



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 2023
Previous Corresponding Reporting Period	31 December 2022

					\$A'000
Revenues from ordinary activities	Up	26.4%	to	201	
(Loss) from ordinary activities after tax attributable to members	N/A				(744)
Net (loss) for the period attributable to members	N/A				(744)

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)	2.0	1.9

Commentary on Results

Commentary on the above figures is included in the attached financial report for the half year ended 31 December 2023 in the Directors' Report (page 2).

Associates and joint ventures

Refer to the attached half year financial report for the half year ended 31 December 2023 (Note 7).

Status of Audit

The financial report for the half year ended 31 December 2023 has been subject to audit review and is not subject to dispute or qualification.

Appendix 4D (continued)
BPH Energy Ltd and its controlled entities

The Independent Auditor's Audit Review Report includes the following Emphasis of Matter paragraph:

"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 in the ordinary course of business. Our conclusion is not modified in respect of this matter."

Refer to the Independent Audit Review Report within the enclosed half year financial report.

The Company's half-year financial report for the six months ended 31 December 2023 is set out on the following pages.

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Company Information

Directors

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

Registered Office

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114 Cedric Street
STIRLING WA 6021

Principal Business Address

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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 2023.

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

Results for the Period

The loss for the period was \$744,001 (2022: loss of \$785,225) after recognising:

- share of associates' losses of \$148,739 (2022: loss of \$64,064)
- share-based payment expense of \$217,471 (2022: \$31,526)
- administration and promotion costs of \$303,012 (2022: \$585,856)

The net assets of the consolidated entity have increased by 6.3% from 30 June 2023 to \$20,630,145 at 31 December 2023.

Share Capital

On 11 September 2023 the Company announced that it had received binding commitments to raise \$1,900,000 (before costs) ("Placement") comprising the issue of 95,000,000 new fully paid ordinary shares ("Placement Shares") in the Company at an issue price of \$0.02 per share. The Placement was well supported by new and existing investors and upsized to accommodate strong demand.

Placement participants received one (1) free Attaching Option for every two (2) Placement Shares, exercisable at \$0.03 each with an expiry date of 30 September 2024 ("Attaching Options"). The Attaching Options, the issue of which were subject to shareholder approval at the Company's November 2023 Annual General Meeting, are quoted on the ASX.

Everblu Capital Corporate Pty Ltd ("Everblu") and 62 Capital Limited ("62 Capital") acted as joint Lead Managers for the Placement. Everblu and 62 Capital were paid a cash fee of 6% on funds raised under the Placement and issued 1 Broker Option for every 3 shares issued. The Broker Options have the same exercise price and expiry date as the Attaching Options.

The intended use of funds will be:

- \$0.2 million - Further investment in Clean Hydrogen technology
- \$1.5 million - Funding for exploration and development of oil and gas investments
- \$0.1 million - Working capital including costs of the offer
- \$0.1 million - Funding for Cortical Dynamics

In addition:

- 687,449 share options with an exercise price of \$0.03 per option were exercised
- 4,000 Cleansing Shares and 5,000 Cleansing Options were issued for total cash proceeds of \$56
- 58,000,000 Performance Rights were awarded to Director David Breeze subsequent to approval at the Company's November 2023 Annual General Meeting. The Performance Rights shall vest upon approval by the Commonwealth - New South Wales Offshore Petroleum Joint Authority (Joint Authority) of the PEP11 Permit extension application (Milestone). If the Milestone has not been achieved prior to 30 November 2028, the Performance Rights will automatically lapse and will not be converted into shares.

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- 5,250,000 Incentive Options were issued to staff and consultants with an exercise price of \$0.05 per option and an expiry date of 7 December 2028.

Review of Operations

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" or "Vendor" or "Borrower"), BPH and its investee Advent Energy Ltd ("Advent" or "Lender"), together the "Purchasers", settled for the acquisition of a 10% interest in Clean Hydrogen for US\$1,000,000 ("Cash Consideration") (8% BPH and 2% Advent).

The Purchasers had a first right of refusal to invest further in Clean Hydrogen to a maximum of a further US\$1,000,000 for an additional 10% interest. The Purchasers loaned a further US\$950,000 ("Additional Cash Consideration") under this agreement and the Purchasers and Clean Hydrogen will execute a Loan Conversion Agreement which will enable the conversion of the US\$950,000 loan into the relevant Subscription Shares Tranche 2, representing the Purchasers further 9.5% interest in Clean Hydrogen. BPH now has an interest of 15.6% and Advent has an interest of 3.9% interest in Clean Hydrogen. Clean Hydrogen will issue 760 share options to BPH and 190 share options to Advent, with an exercise price of USD\$3,000 each, exercisable immediately, with the option to convert into shares in Clean Hydrogen expiring ten years from the date of issue.

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.

Clean Hydrogen has developed and tested its processing capabilities which have successfully produced hydrogen, with no CO₂ emissions, achieving on average above 90% cracking efficiency. Cracking efficiency refers to the percentage of hydrocarbons broken into solid carbon and hydrogen per hour. This high level of cracking efficiency has been consistently achieved across proof-of-concept tests undertaken by Clean Hydrogen in 2022 and 2023.

Clean Hydrogen have tested the performance of a number of catalysts in the period between April 2022 and September 2022 and have determined that several of the catalysts have given methane cracking conversion rate (efficiency) more than 90%, for several hours. To achieve these results, Clean Hydrogen currently uses methane as its feedstock however, in the future, plans to use natural gas as its feedstock through the pyrolysis method (explained further below).

Clean Hydrogen's development activities and testing have shown that, by pyrolysis processing (not burning) methane gas using its catalyst in a modified fluidised bed reactor, it can produce hydrogen with no CO₂ emissions. This is referred to as Turquoise Hydrogen, which is hydrogen that is produced using a process called pyrolysis, where the feedstock is natural gas (specifically the hydrocarbons such as acetylene, methane, butane, propane, and others). Pyrolysis is defined as the method of heating solids, liquids, or gases in the absence of oxygen¹. The pyrolysis process is not new and has been used by the oil industry for many years. What is new, is Clean Hydrogen's success in the efficiency of its cracking the methane into Turquoise Hydrogen with non-CO₂ emissions and the quality of the carbon black produced, being majority Carbon Nano-Tubes (CNTs), which are highly conductive and used in battery manufacturing.

In Clean Carbon's testing, the majority of the carbon formed (over 80%) from cracking hydrocarbons to date are CNTs. This type of carbon was determined using Scanning Electron Microscopy (SEM) analysis, which enables

¹ 'Methane Pyrolysis: hydrogen without CO₂ Emissions' www.tno.nl/en/technology-science/technologies/methane-pyrolysis/

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the high-resolution imaging of single nanoparticles with sizes well below 1 nm or micron, as is the case for CNTs. The Clean Hydrogen process is more specifically called a thermos-catalytic pyrolysis, which uses 800- 900 degrees heat centigrade in the reactor in the absence of oxygen.

The Company confirms that there are no non-CO2 greenhouse gas emissions that are produced or released as a result of Clean Hydrogen's production process.

Steam Methane Reforming vs Clean Carbon pyrolysis process

Over 80% of the world's hydrogen is produced using a process called Steam Methane Reforming (SMR)². The Clean Hydrogen process requires similar energy needs as SMR and at scale, Clean Hydrogen is of the view that it can be produced at a similar price.

Clean Hydrogen's Chief Science Officer, Dr Vivek Nair (PhD material science engineering) has examined research undertaken by Nuria Sánchez-Bastardo, Robert Schlögl, and Holger Ruland published in Industrial & Engineering Chemistry Research 2021 60 (32), 11855-11881³, which shows that the electrical energy required to produce 1kg of hydrogen from SMR is 8.81 kwh, 39.69kwh for electrolysis and 5.24kwh for pyrolysis at the reaction level. As such, the pyrolysis process requires less energy than SMR to achieve cracking and uses the same feedstock, natural gas. This energy analysis is conducted without considering the benefits from the use of a catalyst in the pyrolysis process, such as Clean Hydrogen's catalyst, which implies that pyrolysis at scale can be cheaper than SMR. Further, as the process creates two products, which are hydrogen and CNTs, the combined income source provides a means to produce hydrogen at a cheaper net cost.

Clean Hydrogen

The Clean Hydrogen solution is being built with flexibility to work downstream at heavy transport fuelling hubs currently in use in the USA, mid-stream at steel plants replacing coking coal and upstream where the natural gas is processed into hydrogen, a much higher energy source which can be piped for all uses including the production of electricity. As such the technology being developed by Clean Hydrogen's solution requires very little change and impact to existing infrastructures and supply chains, unlike other solutions.

Clean Hydrogen has produced hydrogen beyond lab scale tests and is now planning to scale up to a commercial production in 2024. There are three (3) stages to Clean Hydrogen scaling to commercial production:

Stage 1 Completed Stage:

Clean Hydrogen has completed work in 2022 / 2023 on how to scale the catalyst production at the CoE. They have also scaled the reactor to 1/3 of the internal diameter of the full scale commercial system reactors planned for use in Stage 3, explained below.

Stage 2 Current Commercial Stage:

Before moving to Stage 3, Clean Hydrogen plans to demonstrate the commercial viability of its two (2) products; Turquoise Hydrogen and solid carbon. This will be performed using a reactor half the internal diameter of the Stage 3 reactor. It will also require Clean Hydrogen to build the end to end process for separating out the hydrogen from the uncracked hydrocarbons and then compressing it into hydrogen bottle storage. Clean Hydrogen will demonstrate the commercial viability of its products by selling a carbon product called carbon composite made from majority based CNTs and Alumina and bottled hydrogen of 99%+ purity. Clean Hydrogen is currently in the final stages of the assembly of the end to end systems for this.

² Nuria Sánchez-Bastardo, Robert Schlögl, and Holger Ruland Industrial & Engineering Chemistry Research 2021 60 (32), 11855- 11881 <https://pubs.acs.org/doi/10.1021/acs.iecr.1c01679>

³ <https://pubs.acs.org/doi/10.1021/acs.iecr.1c01679>

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Stage 3 Scale and Commercial:

The Stage 3 system is planned to have two (2) reactors working together, illustrating that Clean Hydrogen can scale several reactors together. Clean Hydrogen's final customer systems are planned to have a network of several reactors working together. Stage 3 is planned for completion in 2024.

Developments in the Company's investments include:

Advent Energy Limited (BPH 35.8%)

PEP-11 Permit

Advent Energy Limited's (BPH 35.8% direct interest) 100% subsidiary Asset Energy Pty Ltd is a participant in the PEP11 Joint Venture with partner Bounty Oil and Gas NL (ASX:BUY). PEP-11 interests are:

Advent Energy 85 % / Bounty Oil and Gas 15%

In February 2023 the resolution of the Federal Court Proceedings (WAD106/2022) between Asset and the Respondents (being the Commonwealth Minister for Resources et al) was announced. 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 PEP 11 Joint Venture 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 presiding Judge Justice Jackson 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. Advent has provided further information to the National Offshore Petroleum Titles Administrator (NOPTA) in response to requests for updated information subsequent to the decision in the Federal Court proceedings detailed above.

Advent now has two continuing applications with NOPTA for suspension and extension of the PEP11 permit, the first lodged in December 2019 and the second in January 2021. The first application was on the basis of Force Majeure and is the only application which is the subject of the NOPTA notice. The second was under COVID and was accepted but not dealt with pending an outcome on the first application made in December 2019.

Asset Energy continues to progress the joint venture's applications for the variation and suspension of work program conditions and related extension of PEP-11. This application follows from the fact that in February 2023 a decision by the previous Commonwealth-NSW Joint Authority to refuse the application was quashed by the Federal Court of Australia. Asset has provided additional updated information to the Commonwealth-NSW Joint Authority and the National Offshore Petroleum Titles Administrator ("NOPTA") in relation to its applications.

On 22 November 2023, the NSW Legislative Committee on Environment and Planning tabled its report into the Minerals Legislation Amendment (Offshore Drilling and Associated Infrastructure Prohibition) Bill 2023, which was referred to the Committee on 29 June 2023. The Bill sought to amend three Acts to prohibit offshore activities in NSW including drilling for petroleum. The inquiry investigated a range of issues, particularly whether the Bill raises any potential constitutional issues and unintended consequences, and its report sets out its findings and proposed recommendations. The relevant link is set out below:

<https://www.parliament.nsw.gov.au/committees/inquiries/Pages/inquiry-details.aspx?pk=2977#tab-reportsandgovernmentresponses>

The Committee heard from legal experts and has found that aspects of the proposed legislation may be constitutionally invalid and have unintended consequences. The report makes 10 findings and 2 recommendations. The Committee has accordingly recommended that the Bill not pass.

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On 9 October 2023 NOPTA updated their website whereby the NEATS Public Portal Application Tracking has been updated to show Asset Energy's applications' status is now 'Under Assessment'. The Company understands that the next step in the application process is for the Joint Authority to make its decision on Asset Energy's applications.

On 6 February 2024 the NSW Government issued a media release titled "NSW introduces legislation to protect coastal waters from offshore drilling and mining". The State of NSW and the NSW Government only have jurisdiction and the power to control exploration and extraction in coastal waters up to 3 nautical miles (4.83 km) offshore from the NSW coast. PEP-11 is beyond that 3 nautical mile limit and all such matters touching PEP-11 are under the jurisdiction of the Commonwealth of Australia (ie the Australian Government). Gas exploration operations including safety and environment are controlled by NOPSEMA, a Commonwealth of Australia authority. The holders of PEP-11 intend to pursue gas exploration (by drilling around 26 km offshore) well beyond the limit of NSW coastal waters. The holders of PEP-11 fully support protecting the coastal and offshore marine environment and note that in respect of PEP 11 any activity undertaken in the permit area would require specific approval of the independent regulator NOPSEMA.

While the applications for the variation and suspension of work program conditions and related extension of PEP-11 are being considered by NOPTA, Asset is investigating the availability of a mobile offshore drilling unit to drill the proposed Seablue-1 well on the Baleen prospect which would take approximately thirty-five days to complete. Asset is in communication with drilling contractors and other operators who have recently contracted rigs for work in the Australian offshore beginning in the first half of 2024.

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 (Cth).

Cortical Dynamics Limited (BPH 16.4%)

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.

In September 2023 Cortical secured FDA 510(k) clearance in the USA for its flagship technology, the Brain Anaesthesia Response Monitor or BARM™ system version 1. 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.

The clearance is a result of two years' work post submission with the US Food and Drug Administration (FDA) in 2021, Cortical being ably assisted by MCRA, a leading Washington based medical global full-service medical device, diagnostics, and biologics CRO and consulting advisory firm. The 510(k) clearance for BARM™ version 1 in the USA is complemented by existing regulatory approvals in Australia (TGA), Europe (CE) and South Korea (KMFDs).

The BARM™ Pec "plug and play" version 1 was approved compatible by Philips with its IntelliView operating room monitors earlier this year. Cortical is working on an enhanced version of BARM™ with

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its partner AIT (the Austrian Institute of Technology) based in Vienna which will include upgrades to the software, hardware and firmware.

Additionally, building on the technical and regulatory developments in the Company, Cortical has recently appointed Dr Sunil Nagaraj PhD as its new Chief Scientist. Dr. Sunil Belur Nagaraj obtained his Master's Degree from the University of Victoria in Canada in 2010 and Doctoral Degree from University College Cork, Ireland in 2015. His doctoral research centered around the development of AI-based real-time brain monitoring, utilising EEG recordings to monitor brain activity.

After a role as a postdoctoral fellow at the Harvard Medical School/Massachusetts General Hospital in the USA. Dr Nagaraj assumed the position of an Assistant Professor of medicine at the University Medical Centre Groningen in The Netherlands for two years. Concurrently, he dedicated three years to working as a scientist at Royal Philips, where he specialised in sleep disorders at the Innovation Forum, highlighting its potential to provide future insights into heart-brain connectivity. Throughout his career, Dr. Nagaraj has demonstrated exceptional research acumen, with a patent and 21 high-impact journal articles to his name, amassing over 650 pioneering research papers and has been recognised through several national and international grants, enabling him to conduct cutting-edge studies that contribute significantly to the advancement of medical technology.

During the half-year Cortical issued 3,150,000 shares for cash at \$0.20 per share for proceeds of \$630,000.

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 22 February 2024 the Company announced a Placement ("February Placement") of 69,183,942 new fully paid ordinary shares ("February Placement Shares") in the Company at an issue price of \$0.033 per share. The February Placement raised a total of \$2,283,070, of which \$72,000 related to the set-off of third-party invoices in relation to marketing and advertising costs, and \$2,211,070 was in cash (before costs).

Placement participants received one (1) free Attaching Option (BPHOB) for every two (2) February Placement Shares subscribed for under the February Placement, exercisable at \$0.03 each with an expiry date of 30 September 2024 ("Attaching Options").

Oakley Capital Partners Pty Limited ("Oakley Capital"), Everblu Capital Corporate Pty Ltd ("Everblu"), and 62 Capital Limited ("62 Capital") acted as joint Lead Managers for the Placement. Oakley Capital, Everblu and 62 Capital were paid a cash fee of 5% on funds raised under the Placement and 8,250,000 BHPOB Broker Options ("Broker Options") pro-rata to their participation in the Placement.

The Placement (including the free Attaching Options and Broker Options) 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.

The intended use of funds will be:

- \$1.71 million - Funding for exploration and development of oil and gas investments
- \$0.2 million - Working capital including costs of the offer
- \$0.3 million - Funding for Cortical Dynamics

There have not been other 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,

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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 9.

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, 28 February 2024

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 2023, 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
28 February 2024


D B Healy
Partner

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Consolidated Statement of Profit or Loss and Other Comprehensive Income for the half year ended 31 December 2023
BPH Energy Ltd and its controlled entities

	Note	Consolidated	
		31 December 2023 \$	31 December 2022 \$
Revenue from ordinary activities	4	200,757	159,140
Interest expense		-	(309)
Administration and promotion costs		(303,012)	(585,856)
Consulting and legal expenses		(110,215)	(107,743)
Expected credit loss		(61,176)	(49,974)
Directors' fees		(50,000)	(50,000)
Impairment reversal		10,175	9,427
Share-based payments	9	(217,471)	(31,526)
Share of associates' (losses)	7	(148,739)	(64,064)
Service expenses		(64,320)	(64,320)
(Loss) before income tax		(744,001)	(785,225)
Income tax expense		-	-
(Loss) for the period		(744,001)	(785,225)
Other comprehensive income		-	-
Total comprehensive (loss) for the period		(744,001)	(785,225)
Loss attributable to members of the parent entity		(744,001)	(785,225)
Loss attributable to non-controlling interests		-	-
Total comprehensive (loss) attributable to owners of the Company		(744,001)	(785,225)
Total comprehensive (loss) attributable to non-controlling interests		-	-
Earnings per share:			
Basic and diluted loss (cents per share)		(0.08)	(0.10)

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 2023
BPH Energy Ltd and its controlled entities**

		Consolidated	
	Note	31 December 2023 \$	30 June 2023 \$
Current Assets			
Cash and cash equivalents	5	5,105,508	5,614,184
Trade and other receivables		53,794	64,812
Financial assets	6	1,870,862	1,267,628
Prepayments		113,386	50,000
Total Current Assets		7,143,550	6,996,624
Non-Current Assets			
Financial assets	6	10,842,387	9,632,084
Investments in associates	7	3,629,642	3,768,206
Total Non-Current Assets		14,472,029	13,400,290
Total Assets		21,615,579	20,396,914
Current Liabilities			
Trade and other payables		897,169	896,610
Financial liabilities		88,265	88,265
Total Current Liabilities		985,434	984,875
Net Assets		20,630,145	19,412,039
Equity			
Issued capital	10	63,427,889	61,883,062
Reserves	9	2,744,351	2,327,071
Accumulated losses		(45,379,945)	(44,635,944)
Equity attributable to owners of the parent		20,792,295	19,574,189
Non-controlling interest		(162,150)	(162,150)
Total Equity		20,630,145	19,412,039

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

**Statement of Changes in Equity
for the half year ended 31 December 2023
BPH Energy Limited**

Consolidated	Ordinary share capital \$	Accumulated losses \$	Option premium reserve \$	Share based payment reserve \$	Total attributable to owners of the parent entity \$	Non-controlling Interest \$	Total \$
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 half- year	-	(785,225)	-	-	(785,225)	-	(785,225)
<i>Transactions with owners in their capacity as owners</i>							
Securities 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
Securities 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
Balance at 30 June 2023	61,883,062	(44,635,944)	438,799	1,888,272	19,574,189	(162,150)	19,412,039
Loss for the period	-	(744,001)	-	-	(744,001)	-	(744,001)
Total comprehensive loss for the half- year	-	(744,001)	-	-	(744,001)	-	(744,001)
<i>Transactions with owners in their capacity as owners</i>							
Securities issued for cash	1,920,703	-	16	-	1,920,719	-	1,920,719
Share issue costs - cash	(176,083)	-	-	-	(176,083)	-	(176,083)
Share based payments	(199,793)	-	-	417,264	217,471	-	217,471
Balance at 31 December 2023	63,427,889	(45,379,945)	438,815	2,305,536	20,792,295	(162,150)	20,630,145

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 2023
BPH Energy Ltd and its controlled entities**

	Note	Consolidated	
		31 December 2023 \$	31 December 2022 \$
Cash flows from operating activities			
Payments to suppliers and employees		(579,340)	(765,486)
Interest received		56,044	156,099
Interest paid		-	(309)
Net cash used in operating activities		(523,296)	(609,696)
Cash flows from investing activities			
Payment for unlisted investments		-	(765,873)
Loans advanced		(1,730,000)	(1,010,470)
Loans repaid		-	3,057,345
Net cash (used in) / from financing activities		(1,730,000)	1,281,002
Cash flows from financing activities			
Proceeds from issue of securities (net of share issue costs)		1,744,620	2,833,308
Net cash from financing activities		1,744,620	2,833,308
Net (decrease) / increase in cash held		(508,676)	3,504,614
Cash at the beginning of the financial period		5,614,184	2,894,998
Cash at the end of the financial period	5	5,105,508	6,399,612

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 2023
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 28 February 2024.

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 2023. 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 2023 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 2023 and corresponding half-year other than noted below.

Standards and Interpretations applicable to 31 December 2023

In the period ended 31 December 2023, 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 2023. 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 2023. 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 judgements — Expected credit loss

Included in the accounts of the consolidated entity are loan receivables of \$Nil (June 2023: \$ Nil) net of expected credit losses of \$1,688,455 (June 2023: \$1,627,279). The Company recognised an expected credit loss of \$61,176 in the reporting period (December 2022: loss of \$49,974).

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

The investment in Advent is equity accounted, refer to Note 7. During the period the Company recognised its share of the loss of the associate of \$138,564 (December 2022: \$54,637).

Key estimate - Investment in Molecular Discovery Systems

The investment in Molecular Discovery Systems Limited is equity accounted, refer to Note 7. During the period the Company recognised its share of the loss of the associate of \$10,175 (December 2022: \$9,427). The Company also recognised an impairment reversal of \$10,175 (December 2022: reversal of \$9,427) such that the investment in Molecular Discovery Systems is fully impaired at period end.

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

The investment in Cortical is carried at fair value, refer to Note 6. The Company's investment in Cortical is valued at 20 cents per share based on the price of the most recent third party share issue by Cortical.

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

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

**Notes to the Financial Statements
for the half year ended 31 December 2023
BPH Energy Ltd and its controlled entities**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Critical Accounting Estimates and Judgments (continued)

Key estimate – carrying value of investment in MEC Resources Limited (MEC)

The investment in MEC is recorded at a carrying value of \$22,222 being the last traded price of \$0.004 per share prior to MEC's suspension from ASX on 17 January 2020. MEC announced to ASX on 21 June 2021 that "Should Advent be successful in the extension of its PEP11 oil and gas exploration lease and MEC be successful in its appeal to reinstate its status as a PDF (Pooled Development Fund), ASX could consider conditions for reinstatement on the basis of continuation of MEC's existing business". MEC has now met the second of these ASX preconditions.

(d) Financial Position

The consolidated entity has incurred a net loss before tax for the period ended 31 December 2023 of \$744,001 (December 2022: loss of \$785,225) and has a working capital surplus of \$6,158,116 as at 31 December 2023 (June 2023: surplus of \$6,011,749).

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 2023
BPH Energy Ltd and its controlled entities**

4. REVENUE

	Consolidated	
	31 December 2023 (\$)	31 December 2022 (\$)
Interest income	200,757	159,140
	<u>200,757</u>	<u>159,140</u>

5. CASH AND CASH EQUIVALENTS

	Consolidated	
	31 December 2023 (\$)	30 June 2023 (\$)
Cash and cash equivalents:		
Cash at bank and in hand	5,105,508	5,614,184
	<u>5,105,508</u>	<u>5,614,184</u>

6. FINANCIAL ASSETS

	Consolidated	
	31 December 2023 \$	30 June 2023 \$
<i>Current</i>		
Loans to other entities:		
Secured loans to other entities	311,063	131,063
Unsecured loans to other entities	1,537,577	1,114,343
Investments in listed entities (Level 1)	22,222	22,222
	<u>1,870,862</u>	<u>1,267,628</u>
<i>Non - current</i>		
Unsecured loans to other entities	3,209,289	1,998,986
Investments in unlisted entities (Level 2)	6,488,606	6,488,606
Investments in unlisted entities (Level 3)	1,144,492	1,144,492
	<u>10,842,387</u>	<u>9,632,084</u>
Loan receivables are stated net of the following provisions:		
Molecular Discovery Systems Limited		
Gross receivable	1,688,457	1,627,279
Less provision	<u>(1,688,457)</u>	<u>(1,627,279)</u>
	<u>-</u>	<u>-</u>

An expected credit loss provision of \$61,176 was recognised during the half-year on the loan with Molecular Discovery Systems Limited (December 2022: \$49,974).

The Company has an investment in Patagonia Genetics Limited with a cost base of \$250,000 and a fair value of \$Nil (30 June 2023: \$Nil).

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**Notes to the Financial Statements
for the half year ended 31 December 2023
BPH Energy Ltd and its controlled entities**

7. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	Consolidated	
	31 December 2023 (\$)	30 June 2023 (\$)
Molecular Discovery Systems Ltd	356,932	367,107
Molecular Discovery Systems Ltd - Impairment provision	(356,932)	(367,107)
Advent Energy Limited	3,629,642	3,768,206
	<u>3,629,642</u>	<u>3,768,206</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 2023	June 2023
		Molecular Discovery Systems ("MDS")	Australia
Advent Energy Limited ("Advent")	Australia	35.8%	35.8%

	Consolidated			
	Advent		MDS	
	Half-Year To		Half-Year To	
	31 December 2023 (\$) Unaudited	31 December 2022 (\$) Unaudited	31 December 2023 (\$) Unaudited	31 December 2022 (\$) Unaudited
Revenue	-	-	-	-
(Loss) for the period	(386,986)	(151,301)	(50,877)	(47,136)
Other comprehensive income for the period	-	-	-	-
Total comprehensive (loss) for the period	<u>(396,986)</u>	<u>(151,301)</u>	<u>(50,877)</u>	<u>(47,136)</u>

	Advent		MDS	
	31 December 2023 (\$) Unaudited	30 June 2023 (\$) Audited	31 December 2023 (\$) Unaudited	30 June 2023 (\$) Audited
	Current assets	2,765,180	2,026,128	5,938
Non-current assets	17,318,409	16,822,221	-	-
Current liabilities	(1,611,863)	(1,250,552)	(974,686)	(959,430)
Non-current liabilities	(8,466,342)	(7,206,039)	(971,218)	(930,042)
Net assets / (liabilities)	<u>10,005,384</u>	<u>10,391,758</u>	<u>(1,939,966)</u>	<u>(1,889,088)</u>

**Notes to the Financial Statements
for the half year ended 31 December 2023
BPH Energy Ltd and its controlled entities**

7. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (continued)

	Consolidated			
	Advent		MDS	
	31 December 2023 (\$) Unaudited	30 June 2023 (\$) Audited	31 December 2023 (\$) Unaudited	30 June 2023 (\$) Audited
Share of the group's ownership interest in associate	3,629,642	3,768,206	(387,993)	(377,818)
Other adjustments	-	-	387,993	377,818
Carrying value of the group's interest in associate	3,629,642	3,768,206	-	-
Opening balance 1 July	3,768,206	3,941,702	-	-
Share of associate's (loss) after impairment recognition	(138,564)	(173,496)	-	-
Closing balance	3,629,642	3,768,206	-	-

(i) *Advent Energy Limited – PEP11*

In February 2023 the resolution of the Federal Court Proceedings (WAD106/2022) between Asset and the Respondents (being the Commonwealth Minister for Resources et al) was announced. 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 PEP 11 Joint Venture 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 presiding Judge Justice Jackson 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. Advent has provided further information to the National Offshore Petroleum Titles Administrator (NOPTA) in response to requests for updated information subsequent to the decision in the Federal Court proceedings detailed above.

Advent now has two continuing applications with NOPTA for suspension and extension of the PEP11 permit, the first lodged in December 2019 and the second in January 2021. The first application was on the basis of Force Majeure and is the only application which is the subject of the NOPTA notice. The second was under COVID and was accepted but not dealt with pending an outcome on the first application made in December 2019.

Asset Energy continues to progress the joint venture's applications for the variation and suspension of work program conditions and related extension of PEP-11. This application follows from the fact that in February 2023 a decision by the previous Commonwealth-NSW Joint Authority to refuse the application was quashed by the Federal Court of Australia. Asset has provided additional updated information to the Commonwealth-NSW Joint Authority and the National Offshore Petroleum Titles Administrator ("NOPTA") in relation to its applications.

On 9 October 2023 NOPTA updated their website whereby the NEATS Public Portal Application Tracking has been updated to show Asset Energy's applications' status is now 'Under Assessment'. The Company understands that the next step in the application process is for the Joint Authority to make its decision on Asset Energy's applications.

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7. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (continued)

On 6 February 2024 the NSW Government issued a media release titled "NSW introduces legislation to protect coastal waters from offshore drilling and mining". The State of NSW and the NSW Government only have jurisdiction and the power to control exploration and extraction in coastal waters up to 3 nautical miles (4.83 km) offshore from the NSW coast. PEP-11 is beyond that 3 nautical mile limit and all such matters touching PEP-11 are under the jurisdiction of the Commonwealth of Australia (ie the Australian Government). Gas exploration operations including safety and environment are controlled by NOPSEMA, a Commonwealth of Australia authority. The holders of PEP-11 intend to pursue gas exploration (by drilling around 26 km offshore) well beyond the limit of NSW coastal waters. The holders of PEP-11 fully support protecting the coastal and offshore marine environment and note that in respect of PEP 11 any activity undertaken in the permit area would require specific approval of the independent regulator NOPSEMA.

While the applications for the variation and suspension of work program conditions and related extension of PEP-11 are being considered by NOPTA, Asset is investigating the availability of a mobile offshore drilling unit to drill the proposed Seablue-1 well on the Baleen prospect which would take approximately thirty-five days to complete. Asset is in communication with drilling contractors and other operators who have recently contracted rigs for work in the Australian offshore beginning in the first half of 2024.

The directors have confidence that a suitable outcome will be achieved however there is no certainty at this stage that the application will be successful and / or of further funding being made available. If Asset Energy loses its right of tenure in respect of PEP 11 then book value of capitalised exploration and evaluation expenditure of \$14.83 million will need to be written off to the Statement of Profit or Loss and Other Comprehensive Income in Asset.

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 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) Molecular Discovery Systems Limited

The carrying value of Molecular Discovery Systems Limited is fully impaired.

8. EVENTS SUBSEQUENT TO REPORTING DATE

On 22 February 2024 the Company announced a Placement ("February Placement") of 69,183,942 new fully paid ordinary shares ("February Placement Shares") in the Company at an issue price of \$0.033 per share. The February Placement raised a total of \$2,283,070, of which \$72,000 related to the set-off of third-party invoices in relation to marketing and advertising costs, and \$2,211,070 was in cash (before costs).

Placement participants received one (1) free Attaching Option (BPHOB) for every two (2) February Placement Shares subscribed for under the February Placement, exercisable at \$0.03 each with an expiry date of 30 September 2024 ("Attaching Options").

Oakley Capital Partners Pty Limited ("Oakley Capital"), Everblu Capital Corporate Pty Ltd ("Everblu"), and 62 Capital Limited ("62 Capital") acted as joint Lead Managers for the Placement. Oakley Capital, Everblu and 62 Capital were paid a cash fee of 5% on funds raised under the Placement and 8,250,000 BHPOB Broker Options ("Broker Options") pro-rata to their participation in the Placement.

The Placement (including the free Attaching Options and Broker Options) 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.

The intended use of funds will be:

- \$1.71 million - Funding for exploration and development of oil and gas investments
- \$0.2 million - Working capital including costs of the offer
- \$0.3 million - Funding for Cortical Dynamics

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

**Notes to the Financial Statements
for the half year ended 31 December 2023
BPH Energy Ltd and its controlled entities**

9. RESERVES

	Consolidated	
	31 December 2023 (\$)	30 June 2023 (\$)
Option premium reserve	438,815	438,799
Share based payments reserve	2,305,536	1,888,272
	<u>2,744,351</u>	<u>2,327,071</u>
 Movement in reserves:		
<i>Option premium reserve:</i>		
At the beginning of reporting period	438,799	-
Loyalty options issued to settle debt	-	35,257
Loyalty options issued for cash	16	403,542
At the end of the reporting period	<u>438,815</u>	<u>438,799</u>
 <i>Share based payments reserve:</i>		
At the beginning of reporting period	1,888,272	1,105,671
Share based payments	217,471	190,095
Capital raising costs	199,793	592,506
At the end of the reporting period	<u>2,305,536</u>	<u>1,888,272</u>

10. CONTRIBUTED EQUITY

	\$		Number	
	Half-year to 31 December 2023	Year to 30 June 2023	Half-year to 31 December 2023	Year to 30 June 2023
At the beginning of reporting period	61,883,062	58,844,602	930,235,499	664,948,251
Shares issued for cash	1,920,703	4,061,696	95,691,449	262,423,244
Share issue costs - cash	(176,083)	(477,447)	-	-
Share issue costs – share-based payments	(199,793)	(592,506)	-	-
Loss on shares issued in extinguishment of debt - share-based payments	-	11,456	-	-
Shares and share options issued in extinguishment of debt	-	35,261	-	2,864,004
At the end of reporting period	<u>63,427,889</u>	<u>61,883,062</u>	<u>1,025,926,948</u>	<u>930,235,499</u>

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.

11. CONTINGENT LIABILITIES

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

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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 (December 2022: \$64,320) in service fees during the period.

The Company charged Associate Advent Energy Limited, a company of which Mr Breeze is a director, \$97,919 loan interest during the period (December 2022: \$106,093). Advent paid the Company \$Nil loan interest during the period (December 2022: \$146,152). The Company advanced a net loan of \$1,530,000 to the Advent group during the period (December 2022: repaid a net loan of \$2,135,345).

The Company charged MDS, a Company of which Mr Breeze is Managing Director, \$41,176 loan interest during the period (December 2022: \$37,974). The Company lent MDS \$20,000 during the period (December 2022: \$12,000). An expected credit loss provision of \$61,176 (December 2022: \$49,974) was recorded against the loan.

The Company charged MEC Resources Limited ("MEC"), a Company of which Mr Breeze is a director, \$5,618 interest during the period (December 2022: \$5,126). The Company lent MEC \$Nil during the period (December 2022: \$52,470).

The Company advanced a secured interest free loan of \$180,000 to investee Cortical Dynamics Limited during the period. This was repaid in January 2024.

Director David Breeze was issued 58,000,000 Performance Rights subsequent to shareholder approval at the Company's November 2023 Annual General Meeting. The Performance Rights were fair valued at \$2,378,000 based on the share price on the date of shareholder approval (refer Note 14).

Director David Breeze has a consultancy agreement with the Company of \$98,000 per annum in addition to his director's fees.

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

**Notes to the Financial Statements
for the half year ended 31 December 2023
BPH Energy Ltd and its controlled entities**

14. SHARE-BASED PAYMENTS

The Company issued Everblu Capital Limited ("Everblu") or their associate 26,750,000 Broker Options as part of their fees for the September 2023 share placement. 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 an attributed a fair value of \$168,772.

The Company issued 62 Capital Limited ("62 Capital") or their associate 4,916,667 Broker Options as part of their fees for the September 2023 share placement. 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 an attributed a fair value of \$31,021.

The Company issued employees and contractors or their associates 5,250,000 Incentive Options under the Company's Incentive Performance Rights and Options Plan as part of their remuneration. The Incentive Options have an exercise price of \$0.05 each and an expiry date of 7 December 2028. The options were valued with a Black and Scholes option pricing model an attributed a fair value of \$177,078.

The Company awarded 58,000,000 Performance Rights to Director David Breeze under the Company's Incentive Performance Rights and Options Plan subsequent to approval at the Company's November 2023 Annual General Meeting. The Performance Rights shall vest upon approval by the Commonwealth - New South Wales Offshore Petroleum Joint Authority (Joint Authority) of the PEP11 Permit extension application (Milestone). If the Milestone has not been achieved prior to 30 November 2028, the Performance Rights will automatically lapse and will not be converted into shares.

Options granted confer a right of one ordinary share for every option held. The fair value of 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:

Grant / settlement date	7 September 2023	18 October 2023	30 November 2023 ¹	14 December 2023
Number of options	30,183,334	1,483,333	-	5,250,000
Number of Performance Rights	-	-	58,000,000	-
Share price at grant / settlement date	\$0.021	\$0.021	\$0.41	\$0.045
Exercise price	\$0.03	\$0.03	N/A	\$0.05
Expected volatility	100%	100%	N/A	100%
Expected life	1.1 years	1.1 years	5 years	5 years
Expected dividends	Nil	Nil	N/A	Nil
Risk-free interest rate	3.5%	3.5%	N/A	4.1%
Fair value at grant date	\$190,434	\$9,359	\$2,378,000	\$177,078

¹ Director David Breeze was issued 58,000,000 Performance Rights subsequent to shareholder approval at the Company's November 2023 Annual General Meeting. The Performance Rights were fair valued at based on the share price on the date of shareholder approval. The fair value is being expensed on a pro-rata basis over the 5 year term until the earlier of (i) approval by the Commonwealth - New South Wales Offshore Petroleum Joint Authority (Joint Authority) of the PEP11 Permit extension application (ii) 5 years from the date of award. A share based payment expense of \$40,393 was recognized in the December 2023 half year.

**Notes to the Financial Statements
for the half year ended 31 December 2023
BPH Energy Ltd and its controlled entities**

14. SHARE-BASED PAYMENTS (continued)

The share-based payments can be summarised as follows:

	31 December 2023 (\$)	31 December 2022 (\$)
<i>Share-based payments expense – capital raising costs</i>		
Broker options ¹	199,793	490,993
	<u>199,793</u>	<u>490,993</u>
<i>Share-based payments expense – option reserve</i>		
Broker options ¹	199,793	490,993
Director Performance Rights issue ²	40,393	-
Incentive Options ³	177,078	20,070
	<u>417,264</u>	<u>511,063</u>
<i>Share-based payments expense – profit or loss</i>		
Director Performance Rights issue ²	40,393	-
Incentive Options ³	177,078	-
Loss on shares issued in extinguishment of debt	-	11,456
Director Rights Issue options	-	20,070
	<u>217,471</u>	<u>31,526</u>
<i>Share-based payments expense – contributed equity</i>		
Loss on shares issued in extinguishment of debt	-	11,456
	<u>-</u>	<u>11,456</u>

¹ Fees to the lead managers in relation to a September 2023 share placement and form part of the capital raising costs

² Performance Rights awarded to a director subsequent to shareholder approval at the Company's November 2023 Annual General Meeting

³ Incentive Options issued to employees and contractors as part of remuneration

**Directors' Declaration
for the half year ended 31 December 2023
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 10 to 25 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 2023 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, 28 February 2024

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 half-year financial report of BPH Energy Ltd ("the Company") and its controlled entities ("the Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2023, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes, 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 accompanying 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 2023 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 in the ordinary course of business. Our conclusion is not modified in respect of this matter.

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

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.

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 2023 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
Chartered Accountants

Perth, Western Australia
28 February 2024



D B Healy
Partner