



BLACK MOUNTAIN
ENERGY



2025 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 over the period, along with our vision for the future of our Company.

Black Mountain 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 Australia's last large scale onshore unconventional undeveloped gas projects.

During the period, Black Mountain's Environmental Review Document (ERD), submitted to the WA Environmental Protection Authority Services (EPA Services), was progressed through the prescribed approvals process. All requested materials relating to this workflow were provided and subsequently the EPA has issued its assessment report on the Company's Valhalla Gas Exploration and Appraisal Program in the Canning Basin. On the 20th of January 2026, the EPA recommended to the Minister, that with conditions in place, the project is unlikely to have a significant environmental impact and recommends that the implementation of the Project be approved. We believe this recommendation validates the Company's submission, views and workflows which have taken place over the last several years.

Additionally, the Commonwealth environmental assessment, being conducted with the Department of Climate Changes, Energy, the Environment and Water (DCCEEW), was progressed with responses to RFI requests (request for information) and with the IESC (Independent Expert Scientific Committee) report being published in December.

The main focus for the period was progressing the EPA and DCCEEW environmental approvals. However, the Company did take the opportunity to showcase Project Valhalla as a world class opportunity, at NAPE (North Americal Prospect Expo) and at SEAPEX (South Asia Petroleum Exploration Society).

The Company continues to benefit from strong and consistent support from the project areas traditional owners. The Noonkanbah Community has been waiting over 10 years for the project to progress. Their advocacy, determination and patience are greatly appreciated.

Black Mountain Energy remains steadfast and determined with its vision around its Canning Basin project. The Company has the right experience and competency to progress Project Valhalla which it continues to believe is a significantly large on-shore unconventional undeveloped gas opportunity. Our strategy is to develop the project with our expertise, creating long-term value for customers and stakeholders. Beneficiaries of this success will include local communities, traditional owners (TO's), Western Australian government through taxes/royalties and material job creation.

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 \$3.5m in cash and we remain focussed on progressing Project Valhalla. Thank you,



Rhett Bennett

Executive Chairman and Chief Executive Officer

29 April 2026

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 2025.

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
John Rhett Miles Bennett	26 July 2021
Michael Laurent	9 April 2024
Benjamin Donovan	26 June 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 2025 amounted to \$2,372,000 (31 December 2024: \$1,829,000).

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 Australia’s last large scale onshore unconventional undeveloped gas projects.
- Project Valhalla’s Exploration Permit (EP371) remains in good standing, with successful suspend and expend approvals in place, where key workflows now not due before January 2027.
- Black Mountain’s Environmental Review Document (ERD), submitted to the WA Environmental Protection Authority Services (EPA Services), was progressed through the prescribed approvals process. All requested materials relating to this workflow were provided and subsequently the EPA has issued its assessment report on the Company’s Valhalla Gas Exploration and Appraisal Program in the Canning Basin.
- The EPA recommended to the Minister, that with conditions in place, the project is unlikely to have a significant environmental impact and recommends that the implementation of the Project be approved. We believe this recommendation validates the Company’s submission, views and workflows which have taken place over the last several years.
- The Commonwealth environmental assessment was progressed with responses to RFI’s (requests for information) and the IESC report being published.
- A well integrity program was undertaken and completed, with the Company’s three standing well bores successfully undergoing routine maintenance and checks. Additionally lease and access road maintenance was also completed.

- Technical workflows were progressed utilizing advanced geophysical techniques, which will be used to help with the design and planning around acquiring new seismic data and ultimately drilling wells.
- 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 Environmental Protection Authority (EPA) has issued its assessment report on the Company’s Valhalla Gas Exploration and Appraisal Program in the Canning Basin. The EPA recommended to the Minister, that with conditions in place, the project is unlikely to have a significant environmental impact and recommends that the implementation of the Project be approved. We believe this recommendation validates the Company’s submission, views and workflows which have taken place over the last several years.

In addition, to progressing the state ERD and federal assessment 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.

The Company was successful in achieving a ‘suspension & extension’ from DMPE (Department of Mines, Petroleum and Exploration, where key workflows now not due before January 2027.

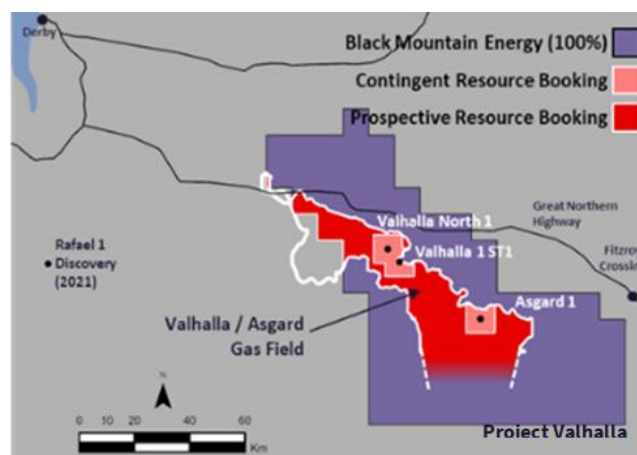


Figure 1: EP 371 within WA's Canning Basin

APPOINTMENT OF EXECUTIVE MANAGEMENT

The company welcomed Ashley (Ash) Fertch to the management team as Vice President, Environment and Approvals. Ash is an accomplished environmental and approvals leader with over 15 years of demonstrated experience across oil & gas, mining and renewables.

OUTLOOK

During 2026, the Company will conduct its annual well maintenance program and fulfill its reporting requirements. Technical geoscience workflows will continue which will focus on getting ready for a new seismic acquisition. The state ERD process will enter into an appeals phase which the Company will engage with as required. The federal approval process with DCCEEW will continue and is anticipated to conclude within several months. Stakeholder engagement will continue to be a regular focus.

Responses to the federal referral process progressing. 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 2025 was \$3,537,000.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

Subsequent to 31 December 2025, the Company had:

- issued a total of 2,300,000 performance rights to a consultant with vesting conditions across 10 hurdles in January 2026; and
- received confirmation that the Valhalla project will be an assessed project.

No other matter or circumstance has arisen between 31 December 2025 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.

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

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

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.

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.

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 MEETINGS OF DIRECTORS		REMUNERATION AND NOMINATION COMMITTEE		AUDIT AND RISK COMMITTEE		ENVIRONMENTAL, SAFETY AND GOVERNANCE COMMITTEE ¹	
	ELIGIBLE	ATTENDED	ELIGIBLE	ATTENDED	ELIGIBLE	ATTENDED	ELIGIBLE	ATTENDED
Rhett Bennett	3	3	1	1	—	—	—	—
Michael Laurent	3	3	1	1	—	—	—	—
Ben Donovan	3	3	1	1	—	—	—	—

¹Environmental, Social and Governance ("ESG") matters were addressed in Full Meetings

SHARE OPTIONS

No options were granted during or since the end of the 2025 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
19 April 2023	N/A	\$0.08	19 April 2026	3,739,250

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.

30,000,000 Performance rights were issued on 12 June 2025 (approved at 2025 AGM), with vesting hurdles related to commercial outcomes over 10 tranches. Refer to note 14.

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 indemnified the Directors and Officers of the Company for costs incurred, in their capacity as a Director or Officer, for which they may be held personally liable, except where there is a lack of good faith.

During the year the Company paid a premium of \$37,613 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 to the extent permitted by the *Corporations Act 2001*.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under Section 237 of the *Corporations Act 2001* for leave 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.

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, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

NON-AUDIT SERVICES

Prior to the change of auditors from KPMG to William Buck Audit (WA) Pty Ltd, the previous auditors KPMG performed certain other services. 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 relating to auditor independence in accordance with APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* set by the Accounting Professional and Ethical Standards Board.

	2025 ¹	2024
	\$'000	\$'000
KPMG Australian firm:		
(i) Taxation services	47	38
Total remuneration for taxation services	47	38
(ii) Other audit services	-	-
Total remuneration for services other than audit and review of financial statements	47	38

¹ Relates to the period prior to the change of auditors from KPMG to William Buck Audit (WA) Pty Ltd.

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 12.

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 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

29 April 2026

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

To the directors of Black Mountain Energy Ltd

As lead auditor for the audit of Black Mountain Energy Ltd for the year ended 31 December 2025, I declare that, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Black Mountain Energy Ltd and the entities it controlled during the year.

William Buck

William Buck Audit (WA) Pty Ltd
ABN 67 125 012 124

KY
Kuan Yin Lau

Director

Dated this 29th day of April 2026

FINANCIAL REPORT

The financial statements cover Black Mountain Energy Ltd as a consolidated entity consisting of Black Mountain Energy Ltd and the entities it controlled at the end of, or during, the year.

The Financial Statements are presented in Australian currency, which is Black Mountain Energy Ltd's functional and presentation currency.

Black Mountain Energy Ltd is a unlisted public company limited 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 29 April 2026. 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 2025

		2025	2024
	NOTE	\$'000	\$'000
Income			
Interest income		191	291
Other income		34	34
Gain on sale of Permian basin assets	24	-	253
Total income		225	578
Expenses			
Exploration expense		(1,582)	(1,615)
Depreciation and amortisation	3	(60)	(63)
General and administrative expenses		(878)	(1,094)
Share based employment benefits	21	(67)	(146)
Finance costs		(10)	(12)
Foreign exchange gain		-	-
Loss before income tax		(2,372)	(2,352)
Income tax benefit/(expense)	4	-	523
Net loss for the year		(2,372)	(1,829)
<i>Other comprehensive income for the year, net of tax Items that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation		(12)	44
Total comprehensive loss for the year		(2,384)	(1,785)
Total comprehensive loss attributable to members of the parent entity		(2,384)	(1,785)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

		2025	2024
	NOTE	\$'000	\$'000
ASSETS			
Current assets			
Cash and cash equivalents	6	302	1,509
Inventory		34	34
Trade and other receivables	7	354	338
Other financial assets	10	3,235	4,200
Total current assets		3,925	6,081
Non-current assets			
Property, plant and equipment	8	15	32
Exploration assets	9	42,762	42,762
Right of use asset		37	80
Other financial assets	10	-	35
Total non-current assets		42,814	42,909
Total assets		46,739	48,990
LIABILITIES			
Current liabilities			
Trade and other payables	11	55	84
Provisions	12	88	75
Lease liabilities		40	45
Total current liabilities		183	204
Non-current liabilities			
Provisions	12	3,061	2,935
Lease liabilities		-	39
Total non-current liabilities		3,061	2,974
Total liabilities		3,244	3,178
Net assets		43,495	45,812
EQUITY			
Contributed equity	13	53,227	53,203
Reserves	14	2,150	2,119
Accumulated losses	15	(11,882)	(9,510)
Total equity		43,495	45,812

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

		CONTRIBUTED EQUITY \$'000	RESERVES \$'000	ACCUMULATED LOSSES \$'000	TOTAL \$'000
	NOTE				
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)
<i>Transactions with owners in their capacity as owners:</i>					
Issue of shares		-	-	-	-
Share based payments	21	-	146	-	146
		-	146	-	146
Balance at 31 December 2024		53,203	2,119	(9,510)	45,812
Balance at 1 January 2025		53,203	2,119	(9,510)	45,812
Total loss for the year	15	-	-	(2,372)	(2,372)
Other comprehensive loss		-	(12)	-	(12)
Total comprehensive loss for the year		-	(12)	(2,372)	(2,384)
<i>Transactions with owners in their capacity as owners:</i>					
Issue of shares	13, 21	24	-	-	24
Share based payments	21	-	43	-	43
		-	43	-	67
Balance at 31 December 2025		53,227	2,150	(11,882)	43,495

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

		2025	2024
	NOTE	\$'000	\$'000
Cash flows from operating activities			
Receipts from customers		38	42
Interest received		217	219
Payments for exploration expenditure		(1,473)	(1,422)
Payments to other suppliers and employees		(937)	(1,236)
Income taxes refunded (paid)		-	435
Net cash outflow from operating activities	18	(2,155)	(1,962)
Cash flows from investing activities			
Payments in relation to acquiring exploration assets		-	-
Payments for exploration assets		-	-
Net cash receipts on the disposal of exploration assets		-	-
Payments for property, plant, and equipment		-	-
Receipts from other financial assets		1,000	800
Net cash inflow / (outflow) from investing activities		1,000	800
Cash flows from financing activities			
Payments for leases		(48)	(46)
Proceeds from issue of shares		-	-
Payments for issue of shares		-	-
Net cash (outflow) from financing activities		(48)	(46)
Net decrease in cash and cash equivalents		(1,203)	(1,208)
Cash and cash equivalents at the beginning of the financial year		1,509	2,673
Effect of foreign exchange rate changes		(4)	44
Cash and cash equivalents at the end of the financial year	6	302	1,509

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

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: MATERIAL ACCOUNTING POLICY INFORMATION

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 and interpretations issued by the Australian Accounting Standards Board (“AASB”) and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards (“IFRS”) adopted by the International Accounting Standards Board (“IASB”).

The financial statements have been prepared on the historical cost convention.

Going Concern

The Directors have prepared the financial statements on a going concern basis, which assumes the continuation of normal business operations and the realisation of assets and settlement of liabilities in the ordinary course of business.

For the year ended 31 December 2025, the Group reported a net loss of \$2,372k (2024: \$1,829k) and recorded net cash operating outflows of \$2,155k (2024: \$1,962k). At 31 December 2025, the Group held net current assets of \$3,742k, comprising \$302k in cash and \$3,235k in term deposits.

The Board and management continue to monitor the Group's cash flow requirements to ensure it maintains sufficient liquidity to meet its contractual obligations. Expenditure levels—particularly discretionary exploration and corporate costs—are actively managed and adjusted as required. In addition, the Group has received a letter of financial support from Black Mountain Canning LLC (parent entity), confirming that financial support will be provided to the Group, if required, to meet its obligations as and when they fall due for at least the next 12 months from the date of this financial report.

Based on the Group's cash flow forecasts for at least the next 12 months, the Directors believe the Group will have adequate financial resources to meet its commitments and continue to pay its debts as and when they fall due. Accordingly, the financial statements have been prepared on a going concern basis.

Parent Entity Financial Information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity, Black Mountain Energy Ltd, are disclosed in Note 16.

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.

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.

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 statement of financial position. 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.

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 are as follows:

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 Provisions, Contingent Liabilities and Contingent Assets* 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 right at the end of the reporting period 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 is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree (if any) is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

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 2025, 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 2025 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 payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Refer to note 21 for further information.

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 Statement of Financial Position.

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 Statement of Financial Position 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.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Employee benefits provision

As discussed in note 2, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

3. EXPENSES

Loss before income tax includes the following specific expenses:

	NOTE	2025 \$'000	2024 \$'000
Depreciation			
Plant and equipment	8	17	20
Right of use asset		43	43
Total depreciation		60	63

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.

	2025 \$'000	2024 \$'000
(a) Income tax expense		
Current tax	-	-
Deferred tax	-	-
Adjustment recognised for prior period	-	(523)
Income tax benefit	-	(523)
Loss before income tax expense	(2,372)	(2,353)
Income tax on profit/(loss) at 30% (2024: 25%)	(712)	(588)
Tax rate differential on non-Australian income	-	-
Write back of US Rehabilitation Provision	-	(63)
Adjustment recognised for prior period	-	(523)
Share based payments	20	36
Sub-total	(692)	(1,138)
Unrecognised future tax benefits	692	615
Income tax benefit	-	(523)
(b) Unrecognised deferred tax assets		
Unutilised tax losses, that do not expire, for which no deferred tax asset has been recognized.	20,493	19,069
Potential tax benefit at 30% (2024: 25%)	6,148	4,767

Unutilised tax losses have no expiry date and include those from the consolidated tax group which Black Mountain Energy Ltd is the head. These losses were acquired as part of the acquisition of Black Mountain Exploration Australia Pty Ltd 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.

5. REMUNERATION OF AUDITORS

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

	2025	2024
	\$	\$
<i>KPMG Australia</i>		
Audit and other assurance services	-	74,057
Taxation services ¹	46,846	37,872
	<u>46,846</u>	<u>111,929</u>
<i>William Buck Audit (WA) Pty Ltd</i>		
Audit and other assurance services	38,500	-
	<u>38,500</u>	<u>-</u>
Total remuneration	<u>85,346</u>	<u>111,929</u>

¹ Relates to the period prior to the change of auditors from KPMG to William Buck Audit (WA) Pty Ltd.

Auditor remuneration is disclosed in compliance with AASB 1054 *Australian Additional Disclosures* and, notwithstanding the application of the ASIC Legislative Instrument 2016/191 to the remainder of the financial report, has been presented to the nearest dollar.

6. CASH AND CASH EQUIVALENTS

	2025	2024
	\$'000	\$'000
Cash at bank and in hand	<u>302</u>	<u>1,509</u>

Risk exposure

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

	2025	2024
	\$'000	\$'000
Other receivables	118	145
Prepayments	236	193
	<u>354</u>	<u>338</u>

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 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
Balance at 1 January 2025	1	31	32
Additions			
Disposals			
Depreciation charge	(1)	(16)	(17)
Closing net book amount	-	15	15
At 31 December 2025			
Cost	14	81	95
Accumulated depreciation	(14)	(66)	(80)
Net book amount	-	15	15

9. EXPLORATION ASSETS

	2025	2024
	\$'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	-	-
Balance at the end of the year	42,762	42,762

10. OTHER FINANCIAL ASSETS

	2025	2024
	\$'000	\$'000
Current		
Term deposits	3,235	4,200
Non-Current		
Term deposits	-	35

Included is \$35,000 (2024: \$35,000) of term deposits as a condition of lease arrangement on Level 4, 225 St Georges Terrace, Perth 6000.

11. TRADE AND OTHER PAYABLES

	2025	2024
	\$'000	\$'000
Trade payables	3	5
Other payables	14	13
Accruals	38	66
	55	84

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
<i>2025</i>			
Employee entitlements (a)	88	21	109
Restoration and rehabilitation (b)	-	3,040	3,040
	88	3,061	3,149
<i>2024</i>			
Employee entitlements (a)	75	14	89
Restoration and rehabilitation (b)	-	2,921	2,921
	75	2,935	3,010

- 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 \$21,000 (2024: \$14,000).
- 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
<i>2025</i>			
Carrying amount at start of year	89	2,921	3,010
Provision made during the year	48	119	167
Provision reductions during the year	(28)	-	(28)
Provision accretion during the year	-	-	-
Carrying amount at end of year	109	3,040	3,149

13. CONTRIBUTED EQUITY

- (a) Share capital

	2025 \$'000	2024 \$'000
386,224,186 (2024: 383,224,186) fully paid ordinary shares	53,227	53,203

Movements in Ordinary Share Capital

2025	DATE	NUMBER OF SHARES	ISSUE PRICE \$	\$'000
Balance at start of period	1 Jan 2025	383,224,186		53,203
Shares issued	17 Jun 2025	3,000,000	0.008	24
Balance at end of period	31 Dec 2025	386,224,186		53,227

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	383,224,186		53,203

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and the amounts paid on the shares held. The fully paid 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.

No dividend was paid or declared during the year.

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 so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

14. RESERVES

	2025 \$'000	2024 \$'000
Share-based Payments Reserve	1,952	1,909
Foreign Currency Translation Reserve	198	210
Balance	2,150	2,119

Foreign Currency Translation Reserve

The foreign currency translation reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign subsidiary/ operations to Australian dollar.

Movements in the Foreign Currency Translation Reserve

	2025 \$'000	2024 \$'000
Balance at start of the year	210	166
Foreign currency exchange differences	(12)	44
Balance at the end of the year	198	210

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

	2025 \$'000	2024 \$'000
Balance at start of the year	1,909	1,763
Share-based payment costs (note 21)	43	146
Balance	1,952	1,909

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 2025 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	\$0.29	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		(17,061,782)		3,739,250

The following table shows the movement in options over ordinary shares during the 2024 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	\$0.29	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

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 2025:

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
30 May 2025	12 Jun 2030	nil	-	30,000,000	-	-	30,000,000

30,000,000 Performance Rights were issued on 12 June 2025 (approved at 2025 AGM), with vesting hurdles related to commercial outcomes over 10 tranches as follows:

- State Environmental Review Document is approved with a ministerial statement;
- Federal assessment is approved with a ministerial statement;
- Seismic work program is successfully executed;
- Award of the retention licence connected to Project Valhalla;
- Project Valhalla partner is secured enabling an appraisal well to be drilled;
- Successfully drill & fracture stimulate Project Valhalla's first appraisal well;
- Delivering to the approved budget;
- No safety or compliance infractions –corporate, project or otherwise;
- Exploration Permit (EP 371) maintained in good standing against commitments; and
- Accomplishing additional (new) indigenous land use agreements.

The performance rights require the participant to be employed by the company at the time of vesting.

The valuation assumptions are as follows:

Number	30,000,000
Valuation date	30 May 2025 (AGM date)
Share price at valuation date	\$0.008
Risk free rate	3.334
Volatility	100%
Fair value per performance right	\$0.0073
Total value	<u>220,446</u>

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.

15. ACCUMULATED LOSSES

	2025 \$'000	2024 \$'000
Balance at the start of year	(9,510)	(7,681)
Net loss for the year	(2,372)	(1,829)
Balance at end of year	(11,882)	(9,510)

16. PARENT ENTITY INFORMATION

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

	2025 \$'000	2024 \$'000
Statement of profit or loss and other comprehensive income		
Loss for the year	(1,654)	(1,987)
Total comprehensive loss	(1,654)	(1,987)
Statement of Financial Position		
Current assets	3,629	5,172
Non-current assets	40,072	40,115
Total assets	43,701	45,287
Current liabilities	(168)	(134)
Non-current liabilities	(21)	(54)
Total liabilities	(189)	(188)
Net assets	43,512	45,099
<i>Shareholders' equity</i>		
Issued capital	53,227	53,203
Reserves	1,952	1,909
Accumulated losses	(11,667)	(10,013)
Total equity	43,512	45,099

The Parent Entity had no contingent liabilities as at 31 December 2025 and 31 December 2024.

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	2025 %	2024 %
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

	2025 \$	2024 \$
Short term employee benefits	679,827	833,437
Post-employment benefits	33,491	39,121
Long term benefits	6,690	6,709
Share based payments	66,865	146,354
Non-monetary benefits*	38,607	39,239
	825,480	1,064,860

* 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; and
- Reservoir engineering: analyse reservoir characteristics and originate recoverable resource estimates.

- 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.

	2025	2024
	\$'000	\$'000
Sublease Net Income	34	34
Consultancy fees	147	149
Balance receivable / (payable) at 31 December	-	-

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

	2025	2024
	\$'000	\$'000
Loss after income tax	(2,372)	(1,829)
<i>Adjustments for:</i>		
Depreciation and amortisation	60	63
Share-based payments	67	146
Liability accretion	-	7
<i>Changes in assets and liabilities relating to operating activities:</i>		
(Increase) / Decrease in trade and other receivables	(16)	96
Decrease in trade and other payables	(33)	(302)
Increase / (Decrease) in provisions	139	(143)
Net cash outflow from operations	(2,155)	(1,962)

19. CONTINGENCIES

The Group had no contingent assets or liabilities as at 31 December 2025 (2024: nil).

20. COMMITMENTS

The Consolidated Entity has the following minimum expenditure commitments:

	2025	2024
	\$'000	\$'000
The following amounts are due:		
Within one year	-	-
Later than one year but not later than five years	9,100	9,100
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. No options were issued to Directors and Key Executives during 2025. Details of options issued in 2025 and 2024 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
2025							
23 Dec 21	23 Dec 25	\$0.29	13,311,782	-	-	(13,311,782)	-
15 Jun 22	25 Jun 25	\$0.30	3,750,000	-	-	(3,750,000)	-
19 Apr 23	19 Apr 26	\$0.08	3,739,250	-	-	-	3,739,250
Outstanding at the end of Financial Year			20,801,032	-	-	(17,061,782)	3,739,250
Exercisable at the end of Financial Year							3,739,250
Weighted average exercise price			\$0.245				\$0.08

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							
23 Dec 21	23 Dec 25	\$0.29	13,311,782	-	-	-	13,311,782
15 Jun 22	25 Jun 25	\$0.30	3,750,000	-	-	-	3,750,000
19 Apr 23	19 Apr 26	\$0.08	3,739,250	-	-	-	3,739,250
Outstanding at the end of Financial Year			20,801,032	-	-	-	20,801,032
Exercisable at the end of Financial Year							20,801,032
Weighted average exercise price			\$0.245				\$0.245

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

(b) Performance rights

Details of performance rights issued to Directors and Key Executives in 2025 and 2024 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
2025								
30 May 25	12 Jun 30	\$0.0073	-	30,000,000	-	-	30,000,000	12 Jun 2028
Totals			-	30,000,000	-	-	30,000,000	

Weighted average exercise price \$0.0073

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

(c) Expenses arising from share-based payment transactions

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

	2025	2024
	\$	\$
Share Rights and Options issued to Directors and employees	42,865	146,354
Shares issued to Directors and employees	24,000	-
Totals	66,865	146,354

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:

	2025	2024
	\$'000	\$'000
Cash and cash equivalents	302	1,509
Other receivables	119	145
Other financial assets	3,235	4,235
	3,656	5,889

Cash and cash equivalents and other financial assets at 31 December 2025 were held with an Australian Bank with an A+ credit rating. Other receivables at 31 December 2025 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.

2025 (\$'000)	≤ 6 Months	6–12 Months	1–5 Years	≥ 5 Years	Contractual Cash Flow	Carrying Amount
Financial Assets						
Cash and cash equivalents	302	-	-	-	302	302
Trade and other receivables	119	-	-	-	119	119
Other financial assets	3,000	235	-	-	3,235	3,235
	3,421	235	-	-	3,656	3,656
Financial Liabilities						
Trade and other payables	55	-	-	-	-	55
Lease liabilities	24	16	-	-	-	40
	79	16	-	-	-	95

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

(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:

2025	Weighted Average Effective Interest Rate	Floating Interest Rate	Fixed Interest	Non- Interest Bearing	Total
Financial Assets					
Cash and cash equivalents		-	-	302	302
Trade and other receivables		-	-	119	119
Other financial assets	4.60%	-	3,235	-	3,235
		-	3,235	421	3,656
Financial Liabilities					
Trade and other payables		-	-	55	55
Lease liabilities		-	-	40	40
		-	-	90	90

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	1,509
Trade and other receivables		-	-	145	145
Other financial assets	4.93%	-	4,235	-	4,235
		-	4,735	1,154	5,889
Financial Liabilities					
Trade and other payables		-	-	84	84
Lease liabilities		-	-	84	84
		-	-	168	168

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.

2025	Profit or Loss \$'000		Equity \$'000	
	10% Increase	10% Decrease	10% Increase	10% Decrease
Cash and cash equivalents	-	-	-	-
Other financial assets	15	(15)	15	(15)

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)

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:

	2025 \$'000	2024 \$'000
Cash and cash equivalents	60	718

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.

	2025 \$'000	2024 \$'000
Australian dollar/ US dollar +10%	6	72
Australian dollar/ US dollar -10%	(6)	(72)

23. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Subsequent to 31 December 2025, the Company had:

- issued a total of 2,300,000 performance rights to a consultant with vesting conditions across 10 hurdles in January 2026; and
- received confirmation that the Valhalla project will be an assessed project.

No other matter or circumstance has arisen between 31 December 2025 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.

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 13 to 45 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 2025 and of its performance for the financial year to 31 December 2025;
 - b. the Consolidated Entity Disclosure statement as at 31 December 2025 set out on page 46 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 2025.

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

29 April 2026

Independent auditor's report to the members of Black Mountain Energy Ltd

Report on the audit of the financial report



Our opinion on the financial report

In our opinion, the accompanying financial report of Black Mountain Energy Ltd (the Company) and its subsidiaries (the Group) is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 31 December 2025 and of its financial performance for the year then ended; and
- complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What was audited?

We have audited the financial report of the Group, which comprises:

- the consolidated statement of financial position as at 31 December 2025,
- the consolidated statement of profit or loss and other comprehensive income for the year then ended,
- the consolidated statement of changes in equity for the year then ended,
- the consolidated statement of cash flows for the year then ended,
- notes to the financial statements, including material accounting policy information,
- the consolidated entity disclosure statement, and
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. 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 auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & 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 also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2025, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other matter

The financial report of the Group for the year ended 31 December 2024 was audited by another auditor who expressed an unmodified opinion on that financial report on 30 April 2025.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of:

- the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

- the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 this 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/bwvjcgre/ar1_2024.pdf

This description forms part of our auditor's report.

William Buck

William Buck Audit (WA) Pty Ltd
ABN 67 125 012 124

KY Lau

Kuan Yin Lau
Director

Dated this 29th day of April 2026

