BROOKSIDE

BROOKSIDE ENERGY LIMITED

ACN 108 787 720

FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 30 JUNE 2021

CONTENTS

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 2021. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

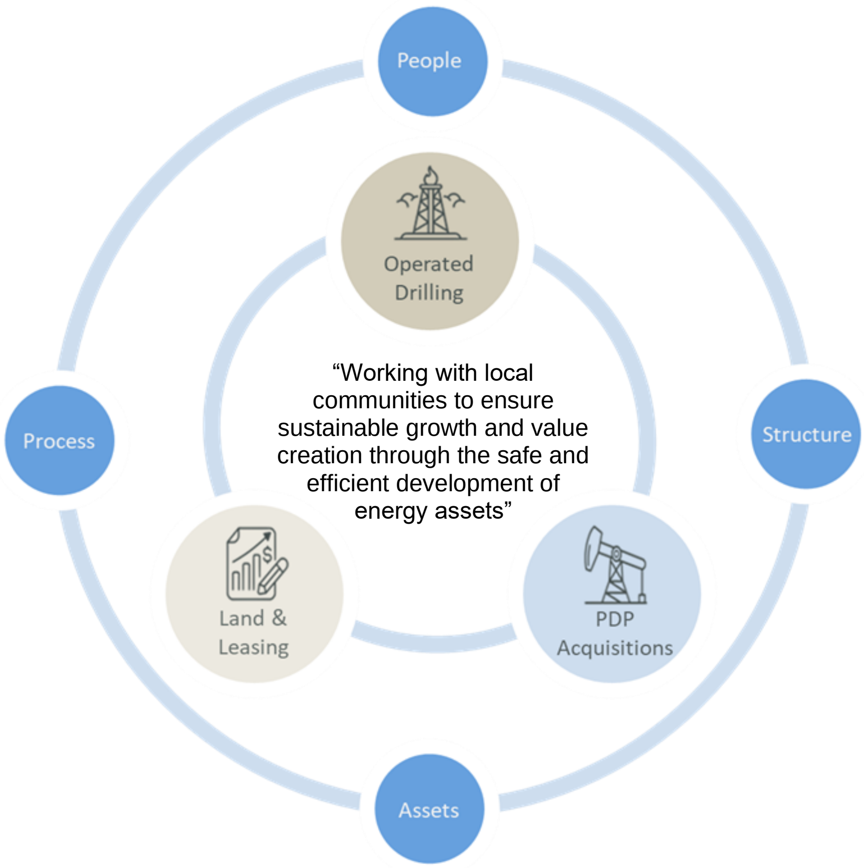
BOARD OF DIRECTORS

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	Executive Director
Richard Homsany	Non-Executive Director

REVIEW OF OPERATIONS

Brookside's Three Pillars



During the half-year to 30 June 2021 the Company saw significant activity across each of its three pillars of Operated Drilling, Producing Properties Acquisitions and Land & Leasing. One of the most significant and exciting events during this period was the successful drilling of the Company operated game changing Jewell 13-12-1S-3W SXH1 well (**Jewell Well**) located in the SWISH AOI in the Anadarko Basin (Figures 1, 2 and 3). This was the first of potentially 21 operated wells to be drilled by the Company in the SWISH AOI.

The Company notes continued improvement in the pricing environment during the first half of 2021 which is expected to continue for the foreseeable future. The Company plans to capitalise on theses price gains by bringing the Jewell Well on production in the third quarter of 2021 and drilling it's second well, the Rangers Well, shortly thereafter.

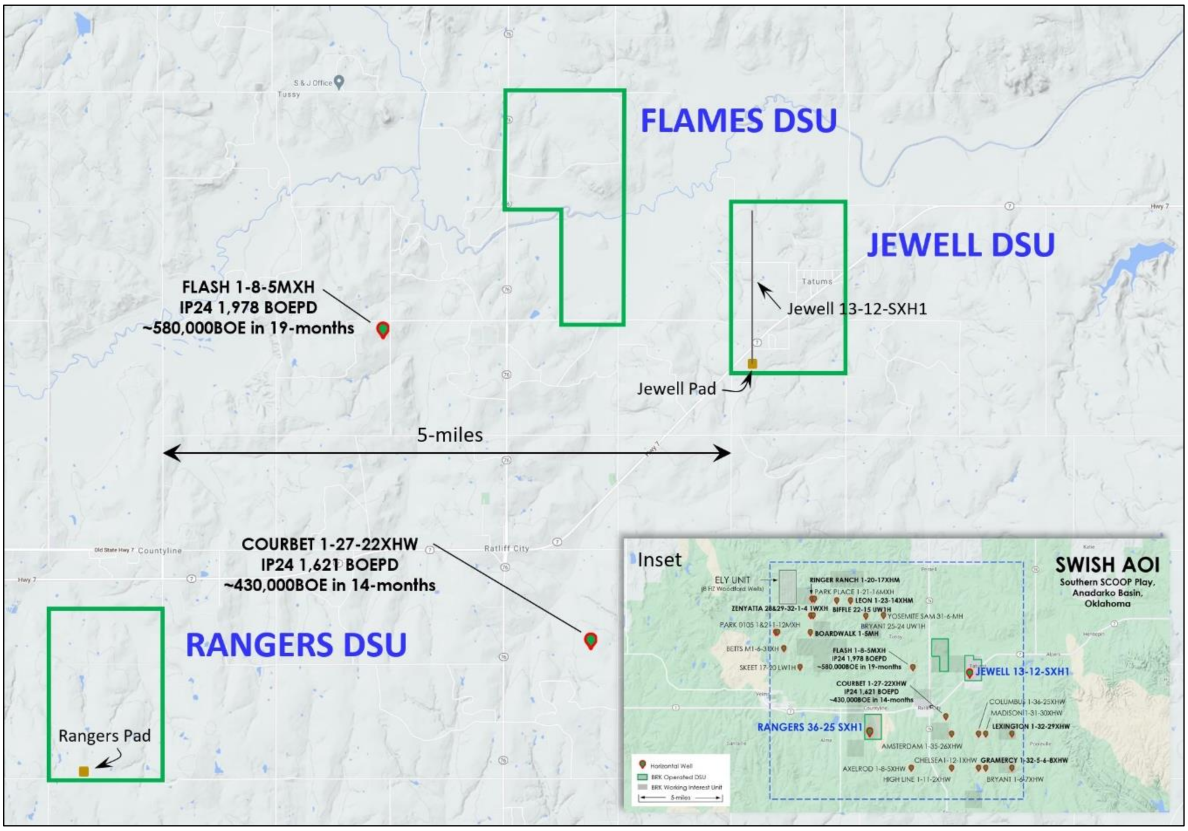


Figure 1. Location map showing Brookside's three operated SWISH AOI DSU's

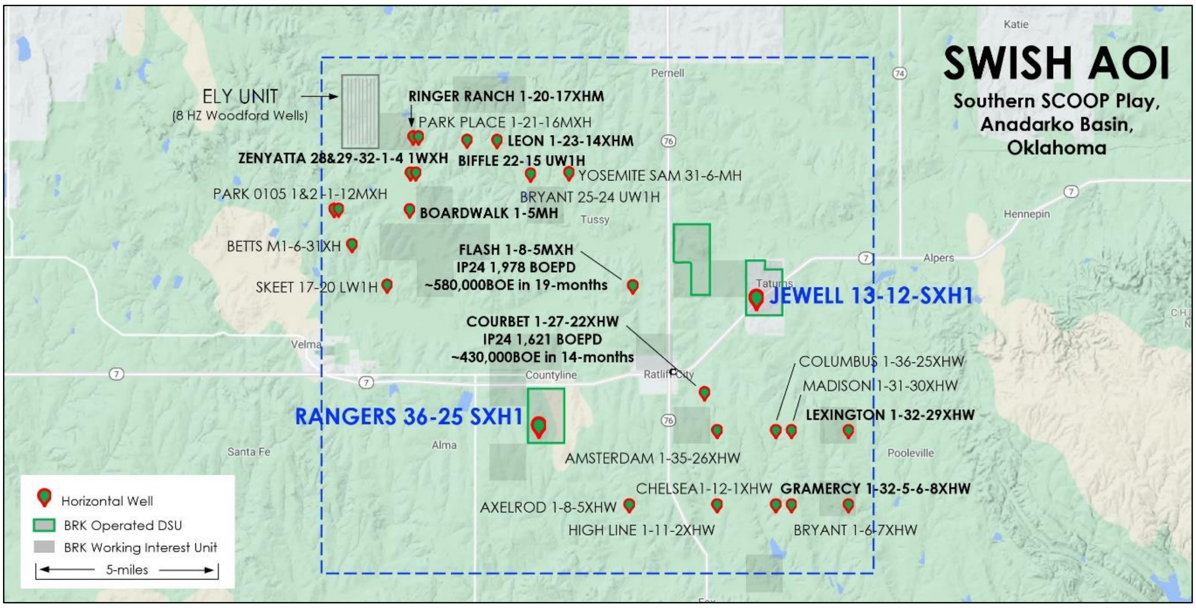


Figure 2. SWISH AOI activity map showing the location of Brookside DSUs

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 3).

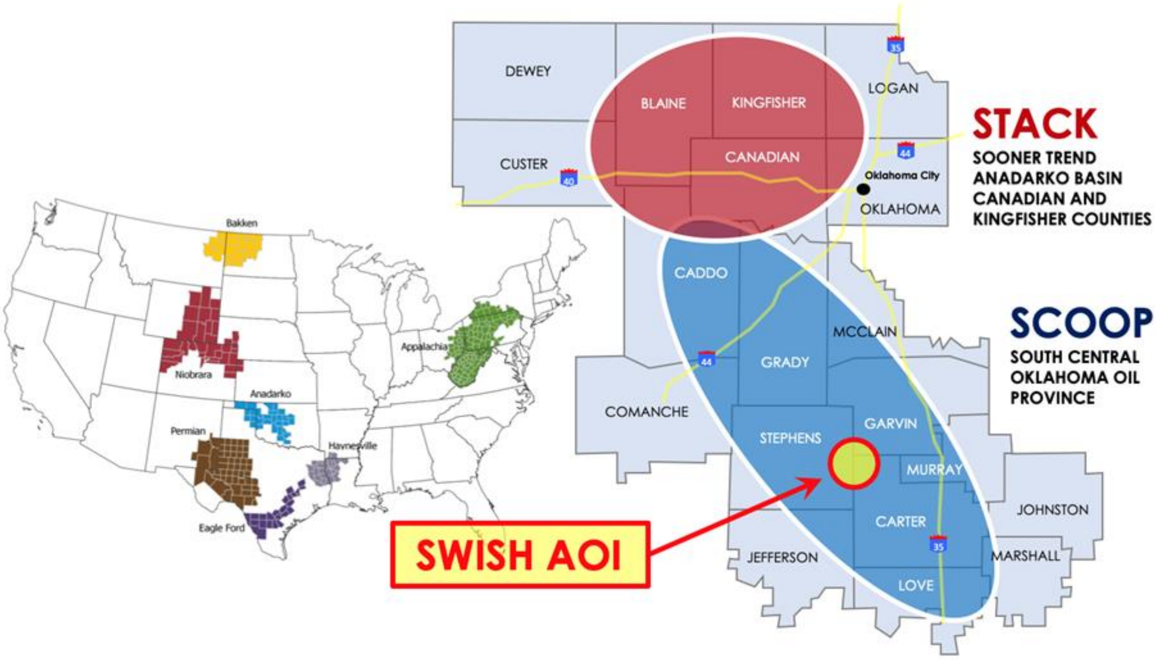


Figure 3. Anadarko Basin, Oklahoma (STACK & SCOOP Plays)

Drilling and Completion Activities

The Company has an interest in thirty-seven wells, targeting the productive formations of the Anadarko Basin (see Table).

Well Name	WI	OPERATOR	STATUS
JEWELL 1-13-12SXH	90.00%	Black Mesa Energy, LLC	WOC
FLAMES 10-3-WH1	58.59%	Black Mesa Energy, LLC	Permitting
MITCHELL 12-1	50.0%	Black Mesa Energy, LLC	Producing
THELMA 1-32	50.0%	Black Mesa Energy, LLC	Producing
RANGERS #1-36-WH1	41.25%	Black Mesa Energy, LLC	Permitting
CARTER 12-1	36.98%	Black Mesa Energy, LLC	Producing
NEWBERRY	21.7%	Black Mesa Energy, LLC	Producing
HERRING 1-33 1513MH	18.18%	Triumph Energy, 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%	Triumph Energy, 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%	Triumph Energy, 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	0.28%	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	0.04%	Continental Resources, Inc.	Producing
ZENYATTA 28-33-1-4 1WXH	0.02%	Roan Resources, LLC.	Producing
RINGER RANCH 1-20-17XHM	0.01%	Continental Resources, Inc.	Producing
GRAMERCY 1-32-5-6-8XHW	0.01%	Continental Resources, Inc.	Producing
McKINLEY 13&24 15-13	0.00%	Continental Resources, Inc.	ORRI Only

Table 1: Company wells 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

Jewell Well Operations

Brookside had a very busy 6 months planning and successfully drilling and casing the Jewell Well in preparation for completion in the third quarter of 2021. Prior to commencing operations Brookside had successfully farmed out a portion of the Jewell Well to fellow ASX listed oil and gas company, Stonehorse Energy Limited (ASX: SHE) (**Stonehorse**). Under the terms of this agreement, Stonehorse agreed to fund its proportionate share (up to 50% of the available Working Interest) of all costs associated with drilling and completing the Jewell Well to earn its proportionate Working Interest share of this well.

On 1 April 2021 Brookside announced that it had executed an IADC Drilling Bid Proposal and Daywork Drilling Contract with Oklahoma based Latshaw Drilling Company (Latshaw). This was followed by an announcement 14 April 2021 that the Jewell Well pad construction had been completed and the conductor set. Latshaw Rig 14 was mobilised to site on the week of 4 May 2021 with the Jewell Well spudded on 8 May 2021 (Figures 4 and 5).

By 9 June 2021, barely 1 month since spud, the Jewell Well had reached TD (total measured depth) of ~14,100 feet, the production casing string was successfully landed, set and cemented in preparation for the commencement of completion operations and work on surface facilities had begun.

Surface production facilities include a 48" x 10' horizontal three phase heated separator, a 6' x 20' vertical heater treater and a 30'' x 10' vertical separator. Tankage will consist of six, 400-barrel storage tanks. The tankage and process vessels will be situated in a steel containment dike in accordance with environmental regulations. Works also commenced on the construction on of a ~2,700-foot, 6-inch gas line from the Jewell Well to a tie-in point on a nearby gas sales line.

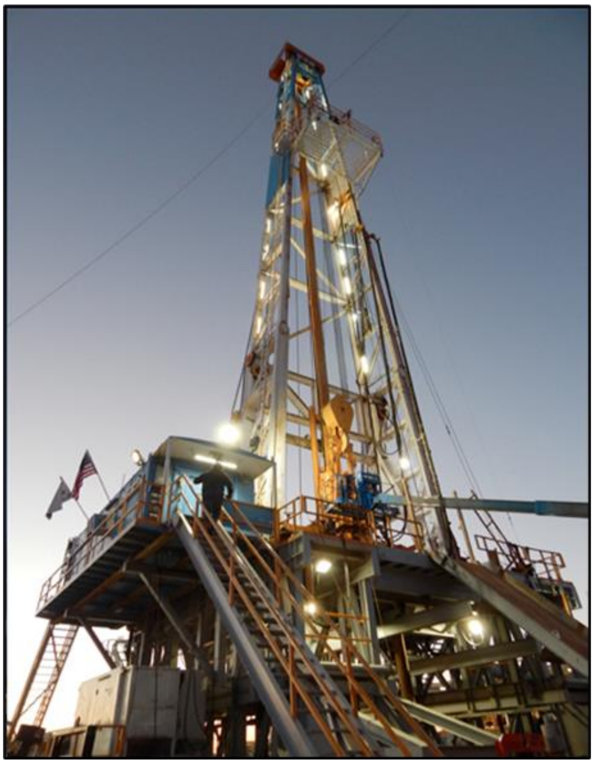


Figure 4. Latshaw Rig 14 (Image courtesy of Latshaw Drilling)

Figure 5. Spudding of the Jewell Well

US Major to Participate in Jewell Acreage

On 29 June 2021 Brookside announced that US major ExxonMobil, through its subsidiary XTO Energy Inc., had elected to participate in the Jewell DSU by taking up its 4.5% Working Interest. Additionally, Citation Oil and Gas Corp., one of the largest private oil and gas companies in the United States, had also elected to take up its 2.3% Working Interest. A further 5.7% Working Interest was taken up by a combination of private equity and smaller private oil and gas firms.

Participation in the Jewell DSU includes an equivalent Working Interest in the high-impact Jewell 13-12-1S-3W SXH1 well (Jewell Well) plus the opportunity to participate in future wells drilled in this DSU. Election to participate by these major companies was not only a significant vote of confidence in the quality of Brookside's acreage in the southern SCOOP but also a very strong endorsement of Black Mesa as operator of the DSU and their technical and operational ability to recover the maximum oil and gas reserves in the most efficient manner possible.

Orion Project Joint Venture

During the March quarter the Company announced that the Thelma 1-32 Well was successfully brought on to production with an initial daily production rate of 130 barrels with low water cut and minor associated gas.

The success of the workover, perforation, clean-up, and production from one of the numerous identified "behind pipe" zones of interest in the Thelma Well has provided the team with confidence in the ability to recover additional volumes from the remaining identified zones.

Capitalising on the success of the Thelma Well the Orion Joint Venture acquired an additional 40 "held by production" (**HBP**) acres contiguous to the Thelma acreage. The additional acreage gives the Joint Venture the option to drill a low-cost vertical well with access to 7 known potential reservoirs all of which are proven producers in the area. Furthermore, future analysis has the potential to identify other potential producing formations at depth.

Successful restoration of commercial production in the Thelma Well established a new Area of Interest in the SCOOP Play, the Bradbury Prospect, complementing Brookside's existing SWISH AOI.

The Joint Venture is continuing to work up a pipeline of opportunities. In this regard, Black Mesa has identified many potential acquisition targets within the SWISH AOI that satisfy the Joint Venture's investment hurdles and work to advance these opportunities.

Acreage Acquisition, High Grading, Trading and Divestment

The Company's successful leasing, trading and high-grading activities are ongoing with Black Mesa actively managing the Company's land portfolio. During the March quarter the Company successfully pooled the 80-acres HBP associated with the Mitchell Well at very low cost. This pooling, which amounts to approximately 9% of the Jewell DSU, also extended to the Jewell Well for no additional cost to Brookside. This was a significant add to Brookside's already large controlling working interest in the Jewell DSU.

Figure 6. Mitchell Well, Carter County, Oklahoma

Drilling Joint Venture

On 16 March 2021 Brookside announced the acquisition of eleven producing wells and the associated PDP reserves in the STACK Play after successful negotiations with the parties to the Drilling Joint Venture. Completion of the acquisition took place on 8 April 2021, upon which the Drilling Joint Venture was dissolved, and Brookside acquired 100% of the available Working Interest in the relevant wells and the associated PDP reserves. This acquisition delivered an almost four-fold uplift to Brookside's net daily production, with daily production increasing to ~110 net BOE.

Consideration for this acquisition (~US$2,000,000) was satisfied via the issue of 125,000,000 of the Company's fully paid ordinary shares (Shares) which equated to ~US$8.30 per BOE acquired, a considerable discount to the current Forward Strip Pricing for oil and gas.

The acquisition delivered additional stable, long-life production to the Company at an ideal time in the pricing cycle, making the deal highly accretive to shareholder value with considerable exposure to further upside as the outlook for oil and gas prices continues to improve.

DIRECTORS' REPORT

Corporate

On 10 February 2021 the Company announced that it had entered into an agreement with CPS Capital Group Pty Ltd (CPS) acting as lead manager and broker, for a capital raising to raise up to $8,250,000 (before costs). A total of 1,100,000,000 Shares were issued under the placement to sophisticated and professional investor clients of CPS at a price of $0.0075 per Share, together with one (1) free attaching listed option exercisable at $0.011 on or before 30 June 2022 (Option) for every two (2) Shares subscribed for an issued. Tranche 1 of the placement, being the issue of 301,058,593 Shares, was completed on 19 February 2021. Completion of the balance of the placement (including the issue of all free attaching Options) was subject to Shareholder approval which was obtained at a general meeting on 1 April 2021, and took place on 8 April 2021. Funds raised by the placement were used to drill and complete the Jewell Well in the SWISH AOI. The Company paid CPS a fee equal to 6% of the total gross proceeds of the placement plus GST in consideration for services provided. Under the terms of the CPS mandate nominees of CPS were also issued 500,000,000 Options at an issue price of $0.00001 per Option.

On 13 May 2021 the Company commenced trading on the Frankfurt Stock Exchange (FSE) under the ticker (FWB: 8F3). The Frankfurt Stock Exchange dual listing supports the Company's strategy to broaden its overseas investor base, facilitating investment by institutional and retail investors across Europe and increasing the Company's corporate profile and trading liquidity. The Company has appointed the Frankfurt based German Institute for Asset and Equity Allocation and Valuation (Detusche Gesellschaft für Wertpapieranalyse GmbH) (DGWA) as its investor and corporate relations advisor in Europe.

A further capital raising was undertaken by the Company after the end of the reporting period, details of which are set out below.

SUBSEQUENT EVENTS

On 9 July 2021, the Company made a full repayment of the Oklahoma Energy Consultants, Inc. (OEC) loan facility totalling to US$3,000,000, in cash and through the issuance of 125,000,000 of the Company's shares.

On 6 August 2021 the Company announced that it had completed a placement to sophisticated or professional investors, by the issue of 300,000,000 fully paid ordinary shares at an issue price of $0.03 per share, together with one (1) free attaching listed option exercisable at $0.011 per option on or before 30 June 2022 (being the existing class of BRKOB listed options) (Options) for every three (3) Shares subscribed for and issued, to raise up to $9,000,000 (before costs). CPS Capital Group Pty Ltd (CPS) acted as lead manager and broker to the placement, in consideration of which CPS received fees totalling 6% of the total gross proceeds of the placement plus GST together with 45,000,000 Options which were issued to nominees of CPS.

Proceeds from the placement will be used to increase the Company's position in the Rangers Drilling Spacing Unit (DSU) and to fund a majority Working Interest in the development of the Rangers Well in the SWISH AOI.

No other matters or circumstances have arisen since the end of the full 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

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 QUARTER	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 2021.

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.

David Prentice
Managing Director

Dated this 13th day of September 2021

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Brookside Energy Limited for the half-year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia	**D I Buckley**
13 September 2021	**Partner**

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 30 JUNE 2021

	Notes	6 months to 30 June 2021 $	6 months to 30 June 2020 $
Royalty revenue	2	440,295	208,691
Production expense		(108,621)	(97,554)
Gross profit		331,674	**111,137**
Interest revenue		1,743	249
Government grant and subsidies		165,888	-
Fair value gain on equity investment		82,500	-
Gain on foreign exchange movement		-	39,390
Other revenue	2	550,298	29,745
Director and employee related expenses		(370,858)	(132,664)
Compliance and registry expenses		(212,211)	(93,942)
Accounting and audit fees		(94,656)	(29,470)
Travel expenses		(60,917)	(21,672)
Share based payments expense	12	(1,687,000)	(20,000)
Interest on financing	7	(271,011)	(347,404)
Promotion and communication cost		(100,241)	-
Amortisation expense	3	(212,150)	(49,867)
Fair value loss on equity investment		-	(15,000)
Write down of receivables		-	(477,592)
Other expenses	2	(243,667)	(141,405)
Loss on disposal of assets		-	(337,269)
		(3,252,711)	**(1,666,285)**
Loss before income tax expense		**(2,120,608)**	**(1,485,764)**
Income tax expense		**-**	**-**
Net loss for the year		**(2,120,608)**	**(1,485,764)**
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss:			
Exchange differences on the translation of foreign operations		446,990	167,044
Other comprehensive loss for the year net of taxes		**(1,673,618)**	**(1,318,720)**
Total comprehensive loss for the year		**(1,673,618)**	**(1,318,720)**
Earnings/(loss) Per Share			
Basic loss per share (cents)	10	(0.10)	(0.115)
Diluted loss per share (cents)	10	(0.10)	(0.115)

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Notes	30 June 2021 $	31 December 2020 $
Assets			
Current Assets			
Cash and cash equivalents		8,597,506	1,302,364
Trade and other receivables		90,967	51,825
Total Current Assets		**8,688,473**	**1,354,189**
Non-Current Assets			
Property, plant, and equipment		605	19,482
Producing assets	3	3,263,362	774,014
Exploration and evaluation assets	4	14,284,066	10,928,991
Financial assets	5	180,000	97,500
Total Non-Current Assets		**17,728,033**	**11,819,987**
Total Assets		**26,416,506**	**13,174,176**
Liabilities			
Current Liabilities			
Trade and other payables	6	1,386,047	200,347
Borrowings	7	3,950,165	5,192,635
Total Current Liabilities		**5,336,212**	**5,392,982**
Non Current Liabilities			
Borrowings		144,719	166,191
Provisions		66,504	64,918
Total Non Current Liabilities		**211,223**	**231,109**
Total Liabilities		**5,547,435**	**5,624,091**
Net Assets		**20,869,071**	**7,550,085**
Equity			
Issued capital	8	240,084,215	227,091,611
Reserves	9	2,729,623	282,633
Accumulated losses	10	(221,944,767)	(219,824,159)
Total Equity		**20,869,071**	**7,550,085**

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 JUNE 2021

	Issued Capital $	Accumulated Losses $	Share Based Payment Reserve $	Foreign Currency Translation Reserve $	Total $
Balance at 1 January 2020	**225,407,357**	**(220,300,432)**	**2,912,845**	**890,740**	**8,910,510**
Loss for the period	-	(1,485,764)	-	-	**(1,485,764)**
Other comprehensive income	-	-	-	167,044	**167,044**
Total comprehensive loss for the period	**-**	**(1,485,764)**	**-**	**167,044**	**(1,318,720)**
Share issues in lieu of services	20,000	-	-	-	**20,000**
Balance at 30 June 2020	**225,427,357**	**(221,786,196)**	**2,912,845**	**1,057,784**	**7,611,790**
Balance at 1 January 2021	**227,091,611**	**(219,824,159)**	**431,039**	**(148,406)**	**7,550,085**
Loss for the period	-	(2,120,608)	-	-	**(2,120,608)**
Other comprehensive income	-	-	-	446,990	**446,990**
Total comprehensive loss for the period	**-**	**(2,120,608)**	**-**	**446,990**	**(1,673,618)**
Shares issued during the period	14,487,604	-	-	-	**14,487,604**
Options issued during the period	-	-	2,000,000	-	**2,000,000**
Share issue costs	(1,495,000)	-	-	-	**(1,492,500)**
Balance at 30 June 2021	**240,084,215**	**(221,944,767)**	**2,431,039**	**298,584**	**20,869,071**

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2021

		6 months to 30 June 2021 $	6 months to 30 June 2020 $
Cash flows from operating activities			
Receipts from customers		951,451	208,691
Payments to suppliers and employees		(756,476)	(372,467)
Interest received		1,743	-
Net cash provided by/(used in) operating activities		**196,718**	**(163,776)**
Cash flows from investing activities			
Proceeds from disposal of assets		-	343,286
Proceeds from exploration project participant	6	812,263	-
Payments for exploration activities	4	(3,096,771)	(239,447)
Payments for leasehold acquisitions		-	(567,390)
Payments for producing assets	3	(85,581)	(144,033)
Net cash used in investing activities		**(2,370,089)**	**(607,584)**
Cash flows from financing activities			
Proceeds from issue of shares	8A	8,250,000	-
Proceeds from issue of options	8A	2,958,104	-
Payments of share issue costs	8A	(495,000)	-
Cash from obtaining control of subsidiaries		-	330,591
Proceeds from borrowings	7	144,719	-
Repayment from borrowings	7	(1,365,000)	-
Net cash provided by financing activities		**9,492,823**	**330,591**
Net increase/(decrease) in cash and cash equivalents		**7,319,452**	**(440,769)**
Cash at beginning of the period		1,302,364	1,056,179
Effect of exchange rates on cash		(24,310)	9,128
Cash at end of period		**8,597,506**	**624,538**

The accompanying notes form part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2021

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. 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.

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 2021

In the half-year ended 30 June 2021, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the half-year reporting periods beginning on or after 1 January 2021.

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.

1.F.2. Standards and Interpretations in issue not yet adopted applicable to 30 June 2021

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 January 2021.

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

	6 months to 30 June 2021 $	6 months to 30 June 2020 $
Royalty revenue (Point in time)	440,295	208,691
	440,295	**208,691**
Other revenue		
Overhead income from program participants	479,310	-
Other	70,988	29,745
	550,298	**29,745**

EXPENSES

	6 months to 30 June 2021 $	6 months to 30 June 2020 $
Other expenses		
Administration expenses	127,422	136,546
Insurance expenses	41,191	-
Loss on foreign exchange movement	54,823	-
Depreciation expenses	18,857	-
Consultant fees	1,374	4,859
	243,667	**141,405**

3. PRODUCING ASSETS

	As at 30 June 2021 $	As at 31 Dec 2020 $
Balance at beginning of period	774,014	575,962
Add: acquisition of working interest	2,587,500	141,494
Add: capitalisation of production expense	85,581	187,973
Less: sale of working interest	(26,239)	-
Less: amortisation	(212,150)	(91,298)
Foreign currency translation on movement	54,656	(40,117)
	3,263,362	**774,014**

Estimates and judgements
Assumptions used to carry forward the producing assets.

During the half-year ended 30 June 2021, no producing assets were assessed as impaired.

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 2021 $	As at 31 Dec 2020 $
Costs carried forward in respect of areas of interest in:		
Exploration and evaluation phases – at cost	14,284,066	10,928,991
Opening Balance	10,928,991	10,832,603
Anadarko Basin Projects (leasehold acquisition)	-	567,390
Capitalised expenses	3,096,771	239,447
Sale of acreage	-	(680,570)
Movement from obtaining control of subsidiaries	-	849,143
Foreign currency transaction on movement	258,304	(879,022)
	14,284,066	**10,928,991**

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.

4.A. ACQUISITION OF CONTROLLED ENTITIES

On, 1 April 2020, the Parent Entity increased its equity interest in Black Mesa Energy, LLC (**Black Mesa**), to 28.7%. The Parent Entity also gained control of Black Mesa (Board control, operational control and control of any distribution of assets, including cash held by Black Mesa) on 1 April 2020, via the provisions of the Second Amended and Restated Operating Agreement (**Operating Agreement**) of Black Mesa. In accordance with the terms of the Operating Agreement, the Company also appointed two new members to the board of BMP, increasing the board to six members (including three Brookside representatives). David Prentice was also appointed Chairman and CEO of BMP, with the Chairman having the deciding vote in matters where a majority is required. The financial statement of Black Mesa have therefore been consolidated from 1 April 2020.

5. FINANCIAL ASSETS

	As at 30 June 2021 $	As at 31 Dec 2020 $
Listed shares – at fair value	180,000	97,500

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 PAYABLES

	As at 30 June 2021 $	As at 31 Dec 2020 $
Current		
Trade creditors	540,684	137,680
Accrued and other payables	33,100	62,667
Other current liabilities[(i)]	812,263	-
	1,386,047	**200,347**

(i) Other current liabilities – relates to funds received from project participant for the exploration activities at the Jewell well located in the Anadarko Basin in Oklahoma.

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

7. BORROWINGS

	As at 30 June 2021 $	As at 31 Dec 2020 $
Loan from Oklahoma Energy Consultants, Inc. - current	3,950,165	5,192,635
Loan from Bank of Oklahoma[(i)] - non current	144,719	166,191
	4,094,884	**5,358,826**

(i) Loan balance of US$108,800 represents the proceeds from the Payroll Protection Program (PPP), a government program designed to encourage employers not to furlough workers during the Covid pandemic. The loan bears an interest rate of 1% per annum, with maturity date on 3 March 2026.

	As at 30 June 2021 $	As at 31 Dec 2020 $
Opening balance	5,192,635	5,362,785
Repayments	(1,605,399)	(340,000)
Interest accrued on borrowings	271,011	681,052
Foreign currency translation	91,918	(511,202)
	3,950,165	**5,192,635**

Terms of the Drawdown Facility are as follows:

Date of agreement	Financing Facility	Terms
1 June 2017 (Last Amendment on 30 September 2020)	US$2,969,733	Facility is due for repayment on the 31 July 2021. Facility shall bear interest at a rate per annum of 12%, payable quarterly in arrears on drawdown amounts. Facility will be secured by the Borrower's interest in Working Interest leasehold acreage that is acquired by the Borrower pursuant to and subject to the terms of the Drilling Program Agreement between the Borrower and Black Mesa Energy, LLC.

On 9 July 2021, the Company made a full repayment of the facility totalling to US$3,000,000, in cash and through the issuance of 125,000,000 of the Company's shares.

7.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.

8. ISSUED CAPITAL

	As at 30 June 2021 $	As at 31 Dec 2020 $
Issued and paid up capital		
2,845,968,308 Ordinary shares *(31 December 2020: 1,350,000,000)*	240,084,215	227,091,611

8.A. MOVEMENTS IN ISSUED CAPITAL

	6 months to 30 June 2021 $	Year ended 31 Dec 2020 $
At the beginning of the period	227,091,611	225,407,357
Shares issued during the period:		
- Placement	8,250,000	1,387,500
- Payment for the acquisitions of producing wells	3,250,000	-
- Payment of loan interest in ordinary shares	-	340,000
- Payment of advisor fees in ordinary shares	29,500	33,891
- Exercise of options	2,958,104	-
Share issue costs - paid through listed options	(1,000,000)	-
Share issue costs – paid in cash	(495,000)	(77,137)
At end of the period	**240,084,215**	**227,091,611**

8.B. MOVEMENTS IN NUMBER OF SHARES ON ISSUE

	6 months to 30 June 2021 Number	Year ended 31 Dec 2020 Number
At the beginning of the period	1,350,000,000	999,221,875
Shares issued during the period:		
- Placement	1,100,000,000	277,500,000
- Payment for the acquisitions of producing wells	125,000,000	-
- Payment of loan interest in ordinary shares	-	68,000,000
- Payment of advisor fees in ordinary shares	2,050,000	5,278,125
- Exercise of options	268,918,308	-
At end of the period	**2,845,968,308**	**1,350,000,000**

8.C. TERMS AND CONDITIONS OF CONTRIBUTED EQUITY

8.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.

8.D. OPTIONS

At the end of the reporting period, 1,481,081,713 options over unissued shares were on issue.

During the period ended 30 June 2021 the Group's BRKOA Listed Options lapsed.

8.E. MOVEMENTS IN NUMBER OF OPTIONS ON ISSUE

	As at 30 June 2021 Number	As at 31 Dec 2020 Number
At the beginning of the period	700,000,000	295,140,625
- Options issued under placement	-	300,000,000
- Options free attaching to placement	550,000,021	277,500,000
- Options issued to directors, employee and company secretary	-	54,500,000
- Options free attaching to shares issued for loan repayment	-	68,000,000
- Options issued to lead manager	250,000,000	-
- Options issued to advisor	250,000,000	-
- Options exercised	(268,918,308)	-
- Options expired during the period	-	(295,140,625)
At end of the period	**1,481,081,713**	**700,000,000**

Type	Date of Expiry	Exercise Price AUD	Number of Options on Issue
Listed Options (BRKOB)	30 June 2022	$0.011	1,481,081,713

9. RESERVES

	As at 30 June 2021 $	As at 31 Dec 2020 $
Share based payment reserve	2,431,039	431,039
Foreign currency translation reserve	298,584	(148,406)
	2,729,623	**282,633**

9.A. MOVEMENTS IN SHARE BASED PAYMENT RESERVE

Balance at the beginning of the period	431,039	2,912,845
Options issued during the period:		
- Options issued under placement	-	300,000
- Options issued to directors	-	135,000
- Options issued to employee	-	22,500
- Options issued to company secretary	-	6,000
- Options issued to lead manager	1,000,000	-
- Options issued to advisor	1,000,000	-
- Options issue cost	-	(32,461)
Options expired during the period:	-	(2,912,845)
Balance at end of period	**2,431,039**	**431,039**

9.B. FOREIGN CURRENCY RESERVE

At beginning of the period	(148,406)	890,740
Movement during the period	446,990	(1,039,146)
Balance at end of period	**298,584**	**(148,406)**

10. BASIC LOSS PER SHARE

	As at 30 June 2021 $	As at 30 June 2020 $
Loss used in calculation of basic and diluted EPS	(2,120,608)	(1,485,764)
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	2,095,767,986	1,001,721,875
Weighted average number of ordinary shares outstanding during the year used in calculating diluted EPS	2,095,767,986	1,001,721,875

11. SEGMENT INFORMATION

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

11.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.

11.B. TYPES OF REPORTABLE SEGMENTS

1.A.1. 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.

1.A.2. 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.

11.C. BASIS OF ACCOUNTING FOR PURPOSES OF REPORTING BY OPERATING SEGMENTS

1.A.3. 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.

1.A.4. 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.

1.A.5. Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence 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.

	Corporate $	Oil & Gas and other USA entities $	Total $
30 June 2021			
Segment performance			
Segment revenue	6,408	1,150,073	1,156,481
Segment results	(1,727,552)	(393,056)	(2,120,608)
Included within segment result:			
- 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
30 June 2020			
Segment performance			
Segment revenue	-	238,685	238,685
Segment results	(314,094)	(1,410,355)	(1,724,449)
Included within segment result:			
- Drawdown facility interest expense	-	(347,404)	(347,404)
- Foreign currency translation reserve	-	99,744	99,744
- Interest revenue	-	249	249
- Loss on disposal of assets	-	(337,269)	(337,269)
- Share based payment expense	(20,000)	-	(20,000)
- Write down of receivables	-	(477,592)	(477,592)
Segment assets	607,024	12,766,989	13,374,013
Segment liabilities	(4,161,418)	(1,600,805)	(5,762,223)

12. SHARE BASED PAYMENTS EXPENSE

Share-based payments made during the half-year ended 30 June 2021 are summarised below.

	As at 30 June 2021 $	As at 31 Dec 2020 $
Payment of advisor fees in ordinary shares	29,500	20,000
Fair value loss on acquisition of producing assets	662,500	-
Options issued to advisor	995,000	-
	1,687,000	**20,000**

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 is determined by using the closing market price at grant date.

13. CONTINGENT LIABILITIES

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

14. EVENTS SUBSEQUENT TO REPORTING DATE

On 9 July 2021, the Company made a full repayment of the Oklahoma Energy Consultants, Inc. (OEC) loan facility totalling to US$3,000,000, in cash and through the issuance of 125,000,000 of the Company's shares.

On 6 August 2021 the Company announced that it had completed a placement to sophisticated or professional investors, by the issue of 300,000,000 fully paid ordinary shares at an issue price of $0.03 per share, together with one (1) free attaching listed option exercisable at $0.011 per option on or before 30 June 2022 (being the existing class of BRKOB listed options) (Options) for every three (3) Shares subscribed for and issued, to raise up to $9,000,000 (before costs). CPS Capital Group Pty Ltd (CPS) acted as lead manager and broker to the placement, in consideration of which CPS received fees totalling 6% of the total gross proceeds of the placement plus GST together with 45,000,000 Options which were issued to nominees of CPS.

Proceeds from the placement will be used to increase the Company's position in the Rangers Drilling Spacing Unit (DSU) and to fund a majority Working Interest in the development of the Rangers Well in the SWISH AOI.

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

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 2021 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*.

David Prentice
Executive Director

Dated this 13th day of September 2021

INDEPENDENT AUDITOR'S REVIEW REPORT
To the members of Brookside Energy Limited

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Brookside Energy Limited ("the company") which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for the consolidated entity 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 half-year financial report of 30 June 2021 is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2021 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*.

Directors' responsibility for the half-year 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.

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 half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2021 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 the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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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

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
13 September 2021

D Buckley

D I Buckley
Partner