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20-21 ANNUAL REPORT



HEALTH TECHNOLOGY RESOURCES

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AND ITS CONTROLLED ENTITIES

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Australian Securities Exchange Listing

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ASX Codes: BPH, BPHAO

Australian Business Number

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CHAIRMAN'S LETTER



Dear Shareholder

BPH investee Advent Energy's PEP 11 Gas and proposed carbon storage project at Baleen (Seablue1 well) offshore Newcastle NSW has potential national significance. It addresses both forecast gas shortages and the objective of Net Zero Emissions. Advent has committed all gas from the project to Australia domestic supply. 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 for New South Wales.

The NSW Business Chamber 2019 report "Running On Empty" confirmed :-NSW imports 98 % its gas requirements from other states ,a constrained national gas market will see further price rises for every household and business in NSW and inaction on gas and energy security are now holding the future of businesses in NSW to ransom, threatening employment losses and reduced investment.In NSW an est. 300,000 jobs rely on gas supply with gas supplying around 1.3 million households and 33,000 businesses. NSW's manufacturing sector, which is approximately 84% of the state's Industrial gas load adds \$33 billion in industry value. Without addressing NSW's looming gas shortfall these could be at risk.

The latest gas report from the ACCC has revealed that a supply shortfall in Australia's east coast gas market is increasingly likely and indicates a finely balanced supply outlook for 2022. However, as AEMO (Australian Energy Market Operator) has indicated in its 2021 Gas Statement of Opportunities (GSOO), Victorian gas fields are rapidly depleting. AEMO is forecasting an overall decline in Victoria's production of 43 per cent between 2021 to 2025.

The NSW Government 'Future of Gas Statement' released in 2021 recognizes that as part of the energy transition, gas from a mix of sources will play a role in supporting access to affordable energy and business growth within NSW and notes the east coast gas market could face a supply shortage as early as 2023.

The PEP11 gas project offshore Newcastle, if successful, could play a key role in meeting that supply shortfall. The gas price spikes and shortages in the east Australian gas market occur when there is high demand during the Australian winter. This period coincides with summer demand in the northern hemisphere also spiking driven by increased power needs related to summer heatwaves. The converse applies in the northern winter.

World economies are now facing an energy supply crisis as current efforts are underway to move to a low carbon future with rapidly rising energy costs and supply shortages impacting households and economies across the globe.

International energy prices are increasingly setting east coast domestic prices, increasing the volatility in domestic gas prices. This has forced some manufacturers exposed to spot prices to the brink.

The importance of these factors was illustrated when the NSW and Australian Governments signed a 2020 MOU to jointly fund \$2 Billion to increase energy supply and reduce emissions in NSW. This includes a specific target to bring an additional 70 PJ a year of gas into the NSW market by 2022.

Preventing power blackouts is becoming more difficult as weather dependent renewables replace coal powered generation. This is forcing AEMO to intervene more often (250 times in 2019 -20 compared to 20 three years earlier) and ordering other sources typically gas power to come online. The 2020 report ranked electricity supply security as "critical" status. ("Power fix urgent as grid teeters AFR 050121").



Carbon Capture, Usage and Storage (CCUS) technology is one of the priority technologies in Australia's Technology Investment Roadmap. It has been identified by the IEA as the only large-scale mitigation option available that can deliver the additional CO₂ emissions reductions that would be required to meet the climate goals in 2050. The PEP11 project is the closest potential carbon storage area to the major Australian carbon sources which are in the order of 30% of the entire Australian CO₂ output. Location is a key factor in carbon disposal with synergies greatest where industrial point sources are both near each other and a viable storage site.

Advent has submitted to the National Offshore Petroleum Titles Administrator (NOPTA) an application to enable the drilling of Seablue-1 approx. 26 km SSE of Newcastle offshore NSW. The PEP11 Joint Venture proposes to proceed with the drilling of Seablue subject to approvals from NOPTA and other regulatory authorities, and financing. The current permit expiry date is Feb. 2021. The permit remains in place and in good standing during the NOPTA review period. In preparation Advent has commenced rig tender and associated services tendering.

Advent also announced the appointment of Professor Peter Cook as an advisor on geosequestration for its project in the Offshore Sydney Basin. Professor Cook is an eminent Australian and international earth scientist and leader in the development and application of carbon capture and storage (CCS) technologies. Advent also made other key appointments including Mr. Andrew Hogan as Contracts Manager.

In Dec. 2020 Advent lodged an OIS with ASIC to raise up to \$6.5 million. In Feb. 2021 BPH completed a \$9m placement. The funds proposed to be invested by BPH will be used by Advent to progress well planning, engineering and environmental approvals for drilling of Seablue-1. It is planned that approx. \$5.75 million of the capital raised will be used for this purpose. In addition, BPH confirmed intent for \$0.5 million to increase its shareholding in Cortical Dynamics Ltd.

Considerable progress has been made in terms of further technical and corporate development of the Brain Anesthesia Response Monitor (BARM™) and Cortical including pilot sales, personnel recruitment, regulatory approvals, industry recognition, clinical trials, potential strategic partnerships, and engagement with global key opinion leaders as outlined below.

Cortical 2020/2021 Milestones included the appointments of Mr. Ashley Zimpel as CEO and Mr. Jamie Stanistreet to the Cortical Dynamics Industry Expert Advisory Committee. Jamie has over 40 years' experience in the Medical Device industry and was Vice President of Medtronic Australia.

In late 2020 BARM™ was awarded regulatory approval by the KFDA enabling Cortical to start pilot sales of BARM™ in South Korea.

Cortical also achieved a major milestone in its pathway to commercialisation in the USA when it filed an FDA 510(K) submission for BARM™.

In 2020 Cortical announced a Licence and Cooperation Agreement with Philips North America Corporation Inc (Philips). Cortical has now completed all the technical work to interface BARM™ with the Philips IntelliBridge and IntelliVue multi parameter monitors via its new data acquisition module ("DAM"). The Philips Systems are widely used in operating theatres globally.

We look forward to a successful 2021 year.

Yours Sincerely



David Breeze
Chairman



REVIEW OF OPERATIONS

BPH ENERGY LIMITED
AND ITS CONTROLLED ENTITIES

INVESTMENTS

Advent Energy Ltd (“Advent”), BPH 22.3%

Advent Energy Ltd (“Advent”) is an unlisted oil and gas exploration and development company with onshore and offshore exploration and near-term development assets around Australia. Advent’s assets include PEP11 (85%) in the offshore Sydney Basin and RL1 (100%) in the onshore Bonaparte Basin in the Northern Territory.

PEP 11 Oil and Gas Permit

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.

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.

Importantly, “a recent review of more than 850 wildcat wells – all drilled after geochemical surveys – finds that 79% of wells drilled in positive anomalies resulted in commercial oil and gas discoveries.” (Surface geochemical exploration for oil and gas: New life for an old technology, D. Schumacher, 2000, The Leading Edge).

Advent has demonstrated considerable gas generation and migration within PEP11, with the mapped prospects and leads highly prospective for the discovery of gas.

Advent has conducted a focused seismic campaign around a key drilling prospect in PEP11 at Baleen, in the offshore Sydney Basin. The high resolution 2D seismic survey covering approximately 200-line km was performed to assist in the drilling of the Baleen target approximately 30 km south east of Newcastle, New South Wales. A drilling target on the Baleen prospect at a depth of 2150 metres subsea has been identified in a review of previous seismic data. Intersecting 2D lines suggest an extrapolated 6000 acre (24.3 km²) seismic amplitude anomaly area at that drilling target. The report on this drilling target noted previous 2D seismic data showed that the Permian aged section of the Bowen Basin has producing conventional gas fields at a similar time and depth to PEP11 at the Triassic/Permian age boundary.

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Advent's prior presentation 'Strategic Summary: Tactics to Success' confirmed the strategy of "Complete current 2D seismic commitment to deliver shallow hazard survey work ...to deliver 'drill ready' gas prospectfor early drilling ,capturing near-term rig availability off Australia's coast."

The high resolution 2D seismic data over the Baleen prospect designed to evaluate (amongst other things) shallow geohazard indications including shallow gas accumulations that can affect future potential drilling operations. It is a drilling prerequisite that a site survey is made prior to drilling at the Baleen location. On 31 December 2018 MEC Resources Limited (ASX: MMR) announced that there were "no 'seismically defined shallow gas hazards "at the proposed well location on the Baleen Prospect.

Onshore Bonaparte Basin

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.

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.

Significant Changes in State Of Affairs

Advent has submitted to the National Offshore Petroleum Titles Administrator (NOPTA) an application to enable the drilling of the Baleen drill target in the PEP11 permit offshore NSW. The PEP11 Joint Venture has reviewed the work program and now proposes to proceed with the drilling of a well at Baleen (to be called Seablue-1) subject to approvals from NOPTA and other regulatory authorities, and financing, and has made an application to NOPTA to change the current Permit conditions. The current permit expiry date is in February 2021. The permit remains in place during this review period. The application to NOPTA includes the extension of the permit title for up to two years to enable the drilling and includes an application for the removal of the requirement for a 500 sq. km 3D seismic program. NOPTA has confirmed that this application is now in the final decision phase.

On 5 February 2021 BPH Energy Limited (ASX: BPH) advised that investee Advent has on behalf of the PEP11 joint venture submitted to the National Offshore Petroleum Titles Administrator (NOPTA) a further application to suspend and extend the PEP11 permit offshore NSW. The application has been made under the COVID-19 -Work Bid Exploration Permits announcement released by the Federal Government on 20 April 2020. In that release the Government recognised the that the COVID-19 pandemic was having a significant impact on the offshore petroleum sector and that additional flexibility would be required to assist titleholders to manage the COVID -19 crisis. The Joint Authority confirmed in that release that it regarded the COVID-19 pandemic as a force majeure event. The application for a 24 month suspension of the Permit Year 4 work program commitments, with a

corresponding 24 month extension of the permit term and was accepted for processing by NOPTA on 4 Feb 2021. BPH does not foresee this application interfering with the NOPTA application to extend the permit terms for PEP11.

The PEP 11 permit is in good standing as Advent's subsidiary, Asset Energy Pty Ltd (as the operator), continues preparations to drill the Baleen Gas Prospect including booking a semisubmersible drill rig for the program with the call for tender.

On 8 March 2021 BPH advised that it had appointed a Drilling Manager to facilitate the Preliminary Well Services Agreement with Add Energy relating to the preparation for drilling of the Baleen well to undertake a phased approach to provide technical support in the following areas: -

- Review of current well design documentation
- Develop a suitable well design and cost estimates
- Develop drilling schedule and define a ready to drill tentative window

The scope of work to be conducted included review of existing data and latest geological prognoses for the well, documentation of the subsurface well design envelope and compilation of a preliminary well design, project costs and schedule to complete the Seablue-1 Exploration well. The report received from Add Energy documents the Basis of Well Design (BOWD) and rationale for design of the well, the well cost compilation and the project schedule. The report addresses the revised drill target on the Baleen prospect initially announced with total depth of 2150 metres on seismic data line B4-18. Advent now intends, subject to approvals and funding, to undertake deeper drilling to also undertake evaluation of the Offshore Sydney Basin for carbon sequestration (storage). This has resulted in a revised specification of a well to target early Permian sandstones for both hydrocarbon and carbon sequestration potential with a revised total depth being set at 3150 metres.

Advent is proposing with its Joint Venture partner Bounty to use the drilling program at Baleen to investigate the potential for CCS - Carbon Capture and Storage (geo-sequestration of CO₂ emissions) in PEP11. CCS can capture CO₂ fossil fuel emissions. Both the International Energy agency and the Intergovernmental Panel on Climate change believe that CCS can play an important role in helping to

meet global emission reduction targets. CCS is part of a suit of solutions with the potential to mitigate greenhouse gas emissions and help address climate change. The Sydney Basin is a major contributor to Australia's greenhouse gas emissions and contributes up to 34% of the total national emissions.

Independent Government published research has indicated at least 2 TCF (Trillion Cubic Ft) of CO₂ storage may be feasible in the offshore Sydney Basin.

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, a key clean energy technology. The significance of the carbon storage objective in addition to gas has been highlighted by the report from The Australian Financial Review (7 April 2021) "Carbon prices tipped to surge" which references dramatic action in Europe's carbon markets with "carbon prices almost doubling in the last four months from Euro 23 (A\$35) a tonne in November 2020 to Euro 41 (A\$62) in March 2021 as more ambitious (carbon) markets aligned with net zero emissions goals to drive prices higher."

Advent has signed a Preliminary Well Services Agreement (Agreement) with Add Energy (<https://addenergy.no>). Under the Agreement Add Energy will initiate a review of rig availability and engagement terms for the Baleen well program. Add Energy will also develop a scope of supply for regulatory and environmental compliance and review the drilling campaign schedule including a review of the program for geosequestration drilling research as part of the Baleen drill project. Add Energy provides drilling and well engineering specialized consultancy services and solutions to the energy industry on a global scale, including well design and environmental services. Add Energy is headquartered in Stavanger, Norway and operates in every region of the world from 15 locations including Europe, the Middle East, the Americas and Australia.

Add Energy will deliver phased approach services to Advent Energy for the preparation and drilling of the Baleen Well PEP11. In the first stage of the phased

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approach, Add Energy will provide technical support in the following areas:

- Review of current well design documentation.
- Develop a suitable well design and cost estimates.
- Develop drilling schedule and define a ready to drill tentative window.

The initial report received from Add Energy documents the Basis of Well Design (BOWD) and rationale for design of the well, the well cost compilation and the project schedule. The report addresses the revised drill target on the Baleen prospect initially announced with total depth of 2,150 metres on seismic data line B4-18. As advised Advent now intends, subject to approvals and funding, to undertake deeper drilling to also undertake evaluation of the Offshore Sydney Basin for carbon sequestration (storage). This has resulted in a revised specification of a well to target early Permian sandstones for both hydrocarbon and carbon sequestration potential with a revised total depth being set at 3,150 m.

On 26 February 2021 BPH advised that Advent had confirmed the engagement with Add Energy for the Xodus Group to undertake a preliminary environmental screening assessment of the proposed Seablue-1 well in preparation for drilling of the Baleen well in offshore licence PEP11. Xodus Group are a leading global energy environmental consultancy with a strong track record in the Australian offshore sector where they are subject matter experts in environmental impact assessment and regulatory approvals. The report was facilitated by the pre-existing environmental information from the prior technical work in the licence including the Environmental Plan which was accepted by the authorities for a 2D Seismic survey which was commissioned by Advent and carried out in 2018. The report has confirmed the program required to undertake an environmental impact assessment to support the required approvals for the Seablue-1 well. The aims of the preliminary environmental impact assessment were to:

1. Produce a detailed summary of required technical inputs;

2. Produce a detailed summary of required environmental inputs;
3. Outline a proposed approach for stakeholder consultation; and
4. Identify key controls potentially required to manage the activity.

Advent subsequently appointed Xodus under a lump sum contract to prepare the Environmental Plan for first submission to NOPSEMA. Xodus's appointment was based on their high quality of engagement, willingness to provide a staged lump sum proposal, and recent experience by their Principal Consultant in working for NOPSEMA.

Advent announced the appointment of Professor Peter Cook as an advisor on geosequestration for its project in the Offshore Sydney Basin. Professor Peter Cook is an eminent Australian and international earth scientist. He is a leader in the development and application of carbon capture and storage (CCS) technologies and has published more than 30 papers and articles on greenhouse gas technologies, including the books "Clean Energy Climate and Carbon" and "Geologically Storing Carbon", and was an IPCC Co-ordinating Lead Author. He first drew attention to Australia's CCS opportunity more than 20 years ago, then going on to establish national CCS programs and research facilities through the Petroleum CRC and the Cooperative Research Centre for Greenhouse Gas Technologies (CO2CRC). In 2011, the University of Melbourne established the Peter Cook Centre for CCS Research.

Advent has appointed Mr Andrew Hogan as Contracts Manager for its PEP 11 Baleen well project in the Offshore Sydney Basin. Mr Hogan holds geoscience degrees from Trinity College Dublin and National University of Ireland, Galway and comes with over 30 years of Operational and Commercial experience in the upstream sector of the Energy industry. Prior to relocating to Perth in 2009 he spent 18 years based in Aberdeen working in the UK sector of the North Sea. He is well known in the Drilling and Completion community across Australia and New Zealand, having spent 24 years with one of the major oilfield Service Companies and 5 years with a major global offshore Drilling Contractor and will bring his



experience to bear to assist and advise the board of Advent Energy in the procurement of key equipment and services for the safe and efficient drilling of the Baleen well in PEP11.

Advent's 100% owned subsidiary, Asset, has issued a Call for Tender for the provision of subsea wellhead equipment, materials and associated services for the Baleen drilling program. This equipment provides the 'foundation' for the Seablue-1 well and is the first stage of well construction. This is an important step in the preparation and planning for the Seablue-1 well ensures that Asset will be ready to commence drilling after relevant approvals have been received. When the well has reached total depth and been fully evaluated, the well will be plugged and abandoned in line with pre-drill planning as an exploration well, and the well head and associated equipment will be removed from the seabed.

A Call for Tender for the provision of drilling rig services the Seablue-1 exploration well has also been issued. The tender has been issued to multiple drilling contractors who have semi-submersible drilling units in the region. The Seablue-1 well is planned to be drilled in 125m of water approximately 26 km offshore and approximately 30 km SSE of the City of Newcastle. The drilling of the well is subject to regulatory approvals and is expected to take around 40 days to reach total depth. The Seablue-1 well has two objectives: (i) a gas target and (ii) evaluation for Carbon Capture Storage, subject to funding.

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 (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 has lodged an appeal against this decision with the State Administrative Tribunal (SAT). The appeal process is ongoing.

On 30 December 2020 Advent lodged an Offer Information Statement with ASIC for a non-renounceable entitlement issue of two (2) Shares for every three (3) shares held at an issue price of \$0.05 (5 cents) per Share to raise up to \$6,525,108. The Offer is partially underwritten by related party Grandbridge Securities Pty Ltd (ABN 84 087 432

353) (AFSL 517246) and sub-underwritten up to \$2,271,450. Grandbridge Securities Pty Ltd is also Lead Manager to the Offer.

The Directors of MEC announced during the year that it had entered into a settlement agreement with both Advent and its subsidiary, Asset Energy Pty Ltd (Asset) in relation to writs and demands issued by both Advent and Asset. On 2 October 2020 MEC had announced entering into a Standstill Agreement the effect of which was to allow the parties time to negotiate a resolution of the pending claims. Following legal and audit consultation by MEC directors Douglas Verley and Andrew Jones, and further negotiations with Advent and Asset, a resolution and settlement has been reached.

Key points to note are as follows:

- MEC holds a 47.6% interest in its investee company Advent, which is owed a total of \$242,155 by MEC. Further, Advent owns 100% of Asset which is owed a total \$593,343 plus interest and costs of \$36,790 by MEC giving a total of \$872,288 arising for outstanding loans owing (together known as the Advent Debt). Advent has informed MEC of its intention to withdraw its prior request for an in-specie distribution subject to settlement of its claim total of \$872,288.
- Following advice from its legal advisor and the company's auditors MEC has acknowledged the Advent Debt.
- MEC, Advent and Asset have agreed a debt for equity conversion for the Advent Debt pursuant to which the total \$872,288 of the Advent Debt will convert to equity in the company, subject to Shareholder approval (Advent Debt Conversion).
- Under the Advent Debt Conversion, MEC has agreed (subject to Shareholder approval) to issue 198,237,045 Shares at a deemed issue price of \$0.0044 per Share to Advent to settle \$872,288 of the Advent Debt as a full and final settlement in the following manner (i) by issue of 124,708,409 Shares (subject to Shareholder approval) at a deemed issue price of \$0.0044 per Share to clear \$511,972 plus interest and costs of \$36,790 of the Advent Debt; and (ii) by allowing Advent to participate in a future rights issue to the extent of 73,528,636 Shares at a deemed issue price of \$0.0044 per Share to settle the remaining balance of the Advent Debt being \$323,526.

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MEC is currently in discussions with the ASX and concurrently working on a Notice of Meeting. MEC will release the Notice of Meeting once it is approved by the ASX.

During the year Advent issued 3,464,997 shares at \$0.05 for \$173,250 cash.

Cortical Dynamics Ltd (“Cortical”), BPH 16.7%

Cortical is an Australian based medical device technology company that has developed an industry disruptive brain function monitor independently described as “a paradigm busting technology from an Australian based device house that really gives a significant advantage in this space”. Its competitive advantage has been recognised by leading world experts in anaesthesia. Cortical has received both TGA approval and the CE mark and has now commenced its sales campaign.

The core product, the Brain Anaesthesia Response Monitor (BARM), was developed to better detect the effect of anaesthetic agents on brain activity, aiding anaesthetists in keeping patients optimally anaesthetised. The product is focused on integrated distribution with the leading global brands in operation theatre monitoring equipment.

The approach used is fundamentally different from all other 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 administered. While a number of EEG monitors are commercially available, one that is reliably able to quantify the patient’s anaesthetic state is still desperately needed.

To date, all of the 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).

The global brain monitoring market is poised to grow to reach \$1.6 billion by 2020. Around 312 million major surgical procedures requiring anaesthesia are undertaken every year worldwide (WHO 2012.) The pain monitoring market is valued at over \$8.6 billion per annum by 2022. (www.grandviewresearch.com/industry-analysis/pain-management-devices-market-April-2016).

Initial marketing will focus on Total Intravenous Anaesthesia (TIVA), a method of inducing and maintaining general anaesthesia without the use of any inhalation agent. This is becoming more widely accepted, particularly in Europe. Approximately 29 million major general surgery general anaesthetics 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 market opportunity of between \$83m to \$229m to Cortical in the European Union alone.

“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).

Cortical’s technology has a versatility that goes 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 considerable opportunities offered by subsequent expansion of the company’s core technology through developing the product to carry out additional functions including neuro-diagnostics of 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 address both these limitations by the further development and trialling of the novel bedside and remotely deployable Australian manufactured and designed, electroencephalographically based (EEG-based), BARM system. The BARM is configured to efficiently image and display complex information related to the clinically relevant state of the brain.

The BARM is not only expected to address the shortcomings of these EEG-based DoA approaches,

and thus realise their documented promise, but to extend the functionality of bedside EEG monitoring to the objective monitoring of pain, 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 an instrumental approach to imaging brain activity. Given that the average patient time on CVS was 96 hours in Australia, this equates to potentially 4.5 million hours of instrumental monitoring and approximately a quantity of 188,000 of 24-hour single patient-use sensors to image brain activity. In the USA, based on 1.5 million ICU patients (30% CVS) requiring CVS, and given that the first episode of an average patient time on CVS is 96 hours, this equates to 144 million hours of instrumental monitoring and approximately 6 million of 24-hour single patient use sensors to image brain activity. For the European Union (EU), based on similar statistics to USA, there would be an estimated 5 million single patient use sensors, used per annum. Total market opportunity per annum of the US, Western Europe and Australian markets only, would be approximately 11.188 million 24-hour single-use patient sensors per annum, which with an average cost of \$AU20 per single patient use sensor, would represent a total revenue stream conservatively estimated to be of the order of \$AU223.8 million per annum.

The BARM system is protected by five patent families in multiple jurisdictions worldwide consisting of 22 granted patents. Cortical will continue to drive the development of the BAR monitor, maintain its intellectual property and concentrate on obtaining regulatory approval for the BAR monitor.

Cortical has now commenced preparations for a sales program of the device in Europe, Australia, New Zealand and further development is also underway in Korea and Singapore. A USA based distributorship is expected to follow once Cortical attains the FDA certification.

Cortical's Brain Anesthesia Response Monitor ("BARM") has now been used in further successful trials at Strathfield Private Hospital in Sydney. Strathfield is part of the Ramsay private hospital group.

REVIEW OF OPERATIONS BPH ENERGY LIMITED AND ITS CONTROLLED ENTITIES

Cortical announced a number of developments during the period which included:-

- Cortical confirmed the appointment of Jamie Stanistreet to the Cortical Dynamics Advisory Committee. From 2001-2018 Jamie was the Managing Director and Vice President of Medtronic Aust/NZ. Medtronic is currently ranked as the world's largest medical device company. Under his tenure Medtronic revenue grew 10-fold, and he managed over 950 employees. Medtronic's focus on Medical devices includes Cardiology, Spine, Surgery, Brain Modulation, ENT, Pain, Stroke & Diabetes. He was a member of the APAC Leadership Team. Jamie also served as Vice Chairman with the Medical Technology Association of Australia for several years. Jamie has over 40 years' experience in the Medical Device industry and is an accountant by trade. He was finalist in the CEO Magazine Executive of the year award 2014 - 2015 and won the Medical Technology Association of Australia inaugural Outstanding Achievement Award 2013. Jamie's experience, connections and knowledge will be invaluable to the commercial development of Cortical Dynamics.
- Cortical announced that its "Project Analgesia Investigation" BARM has been accepted by the Medical Device Partnering Program (MDPP) of Flinders University. Led by Professor Karen Reynolds. The MDPP has a strong track record of research excellence and commercialisation experience. The MDPP leverages the capacity of their research organisation, the Medical Device Research Institute (MDRI), and facilitates partnerships across industry and government connecting the MedTech ecosystem and turning ideas into proven concepts. It is supported by the Marshall Liberal Government through the Department for Innovation and Skills, and nationally through MTPConnect's \$32 million Researcher Exchange and Development within Industry (REDI) initiative made possible by the Medical Research Future Fund. The Ideas Incubator provides successful applicants with 250 hours of research and development assistance, as well as 30 hours market intelligence, furthering

products in medical device development pipeline. At the end of the project, all results, data, prototypes and any generated intellectual property are released unencumbered to the applicant with future steps required to commercialise the device. The focus of the collaboration will be further investigation of the Cortical Input component (CI or pain) of the BARM technology.

- Cortical has also entered into a nonexclusive Licence and Co-operation Agreement with Philips Healthcare North America Corp ("Philips"), which will enable Cortical to interface its Brain Anaesthesia Response Monitor ("BARM") into the Philips IntelliVue and Patient Information Center (PIC iX) Monitoring Systems using the IntelliBridge integration product line.
- Cortical has begun the FDA 510K filing process for BARM in the USA assisted by its strategic investor Intuitive X ("IX"). 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. Cortical already has achieved both CE (Europe) and TGA (Australian) registration.
- Cortical has developed an extensive patent portfolio encapsulating the BARM, providing critical patent protection across a number of key brain monitoring markets. Cortical's competitive advantage is underpinned by a strong patent position covered by five patent families and 22 granted patents. Currently, Cortical has patents awarded in Australia, New Zealand, Japan, the People's Republic of China, Europe and the United States. During the year Cortical announced the issuance of European Patent Number 2088924 "Neurodiagnostic Monitoring and display System" in Belgium, France, Germany and United Kingdom. The patent application for "Apparatus and process for measuring brain activity" has been given International (PCT) Patent Application No. PCT/AU2020/050535.



- The BARM next generation medical brain monitor was exhibited at the 2020 Spring Development seminar and Council of the Korean Association of Anaesthesia. Cortical's Korean distributor, Globaluck, presented the BARM at this conference at the BEXCO Convention Hall in Busan South Korea on July 24th to 25th. During the year Cortical secured approval by the South Korean regulator, The Korean Ministry for Food and Drug Safety (KMFDS), to sell its BARM in the South Korean Market. The BARM and Cortical Dynamics met the stringent KMFDS requirements both for the BARM technology and for medical device manufacturers, including the requirements related to the Quality Management System (QMS). In particular, the QMS established by the manufacturer should comply with the national requirements based on the international standard ISO 13485. South Korea's medical device market ranks as the ninth largest in the world at an estimated US\$6.8 billion 2019, showing continuous growth with 8.1% annual increase. Cortical will now work with its South Korean distributor, Global Luck, to introduce BARM to the Korean market. This approval by KMFDS complements the existing CE and TGA approvals already in place.
- Cortical has entered into a non-exclusive Licence and Co-operation Agreement with Philips Healthcare North America Corp ("Philips"), which will enable Cortical to interface its Brain Anaesthesia Response Monitor ("BARM") into the Philips IntelliVue and Patient Information Center (PIC iX) Monitoring Systems using the IntelliBridge integration product line.

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.

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DIRECTORS' REPORT

BPH ENERGY LIMITED
AND ITS CONTROLLED ENTITIES

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 2021.

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 entities, an oil and gas exploration entity, and a medical cannabis entity.

Operating Results

The consolidated entity has reported a net loss after tax for the year ended 30 June 2021 of \$1,612,424 (2020: profit of \$1,121,263) and has a net cash outflow from operating activities of \$703,808 (2020: outflow of \$504,295).

The net loss from ordinary activities after tax is after recognising (i) a fair value loss of \$Nil (2020: loss of \$734,542) (ii) consulting and legal costs of \$259,264 (2020: \$357,291), (iii) share of associates losses of \$112,264 (2020: \$30,793), (iv) an expected credit loss provision of \$91,216 (2020: reversal of \$2,929,199) (v) an impairment reversal of \$17,733 (2020: expense of \$420,731) and (vi) share-based payments expense of \$802,997 (2020: \$171,425).

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 3 to 11 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.

Non-Audit Services

No fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2021 (2020: \$Nil).

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 and in medicinal cannabis.

Financial Position

The consolidated entity has a working capital surplus of \$9,632,833 (2020: deficit \$1,324,846). The net assets of the consolidated entity increased by \$11,093,149 to \$15,376,985 over the year to 30 June 2021.

Included in trade creditors and payables is current director fee accruals of \$517,215 (2020: \$849,987).

Capital raisings

During the year BPH issued 161,289,728 shares under a 2 for 5 Entitlement Issue at an issue price of \$0.015 per share, of which \$1,927,292 was received in cash and \$482,054 satisfied by debt set-off. The Entitlement Issue included one free attaching option for each share issued, resulting in the issue of 80,644,864 free listed options with an exercise price of \$0.05 per share and an expiry date of 29 July 2022.

In July 2020 and December 2020 the Company raised \$691,812 cash from the issue of 46,120,833 placement shares at \$0.015 per share. The placements included one free attaching option for each share issued, resulting in the issue of 23,060,417 free listed options with an exercise price of \$0.05 per share and an expiry date of 29 July 2022. Another 2,000,000 listed options with same terms were issued to the Lead Manager of one of the placements.

On 3 February 2021 the Company announced a significant share placement of 69,230,769 fully paid ordinary shares at an issue price of \$0.13 per share to sophisticated and professional investors to raise \$9 million. \$7 million of the placement was managed by Everblu Capital (Lead Manager) who received a fee of 6% of the funds raised together with 6 million share options with an exercise price of \$0.26 per share and an expiry date of 8 February 2023. A further \$1.5 million was placed by 62 Capital who received a fee of 6% of the funds raised together with 1,285,714 share options with an exercise price of \$0.26 per share and an expiry date of 8 February 2023. An amount of \$500,000 was placed by Grandbridge Securities Pty Ltd who received a fee of 6% of the funds raised. An additional 500 shares were issued at \$0.13 per share under a compliance Prospectus. The funds proposed to be invested by BPH will be used by Advent to progress well planning, engineering and environmental approvals for drilling at the Baleen drill target in the PEP11 offshore permit in NSW. It is planned that approximately \$5.75 million of the capital raised will be used for this purpose. In addition, the Company expects to use \$0.5 million of the proceeds to increase its shareholding in Cortical Dynamics Limited (Cortical) from 16% to 18% to enable it to further develop its Brain Anesthesia Response Monitor (BARM).

In addition 5,600,000 unlisted share options with an exercise price of \$0.02 per share have been exercised for cash proceeds of \$112,000, together with 9,440,741 listed share options with an exercise price of \$0.05 per share for cash proceeds of \$472,037. In addition 200,000 unlisted options with an exercise price of \$0.20 per share expired unexercised.

Subsequent Events

In August 2021 the Company reached a legal settlement with two former directors in respect of their outstanding director fees.

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.

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.

Information on Directors

D L Breeze

Managing Director, Executive Chairman, and Company Secretary – Age 67

Shares held – 57,452,695 / Options held –12,121,452

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

MEC Resources Limited (from April 2005)

David is also a director of Cortical Dynamics Limited, Molecular Discovery Systems Limited, Diagnostic Array Systems Limited, Advent Energy Limited, Onshore Energy Pty Ltd, and Asset Energy Pty Ltd.

DIRECTORS' REPORT BPH ENERGY LIMITED AND ITS CONTROLLED ENTITIES

A Huston

Non-Executive Director – Age 66

Shares held – 9,055,067 / Options held – 1,666,534

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.

C Maling

Non-Executive Director – Age 67

Shares held – 5,072,253 / Options held – 2,862,900

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 delisting in February 2020)

Meetings of Directors

The board consults regularly by phone on matters relating to the Company's operations. Resolutions are passed by circulatory resolution. The Company held one meeting of directors during the financial year. Attendance by each director during the year were:

Name	Number eligible to attend	Number attended
D Breeze	1	1
A Huston	1	1
C Maling	1	1

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 the parties 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 2020 financial report was adopted at the Company's 2020 Annual General Meeting held on 10 December 2020. 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.

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.

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DIRECTORS' REPORT BPH ENERGY LIMITED AND ITS CONTROLLED ENTITIES

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.

Key Management Personnel Remuneration

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

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.



2020						
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	35,000	-	-	-	-	
Total	208,000	-	-	-	-	

Key Management Person	Long-term Benefits	Share-based payment		Total	Performance Related Compensation	Compensation Relating to Options
	Other	Shares	Options	\$	%	%
D L Breeze	-	-	-	148,000	-	-
C Maling	-	-	5,771	30,771	-	18.8%
A Huston	-	20,000	-	55,000	-	36.4%
Total	-	20,000	5,771	233,771		11.0%

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 as at the date of this report.

Shareholdings

	Balance 1.7.2020	Granted as Compensation	Acquired	Balance 30.6.2020
D L Breeze	33,209,795	-	24,242,900	57,452,695 ¹
A Huston	6,142,000	-	2,933,067	9,075,067
C Maling	2,146,454	-	2,925,799	5,072,253

Option holdings

	Balance 1.7.2020	Aquired	Balance 30.6.2021	Total Vested 30.6.2021	Total Exercisable and Vested 30.6.2021	Total Unexercisable 30.6.2021
D L Breeze	-	12,121,452	12,121,452	12,121,452	12,121,452 ¹	-
A Huston	200,000	1,466,534	1,666,534	1,666,534	1,666,534	-
C Maling	1,400,000	1,462,900	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

DIRECTORS' REPORT BPH ENERGY LIMITED AND ITS CONTROLLED ENTITIES

Share Based Payments

The following are the share based payment arrangements in existence for those key management personnel at year end:

Grant Date	Date of Expiry	Fair Value at Grant Date ²	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 consolidation
2. Fair value of options granted during the period has been determined using the valuation method and assumptions as set out in Note 22

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.

	2017	2018	2019	2020	2021
Revenue from ordinary activities (\$)	216,925	235,824	278,227	240,243	65,506
Net (loss) / profit (\$)	(2,544,301)	(1,506,758)	(3,013,043)	1,121,263	(1,612,424)
Share price at year end (cents per share)	1.9	0.8	1.0	2.3	7.2
Earnings per share (cents)	(5.9)	(2.0)	(1.7)	0.35	(0.28)

The 2016 to 2019 share prices and earnings per share have been adjusted for the 1 for 10 share consolidation completed in April 2020.

Options

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

Grant Date	Date of Expiry	Exercise Price	Number Under Option
November 2016	30 November 2021	\$0.20	200,000
November 2017	30 November 2022	\$0.20	400,000
November 2019	30 November 2024	\$0.02	1,200,000
August / September 2020	29 July 2022	\$0.05	96,264,540
January 2021	8 February 2023	\$0.26	7,285,714

During the year ended 30 June 2021 15,040,741 ordinary shares of the Company were issued on the exercise of options (2020: Nil). 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 2021 has been received and can be found on page 20.

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 31st day of August 2021



AUDITOR'S INDEPENDENCE DECLARATION



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 2021, 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
31 August 2021

A handwritten signature in black ink, appearing to read 'L Di Giallonardo'.

L Di Giallonardo
Partner

hlb.com.au

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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
AND ITS CONTROLLED ENTITIES

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 2021*

BPH ENERGY LIMITED AND ITS CONTROLLED ENTITIES

	Note	Consolidated	
		2021 \$	2010 \$
Revenue from ordinary activities	2	65,506	240,243
Other income	2	-	6,210
Share of associates losses	10	(112,264)	(30,793)
Fair value loss	3	-	(734,542)
Impairment reversed / (expense)	3	17,733	(420,731)
Interest expense		(222)	(359)
Administration expenses		(201,060)	(97,182)
Expected credit loss (expense) / reversed		(91,216)	2,929,199
Consulting and legal		(259,264)	(357,291)
Directors fees		(100,000)	(100,000)
Service expenses		(128,640)	(128,640)
Share-based payments	22	(802,997)	(171,425)
Other expenses		-	(13,426)
(Loss) / profit before income tax		(1,612,424)	1,121,263
Income tax expense	11	-	-
(Loss) / profit for the year		(1,612,424)	1,121,263
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) / income for the period		(1,612,424)	1,121,263
(Loss) attributable to non-controlling interests		(565)	(538)
(Loss) / profit attributable to members of the parent entity		(1,611,859)	1,121,801
Total comprehensive (loss) / income attributable to owners of the Company		(1,611,859)	1,121,801
Total comprehensive (loss) attributable to non-controlling interests		(565)	(538)
<i>Earnings per share</i>			
Basic and diluted (loss) / earnings per share (cents per share)	4	(0.28)	0.35

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

STATEMENT OF FINANCIAL POSITION

for the year ended 30 June 2021

BPH ENERGY LIMITED AND ITS CONTROLLED ENTITIES

	Note	Consolidated	
		2021 \$	2020 \$
Current Assets			
Cash and cash equivalents	7	10,173,232	257,739
Trade and other receivables	8	16,287	32,675
Financial assets	9	578,704	43,563
Other current assets		-	360
Total Current Assets		10,768,223	334,337
Non-Current Assets			
Financial assets	9	3,685,379	3,455,379
Investments in associates	10	2,058,773	2,153,304
Total Non-Current Assets		5,744,152	5,608,683
Total Assets		16,512,375	5,943,020
Current Liabilities			
Trade and other payables	12	1,030,573	1,538,098
Financial liabilities	13	104,817	121,086
Total Current Liabilities		1,135,390	1,659,184
Net Assets		15,376,985	4,283,836
Equity			
Issued capital	14	58,843,159	46,716,896
Reserves	15	1,105,671	526,361
Accumulated losses		(44,410,922)	(42,799,063)
Equity attributable to owners of the parent		15,537,908	4,444,194
Non-controlling interest		(160,923)	(160,358)
Total Equity		15,376,985	4,283,836

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

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STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2021

BPH ENERGY LIMITED AND ITS CONTROLLED ENTITIES

	Ordinary Share Capital \$	Accumulated Losses	Option reserve \$	Total attributable to owners of the parent entity \$	Non-controlling Interest \$	Total \$
Balance as at 30 June 2019	45,574,507	(43,920,864)	508,436	2,162,079	(159,820)	2,002,259
Profit for the period	-	1,121,801	-	1,121,801	(538)	1,121,263
Total comprehensive profit for the year	-	1,121,801	-	1,121,801	(538)	1,121,263
Transactions with owners in their capacity as owners						
Shares issued for cash	827,547	-	-	827,547	-	827,547
Share issue costs	(96,762)	-	-	(96,762)	-	(96,762)
Shares issued as partial acquisition for investment	150,000	-	-	150,000	-	150,000
Shares issued as introductory fee for business transaction	15,000	-	-	15,000	-	15,000
Shares issued in lieu of consulting fees	136,604	-	-	136,604	-	136,604
Shares issued as set-off against amounts payable	90,000	-	-	90,000	-	90,000
Share-based payments expense	20,000	-	17,925	37,925	-	37,925
Balance at 30 June 2020	46,716,896	(42,799,063)	526,361	4,444,194	(160,358)	4,328,836
(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)
Transactions with owners in their capacity as owners						
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	(180,923)	15,376,985

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 2021

BPH ENERGY LIMITED AND ITS CONTROLLED ENTITIES

	Note	Consolidated	
		2021 \$	2020 \$
Cash flows from operating activities			
Payments to suppliers and employees		(704,319)	(504,105)
Interest received		733	169
Interest paid		(222)	(359)
Net cash used in operating activities	17(a)	(703,808)	(504,295)
Cash flows from investing activities			
Payment for unlisted investments		(230,000)	(100,000)
Loans to other entities		(561,222)	(245,170)
Net cash used in investing activities		(791,222)	(345,170)
Cash flows from financing activities			
Proceeds from issue of securities (net of share issue costs)		11,410,523	748,888
Repayment of borrowings	17(c)	-	(79,000)
Net cash provided by financing activities		11,410,523	669,888
Net increase / (decrease) in cash held		9,915,493	(179,577)
Cash and cash equivalents at the beginning of the financial year		257,739	437,316
Cash and cash equivalents at the end of the financial year	17(b)	10,173,232	257,739

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

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2021

BPH ENERGY LIMITED AND ITS CONTROLLED ENTITIES

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 31 August 2021 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 2021 of \$1,612,424 (2020: profit of \$1,121,263) and has a net cash outflow from operating activities of \$703,808 (2020: outflow of \$504,295).

The net loss from ordinary activities after tax is after recognising (i) a fair value loss of \$Nil (2020: loss of \$734,542) (ii) consulting and legal costs of \$259,264 (2020: \$357,291), (iii) share of associates losses of \$112,264 (2020: \$30,793), (iv) a doubtful debt provision of \$91,216 (2020: reversal of \$2,929,199) (v) an impairment reversal of \$17,733 (2020: expense of \$420,731) and (vi) share-based payments expense of \$802,997 (2020: \$171,425).

The consolidated entity has a working capital surplus of \$9,632,833 (2020: deficit \$1,324,846). The net assets of the consolidated entity increased by \$11,093,149 to \$15,376,985 over the year to 30 June 2021. Included in trade creditors and payables is current director fee accruals of \$517,215 (2020: \$849,987).

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).

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.

(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.

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

BPH ENERGY LIMITED AND ITS CONTROLLED ENTITIES

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:

- 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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2021

BPH ENERGY LIMITED AND ITS CONTROLLED ENTITIES

(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. Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader 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).

(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 by reference to the stage of completion of the contract.

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 per share

Basic earnings 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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2021

BPH ENERGY LIMITED AND ITS CONTROLLED ENTITIES

number of ordinary shares, adjusted for any bonus element. Diluted earnings per share adjusts the figures used in the determination of basic earnings 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.

(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.

(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 in issue not yet adopted

The Directors have reviewed new accounting standards and interpretations that have been published that are not mandatory for 30 June 2021 reporting periods. 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 Company and, therefore, no material change is likely to company accounting policies.

Standards and Interpretations applicable to 30 June 2021

In the 12 month period ended 30 June 2021, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period.

Conceptual Framework for Financial Reporting (Conceptual Framework)

The consolidated entity has adopted the revised Conceptual Framework from 1 July 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the consolidated entity's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2021

BPH ENERGY LIMITED AND ITS CONTROLLED ENTITIES

(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 \$578,704 (2020: \$43,564) net of expected credit loss provisions of \$1,450,168 (2020: \$1,358,895). The Company recognized an expected credit loss of \$91,216 in the reporting period (2020: reversal of \$2,929,199).

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 \$95,531 (2020: \$14,983).

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 \$17,733 (2020: \$15,810). The Company also recognized an impairment reversal of \$17,733 (2020: charge of \$420,731) 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 recognized 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.



2. Revenue

Revenue

Interest revenue: other entities
Interest revenue : cash accounts

Other Income

Loan establishment fees

3. Expenses Included in (Loss) / Profit for the Year

Fair value (loss)

Fair value (loss) on listed investments

Fair value (loss) / gain on unlisted investments

Impairment (reversal) / expense

Molecular Discovery Systems Limited

4. (Loss) / Earnings per Share

Total (loss) / earnings attributable to ordinary equity holders of the Company

(Loss) / earnings used in the calculation of basic (loss) / earnings per share and diluted (loss) / earnings per share

(Loss) / earnings per share (cents per share)

From continuing operations

Total basic (loss) / earnings per share and diluted (loss) / earnings per share

Weighted average number of ordinary shares outstanding during the year used in calculating EPS

Consolidated

	2021 \$	2020 \$
	64,773	240,074
	733	169
	<u>65,506</u>	<u>240,243</u>
	-	6,210
	-	<u>6,210</u>
	-	(5,556)
	-	(728,986)
	-	<u>(734,542)</u>
	(17,733)	420,731
	<u>(17,733)</u>	<u>420,731</u>
	(1,611,859)	1,121,801
	<u>(1,611,859)</u>	<u>1,121,801</u>
	(0.28)	0.35
	(0.28)	0.35
	<u>Number</u>	<u>Number</u>
	197,837,919	345,889,360

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2021

BPH ENERGY LIMITED AND ITS CONTROLLED ENTITIES

5. Key Management Personnel Compensation

Names and positions held of economic and parent entity 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	
	2021 \$	2020 \$
Short term employee benefits	100,000	100,000
Consulting fee	103,000	108,000
Share based payments	731,085	25,771
	<u>934,085</u>	<u>233,771</u>

Included in trade and other payables is current and former director and consulting fee accruals of \$973,961 (30 June 2020: \$1,347,259).

Director	Amount owing 30 June 2021 \$
David Breeze	504,432
Charles Maling	12,450
Tony Huston	333
Directors who have previously resigned	456,746
Balance owing at 30 June 2021	973,961

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

	Consolidated	
	2021 \$	2020 \$
6. Auditors' Remuneration		
Remuneration of the auditor of the parent entity for:		
- auditing or reviewing the financial report		
HLB Mann Judd	<u>41,825</u>	<u>30,420</u>

	Consolidated	
	2021	2020
	\$	\$
7. Cash and Cash Equivalents		
Cash at Bank and in hand	10,173,232	257,739
	<u>10,173,232</u>	<u>257,739</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates

8. Trade and other Receivables

Current

Other receivables	16,287	32,675
	<u>16,287</u>	<u>32,675</u>

9. Financial Assets

Current

Secured loans to other entities (interest free):

Advent Energy Ltd (refer Note 10)	556,482	6,760
Cortical Dynamics Limited	-	14,581

Investments in listed entities

MEC Resources Ltd (Level 1)	22,222	22,222
	<u>578,704</u>	<u>43,563</u>

Non - current

Investments in unlisted entities - Cortical Dynamics Limited (Level 2)	3,685,379	3,455,379
	<u>3,685,379</u>	<u>3,455,379</u>

Loan receivables are stated net of the following provisions:

Cortical Dynamics Limited		
Gross receivable – secured	-	14,581
	<u>-</u>	<u>14,581</u>
Molecular Discovery Systems Limited (a)		
Gross receivable	1,450,168	1,358,895
Less provision for impairment	(1,450,168)	(1,358,895)
	<u>-</u>	<u>-</u>

- (a) The Company has an unsecured loan with MDS for \$677,200 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 2023. As at reporting date this loan had been drawn down by an amount of \$772,968, including capitalised interest (2020: \$708,195). Interest charged on the loan for the period was \$64,773 (2020: \$58,378).

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2021

BPH ENERGY LIMITED AND ITS CONTROLLED ENTITIES

10. Investments Accounted for Using 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
		2021	2020	
Molecular Discovery Systems Limited	Australia	20%	20%	Biomedical Research
Advent Energy Limited	Australia	21.9%	22.6%	Oil and Gas Exploration
				Consolidated
				2021
				2020
				\$
				\$
<i>Shares in Associates</i>				
Advent Energy Limited (i)				2,058,773
Molecular Discovery Systems Limited (ii)				420,998
Molecular Discovery Systems Limited				
Impairment provision (ii)				(420,998)
				<u>2,058,773</u>
				<u>2,153,304</u>

	Consolidated			
	Advent		MDS	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	\$	\$	\$	\$
Revenue	37,060	32	-	-
(Loss) / profit for the period	(426,659)	3,901,465	(88,664)	(79,047)
Other comprehensive income for the period	-	-	-	-
Total comprehensive (loss) / income for the period	(426,659)	3,901,465	(88,664)	(79,047)

Advent 2020 numbers are from 6th August 2019

	Consolidated			
	Advent		MDS	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	\$	\$	\$	\$
Current assets	1,130,822	847,611	979	1,009
Non-current assets	14,385,995	14,060,190	-	-
Current liabilities	917,238	184,641	928,177	908,747
Non-current liabilities	4,963,302	4,824,343	782,433	717,660
Net assets	9,636,277	9,898,817	(1,709,631)	(1,625,398)

	Advent		MDS	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	\$	\$	\$	\$
Share of the group's ownership interest in associate	2,058,773	2,153,304	(341,926)	(325,080)
Other adjustments	-	-	(341,926)	(325,080)
Carrying value of the group's interest in associate	2,058,773	2,153,304	-	-
Opening balance	2,153,304	-	-	436,541
Reclassification of fair value of investment	-	2,006,000	-	-
Impairment reversal / (expense)	-	-	17,733	(420,731)
Conversion of debt to equity	-	162,287	-	-
Share of associates loss	(94,531)	(14,983)	(17,733)	(15,810)
Closing balance	2,058,773	2,153,304	-	-

- (i) On 5 February 2021 BPH Energy Limited (ASX: BPH) advised that investee Advent has on behalf of the PEP11 joint venture submitted to the National Offshore Petroleum Titles Administrator (NOPTA) a further application to suspend and extend the PEP11 permit offshore NSW. The application has been made under the COVID-19 -Work Bid Exploration Permits announcement released by the Federal Government on 20 April 2020.

In that release the Government recognised that the COVID-19 pandemic was having a significant impact on the offshore petroleum sector and that additional flexibility would be required to assist titleholders to manage the COVID-19 crisis. The Joint Authority confirmed in that release that it regarded the COVID-19 pandemic as a force majeure event. The application for a 24 month suspension of the Permit Year 4 work program commitments, with a corresponding 24 month extension of the permit term and was accepted for processing by NOPTA on 4 Feb 2021. BPH does not foresee this application interfering with the NOPTA application to extend the permit terms for PEP11.

The PEP 11 permit is in good standing as Advent's subsidiary, Asset Energy Pty Ltd (as the operator), continues preparations to drill the Baleen Gas Prospect including booking a semisubmersible drill rig for the program with the call for tender.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2021

BPH ENERGY LIMITED AND ITS CONTROLLED ENTITIES

On 30 December 2020 Advent lodged an Offer Information Statement with ASIC for a non-renounceable entitlement issue of two (2) Shares for every three (3) shares held at an issue price of \$0.05 (5 cents) per Share to raise up to \$6,525,108. The Offer is partially underwritten by related party Grandbridge Securities Pty Ltd (ABN 84 087 432 353) (AFSL 517246) and sub-underwritten up to \$2,271,450. Grandbridge Securities Pty Ltd is also Lead Manager to the Offer.

In February 2021 BPH raised \$9 million in a share placement. BPH advised ASX that approximately \$5.75 million of the proceeds of the placement will be used by BPH primarily to invest in Advent to progress well planning, engineering and environmental approvals for drilling at the Baleen drill target in the PEP11 offshore permit in NSW.

The directors have confidence that a suitable outcome will be achieved however there is no certainty at this stage of further funding being made available. Asset Energy Pty Ltd has invested over \$25 million in the PEP11 title and, along with its JV partner Bounty Oil and Gas NL, is committed to continuing to explore for and ultimately exploit any petroleum accumulations which may be identified in this title area. If Advent is unable to source further funding for each of PEP11 and RL1 each of these permits are at risk.

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 has been fully impaired during the period. The Molecular Discovery Systems Limited 30 June 2020 financial statements are still in the process of being audited.

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	Consolidated	
	2021	2020
	\$	\$
11. Income Tax Expenses		
(a) The prima facie tax on the (loss) / profit from operations before income tax is reconciled to the income tax as follows:		
Accounting (loss) / profit before tax	(1,612,424)	1,121,263
Prima facie (benefit) / tax on the (loss) / profit from operations before income tax at 30% (2020: 30%)	(483,727)	336,379
Add tax effect of:		
Tax effect of revenue losses and temporary differences not recognised	(35,650)	(523,856)
Income tax benefit not brought to account	519,377	187,477
Income tax expense recognised	-	-
(b) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	12,198,161	10,328,772
Potential tax benefit at 30% (2020: 30%)	3,659,448	3,098,632

12. Trade and Other Payables

Current		
Trade payables	36,113	174,565
Sundry payables and accrued expenses - unrelated	477,245	513,546
Related party payables	517,215	849,987
	<u>1,030,573</u>	<u>1,538,098</u>

Trade payables are non-interest bearing and normally settled within 90 days

13. Financial Liabilities

Current		
Borrowings - unsecured interest free	104,817	121,086
	<u>104,817</u>	<u>121,086</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2021

BPH ENERGY LIMITED AND ITS CONTROLLED ENTITIES

	Consolidated	
	2021	2020
	\$	\$
	58,843,159	46,716,896

14. Issued Capital

664,919,389 (2020: 373,236,818) fully paid ordinary shares

(a) Ordinary Shares

	Consolidated		Consolidated	
	2021	2020	2021	2020
	\$	\$	Number	Number
At the beginning of reporting period	46,716,896	45,574,507	373,236,818	2,543,277,658
Shares issued for cash	12,203,207	827,547	258,879,003	470,338,031
Share issue costs	(1,158,263)	(96,762)	-	-
Shares issued in lieu of consulting fees	-	136,604	-	117,678,247
Shares issued as set-off against amounts payable	492,054	90,000	32,803,568	64,260,012
Shares issued as partial acquisition of investment	-	150,000	-	150,000,000
Shares issued as introductory fee for business transaction	-	15,000	-	15,000,000
Share-based payments	589,265	20,000	-	20,000,000
Reduction in shares from a 1 for 10 share consolidation	-	-	-	(3,007,317,130)
At reporting date	58,843,159	46,716,896	664,919,389	373,236,818

32,803,568 shares and 16,401,610 free attaching options were issued as part of a Rights Issue to settle amounts owing to directors, their related parties, and a former director with a carrying value of \$492,054. The fair value of the shares granted in settlement of debt is estimated as at the date of issue. The following table lists the inputs:

Issue date	28 August 2020	21 December 2020
Number of shares	16,701,221	16,102,347
Share price at issue	\$0.031	\$0.035
Issue price	\$0.015	\$0.015
Fair value	\$517,737	\$563,582

These shares were issued in settlement of debt under a non-renounceable Rights Issue on the same terms as all other shareholders.

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 2021 on ASX was 7.2 cents per share.

(b) *Options*

Refer to Note 22 for the movement of options on issue during the financial year. 15,040,741 options with an average exercise price of \$0.04 per share were exercised during the year (2020: Nil). 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.

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 2021 and 30 June 2020 is as follows:

	Consolidated	
	2021	2020
	\$	\$
Cash and cash equivalents	10,173,232	257,739
Other current assets	-	360
Trade receivables and financial assets	594,991	76,239
Trade payables and financial liabilities	(1,135,390)	(1,659,184)
Net working capital position	<u>9,632,833</u>	<u>(1,324,846)</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 2021.

15. Reserves

Options Reserve (a)	1,105,671	526,361
	<u>1,105,671</u>	<u>526,361</u>

(a) *Option Reserve*

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

Opening balance	526,361	508,436
Share based payments	579,310	17,925
Closing balance	<u>1,105,671</u>	<u>526,361</u>

16. Controlled Entities

Name of Entity	Principal Activity	Country of Incorporation	Ownership Interest %	
			2021	2020
Parent Entity BPH Energy Ltd	Investment	Australia		
Subsidiaries <i>Diagnostic Array Systems Pty Ltd</i>	BioMedical Research	Australia	51.82	51.82

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2021

BPH ENERGY LIMITED AND ITS CONTROLLED ENTITIES

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

BPH owns 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 the Group and is consolidated in these financial statements. DAS's loss for the year was \$1,173 (2020: loss of \$1,117) of which \$565 (2020: \$538) is attributable to minority interests. DAS's total assets at year-end were \$278 (2020: \$251), total liabilities \$366,631 (2020: \$365,431), and net equity negative \$366,353 (2020: negative net equity \$365,180).

Consolidated

	2021	2020
	\$	\$
17. Cash Flow Information		
(a) Reconciliation of cash flow from operations with loss after income tax:		
Operating (loss) / profit after income tax	(1,612,424)	1,121,263
Non Cash items		
Fair value loss	-	734,542
Impairment (reversal) / expense	(17,733)	420,731
Interest revenue on loans	(64,773)	(240,074)
Share based payments	802,997	171,425
Expected credit loss expense / (reversed)	91,216	(2,929,199)
Share of Associates' losses	112,264	30,793
Changes in net assets and liabilities,		
Decrease in other assets	360	33,509
Decrease / (increase) in trade and other receivables	16,028	(11,707)
(Decrease) / increase in trade payables and accruals	(31,743)	164,422
Net cash (used in) operating activities	<u>(703,808)</u>	<u>(504,295)</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>10,173,232</u>	<u>257,739</u>
(c) Changes in liabilities arising from financing activities – unsecured borrowings		
Balance at 1 July	121,086	200,086
Net cash used in financing activities	-	(79,000)
Shares issued as set off against loans payable	(16,268)	
Balance at 30 June	<u>104,818</u>	<u>121,086</u>



18. Subsequent Events

In August 2021 the Company reached a legal settlement with two former directors in respect of their outstanding director fees.

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.

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 subsidiaries. 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.

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

BPH ENERGY LIMITED AND ITS CONTROLLED ENTITIES

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:

	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 \$
2021 Consolidated						
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
2020 Consolidated						
Assets						
Cash and cash equivalents	0.05	257,739	-	-	-	257,739
Trade and other receivables		-	-	-	32,675	32,675
Financial assets		-	-	-	3,498,943	3,498,943
		257,739	-	-	3,531,618	3,789,357
Liabilities						
Trade and sundry payables		-	-	-	1,538,098	1,538,098
Financial liabilities		-	-	-	121,086	121,086

-	-	-	1,659,184	1,659,184
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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 2021		Consolidated 2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	\$	\$	\$	\$
Financial Assets				
Investment in unlisted entities	3,685,379	3,685,379	3,455,378	3,455,378
Investment in listed entities	22,222	22,222	22,222	22,222
Financial assets and trade and other receivables	572,769	572,769	54,017	54,017
	4,280,370	4,280,370	3,531,618	3,531,618
Financial Liabilities				
Other loans and amounts due	104,817	104,817	121,086	121,086
Trade payables	1,030,573	1,030,573	1,538,098	1,538,098
	1,135,390	1,135,390	1,659,184	1,659,184

Sensitivity Analysis – Interest Rate Risk

The Group has performed 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	
	2021	2020
	\$	\$
Change in profit (loss)		
Increase in interest rate 1%	54,533	2,577
Decrease in interest rate by 0.5%	(733)	(1,289)

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2021

BPH ENERGY LIMITED AND ITS CONTROLLED ENTITIES

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.

	Contractual cash flows			
	Carrying amount \$	Total \$	2 mths or less \$	2-12 mths \$
30 June 2021				
Financial liabilities				
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>

	Contractual cash flows			
	Carrying amount \$	Total \$	2 mths or less \$	2-12 mths \$
30 June 2020				
Financial liabilities				
Trade and other payables	1,538,098	1,538,098	174,565	1,363,533
Unsecured loans	121,086	121,086	-	121,086
	<u>1,659,184</u>	<u>1,659,184</u>	<u>174,565</u>	<u>1,484,619</u>

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

The following table provides an analysis of consolidated 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.

- 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: 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.

	\$	\$	\$	\$
	Level 1	Level 2	Level 3	Total
30 June 2021				
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

	\$	\$	\$	\$
	Level 1	Level 2	Level 3	Total
30 June 2020				
Financial assets at fair value through profit and loss				
- Investments in unlisted entities	-	3,455,379	-	3,455,378
- Investments in listed entities	22,222	-	-	22,222
Total	22,222	3,455,379	-	3,477,601

Reconciliation of fair value measurements of financial assets:

	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	-

	2020 (\$)	2020 (\$)	2020 (\$)
	Level 1	Level 2	Level 3
Opening balance	27,778	2,507,543	-
(Disposal) / acquisition of investments	-	(313,630)	250,000
Conversion of debt to equity	-	3,746,452	-
Recognition as an associate	-	(2,006,000)	-
Fair value adjustment	(5,556)	(478,986)	(250,000)
Closing balance	22,222	3,455,379	-

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2021

BPH ENERGY LIMITED AND ITS CONTROLLED ENTITIES

20. Related Party Transactions

(a) Equity interests in controlled entities

The % of ordinary shares held in controlled entities are 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.

	2021 Number	2020 Number
Held as at the date of this report by directors and their director-related entities in BPH Energy Limited		
Ordinary Shares	71,600,015	58,097,550
Share options	16,650,886	9,899,651

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 (2020: \$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 \$64,773 (2020: \$58,378) in loan interest on a convertible loan with a balance of \$772,968 at year end (2020: \$708,195). 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 \$667,200 (2020: \$650,700). This amount is unsecured, non-interest bearing and repayable on demand. The Company has raised a provision against the full amount of this loan. The Company recognized an impairment reversal of \$17,733 (2020: expense of \$420,731) 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 advanced \$549,722 to the Advent group.

(d) Other Interests

Refer to Note 9 for the Company's investment in and loan receivables with Cortical. During the period the Company charged Cortical \$Nil (2020: \$187,906) in loan interest and fees. Cortical repaid BPH a \$15,000 loan during the period.

(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 (2020: \$128,640). At balance date \$104,817 (2020: \$121,086) was payable to Grandbridge. Grandbridge's 100% subsidiary, Grandbridge Securities Limited, charged the Company \$78,386 (2020: \$Nil) in respect of the management of share issues.

(f) **Directors**

The consolidated entity issued the following securities to directors or their associated entities under a rights issue and rights issue shortfall (subsequent to shareholder approval) to settle the following associated debts for accrued fees:

Director	Number of Shares ²	Debt Extinguished	Share-Based Payment Expense ³
David Breeze ¹	24,242,902	\$363,644	\$589,174
Charles Maling	2,925,799	\$43,887	\$74,484
Tony Huston	2,933,069	\$43,996	\$67,428

¹ These include shares 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.

21. Commitments and Contingencies

At reporting date there are no capital commitments other than those of Advent Energy Limited, an entity in which the Company currently has a 21.9% direct interest as disclosed in Note 10.

The Company is party to a Writ of summons commenced in the District Court of Western Australia in which former directors Goh Hock and Deborah Ambrosini are claiming unpaid directors' fees from the Company. The Company disputes this position and is defending such claims. This matter was settled subsequent to year end, refer Note 18.

22. Share-Based Payments

The following share-based payment arrangements existed at 30 June 2021:

Total number	Grant Date	Exercise price	Fair value at grant date	Expiry date
200,000	23 November 2016	\$0.20	\$0.0030	30 November 2021
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>27,487,324</u>				

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2021

BPH ENERGY LIMITED AND ITS CONTROLLED ENTITIES

All options granted confer a right of one ordinary share for every option held. The fair value of the options granted is estimated as at the date of grant using a Black-Scholes model taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the valuation model used:

Issue date	28 August 2020 ¹	18 December 2020 ²	21 December 2020 ¹	9 February 2021 ³
Number of options	8,350,611	2,000,000	8,050,999	7,285,714
Share price at grant date	\$0.031	\$0.026	\$0.035	\$0.13
Exercise price	\$0.05	\$0.05	\$0.05	\$0.26
Expected volatility	100%	100%	100%	100%
Expected life	1.9 years	2 years	1.6 years	2 years
Expected dividends	Nil	Nil	Nil	Nil
Risk-free interest rate	2.5%	2.5%	2.5%	2.5%
Fair value at grant date	\$104,418	\$19,384	\$109,314	\$346,195

¹ These were free attaching options attaching to shares issued under a non-renounceable Rights Issue in settlement of debt

² These options were a fee to the lead manager of a July 2020 share placement and form part of the costs of equity

³ These options were a fee to the managers of a February 2021 share placement and form part of the costs of equity

Consolidated Group

	2021		2020	
	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$
Outstanding at the beginning of the year	7,600,000	0.04	47,795,000	0.01
Expired	(200,000)	(0.20)	(9,795,000)	(0.002)
Exercised	(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	32,600,000	0.002
1 for 10 consolidation	-	-	(63,000,000)	(0.002)
Issued as share-based payments	-	-	600,000	0.02
Outstanding at year-end	105,350,254	0.07	7,600,000	0.04
Exercisable at year-end	105,350,254	0.07	7,600,000	0.04



Included under share-based payments in the profit and loss is \$802,997 for share-based expense (2020: \$171,425) of which \$213,732 (2020: \$17,925) relates to share options and \$589,265 (2020: \$153,500) relates to fully paid ordinary shares.

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	
	2021	2020
	\$	\$
24. Parent Entity Disclosures		
<i>Financial Position</i>		
Assets		
Current assets	10,767,945	334,088
Non-current assets	5,764,060	5,628,563
Total asset	16,532,005	5,962,651
Liabilities		
Current liabilities	1,155,020	1,678,815
Non-current liabilities	-	-
Total liabilities	1,155,020	1,678,815
Equity		
Issued Capital	58,843,159	46,716,896
Accumulated losses	(44,571,845)	(42,959,421)
Option Reserve	1,105,671	526,361
Total equity	15,376,985	4,283,836
<i>Financial Performance</i>		
(Loss) / profit after tax for the year	(1,612,424)	1,121,263
Other comprehensive income	-	-
Total comprehensive (loss) / income	(1,612,424)	1,121,263

DIRECTORS DECLARATION

BPH ENERGY LIMITED
AND ITS CONTROLLED ENTITIES

The directors of the Company declare that:

1. the financial statements and notes, as set out on pages 22 to 53 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;
 - (b) give a true and fair view of the financial position as at 30 June 2021 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.
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 31st August 2021

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 Group"), which comprises the consolidated statement of financial position as at 30 June 2021, 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 Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Group's financial position as at 30 June 2021 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 Group 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.

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.

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Key Audit Matter	How our audit addressed the key audit matter
<p>Investments accounted for using the equity method Note 10</p> <p>As at 30 June 2021, the carrying value of the investments accounted for using the equity method was \$2,058,773 and the Group's share of the associates' losses net of impairment reversal was \$94,531.</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;</p> <ul style="list-style-type: none"> - We have agreed the share of losses to the associates' audited financial statements; - We reviewed the disclosures made in the financial statements; 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 2021, the Group had recorded financial assets comprising loan receivables with a carrying value of \$556,482 and investments at a fair value of \$3,707,601.</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 Group to determine if any additional expected credit loss provisions were required; - We assessed the Group'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 Group's annual report for the year ended 30 June 2021, 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

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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 Group 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 Group 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 Group'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 Group'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 Group 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 within the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of BPH Energy Limited for the year ended 30 June 2021 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

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
31 August 2021

L Di Giallonardo

L Di Giallonardo
Partner

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ADDITIONAL SECURITIES EXCHANGE INFORMATION

for the year ended 30 June 2021

BPH ENERGY LIMITED AND ITS CONTROLLED ENTITIES

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

The information is stated as at 19 October 2021.

1. Substantial Shareholder

The name of the shareholder who has lodged a substantial shareholder notice with ASX is:

Shareholder	Shares	%
David Breeze, Trandcorp Pty Limited, Grandbridge Limited	57,452,695	8.65%

2. (a) Distribution of Shareholders

Range of Holding	Shareholders	Number Ordinary Shares	%
1 - 1,000	1,057	330,292	0.05%
1,001 - 5,000	1,660	5,356,527	0.81%
5,001 - 10,000	1,422	11,121,201	1.67%
10,001 - 100,000	3,898	146,613,089	22.05%
100,001 and over	1,018	501,498,280	75.42%
	9,055	664,919,389	100%

The number of shareholders holding unmarketable parcels was 3,576.

(b) Distribution of Listed Option Holders

Range of Holding	Option Holders	Number of Options	%
1 - 1,000	196	41,884	0.04%
1,001 - 5,000	117	363,582	0.38%
5,001 - 10,000	116	922,200	0.96%
10,001 - 100,000	333	13,755,735	14.29%
100,001 and over	143	81,181,139	84.33%
	905	96,264,540	100%

(c) Distribution of Unlisted Option Holders

Range of Holding	Option Holders	Number of Options	%
100,001 and over	5	9,085,714	100.00
	5	9,085,714	100.00



ADDITIONAL SECURITIES EXCHANGE INFORMATION

for the year ended 30 June 2021

BPH ENERGY LIMITED AND ITS CONTROLLED ENTITIES

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.

5. Restricted Securities

There are no restricted securities on issue.

6. Twenty Largest Shareholders

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	33,883,149	5.1
JGM PROPERTY INVESTMENTS PTY LTD	26,277,948	3.95
TRANDCORP PTY LTD <TRANDCORP SUPER FUND A/C>	12,713,939	1.91
MR ANTHONY HUSTON	9,075,067	1.36
CITICORP NOMINEES PTY LIMITED	8,488,573	1.28
TRANDCORP PTY LTD <TRANDCORP SUPER FUND A/C>	6,896,983	1.04
PROTAX NOMINEES PTY LTD <RICHARDS SUPER FUND A/C>	5,872,718	0.88
MISS SANDRA JOY FEELEY	5,790,000	0.87
JLM CORPORATION PTY LTD	5,364,657	0.81
MR CHARLES VERDON MALING	5,072,253	0.76
THIRTEENTH CINSAUT PTY LTD	5,000,000	0.75
MR VICTOR MING-CHING CHANG	4,800,000	0.72
ANSTEY SUPERANNUATION FUND PTY LTD <ANSTEY FAMILY S/F A/C>	4,000,000	0.6
GRANDBRIDGE LIMITED	3,795,792	0.57
MR GARTH VINCENT ENSOR	3,400,000	0.51
J BARLOW CONSULTANTS PTY LTD	3,277,141	0.49
MR TRISTAN EDWIN BONNEFIN	3,107,928	0.47
MARKOVIC FAMILY NO 2 PTY LTD	3,024,077	0.45
MR MAHER MANSOUR	3,000,000	0.45
	155,840,225	23.44



7. Twenty Largest Listed Optionholders

The names of the twenty largest optionholders of the Company are:

Name	Number of listed options	% held of listed options
TRANDCORP PTY LTD <TRANDCORP SUPER FUND A/C>	5,730,200	5.95
TRANDCORP PTY LTD	4,840,450	5.03
JGM PROPERTY INVESTMENTS PTY LTD	4,233,334	4.4
MR SUFIAN AHMAD <SIXTY TWO CAPITAL A/C>	4,130,000	4.29
MR BIN LIU CHUNYAN	3,833,333	3.98
ARLEWIS PTY LTD <LEWIS FAMILY SUPER FUND A/C>	1,918,000	1.99
MR BILAL AHMAD	1,600,000	1.66
ALINEA GROUP HOLDINGS PTY LTD	1,515,000	1.57
MR ANTHONY HUSTON	1,466,534	1.52
MR CHARLES VERDON MALING	1,462,900	1.52
AVATAR EQUITIES PTY LTD <AVATAR SHARE TRADING A/C>	1,350,724	1.4
BNP PARIBAS NOMINEES PTY LTD	1,318,046	1.37
MR ZHIFENG CHEN	1,237,441	1.29
MR LAZAR ITIN	1,200,000	1.25
MS CHUNYAN NIU	1,200,000	1.25
MS VIKI WEST + MR ADAM LINDEBERG	1,100,000	1.14
MR ANTHONY JAMES CHANDLER	1,003,440	1.04
MR BILAL AHMAD	1,000,000	1.04
JGM PROPERTY INVESTMENTS	1,000,000	1.04
THE HIGH CLUB LTD	1,000,000	1.04
	42,139,402	43.77

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Technical work completed, testing and Philips's validation pending



New BARM™ "Plug and Play" Philips Interface DAM Intellibridge 2021



How the new BARM™ DAM will look when connected to the Philips Intellibridge Monitor. Philips and Cortical Dynamics have a "plug and play" licence cooperation agreement in place.



All technical interface work successfully completed and tested, prototype DAM designed and being built prior to commercial version production.

Regulatory approval to be sought as a variation on the existing Cortical Dynamics BARM™ IP.

Commercial rollout expected late 2021.

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