

13 SEPTEMBER 2022

# Half-Year Results Ending 30 June 2022

## HIGHLIGHTS

- Highest production revenue since inception with gross revenue of over \$22 million
- Net profit for the period (adjusted for non-cash items) of \$9 million
- Gross production for the period of 250,792 BOE
- Strong balance sheet with cash at end of period of \$34 million
- Three Drilling Spacing Units (DSUs), the Jewell, Rangers, and Flames, now Held By Production (HBP)

Perth, Western Australia – Brookside Energy Limited (ASX: BRK) (OTC Pink: RDEF) (Brookside or the Company) is pleased to provide shareholders and investors with the highlights from the half-year report for the period ending 30 June 2022.

**Commenting on this announcement, Managing Director, David Prentice said:**

“It has been a very busy and successful first half of the year for Brookside Energy, one we intend to emulate as we move forward. We executed the first phase of our strategy as planned, drilling, and producing from three DSUs which are now all Held By Production, resulting in record revenue and profit for the Company.

With an extensive pipeline of proven undeveloped (PUD) locations and robust commodity pricing, a strong balance sheet and potential opportunities for a nimble company like Brookside, we will see the Company growing from strength to strength as we move forward.

We look forward to keeping our shareholders updated as we proceed to execute the next phase of our strategy”

– ENDS –

**Authority:**

This announcement has been authorised for release by the Board of Directors of Brookside Energy Limited

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**Brookside Energy Interactive Investor Hub**

Engage with us directly by asking questions, watching video summaries, and seeing what other shareholders have to say about this and past announcements at our Investor Hub <https://investorhub.brookside-energy.com.au/>

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**Forward-Looking Statements and Other Disclaimers**

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The information set out in this announcement does not purport to be all-inclusive or to contain all the information, which its recipients may require to make an informed assessment of Brookside Energy. You should conduct your own investigations and perform your own analysis to satisfy yourself as to the accuracy and completeness of the information, statements and opinions contained in this announcement.

To the fullest extent permitted by law, the Company does not make any representation or warranty, express or implied, as to the accuracy or completeness of any information, statements, opinions, estimates, forecasts, or other representations contained in this announcement. No responsibility for any errors or omissions from this announcement arising out of negligence or otherwise is accepted.

**ABOUT BROOKSIDE ENERGY LIMITED**

**Brookside** is an Australian public company listed on the Australian (ASX: BRK), Frankfurt (8F3: FSE) and USA (OTC Pink: RDFEF) stock exchanges. The Company was founded in 2015, to focus on the mid-continent region of the US, where our deep and valued relationships enable us to work with local communities to ensure sustainable growth and value creation through the safe and efficient development of energy assets. Focused on exploitation not exploration, the Company generates shareholder value through a disciplined portfolio approach to the acquisition and development of oil and gas assets and the leasing and development of acreage opportunities. The Company's US subsidiary and manager of operations, Black Mesa, is an experienced mid-continent operator, which identifies opportunities and executes development for Brookside. Our business model effectively assigns risk and provides commercial incentives to maximize value for both parties.

Web <http://brookside-energy.com.au>

**ABOUT BLACK MESA ENERGY, LLC**

**Black Mesa Energy**, a Brookside Energy controlled subsidiary, is a Tulsa-based oil & gas exploration and production company focused on profitable development of petroleum properties located in the Mid-Continent oil province of the United States. Our lean and highly specialized technical and operations team is committed to providing attractive returns for our investors and shareholders by generating and drilling high quality oil and gas prospects. The founders of Black Mesa have worked together for over 30 years at companies they previously founded, including Medallion Petroleum, InterCoast Energy and Brighton Energy. Over the course of their careers, the Black Mesa team has drilled hundreds of horizontal wells and thousands of vertical wells in numerous mid-continent oil and gas basins. In addition to the financial backing from the Black Mesa shareholders, Black Mesa partners with outside investors on larger-scale projects by offering non-operated direct working interest participation.

Web <http://www.blkmesa.com>

**GLOSSARY**

APO WI	After pay-out working interest
AFIT	After Federal Income Tax
AOI	Area of Interest
BBL	Barrel
BFIT	Before Federal Income Tax
BOE	Barrels of Oil Equivalent
BOEPD	Barrels of Oil Equivalent Per Day
BOPD	Barrels of Oil Per Day
BPD	Barrels Per Day
COPAS	Council of Petroleum Accountants Societies
Development Unit or DSU	Development Unit or drilling spacing unit is the geographical area in which an initial oil and/or gas well is drilled and produced from the geological formation listed in a spacing order. The spacing unit communitizes all interest owners for the purpose of sharing in production from oil and/or gas wells in the unit. A spacing order establishes the size of the unit; names the formations included in the unit; divides the ownership of the unit for the formations into the "royalty interest" and the "working interest;" Only one well can be drilled and completed in each common source of supply. Additional wells may be drilled in a Development Unit, but only after an Increased Density Order is issued by the Oklahoma Corporation Commission.
Force Pooled	The Oklahoma Corporation Commission is authorized to establish well spacing and drilling units covering any common source of supply of hydrocarbons, or any prospective common source of supply. Once the unit is established, the Commission can force pool the interests of all the owners who own interests in that unit and who have not voluntarily joined in the development of that unit.
IP	Initial Production
MBOE	1,000 barrels of oil equivalent
Mcf	1,000 cubic feet
MMBOE	1,000,000 barrels of oil equivalent
NPV <sub>10</sub>	The net present value of future net revenue before income taxes and using a discount rate of 10%.
NRI	Net Revenue Interest
PDP	Proved Developed Producing Reserves
Pooling Agreements	The pooling agreements facilitate the development of oil and gas wells and drilling units. These binding pooling agreements are between the Company and the operators
Prospective Resource	Prospective Resources are those quantities of petroleum which are estimated, on a given date, to be potentially recoverable from undiscovered accumulations.
PUD	Proved Undeveloped Reserves
Reserve Categories	These reserve categories are totalled up by the measures 1P, 2P, and 3P, which are inclusive of all reserve types: <ul style="list-style-type: none"> <li>• "1P reserves" = proven reserves (both proved developed reserves + proved undeveloped reserves).</li> <li>• "2P reserves" = 1P (proven reserves) + probable reserves, hence "proved AND probable."</li> <li>• "3P reserves" = the sum of 2P (proven reserves + probable reserves) + possible reserves, all 3Ps "proven AND probable AND possible."</li> </ul>
STACK	Sooner Trend Anadarko Basin Canadian and Kingfisher Counties – oil and gas play in the Anadarko Basin Oklahoma
SCOOP	South Central Oklahoma Oil Province - oil and gas play in the Anadarko Basin Oklahoma
SWISH AOI	Description of Brookside's Area of Interest in the SCOOP Play
Working Interest	Percentage of ownership in a lease granting its owner the right to explore, drill and produce oil and gas from a tract of property. Working interest owners are obligated to pay a corresponding percentage of the cost of leasing, drilling, producing, and operating a well or unit



# Brookside

**BROOKSIDE ENERGY LIMITED**

**ACN 108 787 720**

**FINANCIAL REPORT**

**FOR THE HALF-YEAR ENDED 30 JUNE 2022**

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# DIRECTORS' REPORT

The Directors of Brookside Energy Limited (**Company**) and its subsidiaries (**Group**) present their report and the financial statements for the half-year ended 30 June 2022. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

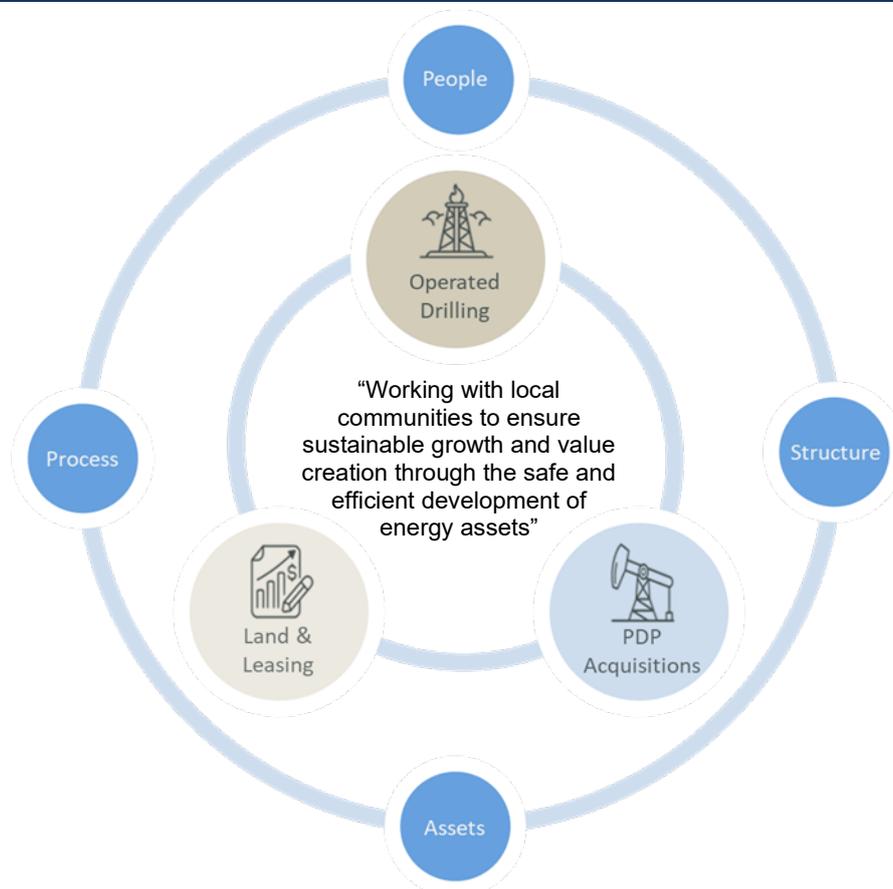
## BOARD OF DIRECTORS

The names of directors who held office during or since the end of the half year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Name	Position
Michael Fry	Non-Executive Chairman
David Prentice	Managing Director
Richard Homsany	Non-Executive Director

## REVIEW OF OPERATIONS

### Brookside's Three Pillars



# DIRECTORS' REPORT

During the half-year to 30 June 2022 the Company saw significant activity across each of its three pillars of Operated Drilling, Producing Properties Acquisitions and Land & Leasing. By the end of July the company had three operated wells on production, the Jewell, Rangers, and Flames wells, marking the completion of the Company's Held by Production (HBP) drilling program, a very significant milestone for the business (Figure 1). The Company finished the half-year with gross operated production of 1,728 BOE per day, and group net production (including non-operated production) of 961 BOE per day.

A strong pricing environment ensured strong revenue growth for Brookside which reached a record A\$11,723,000 in Q2 2022 receipts from the sales of oil, natural gas liquids and gas and accelerated early pay-out of the Jewell well, which achieved pay-out in Q1 less than six months after coming on production. The Company plans to capitalise on the strong pricing environment and its superior acreage position via the monetisation of its large inventory of low-risk high-value proved undeveloped locations.

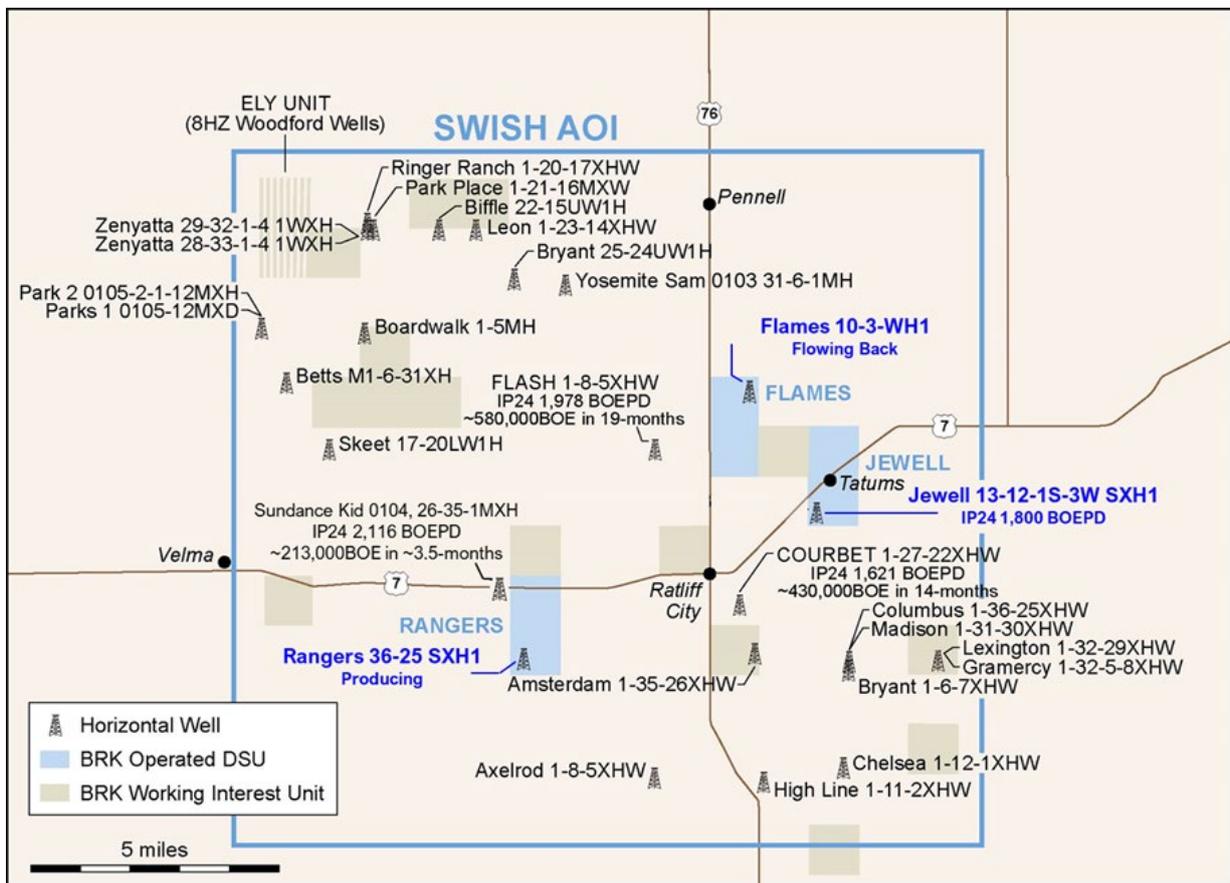


Figure 1. SWISH activity map showing the location of Brookside's three operated wells and Drilling Spacing Units (DSUs)

# DIRECTORS' REPORT

## Anadarko Basin Focus

The Anadarko Basin is a geologic depositional and structural basin centred in the western part of Oklahoma that is oil and gas rich, and generally well explored (mature).

The basin is a proven tier-one oil and gas development province with significant existing oil and gas gathering and transportation infrastructure, a competitive and highly experienced oil and gas service sector, and a favourable regulatory environment.

Activity continues to focus primarily on two world-class oil and gas plays – STACK and SCOOP. The STACK (Sooner Trend, Anadarko Basin, Canadian and Kingfisher Counties) and SCOOP (South Central Oklahoma Oil Province) Plays are being developed using modern horizontal drilling and completion techniques targeting the Mississippian aged formations (that sit above the Woodford Shale) and the Woodford Shale itself (the organic rich source rock for the hydrocarbons in the basin).

The SWISH AOI is in the core of the SCOOP Play, identified and named by Brookside's controlled subsidiary and manager of US operations, Black Mesa (Figure 2).

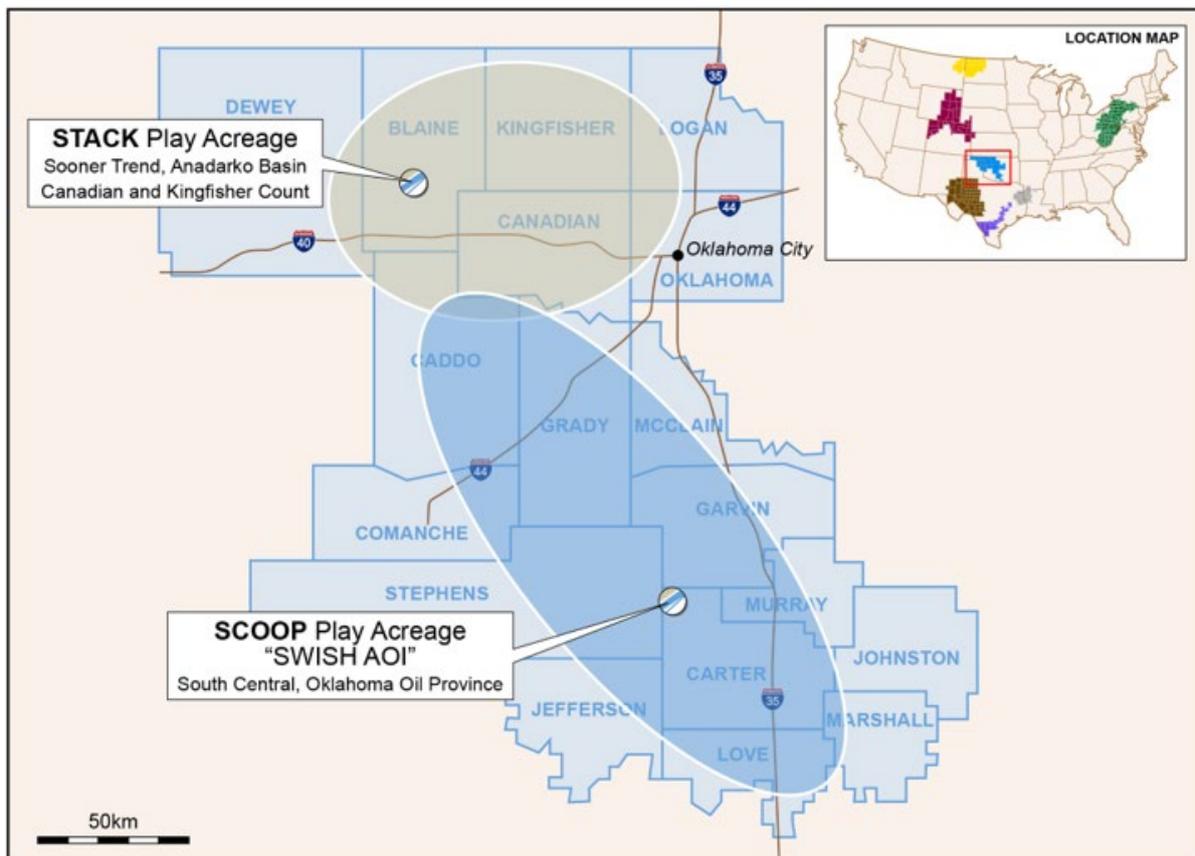


Figure 2. Anadarko Basin, Oklahoma (STACK & SCOOP Plays)

## DIRECTORS' REPORT

### Drilling and Completion Activities

The Company has an interest in fifty-three DSUs (forty-nine wells), targeting the productive formations of the Anadarko Basin (see Table 1).

Well Name	WI	OPERATOR	STATUS
JEWELL 13-12-1S-3W SXH1	51.99%	Black Mesa Energy, LLC	Producing
FLAMES 10-3-1S-3W WXH1	71.30%	Black Mesa Energy, LLC	Flowing
MITCHELL 12-1	49.4%	Black Mesa Energy, LLC	Shut-In
THELMA 1-32	36.2%	Black Mesa Energy, LLC	Producing
RANGERS 36-25-1S-4W SXH1	78.69%	Black Mesa Energy, LLC	Producing
CARTER 12-1	36.98%	Black Mesa Energy, LLC	Producing
NEWBERRY	21.7%	Black Mesa Energy, LLC	Producing
HERRING 1-33 1513MH	18.18%	Citizen Energy III, LLC	Producing
COMPTON 2-8	9.46%	Mustang Fuel Corp.	Producing
BULLARD 1-18-07UWH	5.21%	Rimrock Resource Operating, LLC	Producing
HENRY FEDERAL 1-8-5XH	4.43%	Continental Resources, Inc.	Producing
CAULEY 1-7	4.22%	Devon Energy Corp.	Shut-In
GERHARDT 1-7	4.22%	Devon Energy Corp.	Shut-In
TRIM UNIT 1	4.22%	Devon Energy Corp.	Shut-In
DR NO 1-17-20 1611MHX	3.79%	Citizen Energy III, LLC	Producing
MOTE 1-26-23UWH	3.20%	Rimrock Resource Operating, LLC	Producing
SPHINX 26 23-16N-11W-1XH	2.89%	Devon Energy Corp.	Producing
ROSER 1611 1-3-34MXH	2.80%	Marathon Oil Co.	Producing
KEVIN FIU 1-20-17XH	2.21%	Continental Resources, Inc.	Producing
LADYBUG 27 22-15N-13W 1HX	2.15%	Devon Energy Corp.	Producing
LANDRETH BIA 1-14H	1.80%	Marathon Oil Co.	Producing
DAVIS 1-8-1611MH	1.17%	Citizen Energy III, LLC	Producing
STRACK 1-2-11XH	1.02%	Marathon Oil Co.	Producing
MIKE COM 1H-0706X	0.38%	Cimarex Energy, Co.	Producing
CENTAUR 7_6-15N-10W 3HX	0.29%	Devon Energy Corp.	Producing
CENTAUR 7_6-15N-10W 2HX	0.29%	Devon Energy Corp.	Producing
CENTAUR 7_6-15N-10W 4HX	0.29%	Devon Energy Corp.	Producing
CENTAUR 7_6-15N-10W 5HX	0.28%	Devon Energy Corp.	Producing
LEON 1-23-14XHM	0.17%	Continental Resources, Inc.	Producing
BIFFLE 22-15 UW1H	0.16%	Cheyenne Petroleum, Co.	Producing
BOARDWALK 1-5MH	0.15%	Continental Resources, Inc.	Producing
LEXINGTON 1-32-29XHW	0.08%	Continental Resources, Inc.	Producing
ESSEX 1R-12-13-24XHW	0.03%	Continental Resources, Inc.	Producing
ZENYATTA 28-33-1-4 1WXH	0.02%	Citizen Energy III, LLC	Producing
RINGER RANCH 1-20-17XHM	0.01%	Continental Resources, Inc.	Producing
GRAMERCY 1-32-5-6-8XHW	0.17%	Continental Resources, Inc.	Producing
McKINLEY 13&24 15-13	0.00%	Continental Resources, Inc.	ORRI Only
ASSAULT 1-9-16-21XHM	0.08%	Citation Oil & Gas Company	Producing
BUCHER 1711 1-34MH	0.00%	Marathon Oil Co.	ORRI Only
MCCLUNG 1-17	0.00%	Encana	ORRI Only
ROSER 1611 1-3-34MXH	0.00%	Marathon Oil Co.	ORRI & RI
ROSER 1611 2-3-34MXH	0.00%	Marathon Oil Co.	ORRI Only
ROSER 1711 4-3-34MXH	0.00%	Marathon Oil Co.	ORRI Only
BOARDWALK 1-5MH	0.00%	Continental Resources, Inc.	ORRI
HENRY FEDERAL 1-8-5XH	0.00%	Continental Resources, Inc.	ORRI
LADYBUG 27 22-15N-13W 1HX	0.00%	Devon Energy Corp.	ORRI
DR NO 1-17-20 1611MHX	0.00%	Citizen Energy III, LLC	ORRI
CATSKILLS 1-1-12XHW	0.00%	Continental Resources, Inc.	ORRI
CATSKILLS 1-1-12XHW	0.12%	Continental Resources, Inc.	Drilling
NW CAMP DEESE UNIT	0.00%	Phoenix Petrocorp, Inc.	RI
TATUMS FIELD UNIT	0.00%	Citation Oil & Gas Company	RI
TATUMS TOWNSITE UNIT	0.00%	Citation Oil & Gas Company	RI
TATUMS SAND UNIT	0.00%	Citation Oil & Gas Company	RI

Table 1: Company wells / DSUs and Working Interest (WI) in the SCOOP and STACK Plays in the Anadarko Basin, Oklahoma

Note: Working Interest percentages may change subject to the issue of final pooling orders. Working Interest for the Flames is estimate post pooling.

# DIRECTORS' REPORT

## Jewell Well Operations

The Jewell Well (52% Working Interest), the Company's first high impact operated well in the SWISH AOI, achieved pay-out in the first quarter 2022 within a record six months of commencing production with all drilling and completion costs fully recovered. The expedited pay-out considerably beat pre-drill estimates due to the better-than-expected Jewell Well production rates, a strong mix of oil and liquids rich gas and decade high commodity prices.

The quick pay-out of the Jewell Well further cements Brookside as an institutional grade operator in the SWISH AOI with the ability to identify high-class opportunities and monetise them quickly.

By the end of June 2022 Jewell Well cumulative production had reached 339,000 BOE (Figure 3).

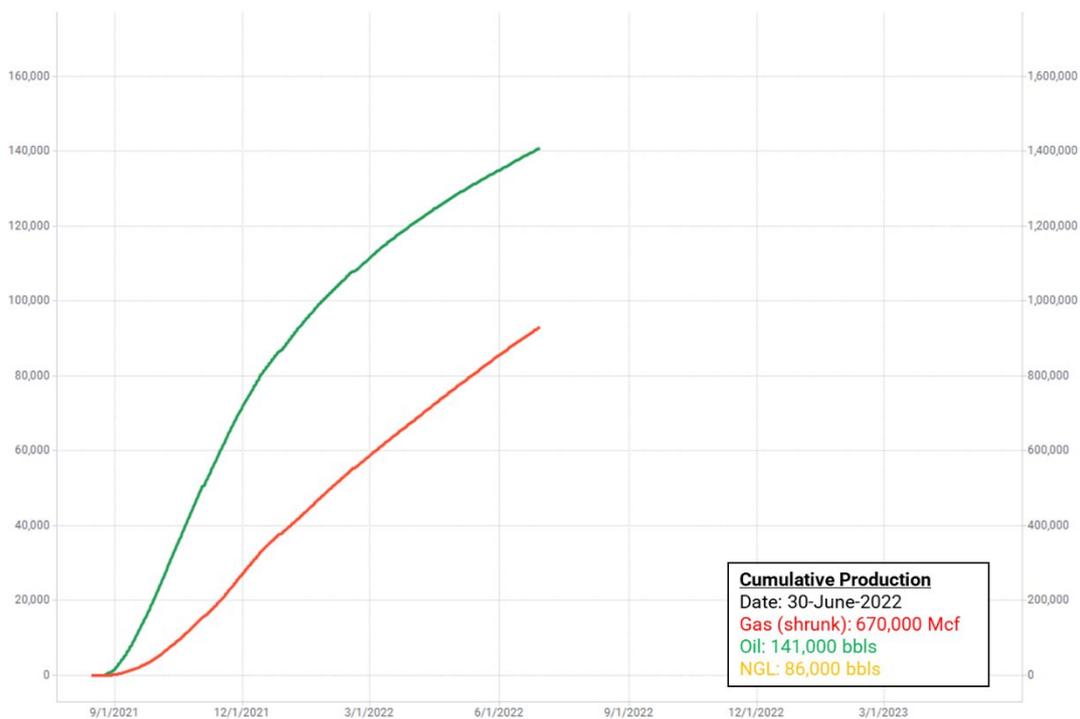


Figure 3. Cumulative production on 30 June 2022 for the Jewell Well.

## Rangers Well Operations

Drilling of the Rangers Well (79% Working Interest) successfully reached TD (total measured depth) of ~17,460 feet with the well then cased with the production string that was subsequently cemented in place.

Site work was conducted in preparation for arrival of well stimulation equipment and construction of production facilities commenced including a heated horizontal separator, vertical heater treater, vertical separator, and four 750-barrel storage tanks (Figure 4).

## DIRECTORS' REPORT

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Figure 4. Rangers tank battery and separators

Cudd Energy Services successfully completed the multi-stage stimulation of the Rangers Well (Figure 5). All stages were completed as designed and planned, with the reservoir successfully stimulated and the equipment rigged down and demobilised.

Using a coiled tubing unit the isolation plugs used for each stimulation stage were successfully milled out and drilling fluid was circulated in the wellbore to clean-up and remove any remaining debris from the milling operations and the stimulation process. In line with expectations, during operations to circulate the drilling fluid oil and gas were recovered to surface.

At the end of March clean-up operations on the Rangers Well were being completed and flow-back operations were commencing.



Figure 5. Rangers Well stimulation operations

The Rangers Well commenced production in April during the early part of the flow-back and stimulation fluid recovery operations, with production building during the period.

On 12 May 2022 the company announced that the Rangers Well production had reached 1,008 BOEPD, ~80% oil plus gas and natural gas liquids. By 22 June 2022 the Rangers Well had recorded a daily production rate of 1,310 BOEPD, ~87% oil and gas liquids.

The Rangers Well had gross production for the period (total production by 30 June) of 81,733 BOE (Figure 6). Based on the Company's current forecast (production and pricing) the Rangers Well is expected to achieve well bore payout late in the third quarter of 2022.

## DIRECTORS' REPORT

With commercial production now established in the Rangers Drilling Spacing Unit (DSU), this unit is classified as HBP. This classification will ultimately enable the Company to book proved developed and proved undeveloped reserves within this DSU.

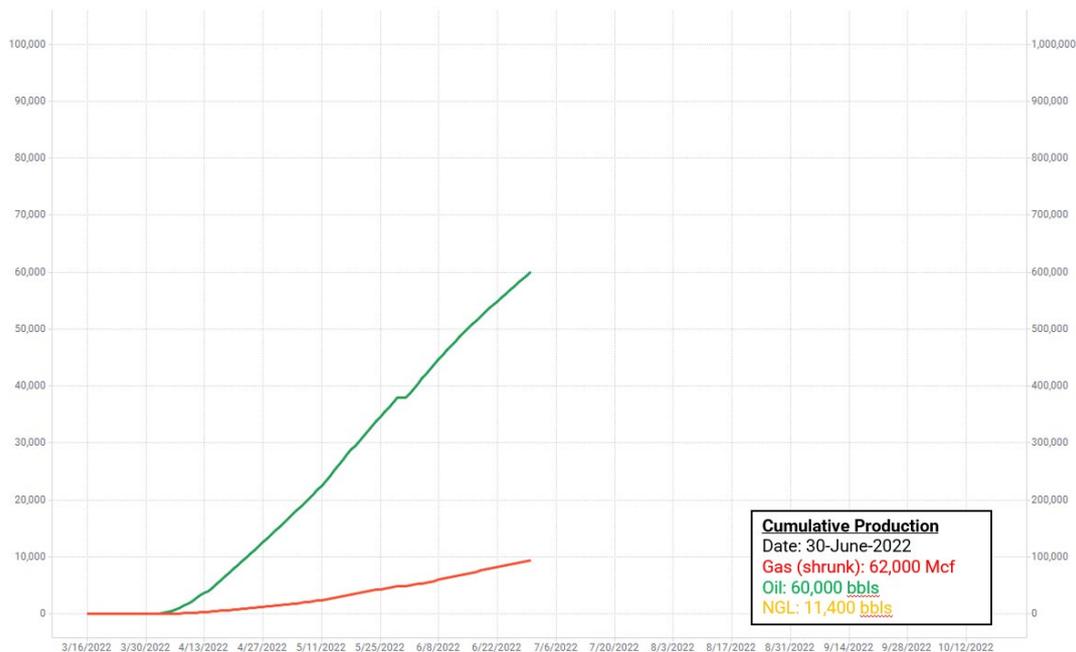


Figure 6: Cumulative production on 30 June 2022 for the Rangers Well. The well commenced production in April 2022.

Early in the period the Company announced that three large US producers confirmed their participation in the Rangers DSU, led by Houston based Citation with a 10.2% WI, Oklahoma City headquartered Continental (NYSE: CLR) with a 5.3% WI and Houston based XTO with a 1.7% WI.

Citation is one of the largest private oil and gas companies in the US and is a very experienced and active player in the SWISH AOI and the Southern SCOOP area generally. Continental (market capitalisation of US\$19bn) is a top ten oil producer in the US, and the most dominant operator across the Anadarko Basin plays, with very large holdings throughout the STACK and SCOOP Plays and a dominant position in the Southern SCOOP. XTO is a subsidiary of super major Exxon Mobil (NYSE: XOM) (market capitalisation US\$304bn) that has extensive largely non-operated holdings within the Anadarko Basin.

### **Flames Well Operations**

On 21 April 2022, the Company announced that the Flames Well (~71% Working Interest), Brookside's third operated well in the SWISH AOI and its first in the Flames DSU, had reached TD (total measured depth) of ~18,140 feet and was successfully cased with 5.5' production casing (Figure 7).

## DIRECTORS' REPORT

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Figure 7. Kenai Rig 18 drilling the Flames Well, Carter County, Oklahoma

Brookside appointed Oklahoma-based Producers Service Corp. (PSC), a leading private North American oilfield services company, to supply and operate the equipment and personnel for the completion of the Flames Well. On 15 June 2022 the Company announced that completion operations had commenced with the first few stages pumped as per our completion design for this well (Figure 8). By the end of the period the multi-stage stimulation had been successfully completed and a snubbing unit was being mobilised to mill out the isolation plugs for each stage and commence circulation and well bore clean-up operations.



Figure 8. Producers Service Corp. (PSC) conducting multi-stage hydraulic stimulation operations on the Flames Well, Carter County, Oklahoma.

## DIRECTORS' REPORT

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Post the end of June, the Company announced that the Flames Well flow-back operations had commenced with the well flowing to temporary facilities on location as the stimulation fluids started to be recovered. Oil and gas had already been recovered during the early part of the flow-back process. Temporary facilities designed to remove sand and other debris from the stimulation fluids were being used during this initial flow-back phase after which the well will be flowed through permanent facilities already installed on site.

### Orion Project Joint Venture

The Company continued to work up a pipeline of opportunities during the first half of the year.

While the focus of the teams remained firmly on our activities within the SWISH AOI during the first half of the year, we continued to actively pursue and review PDP acquisition opportunities that fit our investment hurdles.

Technical work on the Bradbury opportunity was completed during the period and the Company is now close to a positive recommendation to move forward and drill a low-cost vertical well to offset the Company's Thelma Well.

### Land & Leasing

During the period, the Company continued to evaluate new acreage opportunities. While still early in the process the Company is quietly confident that some of these opportunities will bear fruit for the Company and its shareholders, allowing Brookside to continue to grow its acreage position.

# DIRECTORS' REPORT

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## Corporate

On 7 March 2022 the Company entered into an agreement with CPS Capital Group Pty Ltd (**CPS**) under which CPS agreed to underwrite a portion of the Options (**Underwriting Agreement**) and to conduct a placement of loan notes for a short-term financing facility of AUD\$7,500,000 (**Facility**). The Facility comprised of loan notes, each note having a face value of AUD\$250,000 and a value at maturity (14 July 2022) of AUD\$275,000. The loan notes are unsecured, save for a charge over the proceeds received by the Company from the exercise of Options. Subject to the terms of the Underwriting Agreement, CPS agreed to underwrite any shortfall in the exercise of the Options up to an amount of AUD\$9,250,000 (or such higher amount as the parties may agree). For further details of the Facility and the Underwriting Agreement please see the Company's ASX release of 7 March 2022.

## SUBSEQUENT EVENTS

On 8 July 2022, the Company announced that the final batch of Option exercises has been processed, resulting in the issue of 163,878,320 fully paid ordinary shares. The securities resulting from the exercise of the remaining unexercised Options were placed pursuant to the terms of the underwriting agreement entered into between the Company and CPS Capital Group Pty Ltd (**CPS**), details of which were set out in the Company's release of 7 March 2022.

On 13 July 2022, the Company made a full repayment of the loan facility in cash.

On 14 July 2022, the Company announced that the securities resulting from the exercise of the remaining 37,654,688 unexercised Options had been placed pursuant to the terms of the underwriting agreement entered into between the Company and CPS, details of which were set out in the Company's release of 7 March 2022.

On 21 July 2022, the Company announced that it had issued a total of 12,472,777 fully paid ordinary shares upon final reconciliation of its registry and subscription account for option exercises.

No other matters or circumstances have arisen since the end of the half-year which significantly affected or could significantly affect the operations of the Company, the results of these operations, or the state of affairs of the Company in future financial years.

## DIRECTORS' REPORT

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### SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group other than as referred to elsewhere in this consolidated half-year report and in the accounts and notes attached thereto.

### SCHEDULE OF OIL AND GAS INTERESTS

COUNTY	INTEREST ACQUIRED OR (DISPOSED) OF DURING THE PERIOD	TOTAL ACRES	WORKING INTEREST
Blaine County, Oklahoma	Nil	~430 acres	Working Interest
Garvin County, Oklahoma	Nil	~305 acres	Working Interest
Stephens & Carter Counties, Oklahoma	Nil	~2,200 acres	Working Interest
Murray County, Oklahoma	Nil	~40 acres	Working Interest

### AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd (WA), to provide the directors of the Company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on the following page and forms part of this directors' report for the half-year ended 30 June 2022.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the Corporations Act 2001.



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David Prentice  
**Managing Director**

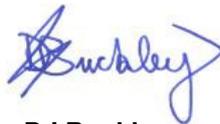
Dated this 13<sup>th</sup> day of September 2022

## AUDITOR'S INDEPENDENCE DECLARATION

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

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

Perth, Western Australia  
13 September 2022



**D I Buckley**  
Partner

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

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Half-Year Ended 30 June 2022

	Notes	6 months to 30 June 2022 \$	6 months to 30 June 2021 \$
Royalty revenue	2	22,148,769	440,295
Royalties expense	2	(11,734,389)	-
Production expense		(244,729)	(108,621)
Gross profit		10,169,651	331,674
Government grant and subsidies		-	165,888
Fair value gain on equity investment		-	82,500
Other revenue	2	566,159	552,041
Director and employee related expenses		(615,828)	(370,858)
Compliance and registry expenses		(86,564)	(212,211)
Accounting and audit fees		(112,908)	(94,656)
Share based payments expense	14	(1,377,755)	(1,687,000)
Interest on financing	8	(663,934)	(271,011)
Finance costs		(450,000)	-
Promotion and communication cost		(185,033)	(100,241)
Amortisation expense	3	(2,415,706)	(212,150)
Other expenses	2	(326,720)	(304,584)
		<b>(6,234,448)</b>	<b>(3,252,711)</b>
<b>Profit/(Loss) before income tax expense</b>		<b>4,501,362</b>	<b>(2,120,608)</b>
Income tax expense		-	-
<b>Net profit/(loss) for the period</b>		<b>4,501,362</b>	<b>(2,120,608)</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit and loss:</i>			
Exchange differences on the translation of foreign operations		2,579,660	446,990
<b>Other comprehensive income/(loss) for the year net of taxes</b>		<b>7,081,022</b>	<b>(1,673,618)</b>
<b>Total comprehensive income/(loss) for the year</b>		<b>7,081,022</b>	<b>(1,673,618)</b>
<b>Earnings/(loss) Per Share</b>			
Basic earnings/(loss) per share (cents)	11	0.13	(0.10)
Diluted earnings/(loss) per share (cents)	11	0.13	(0.10)

The accompanying notes form part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As At 30 June 2022

	Notes	30 June 2022 \$	31 December 2021 \$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents		34,403,861	17,038,540
Trade and other receivables	6	5,501,269	1,263,356
Financial assets fair value through profit or loss	5	120,000	120,000
Other		14,516	-
<b>Total Current Assets</b>		<b>40,039,646</b>	<b>18,421,896</b>
<b>Non-Current Assets</b>			
Property, plant, and equipment		2,018	2,981
Producing assets	3	16,686,009	6,556,585
Exploration and evaluation assets	4	24,461,780	15,780,667
<b>Total Non-Current Assets</b>		<b>41,149,807</b>	<b>22,340,233</b>
<b>Total Assets</b>		<b>81,189,453</b>	<b>40,762,129</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	7	13,230,773	4,655,237
Borrowings	8	8,163,934	-
<b>Total Current Liabilities</b>		<b>21,394,707</b>	<b>4,655,237</b>
<b>Non Current Liabilities</b>			
Provisions		72,581	68,906
<b>Total Non Current Liabilities</b>		<b>72,581</b>	<b>68,906</b>
<b>Total Liabilities</b>		<b>21,467,288</b>	<b>4,724,143</b>
<b>Net Assets</b>		<b>59,722,165</b>	<b>36,037,986</b>
<b>Equity</b>			
Share capital	9	267,604,679	252,356,277
Reserves	10	10,051,619	6,117,204
Accumulated losses	11	(217,934,133)	(222,435,495)
<b>Total Equity</b>		<b>59,722,165</b>	<b>36,037,986</b>

The accompanying notes form part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Half-Year Ended 30 June 2022

	Share Capital \$	Accumulated Losses \$	Share Based Payment Reserve \$	Foreign Currency Translation Reserve \$	Total \$
<b>Balance at 1 January 2021</b>	<b>227,091,611</b>	<b>(219,824,159)</b>	<b>431,039</b>	<b>(148,406)</b>	<b>7,550,085</b>
Loss for the period	-	(2,120,608)	-	-	<b>(2,120,608)</b>
Other comprehensive income	-	-	-	446,990	<b>446,990</b>
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>(2,120,608)</b>	<b>-</b>	<b>446,990</b>	<b>(1,673,618)</b>
Shares issued during the period	14,487,604	-	-	-	<b>14,487,604</b>
Options issued during the period	-	-	2,000,000	-	<b>2,000,000</b>
Share issue costs	(1,495,000)	-	-	-	<b>(1,492,500)</b>
<b>Balance at 30 June 2021</b>	<b>240,084,215</b>	<b>(221,944,767)</b>	<b>2,431,039</b>	<b>298,584</b>	<b>20,869,071</b>
<b>Balance at 1 January 2022</b>	<b>252,356,277</b>	<b>(222,435,495)</b>	<b>4,976,039</b>	<b>1,141,165</b>	<b>36,037,986</b>
Profit for the period	-	4,501,362	-	-	<b>4,501,362</b>
Other comprehensive income	-	-	-	2,579,660	<b>2,579,660</b>
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>4,501,362</b>	<b>-</b>	<b>2,579,660</b>	<b>7,081,022</b>
Shares issued in lieu of services	23,000	-	-	-	23,000
Share options exercised	13,888,894	-	-	-	13,888,894
Shares to be issued	1,336,508	-	-	-	1,336,508
Limited recourse loan (refer to note 9)	-	-	1,276,709	-	1,276,709
Share rights issued during the period	-	-	78,046	-	78,046
<b>Balance at 30 June 2022</b>	<b>267,604,679</b>	<b>(217,934,133)</b>	<b>6,330,794</b>	<b>3,720,825</b>	<b>59,722,165</b>

The accompanying notes form part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For The Half-Year Ended 30 June 2022

		6 months to 30 June 2022 \$	6 months to 30 June 2021 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		23,075,285	951,451
Payments to suppliers and employees		(10,671,067)	(756,476)
Interest received		597	1,743
<b>Net cash provided by operating activities</b>		<b>12,404,815</b>	<b>196,718</b>
<b>Cash flows from investing activities</b>			
Proceeds from exploration project participant	7	-	812,263
Payments for exploration activities	4	(14,078,342)	(3,096,771)
Payments for producing assets	3	(3,604,072)	(85,581)
<b>Net cash used in investing activities</b>		<b>(17,682,414)</b>	<b>(2,370,089)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	9A	-	8,250,000
Proceeds from exercise of options	9A	15,281,443	2,958,104
Payments of share issue costs	9A	-	(495,000)
Proceeds from borrowings	8	7,500,000	144,719
Payments of borrowing costs	8	(450,000)	-
Repayment of borrowings	8	-	(1,365,000)
<b>Net cash provided by financing activities</b>		<b>22,331,443</b>	<b>9,492,823</b>
<b>Net increase in cash and cash equivalents</b>		<b>17,053,844</b>	<b>7,319,452</b>
Cash at beginning of the period		17,038,540	1,302,364
Effect of exchange rates on cash		311,477	(24,310)
<b>Cash at end of period</b>		<b>34,403,861</b>	<b>8,597,506</b>

The accompanying notes form part of these consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

### 1.A. STATEMENT OF COMPLIANCE

The half-year consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134: Interim Financial Reporting, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board (**AASB**). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

The interim financial statements comprise the condensed interim financial statements for the Group. For the purposes of preparing the interim financial statements, the Company is a for-profit entity.

The half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position, and cash flows of the Group as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 31 December 2021 and any public announcements made by Brookside Energy Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and ASX Listing Rules.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

### 1.B. BASIS OF PREPARATION

The half-year report has been prepared on a historical cost basis unless specified elsewhere in the financial statements. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted. For the purpose of preparing the half-year report, the half-year has been treated as a discrete reporting period.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 1.C. SIGNIFICANT ACCOUNTING JUDGEMENTS AND KEY ESTIMATES

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 31 December 2020.

## 1.D. GOING CONCERN

The interim financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlements of liabilities in the ordinary course of business.

## 1.E. ACCOUNTING POLICIES AND METHODS OF COMPUTATION

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current half-year.

## 1.F. ADOPTION OF NEW AND REVISED STANDARDS

### 1.F.1. Standards and Interpretations applicable to 30 June 2022

In the half-year ended 30 June 2022, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the half-year reporting periods beginning on or after 1 January 2022.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and therefore no material change is necessary to Group accounting policies.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1.F.2. Standards and Interpretations in issue not yet adopted applicable to 30 June 2022

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted that are relevant to the Company and effective for the half-year reporting periods beginning on or after 1 July 2022.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations in issue not yet adopted on the Company and therefore no material change is necessary to Group accounting policies.

## 2. REVENUES AND EXPENSES

### REVENUE

	<b>6 months to 30 June 2022</b>	<b>6 months to 30 June 2021</b>
	<b>\$</b>	<b>\$</b>
Oil and gas sales (Point in time)	22,148,769	440,295
Royalties expenses	(11,734,389)	-
Oil and gas revenue	<b>10,414,380</b>	<b>440,295</b>
<b>Other revenue</b>		
Overhead income from program participants	425,676	479,310
Other	140,483	70,988
	<b>566,159</b>	<b>550,298</b>

### EXPENSES

	<b>6 months to 30 June 2022</b>	<b>6 months to 30 June 2021</b>
	<b>\$</b>	<b>\$</b>
<b>Other expenses</b>		
Administration expenses	196,830	127,422
Insurance expenses	30,931	41,191
Travel expenses	83,136	60,917
Loss on foreign exchange movement	-	54,823
Depreciation expenses	823	18,857
Consultant fees	15,000	1,374
	<b>326,720</b>	<b>304,584</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3. PRODUCING ASSETS

	As at 30 June 2022 \$	As at 31 Dec 2021 \$
Balance at beginning of period – at cost	6,556,585	774,014
Transferred from exploration and evaluation assets	8,699,041	4,150,175
Add: acquisition of working interest	-	2,723,722
Add: capitalisation of production expense	3,604,072	213,659
Less: sale of working interest	-	(27,186)
Less: amortisation	(2,415,706)	(1,279,781)
Foreign currency translation on movement	242,017	1,982
	<b>16,686,009</b>	<b>6,556,585</b>

#### Estimates and judgements

Assumptions used to carry forward the producing assets.

During the half-year ended 30 June 2022, no producing assets were assessed as impaired, this included the capitalised costs transferred from exploration and evaluation assets in relation to the Rangers well.

The estimation of reserves requires significant management judgement and interpretation of complex geological and geophysical models in order to make an assessment of the size, share, depth and quality of reservoirs and their anticipated recoveries. Estimates have been used to determine the fair value of the oil and gas properties for the purpose of the assessment of depletion and amortisation charges.

### 4. EXPLORATION AND EVALUATION

	As at 30 June 2022 \$	As at 31 Dec 2021 \$
<i>Costs carried forward in respect of areas of interest in:</i>		
Exploration and evaluation phases – at cost	<b>24,461,779</b>	<b>15,780,667</b>
Opening Balance	<b>15,780,667</b>	<b>10,928,991</b>
Capitalised expenses	16,559,442	8,353,135
Transfer to Producing assets	(8,699,041)	(4,150,175)
Foreign currency transaction on movement	820,712	648,716
	<b>24,461,780</b>	<b>15,780,667</b>

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases are dependent on the successful development and commercial exploitation or sale of the respective areas.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 5. FINANCIAL ASSETS

	As at 30 June 2022 \$	As at 31 Dec 2021 \$
Listed shares – at fair value	120,000	120,000

This balance represents the company's shareholding of 7,500,000 shares in Stonehorse Energy Limited (ASX: SHE).

The Company's financial assets are measured at fair value through Profit or Loss at the end of the reporting period based on Level 1 inputs in the fair value hierarchy.

### 6. TRADE AND OTHER RECEIVABLES

	As at 30 June 2022 \$	As at 31 Dec 2021 \$
<b>Current</b>		
Trade receivables	5,426,566	947,885
Other receivables	74,703	315,471
	<b>5,501,269</b>	<b>1,263,356</b>

Trade receivables are generally due for settlement within periods ranging from 15 days to 30 days. There are no receivables that are past due date, and no expected credit loss is required to be recognised at balance date.

### 7. TRADE AND OTHER PAYABLES

	As at 30 June 2022 \$	As at 31 Dec 2021 \$
<b>Current</b>		
Trade creditors	2,547,177	57,997
Accrued and other payables	117,169	49,600
Other current liabilities <sup>(i)</sup>	10,566,427	4,547,640
	<b>13,230,773</b>	<b>4,655,237</b>

(i) Other current liabilities – relates to funds received or receivable from the sale of oil and gas which needs to be distributed to project participants.

Trade creditors are non-interest bearing and are normally settled on 30-day terms.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 8. BORROWINGS

	As at 30 June 2022 \$	As at 31 Dec 2021 \$
Loan note - current	8,163,934	-
	<b>8,163,934</b>	<b>-</b>

	As at 30 June 2022 \$	As at 31 Dec 2021 \$
Opening balance	-	5,192,635
Loan note received during the period	7,500,000	-
Repayments	-	(5,610,033)
Interest accrued on borrowings	663,934	289,975
Foreign currency translation	-	127,423
	<b>8,163,834</b>	<b>-</b>

On 7 March 2022, the Company executed an agreement with CPS Capital Group Pty Ltd to underwrite, a portion of the Company's BRKOB listed options (exercisable at \$0.011 on or before 30 June 2022) (Options) and to conduct a placement of loan notes for a short-term financing facility of \$7,500,000 (**Facility**).

The Facility comprised of loan notes, each note having a face value of \$250,000 and a value at maturity date on 14 July 2022 of \$275,000 (inclusive of 10% interest). The loan notes are unsecured, save for a charge over the proceeds received by the Company from the exercise of the Options. Loan note holders will also receive a first right of refusal to sub-underwrite the shortfall Options on the basis set out below. A facility fee of \$450,000 was charged by the arranger.

On 13 July 2022, the Facility was repaid in full in accordance with their terms, following which no further amounts remain outstanding under the Facility.

#### 8.A. DERECOGNITION OF FINANCIAL LIABILITIES

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 9. SHARE CAPITAL

	As at 30 June 2022 \$	As at 31 Dec 2021 \$
<b>Issued and paid up capital</b>		
4,797,267,114 Ordinary shares (31 December 2021: 3,375,340,370)	266,268,171	252,356,277
<b>Shares to be issued</b>	1,336,508	-

### 9.A. MOVEMENTS IN SHARE CAPITAL

	6 months to 30 June 2022 \$	Year ended 31 Dec 2021 \$
At the beginning of the period	252,356,277	227,091,611
Shares issued during the period:		
- Placement	-	17,250,000
- Payment for the acquisitions of producing wells	-	3,250,000
- Payment of loan interest in ordinary shares	-	3,125,000
- Payment of advisor fees in ordinary shares	23,000	49,750
- Exercise of options	13,888,894	4,098,416
- Exercise of options – non-cash <sup>(i)</sup>	-	-
Share issue costs - paid through listed options	-	(1,472,500)
Share issue costs – paid in cash	-	(1,036,000)
Shares to be issued	1,336,508	-
<b>At end of the period</b>	<b>267,604,679</b>	<b>252,356,277</b>

### 9.B. MOVEMENTS IN NUMBER OF SHARES ON ISSUE

	6 months to 30 June 2022 Number	Year ended 31 Dec 2021 Number
At the beginning of the period	3,375,340,370	1,350,000,000
Shares issued during the period:		
- Placement	-	1,400,000,000
- Payment for the acquisitions of producing wells	-	125,000,000
- Payment of loan interest in ordinary shares	-	125,000,000
- Payment of advisor fees in ordinary shares	1,000,000	2,800,000
- Exercise of options	1,262,626,743	372,540,370
- Exercise of options – non-cash <sup>(i)</sup>	158,300,001	-
At end of the period	<b>4,797,267,114</b>	3,375,340,370

(i) Current number of shares held as security for limited recourse loans made available to beneficiaries of the Company's Securities Incentive Plan (SIP), including Directors and Officers of the Company and other eligible participants.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 9.C. TERMS AND CONDITIONS OF CONTRIBUTED EQUITY

#### 9.C.1. Ordinary shares

Ordinary shares have the right to receive dividends as declared and in the event of the winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

### 9.D. OPTIONS

At the end of the reporting period, 201,533,008 options over unissued shares were on issue.

During the period ended 30 June 2022 the Group's BRKOB Listed Options expired.

Subsequent to the period, the final batch of Option exercises has been processed, resulting in the issue of 163,878,320 fully paid ordinary shares and the securities resulting from the exercise of the remaining 37,654,688 unexercised Options have been placed pursuant to the terms of the underwriting agreement entered into between the Company and CPS Capital (refer to note 16).

### 9.E. MOVEMENTS IN NUMBER OF OPTIONS ON ISSUE

	As at 30 June 2022 Number	As at 31 Dec 2021 Number
At the beginning of the period	1,622,459,752	<b>700,000,000</b>
- Options free attaching to placement	-	650,000,122
- Options issued to directors, employee and company secretary	-	100,000,000
- Options issued to lead manager	-	272,500,000
- Options issued to advisor	-	272,500,000
- Options exercised	(1,420,926,744)	-
- Options expired during the period	-	(372,540,370)
At end of the period	<b>201,533,008</b>	<b>1,622,459,752</b>

Type	Date of Expiry	Exercise Price AUD	Number of Options on Issue
Listed Options (BRKOB)	30 June 2022	\$0.011	201,533,008

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 10. RESERVES

	As at 30 June 2022 \$	As at 31 Dec 2021 \$
Share based payment reserve	6,330,794	4,976,039
Foreign currency translation reserve	3,720,825	1,141,165
	<b>10,051,619</b>	<b>6,117,204</b>

### 10.A. MOVEMENTS IN SHARE BASED PAYMENT RESERVE

	As at 30 June 2022 \$	As at 31 Dec 2021 \$
Balance at the beginning of the period	4,976,039	<b>431,039</b>
<i>Options issued during the period:</i>		
- Options issued to directors	-	1,600,000
- Options issued to lead manager	-	1,472,500
- Options issued to advisor	-	1,472,500
Limited recourse loan (refer to note 9 and note 14)	1,276,709	-
<i>Share Rights issued during the period:</i>		
- Share Rights issued to director	39,409	-
- Share Rights issued to employee	38,637	-
Balance at end of period	<b>6,330,794</b>	<b>4,976,039</b>

### 10.B. FOREIGN CURRENCY RESERVE

	As at 30 June 2022 \$	As at 31 Dec 2021 \$
At beginning of the period	1,141,165	<b>(148,406)</b>
Movement during the period	2,579,660	1,289,571
Balance at end of period	<b>3,720,825</b>	<b>1,141,165</b>

## 11. EARNINGS PER SHARE

	As at 30 June 2022 \$	As at 30 June 2021 \$
Profit/(Loss) used in calculation of basic and diluted EPS	4,501,362	(2,120,608)
Weighted average number of ordinary shares outstanding during the year used in calculating diluted EPS	3,534,483,542	2,095,767,986

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 12. SEGMENT INFORMATION

Brookside Energy Limited operates predominantly in one industry being the oil and gas industry in the USA.

### 12.A. IDENTIFICATION OF REPORTABLE SEGMENTS

The Company has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources.

The Company is managed primarily on the basis of its oil and gas in the USA and its corporate activities. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics.

### 12.B. TYPES OF REPORTABLE SEGMENTS

Oil and gas exploration: Segment assets, including acquisition cost of exploration licenses and all expenses related to the projects in the USA are reported on in this segment.

Corporate, including treasury, corporate and regulatory expenses arising from operating an ASX listed entity. Segment assets, including cash and cash equivalents, and investments in financial assets are reported in this segment.

### 12.C. BASIS OF ACCOUNTING FOR PURPOSES OF REPORTING BY OPERATING SEGMENTS

#### Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

#### Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Unless indicated otherwise in the segment assets note, deferred tax assets and intangible assets have not been allocated to operating segments.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrance of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Company as a whole and are not allocated. Segment liabilities include trade and other payables.

	<b>Corporate</b> \$	<b>Oil &amp; Gas and other USA entities</b> \$	<b>Total</b> \$
<b>30 June 2022</b>			
<b>Segment performance</b>			
Segment revenue	358	22,714,019	22,714,377
Segment results	(3,172,329)	7,673,691	4,501,362
<i>Included within segment result:</i>			
- Interest on financing	(663,934)	-	(663,934)
- Finance costs	(450,000)	-	(450,000)
- Amortisation expenses	-	(2,415,706)	(2,415,706)
- Share based payment expense	(1,377,755)	-	(1,377,755)
Segment assets	15,602,732	65,586,721	81,189,453
Segment liabilities	8,347,179	13,120,109	21,467,288
<b>30 June 2021</b>			
<b>Segment performance</b>			
Segment revenue	6,408	1,150,073	1,156,481
Segment results	(1,727,552)	(393,056)	(2,120,608)
<i>Included within segment result:</i>			
- Drawdown facility interest expense	-	271,011	271,011
- Interest revenue	295	1,448	1,743
- Share based payment expense	29,500	-	29,500
Segment assets	4,094,438	22,322,068	26,416,506
Segment liabilities	2,463,578	3,083,857	5,547,435

## 13. CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 14. SHARE BASED PAYMENTS EXPENSE

Share-based payments made during the half-year ended 30 June 2022 are summarised below.

	As at 30 June 2022 \$	As at 31 Dec 2021 \$
Payment of advisor fees in ordinary shares	23,000	49,750
Fair value loss on acquisition of producing assets	-	662,500
Fair value loss on loan repayment	-	458,750
Options issued to directors	-	1,600,000
Options issued to advisor and lead manager	-	1,467,500
Limited recourse loan (refer to note 9) <sup>(i)</sup>	1,276,709	-
Share Rights issued to director <sup>(ii)</sup>	39,409	-
Share Rights issued to employee	38,637	-
	<b>1,377,755</b>	<b>4,238,500</b>

(i) Limited recourse loan incur interest at the rate of 3% per annum, have a two-year term and are secured against securities issued under the Securities Incentive Plan (SIP).

(ii) 2,318,182 share rights issued to director David Prentice.

The cost of these equity-settled transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of the share rights issued is determined by using the closing market price and the optionality in the limited recourse loan was determined by using a Black and Scholes model.

The fair value of the optionality in the limited recourse loan is as follows:

Number	Grant Date	Expiry Date	Exercise Price	Total Value	Recipient
148,800,001	23 June 2022	23 June 2024	\$0.011	\$1,200,091	Directors
9,500,000	23 June 2022	23 June 2024	\$0.011	\$76,618	Officers

Number	Underlying share price	Expected volatility	Expected dividends	Risk free rate	Value per option
148,800,001	\$0.015	85%	Nil	2.93%	\$0.0081
9,500,000	\$0.015	85%	Nil	2.93%	\$0.0081

## 15. FAIR VALUE MEASUREMENT

The fair value of financial assets and liabilities not measured at fair value on a recurring basis, approximates their carrying amount at balance date.

### 16. EVENTS SUBSEQUENT TO REPORTING DATE

On 8 July 2022, the Company announced that the final batch of Option exercises has been processed, resulting in the issue of 163,878,320 fully paid ordinary shares. The securities resulting from the exercise of the remaining unexercised Options were placed pursuant to the terms of the underwriting agreement entered into between the Company and CPS Capital Group Pty Ltd (**CPS**), details of which were set out in the Company's release of 7 March 2022.

On 13 July 2022, the Company made a full repayment of the loan facility in cash.

On 14 July 2022, the Company announced that the securities resulting from the exercise of the remaining 37,654,688 unexercised Options had been placed pursuant to the terms of the underwriting agreement entered into between the Company and CPS, details of which were set out in the Company's release of 7 March 2022.

On 21 July 2022, the Company announced that it had issued a total of 12,472,777 fully paid ordinary shares upon final reconciliation of its registry and subscription account for option exercises.

No other matters or circumstances have arisen since the end of the half-year which significantly affected or could significantly affect the operations of the Company, the results of these operations, or the state of affairs of the Company in future financial years.

## DIRECTORS' DECLARATION

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In the opinion of the directors of Brookside Energy Limited (**Company**):

1. The attached financial statements and notes thereto are in accordance with the *Corporations Act 2001* including:
  - a. complying with Accounting Standards, the *Corporations Act 2001* and other mandatory professional reporting requirements; and
  - b. giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the half-year then ended;
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the *Corporations Act 2001*.



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David Prentice  
**Executive Director**

Dated this 13<sup>th</sup> day of September 2022

## **INDEPENDENT AUDITOR'S REVIEW REPORT**

To the members of Brookside Energy Limited

### **Report on the Half-Year Financial Report**

#### *Conclusion*

We have reviewed the half-year financial report of Brookside Energy Limited ("the company"), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Brookside Energy Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### *Basis for Conclusion*

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the company 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

#### *Responsibility of the Directors for the Financial Report*

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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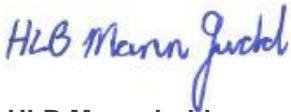
*Auditor's Responsibility for the Review of the Financial Report*

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year 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 30 June 2022 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*.

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.

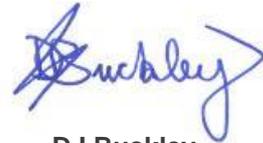
*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



**HLB Mann Judd**  
Chartered Accountants

**Perth, Western Australia**  
**13 September 2022**



**D I Buckley**  
Partner