



31 January 2023

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

DECEMBER 2022 QUARTER (“QUARTER”) OPERATIONS REPORT

Clean Carbon Transaction

On 2 August BPH Energy Limited (“**BPH**” or “**Company**”) 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 now settled for the acquisition of a 10% interest in Clean Hydrogen Technologies for \$1,000,000 USD (8% BPH and 2 % Advent).

As announced previously BPH and Advent had a further first right of 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 have now been 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 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 Carbon and Advent shall hold a total 4% interest in Clean Carbon (based on the assumption that Clean Carbon has not issued any additional Clean Carbon Shares prior to the Right being exercised).

Capital

On 11 October 2022 BPH announced that it had received binding commitments to raise approximately \$1.196 million (before costs) (“**Placement**”). The Placement will comprise the issue of 66,494,825 new fully paid ordinary shares (“Placement Shares”) in the Company at an issue price of \$0.018 per share. Placement participants will receive one (1) free attaching option for every one (1) New Share subscribed for under the Placement, exercisable at \$0.03 each with an expiry date of 30 September 2024 (“**Attaching Options**”).

The intended use of funds is:

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

Everblu Capital Limited (Everblu) acted as the Lead Manager for the Placement and were paid a cash fee of 6% on funds raised by Everblu under the Placement and 1 Broker Option per 3 Placement Shares issued 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 current 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, will raise a maximum \$431,532 from the issue of 107,883,088 Loyalty Options.

The intended use of funds is:

- \$0.297 million - Funding for exploration and development of oil and gas investments
- \$0.135 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 \$3,236,493 where all Loyalty Options entitlements are taken up).

400,000 unlisted share options with an exercise price of \$0.20 per share expired on 30 November 2022.

Significant activities by the Company's investees' during the December 2022 quarter were as follows:

Advent Energy Pty Ltd ("Advent")

PEP 11 Permit

Advent Energy Limited's (BPH 36.1% direct interest) 100% subsidiary Asset Energy Pty Ltd 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 Energy Pty Ltd is a 100 % owned subsidiary of Advent Energy Ltd and has lodged the appeal as Operator for and on behalf of the PEP11 Joint Venture Partners, Bounty Oil and Gas NL (ASX:BUY) and Asset Energy Pty Ltd.

PEP11 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 Energy Pty Ltd (wholly-owned subsidiary of BPH's investee Advent Energy Ltd) 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 not to grant an extension of term and a suspension and variation of the minimum work requirements under PEP-11.

Asset Energy has now 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 Scott 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.

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 before 31 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 ("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. 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.

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 of \$100,000: Receipt of \$146,000 loan interest from investee Advent Energy Limited, net of \$19,000 paid to a director as remuneration and net \$27,000 fees paid to Grandbridge Limited.

Line 6.2 of \$2,683,000: Net repayment by investee Advent Energy Limited to BPH of a loan of \$2,702,000, net of a loan of \$7,000 to MEC Resources Limited and a loan of \$12,000 to Molecular Discovery Systems Limited.

Authorised by



David Breeze
Chairman

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")

DECEMBER 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 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	(173)	(346)
(d) leased assets		
(e) staff costs	(19)	(38)
(f) administration and corporate costs	(234)	(396)
1.3 Dividends received (see note 3)		
1.4 Interest received	154	157
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	(272)	(623)
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 (6 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	2,683	2,047
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	2,683	1,281

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,357	3,059
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	(105)	(226)
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	14	14
3.10	Net cash from / (used in) financing activities	1,266	2,847

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,723	2,895
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(272)	(623)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	2,683	1,281

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,266	2,847
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	6,400	6,400

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	6,400	2,895
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)	6,400	2,895

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of receipts from / (payments to) related parties and their associates included in item 1	100
6.2	Aggregate amount of receipts from related parties and their associates included in item 2	2,683
<i>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.</i>		

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	105	105
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	Total financing facilities	105	105
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 (including \$88,000 owing 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)	(272)
8.2	Cash and cash equivalents at quarter end (item 4.6)	6,400
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	6,400
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	23.5
	<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: 31st January 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.