



29 July 2022

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## **BLACK MOUNTAIN ENERGY**

### **JUNE 2022 QUARTERLY ACTIVITIES REPORT**

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#### **Highlights**

Black Mountain Energy Ltd (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 June 2022 quarter.

Over the quarter, BME achieved several key milestones signifying important progress at the Valhalla gas project. These activities highlight BME's commitment to the commercialisation of Valhalla in an efficient and sustainable manner.

- Section 43A approved by Environmental Protection Agency (EPA)
- Key pipeline Blending Study confirms suitability of Valhalla gas for use in existing LNG infrastructure
- Commercial gas sales and technical discussions make important progress
- Completion of annual HSE audit and assurance project
- Completion of MOU with Highwire Energy Partners LLC to generate early cashflow during testing and to minimize flaring

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#### **September Quarter outlook**

- Seismic survey clearing completed
- Additional heritage survey completed
- Seismic survey and acquisition activities to commence
- Seismic processing contract awarded
- Receive feedback from EPA on Environmental Review Document and progress towards public review period
- Appointment of Commercial Advisor, Lee Marshall
- Continued progress towards both short and long term commercialization solutions



**Black Mountain Energy Executive Chairman Rhett Bennett said:** *“The June quarter saw the Company examine opportunities to generate early cashflow ahead of any commercial production as we explored the sale of gas used in flaring, to Highwire Energy Partners LLC who would use it to power their crypto mining equipment.*

*During the September quarter, the Company will continue with steps to develop the Valhalla project with seismic work the key focus point.”*

## **Section 43A approved by EPA, Environmental Review Document (ERD) progressing**

The Company’s Section 43A application was formally approved by the EPA on 9 May 2022. The focus is now on progressing the Company’s ERD, latest advice from the EPA is the public review period is currently scheduled to commence within the September quarter.

## **Completion of Pipeline Study, Gas suitability confirmed**

Australian Gas Pipeline Infrastructure Group (AGIG) completed a qualitative gas composition analysis of anticipated Valhalla gas to LNG. The Company is pleased to advise the results of the study confirmed the suitability of Valhalla gas for blending with existing pipeline infrastructure.

## **September Quarter Outlook**

Early July saw the mobilisation of the seismic clearing field crew ahead of clearing commencement. The aim of the premobilisation was to perform additional heritage surveys, undertake the initial cultural awareness training program (in conjunction with Traditional Owners) and complete various Health, Safety and Environment inductions. The field crew, accompanied by members of the community spent additional time walking the lines and ensuring there would be no impacts to areas of cultural significance. These activities also provided the community with additional employment ahead of clearing commencement.



With Terrex, our contracted seismic acquisition provider, survey staff and clearing crew were mobilised shortly thereafter and 130 linear km's of lines were cleared without incident. A raised blade technique was utilized which significantly reduces the vegetation regrowth period.

An archaeologist, environmental officer and Traditional Owners walked ahead of the clearing equipment in their various capacities as line spotters.

Terrex is expected to mobilize within the quarter to commence 2D seismic acquisition activities. The data will be processed by Realtime Seismic whose contract is expected to be finalized shortly.

With the Pipeline Blending Study completed last quarter, commercial discussions and technical studies remain ongoing.

## 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 30 June 2022 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 30 June 2022 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	A\$'000
	Estimated Expenditure at IPO	Actual Expenditure to date
<b>Use of Funds</b>		
2D seismic acquisition and processing	3,941	156
Environmental, permitting and baseline studies	2,800	449
Well monitoring and remediation	1,000	144
Corporate costs and working capital	2,400	1,361
Expenses of the offer	1,189	1,039
<b>Total</b>	<b>11,330</b>	<b>3,149</b>

For the purpose of Section 6 of the Appendix 5B, related party payments of A\$300,000 were made in the quarter in relation to Directors fees and Consulting costs.

### 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 the Board of Black Mountain Energy Ltd.**

For more information, please contact:

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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")**

30 June 2022

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(264)	(573)
(b) development	-	-
(c) production	-	-
(d) staff costs, directors' fees and consultant costs	(418)	(780)
(e) administration and corporate costs	(49)	(228)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	6	11
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)	-	(19)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(725)</b>	<b>(1,589)</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	-	(7)
	(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	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	-	<b>(7)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</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	8,814	9,685
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(725)	(1,589)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(7)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>8,089</b>	<b>8,089</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	1,089	814
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (Term deposits)	7,000	8,000
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>8,089</b>	<b>8,814</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	300
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>		

Related party payments relate to directors' fees and consultants' costs.



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

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</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>		
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.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(725)
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)	(725)
8.4 Cash and cash equivalents at quarter end (item 4.6)	8,089
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	8,089
8.7 <b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	<b>11.1</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

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

## Compliance statement

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

Date: 29 July 2022

Authorised by the Board of Black Mountain Energy Ltd

## Notes

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