Brookside

News Release

31 MARCH 2022

Full Year Financial Results

Full Year Financial Results Perth, Western Australia – 31 March 2022 – Brookside Energy Limited (ASX: BRK) (OTC Pink: RDFEF) (**Brookside** or the **Company**) is pleased to release its full year financial results for the fiscal year ended 31 December 2021.

After exiting one of the most challenging years for our sector in 2020, we entered 2021 with a sense of excitement as oil prices were on trend to return to pre-pandemic levels which they did by February. Commodity prices continued to strengthen throughout the year with oil prices hitting almost 7-year highs in October.

During the year Brookside successfully drilled its first of potentially 21-plus operated wells in the SWISH AOI, the high-impact Jewell 13-12-1S-3W SXH1 (**Jewell Well**), which exceeded pre-drill production expectations with a peak rate (IP24) of ~1,800 BOE per day (75% liquids, 25% gas) and resulted in a 3-fold increase in average daily production quarter on quarter to 540 BOE per day net to Brookside's Working Interest. Additionally, with production from the Jewell Well the Company could now classify the Jewell DSU as held by production (**HBP**).

Following on from the Jewell Well the Company announced the spudding of its second operated well in the SWISH AOI, the Rangers 36-25-SXH1 well (**Rangers Well**). This well was spudded in early December with drilling continuing into early 2022.

In addition to its operated wells, early in the second quarter the Company acquired 11 non-operated wells in the STACK play at a very cheap ~$8.30 per BOE, giving the Company the full benefit of increased commodity pricing later in the year.

During the year, the Company also successfully grew its acreage position by 1) successfully pooling 80-acres HBP associated with the Mitchell Well at very low cost, 2) acquiring acreage contiguous to the Rangers DSU that created an additional 320-acre spacing unit and increased its SWISH AOI acreage by 13% and, 3) acquiring an additional 40 HBP acres contiguous to the Thelma acreage creating the Bradbury DSU.

Brookside Energy Ltd.

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The Company's strategy continues to focus on the three pillars of 1) operated drilling, 2) acquisition of producing properties under the Orion Project Joint Venture and 3) the acquisition, upgrading and monetising of acreage via a land and leasing strategy.

A summary of the results is set out below.

	2021	2020
	AUS$'000	AUS$'000
Oil and Gas Revenue	$4,953	$366
Gross profit	$4,566	$207
Profit/ (loss) after income tax	$(2,611)	($2,437)

Notes:

1. Oil and gas revenue was higher because of the receipt of initial production from the Company's Jewell Well and higher realised oil and gas prices. Production revenue from the Jewell Well was first recognised in the fourth quarter resulting in revenue from sales of A$3,570,000, up 800% quarter on quarter and the Company posting a maiden operating profit of A$2,783,000.

2. The Company reported a Gross Profit of A$4,566,000 for the full year (up from A$207,000 in the previous period). The reported operating loss after income tax of A$2,611,000, included non-cash items totalling A$4,239,000. This included share-based payments related primarily to capital raisings completed during the year and a non-cash amortisation expense of A$1,280,000 (up from A$91,000 in 2020) associated with the drilling and completion costs of the Jewell Well.

3. Accounting and audit fees for the full year were higher due to increases in fees across audit, accounting, and corporate service providers.

4. Promotion and communication costs were higher for the full year as the Company increased its investor relations activities to reflect the increased activity as operations ramped up in the SWISH AOI.

Since the balance date the outlook for the Company continues to strengthen with the Rangers Well expected to come on production in the second quarter of 2022, the spudding of the Company's third operated well and its first in the Flames DSU, the Flames Well (expected to come on production in the second quarter) and commodity prices hitting 10-year highs. With the oil price accelerating above $100 at the start of 2022, and with Brookside's Working Interest in the Rangers and Flames Wells at almost double that of the Jewell Well at ~80%, the Company is very excited about bringing these wells onto production in 2022.

The Company is now positioned for a transformational year in 2022 and looks forward to keeping shareholders and investors informed throughout the year as the development of the SWISH AOI operated DSU's builds momentum, and we continue to progress the Company's three pillars aimed at delivering results, profits, and sustainable growth.

– ENDS –

Authority:

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

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BROOKSIDE ENERGY LIMITED
ACN 108 787 720

ANNUAL REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

CONTENTS

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ASX CODE

BRK	(Fully Paid Ordinary Shares)
BRKOB	(Quoted Options exercisable at $0.011 on or before 30 June 2022)

DIRECTORS' REPORT

The Directors submit their report for the Company and its subsidiaries (**Group** or **Company**) for the financial year ended 31 December 2021. In order to comply with the provisions of the Corporations Act, the directors' report is as follows:

DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

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

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

The Group's principal activities during the year were the exploration, production and appraisal of oil and gas projects.

OPERATING RESULT

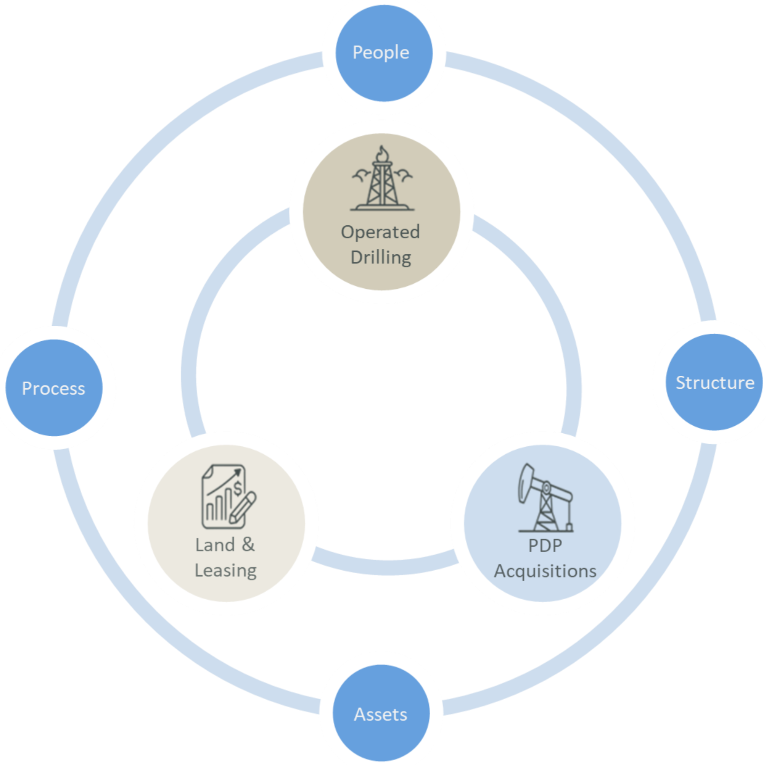
The after-tax loss for the Group for the financial year ended 31 December 2021 amounted to $2,611,336 (2020: $2,436,572).

DIVIDENDS

There were no dividends paid or recommended during or subsequent to the financial year ended 31 December 2021 (2020: Nil).

REVIEW OF OPERATIONS

Brookside's Three Pillars



During the full year ended 31 December 2021, the Company continued to successfully pursue its efforts to create shareholder value by developing oil and gas assets in the world-class STACK and SCOOP Plays in the Anadarko Basin in Oklahoma, USA.

The most significant event for the Company and its shareholders in the last 12 months was the successful drilling and bringing on production of its SWISH operated high-impact Jewell 13-12-1S-3W SXH1 well (Jewell Well), which came on with an expectation exceeding peak rate (IP24) of ~1,800 BOE per day (75% liquids, 25% gas). Additionally, with the Jewell Well brought on production the Jewell DSU was classified as held by production (HBP).

The Jewell Well came on production in September into a strong commodity pricing market which resulted in fourth quarter revenue from sales of A$3,832,000, up 800% quarter on quarter and the Company posting a maiden operating profit of A$2,783,000. This also resulted in a 3-fold increase in average daily production quarter on quarter to 540 BOE per day net to Brookside's Working Interest and after the deduction of royalties.

Following hot on the heels of the Jewell Well the Company announced the spudding of its second operated well in the SWISH, its first in the Rangers DSU, the Rangers 36-25-SXH1 well (Rangers Well). This well was spudded in early December and by 29 December the well had reached a measured depth of 10,260 feet and had landed the well curve as planned. With oil price accelerating above $100 at the start of 2022, and with Brookside's Working Interest in the Rangers Well at almost double to that of the Jewell Well at ~80.2%, the Company is very excited about bringing this well online.

During the year the company succesfully grew its acreage position by 1) successfully pooling the 80-acres HBP associated with the Mitchell Well at very low cost, 2) acquiring acreage contiguous to the Rangers DSU that created an additional 320-acre spacing unit and increased its SWISH AOI acreage by 13% and, 3) acquiring an additional 40 HBP acres contiguous to the Thelma acreage creating the Bradbury DSU.

Brookside also announced in April that it had acquried 11 wells in the STACK play, at a very cheap ~$8.30 per BOE, which delivered an almost four-fold uplift to Brookside's net daily production, with daily production increasing to ~110 net BOE post-closing of the acquisition and gave the Company the full benefit of increased commodity pricing later in the year.

The Company's strategy continues to focus on the three pillars of 1) operated drilling, 2) acquisition of producing properties under the Orion Project Joint Venture and 3) the acquistion, upgrading and monetising of acreage via a land and leasing strategy.

Anadarko Basin, Oklahoma

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 (see Figure 1.)

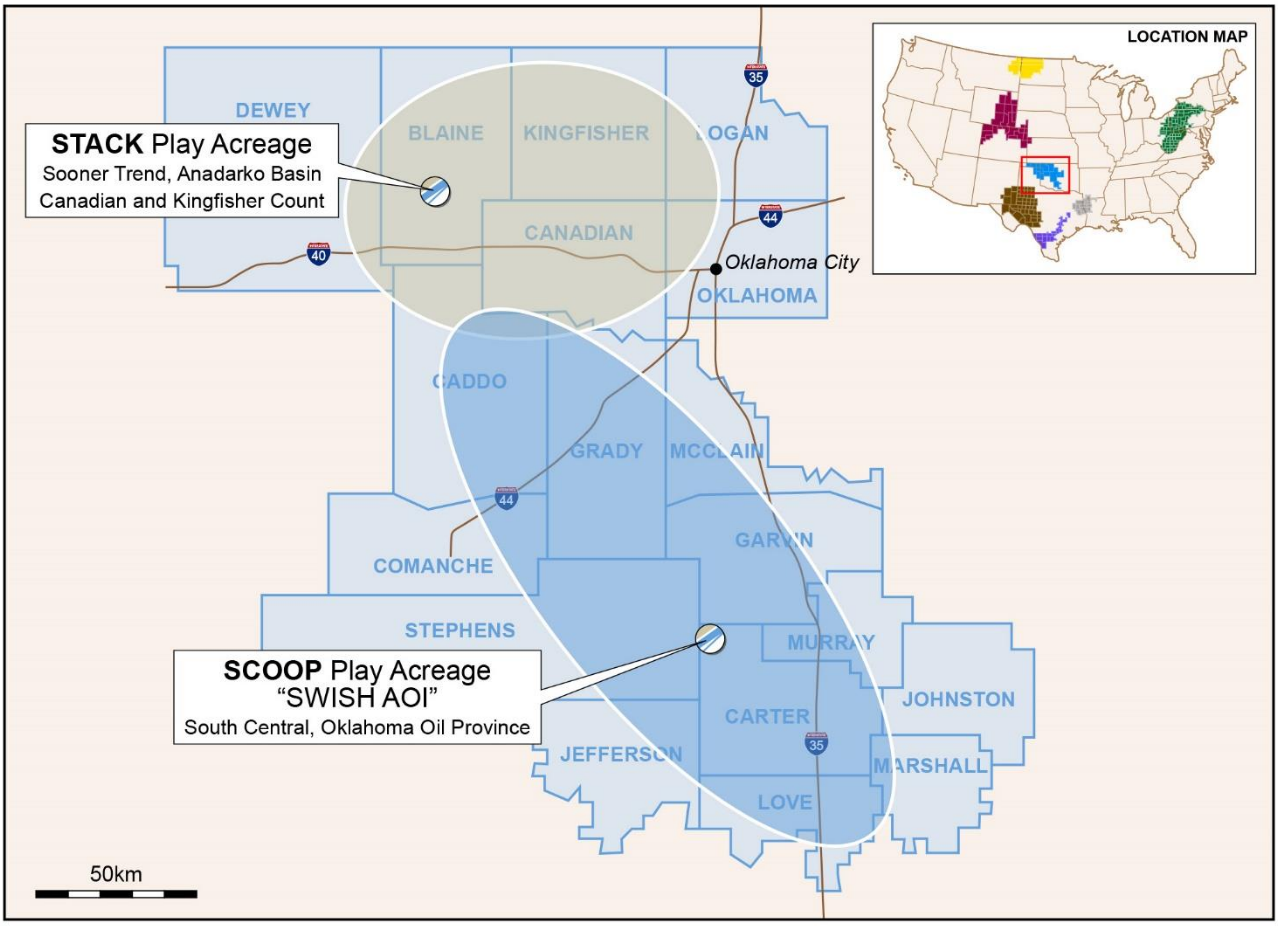


Figure 1. Anadarko Basin, Oklahoma (STACK & SCOOP Plays)

Acreage High Grading, Trading and Divestment

The Company's successful leasing, trading and high-grading activities have now delivered three DSUs (Jewell, Rangers and Flames) in the core of the SWISH AOI in southern SCOOP. The Rangers, Flames and Jewell DSUs (the SWISH DSUs) are all located in the core of the Sycamore-Woodford sub-play in southern SCOOP in very close proximity to some of the best wells drilled and completed in this area since its emergence as a focus for several of the tier-one independents (see Figure 2).

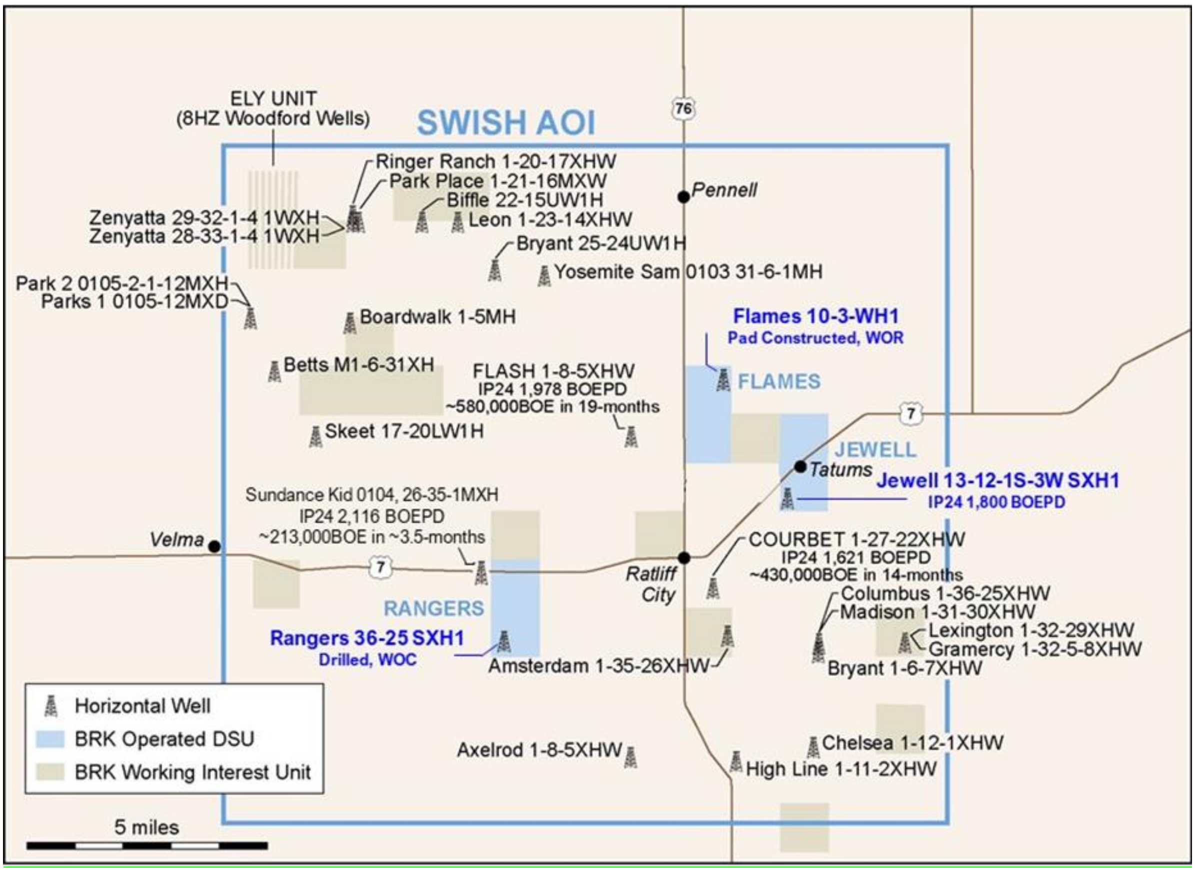


Figure 2. BRK Operated DSUs in the SWISH AOI, SCOOP Play, Anadarko Basin, Oklahoma

Note:

1) The volumes stated in Figure 2 above for wells operated by companies other than Brookside are actual volumes produced, drawn from publicly available information reported by each of those entities.
2) In respect of the wells operated by Brookside (Jewell 13-12-1S-3W SXH1, IP24 1,800 BOEPD), please refer to the Company's ASX release of 11 November 2021 for further information in respect of the flow rate. The Company confirms that it is not aware of any new information or data that materially affects the information included in that release and that all the material assumptions and technical parameters underpinning the estimates in that release continue to apply and have not materially changed

During the third quarter the Company announced a material increase in its holdings, with key acreage acquired that increased its SWISH AOI acreage by 13% with prime acreage leased adjacent to the Rangers DSU.

Documents were filed with the Oklahoma Corporation Commission to create an additional 320-acre spacing unit. This strategic acquisition provided the opportunity to significantly improve the already excellent economics of the Rangers Well that was spudded in December, to increase the associated PUD volumes and to increase the cashflow and acreage values associated with this DSU.

As at 31 December 2021 the Company had ~3275 Working Interest leasehold acres (~3235 acres within the SCOOP and STACK and ~40 acres associated with the Bradbury DSU in Murray County, approximately 20 miles east-northeast of the Jewell DSU).

Drilling and Completion Activities

The Company ended the year with an interest in forty-three wells, targeting the productive formations of the Anadarko Basin in both the STACK and SCOOP Plays (see Table 1).

Well Name	WI	OPERATOR	STATUS
JEWELL 1-13-12SXH	41.6%	Black Mesa Energy, LLC	Producing
FLAMES 10-3-WH1	74.5%	Black Mesa Energy, LLC	Permitting
MITCHELL 12-1	49.4%	Black Mesa Energy, LLC	Producing
THELMA 1-32	36.2%	Black Mesa Energy, LLC	Producing
RANGERS #1-36-WH1	80.2%	Black Mesa Energy, LLC	WOC
CARTER 12-1	37.0%	Black Mesa Energy, LLC	Producing
NEWBERRY	21.7%	Black Mesa Energy, LLC	Producing
HERRING 1-33 1513MH	18.2%	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	0.28%	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	0.03%	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 Only
ROSER 1611 2-3-34MXH	0.00%	Marathon Oil Co.	ORRI Only
ROSER 1711 4-3-34MXH	0.00%	Marathon Oil Co.	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. Working Interests for the Rangers and Flames are estimates post pooling.

Jewell 13-12-1S-3W SXH1 well

The Jewell Well was the Company's first well being drilled and operated in the SWISH AOI and its first well in the Jewell DSU, with the company's controlled subsidiary Black Mesa operating the well.

Brookside 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 the 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. The farmout was limited to the Jewell wellbore only. Brookside retained 100% of its working interest in the acreage in the Jewell DSU (outside the wellbore), its interest in the Flames and Rangers Drilling Spacing Units (DSUs) and production from all future wells.

On 1 April 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 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 with the Jewell Well spudded on 8 May (Figures 3 and 4). On 9 June the Jewell Well reached TD (total measured depth) of ~14,100 feet.

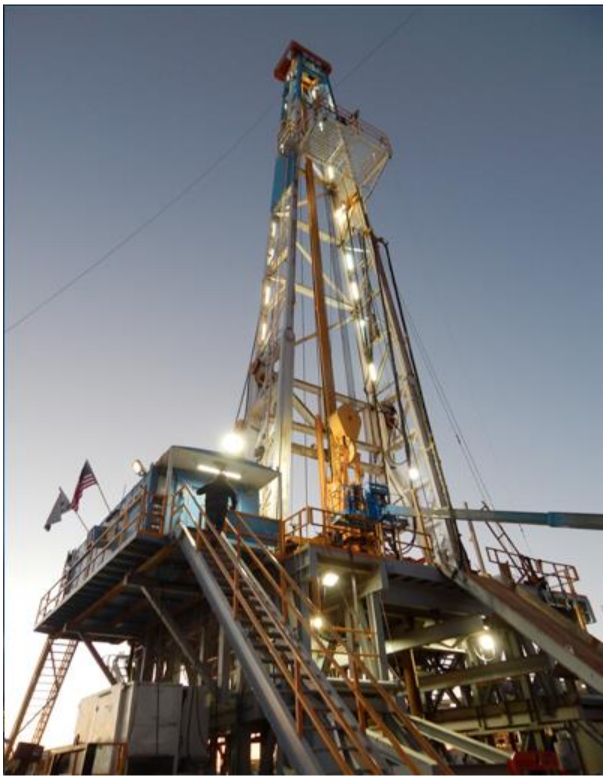


Figure 3 – Latshaw Rig 14 (Image courtesy of Latshaw)

Figure 4 – Spudding of the Jewell Well

In early July, Brookside announced that the construction of the surface production facilities had been completed. The Jewell Well tank battery and separators were set on location and plumbed in, ready to receive oil, gas and associated natural gas liquids from the well (Figure 5).

Figure 5: Jewell Well production facilities, tank battery (background) and separators (foreground).

By mid-August, Liberty Oilfield Services (**Liberty**) had completed rigging up and testing of the stimulation equipment and the multi-stage stimulation of the Jewell Well had commenced (Figure 6). A week later completion operations had finished and the gas pipeline from the Jewell Well to the tie-in point on a DCP sales line was laid, connected, and tested in preparation for production (Figure 7).

Figure 6: Panoramic view of completion equipment on the Jewell Well site, commencing multi-stage hydraulic stimulation.

Figure 7: Jewell Well site location during completion operations and access from State Highway 7.

Early in September, flow-back operations commenced, with oil and gas sales established less than two weeks later and the Jewell DSU then classified as HBP.

The Jewell Well reached and then exceeded the pre-drill high side estimate, reaching a peak rate (IP24) of ~1,800 BOE per day (75% liquids, 25% gas). Independent of this IP24 rate, a peak oil rate of 973 barrels per day and peak rich gas rate of 3,959 Mcf per day were also achieved.

The Jewell continued to outperform achieving an IP30 of 1,604 BOE per day (30-day average), within a period of measurement covering a combination of production rate growth followed by steady production. This sustained rate was significantly above Brookside's pre-drill estimates for the Jewell Well's IP30.

An IP90 of ~1,570 BOE per day was achieved (~73% liquids) with the Jewell Well production continuing to exceed expectations (Figure 8).

The operated drilling, completion and production of the Jewell Well was a very important milestone for Brookside. It not only allowed the Company to join the ranks of operator-producers but more importantly showed that the company can execute its strategy, run operations safely and on budget and generate significant cashflow.

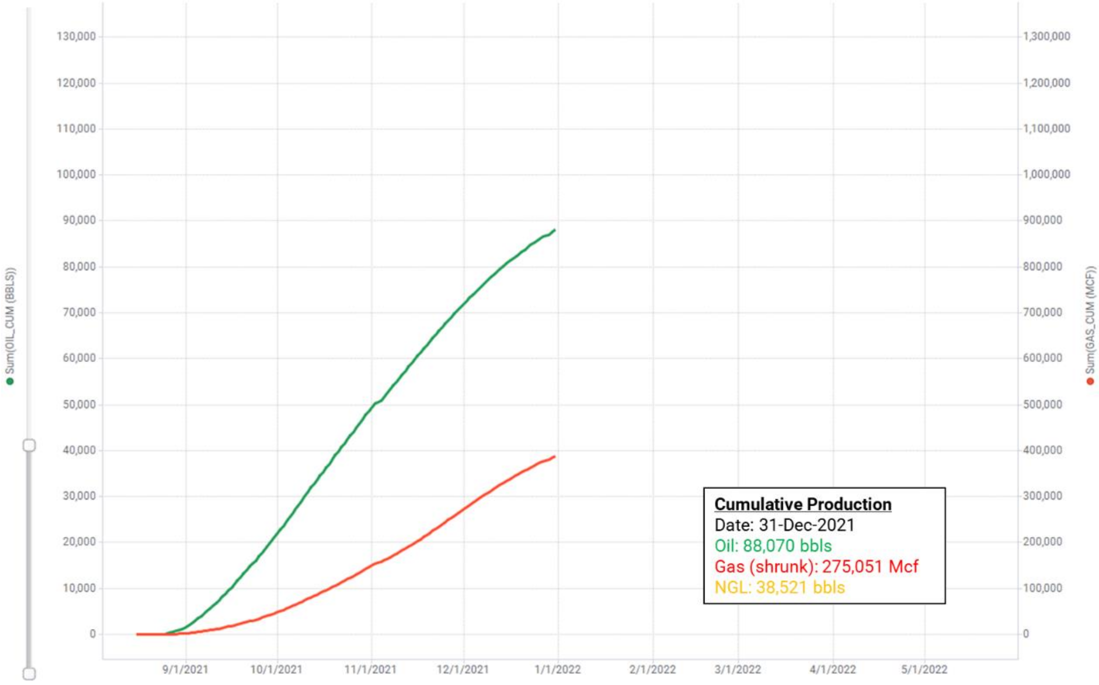


Figure 8: Cumulative production on 31 Dec 2021 for the Jewell Well.

US Major Participates in Jewell Acreage

On 29 June 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.

Rangers 36-25-SXH1 well

The Rangers well was the Company's second well being drilled and operated in the SWISH and its first well in the Rangers DSU. It was permitted to be drilled as a multi-unit horizontal Sycamore well with Brookside controlled subsidiary, Black Mesa, named as operator and Brookside having the majority interest in this well and the Rangers DSU with a working interest of ~80.2%.

On 8 September Brookside announced that it had executed an IADC Drilling Bid Proposal and Daywork Drilling Contract with Bakersfield, California based Kenai Drilling (**Kenai**).

On 28 October Brookside announced that pad construction had been finsihed, followed by an announcment on 17 Novemebr that the the drilling and casing of the conductor for the Rangers well was completed. Kenai Rig 18 was mobilised on 6 December with the well spudded on 11 December local time (Figures 9a and b).

On 29 December local time the well had reached a measured depth of 10,260 feet and had landed the well curve as planned.

Figures 9a & b. Spudding of the Rangers Well.

Orion Project

The Orion Project is a 50/50 Joint Venture arrangement (**Orion Project**) with Stonehorse, formed to enable Brookside and Stonehorse to exploit opportunities to acquire producing oil and gas properties in the Anadarko Basin.

Since inception the Orion Project had successfully acquired and completed the workover of 3 wells: Newberry 12-1, Mitchell 12-1 and Thelma 1-32.

During the first quarter the Company announced that the Thelma 1-32 Well was successfully brought on to production 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 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 HBP acres contiguous to the Thelma acreage. The additional acreage gave 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. 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 Orion Joint Venture continued to advance the technical work on the Bradbury opportunity during 2021 and at the end of the year was close to a positive recommendation to move forward and drill a low-cost vertical well to offset the Company's Thelma well.

Additionally, the Company successfully pooled the 80-acres HBP associated with the Mitchell Well at very low cost. This pooling, which amounted 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.

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 is ongoing.

For a full listing of wells in the Orion Project see Table 1.

Oil and Gas Production and Revenue

Oil and gas production and sales continued during the year from a combination of operated and non-operated wells in the SCOOP and STACK plays. Production accelerated in the fourth quarter after completion of the Jewell Well in the SWISH AOI, SCOOP play, with quarter on quarter production increasing 3-fold to 540 BOE per day. Net production (volumes attributable to the Company's Working Interest and net of royalties) is summarised below.

Description	Total
Net Oil Volume (Bbls)	35,388
Net Gas Volumes (Mcf)	321,826
Net Volume (BOE)	89,026
Average Daily Production	244

During the period the Company received net proceeds from oil and gas sales of US$3,722,130 or equivalent to AU$4,953,266 (2020: US$252,677 or equivalent to AU$365,881).

CORPORATE

Anadarko Leasing Facility

During the period, the Company made a full repayment of the facility in cash, working interest allocation and through the issuance of the Company's shares.

No additional draw down was made during the year.

Capital Raising

On 6 August 2021 the Company announced that it had completed a heavily oversubscribed placement to sophisticated and professional investor clients of CPS Capital Group Pty Ltd (**CPS**) to raise AUD$9,000,000 (before costs) by the issue of 300,000,000 fully paid ordinary shares in the capital of the Company (**Shares**) at an issue price of $0.03 per Share, together with one (1) free attaching BRKOB listed option (exercisable at $0.011 on or before 30 June 2022) (**Option**) for every three (3) Shares subscribed for and issued. The placement was conducted within the Company's available capacity under ASX Listing Rule 7.1 and ASX Listing Rule 7.1A. CPS received fees totalling 6% of the total gross proceeds of the placement plus GST in consideration for services provided to the Company. Under the mandate agreement between the Company and CPS, the Company also agreed to issue a total of 45,000,000 Options to CPS and/or its nominees.

SUBSEQUENT EVENTS

On 7 March 2022, the Company announced that it had executed an agreement with CPS Capital Group Pty Ltd (**CPS**) 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 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 (inclusive of 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.

Subject to the terms of the underwriting agreement entered into between the Company and CPS, CPS has 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). The underwriting of the Options does not affect the ability of any existing Option holder to exercise all or part of their holding, nor does it affect the ability of an existing Option holder to sell all or part of their holding, or for persons to purchase Options on-market.

The funds made available via the Facility will enable the Company to progress its drilling and development activities in the Flames Well in a very favourable pricing environment, in a non-dilutive manner and at lower cost than an equity raise.

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.

ENVIRONMENTAL REGULATIONS

The Company is aware of its environmental obligations with regards to these activities and ensured that it complied with all regulations. There have not been any known breaches of the entity's obligations under these environmental regulations during the year under review and up to the date of this report.

INFORMATION ON DIRECTORS

Michael Fry	**Non-Executive Chairman**
Qualifications	B.Comm, F.Fin
Experience	Michael Fry holds a Bachelor of Commerce degree from the University of Western Australia, is a Fellow of the Financial Services Institute of Australasia, and is a past member of the ASX. Michael has extensive experience in capital markets and corporate treasury management specialising in the identification of commodity, currency and interest rate risk and the implementation of risk management strategies.
Other Directorships	Michael Fry is currently the non-executive chairman of ASX Listed Technology Metals Australia Limited (ASX:TMT).
David Prentice	**Managing Director**
Qualifications	Grad. Dip BA, MBA
Experience	David is a senior resources executive with 30 years domestic and international corporate finance and executive management experience. David started his career working in commercial and business development roles within the resources sector working for some of Australia's most successful gold and nickel exploration and mining companies. During the last 16 years, David has gained international oil and gas exploration and production sector experience (with a specific focus on the Mid-Continent region of the United States) working in both executive and non-executive director roles with Australian publicly traded companies.
Other Directorships	David Prentice is currently a Non-Executive Director of Black Mesa Production, LLC, Non-Executive Chairman of Noronex Limited (ASX:NRX) and Blaze Minerals Limited (ASX:BLZ).
Richard Homsany	**Non-Executive Director**
Qualifications	LL.B (Hons), B. Com, Grad. Dip. Fin & Inv, F Fin, MAICD, CPA
Experience	Richard is an experienced corporate lawyer and Certified Practising Accountant (CPA) with significant experience in the resources and energy sectors. He is the principal of Cardinals Lawyers and Consultants, a West Perth based corporate and resources law firm. Richard was previously a partner of major law firm DLA Phillips Fox (now known as global law firm DLA Piper).
Other Directorships	Richard Homsany is Executive Chairman of ASX listed uranium exploration and development company Toro Energy Limited (ASX:TOE) and Executive Vice President, Australia of TSX listed uranium exploration company Mega Uranium Ltd (TSX:MGA). He is also the Chairman of each of ASX listed lithium exploration company Galan Lithium Limited (ASX:GAL), ASX listed copper exploration company Redstone Resources Limited (ASX:RDS), TSX-V listed gold and iron ore explorer Central Iron Ore Limited (TSX-V:CIO) and the Health Insurance Fund of Australia Ltd.

Katherine Garvey	**Company Secretary**
Qualifications	LL.B, BA, MAICD
Experience	Katherine is a corporate lawyer who has significant experience in the resources sector. Katherine advises public and proprietary companies on a variety of corporate and commercial matters including initial public offerings and other capital raisings, finance, acquisitions and disposals, Corporations Act and ASX Listing Rule compliance, corporate governance and company secretarial issues. She has extensive experience drafting and negotiating various corporate and commercial agreements including farm-in agreements, joint ventures, shareholders' agreements and business and share sale and purchase agreements.

CORPORATE INFORMATION

Group Corporate Structure

Brookside Energy Limited is a public company incorporated and domiciled in Western Australia listed on the Australian Securities Exchange (**ASX:BRK**). Its wholly owned subsidiaries, BRK Oklahoma Holdings LLC, Orion Acquisitions LLC, and Anadarko Leasing LLC, and controlled subsidiary, Black Mesa Energy LLC are Limited Liability Companies incorporated and domiciled in Oklahoma, USA.

Meetings of Directors

The number of Directors' meetings (including committees) held during the year for each director who held office, and the number of meetings attended by each director are:

Director	Directors Meetings	
	Meetings Attended	Number Held and Eligible to Attend
Michael Fry	16	16
David Prentice	16	16
Richard Homsany	16	16

Note: Both David Prentice and Michael Fry attended 12 and 11 Black Mesa Production (**BMP**) Board meetings respectively from a total of 12 meetings held for the financial reporting period. The importance of noting this is that BMP provides the technical and operational inputs for Brookside under a number of agreements including the Drilling Program Agreement (**DPA**) and the Acquisition Program Agreement (**APA**).

Options

At the date of this report 1,547,225,454 options over ordinary shares in the Group were on issue.

As at 31 December 2021, options on issue are as detailed below.

Type	Date of Expiry	Exercise Price	Number on issue
Listed options (BRKOB)	30 Jun 2022	$0.011	1,622,459,752

Directors' holdings of shares and options during the financial year have been disclosed in the Remuneration Report. Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company.

During the year 372,540,370 options were converted into shares (2020: Nil) and 75,234,298 were converted into shares subsequent to year-end up to the date of this report.

INDEMNIFYING OFFICERS

In accordance with the constitution, except as may be prohibited by the *Corporations Act 2001*, every Officer, or agent of the Company shall be indemnified out of the property of the Company against any liability incurred by them in their capacity as Officer, or agent of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal.

The Company currently has Directors' and Officers' liability insurance in place. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied to the Court for leave to bring proceedings on behalf of the Company or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

NON-AUDIT SERVICES

No non-audit services were provided by the external auditors during the year ended 31 December 2021.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the *Corporations Act 2001* requires our auditors, HLB Mann Judd, to provide the Directors of the Company with an Independence Declaration in relation to the audit of the annual report. This Independence Declaration is set out on page 27 and forms part of this Directors' Report for the year ended 31 December 2021.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

In the opinion of the Directors, there were no other significant changes in the state of affairs of the Group that occurred during the financial year under review not otherwise disclosed in this report or in the financial statements.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Disclosure of information regarding likely developments in the operations of the Group in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Group. Therefore, this information has not been presented in this report.

REMUNERATION REPORT

This Remuneration Report, which forms part of the directors' report, sets out information about the remuneration of Brookside Energy Limited's Directors and its Key Management Personnel for the financial year ended 31 December 2021.

A. INTRODUCTION

The information provided in this Remuneration Report has been audited as required by Section 308(3C) of the *Corporations Act 2001*. Information regarding the remuneration of Key Management Personnel (**KMP**) is required by Corporations Regulations 2M.3.03. KMP are those individuals who have the authority and responsibility for planning, directing and controlling the activities of the Company and the Group

A.1 Brookside's KMPs

Key Management Personnel for Brookside include the following Directors who were in office during the financial year:

Name	Category	Position	Appointed	Retired
Michael Fry	Non-Executive Director	Independent Chairman	20 April 2004	-
David Prentice	Executive Director	Managing Director	20 April 2004	-
Richard Homsany	Non-Executive Director	Non-Executive Director	3 February 2020	-

A.2 Comments on Remuneration Report at Brookside's most recent AGM

The Company received 99.49% of "yes" votes on its Remuneration Report for the 2020 financial year. The Company did not receive any specific feedback from shareholders at the 2021 Annual General Meeting on its remuneration practices.

A.3 Relationship between Remuneration of Key Management Personnel and Shareholder Wealth

During the Group's development phases of its business, the Board anticipates that the Group will retain earnings (if any) and other cash resources for the development of its projects. Accordingly, the Group does not currently have a policy with respect to the payment of dividends and returns of capital. Therefore, there was no relationship between the Board's policy for determining, or in relation to, the nature during the current and previous financial years.

The Board did not determine the nature and amount of remuneration of the KMP by reference to changes in the price at which shares in the Company traded between the beginning and end of the current and previous financial years. However, where the Directors of the Company receive incentive options, such options generally would only be of value if the Company's share price increased sufficiently to warrant exercising the incentive options.

A.4 Additional information

The profit/(loss) of the group for the five years to 31 December 2021 are summarised below:

	2021 AU$'000	2020 AU$'000	2019 AU$'000	2018 AU$'000	2017 AU$'000
Revenue	4,953	366	2,187	99	2
EBITDA	(1,021)	(1,664)	1,873	(631)	(991)
EBIT	(2,321)	(1,755)	1,520	(631)	(1,096)
Profit/(loss) after income tax	(2,611)	(2,437)	918	(1,218)	(1,096)

The factors that are considered to affect total shareholders return (**TSR**) are summarised below:

	2021	2020	2019	2018	2017
Share price at financial year end (AUD)	0.020	0.007	0.009	0.011	0.01
Total dividends declared (cents per share)	-	-	-	-	-
Basic earnings/(loss) per share (cents per share)	(0.10)	(0.22)	0.09	(0.13)	(0.14)

B. REMUNERATION POLICY DURING THE REPORTING PERIOD

The Brookside Board is committed to transparent disclosure of its remuneration strategy and this report details the Company's remuneration objectives, practices and outcomes for KMP, which includes Directors and senior executives, for the period ended 31 December 2021. Any reference to "Executives" in this report refers to Executive Directors.

B.1 Remuneration Policy Framework

The key objective of Brookside's remuneration policy is to be a key enabler for the Company in achieving its strategic goal of continuing to build a successful oil and gas exploration and production company. It has been designed to reward executives and employees fairly and responsibly in accordance with the regional and international market in which the Company operates, and to ensure that Brookside:

- Provides competitive rewards that attract, retain and motivate executives and employees of the highest calibre, who can successfully deliver, particularly as the Company moves through the current phase of rapidly increased development and production;
- Sets demanding levels of expected performance that have a clear linkage to an executive's remuneration;
- Benchmarks remuneration against appropriate comparator peer groups to make the Company competitive in a tight skilled human resources market, through an offering of both short- and long-term incentives and competitive base salaries.;
- Provides a level of remuneration structure to reflect each executive's respective duties and responsibilities;
- Aligns executive incentive rewards with the creation of value for shareholders;
- Complies with legal requirements and appropriate standards of governance.

No remuneration consultants were engaged during the year to assist with KMP remuneration.

B.2 Policy for Executive Remuneration for Future Reporting Periods

Executive Remuneration consists of the following key elements:

- Fixed remuneration or base salaries; and
- Variable remuneration, being the "at risk" component related to performance comprising;
  - Short Term Incentives (**STI**); and
  - Long Term Incentive (**LTI**).

C. REMUNERATION COMPONENTS

C.1 Fixed Remuneration

Fixed remuneration was reviewed by the Remuneration and Nomination Committee in 2018 and remained consistent for the current reporting period.

C.2 STI Plan for the 2020 Reporting Period

On 8 December 2020 shareholders approved the Company's Security Incentive Plan, under which securities in the Company may be issued to employees and/or directors.

C.3 Policy for and Components of Non-Executive Remuneration during the Reporting Period

Remuneration Policy

Non-Executive Director Fees

The overall level of annual Non-Executive Director fees was approved by shareholders in accordance with the requirements of the Company's Constitution and the Corporations Act. The maximum aggregate Directors' fees payable to all of the Company's Non-Executive Directors is $500,000 per annum. This aggregate amount was approved by shareholders at the 2012 Annual General Meeting.

Equity Compensation

During the year ended 31 December 2021, the Company issued 70,000,000 options to Director Mr David Prentice, 20,000,000 options to Director Mr Michael Fry and 10,000,000 options to Director Mr Richard Homsany or their nominees, pursuant to shareholder approval obtained at a general meeting of the Company in consideration for their services provided to the Company.

Remuneration Structure

Non-Executive Directors receive a fixed remuneration of base fees plus statutory superannuation. In addition, and in recognition of the higher workloads and extra responsibilities of participating on a Board committee, if applicable, they also received a committee fee and chairing a committee also warrants a higher fee. In addition to these fees, Non-Executive Directors are entitled to reimbursement of reasonable travel, accommodation and other expenses incurred in attending meetings of the Board, committee or shareholder meetings whilst engaged by Brookside. Non-Executive Directors do not earn retirement benefits other than superannuation and are not entitled to any compensation on termination of their directorships.

D. DETAILS OF REMUNERATION

Remuneration of Key Management Personnel is set out below:

31 December 2021	Primary			Post- employment		TOTAL $	Percentage Options Related %
	Base Salary and Fees $	Bonus STI $	Share-based Benefits $	Superannuation Contributions $	Termination Payments $		
Executive Directors							
David Prentice	204,000	-	1,120,000	-	-	1,324,000	85%
Non-Executive Directors							
Michael Fry	57,500	-	320,000	-	-	377,500	85%
Richard Homsany	40,000	-	160,000	-	-	200,000	80%
Total 31 Dec 2021	**301,500**	**-**	**1,600,000**	**-**	**-**	**1,901,500**	**-**

As at 31 December 2021, the Company had accrued $10,000 in outstanding director fees (31 December 2020: $36,667).

31 December 2020	Primary			Post- employment		TOTAL $	Percentage Options Related %
	Base Salary and Fees $	Bonus STI $	Share-based Benefits $	Super-annuation Contributions $	Termination Payments $		
Executive Directors							
David Prentice	130,000	-	75,000	-	-	205,000	37%
Non-Executive Directors							
Michael Fry	50,000	-	30,000	-	-	80,000	38%
Richard Homsany	36,667	-	30,000	-	-	66,667	45%
Loren King(i)	2,500	-	-	-	-	2,500	-
Total 31 Dec 2020	**219,167**	**-**	**135,000**	**-**	**-**	**354,167**	**-**

(i) Retired 3 February 2020

E. ADDITIONAL DISCLOSURES RELATING TO KEY MANAGEMENT PERSONNEL

E.1 Shares held by Key Management Personnel

The number of shares in the Company held during year by each Director of Brookside Energy Limited and other Key Management Personnel, including their personally related parties, are set out below.

There were no shares granted during the year as compensation.

Director	Balance at 1 Jan 2021	Shares Issued	Other	Balance at 31 Dec 2021
David Prentice	12,999,999	-	-	12,999,999
Michael Fry	6,875,000	11,250,000(i)	(5,000,000)	13,125,000
Richard Homsany	4,000,000	-	-	4,000,000
Total	**23,874,999**	**11,250,000**	**(5,000,000)**	**30,124,999**

(i) *Shares acquired through exercised of options..*

E.2 Options Held by Key Management Personnel

Options held by Key Management Personnel during the reporting period are as follows:

Director	Balance at 1 Jan 2021	Options Issued	Exercised	Other	Lapsed	Balance at 31 Dec 2021
David Prentice	27,499,999	70,000,000	-	-	-	97,499,999
Michael Fry	11,375,000	20,000,000	(11,250,000) (ii)	(5,000,000)	-	15,125,000
Richard Homsany	800,000	10,000,000(i)	-	-	-	10,800,000
Total	**39,674,999**	**100,000,000**	**(11,250,000)**	**(5,000,000)**	**-**	**123,424,999**

(i) 10,000,000 Options were issued to Richard Homsany's nominee, which is not a related party.

(ii) 11,250,000 fully paid ordinary shares acquired by the exercise of Listed BRKOB Options at an exercise price of $0.011 per Option. The total fair value of the options exercises was $236,250.

E.3 Loans to Key Management Personnel

No loans were made to key management personnel of the Company during the financial year or the prior corresponding period.

E.4 Other Transactions and Balances with Key Management Personnel

Other than as stated above, there have been no other transactions with key management personnel during the year.

E.5 Compensation Options: Granted and vested during and since the financial year ended 31 December 2021

During the financial year ended 31 December 2021, there were 100,000,000 options granted (2020: 45,000,000), no director options lapsed (2020: 25,228,085), and 11,250,000 director options exercised (2020: Nil). As at 31 December 2021 there were123,424,999 listed director options exercisable at $0.011 and expiring 30 June 2022 on issue. The fair value of the listed director options, issued during the year, was $0.016 per option, determined using the closing market price at grant date. The options granted vested immediately.

E.6 Performance bonuses

No performance-based bonuses have been paid to key management personnel during the financial year.

F. SERVICE AGREEMENTS

Director	Base Salary	Terms of the Agreement	Notice Period
David Prentice *CEO/Managing Director*	$23,000 per month	Until termination	6 Months
Michael Fry *Non-Executive Chairman*	$80,000 per annum	Until termination in accordance with the Company's Constitution	Reasonable notice
Richard Homsany *Non-Executive Director*	$40,000 per annum	Until termination in accordance with the Company's Constitution	Reasonable notice

- - END OF REMUNERATION REPORT - -

This report is made in accordance with a resolution of the Directors.

David Prentice
Managing Director

31 March 2022

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Brookside Energy Limited for the year ended 31 December 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 audit; and

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

Perth, Western Australia	**D I Buckley**
31 March 2022	**Partner**

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849
T: +61 (0)8 9227 7500 E: mailbox@hlbwa.com.au

CORPORATE GOVERNANCE STATEMENT

Brookside Energy Limited (**Company**) and the Board of Directors are committed to achieving the highest standards of corporate governance. The Board continues to review the framework and practices to ensure they meet the interests of shareholders. The Company and its controlled entities together are referred to as the Group in this statement.

A description of the Group's main corporate governance practices is set out on the Company's website http://brookside-energy.com.au/corporate-governance.

All these practices, unless otherwise stated, were in place for the entire period and comply with the ASX Corporate Governance Principles and Recommendations and are contained in the accompanying Appendix 4G for the period ended 31 December 2021.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2021

	Notes	For the year ended 31 Dec 2021 $	For the year ended 31 Dec 2020 $
Revenue	2.A	4,953,266	365,881
Production expense		(387,425)	(158,939)
Gross profit		4,565,841	206,942
Interest revenue	2.A	3,582	514
Government grant and subsidies		154,715	-
Fair value gain on equity investment		22,500	45,000
Other income	2.A	701,258	191,266
Director and employee related expenses		(859,638)	(803,825)
Compliance and registry expenses		(412,696)	(221,944)
Accounting and audit fees		(208,287)	(111,659)
Promotion and communication cost		(196,321)	(75,350)
Interest on financing	11.B	(289,975)	(681,052)
Amortisation expense	7	(1,279,781)	(91,298)
Share based payments expense	18	(4,238,500)	(197,391)
Other expenses	2.B	(476,804)	(415,667)
Loss on disposal of assets		-	(321,359)
Write down of receivables	5	-	(455,062)
Gain/(loss) on foreign exchange movement		(97,230)	494,313
Loss before income tax expense		**(2,611,336)**	**(2,436,572)**
Income tax expense	3	**-**	**-**
Loss for the year		**(2,611,336)**	**(2,436,572)**
Other comprehensive income/ (loss)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on the translation of foreign operations		1,289,571	(1,039,146)
Other comprehensive loss for the year net of taxes		**(1,321,765)**	**(3,475,718)**
Total comprehensive loss for the year		**(1,321,765)**	**(3,475,718)**
Earnings/(loss) Per Share			
Basic and diluted earnings/(loss) per share (cents)	14	(0.10)	(0.22)

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	As at 31 Dec 2021 $	As at 31 Dec 2020 $
Assets			
Current Assets			
Cash and cash equivalents	4	17,038,540	1,302,364
Trade and other receivables	5	1,263,356	51,825
Financial assets		120,000	97,500
Total Current Assets		**18,421,896**	**1,451,689**
Non-Current Assets			
Property, plant and equipment		2,981	19,482
Exploration and evaluation assets	6	15,780,667	10,928,991
Producing assets	7	6,556,585	774,014
Total Non-Current Assets		**22,340,233**	**11,722,487**
Total Assets		**40,762,129**	**13,174,176**
Liabilities			
Current Liabilities			
Trade and other payables	8.A	4,655,237	200,347
Borrowings	8.B	-	5,192,635
Total Current Liabilities		**4,655,237**	**5,392,982**
Non-Current Liabilities			
Borrowings	8.B	-	166,191
Provisions		68,906	64,918
Total Non-Current Liabilities		**68,906**	**231,109**
Total Liabilities		**4,724,143**	**5,624,091**
Net Assets		**36,037,986**	**7,550,085**
Equity			
Issued capital	9	252,356,277	227,091,611
Reserves	10	6,117,204	282,633
Accumulated losses		(222,435,495)	(219,824,159)
Total Equity		**36,037,986**	**7,550,085**

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 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	-	(2,436,572)	-	-	(2,436,572)
Other comprehensive loss	-	-	-	(1,039,146)	(1,039,146)
Total comprehensive loss for the period	**-**	**(2,436,572)**	**-**	**(1,039,146)**	**(3,475,718)**
Shares issued lieu of services	1,761,391	-	-	-	1,761,391
Options issued during the period	-	-	463,500	-	463,500
Expired options	-	2,912,845	(2,912,845)	-	-
Share/Option issue costs	(77,137)	-	(32,461)	-	(109,598)
Balance at 31 December 2020	**227,091,611**	**(219,824,159)**	**431,039**	**(148,406)**	**7,550,085**
Balance at 1 January 2021	**227,091,611**	**(219,824,159)**	**431,039**	**(148,406)**	**7,550,085**
Loss for the period	-	(2,611,336)	-	-	(2,611,336)
Other comprehensive income	-	-	-	1,289,571	1,289,571
Total comprehensive loss for the period	**-**	**(2,611,336)**	**-**	**1,289,571**	**(1,321,765)**
Shares issued during the period	17,250,000	-	-	-	17,250,000
Shares issued in lieu of services	49,750	-	-	-	49,750
Shares issued in lieu of wells acquisition	3,250,000	-	-	-	3,250,000
Shares issued in lieu of loan repayment	3,125,000	-	-	-	3,125,000
Share option exercised	4,098,416	-	-	-	4,098,416
Options issued during the period	-	-	4,545,000	-	4,545,000
Share/Option issue costs	(2,508,500)	-	-	-	(2,508,500)
Balance at 31 December 2021	**252,356,277**	**(222,435,495)**	**4,976,039**	**1,141,165**	**36,037,986**

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

		For the year ended 31 Dec 2021 $	For the year ended 31 Dec 2020 $
Cash Flows Used in Operating Activities			
Receipts from customers		9,441,744	557,147
Payments to suppliers and employees		(2,743,614)	(1,569,740)
Interest received		3,582	514
Net Cash Provided/(Used In) By Operating Activities	11.A	**6,701,712**	**(1,012,079)**
Cash Flows from Investing Activities			
Proceeds from disposal of assets		-	343,286
Proceeds from exploration project participants		2,438,766	-
Payments for exploration activities		(10,764,716)	(239,447)
Payments for leasehold acquisitions		-	(567,390)
Payments for production assets		(213,659)	(329,467)
Payments for property, plant and equipment		(3,648)	-
Net Cash Used In Investing Activities		**(8,543,257)**	**(793,018)**
Cash Flows from Financing Activities			
Proceeds from issue of shares		17,250,000	1,387,500
Proceeds from issue of options		-	300,000
Proceeds from exercise of options		4,094,634	-
Payments of share issue costs		(1,036,000)	(77,137)
Payments of option issue costs		-	(32,461)
Cash from obtaining control of subsidiaries		-	372,347
Proceeds from borrowings		-	166,191
Repayment of borrowings		(2,703,383)	-
Net Cash Provided by Financing Activities		**17,605,251**	**2,116,440**
Net Increase in Cash and Cash Equivalents		**15,763,706**	**311,343**
Cash at beginning of the year		1,302,364	1,056,179
Effect of exchange rates on cash		(27,530)	(65,158)
Cash at End of Period		**17,038,540**	**1,302,364**

The accompanying notes form part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.A. BASIS OF PREPARATION

These financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and comply with other requirements of the law.

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

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated. The financial statements are for the Group consisting of Brookside Energy Limited and its subsidiaries.

The financial statements have been prepared on a historical cost basis. Historical cost is based on the fair values of the consideration given in exchange for goods and services.

The Company is an ASX listed public company, incorporated in Australia and operating in Australia and the USA. The Group's principal activities during the year were the exploration and appraisal of oil and gas projects.

The financial report is presented in Australian dollars.

1.A.1. Functional and Presentation Currency

The consolidated financial statements are presented in Australian dollars (AU$), which is the Group's presentation currency unless otherwise stated.

1.A.2. Accounting Policies

The same accounting policies and methods of computation have been followed in this consolidated financial report as were applied in the 31 December 2021 financial statements except for the impact (if any) of the new and revised standards and interpretations as outlined in Note 1.B.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.A.3. Going Concern

The financial report has been prepared on the going concern basis which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business.

The Directors have reviewed the business outlook, cash flow forecasts and immediate capital requirements and are of the opinion that the use of the going concern basis of accounting is appropriate as the Directors believe the Group will be able to pay its debts as and when they fall due.

1.B. ADOPTION OF NEW AND REVISED STANDARDS

1.B.1. Changes in accounting policies on initial application of Accounting Standards

Standards and Interpretations applicable to 31 December 2021

In the year ended 31 December 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 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.

Standards and Interpretations in issue not yet adopted applicable to 31 December 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 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 in issue not yet adopted on the Company and therefore no material change is necessary to Group accounting policies.

1.C. STATEMENT OF COMPLIANCE

The general purpose consolidated financial statements for the period ended 31 December 2021 were approved and authorised for issue on 31 March 2022.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (**AIFRS**). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (**IFRS**).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.D. BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of Brookside Energy Limited and its subsidiaries as at 31 December each year (the **Group**). Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Investments in subsidiaries are accounted for at cost in the parent entity's financial statements.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The acquisition of subsidiaries has been accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired, and the liabilities and contingent liabilities assumed at the date of acquisition. Accordingly, the consolidated financial statements include the results of subsidiaries for the period from their acquisition.

1.E. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

<u>Exploration and evaluation expenditure</u>

The Directors have conducted a review of the Group's capitalised exploration expenditure to determine the existence of any indicators of impairment. Based upon this review, the Directors have determined that no impairment exists.

<u>Share-based payment transactions</u>

The Group measures the cost of equity-settled transactions with employees 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.

<u>Amortisation and estimation of reserves</u>

Amortisation is provided on a unit of production basis which results in a write off of the cost proportional to the depletion of the proven and probably oil and gas reserves.

1.F. REVENUE

The Company currently generates revenue from its revenue interests in production projects. Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of oil and gas
Revenue is recognised when or as the Company transfers control of goods or services to a customer at the amount to which the Company expects to be entitled.

Interest income
Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

1.G. FOREIGN CURRENCY TRANSLATION

Both the functional and presentation currency of Brookside Energy Limited is Australian dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

All exchange differences in the consolidated financial statements are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

The functional currency of the foreign operations, BRK Oklahoma Holdings LLC, Orion Acquisitions LLC, Black Mesa Energy LLC and Anadarko Leasing LLC is US dollars, "USD".

1.H. PRODUCING ASSETS

Producing assets represent the accumulation of all exploration, evaluation and development expenditure incurred in respect of areas of interest in which drilling has commenced or in the process of commencing. When further development expenditure is incurred in respect of operating wells after the commencement of production, such expenditure is carried forward as part of the producing asset only when substantial future economic benefits are thereby established, otherwise such expenditure is classified as part of the cost of production.

Amortisation is provided on a unit of production basis which results in a write off of the cost proportional to the depletion of the proven and probably oil and gas reserves.

The net carrying value of each area of interest is reviewed regularly and to the extent to which this value exceeds its recoverable amount, the excess is either fully provided against or written off in the financial year in which this is determined.

2. REVENUES AND EXPENSES

2.A. REVENUE

	Year ended 31 Dec 2021 $	Year ended 31 Dec 2020 $
Oil and gas revenue (point in time)	4,953,226	365,881
	4,953,226	**365,881**
Other revenue		
Overhead income from program participants	559,178	191,266
Other	142,080	-
	701,258	**191,266**

Revenue is measured at fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties. All revenue is measured at the point in time.

<u>Interest income</u>

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be reliably measured. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.B. EXPENSES

	Year ended 31 Dec 2021 $	Year ended 31 Dec 2020 $
Other expenses		
Administration expenses	279,109	230,401
Consultant fees	38,452	58,509
Insurance expenses	58,609	70,220
Travel expenses	62,119	56,537
Depreciation expenses	20,304	-
Finance cost	18,211	-
	476,804	**415,667**

3. INCOME TAX EXPENSE

	Year ended 31 Dec 2021 $	Year ended 31 Dec 2020 $
The components of tax expense comprise:		
Current tax	-	-
Deferred tax	-	-
Income tax expense reported in statement of profit or loss and other comprehensive income	**-**	**-**
Prima facie tax expense/(benefit) on profit/(loss) from ordinary activities before income tax at 30% (2020: 30%)	(783,401)	(730,972)
Add tax effect of:		
Non-allowable items	1,522,897	(110,772)
Losses not recognised	682,179	784,053
Impact of different tax rate (USA)	(96,851)	57,691
	1,324,824	**-**

	Year ended 31 Dec 2021 $	Year ended 31 Dec 2020 $
Less tax effect of:		
Losses deferred tax balances not recognised	(1,324,824)	-
	-	**-**

3.A. UNRECOGNISED DEFERRED TAX LIABILITY

	Year ended 31 Dec 2021 $	Year ended 31 Dec 2020 $
Other deferred tax liabilities	6,202	3,925
Less: Deferred tax assets recognised (tax losses)	(6,202)	(3,925)
	-	**-**

3.B. UNRECOGNISED DEFERRED TAX ASSETS

	Year ended 31 Dec 2021 $	Year ended 31 Dec 2020 $
Unrecognised deferred tax assets at 30% (31 December 2020: 30%):		
Carry forward revenue losses	3,886,784	4,332,386
Provisions and accruals	16,500	21,750
Capital raising	715,454	95,364
Less: Deferred tax liabilities	(6,202)	(3,925)
	4,612,536	**4,445,575**

The unrecognised deferred tax asset of $3,886,784 (2020: $4,322,386) relating to carry forward revenue losses have not been formally tested for their availability in accordance with income tax legislation, therefore as at balance date it is uncertain whether these losses could be applied against future taxable income. The Group will undergo detailed testing of those tax losses at a time when the use of those losses is relevant to offsetting taxable income.

3. INCOME TAX EXPENSE (continued)

The tax benefits of the above deferred tax assets will only be obtained if:

(a) the company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
(b) the company continues to comply with the conditions for deductibility imposed by law; and
(c) no changes in income tax legislation adversely affect the company in utilising the benefits.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date. Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

3. INCOME TAX EXPENSE (continued)

Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

4. CASH AND CASH EQUIVALENTS

	As at 31 Dec 2021 $	As at 31 Dec 2020 $
Cash at bank	17,038,540	1,302,364
	17,038,540	**1,302,364**

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Cash at bank earns interest at floating rates based on daily bank deposit rates.

5. TRADE & OTHER RECEIVABLES

	As at 31 Dec 2021 $	As at 31 Dec 2020 $
Current		
Trade receivables	947,885	-
Other receivables	315,471	51,825
	1,263,356	**51,825**

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.

5. TRADE & OTHER RECEIVABLES (continued)

The Group applies the AASB 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due and also according to the geographical location of customers.

The expected loss rates are based on the payment profile for sales over the past 48 months before 31 December 2021 and 31 December 2020 respectively as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding.

The group has identified gross domestic product (**GDP**) of the countries in which the customers are domiciled to be the most relevant factors and accordingly adjusts historical loss rates for expected changes in these factors. However given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period.

Trade receivables are written off when there is no reasonable expectation of recovery. Failure to make payments within 180 days from the invoice date and failure to engage with the Group on alternative payment arrangement amongst other is considered indicators of no reasonable expectation of recovery.

6. EXPLORATION AND EVALUATION

	As at 31 Dec 2021 $	As at 31 Dec 2020 $
Costs carried forward in respect of areas of interest in:		
Exploration and evaluation phases – at cost	**15,780,667**	**10,928,991**
Opening Balance	**10,928,991**	**10,832,603**
Anadarko Basin Projects (leasehold acquisition)	-	567,390
Capitalised expenses (net of contributions from project participants)	8,353,135	239,447
Transfer to producing assets	(4,150,175)	-
Sale of acreage	-	(680,570)
Movement from obtaining control of subsidiaries	-	849,143
Foreign currency translation on movement	648,716	(879,022)
	15,780,667	**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.

6. EXPLORATION AND EVALUATION (continued)

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- the rights to tenure of the area of interest are current; and
- at least one of the following conditions is also met:
  - the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or
  - exploration and evaluation activities in the area of interest have not at the balance date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortised assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to producing assets.

7. PRODUCING ASSETS

	As at 31 Dec 2021 $	As at 31 Dec 2020 $
Balance at beginning of year	774,014	575,962
Transferred from exploration and evaluation assets	4,150,175	-
Acquisition of working interest	2,723,722	141,494
Capitalisation of production expense	213,659	187,973
Sale of working interest	(27,186)	-
Amortisation	(1,279,781)	(91,298)
Foreign currency translation on movement	1,982	(40,117)
	6,556,585	**774,014**

Producing assets were transferred from exploration and evaluation phase on 31 August 2021 and tested for impairment. No impairment was recognised as a result of the impairment test.

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

7. PRODUCING ASSETS (continued)

During the year ended 31 December 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.

8. LIABILITIES

8.A. TRADE AND OTHER PAYABLES

	As at 31 Dec 2021 $	As at 31 Dec 2020 $
Trade creditors (a)	57,997	60,938
Other current liabilities[(i)]	4,547,640	76,742
Other creditors and accruals*	49,600	62,667
	4,655,237	**200,347**
**Aggregate amounts payable to related parties included:*		
Directors and director-related entities	10,000	36,667

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

Terms and conditions

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

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

8.B. BORROWINGS

	As at 31 Dec 2021 $	As at 31 Dec 2020 $
Loan from Oklahoma Energy Consultants, Inc. (OEC) - current	-	5,192,635
Loan from Bank of Oklahoma - non current	-	166,191
	-	**5,358,826**

8.B. BORROWINGS (continued)

	Year ended 31 Dec 2021 $	Year ended 31 Dec 2020 $
Opening balance	**5,192,635**	**5,362,785**
Loan from Oklahoma Energy Consultants, Inc. (OEC)	-	-
Repayments (cash, shares and working interest allocation)	(5,610,033)	(340,000)
Interest accrued on borrowings	289,975	681,052
Foreign Currency Translation	127,423	(511,202)
Closing balance	**-**	**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$4,000,000	Facility was due for repayment on 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.

During the year, the Company made a full repayment of the facility in cash, working interest allocation in the Thelma well and through the issuance of the Company's shares.

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

8.B. BORROWINGS (continued)

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.

9. ISSUED CAPITAL

	As at 31 Dec 2021 $	As at 31 Dec 2020 $
Issued and paid up capital		
3,375,340,370 Ordinary shares	**252,356,277**	**227,091,611**
(31 December 2020: 1,350,000,000)		

9.A. MOVEMENTS IN ISSUED CAPITAL

	Year ended 31 Dec 2021 $	Year ended 31 Dec 2020 $
At the beginning of the year	227,091,611	225,407,357
Shares issued during the year:		
- Placement	17,250,000	1,387,500
- Payment for the acquisitions of producing wells	3,250,000	-
- Payment of advisor fees in Ordinary Shares	49,750	33,891
- Payment of loan principal and accrued interest in ordinary shares	3,125,000	340,000
- Exercise of options	4,098,416	-
Share issue costs - paid through listed options	(1,472,500)	-
Share issue costs – paid in cash	(1,036,000)	(77,137)
At end of the year	**252,356,277**	**227,091,611**

9.B. MOVEMENTS IN NUMBER OF SHARES ON ISSUE

	Year ended 31 Dec 2021 Number	Year ended 31 Dec 2020 Number
At the beginning of the year	**1,350,000,000**	**999,221,875**
Shares issued during the year:		
-Placement – August and September 2020	1,400,000,000	277,500,000
-Payment for the acquisitions of producing wells	125,000,000	-
-Payment of loan interest in ordinary shares	125,000,000	68,000,000
-Payment of advisor fees in ordinary shares	2,800,000	5,278,125
-Exercise of options	372,540,370	-
At end of the year	**3,375,340,370**	**1,350,000,000**

9. ISSUED CAPITAL (continued)

9.C. TERMS AND CONDITIONS OF CONTRIBUTED EQUITY

Voting Rights

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held and in proportion to the amount paid up on the shares held.

At shareholders meetings, each ordinary share is entitled to one vote in proportion to the paid-up amount of the share when a poll is called, otherwise each shareholder has one vote on a show of hands.

9.D. OPTIONS

At the end of the reporting period, 1,622,459,752 options over unissued shares were on issue.

During the year 372,540,370 options were converted into shares (2020: Nil).

9.E. MOVEMENTS IN NUMBER OF OPTIONS ON ISSUE

	As at 31 Dec 2021 Number	As at 31 Dec 2020 Number
At the beginning of the year	**700,000,000**	**295,140,625**
Shares issued during the year:		
- Options issued under placement	-	300,000,000
- Options free attaching to placement	650,000,122	277,500,000
- Options issued to directors, employee and company secretary	100,000,000	54,500,000
- Options issued to lead manager	272,500,000	-
- Options issued to advisor	272,500,000	-
- Options free attaching to shares issued for loan repayment	-	68,000,000
- Options exercised during the year	(372,540,370)	-
- Options expired during the year	-	(295,140,625)
At end of the period	**1,622,459,752**	**700,000,000**

Type	Date of Expiry	Exercise Price AUD	Number of Options on Issue
Listed Options (BRKOB)	30 June 2022	$0.011	1,622,459,752

10. RESERVES

	As at 31 Dec 2021 $	As at 31 Dec 2020 $
Option valuation reserve	4,976,039	431,039
Foreign currency translation reserve	1,141,165	(148,406)
	6,117,204	**282,633**

10.A. OPTION VALUATION RESERVE

	Year ended 31 Dec 2021 $	Year ended 31 Dec 2020 $
At the beginning of the year	**431,039**	**2,912,845**
Options issued during the year:		
- Options issued under placement	-	300,000
- Options issued to directors	1,600,000	135,000
- Options issued to employee	-	22,500
- Options issued to company secretary	-	6,000
- Options issued to lead manager	1,472,500	-
- Options issued to advisor	1,472,500	-
- Options issue cost	-	(32,461)
Options expired during the year:	-	(2,912,845)
At end of the year	**4,976,039**	**431,039**

Option valuation reserve

This reserve is used to record the value of equity benefits provided to directors, employees, and company secretary as part of their remuneration. Refer to Note 18 for further details of these plans.

10.B. FOREIGN CURRENCY RESERVE

	Year ended 31 Dec 2021 $	Year ended 31 Dec 2020 $
At beginning of the year	**(148,406)**	**890,740**
Movement during the year	1,289,571	(1,039,146)
Balance at end of the year	**1,141,165**	**(148,406)**

Foreign Currency Translation Reserve

Foreign currency translation reserve records exchange differences arising on translation of the subsidiaries' functional currency (US Dollars) into presentation currency at balance date.

11. CASH FLOW INFORMATION

11.A. RECONCILIATION OF NET PROFIT/(LOSS) AFTER TAX TO THE NET CASH FLOWS FROM OPERATIONS

	Year ended 31 Dec 2021 $	Year ended 31 Dec 2020 $
Net loss	**(2,611,336)**	**(2,436,572)**
Non-cash items		
Loss on disposal	-	321,359
Share based payment expense	4,238,500	197,391
Write down of receivables	-	455,062
Loss/ (gain) on foreign exchange movement	97,230	(494,313)
Interest on borrowings	289,975	681,052
Fair value gain on financial assets	(22,500)	(45,000)
Depreciation expense	20,304	-
Amortisation expense	1,279,781	91,298
Changes in assets and liabilities		
(Increase)/ decrease in receivables and other assets	(1,315,181)	152,726
Increase/(decrease) in payables and accruals	4,724,939	64,918
Net cash flows (used in)/from operating activities	**6,701,712**	**(1,012,079)**
Reconciliation of cash:		
Cash balances comprises		
AUD accounts	351,556	1,070,349
USD accounts	16,686,984	232,015
	17,038,540	**1,302,364**

11.B. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Loans $	Convertible notes $	Lease liability $	Total $
Balance as at as at 1 January 2020	**5,362,785**	-	-	**5,362,785**
Net cash from financing activities	166,191	-	-	166,191
Interest accrued on borrowings	681,052	-	-	681,052
Repayments (non-cash)	(340,000)	-	-	(340,000)
Exchange differences	(511,202)	-	-	(511,202)
Balance as at 31 December 2020	**5,358,826**	**-**	**-**	**5,358,826**
Balance as at as at 1 January 2021	**5,358,826**	**-**	**-**	**5,358,826**
Net cash from financing activities	-	-	-	-
Interest accrued on borrowings	289,975	-	-	289,975
Repayments in cash	(2,703,383)	-	-	(2,703,383)
Repayments in shares and working interest allocation	(2,906,650)	-	-	(2,906,650)
Loan forgiven	(166,191)			(166,191)
Exchange differences	127,423	-	-	127,423
Balance as at 31 December 2021	**-**	**-**	**-**	**-**

12. KEY MANAGEMENT PERSONNEL DISCLOSURES

12.A. REMUNERATION OF DIRECTORS AND EXECUTIVES

Details of remuneration paid to Key Management Personnel have been disclosed in the Directors' Report.

Aggregate of remuneration paid to Key Management Personnel during the period as follows:

	As at 31 Dec 2021 $	As at 31 Dec 2020 $
Short term employee benefits	301,500	219,167
Post-employment benefits	-	-
Share-based payments	1,600,000	135,000
	1,901,500	**354,167**

13. SEGMENT INFORMATION

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

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 interests in the USA and its corporate activities in Australia. 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.

Types of reportable segments

(i) 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.

(ii) 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.

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.

Segment liabilities

Liabilities are allocated to segments where there is direct link 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.

13. SEGMENT INFORMATION (continued)

	Corporate $	Oil and Gas & Other US Entities $	Total $
31 December 2020			
Segment performance			
Segment revenue	17,965	539,696	**557,661**
Segment results	(513,535)	(1,923,037)	**(2,436,572)**
Included within segment result:			
- Interest Revenue	-	514	**514**
- Interest on financing	-	(681,052)	**(681,052)**
- Write down of receivables	-	(455,062)	**(455,062)**
- Loss on disposal of assets	-	(321,359)	**(321,359)**
- Share based payments expense	(197,391)	-	**(197,391)**
Segment assets	1,581,690	11,592,486	**13,174,176**
Segment liabilities	(3,872,980)	(1,751,111)	**(5,624,091)**
Addition to non-current assets	-	568,914	**568,914**
31 December 2021			
Segment performance			
Segment revenue	2,393	5,810,428	**5,812,821**
Segment results	(5,839,689)	3,228,353	**(2,611,336)**
Included within segment result:			
- Interest Revenue	1,985	1,597	**3,582**
- Interest on financing	-	(289,975)	**(289,975)**
- Amortisation expenses	-	(1,279,781)	**(1,279,781)**
- Share based payments expense	(4,238,500)	-	**(4,238,500)**
Segment assets	898,609	39,863,520	**40,762,129**
Segment liabilities	107,597	4,616,546	**4,724,143**
Addition to non-current assets	2,981	11,290,516	**11,293,497**

During 2021, $3,832,194 or 77% of the Group's revenues depended on two customers in the segment.

No other single customer contributed 10% or more to the Group's revenue.

14. EARNINGS/(LOSS) PER SHARE

The following reflects the income and share data used in the calculation of basic and diluted earnings/(loss) per share:

	As at 31 Dec 2021 $	As at 31 Dec 2020 $
Earnings/(loss) used in calculation of basic and diluted loss per share	(2,611,336)	(2,436,572)
Weighted average number of ordinary shares on issue used in the calculation of basic loss per share	2,682,202,291	1,109,974,797

Basic earnings per share is calculated as net profit or loss attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit or loss attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

15. AUDITOR'S REMUNERATION

	Year ended 31 Dec 2021 $	Year ended 31 Dec 2020 $
The auditor of Brookside Energy Limited is HLB Mann Judd.		
Amounts received or due and receivable to the auditor for:		
Audit or reviewing the financial report.	47,898	34,863
	47,898	**34,863**

16. FINANCIAL INSTRUMENTS

The main risks arising from the Group's financial instruments are market risk, currency risk and interest rate risk.

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board has overall responsibility for the establishment and oversight of the risk management framework. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

The Group's principal financial instruments comprise cash and short-term deposits. The main purpose of the financial instruments is to earn the maximum amount of interest at a low risk to the Group. The Group also has other financial instruments such as trade debtors, creditors and borrowings which arise directly from its operations.

Market Risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

The Group is exposed to movements in market interest rates on short term deposits. The policy is to monitor the interest rate yield curve out to 120 days to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. The Group does not have short- or long-term debt, and therefore this risk is minimal.

Currency Risk

Foreign exchange risk arises from future commitments, assets and liabilities that are denominated in a currency that is not he functional currency of the Group. The Group deposits are denominated in both US and Australian dollars. At the year end the majority of deposits were held in US dollars. Currently, there are no foreign exchange programs in place. The Group treasury function manages the purchase of foreign currency to meet operational and budgetary requirements.

The Group's sensitivity to foreign exchange rates has increased during the year mainly to the exposure of deposits held in US dollars (Note 11A) and US dollars payables (Note 8A) at year end in the Group. If the US dollars exchange rate strengthened (weakened) against all other currencies as at 31 December 2021 by 10% then profit or loss and equity would increase by $880,831.

Interest Rate Risk

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities. The Group does not have short- or long-term debt, and therefore this risk is minimal.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted the policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

16. FINANCIAL INSTRUMENTS (continued)

The Group operates in the energy exploration and production sector; it therefore does not supply products and have trade receivables and is not exposed to credit risk in relation to trade receivables. The Group does not have any significant credit risk exposure to any single counterparty or any Company of counterparties having similar characteristics.

The Group's maximum exposure to credit risk at each balance date in relation to each class of recognised financial assets is the carrying amount, net of any allowance for doubtful debts, of those assets as indicated in the statement of financial position. The maximum credit risk exposure of the Group at 31 December 2021 is Nil (2020: Nil).

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group manages liquidity risk by monitoring forecast cash flows on a rolling monthly basis. The Group does not have any significant liquidity risk as the Group does not have any collateral debts. Financial assets and liabilities are of a short term nature at balance date and therefore a maturity analysis table is not material to disclose.

Capital Management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so it may continue to provide returns for shareholders and benefits for other stakeholders.

Accordingly, the objective of the Group's capital risk management is to balance the current working capital position against the requirements to meet exploration programmes and corporate overheads. This is achieved by maintaining appropriate liquidity to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

The directors consider that the carrying value of the financial assets and financial liabilities recognised in the consolidated financial statement approximate their fair value.

16. FINANCIAL INSTRUMENTS (continued)

16.A. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of the following fair value measurement hierarchy in accordance with AASB 7 Financial Instruments:

Disclosures

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3: unobservable inputs for the asset or liability.

Financial assets of $120,000 (2020: $97,500) represents level 1 financial instruments being shares in a listed company.

Net fair value of financial assets and liabilities

The carrying amount of financial assets and financial liabilities approximates fair value because of their short-term maturity.

17. CONTINGENT ASSETS AND LIABILITIES

There are no contingent liabilities or contingent assets.

18. SHARE BASED PAYMENTS

Share-based payments made during the year ended 31 December 2021 are summarised below.

	Year ended 31 Dec 2021 $	Year ended 31 Dec 2020 $
- Payment of advisor fees in ordinary shares	49,750	33,891
- Options issued to directors*	1,600,000	135,000
- Options issued to employee	-	22,500
- Options issued to company secretary	-	6,000
- Options issued to advisor and lead manager	1,467,500	-
- Fair value loss on acquisition of producing assets	662,500	-
- Fair value loss on loan repayment	458,750	-
At end of the period	**4,238,500**	**197,391**

**On 16 July 2021 the Company issued 100,000,000 Options to Directors, following shareholder approval on 1 April 2021.*

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. The difference between the fair value of equity instruments issued and the assets acquired or debt settled has been recognised within the share-based payments expense.

19. SUBSIDIARIES

The consolidated financial statements include the assets, liabilities and results of the following subsidiaries:

Subsidiary	Incorporation	2021 Ownership	2020 Ownership
BRK Oklahoma Holdings, LLC	USA	100%	100%
Orion Acquisitions, LLC	USA	100%	100%
Anadarko Leasing, LLC	USA	100%	100%
Black Mesa Energy, LLC	USA	100%	100%

20. PARENT ENTITY DISCLOSURES

Financial Position	Year Ended 31 Dec 2021 $	Year Ended 31 Dec 2020 $
Assets		
Current assets	523,609	1,109,190
Non-current assets	30,557,713	9,767,571
Total assets	**31,081,322**	**10,876,761**
Liabilities		
Current liabilities	107,596	3,872,979
Total liabilities	**107,596**	**3,872,979**
Equity		
Issued capital	252,356,277	227,091,659
Accumulated losses	(226,358,590)	(220,518,917)
Reserves	4,976,039	431,039
Total equity	**30,973,726**	**7,003,781**
Financial performance		
Loss for the period	(5,839,689)	(513,535)
Other comprehensive income	-	-
Total comprehensive income	**(5,839,689)**	**(513,535)**

Contingent liabilities

As at 31 December 2020 and 2021, the Company had no contingent liabilities.

Contractual Commitments

As at 31 December 2020 and 2021, the Company had no contractual commitments.

Guarantees entered into by parent entity

As at 31 December 2020 and 2021, the Company had not entered into any guarantees.

21. COMMITMENTS AND CONTINGENCIES

The Company has no material commitments or contingencies.

22. SUBSEQUENT EVENTS

On 7 March 2022, the Company announced that it had executed an agreement with CPS Capital Group Pty Ltd (**CPS**) 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 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 (inclusive of 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.

Subject to the terms of the underwriting agreement entered into between the Company and CPS, CPS has 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). The underwriting of the Options does not affect the ability of any existing Option holder to exercise all or part of their holding, nor does it affect the ability of an existing Option holder to sell all or part of their holding, or for persons to purchase Options on-market.

The funds made available via the Facility will enable the Company to progress its drilling and development activities in the Flames Well in a very favourable pricing environment, in a non-dilutive manner and at lower cost than an equity raise.

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' Declaration

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

   a) the financial statements, notes and the additional disclosures are in accordance with the *Corporations Act 2001* including:

      i) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the year then ended; and

      ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

   b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

   c) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

2) This declaration has been made after reviewing the declarations required to be made to the directors in accordance with Section 295A of the *Corporations Act 2001* for the financial year ended 31 December 2021.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:

David Prentice
Managing Director

31 March 2022

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Brookside Energy Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the year then ended; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group 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* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed the key audit matter
Exploration and evaluation Refer to Note 6	
In accordance with AASB 6 *Exploration for Evaluation of Mineral Resources,* the Group capitalises all exploration and evaluation expenditure, including acquisition costs, and subsequently applies the cost model after recognition. Our audit focussed on the Group's assessment of the carrying amount of the capitalised exploration and evaluation asset, as this is one of the most significant assets of the Group. We planned our work to address the audit risk that the capitalised expenditure might not meet the recognition criteria of the standard. In addition, we considered it necessary to assess whether facts and circumstances existed to suggest that the carrying amount of an exploration and evaluation asset may be impaired under AASB 6.	Our procedures included but were not limited to the following: • We obtained an understanding of the key processes associated with management's review of carrying values of deferred exploration and evaluation expenditure; • We substantiated a sample of exploration and evaluation expenditure incurred; • We considered the Directors' assessment of potential indicators of impairment under AASB 6; • We obtained evidence that the Group has current right to tenure of its areas of interest; • We examined the exploration budget for the upcoming year and discussed with management the nature of planned and ongoing activities; • We enquired with management, reviewed ASX announcements and reviewed minutes of Directors' meetings to ensure that the Group had not resolved to discontinue exploration and evaluation at any of its areas of interest; and • We examined the disclosures made in the financial report.
Producing assets Refer to Note 7	
The carrying value of the oil and gas producing assets is $6,556,585. We considered this to be a key audit matter due to its nature and importance to the users' understanding of the financial statements and the degree of audit effort directed towards this area.	Our procedures included but were not limited to the following: • We obtained evidence that the Group has current right to tenure of its areas of interest; • We examined the costs that have been reclassified from exploration and evaluation expenditure to the producing assets are reasonable; • We examined management's impairment test for assets transferred from exploration and evaluation to producing assets during the year. • In accordance with AASB 136, we examined management's assessment of the recoverable amount of existing and new material working interests as part of whether any impairment indicators existed at balance date; • We examined management's assessment of amortisation rates for the year relative to production and ensured they were adequate; and • We assessed the appropriateness of the disclosures included in the relevant notes to the financial report.

Revenue recognition
Refer to Note 2.A

The Group generates revenue predominantly from the sale of oil and gas. The Group recognised sales revenue of $4,953,266 for the year (2020: $365,881). Revenue recognition is considered to be a key audit matter given the significance of revenue to the Group's results as well as the fraud risk around cut-off including: • An overstatement of revenues through premature revenue recognition or recording of fictious revenues. • Revenue not being recognised when control is transferred to the customer, resulting in revenue not being recognised in the correct accounting period. Revenue is recognised when control is transferred to the buyer and the amount of revenue can be reliably determined. Revenue recognition was a key audit matter due to the importance and materiality of the matter to users' understanding of the financial report.	Our procedures included but were not limited to the following: • We ensured that the accounting policies comply with Australian Accounting Standards; • We performed testing over a sample of revenue transactions, by agreeing to supporting evidence; and • We examined the disclosures made in the financial report.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 31 December 2021.

In our opinion, the Remuneration Report of Brookside Energy Limited for the year ended 31 December 2021 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
31 March 2022

D I Buckley
Partner

ADDITIONAL SHAREHOLDERS' INFORMATION

A. CORPORATE GOVERNANCE

A statement disclosing the extent to which the Company has followed the best practice recommendations set by the ASX Corporate Governance Council during the reporting period is detailed following the Director's Report.

B. SHAREHOLDING

Substantial Shareholders

The names of the substantial shareholders listed on the Company's register are:

Name	Number of Shares
THE TRUST COMPANY (AUSTRALIA) LIMITED <MOF A/C>	200,000,000

B.1. Quoted Securities

At the date of this report 1,547,225,454 quoted options over ordinary shares in the Company were on issue. 372,540,370 options were were exercised during the year and 75,234,298 options were exercised subsequent to year-end up to the date of this report.. The listed options on issue during the year are BRKOB Options exercisable at $0.011 per option and have an expiry date of 30 June 2022.

B.2. Unquoted Securities

At the date of this report there were no unquoted options over ordinary shares in the Company and no unquoted options were exercised during the year.

B.3. Number of holders in each class of equity securities and the voting rights attached

There are 7,362 holders of ordinary shares. Each shareholder is entitled to one vote per share held.

On a show of hands every shareholder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

B.4. Distribution schedule of the number of holders in each class of equity security

By Class	Holders of Ordinary Shares	Number of Ordinary Shares	%
1-1,000	843	273,199	0.01%
1,001 - 5,000	353	913,242	0.03%
5,001 – 10,000	114	862,676	0.02%
10,001 - 100,000	3,218	156,558,290	4.54%
100,001 and over	2,834	3,291,967,261	95.40%
TOTALS	**7,362**	**3,450,574,668**	**100.00%**

B.5. Marketable Parcel

There are 1,925 shareholders with less than a marketable parcel.

B.6. Restricted Securities

The Company has no restricted securities at the current date.

B.7. Twenty largest holders of each class of quoted equity security

Fully paid ordinary shares

The names of the twenty largest holders of fully paid ordinary shares, the number of securities and percentage of share capital held is as follows:

Name	No. of Shares	%
THE TRUST COMPANY (AUSTRALIA) LIMITED <MOF A/C>	200,000,000	5.80%
CITICORP NOMINEES PTY LIMITED	117,417,038	3.40%
GREAT SOUTHERN FLOUR MILLS PTY LTD	106,768,137	3.09%
CS FOURTH NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 11 A/C>	90,933,163	2.64%
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	81,945,836	2.37%
TUTAM PROPERTIES AU PTY LTD	67,650,176	1.96%
NICOJOHN PTY LTD <STEIN SF A/C>	54,321,814	1.57%
BEARAY PTY LIMITED <BRIAN CLAYTON S/F A/C>	50,000,001	1.45%
STONEHORSE ENERGY LIMITED	45,000,000	1.30%
HEDTEK PTY LTD	34,276,682	0.99%
SABRELINE PTY LTD <JPR INVESTMENT A/C>	30,000,000	0.87%
MR MAXWELL KENNETH HUDGHTON	22,816,144	0.66%
MR GAETANO MORALI	20,333,380	0.59%
ASPIRE WEST PTY LTD	20,000,000	0.58%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	19,942,738	0.58%
DR DANIEL GEORGE PECHAR & MRS KATRINA JANE PECHAR <PECHAR SUPER FUND A/C>	19,333,335	0.56%
MR JASON MICHAEL AGNEW <WABL A/C>	19,000,000	0.55%
COMSEC NOMINEES PTY LIMITED	18,083,259	0.52%
SPARK PLUS PTE LTD	17,558,939	0.51%
MR JONATHAN MARK WILD	17,000,000	0.49%
Total	**1,052,380,642**	**30.50%**
Total Issued Capital	**3,450,574,668**	**100%**

Options

The names of the twenty largest option holders, the number of options and percentage of option capital held is as follows:

Name	No. of Options	%
KMP – David Prentice	95,000,000	6.14%
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMES RETAILCLIENT DRP>	63,146,849	4.08%
CELTIC CAPITAL PTY LTD <INCOME A/C>	57,000,000	3.68%
GREYHOUND INVESTMENTS PTY LTD <GREYHOUND INVESTMENTS A/C>	44,000,000	2.84%
MR IVAN MURRAY HANDASYDE	33,400,000	2.16%
MR MICHAEL JOSEPH SCUTELLA & MRS ROBYN DELYS SCUTELLA <THE SCUTELLA SUPER FUND A/C>	33,000,000	2.13%
HOLDSWORTH BROS PTY LTD <HOLDSWORTH BROS S/F A/C>	30,000,000	1.94%
CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	29,347,844	1.90%
BEARAY PTY LIMITED <BRIAN CLAYTON S/F A/C>	24,111,112	1.56%
MS SUSAN DEBORAH LAWTON & MR NICHOLAS DARCY PRICE <ADELAIDE & S/COST S/F A/C>	24,034,063	1.55%
RUDIE PTY LTD <MATTANI SUPER FUND A/C>	23,790,722	1.54%
MR GRACJAN PIOTR LAMBERT <LAMBERT FAMILY A/C>	23,500,000	1.52%
CELTIC CAPITAL PTY LTD <CELTIC CAPITAL NO 2 A/C>	21,849,996	1.41%
ASHLEY COOPER INVESTMENTS PTY LTD	20,500,000	1.32%
HOLDSWORTH BROS (HOLDINGS) PTY LTD	20,000,000	1.29%
MR DANNY FRANCO ROSSILLI	19,000,000	1.23%
MR DOUGLAS PAUL TALBOT	17,882,923	1.16%
CPS CAPITAL NO 4 PTY LTD	17,000,000	1.10%
SUNSET CAPITAL MANAGEMENT PTY LTD <SUNSET SUPERFUND A/C>	16,313,355	1.05%
COMSEC NOMINEES PTY LIMITED	16,007,949	1.03%
Total	**628,884,813**	**40.65%**
Total Issued Capital	**1,547,225,454**	**100%**