



Appendix 4D – Half-Year Report

Results for announcement to the market

Name of Entity	BPH Energy Ltd
ABN	41 095 912 002
Half-Year Ended	31 December 2022
Previous Corresponding Reporting Period	31 December 2021

\$A'000

Revenues from ordinary activities	Up	54.4%	to	159
(Loss) from ordinary activities after tax attributable to members	N/A			(785)
Net (loss) for the period attributable to members	N/A			(785)

No dividends are proposed and no dividends were declared or paid during the current or prior period.

	Current period	Previous corresponding Period
NTA Backing		
Net tangible asset backing per ordinary security (cents per share)	1.9	2.3

Commentary on Results

The loss for the period was \$785,225 (2021: loss of \$305,316) after recognising:

- share of associates' losses net of impairment of \$54,637 (2021: loss of \$76,388)
- share-based payment expense of \$31,526 (2021: \$Nil)

The net assets of the Group have increased by 14.8% from 30 June 2022 to \$16,416,687 at 31 December 2022.

Review of Operations

The loss for the period was \$785,225 (2021: loss of \$305,316) after recognising the share of associates' losses net of impairment of \$54,637 (2021: loss of \$76,388) and share-based payment expense of \$31,526 (2021: \$Nil).

Share Capital

On 18 August 2022 the Company announced that it had received binding commitments to raise approximately \$1.5 million (before costs) ("August Placement"). The August Placement comprised the issue of 115,384,615 new fully paid ordinary shares in the Company at an issue price of \$0.013 per share. In addition to the August Placement, the Company launched a one (1) for twenty-five (25)

Appendix 4D (continued)

BPH Energy Ltd and its controlled entities

non-renounceable Entitlement Offer to raise approximately \$400,000 (before costs) through the issue of up to 30,769,230 new fully paid ordinary shares ("Entitlement Shares") at \$0.013 per share ("Entitlement Offer").

The intended use of funds is:

- \$0.90 million - further Investment in Clean Hydrogen Technology Corporation
- \$0.68 million - funding for exploration and development of oil and gas investments
- \$0.32 million - for working capital including costs of the offer

August Placement and Entitlement Offer participants received one (1) free Attaching Option for every one (1) share subscribed for under the August Placement and Entitlement Offer, exercisable at \$0.03 each with an expiry date of 30 September 2024 ("Attaching Options").

Everblu Capital Limited ("Everblu") acted as the Lead Manager for the August Placement and Entitlement Offer. Everblu was paid a cash fee of 6% on funds raised by Everblu under the August Placement and one (1) Broker Option per three (3) shares issued, being 38,461,538 Broker Options, exercisable at \$0.03 per share, expiring 30 September 2024.

On 11 October 2022 BPH announced that it had received binding commitments to raise approximately \$1.196 million (before costs) ("October Placement"). The October Placement comprised the issue of 66,494,825 new fully paid ordinary shares in the Company at an issue price of \$0.018 per share.

The intended use of funds is:

- \$0.65 million - further Investment in Clean Hydrogen Technology Corporation
- \$0.35 million - funding for exploration and development of oil and gas investments
- \$0.10 million - for working capital including costs of the offer

October Placement participants received one (1) free Attaching Option for every one (1) share subscribed for under the October Placement, exercisable at \$0.03 each with an expiry date of 30 September 2024.

Everblu acted as the Lead Manager for the October Placement. Everblu was paid a cash fee of 6% on funds raised by Everblu under the October Placement and one (1) Broker Option per three (3) shares issued, being 22,164,942 Broker Options, exercisable at \$0.03 per share, expiring 30 September 2024.

The Company also undertook a loyalty option issue of one (1) option for every eight (8) shares held to all shareholders registered on the record date of 2 December 2022 ("Loyalty Options") with an offer closing date of 9 February 2023 and a subscription price of \$0.004 per Loyalty Option. The Loyalty Options, which have the same exercise price and expiry date as the Attaching Options, raised \$344,325 from the issue of 86,081,323 Loyalty Options on 16 February 2023, of which \$309,067 was received in cash and \$35,258 set off against liabilities for director fees.

The intended use of funds is:

- \$0.236 million - funding for exploration and development of oil and gas investments
- \$0.108 million - for working capital including costs of the offer

The Loyalty Options will provide the Company with a potential source of additional capital if the Loyalty Options are exercised in the future (being approximately \$2,582,440 where all Loyalty Options entitlements are taken up).

On 29 July 2022, 96,235,678 listed share options with an exercise price of \$0.05 each expired unexercised. On 30 November 2022, 400,000 share options with an exercise price of \$0.20 each expired unexercised.

Appendix 4D (continued)

BPH Energy Ltd and its controlled entities

Clean Hydrogen Technology Corporation

On 2 August 2022 BPH announced that, following its shareholders' meeting on 21 June 2022 at which shareholders voted unanimously to approve an investment in hydrogen technology company Clean Hydrogen Technologies Corporation ("Clean Hydrogen Technologies" or "Vendor"), BPH and its investee Advent Energy Ltd ("Advent") have settled for the acquisition of a 10% interest in Clean Hydrogen Technologies for \$1,000,000 USD (8% BPH and 2 % Advent).

BPH and Advent had a further right of first refusal ("ROFR") to invest in Clean Hydrogen Technologies to a maximum of a further US\$1,000,000 for a further 10%, on or before 31 December 2022. The ROFR conditions were subsequently amended such that it exists when (i) the Vendor does not seek a Series A investment in its equity securities comprising a minimum investment of US\$3,000,000 by 30 April 2023, where such investment values the Vendor in excess of US\$20,000,000 (such investment, a "Qualified Financing"), and (ii) the Vendor determines, in its sole and absolute discretion, that it requires at least a further US\$1,000,000 investment for continued development and operations. Subject to the above, should BPH and Advent (the "Purchaser") exercise the ROFR, it must do so within 1 month of the Vendors request for the additional funding. The consideration payable is an aggregate of US\$1,000,000, comprising of \$US800,000 by BPH and US\$200,000 by Advent ("Additional Cash Consideration") subsequent to which BPH shall hold a total 16% interest in Clean Hydrogen Technologies and Advent shall hold a total 4% interest in Clean Hydrogen Technologies (based on the assumption that Clean Hydrogen Technologies has not issued any additional Clean Hydrogen Technologies Shares prior to the ROFR being exercised).

BPH's securities are currently suspended from quotation under Listing Rule 17.3, as in ASX's opinion, BPH is unable or unwilling to comply with Listing Rules 5.25 and 5.28. The securities will remain suspended pending BPH complying with Listing Rules 5.25 and 5.28 to ASX's satisfaction.

Developments in the Company's investments include:

Advent Energy Limited (BPH 36.1%)

PEP 11

Advent Energy Limited's 100% subsidiary Asset Energy Pty Ltd ("Asset") has applied to the Federal Court pursuant to section 5 of the Administrative Decisions (Judicial Review) Act 1977 (Cth) and section 39B of the Judiciary Act 1903 (Cth) to review the decision of the Commonwealth-New South Wales Offshore Petroleum Joint Authority (Joint Authority), constituted under section 56 of the Offshore Petroleum and Greenhouse Gas Storage Act 2006 (Cth) (Act), to refuse to vary and suspend the conditions of Exploration Permit for Petroleum No.11 (PEP 11 Permit), pursuant to section 264(2) of the Act, and to refuse to extend the term of the PEP 11 Permit, pursuant to section 265 of the Act. Asset lodged the appeal as Operator for and on behalf of the PEP 11 Joint Venture Partners, Bounty Oil and Gas NL ("Bounty") (ASX:BUY) and itself.

PEP 11 interests are: Advent Energy 85 %
 Bounty Oil and Gas 15%

In light of media coverage regarding former Prime Minister Scott Morrison's use of ministerial powers to block the PEP 11 gas exploration licence, the Company previously announced it was undertaking a full review of its options, including potential for legal channels, as part of its strategy to protect shareholder value.

In June 2022, Asset commenced proceedings in the Federal Court of Australia alleging that the former Prime Minister Scott Morrison was biased and failed to afford procedural fairness in his decision ("Decision") not to grant an extension of term and a suspension and variation of the minimum work requirements under PEP 11.

Appendix 4D (continued)

BPH Energy Ltd and its controlled entities

Asset lodged an amended originating application for judicial review claiming in particular:

1. In making the Decision, the former Prime Minister breached the requirements of procedural fairness in that he predetermined the Application and the purported decision was infected by actual bias.
2. Further or in the alternative, there was a reasonable apprehension of bias, in the form of predetermination, on the part of the Former Prime Minister, such that there was a denial of procedural fairness.
3. Further or in the alternative, in making the Decision, the applicant was denied procedural fairness because the Former Prime Minister, before determining the merits of the Application, failed to take into account the submissions made by the applicant dated 22 January 2022.
4. Further or in the alternative, in making the Decision, the applicant was denied procedural fairness because the applicant was not provided the opportunity to respond to issues raised by NOPTA in relation to the applicant's financial capacity.
5. Further, or in the alternative, the Decision is void and of no effect because the Former Prime Minister was not validly appointed as the responsible Commonwealth Minister of the Joint Authority to administer the Department.

Following revelations that Mr Morrison took responsibility in a number of portfolios including Resources, Prime Minister Anthony Albanese sought advice as to whether Mr Morrison's appointments and decisions (which includes the PEP 11 decision) were beyond power.

On 14 February 2023 the Company announced the resolution of the Federal Court Proceedings (WAD106/2022) between Asset Energy Pty Ltd (a wholly owned subsidiary of BPH's investee, Advent Energy Limited) and the Respondents (being the Commonwealth Minister for Resources et al). The proceedings involved the decision made on 26 March 2022 by the Commonwealth - New South Wales Offshore Petroleum Joint Authority (Joint Authority) to refuse Asset Energy's Application (as JV operator) for a variation and suspension of the conditions to which PEP 11 is subject and a related refusal to grant an extension of term (the Decision). The presiding Judge Justice Jackson has agreed with the consent position reached by the parties, quashed the Decision and concluded that the Decision of the Joint Authority was affected by apprehended bias. This was because a fair-minded observer would have reasonably apprehended that the former Prime Minister of Australia the Hon Scott Morrison MP, as a member of the Joint Authority, did not bring a fair mind to determine Asset Energy's application.

In the meantime, PEP 11 continues in force and the Joint Venture is in compliance with the contractual terms of PEP 11 with respect to such matters as reporting, payment of rents and the various provisions of the Offshore Petroleum and Greenhouse Gas Storage Act 2006.

Taranaki Basin

On 14 December 2022 BPH advised that, subsequent to its ASX announcement of 4 April 2022, its 36.1% associate Advent's 100% subsidiary Aotearoa Offshore Limited ("AOL" or "Farminee") has given notice to OMV New Zealand Limited ("OMV" or "Farminor"), under clause 4.3.6 of the Farm Out Agreement ("Agreement") executed on 24 December 2021, that it was terminating the Agreement.

Clause 4.3.6 of the Agreement states that if Condition Precedent 4 is not satisfied within 6 months (or such other date that the Farminor or Farminee may agree in writing) of submission of the application to the New Zealand Minister ("Minister") responsible for the administration of the Crown Minerals Act 1991 ("Act") for the Minister's approval ("Application"), either party may terminate the Agreement by notice to the other party.

The recently disclosed potential acquisition of the OMV oil and gas business by US financial investor Carlyle also introduced a material uncertainty into the planning process necessitating a review by Advent of the Agreement.

On 21 December 2022 the Company advised that OMV had returned US\$1.621 million (approximately A\$2,423,000) to AOL in accordance with the termination of the Agreement. The

Appendix 4D (continued)

BPH Energy Ltd and its controlled entities

US\$1.621 million represents the Earning Costs 1 ("Earning Costs") based on Agreement clause 5.1 paid by the Farminee to the Farminor in early 2022. As a consequence of the termination of the Agreement the Advent group repaid BPH in December 2022:

- the A\$2,257,345 loan from BPH to pay for the Earning Costs 1
- the A\$800,000 BPH loaned the Advent group to fund Year 1 exploration costs
- accrued interest on these loans of A\$146,152

Cortical Dynamics Limited (BPH 17.1%)

Investee Cortical Dynamics Limited is an Australian based medical device neurotechnology company that is developing BARM™, an industry leading EEG (electrical activity) brain function monitor. BARM™ is being developed to better detect the effect of anaesthetic agents on brain activity under a general operation, aiding anaesthetists in keeping patients optimally anaesthetised. The Australian manufactured and designed, electroencephalographically based (EEG-based), BARM™ system is configured to efficiently image and display complex information related to the clinically relevant state of the brain. When commercialized the BARM™ system will be offered on a stand-alone basis or integrated into leading brand operating room monitors as "plug and play" option.

BARM™ has already received TGA approval, Korean MFDS approval, the CE mark and the company has now made application for its FDA approval in the USA. The BARM™ system is protected by five patent families in multiple jurisdictions worldwide consisting of 36 granted patents. Cortical will continue to drive the development of BARM™ and maintain its intellectual property.

Cortical has been granted a key patent relating to its Brain Anaesthesia Response Monitor (BARM) technology in the United States. Cortical has developed an extensive patent portfolio encapsulating the BARM monitoring unit, providing patent protection across a number of key brain monitoring markets. Currently, Cortical has patents awarded in France, Belgium, Germany, Great Britain, Netherlands, Switzerland, Italy, Ireland, Australia, New Zealand, the United States, Japan and the People's Republic of China. The new Patent is titled "Apparatus and process for measuring brain activity" was made under United States Patent Application No. 17/614701.

Cortical has entered into a partnership with Austrian EEG experts ENCEVIS /AIT with a view to further enhance the BARM™ technology. The AIT Austrian Institute of Technology is Austria's largest research and technology organisation employing over 1,300 people. The Republic of Austria (through the Federal Ministry for Climate Protection, Environment, Energy, Mobility, Innovation and Technology) owns 50.46% of AIT, while the Federation of Austrian Industries owns the other 49.54%. ENCEVIS is a division of AIT that specialises in EEG.

In June 2022 Cortical won a prestigious grant from the MTPConnect BMTH program, the matched funding that will help Cortical develop an AI and machine learning capacity for BARM™. Conjunctionally Cortical has appointed a world class Head of Data Analytics who will focus on developing for the company a deep understanding of sedation level monitoring systems using Artificial Intelligence including neurophysiology (EEG), machine learning, statistical analysis, anaesthesiology. Application areas will include optimal management of anaesthesia and sedatives in the operating room and the ICU. Cortical has also appointed a full-time project manager.

Cortical continues the FDA 510K filing process for BARM™ in the USA assisted by Washington-based technical advisors MCRA. 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.

During the half-year Cortical issued 7,114,000 shares at \$0.125 per share for proceeds of \$889,250.

The Company's half-year financial report for the six months ended 31 December 2022 is set out on the following pages.

Contents

BPH Energy Ltd and its controlled entities

	Page Number
Directors' Report	2
Auditor's Independence Declaration	8
Consolidated Statement of Profit or Loss and Other Comprehensive Income	9
Consolidated Statement of Financial Position	10
Consolidated Statement of Changes in Equity	11
Consolidated Statement of Cash Flows	12
Notes to the Financial Statements.....	13-22
Directors' Declaration	23
Independent Auditor's Review Report	24

Company Information

Directors

David Breeze – Executive Chairman
Tony Huston – Non-Executive Director
Charles Maling – Non-Executive Director

Registered Office

Unit 12, Level 1
114 Cedric Street
STIRLING WA 6021

Principal Business Address

Unit 12, Level 1
114 Cedric Street
STIRLING WA 6021
Telephone: (08) 9328 8366
Facsimile: (08) 9328 8733
Website: www.bphenergy.com.au
E-mail: admin@bphenergy.com.au

Auditor

HLB Mann Judd (WA Partnership)
Level 4
130 Stirling Street
PERTH WA 6000

Share Registry

Advanced Share Registry Limited
110 Stirling Highway
NEDLANDS WA 6009

Australian Business Number

41 095 912 002

Directors' Report

BPH Energy Ltd and its controlled entities

The directors of BPH Energy Ltd ("BPH" or "the Company") present their report for the Company and its controlled entities ("consolidated entity" or "group") for the half-year ended 31 December 2022.

Directors

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

David Breeze
Tony Huston
Charles Maling

Review of Operations

The loss for the period was \$785,225 (2021: loss of \$305,316) after recognising the share of associates' losses net of impairment of \$54,637 (2021: loss of \$76,388) and share-based payment expense of \$31,526 (2021: \$Nil).

Share Capital

On 18 August 2022 the Company announced that it had received binding commitments to raise approximately \$1.5 million (before costs) ("August Placement"). The August Placement comprised the issue of 115,384,615 new fully paid ordinary shares in the Company at an issue price of \$0.013 per share. In addition to the August Placement, the Company launched a one (1) for twenty-five (25) non-renounceable Entitlement Offer to raise approximately \$400,000 (before costs) through the issue of up to 30,769,230 new fully paid ordinary shares ("Entitlement Shares") at \$0.013 per share ("Entitlement Offer").

The intended use of funds is:

- \$0.90 million - further Investment in Clean Hydrogen Technology Corporation
- \$0.68 million - funding for exploration and development of oil and gas investments
- \$0.32 million - for working capital including costs of the offer

August Placement and Entitlement Offer participants received one (1) free Attaching Option for every one (1) share subscribed for under the August Placement and Entitlement Offer, exercisable at \$0.03 each with an expiry date of 30 September 2024 ("Attaching Options").

Everblu Capital Limited ("Everblu") acted as the Lead Manager for the August Placement and Entitlement Offer. Everblu was paid a cash fee of 6% on funds raised by Everblu under the August Placement and one (1) Broker Option per three (3) shares issued, being 38,461,538 Broker Options, exercisable at \$0.03 per share, expiring 30 September 2024.

On 11 October 2022 BPH announced that it had received binding commitments to raise approximately \$1.196 million (before costs) ("October Placement"). The October Placement comprised the issue of 66,494,825 new fully paid ordinary shares in the Company at an issue price of \$0.018 per share.

The intended use of funds is:

- \$0.65 million - further Investment in Clean Hydrogen Technology Corporation
- \$0.35 million - funding for exploration and development of oil and gas investments
- \$0.10 million - for working capital including costs of the offer

October Placement participants received one (1) free Attaching Option for every one (1) share subscribed for under the October Placement, exercisable at \$0.03 each with an expiry date of 30 September 2024.

Directors' Report

BPH Energy Ltd and its controlled entities

Everblu acted as the Lead Manager for the October Placement. Everblu was paid a cash fee of 6% on funds raised by Everblu under the October Placement and one (1) Broker Option per three (3) shares issued, being 22,164,942 Broker Options, exercisable at \$0.03 per share, expiring 30 September 2024.

The Company also undertook a loyalty option issue of one (1) option for every eight (8) shares held to all shareholders registered on a record date of 2 December 2022 ("Loyalty Options") with an offer closing date of 9 February 2023 and a subscription price of \$0.004 per Loyalty Option. The Loyalty Options, which have the same exercise price and expiry date as the Attaching Options, raised \$344,325 from the issue of 86,081,323 Loyalty Options on 16 February 2023, of which \$309,067 was received in cash and \$35,258 set off against liabilities for director fees.

The intended use of funds is:

- \$0.236 million - funding for exploration and development of oil and gas investments
- \$0.108 million - for working capital including costs of the offer

The Loyalty Options will provide the Company with a potential source of additional capital if the Loyalty Options are exercised in the future (being approximately \$2,582,440 where all Loyalty Options entitlements are taken up).

On 29 July 2022, 96,235,678 listed share options with an exercise price of \$0.05 each expired unexercised. On 30 November 2022, 400,000 share options with an exercise price of \$0.20 each expired unexercised.

Clean Hydrogen Technology Corporation

On 2 August 2022 BPH announced that, following its shareholders meeting on 21 June 2022 at which shareholders voted unanimously to approve to make an investment in hydrogen technology company Clean Hydrogen Technologies Corporation ("Clean Hydrogen Technologies" or "Vendor"), BPH and its investee Advent Energy Ltd ("Advent") have settled for the acquisition of a 10% interest in Clean Hydrogen Technologies for \$1,000,000 USD (8% BPH and 2 % Advent).

BPH and Advent had a further right of first refusal ("ROFR") to invest in Clean Hydrogen Technologies to a maximum of a further US\$1,000,000 for a further 10%, on or before 31 December 2022. The ROFR conditions were subsequently amended such that it exists when (i) the Vendor does not seek a Series A investment in its equity securities comprising a minimum investment of US\$3,000,000 by 30 April 2023, where such investment values the Vendor in excess of US\$20,000,000 (such investment, a "Qualified Financing"), and (ii) the Vendor determines, in its sole and absolute discretion, that it requires at least a further US\$1,000,000 investment for continued development and operations. Subject to the above, should BPH and Advent (the "Purchaser") exercise the ROFR, it must do so within 1 month of the Vendors request for the additional funding. The consideration payable is an aggregate of US\$1,000,000, comprising of \$US800,000 by BPH and US\$200,000 by Advent ("Additional Cash Consideration") subsequent to which BPH shall hold a total 16% interest in Clean Hydrogen Technologies and Advent shall hold a total 4% interest in Clean Hydrogen Technologies (based on the assumption that Clean Hydrogen Technologies has not issued any additional Clean Hydrogen Technologies Shares prior to the ROFR being exercised).

BPH's securities are currently suspended from quotation under Listing Rule 17.3, as in ASX's opinion, BPH is unable or unwilling to comply with Listing Rules 5.25 and 5.28. The securities will remain suspended pending BPH complying with Listing Rules 5.25 and 5.28 to ASX's satisfaction.

Developments in the Company's investments include:

Directors' Report

BPH Energy Ltd and its controlled entities

Advent Energy Limited (BPH 36.1%)

PEP 11

Advent Energy Limited's 100% subsidiary Asset Energy Pty Ltd ("Asset") has applied to the Federal Court pursuant to section 5 of the Administrative Decisions (Judicial Review) Act 1977 (Cth) and section 39B of the Judiciary Act 1903 (Cth) to review the decision of the Commonwealth-New South Wales Offshore Petroleum Joint Authority (Joint Authority), constituted under section 56 of the Offshore Petroleum and Greenhouse Gas Storage Act 2006 (Cth) (Act), to refuse to vary and suspend the conditions of Exploration Permit for Petroleum No.11 (PEP 11 Permit), pursuant to section 264(2) of the Act, and to refuse to extend the term of the PEP 11 Permit, pursuant to section 265 of the Act. Asset has lodged the appeal as Operator for and on behalf of the PEP 11 Joint Venture Partners, Bounty Oil and Gas NL ("Bounty") (ASX:BUY) and itself.

PEP 11 interests are: Advent Energy 85 %
 Bounty Oil and Gas 15%

In light of media coverage regarding former Prime Minister Scott Morrison's use of ministerial powers to block the PEP 11 gas exploration licence, the Company previously announced it was undertaking a full review of its options, including potential for legal channels, as part of its strategy to protect shareholder value.

In June 2022, Asset commenced proceedings in the Federal Court of Australia alleging that the former Prime Minister Scott Morrison was biased and failed to afford procedural fairness in his decision ("Decision") not to grant an extension of term and a suspension and variation of the minimum work requirements under PEP 11.

Asset lodged an amended originating application for judicial review claiming in particular:

1. In making the Decision, the former Prime Minister breached the requirements of procedural fairness in that he predetermined the Application and the purported decision was infected by actual bias.
2. Further or in the alternative, there was a reasonable apprehension of bias, in the form of predetermination, on the part of the Former Prime Minister, such that there was a denial of procedural fairness.
3. Further or in the alternative, in making the Decision, the applicant was denied procedural fairness because the Former Prime Minister, before determining the merits of the Application, failed to take into account the submissions made by the applicant dated 22 January 2022.
4. Further or in the alternative, in making the Decision, the applicant was denied procedural fairness because the applicant was not provided the opportunity to respond to issues raised by NOPTA in relation to the applicant's financial capacity.
5. Further, or in the alternative, the Decision is void and of no effect because the Former Prime Minister was not validly appointed as the responsible Commonwealth Minister of the Joint Authority to administer the Department.

Following revelations that Mr Morrison took responsibility in a number of portfolios including Resources, Prime Minister Anthony Albanese sought advice as to whether Mr Morrison's appointments and decisions (which includes the PEP 11 decision) were beyond power.

On 14 February 2023 the Company announced the resolution of the Federal Court Proceedings (WAD106/2022) between Asset Energy Pty Ltd (a wholly owned subsidiary of BPH's investee, Advent Energy Limited) and the Respondents (being the Commonwealth Minister for Resources et al). The proceedings involved the decision made on 26 March 2022 by the Commonwealth - New South Wales Offshore Petroleum Joint Authority (Joint Authority) to refuse Asset Energy's Application (as JV operator) for a variation and suspension of the conditions to which PEP 11 is subject and a related refusal to grant an extension of term (the Decision). The presiding Judge Justice Jackson has agreed with the consent position reached by the parties, quashed the Decision and concluded that the Decision of the Joint Authority was affected by apprehended bias. This was because a fair-minded

Directors' Report

BPH Energy Ltd and its controlled entities

observer would have reasonably apprehended that the former Prime Minister of Australia the Hon Scott Morrison MP, as a member of the Joint Authority, did not bring a fair mind to determine Asset Energy's application.

In the meantime, PEP 11 continues in force and the Joint Venture is in compliance with the contractual terms of PEP 11 with respect to such matters as reporting, payment of rents and the various provisions of the Offshore Petroleum and Greenhouse Gas Storage Act 2006.

Taranaki Basin

On 14 December 2022 BPH advised that, subsequent to its ASX announcement of 4 April 2022, its 36.1% associate Advent's 100% subsidiary Aotearoa Offshore Limited ("AOL" or "Farminee") has given notice to OMV New Zealand Limited ("OMV" or "Farminor"), under clause 4.3.6 of the Farm Out Agreement ("Agreement") executed on 24 December 2021, that it was terminating the Agreement.

Clause 4.3.6 of the Agreement states that if Condition Precedent 4 is not satisfied within 6 months (or such other date that the Farminor or Farminee may agree in writing) of submission of the application to the New Zealand Minister ("Minister") responsible for the administration of the Crown Minerals Act 1991 ("Act") for the Minister's approval ("Application"), either party may terminate the Agreement by notice to the other party.

The recently disclosed potential acquisition of the OMV oil and gas business by US financial investor Carlyle also introduced a material uncertainty into the planning process necessitating a review by Advent of the Agreement.

On 21 December 2022 the Company advised that OMV had returned US\$1.621 million (approximately A\$2,423,000) to AOL in accordance with the termination of the Agreement. The US\$1.621 million represents the Earning Costs 1 ("Earning Costs") based on Agreement clause 5.1 paid by the Farminee to the Farminor in early 2022. As a consequence of the termination of the Agreement the Advent group repaid BPH in December 2022:

- the A\$2,257,345 loan from BPH to pay for the Earning Costs 1
- the A\$800,000 BPH loaned the Advent group to fund Year 1 exploration costs
- accrued interest on these loans of A\$146,152

Cortical Dynamics Limited (BPH 17.1%)

Investee Cortical Dynamics Limited is an Australian based medical device neurotechnology company that is developing BARM™, an industry leading EEG (electrical activity) brain function monitor. BARM™ is being developed to better detect the effect of anaesthetic agents on brain activity under a general operation, aiding anaesthetists in keeping patients optimally anaesthetised. The Australian manufactured and designed, electroencephalographically based (EEG-based), BARM™ system is configured to efficiently image and display complex information related to the clinically relevant state of the brain. When commercialized the BARM™ system will be offered on a stand-alone basis or integrated into leading brand operating room monitors as "plug and play" option.

BARM™ has already received TGA approval, Korean MFDS approval, the CE mark and the company has now made application for its FDA approval in the USA. The BARM™ system is protected by five patent families in multiple jurisdictions worldwide consisting of 36 granted patents. Cortical will continue to drive the development of BARM™ and maintain its intellectual property.

Cortical has been granted a key patent relating to its Brain Anaesthesia Response Monitor (BARM) technology in the United States. Cortical has developed an extensive patent portfolio encapsulating the BARM monitoring unit, providing patent protection across a number of key brain monitoring markets. Currently, Cortical has patents awarded in France, Belgium, Germany, Great Britain, Netherlands, Switzerland, Italy, Ireland, Australia, New Zealand, the United States, Japan and the

Directors' Report

BPH Energy Ltd and its controlled entities

People's Republic of China. The new Patent is titled "Apparatus and process for measuring brain activity" was made under United States Patent Application No. 17/614701.

Cortical has entered into a partnership with Austrian EEG experts ENCEVIS /AIT with a view to further enhance the BARM™ technology. The AIT Austrian Institute of Technology is Austria's largest research and technology organisation employing over 1,300 people. The Republic of Austria (through the Federal Ministry for Climate Protection, Environment, Energy, Mobility, Innovation and Technology) owns 50.46% of AIT, while the Federation of Austrian Industries owns the other 49.54%. ENCEVIS is a division of AIT that specialises in EEG.

In June 2022 Cortical won a prestigious grant from the MTPConnect BMTH program, the matched funding that will help Cortical develop an AI and machine learning capacity for BARM™. Conjunctionally Cortical has appointed a world class Head of Data Analytics who will focus on developing for the company a deep understanding of sedation level monitoring systems using Artificial Intelligence including neurophysiology (EEG), machine learning, statistical analysis, anaesthesiology. Application areas will include optimal management of anaesthesia and sedatives in the operating room and the ICU. Cortical has also appointed a full-time project manager.

Cortical continues the FDA 510K filing process for BARM™ in the USA assisted by Washington-based technical advisors MCRA. 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.

During the half-year Cortical issued 7,114,000 shares at \$0.125 per share for proceeds of \$889,250.

Significant changes in state of affairs

During the period there were no significant changes in the state of affairs of the consolidated entity other than those referred to in the financial statements or notes thereto.

Subsequent Events

On 14 February 2023 the Company announced the resolution of the Federal Court Proceedings (WAD106/2022) between Asset Energy Pty Ltd (a wholly owned subsidiary of BPH's investee, Advent Energy Limited) and the Respondents (being the Commonwealth Minister for Resources et al). The proceedings involved the decision made on 26 March 2022 by the Commonwealth - New South Wales Offshore Petroleum Joint Authority (Joint Authority) to refuse Asset Energy's Application (as JV operator) for a variation and suspension of the conditions to which PEP 11 is subject and a related refusal to grant an extension of term (the Decision). The presiding Judge Justice Jackson has agreed with the consent position reached by the parties, quashed the Decision and concluded that the Decision of the Joint Authority was affected by apprehended bias. This was because a fair-minded observer would have reasonably apprehended that the former Prime Minister of Australia the Hon Scott Morrison MP, as a member of the Joint Authority, did not bring a fair mind to determine Asset Energy's application.

In the meantime, PEP 11 continues in force and the Joint Venture is in compliance with the contractual terms of PEP 11 with respect to such matters as reporting, payment of rents and the various provisions of the Offshore Petroleum and Greenhouse Gas Storage Act 2006.

The Company undertook a loyalty option issue of one (1) option for every eight (8) shares held to all shareholders registered on a record date of 2 December 2022 ("Loyalty Options") with an offer closing date of 9 February 2023 and a subscription price of \$0.004 per Loyalty Option. The Loyalty Options, which have the same exercise price and expiry date as the Attaching Options, raised \$344,325 from the issue of 86,081,323 Loyalty Options on 16 February 2023, of which \$309,067 was received in cash and \$35,258 set off against liabilities for director fees.

Directors' Report

BPH Energy Ltd and its controlled entities

On 8 February 2023, 7,285,714 unlisted share options with an exercise price of \$0.26 each expired unexercised.

Other than the above there have not been any matters or circumstance that have arisen since the end of the period, that have significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

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.

Auditor's Independence

The directors have received an independence declaration from the auditor as set out on page 8.

Signed in accordance with a resolution of the directors made pursuant to s306 (3) of the *Corporations Act 2001*.

On behalf of the Directors



D Breeze
Executive Chairman
Perth, 23 February 2023

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of BPH Energy Ltd for the half-year ended 31 December 2022, 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 review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
23 February 2023



L Di Giallonardo
Partner

hlb.com.au

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

T: +61 (0)8 9227 7500 **E:** mailbox@hbw.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the half-year ended 31 December 2022
BPH Energy Ltd and its controlled entities

	Note	Consolidated	
		31 December 2022 \$	31 December 2021 \$
Revenue	4	-	68,143
Interest income	4	159,140	35,277
Interest expense		(309)	-
Administration costs		(270,856)	(76,208)
Consulting and legal expenses		(422,743)	(94,990)
Provision for expected credit loss		(49,974)	(46,830)
Employee benefits		(50,000)	(50,000)
Share-based payments	14	(31,526)	-
Share of associates' (losses) net of impairment		(54,637)	(76,388)
Service expenses		(64,320)	(64,320)
(Loss) before income tax		(785,225)	(305,316)
Income tax expense		-	-
(Loss) for the period		(785,225)	(305,316)
Other comprehensive income		-	-
Total comprehensive (loss) for the period		(785,225)	(305,316)
Earnings per share:			
Basic loss (cents per share)		(0.10)	(0.05)
Diluted loss (cents per share)		(0.10)	(0.05)

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

**Consolidated Statement of Financial Position
as at 31 December 2022
BPH Energy Ltd and its controlled entities**

	Note	Consolidated	
		31 December 2022 \$	30 June 2022 \$
Current Assets			
Cash and cash equivalents	5	6,399,612	2,894,998
Trade and other receivables		61,916	36,356
Financial assets	6	180,170	122,574
Other current assets		32,192	-
Total Current Assets		6,673,890	3,053,928
Non-Current Assets			
Financial assets	6	6,827,823	8,192,967
Investments in associates	7	3,887,065	3,941,702
Other non-current assets		-	20,000
Total Non-Current Assets		10,714,888	12,154,669
Total Assets		17,388,778	15,208,597
Current Liabilities			
Trade and other payables		867,274	803,933
Financial liabilities		104,817	104,817
Total Current Liabilities		972,091	908,750
Net Assets		16,416,687	14,299,847
Equity			
Contributed equity	10	61,235,604	58,844,602
Option reserve	9	1,616,734	1,105,671
Accumulated losses		(46,274,595)	(45,489,370)
Equity attributable to owners of the parent		16,577,743	14,460,903
Non-controlling interest		(161,056)	(161,056)
Total Equity		16,416,687	14,299,847

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

**Consolidated Statement of Changes in Equity
for the half-year ended 31 December 2022
BPH Energy Ltd and its controlled entities**

	Contributed Equity \$	Accumulated losses \$	Option reserve \$	Total attributable to owners of the parent entity \$	Non- controlling Interest \$	Total \$
Balance at 30 June 2021	58,843,159	(44,410,922)	1,105,671	15,537,908	(160,923)	15,376,985
(Loss) for the period	-	(305,316)	-	(305,316)	-	(305,316)
Total comprehensive (loss) for the year	-	(305,316)	-	(305,316)	-	(305,316)
<i>Transactions with owners in their capacity as owners</i>						
Balance at 31 December 2021	58,843,159	(44,716,238)	1,105,671	15,232,592	(160,923)	15,071,669
Balance at 30 June 2022	58,844,602	(45,489,370)	1,105,671	14,460,903	(161,056)	14,299,847
(Loss) for the period	-	(785,225)	-	(785,225)	-	(785,225)
Total comprehensive (loss) for the period	-	(785,225)	-	(785,225)	-	(785,225)
<i>Transactions with owners in their capacity as owners</i>						
Shares issued for cash	3,059,721	-	-	3,059,721	-	3,059,721
Share issue costs - cash	(226,413)	-	-	(226,413)	-	(226,413)
Share-based payments	(479,538)	-	511,063	31,525	-	31,525
Shares issued in extinguishment of debt	37,232	-	-	37,232	-	37,232
Balance at 31 December 2022	61,235,604	(46,274,595)	1,616,734	16,577,743	(161,056)	16,416,687

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

**Consolidated Statement of Cash Flows
for the half-year ended 31 December 2022
BPH Energy Ltd and its controlled entities**

	Note	Consolidated	
		31 December 2022 \$	31 December 2021 \$
Cash flows from operating activities			
Receipts from customers		-	74,957
Payments to suppliers and employees		(765,486)	(551,701)
Interest received		156,099	447
Interest paid		(309)	-
Net cash used in operating activities		(609,696)	(476,297)
Cash flows from investing activities			
Payment for investment in associate		-	(2,271,450)
Payment for unlisted investments		(765,873)	(270,000)
Loans advanced		(1,010,470)	(51,413)
Loans repaid		3,057,345	556,482
Net cash from / (used in) financing activities		1,281,002	(2,036,381)
Cash flows from financing activities			
Proceeds from issue of securities (net of share issue costs)		2,833,308	-
Net cash from financing activities		2,833,308	-
Net increase / (decrease) in cash held		3,504,614	(2,512,678)
Cash at the beginning of the financial period		2,894,998	10,173,232
Cash at the end of the financial period	5	6,399,612	7,660,554

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

Notes to the Financial Statements for the half-year ended 31 December 2022

BPH Energy Ltd and its controlled entities

1. CORPORATE INFORMATION

The financial report of BPH Energy Ltd was authorised for issue in accordance with a resolution of the directors on 23 February 2023.

BPH Energy Ltd is a company incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The half-year financial report is a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS 34 Interim Financial Reporting.

The half-year financial report does not include all of the notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the annual financial report of BPH Energy Ltd as at 30 June 2022. It is also recommended that the half-year financial report be considered together with any public announcements made by BPH Energy Ltd and its controlled entities during the half-year ended 31 December 2022 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

(a) Basis of Preparation

Reporting Basis and Conventions

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

(b) Significant Accounting Policies

The half-year condensed consolidated financial statements have been prepared using the same accounting policies and methods of computation as used in the annual financial statements for the year ended 30 June 2022 and corresponding half-year other than noted below.

Standards and Interpretations applicable to 31 December 2022

In the period ended 31 December 2022, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the consolidated entity and effective for the current reporting period beginning on or after 1 July 2022. The Directors have determined that there is no material impact of the other new and revised Standards and Interpretations on the consolidated entity and therefore, no material change is necessary to group accounting policies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Significant Accounting Policies (continued)

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the half-year ended 31 December 2022. 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 consolidated entity and, therefore, no change is necessary to the consolidated entity's accounting policies.

(c) 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 consolidated entity.

Key estimates - Investment in Molecular Discovery Systems ("MDS")

The investment in MDS is equity accounted, refer to Note 7. The Company has recognised a cumulative impairment expense of \$376,596 (30 June 2022: \$386,023) to fully impair the carrying value of the investment in Molecular Discovery Systems.

Key estimates - Investment in Advent Energy Limited ("Advent")

The investment in Advent is equity accounted, refer to Note 2(d) and Note 7.

Key estimates - Investment in Patagonia Genetics Pty Ltd

The \$250,000 investment in Patagonia Genetics Pty Ltd which is accounted for as a financial asset at fair value has a carrying value of \$Nil (2021: \$Nil)

Key judgements — Provision for impairment of loan receivables

The consolidated entity has loan receivables of \$Nil from MDS (30 June 2022: \$Nil) net of expected credit loss provision of \$1,586,762 (30 June 2022: \$1,536,788). The Company recognised an expected credit loss provision of \$49,974 in relation to the MDS loans in the current reporting period (31 December 2021: \$46,830).

Key estimates - Investment in Cortical Dynamics Limited ("Cortical")

The investment in Cortical is carried at fair value, refer to Note 6.

Key estimates - Investment in Clean Hydrogen Technologies Corporation ("Clean Hydrogen Technologies")

The investment in Clean Hydrogen Technologies is carried at fair value, refer to Note 6.

Key estimates - Investment in MEC Resources Limited ("MEC")

The investment in MEC is carried at fair value, refer to Note 6.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Financial Position

The consolidated entity has incurred a net loss before tax for the period ended 31 December 2022 of \$785,225 (2021: loss of \$305,316) and has a working capital surplus of \$5,701,799 as at 31 December 2022 (June 2022: surplus of \$2,145,178).

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.

The directors have prepared cash flow forecasts 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. Based on the cash flow forecasts 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.

3. SEGMENT INFORMATION

Operating segments have been identified on the basis of internal reports of the consolidated entity 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. The consolidated entity's only operating segment is investing. The consolidated entity holds investments in three principal industries being oil and gas exploration and development, clean carbon technology, and medical devices.

Notes to the Financial Statements for the half-year ended 31 December 2022
BPH Energy Ltd and its controlled entities

4. REVENUE

	Consolidated	
	31 December 2022 (\$)	31 December 2021 (\$)
Revenue:		
Sub-underwriting fees	-	68,143
	-	68,143
Interest income	159,140	35,277
	159,140	35,277

5. CASH AND CASH EQUIVALENTS

	Consolidated	
	31 December 2022 (\$)	30 June 2022 (\$)
Cash and cash equivalents:		
Cash at bank and in hand from continuing operations	6,399,612	2,894,998
	6,399,612	2,894,998

6. FINANCIAL ASSETS

	Consolidated	
	31 December 2022 \$	30 June 2022 \$
<i>Current</i>		
Loans to other entities:		
Secured - MEC Resources Limited	131,063	100,352
Unsecured - MEC Resources Limited	26,885	-
Investments in listed entities (Level 1)	22,222	22,222
	180,170	122,574
<i>Non - current</i>		
Secured loans to other entities:		
Advent Energy Ltd	1,627,952	4,137,588
Investments in unlisted entities (Level 2)	4,055,379	4,055,379
Investments in unlisted entities (Level 3)	1,144,492	-
	6,827,823	8,192,967
Loan receivables are stated net of the following provisions:		
Molecular Discovery Systems Limited		
Gross receivable	1,586,762	1,536,788
Less provision	(1,586,762)	(1,536,788)
	-	-

The Company has an investment in Patagonia Genetics Limited with a cost base of \$250,000 and a fair value of \$Nil (30 June 2022: \$Nil).

An expected credit loss provision of \$49,974 was recognised during the half-year on the loan with Molecular Discovery Systems Limited (2021: \$46,830).

Notes to the Financial Statements for the half-year ended 31 December 2022
BPH Energy Ltd and its controlled entities

7. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	Consolidated	
	31 December 2022 (\$)	30 June 2022 (\$)
Molecular Discovery Systems Ltd	376,596	386,023
Molecular Discovery Systems Ltd - Impairment provision	(376,596)	(386,023)
Advent Energy Limited	3,887,065	3,941,702
	<u>3,887,065</u>	<u>3,941,702</u>

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 %	
		December 2022	June 2022
Molecular Discovery Systems ("MDS")	Australia	20%	20%
Advent Energy Limited ("Advent")	Australia	36.1%	36.1%

Consolidated

	Advent Half-Year To		MDS Half-Year To	
	31 December 2022 (\$) Unaudited	31 December 2021 (\$) Unaudited	31 December 2022 (\$) Unaudited	31 December 2021 (\$) Unaudited
Revenue	-	-	-	-
(Loss) for the period	(151,301)	(261,082)	(9,427)	(44,467)
Other comprehensive income for the period	-	-	-	-
Total comprehensive (loss) for the period	<u>(151,301)</u>	<u>(261,082)</u>	<u>(9,427)</u>	<u>(44,467)</u>

	Advent		MDS	
	31 December 2022 (\$) Unaudited	30 June 2022 (\$) Audited	31 December 2022 (\$) Unaudited	30 June 2022 (\$) Audited
Current assets	697,018	3,047,467	2,243	2,942
Non-current assets	16,808,807	17,545,977	-	-
Current liabilities	75,977	563,721	952,862	944,398
Non-current liabilities	6,778,755	9,225,890	891,025	853,051
Net assets	<u>10,651,093</u>	<u>10,803,833</u>	<u>(1,841,644)</u>	<u>(1,794,507)</u>

For personal use only

7. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (continued)

	Consolidated			
	Advent		MDS	
	31 December 2022 (\$) Unaudited	30 June 2022 (\$) Audited	31 December 2022 (\$) Unaudited	30 June 2022 (\$) Audited
Share of the group's ownership interest in associate	3,887,065	3,941,702	(368,329)	(358,901)
Other adjustments	-	-	368,329	358,901
Carrying value of the group's interest in associate	3,887,065	3,941,702	-	-
Opening balance 1 July	3,941,702	2,058,773	-	-
Share of associate's (loss) after impairment recognition	(54,637)	(388,521)	-	-
Additional investment in associate	-	2,271,450	-	-
Closing balance	3,887,065	3,941,702	-	-

- (i) Advent Energy Limited's 100% subsidiary Asset Energy Pty Ltd ("Asset") has applied to the Federal Court pursuant to section 5 of the Administrative Decisions (Judicial Review) Act 1977 (Cth) and section 39B of the Judiciary Act 1903 (Cth) to review the decision of the Commonwealth-New South Wales Offshore Petroleum Joint Authority (Joint Authority), constituted under section 56 of the Offshore Petroleum and Greenhouse Gas Storage Act 2006 (Cth) (Act), to refuse to vary and suspend the conditions of Exploration Permit for Petroleum No.11 (PEP 11 Permit), pursuant to section 264(2) of the Act, and to refuse to extend the term of the PEP 11 Permit, pursuant to section 265 of the Act. The application was made in December 2019. Asset has lodged the appeal as Operator for and on behalf of the PEP11 Joint Venture Partners, Bounty Oil and Gas NL (ASX:BUY) and itself.

On 14 February 2023 the Company announced the resolution of the Federal Court Proceedings (WAD106/2022) between Asset Energy Pty Ltd (a wholly owned subsidiary of BPH's investee, Advent Energy Limited) and the Respondents (being the Commonwealth Minister for Resources et al). The proceedings involved the decision made on 26 March 2022 by the Commonwealth - New South Wales Offshore Petroleum Joint Authority (Joint Authority) to refuse Asset Energy's Application (as JV operator) for a variation and suspension of the conditions to which PEP 11 is subject and a related refusal to grant an extension of term (the Decision). The presiding Judge Justice Jackson has agreed with the consent position reached by the parties, quashed the Decision and concluded that the Decision of the Joint Authority was affected by apprehended bias. This was because a fair-minded observer would have reasonably apprehended that the former Prime Minister of Australia the Hon Scott Morrison MP, as a member of the Joint Authority, did not bring a fair mind to determine Asset Energy's application.

In the meantime, PEP 11 continues in force and the Joint Venture is in compliance with the contractual terms of PEP 11 with respect to such matters as reporting, payment of rents and the various provisions of the Offshore Petroleum and Greenhouse Gas Storage Act 2006.

For personal use only

7. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (continued)

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 receivables and its investment in Advent in the ordinary course of business.

- (ii) The carrying value of Molecular Discovery Systems Limited was fully impaired during a prior period.

8. EVENTS SUBSEQUENT TO REPORTING DATE

On 14 February 2023 the Company announced the resolution of the Federal Court Proceedings (WAD106/2022) between Asset Energy Pty Ltd (a wholly owned subsidiary of BPH's investee, Advent Energy Limited) and the Respondents (being the Commonwealth Minister for Resources et al). The proceedings involved the decision made on 26 March 2022 by the Commonwealth - New South Wales Offshore Petroleum Joint Authority (Joint Authority) to refuse Asset Energy's Application (as JV operator) for a variation and suspension of the conditions to which PEP 11 is subject and a related refusal to grant an extension of term (the Decision). The presiding Judge Justice Jackson has agreed with the consent position reached by the parties, quashed the Decision and concluded that the Decision of the Joint Authority was affected by apprehended bias. This was because a fair-minded observer would have reasonably apprehended that the former Prime Minister of Australia the Hon Scott Morrison MP, as a member of the Joint Authority, did not bring a fair mind to determine Asset Energy's application.

The Company undertook a loyalty option issue of one (1) option for every eight (8) shares held to all shareholders registered on a record date of 2 December 2022 ("Loyalty Options") with an offer closing date of 9 February 2023 and a subscription price of \$0.004 per Loyalty Option. The Loyalty Options, which have the same exercise price and expiry date as the Attaching Options, raised \$344,325 from the issue of 86,081,323 Loyalty Options on 16 February 2023, of which \$309,067 was received in cash and \$35,258 set off against liabilities for director fees.

On 8 February 2023, 7,285,714 unlisted share options with an exercise price of \$0.26 each expired unexercised.

Other than the above there have not been any matters or circumstance that have arisen since the end of the period, that have significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

9. RESERVES

Movements in reserves

	Consolidated	
	31 December 2022 (\$)	30 June 2022 (\$)
At the beginning of reporting period	1,105,671	1,105,671
Share-based payments	511,063	-
At the end of the reporting period	1,616,734	1,105,671

Notes to the Financial Statements for the half-year ended 31 December 2022
BPH Energy Ltd and its controlled entities

10. CONTRIBUTED EQUITY

	Number	\$	Number	\$
	Half-Year to 31 Dec 2022		Year to 30 June 2022	
Movements in ordinary shares on issue				
At the beginning of reporting period	664,948,251	58,844,602	664,919,389	58,843,159
Shares issued for cash	209,786,666	3,059,721	28,862	1,443
Share issue costs	-	(717,407)	-	-
Loss on shares issued in extinguishment of debt	-	11,456	-	-
Shares issued in extinguishment of debt	2,864,004	37,232	-	-
At the end of the reporting period	877,598,921	61,235,604	664,948,251	58,844,602

Fully paid ordinary shares carry one vote per share and carry the right to dividends. The Company has no authorised capital and the issued shares do not have a par value.

400,000 unlisted share options with an exercise price of \$0.20 each and 96,235,678 listed share options with an exercise price of \$0.05 each expired unexercised during the period.

11. CONTINGENT LIABILITIES

The consolidated entity has no contingent assets or liabilities at period end.

12. FINANCIAL INSTRUMENTS

The directors consider that the carrying value of the financial assets and liabilities as recognised in the financial statements approximate their fair values.

13. RELATED PARTY TRANSACTIONS

Grandbridge Limited, a Company of which Mr Breeze is Managing Director, charged the Company \$64,320 (2021: \$64,320) in service fees during the period.

The Company charged Associate Advent Energy Limited, a company of which Mr Breeze is a director, \$106,093 loan interest during the period (2021: \$Nil). Advent paid the Company \$146,152 loan interest during the period (2021: \$Nil). The Company was repaid a net loan of \$2,135,345 by the Advent group during the period (2021: repaid a net loan of \$554,725).

The Company charged MDS, a Company of which Mr Breeze is Managing Director, \$37,974 loan interest during the period (2021: \$34,830). The Company lent MDS \$12,000 during the period (2021: \$12,000). An expected credit loss provision of \$49,974 was recorded against the loan.

The Company charged MEC Resources Limited ("MEC"), a Company of which Mr Breeze is a director, \$5,126 interest during the period (2021: \$Nil). The Company lent MEC \$52,470 during the period (2021: \$39,413).

The directors participated in the September 2022 Rights Issue and satisfied the consideration by means of the following debt settlement against directors' fees owing:

Director	Shares Issued	Shares - debt settlement (\$)	Shares - share-based payments (\$)	Options Issued	Options - share-based payments (\$)
David Breeze	2,298,110	\$29,875	\$9,192	2,298,110	\$16,104
Charles Maling	202,891	\$2,638	\$812	202,891	\$1,422
Tony Huston	363,003	\$4,719	\$1,452	363,003	\$2,544
Total	2,864,004	\$37,232	\$11,456	2,864,004	\$20,070

13. RELATED PARTY TRANSACTIONS (continued)

The Rights Issue shares were issued at \$0.013 per share with a free attaching option with an exercise price of \$0.03 per option and an expiry date of 30 September 2024. The share price at the date of settlement was \$0.017. In the prior period the Company charged Grandbridge Securities Pty Ltd, a 100% subsidiary of Grandbridge Limited, a \$68,143 underwriting fee.

Other than the above, and director remuneration, there have been no material related party transactions during the period.

14. SHARE-BASED PAYMENTS

The Company issued Everblu Capital Limited ("Everblu") 38,461,538 Broker Options and 22,164,942 Broker Options as part of their fees for the August and October share placements respectively. The Broker Options have an exercise price of \$0.03 each and an expiry date of 30 September 2024. The options were valued with a Black and Scholes option pricing model at the date the services were engaged and the August Broker Options had a fair value of \$269,524 and the October Broker Options had a fair value of \$221,469.

As part of the September 2022 Rights Issue, the Company issued the Directors 2,864,004 shares and 2,864,004 share options exercisable at \$0.03 per share, expiring 30 September 2024 (Note 13). The Directors satisfied the consideration by means of a debt settlement against directors' fees owing of \$37,232. The shares were valued using the market value at the date of settlement and had a fair value of \$48,688, resulting in a loss on settlement of \$11,456.

The share-based payments can be summarised as follows:

	31 December 2022 (\$)	31 December 2021 (\$)
<i>Share-based payments expense – profit or loss</i>		
Loss on shares issued in extinguishment of debt	11,456	-
Director Rights Issue options	20,070	-
	31,526	-
<i>Share-based payments expense – contributed equity</i>		
Loss on shares issued in extinguishment of debt	11,456	-
	11,456	-
<i>Share-based payments expense – capital raising costs</i>		
August Broker Options	269,524	-
October Broker Options	221,469	-
	490,993	-
<i>Share-based payments expense – option reserve</i>		
August Broker Options	269,524	-
October Broker Options	221,469	-
Director Rights Issue options	20,070	-
	511,063	-

14. SHARE-BASED PAYMENTS (continued)

All options granted confer a right of one ordinary share for every option held. The fair value of the options granted is estimated using a Black and Scholes option pricing model taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the valuation model used:

Valuation date	18 August 2022 ¹	11 October 2022 ²	18 August 2022 ³
Number of options	38,461,538	22,164,942	2,864,004
Share price at valuation date	\$0.017	\$0.022	\$0.017
Exercise price	\$0.03	\$0.03	\$0.03
Expected volatility	100%	100%	100%
Expected life	2.1 years	1.9 years	2.1 years
Expected dividends	Nil	Nil	Nil
Risk-free interest rate	2.5%	2.5%	2.5%
Fair value at grant date	\$269,524	\$221,469	\$20,070

¹These options were a fee to the lead manager in relation to an August 2022 share placement and form part of the capital raising costs

²These options were a fee to the lead manager in relation to an October 2022 share placement and form part of the capital raising costs

³These were attaching options to shares issued in settlement of debt

Directors' Declaration
BPH Energy Ltd and its controlled entities

In the opinion of the directors the Company:

(a) the financial statements and notes as set out on pages 9 to 22 are in accordance with the *Corporations Act 2001* including:

(i) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2022 and of its performance for the half-year ended on that date; and

(ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory reporting requirements; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



D Breeze
Executive Chairman
Perth, 23 February 2023

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of BPH Energy Ltd

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of BPH Energy Ltd ("the company") which comprises the consolidated statement of financial position as at 31 December 2022, 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 half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of BPH Energy Ltd does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Emphasis of Matter - Material uncertainty related to the carrying value of the loan receivable from, and investment in, Advent Energy Limited

We draw attention to Note 7 in the financial report, which indicates that a material uncertainty exists in relation to the Group's ability to realise the carrying value of its loan receivable from, and investment in Advent Energy Limited and subsidiaries in the ordinary course of business. Our conclusion is not modified in respect of this matter.

Responsibility of the directors for the financial report

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

hlb.com.au

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

T: +61 (0)8 9227 7500 E: mailbox@hlbwa.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

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

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
23 February 2023



L Di Giallonardo
Partner