



13 July 2023

Companies Announcements Office
ASX Limited
10th Floor, 20 Bridge Street
SYDNEY NSW 2000

JUNE 2023 QUARTER ("QUARTER") OPERATIONS REPORT

Clean Hydrogen Technologies

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" or "Vendor" or "Borrower"), BPH and its investee Advent Energy Ltd ("Advent" or "Lender") settled for the acquisition of a 10% interest in Clean Hydrogen for US\$1,000,000 ("Cash Consideration") (8% BPH and 2% Advent) under a Loan Conversion Agreement dated 25 July 2022 following the payment of US\$535,996 by BPH and Advent (together the "Purchasers"), which was net of loans, accrued interest and deposits owed to the Purchasers by Clean Hydrogen.

The Purchasers had a further right of first refusal ("ROFR") to invest in Clean Hydrogen 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 and Advent shall hold a total 4% interest in Clean Hydrogen (based on the assumption that Clean Hydrogen has not issued any additional Clean Hydrogen Shares prior to the ROFR being exercised).

Clean Hydrogen has not sought a Series A Investment in its equity securities comprising a minimum investment of US\$3,000,000, and made a request for additional funding from BPH. Advent has lent Clean Hydrogen US\$500,000 in accordance with unsecured loan agreements on normal commercial terms. The loans have been funded by monies loaned by BPH to Advent. The loan agreements provide for a further unsecured loan of US\$500,000 to be made to the Borrower, of which US\$250,000 is subject always to the Lender's absolute discretion. Clean Hydrogen will allocate and issue up to 1,000 Options to Advent, with an exercise price of USD\$3,000 each, and exercisable immediately, with the option for conversion into shares in Clean Hydrogen expiring ten years from the date of issue (Clean Hydrogen Options). An advance of every US\$250,000 of the US\$1,000,000 loan facility will equate to 250 Clean Hydrogen Options allocated to Advent or, from time to time, BPH. The Purchasers and Clean Hydrogen have agreed to enter into a separate loan conversion agreement which will enable the conversion of the loan amount into the Subscription Shares Tranche 2, representing the Purchasers further 10% interest in Clean Hydrogen.

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The parties acknowledge and agree that the Cash Consideration and Additional Cash Consideration, shall be used by Clean Hydrogen to design, build, produce and test a reactor that can produce a minimum of 3.2kgs and as high as 15kgs of hydrogen per hour and to submit at least 2 new patents in an agreed geography, relevant to the production of hydrogen from proprietary technology.

Capital

The Company lodged a prospectus with ASX and ASIC on 24 March 2023 for the offer of Loyalty Options to give investors the same rights and entitlement to Loyalty Options as under a Loyalty Options Prospectus dated 25 November 2022 ("November Prospectus"), under which the Company could not meet the ASX quotation conditions and no Loyalty Options were issued. The offer was fully subscribed and raised \$438,623 (including the set-off of \$35,259 from amounts owed to directors and Grandbridge Limited) from the issue of 109,655,865 Loyalty Options with a subscription price of \$0.04 and an exercise price of \$0.03 per Loyalty Option, and an expiry date of 30 September 2024.

On 17 April 2023 the Company announced that it had received binding commitments to raise \$1 million (before costs) ("Placement") comprising the issue of 52,631,578 shares in the Company at an issue price of \$0.019 per share. The Placement was undertaken pursuant to the Company's existing placement capacity under ASX Listing Rule 7.1 and subsequent to the issue of a Prospectus in compliance with the Corporations Act. Placement participants received one (1) free listed option ("Placement Option") for every two (2) shares subscribed for under the Placement, exercisable at \$0.03 each with an expiry date of 30 September 2024 ("Attaching Options"). Everblu Capital Corporate Pty Ltd ("Everblu") acted as Lead Manager for the Placement, with 62 Capital Pty Ltd ("62 Capital") acting as Co-Lead. Everblu and 62 Capital were paid a cash fee of 6% on funds raised under the Placement and 1 listed Broker Option per 2 Placement Options issued exercisable at \$0.03 per share, expiring 30 September 2024.

The intended use of Placement funds is as follows:

- \$0.2 million - Further Investment in Clean Hydrogen Technology
- \$0.7million - Funding for exploration and development of oil and gas investments
- \$0.1 million - For working capital including costs of the offer

5,000 Cleansing Shares and 5,000 Cleansing Options were also issued during the quarter.

Significant activities by the Company's investees' during the June 2023 quarter were as follows:

Advent Energy Limited ("Advent")

Clean Hydrogen (BPH has an 8% direct interest) and Onshore Energy Pty Ltd ("Onshore") (a 100% owned subsidiary of Advent Energy Limited which BPH has a 35.8% direct interest) have entered into a hydrocarbon process agreement ("Agreement"). Onshore has rights to gas fields including the Weaber gas field at the Onshore Bonaparte Basin in the Northern Territory, Australia, Retention Lease RL1 ("Rights").

Clean Hydrogen has capabilities at processing hydrocarbons from natural gas and producing two products, hydrogen (sometimes referred to as turquoise hydrogen) and carbon black and carbon nanotube products where such products are produced with no CO₂ emissions in the core process. Carbon black is composed of fine particles of carbon produced by pyrolysis of natural gas at high temperatures which in pure form is a fine black powder. It is widely used in various applications for tyres, black colouring pigment of newspaper inks, resin colouring, paints, and toners, antistatic films, fibres, and floppy disks and as an electric conductive agent of high-technology materials.

By the Agreement, Onshore and Clean Hydrogen propose to develop plans whereby Clean Hydrogen processes the hydrocarbons from Onshore's Rights and produces hydrogen and carbon black products ("Clean Hydrogen Products").

Clean Hydrogen is developing its "Commercial System" where it will satisfy scale and commercial objectives resulting in the development of income from sale of Clean Hydrogen Products. Clean Hydrogen's Commercial System means an end-to-end system which consumes and processes hydrocarbons, using Clean Hydrogen's own thermocatalytic reactor process and Clean Hydrogen's catalysts to produce hydrogen at commercial scale, enabling the sale of the Clean Hydrogen Products.

Under the material terms of the Agreement, Onshore will review the Commercial System once ready, conditional on the following.

- i. Clean Hydrogen will keep Onshore informed of progress and timing for completion of the Commercial System which is planned to be completed in 2023 in India.
- ii. Clean Hydrogen will share details on design and capabilities to assist Onshore in understanding how its systems will integrate with Onshore's supply of hydrocarbons.
- iii. The parties will work together to develop a plan to include timelines and needs for production of Clean Hydrogen Products from Onshore's hydrocarbons.
- iv. Once Onshore has a clear date for hydrocarbon production, both parties will endeavour to finalise the planning to produce Clean Hydrogen Products.
- v. When Clean Hydrogen and Onshore have agreed to a time for the production of Clean Hydrogen Products, Clean Hydrogen will be responsible for due diligence relating to the compliance with the local regulatory requirements for the operation of the systems to produce the Clean Hydrogen Products.

The Agreement is non-binding and binding material contractual terms have yet to be agreed.

Clean Hydrogen will make itself available to answer all technical and business model queries as required and provide a dedicated point of contact to manage all Onshore queries. Onshore will use best endeavours to develop the plan with Clean Hydrogen. Onshore will provide Clean Hydrogen with detail on its Rights and the timing to assist with planning.

Onshore and Clean Hydrogen shall define and agree as part of the plan on the markets for the sale of the Clean Hydrogen Products.

Onshore accepts no liability for the design and operation of the systems to produce the Clean Hydrogen Products. The Agreement does not preclude Onshore's right to look at other plans for use of their hydrocarbons associated with their Rights.

Cortical Dynamics Limited ("Cortical")

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, and complemented by CORDYAN™ (Cortical Dynamics Analytics), a proprietary deep learning system/App focusing on anaesthesiology.

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.

On 15 May 2023 the Company announced Philips Electronics North America Corp. had confirmed that Cortical had, with successful testing and provision of documentation, met the necessary prerequisites of the Philips License and Cooperation Agreement to claim the BARM-PEC as a

compatible and "supported device" for Philips Patient Monitoring Systems IntelliVue MP40-90 and MX400-850 using the Philips IntelliBridge EC10 Interface Module or IntelliBridge EC10 integral Interface Board, as well as Philips IntelliBridge System Release C.0 and Patient Information Center iX using the EC40/80 Hub with Open Interface driver (ED/BD101) and EC5 ID Module #106.

Philips confirms that Cortical may now claim compatibility of the BARM-PEC with the abovementioned Philips IntelliVue Patient Monitoring Systems. Philips will include Cortical's BARM-PEC in the list of Open Interface supported medical devices that is communicated to the Philips sales force and published on related Philips webpages.

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.

Item 1 and 2 details of payments to / receipts from related parties (Appendix 4C)

Line 6.1 outflow of \$45,000: \$19,470 paid to a director as remuneration and net \$25,975 fees paid to Grandbridge Limited.

Line 6.2 outflow of \$762,000: A loan to investee Advent Energy Limited of \$745,000 and a repayment of a loan of \$16,551 to Grandbridge Limited.

Authorised by

A handwritten signature in black ink, appearing to read 'D. Breeze', enclosed within a thin black rectangular border.

David Breeze
Chairman

For personal use only

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

BPH ENERGY LIMITED

ABN

41 095 912 002

Quarter ended ("current quarter")

JUNE 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs		
(c) advertising and marketing	(114)	(497)
(d) leased assets		
(e) staff costs	(19)	(76)
(f) administration and corporate costs	(127)	(673)
1.3 Dividends received (see note 3)		
1.4 Interest received	25	198
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (settlement of ex-directors' fees)		
1.9 Net cash from / (used in) operating activities	(235)	(1,048)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment		
(d) investments	-	(766)
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		
2.3	Cash flows from loans to other entities	(762)	531
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(762)	(235)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,404	4,463
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(208)	(461)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Proceeds from equity securities not issued	(306)	-
3.10	Net cash from / (used in) financing activities	890	4,002

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,721	2,895
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(235)	(1,048)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(762)	(235)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	890	4,002
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	5,614	5,614

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	5,614	5,721
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	5,614	5,721

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of (payments to) related parties and their associates included in item 1	(45)
6.2	Aggregate amount of (payments to) related parties and their associates included in item 2	(762)

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	88	88
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 Total financing facilities	88	88
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
The facilities shown above are owing to Grandbridge Limited by a BPH subsidiary. The balance is unsecured and interest free.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(235)
8.2 Cash and cash equivalents at quarter end (item 4.6)	5,614
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	5,614
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	23.9
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer:	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer:	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer:	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 13 July 2023

Authorised by: David Breeze (Director)
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.