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bphenergy

HEALTH TECHNOLOGY RESOURCES

ANNUAL REPORT 2020

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AND IT'S CONTROLLED ENTITIES

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COMPANY INFORMATION

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David Breeze – Chairman/Managing Director
Charles Maling – Non Executive Director
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Australian Securities Exchange Listing

ASX Limited
(Home Exchange: Perth, Western Australia)
ASX Codes: BPH, BPHAO

Australian Business Number

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CHAIRMAN'S LETTER



Dear Shareholder

There have been key developments this year in BPH investees Advent Energy Ltd and Cortical Dynamics. In January 2020 Advent submitted to the National Offshore Petroleum Titles Administrator (NOPTA) an application to enable the drilling of the Baleen drill target in the PEP11 permit offshore NSW. Advent, through its subsidiary Asset Energy Pty Ltd, holds an 85% interest in PEP11. Bounty Oil and Gas NL (Bounty) holds the remaining 15% in the Joint Venture.

PEP 11 covers 4,576 sq. km of the offshore Sydney Basin immediately adjacent to the largest gas market in Australia and is a high impact exploration project. PEP11 remains one of the most significant untested gas plays in Australia. Gas has now become a key input into Australia's future economic growth.

PEP 11 is a substantial offshore exploration area with large scale structuring and potentially multi-Trillion cubic feet (Tcf) gas charged Permo-Triassic reservoirs located less than 50km from the Sydney-Wollongong-Newcastle greater metropolitan area and gas pipeline network.

Heightening the prospectivity and critical positioning of PEP11, the Australian Energy Market Operator (AEMO) has warned that the developed gas reserves in eastern and south-eastern Australia can only meet forecast demand for a short period of time. The supply of gas into NSW has historically been from gas fields in the Bass Strait and Cooper Basin in South Australia. These gas reserves are declining.

The 2020 Gas Statement of Opportunities (GSOO) from AEMO forecasts demand and uses information from gas producers about reserves and forecast production to project the supply-demand balance and potential gaps for eastern and south-eastern Australian gas markets to 2039. There is continuing uncertainty about the longer-term gas supply outlook. AEMO has warned about potential supply shortages emerging on the east coast within five years, particularly in the southern states.

The gas supply crisis on the east coast of Australia has created a significant market opportunity to raise funding and drill with the objective of developing the PEP11 project.

In August 2020 the Australian Competition and Consumer Commission (ACCC) released an update report confirming that the gas prices offered over late 2019 to early 2020 were in the $8–11/GJ range.

Subject to validation of gas resource these circumstances create an excellent opportunity to develop the PEP11 project into the existing NSW gas pipeline network.

The PEP11 Joint Venture has reviewed the work program and now proposes to proceed with the drilling of a well at Baleen subject to approvals from NOPTA and other regulatory authorities and financing and has now made application to NOPTA to change the current permit conditions to proceed with the drilling.

The current permit expiry date is in March 2021. The application to NOPTA includes the extension of the permit title for up to two years to enable the drilling and includes an application for the removal of the requirement for a 500 sq. km 3D seismic program.

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NOPTA has confirmed that the application is now in the final decision phase.

The drilling target at Baleen at a depth of 2150 metres subsea has been identified in a review of previous seismic data which suggest an extrapolated 6000 acre (24.3 km2) seismic amplitude anomaly area at that drilling target. The Marlin report on this drilling target noted previous 2D seismic data showed that the Permian aged section of the Bowen Basin has producing conventional gas fields at a similar time and depth to PEP11 at the Triassic/ Permian age boundary. Advent completed a 200-line km 2D seismic survey in PEP11 as a precursor to drilling of this target.

The Company is also proposing with its Joint Venture partner Bounty, to use the drilling program at Baleen to investigate the potential for CCS - Carbon Capture and Storage (geo-sequestration of CO2 emissions) in PEP11. CCS can capture CO2 fossil fuel emissions.Both the International Energy agency and the Intergovernmental Panel on Climate change believe that CCS can play an important role in helping to meet global emission reduction targets. CCS is part of a suit of solutions with the potential to mitigate greenhouse gas emissions and help address climate change. The Sydney Basin is a major contributor to Australia's greenhouse gas emissions and contributes up to 34% of the total national emissions

Independent Government published research has indicated at least 2 TCF(Trillion Cubic Ft) of CO2 storage may be feasible in the offshore Sydney Basin.

Significant further positive developments have occurred in Cortical Dynamics. BPH is the largest shareholder in Cortical. Cortical's industry disruptive brain function monitor competitive advantage has been recognised by leading world experts in anesthesia. Cortical's technology has a versatility that goes beyond depth of anaesthesia.

There are considerable opportunities offered by subsequent expansion of the company's core technology through developing the product to carry out additional functions in other EEG based markets including neuro-diagnostics of changes in brain and memory functions to provide early warning of degenerative diseases, pain response and tranquiliser monitoring for trauma patients in intensive care units, as well as drug discovery, drug evaluation and the brain computer Interface (BCI) market. The measurement of pain is a massive global market.

In the March 2020 quarter it was announced that the Company had secured an investment of $250,000 from IntuitiveX ("IX") and Korean based VC investor Gentium Partners. IX is a Seattle-based life science consulting firm and incubator Cortical has now begun the FDA 510K filing process for the brain anesthesia response monitor (BARM) in the USA assisted by its strategic investor IX.

In a truly exciting development Cortical has now entered into a non-exclusive Licence and Co-operation Agreement with Philips Healthcare North America Corp (Philips), which will enable Cortical to interface its BARM into the Philips IntelliVue and Patient Information Center (PIC iX) Monitoring Systems using the IntelliBridge integration product line. The Phillips system is used in nearly 60 % of the world's operating theatres.

These important developments create a significant growth pathway in the coming year. Our strong share price rise in the last six months has reflected these excellent strategic initiatives.

Yours Sincerely



David Breeze
Chairman

REVIEW OF OPERATIONS

BPH ENERGY LIMITED
AND IT'S CONTROLLED ENTITIES

Advent Energy Ltd ("Advent"), BPH 22.3%

Advent Energy Ltd is an unlisted oil and gas exploration and development company with onshore and offshore exploration and near-term development assets around Australia. Advent's assets include PEP11 (85%) in the offshore Sydney Basin and RL1 (100%) in the onshore Bonaparte Basin in the Northern territory.

PEP 11 Oil and Gas Permit

Advent, through wholly owned subsidiary Asset Energy Pty Ltd, holds 85% of Petroleum Exploration Permit PEP 11 – an exploration permit prospective for natural gas located in the Offshore Sydney Basin.

PEP 11 is a significant offshore exploration area with large scale structuring and potentially multi-Trillion cubic feet (Tcf) gas charged Permo-Triassic reservoirs. Mapped prospects and leads within the Offshore Sydney Basin are generally located less than 50km from the Sydney-Wollongong-Newcastle greater metropolitan area and gas pipeline network.

The offshore Sydney Basin has been lightly explored to date, including a multi-vintage 2D seismic data coverage and a single exploration well, New Seaclem-1 (2010). Its position as the only petroleum title offshore New South Wales provides a significant opportunity should natural gas be discovered in commercial quantities in this petroleum title. It lies adjacent to the Sydney-Newcastle region and the existing natural gas network servicing the east coast gas market. The total P50 Prospective Resource calculated for the PEP11 prospect inventory is 5.9 Tcf with a net 5 Tcf to Advent Energy (85%WI). The two largest prospects in the inventory are Fish and Baleen.

Advent has previously interpreted significant seismically indicated gas features in PEP11. Key indicators of hydrocarbon accumulation features have been interpreted following review of the 2004 seismic data (reprocessed in 2010). The seismic features include apparent Hydrocarbon Related Diagenetic Zones (HRDZ), Amplitude Versus Offset (AVO) anomalies and potential flat spots.

In addition, a geochemical report has provided support for a potential exploration well in PEP11. The report reviewed the hydrocarbon analysis performed on sediment samples obtained in PEP11 during 2010. The 2010 geochemical investigation utilised a proprietary commercial hydrocarbon adsorption and laboratory analysis technique to assess the levels of naturally occurring hydrocarbons in the seabed sediment samples.

The report supports that the Baleen prospect appears best for hydrocarbon influence relative to background samples. In addition, the report found that the Baleen prospect appears to hold a higher probability of success than other prospects.

Importantly, "a recent review of more than 850 wildcat wells – all drilled after geochemical surveys – finds that 79% of wells drilled in positive anomalies resulted in commercial oil and gas discoveries." (Surface geochemical exploration for oil and gas: New life for an old technology, D. Schumacher, 2000, The Leading Edge)

Advent has demonstrated considerable gas generation and migration within PEP11, with the mapped prospects and leads highly prospective for the discovery of gas.

Advent Energy has conducted a focused seismic campaign around a key drilling prospect in PEP11 at Baleen, in the offshore Sydney Basin. The high resolution 2D seismic survey covering approximately 200-line km was performed to assist in the drilling of the Baleen target approximately 30 km south east of Newcastle, New South Wales. A drilling target on the Baleen prospect at a depth of 2150 metres subsea has been identified in a review of previous seismic data. Intersecting 2D lines suggest an extrapolated 6000 acre (24.3 km2) seismic amplitude anomaly area at that drilling target. The report on this drilling target noted previous 2D seismic data showed that the Permian aged section of the Bowen Basin has producing conventional gas fields at a similar time and depth to PEP11 at the Triassic/Permian age boundary.

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Advent's prior presentation 'Strategic Summary: Tactics to Success ' confirmed the strategy of "Complete current 2D seismic commitment to deliver shallow hazard survey work ...to deliver 'drill ready' gas prospect ....for early drilling ,capturing near-term rig availability off Australia's coast."

The high resolution 2D seismic data over the Baleen prospect designed to evaluate (amongst other things) shallow geohazard indications including shallow gas accumulations that can affect future potential drilling operations. It is a drilling prerequisite that a site survey is made prior to drilling at the Baleen location. On 31 December 2018 MEC announced that there were "no 'seismically defined shallow gas hazards "at the proposed well location on the Baleen Prospect.

Onshore Bonaparte Basin

Advent Energy Ltd ("Advent"), through wholly owned subsidiary Onshore Energy Pty Ltd, holds 100% of RL 1 in the onshore Bonaparte Basin in northern Australia. The Bonaparte Basin is a highly prospective petroliferous basin, with significant reserves of oil and gas. Most of the basin is located offshore, covering 250,000 square kilometres, compared to just over 20,000 square kilometres onshore.

In the Northern Territory, Advent holds Retention Licence RL1 (166 square kilometres in area), which covers the Weaber Gas Field, originally discovered in 1985. Advent has previously advised that the 2C Contingent Resources for the Weaber Gas Field in RL1 are 11.5 billion cubic feet (Bcf) of natural gas following an independent audit by RISC. Significant upside 3C Contingent Resources of 45.8 Bcf have also been assessed by RISC.

The current rapid development of the Kununurra region in northern Western Australia, including the Ord River Irrigation Area phase 2, the township of Kununurra, and numerous regional resource projects provides an exceptional opportunity for Advent to potentially develop its nearby gas resources. Market studies have identified a current market demand of up to 30.8 TJ per day of power generation capacity across the Kimberley region that could potentially be supplied by Advent Energy's conventional gas project RL1.

Unconventional Resources within RL1

The prospectivity of the Bonaparte Basin is evident from the known oil and gas fields in both the offshore and onshore portions of the basin. Advent has identified significant shale areas in RL1.

Cortical Dynamics Ltd ("Cortical"), BPH 16.1%

Cortical is an Australian based medical device technology company that has developed an industry disruptive brain function monitor independently described as "a paradigm busting technology from an Australian based device house that really gives a significant advantage in this space". Its competitive advantage has been recognised by leading world experts in anesthesia. Cortical has received both TGA approval and the CE mark and has now commenced its sales campaign.



The core product, the Brain Anaesthesia Response Monitor (BARM), was developed to better detect the effect of anaesthetic agents on brain activity, aiding anaesthetists in keeping patients optimally anaesthetised. The product is focused on integrated distribution with the leading global brands in operation theatre monitoring equipment.

The approach used is fundamentally different from all other devices currently available in the market in that its underlying algorithm produces EEG indexes which are directly related to the physiological state of the patient's brain. Such monitoring is gaining significant use during surgery, however even with the use of EEG monitors, it is not uncommon for there to be a critical imbalance between the patient's anaesthetic requirements and the anaesthetic drugs administered. While a number of EEG monitors are commercially available, one that is reliably able to quantify the patient's anaesthetic state is still desperately needed.

To date, all of the existing EEG based depth of anaesthesia ("D o A") monitors operate in the context of a number of well documented limitations: (i) inability to monitor the analgesic effects; and (ii) reliably measure certain hypnotic agents.
The above limitations highlight the inadequacies in current EEG based depth of anaesthesia monitors, particularly given surgical anaesthesia requires both hypnotic and analgesic agents (and muscle relaxants).

The global brain monitoring market is poised to grow to reach $1.6 billion by 2020. Around 312 million major surgical procedures requiring anaesthesia are undertaken every year worldwide (WHO 2012.) The pain monitoring market is valued at over $8.6 billion per annum by 2022. (www.grandviewresearch.com/industry-analysis/pain-management-devices-market-April 2016).

Initial marketing will focus on Total Intravenous Anaesthesia (TIVA), a method of inducing and maintaining general anaesthesia without the use of any inhalation agent. This is becoming more widely accepted, particularly in Europe. Approximately 29 million major general surgery general anaesthesias are conducted in the European Union each year, of which 55% (circa 16 million) are balanced anaesthesia (using a combination of intravenous agents such as propofol and volatile gases) and 20% are total intravenous anaesthesia using propofol. This creates a market opportunity of between $83m to $229m to Cortical in the European Union alone.

"The use of EEG-based depth of anaesthesia monitors has been recommended in patients receiving total intravenous anaesthesia because it is cost effective and because it is not possible to measure end-tidal anaesthetic concentration in this group" (source: nice.org.uk).

Cortical's technology has a versatility that goes beyond depth of anaesthesia and may be applied to other EEG based markets, such as neuro-diagnostic, drug discovery, drug evaluation and the emerging Brain computer Interface (BCI) market.

There are considerable opportunities offered by subsequent expansion of the company's core technology through developing the product to carry out additional functions including neuro-diagnostics of changes in brain and memory functions to provide early warning of degenerative diseases, pain response and tranquiliser monitoring for trauma patients in intensive care units.

While the current array of bedside monitoring and imaging systems in the critical care environment has led to dramatic reductions in mortality, they do not as yet involve the continuous monitoring of brain function. This is widely acknowledged to be a major problem, as the care and management of the critically ill patient is ultimately all about the brain.

The continuous monitoring of a patients' brain state is not only necessary to diagnose and manage acute deteriorations in brain function that may have long lasting effects, but also to aid in the optimal administration of sedation and analgesia. Sedation and analgesia in the critically ill patient play a pivotal role in their care and is necessary to minimize patient distress and agitation, being essential to facilitate the utility of a wide variety of life support equipment and procedures, the most important of which is mechanical ventilation.

Study after study has shown that too deep sedation increases the time on mechanical ventilation, which leads to increases in mortality, the incidence of complications and treatment costs. Given these acknowledged advantages to brain function monitoring in the ICU why then is continuous monitoring of brain function not currently available?

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There are two main reasons for this:

1. Firstly, the size and the complexity of configuration of most approaches to monitoring brain function are simply not capable of being adapted for use in the busy and crowded ICU environment.
2. Secondly, in those monitoring approaches that could be potentially deployed at the bedside, they depend on physiologically uncertain principles of operation that are not relevant, or meaningfully interpretable, in the context of the critically ill patient.

Cortical aims to address both these limitations by the further development and trialling of the novel bedside and remotely deployable Australian manufactured and designed, electroencephalographically based (EEG-based), BARM system. The BARM is configured to efficiently image and display complex information related to the clinically relevant state of the brain.

The BARM is not only expected to address the shortcomings of these EEG-based DoA approaches, and thus realise their documented promise, but to extend the functionality of bedside EEG monitoring to the objective monitoring of pain, a measure also vital to the management of the sedated mechanically ventilated critically ill patient.

In Australia between 2015 and 2016 there were approximately 149,000 admissions to ICU of which 48,000 required continuous ventilatory support (CVS) and thus required sedation, pain relief and who would have potentially benefited from an instrumental approach to imaging brain activity. Given that the average patient time on CVS was 96 hours in Australia, this equates to potentially 4.5 million hours of instrumental monitoring and approximately a quantity of 188,000 of 24-hour single patient-use sensors to image brain activity. In the USA, based on 1.5 million ICU patients (30% CVS) requiring CVS, and given that the first episode of an average patient time on CVS is 96 hours, this equates to 144 million hours of instrumental monitoring and approximately 6 million of 24-hour single patient use sensors to image brain activity. For the European Union (EU), based on similar statistics to USA, there would be an estimated 5 million single patient use sensors, used per annum. Total market opportunity per annum of the US, Western Europe and Australian markets only, would be approximately 11.188 million 24-hour single-use patient sensors per annum, which with an average cost of $AU20 per single patient use sensor, would represent a total revenue stream conservatively estimated to be of the order of $AU223.8 million per annum.

The BARM system is protected by five patent families in multiple jurisdictions worldwide consisting of 22 granted patents. Cortical will continue to drive the development of the BAR monitor, maintain its intellectual property and concentrate on obtaining regulatory approval for the BAR monitor.

Cortical has now commenced preparations for a sales program of the device in Europe, Australia, New Zealand and further development is also underway in Korea and Singapore. A USA based distributorship is expected to follow once Cortical attains the FDA certification.

Cortical's Brain Anesthesia Response Monitor ("BARM") has now been used in further successful trials at Strathfield Private Hospital in Sydney. Strathfield is part of the Ramsay private hospital group.

Cortical announced a number of developments during the period which included:-

- In July 2019 it was announced that the Company was trialling the Brain Anaesthesia Response Monitor ("BARM") at Southampton University Hospital in the UK.

- On 29 September 2019 Globaluck, the Company's South Korean exclusive distributor of the BARM, confirmed it has now received Korean KGMP certification. This regulatory milestone, the KGMP certificate of approval for its BARM (Class II Medical Device) from the Korea Good Manufacturing Practice (KGMP) followed an independent Korean audit of Cortical's facility in Scoresby, Victoria during July 2019. KGMP certification is required by the Korean Ministry of Food and Drug Safety (MFDS) before placement of Class II, III, and IV medical devices on the South Korean market.

- In the March 2020 quarter it was announced that the Company had secured an investment of $250,000 from IntuitiveX ("IX") and Korean based VC investor Gentium Partners Inc ("GP") by the issue of 12,500,000 shares at $0.02 per share. Mr Charles Chang and Mr Ashley Zimpel joined the Cortical board following the resignations of Cortical directors Mr Gary Todd and Mr David Liley. BPH director David Breeze remained as a Cortical board member.

  IX is a Seattle-based life science consulting firm and incubator. Its management team is comprised of life science entrepreneurs, physicians, investors, and innovators. It brings a combined 100+ years of experience in R&D, Clinical, IP Strategy, Prototyping, Product Development, and Commercialisation. IX catalyzes medical innovation by identifying novel and timely ideas and applying its resources to make them possible. From initial concept to final commercialisation, IntuitiveX has the in-house knowledge and network to meet the unique needs of the most innovative life science companies in the world. The Intuitive X team will assist Cortical in the FDA regulatory approval process. It has investments in eleven MedTech, digital health, robotics to augmented reality, and 3-D printing to biotech and brings to Cortical extensive experience in the US capital raising and commercialisation arena.

  Gentium Partners Inc is a FSS licensed asset management company based in Seoul, South Korea. It was established in 2018 by professionals who have broad experience in domestic and global financial institutions. Previously, the partners have headed up divisions at Morgan Stanley, Bankers Trust, KB Bank, Commerzbank, and Meritz Securities. Using their collective broad network and experience, GP was created to assist venture companies, particularly those in the startup stages, with mentoring and fund raising. GP also assists and invests in promising pre-IPO companies. While sector agnostic, GP prefers to invest in companies with innovative technologies and/or ideas, particularly when they are impactful in healthcare, environment, and lifestyle. Among some of GP's investments are: the leading urban farm business in Korea; B2C payment technology based on Bluetooth identifier; a biomedical startup with a breakthrough approach for diagnosing and treating amyloid diseases; and "hycore" for electrifying a 26" bicycle, just to name a few.

  In the June 2020 quarter it was announced that Cortical has entered into a non-exclusive Licence and Co-operation Agreement with Philips Healthcare North America Corp ("Philips"), which will enable Cortical to interface its BARM into the Philips IntelliVue and Patient Information Center (PIC iX) Monitoring Systems using the IntelliBridge integration product line.

  Cortical has now begun the FDA 510K filing process for BARM in the USA assisted by its strategic investor IX. The Food and Drug Administration ("FDA") is the federal agency of the United States Department of Health and Human Services which regulates the sale of medical device products (including diagnostic tests) in the U.S. and monitors the safety of all regulated medical products. FDA approval is a necessary precursor for sales of BARM to commence in the USA. Cortical already has achieved both CE (Europe) and TGA (Australian) registration and is currently awaiting final approval of the Company's registration application to the Korean Ministry of Food and Drug Safety.

Patagonia Genetics Pty Ltd.

On 21 August 2019 the Company announced that it intended to pursue a complementary strategy of making an investment (or investments) in the medical cannabis sector, as it is considered that an investment of this nature is in line with its investee company strategy and, in particular, its biomedical business. The medical cannabis sector is showing significant growth with current developments boosting the sectors viability including the move to legalise cannabis in Canada and the announcement by the UK Government to legalise medical cannabis.

On 2 September 2019 BPH announced it had agreed to acquire an initial investment of 10% (with the option to increase its percentage to 49%) in Patagonia Genetics Pty Ltd ("PG Aust"), the entity that owns a 100% interest in Patagonia Genetics SPA ("PG"), a Chilean entity.

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The key terms were:

(a) BPH agreed to acquire a total 10% interest in PG Aust in consideration for a subscription amount of $50,000 in cash into the entity and the issue of 150,000,000 BPH shares and payment of $50,000 by equal instalments over 6 months to the shareholders of PG Aust ("T1 transaction"). The amount of capital issued by BPH for the consideration represents approximately 5.5% of the capital of BPH. The 150,000,000 BPH shares were issued on 30 August 2019 and the cash consideration has been paid in full ; and

(b) BPH is granted the option to acquire a total shareholding of 49% in PG Aust (that is, an additional 39% when added to the original acquisition of a 10% interest) in consideration for a subscription amount of $700,000 into the entity and the issue of 450,000,000 shares in the capital of BPH ("T2 transaction").

The T2 transaction was to be conditional on appropriate due diligence and shareholder approval. There was no requirement for shareholder approval for the T1 transaction as the consideration was met from the current cash position and the shares issued from the existing 15% ASX Listing Rule 7.1 capacity of BPH. The option was not initiated.

On 17 September 2019 the Company announced that PG had purchased its first 1,300ltrs of Wonderland Agronutrients products to send samples to major licensed producers and grow shops internationally. PG has secured the exclusive worldwide distribution rights (excluding Chile & Argentina) to Chile's leading cannabis fertilizer and biostimulant range, Wonderland Agronutrients. PG has also executed a joint venture agreement with Israeli based research group Bio-Sciences Pharma Ltd (BSP), a subsidiary of Impact NRS (NRS).

The Company has fully provided for its $250,000 investment in PG Aust at 30 June 2020.

On 8 April 2020 the Company announced it had completed a 1 for 10 share consolidation with a corresponding consolidation of share options.

The Company requested voluntary suspension of its securities on 30 April 2020 pending the release of an announcement in respect to potential investments under its expanded investment mandate. The voluntary suspension was lifted on 17 June 2020. The Company announced it had entered into a terms sheet in relation to a COVID related transaction. The terms sheet specified a 60-day due diligence period. Its terms were subject to ASX approval. The Company announced that it had terminated this agreement by mutual consent with the vendor and had accordingly asked the ASX to lift the Company's voluntary suspension. The ASX Life Science Code of Best Practice for Reporting by Life Science Practice and ASX Listing Rules specifies certain disclosures in relation to intellectual property and testing. These requirements could not be met. The Company is continuing to evaluate new opportunities.

Molecular Discovery Systems Limited, BPH 20%

Molecular Discovery Systems Limited ("MDSystems"), launched in 2006 and spun off from BPH in 2010, is an associate of BPH. MDSystems has been working with the Molecular Cancer Research Group at the Harry Perkins Institute of Medical Research to validate HLS5 as a novel tumour suppressor gene, particularly for liver cancer.

The Molecular Cancer Research Group has developed a pre-clinical model of liver cancer where the expression of HLS5 is ablated i.e. it mimics, in part, patients that have low HLS5 (TRIM35) and develop liver cancer. Research conducted at the Perkins Institute has shown that HLS5 has significant tumour suppressor properties. The Perkins findings are supported by the two independent peer reviewed scientific publications, identifying a role for HLS5 in cancer, demonstrating that the loss of HLS5 expression may be a critical event in the development and progression of liver cancer.

The publications — a collaboration between Fudan University Shanghai Cancer Centre and other Chinese Institutes, including Shanghai Cancer Institute, Liver Cancer Institute, Second Military Medical University and Qi Dong Liver Cancer Institute —focused on identifying the role of HLS5 in liver cancer. The first article demonstrated that HLS5 binds a key enzyme involved in the production of energy for cancer cells (Pyruvate Kinase isoform M2 (PKM2)). They showed that HLS5 binds PKM2 to form a complex which inhibits the activation of PKM2. The formation of this HLS5/PKM2 complex ultimately limits the cancer cell's means of energy production and its ability to proliferate. In the second publication the expression levels of HLS5 and PKM2 were assessed for potential use as a prognostic marker for hepatocellular carcinoma (HCC) - (liver cancer) .The study analysed liver samples of 688 patients who had HCC. The study found that patients who were positive for PKM2 expression and negative for HLS5 expression had poorer overall survival and shorter time to recurrence. Taken together, the findings of both papers further support the research into HLS5 by MDS and the Harry Perkins Institute of Medical Research.

Significant Changes in State Of Affairs

- In August 2019 the Company entered into a Deed of Settlement and Release ("Deed") between BPH Energy Limited (BPH"), MEC Resources Limited ("MEC"), Grandbridge Limited, Trandcorp and Mr David Breeze and other relevant parties. As part of the settlement it was agreed that Messrs Matthew Battrick and Tobias Foster would appoint Messrs Steven James, Tony Huston and Thomas Fontaine as directors of Advent, and that Messrs Matthew Battrick and Tobias Foster would then resign from the Board of Advent. The incoming directors have since confirmed and acknowledged Mr David Breeze as a duly elected director of Advent.

The other key terms of the settlement are as follows:

- MEC provided an irrevocable proxy to BPH on the voting rights attaching to 100% of the shares held by MEC in Advent at any meeting of shareholders of the Company up to 23 July 2021.
- Until 23 July 2021, MEC agrees to not directly or indirectly interfere with the board composition and/or management of Advent.
- For a period of one year commencing from 6 August 2019 MEC must not sell or otherwise dispose of any shares it holds in Advent, other than by an in-specie distribution to MEC if requested in writing to do so by Advent. If notice is given, MEC must do all that is required to effect and support the In-Specie Distribution.
- The loans owed by Advent to MEC will be recoverable by MEC only by the following means and only in the following circumstances:

  One month prior to the scheduled commencement date for the drilling of a well within the PEP 11 Permit Area, Advent will issue to MEC ordinary shares to the face value of the debt calculated at 80% of (a) the volume-weighted average price of Advent shares over the 5 days trading immediately prior to that date; or (b) if as at that date Advent shares are not listed on any securities exchange, the price at which ordinary shares in Advent were last issued.

- On 28 September 2018, MEC announced the signing of a binding term sheet for the majority sale of Onshore Energy Pty Ltd ("OE") to Bonaparte Petroleum Pty Ltd ("BP"). This agreement was terminated on 10 August 2019.

- Onshore Energy ("Onshore") made an application for suspension and extension of the permit conditions in EP386 which was not accepted by the Department (DMIRS). Onshore sought a review of the decision by the Minister of Resources who responded setting out a course of action in relation to that decision which Onshore is following. Onshore Energy Pty Ltd will be lodging an appeal against this decision with the State Administrative Tribunal (SAT).

- The conditional farmin agreement to PEP11 between Asset Energy Pty Ltd and RL Energy Pty Ltd was registered as a dealing by the National Offshore Petroleum Titles Administrator in September 2018. This registration was a condition precedent to the farmin agreement. This farmin agreement was terminated on 17 September 2019.

- On 17 September 2019 BPH announced that Advent has now terminated by mutual consent the RL Energy Joint Venture Agreement for the PEP11 permit. As a result Advent, through wholly owned subsidiary Asset Energy Pty Ltd, now holds an 85% interest and is operator of the permit (and RL Energy has no further interest). Bounty Oil and Gas NL (ASX: BUY) holds the remaining 15%.

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- Advent Energy Ltd has submitted to the National Offshore Petroleum Titles Administrator (NOPTA) an application to enable the drilling of the Baleen drill target in the PEP11 permit offshore NSW. The PEP11 Joint Venture has reviewed the work program and now proposes to proceed with the drilling of a well at Baleen subject to approvals from NOPTA and other regulatory authorities and financing and has now made application to NOPTA to change the current Permit conditions. The current permit expiry date is in March 2021. The application to NOPTA includes the extension of the permit title for up to two years to enable the drilling and includes an application for the removal of the requirement for a 500 sq. km 3D seismic program. NOPTA has confirmed that this application is now in the final decision phase.

- On 19 September 2019 BPH announced Advent has been granted a renewal of Retention Licence 1 (RL1) in the Northern Territory by the NT Department of Primary Industry and Resources for a five-year term concluding July 2023. Advent, through its wholly owned subsidiary Onshore Energy Pty Ltd, holds a 100 % interest in RL1 and is operator of the Retention Licence.

- In November 2019 it became apparent that the Company's previous management, who were also the management of MEC prior to the Deed entered into in August 2019 between the Company and other relevant parties, had lodged a Research and Development Tax Incentive claim for the year ending 30 June 2018 in the name of MEC in respect of work performed on the PEP 11 permit, the majority of which costs had been borne by Advent. MEC owned only 53% of Advent.

  MEC noted in their December 2018 quarterly Appendix 4C cash flow report lodged with ASX on 31 January 2019 that they had been "granted a Research and Development ("R & D") incentive in the quarter ended 31 December 2018 after recent seismic activities within PEP 11. An amount of $384k was received under the scheme in Q2". Subsequent to the Deed the Company's new management questioned why the R & D claim not been submitted in the name of Advent. As a result of these enquiries the $728,563 costs incurred by Advent in respect of the PEP 11 June 2018 R & D claim, together with $68,408 costs in respect of a proposed June 2019 R & D claim by MEC, have been recharged to MEC and are showing as a current asset of the Company at 30 June 2020. The Company has commenced legal action to recover amounts due from MEC.

The legality of MEC's conversion of $532,500 of debt into Company shares in March 2019 at a time when, given the R & D recharges that should have been booked, potentially no such convertible debt existed, is currently under review.

- In February 2020 the Company converted a receivable of $162,286 into 3,251,320 shares in Advent at a conversion price of $0.05 per share in accordance with shareholder approval received by Advent shareholders on 29 November 2019.

- During the year the Company issued 3,400,000 shares at $0.05 for $170,000 cash. A further $15,000 had been received at year end for shares issued subsequent to year end.

MEC Resources Limited ("MEC"), BPH 0.8%

Settlement of Legal Matters with MEC

On 9 August 2019 BPH announced that it had reached a settlement with MEC in relation to the oppression proceedings it commenced in the Supreme Court of Western Australia with Grandbridge, Trandcorp Pty Ltd ("Trandcorp"), and Mr David Breeze.

In addition to the settlement of the oppression proceedings, BPH, MEC, GBA, Trandcorp and Mr David Breeze settled a number of other proceedings and entered into a Deed of Settlement and Release in August 2019 with Advent Energy Ltd ("Advent") and other relevant parties as outlined in the Advent Energy summary above.

DIRECTOR'S REPORT

BPH ENERGY LIMITED
AND IT'S CONTROLLED ENTITIES

The directors of BPH Energy Ltd ("BPH Energy" or "the Company") present their report on the Company and its controlled entities ("consolidated entity" or "Group") for the financial year ended 30 June 2020.

Directors

The names of directors in office at any time during or since the end of the year are:

D L Breeze
A Huston
C Maling

Company Secretary

Mr David Breeze was appointed Company Secretary on 23 November 2016. He has many years' experience in the management of listed entities.

Principal Activities

The principal activities of the consolidated entity during the financial year were investments in biotechnology entities, a medical cannabis entity, and an oil and gas exploration entity.

Operating Results

The consolidated entity has reported a net profit after tax for the year ended 30 June 2020 of $1,121,263 (2019: loss of $3,013,043) and has a net cash outflow from operating activities of $504,295 (2019: outflow of $487,427).

The net profit from ordinary activities after tax is after recognising (i) a fair value loss of $734,542 (2019: gain of $280,372) (ii) consulting and legal costs of $357,291 (2019: $332,102), (iii) share of associates losses of $30,793 (2019: $28,006), (iv) a doubtful debt reversal of $2,929,199 (2019: expense of $2,889,033) (v) an impairment expense of $420,731 (2019: $Nil) and (vi) share based payments expense of $171,425 (2019: $82,422).

Dividends

The directors recommend that no dividend be paid in respect of the current period and no dividends have been paid or declared since the commencement of the period.

Review of Operations

A Review of Operations is set out on pages 1 to 8 and forms part of this Directors' Report.

Environmental Issues

The consolidated entity's operations are not regulated by any significant environmental regulation under law of the Commonwealth or of a state or territory.

Non-Audit Services

No fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2020 (2019: $Nil).

Future Developments

The Company will continue its investment in energy resources and to assist its investee companies to commercialise breakthrough biomedical research developed in universities, medical institutes and hospitals and in medicinal cannabis.

Financial Position

The consolidated entity has a working capital deficit of $1,324,846 (2019: deficit $941,825). The net assets of the consolidated entity increased by $2,281,577 to $4,283,836 at 30 June 2020.

Included in trade creditors and payables is current director fee accruals of $849,987 (2019: $812,783). The directors have reviewed their expenditure and commitments for the consolidated entity and have implemented methods of costs reduction. The directors as a part of their cash monitoring, have voluntarily suspended cash payments for their directors' fees to conserve cash resources.

Significant Changes in State Of Affairs

Capital raisings

The Company completed a 1 for 10 share consolidation in April 2020 subsequent to shareholder approval. Prior to this share consolidation BPH issued 215,518,877 shares under a Share Purchase Plan at an issue price of

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DIRECTOR'S REPORT BPH ENERGY LIMITED AND IT'S CONTROLLED ENTITIES

$0.00140056 per share, of which $211,847 was received in cash and $90,000 satisfied by debt set-off, raised $282,000 cash from the issue of 282,000,000 placement shares, issued 150,000,000 shares as partial consideration for 10% of Patagonia Genetics, issued 15,000,000 shares as an introductory fee for a business transaction, issued 20,000,000 shares as part of director remuneration, and issued 115,666,667 shares in lieu of consultants' fees.

Subsequent to the share consolidation the Company issued 37,079,166 shares for $333,700 cash, and issued 2,011,580 shares in lieu of $18,104 consulting fees.

Subsequent Events

On 23 July 2020 the Company announced it had completed a placement and that it intends to undertake a non-renounceable rights issue.

The placement consisted of 29,987,500 fully paid ordinary shares at an issue price of $0.015 per share, together with one free attaching option with an exercise price of $0.05 per share and an expiry date of 29 July 2022 for every two placement shares subscribed for and issued to sophisticated and professional investors under the Company's existing placement capacity, raising $449,813 in cash.

In August 2020 the Company completed the 2 for 5 non-renounceable rights issue at $0.015 per share together with one free attaching option with an exercise price of $0.05 per share and an expiry date of 29 July 2022 for every two shares subscribed for and issued, raising $1,685,752 in cash and $250,518 in in extinguishment of amounts owed to directors. In addition, a further 16,012,566 shortfall shares (representing $241,539) and attaching options under the non-renounceable rights issue will, subject to shareholder approval at a meeting anticipated to be held in October 2020, be issued in extinguishment of amounts owed to directors.

There are no other matters or circumstances that have arisen since the end of the financial year other than outlined elsewhere in this financial report that have significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Proceedings on Behalf of Company

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

Information on Directors

D L Breeze

Managing Director, Executive Chairman, and Company Secretary – Age 67
Shares held – 46,493,714 / Options held – 6,641,960

David is a Corporate Finance Specialist with extensive experience in the stock broking industry and capital markets. He has been a corporate consultant to Daiwa Securities; and held executive and director positions in the stock broking industry. David has a Bachelor of Economics and a Masters of Business Administration, and is a Fellow of the Financial Services Institute of Australasia, and a Fellow of the Institute of Company Directors of Australia. He has published in the Journal of Securities Institute of Australia and has also acted as an Independent Expert under the Corporations Act. He has worked on the structuring, capital raising and public listing of over 70 companies involving in excess of $250M. These capital raisings covered a diverse range of areas including oil and gas, gold, food, manufacturing and technology. During the last 3 years David has held the following listed company directorships:

Grandbridge Limited (November 2016 until its de-listing in February 2020)

MEC Resources Limited (from April 2005). David Breeze was a Director of MEC Resources Limited ("MEC") from April 2005 and was removed from the ASIC register by MEC directors on 23 November 2016. He has neither resigned nor been removed by shareholders and disputes the actions taken by the Directors of MEC.
David is also a director of Cortical Dynamics Limited, Molecular Discovery Systems Limited, Diagnostic Array Systems Limited, Advent Energy Limited, Onshore Energy Pty Ltd, and Asset Energy Pty Ltd.

A Huston

Non-Executive Director – Age 65
Shares held – 8,598,800 / Options held – 1,428,400

Tony Huston has been involved for over 40 years in engineering and hydrocarbon industries for both on and off shore exploration/development. Early career experience commenced with Fitzroy Engineering Ltd, primarily working on development of onshore oil fields. During the 1990's Tony managed JFP NZ International, a Texas based exploration company that included a Jack Up rig operating in NZ waters. In 1994 Tony oversaw the environmental consent process required to drill a near inshore well that was drilled from "land" into the offshore basin during 1995. In 1996 Tony formed his own E&P Company to focus re-entry of onshore wells, primarily targeting shallow pay that had been passed or ignored from previous operations. This was successful and the two plays opened up 20 years ago are still in operation. Recent focus (12 years) has been to utilise new technology for enhanced resource recovery and has been demonstrated in various fields, including US, Mexico, Oman, Italy and Turkmenistan. During the last 3 years Tony has been a director of listed company BPH Energy Limited from June 2017 to present and is a non executive director of Advent Energy Ltd.

C Maling

Non-Executive Director – Age 66
Shares held – 3,005,036 / Options held – 1,829,291

Mr Charles Maling was formerly the Communications Officer for the Office of the Western Australian State Government Environmental Protection Authority ("EPA") with a responsibility for advising the Chairman of the EPA on media issues. He has a Bachelor of Sociology and Anthropology with a Media minor. Charles worked with the Western Australian State Government Department of the Environment for 14 years and further 8 years for the EPA. His administrative roles included environmental research (including a major study on Perth Metropolitan coastal waters and Western Australian estuaries) environmental regulation and enforcement and media management. In the past three years Charles has held the following listed company directorships:

Grandbridge Limited (November 2016 until its de-listing in February 2020).

Meetings of Directors

The board consults regularly by phone on matters relating to the Company's operations. Resolutions are passed by circulatory resolution. The Company held two meetings of directors during the financial year. Attendance by each director during the year were:

Name	Number eligible to attend	Number attended
D Breeze	2	2
A Huston	2	2
C Maling	2	2

Indemnifying Officers or Auditors

During or since the end of the financial year the Company has not given an indemnity or entered an agreement to indemnify, or paid or agreed to pay directors and officers insurance premiums.
The Company has not indemnified the current or former auditors of the Company.

Remuneration Report (Audited)

This report details the nature and amount of remuneration for key management personnel of BPH Energy Limited. The Remuneration Report details the remuneration arrangements for KMP who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, including any Director (whether executive or otherwise) of the consolidated entity. The information provided in the Remuneration Report has been audited as a required by Section 308(3C) of the Corporations Act 2001.

Key Management Personnel

The Directors and other key management personnel of the Group during or since the end of the financial year were:

D L Breeze - Executive Chairman, Managing Director and Company Secretary
A Huston - Non-Executive Director
C Maling - Non-Executive Director

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DIRECTOR'S REPORT BPH ENERGY LIMITED AND IT'S CONTROLLED ENTITIES

All the parties have held their current position for the whole of the financial year and since the end of the financial year unless otherwise stated.

Remuneration Policy

The remuneration policy of BPH Energy Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives as determined by the board and/or shareholders. The remuneration report as contained in the 2019 financial accounts was adopted at the Company's 2019 Annual General Meeting. The board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Company, as well as create goal congruence between directors, executives and shareholders.

The board's policy for determining the nature and amount of remuneration for board members and senior executives of the Company is as follows:

- The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed and approved by the board.
- All executives receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits and options.
- The board reviews executive packages annually by reference to the Company's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The performance of executives is measured against criteria agreed with each executive and is based predominantly on the amount of their workloads and responsibilities for the Company. The board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth. Executives are also entitled to participate in the employee share and option arrangements. The Company did not engage remuneration consultants during the period. The executive directors and executives which receive salaries receive a superannuation guarantee contribution required by the government, which is currently 9.50%, and do not receive any other retirement benefits.

Shares given to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using an appropriate valuation methodology.

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The maximum pool of non-executive director fees approved by shareholders is $250,000. Payments to non-executive directors are based on market practice, duties and accountability. Independent external advice is sought when required on payments to non-executive directors. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the Company. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company and are able to participate in the employee option plan. The board does not have a policy in relation to the limiting of risk to directors and executives in relation to the shares and options provided.

Employment Contracts of Directors and Senior Executives

The employment conditions of the Managing Director, David Breeze, is formalised in a Product Development Agreement. The engagement is automatically extended for a period of 2 years at each anniversary date unless the Managing Director or the Company give notice of termination prior to the expiry of each term. The agreement stipulates the Managing Director may terminate the engagement with a six month notice period. The company may terminate the agreement without cause by providing six months written notice or making payment in lieu of notice, based on the individual's annual salary component together with a redundancy payment of up to twelve months of the individual's fixed salary component. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the company can terminate employment at any time. Any options not exercised before or on the date of termination will not lapse.

Key Management Personnel Remuneration

The remuneration for each key management personnel of the consolidated entity during the year was as follows:

2020

Key Management Person	Short-term Benefits				Post-employment Benefits
	Salary and fees	Bonus	Non-cash benefit	Other	Superannuation
D L Breeze	148,000	-	-	-	-
C Maling	25,000	-	-	-	-
A Huston	35,000	-	-	-	-
Total	208,000				

Key Management Person	Long-term Benefits	Share-based payment		Total	Performance Related	Compensation Relating to Securities
	Other	Equity	Options	$	%	%
D L Breeze	-	-	-	148,000	-	-
C Maling	-	-	5,771	30,771	-	18.8%
A Huston	-	20,000	-	55,000	-	36.4%
		20,000	5,771	233,771		11.0%

2019

Key Management Person	Short-term Benefits				Post-employment Benefits
	Salary and fees	Bonus	Non-cash benefit	Other	Superannuation
D L Breeze	148,000	-	-	-	-
C Maling	25,000	-	-	-	-
A Huston	36,335	-	-	-	665
Total	209,335	-	-	-	665

Key Management Person	Long-term Benefits	Share-based payment		Total	Performance Related Compensation	Compensation Relating to Options
	Other	Shares	Options	$	%	%
D L Breeze	-	-	-	148,000	-	-
C Maling	-	-	-	25,000	-	-
A Huston	-	20,000	-	57,000	-	35.1%
Total	-	20,000	-	230,000		8.70%

DIRECTOR'S REPORT BPH ENERGY LIMITED AND IT'S CONTROLLED ENTITIES

Interest in the shares and options of the Company and related bodies corporate
The following relevant interests in shares and options of the Company or a related body corporate were held by key management personnel as at the date of this report.

Option holdings

	Balance 1.7.2019 or date of appointment	Granted as Compensation	1 for 10 consolid-ation	Balance	Total Vested 30.6.2020	Total Exercisable and Vested 30.6.2020	Total Unexercisable 30.6.2020
D L Breeze	-	-	-	-	-	-	-
A Huston	2,000,000	-	(1,800,000)	200,000	200,000	200,000	-
C Maling	2,000,000	12,000,000	(12,600,000)	1.400,000	1,400,000	1,400,000	-

Shareholdings

	Balance 1.7.2019	Received as Compensation	Acquired	1 for 10 consolidation	Balance 30.6.2020
D L Breeze	310,677,944	-	21,420,004	(298,888,153)	33,209,795
A Huston	20,000,000	20,000,000	21,420,004	(55,278,004)	6,142,000
C Maling	44,536	-	21,420,004	(19,318,086)	2,146,454

Share Based Payments

The following are the share based payment arrangements in existence for those key management personnel at year end:

Grant Date	Date of Expiry	Fair Value at Grant Date	Exercise Price	Number of options	Vesting Date
29 November 2017	30 November 2022	$0.00041	$0.20	400,000	At grant date
29 November 2019	30 November 2024	$0.00051	$0.02	1,200,000	At grant date

1. Pre-consolidation

There are no further service or performance criteria that need to be met in relation to options granted.

The current year options were issued to Mr Maling. No options attributable to key management personnel were exercised or lapsed during the year.

Company performance, shareholder wealth and director and executive remuneration

The following table shows the gross revenue and the operating result for the last 5 years for the listed entity, as well as the share price at the end of the respective financial years.

	2016	2017	2018	2019	2020
Revenue from ordinary activities	181,758	216,925	235,824	278,227	240,243
Net profit / (loss)	(511,446)	(2,544,301)	(1,506,758)	(3,013,043)	1,121,263
Share price at year end (cents per share)	5.3	1.9	0.8	1.0	2.3
Earnings per share (cents)	(2.2)	(5.9)	(2.0)	(1.7)	0.35

The 2016 to 2019 share prices and earnings per share have been adjusted for the 1 for 10 share consolidation completed in April 2020.

Options

At the date of this report, the unissued ordinary shares of BPH Energy Ltd under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Number Under Option
27 November 2015	30 November 2020	$0.20	200,000
23 November 2016	30 November 2021	$0.20	200,000
29 November 2017	30 November 2022	$0.20	400,000
24 June 2019	20 June 2024	$0.02	2,700,000
9 August 2019	9 August 2024	$0.02	2,000,000
29 November 2019	30 November 2024	$0.02	1,200,000
20 April 2020	20 June 2024	$0.02	600,000
31 August 2020	29 July 2022	$0.05	64,542,453
15 September 2020	29 July 2022	$0.05	8,051,412

During the year ended 30 June 2020 no ordinary shares of the Company were issued on the exercise of options granted under the BPH Energy Ltd Incentive Option Scheme (2019: Nil).

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

300,000 shares have been issued since the end of the financial year as a result of exercise of options. There were 9,795,000 options (pre-consolidation) with an exercise price of $0.02 per share that lapsed unexercised during the period

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2020 has been received and can be found on page 18. The directors' report is signed in accordance with a resolution of directors made pursuant to S298(2) of the Corporations Act 2001.



David Breeze
Dated this 30 September 2020

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AUDITOR'S INDEPENDENCE DECLARATION

HLB MANN JUDD
ADVISORY AND ACCOUNTING

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of BPH Energy Limited for the year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
30 September 2020

B G McVeigh
Partner

hlb.com.au

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HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

CORPORATE GOVERNANCE

BPH ENERGY LIMITED
AND IT'S CONTROLLED ENTITIES

The Board of Directors of BPH Energy Limited is responsible for the corporate governance of the economic entity. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

To ensure that the Board is well equipped to discharge its responsibilities, it has established guidelines and accountability as the basis for the administration of corporate governance.

A copy of the Company's Corporate Governance Statement can be found on the Company's website at www.bphenergy.com.au



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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *for the year ended 30 June 2020*

BPH ENERGY LIMITED AND IT'S CONTROLLED ENTITIES

	Note	Consolidated 2020 $	Consolidated 2019 $
Revenue from ordinary activities	2	240,243	278,227
Other income	2	6,210	17,625
Share of associates losses	10	(30,793)	(28,006)
Fair value (loss) / gain	3	(734,542)	280,372
Impairment expense	2	(420,731)	-
Interest expense		(359)	(774)
Administration expenses		(97,182)	(73,928)
Derecognition of financial liability		-	83,956
Doubtful debts reversed / (expense)		2,929,199	(2,889,033)
Consulting and legal		(357,291)	(332,102)
Directors fees		(100,000)	(100,000)
Insurance		-	(9,029)
Service expenses		(128,640)	(128,640)
Share based payments	21	(171,425)	(82,422)
Other expenses		(13,426)	(29,289)
Profit / (loss) before income tax		1,121,263	(3,013,043)
Income tax expense	11	-	-
Profit / (loss) for the year		1,121,263	(3,013,043)
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss			
Other comprehensive profit (net of tax)		-	-
Total comprehensive profit / (loss) for the period		1,121,263	(3,013,043)
(Loss) attributable to non-controlling interests		(538)	(245)
Profit / (loss) attributable to members of the parent entity		1,121,801	(3,012,798)
Total comprehensive profit / (loss) attributable to owners of the Company		1,121,801	(3,012,798)
Total comprehensive (loss) attributable to non-controlling interests		(538)	(245)
Earnings per share			
Basic and diluted (loss) per share (cents per share)	4	0.35	(1.68)

The accompanying notes form part of, and should be read in conjunction with, these financial statements.

STATEMENT OF FINANCIAL POSITION

for the year ended 30 June 2020

BPH ENERGY LIMITED AND IT'S CONTROLLED ENTITIES

	Note	Consolidated 2020 $	Consolidated 2019 $
Current Assets			
Cash and cash equivalents	7	257,739	437,316
Trade and other receivables	8	32,675	20,969
Financial assets	9	43,564	190,342
Other current assets		360	33,869
Total Current Assets		**334,338**	**682,496**
Non-Current Assets			
Financial assets	9	3,455,378	2,507,543
Investments in associates	10	2,153,304	436,541
Total Non-Current Assets		**5,608,682**	**2,944,084**
Total Assets		**5,943,020**	**3,626,580**
Current Liabilities			
Trade and other payables	12	1,538,098	1,424,235
Financial liabilities	13	121,086	200,086
Total Current Liabilities		**1,659,184**	**1,624,321**
Net Assets		**4,283,836**	**2,002,259**
Equity			
Issued capital	14	46,716,896	45,574,507
Reserves	15	526,361	508,436
Accumulated losses		(42,799,063)	(43,920,864)
Non-controlling interest		(160,358)	(159,820)
Total Equity		**4,283,836**	**2,002,259**

The accompanying notes form part of, and should be read in conjunction with, these financial statements.

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STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2020

BPH ENERGY LIMITED AND IT'S CONTROLLED ENTITIES

	Ordinary Share Capital $	Accumulated Losses	Option reserve $	Total attributable to owners of the parent entity $	Non-controlling Interest $	Total $
Balance as at 30 June 2018	44,135,442	(40,908,066)	494,014	3,721,390	(159,575)	3,561,815
Loss for the period	-	(3,012,798)	-	(3,012,798)	(245)	(3,013,043)
Total comprehensive loss for the year	-	(3,012,798)	-	(3,012,798)	(245)	(3,013,043)
Transactions with owners in their capacity as owners						
Shares issued for cash	1,175,504	-	-	1,175,504	-	1,175,504
Share issue costs	(153,025)	-	-	(153,025)	-	(153,025)
Shares issued in lieu of consulting fees	138,050	-	-	138,050	-	138,050
Shares issued as set-off against loans payable	158,536	-	-	158,536	-	158,536
Shares issued as director remuneration	20,000	-	-	20,000	-	20,000
Shares issued in exchange for ordinary shares in listed entity	100,000	-	-	100,000	-	100,000
Share based payments expense	-	-	14,422	14,422	-	14,422
Balance at 30 June 2019	45,574,507	(43,920,864)	508,436	2,162,079	(159,820)	2,002,259
Profit for the period	-	1,121,801	-	1,121,801	(538)	1,121,263
Total comprehensive loss for the year	-	1,121,801	-	1,121,801	(538)	1,121,801
Transactions with owners in their capacity as owners						
Transactions with owners in their capacity as owners						
Shares issued for cash	827,547	-	-	827,547	-	827,547
Share issue costs	(96,762)	-	-	(96,762)	-	(96,762)
Shares issued as partial acquisition for investment	150,000	-	-	150,000	-	150,000
Shares issued as introductory fee for business transaction	15,000	-	-	15,000	-	15,000
Shares issued in lieu of consulting fees	136,604	-	-	136,604	-	136,604
Shares issued as set-off against amounts payable	90,000	-	-	90,000	-	90,000
Share based payments expense	20,000	-	17,925	37,925	-	37,925
Balance at 30 June 2020	46,716,896	(42,799,063)	526,361	4,694,194	(160,358)	4,283,836

The accompanying notes form part of, and should be read in conjunction with, these financial statements.

STATEMENT OF CASH FLOWS

for the year ended 30 June 2020

BPH ENERGY LIMITED AND IT'S CONTROLLED ENTITIES

	Note	Consolidated 2020 $	Consolidated 2019 $
Cash flows from operating activities			
Payments to suppliers and employees		(504,105)	(488,458)
Interest received		169	1,805
Interest paid		(359)	(774)
Net cash used in operating activities	17(a)	(504,295)	(487,427)
Cash flows from investing activities			
Payment for unlisted investments		(100,000)	-
Loans to other entities		(245,170)	(505,000)
Net cash used in investing activities		(345,170)	(505,000)
Cash flows from financing activities			
Proceeds from issue of securities (net of share issue costs)		748,888	1,112,529
Repayment of borrowings	17(c)	(79,000)	(130,000)
Net cash provided by financing activities		669,888	982,529
Net (decrease) / increase in cash held		(179,577)	(9,898)
Cash and cash equivalents at the beginning of the financial year		437,316	447,214
Cash and cash equivalents at the end of the financial year	17(b)	257,739	437,316

The accompanying notes form part of, and should be read in conjunction with, these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

BPH ENERGY LIMITED AND IT'S CONTROLLED ENTITIES

1. Statement Of Significant Accounting Policies

Corporate Information

The financial report includes the consolidated financial statements and the notes of BPH Energy Limited and its controlled entities ('consolidated entity' or 'Group').

BPH Energy Limited is a Company incorporated and domiciled in Australia and listed on the Australian Securities Exchange. The financial report was authorised for issue on 30 September 2020 by the board of directors.

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001. BPH Energy Ltd is a for-profit entity for the purpose of preparing the financial statements.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated. The financial report has been prepared on an accruals basis and is based on historical costs, modified, where stated below.

Financial Position

The consolidated entity has reported a net profit after tax for the year ended 30 June 2020 of $1,121,263 (2019: loss of $3,013,043) and has a net cash outflow from operating activities of $504,295 (2019: outflow of $487,427).

The net profit from ordinary activities after tax is after recognising (i) a fair value loss of $734,542 (2019: gain of $280,372) (ii) $357,291 consulting and legal costs (2019: $332,102), (iii) share of associates losses of $30,793 (2019: $28,006) (iv) a loan provision reversal of $2,929,199 (2019: expense of $2,889,033) (v) an impairment expense of $420,731 (2019: $Nil) and (vi) share based payments expense of $171,425 (2019: $82,422).

The consolidated entity has a working capital deficit of $1,324,846 (2019: deficit $941,825). The net assets of the consolidated entity increased by $2,281,577 to $4,283,836 at 30 June 2020.

Included in trade creditors and payables is current director fee accruals of $849,987 (2019: $812,783). The directors have reviewed their expenditure and commitments for the consolidated entity and have implemented methods of costs reduction. The directors as a part of their cash monitoring, have voluntarily suspended cash payments for their directors' fees to conserve cash resources.

The directors have prepared cash flow forecasts, including potential capital raisings, which indicate that the consolidated entity should have sufficient cash flows for a period of at least 12 months from the date of this report. Subsequent to year end the Company has raised $2,377,103 in cash from the issue of shares of shares under a share placement and non-renounceable rights issue. Based on the cash flow forecasts including directors voluntarily suspending cash payments for their director fees the directors are satisfied that, the going concern basis of preparation is appropriate. The financial report has therefore been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

Should the consolidated entity not be successful in raising additional funds through the issue of new equity, should the need arise there is a material uncertainty that may cast significant doubt as to whether or not the consolidated entity will be able to continue as a going concern and therefore, whether it will realise its assets and discharge its liabilities as and when they fall due and in the normal course of business and at the amounts stated in the financial report. The financial statements do not include any adjustments relative to the recoverability and classification of recorded asset amounts or, to the amounts and classification of liabilities that might be necessary should the entity not continue as a going concern.

Compliance with IFRS

The consolidated financial statements of BPH Energy Limited Group comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Accounting Policies

(a) Principles of Consolidation

(i) Subsidiaries

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 has the ability to 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.

A list of controlled entities is contained in Note 16 to the financial statements. All controlled entities have a June financial year-end.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. The acquisition method of accounting is used to account for business combinations by the Group.

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

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position respectively.

(ii) Changes in ownership interests

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

BPH ENERGY LIMITED AND IT'S CONTROLLED ENTITIES

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adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of.

(b) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the statement of financial position date.

Deferred tax is accounted for using the statement of financial position liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is recognised in the statement of profit or loss and other comprehensive income except where it relates to items that may be recognised directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences or unused tax losses and tax credits can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Tax incentives

The Company may be entitled to claim special tax deductions in relation to qualifying expenditure. As the Company is not in a position to recognise current income tax payable or current tax expense, a refundable tax offset will be received in cash and recognised as rebate revenue in the period the underlying expenses have been incurred.

(c) Property, Plant & Equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the Company includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

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. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of fixed assets is depreciated on a straight-line basis over their useful lives.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	15 - 33 %

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position 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 gains and losses are included in the statement of profit or loss. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(d) Financial Instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable). For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

BPH ENERGY LIMITED AND IT'S CONTROLLED ENTITIES

- amortised cost
- fair value through profit or loss (FVTPL)
- equity instruments at fair value through other comprehensive income (FVOCI)
- debt instruments at fair value through other comprehensive income (FVOCI).

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

The classification is determined by both:
- the entity's business model for managing the financial asset, and
- the contractual cash flow characteristics of the financial asset.

Subsequent measurement of financial assets

(i) Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):
- they are held within a business model whose objective is to hold the financial assets to collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

(ii) Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply. The category also contains an equity investment. The Group accounts for the investment at FVTPL and did not make the irrevocable election to account for the investment in unlisted and listed equity securities at fair value through other comprehensive income (FVOCI). The fair value was determined in line with the requirements of AASB 9, which does not allow for measurement at cost. Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

(iii) Equity instruments at fair value through other comprehensive income (Equity FVOCI)

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI. Under Equity FVOCI, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Dividends from these investments continue to be recorded as other income within the profit or loss unless the dividend clearly represents return of capital. This category includes unlisted equity securities that were previously classified as 'available-for-sale' under AASB 139. Any gains or losses recognised in other comprehensive income (OCI) are not recycled upon derecognition of the asset.

(iv) Debt instruments at fair value through other comprehensive income (Debt FVOCI)

Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of collecting the contractual cash flows and selling the assets are accounted for at debt FVOCI. The Group accounts for financial assets at FVOCI if the assets meet the following conditions:
- they are held under a business model whose objective it is to "hold to collect" the associated cash flows and sell financial assets; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

Impairment of financial assets

AASB 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaced AASB 139's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss. Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:
- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Level 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Level 2').
- 'Level 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. The Group assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

Classification and measurement of financial liabilities

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

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Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

(e) Impairment of Assets

The Group reviews non-financial assets, other than deferred tax assets, at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are Grouped together into the smallest Group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Groups of assets (the "cash-generating unit" or "CGU"). An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (Group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(f) Intangibles

Research

Expenditure during the research phase of a project is recognised as an expense when incurred.

Patents and Trademarks

Patents and trademarks are recognised at cost of acquisition. Patents and trademarks have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and trademarks are amortised over their useful life.

(g) Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Short term employee benefits have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Long term employee benefits have been measured at the present value of the estimated future cash outflows to be made for those benefits using the corporate bond rate.

(h) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(i) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(j) Investments in Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the parent entity financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost. The equity method of accounting recognises the Group's share of post-acquisition reserves of its associates.

The Group's share of its associates' post-acquisition profits or losses is recognised in the profit or loss, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

Dividends receivable from associates are recognised in the parent entity's profit or loss, while in the consolidated financial statements they reduce the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Where an investment is classified as a financial asset in accordance with AASB 9, at the date significant influence is achieved, the fair value of the investment needs to be assessed. Any fair value gains are recognised in accordance with the treatment the classification the financial asset as required by AASB 9.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The consolidated entity discontinues the use of the equity method from the date when the investment ceases to

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

BPH ENERGY LIMITED AND IT'S CONTROLLED ENTITIES

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be an associate or a joint venture, or when the investment is classified as held for sale. When the a consolidated entity retains an interest in the former associate or joint venture and the retained interest is a financial asset, the consolidated entity measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with AASB 9. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gains or loss on disposal of the associate or joint venture. In addition, the consolidated entity accounts for all amounts previously recognised other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the consolidated entity reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

(k) Revenue and Other Income

Interest revenue is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest revenue is accrued on a timely basis, by reference to the principal outstanding and at the effective interest rate applicable. Dividend revenue is recognised when the right to receive a dividend has been established. Revenue from the rendering of a service is recognised by reference to the stage of completion of the contract. All revenue is stated net of the amount of goods and services tax ("GST").

(l) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(m) Trade and other payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the consolidated entity. The amounts are unsecured and are usually paid within 90 days. Trade and other payables are recognised at amortised cost.

(n) Share based payments

The fair value of options granted under the Company's Employee Option Plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognized over the period during which the employees become unconditionally entitled to the options and the fair value of shares and options issued to consultants is measured at the fair value of services received.

The fair value at grant date is independently determined using an appropriate option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and risk free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each statement of financial position date, the entity revises its estimate of the number of options that are expected to vest. The employee benefit expense recognised each period takes into account the most recent estimate. Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital.

(o) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, the directors (see Note 23).

(p) Earnings per share

Basic earnings per share ("EPS") is calculated as net profit / loss attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element. Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(q) Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key judgements — Provision for Impairment of loan receivables

Included in the accounts of the consolidated entity are loan receivables of $43,564 (2019: $162,564) net of expected credit loss provisions of $$1,358,895 (2019: $4,601,725). The Company recognized a doubtful debt reversal of $2,929,199 in the reporting period (2019: expense of $2,889,033).

Key judgements — Investment in Advent Energy Ltd ("Advent")

As of 1 January 2017 a judgement was made that, despite owning 27% of Advent, the Company no longer exercised significant influence over Advent and it ceased to be treated as an associate entity from that date. In particular, the Company was not involved in the operational decision making of Advent and did not have access to its operational and financial records. As a consequence of a legal settlement reached in August 2019 and David Breeze's confirmation as a director of Advent the Company has resumed significant influence over Advent Energy Limited. The Company currently has a 22.3% direct interest in Advent, and, as part of the legal settlement reached with MEC in August 2019, if at any time before 23 July 2021 Advent has less than 51 members then MEC will, upon written request by BPH, execute an irrevocable proxy in favour of BPH in respect of all business to be considered at any meeting of members of Advent. For a period of one year commencing from 6 August 2019 MEC must not sell or otherwise dispose of any shares it holds in Advent, other than by an in-specie distribution to MEC if requested in writing to do so by Advent. If notice is given, MEC must do all that is required to effect and support the In-Specie Distribution. Advent requested the in- specie distribution on 6 August 2019 but it has yet to be actioned by MEC.

Key estimates - Investment in Molecular Discovery Systems

The investment in Molecular Discovery Systems Limited is equity accounted, refer to Note 10. The Company recognized an impairment expense of $420,731 (2019: $Nil) to fully impair the carrying value of the investment in Molecular Discovery Systems.

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for the year ended 30 June 2020

BPH ENERGY LIMITED AND IT'S CONTROLLED ENTITIES

Key estimates - Investment in Patagonia Genetics Pty Ltd

The Company recognized a fair value loss of $250,000 (2019: $Nil) against the carrying value of the investment in Patagonia Genetics Pty Ltd.

Key estimates - Investment in Cortical

The investment in Cortical is carried at fair value, refer to Note 9.

(r) Application of New and Revised Accounting Standards

Standards and Interpretations in issue not yet adopted

The Directors have reviewed new accounting standards and interpretations that have been published that are not mandatory for 30 June 2020 reporting periods. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is likely to company accounting policies.

Conceptual Framework for Financial Reporting (Conceptual Framework)

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 January 2020 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the consolidated entity has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the consolidated entity may need to review such policies under the revised framework.

At this time, the application of the Conceptual Framework is not expected to have a material impact on the consolidated entity's financial statements.

Standards and Interpretations applicable to 30 June 2020

In the 12 month period ended 30 June 2020, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period.

AASB 16 Leases

The consolidated entity has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

There is no material impact to statement of profit or loss and other comprehensive income or net assets on the adoption of this new standard in the current or comparative years as the consolidated entity has no leases to which AASB 16 is applicable to.

		Consolidated 2020 $	Consolidated 2019 $
2. Revenue			
Revenue			
	Interest revenue: other entities	240,074	276,422
	Interest revenue : cash accounts	169	1,805
		240,243	278,227
Other Income			
	Loan establishment fees	6,210	17,625
		6,210	17,625
3. Expenses Included in Profit / (Loss) for the Year			
Fair value (loss) / gain			
Fair value (loss) on listed investments		(5,556)	(72,222)
Fair value (loss) / gain on unlisted investments		(728,986)	352,594
		(734,542)	280,372
Impairment expense			
Molecular Discovery Systems Limited		420,731	-
		420,731	-
4. Earnings per Share			
Total earnings attributable to ordinary equity holders of the Company		1,121,801	(3,012,798)
Earnings used in the calculation of basic earnings per share and diluted earnings per share		1,121,801	(3,012,798)
Earnings /(loss) per share (cents per share)			
From continuing operations		0.35	(1.68)
Total basic earnings per share and diluted earnings per share		0.35	(1.68)
		Number	Number
Weighted average number of ordinary shares outstanding during the year used in calculating EPS		345,889,360	179,020,029

The Company completed a 1 for 10 share consolidation in April 2020 subsequent to shareholder approval. The 2019 earnings / (loss) per share calculation and weighted average number of ordinary shares outstanding during the year used in calculating earnings / (loss) per share have been adjusted for this 1 for 10 consolidation.

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

BPH ENERGY LIMITED AND IT'S CONTROLLED ENTITIES

5. Key Management Personnel Compensation

Names and positions held of economic and parent entity key management personnel in office at any time during the financial year are:

D L Breeze - Executive Chairman, Managing Director and Company Director
C Maling - Non Executive Director
A Huston - Non Executive Director

	Consolidated 2020 $	Consolidated 2019 $
Short term employee benefits	100,000	99,335
Post-employment benefits - superannuation	-	665
Consulting fee	108,000	110,000
Share based payments	25,771	20,000
	233,771	230,000

Included in trade and other payables is current and former director and consulting fee accruals of $1,347,259 (30 June 2019: $1,310,055). .

Director	Amount owing 30 June 2020 $
David Breeze	774,604
Charles Maling	37,637
Tony Huston	37,746
Directors who have previously resigned	497,272
Balance owing at 30 June 2019	1,347,259

Key management personnel remuneration has been included in the Remuneration Report section of the Directors Report.

6. Auditors' Remuneration

	Consolidated 2020 $	Consolidated 2019 $
Remuneration of the auditor of the parent entity for:		
- auditing or reviewing the financial report		
HLB Mann Judd	30,420	22,656

	Consolidated 2020 $	Consolidated 2019 $
7. Cash and Cash Equivalents		
Cash at Bank and in hand	257,739	437,316
	257,739	437,316

Cash at bank earns interest at floating rates based on daily bank deposit rates

Reconciliation of Cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents	257,739	437,316

8. Trade and other Receivables

Current		
Other receivables	32,675	20,969
	32,675	20,969

9. Financial Assets

Current		
Secured loans to other entities (interest free):		
Advent Energy Ltd (refer Note 10)	6,760	162,564
Cortical Dynamics Limited	14,582	-
Investments in listed entities		
MEC Resources Ltd (Level 1)	22,222	27,778
	43,564	190,342
Non - current		
Investments in unlisted entities - Cortical Dynamics Limited (Level 2)	3,455,378	501,543
Investments in unlisted entities – Advent Energy Ltd (a) (Level 2)	-	2,006,000
Investments in unlisted entities – Patagonia Genetics Pty Ltd (Level 3)	-	-
	3,455,378	2,507,543

During the period a fair value loss of $250,000 has been recognised against the investment of $250,000 in Patagonia Genetics Pty ltd.

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

BPH ENERGY LIMITED AND IT'S CONTROLLED ENTITIES

	Consolidated 2020 $	2019 $
Loan receivables are stated net of the following provisions:	-	
Cortical Dynamics Limited (c)		
Gross receivable – secured	14,582	2,290,538
Gross receivable – unsecured	-	1,026,670
Less provision for impairment	-	(3,317,208)
	14,582	-
Molecular Discovery Systems Limited (b)		
Gross receivable	1,358,895	1,284,517
Less provision for impairment	(1,358,895)	(1,284,517)
	-	-

(a) As of 1 January 2017 a judgement was made that, despite owning 27% of Advent, the Company no longer exercised significant influence over Advent and it ceased to be treated as an associate entity from that date. In particular, the Company was not involved in the operational decision making of Advent and did not have access to its operational and financial records. As a consequence of a legal settlement reached in August 2019 and David Breeze's confirmation as a director of Advent the Company has resumed significant influence over Advent Energy Limited and it has been treated as an associate again from that date.

During the period the Company converted $162,286 in loans due from Advent into shares in that Company.

(b) The Company has an unsecured loan with MDS for $650,700 as well as a convertible loan agreement with MDS at an interest rate of 7.69% per annum.

The convertible loan is for a maximum amount of $500,000 and is to be used for short term working capital requirements. Subject to MDS being admitted to the Official List of ASX ("Official List"), BPH Energy has a right of conversion to satisfy the debt on or before the termination date, being 26 January 2022. As at reporting date this loan had been drawn down by an amount of $708,195, including capitalised interest (2019: $649,818). Interest charged on the loan for the period was $58,378 (2019: $53,496).

(c) During the period the Company converted $3,746,451 in loans and short term amounts due from Cortical into shares in that Company. Consequently a reversal of an expected credit loss provision of $3,317,208 was recognised during the year on the loans with Cortical.

10. Investments Accounted for Using Equity Method

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting.

Name of Entity	Country of Incorporation	Ownership Interest % 2020	2019	Principal Activity
Molecular Discovery Systems Limited	Australia	20%	20%	Biomedical Research
Advent Energy Limited	Australia	22.3%	22.6%	Oil and Gas Exploration

	Consolidated 2020 $	2019 $
Shares in Associates		
Advent Energy Limited (i)	2,153,304	-
Molecular Discovery Systems Limited (ii)	420,731	436,541
Molecular Discovery Systems Limited		
Impairment provision (ii)	(420,731)	-
	2,153,304	436,541

	Consolidated			
	Advent		MDS	
	30 June 2020 $	30 June 2019 $	30 June 2020 $	30 June 2019 $
Revenue	32	-	-	-
Profit / (loss) for the period	3,901,465	-	(79,047)	(78,371)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income / (loss) for the period	3,901,465	-	(79,047)	(78,371)
Advent 2020 numbers are from 6th August 2019				

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

BPH ENERGY LIMITED AND IT'S CONTROLLED ENTITIES

	Consolidated			
	Advent 30 June 2020 $	**Advent 30 June 2019 $**	**MDS 30 June 2020 $**	**MDS 30 June 2019 $**
Current assets	847,611	-	1,009	955
Non-current assets	14,060,190	-	-	-
Current liabilities	184,641	-	908,747	888,023
Non-current liabilities	4,824,343	-	717,660	659,282
Net assets	9,898,817	-	(1,625,398)	(1,546,350)

	30 June 2020 $	**30 June 2019 $**	**30 June 2020 $**	**30 June 2019 $**
Share of the group's ownership interest in associate	2,153,304	-	(325,080)	(309,270)
Goodwill	-	-	1,487,291	1,487,291
Other adjustments	-	-	(1,162,211)	(741,480)
Carrying value of the group's interest in associate	2,153,304	-	-	436,541
Opening balance	-	-	436,541	464,547
Reclassification of fair value of investment	2,006,000	-	-	-
Impairment expense	-	-	(420,731)	-
Conversion of debt to equity	162,287	-	-	-
Share of associates loss	(14,983)	-	(15,810)	(28,006)
Closing balance	2,153,304	-	-	436,541

(i) As of 1 January 2017 a judgement was made that, despite owning 27% of Advent Energy Limited ("Advent"), the Company no longer exercised significant influence over Advent and it ceased to be treated as an associate entity from that date. In particular, the Company was not involved in the operational decision making of Advent and did not have access to its operational and financial records. If an entity holds, directly or indirectly, twenty per cent or more of the voting power of an investee it is presumed that the entity has significant influence, unless it can be clearly demonstrated that this is not the case.

On 6 August 2019 the Company entered into a Deed of Settlement and Release ("Deed") with Advent, MEC Resources Limited ("MEC"), Grandbridge Limited ("GBA"), Trandcorp Pty Ltd ("Trandcorp") and Mr David Breeze and other relevant parties. As a condition of this Deed it was agreed that Messrs Matthew Battrick and Tobias Foster would appoint Messrs Steven James, Tony Huston and Thomas Fontaine as directors of Advent, and that Messrs Matthew Battrick and Tobias Foster would then resign from the Board of Advent. The incoming directors have since confirmed and acknowledged Mr David Breeze as a duly elected director of Advent.

The existence of significant influence by an BPH over Advent from the date of the Deed is evidenced by Mr David Breeze being the Managing Director of both BPH and Advent, MEC no longer have a MEC Board position, and, if at any time before 23 July 2021 Advent has less than 51 members then MEC, who currently holds 49% of Advent will, upon written request by BPH, execute an irrevocable proxy in favour of BPH in respect of all business to be considered at any meeting of members of Advent. As a consequence the Company regained significant influence over Advent and Advent has once again been recognised as an associate of BPH from 6 August 2019.

In the June 2018 year Advent's management at that time assessed capitalised costs for impairment by reference to the value implied for the PEP 11 permit by virtue of a conditional farmin agreement entered into with RL Energy Pty Ltd. Based on this assessment the asset was considered to be impaired and an adjustment to the fair value was booked at 30 June 2018. This farmin agreement was terminated on 17 September 2019 and therefore the writedown of $18,780,680 booked to the fair value at 30 June 2018 was pre-emptive. In the current period the Advent directors have assessed the valuation of the PEP 11 permit against what they consider a comparable transaction with the result that the 2018 year PEP 11 impairment has been reversed to the extent of $6,882,247 resulting in the $14,893 share of an associate loss recognized by BPH in the year net of notional goodwill of $933,354 not brought to account on recognition of Advent as an associate again from 6 August 2019.

Advent is continually seeking and reviewing potential sources of both equity and debt funding. Advent is now embarking on a fresh marketing campaign to attract new investors and/or joint venture partners. Management has confidence that a suitable outcome will be achieved however there is no certainty at this stage that this will result in further funding being made available. Asset Energy Pty Ltd has invested over $25 million in the PEP11 title in recent history and, along with its JV partner Bounty Oil and Gas NL, is committed to continuing to explore for and ultimately exploit any petroleum accumulations which may be identified in this title area. If Advent is unable to source further funding for each of PEP11, RL1 and EP 386 each of these permits are at risk.

The above conditions indicate a material uncertainty that may affect the ability of Advent to realise the carrying value of the exploration assets in the ordinary course of business and may affect the ability of the Company to realise the carrying value of its loan receivable and its investment in Advent in the ordinary course of business.

(ii) The carrying value of Molecular Discovery Systems Limited has been fully impaired during the period. The Molecular Discovery Systems Limited 30 June 2020 financial statements are still in the process of being audited.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

BPH ENERGY LIMITED AND IT'S CONTROLLED ENTITIES

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	Consolidated 2020 $	Consolidated 2019 $
11. Income Tax Expenses		
(a) The prima facie tax on the profit / (loss) from operations before income tax is reconciled to the income tax as follows:		
Accounting profit / (loss) before tax	1,121,263	(3,013,043)
Prima facie tax / (benefit) on the profit / (loss) from operations before income tax at 30% (2019: 30%)	336,379	(903,913)
Add tax effect of:		
Tax effect of revenue losses and temporary differences not recognised	(523,856)	903,913
Income tax benefit not brought to account	187,477	-
Income tax expense recognised	-	-
(b) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	10,328,772	10,225,453
Potential tax benefit at 30% (2019: 30%)	3,098,632	3,067,636
12. Trade and Other Payables		
Current		
Trade payables	174,565	72,463
Sundry payables and accrued expenses - unrelated	513,546	538,989
Related party payables	849,987	812,783
	1,538,098	1,424,235
Trade payables are non-interest bearing and normally settled within 90 days		
13. Financial Liabilities		
Current		
Borrowings – unsecured interest free	121,086	200,086
	121,086	200,086

	Consolidated 2020 $	Consolidated 2019 $
14. Issue Capital		
373,236,818 (2019: 2,543,277,658) fully paid ordinary shares	46,716,896	45,574,507

(a) Ordinary Shares

	Consolidated 2020 $	Consolidated 2019 $	Consolidated 2020 Number	Consolidated 2019 Number
At the beginning of reporting period	45,574,507	44,135,442	2,543,277,658	966,187,417
Shares issued for cash	827,547	1,175,504	470,338,031	1,175,504,193
Share issue costs	(96,762)	(153,025)	-	-
Shares issued in lieu of consulting fees	136,604	138,050	117,678,247	123,050,000
Shares issued as set-off against loans payable and payables	90,000	158,536	64,260,012	158,536,048
Shares issued in exchange for ordinary shares in listed entity	-	100,000	-	100,000,000
Shares issued as partial acquisition of investment	150,000	-	150,000,000	-
Shares issued as introductory fee for business transaction	15,000	-	15,000,000	-
Shares issued as director remuneration	20,000	20,000	20,000,000	20,000,000
Reduction in shares from a 1 for 10 share consolidation	-	-	(3,007,317,130)	-
At reporting date	46,716,896	45,574,507	373,236,818	2,543,277,658

Fully paid ordinary shares do not have a par value, have one vote per share, and carry the right to dividends. The market price of the Company's ordinary shares at 30 June 2020 on ASX was 2.3 cents per share.

(b) Options

Refer to Note 21 for options on issue at the end of the financial year. There were no options exercised during the year (2019: Nil). The holders of options do not have the right, by virtue of the option, to participate in any share issue or interest issue of any other body corporate or registered scheme.

(c) Capital risk management

The Group's and the parent entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders.

The focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet corporate overheads. The strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital position of the Group at 30 June 2020 and 30 June 2019 is as follows:

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for the year ended 30 June 2020

BPH ENERGY LIMITED AND IT'S CONTROLLED ENTITIES

	Consolidated 2020 $	2019 $
Cash and cash equival Cash and cash equivalents	257,739	437,316
Other current assets	360	33,869
Trade receivables and financial assets	76,239	211,311
Trade payables and financial liabilities	(1,659,184)	(1,624,321)
Net working capital position	(1,324,846)	(941,825)

Refer to Note 1 for further details of the Group's financial position and plans to manage the working capital deficit at 30 June 2020.

15. Reserves

Options Reserve (a)	526,361	508,436
	526,361	508,436

(a) Option Reserve

The option reserve records items recognised as expenses on the valuation of director and employee share options.

Opening balance	508,436	494,014
Share based payments	17,925	14,422
Closing balance	526,361	508,436

16. Controlled Entities

Name of Entity	Principal Activity	Country of Incorporation	Ownership Interest %	
Parent Entity BPH Energy Ltd	Investment	Australia	2020	20189
Subsidiaries *Diagnostic Array Systems Pty Ltd*	BioMedical Research	Australia	51.82	51.82

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and not disclosed in this note.

BPH owns 51.82% equity interest in Diagnostic Array Systems Pty Ltd ("DAS") and consequentially controls more than half of the voting power of those shares. Mr David Breeze is the Chairman of both entities. BPH therefore has control over the financial and operating policies of DAS. DAS is controlled by the Group and is consolidated in these financial statements. DAS's loss for the year was $1,117 (2018: loss of $509) of which $538 (2019: $245) is attributable to minority interests. DAS's total assets at year-end were $251 (2019: $218), total liabilities $365,431 (2019: $364,281), and net equity negative $365,180 (2019: negative net equity $364,063).

	Consolidated 2020 $	2019 $
17. Cash Flow Information		
(a) Reconciliation of cash flow from operations with loss after income tax:		
Operating profit / (loss) after income tax	1,121,263	(3,013,043)
Fair value loss / (gain)		
Impairment expense	734,542	(280,372)
Interest revenue on loans	420,731	-
Derecognition of financial liability	(240,074)	(253,992)
Share based payments	-	(83,956)
Doubtful debts (reversed) / expense	171,425	82,422
Share of Associates' losses	(2,929,199)	2,889,033
Changes in net assets and liabilities,	30,793	28,006
Decrease / (increase) in other assets		
(Increase) / decrease in trade and other receivables	33,509	(29,818)
Increase in trade payables and accruals	(11,707)	(1,310)
Increase in trade payables and accruals	164,422	175,603
Net cash (used in) operating activities	(504,295)	(487,427)
(b) Reconciliation of cash		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash and cash equivalents	257,739	437,316
(c) Changes in liabilities arising from financing activities – unsecured borrowings		
Balance at 1 July	200,086	500,292
Net cash used in financing activities	(79,000)	(130,000)
Shares issued as set off against loans payable		(83,555)
Loan derecognised	-	(86,451)
Balance at 30 June	121,086	200,086

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for the year ended 30 June 2020

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18. Subsequent Events

On 23 July 2020 the Company announced it had completed a placement and that it intends to undertake a non-renounceable rights issue.

The placement consisted of 29,987,500 fully paid ordinary shares at an issue price of $0.015 per share, together with one free attaching option with an exercise price of $0.05 per share and an expiry date of 29 July 2022 for every two placement shares subscribed for and issued to sophisticated and professional investors under the Company's existing placement capacity, raising $449,813 in cash.

In August 2020 the Company completed the 2 for 5 non-renounceable rights issue at $0.015 per share together with one free attaching option with an exercise price of $0.05 per share and an expiry date of 29 July 2022 for every two shares subscribed for and issued, raising $1,685,752 in cash and $250,518 in in extinguishment of amounts owed to directors. In addition, a further 16,012,566 shortfall shares (representing $241,539) and attaching options under the non-renounceable rights issue will, subject to shareholder approval at a meeting anticipated to be held in October 2020, be issued in extinguishment of amounts owed to directors.

There are no other matters or circumstances that have arisen since the end of the financial year other than outlined elsewhere in this financial report that have significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

19. Financial Risk Management

a) Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks, investments, accounts receivable and payable, and loans to and from subsidiaries. The main purpose of non-derivative financial instruments is to raise finance for Group operations policies.

The main risks the Group is exposed to through its financial instruments are interest rate risk, liquidity risk, credit risk and equity price risk.

Interest rate risk

Interest rate risk is managed with a mixture of fixed and floating rate financial assets. The Group's financial liabilities are currently not exposed to interest rate risk as the Group has no interest bearing financial liabilities.

Liquidity risk

The Group manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows.

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

Equity price risk

The Group is exposed to equity price risk through its shareholdings in publicly listed entities. Material investments are managed on an individual basis.

Foreign currency risk

The Group is not exposed to any material risks in relation to fluctuations in foreign exchange rates.

b) Financial Instruments

Interest rate risk

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities with floating rates, based on contractual maturities, is as follows:

2020 Consolidated	Weighted Effective Interest Rate %	Floating Interest Rate $	Fixed Interest Rate 1 Year or less	Fixed Interest Rate 1 to 5 Years	Non-Interest Bearing $	Total $
Assets						
Cash and cash equivalents	0.05	257,739	-	-	-	257,739
Trade and other receivables		-	-	-	32,675	32,675
Financial assets		-	-	-	3,498,942	3,498,942
		257,739	-	-	3,531,617	3,789,356
Liabilities						
Trade and sundry payables		-	-	-	1,538,098	1,538,098
Financial liabilities		-	-	-	121,086	121,086
		-	-	-	1,659,184	1,659,184

2019 Consolidated	Weighted Effective Interest Rate %	Floating Interest Rate $	Fixed Interest Rate 1 Year or less	Fixed Interest Rate 1 to 5 Years	Non-Interest Bearing $	Total $
Assets						
Cash and cash equivalents	0.46	437,316	-	-	-	437,316
Trade and other receivables		-	-	-	20,969	20,969
Financial assets	9.00	-	-	-	2,697,885	2,697,885
		437,316	-	-	2,718,854	3,156,170
Liabilities						
Trade and sundry payables		-	-	-	1,424,235	1,424,235
Financial liabilities	-	-	-	-	200,086	200,086
		-	-	-	1,624,321	1,624,321

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BPH ENERGY LIMITED AND IT'S CONTROLLED ENTITIES

Fair Values

The fair values of:

- Term receivables are determined by discounting the cash flows, at the market interest rates of similar securities, to their present value.
- Other loans and amounts due are determined by discounting the cash flows, at market interest rates of similar borrowings to their present value.
- For unlisted investments where there is no organised financial market, the fair value has been based on valuation techniques incorporating non-market data.

No financial assets and financial liabilities are readily traded on organised markets in standardised form.

	Consolidated 2020		Consolidated 2019	
	Carrying Amount $	Fair Value $	Carrying Amount $	Fair Value $
Financial Assets				
Investment in unlisted entities	3,455,378	3,455,378	2,507,543	2,507,543
Investment in listed entities	22,222	22,222	27,778	27,778
Financial assets and trade and other receivables	54,017	54,017	183,533	183,533
	3,531,617	3,531,617	2,718,854	2,718,854
Financial Liabilities				
Other loans and amounts due	121,086	121,086	200,086	200,086
Trade payables	1,538,098	1,538,098	1,424,235	1,424,235
	1,659,184	1,659,184	1,624,321	1,624,321

Sensitivity Analysis – Interest Rate Risk

The Group has performed sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks. The effect on profit and equity as a result of changes in the variable interest rate, with all other variables remaining constant would be as follows:

	Consolidated	
	2020 $	2019 $
Change in profit (loss)		
Increase in interest rate 1%	2,577	4,373
Decrease in interest rate by 0.5%	(1,289)	(1,661)

Liquidity risk

The Group manages liquidity risk by maintaining adequate reserves and borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Liquidity is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The following are the contractual maturities at the end of the reporting period of consolidated financial liabilities.

		Contractual cash flows				
30 June 2020	Carrying amount $	Total $	2 mths or less $	2-12 mths $	1-2 years $	2-5 years $
Financial liabilities						
Trade and other payables	1,538,098	1,538,098	174,565	1,363,533	-	-
Unsecured loans	121,086	121,086	-	121,086	-	-
	1,659,184	1,659,184	174,565	1,484,619	-	-

		Contractual cash flows				
30 June 2019	Carrying amount $	Total $	2 mths or less $	2-12 mths $	1-2 years $	2-5 years $
Financial liabilities						
Trade and other payables	1,424,235	1,424,235	72,463	1,351,772	-	-
Unsecured loans	200,086	200,086	-	200,086	-	-
	1,624,321	1,624,321	72,463	1,551,858	-	-

(c) Fair value measurements recognised in the statement of financial position

The following table provides an analysis of consolidated financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers between the levels for recurring fair value measurements during the year.

Specific valuation techniques used to value financial instruments include: For unlisted investments where there is no organised financial market, the fair value has been based on valuation techniques incorporating non-market data prepared by independent valuers.

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	$	$	$	$
30 June 2020	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit and loss				
- Investments in unlisted entities	-	3,455,378	-	3,455,378
- Investments in listed entities	22,222	-	-	22,222
Total	22,222	3,455,378	-	3,477,600

	$	$	$	$
30 June 2019	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit and loss				
- Investments in unlisted entities	-	2,507,543	-	2,507,543
- Investments in listed entities	27,228	-	-	27,228
Total	27,778	2,507,543	-	2,535,321

Reconciliation of fair value measurements of financial assets:

	2020 ($) Level 1	2020 ($) Level 2	2020 ($) Level 3
Opening balance	27,778	2,507,543	-
(Disposal) / acquisition of investments	-	(313,630)	250,000
Conversion of debt to equity	-	3,746,451	-
Recognition as an associate	-	(2,006,000)	-
Fair value adjustment	(5,556)	(478,986)	(250,000)
Closing balance	22,222	3,455,378	-

	2019 ($) Level 1	2019 ($) Level 2	2019 ($) Level 3
Opening balance	-	2,006,000	148,949
Acquisition of investments	100,000	-	-
Fair value adjustment	(72,222)	501,543	(148,949)
Closing balance	27,778	2,507,543	-

20. Related Party Transactions

(a) Equity interests in controlled entities

The % of ordinary shares held in controlled entities are disclosed in Note 16 to the financial statements.

(b) Directors' remuneration

Details of directors' remuneration and retirement benefits are located in the Directors Report and Note 5.

	2020 Number	2019 Number
Held as at the date of this report by directors and their director-related entities in BPH Energy Limited		
Ordinary Shares	58,097,550	330,722,480
Share options	9,899,651	4,000,000

The June 2020 numbers are post a 1 for 10 share consolidation completed in April 2020. Refer to the Remuneration Report in the Directors' Report for shares and options granted to directors.

(d) Directors

The Company has an agreement with Trandcorp Pty Limited on normal commercial terms procuring the services of David Breeze to provide product development services for $98,000 (2019: $98,000), included as part of his fees in the Remuneration Report.

(e) Director related entities

Grandbridge Limited ("Grandbridge") has a common Managing Director, Mr David Breeze, and is therefore a related party of the Company. During the period Grandbridge charged the Company $128,640 in administration and service fees (2019: $139,140). At balance date $121,086 (2019: $200,086) was payable to Grandbridge. Grandbridge's 100% subsidiary, Grandbridge Securities Limited, charged the Company $Nil (2019: $17,790) in respect of the management of a share issue.

David Breeze was a Director of MEC Resources Limited ("MEC") from April 2005 and was removed from the ASIC register by MEC directors on 23 November 2016. He has neither resigned nor been removed by shareholders and disputes the actions taken by the Directors of MEC.

(f) Receivables, payables and transactions with associates

Molecular Discovery Systems Limited ("MDS") is a related party of the Company. Refer to Notes 9 and 10 for the Company's loan receivable and investment. During the period the Company charged MDS $58,378 (2019: $53,495) in loan interest on a convertible loan with a balance of $708,195 at year end (2019: $649,818). The Company has raised a provision against the full amount of this loan. In addition, a loan receivable exists between the consolidated entity and MDS of $650,700 (2019: $634,700). This amount is unsecured, non-interest bearing and repayable on demand. The Company has raised a provision against the full amount of this loan. In addition the Company recognized an impairment expense of $420,731 (2019: $Nil) to fully impair the carrying value of its investment in MDS.

Advent Energy is a related party of the Company. Refer to Notes 9 and 10 for the Company's investment and loan receivables.

(g) Other Interests

Refer to Note 9 for the Company's investment in and loan receivables with Cortical. During the period the

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

BPH ENERGY LIMITED AND IT'S CONTROLLED ENTITIES

Company charged Cortical $187,906 (2019: $240,793) in loan interest and fees.

21. Share-Based Payments

The following share-based payment arrangements existed at 30 June 2020:

Total number	Grant Date	Exercise price	Fair value at grant date	Expiry date
200,000	27 November 2015	$0.20	$0.0070	30 November 2020
200,000	23 November 2016	$0.20	$0.0030	30 November 2021
400,000	29 November 2017	$0.20	$0.0004	30 November 2022
3,000,000	24 June 2019	$0.02	$0.0005	24 June 2024
2,000,000	9 August 2019	$0.02	$0.0005	9 August 2024
1,200,000	29 November 2019	$0.02	$0.0005	30 November 2024
600,000	20 April 2020	$0.02	$0.0042	20 June 2024
7,600,000				

All options granted are to purchase ordinary shares in BPH Energy Limited, which confer a right of one ordinary share for every option held. The fair value of the options granted is estimated as at the date of grant using a Black-Scholes model taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

Issue date	9 August 2019[1]	29 November 2019[1]	20 April 2020
Share price at grant date	$0.001	$0.001	$0.01
Exercise price	$0.002	$0.002	$0.02
Expected volatility	75%	75%	75%
Expected life	5 years	5 years	4 years
Expected dividends	Nil	Nil	Nil
Risk-free interest rate	2.5%	2.5%	2.5%
Fair value at grant date	$9,615	$5,771	$2,539

1. Issued pre a 1 for 10 consolidation associated with a 1 for 10 share consolidation completed in April 2020.

	Consolidated Group			
	2020		2019	
	Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $
Outstanding at the beginning of the year	47,795,000	0.01	17,795,000	0.02
Expired	(9,795,000)	(0.002)	-	-
Issued	32,000,000	0.002	30,000,000	0.002
1 for 10 consolidation	(63,000,000)	(0.002)	-	-
Issued	600,000	0.02	-	-
Outstanding at year-end	7,600,000	0.04	47,795,000	0.01
Exercisable at year-end	7,600,000	0.04	47,795,000	0.01

No options were exercised during the year (2019: Nil). Included under share based payments in the profit and loss is $171,425 for share based expense (2019: $82,422) of which $17,925 (2019: $14,422) relates to options granted and $153,500 (2019: $68,000) relates to equity.

22. Commitments and Contingencies

At reporting date there are no capital commitments other than those of Advent Energy Limited, an entity in which the Company currently has a 22.3% direct interest as disclosed in Note 10.

The Company is a party to the following legal actions.

In November 2019 the Company announced that following a mediation in the Supreme Court of Western Australia that there has been a resolution of residual legal issues meaning there was then no active litigation against the Company.

The settlement included litigation previously announced as follows:

(a) Supreme Court of WA proceedings being a defamation proceeding against Hock Goh, Deborah Ambrosini, Heng Yu, Darryl Moore and Peter Stern. This matter was dismissed with each party to bear their own costs and with no admission of liability by any party.

(b) A standstill agreement relating to Directors fees claims by Hock Goh, Deborah Ambrosini and Kevin Hollingsworth against the Company, Grandbridge Limited and Advent Energy Limited. This standstill agreement concluded on 15 September 2020. In relation to BPH in Goh & Ors v BPH Energy Ltd & Anor - District Court of WA CIV 4264 of 2019 the matter has by consent been referred to mediation which is set down for the 1 December 2020.In this matter Kevin Hollingsworth has discontinued his claim against Grandbridge leaving Goh and Ambrosini as the remaining claimants. If the matter continues after mediation BPH will defend and counterclaim. The claim had been also previously pursued in the District Court of New South Wales proceedings 2019/00227022.The applicants were unsuccessful in their attempt to have the matter heard in NSW and total costs of $29,168 were ordered against Goh Hock, Ambrosini and Hollingsworth .

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2019

BPH ENERGY LIMITED AND IT'S CONTROLLED ENTITIES

(c) In November 2019 it became apparent that the Company's previous management, who were also the management of MEC prior to the Deed entered into in August 2019 between the Company and other relevant parties, had lodged a Research and Development Tax Incentive claim for the year ending 30 June 2018 in the name of MEC in respect of work performed on the PEP 11 permit, the majority of which costs had been borne by Advent. MEC owned only 53% of Advent.

MEC noted in their December 2018 quarterly Appendix 4C cash flow report lodged with ASX on 31 January 2019 that they had been "granted a Research and Development ("R & D") incentive in the quarter ended 31 December 2018 after recent seismic activities within PEP 11. An amount of $384k was received under the scheme in Q2". Subsequent to the Deed the Company's new management questioned why the R & D claim not been submitted in the name of Advent. As a result of these enquiries the $728,563 costs incurred by Advent in respect of the PEP 11 June 2018 R & D claim, together with $68,408 costs in respect of a proposed June 2019 R & D claim by MEC, have been recharged to MEC and are showing as a current asset of the Company at 30 June 2020. The Company has commenced legal action to recover amounts due from MEC.

23. Operating Segment

Operating segments have been identified on the basis of internal reports of the Company that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. The chief operating decision maker has been identified as the Board of Directors. On a regular basis, the board receives financial information on the consolidated entity on a basis similar to the financial statements presented in the financial report, to manage and allocate their resources.

The consolidated entity's only operating segment is investments. The consolidated entity holds investments in three principal industries and these are biotechnology, and oil and gas exploration and development, and medicinal cannabis.

	2020 $	2019 $
24. Parent Entity Disclosures		
Financial Position		
Assets		
Current assets	334,088	682,277
Non-current assets	5,628,563	2,963,289
Total asset	5,962,651	3,645,566
Liabilities		
Current liabilities	1,678,815	1,643,307
Non-current liabilities	-	-
Total liabilities	1,678,815	1,643,307
Equity		
Issued Capital	46,716,896	45,574,507
Accumulated losses	(42,959,421)	(44,080,684)
Option Reserve	526,361	508,436
Total equity	4,283,836	2,002,259
Financial Performance		
Profit / (loss) after tax for the year	1,121,263	(3,013,043)
Other comprehensive income	-	-
Total comprehensive profit / (loss)	1,121,263	(3,013,043)

Company

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DIRECTOR'S DECLARATION

BPH ENERGY LIMITED
AND IT'S CONTROLLED ENTITIES

The directors of the Company declare that:

1. the financial statements and notes, as set out on pages 20 to 55 are in accordance with the Corporations Act 2001 and:

(a) comply with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements;

(b) give a true and fair view of the financial position as at 30 June 2020 and of the performance for the year ended on that date of the consolidated entity;

2. in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable:

3. the financial statements and notes comply with International Financial Reporting Standards as disclosed in Note 1.

4. the directors have been given the declarations required by S295A of the Corporations Act 2001

Signed in accordance with a resolution of the directors made pursuant to S295(5) of the Corporations Act 2001.

David Breeze
Executive Chairman

Dated this 30 September 2020

HLB MANN JUDD
ADVISORY AND ACCOUNTING

INDEPENDENT AUDITOR'S REPORT
To the members of BPH Energy Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of BPH Energy Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

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 and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("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.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Material uncertainty related to the carrying value of the investment in Advent Energy Limited

We draw attention to Note 10 in the financial report, which indicates that a material uncertainty in relation to the Group's ability to realise the carrying value of its investment in Advent Energy Limited and subsidiaries in the ordinary course of business . Our opinion is not modified in respect of this matter.

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Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern and the material uncertainty related to the carrying value in Advent Energy Limited* we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed the key audit matter
Investments accounted for using the equity method Note 10	
As at 30 June 2020, the carrying value of the investments accounted for using the equity method was $2,153,304. During the year, the Group fully impaired its investment in Molecular Discovery Systems Limited and regained significant influence of Advent Energy Limited and reclassified the investment from fair value through profit or loss to investments accounted for using the equity method. Additionally, the Group converted a loan receivable from Advent Energy Limited into to equity. We considered this to be a key audit matter as it is important to users' understanding of the financial statements as a whole and involved significant levels of judgement in relation to the concept of significant influence.	Our procedures included, but were not limited to; - We considered if the Group had regained significant influence over the investment; - We reviewed the accounting for the reclassification of the investment from fair value through profit or loss to investments accounted for using the equity method; - We considered if that any notional goodwill in excess of cost could be recognised; - We have agreed the share of loss to the audited financial statements; - We have reviewed management's assessment to impair the investment in Molecular Discovery Systems Limited; and - We reviewed the disclosures made in the financial statements; and - An emphasis of matter is included in relation to recoverability of investment and loans in Advent Energy Limited.
Valuation of financial assets Notes 9	
As at 30 June 2020, the Group had financial assets of loan receivables with a carrying value $21,342 and financial assets at fair value of $3,727,600 at balance date. During the year, the Group recorded a fair value loss of $484,542 on its investments and reversed doubtful debts provisions on its loan receivables of $2,929,119. We considered this to be a key audit matter as it is important to users' understanding of the financial statements as a whole and involves judgement in relation to the determination of fair value and expected credit losses.	Our procedures included but were not limited to the following: - We considered the ability of the other party to repay its loan with the consolidated entity to determine if any additional provisions were required; - We assessed the Group's valuation of individual investment holdings.; - For investments where there was less or little observable market data, including level 2 and level 3 holdings as disclosed in note 19, we obtained and assessed other relevant valuation data; and - We reviewed the disclosures made in the financial statements.

Information other than the financial report and auditor's report thereon

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 30 June 2020, 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.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material 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 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of BPH Energy Limited for the year ended 30 June 2020 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

B G McVeigh
Partner

Perth, Western Australia
30 September 2020

ADDITIONAL SECURITIES EXCHANGE INFORMATION

for the year ended 30 June 2020

BPH ENERGY LIMITED AND IT'S CONTROLLED ENTITIES

Additional information required by Australian Securities Exchange Limited and not shown elsewhere in this report as follows.

The information is stated as at 29 September 2020

1. Substantial Shareholder

The name of the shareholder who has lodged a substantial shareholder notice with ASX is:

Shareholder	Shares	%
David Breeze, Trandcorp Pty Limited, Grandbridge Limited	46,493,714	8.48%

2. (a) Distribution of Shareholders

Range of Holding	Shareholders	Number Ordinary Shares	%
1 – 1,000	1,026	340,906	0.06%
1,001 – 5,000	550	1,402,797	0.26%
5,001 – 10,000	253	2,058,670	0.38%
10,001 – 100,000	1,427	61,417,150	11.19%
100,001 and over	697	483,492,176	88.11%
	3,953	**548,711,699**	**100%**

The number of shareholders holding unmarketable parcels was1,700.

(b) Distribution of Listed Option Holders

Range of Holding	Option Holders	Number of Options	%
1 – 1,000	196	41,264	0.06%
1,001 – 5,000	111	335,107	0.46%
5,001 – 10,000	130	1,038,603	1.43%
10,001 – 100,000	372	13,335,257	18.37%
100,001 and over	108	57,843,634	79.68%
	917	72,593,865	100%

The number optionholders holding unmarketable parcels ws 492.

(c) Distribution of Unlisted Option Holders

Range of Holding	Option Holders	Number of Options	%
100,001 and over	9	7,300.000	100.00
	9	7,300.000	100.00

ADDITIONAL SECURITIES EXCHANGE INFORMATION

for the year ended 30 June 2020

BPH ENERGY LIMITED AND IT'S CONTROLLED ENTITIES

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3. Voting Rights - Shares

All ordinary shares issued by BPH Energy Limited carry one vote per share without restriction.

4. Voting Rights - Options

The holders of employee options do not have the right to vote.

5. Restricted Securities

There are no restricted securities on issue.

6. Twenty Largest Shareholders as at 29 September 2020

The names of the twenty largest shareholders of the ordinary shares of the Company are:

Name	Number of ordinary fully paid shares	% held of issued ordinary capital
Trandcorp Pty Ltd	33,883,149	6.18
Jgm Property Investments Pty Ltd	23,611,281	4.3
Ms Chunyan Niu	23,389,461	4.26
Protax Nominees Pty Ltd <Richards Super Fund A/C>	12,450,000	2.27
Hongmen Pty Ltd <Hongmen Family A/C>	12,300,000	2.24
Mr Bin Liu	10,733,334	1.96
Citicorp Nominees Pty Limited	8,828,062	1.61
Mr Anthony Huston	8,598,800	1.57
Bujo Pty Ltd	8,500,000	1.55
Patagonia Funds Pty Ltd <Critchley Family A/C>	8,000,000	1.46
Mr Sufian Ahmad <Sixty Two Capital A/C>	7,979,225	1.45
Trandcorp Pty Ltd <Trandcorp Super Fund A/C>	6,896,983	1.26
Miss Sandra Joy Feeley	5,790,000	1.06
Jlm Corporation Pty Ltd	5,364,657	0.98
Kew Superannuation Fund Pty Ltd <K W Superannuation Fund A/C>	5,320,000	0.97
Thirteenth Cinsaut Pty Ltd	4,600,000	0.84
Tre Pty Ltd <Time Road Superannuation A/C>	4,200,000	0.77
Miss Airen Youhanna	4,027,500	0.73
Mr Maher Mansour	4,000,000	0.73
Total	202,472,452	36.9

7. Twenty Largest Listed Optionholders as at 29 September 2020

The names of the twenty largest optionholders of the Company are:

Name	Number of listed options	% held of listed options
Trandcorp Pty Ltd	4,840,450	6.67
Protax Nominees Pty Ltd <Richards Super Fund A/C>	4,222,224	5.82
Bujo Pty Ltd	3,450,000	4.75
Ms Chunyan Niu	3,269,923	4.5
Jgm Property Investments Pty Ltd	2,900,000	3.99
Patagonia Funds Pty Ltd <Critchley Family A/C>	1,963,500	2.7
Mr Bin Liu	1,533,334	2.11
Hongmen Pty Ltd <Hongmen Family A/C>	1,300,000	1.79
Mr Anthony Huston	1,228,400	1.69
Mr Mark Fleming Durward	1,140,328	1.57
Mr Sufian Ahmad <Sixty Two Capital A/C>	1,139,890	1.57
Mr Sufian Ahmad	1,078,645	1.49
Mr Kenneth Leong + Mrs Diem Thuy Hoang Leong <Leongkd Superfund A/C>	1,053,242	1.45
Trandcorp Pty Ltd <Trandcorp Super Fund A/C>	985,284	1.36
Bnp Paribas Noms Pty Ltd <Drp>	880,199	1.21
Thirteenth Cinsaut Pty Ltd	800,000	1.1
Mr Maher Mansour	800,000	1.1
Mr Andrew John Gunthorpe	800,000	1.1
Mr Bilal Ahmad	760,000	1.05
Kew Superannuation Fund Pty Ltd <K W Superannuation Fund A/C>	760,000	1.05
	34,905,419	48.08

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