25 January 2013

ASX Market Announcements
Australian Securities Exchange Limited
10th Floor, 20 Bond Street
SYDNEY NSW 2000

Cortical Dynamics Ltd – Cortical Dynamics Ltd Partners with the University of Melbourne in an ARC Linkage Grant

Please find attached an operational update from BPH Energy Ltd (**ASX: BPH**) investee company Cortical Dynamics Ltd.

Yours sincerely,

Deborah Ambrosini
Director and Company Secretary

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Cortical Dynamics Ltd Partners with the University of Melbourne in an ARC Linkage Grant

Cortical Dynamics Ltd ("**Cortica**l") an investee company of BPH Energy Limited (ASX: **BPH**) is pleased to announce that it has entered into an Australian Research Council (ARC) Linkage Agreement with the University of Melbourne.

Cortical is the collaborative partner in the project and expects the project will add new processing capabilities to the Brain Anaesthesia Response (BAR) monitoring system. This project will use advanced computing methods applied to electroencephalographic (EEG) recordings, to track how the brain changes as a person undergoes general anaesthesia during surgery. These methods will provide a framework for developing improved devices to monitor depth of anaesthesia, which is important for reducing the likelihood of patients experiencing pain during or cognitive deficits after surgery and general anaesthesia.

Cortical's Chairman, Mr David Breeze, stated, "Cortical is committed to research and development and we are always looking to improve the BAR monitoring system. The company believes that the collaboration with the University of Melbourne will result in an improved depth of anaesthesia monitor."

The agreement is for a period of three years and is expected to conclude by 2016.

About the BAR Monitor

The Brain Anaesthesia Response (BAR) monitoring system measures a patient's brain electrical activity, the electroencephalogram (EEG), in order to indicate how deeply anaesthetised a patient is during an operation via an adhesive sensor applied to the forehead. The BAR monitor is designed to assist anaesthetists and intensive care staff in ensuring patients do not wake unexpectedly, as well as reducing the incidence of side effects associated with the anaesthetic.

The BAR monitor improves on currently used EEG monitors by utilising advances in understanding of how the brain's electrical activity is produced, and how it is affected by anaesthetic and sedative drugs. The BAR's unique physiological approach is aimed at independently monitoring the hypnotic and analgesic states associated with anaesthesia, a feature no known existing EEG based depth-of-anaesthesia monitor is able to achieve.

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Objectively monitoring of hypnotic and analgesic state may lead to improved anaesthetic and surgical outcomes, by reducing recovery times and minimising drug costs.

Cortical recently announced the completion of patient recruitment in its first human clinical trial which was conducted at St Vincent's Hospital, Melbourne. This trial represents a significant event in the BAR monitors' development program as it is the first time the complete BAR monitoring system has been employed within the operating theatre. The blinded data is currently being processed and a clinical report will be produced.

About Cortical Dynamics

Cortical Dynamics is a medical technology company that was established in 2004 to commercialise intellectual property relating to brain function monitoring developed by Professor David Liley and his scientific team at Melbourne's Swinburne University of Technology.

Yours Sincerely,

David Breeze
Chairman

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