



Appendix 4D -Half year report

Results for announcement to the market

Name of Entity	BPH Energy Limited
ABN	41 095 912 002
Half Year Ended	31 December 2015
Previous Corresponding Reporting Period	31 December 2014

				\$A'000
Revenues from ordinary activities	down	45%	to	80
(Loss) from ordinary activities after tax attributable to members	down	98%	to	(249)
Net (loss) for the period attributable to members	down	98%	to	(249)
Dividends (distributions)		Amount per security		Franked amount per security
Final dividend		Nil		Nil
Interim dividend				
Previous corresponding period		N/A		N/A

Please refer to attached accounts for commentary on the results

Other notes to the condensed financial statements

	Current period	Previous corresponding Period
Ratios		
Loss before tax / revenue		
Consolidated (loss) from ordinary activities before tax as a percentage of revenue	(313.92)%	(12,195.83)%
Loss after tax / equity interests		
Consolidated net (loss) from ordinary activities after tax attributable to members as a percentage of equity (similarly attributable) at the end of the period	(0.60)%	(34.13)%

	Current period	Previous corresponding Period
NTA Backing		
Net tangible asset backing per ordinary security	8.70 cps	19.0 cps

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BPH Energy Ltd and its controlled entities

Commentary on Results

The loss of the consolidated entity after providing for income tax amounted to \$250,766 (2014: \$14,170,250).

The net assets of the consolidated entity decreased by \$235,379 to \$20,504,038 at 31 December 2015.

Significant developments during the period include :

Cortical Dynamics Ltd

- In September 2015 Cortical Dynamics Ltd advised that it had received formal notification from the Therapeutic Goods Administration that a decision has been made to issue a conformity assessment certificate to Cortical under section 41EC of the Therapeutic Goods Act 1989. TGA certification will allow Cortical to market the Brain Anaesthesia Response ("BAR") monitor within Australia and via the TGA's mutual recognition agreement enable Cortical Dynamics to apply for CE Marking to sell the BAR monitor in Europe.
- During the period the results from the clinical trial written by Cortical's principal research scientist Dr Mehrnaz Shoushtarian, "Evaluation of the Brain Anaesthesia Response Monitor during anaesthesia for cardiac surgery: a double-blind, randomised controlled trial using two doses of fentanyl" were accepted for publication in the Journal of Clinical Monitoring and Computing.
- During the period the poster entitled "Comparisons of EEG measures of Hypnosis and Anti-Nociception in Response to Stimuli During Propofol Remifentanyl Anesthesia" was presented at the 2015 Annual Meeting of the American Society of Anesthesiologists in San Diego. The paper was presented by Mr Marko Sahinovic who was one of the co-authors on this paper with Cortical's principal research scientist Dr Mehrnaz Shoushtarian.
- During the period Cortical Dynamics successfully completed a small scale offering to existing shareholders of the company. A total of 920,000 shares were issued at \$0.10 per share raising \$92,000 for the Company.

Advent Energy Ltd

- On 28 January 2016 Advent Energy announced that the National Offshore Petroleum Titles Administrator (NOPTA) had approved a suspension of the PEP11 Year 2 work program of a 200 km 2D seismic survey and geotechnical studies until 12th August 2016.

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Company Information

Directors

David Breeze – Executive Chairman
Thomas Fontaine – Non Executive Director
Bruce Whan- Non Executive Director

Scientific Advisors

Professor Peter Klinken
Professor David Liley

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Auditor

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Level 3
88 William Street
PERTH WA 6000

Share Registry

Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153

Australian Business Number

41 095 912 002

Notes to the Financial Statements for the period ended 31 December 2015

BPH Energy Ltd and its controlled entities

The directors of BPH Energy Ltd submit herewith the financial report for the half year ended 31 December 2015. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

Directors

The names of the directors of the company during or since the end of the period are:

D L Breeze
T Fontaine
B Whan

Review of Operations

Operating loss for the consolidated entity after tax for the year was \$250,766 (2014 \$14,170,250).

Significant changes in state of affairs

During the period there were no other significant changes in the state of affairs of the consolidated entity other than that referred to in the financial statements or notes thereto.

Subsequent Events

On 28 January 2016 BPH Investee Advent Energy announced that the National Offshore Petroleum Titles Administrator (NOPTA) had approved a suspension of the PEP11 Year 2 work program of a 200 km²D seismic survey and geotechnical studies until 12th August 2016

On 16 February 2016 BPH investee Advent Energy announced that it had been advised of the suspension of the permit terms of EP 386 in the onshore Bonaparte Basin, north-eastern Western Australia. The WA Department of Mines has granted a suspension of the condition requiring the completion of the existing work commitments for a period of 12 months to 31 March 2017.

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.

Auditor's Independence

The directors received a declaration of independence from the auditor. This is included in the financial report on page 2.

Signed in accordance with a resolution of the directors made pursuant to s.306(c) of the *Corporations Act 2001*.

On behalf of the Directors



D L Breeze
Executive Chairman

Auditor's independence declaration under section 307C of the Corporations Act 2001

To the directors of BPH Energy Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half year ended 31 December 2015, there have been:

- (i) no contraventions of the auditor's independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

NPAS

Nexia Perth Audit Services Pty Ltd

Amar Nathwani

Amar Nathwani
Director

Perth 25 February 2016

Directors' Declaration

BPH Energy Ltd and its controlled entities

The directors declare that:

- (a) 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; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'D L Breeze'.

D L Breeze
Executive Chairman
PERTH, 25 February 2016

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the half year ended 31 December 2015

BPH Energy Ltd and its controlled entities

		CONSOLIDATED	
	Note	31 December 2015 \$	31 December 2014 \$
Interest revenue	4	79,881	145,567
Administration expenses		(37,305)	(55,827)
Consulting and legal expenses		(68,484)	(71,123)
Depreciation and amortisation expense		(39)	(36)
Employee benefits expense		(1,386)	(33,532)
Insurance expenses		(10,323)	(16,244)
Other expenses		(71,768)	(53,278)
Debt write off		-	-
Share of Associates Loss		(82,870)	(550,134)
Impairment loss on investment in associate		-	(17,024,807)
Research and Development expenses		-	(24,897)
Service expenses		(58,472)	(68,793)
Operating Loss before income tax		(250,766)	(17,753,104)
Income tax benefit		-	3,582,854
Operating Loss for the period		(250,766)	(14,170,250)
Other comprehensive income			
Net losses on available-for-sale financial assets net of income tax		-	-
Total Comprehensive income for the period		(250,766)	(14,170,250)
Loss attributable to non-controlling interest		(1,113)	(947)
Loss attributable to members of the parent entity		(249,653)	(14,169,303)
Earnings per share-			
Basic and Diluted (cents per share)		(0.11)	(8.0)

The accompanying notes form part of these financial statements.

**Condensed Consolidated Statement of Financial Position
for the period ended 31 December 2015**

BPH Energy Ltd and its controlled entities

		CONSOLIDATED	
	Note	31 December 2015 \$	30 June 2015 \$
Current Assets			
Cash and cash equivalents	5	69,227	98,562
Trade and other receivables		4,953	4,071
Financial Assets	9	44,160	97,625
Other Current Assets		20,743	27,313
Total Current Assets		139,083	227,571
Non-Current Assets			
Financial assets	9	2,243,271	2,108,025
Investment in associates	8	19,994,882	20,077,753
Intangible assets		72,454	72,454
Property, plant and equipment		55	94
Total Non-Current Assets		22,310,662	22,258,326
Total Assets		22,449,745	22,485,897
Current Liabilities			
Trade and other payables		1,085,005	1,013,259
Financial liabilities		860,702	733,220
Provisions		-	-
Total Current Liabilities		1,945,707	1,746,479
Non-Current Liabilities			
Provisions		-	-
Deferred Tax liabilities		-	-
Total Non-Current Liabilities		-	-
Total Liabilities		1,945,707	1,746,479
Net Assets		20,504,038	20,739,418
Equity			
Issued capital	6	41,759,904	41,759,904
Reserve		15,500,036	15,484,650
Accumulated losses		(36,633,775)	(36,384,122)
Non-controlling interests		(122,127)	(121,014)
Total Equity		20,504,038	20,739,418

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Changes in Equity for the half year ended 31 December 2015

BPH Energy Ltd and its controlled entities

CONSOLIDATED	Ordinary Share Capital \$	Accumulate d losses \$	Options reserve \$	Fair Value Adjustment	Total attributable to owners of the parent entity \$	Non Controlling Interest \$	Total \$
Balance as at 1 July 2014	41,511,195	(9,896,412)	435,726	15,015,000	47,065,509	(118,211)	46,947,298
Loss for the period	-	(14,169,303)	-	-	(14,169,303)	(947)	(14,170,250)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the half year	-	(14,169,303)	-	-	(14,169,303)	(947)	(14,170,250)
Transactions with owners in their capacity as owners	-	-	3,462	-	3,462	-	3,462
Balance for the half year ending 31 December 2014	41,511,195	(24,065,715)	439,188	15,015,000	32,899,668	(119,158)	32,780,510
Balance as at 1 July 2015	41,759,904	(36,384,122)	469,650	15,015,000	20,860,432	(121,014)	20,739,418
Loss for the period	-	(249,653)	-	-	(249,653)	(1,113)	(250,766)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the half year	-	(249,653)	-	-	(249,653)	(1,113)	(250,766)
Transactions with owners in their capacity as owners	-	-	15,386	-	15,386	-	15,386
Options charges during the period	-	-	15,386	-	15,386	-	15,386
Balance for the half year ending 31 December 2015	41,759,904	(36,633,775)	485,036	15,015,000	20,626,165	(122,127)	20,504,038

The accompanying notes form part of these financial statements.

**Condensed Consolidated Statement of Cash Flows
for the period ended 31 December 2015**

BPH Energy Ltd and its controlled entities

CONSOLIDATED		
Note	31 December 2015 \$	31 December 2014 \$
Cash Flows From Operating Activities		
Cash receipts from customers	-	-
Cash payments to suppliers	(119,617)	(217,969)
Interest received	282	442
Net cash used in operating activities	(119,335)	(217,527)
Cash Flows From Investing Activities		
Loans to related entities	-	-
Proceeds from borrowings	90,000	150,000
Net cash used in investing activities	90,000	150,000
<i>Net decrease in Cash Held</i>	(29,335)	(67,527)
<i>Cash At the Beginning Of The Financial Period</i>	98,562	181,111
Cash At The End Of The Financial Period	5 69,227	113,584

The accompanying notes form part of these financial statements.

Notes to the Financial Statements for the period ended 31 December 2015

BPH Energy Ltd and its controlled entities

1. CORPORATE INFORMATION

The financial report of BPH Energy Ltd authorised for issue in accordance with a resolution of the directors on 25 February 2016.

BPH Energy Ltd is a company incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The half-year financial report is a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS 34 Interim Financial Reporting.

The half-year financial report does not include all of the notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the Annual Financial Report of BPH Energy Ltd as at 30 June 2015.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

It is also recommended that the half-year financial report be considered together with any public announcements made by BPH Energy Ltd and its controlled entities during the half-year ended 31 December 2015 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001* and the ASX Listing Rules.

(a) Basis of Preparation

Reporting Basis and Conventions

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

(b) Significant Accounting Policies

The half-year condensed consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2015. The accounting policies are consistent with Australian Accounting Standards and with International Reporting Standards.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial Position

The consolidated entity has incurred a net loss before tax for the period ended 31 December 2015 of \$250,766 (2014: \$17,753,104) and has a working capital deficit of \$1,806,624 (2014:\$1,518, 998) as at that date.

Included in other payables are amounts payable to the directors of the company of \$1,046,372 (30 June 2015: \$947,380). The directors have reviewed their expenditure and commitments for the consolidated entity and have implemented methods of costs reduction. The directors as a part of their cash monitoring, have voluntarily suspended cash payments for their director's fees to conserve cash resources for a period of at least 12 months from the date of the approval of the financial report including any outstanding fees at 31 December 2015. The group has current financial liabilities of \$860,702. Subsequent to year end the Group has received confirmation from the lender that the current financial liabilities of \$797,760 (2014: \$589,460) will not be called for repayment for a period of 12 months from the date of this financial report or until such time as the Group is financially independent

On the 14 November 2014 the group entered into a convertible loan agreement with a maximum facility of \$200,000. Interest is charged monthly at a rate of 8.97% per annum. The funds are to be used for working capital. The loan agreement is convertible at the election of lender. The issue price on conversion will be the higher of \$0.04 cents per share and the average closing price of BPH Energy Ltd on the ASX over the 5 trading days immediately prior to the date of conversion. On the 18th August 2015 the facility was further extended to a maximum draw down amount of \$295,000. As at reporting date the closing balance of the loan including interest accrued to 31 December 2015 was \$209,078 (June 2015: \$114,860).

The Group's associate, Advent Energy Ltd, has commitments for its exploration permits of \$4,797,500 over the next 15 months from the financial report date under the terms of its application licence in order to maintain tenure. Advent is currently in negotiations with a number of parties to fund these commitments, however there is no certainty at this stage that those discussions will result in further funding being made available. Please refer to Note 8 for further disclosure.

The directors have prepared cash flow forecasts that indicate that the consolidated entity will have sufficient cash flows via debt and equity funding for a period of at least 12 months from the date of this report.

Based on the cash flow forecasts, the current facility, the directors not calling their outstanding fees, the Group receiving confirmation current financial liabilities will not be called for repayment for a period of 12 months from the date of this financial report and the monitoring of operational costs, the directors are satisfied that, the going concern basis of preparation is appropriate. The financial report has therefore been prepared on a going concern basis, which assumes continuity of normal business activities and the settlement of liabilities in the ordinary course of business. Please refer to note 8 for disclosure regarding the uncertainty in relation to the realisation of assets.

Notes to the Financial Statements for the period ended 31 December 2015

BPH Energy Ltd and its controlled entities

3. OPERATING INFORMATION

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 two principal industries and these are biotechnology, and oil and gas exploration and development.

4. REVENUE, INCOME AND EXPENSES

	Consolidated	
	31 December 2015 \$	31 December 2014 \$
Revenue		
Interest revenue : other entities	79,881	145,567
Total revenue	79,881	145,567

5. CASH AND CASH EQUIVALENTS

	Consolidated	
	31 December 2015 \$	30 June 2015 \$
For the purpose of the half-year condensed consolidated statement of cash flows, cash and cash equivalents are comprised of the following:		
Cash at bank and in hand from continuing operations	69,227	98,562
	69,227	98,562

6. CONTRIBUTED EQUITY

	Consolidated	
	31 December 2015 \$	30 June 2015 \$
235,766,727 (June 2015: 235,766,727) fully paid ordinary shares	41,759,904	41,759,904

The Company has no authorised capital and the issued shares do not have a par value.

Notes to the Financial Statements for the period ended 31 December 2015
BPH Energy Ltd and its controlled entities

	Consolidated	
	No.	\$
Movements in ordinary shares on issue		
At the beginning of reporting period	235,766,727	41,759,904
At reporting date	235,766,727	41,759,904

Capital Raising

During the period nil options were exercised (June 2015: nil options were exercised).

Fully Paid Ordinary Share Capital

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

7. COMMITMENTS AND CONTINGENT LIABILITIES

There has been no material changes to commitments and contingencies since 30 June 2015 except as disclosed in note 8.

8. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	31 December 2015 \$	30 June 2015 \$
Advent Energy Ltd	19,439,569	19,511,430
Molecular Discovery Systems Ltd	555,313	566,323
	19,994,882	20,077,753

(a) Shares in associates

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 %	
		December 2015	June 2015
Molecular Discovery Systems	Australia	20%	20%
Advent Energy Ltd	Australia	27.4%	27.4%

The consolidated group's associate, Advent Energy Ltd, has commitments for its exploration permits of \$4,797,500 over the next 15 months from the reporting date under the terms of its application licences in order to maintain tenure. Of the above commitments \$1,997,500 is due within 12 months of the reporting period.

Advent is currently in negotiations with a number of parties to fund these commitments, however there is no certainty at this stage that those discussions will result in further funding being made available. Further management is confident the commitments under the exploration permits or as varied by the relevant authorities will be met. The above conditions indicate the material uncertainty that may affect the ability of the group to realise the carrying value of the group's investment in Advent in the ordinary course of business.

Notes to the Financial Statements for the period ended 31 December 2015

BPH Energy Ltd and its controlled entities

9. FINANCIAL ASSETS

	Consolidated	
	31 December 2015 \$	30 June 2015 \$
Current		
Unsecured Loans to other entities: (b)		
Grandbridge Ltd	-	55,645
MEC Resources Limited and Advent Energy Limited	44,160	41,980
	<u>44,160</u>	<u>97,625</u>
Non-current		
Loans and receivables at amortised cost		
Unsecured loan to Grandbridge Ltd	55,645	-
Secured loans to other entities: (c)		
Cortical Dynamics Limited	1,658,249	1,585,417
Molecular Discovery Systems Limited	480,428	473,659
Available for sale financial assets (a)	48,949	48,949
	<u>2,243,271</u>	<u>2,108,025</u>

Fair Value of Financial Assets

The methods and valuation techniques used for the purpose of measuring fair value of the company's financial assets are unchanged compared to the previous reporting period.

The levels of the hierarchy are as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: 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: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

This applies to the financial assets described in (a) below.

(a) Available for sale financial assets (Level 3) comprise:

Unlisted investments, at fair value

- Shares in other corporations

Total available for sale financial assets

48,949	48,949
<u>48,949</u>	<u>48,949</u>

(b) These loans are unsecured, non interest bearing and repayable on demand.

9. FINANCIAL ASSETS (CONTINUED)

- (c) These loans are secured by a charge over all of the assets and undertakings of each entity and interest bearing. Subject to the conditions of the agreement BPH Energy has the right to conversion to satisfy the debt on or before the termination date.

The company has entered into a convertible loan agreement with Cortical Dynamics. The loan is for a maximum amount of \$500,000 and is to be used for short term working capital requirements. Subject to Cortical being admitted to the Official list BPH Energy has a right of conversion to satisfy the debt on or before the termination date of 19 November 2016. As at reporting date the loan had been drawn down including all accrued interest by an amount of \$509,274 (June 2015: \$490,326).

The company has entered into a convertible loan agreement with Molecular Discovery Systems. The loan is for a maximum amount of \$500,000 and is to be used for short term working capital requirements. Subject to Molecular Discovery Systems being admitted to the Official list BPH Energy has a right of conversion to satisfy the debt on or before the termination date of 26 November 2016. As at reporting date the loan had been drawn down by an amount of \$480,428 (June 2015: \$473,659).

On 28th February 2012 BPH Energy entered into an additional convertible loan agreement with Cortical Dynamics. The facility is for a maximum amount of \$1M and has an annual interest rate of 9.40%. The will be used for short term working capital requirements and funding further development of the BAR monitor. The facility would have terminated on the earlier of 24 months from the execution date and any date on which the facility is terminated in accordance with the agreement. The loan is convertible at BPH's election if Cortical is unsuccessful in its application for admission to the Official List. The terms of the facility were extended by 12 months, changing the termination date to 28 February 2017. As at reporting date the loan had been drawn down including all accrued interest by an amount of \$1,148,975 (June 2015: \$1,095,091).

10. EVENTS SUBSEQUENT TO REPORTING DATE

On 28 January 2016 BPH investee Advent Energy announced that the National Offshore Petroleum Titles Administrator (NOPTA) had approved a suspension of the PEP11 Year 2 work program of a 200 km²D seismic survey and geotechnical studies until 12th August 2016.

On 16 February 2016 BPH investee Advent Energy announced that it had been advised of the suspension of the permit terms of EP 386 in the onshore Bonaparte Basin, north-eastern Western Australia. The WA Department of Mines has granted a suspension of the condition requiring the completion of the existing work commitments for a period of 12 months to 31 March 2017.

Independent Auditor's Review Report to the members of BPH Energy Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of BPH Energy Limited and its controlled entities (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2015, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration of the Group comprising the Company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Group are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards, including the Australian Accounting Interpretations, and the *Corporations Act 2001*. This responsibility includes: establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of BPH Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of BPH Energy Limited, would be in the same terms if given to the directors as at the time of this report.

Nexia Perth Audit Services Pty Ltd

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of BPH Energy Limited and its controlled entities is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of Matter

Without modifying our review conclusion we draw attention to Note 8 Investments in Associates to the financial statements which discloses the Group's associate, Advent Energy Ltd, has exploration expenditure commitments under the terms of its exploration permits of \$4,797,500 over the next 15 months from the reporting date in order to maintain right of tenure. Advent is currently in negotiations with a number of parties to raise funding for the exploration expenditure: however, there is no certainty at this stage that those discussions will result in further funding being made available. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to realise the investment in its associate, Advent Energy Ltd, in the normal course of business.

NPAS

Nexia Perth Audit Services Pty Ltd

Amar Nathwani

Amar Nathwani

Director

Perth 25 February 2016