

28 December 2023

VOLUNTARY DELISTING FROM ASX

Black Mountain Energy Ltd (the Company; Black Mountain, ASX: BME) announces that it has lodged a formal request with the Australian Securities Exchange (**ASX**) to be removed from the official list of the ASX (**Official List**), following an in-principle application made by Black Mountain under ASX Listing Rule 17.11 in response to which ASX resolved to approve the proposed de-listing, subject to the following conditions:

1. Black Mountain's removal from the Official List is approved by a special resolution of shareholders.
2. The Notice of Meeting (**NOM**) seeking security holder approval must include:
 - a timetable of key dates, including the time and date at which the Company will be removed from ASX, if that approval is given;
 - a statement to the effect that the removal will take place no earlier than one month after Shareholder approval is obtained;
 - a statement to the effect that if Shareholders wish to sell their securities on ASX, they will need to do so before the Company is removed from the Official List of ASX, and if they do not, details of the processes that will exist after the Company is removed from the Official List to allow holders to dispose of their holdings and how they can access those processes; and
 - to ASX's satisfaction, all other information prescribed in section 2.11 of ASX Guidance Note 33.
3. The removal of the Company from the Official List must not take place any earlier than one month after Shareholder approval has been obtained so that Shareholders have at least that period to sell their securities on ASX should they wish to do so.
4. The Company must apply for its securities to be suspended from quotation at least two business days before its proposed removal date.
5. The Company releases the full terms of ASX's decision to the market upon making a formal application to ASX to remove the Company from the official list of the ASX.
6. The Company releases a detailed 'use of funds' schedule in respect of the proceeds from the sale of its Half Moon Prospect.

Reasons for Delisting

Following a detailed review, the Board of Black Mountain (**Board**) has unanimously determined that the delisting is in the best interests of shareholders for the following reasons:

Large disparity between project valuation and market capitalisation: It is the Board's view that the price at which Black Mountain's shares have traded on ASX over an extended period of time does not fairly value its underlying assets.

In particular, the Board notes that the Valhalla Project has had over \$40m spent on the project to date. In addition, the Company has approximately \$7.5m cash in hand, compared to the current market capitalisation of \$8.81 million. This places no value on the Company's assets.

The Board's view is that the significant disparity between the market capitalisation and a fair valuation of its assets is hindering the Company's ability to attract investments on reasonable terms for working capital as well as advancing the development of the Valhalla Project.

Fundraising difficulties: The Company requires funding to meet its ongoing operational and working capital requirements and to fund project development and other activities associated with the Valhalla Project.

Recent capital raising initiatives have not received significant support from shareholders outside of entities associated with Executive Chairman Rhett Bennett. In particular, the Company has not been able to secure capital from new institutional investors or any of the other major shareholders of the Company. This lack of investor interest and equity funding meant that the Company will not be able to source sufficient funding to advance the Valhalla Project outside of its current cash reserves.

The Board is conscious that any significant capital raising at the current valuation would be highly dilutive to existing shareholders. Whilst the Company has been successful in significantly reducing its corporate overheads, including moving offices, it continues to require funding for its activities and continued reliance solely on a substantial shareholder is not sustainable nor is it in the best interest of shareholders.

Liquidity: The Company suffers from a lack of liquidity in the trading of its shares. There is limited interest from ASX investors, which is resulting in a depressed share price. Ownership of the Company is relatively concentrated with the top 20 shareholders, who account for around 88% of the shares on issue.

Listing costs: The administrative requirements and costs associated with maintaining the Company's ASX listing are relevant in the context of the Company's ongoing funding requirements. The Board believes that the funds used to maintain the Company's ASX listing, together with the management time, could be directed toward the ongoing focus and development of the Company's projects if the Company is delisted from the ASX, in particular where the Company sees little tangible benefit from being a listed company at present.

Unlocking value: The Board has been evaluating all options in order to protect and in due course enhance shareholder value. Based on the Company's current market capitalization and equity markets in general, it is highly unlikely that the Company will be able to raise the required ongoing funds to keep developing the Valhalla Project.

The Company's strategic review has identified that the development of the Valhalla Project is likely to need participation by a joint venture partner, and the current market capitalisation of the Company, is likely to impede fair value being achieved for the project.

Consequences of the Delisting

The consequences of Black Mountain's removal from the Official List of the ASX are as follows:

- Black Mountain's shares will no longer be quoted or traded on the ASX;
- The ASX Listing Rules will no longer apply to Black Mountain and shareholder protections contained in the ASX Listing Rules will no longer apply, including certain restrictions on the issue of shares by Black Mountain, certain restrictions in relation to transactions with persons in a position of influence and the requirement to address the ASX Corporate Governance Principles and Recommendations on an annual basis. However, Black Mountain will continue to be subject to, and the Shareholders will still have the benefit of, certain provisions of the Corporation Act 2001 (Cth) (**Corporations Act**) applicable to unlisted public companies including, among other things, the related party provisions in Chapter 2E of the Corporations Act, and the Directors will still be bound to act in accordance with the Corporations Act;
- While the Company continues to have in excess of 100 shareholders, Black Mountain will be an 'unlisted disclosing entity' for the purposes of the Corporations Act, and will therefore remain subject to the continuous disclosure provisions in section 675 of the Corporations Act, which require an entity to lodge certain material information with the Australian Securities and Investments Commission (ASIC); and
- The Company will also continue to be subject to obligations to prepare audited annual and half-yearly financial statements under Part 2M.3 of the Corporations Act and will be required to hold an AGM at least once each calendar year and within five months after the end of its financial year in accordance with section 250N of the Corporations Act. Moreover,

Shareholders will continue to receive the benefit of the protections under Chapter 6 of the Corporations Act (for so long as the Company has 50 shareholders or more).

If a shareholder of the Company considers the proposed delisting to be contrary to the interests of the shareholders of the Company as a whole or oppressive to, unfairly prejudicial to, or unfairly discriminatory against a shareholder or shareholders, it may apply to the court for an order under Part 2F.1 of the Corporations Act. Under section 233 of the Corporations Act, the court can make any order that it considers appropriate in relation to the Company, including an order that the Company be wound up or an order regulating the conduct of the Company's affairs in the future.

If a shareholder of the Company considers the proposed delisting involves “unacceptable circumstances”, it may apply to the Takeovers Panel for a declaration of unacceptable circumstances and other orders under Part 6.10 Division 2 Subdivision B of the Corporations Act (refer also to Guidance Note 1: Unacceptable Circumstances issued by the Takeovers Panel). Under section 657D of the Corporations Act, if the Takeovers Panel has declared circumstances to be unacceptable, it may make any order that it thinks appropriate to protect the rights or interests of any person or group of persons, where the Takeovers Panel is satisfied that those rights or interests are being affected, or will be or are likely to be affected, by the circumstances.

Shareholder Arrangements

The Company expects that its shares will remain listed on ASX for at least one month after the proposed General Meeting of Shareholders, so that security holders have at least that period to sell their securities on ASX should they wish to do so, assuming that Shareholders approve the delisting of the Company and there remains an active market for those shares.

Indicative Timetable

The proposed delisting is subject to shareholder approval (as a special resolution at a general meeting likely to be held in February 2024). Further details relating to the proposed delisting, including potential advantages and disadvantages for shareholders, the consequences of the special resolution not being approved, and further details as to how shareholders can sell their securities prior to the proposed de-listing, will be included in the Notice of Meeting. All shareholders will be entitled to vote on the resolution.

The indicative timetable for the proposed delisting is set out below.

Event	Date
Formal application submitted to ASX	22 December 2023
Notice of Meeting (NOM) dispatched to shareholders	5 January 2024
General Meeting of Shareholders	6 February 2024
Expected Date of removal of the Company from the Official List	6 March 2024

Commenting on the proposed delisting, Executive Chairman, Mr Rhett Bennett, said:

“Since listing on the ASX, the market has significantly undervalued Black Mountain and its assets. The Board has concluded that it is in the best interest of all shareholders, that the Company delist in order to disassociate the market capitalisation from the underlying value of its assets, in particular, our flagship Valhalla Oil and Gas Project. The Company believes the ASX listing is no longer beneficial to the Company and its shareholders and is prohibitive to realising value for its shareholders. I urge all shareholders to support the delisting resolution as we look to protect and in due course enhance shareholder value.”

Use of funds

The Company completed the sale of its Half Moon Prospect on 13 October 2023, resulting in proceeds of approximately A\$10.4m before taxes. The table below sets out the actual to date and the proposed use of funds of the Company’s current cash at bank.

	A\$'000	%
Exchange difference	110,000	1.1
Environmental activities and permitting	3,626,000	34.9
Baseline studies	100,000	1.0
Well monitoring and remediation	1,489,000	14.3
Corporate costs and working capital	3,130,000	30.1
Commercial	330,000	3.2
USA asset sale taxes and compliance	1,615,000	15.5
Total funds allocated	10,400,000	100.00

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This announcement has been authorized for release by the Board of Black Mountain Energy Ltd.

ABOUT BLACK MOUNTAIN ENERGY

Black Mountain Energy Ltd (ASX: BME) is focused on sustainable development of oil and gas projects onshore Australia and the USA, led by a team of highly experienced upstream oil and gas professionals.

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