
BPH ENERGY LIMITED
ACN 095 912 002

Annual Financial Report 2022

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BPH Energy Limited and its controlled entities

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Company Information

Directors

David Breeze – Chairman / Managing Director
Charles Maling – Non Executive Director
Anthony Huston - Non Executive Director

Registered Office

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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
Telephone: (08) 9389 8033

Australian Securities

Exchange Listing

ASX Limited
(Home Exchange: Perth, Western Australia)
ASX Codes: BPH

Australian Business Number

41 095 912 002

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Investments

Advent Energy Ltd (“Advent”), BPH 36.1%

Advent is an unlisted oil and gas exploration and development company with onshore and offshore exploration and near-term development assets around Australia and overseas.

PEP 11 Oil and Gas Permit Offshore Sydney Basin (85%)

Advent, through wholly owned subsidiary Asset Energy Pty Ltd (Asset), holds 85% of Petroleum Exploration Permit PEP 11, an exploration permit prospective for natural gas located in the Offshore Sydney Basin, the other 15% being held by Bounty Oil and Gas (ASX:BUY).

PEP 11 is a significant offshore exploration area with large scale structuring and potentially multi-Trillion cubic feet (Tcf) gas charged Permo-Triassic reservoirs. Mapped prospects and leads within the Offshore Sydney Basin are generally located less than 50km from the Sydney-Wollongong-Newcastle greater metropolitan area and gas pipeline network.

The offshore Sydney Basin has been lightly explored to date, including a multi-vintage 2D seismic data coverage and a single exploration well, New Seaclem-1 (2010). Its position as the only petroleum title offshore New South Wales provides a significant opportunity should natural gas be discovered in commercial quantities in this petroleum title. It lies adjacent to the Sydney-Newcastle region and the existing natural gas network servicing the east coast gas market. The total P50 Prospective Resource calculated for the PEP11 prospect inventory is 5.9 Tcf with a net 5 Tcf to Advent (85%WI). The two largest prospects in the inventory are Fish and Baleen.

Advent has previously interpreted significant seismically indicated gas features in PEP11. Key indicators of hydrocarbon accumulation features have been interpreted following review of the 2004 seismic data (reprocessed in 2010). The seismic features include apparent Hydrocarbon Related Diagenetic Zones (HRDZ), Amplitude Versus Offset (AVO) anomalies and potential flat spots.

In addition, a geochemical report has provided support for a potential exploration well in PEP11. The report reviewed the hydrocarbon analysis performed on sediment samples obtained in PEP11 during 2010. The 2010 geochemical investigation utilised a proprietary commercial hydrocarbon adsorption and laboratory analysis technique to assess the levels of naturally occurring hydrocarbons in the seabed sediment samples.

The report supports that the Baleen prospect appears best for hydrocarbon influence relative to background samples. In addition, the report found that the Baleen prospect appears to hold a higher probability of success than other prospects. Advent has demonstrated considerable gas generation and migration within PEP11, with the mapped prospects and leads highly prospective for the discovery of gas.

Advent is a strong supporter of plans for Net Zero by 2050 and sees the company playing a direct role in achieving that target, especially in New South Wales. It aims to do this in two ways. First, by finding gas closest to Australia’s biggest domestic energy market, gas which can be used to provide reliable back-up for increased uptake of renewable energy in NSW. Second, through its plans to explore for opportunities in offshore NSW for CCS, Carbon Capture and Storage (geo-sequestration of CO2 emissions), a key clean energy technology.

On 16 December 2021 BPH advised ASX that the Prime Minister of Australia at that time, Scott Morrison, had announced that the Federal Government would refuse the joint venture’s applications to extend the PEP 11 Permit for gas exploration in the offshore Sydney Basin. Permit participants Advent and Bounty received official notification of refusal from the National Offshore Petroleum Title Authority (NOPTA).

Advent has two applications with NOPTA for suspension and extension of the PEP11 permit. The first application was accepted as lodged in January 2020 and the second in February 2021. NOPTA has issued a notice of intention to refuse the January 2020 application which was lodged on the basis of Force Majeure. The first is the only application which is the subject of the NOPTA notice. The second application was made under a COVID application process and was accepted but not dealt with pending an outcome on the first application made in January 2020. NOPTA is seeking additional information from Advent in respect of the application. Under

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the provisions of the *Offshore Petroleum and Greenhouse Gas Storage Act 2006*, the existing permit will continue until relevant decisions are made.

On 30 March 2022 BPH and Bounty Oil & Gas NL (Bounty) (ASX: BUY) as the PEP 11 Joint Venture announced to ASX that they had been given notice by NOPTA that NOPTA has refused the Joint Venture Application initially submitted on 24 December 2019 for a secondary work program variation and a 24-month suspension of the Permit Year 4 Work Program Commitment and the corresponding 24-month extension of the Permit Term.

Advent Energy Limited's 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. The application was made in December 2019. 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. On 11 August 2022 the Federal Court of Australia made discovery orders in respect of this application. The court has set a date for a hearing in March 2023.

Taranaki Basin

Advent's 100% subsidiary, Aotearoa Offshore Ltd NZ (AOLNZ), has the right to acquire a 30% participating interest in Petroleum Exploration Permits (PEP) 57075, 60092 and 60093 covering an area of 5,180 km² in the Taranaki Basin from OMV New Zealand Limited (OMV NZ).

The three permits are governed by individual (but identical) Joint Venture Operating Agreements (JVOA's) and, as such, each intersects in the same fashion with the Farm Out Agreement (FOA). The FOA covers all three permits. Mitsui E&P withdrew from the PEP 60092 and PEP 60093 JVOA's in April 2021 with OMV NZ being assigned their 30% participating interest. Following this assignment, the joint venture for PEP 57075, 60092 and 60093 consisted of OMV NZ with a 70% participating interest and SapuraOMV Upstream (NZ) SDN BHD having a 30% participating interest (Joint Venture).

In mid-2021 OMV NZ commenced a farmout process in respect of its 70% participating interest. Following engagement with OMV NZ, extensive review of their data room and significant due diligence, Advent submitted its bid in November 2021. Early in December OMV NZ formally notified Advent that its bid submission, for a 30% participating interest in the offshore Taranaki Basin petroleum exploration permits 57075, 60092 and 60093, was successful and Advent, together with AOLNZ, signed the FOA on 24th December 2021.

The FOA is subject to conditions precedent covering JV, regulatory and ministerial approvals and agreement by the JV to have responsibility for future liabilities, relating to any ongoing/future exploration activities. The current JV has approved the farmout and it is expected that the remaining approvals will be in place in the near future resulting in the respective participating interests of the parties in the Joint Venture being OMV NZ 40%, SapuraOMV Upstream (NZ) SDN.BHD 30% and AOLNZ 30%.

In the short term, Advent has agreed with BPH Energy Limited (BPH) that BPH provide loan funding for Advent of \$3.0 million on commercial terms to make a cash payment to cover expenditure on the licences over 2022 including a loan of \$800,000 to cover agreed work programme and budget expenditures for 2022 under the FOA, which means that sufficient funds for all 2022 commitments, are in place. If the FOA conditions precedent are not met the funds advanced by the group to OMV NZ will be repaid. BPH has loaned Advent a further net \$1,057,000 during the year to fund current work programs and investments.

The funding from BPH to Advent is unsecured and will be repaid by Advent on the terms of the loans in due course and after Advent has raised sufficient new funds. It is intended by Advent that it will undertake a capital raising in due course, which may be a placement to third parties, its existing shareholders, or possibly via a future listing, or a rights issue. It is not intended that BPH will increase its current relevant interest in Advent. The loans from BPH do not have a conversion right into shares in Advent. While BPH is not intending to increase its

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shareholding or relevant interest in shares in Advent, if circumstances changed and it wished to increase its shareholding in Advent (whether it be by way of maintaining its current percentage interest in the event Advent undertook a capital raising, increasing its percentage interest, or a debt for equity conversion), BPH will need to consult with ASX regarding the application of Listing Rule 10.1.5.

The FOA is considered to be a positive development for Advent and a major shareholder, BPH, as it provides a significant new project for Advent which enables it to diversify beyond its current oil and gas portfolio assets. On completion of exploration drilling in 2019/20, the focus for the Joint Venture has been on assessing the results of the Toutouwai-1 discovery whilst further maturing the prospectivity across these permits. There are positive indications that hydrocarbons are present within the Cretaceous and Palaeocene interval with potential also recognised in the shallower Miocene and early Pliocene.

The following are conditions precedent of the FOA: (1) AOLNZ obtains any necessary Governmental Agency approvals; (2) OMV NZ obtains the consent of the Joint Venture to the transaction; (3) the Joint Venture has agreed and signed an amendment to the Joint Venture to enable OMV NZ to require additional security, (on terms reasonably acceptable to the farminee), from the Joint Venture parties in respect of liabilities arising out of future exploration activities; and (4) OMV NZ has obtained the approval of the Minister for Energy required under section 41 of the Crown Minerals Act.

If CP's 1 to 3 are not satisfied within 6 months of signing either party may terminate the FOA and the agreement will cease to be of any effect. The FOA was executed on 24 December 2021, meaning this 6 month period expired on 24 June 2022. No action is required or will be taken from either Advent or OMV NZ given both parties intent to proceed and have AOLNZ on permit Titles pending the Ministry of Business, Innovation and Employment's ongoing process.

Clean Carbon Transaction

BPH's shareholders have approved an investment in a hydrogen technology company, Clean Hydrogen Technologies Corporation (Clean Carbon). BPH shareholders approved this transaction at a shareholders' meeting held on 21 June 2022.

BPH and Advent (together, the Purchasers) have been assessing new investment opportunities, where there are ever increasing obligations to provide energy solutions with a responsible management and protection against carbon emissions. The transitioning from hydrocarbons such as coal and oil to hydrogen, produced with no emissions is now presenting real economies and growth globally. Although natural gas also presents continued growth and will play a role for many years to come, it too will need to become a source of energy with no CO₂ emissions.

At a proof-of-concept scale, Clean Carbon has developed and tested its processing capabilities which have successfully produced hydrogen, with no CO₂ emissions achieving on average a 92% cracking efficiency. Clean Carbon's development activities have shown that, by processing (not burning) methane using their patented catalyst and a modified fluidised bed reactor, producing hydrogen with no CO₂ emissions. This is referred to as turquoise hydrogen. In addition, Clean Carbon also produces a second product, used for battery manufacturing, called conductive carbon.

Clean Carbon uses methane as its current feedstock and in the future plans to consume natural gas. It does not burn the methane, it processes it, using its own patented catalyst and a bespoke designed fluidised bed reactor. The process it uses is called pyrolysis which is not new and has been used by the oil industry for many years. What is new is Clean Carbon Technologies 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 conductive carbon with some carbon nano tubes.

This process requires similar energy needs as Steam Methane Reforming (SMR) and at scale can be produced at a similar price, in their view. Also, it requires no water as part of its process to produce hydrogen.

Importantly, the Clean Carbon 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

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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 Carbon's solution requires very little change and impact to existing infrastructures and supply chains, unlike other solutions.

Although Clean Carbon consider that electrolysis and other solutions will have their role in the future of hydrogen, they believe the majority of hydrogen will require the advancement of other technologies that can be more ubiquitous, cheaper to produce, use less electricity and operate within existing supply chains.

The Purchasers entered into a binding term sheet (Term Sheet) with Clean Carbon, pursuant to which the Purchasers have agreed to subscribe for fully paid shares in Clean Carbon (Subscription Shares), representing a total of 10% of the total issued share capital of Clean Carbon after the issue of the Subscription Shares (Subscription Shares Tranche 1).

In consideration for the issue of the Subscription Shares Tranche 1 the Purchaser shall pay to Clean Carbon US\$1,000,000 less deposits, loans, and any accrued interest (Cash Consideration), specifically:

- (A) BPH shall pay to Clean Carbon (or its nominee) US\$800,000; and
- (B) Advent shall pay to Clean Carbon (or its nominee) US\$200,000,

upon which, 80% of the Subscription Shares Tranche 1 shall be issued to BPH and the remaining 20% issued to Advent, with the Cash Consideration to reflect the US\$464,004 relating to outstanding loans, deposits and accrued interest owing by Clean Carbon to the Purchasers, of which only \$20,000 is owed to BPH.

The Subscription Shares Tranche 1 issuance by Clean Carbon is under a Loan Conversion Agreement dated 25 July 2022 and followed the payment of US\$535,996 by the Purchasers. Where Clean Carbon (at its sole and absolute discretion) proposes to seek additional funding for the development and operations of the Technology, on or before 31 December 2022 (Additional Funding), it must first offer the right to subscribe for additional Subscription Shares representing an additional 10% (Subscription Shares Tranche 2) to the Purchaser and on the same terms and conditions as the Subscription Shares Tranche 1. In the event that Clean Carbon secures additional investments in excess of \$US3,000,000 (on or before 31 December 2022), the Right is relinquished.

Subject to the above, should the Purchaser exercise the Right, it must do so within 1 month of Clean Carbon's request for the Additional Funding. The consideration payable, being 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 and Advent will have 16% and 4% equity interests respectively in Clean Carbon. Should Advent elect to not invest its proportion of the Additional Funding, BPH has the right to subscribe for Advent's portion (US\$200,000) of the Subscription Shares Tranche 2.

The parties acknowledge and agree that the Cash Consideration and Additional Cash Consideration (if applicable), shall be used by Clean Carbon to design, build, produce and test a reactor that can produce a minimum of 3.2 and as high as 15kgs per hour 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.

Anthony Huston has been appointed as a director to the Board of Clean Carbon Technologies Corp.

Onshore Bonaparte Basin (100%)

Advent, through wholly owned subsidiary Onshore Energy Pty Ltd ("Onshore"), holds 100% of RL 1 in the onshore Bonaparte Basin in northern Australia. The Bonaparte Basin is a highly prospective petroliferous basin, with significant reserves of oil and gas. Most of the basin is located offshore, covering 250,000 square kilometres, compared to just over 20,000 square kilometres onshore.

In the Northern Territory, Advent holds Retention Licence RL1 (166 square kilometres in area), which covers the Weaber Gas Field, originally discovered in 1985. Advent has previously advised that the 2C Contingent Resources for the Weaber Gas Field in RL1 are 11.5 billion cubic feet (Bcf) of natural gas following an independent audit by RISC. Significant upside 3C Contingent Resources of 45.8 Bcf have also been assessed by RISC.

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The current rapid development of the Kununurra region in northern Western Australia, including the Ord River Irrigation Area phase 2, the township of Kununurra, and numerous regional resource projects provides an exceptional opportunity for Advent to potentially develop its nearby gas resources. Market studies have identified a current market demand of up to 30.8 TJ per day of power generation capacity across the Kimberley region that could potentially be supplied by Advent Energy's conventional gas project RL1.

The prospectivity of the Bonaparte Basin is evident from the known oil and gas fields in both the offshore and onshore portions of the basin. Advent has identified significant shale areas in RL1.

EP 386

Advent's 100% subsidiary Onshore made an application for suspension and extension of the permit conditions in EP386 which was not accepted by the Department of Mines, Industry, Regulation and Safety (DMIRS). Onshore sought a review of the decision by the Minister of Resources who responded setting out a course of action in relation to that decision which Onshore is following. Onshore lodged an appeal against this decision with the State Administrative Tribunal (SAT). The SAT determined that it did not have coverage to hear the appeal and the decision allowed for the matter to be determined through a Supreme Court of WA action.

During the year Advent issued 48,086,500 shares at \$0.05 for \$2,404,325 cash.

Cortical Dynamics Ltd ("Cortical"), BPH 17.7%

Introduction

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

BARM™ has already received TGA approval, Korean MFDS approval, the CE mark and the company has now made application for its FDA approval in the USA.

The BARM™ system is protected by five patent families in multiple jurisdictions worldwide consisting of 36 granted patents. Cortical will continue to drive the development of BARM™ and maintain its intellectual property.

About BARM™

The BARM™ technical approach is different from other medical brain monitoring devices currently available in the market in that its underlying algorithm produces EEG indexes which are directly related to the physiological state of the patient's brain. Such monitoring is gaining significant use during surgery, however even with the use of EEG monitors, it is not uncommon for there to be a critical imbalance between the patient's anaesthetic requirements and the anaesthetic drugs given.

To date, existing EEG based depth of anaesthesia ("D o A") monitors operate in the context of a number of well documented limitations: (i) inability to monitor the analgesic effects; and (ii) reliably measure certain hypnotic agents.

The above limitations highlight the inadequacies in current EEG based depth of anaesthesia monitors, particularly given surgical anaesthesia requires both hypnotic and analgesic agents (and muscle relaxants).

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BARM™ Technology and Addressable Market

BARM™ is focussed not only on monitoring the inhalation methodology of anaesthesia delivery, but importantly has a very strong focus on Total Intravenous Anaesthesia (TIVA) monitoring. TIVA is a method of inducing and maintaining general anaesthesia without the use of any inhalation agents and is growing in popularity not least because of its use eliminates Greenhouse gases that are a direct consequence of gaseous anaesthesia. TIVA is also a cheaper option. TIVA is becoming more widely accepted, particularly in Europe and approximately 29 million major general surgeries are conducted in the European Union each year, of which 55% (circa 16 million) are balanced anaesthesia (using a combination of intravenous agents such as propofol and volatile gases) and 20% are total intravenous anaesthesia using propofol. This creates a growing market opportunity for BARM™ of between US\$83m to \$229m in the European Union alone.

Additionally, there is growing recognition amongst health governing bodies to recommend the use of brain monitors during operations involving general anaesthesia such as in the UK; “The use of EEG-based depth of anaesthesia monitors has been recommended in patients receiving total intravenous anaesthesia because it is cost effective and because it is not possible to measure end-tidal anaesthetic concentration in this group” (source: nice.org.uk).

Additional Potential applications for BARM™ in helping mitigate or reduce Cognitive decline in the elderly after surgery and anaesthesia as a result of brain monitoring

A recent editorial in International Psychogeriatrics concluded that ‘anaesthesia and surgery induce cognitive dysfunction in susceptible individuals. Susceptible people are thought to include the elderly. This is a serious problem. It was recently estimated that there are annually over 230 million procedures with general anaesthesia worldwide. There are over 880 million people > 60 years old in the world today. The latter figure is predicted to grow rapidly as life expectancy increases, particularly in developing countries.

The consensus statement of the First International Workshop on Anaesthetics and Alzheimer’s Disease concluded that ‘there is sufficient evidence at multiple levels to warrant further and more definitive investigations of the onset and progression of Alzheimer’s disease and neurodegeneration after anaesthesia and surgery’

Statistics- Summary USA

1. There are 17.8 million annual cases of anaesthesia in the over 65 age group in the USA alone
2. 14% of these experience POCD- 2.5million (post-operative cognitive decline)
3. 10% of these patients experience acceleration of cognitive decline and are admitted to aged care facilities 2 years earlier than would otherwise be the case-This equates to 250,000 people
4. At a cost/year of USD \$40,000 per individual
5. At an overall increased cost of USD\$ 20 billion to society

The Neurotechnology Market

The global brain monitoring market is on a high growth trajectory as a recent KPMG (July 2022) report outlines with Neurotechnology being recognised as a top 20 emerging “giant” growth industry in the Asia Pacific Region alone. Around 312 million major surgical procedures requiring anaesthesia are undertaken every year worldwide (WHO 2012.) The pain monitoring market is valued at over US\$8.6 billion per annum by 2022. (www.grandviewresearch.com/industry-analysis/pain-management-devices-market- April 2016).

Potential Future applications of the technology

Cortical's technology has a versatility that may go beyond depth of anaesthesia and may be applied to other EEG based markets, such as neuro-diagnostic, drug discovery, drug evaluation and the emerging Brain computer Interface (BCI) market.

There are also considerable opportunities that may be offered by subsequent expansion of the company’s core technology through developing the product to carry out additional functions including neuro-diagnostics of

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changes in brain and memory functions to provide early warning of degenerative diseases, pain response and tranquiliser monitoring for trauma patients in intensive care units.

While the current array of bedside monitoring and imaging systems in the critical care environment has led to dramatic reductions in mortality, they do not as yet involve the continuous monitoring of brain function. This is widely acknowledged to be a major problem, as the care and management of the critically ill patient is ultimately all about the brain.

The continuous monitoring of a patients' brain state is not only necessary to diagnose and manage acute deteriorations in brain function that may have long lasting effects, but also to aid in the optimal administration of sedation and analgesia. Sedation and analgesia in the critically ill patient play a pivotal role in their care and is necessary to minimize patient distress and agitation, being essential to facilitate the utility of a wide variety of life support equipment and procedures, the most important of which is mechanical ventilation.

Study after study has shown that too deep sedation increases the time on mechanical ventilation, which leads to increases in mortality, the incidence of complications and treatment costs. Given these acknowledged advantages to brain function monitoring in the ICU why then is continuous monitoring of brain function not currently available?

There are two main reasons for this:

1. Firstly, the size and the complexity of configuration of most approaches to monitoring brain function are simply not capable of being adapted for use in the busy and crowded ICU environment.
2. Secondly, in those monitoring approaches that could be potentially deployed at the bedside, they depend on physiologically uncertain principles of operation that are not relevant, or meaningfully interpretable, in the context of the critically ill patient.

Cortical aims to investigate these limitations by the further development and trialling BARM™ in this setting with a view to extending the functionality of bedside EEG monitoring to the objective monitoring of analgesia a measure also vital to the management of the sedated mechanically ventilated critically ill patient. In Australia between 2015 and 2016 there were approximately 149,000 admissions to ICU of which 48,000 required continuous ventilatory support (CVS) and thus required sedation, pain relief and who would have potentially benefited from such monitoring as BARM™ could provide.

Recent Developments

Partnership with ENCEVIS

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

Cortical Dynamics wins AI prestigious grant and appoints Head of Data Analytics and Project Manager

In June 2022 Cortical Dynamics won a prestigious grant from the MTPConnect BMTH program. The matched funding that will help Cortical develop an AI and machine learning capacity for BARM™.

Conjunctionally Cortical has appointed a world class Head of Data Analytics who will focus on developing for the company a deep understanding of sedation level monitoring systems using Artificial Intelligence including neurophysiology (EEG), machine learning, statistical analysis, anaesthesiology. Application areas will include optimal management of anaesthesia and sedatives in the operating room and the ICU.

In July 2022 Cortical appointed a full-time project manager.

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Cortical Dynamics announces New USA Patent

Throughout the year Cortical continued to expand its IP portfolio in the USA. Cortical has developed an extensive patent portfolio encapsulating the BARM, providing critical patent protection across several key brain monitoring markets. Cortical's competitive advantage is underpinned by a strong patent position covered by five patent families and 36 granted patents.

FDA 510(K) Submission

Cortical has begun 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.

Molecular Discovery Systems Limited, BPH 20%

Molecular Discovery Systems Limited ("MDSystems"), launched in 2006 and spun off from BPH in 2010, is an associate of BPH. MDSystems has been working with the Molecular Cancer Research Group at the Harry Perkins Institute of Medical Research to validate HLS5 as a novel tumour suppressor gene, particularly for liver cancer.

The Molecular Cancer Research Group has developed a pre-clinical model of liver cancer where the expression of HLS5 is ablated i.e. it mimics, in part, patients that have low HLS5 (TRIM35) and develop liver cancer. Research conducted at the Perkins Institute has shown that HLS5 has significant tumour suppressor properties. The Perkins findings are supported by the two independent peer reviewed scientific publications, identifying a role for HLS5 in cancer, demonstrating that the loss of HLS5 expression may be a critical event in the development and progression of liver cancer.

The publications — a collaboration between Fudan University Shanghai Cancer Centre and other Chinese Institutes, including Shanghai Cancer Institute, Liver Cancer Institute, Second Military Medical University and Qi Dong Liver Cancer Institute —focused on identifying the role of HLS5 in liver cancer. The first article demonstrated that HLS5 binds a key enzyme involved in the production of energy for cancer cells (Pyruvate Kinase isoform M2 (PKM2)). They showed that HLS5 binds PKM2 to form a complex which inhibits the activation of PKM2. The formation of this HLS5/PKM2 complex ultimately limits the cancer cell's means of energy production and its ability to proliferate. In the second publication the expression levels of HLS5 and PKM2 were assessed for potential use as a prognostic marker for hepatocellular carcinoma (HCC) - (liver cancer) .The study analysed liver samples of 688 patients who had HCC. The study found that patients who were positive for PKM2 expression and negative for HLS5 expression had poorer overall survival and shorter time to recurrence. Taken together, the findings of both papers further support the research into HLS5 by MDS and the Harry Perkins Institute of Medical Research.

Directors' Report

BPH Energy Limited

The directors of BPH Energy Ltd ("BPH Energy" or "the Company") present their report on the Company and its controlled entities ("consolidated entity" or "Group") for the financial year ended 30 June 2022.

Directors

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

D L Breeze
A Huston
C Maling

Company Secretary

Mr David Breeze was appointed Company Secretary on 23 November 2016. He has many years' experience in the management of listed entities.

Principal Activities

The principal activities of the consolidated entity during the financial year were investments in biotechnology and oil and gas exploration entities.

Operating Results

The consolidated entity has reported a net loss after tax for the year ended 30 June 2022 of \$1,078,581 (2021: loss of \$1,612,424) and has a net cash outflow from operating activities of \$1,022,124 (2021: outflow of \$703,808).

The net loss from ordinary activities after tax is after recognising (i) consulting and legal costs of \$434,906 (2021: \$259,264), (ii) share of associates losses of \$405,496 (2021: \$112,264), and (iii) share-based payments expense of \$Nil (2021: \$802,997).

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.

Review of Operations

A Review of Operations is set out on pages 1 to 8 and forms part of this Directors' Report.

Environmental Issues

The consolidated entity's operations are not regulated by any significant environmental regulation under law of the Commonwealth or of a state or territory.

Financial Position

The consolidated entity has a working capital surplus of \$2,145,178 (2021: surplus of \$9,632,833). The net assets of the consolidated entity decreased by \$1,077,138 to \$14,299,847 over the year to 30 June 2022. Included in trade creditors and payables is current director fee accruals of \$639,419 (2021: \$517,215).

Capital

28,862 unlisted share options with an exercise price of \$0.05 per share have been exercised for cash proceeds of \$1,443. In addition 200,000 unlisted options with an exercise price of \$0.20 per share expired unexercised.

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Non-Audit Services

No fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2022 (2021: \$Nil).

Subsequent Events

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

Placement and Entitlements Issue participants will receive one (1) free attaching option for every one (1) new share subscribed for under the Placement and Entitlement Offer, exercisable at \$0.03 each with an expiry date of 30 September 2024 (Attaching Options). The options will be subject to Shareholder Approval as required at a General Meeting to be held around mid-September 2022, and will be listed subject to any ASX and Corporations Act requirements being met.

The Company also intends, subject to ASX approval of the timetable and the issue of a Prospectus in compliance with the Corporations Act, to undertake a loyalty option issue of one (1) option for every eight (8) shares held to all shareholders registered on a record date proposed to be on or around late September 2022 (Loyalty Options). The Loyalty Options will have the same exercise price and expiry date as the Attaching Options and will be listed subject to any ASX and Corporations Act requirements being met.

BPH and Advent (together, the Purchasers) entered into a Term Sheet with Clean Carbon, pursuant to which the Purchasers agreed to subscribe for fully paid shares in Clean Carbon (Subscription Shares), representing a total of 10% of the total issued share capital of Clean Carbon after the issue of the Subscription Shares (Subscription Shares Tranche 1). The Subscription Shares Tranche 1 were issued by Clean Carbon under a Loan Conversion Agreement dated 25 July 2022 by the payment of US\$535,996 by BPH in August 2022, which was net of loans, accrued interest and deposits owed to the Purchasers by Clean Carbon. A corresponding set off was recorded in BPH's receivable from Advent such that BPH and Advent recorded an 80% / 20% share respectively of their 10% shareholding in Clean Carbon, so that BPH will hold 8% and Advent 2% of Clean Carbon.

Subsequent to year end the Company has lent a further \$399,000 to the Advent group of companies.

Associate Advent Energy

Advent's 100% subsidiary Asset Energy Pty Ltd applied to the Federal Court pursuant to section 5 of the Administrative Decisions (Judicial Review) Act 1977 (Cth) and section 39B of the Judiciary Act 1903 (Cth) to review the decision of the Commonwealth-New South Wales Offshore Petroleum Joint Authority (Joint Authority), constituted under section 56 of the Offshore Petroleum and Greenhouse Gas Storage Act 2006 (Cth) (Act), to refuse to vary and suspend the conditions of Exploration Permit for Petroleum No.11 (PEP 11 Permit), pursuant to section 264(2) of the Act, and to refuse to extend the term of the PEP 11 Permit, pursuant to section 265 of the Act. The application was made in December 2019. On 11 August 2022 the Federal Court of Australia made discovery orders in respect of this application. The court has set a date for a hearing in March 2023.

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.

Directors' Report

BPH Energy Limited

Information on Directors

D L Breeze

Managing Director, Executive Chairman, and Company Secretary – Age 68

Shares held – 57,452,695

David is a Corporate Finance Specialist with extensive experience in the stock broking industry and capital markets. He has been a corporate consultant to Daiwa Securities; and held executive and director positions in the stock broking industry. David has a Bachelor of Economics and a Masters of Business Administration, and is a Fellow of the Financial Services Institute of Australasia, and a Fellow of the Institute of Company Directors of Australia. He has published in the Journal of Securities Institute of Australia and has also acted as an Independent Expert under the Corporations Act. He has worked on the structuring, capital raising and public listing of over 70 companies involving in excess of \$250M. These capital raisings covered a diverse range of areas including oil and gas, gold, food, manufacturing and technology. During the last 3 years David has held the following listed company directorships:

Grandbridge Limited (December 1999 until its de-listing in February 2020)
MEC Resources Limited (from April 2005 to present)

David is also a director of Cortical Dynamics Limited, Molecular Discovery Systems Limited, Diagnostic Array Systems Limited, and Advent Energy Limited and its subsidiaries.

A Huston

Non-Executive Director – Age 67

Shares held – 9,075,067 / Options held – 200,000

Tony Huston has been involved for over 40 years in engineering and hydrocarbon industries for both on and off shore exploration/development. Early career experience commenced with Fitzroy Engineering Ltd, primarily working on development of onshore oil fields. During the 1990's Tony managed JFP NZ International, a Texas based exploration company that included a Jack Up rig operating in NZ waters. In 1994 Tony oversaw the environmental consent process required to drill a near inshore well that was drilled from "land" into the offshore basin during 1995. In 1996 Tony formed his own E&P Company to focus re-entry of onshore wells, primarily targeting shallow pay that had been passed or ignored from previous operations. This was successful and the two plays opened up 20 years ago are still in operation. Recent focus (12 years) has been to utilise new technology for enhanced resource recovery and has been demonstrated in various fields, including US, Mexico, Oman, Italy and Turkmenistan. During the last 3 years Tony has held the following listed company directorships:

MEC Resources Limited (from October 2020 to present)

Tony is also a non-executive director of Advent Energy Limited and Clean Carbon Technologies Corp.

C Maling

Non-Executive Director – Age 68

Shares held – 5,072,253 / Options held – 1,400,000

Mr Charles Maling was formerly the Communications Officer for the Office of the Western Australian State Government Environmental Protection Authority ("EPA") with a responsibility for advising the Chairman of the EPA on media issues. He has a Bachelor of Sociology and Anthropology with a Media minor. Charles worked with the Western Australian State Government Department of the Environment for 14 years and further 8 years for the EPA. His administrative roles included environmental research (including a major study on Perth Metropolitan coastal waters and Western Australian estuaries) environmental regulation and enforcement and media management. In the past three years Charles has held the following listed company directorships:

Grandbridge Limited (November 2016 until its de-listing in February 2020)

Directors' Report

BPH Energy Limited

Meetings of Directors

During the financial year there were no meetings of directors. The Board meets regularly by telephone to make day-to-day decisions with respect to the business of the Company. Resolutions are passed by circulatory resolution.

Future Developments

The Company will continue its investment in energy resources and to assist its investee companies to commercialise breakthrough biomedical research developed in universities, medical institutes and hospitals.

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.

Indemnifying Officers or Auditors

During or since the end of the financial year the Company has not given an indemnity or entered an agreement to indemnify, or paid or agreed to pay directors and officers insurance premiums.

The Company has not indemnified the current or former auditors of the Company.

Remuneration Report (Audited)

This report details the nature and amount of remuneration for key management personnel of BPH Energy Limited. The Remuneration Report details the remuneration arrangements for KMP who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the companies in the consolidated entity, directly or indirectly, including any Director (whether executive or otherwise) of companies in the consolidated entity. The information provided in the Remuneration Report has been audited as required by Section 308(3C) of the Corporations Act 2001.

Key Management Personnel

The Directors of the Group during or since the end of the financial year were as follows:

D L Breeze	-	Executive Chairman, Managing Director and Company Secretary
A Huston	-	Non-Executive Director
C Maling	-	Non-Executive Director

All have held their current position for the whole of the financial year and since the end of the financial year unless otherwise stated.

Remuneration Policy

The remuneration policy of BPH Energy Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives as determined by the board and/or shareholders. The remuneration report as contained in the June 2021 financial report was adopted at the Company's 2021 Annual General Meeting held on 29 November 2021. The board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Company, as well as create goal congruence between directors, executives and shareholders.

Directors' Report

BPH Energy Limited

The board's policy for determining the nature and amount of remuneration for board members and senior executives of the Company is as follows:

- The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed and approved by the board.
- All executives receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits and options.
- The board reviews executive packages annually by reference to the Company's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The performance of executives is measured against criteria agreed with each executive and is based predominantly on the amount of their workloads and responsibilities for the Company. The board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth. Executives are also entitled to participate in the employee share and option arrangements. The Company did not engage remuneration consultants during the period.

The executive directors and executives which receive salaries receive a superannuation guarantee contribution required by the government, which is currently 10%, and do not receive any other retirement benefits.

Shares given to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using an appropriate valuation methodology.

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The maximum pool of non-executive director fees approved by shareholders is \$250,000. Payments to non-executive directors are based on market practice, duties and accountability. Independent external advice is sought when required on payments to non-executive directors. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the Company. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company and are able to participate in the employee option plan. The board does not have a policy in relation to the limiting of risk to directors and executives in relation to the shares and options provided.

Employment Contracts of Directors and Senior Executives

The employment conditions of the Managing Director, David Breeze, is formalised in a Product Development Agreement. The engagement is automatically extended for a period of 2 years at each anniversary date unless the Managing Director or the Company give notice of termination prior to the expiry of each term. The agreement stipulates the Managing Director may terminate the engagement with a six month notice period. The company may terminate the agreement without cause by providing six months written notice or making payment in lieu of notice, based on the individual's annual salary component together with a redundancy payment of up to twelve months of the individual's fixed salary component. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the company can terminate employment at any time. Any options not exercised before or on the date of termination will not lapse.

Directors' Report

BPH Energy Limited

Key management personnel remuneration

The remuneration for each key management personnel of the consolidated entity during the year was as follows:

2022

Key Management Person	Short-term Benefits				Post-employment Benefits
	Salary and fees (\$)	Bonus (\$)	Non-cash benefit (\$)	Other (\$)	Superannuation (\$)
D L Breeze	148,000	-	-	-	-
C Maling	25,000	-	-	-	-
A Huston	40,000	-	-	-	-
Total	213,000	-	-	-	-

Key Management Person	Long-term Benefits	Share-based payment (\$)		Total (\$)	Performance Related	Compensation Relating to Securities
	Other (\$)	Shares ²	Options ³	\$	%	%
D L Breeze	-	-	-	148,000	-	-
C Maling	-	-	-	25,000	-	-
A Huston	-	-	-	40,000	-	-
Total	-	-	-	213,000	-	-

2021

Key Management Person	Short-term Benefits				Post-employment Benefits
	Salary and fees (\$)	Bonus (\$)	Non-cash benefit (\$)	Other (\$)	Superannuation (\$)
D L Breeze	148,000	-	-	-	-
C Maling	25,000	-	-	-	-
A Huston	30,000	-	-	-	-
Total	203,000	-	-	-	-

Key Management Person	Long-term Benefits	Share-based payment (\$)		Total (\$)	Performance Related	Compensation Relating to Securities
	Other (\$)	Shares ²	Options ³	\$	%	%
D L Breeze	-	431,722 ¹	157,452 ¹	737,174	-	79.9%
C Maling	-	55,082	19,402	99,484	-	74.9%
A Huston	-	48,834	18,593	97,427	-	69.2%
Total	-	535,638	195,447	934,085	-	78.3%

¹ These include securities issued to Grandbridge Limited, a Company of which Mr Breeze is Managing Director.

² The issue of these shares included one free attaching option for every two shares issued with an exercise price of \$0.05 per share and an expiry date of 29 July 2022.

³ Given the securities were issued in settlement of debt, the accounting standards require an expense to be recognised with respect to the fair value of shares and options. The fair value of options granted is estimated using a Black-Scholes model taking into account the terms and conditions upon which the options were granted. These securities were issued under a non-renounceable Rights Issue on the same terms as issued to other shareholders.

Directors' Report

BPH Energy Limited

Interest in the shares and options of the Company and related bodies corporate

The following relevant interests in shares and options of the Company or a related body corporate were held by key management personnel.

Shareholdings

	Balance 1.7.2021	Granted as Compensation	Acquired	Balance 30.6.2022
D L Breeze	57,452,695	-	-	57,452,695 ¹
A Huston	9,075,067	-	-	9,075,067
C Maling	5,072,253	-	-	5,072,253

Optionholdings

	Balance 1.7.2021	Acquired	Balance 30.6.2022	Total Vested 30.6.2022	Total Exercisable and Vested 30.6.2022	Total Unexercisable 30.6.2022
D L Breeze	12,121,452	-	12,121,452	12,121,452	12,121,452 ¹	-
A Huston	1,666,534	-	1,666,534	1,666,534	1,666,534	-
C Maling	2,862,900	-	2,862,900	2,862,900	2,862,900	-

¹ These include securities held by Grandbridge Limited, a Company of which Mr Breeze is Managing Director

Share-based payments

The following are share-based payment arrangements (options) were in existence for key management personnel at year end:

Grant Date	Date of Expiry	Fair Value of Options at Grant Date	Exercise Price	Number of options	Vesting Date
29 November 2017	30 November 2022	\$0.0004 ¹	\$0.20	400,000	At grant date
29 November 2019	30 November 2024	\$0.0005 ¹	\$0.02	1,200,000	At grant date
28 August 2020	29 July 2022	\$0.013	\$0.05	8,299,651	At grant date
21 December 2020	29 July 2022	\$0.014	\$0.05	6,751,235	At grant date

1. Pre April 2020 share consolidation

There are no further service or performance criteria that need to be met in relation to options granted. No options attributable to key management personnel were exercised or lapsed during the year.

Company performance, shareholder wealth and director and executive remuneration

The following table shows the gross revenue and the operating result for the last 5 years for the listed entity, as well as the share price at the end of the respective financial years.

	2018	2019	2020	2021	2022
Revenue from ordinary activities (\$)	235,824	278,227	240,243	65,506	154,702
Net (loss) / profit (\$)	(1,506,758)	(3,013,043)	1,121,263	(1,612,424)	(1,078,581)
Share price at year end (cents per share)	0.8	1.0	2.3	7.2	1.1
(Loss) / earnings per share (cents)	(2.0)	(1.7)	0.35	(0.28)	(0.16)

The 2018 and 2019 share prices and earnings per share have been adjusted for the 1 for 10 share consolidation completed in April 2020.

Directors' Report

BPH Energy Limited

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Options

At the date of this report, the unissued ordinary shares of the Company under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Number Under Option
November 2017	30 November 2022	\$0.20	400,000
November 2019	30 November 2024	\$0.02	1,200,000
January 2021	8 February 2023	\$0.26	7,285,714

During the year ended 30 June 2022 28,862 ordinary shares of the Company were issued on the exercise of options at \$0.05 per option (2021: 15,040,741 ordinary shares). There were 200,000 options with an exercise price of \$0.20 per share that lapsed unexercised during the period.

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2022 has been received and can be found on page 17.

The directors' report is signed in accordance with a resolution of directors made pursuant to S298(2) of the Corporations Act 2001.



David Breeze

Dated this 9th day of September 2022

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of BPH Energy Limited for the year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
9 September 2022



L Di Giallonardo
Partner

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

Corporate Governance

BPH Energy Limited

The Board of Directors of BPH Energy Limited is responsible for the corporate governance of the economic entity. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

To ensure that the Board is well equipped to discharge its responsibilities, it has established guidelines and accountability as the basis for the administration of corporate governance.

A copy of the Company's Corporate Governance Statement can be found on the Company's website at www.bphenergy.com.au

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2022

BPH Energy Limited

		Consolidated	
	Note	2022 \$	2021 \$
Revenue from ordinary activities	2	154,702	65,506
Other income	2	68,143	-
Share of associates' losses	10	(405,496)	(112,264)
Impairment reversed	3	16,975	17,733
Interest expense		(105)	(222)
Administration expenses		(160,879)	(201,060)
Expected credit loss		(88,375)	(91,216)
Consulting and legal		(434,906)	(259,264)
Directors' fees		(100,000)	(100,000)
Service expenses		(128,640)	(128,640)
Share-based payments	22	-	(802,997)
(Loss) before income tax		(1,078,581)	(1,612,424)
Income tax expense	11	-	-
(Loss) for the year		(1,078,581)	(1,612,424)
Other comprehensive income:			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Other comprehensive income (net of tax)		-	-
Total comprehensive (loss) for the period		(1,078,581)	(1,612,424)
(Loss) attributable to non-controlling interests		(133)	(565)
(Loss) attributable to members of the parent entity		(1,078,448)	(1,611,859)
Total comprehensive (loss) attributable to owners of the Company		(1,078,448)	(1,611,859)
Total comprehensive (loss) attributable to non-controlling interests		(133)	(565)
<i>Earnings / (loss) per share</i>			
Basic and diluted (loss) per share (cents per share)	4	(0.16)	(0.28)

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

Statement of Financial Position

as at 30 June 2022

BPH Energy Limited

	Note	Consolidated	
		2022 \$	2021 \$
Current Assets			
Cash and cash equivalents	7	2,894,998	10,173,232
Trade and other receivables	8	36,356	16,287
Financial assets	9	122,574	578,704
Total Current Assets		3,053,928	10,768,223
Non-Current Assets			
Financial assets	9	8,192,967	3,685,379
Investments in associates	10	3,941,702	2,058,773
Other non-current assets		20,000	-
Total Non-Current Assets		12,154,669	5,744,152
Total Assets		15,208,597	16,512,375
Current Liabilities			
Trade and other payables	12	803,933	1,030,573
Financial liabilities	13	104,817	104,817
Total Current Liabilities		908,750	1,135,390
Net Assets		14,299,847	15,376,985
Equity			
Issued capital	14	58,844,602	58,843,159
Reserves	15	1,105,671	1,105,671
Accumulated losses		(45,489,370)	(44,410,922)
Equity attributable to owners of the parent		14,460,903	15,537,908
Non-controlling interest		(161,056)	(160,923)
Total Equity		14,299,847	15,376,985

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

Statement of Changes in Equity

for the year ended 30 June 2022

BPH Energy Limited

Consolidated	Ordinary share capital \$	Accumulated losses \$	Option reserve \$	Total attributable to owners of the parent entity \$	Non- controlling Interest \$	Total \$
Balance at 1 July 2020	46,716,896	(42,799,063)	526,361	4,444,194	(160,358)	4,283,836
(Loss) for the period	-	(1,611,859)	-	(1,611,859)	(565)	(1,612,424)
Total comprehensive (loss) for the year	-	(1,611,859)	-	(1,611,859)	(565)	(1,612,424)
<i>Transactions with owners in their capacity as owners</i>						
Shares issued for cash	12,203,207	-	-	12,203,207	-	12,203,207
Share issue costs	(1,158,263)	-	365,578	(792,685)	-	(792,685)
Shares issued as set-off against amounts payable	492,054	-	-	492,054	-	492,054
Share-based payments expense	589,265	-	213,732	802,997	-	802,997
Balance at 30 June 2021	58,843,159	(44,410,922)	1,105,671	15,537,908	(160,923)	15,376,985
(Loss) for the period	-	(1,078,448)	-	(1,078,448)	(133)	(1,078,581)
Total comprehensive (loss) for the year	-	(1,078,448)	-	(1,078,448)	(133)	(1,078,581)
<i>Transactions with owners in their capacity as owners</i>						
Shares issued for cash	1,443	-	-	1,443	-	1,443
Balance at 30 June 2022	58,844,602	(45,489,370)	1,105,671	14,460,903	(161,056)	14,299,847

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

Statement of Cash Flows

for the year ended 30 June 2022

BPH Energy Limited

	Consolidated	
Note	2022	2021
	\$	\$
Cash flows from operating activities		
Receipts from customers	74,957	-
Payments to suppliers and employees	(1,097,948)	(704,319)
Interest received	972	733
Interest paid	(105)	(222)
Net cash used in operating activities	17(a) (1,022,124)	(703,808)
Cash flows from investing activities		
Payment for unlisted investments	(370,000)	(230,000)
Payment for investment in associate	(2,271,450)	-
Loans repaid	1,124,725	15,000
Loans advanced	(4,740,828)	(576,222)
Net cash used in investing activities	(6,257,553)	(791,222)
Cash flows from financing activities		
Proceeds from issue of securities (net of share issue costs)	1,443	11,410,523
Net cash provided by financing activities	1,443	11,410,523
Net (decrease) / increase in cash held	(7,278,234)	9,915,493
Cash and cash equivalents at the beginning of the financial year	10,173,232	257,739
Cash and cash equivalents at the end of the financial year	17(b) 2,894,998	10,173,232

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

Notes to the Financial Statements for the year ended 30 June 2022

BPH Energy Limited

1. Statement of Significant Accounting Policies

Corporate Information

The financial report includes the consolidated financial statements and the notes of BPH Energy Limited and its controlled entities ('consolidated entity' or 'Group').

BPH Energy Limited is a Company incorporated and domiciled in Australia and listed on the Australian Securities Exchange. The financial report was authorised for issue on 9th September 2022 by the board of directors.

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*. BPH Energy Ltd is a for-profit entity for the purpose of preparing the financial statements.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated. The financial report has been prepared on an accruals basis and is based on historical costs, modified, where stated below.

Financial Position

The consolidated entity has reported a net loss after tax for the year ended 30 June 2022 of \$1,078,581 (2021: loss of \$1,612,424) and has a net cash outflow from operating activities of \$1,022,124 (2021: outflow of \$703,808).

The consolidated entity has a working capital surplus of \$2,145,178 (2021: surplus of \$9,632,833). The net assets of the consolidated entity decreased by \$1,077,138 to \$14,299,847 over the year to 30 June 2022. Included in trade creditors and payables is current director fee accruals of \$639,419 (2021: \$517,215).

The financial report has 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.

Compliance with IFRS

The consolidated financial statements of BPH Energy Limited Group comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

1. Statement of Significant Accounting Policies (continued)

Accounting Policies

(a) Principles of Consolidation

(i) *Subsidiaries*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

A list of controlled entities is contained in Note 16 to the financial statements. All controlled entities have a June financial year-end.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position respectively.

(ii) *Changes in ownership interests*

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of.

Notes to the Financial Statements for the year ended 30 June 2022

BPH Energy Limited

1. Statement of Significant Accounting Policies (continued)

(b) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the statement of financial position date.

Deferred tax is accounted for using the statement of financial position liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is recognised in the statement of profit or loss and other comprehensive income except where it relates to items that may be recognised directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences or unused tax losses and tax credits can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Tax incentives

The Company may be entitled to claim special tax deductions in relation to qualifying expenditure. As the Company is not in a position to recognise current income tax payable or current tax expense, a refundable tax offset will be received in cash and recognised as rebate revenue in the period the underlying expenses have been incurred.

(c) Financial Instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable). For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

1. Statement of Significant Accounting Policies (continued)

(c) Financial Instruments (continued)

- amortised cost
- fair value through profit or loss (FVTPL)
- equity instruments at fair value through other comprehensive income (FVOCI)
- debt instruments at fair value through other comprehensive income (FVOCI).

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

The classification is determined by both:

- the entity's business model for managing the financial asset, and
- the contractual cash flow characteristics of the financial asset.

Subsequent measurement of financial assets

(i) Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets to collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

(ii) Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply. The category also contains an equity investment. The Group accounts for the investment at FVTPL and did not make the irrevocable election to account for the investment in unlisted and listed equity securities at fair value through other comprehensive income (FVOCI). The fair value was determined in line with the requirements of AASB 9, which does not allow for measurement at cost. Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

(iii) Equity instruments at fair value through other comprehensive income (Equity FVOCI)

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI. Under Equity FVOCI, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Dividends from these investments continue to be recorded as other income within the profit or loss unless the dividend clearly represents return of capital. This category includes unlisted equity securities that were previously classified as 'available-for-sale' under AASB 139. Any gains or losses recognised in other comprehensive income (OCI) are not recycled upon derecognition of the asset.

1. Statement of Significant Accounting Policies (continued)

(c) Financial Instruments (continued)

(iv) Debt instruments at fair value through other comprehensive income (Debt FVOCI)

Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of collecting the contractual cash flows and selling the assets are accounted for at debt FVOCI. The Group accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is to “hold to collect” the associated cash flows and sell financial assets; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

Impairment of financial assets

AASB 9's impairment requirements use more forward-looking information to recognise expected credit losses – the ‘expected credit loss (ECL) model’. Instruments within the scope of the requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss. The Group considers a broad range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (‘Level 1’) and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (‘Level 2’).
- ‘Level 3’ would cover financial assets that have objective evidence of impairment at the reporting date.

‘12-month expected credit losses’ are recognised for the first category while ‘lifetime expected credit losses’ are recognised for the second category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. The Group assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

Classification and measurement of financial liabilities

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

Notes to the Financial Statements for the year ended 30 June 2022

BPH Energy Limited

1. Statement of Significant Accounting Policies (continued)

(d) Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Short term employee benefits have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Long term employee benefits have been measured at the present value of the estimated future cash outflows to be made for those benefits using the corporate bond rate.

(e) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(f) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(g) Revenue and Other Income

Interest revenue is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest revenue is accrued on a timely basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from the rendering of a service is recognised over time as the service is rendered.

All revenue is stated net of the amount of goods and services tax ("GST").

(h) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(i) Trade and other payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the consolidated entity. The amounts are unsecured and are usually paid within 90 days. Trade and other payables are recognised at amortised cost.

(j) Earnings / (loss) per share

Basic earnings / (loss) per share ("EPS") is calculated as net profit / loss attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element. Diluted earnings / (loss) per share adjusts the figures used in the determination of basic earnings / (loss) per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Notes to the Financial Statements for the year ended 30 June 2022

BPH Energy Limited

1. Statement of Significant Accounting Policies (continued)

(k) Investments in Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the parent entity financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost. The equity method of accounting recognises the Group's share of post-acquisition reserves of its associates.

The Group's share of its associates' post-acquisition profits or losses is recognised in the profit or loss, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

Dividends receivable from associates are recognised in the parent entity's profit or loss, while in the consolidated financial statements they reduce the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Where an investment is classified as a financial asset in accordance with AASB 9, at the date significant influence is achieved, the fair value of the investment needs to be assessed. Any fair value gains are recognised in accordance with the treatment the classification the financial asset as required by AASB 9.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The consolidated entity discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the a consolidated entity retains an interest in the former associate or joint venture and the retained interest is a financial asset, the consolidated entity measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with AASB 9. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gains or loss on disposal of the associate or joint venture. In addition, the consolidated entity accounts for all amounts previously recognised other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the consolidated entity reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

Notes to the Financial Statements for the year ended 30 June 2022

BPH Energy Limited

1. Statement of Significant Accounting Policies (continued)

(l) Share-based payments

The fair value of options granted under the Company's Employee Option Plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options and the fair value of shares and options issued to consultants is measured at the fair value of services received.

The fair value at grant date is independently determined using an appropriate option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and risk free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each statement of financial position date, the entity revises its estimate of the number of options that are expected to vest. The employee benefit expense recognised each period takes into account the most recent estimate. Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital.

(m) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, the directors (see Note 23).

(n) Application of New and Revised Accounting Standards

Standards and Interpretations applicable to 30 June 2022

In the year ended 30 June 2022, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the consolidated entity and effective for the current reporting period beginning on or after 1 July 2021. 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.

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 year ended 30 June 2022. As a result of this review the Directors have determined that there is no material impact, of the new and revised Standards and Interpretations on the consolidated entity and, therefore, no change is necessary to the consolidated entity's accounting policies.

Notes to the Financial Statements for the year ended 30 June 2022

BPH Energy Limited

1. Statement of Significant Accounting Policies (continued)

(o) 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 Group.

Key judgements — Provision for impairment of loan receivables

Included in the accounts of the consolidated entity are loan receivables of \$Nil (2021: \$556,482) net of expected credit loss provisions of \$1,536,788 (2021: \$1,450,168). The Company recognised an expected credit loss of \$88,375 in the reporting period (2021: loss of \$91,216).

Key judgements — Investment in Advent Energy Ltd (“Advent”)

The investment in Advent Energy Limited is equity accounted, refer to Note 10. During the period the Company recognised a loss of the associate of \$388,521 (2021: \$95,531).

Key estimates - Investment in Molecular Discovery Systems

The investment in Molecular Discovery Systems Limited is equity accounted, refer to Note 10. During the period the Company recognised a loss of the associate of \$16,975 (2021: \$17,733). The Company also recognised an impairment reversal of \$16,975 (2021: reversal of \$17,733) such that the investment in Molecular Discovery Systems is fully impaired at period end.

Key estimates - Investment in Patagonia Genetics Pty Ltd

In a prior period the Company recognised an impairment expense of \$250,000 to fully impair the carrying value of the investment in Patagonia Genetics Pty Ltd.

Key estimates - Investment in Cortical

The investment in Cortical is carried at fair value, refer to Note 9.

Notes to the Financial Statements for the year ended 30 June 2022

BPH Energy Limited

		Consolidated	
		2022	2021
		\$	\$
2. Revenue			
	<i>Revenue</i>		
	Interest revenue: other entities	153,730	64,773
	Interest revenue : cash accounts	972	733
		<u>154,702</u>	<u>65,506</u>
	<i>Other income</i>		
	Sub-underwriting fee	68,143	-
		<u>68,143</u>	<u>-</u>
3. Expenses Included in (Loss) for the Year			
	Impairment (reversal)		
	Molecular Discovery Systems Limited	(16,975)	(17,733)
		<u>(16,975)</u>	<u>(17,733)</u>
4. (Loss) per Share			
	Total (loss) attributable to ordinary equity holders of the Company	(1,078,448)	(1,611,859)
	(Loss) used in the calculation of basic (loss) per share and diluted (loss) per share	(1,078,448)	(1,611,859)
		<u>(1,078,448)</u>	<u>(1,611,859)</u>
	(Loss) per share (cents per share)		
	From continuing operations	(0.16)	(0.28)
	Total basic (loss) per share and diluted (loss) per share	(0.16)	(0.28)
		<u>(0.16)</u>	<u>(0.28)</u>
		Number	Number
	Weighted average number of ordinary shares outstanding during the year used in calculating EPS	664,926,585	571,074,737
		<u>664,926,585</u>	<u>571,074,737</u>

Notes to the Financial Statements for the year ended 30 June 2022

BPH Energy Limited

5. Key Management Personnel Compensation

Names and positions held of key management personnel in office at any time during the financial year are:

D L Breeze -	Executive Chairman, Managing Director and Company Director
C Maling -	Non Executive Director
A Huston -	Non Executive Director

	Consolidated	
	2022 \$	2021 \$
Short term employee benefits	100,000	100,000
Consulting fees	113,000	103,000
Share-based payments	-	731,085
	<u>213,000</u>	<u>934,085</u>

Included in trade and other payables is current and former director and consulting fee accruals of \$766,219 (30 June 2021: \$973,961).

Director	Amount owing 30 June 2022 \$
David Breeze	581,636
Charles Maling	37,450
Tony Huston	20,333
Directors who have previously resigned	126,800
Balance owing at 30 June 2022	766,219

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report.

6. Auditor's Remuneration

Remuneration of the auditor of the parent entity for:

- audit or review of the financial reports -
HLB Mann Judd (WA Partnership)

	Consolidated	
	2022 \$	2021 \$
	<u>43,143</u>	<u>41,825</u>

Notes to the Financial Statements for the year ended 30 June 2022

BPH Energy Limited

		Consolidated	
		2022	2021
		\$	\$
7.	Cash and Cash Equivalents		
	Cash at Bank and in hand	2,894,998	10,173,232
		<u>2,894,998</u>	<u>10,173,232</u>
	Cash at bank earns interest at variable rates.		
8.	Trade and other Receivables		
	<i>Current</i>		
	Other receivables	36,356	16,287
		<u>36,356</u>	<u>16,287</u>
9.	Financial Assets		
	<i>Current</i>		
	Loans to other entities:		
	Advent Energy Ltd (refer Note 10)	-	556,482
	MEC Resources Ltd	100,352	-
	Investments in listed entities		
	MEC Resources Ltd (Level 1)	22,222	22,222
		<u>122,574</u>	<u>578,704</u>
	<i>Non - current</i>		
	Unsecured loans to other entities:		
	Advent Energy Ltd (refer Note 10) (b)	4,137,588	-
	Investments in unlisted entities - Cortical Dynamics Limited (Level 2)	4,055,379	3,685,379
		<u>8,192,967</u>	<u>3,685,379</u>
	Loan receivables are stated net of the following provisions:		
	Molecular Discovery Systems Limited (MDS) (a)		
	Gross receivable	1,536,788	1,450,168
	Less provision for impairment	<u>(1,536,788)</u>	<u>(1,450,168)</u>
		<u>-</u>	<u>-</u>

(a) The Company has an unsecured loan with MDS for \$693,200 as well as a convertible loan agreement with MDS at an interest rate of 7.69% per annum. The convertible loan is for a maximum capital amount of \$500,000 and is to be used for short term working capital requirements. Subject to MDS being admitted to the Official List of ASX ("Official List"), BPH Energy has a right of conversion to satisfy the debt on or before the termination date, being 26 January 2024. As at reporting date this loan had been drawn down by an amount of \$843,588, including capitalised interest (2021: \$772,968). Interest charged on the loan for the period was \$70,618 (2021: \$64,773) which has been recognised as an expected credit loss for the year in the Statement of Profit or Loss and Other Comprehensive Income.

(b) These loans are repayable within 24 months of drawdown date and accrue interest at 5.1% per annum.

Notes to the Financial Statements for the year ended 30 June 2022

BPH Energy Limited

10. Investments Accounted for Using the Equity Method

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 %		Principal Activity
		2022	2021	
Molecular Discovery Systems Limited	Australia	20%	20%	Biomedical Research
Advent Energy Limited	Australia	36.1%	21.9%	Oil and Gas Exploration

		Consolidated	
		2022	2021
		\$	\$
<i>Shares in Associates</i>			
Advent Energy Limited (i)		3,941,702	2,058,773
Molecular Discovery Systems Limited (ii)		386,023	402,998
Molecular Discovery Systems Limited: Impairment provision (ii)		(386,023)	(402,998)
		<u>3,941,702</u>	<u>2,058,773</u>

	Consolidated			
	Advent		MDS	
	30 June 2022(\$)	30 June 2021(\$)	30 June 2022(\$)	30 June 2021(\$)
Revenue	16,613	37,060	-	-
(Loss) / profit for the period	(1,125,436)	(426,659)	(84,876)	(88,664)
Other comprehensive income for the period	-	-	-	-
Total comprehensive (loss) for the period	(1,125,436)	(426,659)	(84,876)	(88,664)
	30 June 2022(\$)	30 June 2021(\$)	30 June 2022(\$)	30 June 2021(\$)
Current assets	3,047,467	1,130,822	2,942	979
Non-current assets	17,545,977	14,385,995	-	-
Current liabilities	563,721	917,238	944,398	928,177
Non-current liabilities	9,225,890	4,963,302	853,051	782,433
Net assets	10,803,833	9,636,277	(1,794,507)	(1,709,631)

Notes to the Financial Statements for the year ended 30 June 2022

BPH Energy Limited

10. Investments Accounted for Using the Equity Method (continued)

	Consolidated			
	Advent		MDS	
	30 June 2022(\$)	30 June 2021 (\$)	30 June 2022(\$)	30 June 2021 (\$)
Share of the group's ownership interest in associate	3,941,702	2,058,773	(358,901)	(341,926)
Other adjustments	-	-	(358,901)	(341,926)
Carrying value of the group's interest in associate	3,941,702	2,058,773	-	-
Opening balance	2,058,773	2,153,304	-	-
Additional investment	2,271,450	-	-	-
Impairment reversal	-	-	16,975	17,733
Share of associates loss	(388,521)	(94,531)	(16,975)	(17,733)
Closing balance	3,941,702	2,058,773	-	-

- (i) On 16 December 2021, BPH advised ASX that the Prime Minister of Australia at that time, Scott Morrison, had announced that the Federal Government would refuse the joint venture's applications to extend the PEP 11 Permit for gas exploration in the offshore Sydney Basin. Permit participants Advent and Bounty received official notification of refusal from the National Offshore Petroleum Title Authority (NOPTA).

Advent has two applications with NOPTA for suspension and extension of the PEP11 permit. The first application was accepted as lodged in January 2020 and the second in February 2021. NOPTA has issued a notice of intention to refuse the January 2020 application which was lodged on the basis of Force Majeure. The first is the only application which is the subject of the NOPTA notice. The second application was made under a COVID application process and was accepted but not dealt with pending an outcome on the first application made in January 2020. NOPTA is seeking additional information from Advent in respect of the application. Under the provisions of the *Offshore Petroleum and Greenhouse Gas Storage Act 2006*, the existing permit will continue until relevant decisions are made.

On 30 March 2022, BPH and Bounty Oil & Gas NL (Bounty) (ASX: BUY) as the PEP 11 Joint Venture announced to ASX that they had been given notice by NOPTA that NOPTA has refused the Joint Venture Application initially submitted on 24 December 2019 for a secondary work program variation and a 24-month suspension of the Permit Year 4 Work Program Commitment and the corresponding 24-month extension of the Permit Term.

Advent Energy Limited's 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. The application was made in December 2019. 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. On 11 August 2022 the Federal Court of Australia made discovery orders in respect of this application. The court has set a date for a hearing in March 2023.

Notes to the Financial Statements for the year ended 30 June 2022

BPH Energy Limited

10. Investments Accounted for Using the Equity Method (continued)

The above conditions indicate a material uncertainty that may affect the ability of Advent to realise the carrying value of the exploration assets in the ordinary course of business and may affect the ability of the Company to realise the carrying value of its loan receivables and its investment in Advent in the ordinary course of business.

- (ii) The carrying value of Molecular Discovery Systems Limited was fully impaired during a prior period. The Molecular Discovery Systems Limited 30 June 2022 financial statements are still in the process of being audited.

	Consolidated	
	2022	2021
	\$	\$
11. Income Tax Expense		
(a) The prima facie tax on the (loss) from operations before income tax is reconciled to the income tax as follows:		
Accounting (loss) before tax	(1,078,581)	(1,612,424)
Prima facie (benefit) on the (loss) from operations before income tax at 30% (2021: 30%)	(323,574)	(483,727)
Add tax effect of amounts not deductible in calculating taxable income	116,556	269,258
Tax effect of revenue losses and temporary differences not brought to account	207,018	214,199
Income tax expense	-	-
(b) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	12,535,257	12,198,161
Potential tax benefit at 30% (2021: 30%)	3,133,814	3,659,448

12. Trade and Other Payables

Current

Trade payables	8,811	36,113
Other payables and accrued expenses - unrelated	155,703	477,245
Related party payables	639,419	517,215
	803,933	1,030,573

Trade payables are non-interest bearing and normally settled within 40 days

Notes to the Financial Statements for the year ended 30 June 2022

BPH Energy Limited

	Consolidated	
	2022	2021
	\$	\$
13. Financial Liabilities		
<i>Current</i>		
Borrowings – unsecured – interest free	104,817	104,817
	<u>104,817</u>	<u>104,817</u>

	Consolidated	
	2022	2021
	\$	\$
14. Issued Capital		
664,948,251 (2021: 664,919,389) fully paid ordinary shares	58,844,602	58,843,159

(a) Ordinary Shares

	Consolidated		Consolidated	
	2022	2021	2021	2021
	\$	\$	Number	Number
At the beginning of reporting period	58,843,159	46,716,896	664,919,389	373,236,818
Shares issued for cash	1,443	12,203,207	28,862	258,879,003
Share issue costs	-	(1,158,263)	-	-
Shares issued as set-off against amounts payable	-	492,054	-	32,803,568
Share-based payments	-	589,265	-	-
At reporting date	<u>58,844,602</u>	<u>58,843,159</u>	<u>664,948,251</u>	<u>664,919,389</u>

Fully paid ordinary shares do not have a par value, have one vote per share, and carry the right to dividends. The market price of the Company's ordinary shares at 30 June 2022 on ASX was 1.1 cents per share.

(b) Options

Refer to Note 22 for the movement of options on issue during the financial year. 28,862 options with an average exercise price of \$0.05 per share were exercised during the year (2021: 15,040,741 options with an average exercise price of \$0.04 per share). The holders of options do not have the right, by virtue of the option, to participate in any share issue or interest issue of any other body corporate or registered scheme.

(c) Capital risk management

The Group's and the parent entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders.

Notes to the Financial Statements for the year ended 30 June 2022

BPH Energy Limited

14. Issued Capital (continued)

(c) Capital risk management (continued)

The focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet corporate overheads. The strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital position of the Group at 30 June 2022 and 30 June 2021 is as follows:

	Consolidated	
	2022 (\$)	2021 (\$)
Cash and cash equivalents	2,894,998	10,173,232
Trade receivables and financial assets	158,930	594,991
Trade payables and financial liabilities	(908,750)	(1,135,390)
Net working capital position	<u>2,145,178</u>	<u>9,632,833</u>

Refer to Note 1 for further details of the Group's financial position and plans to manage the working capital deficit at 30 June 2022.

15. Reserves

Option Reserve (a)	1,105,671	1,105,671
	<u>1,105,671</u>	<u>1,105,671</u>

(a) Option Reserve

The option reserve records items recognised as expenses on the valuation of share options.

Opening balance	1,105,671	526,361
Share-based payments	-	579,310
Closing balance	<u>1,105,671</u>	<u>1,105,671</u>

16. Controlled Entities

Name of Entity	Principal Activity	Country of Incorporation	Ownership Interest %	
			2022	2021
Parent Entity				
BPH Energy Limited	Investment	Australia		
Subsidiaries				
Diagnostic Array Systems Pty Ltd	BioMedical Research	Australia	51.82	51.82

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

BPH owns a 51.82% equity interest in Diagnostic Array Systems Pty Ltd ("DAS") and consequentially controls more than half of the voting power of those shares. Mr David Breeze is the Chairman of both entities. BPH therefore has control over the financial and operating policies of DAS. DAS is controlled by BPH and is consolidated in these financial statements. DAS's loss for the year was \$276 (2021: loss of \$1,173) of which \$133 (2021: \$565) is attributable to minority interests. DAS's total assets at year-end were \$202 (2021: \$278), total liabilities \$366,831 (2021: \$366,631), and net equity negative \$366,629 (2021: negative net equity \$366,353).

Notes to the Financial Statements for the year ended 30 June 2022

BPH Energy Limited

	Consolidated	
	2022 \$	2021 \$
17. Cash Flow Information		
(a) Reconciliation of cash flow from operations with loss after income tax:		
Operating (loss) after income tax	(1,078,581)	(1,612,424)
<i>Non-cash items:</i>		
Impairment reversed	(16,975)	(17,733)
Interest revenue on loans	(153,730)	(64,773)
Share-based payments	-	802,997
Expected credit loss	88,375	91,216
Share of associates' losses	405,496	112,264
<i>Changes in net assets and liabilities</i>		
(Increase) / decrease in other assets	(20,000)	360
(Increase) / decrease in trade and other receivables	(20,069)	16,028
(Decrease) in trade payables and accruals	(226,640)	(31,743)
Net cash (used in) operating activities	<u>(1,022,124)</u>	<u>(703,808)</u>
(b) Reconciliation of cash		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash and cash equivalents	<u>2,894,998</u>	<u>10,173,232</u>
(c) Changes in liabilities arising from financing activities – unsecured borrowings		
Balance 1 July	104,817	121,085
Shares issued set of against loans payable	-	(16,268)
Balance 30 June	<u>104,817</u>	<u>104,817</u>

Notes to the Financial Statements for the year ended 30 June 2022

BPH Energy Limited

18. Subsequent Events

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

Placement and Entitlements Issue participants will receive one (1) free attaching option for every one (1) new share subscribed for under the Placement and Entitlement Offer, exercisable at \$0.03 each with an expiry date of 30 September 2024 (Attaching Options). The options will be subject to Shareholder Approval as required at a General Meeting to be held around mid-September 2022, and will be listed subject to any ASX and Corporations Act requirements being met.

The Company also intends, subject to ASX approval of the timetable and the issue of a Prospectus in compliance with the Corporations Act, to undertake a loyalty option issue of one (1) option for every eight (8) shares held to all shareholders registered on a record date proposed to be on or around late September 2022 (Loyalty Options). The Loyalty Options will have the same exercise price and expiry date as the Attaching Options and will be listed subject to any ASX and Corporations Act requirements being met.

BPH and Advent (together, the Purchasers) entered into a Term Sheet with Clean Carbon, pursuant to which the Purchasers agreed to subscribe for fully paid shares in Clean Carbon (Subscription Shares), representing a total of 10% of the total issued share capital of Clean Carbon after the issue of the Subscription Shares (Subscription Shares Tranche 1). The Subscription Shares Tranche 1 were issued by Clean Carbon under a Loan Conversion Agreement dated 25 July 2022 by the payment of US\$535,996 by BPH in August 2022, which was net of loans, accrued interest and deposits owed to the Purchasers by Clean Carbon. A corresponding set off was recorded in BPH's receivable from Advent such that BPH and Advent recorded an 80% / 20% share respectively of their 10% shareholding in Clean Carbon. so that BPH will hold 8% and Advent 2% of Clean Carbon.

Subsequent to year end the Company has lent a further \$399,000 to the Advent group of companies.

Associate Advent Energy

Advent's 100% subsidiary Asset Energy Pty Ltd applied to the Federal Court pursuant to section 5 of the Administrative Decisions (Judicial Review) Act 1977 (Cth) and section 39B of the Judiciary Act 1903 (Cth) to review the decision of the Commonwealth-New South Wales Offshore Petroleum Joint Authority (Joint Authority), constituted under section 56 of the Offshore Petroleum and Greenhouse Gas Storage Act 2006 (Cth) (Act), to refuse to vary and suspend the conditions of Exploration Permit for Petroleum No.11 (PEP 11 Permit), pursuant to section 264(2) of the Act, and to refuse to extend the term of the PEP 11 Permit, pursuant to section 265 of the Act. The application was made in December 2019. On 11 August 2022 the Federal Court of Australia made discovery orders in respect of this application. The court has set a date for a hearing in March 2023.

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 year ended 30 June 2022

BPH Energy Limited

19. Financial Risk Management

a) Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks, investments, accounts receivable and payable, and loans to and from third parties. The main purpose of non-derivative financial instruments is to raise finance for Group operations policies.

The main risks the Group is exposed to through its financial instruments are interest rate risk, liquidity risk, credit risk and equity price risk.

Interest rate risk

Interest rate risk is managed with a mixture of fixed and floating rate financial assets. The Group's financial liabilities are currently not exposed to interest rate risk as the Group has no interest bearing financial liabilities.

Liquidity risk

The Group manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows.

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

Equity price risk

The Group is exposed to equity price risk through its shareholdings in publicly listed entities. Material investments are managed on an individual basis.

Foreign currency risk

The Group is not exposed to any material risks in relation to fluctuations in foreign exchange rates.

Notes to the Financial Statements for the year ended 30 June 2022

BPH Energy Limited

19. Financial Risk Management (continued)

b) Financial Instruments

Interest rate risk

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities with floating rates, based on contractual maturities, is as follows:

2022 Consolidated	Weighted Effective Interest Rate %	Floating Interest Rate \$	Fixed Interest Rate 1 Year or less \$	Fixed Interest Rate 1 to 5 Years \$	Non- Interest Bearing \$	Total \$
Assets						
Cash and cash equivalents	0.01	2,894,998	-	-	-	2,894,998
Trade and other receivables	7.00	-	-	-	36,356	36,356
Financial assets	5.10	-	100,352	4,137,588	4,077,601	8,315,541
		2,894,998	100,352	4,137,588	4,113,957	11,246,895
Liabilities						
Trade and other payables	-	-	-	-	803,933	803,933
Financial liabilities	-	-	-	-	104,817	104,817
		-	-	-	908,750	908,750

2021 Consolidated	Weighted Effective Interest Rate %	Floating Interest Rate \$	Fixed Interest Rate 1 Year or less \$	Fixed Interest Rate 1 to 5 Years \$	Non- Interest Bearing \$	Total \$
Assets						
Cash and cash equivalents	0.01	10,173,322	-	-	-	10,173,322
Trade and other receivables	-	-	-	-	16,287	16,287
Financial assets	-	-	-	-	4,264,083	4,264,083
		10,173,322	-	-	4,280,370	14,453,692
Liabilities						
Trade and other payables	-	-	-	-	1,030,573	1,030,573
Financial liabilities	-	-	-	-	104,817	104,817
		-	-	-	1,135,390	1,135,390

Notes to the Financial Statements for the year ended 30 June 2022

BPH Energy Limited

19. Financial Risk Management (continued)

b) Financial Instruments (continued)

Fair Values

The fair values of:

- Term receivables are determined by discounting the cash flows, at the market interest rates of similar securities, to their present value.
- Other loans and amounts due are determined by discounting the cash flows, at market interest rates of similar borrowings to their present value.
- For unlisted investments where there is no organised financial market, the fair value has been based on valuation techniques incorporating non-market data.

No financial assets and financial liabilities are readily traded on organised markets in standardised form.

	Consolidated 2022		Consolidated 2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	\$	\$	\$	\$
Financial Assets				
Investment in unlisted entities	4,055,379	4,055,379	3,685,379	3,685,379
Investment in listed entities	22,222	22,222	22,222	22,222
Financial assets and trade and other receivables	4,274,296	4,274,296	572,769	572,769
	<u>8,351,897</u>	<u>8,351,897</u>	<u>4,280,370</u>	<u>4,280,370</u>
Financial Liabilities				
Other loans and amounts due	104,817	104,817	104,817	104,817
Trade and other payables	803,933	803,933	1,030,573	1,030,573
	<u>908,750</u>	<u>908,750</u>	<u>1,135,390</u>	<u>1,135,390</u>

Sensitivity Analysis – Interest Rate Risk

The Group has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks. The effect on profit and equity as a result of changes in the variable interest rate, with all other variables remaining constant would be as follows:

	Consolidated	
	2022	2021
	\$	\$
Change in profit / (loss)		
— Increase in interest rate 1%	29,238	54,533
— Decrease in interest rate by 0.5%	(288)	(733)

Notes to the Financial Statements for the year ended 30 June 2022

BPH Energy Limited

19. Financial Risk Management (continued)

b) Financial Instruments (continued)

Liquidity risk

The Group manages liquidity risk by maintaining adequate reserves and borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Liquidity is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The following are the contractual maturities at the end of the reporting period of consolidated financial liabilities.

30 June 2022	Carrying amount	Total	2 mths or less	2-12 mths
	\$	\$	\$	\$
<i>Financial liabilities</i>				
Trade and other payables	803,933	803,933	8,809	795,124
Unsecured loans	104,817	104,817	-	104,817
	<u>908,750</u>	<u>908,750</u>	<u>8,809</u>	<u>899,941</u>

30 June 2021	Carrying amount	Total	2 mths or less	2-12 mths
	\$	\$	\$	\$
<i>Financial liabilities</i>				
Trade and other payables	1,030,573	1,030,573	56,113	974,460
Unsecured loans	104,817	104,817	-	104,817
	<u>1,135,390</u>	<u>1,135,390</u>	<u>56,113</u>	<u>1,079,227</u>

(c) Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable.

Notes to the Financial Statements for the year ended 30 June 2022

BPH Energy Limited

19. Financial Risk Management (continued)

(c) Fair value measurements recognised in the statement of financial position (continued)

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers between the levels for recurring fair value measurements during the year.

Specific valuation techniques used to value financial instruments include (i) for unlisted investments where there is no organised financial market, the fair value has been based on valuation techniques incorporating non-market data prepared by independent valuers.

30 June 2022	\$	\$	\$	\$
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss				
- Investments in unlisted entities	-	4,055,379	-	4,055,379
- Investments in listed entities	22,222	-	-	22,222
Total	22,222	4,055,379	-	4,077,601

30 June 2021	\$	\$	\$	\$
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss				
- Investments in unlisted entities	-	3,685,379	-	3,685,379
- Investments in listed entities	22,222	-	-	22,222
Total	22,222	3,685,379	-	3,707,601

Reconciliation of fair value measurements of financial assets:

	2022 (\$)	2022 (\$)	2022 (\$)
	Level 1	Level 2	Level 3
Opening balance	22,222	3,685,379	-
Acquisition of investments	-	370,000	-
Closing balance	22,222	4,055,379	-
	2021 (\$)	2021 (\$)	2021 (\$)
	Level 1	Level 2	Level 3
Opening balance	22,222	3,455,379	-
Acquisition of investments	-	230,000	-
Closing balance	22,222	3,685,379	-

Notes to the Financial Statements for the year ended 30 June 2022

BPH Energy Limited

20. Related Party Transactions

(a) *Equity interests in controlled entities*

The % of ordinary shares held in controlled entities is disclosed in Note 16 to the financial statements.

(b) *Directors' remuneration*

Details of directors' remuneration and retirement benefits are located in the Directors Report and Note 5.

The Company has an agreement with Trandcorp Pty Limited on normal commercial terms procuring the services of David Breeze to provide product development services for \$98,000 (2021: \$98,000), included as part of his fees in the Remuneration Report. Refer to the Remuneration Report in the Directors' Report for shares and options issued to directors.

(c) *Receivables, payables and transactions with associates*

Molecular Discovery Systems Limited ("MDS") is a related party of the Company. Refer to Notes 9 and 10 for the Company's loan receivable and investment. During the period the Company charged MDS \$70,618 (2021: \$64,733) in loan interest on a convertible loan with a balance of \$843,586 at year end (2021: \$772,968). The Company has raised a provision against the full amount of this loan. In addition, a loan receivable exists between the consolidated entity and MDS of \$693,200 (2021: \$677,200). The Company lent MDS \$16,000 during the year. The loan is unsecured, non-interest bearing and repayable on demand. The Company has raised a provision against the full amount of this loan. The Company recognised an impairment reversal of \$16,975 (2021: reversal of \$17,733) in respect the carrying value of its investment in MDS.

Advent Energy is a related party of the Company. Refer to Notes 9 and 10 for the Company's investment and loan receivables. During the year the Company invested \$2,271,450 and advanced net \$3,502,621 (2021: advance of \$549,722) to the Advent group bearing interest at 5.1%. Interest of \$80,242 was charged during the year. These loans are repayable beyond 30 June 2023.

(d) *Other Interests*

Refer to Note 9 for the Company's investment in Cortical Dynamics Limited. The Company invested \$370,000 in Cortical during the year.

(e) *Director related entities*

Grandbridge Limited ("Grandbridge") has a common Managing Director, Mr David Breeze, and is therefore a related party of the Company. During the period Grandbridge charged the Company \$128,640 in administration and service fees (2021: \$128,640). At balance date \$104,817 (2021: \$104,817) was payable to Grandbridge. The Company charged Grandbridge's 100% subsidiary, Grandbridge Securities Limited \$68,143 in respect of sub-underwriting fees relating to BPH's investment in Advent.

MEC Resources Limited has a common Managing Director, Mr David Breeze, and is therefore a related party of the Company. During the period BPH charged loaned MEC \$97,482 and charged MEC \$2,870 in interest. At balance date \$100,352 (2021: \$Nil) was payable to BPH, classified as a current asset.

21. Commitments and Contingencies

At reporting date there are no capital commitments or contingencies other than those of Advent Energy Limited, an entity in which the Company currently has a 36.1% direct interest as disclosed in Note 10.

Notes to the Financial Statements for the year ended 30 June 2022

BPH Energy Limited

22. Share-Based Payments

The following share-based payment arrangements (options) existed at 30 June 2022:

Total number	Grant Date	Exercise price	Fair value at grant date	Expiry date
400,000	29 November 2017	\$0.20	\$0.0004	30 November 2022
1,200,000	29 November 2019	\$0.02	\$0.0005	30 November 2024
18,401,610	28 August 2020 and 18-21 December 2020	\$0.05	\$0.013 and \$0.014	29 July 2022
7,285,714	9 February 2021	\$0.26	\$0.048	8 February 2023
<u>27,287,324</u>				

All options granted confer a right of one ordinary share for every option held.

The number of share options on issue at period end was as follows:

	Consolidated			
	2022		2021	
	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$
Outstanding at the beginning of the year	105,350,254	0.07	7,600,000	0.04
Expired	(200,000)	(0.20)	(200,000)	(0.02)
Exercised	(28,862)	(0.05)	(15,040,741)	0.04
Issued as free attaching options	-	-	94,589,385	0.05
Issued as share-based payments	-	-	18,401,610	0.13
Outstanding at year-end	<u>105,121,392</u>	<u>0.06</u>	<u>105,350,254</u>	<u>0.07</u>
Exercisable at year-end	<u>105,121,392</u>	<u>0.06</u>	<u>105,350,254</u>	<u>0.07</u>

Included under share-based payments in the profit and loss is \$Nil (2021: \$802,997) of which \$Nil (2021: \$213,732) relates to share options and \$Nil (2021: \$589,265) relates to fully paid ordinary shares.

Notes to the Financial Statements for the year ended 30 June 2022

BPH Energy Limited

23. Operating Segments

Operating segments have been identified on the basis of internal reports of the Company 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. On a regular basis, the board receives financial information on the consolidated entity on a basis similar to the financial statements presented in the financial report, to manage and allocate their resources.

The consolidated entity's only operating segment is investments. The consolidated entity holds investments in three principal industries and these are biotechnology, oil and gas exploration and development, and medicinal cannabis.

	Company	
	2022	2021
	\$	\$
24. Parent Entity Disclosures		
<i>Financial Position</i>		
Assets		
Current assets	3,053,727	10,767,945
Non-current assets	12,174,501	5,764,060
Total asset	<u>15,228,228</u>	<u>16,532,005</u>
Liabilities		
Current liabilities	928,381	1,155,020
Total liabilities	<u>928,381</u>	<u>1,155,020</u>
Equity		
Issued capital	58,844,602	58,843,159
Accumulated losses	(45,650,426)	(44,571,845)
Option reserve	1,105,671	1,105,671
Total equity	<u>14,299,847</u>	<u>15,376,985</u>
<i>Financial Performance</i>		
(Loss) after tax for the year	(1,078,581)	(1,612,424)
Other comprehensive income	-	-
Total comprehensive (loss)	<u>(1,078,581)</u>	<u>(1,612,424)</u>

Directors' Declaration

The directors of the Company declare that:

1. the financial statements and notes, as set out on pages 19 to 49 are in accordance with the Corporations Act 2001 and:
 - (a) Comply with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (b) give a true and fair view of the financial position as at 30 June 2022 and of the performance for the year ended on that date of the consolidated entity;
2. in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
3. the financial statements and notes comply with International Financial Reporting Standards as disclosed in Note 1; and
4. the directors have been given the declarations required by S295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors made pursuant to S295(5) of the Corporations Act 2001.



.....
David Breeze
Executive Chairman

Dated this 9th September 2022

INDEPENDENT AUDITOR'S REPORT
To the members of BPH Energy Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of BPH Energy Limited ("the Company") and its controlled entities ("the consolidated entity"), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the consolidated entity is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the consolidated entity 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* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 10 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 opinion 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed the key audit matter
<p>Investments accounted for using equity method Note 10</p>	
<p>As at 30 June 2022, the carrying value of the investments accounted for using the equity method was \$3,941,702 and the consolidated entity's share of the associates' losses net of impairment reversal was \$388,521.</p> <p>We considered this to be a key audit matter as it is important to users' understanding of the financial statements as a whole and involved significant levels of judgement.</p>	<p>Our procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> - We agreed the share of losses to the associates' audited financial statements; - We reviewed the disclosures made in the financial statements; - We considered if there were indicators of impairment present; and - We included an emphasis of matter paragraph above in relation to recoverability of the investment in, and loan receivable from, Advent Energy Limited.
<p>Valuation of financial assets Note 9</p>	
<p>As at 30 June 2022, the consolidated entity had recorded financial assets comprising loan receivables with a carrying value of \$4,237,940 and investments at a fair value of \$4,077,601.</p> <p>We considered this to be a key audit matter as it is important to users' understanding of the financial statements as a whole and involves judgement in relation to the determination of fair value and expected credit losses.</p>	<p>Our procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> - We considered the ability of the other party to repay its loan to the consolidated entity to determine if any additional expected credit loss provisions were required; - We assessed the consolidated entity's valuation of individual investment holdings; - For investments where there was less or little observable market data, including level 2 holdings as disclosed in note 19, we obtained and assessed other relevant valuation data; and - We reviewed the disclosures made in the financial statements.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the consolidated entity's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the consolidated entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the consolidated entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the consolidated entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the consolidated entity's ability to continue as a

going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the consolidated entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of BPH Energy Limited for the year ended 30 June 2022 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



HLB Mann Judd
Chartered Accountants

Perth, Western Australia
9 September 2022



L Di Giallonardo
Partner

Additional Securities Exchange Information

BPH Energy Limited

Additional information required by Australian Securities Exchange Limited and not shown elsewhere in this report as follows.

The information is stated as at 5 September 2022.

1. Substantial Shareholder

The names of shareholders who have lodged a substantial shareholder notice with ASX are:

Shareholder	Shares	%
David Breeze, Trandcorp Pty Ltd, Grandbridge Limited	57,452,695	7.36%
JGM Property Investments Pty Ltd	34,666,682	6.31%

2. (a) Distribution of Shareholders

Range of Holding	Shareholders	Number Ordinary Shares	%
1 – 1,000	1,061	328,262	0.04%
1,001 – 5,000	1,525	4,857,048	0.62%
5,001 – 10,000	1,274	9,986,430	1.28%
10,001 – 100,000	3,612	139,597,073	17.89%
100,001 and over	1,174	625,564,053	80.17%
	8,646	780,332,866	100%

The number of shareholders holding an unmarketable parcel was 4,816.

(b) Distribution of Unlisted Option Holders

Range of Holding	Option Holders	Number of Options	%
100,001 and over	4	8,885,714	100.00
	4	8,885,714	100.00

3. Voting Rights - Shares

All ordinary shares issued by BPH Energy Limited carry one vote per share without restriction.

4. Voting Rights - Options

The holders of options do not have the right to vote.

Additional Securities Exchange Information

BPH Energy Limited

5. Restricted Securities

There are no restricted securities on issue.

6. Twenty Largest Shareholders as at 5 September 2022

The names of the twenty largest shareholders of the ordinary shares of the Company are:

Name	Number of ordinary fully paid shares	% held of issued ordinary capital
TRANDCORP PTY LTD	36,283,149	4.65
JGM PROPERTY INVESTMENTS PTY LTD	26,277,948	3.37
TRANDCORP PTY LTD <TRANDCORP SUPER FUND A/C>	12,713,939	1.63
COMSEC NOMINEES PTY LIMITED	10,794,164	1.38
MR ANTHONY HUSTON	9,075,067	1.16
MS CHUNYAN NIU	8,500,000	1.09
CITICORP NOMINEES PTY LIMITED	7,676,383	0.98
MARKOVIC FAMILY NO 2 PTY LTD	7,639,462	0.98
CLAYTON CAPITAL PTY LTD	5,821,715	0.75
MISS SANDRA JOY FEELEY	5,790,000	0.74
MATTHEW BURFORD SUPER FUND PTY LTD <BURFORD SUPERFUND A/C>	5,706,622	0.73
MISS MARIA EUGENIA GAYOSO	5,531,819	0.71
JLM CORPORATION PTY LTD	5,364,657	0.69
MR CHARLES VERDON MALING	5,072,253	0.65
ANSTEY SUPERANNUATION FUND PTY LTD <ANSTEY FAMILY S/F A/C>	5,000,000	0.64
TRANDCORP PTY LTD <TRANDCORP SUPER FUND A/C>	4,496,983	0.58
J BARLOW CONSULTANTS PTY LTD	4,354,065	0.56
MR LACHLAN JAMES MCALPINE	4,241,279	0.54
BNP PARIBAS NOMS PTY LTD	4,161,964	0.53
	178,501,469	22.88