



31 January 2022

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## **BLACK MOUNTAIN ENERGY**

### **DECEMBER 2021 QUARTERLY ACTIVITIES REPORT**

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#### **Highlights**

- Successfully completed an IPO, raising A\$11 million to develop EP371 in WA's Canning Basin.
- Black Mountain received a domestic gas export exemption from the WA Government for EP371
- IPO funds will progress EP371 towards development, including 2D seismic acquisition and processing, permitting, environmental activities and baseline studies
- Heritage Surveys completed for EP371 in collaboration with two Traditional Owner groups
- Seismic Survey Environmental Plan lodged with WA Department of Mines, Industry Regulation and Safety (DMIRS)

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#### **March Quarter outlook**

- Move to next stage of environmental permitting process with lodgement of Environmental Review Document to the WA Environmental Protection Authority (EPA)
- Appoint seismic contractor by formally awarding tender
- Continue survey planning and permitting activities
- Continue discussions with potential offtake partners and pipeline operators regarding commercialising the Valhalla Gas Project.



Black Mountain Energy (ASX: BME), an energy and resources company focused on natural gas exploration, development and production, is pleased to provide an update on its activities during the December 2021 quarter, following completion of an Initial Public Offer (IPO) which raised A\$11 million and listing on the Australian Securities Exchange (ASX) on 23 December 2021. Black Mountain Energy's largest shareholder is the US-based Black Mountain group.

**Black Mountain Energy Executive Chairman Rhett Bennett said:** *“The December quarter was transformative for our Company as we completed our Initial Public Offering and listed on the Australian Securities Exchange following our domestic gas export exemption from the WA Government, which is integral to our plans to develop Project Valhalla, EP371 in WA’s Canning Basin.*

*“Concurrent to our ASX listing, we achieved several important tasks during the quarter as part of our methodical process to move EP371 towards development, including heritage surveys with two Traditional Owner groups and lodged an environmental plan for a seismic survey over EP371. We also finalised our Environmental Review Document which we lodged with the WA Environmental Protection Authority in recent weeks and we await EPA feedback on that.*

*“During the March quarter, we will engage a contractor for our seismic survey, progress our environmental permitting process and continue our discussions with potential offtake partners and pipeline operators as we plan for an exciting future at Project Valhalla.”*

Black Mountain Energy is developing its key asset, Petroleum Exploration Permit EP371, known as Project Valhalla, in Western Australia's Canning Basin. EP371 covers more than 3,660km<sup>2</sup> in the Fitzroy Trough, west of Fitzroy Crossing. An Independent Technical Expert has estimated prospective gas resources of 11.8 trillion cubic feet (TCF) and contingent gas resources of 1.5 TCF (best estimates)<sup>1</sup>. The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to potential undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration, appraisal and evaluation is required to

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<sup>1</sup> See Section 2.8 and Annexure B of Replacement Prospectus dated November 5, 2021. The Company confirms that it is not aware of any new information or data that materially affects the information relating to resources included in the Replacement Prospectus, and that all material assumptions and technical parameters underpinning the estimates in the Replacement Prospectus continue to apply and have not materially changed.



determine the existence of a significant quantity of potentially moveable hydrocarbons.

## **Domestic gas export exemption granted by WA Government**

In September 2021, prior to the Company's ASX listing, Black Mountain Energy was granted a gas export exemption by the WA State Government via the Department of Jobs, Tourism, Science and Innovation (JTSI).

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

Black Mountain Energy aims to transform the region into an energy hub which will benefit local communities, Traditional Owners, create thousands of WA jobs and contribute to WA's GDP by connecting the Canning Basin gas field to the WA domestic supply network.

## **Heritage Surveys completed in collaboration with Traditional Owner groups**

During the December 2021 quarter, Black Mountain Energy completed multiple Heritage Surveys with two Traditional Owner groups within EP371. These surveys provided both employment opportunities to numerous community members and the means to build on established relationships within the region by increasing knowledge and understanding of the cultural heritage within the region. Black Mountain Energy has existing land access and use agreements with both of these Traditional Owner groups.

## **Seismic Survey Environmental Plan lodged with WA DMIRS**

During the quarter, Black Mountain Energy lodged a Seismic Environmental Plan with WA's Department of Mining, Industry Regulation and Safety (DMIRS). Once approved, this will allow the Company to undertake a 130km 2D seismic survey within EP371 providing the Company with further data on the sub surface geology and enabling Black Mountain Energy to further interpret and evaluate the resource potential.

Prior to submitting the Environmental Plan, Black Mountain Energy utilised consultants to undertake multiple flora and fauna surveys specifically focused on



the proposed seismic areas. These surveys were undertaken in accordance with the various EPA Technical Guidance Impact Assessments and no threatened flora or ecological communities were present, with all vegetation communities well represented. Whilst there were no direct observations of the Greater Bilby during the survey, the Company will take a precautionary approach to its activities and will implement specific Bilby Management Measures to manage this activity.

## **March Quarter Outlook**

The Company finalised its Environmental Review Document in early January lodging this with WA Environmental Protection Authority (EPA). Black Mountain has now moved to next stage of the environmental permitting process and is awaiting EPA feedback. The Company will continue to advance this process throughout 2022.

Black Mountain Energy will formally appoint a seismic contractor during the quarter by awarding a tender to undertake 130km's of 2D seismic surveying. The Company will also continue other seismic survey planning activities and permitting requirements with DMIRS.

Black Mountain Energy is continuing to progress discussions with potential offtake partners and pipeline operators regarding commercialising the Valhalla Gas Project.

## **CORPORATE**

The Company was admitted to the official list of the ASX on 23 December 2021 following completion of an IPO raising A\$11m. The period from admission to 31 December 2021 is included in a period covered by a use of funds statement in the IPO Prospectus lodged with the ASX under Listing rule 1.1 condition 3.

A comparison of the Company's actual expenditure since admission to 31 December 2021 against the estimated expenditure in the use of funds statement is set out below as required by the ASX Listing Rule 4.7c.2.



	A\$'000 Estimated Expenditure at IPO	A\$'000 Actual Expenditure to date
<b>Use of Funds</b>		
2D seismic acquisition and processing	3,941	-
Environmental, permitting and baseline studies	2,800	177
Well monitoring and remediation	1,000	-
Corporate costs and working capital	2,400	362
Expenses of the offer	1,189	1,020
<b>Total</b>	<b>11,330</b>	<b>1,559</b>

For the purpose of Section 6 of the Appendix 5B, related party payments of A\$185,000 were made in the quarter as follows; Directors fees and consulting costs of A\$43,000 and repayment of short term loan from Black Mountain Land Company LP of A\$142,000.

### INTEREST IN PETROLEUM PERMIT

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

**This ASX announcement was approved and authorised for release by Rhett Bennett, Executive Chairman and CEO, Black Mountain Energy Limited.**

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### **About Black Mountain Energy**

Black Mountain Energy Ltd (ASX: BME) is focused on sustainable development of Project Valhalla (EP371) in WA's Canning Basin, led by a team of highly experienced upstream oil and gas professionals.

Project Valhalla is a ~3,600km<sup>2</sup> permit area in the Canning Basin in northern Western Australia. The tight gas acreage is believed to hold 1.5 trillion cubic feet (TCF) of contingent gas resources and 11.8 TCF of prospective resources.

The Black Mountain Group is a major shareholder of BME, specialising in identifying and capturing high-growth opportunities in the global energy sector.

### **Prospective Resources Reporting Notes**

- (i) The prospective resources information in this document is effective as of the Replacement Prospectus dated 29 October 2021 (Listing Rule (LR) 5.25.1).*
- (ii) The prospective resources information in this document has been estimated and is classified in accordance with SPE PRMS (Society of Petroleum Engineers Petroleum Resources Management System) (LR 5.25.2).*
- (iii) The prospective resources information in this document is reported according to the Company's economic interest in each of the resources and net of royalties (LR 5.25.5).*
- (iv) The prospective resources information in this document has been estimated and prepared using the probabilistic method (LR 5.25.6).*
- (v) The prospective resources information in this document has been estimated using a 0.18233 standard barrels oil equivalent BOE conversion ratio for gas to oil; this conversion ratio is based on an energy equivalency conversion method and does not represent value equivalency (LR 5.25.7).*
- (vi) The prospective resources information in this document has been estimated on the basis that products are sold on the spot market with delivery at the sales point on the production facilities (LR 5.26.5.)*
- (vii) Prospective resources are reported on a best estimate basis (LR 5.28.1).*
- (viii) For prospective 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 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 (LR 5.28.2)*
- (ix) In respect to the prospective resources referred to in this statement, the Company's working interest in EP 371 is 100%.*
- (x) The prospective resources and the methodology for their estimation is set out in the Replacement Prospectus dated 29 October 2021*
- (xi) 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 EP 371. (LR 5.35.3).*
- (xii) Prospective resources are un-risked and have not been adjusted for an associated chance of discovery and a chance of development (LR 5.35.4).*

## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

**Name of entity**

BLACK MOUNTAIN ENERGY LTD

**ABN**

83 652 281 868

**Quarter ended ("current quarter")**

31 December 2021

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(177)	(177)
(b) development	-	-
(c) production	-	-
(d) staff costs and directors' fees	(64)	(64)
(e) administration and corporate costs	(156)	(156)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (IPO fees)	(212)	(212)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(609)</b>	<b>(609)</b>

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) exploration & evaluation		
	(e) investments		
	(f) other non-current assets		
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) investments		
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (cash received on acquisition of Black Mountain Exploration Australia Pty Ltd)	240	240
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>240</b>	<b>240</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	11,000	11,000
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(808)	(808)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings	(142)	(142)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>10,050</b>	<b>10,050</b>



## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	-	-
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(609)	(609)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	240	240
4.4	Net cash from / (used in) financing activities (item 3.10 above)	10,050	10,050
4.5	Effect of movement in exchange rates on cash held	4	4
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>9,685</b>	<b>9,685</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	1,685	-
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (Term deposits)	8,000	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>9,685</b>	<b>-</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	185
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

Includes directors' fees and consultants' costs of \$43 and repayment of short-term loan of \$142.

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7.	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	-	-
7.5	<b>Unused financing facilities available at quarter end</b>		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8.	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(609)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(609)
8.4	Cash and cash equivalents at quarter end (item 4.6)	9,685
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	9,685
8.7	<b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	<b>15.9</b>
	<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/A	
8.8.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: N/A	
8.8.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: N/A	
	<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>	

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 January 2022.....

Authorised by: Rhett Bennett, Chairman and CEO .....  
(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.