INTERIM REPORT

Half-year ended 30 June 2026

ABN: 83 652 281 868

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CHAIRMAN'S LETTER

Dear Fellow Shareholders,

I am pleased to take this opportunity to share with you my views and key priorities for the future of our Company. These priorities remained broadly consistent with the strategic direction and guidance previously communicated to shareholders.

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

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

During the period, the Environmental Protection Authority (EPA) has issued its assessment report on Black Mountain's Valhalla Gas Exploration and Appraisal Program in the Canning Basin.

The Company's interpretation of the report:

• The EPA is recommending to the Minister, that with conditions in place, the project is unlikely to have a significant environmental impact and recommends that implementation of the Project be approved.

• The EPA has issued conditions and procedures which the Company regards as reasonable.

• EPA believes that the Project can co-exist with existing land-uses including cultural and heritage values.

• Validates the Company's submission, views and workflows which have taken place over the last several years.

Relations with the project areas traditional owners continue to remain strong as the Company builds on established relationships. The Noonkanbah Community has been waiting 10 years for the project to progress. Their advocacy, determination and patience are greatly appreciated.

The Company remains focussed on advancing the necessary approval processes to commercialise the project

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 $2.6m in cash and cash equivalents, including financial assets and we remain focussed on progressing Project Valhalla.

Thank you,

Rhett Bennett

Executive Chairman and Chief Executive Officer

11 September 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 half-year ended 30 June 2026 ("the period").

DIRECTORS

The names of the Directors of the Company in office during the period 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

COMPANY SECRETARY

Benjamin Donovan

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 period.

FINANCIAL RESULTS

The net loss for the Consolidated Entity for the period ended 30 June 2026 amounted to $1,357,000 (30 June 2025: loss of $1,155,000).

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.
- Valhalla Project EP371 suspend and extend application approved by Department of Mines, Industry Regulation and Safety resulting in a two-year extension, where key workflows now not due before July 2029.
- The Company continues to focus on maintaining strong financial discipline during the financial period.
- 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 3,660km^2 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.**

During the period, The Environmental Protection Authority (EPA) issued its assessment report on Black Mountain's Valhalla Gas Exploration and Appraisal Program in the Canning Basin. Subsequent to the end of the period, the Company successfully obtained a 'suspension & extension' from DEMPE (Department of Mines, Petroleum and Exploration) on its EP (Exploration Permit). As a result, key exploration work program commitments are not required to be completed until July 2029.

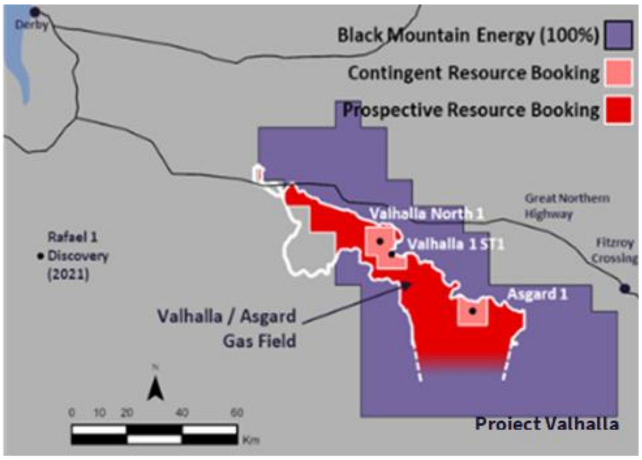

Figure 1: EP 371 within WA's Canning Basin

OUTLOOK

During the remainder of 2026, the Company will conduct its annual well maintenance program and fulfill its reporting requirements. Technical geoscience workflows will continue, responses to the state and federal approvals process will continue. 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 community education sessions relating to proposed activities;
- Sponsorship support for community for Traditional Owners;
- Provided catering for various community meetings; support event costs; and
- Support of local art community by providing supplies.

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 half-year, other than as disclosed in this report.

EVENTS SINCE THE END OF THE FINANCIAL PERIOD

Subsequent to the end of the period, the Company successfully obtained a 'suspension & extension' from DEMPE (Department of Mines, Petroleum and Exploration) on its EP (Exploration Permit). As a result, key exploration work program commitments are not required to be completed until July 2029.

No other matter or circumstance has arisen between 30 June 2026 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.

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 period. The Group is committed to meeting environmental and land use regulations, including native title requirements.

ROUNDING OF AMOUNTS

The Company is an entity to which ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2026/183 applies. Accordingly, amounts in the Directors' Report have been rounded to the nearest thousand dollars, unless otherwise stated, in accordance with section 7 of that Instrument. Certain amounts have been presented to the nearest dollar where required.

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 8.

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.

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, tortuous, 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

11 September 2026

William Buck
ACCOUNTANTS & ADVISORS

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 review of the financial report of Black Mountain Energy Ltd for the half-year ended 30 June 2026, 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 review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

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

William Buck

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

Kuan Yin Lau
Director
Dated this 11th day of September 2026

FINANCIAL REPORT

These Financial Statements are the consolidated financial statements of the Group, consisting of Black Mountain Energy Ltd and the entities it controlled at the end of, or during, the half-year ended 30 June 2026.

The Financial Statements are presented in Australian currency.

Black Mountain Energy Ltd is a 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 7. These pages are not part of these financial statements.

The financial statements were authorised for issue by the Directors on 11 September 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 PERIOD ENDED 30 JUNE 2026

	NOTE	2026 $'000	2025 $'000
Income			
Interest income		58	102
Other income		18	17
Total income		**76**	**119**
Expenses			
Exploration expense		(721)	(731)
Depreciation and amortisation	3	(29)	(30)
General and administrative expenses		(601)	(473)
Share based employment benefits		(40)	(30)
Finance costs		(42)	(10)
Loss before income tax		**(1,357)**	**(1,155)**
Income tax benefit		-	-
Net loss for the period		**(1,357)**	**(1,155)**
Other comprehensive income for the period, net of tax			
Items that may be reclassified subsequently to profit or loss Foreign currency translation		(2)	(11)
Total comprehensive loss for the period		**(1,359)**	**(1,166)**
Total comprehensive loss attributable to members of the parent entity		**(1,359)**	**(1,166)**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2026

	NOTE	30 JUNE 2026 $'000	31 DEC 2025 $'000
ASSETS			
Current assets			
Cash and cash equivalents	4	635	302
Inventory		34	34
Trade and other receivables	5	125	354
Other financial assets	7	1,986	3,235
Total current assets		**2,780**	**3,925**
Non-current assets			
Property, plant and equipment		8	15
Exploration assets	6	42,762	42,762
Right of use asset		14	37
Total non-current assets		**42,784**	**42,814**
Total assets		**45,564**	**46,739**
LIABILITIES			
Current liabilities			
Trade and other payables	8	127	55
Provisions	9	107	88
Lease liabilities		16	40
Total current liabilities		**250**	**183**
Non-current liabilities			
Provisions	9	3,138	3,061
Lease liabilities		-	-
Total non-current liabilities		**3,138**	**3,061**
Total liabilities		**3,388**	**3,244**
Net assets		**42,176**	**43,495**
EQUITY			
Contributed equity	10	53,227	53,227
Reserves	11	2,188	2,150
Accumulated losses		(13,239)	(11,882)
Total equity		**42,176**	**43,495**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 JUNE 2026

	NOTE	CONTRIBUTED EQUITY $'000	RESERVES $'000	ACCUMULATED LOSSES $'000	TOTAL $'000
Balance at 1 January 2025		**53,203**	**2,119**	**(9,510)**	**45,812**
Total loss for the period		-	-	(1,155)	(1,155)
Other comprehensive income		-	(11)	-	(11)
Total comprehensive loss for the period		-	(11)	(1,155)	(1,166)
Transactions with owners in their capacity as owners:					
Issue of shares		24	-	-	24
Share based payments		-	6	-	6
		24	6	-	30
Balance at 30 June 2025		**53,227**	**2,114**	**(10,665)**	**44,676**
Balance at 1 January 2026		**53,227**	**2,150**	**(11,882)**	**43,495**
Total loss for the period		-	-	(1,357)	(1,357)
Other comprehensive income		-	(2)	-	(2)
Total comprehensive loss for the period		-	(2)	(1,357)	(1,359)
Share based payments	11	-	40	-	40
		-	40	-	40
Balance at 30 June 2026		**53,227**	**2,188**	**(13,239)**	**42,176**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 30 JUNE 2026

	NOTE	2026 $'000	2025 $'000
Cash flows from operating activities			
Receipts from customers		20	19
Interest received		129	165
Payments for exploration expenditure		(507)	(496)
Payments to other suppliers and employees		(533)	(497)
Net cash outflow from operating activities		**(892)**	**(809)**
Cash flows from investing activities			
Receipts from other financial assets		1,250	-
Net cash inflow from investing activities		**1,250**	**-**
Cash flows from financing activities			
Payments for leases		(25)	(24)
Net cash outflow from financing activities		**(25)**	**(24)**
Net increase/ (decrease) in cash and cash equivalents		333	(833)
Cash and cash equivalents at the beginning of the financial period		302	1,509
Effect of foreign exchange rate changes		-	(3)
Cash and cash equivalents at the end of the financial period	4	**635**	**673**

The accompanying notes form part of these financial statements.

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 for the interim half-year reporting period ended 30 June 2026 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2025 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

Going Concern

For the half-year ended 30 June 2026, the Group incurred a net loss of $1,357k (HY2025: $1,155k) and reported net cash outflows from operating activities of $892k (HY2025: $809k). As at 30 June 2026, the Group had net current assets of $2,530k (2025: $3,742k), including cash and cash equivalents of $635k (2025: $302k and term deposits of $1,986k (2025: $3,235k). These events and conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

In assessing the appropriateness of the going concern basis of preparation, the Directors considered the Group's cash flow forecasts covering a period of at least 12 months from the date the half-year financial report is authorised for issue. The Board and management continue to monitor the Group's cash flow requirements and forecast funding position to ensure that the Group has sufficient funds to meet its contractual commitments. The Group also retains the ability to manage and adjust its expenditure, particularly discretionary exploration activities and corporate expenditure, where appropriate.

The Directors have also received a letter of financial support from the Group's parent entity, Black Mountain Canning LLC, confirming its intention to provide financial assistance to the Group, if required, to enable the Group to meet its obligations as and when they fall due for a period of at least 12 months from the date the half-year financial report.

In addition, the Group is currently engaged in discussions with a director/shareholder of its parent entity regarding the provision of additional debt funding and other financing arrangements, if required. The Directors are also evaluating potential capital raising opportunities to provide additional funding for the Group's planned exploration activities and ongoing operations. Black Mountain Canning LLC has indicated its commitment to participate in the proposed capital raising and has expressed commitment to subscribe approximately $2,200k or 74% of the anticipated capital raising.

After considering the Group's cash flow forecasts, existing cash and term deposit balances, management's ability to manage discretionary expenditure, the financial support commitment received from Black Mountain Canning LLC, Black Mountain Canning LLC's commitment to participate in the proposed capital raising and the ongoing funding discussions, the Directors believe that the Group will have sufficient funds to meet its commitments and pay its debts as and when they fall due.

Accordingly, the Directors have concluded that it is appropriate to prepare the financial statements on a going concern basis.

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 30 June 2026 and the results of all subsidiaries for the period 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.

Financial Risk Management

During the period ended 30 June 2026, the Group's financial risk management objectives and policies were consistent with that disclosed in the consolidated financial report as at and for the period ended 31 December 2025.

Foreign Currency Translation

(i) Functional and Presentation Currency

The financial statements are presented in Australian dollars, which is Black Mountain Energy Ltd's functional and presentation currency.

(ii) Transactions and Balances

Foreign currency transactions are translated into Australian dollars 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 financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(iii) Foreign operations

The functional currency of the foreign operation, Seven Rivers Operating LLC, is US dollars, "USD". The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Rounding of Amounts

The Company is an entity to which ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2026/183 applies. Accordingly, amounts in the Directors' Report have been rounded to the nearest thousand dollars, unless otherwise stated, in accordance with section 7 of that Instrument. Certain amounts have been presented to the nearest dollar where required.

New Accounting Standards, Amendments and Interpretations

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. There was no resulting impact on the financial report.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

3. EXPENSES

Loss before income tax includes the following specific expenses:

	2026 $'000	2025 $'000
Depreciation		
Plant and equipment	7	8
Right of use asset	22	22
Total depreciation	**29**	**30**

4. CASH AND CASH EQUIVALENTS

	30 JUNE 2026 $'000	31 DEC 2025 $'000
Cash at bank and in hand	635	**302**

5. TRADE AND OTHER RECEIVABLES

	30 JUNE 2026 $'000	31 DEC 2025 $'000
Other receivables	40	118
Prepayments	85	236
	125	**354**

Due to the nature of the Group's receivables, their carrying values are considered to approximate their fair values.

6. EXPLORATION ASSETS

	30 JUNE 2026 $'000	31 DEC 2025 $'000
Acquisition costs of right to explore	**42,762**	**42,762**
Balance at the beginning of the period	42,762	42,762
Balance at the end of the period	**42,762**	**42,762**

The Group capitalises and carries forward mineral acquisition costs that are expected to be recouped through sale or successful development and exploitation of the area of interest or where exploration and evaluation activities in the area of interest have not reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

7. OTHER FINANCIAL ASSETS

	30 JUNE 2026 $'000	31 DEC 2025 $'000
Current		
Term deposits	1,986	3,235

Included is $35,591 (2025: $35,591) of term deposits as a condition of lease arrangement on Level 4, 225 St Georges Terrace, Perth 6000.

8. TRADE AND OTHER PAYABLES

	30 JUNE 2026 $'000	31 DEC 2025 $'000
Trade payables	11	3
Other payables	23	14
Accruals	93	38
	127	**55**

Trade payables are usually non-interest bearing provided payment is made within the terms of credit.

9. PROVISIONS

	CURRENT $'000	NON-CURRENT $'000	TOTAL $'000
30 JUNE 2026			
Employee entitlements (a)	107	26	133
Restoration and rehabilitation (b)	-	3,112	3,112
	107	**3,138**	**3,245**
31 DECEMBER 2025			
Employee entitlements (a)	88	21	109
Restoration and rehabilitation (b)	-	3,040	3,040
	88	**3,061**	**3,149**

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.

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 period are set out below:

30 JUNE 2026	EMPLOYEE ENTITLEMENTS $'000	RESTORATION & REHABILITATION $'000	TOTAL $'000
Carrying amount at start of period	**109**	**3,040**	**3,149**
Provision made during the period	30	72	103
Provision reductions during the period	(6)	-	(6)
Carrying amount at end of period	**133**	**3,112**	**3,245**

10. CONTRIBUTED EQUITY

(a) Share capital

	30 JUNE 2026 $'000	31 DEC 2025 $'000
386,224,186 (2025: 386,224,186) fully paid ordinary shares	**53,227**	**53,227**

Movements in Ordinary Share Capital

30 JUNE 2026	DATE	NUMBER OF SHARES	ISSUE PRICE $	$'000
Balance at start of period	1 Jan 2026	386,224,186		53,227
Shares issued		-		-
Balance at end of period	**30 June 2026**	**386,224,186**		**53,227**

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 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 period.

11. RESERVES

	30 JUNE 2026 $'000	31 DEC 2025 $'000
Share-based Payments Reserve	1,992	1,952
Foreign Currency Translation Reserve	196	198
Balance	**2,188**	**2,150**

Foreign Currency Translation Reserve

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

Movements in the Foreign Currency Translation Reserve

	30 JUNE 2026 $'000	31 DEC 2026 $'000
Balance at 1 January	198	210
Foreign currency exchange differences	(2)	(12)
Balance at the end of the period	**196**	**198**

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

	30 JUNE 2026 $'000	31 DEC 2025 $'000
Balance at 1 January	1,952	1,909
Share-based payment costs	40	43
Balance	**1,992**	**1,952**

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.

Rights over shares (options and performance rights) are measured at fair value using an option pricing model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. The fair value of the options granted is adjusted to, exclude the impact of any non-market and service vesting conditions. Non-market vesting and service conditions, if any, are included in assumptions about the number of options likely to be exercisable.

Shares issued in lieu of payment are measured at the fair value of goods or services received or the fair value of the equity instrument issued, if it is determined the fair value of the good or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share-based payment reserve.

The following table shows the movements in options over ordinary shares during the period:

Grant Date	Expiry Date	Exercise Price	Balance at Start of Period	Issued During the Period	Lapsed/Cancelled During the Period	Exercised During the Period	Balance at the End of Period
19 Apr 2023	19 Apr 2026	$0.08	3,739,250	-	(3,739,250)	-	-
Total			**3,739,250**	**-**	**(3,739,250)**	**-**	**-**

The following table shows the movement in options over ordinary shares during the year ended 31 December 2025:

Grant Date	Expiry Date	Exercise Price	Balance at Start of Year	Issued During the Year	Lapsed/Cancelled During the Year	Exercised During the Year	Balance at the End of the Year
23 Dec 2021	23 Dec 2025	$0.286	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 performance rights over ordinary shares during the period:

Grant Date	Expiry Date	Exercise Price	Balance At Start of Period	Issued During the Period	Lapsed During the Period	Converted During the Period	Balance at the end of the Period
12 Jun 2025	12 Jun 2030	nil	30,000,000		-	-	30,000,000
1 Jan 2026	1 Jan 2031	nil	-	2,300,000	-	-	2,300,000
Total			**30,000,000**	**2,300,000**	-	-	**32,300,000**

2,300,000 Performance Rights were issued on 1 January 2026 (under the Company's Employee Incentive Plan), 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 valuation assumptions are as follows:

Number	2,300,000
Grant date	1 January 2026
Share price at valuation date	$0.008
Risk free rate	4.061
Volatility	110%
Fair value per performance right	$0.0080
Total value	18,400

The following table shows the movement in performance rights over ordinary shares during the year ended 31 December 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	15 June 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 valuation assumptions are as follows:

Number	30,000,000
Grant date	30 May 2025
Share price at valuation date	$0.008
Risk free rate	3.334
Volatility	100%
Fair value per performance right	$0.0073
Total value	220,446

12. 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	2026 %
Black Mountain Exploration Australia Pty Ltd	Western Australia	Ordinary	100
Black Mountain Exploration Pty Ltd	Western Australia	Ordinary	100
Bennett Resources Pty Ltd	Western Australia	Ordinary	100
Seven Rivers Operating LLC	Texas, USA	Ordinary	100

(c) Transactions with other related parties

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.

	30 JUNE 2026 $'000	30 JUNE 2025 $'000
Sublease Net Income	18	17
Consultancy fees	(77)	(72)
Balance receivable / (payable) at 30 June	-	-

13. CONTINGENCIES

The Group had no contingent assets or liabilities as at 30 June 2026 (31 December 2025: Nil).

14. COMMITMENTS

The Consolidated Entity has the following minimum expenditure commitments:

	30 JUNE 2026 $'000	31 DEC 2025 $'000
Exploration expenditure committed at the reporting date but not recognised as liabilities, payable:		
Within one year	-	-
Later than one year but not later than five years	9,100	9,100
	9,100	**9,100**

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 5 August 2026.

15. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Subsequent to the end of the period, the Company successfully obtained a 'suspension & extension' from DEMPE (Department of Mines, Petroleum and Exploration) on its EP (Exploration Permit). As a result, key exploration work program commitments are not required to be completed until July 2029

No other matter or circumstance has arisen between 30 June 2026 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.

DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the *Corporations Regulations 2001* and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2026 and of its performance for the financial half-year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the directors

Rhett Bennett
Executive Chairman and Chief Executive Officer

Fort Worth, TX USA

11 September 2026

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

Report on the half-year financial report

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Black Mountain Energy Ltd (the Company), and its subsidiaries (the Group) does not comply with the *Corporations Act 2001*, including:

— giving a true and fair view of the Group's financial position as at 30 June 2026 and of its financial performance for the half-year then ended; and

— complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

What was reviewed?

We have reviewed the accompanying half-year financial report of the Group, which comprises:

— the consolidated statement of financial position as at 30 June 2026,

— the consolidated statement of profit or loss and other comprehensive income for the half-year then ended,

— the consolidated statement of changes in equity for the half-year then ended,

— the consolidated statement of cash flows for the half-year then ended,

— notes to the financial statements, including material accounting policy information, and

— the directors' declaration.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review 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 and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

WilliamBuck
ACCOUNTANTS & ADVISORS

Material uncertainty related to going concern

We draw attention to Note 2 to the financial report, which describes the Directors' assessment of the Group's ability to continue as a going concern, including consideration of the Group's cash flow forecasts, existing cash and term deposit balances, its ability to manage discretionary expenditure, the financial support commitment received from the Group's parent entity, the parent entity's commitment to participate in the proposed capital raising, and ongoing funding discussions.

Note 2 also indicates the Group incurred a net loss of $1,357k (HY2025: $1,155k) and net cash outflows from operating activities of $892k (HY2025: $809k) for the half year ended 30 June 2026.

These events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

Our conclusion is not modified in respect of this matter.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2026 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

William Buck

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

Kuan Yin Lau
Director
Dated this 11th day of September 2026

blackmountainenergy.com