



22 November 2017

Dear Shareholder

#### **BPH ENERGY LIMITED – PRO-RATA NON-RENOUNCEABLE RIGHTS ISSUE**

As announced on 12 November 2017, BPH Energy Limited (ACN 095 912 002) (**BPH**) is undertaking a 1:1 pro rata non-renounceable rights issue (**Rights Issue** or **Offer**) of approximately 588,702,017 fully paid ordinary shares (**New Shares**) to raise approximately \$1,177,404. The price of New Shares under the Offer is \$0.002 each (**Issue Price**). The Company lodged a prospectus for the Offer (**Prospectus**) with ASIC and ASX on 22 November 2017.

The funds raised from the Offer are planned to be used in accordance with the table set out below:

Item	Proceeds of the Offer	Full Subscription (\$)	%
1.	Investment in Oil and Gas	740,000	62.85%
2.	Investment in Cortical and HLS5 <sup>1</sup>	40,000	3.40%
3.	Maximum off-set amount <sup>2</sup>	166,031	14.10%
4.	Expenses of the Offer <sup>3</sup>	46,044	3.91%
5.	Working Capital	185,329	15.74%
	<b>Total</b>	<b>\$1,177,404</b>	<b>100%</b>

**Notes:**

1. Refer to ASX announcement dated 14 November 2017 for further details in relation to Cortical and the HLS5 investment.
2. The amount of funds raised will be reduced by up to a maximum of \$166,031 due to offsets against fees owed by the Company to current and former Directors, and loans granted by the Company to Grandbridge Limited. The Company has agreed to offset Mr David Breeze's Entitlements up to a maximum of \$71,783, Mr Greg Gilbert's (a former Director) Entitlements up to a maximum of \$1,923, Mr Tom Fontaine's (a former Director) Entitlements up to a maximum of \$8,769, and Grandbridge Securities Pty Ltd's and Grandbridge Limited's Entitlements up to a maximum of \$83,556. The effect on the Offer will be that the total funds raised will be reduced by up to a maximum of \$166,031 to \$1,011,373 (before costs). For further details, refer to section 6.3 of the Prospectus.
3. Refer to Section 9.6 of the Prospectus for further details relating to the estimated expenses of the Offer.

In the event that the Company raises less than the full subscription, the funds will be applied firstly to the expenses of the offer then pro-rata for the remaining items 1, 2, 3 and 5.

The Offer is being made to all shareholders of the Company (**Shareholders**) named on its register of members at 5:00pm (WST) on 28 November 2017, whose registered address is in Australia or New Zealand.

New Shares will rank equally with all fully paid ordinary shares in the capital of the Company (**Shares**) already on issue.

Following completion of the Offer, the Company will have issued approximately 588,702,017 New Shares resulting in total Shares on issue of approximately 1,177,404,034.

### **Ineligible shareholders**

A Shareholder who has a registered address outside Australia and New Zealand (**Ineligible Shareholder**) will not be eligible to participate in the Offer.

You are not eligible to participate in the Offer and you will not be sent a copy of the Prospectus. This decision has been made pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules after taking into consideration the costs of complying with legal and regulatory requirements in jurisdictions outside of Australia and New Zealand compared with the small number of Ineligible Shareholders and the number and value of New Shares to which they would otherwise be entitled.

If you have any queries concerning the Rights Issue, please contact your financial adviser or BPH's Company Secretary, on +61 8 9328 8366.

Yours sincerely

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

**David Breeze**  
**CHAIRMAN**