



BLACKMOUNTAIN
ENERGY

2024 ANNUAL REPORT

ABN: 83 652 281 868



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CHAIRMAN'S LETTER

Dear Fellow Shareholders,

I am pleased to take this opportunity to share with you my views and priorities for the future of our Company.

The company is an energy and resources Company focused on natural gas exploration, development and production, which was founded on the premise that unconventional oil and gas reservoirs could be developed safely and commercially in Australia.

Our long term strategy is to continue to develop the Company's flagship asset in the Canning Basin, Project Valhalla, which remains potentially one of the world's last large scale onshore unconventional undeveloped gas projects.

During the period, the Company referral to the Department of Climate Change, Energy, the Environmental and Water (DCCEEW) commenced its public review period.

The Company's also received a 'Summary of Submissions' from the Environmental Protection Authority Services (EPA Services) relating to the public review of the submitted Environmental Review Document (ERD).

Following the successful divestment of the Half Moon Prospect which realized US \$6,577,810 before taxation, the Company was left with 8 shallow late life standing well bores. A decision was made during the period that the wells were not likely to add significant value to shareholders, and the Company agreed to assign the 8 wells and all associated liabilities to the operator, Rubicon Oil & Gas LLC in exchange for notional \$10. This concludes the Company's entire holdings in the Half Moon Prospect in the Permian Basin.

Whilst the main focus has been on the ERD and federal referral process, the Company continues to progress technical geoscience workflows.

These workstreams, which are utilizing advanced geophysical techniques, have the aim to refine the Exploration Permits potential beyond the Laurel formation and help with the design and planning around acquiring new seismic data and ultimately the drilling of wells.

A well integrity program was also undertaken and completed during the second half of August, with the Company's three standing well bores successfully undergoing routine maintenance and checks. Additionally lease and access road maintenance was also completed.

Relations with traditional owners continues to remain strong as the Company builds on established relationships by increasing knowledge and understanding of the cultural heritage within the region. I would like to recognise the ongoing support of the traditional owners.

On behalf of the board, I thank shareholders for their continued patience and support.

As a fellow shareholder, I continue to be excited by the journey that lays ahead of us.

The Company remains well funded with approximately \$5m in cash and we remain focussed on progressing Project Valhalla. Thank you,



Rhett Bennett

Executive Chairman and Chief Executive Officer

30 April 2025

DIRECTORS' REPORT

The Directors present their report on the Consolidated Entity, consisting of Black Mountain Energy Ltd ("the Company", "Black Mountain Energy" or "BME") and the entities it controlled (collectively "the Group" or "the Consolidated Entity") at the end of, or during, the year ended 31 December 2024.

DIRECTORS

The names of the Directors of the Company in office during the year and until the date of this report are set out below.

Name	Appointed	Resigned
John Rhett Miles Bennett	26 July 2021	
Michael Laurent	9 April 2024	
Benjamin Donovan	26 June 2024	
Peter Wilson Cramer	26 July 2021	29 February 2024
Craig Costello	11 November 2022	31 July 2024
Helen Astill	21 April 2023	31 March 2024

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity consist of seeking investment and development opportunities in oil and gas and deploying capital in exploration. There has been no significant change in those activities during the financial year.

FINANCIAL RESULTS

The loss for the Consolidated Entity for the financial year ended 31 December 2024 amounted to \$1,829,000 (31 December 2023: \$662,000).

DIVIDENDS

No dividends were paid or declared during the financial year. No recommendation for payment of dividends has been made.

OPERATING AND FINANCIAL REVIEW

- Focus continues on the development of Project Valhalla in the Canning Basin, which the Company sees as one of the world's last large scale onshore unconventional undeveloped gas projects.
- Valhalla Project EP371 suspend and extend application approved by Department of Mines, Industry Regulation and Safety resulting in a two-year extension, where key workflows now not due before January 2027.
- The Western Australia Environmental Protection Agency (EPA) has approved its Project Valhalla Environmental Review Document (ERD) submission to enter into the public review period, which commenced in August 2024 and was completed in October 2024.
- The Company additionally referred its Canning Basin project to the Department of Climate Change, Energy, the Environment and Water (DCCEEW) and completed the 10 day-notification period.
- The Company disposed of its late life Half Moon standing wells in the Permian Basin
- The Company successfully executed its well integrity maintenance program.
- The Company focused on and successfully achieved cost cutting measures during the financial year.
- The Company remained debt free.

OPERATIONS AND ACTIVITIES

Black Mountain Energy is developing its flagship asset, Petroleum Exploration Permit EP 371, known as Project Valhalla, in Western Australia's Canning Basin region. EP 371 covers more than 3,660km² within the Fitzroy Trough and is situated west of Fitzroy Crossing and south-east of Derby. 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) (refer to prospectus for additional information).

The Company continues to believe Project Valhalla in the Canning Basin is a significantly large undeveloped unconventional onshore gas reservoir and remains focused on progressing the necessary approvals that will ultimately enable appraisal drilling activity. **See figure 1.**

The WA Environmental Protection Authority Services (EPA Services) provided comments and advice on previous drafts of the ERD and has advised that the draft ERD provided to the EPA Services on 21 June 2024 would be released for public review. The public review period of 8 weeks and commenced on or around the 12 August 2024. The ERD was published on both the EPA's and BME's website.

The Project was additionally referred to the Department of Climate Change, Energy, the Environmental and Water (DCCEEW). The public 10-day consultation was held. Information around the proposed action was published on the Department's website for public feedback.

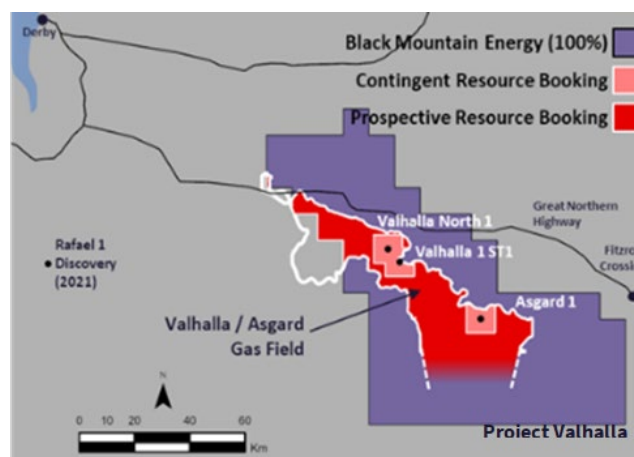


Figure 1: EP 371 within WA's Canning Basin

In addition, to progressing the ERD and federal referral the Company has been progressing technical workflows utilizing advanced geophysical techniques, which will be used to help with the design and planning around acquiring new seismic data and ultimately drilling wells.

Further, the Company was successful in achieving a 'suspension & extension' from DEMIRS (Department of Energy, Mines, Industry, Regulation & Safety) on its EP (Exploration Permit) which ultimately means the Company can conclude additional technical geoscience workflows prior to executing a new seismic acquisition, which is now due on or before 30 January 2027.

APPOINTMENT OF DIRECTORS

During the period, Chief Operating Officer, Mr Michael Laurent also took on the additional responsibilities of executive director with his appointment on 9 April 2024.

Mr Benjamin Donovan was appointed as Non-Executive Director on 26 June 2024 in addition to his appointment as Company Secretary.

The Board would like to thank Dr Helen Astill, Peter Cramer, and Mr Craig Costello who resigned during the year.

The appointments are part of the Company's cost cutting measures following delisting.

OUTLOOK

During 2025, the Company will conduct its annual well maintenance program and fulfill its reporting requirements. Technical geoscience workflows will continue, responses to the state ERD and federal referral process will be prepared and the environmental approvals progressed. Dependent on the timing of approvals, the Company will ready its 2D acquisition plans later this year in preparation for a 2026 acquisition. Post year end, the company has received confirmation that the Valhalla project will be an assessed project. Stakeholder engagement will continue to be a regular focus.

ESG

BME recognizes the importance of its environmental and social obligations and being a responsible corporate citizen. All exploration activities are carried out with a focus on maintaining the environment. The Company continues to focus on strong governance with Corporate Governance policies in place and reviewed annually.

On a social front, the Company continues to advance its support of traditional owners by undertaking the following:

- Employment of local contractors and individual Traditional Owners community members;
- Support of Traditional Owner AGM's and Board meetings, regularly providing project updates;
- Facilitated independent community education sessions relating to proposed activities;
- Sponsorship support for community for Traditional Owners;
- Provided catering for various community meetings; support event costs;
- Support of local art community by providing supplies and purchase of paintings.

FINANCIAL POSITION

The Consolidated Entity's cash position, including term deposits classified as financial assets, at 31 December 2024 was \$5,708,629, which will be used towards funding the work commitments in respect of Exploration Permit EP 371.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Black Mountain Energy was a publicly listed Company that is incorporated and domiciled in Australia. On 23 December 2021 the Company was admitted to the official list of the Australian Securities Exchange Limited ("ASX") and was delisted on 15 March 2024.

The Directors are not aware of any other significant changes in the state of affairs of the Group occurring during the financial year, other than as disclosed in this report.

EVENTS SINCE THE END OF THE FINANCIAL PERIOD

No matter or circumstance has arisen between 31 December 2024 and the date of this report that will affect the Group's operations, result or state of affairs, or may do so in future years.

Post year end, the company has received confirmation that the Valhalla project will be an assessed project.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Information on likely developments in the operations of the Consolidated Entity and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Consolidated Entity.

INFORMATION ON DIRECTORS



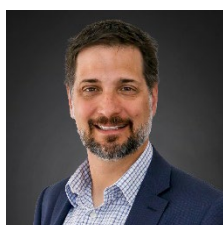
Rhett Bennett BSc in Business Management

Executive Chairman and Chief Executive Officer

Mr Bennett has more than 18 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 group 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 a Director of Metals Acquisition Limited (NYSE: MTAL).



Michael Laurent B.Eng (Mech)

Executive Director and Chief Operating Officer

Appointed Executive Director 9 April 2024

Mr Laurent is a professional engineer and senior executive with over 25 years of international oil & gas experience. Mr. Laurent has an extensive understanding of the petroleum industry having started his career with service companies and then progressing to energy producers - Encana Corporation, Murphy Oil, Santos and Armour Energy and now Black Mountain Energy. Mr. Laurent's experience is underpinned with strong strategic, commercial and multi-disciplinary technical experience in both conventional and unconventional reservoirs. He has been instrumental in numerous successful acquisition and divestiture efforts and the drilling and fracture stimulation of hundreds of wells leading to basin opening efforts.



Ben Donovan BComm (Hons), AGIA, ACIS

Independent Non-Executive Director and Company Secretary

Appointed Non-Executive Director 26 Jun 2024

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.

Director's Report

Mr Donovan 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 managing 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.



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

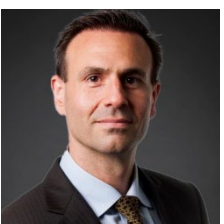
Independent Non-Executive Director

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 and did act 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 a member of the Audit and Risk Committee.

Mr Cramer resigned as a Director on 29 February 2024.



Craig Costello BEng, BCom, MBA

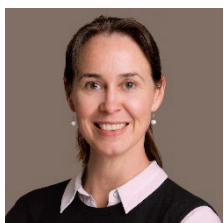
Independent Non-Executive Director

Mr Costello is an experienced oil and gas professional with 25 years of multinational exploration and production operator experience across various disciplines, including in executive management leadership teams.

Mr Costello is currently the Managing Director of ResToEx, a consultancy business that for the last seven years has focused on helping oil and gas operators get the most from their hydrocarbon assets. He also serves as a Director at petroDIP Pty Ltd, a global oil and gas market place and farm-out service. Mr Costello worked for Apache Corporation for 15 years in Australia, USA and UK across a range of oil and gas assets, field life cycle stages and discipline areas. At Apache he held Executive positions in Reservoir, Production and Drilling.

Mr Costello is the Chair of the Audit and Risk Committee.

Mr Costello resigned as a Director on 31 July 2024.



Helen Astill PhD, MBA

Independent Non-Executive Director

Dr Astill is a post-graduate qualified (PhD) environmental scientist with over 20 years' experience and has previous and current roles employed with State Government regulatory bodies, environmental consultancies and research organisations. Dr Astill has a Master of Business Administration at Curtin Business School, which compliments her more than ten years' experience in line management and business planning roles. Prior to appointing with Black Mountain, Dr Astill was the HSE Manager for Jadestone Energy, working with operations, drilling and brownfield projects in Australia.

Dr Astill was the Chair of the ESG Committee and a member of the Audit and Risk Committee.

Dr Astill resigned as a Director on 31 March 2024.

INFORMATION ON THE LEADERSHIP TEAM

**Craig Gouws ACA, CA(SA), BSc***Chief Financial Officer*

Mr Gouws is a highly experienced finance professional with over 20 years of international finance and commercial experience. Most recently as Chief Financial Officer of Armour Energy Limited, Craig has a depth of experience across multiple industries including the resources sector. He was previously CFO for InfraStrata PLC, a UK listed gas storage and hydrocarbon exploration company as well as experience at Carbon Energy Limited and in energy consulting roles. Craig commenced his career in various audit roles across South Africa, Saudi Arabia and the United Kingdom.

Mr. Gouws holds both a Bachelor of Commerce from the University of Cape Town and a Bachelor of Science from the University of Stellenbosch. He is a Fellow of the Institute of Chartered Accountants England and Wales and a member of the South African Institute of Chartered Accountants.

The Company decided in December 2023 to restructure its operational requirements, resulting in the position of Chief Financial Officer no longer being required following the delisting in March 2024.

DIRECTORS' MEETINGS

The numbers of meetings of the Company's Board of Directors and of each Board committee held during the financial year, and the numbers of meetings attended by each Director were:

Director	Full Meeting of Directors		Remuneration and Nomination Committee		Audit and Risk Committee		Environmental, Safety and Governance Committee	
	Eligible ¹	Attended	Eligible ¹	Attended	Eligible ¹	Attended	Eligible ¹	Attended
Rhett Bennett	3	3	—	—	—	—	—	—
Peter Cramer ²	1	1	—	—	—	—	—	—
Helen Astill ³	1	1	—	—	—	—	—	—
Craig Costello ⁴	1	1	—	—	—	—	—	—
Michael Laurent ⁵	2	2	—	—	—	—	—	—
Ben Donovan ⁶	2	2	—	—	—	—	—	—

¹ Number of meetings held during the time the Director held office or was a member of the committee during the period. Excludes meetings held via circular resolution.

² Resigned 29 February 2024

³ Resigned 31 March 2024

⁴ Resigned 31 July 2024

⁵ Appointed 9 April 2024

⁶ Appointed 26 June 2024

ESG matters were addressed in Full Meetings

SHARE OPTIONS

No options were granted during or since the end of the 2024 financial year to Directors and Executives of the Company as part of their remuneration, or to other parties.

At the date of this report, unissued shares of the Company under option are:

Date Granted	Vesting Dates	Exercise Price	Expiry Date	Number of Options
23 December 2021	1/3 on 5 Dec 2023 1/3 on 5 Dec 2024 1/3 on 5 Dec 2025	\$0.286	23 December 2025	13,311,782
15 June 2022	N/A	\$0.30	15 June 2025	3,750,000
19 April 2023	N/A	\$0.08	19 April 2026	3,739,250

Director's Report

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company. All unissued shares are ordinary shares of the Company. All unvested employee options expire on the earlier of their expiry date or termination of the employee's employment.

No performance rights were granted during or since the end of the 2024 financial year to Directors and Executives of the Company as part of their remuneration. The 3,599,117 Performance Rights issued in 2023 were cancelled by the Company and ceased on 30 January 2024.

ENVIRONMENTAL REGULATION

The Consolidated Entity is subject to environmental regulations under the Australian Commonwealth or State Law and under local laws in jurisdictions it operates. The Group holds an exploration licence issued by the relevant government authorities which contain conditions which relate to the full rehabilitation of the areas of exploration in accordance with regulatory guidelines and standards. The Directors are not aware of any breaches of the licence conditions or environmental regulations during or since the end of the financial year. The Group is committed to meeting environmental and land use regulations, including native title requirements.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has entered into an agreement to indemnify all Directors and Officers against any liability arising from a claim brought by a third party against the Company. The Company has paid premiums of \$38,938 to insure each Director and Officer against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director and Officer of the Company, other than as a result of conduct involving a wilful breach of duty in relation to the Company.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of these proceedings. The Company was not a party to any such proceedings during the year.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australia Securities and Investments Commission, relating to the 'rounding off'. Amounts in the Directors' report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

INDEMNIFICATION AND INSURANCE OF AUDITORS

The Company has not, during or since the end of the financial year, provided any insurance or indemnification for the Auditor of the Company.

NON-AUDIT SERVICES

During the year, KPMG, the Group's auditor, performed certain other services in addition to its statutory audit duties. Details of amounts paid or payable to the auditor for services other than the Group audit provided during the period are set out below.

The Board of Directors is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 and did not compromise the general principles

Director's Report

relating to auditor independence in accordance with APES 110 Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

	2024 \$'000	2023 \$'000
KPMG Australian firm:		
(i) Taxation services	38	4
Total remuneration for taxation services	38	4
(ii) Other audit services	-	-
Total remuneration for services other than audit and review of financial statements	38	4

AUDITOR'S INDEPENDENCE

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on page 13.

FORWARD LOOKING STATEMENT

This report may contain certain forward-looking statements and projections regarding estimated, resources and reserves; planned production and operating costs profiles; planned capital requirements; and planned strategies and corporate objectives. Such forward looking statements/projections are estimates for discussion purposes only and should not be relied upon. They are not guarantees of future performance and involve known and unknown risks, uncertainties, and other factors many of which are beyond the control of Black Mountain Energy Ltd.

The forward-looking statements/projections are inherently uncertain and may therefore differ materially from results ultimately achieved. Black Mountain Energy does not make any representations and provides no warranties concerning the accuracy of the projections and disclaims any obligation to update or revise any forward-looking statements/projections based on new information, future events or otherwise except to the extent required by applicable laws. While the information contained in this report has been prepared in good faith, neither Black Mountain Energy or any of its directors, officers, agents, employees, or advisors give any representation or warranty, express or implied, as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this report.

Accordingly, to the maximum extent permitted by law, none of Black Mountain Energy, its directors, employees or agents, advisers, nor any other person accepts any liability whether direct or indirect, express, or limited, contractual, tortious, statutory or otherwise, in respect of, the accuracy or completeness of the information or for any of the opinions contained in this report or for any errors, omissions or misstatements or for any loss, howsoever arising, from the use of this report.

COMPETENT PERSONS STATEMENT

EP371

Black Mountain Energy has presented the Contingent Resource and Prospective Resource information in this document in accordance with the 2018 Petroleum Resources Management System published by the Society of Petroleum Engineers (SPE-PRMS).

The Contingent Resource estimates and Prospective Resource estimates presented in this document were originally disclosed to the market in the Replacement Prospectus dated 29 October 2021. Black Mountain Energy confirms that it is not aware of any new information or data that materially affects the information

Director's Report

included in the aforesaid market announcement and that all the material assumptions and technical parameters underpinning the estimates in the aforesaid market announcement continue to apply and have not materially changed.

The information in this document that relates to Contingent Resource and Prospective Resource information in relation to EP 371 is based on information compiled by technical employees of independent consultants, Molyneux Advisors Pty Ltd, which information was subsequently reviewed by Mr Hong Feng Wu.

Mr Hong Feng Wu has consented to the inclusion of such information in this document in the form and context in which it appears and the resources information in this report is based on, and fairly represents, information and supporting documentation reviewed by, or prepared under the supervision of, Mr Hong Feng Wu. Mr Hong Feng Wu is a Director of Molyneux Advisors Pty Ltd and has a B.Sc. Geology and MS in Sedimentology, University of Petroleum China (Beijing), an MBA from the Sun-Yat-sen University (MIT Sloan School of Business). Hong Feng Wu is a (Full) member of Society of Petroleum Evaluation Engineers (SPEE #1021) and a member of Society of Petroleum Engineers (SPE # 5084882).

Signed in accordance with a resolution of the Directors:



Rhett Bennett

Executive Chairman and Chief Executive Officer

30 April 2025



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Black Mountain Energy Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit of Black Mountain Energy Ltd for the financial year ended 31 December 2024 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.


KPMG


John Ward
Partner
Perth
30 April 2025

FINANCIAL REPORT

These Financial Statements are the consolidated financial statements of the Group, consisting of Black Mountain Energy Ltd and its subsidiaries.

The Financial Statements are presented in Australian currency.

Black Mountain Energy Ltd is a Company Ltd by shares, incorporated, and domiciled in Australia. Its registered office and principal place of business is Level 4, 225 St Georges Terrace, Perth, WA 6000.

A description of the nature of the Consolidated Entity's operations and its principal activities is included in the review of operations and activities on pages 4 to 6. These pages are not part of these financial statements.

The financial statements were authorised for issue by the Directors on 30 April 2025. The Directors have the power to amend and reissue the financial statements.

With the internet, we have ensured that our corporate reporting is timely and complete. Press releases, financial reports and other information are available via the links on our website: www.blackmountainenergy.com

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31 DECEMBER 2024

	NOTE	2024 \$'000	2023 \$'000
Income			
Interest income		291	73
Other income		34	28
Gain on sale of Permian basin assets	24	253	4,707
Total income		578	4,808
Expenses			
Exploration expense		(1,615)	(2,220)
Depreciation and amortisation	3	(63)	(91)
General and administrative expenses		(1,094)	(1,215)
Share based employment benefits	21	(146)	(338)
Finance costs		(13)	(77)
Foreign exchange gain		-	8
Profit/(Loss) before income tax		(2,353)	875
Income tax benefit/(expense)	4	523	(1,537)
Net loss for the year		(1,829)	(662)
<i>Other comprehensive income for the year, net of tax</i>			
Foreign currency translation		44	166
Total comprehensive loss for the year		(1,785)	(496)
Total comprehensive loss attributable to members of the parent entity		(1,785)	(496)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

		2024	2023
	NOTE	\$'000	\$'000
ASSETS			
Current assets			
Cash and cash equivalents	6	1,509	2,673
Inventory		35	35
Trade and other receivables	7	338	432
Other finance assets	10	4,200	5,000
Total current assets		6,080	8,140
Non-current assets			
Property, plant and equipment	8	32	52
Exploration assets	9	42,762	42,762
Right of use asset		80	127
Other financial assets	10	35	35
Total non-current assets		42,909	42,976
Total assets		48,990	51,116
LIABILITIES			
Current liabilities			
Trade and other payables	11	84	386
Provisions	12	75	135
Lease liabilities		44	46
Total current liabilities		203	567
Non-current liabilities			
Provisions	12	2,935	3,017
Lease liabilities		40	81
Total non-current liabilities		2,975	3,098
Total liabilities		3,177	3,665
Net assets		45,812	47,451
EQUITY			
Contributed equity	13	53,203	53,203
Reserves	14	2,120	1,929
Accumulated losses	15	(9,510)	(7,681)
Total equity		45,812	47,451

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

		CONTRIBUTED EQUITY	RESERVES	ACCUMULATED LOSSES	TOTAL
	NOTE	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2023		50,191	1,387	(7,019)	44,559
Total loss for the year	15	-	-	(662)	(662)
Other comprehensive income		-	166	-	166
Total comprehensive loss for the year		-	166	(662)	(496)
Issue of shares	13	3,012	-	-	3,012
Share based payments	21	-	376	-	376
		3,012	376	-	3,388
Balance at 31 December 2023		53,203	1,929	(7,681)	47,451
 Balance at 1 January 2024		 53,203	 1,929	 (7,681)	 47,451
Total loss for the year	15	-	-	(1,829)	(1,829)
Other comprehensive income		-	44	-	44
Total comprehensive loss for the year		-	44	(1,829)	(1,785)
Share based payments	21	-	146	-	146
		-	146	-	146
Balance at 31 December 2024		53,203	2120	(9,510)	45,812

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

		2024	2023
	NOTE	\$'000	\$'000
Cash flows from operating activities			
Receipts from customers		42	44
Interest received		219	12
Payments for exploration expenditure		(1,422)	(1,458)
Payments to other suppliers and employees		(1,236)	(1,878)
Income taxes refunded (paid)		435	-
Net cash outflow from operating activities	18	(1,962)	(3,280)
Cash flows from investing activities			
Payments in relation to acquiring exploration assets		-	(2,892)
Payments for exploration assets		-	(2,189)
Net cash receipts on the disposal of exploration assets		-	8,746
Payments for property, plant, and equipment		-	(19)
Receipts from other financial assets		800	-
Investment in other financial assets		-	(5,000)
Net cash inflow / (outflow) from investing activities		800	(1,354)
Cash flows from financing activities			
Payments for leases		(46)	(72)
Proceeds from issue of shares		-	3,155
Payments for issue of shares		-	(157)
Net cash (outflow) / inflow from financing activities		(46)	2,926
Net decrease in cash and cash equivalents		(1,208)	(1,708)
Cash and cash equivalents at the beginning of the financial year		2,673	4,381
Effect of foreign exchange rate changes		44	-
Cash and cash equivalents at the end of the financial year	6	1,509	2,673

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 1: REPORTING ENTITY

Black Mountain Energy Ltd (the “Company” or “BME”) is a Company domiciled in Australia and was incorporated on 26 July 2021. The address of the Company's registered office is Level 4, 225 St Georges Terrace, Perth WA 6000 Australia.

The Company is a for-profit entity and primarily is involved in the acquisition and development of natural resource projects and exploration for, and production of oil and gas.

NOTE 2: SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Black Mountain Energy Ltd (“the Company”) and its subsidiaries (collectively “the Group” or “the Consolidated Entity”).

Basis of Preparation

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board. The financial statements comply with International Financial Reporting Standards adopted by the International Accounting Standards Board. The financial statements have been prepared on the historical cost basis.

Going Concern

The Directors have prepared the financial statements on a going concern basis which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business. The Group recorded a net loss for the year of \$1,829K (2023: \$662K), had a net cash outflow of \$2,008k (2023: \$1,708K), which includes \$4,700K of cash invested in term deposits, and had an overall net current asset position at 31 December 2024 of \$5,877K (2023: \$7,573K). The Board and management monitor the Group's cash flow requirements to ensure it has sufficient funds to meet its contractual commitments and adjusts its spending, particularly with respect to discretionary exploration activity and corporate expenditures. The Group forecasts that over at least the next 12 months, it will have sufficient funds to meet its commitments and continue to pay its debts as and when they fall due.

Parent Entity Financial Information

The financial information for the Parent Entity, Black Mountain Energy Ltd, disclosed in Note 16, has been prepared on the same basis as the consolidated financial statements except for investments in subsidiaries, associates and joint venture entities which are accounted for at cost in the financial statements of Black Mountain Energy Ltd.

Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Black Mountain Energy Ltd (“the Company” or “Parent Entity”) as at 31 December and the results of all subsidiaries for the year then ended. Black Mountain Energy Ltd and its subsidiaries together are referred to in this financial report as “the Group” or “the Consolidated Entity”.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and can affect those returns through its power to direct the activities of the entity.

Financial Report

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The acquisition method is used to account for business combinations by the Group.

Intercompany transactions, balances, and unrealised gains on transactions between Group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Foreign Currency Translation

(i) Functional and Presentation Currency

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

(ii) 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.

The functional currency of the foreign operation, Seven Rivers Operating LLC, is US dollars, "USD".

Revenue Recognition

(i) Contracts with Customers

Revenue from contracts with customers is recognised in the income statement when the performance obligations are considered met, which is when the Group transfers control of goods or services to a customer. Revenue is recognised at the amount to which the Group expects to be entitled. If the consideration promised includes a variable amount, the Group estimates the amount of consideration to which it will be entitled.

(ii) Interest Income

Interest income is recognised on a time proportionate basis that considers the effective yield on the financial assets.

(iii) Other Income

Other revenue is recognised when it is received or when the right to receive payment is established.

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.

(i) Current Tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year 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.

(ii) 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 way 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 considers 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 year that such a determination is made.

(iii) 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.

Exploration 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 period it is incurred, except the costs of drilling successful wells and the costs of acquiring interests in new exploration assets, and appraisal costs relating to determining development feasibility, which are capitalised as an asset.

An exploration/appraisal well is unsuccessful if no recoverable hydrocarbons are identified, or the Board considers that the hydrocarbons are not commercially viable. Where hydrocarbon resources exist, the costs of successful wells may remain capitalised where further appraisal of the discovery is planned. If this further appraisal does not lead to the discovery of commercially recoverable reserves, all these costs would be impaired. Exploration and evaluation expenditure is accumulated on a well-by-well basis and may be carried forward at the end of a reporting period, pending determination. 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:

- Such expenditure is expected to be recovered through successful development and commercial exploitation of the area of interest or, alternatively, by its sale; or
- 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 are 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 Group's exploration and evaluation assets are reviewed at each reporting date to determine whether any of the following indicators of impairment exists:

- Tenure over the licence area has expired during the period or will expire in the near future, and is not expected to be renewed; or
- Substantive expenditure on further exploration for and evaluation of resources in the specific area is not budgeted or planned; or
- Exploration for and evaluation of resources in the specific area has not led to the discovery of commercially viable quantities of resources, and the Group has decided to discontinue activities in the specific area; or
- Sufficient data exists 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. Determining the recoverability of exploration and evaluation expenditure capitalised requires estimates and judgements as to future events and circumstances, in particular, whether successful development and commercial exploitation or sale of the respective area of interest is likely.

Critical to this assessment are estimates and assumptions as to the timing of expected cash flows, exchange rates, commodity prices and future capital requirements. If, after having capitalised the expenditure a judgement is made that recovery of the expenditure is unlikely, an impairment loss is recorded in the income statement.

Cash and Cash Equivalents

For presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Inventories

Consumable inventory on hand is stated at the lower of cost and net realisable value. Net realisable value is the estimated recoverable price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of consumable inventory comprises purchase and delivery costs, net of rebates and discounts received or receivable. The assignment of cost to inventory items is done by utilising the first in first out (FIFO) formula, meaning inventory on hand at the end of the periods are assigned the cost of items most recently purchased.

Other Financial Assets

(i) Classification

The Group's financial assets consist of receivables and security deposits. These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets. Receivables are included in trade and other receivables (Note 7) in the balance sheet. Amounts paid as performance bonds or amounts held as security for bank guarantees are classified as other financial assets (Note 10).

(ii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Loans and receivables are subsequently carried at amortised cost using the effective interest method. The Group considers an allowance for expected credit losses (ECLs) for its financial assets. The Group applies a simplified approach in calculating ECLs which is based on an assessment on its historical credit loss experience, adjusted for factors specific to the counterparty and the economic environment.

Property, Plant and Equipment

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance costs are charged to profit or loss during the reporting period in which they are incurred.

Land is not depreciated. Depreciation of plant and equipment is calculated on a reducing balance basis to write off the net costs of each asset over the expected useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the profit or loss. The expected useful life for each class of depreciable assets is:

Class of Fixed Asset	Expected Useful Life
Buildings	40 years
Leasehold Improvements	2 – 6 years
Plant and Equipment	2 – 30 years
Motor Vehicles	3 years

Impairment of Assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the

lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Leases

Recognition and measurement

When a contract is entered, the Group assesses whether the contract contains a lease. A lease arises when the Group has the right to direct the use of an identified asset which is not substitutable and to obtain substantially all economic benefits from the use of the asset throughout the period of use. The leases recognised by the Group predominantly relate to property. The Group separates the lease and non-lease components of the contract and accounts for these separately. The Group allocates the consideration in the contract to each component based on their relative stand-alone prices.

Leases as a lessee

Lease assets and lease liabilities are recognised at the lease commencement date, which is when the assets are available for use. The assets are initially measured at cost, which is the present value of future lease payments adjusted for any lease payments made at or before the commencement date, plus any make-good obligations and initial direct costs incurred. Lease assets are depreciated using the straight-line method over the shorter of their useful life and the lease term. Periodic adjustments are made for any re-measurements of the lease assets and for impairment losses, assessed in accordance with the Group's impairment policies. Lease liabilities are initially measured at the present value of future minimum lease payments, discounted using the Group's incremental borrowing rate if the rate implicit in the lease cannot be readily determined, and are subsequently measured at amortised cost using the effective interest rate. Minimum lease payments are fixed payments or index-based variable payments incorporating the Group's expectations of extension options and do not include non-lease components of a contract.

Short term leases and leases of low value

Short term leases (lease term of 12 months or less) and leases of low value assets are recognised as incurred as an expense.

Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Provisions

(i) Restoration and Rehabilitation

The Group 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.

(ii) Other

Provisions for legal claims and make good obligations are recognised when the Group has a present legal or constructive obligation because of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as accretion expense.

Employee Benefits

(i) Short term Obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and long service leave is recognised in the provision for employee benefits. All other short term employee benefit obligations are presented as payables.

(ii) Long term Employee Benefit Obligations

The liability for long service leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Defined Contribution Superannuation Expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

(iv) Share-based Payments

Share-based compensation benefits are provided to employees of Black Mountain Energy Ltd. The fair value of options or rights granted is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the rights or options granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions.

Non-market vesting conditions are included in assumptions about the number of rights or options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of rights or options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

(v) Termination Benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits.

The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of AASB 137 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Consolidated Entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Contributed Equity

Ordinary shares are classified as equity and measured at the fair value of the consideration received.

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.

Business Combinations

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 Group;
- 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.

Financial Report

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with Ltd exceptions, measured initially at their fair values at the acquisition date. The Group 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.

Rounding of Amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

New Accounting Standards, Amendments and Interpretations

New and amended accounting standards and interpretations issued and effective

A number of new standards are effective from 1 January 2024, but they do not have a material effect on the Group's financial statements.

New and amended accounting standards and interpretations issued but not yet effective

A number of new standards, amendments of standards and interpretations have recently been issued but are not yet effective and have not been adopted by the Group as at the financial reporting date. The Group has reviewed these standards and interpretations and has determined that none of the new or amended standards will significantly affect the Group's accounting policies, financial position or performance.

The Group has not applied any pronouncements to the annual reporting period beginning on 1 January 2024 where such application would result in them being applied prior to them becoming mandatory.

Critical Accounting Judgements and Key Sources of Estimate Uncertainty

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions regarding carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates. Key judgements in applying the entity's accounting policies are required in the following areas:

Rehabilitation Obligations

The Group recognises any obligations for removal and restoration that are incurred during a particular period because of exploration and evaluation activity. The Group makes provision for future restoration expenditure relating to work previously undertaken based on management's estimation of the work required and by obtaining cost estimates from relevant experts. Further information on the nature and carrying amount of restoration and rehabilitation obligations can be found in Note 12.

Share-based Payments

The Group is required to use assumptions in respect of its fair value models, and the variable elements in these models, used in attributing a value to share based payments. The Directors have used a model to value options and rights, which requires estimates and judgements to quantify the inputs used by the model. Further information on the assumptions used in determining the fair value of rights and options granted during the year can be found in Section G of the Remuneration Report and Note 21.

Capitalised Exploration and Evaluation Expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on several factors, including whether the Group decides to exploit the lease itself or, if not, whether it successfully recovers the related exploration and evaluation expenditure through sale. Factors that impact recoverability may include, but are not limited to, the level of resources and reserves, the cost of production, regulatory changes, and commodity price movements. Acquisition expenditure is capitalised if activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that the capitalised acquisition expenditure is determined not to be recoverable in future, profits and net assets will be reduced in the year in which this determination is made. Further information on the carrying value of capitalised exploration and evaluation expenditure can be found in Note 9.

Taxation

The Group's accounting policy for taxation requires management's judgement in relation to the types of arrangements considered to be a tax on income in contrast to an operating cost. Judgement is also made in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the Consolidated Balance Sheet. Deferred tax assets, including those arising from un-recouped tax losses and capital losses, are recognised only where it is considered more likely than not, they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility changes in circumstances will alter expectation, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the Consolidated Balance Sheet and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

3. EXPENSES

Loss before income tax includes the following specific expenses:

		2024	2023
	NOTE	\$'000	\$'000
Depreciation			
Plant and equipment	8	20	23
Right of use asset		43	68
Total depreciation		63	91

4. INCOME TAX

This note provides an analysis of the Group's income tax expense, shows what amounts are recognised directly in equity and how the tax credit is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Group's tax position.

	2024	2023
	\$'000	\$'000
(a) Income tax expense		
Current tax	-	1,537
Deferred tax	-	-
Adjustment recognised for prior period	(523)	-
Income tax expense	(523)	1,537
Profit/(Loss) before income tax expense	(2,353)	875
Income tax on profit/(loss) at 25% (2023: 25%)	(588)	219
Tax rate differential on non-Australian income	-	360
Write back of US Rehabilitation Provision	(63)	-
Adjustment recognised for prior period	(523)	-
Share based payments	36	85
Sub-total	(1,138)	664
Unrecognised future tax benefits	615	873
Income tax expense	(523)	1,537
(b) Unrecognised deferred tax assets		
Unutilised tax losses, that do not expire, for which no deferred tax asset has been recognized.	19,069	16,266
Potential tax benefit at 25% (2023: 25%)	4,767	4,067

Unutilised tax losses have no expiry date and include those from the consolidated tax group which Black Mountain Energy is the head. These losses were acquired as part of the acquisition of Black Mountain Exploration Australia and for which the company has placed no value given there is not yet an expectation of future taxable income for which to utilise these losses.

The income tax expense recognised in 2023 predominately relates to the Federal and State taxes expected to be incurred as a result of the sale of the Half Moon project in the United States. As part of the settlement of the sale, the purchaser paid to the IRS, W-8 withholdings tax of 15% of total purchase price, US\$986,671 (AU\$1,448,453), on behalf of Seven Rivers Operating LLC.

5. REMUNERATION OF AUDITORS

The following fees were paid or payable for services provided by KPMG Australia, the auditor of the Company, its related practices and non-related audit firms:

	2024	2023
	\$'000	\$'000
<i>Audit and other assurance services</i>		
Audit and review of Group financial statements	74	86
	74	86
<i>Taxation services</i>		
Taxation advisory	38	4
	38	4
Total remuneration of KPMG	112	90

6. CASH AND CASH EQUIVALENTS

	2024	2023
	\$'000	\$'000
Cash at bank and in hand	1,509	2,673
<i>Risk exposure</i>		

The Group's exposure to interest rate risk is discussed in Note 22(c). The maximum exposure to credit risk at the end of the reporting year is the carrying amount of Other Financial Assets and cash and cash equivalents.

7. TRADE AND OTHER RECEIVABLES

	2024	2023
	\$'000	\$'000
Income tax receivable	-	-
Other receivables	145	77
Prepayments	193	355
	338	432

Due to the nature of the Group's receivables, their carrying values are considered to approximate their fair values. The Group applies the simplified approach to providing for expected credit losses (refer Note 22(a)).

8. PROPERTY, PLANT AND EQUIPMENT

	FURNITURE AND FITTINGS \$'000	PLANT AND EQUIPMENT \$'000	TOTAL \$'000
Balance at 1 January 2023	14	44	58
Additions	2	17	19
Disposals	(2)	-	(2)
Depreciation charge	(9)	(14)	(23)
Closing net book amount	5	47	52
At 31 December 2023			
Cost	14	81	95
Accumulated depreciation	(9)	(34)	(43)
Net book amount	5	47	52
Balance at 1 January 2024	5	47	52
Additions			
Disposals			
Depreciation charge	(4)	(16)	(20)
Closing net book amount	1	31	32
At 31 December 2024			
Cost	14	81	95
Accumulated depreciation	(13)	(50)	(63)
Net book amount	1	31	32

9. EXPLORATION ASSETS

	2024	2023
	\$'000	\$'000
Acquisition costs of right to explore	42,762	42,762
<i>Movement for the year:</i>		
Balance at the beginning of the year	42,762	42,762
Acquisition of working interests	-	3,234
Participation in the MIA 64 FEE 2H well	-	2,168
Divestment of acreage working interest and MIA 64 FEE 2H	-	(5,402)
Balance at the end of the year	42,762	42,762

10. OTHER FINANCIAL ASSETS

	2024	2023
	\$'000	\$'000
Current		
Term deposits	4,200	5,000
Non-Current		
Term deposits	35	35

\$4,700,000 of cash is held in 3-month or 11-month notice saver accounts at 31 December 2024 and \$4,200,000 of this balance is classified as Other Financial Assets (Note 10). At 31 December 2023, \$5,000,000 was classified as Other Financial Assets.

The Non-Current Term deposit is a condition of the Level 4, 225 St Georges Terrace, Perth lease arrangement.

11. TRADE AND OTHER PAYABLES

	2024	2023
	\$'000	\$'000
Trade payables	5	94
Other payables	13	114
Accruals	66	178
	84	386

Trade payables are usually non-interest bearing provided payment is made within the terms of credit. The Consolidated Entity's exposure to liquidity and currency risks related to trade and other payables is disclosed in Note 22.

12. PROVISIONS

	CURRENT \$'000	NON-CURRENT \$'000	TOTAL \$'000
2024			
Employee entitlements (a)	75	14	89
Restoration and rehabilitation (b)	-	2,921	2,921
	75	2,935	3,010
2023			
Employee entitlements (a)	51	17	68
Restoration and rehabilitation (b)	84	3,000	3,084
	135	3,017	3,152

- a) The current provision for employee entitlements includes accrued short term incentive plans, severance entitlements, accrued annual leave and the unconditional entitlements to long service leave where employees have completed the required period of service. The amounts are presented as current since the Consolidated Entity does not have an unconditional right to defer settlement for these obligations. Current leave obligations that are not expected to be taken or paid within the next 12 months amount to \$nil.
- b) Provisions for future removal and restoration costs are recognised where there is a present obligation, and it is probable that an outflow of economic benefits will be required to settle the obligation. The estimated future obligations include the costs of removing facilities, abandoning wells, and restoring the affected areas.

Movements in each class of provision during the financial year are set out below:

	EMPLOYEE ENTITLEMENTS \$'000	RESTORATION & REHABILITATION \$'000	TOTAL \$'000
2024			
Carrying amount at start of year	68	3,084	3,152
Provision made during the year	56	80	136
Provision reductions during the year	(35)	(243)	(278)
Provision accretion during the year	-		
Carrying amount at end of year	89	2921	3,010

13. CONTRIBUTED EQUITY

- (a) Share capital

	2024 \$'000	2023 \$'000
383,224,186 (2023: 383,224,186) fully paid ordinary shares	53,203	53,203

Ordinary shares have no par value, and the Company does not have a limited amount of authorised capital.

On a show of hands, every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Movements in Ordinary Share Capital

2024	DATE	NUMBER OF SHARES	ISSUE PRICE \$	\$'000
Balance at start of period	1 Jan 2024	383,224,186		53,203
Balance at end of period	31 Dec 2024	383,224,183		53,203

2023	DATE	NUMBER OF SHARES	ISSUE PRICE \$	\$'000
Balance at start of period	1 Jan 2023	255,000,001		50,191
Entitlement Offer	17 Mar 2023	94,828,056	0.025	2,371
Entitlement Offer	6 Apr 2023	31,380,000	0.025	785
Issued for capital raising services	19 Apr 2023	2,016,129	0.0248	50
Share issue costs		-	-	(194)
Balance at end of period	31 Dec 2023	383,224,186		53,203

(b) Capital risk management

The Group's objective when managing capital is to safeguard the ability to continue as a going concern to ultimately add value for shareholders through the exploitation of hydrocarbon resources. This is monitored using cash flow forecasts. To maintain the capital structure, the Group may issue new shares or other equity instruments.

14. RESERVES

	2024 \$'000	2023 \$'000
Share-based Payments Reserve	1,910	1,763
Foreign Currency Translation Reserve	210	166
Balance	2,120	1,929

Foreign Currency Translation Reserve

The foreign currency translation reserve records exchange differences arising on translation of foreign subsidiary accounts.

Movements in the Foreign Currency Translation Reserve

	2024 \$'000	2023 \$'000
Balance at start of the year	166	-
Foreign currency exchange differences	44	166
Balance at the end of the year	210	166

Share-based Payments Reserve

This reserve is used to record the value of equity benefits provided to employees, Directors and service providers.

Movements in the Share-based Payments Reserve

	2024 \$'000	2023 \$'000
Balance at start of the year	1,763	1,387
Share-based payment costs	146	376
Balance	1,910	1,763

Share based payments are provided to Directors and employees as part of their remuneration agreement with the Company.

Black Mountain Energy share options are used to reward Directors and Employees for their performance and to align their remuneration with the creation of shareholder wealth. Options are granted at the discretion of the Board of Directors and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits. The options are not listed and carry no dividend or voting right. Upon exercise, each option is convertible into one ordinary share to rank pari passu in all respects with the Company's existing fully paid ordinary shares.

The following table shows the movements in options over ordinary shares during the 2024 financial year:

Grant Date	Expiry Date	Exercise Price	Balance at Start of Year	Issued During the Year	Lapsed/Cancelled During the Year	Exercised During the Year	Balance at the End of Year
23 Dec 2021	23 Dec 2025	\$0.286	13,311,782	-	-	-	13,311,782
15 Jun 2022	15 Jun 2025	\$0.30	3,750,000	-	-	-	3,750,000
19 Apr 2023	19 Apr 2026	\$0.08	3,739,250	-	-	-	3,739,250
Total			20,801,032	-	-	-	20,801,032

The following table shows the movement in options over ordinary shares during the 2023 year:

Grant Date	Expiry Date	Exercise Price	Balance at Start of Year	Issued During the Year	Lapsed/Cancelled During the Year	Exercised During the Year	Balance at the End of the Year
23 Dec 2021	23 Dec 2025	\$0.286	14,227,205	-	(915,423)	-	13,311,782
15 Jun 2022	15 Jun 2025	\$0.30	3,750,000	-	-	-	3,750,000
19 Apr 2023	19 Apr 2026	\$0.08	-	3,739,250	-	-	3,739,250
Total			17,977,205	3,739,250	(915,423)	-	20,801,032

Performance rights

Future performance rights will be issued under the long-term incentive plan and will vest as an entitlement to one fully paid ordinary share provided that certain performance milestones are met. If the performance milestones are not met, the performance rights will lapse, and the eligible participant will have no entitlement to any shares.

Performance rights are not listed and carry no dividend or voting rights. Upon exercise each right is convertible into one ordinary share to rank pari passu in all respects with the Company's existing fully paid ordinary shares.

The following table shows the movement in performance rights over ordinary shares during 2024:

Grant Date	Expiry Date	Exercise Price	Balance At Start of Year	Issued During the Year	Lapsed During the Year	Converted During the Year	Balance at the end of the Year
19 Jan 2023	19 Jan 2027	nil	3,599,117	-	(3,599,117)	-	-

The 3,599,117 Performance Rights issued on 3 February 2023 were cancelled on 30 January 2024 due to a lapse of conditional right to the rights because the conditions had not been or had become incapable of being satisfied.

The following table shows the movement in performance rights over ordinary shares during 2023:

Grant Date	Expiry Date	Exercise Price	Balance At Start of Year	Issued During the Year	Lapsed During the Year	Converted During the Year	Balance at the end of the Year
5 Dec 2022	5 Dec 2026	nil	3,385,220	-	3,385,220	-	-
19 Jan 2023	19 Jan 2027	nil	-	3,599,117	-	-	3,599,117
Total			3,385,220	3,599,117	3,385,220	-	3,599,117

Key inputs used in the fair value calculation of the performance rights which were granted during the year ended 31 December 2023 were as follows:

Number Granted	Exercise Price	Expected Vesting Dates	Expiry Date	Share Price at Grant Date	Fair Value Per Performance Right	Total Fair Value
3,599,117	nil	1/3 on 19 Jan 2024 1/3 on 19 Jan 2025 1/3 on 19 Jan 2026	19 Jan 2027	\$0.031	\$0.0079	\$28,433

The other assumptions used to value the Performance Rights include volatility of 64.49% and a risk-free rate of 2.907%.

15. ACCUMULATED LOSSES

	2024	2023
	\$'000	\$'000
Balance at the start of year	(7,681)	(7,019)
Net loss for the year	(1,829)	(662)
Balance at end of year	(9,510)	(7,681)

16. PARENT ENTITY INFORMATION

The individual financial summary statements for the Parent Entity show the following aggregate amounts:

	2024	2023
	\$'000	\$'000
Statement of profit or loss and other comprehensive income		
(Loss) for the year	(1,987)	(874)
Total comprehensive (loss)	(1,987)	(874)
 Statement of Financial Position		
Current assets	5,172	6,293
Non-current assets	40,115	41,031
Total assets	45,287	47,324
Current liabilities	(134)	(384)
Non-current liabilities	(54)	-
Total liabilities	(188)	(384)
Net assets	45,099	46,940
<i>Shareholders' equity</i>		
Issued capital	53,203	53,203
Reserves	1,909	1,725
Accumulated losses	(10,013)	(7,988)
Total equity	45,099	46,940

The Parent Entity had no contingent liabilities as at 31 December 2024 and 31 December 2023.

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in Note 1.

17. RELATED PARTY TRANSACTIONS

Transactions with related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

(a) Parent Entity

The ultimate parent entity and ultimate controlling party is Black Mountain Energy Ltd.

(b) Subsidiaries

The consolidated financial statements include the financial statements of Black Mountain Energy Ltd and the subsidiaries listed in the following table:

NAME OF ENTITY	PLACE OF INCORPORATION	CLASS OF SHARES	2024 %	2023 %
Black Mountain Exploration Australia Pty Ltd	Western Australia	Ordinary	100	100
Black Mountain Exploration Pty Ltd	Western Australia	Ordinary	100	100
Bennett Resources Pty Ltd	Western Australia	Ordinary	100	100
Seven Rivers Operating LLC	Texas, USA	Ordinary	100	100

(c) Key management personnel compensation

	2024 \$	2023 \$
Short term employee benefits	833,437	1,049,507
Post-employment benefits	39,121	80,641
Long term benefits	6,709	11,629
Share based payments	146,354	339,831
Non-monetary benefits*	39,239	54,541
	1,064,860	1,536,149

* Represents Directors' and Officers' insurance premiums expensed during the financial year

(d) Transactions with other related parties

- i) The Company entered into a transitional services agreement (TSA) in the prior period with Black Mountain Oil & Gas III LLC, a Company owned by Rhett Bennett, pursuant to which the Company has sought the following services:
- Geology and geophysical: analyse, review, and interpret geologic qualities of the Company's assets;
 - 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;
 - Reservoir engineering: analyse reservoir characteristics and originate recoverable resource estimates.

Black Mountain Metals II LLC utilised office facilities at Level 14, 225 St Georges Terrace Perth during the year on a short-term arrangement.

	2024 \$	2023 \$
Provision of services – exploration consulting	-	9,436
Sublease Net Income	-	28,963
Balance receivable / (payable) at 31 December	-	2,154

- ii) The Company and Argus Corporate Partners (a related party to Mr Donovan) have entered into a sublease agreement for part of the office of Level 4, 225 St Georges Terrace, Perth WA 6000. In addition, the Company and Argus Corporate Partners (a related party to Mr Donovan) have entered into a Services Agreement for the provision of company secretarial services and accounting services by Mr Donovan's company. Mr Donovan was appointed Director on 26th June 2024.

	2024	2023
	\$	\$
Sublease Net Income	34	-
Consultancy fees	149	-
Balance receivable / (payable) at 31 December	-	-

18. RECONCILIATION OF PROFIT OR LOSS AFTER INCOME TAX TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	2024	2023
	\$'000	\$'000
Loss after income tax	(1,829)	(662)
<i>Adjustments for:</i>		
Depreciation and amortisation	63	91
Share-based payments	146	338
Profit on sale of exploration assets	-	(4,707)
Income taxes expense		1,537
Liability accretion	7	
<i>Changes in assets and liabilities relating to operating activities:</i>		
Decrease / (Increase) in trade and other receivables	94	120
(Decrease) / Increase in trade and other payables	(302)	(194)
(Decrease) / Increase in provisions	(143)	197
Net cash outflow from operations	(1,962)	(3,280)

19. CONTINGENCIES

The Group had no contingent assets or liabilities as at 31 December 2024 (2023: nil).

20. COMMITMENTS

The Consolidated Entity has the following minimum expenditure commitments:

	2024	2023
	\$'000	\$'000
The following amounts are due:		
Within one year	-	-
Later than one year but not later than five years	9,100	9,000
Later than five years		-
	9,100	9,000

(a) Exploration commitments

The exploration commitments reflect the Project Valhalla Suspend and Extend application that the Company submitted to the Department of Mines, Industry Regulation and Safety, which was approved by the Department on 13 June 2024.

These commitments may be varied in the future because of renegotiations of the terms of exploration permits. In the petroleum industry it is common practice for entities to farm-out, transfer or sell a portion of their rights to third parties or relinquish (whole or part of the permit) and, as a result, obligations may be reduced or extinguished.

21. SHARE BASED PAYMENTS

(a) Share options

An Employees Securities Incentive Plan operates to provide incentives for Directors and Key Executives. Participation in the plan is at the Board's discretion. Options have been issued for capital market advisory services during the year. No options were issued to Directors and Key Executives during 2024. Details of options issued in 2024 and 2023 are shown below.

Grant Date	Expiry Date	Exercise Price	Balance at Start of Year	Granted During the Year	Exercised During the Year	Cancelled or Expired During the Year	Balance at End of Year
2024							
15 Jun 22	25 Jun 25	\$0.30	3,750,000	-	-	-	3,750,000
23 Dec 21	23 Dec 25	\$0.286	13,311,782	-	-	-	13,311,782
19 Apr 23	19 Apr 26	\$0.08	3,739,250	-	-	-	3,739,250
Totals			20,801,032	-	-	-	20,801,032

Weighted average exercise price \$0.245 \$0.245

Grant Date	Expiry Date	Exercise Price	Balance at Start of Year	Granted During the Year	Exercised During the Year	Cancelled or Expired During the Year	Balance at End of Year
2023							
15 Jun 22	25 Jun 25	\$0.30	3,750,000	-	-	-	3,750,000
23 Dec 21	23 Dec 25	\$0.286	14,227,205	-	-	915,423	13,311,782
19 Apr 23	19 Apr 26	\$0.08	-	3,739,250	-	-	3,739,250
Totals			17,977,205	3,739,250	-	915,423	20,801,032

Weighted average exercise price \$0.288 \$0.08 - \$0.286 \$0.25

Black Mountain Energy issued options during 2023 as consideration for the services provided by Foster Stockbroking Pty Limited relating to the capital markets advisory service. On 19 April 2023, 3,739,250 options exercisable at \$0.08 on or before 19 April 2026 were issued. Key inputs used in the fair value calculation of the unlisted options which has been granted during the year ended 31 December 2023 were as follows:

Number Granted	Exercise Price	Grant Date	Expiry Date	Share Price At Grant Date	Fair Value Per Unlisted Option	Volatility	Risk Free Interest Rate	Total Fair Value
3,739,250	\$0.08	19 Apr 2023	19 Apr 2026	\$0.025	\$0.0099	100%	3.15%	\$37,174

Options issued to Directors and Key Executives contain time-based vesting conditions.

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(a) Performance rights

Details of performance rights issued to Directors and Key Executives in 2024 and 2023 are shown below.

Grant Date	Expiry Date	Average Fair Value Per Right	Balance at Start of Year	Granted During the Year	Exercised During the Year	Cancelled or Expired During the Year	Balance at End of Year	Vesting Dates
2024								
19 Jan 23	19 Jan 27	\$0.00793	3,599,117			(3,599,117)	-	1/3 on 19 Jan 2024 1/3 on 19 Jan 2025 1/3 on 19 Jan 2026
Totals			3,599,117			(3,599,117)	-	

Weighted average exercise price \$0.00793

Grant Date	Expiry Date	Average Fair Value Per Right	Balance at Start of Year	Granted During the Year	Exercised During the Year	Cancelled or Expired During the Year	Balance at End of Year	Vesting Dates
2023								
5 Dec 22	5 Dec 26	\$0.0114	3,385,220	-	-	(3,385,220)	-	1/3 on 5 Dec 2023 1/3 on 5 Dec 2024 1/3 on 5 Dec 2025
19 Jan 23	19 Jan 27	\$0.00793	-	3,599,117	-	-	3,599,117	1/3 on 19 Jan 2024 1/3 on 19 Jan 2025 1/3 on 19 Jan 2026
Totals			3,385,220	3,599,117	-	(3,385,220)	3,599,117	

Weighted average exercise price \$0.0114 \$0.00793 - \$0.0114 \$0.00793

(c) Expenses arising from share-based payment transactions

Total expenses arising from share-based transactions with employees recognised during the year were:

	2024	2023
	\$	\$
Share Rights and Options issued to Directors and employees	146,354	338,171

22. FINANCIAL RISK MANAGEMENT

The Consolidated Entity's principal financial instruments are cash and short-term deposits. The Consolidated Entity also has other financial assets and liabilities such as other receivables and trade payables, which arise directly from its operations. The Consolidated Entity's risk management objective with regard to financial instruments and other financial assets include gaining interest income and the policy is to do so with a minimum of risk.

(a) Credit Risk

Credit risk arises from cash and cash equivalents and deposits with financial institutions, as well as other receivables. Credit risk is managed on a Group basis. For cash balances held with bank or financial institutions, independently rated parties with a minimum rating of 'A' are preferred. The Board are of the opinion that the credit risk arising because of the concentration of the Group's assets

is more than offset by the potential benefits gained. The maximum exposure to credit risk at the reporting date is the carrying amount of the assets as summarised, none of which are impaired or past due.

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	2024 \$'000	2023 \$'000
Cash and cash equivalents	1,509	2,673
Other receivables	145	77
Other financial assets	4,235	5,035
	5,889	7,785

Cash and cash equivalents and other financial assets at 31 December 2024 were held with an Australian Bank with an A+ credit rating. Other receivables at 31 December 2024 relate predominantly to GST receivables from the Australian Taxation Office which have been received subsequent to year end.

(b) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Through continuous monitoring of forecast and actual cash flows the Group manages liquidity risk by maintaining adequate reserves to meet future cash needs. The decision on how the Group will raise future capital will depend on market conditions existing at that time.

The table below analyses the Group's financial assets and liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

2024 (\$'000)	≤ 6 Months	6–12 Months	1–5 Years	≥ 5 Years	Contractual Cash Flow	Carrying Amount
Financial Assets						
Cash and cash equivalents	1,509	-	-	-	1,509	1,509
Trade and other receivables	145	-	-	-	145	145
Other financial assets	3,500	700	35	-	4,235	4,235
	5,154	700	35	-	5,889	5,889
Financial Liabilities						
Trade and other payables	84	-	-	-	-	84
Lease liabilities	22	22	40	-	-	84
	106	22	40	-	-	168

2023 (\$'000)	≤ 6 Months	6–12 Months	1–5 Years	≥ 5 Years	Contractual Cash Flow	Carrying Amount
Financial Assets						
Cash and cash equivalents	2,673	-	-	-	2,673	7,673
Trade and other receivables	77	-	-	-	77	77
Other financial assets	3,000	2,000	35	-	5,035	5,035
	5,750	2,000	35	-	7,785	7,785
Financial Liabilities						
Trade and other payables	386	-	-	-	386	386
Lease liabilities	23	23	81	-	127	127
	409	23	81	-	513	513

(c) Interest Rate Risk

The Consolidated Entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate because of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

2024	Weighted Average Effective Interest Rate	Floating Interest Rate	Fixed Interest	Non-Interest Bearing	Total
Financial Assets					
Cash and cash equivalents	4.93%	-	500	1,009	5,709
Trade and other receivables		-	-	145	145
Other financial assets	4.93%	-	4,235	-	4,235
		-	4,735	1,153	5,889
Financial Liabilities					
Trade and other payables		-	-	84	84
Lease liabilities		-	-	84	84
		-	-	168	168

2023	Weighted Average Effective Interest Rate	Floating Interest Rate	Fixed Interest	Non- Interest Bearing	Total
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Financial Assets

Cash and cash equivalents	4.85%	-	2,000	673	2,673
Trade and other receivables	-	-	-	77	77
Other financial assets	4.85%	-	5,035	-	5,035
		-	7,035	750	7,785

Financial Liabilities

Trade and other payables	-	-	-	386	386
Lease liabilities	-	-	-	127	127
		-	-	513	513

A sensitivity of 10% has been selected as this is considered reasonable given the current level of both short term and long-term interest rates. A 10% movement in interest rates at the reporting date would have increased/(decreased) equity and profit and loss by the amounts shown below based on the average balance of interest-bearing financial instruments held. This analysis assumes that all other variables remain constant.

2024	Profit or Loss \$'000		Equity \$'000	
	10% Increase	10% Decrease	10% Increase	10% Decrease
Cash and cash equivalents	-	-	-	-
Other financial assets	23	(23)	23	(23)

2023	Profit or Loss \$'000		Equity \$'000	
	10% Increase	10% Decrease	10% Increase	10% Decrease
Cash and cash equivalents	-	-	-	-
Other financial assets	30	(30)	30	(30)

These movements would not have any impact on equity other than retained earnings.

(d) Foreign Currency Risk

The Consolidated Entity's exposure to currency risk is limited due to its primary and ongoing operations being in Australia and most associated contracts completed in Australian dollars. A foreign exchange risk arises from its investment in subsidiary Seven Rivers Operating LLC and operational support costs both denominated in US dollars. The Group generally does not undertake any hedging or forward contract transactions as the exposure is considered immaterial, however, individual transactions are reviewed for any potential currency risk exposure. At reporting date, the Group had the following exposure to foreign currency risk for balances denominated in US dollars from its continuing operations, which are disclosed in Australian dollars:

	2024	2023
	\$'000	\$'000
Cash and cash equivalents	718	249
Trade and other payables	-	(109)
Provisions	-	(244)

The following table details the Group's Profit or Loss sensitivity to a 10% increase or decrease in the Australian dollar against the US dollar, with all other variables held constant. The sensitivity analysis is based on the foreign currency risk exposure at the reporting date.

	2024	2023
	\$'000	\$'000
Australian dollar/ US dollar +10%	72	10
Australian dollar/ US dollar -10%	(72)	(10)

23. EVENTS OCCURRING AFTER THE REPORTING PERIOD

No matter or circumstance has arisen between 31 December 2024 and the date of this report that will affect the Group's operations, result or state of affairs, or may do so in future years.

24. ACQUISITION AND DISPOSAL OF HALF MOON PROSPECT

On 20 January 2023 Black Mountain Energy Ltd announced that it had acquired from Earthstone Energy's (NYSE: ESTE) an interest in Permian basin acreage in New Mexico, United States. The purchase price was US\$2m (AU\$2,892k) and the transaction completed on 20 January 2024. The acquired assets and liabilities were purchased by a new wholly owned subsidiary, Seven Rivers Operating LLC.

A 3,538-acre Working Interest Unit (WIU) together with Partners and Operator, Manzano LLC, was formed in 19S-26E and 20S-26E and a well, MIA 64 FEE 2H, was spud on 11 June 2023. BME contributed 416 acres and has a working interest of 11.7% following pooling with Operator, Manzano LLC. The BME share of costs was US\$1.44m (AU\$2,189k) and the well was designed to appraise the 3rd Bone Spring (3BS) interval with a 1.75 mile (~2.8 km) horizontal lateral.

During August 2023, the wholly owned subsidiary, Seven Rivers Operating LLC sold 100% of its acreage and its title and interest in the MIA 64 FEE 2H well in the Permian basin, for US\$6,578k (AU\$10,289k) before taxation. The purchaser paid to the IRS, W-8 withholdings tax of 15% of total purchase price, US\$986,671 (AU\$1,543k), on behalf of Seven Rivers Operating LLC. An amount of US\$5,591k (AU\$8,746k) was remitted to Seven Rivers Operating LLC.

During the last quarter of 2024, the Company formed the view that while the 8 standing bores were capable of being producers, it was likely that the holding costs and abandonment liabilities would be greater than the value that may be achieved from any potential future sales revenue. As such, the Company agreed to assign the 8 wells and all associated liabilities to the operator, Rubicon Oil & Gas LLC in exchange for notional \$10. This transaction concluded the Company's entire holdings in the Half Moon Prospect in the Permian Basin.

The table below details the assets and liabilities acquired on 20 January 2023:

	\$'000
Purchase price	2,892
Total	2,892
Recognised amounts of net assets	
Current assets	
Trade receivable	49
Total current assets	49
Non-current assets	
Exploration assets	3,234
Total non-current assets	3,234
	\$'000
Recognised amounts of net liabilities	
Current Liabilities	
Provisions	82
Total current liabilities	82
Non-current liabilities	
Provisions	187
Total non-current liabilities	187
Foreign exchange difference	(122)
Net assets acquired	2,892

The table below details the assets and liabilities:

	2024	2023
	\$'000	\$'000
Sale price	-	10,289
Total	-	10,289
De-Recognised amounts of net assets		
Non-current assets		
Interest in MIA 64 FEE 2H well	-	2,168
Various Permian basin working interests	-	3,234
Total non-current assets	-	5,402
Non-current liabilities		
Provisions	253	11
Total non-current liabilities	253	11
Net assets disposed	-	5,391
Foreign exchange difference	-	(191)
Gain on sale	253	4,707

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

Entity Name	Entity Type	Place formed/ Country of incorporation	% of share capital directly or indirectly by the Company in the body corporate	Australian or Foreign tax resident	Jurisdiction for Foreign tax resident
Black Mountain Energy Limited	Body Corporate	Australia		Australia	N/A
Bennett Resources Pty Ltd	Body Corporate	Australia	100%	Australia	N/A
Black Mountain Exploration Pty Ltd	Body Corporate	Australia	100%	Australia	N/A
Black Mountain Exploration Australia Pty Ltd	Body Corporate	Australia	100%	Australia	N/A
Seven Rivers Operating LLC	Body Corporate	Texas, US	100%	Foreign	US

Basis of preparation

This Consolidated Entity Disclosure Statement (CEDS) has been prepared in accordance with the Corporations Act 2001. It includes certain information for each entity that was part of the consolidated entity at the end of the financial year.

Determination of Tax Residency

Section 295 (3A) of the Corporations Act 2001 defines tax residency as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency involves judgment as there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

- (a) Australian tax residency: the consolidated entity has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 201/5
- (b) Foreign tax residency: where necessary, the consolidated entity has used independent tax advisers in foreign jurisdictions to assist in determining tax residency and ensure compliance with applicable foreign tax legislation.

DIRECTORS' DECLARATION

1. In the Directors' opinion:
 - a. the financial statements and notes set out on pages 14 to 47 of the Consolidated Entity are in accordance with the *Corporations Act 2001 (Cth)*, including:
 - i. complying with Accounting Standards, the *Corporations Regulations 2001 (Cth)* and other mandatory professional reporting requirements, and
 - ii. giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2024 and of its performance for the financial year to 31 December 2024;
 - b. the Consolidated Entity Disclosure statement as at 31 December 2024 set out on page 48 is true and correct; and
 - c. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
 - d. the financial statements comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board as disclosed in Note 2.
2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001 (Cth)* for the financial year ended 31 December 2024.

This declaration is made in accordance with a resolution of the Directors of Black Mountain Energy Ltd:



Rhett Bennett
Executive Chairman and Chief Executive Officer

Fort Worth, TX USA

30 April 2025



Independent Auditor's Report

To the shareholders of Black Mountain Energy Ltd

Opinion

We have audited the **Financial Report** of Black Mountain Energy Ltd (the Company).

In our opinion, the accompanying Financial Report of the Company gives a true and fair view, including of the **Group's** financial position as at 31 December 2024 and of its financial performance for the year then ended, in accordance with the *Corporations Act 2001*, in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated statement of financial position as at 31 December 2024
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Consolidated entity disclosure statement and accompanying basis of preparation as at 31 December 2024
- Notes, including material accounting policies
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other Information

Other Information is financial and non-financial information in Black Mountain Energy Ltd's annual report which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.



In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*
- implementing necessary internal control to enable the preparation of a Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and that is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:


- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/media/apzlw0y/ar3_2024.pdf. This description forms part of our Auditor's Report.


KPMG


John Ward

Partner

Perth

30 April 2025