Max = Maximum, referring to the total range in recovery factor for each development well concept.

For like-for-like comparison, the EP 371 Liquids-rich and Dry Gas ranges should be compared with the adjacent 1HZ Multi-Frac analogue as this is the proposed well type that BME will use. Note that Recovery Factors have been included as a distribution in Monte Carlo simulation rather than applied discretely to the GIIP.

Unit Bench	P100	P90	P50	P10	P0	Mean
Upper Laurel Clastics Liquids-rich	3.8%	11.3%	24.6%	35.5%	45.0%	25.0%
Upper Laurel Clastics Dry Gas	5.3%	15.8%	34.5%	49.7%	63.0%	35.0%
Upper Laurel Carbonate Liquids-rich	4.5%	13.5%	29.6%	42.6%	54.0%	30.0%
Upper Laurel Carbonate Dry Gas	5.3%	15.8%	34.5%	49.7%	63.0%	35.0%
Lower Laurel Clastics Liquids-rich	4.5%	13.5%	29.6%	42.6%	54.0%	30.0%
Lower Laurel Clastics Dry Gas	5.3%	15.8%	34.5%	49.7%	63.0%	35.0%

Table 5-4: Summary of Recovery Factors used in Monte Carlo simulation.



5.7 Estimated Unconventional Resources

Table 5-5 and Table 5-6 provide details of the ranges in estimates for Gas and Condensate Prospective and Contingent Resources. Estimates were derived from a Monte Carlo simulation of input parameters for in-place and recoverable volumes (see Section 5.1 for how in-place and recoverable volumes were calculated).

Gas and Condensate Prospective Resources (Unrisked)				
Area	In-place / Recoverable volumes	1U	2U	3U
DoL	GIIP (Tcf)	7.066	17.597	40.522
	Recoverable Gas (Tcf)	1.407	5.110	15.296
	Recoverable Condensate (MM bbls)	18.37	68.36	221.29
	Recoverable Resources (MM boe)	274.8	1000.0	3010.12
Non-DoL	GIIP (Tcf)	7.291	18.156	41.914
	Recoverable Gas (Tcf)	1.482	5.267	15.713
	Recoverable Condensate (MM bbls)	20.48	74.44	237.41
	Recoverable Resources (MM boe)	290.6	1034.7	3102.37
EP 371 Statistically Aggregated	GIIP (Tcf)	17.19	38.442	76.517
	Recoverable Gas (Tcf)	4.376	11.805	27.834
	Recoverable Condensate (MM bbls)	59.82	165.60	413.59
	Recoverable Resources (MM boe)	857.7	2318.0	5488.52

Table 5-5: EP 371 Unconventional Prospective Resources: DoL and Non-DoL areas plus a statistical aggregate for EP 371 as a whole.

Gas and Condensate Contingent Resources				
Well Area	In-place / Recoverable volumes	1C	2C	3C
Asgard 1	GIIP (Tcf)	0.983	2.441	4.693
	Recoverable Gas (Tcf)	0.206	0.656	1.553
	Recoverable Condensate (MM bbls)	2.51	9.05	24.84
	Recoverable Resources (MM boe)	40.00	128.6	307.9
Valhalla North 1	GIIP (Tcf)	1.141	2.344	4.154
	Recoverable Gas (Tcf)	0.227	0.638	1.399
	Recoverable Condensate (MM bbls)	5.22	14.97	33.73
	Recoverable Resources (MM boe)	46.60	131.3	288.7
Valhalla 2	GIIP (Tcf)	0.161	0.546	1.500
	Recoverable Gas (Tcf)	0.036	0.147	0.465
	Recoverable Condensate (MM bbls)	0.84	3.37	10.54
	Recoverable Resources (MM boe)	7.42	30.17	95.25
Statistically Aggregated	GIIP (Tcf)	2.892	5.552	9.383
	Recoverable Gas (Tcf)	0.572	1.525	3.200
	Recoverable Condensate (MM bbls)	10.94	29.61	64.04
	Recoverable Resources (MM boe)	115.2	307.6	647.5

Table 5-6: EP 371 Unconventional Contingent Resources for each well plus a statistical aggregate.



6. Classification of Resource Categories

MA have categorized the unconventional resources volume of EP 371 as (undiscovered) Prospective Resources (Lead) and Contingent Resources (following PRMS 2018 guidelines, Ref. 1).

6.1 Prospective (Unconventional) Resources

Classification of (unconventional) Prospective Resources (Lead) is based upon the following observations:

- The area assigned to Prospective Resources is significant with sparse well data and is currently poorly defined, having large uncertainties and consequently a wide range in potentially recoverable volumes.
- Prospective Resources (conventional or unconventional) have both an associated risk of discovery and risk of subsequent development. Even if gas is successfully flowed to surface at commercial rates the risk that the discovery cannot be matured into a development still needs to be considered. In particular, the range of recoverable volumes above the commercial threshold needs to be established from further appraisal such that an economic development concept can be identified.

Classification of (unconventional) Prospective Resources is based upon the following observations, that also qualify this resource as **Lead** sub-class as defined by the PRMS 2018 [Ref. 1]:

“A project associated with a potential accumulation that is currently poorly defined and requires more data acquisition and/or evaluation to be classified as a Prospect”.

6.2 Contingent (Unconventional) Resources

The classification of (unconventional) Contingent Resources is based upon confirmation of the presence and successful recovery of gas (following hydraulic fracture stimulation) for the two most recent wells (Asgard 1 and Valhalla North 1) from the Laurel Formation.

Given the limited data available and high level of remaining technical and commercial uncertainties such Contingent Resources are assigned to the **Development Unclassified** sub-class, as defined by the PRMS (2018) Guidelines [Ref. 1]:

“A discovered accumulation where project activities are under evaluation and where justification as a commercial development is unknown based on available information”.

Supporting the above definition, BME’s Retention License Development Concepts submission [Ref. 5], describes the next steps in their plans to establish the defined DoL area as commercially attractive.

The points below highlight areas of attention that either concern increasing gas recovery or schedule in delivery of the project milestones:

1. The well tests performed on Asgard 1 and Valhalla North 1 did not record sufficient gas rates that would be expected to generate a positive return on investment. This has been recognised by the Operator and a series of appraisal activities are planned to improve recovery per well (e.g. improved well design, improved and better targeted hydraulic fracture stimulation program).
2. The state government of Western Australia (WA) currently has placed an export ban on all domestic WA gas produced from onshore wells, with the exception of production from the



Waitsia field, therefore specific approvals must be granted to consider LNG as a potential revenue stream for gas produced from EP 371.

3. An extensive EPA approval process for hydraulic fracture stimulation is required in addition to the drilling and completion of the appraisal wells that are necessary to delineate the development area. This process is estimated to take a minimum of 24 months. Final Approval is also dependent on a best Code of Practice that is currently being finalised by DMIRS.
4. Field facilities and export pipeline are required, and it is understood that discussions have taken place with a pipeline operator on supplying the gas from EP 371 to domestic customers.



7. Conclusions

Following PRMS 2018 guidelines [Ref. 1], MA have categorized EP 371 Resources as:

- Undiscovered Prospective Resources (Lead) of 1U 857.74 MM boe, 2U 2318 MM boe and 3U 5488.5 MM boe;
- Discovered Contingent Resources of 1C 115 MM boe, 2C 307 MM boe and 3C 647.5 MM boe.

This conclusion is based upon the following observations:

- The Fitzroy Trough area in the Canning Basin, and specifically the early-Carboniferous age Laurel Formation, have the necessary characteristics of the basin-centred gas accumulation.
- BME has prepared a reasonable and consistent interpretation of the subsurface in EP 371 and environs.
- Available well data, analogue field data and global experience support the presence of a productive unconventional BCG resource in EP 371.



8. References

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5. Richardson, Samantha (2021) *EP 371 Retention Lease Development Concept (BNR_COR_AP_001)*, 63 pp. Bennett Resources Pty Ltd; 08 May 2021.
6. Moore, Jarvis, Hull, Robert, Shelokov, Valeri, Rudge, Tony & Shields, Jessica (2020), *The Canning Basin of Western Australia, Discovering Unconventional Opportunity*, (2021) URTeC: Unconventional Resources Technology Conference held in Austin, Texas, USA, 20-22 July 2020.

9. Glossary

The following table lists, along with a brief definition, abbreviated terms that are commonly used in the oil and gas industry, some of which were used in this report.

Term	Definition
°C	Degrees Celsius
°F	Degrees Fahrenheit
1P	Denotes low estimate of Reserves (i.e. Proved Reserves) equal to P1.
1U	Denotes the un-risked Low estimate qualifying as Prospective Resources (P90)
2D	Two Dimensional
2P	Denotes the best estimate of Reserves. The sum of Proved plus Probable Reserves.
2Q	2nd Quarter
2U	Denotes the un-risked best estimate qualifying as Prospective Resources (P50)
3D	Three Dimensional
3P	Denotes high estimate of reserves. The sum of Proved, Probable and Possible Reserves.
3Q	3rd Quarter
3U	Denotes the un-risked High estimate qualifying as Prospective Resource (P10)
4D	Four Dimensional – time lapse 3D in relation to seismic surveys
4Q	4th Quarter
AFE	Authority for Expenditure
Analog	Method used in resources estimation in the exploration and early development stages (including improved recovery projects) when direct measurement is limited. Based on evaluator’s assessment of similarities of the analogous reservoir(s) together with the development plan.
Analogous Reservoir	Reservoirs that have similar rock properties (e.g., petrophysical, lithological, depositional, diagenetic, and structural), fluid properties (e.g., type, composition, density, and viscosity), reservoir conditions (e.g., depth, temperature, and pressure) and drive mechanisms, but are typically at a more advanced stage of development than the reservoir of interest and thus may provide insight and comparative data to assist in estimation of recoverable resources.
Associated Gas	A natural gas found in contact with or dissolved in crude oil in the reservoir. It can be further categorized as gas cap gas or solution gas.
Barrel of Oil Equivalent (boe)	The term allows for a single value to represent the sum of all the hydrocarbon products that are forecast as resources. Typically, condensate, oil, bitumen, and synthetic crude barrels are taken to be equal (1 bbl = 1 boe). Gas and NGL quantities are converted to an oil equivalent based on a conversion factor that is recommended to be based on a nominal heating content or calorific value equivalent to a barrel of oil.
Basin-Centred Gas	An unconventional natural gas accumulation that is regionally pervasive and characterized by low permeability, abnormal pressure, gas-saturated reservoirs, and lack of a down dip water leg.
Basis for Estimate	The methodology (or methodologies) and supporting data on which the estimated quantities are based. (Also referenced as basis for the estimation.)
Bbl	US Barrel
bbl/d	US Barrels per day



Term	Definition
Bcf	Billion (10 ⁹) cubic feet
Bcm	Billion (10 ⁹) cubic metres
Best Estimate	With respect to resources categorization, the most realistic assessment of recoverable quantities if only a single result were reported. If probabilistic methods are used, there should be at least a 50% probability (P50) that the quantities actually recovered will equal or exceed the best estimate.
Bfpd	Barrels of fluid per day
boe	US barrels of oil equivalent
bopd	Barrels of oil per day
BTU	British Thermal Units
Bwpd	Barrels of water per day
Capex	Capital expenditure
CAPM	Capital asset pricing model
CGR	Condensate Gas Ratio – usually expressed as bbl/MM scf
Chance of Commerciality	The estimated probability that the project will achieve commercial maturity to be developed. For Prospective Resources, this is the product of the chance of geologic discovery and the chance of development. For Contingent Resources and Reserves, it is equal to the chance of development.
Chance of Development	The estimated probability that a known accumulation, once discovered, will be commercially developed.
CO ₂	Carbon dioxide
Condensate	A mixture of hydrocarbons (mainly pentanes and heavier) that exist in the gaseous phase at original temperature and pressure of the reservoir, but when produced, are in the liquid phase at surface pressure and temperature conditions. Condensate differs from NGLs in two respects: (1) NGL is extracted and recovered in gas plants rather than lease separators or other lease facilities, and (2) NGL includes very light hydrocarbons (ethane, propane, or butanes) as well as the pentanes-plus that are the main constituents of condensate.
Confidence Level	A measure of the estimated reliability of a result. As used in the deterministic incremental method, the evaluator assigns a relative level of confidence (high/moderate/low) to areas/segments of an accumulation based on the information available (e.g., well control and seismic coverage). Probabilistic and statistical methods use the 90% (P90) for the high confidence (low value case), 50% (P50) for the best estimate (moderate value case), and 10% (P10) for the low (high value case) estimate to represent the chances that the actual value will equal or exceed the estimate.
Contingent Resources	Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable owing to one or more contingencies.
Continuous-Type Deposit	A petroleum accumulation that is pervasive throughout a large area and that generally lacks well-defined OWC or GWC. Such accumulations are included in unconventional resources. Examples of such deposits include “basin-centred” gas, tight gas, tight oil, gas hydrates, natural bitumen, and oil shale (kerogen) accumulations.
CP	Centipoise (measure of viscosity)
CPI	Consumer Price Index
deg	Degrees



Term	Definition
Deterministic Method	An assessment method based on discrete estimate(s) made based on available geoscience, engineering, and economic data and corresponds to a given level of certainty.
Deterministic Scenario Method	Method where the evaluator provides three deterministic estimates of the quantities to be recovered from the project being applied to the accumulation. Estimates consider the full range of values for each input parameter based on available engineering and geoscience data, but one set is selected that is most appropriate for the corresponding resources confidence category. A single outcome of recoverable quantities is derived for each scenario.
Development Unclassified	A discovered accumulation where project activities are under evaluation and where justification as a commercial development is unknown based on available information. This sub-class requires appraisal or study and should not be maintained without a plan for future evaluation. The sub-class should reflect the actions required to move a project toward commercial maturity. A project maturity sub-class of Contingent Resources.
DHI	Direct hydrocarbon indicator
Discount Rate	The interest rate used to discount future cash flows into a dollar of a reference date
Discovered	A petroleum accumulation where one or several exploratory wells through testing, sampling, and/or logging have demonstrated the existence of a significant quantity of potentially recoverable hydrocarbons and thus have established a known accumulation. In this context, "significant" implies that there is evidence of a sufficient quantity of petroleum to justify estimating the in-place volume demonstrated by the well(s) and for evaluating the potential for commercial recovery.
DMIRS	Government of Western Australia, Department of Mines, Industry Regulation and Safety
DMPD	Government of Western Australia Department of Mines and Petroleum Division, now re-named as Government of Western Australia, Department of Mines, Industry Regulation and Safety
Dry Gas	Natural gas remaining after hydrocarbon liquids have been removed before the reference point. It should be recognized that this is a resources assessment definition and not a phase behaviour definition. (Also called lean gas.)
DSA	Development Spacing Area
DST	Drill stem test
E&P	Exploration and Production
Economic	A project is economic when it has a positive undiscounted cumulative cash flow from the effective date of the evaluation, the net revenue exceeds the net cost of operation (i.e., positive cumulative net cash flow at discount rate greater than or equal to zero percent).
Economically Not Viable Contingent Resources	Those quantities for which development projects are not expected to yield positive cash flows under reasonable forecast conditions. May also be subject to additional unsatisfied contingencies.
Economically Viable Contingent Resources	Those quantities associated with technically feasible projects where cash flows are positive under reasonable forecast conditions but are not Reserves because it does not meet the other commercial criteria
Effective Date	Resource estimates of remaining quantities are "as of the given date" (effective date) of the evaluation. The evaluation must take into account all data related to the period before the "as of date."

Term	Definition
Eg	Gas expansion factor. Gas volume at standard (surface) conditions/gas volume at reservoir conditions (pressure and temperature)
EIA	US Energy Information Administration
EMV	Expected Monetary Value
Entity	A legal construct capable of bearing legal rights and obligations. In resources evaluations, this typically refers to the lessee or contractor, which is some form of legal corporation (or consortium of corporations). In a broader sense, an entity can be an organization of any form and may include governments or their agencies.
EOR	Enhanced Oil Recovery
ESMA	European Securities and Markets Authority
ESP	Electric submersible pump
Estimated Ultimate Recovery (EUR)	Those quantities of petroleum estimated, as of a given date, to be potentially recoverable plus those quantities that have been already produced. For clarity, EUR must reference the associated technical and commercial conditions for the resources; for example, proved EUR is Proved Reserves plus prior production.
EUR	Expected Ultimate Recovery: the amount of recoverable expected to be recovered from a field by the time it is abandoned
Evaluator	The person or group of persons responsible for performing an evaluation of a project. These may be employees of the entities that have an economic interest in the project or independent consultants contracted for reviews and audits. In all cases, the entity accepting the evaluation takes responsibility for the results, including its resources and attributed value estimates.
Expectation	The mean (average) of a probability distribution
Expex	Exploration expenditure
Exploration	Prospecting for undiscovered petroleum using various techniques, such as seismic surveys, geological studies, and exploratory drilling.
FDP	Field Development Plan
FEED	Front End Engineering and Design
FID	Final Investment Decision
Flow Test	An operation on a well designed to demonstrate the existence of recoverable petroleum in a reservoir by establishing flow to the surface and/or to provide an indication of the potential productivity of that reservoir (such as a wireline formation test). May also demonstrate the potential of certain completion techniques, particularly in unconventional reservoirs.
Fm	Formation
FPSO	Floating Production Storage and offtake unit
FVF	Formation Volume Factor
FWL	Free Water Level
GIIP	Gas-Initially-In-Place
GJ	Giga (10 ⁹) joules
GOC	Gas-oil contact
GOR	Gas Oil ratio
GRV	Gross Rock Volume
GSA	Gas sales agreement



Term	Definition
GTL	Gas-To-Liquid(s)
GWC	Gas-Water Contact
H ₂ S	Hydrogen sulphide
HHV	Higher heating value
ID	Internal diameter
IRR	Internal Rate of Return is the discount rate that results in the NPV being equal to zero.
JV(P)	Joint Venture (Partners)
Kerogen	The naturally occurring, solid, insoluble organic material that occurs in source rocks and can yield oil upon heating. Kerogen is also defined as the fraction of large chemical aggregates in sedimentary organic matter that is insoluble in solvents (in contrast, the fraction that is soluble in organic solvents is called bitumen). (See also Oil Shales.)
Kh	Horizontal permeability
km ²	Square kilometres
Known Accumulation	An accumulation that has been discovered.
kPa	Kilo (thousand) Pascals (measurement of pressure)
K _{rw}	Relative permeability to water
K _v	Vertical permeability
Lead	A project associated with a potential accumulation that is currently poorly defined and requires more data acquisition and/or evaluation to be classified as a Prospect. A project maturity sub-class of Prospective Resources.
Learning Curve	Demonstrated improvements over time in performance of a repetitive task that results in efficiencies in tasks to be realized and/or in reduced time to perform and ultimately in cost reductions.
LIBOR	London Inter-Bank Offered Rate
Likelihood	Likelihood (the estimated probability or chance) is equal (1- risk). (See Probability and Risk.)
LNG	Liquefied Natural Gas
Low/Best/High Estimates	Reflects the range of uncertainty as a reasonable range of estimated potentially recoverable quantities.
LTBR	Long-Term Bond Rate
m	Metres
M scf	Thousand standard cubic feet
M stb	Thousand US stock tank barrels
M stb/d	Thousand Stock tank barrels per day
m TVD ss	Metres true vertical depth subsea
mD	Millidarcies (permeability)
MDT	Modular Dynamic (formation) Tester
Mean	The sum of a set of numerical values divided by the number of values in the set.
MJ	Mega (10 ⁶) Joules
mIn	Million (finance e.g. \$)
MM bbl	Million US barrels
MM scf(d)	Million standard cubic feet (per day)



Term	Definition
MM stb	Million US stock tank barrels
MOD	Money of the Day (nominal dollars) as opposed to money in Real Terms (RT)
Monte Carlo Simulation	A type of stochastic mathematical simulation that randomly and repeatedly samples input distributions (e.g., reservoir properties) to generate a resulting distribution (e.g., recoverable petroleum quantities).
MOU	Memorandum of Understanding
MPa	Mega (10 ⁶) pascal (measurement of pressure)
m ss	Metres subsea
MSV	Mean Success Volume
MW	Megawatt
Net Pay	The portion (after applying cut-offs) of the thickness of a reservoir from which petroleum can be produced or extracted. Value is referenced to a true vertical thickness measured.
Non-Hydrocarbon Gas	Associated gases such as nitrogen, carbon dioxide, hydrogen sulphide, and helium that are present in naturally occurring petroleum accumulations.
NPV	Net Present Value (of a series of cash flows)
NTG	Net to Gross (ratio)
ODT	Oil Down To
OGIP/GIIP	Original Gas-In-Place/Gas-Initially-In-Place
OOIP	Original-Oil-in-Place
Opex	Operating expenditure
OWC	Oil-Water Contact
p.u.	Porosity unit e.g. porosity of 20% +/-0.2 p.u. equals a porosity range of 18% to 22%
P100, P90, P50, P10, P0	100%, 90%, 50%, 10%, 0% probabilities respectively that the stated quantities will be equalled or exceeded. For hydrocarbons, the P90, P50 and P10 quantities correspond to the Proved (1P), Proved + Probable (2P) and Proved + Probable + Possible (3P) confidence levels respectively.
PBU	Pressure build-up
Pilot Project	A small-scale test or trial operation used to assess technology, including recovery processes, for commercial application in a specific reservoir.
PJ	Peta (10 ¹⁵) Joules
Play	A project associated with a prospective trend of potential prospects, but which requires more data acquisition and/or evaluation to define specific Leads or Prospects. A project maturity sub-class of Prospective Resources.
POS	Probability of Success
Possible Reserves	An incremental category of estimated recoverable quantities associated with a defined degree of uncertainty. Possible Reserves are those additional reserves that analysis of geoscience and engineering data suggest are less likely to be recoverable than Probable Reserves. The total quantities ultimately recovered from the project have a low probability to exceed the sum of Proved plus Probable plus Possible (3P), which is equivalent to the high estimate scenario. When probabilistic methods are used, there should be at least a 10% probability that the actual quantities recovered will equal or exceed the 3P estimate.



Term	Definition
Probable Reserves	An incremental category of estimated recoverable quantities associated with a defined degree of uncertainty. Probable Reserves are those additional Reserves that are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate.
Probability	The extent to which an event is likely to occur, measured by the ratio of the favourable cases to the whole number of cases possible. PRMS convention is to quote cumulative probability of exceeding or equalling a quantity where P90 is the small estimate and P10 is the large estimate. (See also Uncertainty.)
Probabilistic Method	The method of estimation of resources is called probabilistic when the known geoscience, engineering, and economic data are used to generate a continuous range of estimates and their associated probabilities.
Prospect	A project associated with an undrilled potential accumulation that is sufficiently well defined to represent a viable drilling target. A project maturity sub-class of Prospective Resources.
Prospective Resources	Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects.
Proved Reserves	An incremental category of estimated recoverable quantities associated with a defined degree of uncertainty. Proved Reserves are those quantities of petroleum that, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations. If deterministic methods are used, the term “reasonable certainty” is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate.
PSC	Production Sharing Contract
PSDM	Pre-Stack Depth Migration
psia	Pounds per square inch pressure absolute (conditions)
psig	Pounds per square inch
PSTM	Pre-Stack Time Migration
PVT	Pressure, Volume and Temperature
QA/QC	Quality Assurance/Quality Control



Term	Definition
Qualified Reserves Auditor	A reserves evaluator who (1) has a minimum of ten years of practical experience in petroleum engineering or petroleum production geology, with at least five years of such experience being in responsible charge of the estimation and evaluation of Reserves information; and (2) either (a) has obtained from a college or university of recognized stature a bachelor's or advanced degree in petroleum engineering, geology, or other discipline of engineering or physical science or (b) has received, and is maintaining in good standing, a registered or certified professional engineer's license or a registered or certified professional geologist's license, or the equivalent, from an appropriate governmental authority or professional organization. (see SPE 2007 "Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information")
Qualified Reserves Evaluator	A reserves evaluator who (1) has a minimum of five years of practical experience in petroleum engineering or petroleum production geology, with at least three years of such experience being in the estimation and evaluation of Reserves information; and (2) either (a) has obtained from a college or university of recognized stature a bachelor's or advanced degree in petroleum engineering, geology, or other discipline of engineering or physical science or (b) has received, and is maintaining in good standing, a registered or certified professional engineer's license or a registered or certified professional geologist's license, or the equivalent, from an appropriate governmental authority or professional organization. (Modified from SPE 2007 "Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information")
Range of Uncertainty	The range of uncertainty of the in-place, recoverable, and/or potentially recoverable quantities; may be represented by either deterministic estimates or by a probability distribution.
rb/stb	Reservoir barrels per stock tank barrel under standard conditions
Real Terms (RT)	Real Terms (in the reference date dollars) as opposed to Nominal Terms of Money of the Day
Recoverable Resources	Those quantities of hydrocarbons that are estimated to be producible by the project from either discovered or undiscovered accumulations.
Recovery Efficiency	A numeric expression of that portion (expressed as a percentage) of in-place quantities of petroleum estimated to be recoverable by specific processes or projects, most often represented as a percentage. It is estimated using the recoverable resources divided by the hydrocarbons initially in-place. It is also referenced to timing; current and ultimate (or estimated ultimate) are descriptors applied to reference the stage of the recovery. (Also called recovery factor.)
Reserves	Those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must satisfy four criteria: they must be discovered, recoverable, commercial, and remaining (as of a given date) based on the development project(s) applied.
RFT	Repeat Formation Test
Risk	The probability of loss or failure. Risk is not synonymous with uncertainty. Risk is generally associated with the negative outcome, the term "chance" is preferred for general usage to describe the probability of a discrete event occurring.
RT	Measured from Rotary Table or Real Terms, depending on context
s.u.	Fluid saturation unit. e.g. saturation of 80% +/- 10 s.u. equals a saturation range of 70% to 90%
SC	Service Contract
scf	Standard cubic feet (measured at 60 degrees F and 14.7 psia)



Term	Definition
Sg	Gas saturation
Sgr	Residual gas saturation
Shale Gas	Although the terms shale gas and tight gas are often used interchangeably in public discourse, shale formations are only a subset of all low-permeability tight formations, which include sandstones and carbonates, as well as shales, as sources of tight gas production
Shale Oil	Although the terms shale oil and tight oil are often used interchangeably in public discourse, shale formations are only a subset of all low-permeability tight formations, which include sandstones and carbonates, as well as shales, as sources of tight oil production
SPE	Society of Petroleum Engineers
SPEE	Society of Petroleum Evaluation Engineers
SPE-PRMS	The Petroleum Resources Management System (PRMS) is a system developed for consistent and reliable definition, classification, and estimation of hydrocarbon resources. The Oil and Gas Reserves Committee has completed the revision of the Petroleum Resources Management System (PRMS) and the SPE Board approved it in June 2018 [Ref. 1]. The updated PRMS is a consensus of input collected from consulting and financial firms, government agencies, and E&P companies. The process included a 90-day public comment period and required input and approval by six sponsoring societies: the World Petroleum Council, the American Association of Petroleum Geologists, the Society of Petroleum Evaluation Engineers, the Society of Exploration Geophysicists, the European Association of Geoscientists and Engineers, and the Society of Petrophysicists and Well Log Analysts.
SRD	Seismic reference datum lake level
stb	(US) Stock tank barrels
Stochastic	Adjective defining a process involving or containing a random variable or variables or involving likelihood or probability, such as a stochastic simulation.
STOIIP	Stock-Tank-Oil-Initially-In-Place
Sw	Water saturation
Tcf	Trillion (10 ¹²) cubic feet
TCM	Technical committee meeting
Tight Gas	Gas that is trapped in pore space and fractures in very low-permeability rocks and/or by adsorption on kerogen, and possibly on clay particles, and is released when a pressure differential develops. It usually requires extensive hydraulic fracturing to facilitate commercial production. Shale gas is a sub-type of tight gas.



Term	Definition
Tight Oil	Crude oil that is trapped in pore space in very low-permeability rocks and may be liquid under reservoir conditions or become liquid at surface conditions. Extensive hydraulic fracturing is invariably required to facilitate commercial maturity and economic production. Shale oil is a sub-type of tight oil.
TJ	Tera (10 ¹²) Joules
TLP	Tension Leg Platform
TRSSV	Tubing retrievable subsurface safety valve
TVD	True vertical depth
Unconventional Resources	Unconventional resources are petroleum systems that are pervasive throughout a large area and lack well-defined OWC or GWC (also called “continuous-type deposits”). Such resources cannot be recovered using traditional recovery projects owing to high fluid viscosity (e.g. oil sands) and/or low reservoir permeability (e.g. so called “tight” gas, oil or Coal Seam Gas (CSG) that impede natural mobility. Moreover, the extracted petroleum may require significant processing before sale (e.g., bitumen upgraders). Unlike conventional reservoirs and fields, unconventional accumulations may require significant numbers of wells exhibiting highly variable production rates and ultimate recoveries.
US\$	United States dollar
US\$ million	million United States dollars
WACC	Weighted Average Cost of Capital
WHFP	Well Head Flowing Pressure
Working Interest	A company’s equity interest in a project before reduction for royalties or production share owed to others under the applicable fiscal terms.
WPC	World Petroleum Council
WTI	West Texas Intermediate (Crude Oil)



Appendix I: Data Received

DATA DESCRIPTION	Supplied	Comment *
Kingdom Project	Extensive project - North Fitzroy trough	Loaded 22/07/2021 into an Insight project –some data lost in transfer
Seismic Data	~600 2D lines	
Most wells	Deviations basic logs & markers	
Horizons	BME Structural interpretation of 2 levels. Top Upper & Lower Laurel Carbonate	No Top Upper & Lower Laurel Clastics by BME
	Inherited sequence strat interpretation, mainly for shallower horizons	
	Mixture of time and depth grids using different models	No Top Upper & Lower Laurel Clastics depth grids
Well Data		
35 wells from region	All key open file data available on WAPIMS WCR, destructive studies, log data etc..	Some wells did not penetrate target formation -
Petrophysics key wells		
5 Key wells in EP 371	Internal studies	
Documents		
Reports	Numerous internal and published	From BME & Buru
Presentations	Numerous internal and published	From BME & Buru



Appendix II: MA Technical/Review Team for EP 371 ITR

Simon Molyneux

Managing Director & Project Manager; Perth, Australia

Overview

Manager Director at Molyneux Advisors in Perth. He has extensive experience in real-world management of oil and gas assets from exploration, through development, production, and abandonment.

Professional experience

Simon is an upstream Oil and Gas consultant at Molyneux Advisors, based in Perth, Western Australia.

With a 20+ year career in the Oil and Gas industry, Simon consults with clients in the global Oil and Gas ecosystem on commercial, regulatory, exploration, development and production matters with a particular emphasis on the impact that integration across disciplines brings to value creation. Simon has managed oil and gas assets through their lifecycle from exploration to divestment or abandonment from the North Sea to Malaysia, Australia, and Trinidad. He is well-versed in the multi-faceted decisions required during project management and re-invigoration of old fields.

Previously, Simon held senior management and technical positions at Santos, Talisman Energy and Shell. He is a regular contributor to Energy New Bulletin, Energy Intelligence and Energy Voice, and has numerous published papers that address geological, environmental and energy business issues.

Qualifications and Professional Memberships

- PhD Structural Geology, Durham University, UK
- MA Earth Science, Cambridge University, UK
- Certificate in Strategic Decision and Risk Management, Stanford University, USA
- Member of PESA, Geological Society, AICD and PESGB

Hong Feng Wu

Director and Principal Petroleum Engineer; Perth, Australia

Overview

Hong Feng Wu is a Director at Molyneux Advisors in Perth. He has extensive experience in real-world management of oil and gas assets from exploration, through development, production, and abandonment. Hong Feng provides insight on the depleted fields from his knowledge of the Molyneux Advisors North Perth Basin project.

Professional experience

Hong Feng is an upstream Oil and Gas consultant at Molyneux Advisors, based in Perth, Western Australia.

With 24-year career in the Oil and Gas industry, Hong Feng consults with clients in the global Oil and Gas ecosystem on commercial, regulatory, exploration, development, and production matters with a particular emphasis on the impact that integration across disciplines brings to value creation. Hong Feng has managed oil and gas assets through their lifecycle from exploration to divestment or



abandonment from the China to Brunei, Australia, and Trinidad. He is well-versed in the multi-faceted decisions required during project management and re-invigoration of old fields.

Previously, Hong Feng held senior technical positions at Shell and CNOOC.

Qualifications and Professional Memberships

- MBA, Sun Yat-Sen University (MIT Sloan School of Business), China
- M.S. Geology, University of Petroleum, China
- B.S. Geology, Janghan Petroleum Institute, China
- Member of SPE and SPEE

Julian Mather

MA Principal Geoscientist; Perth, Australia

Overview

Julian has over 30 years of diversified experience in the oil and gas industry worldwide with extensive experience in management of oil and gas exploration assets through to development. He has worked in Australia, Angola, USA, France, and United Kingdom. He has technical expertise in the full exploration cycle from acreage capture through to field appraisal with extensive knowledge of the geophysical aspects including data acquisition, processing and in particular interpretation which is his passion.

Professional experience

Julian for the last 5 years has been the principal at Mather Geosciences and since 2020 an associate with Molyneux Advisors. During this time, he has predominantly consulted for SpectrumGeo and TGS but has also been advising on assets of small independent exploration companies. Before this he spent 21 years with Total with his final position being Total's Head Geophysicist for Australia and Team Lead for offshore new ventures activities. Before returning to Australia, he was the Non-Operated Exploration & Appraisal Coordinator for TOTAL E&P Angola.

Qualifications and Professional Memberships

- B.Sc. in Geology and Geophysics, University of Tasmania, Australia
- First Class Honours in Geophysics, University of Tasmania, Australia
- Member of SEG and PESA

William Walton

MA Principal Reserves/Resources Advisor; The Netherlands

Geoscientist, Project Leader and Resources Assurer with extensive global experience with BP and Shell Group companies (35+ years) covering field appraisal, development, and production roles on conventional and unconventional assets (Asia / Asia-Pacific, Americas, Middle East, Europe, North and sub-Saharan Africa). In-depth experience in Reserves and Resources assurance, coupled with opportunity evaluation, divestment and hydrocarbon maturation planning.



Qualifications and Professional Memberships

- B.Sc (Hons) Geological Sciences, University of Aston in Birmingham (UK)
- Ph.D on Integrated Sedimentary and Palynological Facies Analysis, University of Sheffield, (UK)
- Member of SPE and SPEE

David Stevens

MA Chief Geoscientist; Scotland, United Kingdom

Former Chief Production Geoscientist, Petroleum Engineering Manager, and Corporate Resource Assurer with BP and the Shell Group of Companies for 35+ years. Extensive global experience (Nth Sea, West Africa, GOM, Brazil, Oman, Australia, and Malaysia) across the full Asset life cycle and covering a wide range of reservoir types, recovery mechanisms and field developments. In-depth technical expertise in all aspects of Geological Modelling, Well Delivery, Field Development, Reserves and Resource Assurance.

Qualifications and Professional Memberships

- B.Sc (Hons) Geological Sciences, University of Birmingham (UK)
- M.Sc and DIC Petroleum Geoscience Imperial College, University of London (UK)
- Member of PESGB, SPE, AAPG, SPEE membership pending



BLACKMOUNTAIN
ENERGY



ANNEXURE C
Solicitor's Report

4 November 2021

The Directors
Black Mountain Energy Ltd
Level 9, 40 The Esplanade
Perth WA 6000

Dear Directors

Black Mountain Energy Ltd Solicitor's Report – EP 371

This Report has been prepared for Black Mountain Energy Ltd (ACN 652 281 868) (**Company**) for inclusion in the Company's prospectus (**Prospectus**) issued in connection with the Company's application for the admission of the ordinary shares of the Company to the Official List of the ASX.

1. Scope

We have been requested to report on one granted exploration permit for petroleum (**EP 371**) which is located in the Canning Basin of Western Australia, granted pursuant to the *Petroleum and Geothermal Energy Resources Act 1967 (WA)* (**PGER Act**), and held by Bennett Resources Pty Ltd (ACN 145 113 186), a wholly owned subsidiary of the Company and formerly known as Diamond Resources (Canning) Pty Ltd (**Bennett**).

Key details of EP 371 are set out in Schedule 1 of this Report and this must be read in conjunction with this Report.

2. Searches

For the purposes of this Report, we have conducted searches and made enquiries in respect of EP 371 as follows:

- (a) searches of EP 371 on the Petroleum and Geothermal Register (**PGR**) register maintained by the Department on 12 October 2021 (**PGR Searches**);
- (b) quick appraisal user searches of the Tengraph system maintained by the Department on 12 October 2021 (**Tengraph Searches**);
- (c) searches of the schedule of native title applications, register of native title claims, national native title register, register of indigenous land use agreement and national land use agreements as maintained by the NNTT for any native title claims (registered or unregistered), native title determinations and ILUAs that overlap or apply to EP 371 on 12 October 2021 (**NNTT Searches**); and

Adelaide
Brisbane
Canberra
Darwin
Hobart
Melbourne
Norwest
Perth
Sydney

- (d) searches from the online Aboriginal Heritage Inquiry System (**AHIS Searches**) maintained by the Department of Aboriginal Affairs for any Aboriginal sites registered on the Register of Aboriginal Sites and other heritage places over EP 371 on 12 October 2021.

3. Scope

The purpose of this Report is to determine and identify, as at the date of this Report:

- (a) the interests held by the Company in EP 371;
- (b) any third party interests, including encumbrances, in relation to EP 371;
- (c) any material issues existing in respect of EP 371;
- (d) the good standing, or otherwise, of EP 371; and
- (e) any concurrent interests in the land the subject of EP 371, including mining tenements, private land, pastoral leases, native title and Aboriginal heritage.

This Report is limited to the matters contained within and, for example, does not consider risks and issues (such as any additional approvals) that may arise in relation to the further exploration and/or development of a petroleum exploration and production project on EP 371 and any subsequent processing of petroleum.

4. Summary of key items and overview of risk factors

4.1 Permit Conditions

EP 371 is granted subject to terms and conditions imposed by the Minister, including work program and expenditure commitments that must be met each year. These are set out in more detail in Schedule 1. If Bennett fails to meet these work program and expenditure commitments, the Minister may exercise a discretion to cancel the permit or not renew the permit.

4.2 Third-party tenure

Our Searches indicate that EP 371 overlaps with land that is the subject of other rights, including:

- (a) a File Notation Area (**FNA**), the details of which are set out in section 8.1 of this Report;
- (b) pastoral leases, the details of which are set out in section 8.2 of this Report;
- (c) mining tenements held by third parties, the details of which are set out in section 8.3 of this Report;
- (d) a petroleum pipeline licence the details of which is set out in section 8.4 of this Report; and

- (e) certain 'C' Class Crown Reserves, the details of which are set out in section 8.5 of this Report.

Any delays or costs in respect of conflicting third-party rights, obtaining necessary consents, or compensation obligations, may adversely impact Bennett's ability to carry out exploration or petroleum extraction activities within the affected areas. In particular, under the PGER Act, Bennett will be required to pay compensation to the affected land owners and any occupiers of private land for all loss and damage suffered or likely to be suffered by the owner and occupier resulting or arising from the activities of Bennett. For further information, please refer to section 8.

4.3 **Retention Lease application**

A Location was declared over 16 specific graticular blocks in EP 371 on 28 June 2017. The Location had an initial term of 2 years under which the title holder had to decide whether to apply for a production licence or a retention lease over the blocks in the Location. This period was extended until 30 June 2021. On 28 May 2021, Bennett applied for a retention lease with the key reasons why the resource is not commercially viable at this point in time being:

- (a) the protracted EPA approval process for HFS is delaying drilling and completion of the appraisal wells required to delineate the field;
- (b) the existing 2D seismic data is not adequate to fully characterize the sub-surface structure;
- (c) the well tests performed on the two primary wells (Asgard-1 and Valhalla North-1) did not produce sufficient gas rates to generate a positive return on investment - further wells are required in order to better understand the reservoir;
- (d) lack of infrastructure (specifically a pipeline) to get the gas to market; and
- (e) an indigenous land use agreement is required to be finalised with the Bunuba people (which is required prior to drilling and granting of the retention lease).

If the application for a retention lease is not granted, the declared Location will be lost and, on the next renewal of EP 371, Bennett may be required to relinquish more blocks than it would otherwise. We are instructed by the Company that it is not aware of any reasons why the retention lease will not be granted.

4.4 **Environmental**

Bennett's current Environment Plan and Safety Management System do not refer to seismic surveys and so updated versions of the Environment Plan and the Safety Management System will need to be submitted and approved before the seismic surveys can be undertaken. We are advised by the Company that, based off its discussions with DMIRS to date, it does not expect any material delays in the approval of these documents.

In the future, further environmental approvals will be required for other exploration and production activities (such as drilling). The Valhalla Gas Exploration and Appraisal Program (which includes unconventional exploration and appraisal drilling and a program of hydraulic fracture stimulation) has been referred to the Environmental Protection Authority (**EPA**) under Part IV of the *Environmental Protection Act 1986 (WA)* (**EP Act**). It is the first proposal to undertake hydraulic fracturing in Western Australia since the State-wide moratorium on hydraulic fracturing was lifted in September 2019. This brings with it some uncertainty about the timing for assessment, approval and implementation and any delays, or requirements or obligations imposed, may adversely impact Bennett's ability to carry out future exploration or petroleum development and production within the affected areas.

The EPA's assessment scoping document for the proposal includes a timeline for assessment (which has the EPA providing its report and recommendations to the Minister for the final approval decision on 1 March 2023). The EPA's assessment is to occur in parallel with the Government's implementation of other recommendations coming out of the Independent Scientific Panel Inquiry into Hydraulic Fracture Stimulation. One such recommendation is the development of a WA Code of Practice. This work is still underway by the State Government. The State Government has advised that no hydraulic fracturing will be allowed to commence until the WA Code of Practice is developed. Any delays in developing, or requirements or obligations imposed under, the WA Code of Practice may adversely impact Bennett's ability to carry out future petroleum exploration or production activities within the affected areas.

4.5 **Royalties**

Bennett has agreed to pay the following royalties:

- (a) a royalty at the rate of 2% of the well head value of petroleum recovered from EP 371 to Fitzroy River Corporation Limited, pursuant to the Fitzroy Royalty Deed;
- (b) a royalty at the rate of 5% of the gross well head value of all petroleum produced or otherwise recovered from a production area over the area of EP 371 to BM Canning Royalty Co LLC, pursuant to the BMC Royalty Deed;
- (c) a royalty of 1.25% to Yungngora under the YAC ILUA in respect for petroleum recovered and sold from within the area of the YAC ILUA; and
- (d) a royalty of 1.25% to Warlangurru under the WLAUA in respect for petroleum recovered and sold from within the area of EP 371 which overlaps the Warlangurru claim area.

Please refer to section 10 for more details on these royalties.

These royalties, along with the usual royalties payable to the State of Western Australia, may have an impact on the economics of progressing any proposed exploration and petroleum production operations.

4.6 **Native title risks**

In our view, EP 371 appears to have been validly granted and renewed in accordance with the Native Title Act. The existence of native title determinations or claims over the area covered by EP 371, or a subsequent determination of native title over the area, will not impact the rights or interests of the holder under EP 371, provided EP 371 has been validly granted.

Bennett will also require an ILUA be entered into with the Bunuba People prior to being able to commence drilling and will need to comply with the terms of the YAC ILUA and its heritage agreements in respect of the activities undertaken on EP 371.

The grant of any future production licences to Bennett over areas that are covered by registered claims or determinations will likely require engagement with the relevant claimants or native title holders (as relevant) in accordance with the Native Title Act.

Any delays or costs in engaging with the relevant native title holders in negotiating new arrangements in respect of a production licence may adversely impact Bennett's ability to carry out petroleum extraction activities within the affected areas.

For information on native title affecting EP 371, please see section 6 for details.

4.7 **Aboriginal Heritage risks**

The Searches indicate that there are seven registered Aboriginal heritage sites and three applications for 'other' Aboriginal heritage places, within EP 371.

However, there remains a risk that additional Aboriginal sites or places may exist on the land the subject of EP 371. The existence of such sites may preclude or limit exploration or petroleum extraction activities in certain areas of EP 371 or cause delays in the progression of the exploration or extraction activities (including the drilling of wells).

See section 7 below for further details.

5. **Permit**

The following provides a description of the nature and key terms of EP 371 granted under the PGER Act.

5.1 **Exploration Permits**

A petroleum exploration permit (**EP**) authorises the holder to explore for petroleum and to carry on such operations and works for that purpose in the EP area.

(a) **Application**

Invitations to apply for an EP are made available through publication by instrument published in the Gazette by the Minister.

An application for an EP must be accompanied by particulars of the proposals of the applicant's work program and expenditure, the applicant's technical qualifications, the technical advice available to the applicant and the financial resources available to the applicant. Where more than one application is made for the same area or 'blocks', the Minister will grant the EP to the applicant that is the 'most deserving' having regard to the criteria made publicly available by the Minister.

(b) Grant, term and extension

The Minister may refuse to grant the EP, or, grant the EP subject to such conditions as the Minister thinks fit and specifies in the permit, including specific minimum work program and expenditure commitments that must be met each year. Notice of the grant of an EP will be published in the Gazette by the Minister.

An EP is granted for an initial term of 6 years and, in respect to those permits granted after 25 May 2011, may only be renewed for a further term of 5 years on two occasions (giving a total term of 16 years) as approved by the Minister. The two renewal restrictions does not apply to permits granted before 25 May 2011.

(c) Conditions

The standard conditions imposed on the grant of an EP include:

- (i) maintaining insurance to cover expenses or liabilities or specified things arising in connection with the carrying out of work under the permit, including the expenses of complying with directions with respect to the clean up or other remedying of the effects of the escape of petroleum energy resources;
- (ii) compliance with work commitments;
- (iii) no installation of equipment to be undertaken without approval of the Minister;
- (iv) no recovery of petroleum unless by way of production test approved by the Minister;
- (v) the payment of a royalty on petroleum recovered (discussed below);
and
- (vi) compliance with environmental protection and the PGER Act, regulations and directions.

If the minimum work program commitments are not met for the permit term, the Minister may exercise his discretion to cancel the EP or, at the time of renewal, not renew the EP.

(d) Other Obligations

The holder of an EP will also be required to:

- (i) fulfil the work commitment on which the grant of title was made and in the time frame prescribed;
- (ii) conduct operations in accordance with good oil field practice;
- (iii) provide a safe working environment for employees;
- (iv) pay an annual fee (discussed below); and
- (v) submit data and annual title reports.

(e) Relinquishment

On each renewal of an EP, the holder will be required to relinquish 50% of the existing area of the EP. There are special provisions relevant where the EP has 6 blocks or less.

(f) Annual Fees and Royalties

Annual fees are payable to the State for EPs on the anniversary of the grant of the EP. The current rate for EPs is the greater of \$2,400 or \$919 per block.

In addition, royalties are payable to the State of Western Australia in respect of all petroleum energy recovered under an EP. The prescribed rate in respect of petroleum recovered under an EP is 10% of the royalty value of the petroleum.

(g) Transfer

All title transfers or amendments to titles need to be approved and registered by DMIRS as the regulator. A registration fee based on the DMIRS assessed value of the transaction will apply to all transfers and farm-in/farm-outs.

In transferring a title the transferee needs to demonstrate its ability financially and technically to assume the responsibilities of the title.

Any 'dealing' with a permit (that is, a transfer of the title or the creation or assignment of any interests or rights in the title etc) is of no force or effect until it is registered. We have summarised any relevant dealings in respect to EP 371 in Schedule 1, however, have not conducted a fulsome review of any historical dealings, given the significant number of dealings registered on EP 371.

5.2 Production Licence

A petroleum production licence (**PL**) entitles the holder to recover and explore for petroleum and carry on such operations and works as necessary for those purposes in the PL area.

(a) Application

A PL may be applied for by the holder of an EP or drilling reservation in respect of a declared 'location', comprising of blocks with a commercial discovery. The application for a PL in respect an EP must be made within 2 years of the declaration that the area is a 'location' or up to 4 years of that date with the Minister's consent.

(b) Grant, term and extension

The Minister may grant the PL subject to such conditions as the Minister thinks fit. Notice of the grant of a PL will be published in the Gazette by the Minister. At any time, the Minister may direct the holder of a PL to maintain, increase or reduce the rate of recovery of petroleum from the area.

A PL will be granted for an initial term of 21 years and may be renewed for additional 21 year periods.

(c) Conditions

The standard conditions imposed on the grant of a PL include:

- (i) maintaining insurance to cover expenses or liabilities or specified things arising in connection with the carrying out of work under the permit, including the expenses of complying with directions with respect to the clean up or other remedying of the effects of the escape of petroleum energy resources;
- (ii) the payment of a royalty on petroleum recovered (discussed below);
- (iii) no installation of equipment to be undertaken without approval of the Minister; and
- (iv) compliance with environmental protection and the PGER Act, regulations and directions.

(d) Other Obligations

The holder of an PL will also be required to:

- (i) recover petroleum in accordance with directions of Minister;
- (ii) conduct operations in accordance with good oil field practice;
- (iii) provide a safe working environment for employees;
- (iv) pay an annual fee (discussed below); and
- (v) submit data, production reports and annual title reports.

(e) Annual Fees and Royalties

Annual fees are payable to the State for PLs on the anniversary of the grant of the PL. The current rate for PLs is \$17,400 per block.

In addition, royalties are payable to the State of Western Australia in respect of all petroleum energy recovered under a PL. The prescribed rate in respect of petroleum recovered under a PL is:

- (i) for tight gas is not less than 5% nor more than 12.5% of the royalty value of that petroleum; and
- (ii) for petroleum other than tight gas is not less than 10% nor more than 12.5% of the royalty value of that petroleum.

(f) **Transfer**

All title transfers or amendments to titles need to be approved and registered by DMIRS as the regulator. A registration fee based on the DMIRS assessed value of the transaction will apply to all transfers and farm-in/farm-outs.

In transferring into a title the transferee needs to demonstrate its ability financially and technically to assume the responsibilities of the title.

Any 'dealing' with a permit (that is, a transfer of the title or the creation or assignment of any interests or rights in the title etc) is of no force or effect until it is registered.

5.3 **Retention Lease**

A retention lease (**RL**) is applied for when there is a discovery of petroleum on an exploration permit that is currently not commercial to recover but that the holder can demonstrate is likely to become commercial within 15 years.

(a) **Application**

A RL may be applied for by the holder of an EP or drilling reservation in respect of a declared 'location', comprising of blocks with a commercial discovery where the discovery is not currently commercial. The application for a RL in respect an EP must be made within 2 years of the declaration that the area is a 'location' or up to 4 years of that date with the Minister's consent.

(b) **Grant, term and extension**

The Minister may grant the RL subject to such conditions as the Minister thinks fit. Notice of the grant of a RL will be published in the Gazette by the Minister. At any time, the Minister may request a review of the commercial viability of the field.

A RL will be granted for an initial term of 5 years and may be renewed provided that it stills meets the non-commerciality criteria. If a discovery is deemed to be commercial, the RL must be converted to a production licence.

(c) Rights of holder

The holder of a RL is authorised, subject to the PGER Act and in accordance with the conditions to which the RL is subject, to explore for petroleum, and to carry on such operations and execute such works as are necessary for that purpose, in the lease area.

(d) Annual Fees and Royalties

Annual fees are payable to the State for RLs on the anniversary of the grant of the PL. The current rate for RLs is \$20,000 per block.

(e) Transfer

All title transfers or amendments to titles need to be approved and registered by DMIRS as the regulator. A registration fee based on the DMIRS assessed value of the transaction will apply to all transfers and farm-in/farm-outs.

In transferring into a title the transferee needs to demonstrate its ability financially and technically to assume the responsibilities of the title.

Any 'dealing' with a permit (that is, a transfer of the title or the creation or assignment of any interests or rights in the title etc) is of no force or effect until it is registered.

6. Native title

6.1 General

- (a) On 3 June 1992, the High Court of Australia held in *Mabo v. Queensland (No. 2)* (1992) 175 CLR 1 that the common law of Australia recognises a form of native title. The Native Title Act came into effect on 1 January 1994, largely in response to the decision in *Mabo v. Queensland (No. 2)* (1992) 175 CLR 1.
- (b) The law in Australia recognises that Aboriginal people may hold native title rights and interests in respect of their land. Native title exists where Aboriginal people have maintained a traditional connection to their land and waters, provided it has not been extinguished.
- (c) The grant of a petroleum permit also creates rights in respect of land. Those petroleum permit rights may affect (ie be inconsistent with) certain native title rights and interests. As a general statement, those petroleum permit rights will be invalid as against any native title rights, unless made valid by certain procedures in the Native Title Act.

6.2 Native title claims

- (a) The Native Title Act sets out a process by which Aboriginal people may seek a determination by the Federal Court that they hold native title rights and interests. Whilst the Federal Court is assessing the claimed native title rights and interests, a Registrar of the NNTT will assess whether the native title

claim meets certain registration requirements set out in the Native Title Act, and if so, the native title claim will be entered on the Register of Native Title Claims (**RNTC**). If the Federal Court determines that the claimed native rights and interests exist, details of the determined native title claim (and the determined native title rights held) are then entered on the National Native Title Register (**NNTR**).

- (b) If a claim for native title is entered on the RNTC, or a determined claim is entered on the NNTR, the Native Title Act provides the claimants / holders with certain rights, including procedural rights where a 'future act' is proposed. An example of a 'future act' is the grant of a mining tenement or a petroleum permit.
- (c) The Native Title Act sets out when 'acts' will be 'valid' in the event they affect (ie are inconsistent with) native title, however, this process need only apply where native title exists (a determined native title claim entered on the NNTR) or is claimed to exist (a native title claim entered on the RNTC). The 'acts' can be a proposed activity or development on land and waters. A common example in Western Australia is the proposed grants of petroleum permits by the Department.

6.3 **'Past Acts' (ie grants of petroleum permits): Prior to 1 January 1994**

The Native Title Act permits, and all States and Territories of Australia have passed, legislation validating certain 'acts' which were done before 1 January 1994. In Western Australia, that legislation is the *Titles (Validation) and Native Title (Effect of Past Acts) Act 1995 (WA)*. It provides that all 'acts' (eg grants of petroleum permits) prior to 1 January 1994 are valid to the extent they affect native title.

6.4 **'Future Acts' (ie proposed grants of petroleum permits): After 1 January 1994**

- (a) Generally, a 'future act' is an 'act' (eg grant of a petroleum permit) occurring after 1 January 1994 which affects native title.
- (b) The Native Title Act sets out the circumstances in which, and procedures by which, 'future acts' will be valid should that 'act' affect native title.
- (c) Such circumstances include if the 'act' was done in certain circumstances between 1 January 1994 and 23 December 1996 (called 'Intermediate Period Acts'), or if the 'act' is permitted by an Indigenous Land Use Agreement (**ILUA**), or if certain procedures are to be followed where a claim for native title is entered on the RNTC, or a determined claim is entered on the NNTR. Such procedures include the 'Right to Negotiate Procedure' and the 'Expedited Procedure'. The key elements of these processes are outlined below.

6.5 **Right to Negotiate Procedure**

- (a) Under the Right to Negotiate Procedure the native title party whose details are registered on the RNTC or NNTR, the applicant for the petroleum permit and the relevant State or Territory (collectively, the **Negotiation Parties**) are

required to negotiate in good faith with a view to the native title party agreeing to the proposed future act.

- (b) The scope of the negotiations includes any matters relating to the effect of the grant of the future act on the claimed or determined native title rights and interest. Where the future act is the proposed grant of an exploration permit, usually an agreement is reached which aims to protect Aboriginal heritage. This is because exploration permits confer only limited rights to the registered holder of the permit, conferring rights to conduct exploration and disturb the land for that purpose.
- (c) Where the future act is the proposed grant of a production licence, the negotiations and resulting agreement are usually more complex, as the nature of rights granted for a production licence contemplates substantial ground disturbance over a portion of the area granted. Such an agreement may address employment and training, environmental rehabilitation, Aboriginal heritage protection, cultural awareness and the payment of compensation.
- (d) If the Negotiation Parties negotiate in good faith but cannot reach agreement as to the doing of the future act, then provided at least 6 months have elapsed since the S29 Notice, any party (in most cases the applicant for the petroleum permit) may apply to the NNTT for a determination as to whether the future act may be done, and if so, on what conditions.

6.6 Expedited Procedure

- (a) If the proposed future act (ie grant of the petroleum permit) is not likely to interfere with the activities or sites of significance of the registered native title party or involved major disturbances to land or waters, a simplified process may apply (known as the Expedited Procedure). A registered native title party may object to this process and, if it does, the NNTT must determine the validity of the objection (which may result in the Expedited Process not being able to be followed).
- (b) Current Department policy is that it will process applications for exploration permits through the Expedited Process once the applicant provides evidence by way of a statutory declaration / affidavit that a regional standard heritage agreement (**RSHA**) exists or has been signed by the proponent and sent to any affected registered Native Title Claimant (**NTC**) group (if any) or that an alternative heritage agreement exists between the NTC group and the explorer. If this cannot be demonstrated, the Right to Negotiate Procedure will apply.

6.7 Compensation

In certain circumstances holders of native title (a determined native title claim that is registered on the NNTR) may be entitled to apply under the Native Title Act to the Federal Court for compensation for any effect on their native title. The PGER Act provides that holders of petroleum permits are liable for such compensation where awarded by reason of their petroleum permit having affected native title. Consequently, if it has been, or is in the future, determined that native title exists

over any of the land the subject of a petroleum permit (or granted future act) and the holders of the native title apply to the Federal Court for compensation, the holder of the petroleum permit may be liable and directed to pay any compensation determined.

6.8 **Native title claims and determinations affecting EP 371**

The NNTT Searches indicate that EP 371 is affected by the following the following registered native title claims or determinations:

- (a) the Warlangurru claim, which has been registered on 14 November 2016 (NNTT file number WC2015/004, Federal Court number WAD509/2015). The Warlangurru claim overlaps EP 371 by 15.74%;
- (b) the Noonkanbah determination (represented by the Yungngora Aboriginal Corporation RNTBC), where it was determined that native title exists in the entire determination area (and the determination was subsequently registered) on 27 April 2004 (NNTT file number WCD2007/002, Federal Court number WAD6229/1998). The Noonkanbah determination overlaps EP 371 by 25.46%;
- (c) the Nyikina Mangala determination, where it was determined that native title exists in parts of the determination area (and the determination was subsequently registered) on 29 May 2014 (NNTT file number WCD2014/003, Federal Court number WAD6099/1998). The Nyikina Mangala determination overlaps EP 371 by 17.57%;
- (d) the Bunuba People #2 Part A determination, where it was determined that native title exists in parts of the determination area (and the determination was subsequently registered) on 22 December 2015, effective from 12 February 2016 (NNTT file number WCD2015/009, Federal Court number WAD94/2012). The Bunuba People #2 Part A determination overlaps EP 371 by 36.05%;
- (e) the Yi-Martuwarra Ngurrara Part A determination, where it was determined that native title exists in parts of the determination area (and the determination was subsequently registered) on 12 March 2018, effective from 13 August 2018 (NNTT file number WCD2018/001, Federal Court number WAD25/2012). The Yi-Martuwarra Ngurrara Part A determination overlaps EP 371 by 1.63%; and
- (f) the Bunuba #2 Part B determination, where it was determined that native title exists in parts of the determination area (and the determination was subsequently registered) on 27 July 2019 (NNTT file number WCD2019/008, Federal Court number WAD535/2018). The Bunuba #2 Part B determination overlaps EP 371 by 4.36%.

The existence of any native title claims over the area covered by EP 371, or a subsequent determination of native title over the area, will not impact the rights and interests of the holder under a petroleum permit provided they have been validly granted.

6.9 Validity under the Native Title Act

EP 371 was first granted on 18 March 1993 and therefore is a 'past act' and so the original grant was valid to the extent that it affects Native Title. Under section 228 of the Native Title Act, future extensions of EP 371 after the commencement of the Native Title Act can be deemed to also be a 'past act' if certain requirements are met. Relevantly, these include:

- (a) that the later act would be a past act had it occurred prior to 1 January 1994;
- (b) that the earlier act created interests in a person and the later act creates interest in that person or its assignees;
- (c) the interests created by the later act take effect before or immediately after the interests created by the earlier act cease to have effect; and
- (d) the interests created by the later act take effect before or immediately after the interests created by the earlier act cease to have effect.

Notwithstanding the above, the deeming provisions in relation to a 'later act' being deemed to be a 'past act' do not apply in certain circumstances. These include where 'the earlier act contains a reservation or condition for the benefit of Aboriginal peoples or Torres Strait Islanders and the later act does not contain the same reservation or condition'.

The conditions of the permit when granted in 1993 included language stating that 'the permittee shall comply with the provisions of the Aboriginal Heritage Act 1972-1980 to ensure that no action is taken which is likely to interfere with or damage any Aboriginal Site'. However, the later renewals of the permit include an endorsement that 'the permittee's attention is drawn to the provisions of the Aboriginal Heritage Act, 1972'.

In our view, the 'reservation or condition' in both the original grant of the title and the subsequent renewals is the same - it is a requirement that the permittee shall comply with the provisions of the Aboriginal Heritage Act, 1972 (which it would be required to do in any event at law). It would appear that, between 1993 and 2000, the Department changed the way that it set out the title document, with the later documents referring to conditions and endorsements and the earlier document just including conditions. Again, in our view, the 'reservation or condition' remains the same (the permittee must comply with the Aboriginal Heritage Act, 1972) notwithstanding that the language is different.

Accordingly, it is our view that the subsequent renewals of EP 371 will likely be deemed to be a 'past act' and so also valid to the extent that they affect Native Title.

Finally, we note for completeness that there may be an argument that, because this condition in the 1993 title document is displayed as an endorsement in the subsequent renewals and is not drafted in exactly the same language, this means that the renewal of the title in 2000 will not be considered a 'past act' and will therefore be a 'future act'.

If this was found to be the correct interpretation, our investigations have not uncovered any evidence that the 'future act' provisions were not complied with and, therefore, it would appear that the renewals are valid in respect of native title. In support of this, we note that:

- (a) in respect of the renewal in 2000, there do not appear to have been any native title claimants; and
- (b) in respect of the renewal in 2014:
 - (i) the Noonkanbah determination had been registered and, in 2016, the parties entered into the YAC ILUA (see section 6.11 below) under which Yungngora Aboriginal Corporation agreed, amongst other things, that it would not 'challenge the validity and effect of Project Titles granted within the Project Area' and that it would not make any claim for compensation in relation to the grant of the Project Titles; and
 - (ii) the titleholder had entered into various heritage agreements with native title claimant groups (see section 7.6 below),

signifying compliance with the expedited procedure.

The grant of any future production licence over areas that are covered by a registered claim or a positive determination of native title will require engagement with the relevant claimants or native title holders (as relevant) in accordance with the Native Title Act.

6.10 Indigenous Land Use Agreements

An ILUA is an agreement which has been authorised by the native title claimant group and has been registered with the NNTT. An ILUA binds the parties to the ILUA and also all persons holding native title to the relevant area that may not be a party. If an ILUA provides that any particular petroleum permit(s) may be granted, then the relevant petroleum permit(s) may be granted as provided for by the ILUA, generally without following other procedures, including the Right to Negotiate Procedure or the Expedited Procedure.

Our searches indicate that the area of EP 371 is covered by the Yungngora, Buru Energy Limited and Diamond Resources (Canning) Pty Ltd Body Corporate ILUA (**YAC ILUA**) (NNTT file number WI2016/011) by 24.56%. The subject matters of the YAC ILUA is for exploration and access. Bennett is a party to the YAC ILUA, which was signed on 5 September 2016 and registered on 17 March 2017 (see section 6.11 below for further details).

Other ILUAs cover the area of EP371, but they do not appear relevant as the Company or Bennett are not parties to the ILUAs.

6.11 YAC ILUA

The YAC ILUA is a 'body corporate' ILUA, and has been entered into in respect to the area in which the Noonkanbah determination overlaps EP 371 (see section

6.8(b) for further details of the overlap) and the area of the Noonkanbah pastoral lease (N049848). Yungngora is party to the YAC ILUA in its capacity to hold native title on trust (or as agent for) for the Yungngora People, being the Noonkanbah determination.

The YAC ILUA was assigned to Bennett by way of a deed of covenant dated 26 June 2017.

The key provisions and compensation requirements of the YAC ILUA are as follows:

- (a) Annual payments to be made by the for cultural heritage, administration, community and certain group meetings.
- (b) Up to three milestone payments, linked to the amount of petroleum produced and sold from the area of the YAC ILUA, with the first milestone payment not due until the equivalent of 100,000,000 barrels of oil have been produced and sold from the area of the YAC ILUA.
- (c) Payment of a royalty of 1.25% for petroleum recovered and sold from within the area of the YAC ILUA. The royalty is payable on the commencement of commercial production of petroleum from any location within the area of the YAC ILUA.
- (d) Payment of an amount calculated at 2% of the on-ground exploration expenditure within the area of the YAC ILUA spent within the preceding calendar year, (except for any on-ground exploration expenditure directly relating to the actual drilling of exploration wells which will attract a payment of 1%).
- (e) The consent to the future grant of titles and permits required for the further development of the gas resources in the area of the YAC ILUA.
- (f) Any additional petroleum titles or approvals granted do not attract the right to negotiate procedure and the parties consent to the granting of any such petroleum titles or approvals in accordance with the future act provisions of the Native Title Act. The non-extinguishment principle applies to any petroleum titles or approvals granted.

In addition to the financial benefits above, the YAC ILUA includes structured processes for managing cultural, heritage and environmental matters and focuses on employment and training opportunities for the Yungngora People.

7. Aboriginal heritage

7.1 General

Aboriginal heritage is protected by both Commonwealth legislation as well as legislation in each State and Territory of Australia.

7.2 Commonwealth Legislation

The Commonwealth Heritage Act is aimed at the preservation and protection of any Aboriginal objects that may be located on EP 371.

Under the Commonwealth Heritage Act, the Minister for Aboriginal Affairs may make interim or permanent declarations of preservation in relation to significant Aboriginal areas or objects, which have the potential to halt exploration activities. Compensation is payable by the Minister for Aboriginal Affairs to a person who is, or is likely to be, affected by a permanent declaration of preservation.

It is an offence to contravene a declaration made under the Commonwealth Heritage Act.

We have not undertaken any searches in respect of the Commonwealth Heritage Act for the purposes of this Report.

7.3 **Western Australian legislation**

The provisions of the WA Heritage Act are endorsed on all petroleum permits in Western Australia.

The WA Heritage Act protects all Aboriginal sites in Western Australia which meet the criteria in section 5 of the WA Heritage Act.

It is an offence under the WA Heritage Act to excavate, destroy, damage, conceal or in any way alter an Aboriginal site or any object on or under an Aboriginal site, unless the person or company is acting with the authority of the registrar or the consent of the relevant Minister. The offence applies regardless of whether the Aboriginal site has been entered on the Register of Aboriginal sites. It is a defence if the person (or company) charged can prove that he did not know and could not reasonably be expected to have known, that the place or object was protected by the WA Heritage Act.

A holder of a Western Australian petroleum permit has the legislative right to submit an application under the WA Heritage Act seeking approval to disturb or destroy an Aboriginal site.

7.4 **Proposed Aboriginal Heritage Bill**

On 2 September 2020, the WA State Government released the draft *Aboriginal Cultural Heritage Bill 2020 (ACH Bill)* which is intended to replace the current WA Heritage Act. The ACH Bill proposes that proponents of resources projects will (depending on the type of activity to be carried out on the permits) need to apply for an Aboriginal Cultural Heritage Permit or obtain approval of an Aboriginal Cultural Heritage Management Plan.

The ACH Bill also establishes an Aboriginal Cultural Heritage Council, with broader functions, intended to replace the current Aboriginal Cultural Material Committee, introduces a 'tiered' approvals system and a 'continuous disclosure' obligation, gives broad ministerial powers to issue orders to stop activities, prohibit activities or enforce remediation, and imposes harsher penalties for carrying out activities which harm Aboriginal cultural heritage, failing to report on Aboriginal cultural heritage or non-compliance.

Public consultation on the ACH Bill closed on 9 October 2020 and around 157 submissions were received in relation to the ACH Bill, the vast majority of which did not support the ACH Bill. Further changes have been made to the draft ACH Bill, which we understand is intended to be introduced to Parliament before the end of the year.

7.5 Aboriginal sites and other heritage places on EP 371

The AHIS Searches identified 7 registered Aboriginal heritage sites within EP 371 as shown in the below table (see over page).

Registered Aboriginal Sites			
Site ID	Site name	Status	Type
12503	Limirri Burial	Registered Site	Skeletal Material / Burial, Plant Resource
12504	Kurralka Burial / Painting	Registered Site	Mythological, Painting, Skeletal Material / Burial
12515	Calwynyardah Prison Tree	Registered Site	Historical, Modified Tree, Skeletal Material / Burial
14186	Ballingers Bore	Registered Site	Mythological
14215	Dunggaba Complex 1	Registered Site	Mythological
14224	Walgidee Hills 4	Registered Site	Mythological
14229	Mt Hardman Creek	Registered Site	Mythological

The AHIS Searches also identified 3 'other heritage places' which have been lodged within EP 371, as shown in the below table.

Other Aboriginal Heritage Places			
Site ID	Site name	Status	Type
12513	Churchill Bore	Lodged	Camp, Water Source
13851	No. 19 Bore	Lodged	Mythological
13852	No. 20 Bore	Lodged	Mythological

The other Aboriginal heritage places have been lodged but are not registered. As of the date of this Report, it has not been assessed to determine whether these places meet the criteria to be registered as an Aboriginal site or heritage place.

In respect to Aboriginal heritage sites, the AHIS search results do not mean that there are no other Aboriginal sites within the area of EP 371. It is only an indication that no other Aboriginal sites have been registered in the area to date.

7.6 **Aboriginal heritage agreements affecting EP 371**

As discussed above at section 6, Department policy provides that applications for exploration licences will generally not be processed for grant through the Expedited Procedure unless the applicant for the licence provides evidence that an appropriate Aboriginal heritage agreement has been entered into with any affected registered Native Title Claimant (**NTC**) (if any).

Aboriginal heritage agreements will generally include a process of engagement between the parties to protect Aboriginal heritage. This process includes the undertaking of heritage surveys to identify Aboriginal site. A procedure is usually included for the parties to consider the proposed works on the permits, and decide on the best course of action given any potential impacts the proposed works may have on Aboriginal sites.

The Company has advised that Bennett is bound by the following heritage and native title protection agreements:

- (a) Warlangurru Land Access and Use Agreement (**WLAUA**) between the Warlangurru claim, Buru Energy Limited and Bennett dated 25 October 2016 and assigned from time to time. The WLAUA applies to the land the subject of the Warlangurru claim (which overlaps EP 371 by 15.74%, refer to section 6.8(a) above for further information). The WLAUA provides for, amongst other matters, significant financial and other benefits for the Warlangurru people and includes structured processes for managing cultural, heritage and environmental matters in relation to activities in the area. The WLAUA also focusses on employment and training opportunities for the Warlangurru people. Bennett has also agreed to pay a 1.25% royalty to Warlangurru under the WLAUA in respect for petroleum recovered and sold from within the area of EP 371 which overlaps the Warlangurru claim area
- (b) Heritage and Native Title Protection Agreement (Petroleum Exploration) between the Kimberley Land Council Aboriginal Corporation, for and on behalf of the Bunuba traditional owners and ARC Energy Limited dated 12 September 2007 and assigned from time to time. This agreement is on relatively industry standard terms for agreements of this nature. Bennett is currently engaging with the Bunuba traditional owners to progress from this agreement to an ILUA.
- (c) Heritage Protection Agreement between the Kimberley Land Council Aboriginal Corporation, for and on behalf of the Nyikina and Mangala native title claimants and Otto Oil Pty Ltd dated 20 April 2004 and as amended and assigned from time to time. This agreement is on relatively industry standard terms for agreements of this nature.

The entry into Aboriginal heritage agreements is not a requirement of the WA Heritage Act but is an industry standard means of managing the risk of contravention

of the WA Heritage Act where there is a NTC or other claim group with a recognised connection to the relevant land.

8. Land access

8.1 File Notation Areas

File Notation Areas (**FNAs**) are generally an indication of areas:

- (a) where the Government has proposed some change of land tenure that is being considered or endorsed by the Department for possible implementation; or
- (b) areas of some sensitivity to activities by the resources industry that warrants the application of specific conditions to be imposed on the permit.

The existence of an FNA will not, of itself, prevent the grant of a permit or preclude exploration or production activities but it may delay or impact Bennett's activities.

FNAs may relate to land which is reserved, declared or otherwise dedicated under the *Land Administration Act 1997 (WA)* or any other written law. Pursuant to section 15A of the PGER Act, the written consent of the Minister must first be obtained prior to entering the land to conduct exploration and operations in respect to petroleum.

The Searches indicates that EP 371 is overlapped (very slightly) by one FNA as further detailed in the table below.

FNA	(% overlap)	Description shown on Tengraph Search
12229	0.22%	File Notation Area - Proposed Road Making Materials Gravel Reserve, Section 16(3) of the Mining Act Clearance, registered notice of intention to take - No. N772079, Expiry Date 13 Nov, 2020 - extension of term to 25 Nov, 2021 (Doc O543189) - refer to the Department of Planning, Lands and Heritage.

8.2 Pastoral leases

The Tengraph Searches indicate that EP 371 either wholly or partially overlaps the following pastoral leases:

Pastoral Lease Name	Lease number	Encroachment (%)
Blina	N049587	49.22%
Liveringa	N049702	16.9%

Pastoral Lease Name	Lease number	Encroachment (%)
Noonkanbah - Aboriginal Corporation	N049848	24.56%
Quanbun Downs	N049850	6.22%
Kimberley Downs	N049912	1.51%
Brooking Springs	N050174	0.45%

Generally, under the PGER Act, the rights conferred on a holder by the grant of an EP (or a drilling reservation, petroleum lease or licence), is able to be exercised on any land within the permit area as the case may be (including Crown land, but excluding reserves). Pastoral leases are included in the definition of 'Crown land' under the PGER Act.

It is a requirement under the PGER Act that the holder of an EP (or a drilling reservation, petroleum lease or licence) pays compensation to the holder of an affected pastoral lease in respect of:

- (a) damage caused to any improvements on the pastoral lease as a result of any operations conducted or other actions taken by the holder of the permit on that pastoral lease; and
- (b) damage suffered by the pastoral lease holder as a consequence of the damage to those improvements, in the opinion of the Magistrates Court.

Compensation payable to a pastoral lease holder (including any compensation for consequential damage) can be, determined by agreement with the pastoral lease holder or, if no agreement can be reached, is determined by the Magistrates Court.

8.3 Overlapping tenure

Our searches indicate that EP 371 overlaps with the following mining tenure:

Encroachment (%)	Overlapping mining tenure	Holder / Applicant
1.19%	E04/1519	Blackfin Pty Ltd
1.86%	E04/1770	
2.36%	M04/453 (application)	
1.07%	E04/2364	Volclayes Pty Ltd
0.27%	E04/2412	Marten Hendrick Ynema

Encroachment (%)	Overlapping mining tenure	Holder / Applicant
0.03%	E04/2525	India Bore Diamond Holdings Pty Ltd
0.44%	E04/2681 (application)	Activex Canning Pty Ltd
5.35%	E04/2688 (application)	Central Pilbara North Iron Ore Pty Ltd
2.27%	E04/2690 (application)	Nolo Lennard Shelf Pty Ltd
3.81%	E04/2695 (application)	Odette Three Pty Ltd
2.84%	E04/2704 (application)	
0.16%	E04/2705 (application)	
1.42%	E04/2707 (application)	
1.07%	E04/2706 (application)	Consolidated Africa Limited
0.36%	E04/2714 (application)	OD3 Wynne Pty Ltd
1.04%	E04/2719 (application)	OD3 Wynne Pty Ltd
0.07%	E04/2715 (application)	FMG Pilbara Pty Ltd
4.59%	E04/2780 (application)	Stellar Diamonds Pty Ltd

There are no express mechanisms in the PGER Act or the Mining Act in respect to the co-existence or priority of rights between mining tenement holders or applicants and petroleum permit holders or applicants. However, overlapping titles can be granted to petroleum and mining tenement holders.

The Mining Act provides that, in respect to any dispute arising between the holder of a petroleum permit or mining tenement, either holder, or both holders may refer the matter to the warden for inquiry and report. The warden will then provide its report to the Minister, who may make such orders or give such directions as are in the public interest and he considers to be just and equitable. The Minister may cancel the petroleum permit or the mining tenement if the relevant holder (as the case may be) fails or neglects to comply with such order or direction.

Under the PGER Act, the holder of a petroleum permit must not interfere with any operations being lawfully carried on by way of exploration for, or recovery of, minerals to a greater extent than is necessary for the reasonable exercise of the rights and performance of the duties of the petroleum permit holder in respect to its permit. A failure to comply with this requirement may result in a penalty in the form of a fine of \$10,000.

8.4 Petroleum pipelines

Our searches indicate that EP 371 overlaps petroleum pipeline licence PL 7 R1, held by Buru Energy Limited at 0.03% pursuant to the *Petroleum Pipelines Act 1969 (WA) (PP Act)*.

There are no specific requirements under the PGER Act or the PP Act in respect to the overlap between petroleum permits and petroleum pipelines and, for the purposes of this Report, we have not conducted further searches in respect to the petroleum licences. Bennett may consider seeking an access agreement (or similar) with the licence holder in relation to the interaction of rights in the encroachment area to effectively manage the access and interests of both parties, although, this is not a legislative requirement.

8.5 'C' class reserves

Our Searches indicate that the land the subject of EP 371 encroaches the following 'C' Class Reserves:

Land ID	Reserve Name	Encroachment (%)
R 39336	"C" Class Reserve Microwave Translator Site	<0.01
R 39337	"C" Class Reserve Microwave Translator Site	<0.01%
R 41052	"C" Class Reserve Maintenance Depot (M.R.D.)	<0.01%
R 47332	"C" Cass Reserve Extraction Of Gravel For Construction, Repair & Maintenance of Roads	0.01%

A crown reserve refers to land set aside or "reserved" for a designated purpose (ie for parks, recreation, drainage or church sites) and is managed by the State of Western Australia or designated management authority/agency.

There are three different categories of crown reserves, with class A having the highest form of protection, class B having a medium form of protection and class C, which forms the vast majority of reserves, having a lower level of protection.

Pursuant to the PGER Act, the prior written consent of the Minister will need to be obtained before the holder of an EP can enter and conduct activities on any land the subject of a reserve. The Minister may give such consent on conditions that the Minister thinks fit, including that the holder of the EP must carry out any operations on the land the subject of the EP in such a manner as to minimise the risk of damage to any native fauna or flora on the land.

9. Environment

9.1 Existing environmental approvals

An Environment Plan (the Well Care and Maintenance Environment Plan), an Oil Spill Contingency Plan and a Safety Management System have been approved for certain activities (not including seismic activities) for EP 371 under the PGER Act.

9.2 Environmental approvals required for seismic surveys

An Environment Plan and Oil Spill Contingency Plan for the seismic activities will need to be submitted and accepted before the seismic surveys can be undertaken. Additionally, the current Safety Management System does not refer to seismic surveys and so an updated version of the Safety Management System will also need to be submitted and approved before the seismic surveys can be undertaken. Further revision will also be required for future exploration or production activities such as drilling.

Further environmental approvals may be required for the seismic surveys if the environmental impact of the seismic surveys is considered likely to meet certain threshold triggers. The Low Ecological Services report concluded that "while the impact of seismic surveys is likely to be low and occurring over a short term, the area over which the proposed seismic survey will occur is large and diverse". Based on the information available in Low Ecological Services' March 2020 Flora and Fauna Assessment report, it looks unlikely that these thresholds are met by the seismic surveys. The Company has instructed us that it does not believe that these thresholds are triggered.

About 55 hectares of native vegetation needs to be cleared for the 2D seismic surveys. Ordinarily a clearing permit is required before native vegetation can be cleared, however there is an exemption for exploration activities undertaken under a PGER Act authority, where the clearing is not in an environmentally sensitive area (**ESA**), specifically item 24 '*Clearing under a Petroleum Act Clearing that is the result of carrying out exploration under an authority under the Petroleum and Geothermal Energy Resources Act 1967, the Petroleum Pipelines Act 1969 or the Petroleum (Submerged Lands) Act 1982*' (**Item 24 Exemption**). We are instructed that the native vegetation clearing proposed to be undertaken by Bennett for the 2D seismic survey is not in an ESA and Bennett will utilise the Item 24 Exemption such that a clearing permit will not be required.

9.3 Hydraulic fracturing

Prior to September 2019 there was a State-wide moratorium on hydraulic fracturing in Western Australia. In November 2018, an Independent Scientific Panel Inquiry into Hydraulic Fracture Stimulation was conducted. The resulting inquiry report set out recommendations and action items relating to hydraulic fracturing activities in the State (**Inquiry Report**). In July 2019, the government responded to the Inquiry Report and published its implementation plan for hydraulic fracture stimulation in WA (**Implementation Plan**). The first step arising from the Inquiry Report and Implementation Plan was the lifting of the moratorium in certain parts of the State, including the EP 371 location. This came into effect in September 2019.

Following the moratorium being lifted, Bennett referred the Valhalla Gas Exploration and Appraisal Program proposal under Part IV of the EP Act, to undertake hydraulic fracture stimulation activities across 20 wells within the EP 371 area, located in the Canning Basin in West Kimberley. The proposal is to further appraise the extent of the tight gas reservoir in the Laurel formation and was referred in accordance with the Implementation Plan. It is the first proposal for hydraulic fracturing to be referred since the lifting of the moratorium. The EPA made a decision to assess the proposal by public environmental review, the highest level of WA environmental assessment.

The EPA's assessment of the proposal is being progressed in parallel with the Government's implementation of other actions in the Implementation Plan. These include:

- the introduction of a requirement to obtain relevant Traditional Owner and private landowner consent before hydraulic fracture stimulation production is permitted (Actions 5a and 5b); and
- the establishment of an enforceable Code of Practice which prescribes minimum standards for onshore exploration and production proposals (Action 11).

Government publications state that proponents will not be permitted to commence hydraulic fracturing exploration until the WA Code of Practice has been developed and Traditional Owner and private landowner consent requirements have been implemented. As these actions remain in the scoping/drafting stage, the timing of assessment, approval and implementation of Bennett's proposal (should it be approved) is somewhat uncertain. Any delays, or requirements or obligations imposed, under the WA Code of Practice may adversely impact Bennett's ability to carry out future exploration or petroleum extraction activities within the affected areas.

10. Royalties

10.1 Fitzroy Royalty Deed

Pursuant to the Fitzroy Royalty Deed, Bennett, agrees to pay to Fitzroy River Corporation Limited (**Fitzroy**) a royalty at the rate of 2% of the well head value of petroleum recovered from EP 371. The 'well head value' is defined under the Fitzroy Royalty Deed to be the gross value (in Australian dollars) of the petroleum at the well head.

The royalty is payable to Fitzroy on a quarterly basis. In the event that the royalty payable to the State of Western Australia under the PGER Act is calculated as being equal to or below 2.5% of the well head value of petroleum recovered from EP 371, the royalty payable will be calculated at a rate of 1% of the well head value of petroleum recovered from EP 371.

10.2 BMC Royalty Deed

Pursuant to the BMC Royalty Deed, Bennett agrees to pay to BM Canning Royalty Co LLC (**BMC**) an overriding royalty interest of 5% of the gross well head value of all petroleum recovered from a production area, being the area of any petroleum

production licence granted to Bennett (or an affiliate of Bennett), over the area of EP 371.

The 'gross well head value' is defined under the BMC Royalty Deed to have the same meaning as 'royalty value' per section 144A of the PGER Act in respect of petroleum which is recovered and sold from a production area. In the event no royalty is payable under the Petroleum Act, the 'gross well head value' means the gross sales price received or realised by Bennett for such petroleum at or computed back to the well head of the well on the production area where the petroleum is produced.

10.3 YAC ILUA Royalty

As summarised at section 6.11(c) above, Bennett has agreed to pay a royalty of 1.25% of the well head value of petroleum recovered from EP 371 (as calculated under the PGER Act) to Yungngora under the YAC ILUA in respect for petroleum recovered and sold from within the area of the YAC ILUA. The royalty is payable on the commencement of commercial production of petroleum from any location within the area of the YAC ILUA.

10.4 WLAUA Royalty

Bennett has agreed to pay a royalty of 1.25% of the well head value of petroleum recovered from EP 371 (as calculated under the PGER Act) to Warlangurru under the WLAUA in respect for petroleum recovered and sold from within the area of EP 371 which overlaps the Warlangurru claim area. The royalty is payable on the commencement of commercial production of petroleum from any location within the area of EP 371 which overlaps the Warlangurru claim area.

11. Definitions

In this Report:

ACH Bill means the *Aboriginal Cultural Heritage Bill 2020*.

AHIS Searches has the meaning given in section 2(d).

Bennett means Bennett Resources Pty Ltd (ACN 145 113 186) formerly known as Diamond Resources (Canning) Pty Ltd.

BMC means BM Canning Royalty Co LLC.

BMC Royalty Deed means the gross overriding royalty deed between Bennett and BMC dated 8 October 2021.

Commonwealth Heritage Act means the *Aboriginal and Torres Strait Islander Heritage Protection Act 1984* (Cth).

Company means Black Mountain Energy Ltd (ACN 652 281 868).

Department or **DMIRS** means the Western Australian Department of Mines, Industry Regulation and Safety.

DMIRS Searches has the meaning given in section 2(a).

EPA means the Environmental Protection Authority.

EP means a petroleum exploration permit.

EP Act has the meaning given in section 4.4.

EP 371 means petroleum exploration permit EP 371.

ESA has the meaning given in section 9.2.

Federal Court means the Federal Court of Australia.

Fitzroy Royalty Deed means the royalty deed dated 26 August 2006 between ARC Energy Limited and Fitzroy River Corporation Limited (formerly European Gas Limited), as assigned from time to time and assigned to Bennett by deeds of assignment and assumption dated 28 August 2017 and 27 April 2018, respectively in respect to EP 371.

FNA means a File Notation Area.

HFS means Hydraulic Fracture Stimulation.

ILUA has the meaning given in section 6.4(c).

Implementation has the meaning given in section 9.3.

Inquiry Report has the meaning given in section 9.3.

Location means a declaration of location of discovery of a petroleum pool under the PGER Act.

Mining Act means the *Mining Act 1978 (WA)*.

Minister means the Western Australian Minister for Mines and Petroleum.

Native Title Act means the *Native Title Act 1993 (Cth)*.

Negotiation Parties has the meaning given in section 6.5(a).

NNTR has the meaning given in section 6.2(a).

NNTT means the Australian National Native Title Tribunal.

NNTT Searches has the meaning given in section 2(c).

NTC has the meaning given in section 6.6(a).

PGER Act means the *Petroleum and Geothermal Energy Resources Act 1967 (WA)*.

PGR has the meaning given in section 2(a).

PGR Searches has the meaning given in section 2(a).

PL means a petroleum production licence.

PP Act means the *Petroleum Pipelines Act 1969* (WA).

Prospectus has the meaning given in the opening section of this document.

Report means this document, including any schedule or annexure to this document.

RNTC has the meaning given in section 6.2(a).

RSHA has the meaning given in section 6.6(a).

Searches means the searches referred to in section 2.

Tengraph Searches has the meaning given in section 2(b).

WA Heritage Act means the *Aboriginal Heritage Act 1972* (WA).

WLAUA means the Warlangurru Land Access and Use Agreement between the Warlangurru claim, Buru Energy Limited and Bennett dated 25 October 2016 and assigned from time to time.

YAC ILUA means the Yungngora Aboriginal Corporation RNTBC, Buru Energy Limited and Diamond Resources (Canning) Pty Ltd Body Corporate ILUA.

Yungngora means Yungngora Aboriginal Corporation RNTBC.

12. Qualifications and assumptions

12.1 General

This is a high level report covering material legal issues affecting EP 371 and does not purport to cover all possible issues which may affect EP 371. This Report is given only as to, and based on, circumstances and matters of fact existing and known to us on the date of this Report.

12.2 Assumptions

This Report is based on, and subject to, the following assumptions (in addition to any assumptions expressed elsewhere in this Report):

- (a) any instructions, documents and information given by the Company or any of its officers, agents or representatives are accurate and complete;
- (b) that the registered holder of EP 371 has valid legal title to EP 371;
- (c) unless apparent from the Searches or the information provided to us, we have assumed compliance with the requirements necessary to maintain EP 371 in good standing;

- (d) the future act provisions of the Native Title Act have been complied with in respect to the grant of EP 371;
- (e) all information obtained from the Department, the NNTT and any other governmental or regulatory department referred to in this Report is accurate and complete;
- (f) the Company has complied with the terms and conditions of the relevant legislation and any applicable agreements;
- (g) this Report does not cover any third party interests, including encumbrances, in relation to EP 371 that are not apparent from the Searches and the information provided to us;
- (h) all facts stated in documents, and responses to requests for further information, and other material on which we have relied in this Report are and continue to be correct, and no relevant matter has been misstated or withheld from us (whether deliberately or inadvertently);
- (i) that there are no other documents or materials other than those which were disclosed to us and which we were instructed to review, which related to the matters examined; and
- (j) the agreements referred to in this Report have been duly executed and the copies of the agreements made available to us are accurate, complete and conform to the originals of the agreements and there have been no material breaches of the agreements.

12.3 **Qualifications**

This Report is subject to the following qualifications:

- (a) there may be native title, Aboriginal heritage or other third party agreements of which we are not aware;
- (b) the information in Schedule 1 is accurate as at the date of the relevant Searches. We do not comment on whether any changes have occurred in respect of EP 371 between the date of the Searches and the date of this Report;
- (c) this Report is based only upon the information and materials which are described in this Report. There may be additional information and materials (of which we are unaware) which contradict or qualify that which we have described;
- (d) a recording in the petroleum and geothermal register of a person's holding in a petroleum permit is not absolute proof of that person's entitlement to the permit. The petroleum and geothermal system is not based on a system of indefeasibility by registration;
- (e) a registered permit holder's entitlement to a permit can be defective if there were procedural defects in the original grant of a permit or if there are any

subsequent dealings with a permit. We are unable to confirm whether there are any such defects in EP 371 as disclosed in this Report without a detailed review of the register for EP 371 and other matters;

- (f) this Report relates only to the laws of Western Australia and the Commonwealth of Australia in force at the date of this Report and we do not express or imply any opinion as to the laws at any other time or of any other jurisdiction;
- (g) in the performance of our enquiries for this Report, we have acted on the Company's written and oral instructions as to the manner and extent of enquiries to be conducted;
- (h) this Report is strictly limited to the matters it deals with and does not extend by implication or otherwise to any other matter;
- (i) we have relied upon information provided by third parties, including various departments, in response to searches made, or caused to be made, and enquiries by us and have relied upon that information, including the results of Searches, being accurate, current and complete as at the date of its receipt by us;
- (j) references in the Schedules are taken from details shown on the Searches we have obtained from the relevant departments referred to in section 2 above. We have not undertaken independent surveys of the land the subject of EP 371 to verify the accuracy of the area of EP 371 or the areas of the relevant native title claims;
- (k) where compliance with the terms and conditions of the EP 371 and all applicable provisions of the petroleum legislation and regulations in Western Australia and all other relevant legislation and regulations, or a possible claim in relation to EP 371 is not disclosed on the face of the searches referred to above, we express no opinion as to such compliance or claim;
- (l) where Ministerial consent is required, we express no opinion as to whether such consent will be granted, or the consequences of consent being refused, although we are not aware of any matters which would cause consent to be refused;
- (m) we have not conducted searches of the Database of Contaminated Sites maintained by the Department of Environment Conservation;
- (n) native title may exist in the areas covered by EP 371. Whilst we have conducted searches to ascertain what native title claims, if any, have been lodged in the Federal Court in relation to the areas covered by EP 371, we have not conducted any research on the likely existence or non-existence of native title rights and interests in respect of those areas. Further, the Native Title Act contains no sunset provisions and it is possible that additional native title claims could be made in the future; and
- (o) Aboriginal heritage sites, sacred sites or objects (as defined in the WA Heritage Act or under the Commonwealth Heritage Act) may exist in the

areas covered by EP 371 regardless of whether or not that site has been entered on the relevant Register or is the subject of a declaration under the Commonwealth Heritage Act. We have not conducted any legal, historical, anthropological or ethnographic research regarding the existence or likely existence of any such Aboriginal heritage sites, sacred sites or objects within the area of EP 371.

12.4 **Disclaimer**

HWL Ebsworth Lawyers has prepared this Report for the purposes of the Prospectus only, and for the benefit of the Company and the directors of the Company in connection with the issue of the Prospectus and is not to be disclosed to any other person or used for any other purpose or quoted or referred to in any public document or filed with any government body or other person without our prior consent.

Yours faithfully

A handwritten signature in blue ink that reads "HWL Ebsworth" followed by a stylized flourish.

HWL Ebsworth Lawyers

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Schedule 1 Summary of EP 371

Holder	Basin	Status	Area	Issue / Grant Date	Expiry Date	Annual Fee	Relevant Dealings
Bennett Resources Pty Ltd (100%)	Canning	Active	3,663.26 km ² 45 Blocks	18 March 1993 Latest renewal was on 31 July 2014	30 July 2023 (as renewed for an additional 4 years on 26 February 2019)	\$41,355 (payable by 31 August 2021)	<ul style="list-style-type: none"> SRP-EPT-0133 - transfer from Diamond Resources (Fitzroy) Pty Ltd (ACN 145 113 177) to Bennett of its 50% right, title and interest in EP 371 such that Bennett is the 100% holder of the right, title and interest in EP 371, registered on 16 November 2018. SRP-EPD-0344 - Deed of Assignment and Assumption for Fitzroy Royalty Deed dated 28 August 2017 (assignment of Fitzroy River Corporation Limited Royalty Deed from Buru Energy Limited (ABN 71 130 651 437) (50%) to Diamond Resources (Fitzroy) Pty Ltd (ACN 145 113 177), registered on 14 May 2018. SRP-EPT-0105 transfer from Buru Energy Limited (ABN 71 130 651 437) (50%) to Diamond Resources (Fitzroy) Pty Ltd (ACN 145 113 177) of its 50% right, title and interest in EP 371 such that Bennett holds a 50% interest in EP 371 and Diamond Resources (Fitzroy) Pty Ltd holds a 50% interest in EP 371, registered on 8 January 2018. SRP-EPD-0137 - Deed of Assignment and Assumption for Fitzroy Royalty Deed dated 7 September 2012 (assignment of Fitzroy River Corporation Limited Royalty Deed from Buru Energy Limited (ABN 71 130 651 437) (50%) to Bennett, registered on 13 December 2012. SRP-EPT-0014 - transfer from Buru Energy Limited (ABN 71 130 651 437) (50%) to Bennett of its 50% right, title and interest in EP 371 such that Bennett holds a 50% interest in EP 371 and Buru Energy Limited holds a 50% interest in EP 371, registered on 24 February 2012.

Notes:

The notes below refer to particular conditions attached to EP 371 and other findings from the PGR Searches and Tengraph Searches. It is not an exhaustive list. For all conditions and endorsements attached to EP 371, a search of the PGR should be consulted. For details of overlapping tenure and other interests, the Tengraph system should be consulted.

EP 371 has been granted with the following conditions:

1. Subject to sub-clause 2, during a year of the term of the permit, the permittee:
 - (a) shall carry out in or in relation to the permit area, to a standard acceptable to the Minister, the work specified in the minimum work requirements attached to the permit;
 - (b) may at the discretion of the Minister carry out in or in relation to the permit area, to a standard acceptable to the Minister, all or part of the work specified in the minimum work requirements of a subsequent year or years of that term in accordance with the work requirements attached to the permit; and
 - (c) may carry out in or in relation to the permit area, to a standard acceptable to the Minister, work in addition to the work specified in the minimum work requirements set out opposite that year and in the subsequent year or years, if any, in accordance with the work requirements attached to the permit.
2. The permittee shall not commence any works or petroleum exploration operations in the permit area except with, and in accordance with the approval in writing of the Minister.

Work plan requirements:

The below table sets out the work plan requirements and estimated expenditure in respect to EP 371:

Year of Term	Title Year Starts	Title Year Ends	Minimum Work Requirements	Indicative Minimum Expenditure \$A
1	31/07/2014	30/12/2019	Well Stimulation Production Test	\$8,000,000
2	31/07/2015	30/07/2020	Exploration Well	\$8,000,000
3	31/07/2016	30/07/2021	Geological and Geophysical Studies	\$200,000
4	31/07/2017	30/07/2022	100km 2D Seismic Survey	\$1,000,000
5	31/07/2018	30/07/2023	Exploration Well	\$8,000,000



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