



31 July 2022

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

JUNE 2022 QUARTER (“QUARTER”) OPERATIONS REPORT

Clean Carbon Transaction

Pursuant to ASX Listing Rule 17.2, BPH Energy Limited (“BPH” or “the Company”) had previously requested that trading in the Company’s securities be suspended from trading on 9 December 2021. The Company made this request pending the release of announcements with respect to the participation of its investee Advent Energy Limited in a Farm Out Agreement and a further transaction with a company involved in hydrogen production technology.

The Voluntary Suspension ended on 24 May 2022 subsequent to lodgement of a Notice of Meeting for shareholders to approve an investment in a hydrogen technology company, Clean Hydrogen Technologies Corporation (Clean Carbon). BPH shareholders approved this transaction at the Shareholders Meeting held on 21 June 2022.

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

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

Clean Carbon uses methane as its current feedstock and in the future plans to consume natural gas. It does not burn the methane, it processes it, using its own patented catalyst and a bespoke designed fluidised bed reactor. The process it uses is called pyrolysis which is not new and has been used by the oil industry for many years. What is new is Clean Carbon Technologies success in the efficiency of its cracking the methane into turquoise hydrogen with non-CO₂ emissions and the quality of the carbon black produced being majority conductive carbon with some carbon nano tubes.

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

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

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

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

The material terms of the Term Sheet are as follows:

(Deposit): on 26th November 2021 the Purchaser paid a non-refundable deposit of AU\$25,000 (\$20,000 was paid by BPH and \$5,000 by Advent) to the Vendor (which will be offset against any subscription amount).

(Consideration): in consideration for the issue of the Subscription Shares Tranche 1:

- (i) the Purchaser shall pay to the Vendor US\$1,000,000 (less the Deposit and any Outstanding Amounts) (Cash Consideration), specifically:
 - (A) BPH shall pay to the Vendor (or its nominee) US\$800,000; and
 - (B) Advent to pay to the Vendor (or its nominee) US\$200,000,

upon which, 8% of the Subscription Shares Tranche 1 shall be issued to BPH and the remaining 2% issued to Advent, with the Cash Consideration to be reduced and adjusted to reflect the amounts outstanding relating to any outstanding loan or convertible notes provided by BPH or Advent to Clean Carbon.

(First Right of Refusal): where the Vendor (at its sole and absolute discretion) proposes to seek additional funding for the development and operations of the Technology, on or before 31 December 2022 (Additional Funding), it must first offer the right to subscribe for additional Subscription Shares representing an additional 10% (Subscription Shares Tranche 2) to the Purchaser and on the same terms and conditions as the Subscription Shares Tranche 1(Right). In the event that the Vendor secures additional investments in excess of \$US3,000,000 (on or before 31 December 2022), the Right is relinquished.

Subject to the above, should the Purchaser exercise the Right, it must do so within 1 month of the Vendors request for the Additional Funding. The consideration payable, being an aggregate of US\$1,000,000, comprising of \$US800,000 by BPH and US\$200,000 by Advent (Additional Cash Consideration).

In consideration for the Additional Cash Consideration:

- (i) BPH shall acquire an additional 1,510 Clean Carbon Shares, equating to a total 16% interest in Clean Carbon; and
- (ii) Advent shall hold an additional 377 Clean Carbon Shares, equating to a total 4% interest in Clean Carbon,

following which Clean Carbon's capital structure shall comprise of 16,960 Clean Carbon Shares (based on the assumption that Clean Carbon has not issued any additional Clean Carbon Shares prior to the Right being exercised).

Should Advent elect to not invest its proportion of the Additional Funding, BPH has the right to subscribe for Advent's portion (US\$200,000) of the Subscription Shares Tranche 2.

(Purpose): the parties acknowledge and agree that the Cash Consideration and Additional Cash Consideration (if applicable), shall be used by the Vendor to design, build, produce and test a reactor that can produce a minimum of 3.2 and as high as 15kgs per hour of hydrogen per hour and to submit at least 2 new patents in an agreed geography, relevant to the production of hydrogen from proprietary technology.

(Board): Anthony Huston to be appointed as a director to the Board of the Vendor.

The Term Sheet otherwise contains customary terms.

Patagonia Genetics

BPH has been notified by its investee Patagonia Genetics Pty Ltd (Patagonia) that it has ceased operations. On the 6th of May 2022, Patagonia informed BPH that it was unable to secure the required licences to undertake its operations and that it had no residual assets. BPH was subsequently provided with a notice by Patagonia's sole director Mathew David Critchley, advising that he intended to initiate a winding up application. BPH has reflected a loss within annual reports for the financial periods ending 30 June 2020 and 30 June 2021 and has recognised a fair value loss of \$250,000 against the carrying value of the investment in Patagonia being 100% of the carrying value.

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

Advent Energy Pty Ltd ("Advent")

PEP 11 Permit

On 30 March 2002 BPH and Bounty Oil & Gas NL (Bounty) (ASX: BUY) as the PEP 11 Joint Venture announced that they had been given notice by the National Offshore Petroleum Titles Administrator (NOPTA) that NOPTA has refused the Joint Venture Application initially submitted on 24 December 2019 for a secondary work program variation and a 24-month suspension of the

Permit Year 4 Work Program Commitment and the corresponding 24-month extension of the Permit Term.

Advent Energy Limited's (BPH 36.1% direct interest) 100% subsidiary Asset Energy Pty Ltd has applied to the Federal Court pursuant to section 5 of the Administrative Decisions (Judicial Review) Act 1977 (Cth) and section 39B of the Judiciary Act 1903 (Cth) to review the decision of the Commonwealth-New South Wales Offshore Petroleum Joint Authority (Joint Authority), constituted under section 56 of the Offshore Petroleum and Greenhouse Gas Storage Act 2006 (Cth) (Act), to refuse to vary and suspend the conditions of Exploration Permit for Petroleum No.11 (PEP 11 Permit), pursuant to section 264(2) of the Act, and to refuse to extend the term of the PEP 11 Permit, pursuant to section 265 of the Act. The application was made in December 2019. Asset Energy Pty Ltd is a 100 % owned subsidiary of Advent Energy Ltd and has lodged the appeal as Operator for and on behalf of the PEP11 Joint Venture Partners, Bounty Oil and Gas NL (ASX:BUY) and Asset Energy Pty Ltd.

PEP11 interests are: Advent Energy 85 %
Bounty Oil and Gas 15%

Taranaki Basin

On 4 April the Company announced that investee Advent's 100% subsidiary, Aotearoa Offshore Ltd NZ (AOLNZ), has the right to acquire a 30% participating interest in Petroleum Exploration Permits (PEP) 57075, 60092 and 60093 covering an area of 5,180 km² in the Taranaki Basin from OMV New Zealand Limited (OMV NZ).

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

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

The FOA is subject to conditions precedent covering JV, regulatory and ministerial approvals and agreement by the JV to have responsibility for future liabilities, relating to any ongoing/future exploration activities. The current JV has approved the farmout and it is expected that the remaining approvals will be in place by the middle of 2022, resulting in the respective participating interests of the parties in the Joint Venture being OMV NZ 40%, SapuraOMV Upstream (NZ) SDN.BHD 30% and AOLNZ 30%.

In the short term, Advent has agreed with BPH Energy Limited (BPH), an ASX listed entity that has a relevant interest in 36% of Advent, that BPH has provided loan funding for Advent of \$3.0 million

on commercial terms to make a cash payment to cover expenditure on the licences over 2022 including a loan of \$800,000 to cover agreed work programme and budget expenditures for 2022 under the FOA, which means that sufficient funds for all 2022 commitments, are in place. If the FOA conditions precedent are not met the funds advanced will be repaid.

The funding is unsecured and will be repaid by Advent on the terms of that loan in due course and after Advent has raised sufficient funds. It is intended by Advent that it will undertake a capital raising in due course, which may be a placement to third parties, its existing shareholders, or possibly via a future listing, or a rights issue. It is not intended that BPH will increase its relevant interest in Advent. The loan does not have a conversion right into shares in Advent, and BPH confirms it presently does not intend to increase its shareholding or relevant interest in Advent. While BPH is not intending to increase its shareholding or relevant interest in shares in Advent, if circumstances changed and it wished to increase its shareholding in Advent (whether it be by way of maintaining its current percentage interest in the event Advent undertook a capital raising, increasing its percentage interest, or a debt for equity conversion), it will need to consult with ASX regarding the application of Listing Rule 10.1.5.

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

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

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

Cortical Dynamics Limited ("Cortical")

Investee Cortical Dynamics Limited has been awarded \$137,000 in funding to further develop the 'Brain Anaesthesia Response Monitor' (BARM™) to optimise patient experience under anaesthesia and to implement brain data monitoring and feedback. The funding comes from the fourth round of the BioMedTech Horizons (BMTH) program, an initiative of the Medical Research Future Fund (MRFF) delivered by MTPConnect.

Item 1 and 2 details of payments to / receipts from related parties (Appendix 4C)

Line 6.1: \$19,000 paid to a director as remuneration and net \$30,000 fees paid to Grandbridge Limited.

Line 6.2: A loan of \$520,000 to investee Advent Energy Limited, a loan of \$4,000 to Molecular Discovery Systems Limited, and a \$100,000 investment in Cortical Dynamics Limited.

Authorised by

A handwritten signature in black ink, appearing to read 'D. Breeze', enclosed within a thin black rectangular border.

David Breeze
Chairman

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

BPH ENERGY LIMITED

ABN

41 095 912 002

Quarter ended ("current quarter")

JUNE 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	75
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs		
(c) advertising and marketing	(173)	(173)
(d) leased assets		
(e) staff costs	(19)	(76)
(f) administration and corporate costs	(168)	(496)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (settlement of ex-directors' fees)	(67)	(331)
1.9 Net cash from / (used in) operating activities	(427)	(1,001)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment		
(d) investments	(100)	(2,661)
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
2.2 Proceeds from disposal of:		
(a) entities		
(b) businesses		
(c) property, plant and equipment		
(d) investments		
(e) intellectual property		
(f) other non-current assets		
2.3 Cash flows from loans to other entities	(541)	(3,617)
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)		
2.6 Net cash from / (used in) investing activities	(641)	(6,278)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2 Proceeds from issue of convertible debt securities		
3.3 Proceeds from exercise of options	1	1
3.4 Transaction costs related to issues of equity securities or convertible debt securities		
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings		
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)		
3.10 Net cash from / (used in) financing activities	1	1

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	3,962	10,173
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(427)	(1,001)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(641)	(6,278)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1	1
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	2,895	2,895

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,895	3,962
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,895	3,962

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of receipts from / (payments to) related parties and their associates included in item 1	(49)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	(624)

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	105	105
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 Total financing facilities	105	105
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
The facilities shown above are owing to Grandbridge Limited (including \$88,000 owing by a BPH subsidiary). The balance is unsecured and interest free.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(427)
8.2 Cash and cash equivalents at quarter end (item 4.6)	2,895
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	2,895
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	6.8
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer:	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer:	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer:	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 July 2022

Authorised by: David Breeze (Director)
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.