Brookside

BROOKSIDE ENERGY LIMITED
ACN 108 787 720

ANNUAL REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

CONTENTS

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Michael Fry

MANAGING DIRECTOR
David Prentice

NON-EXECUTIVE DIRECTOR
Richard Homsany

NON-EXECUTIVE DIRECTOR
Chris Robertson

GROUP SECRETARY
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ASX CODE
BRK (Fully Paid Ordinary Shares)

DIRECTORS' REPORT

The Directors submit their report for the Group and its subsidiaries (**Group** or **Group**) for the financial year ended 31 December 2023. In order to comply with the provisions of the Corporations Act, the directors' report is as follows:

DIRECTORS

The names and details of the Group'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
Chris Robertson	Non-Executive Director (*Appointed 1 March 2024*)

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 profit for the Group for the financial year ended 31 December 2023 amounted to $16,647,566 (2022: $15,096,105 after-tax profit).

DIVIDENDS

There were no dividends paid or recommended during or subsequent to the financial year ended 31 December 2023 (2022: Nil).

REVIEW OF OPERATIONS

During the full year ended 31 December 2023, the Group continued to successfully pursue its efforts to create value per share by prospecting for, acquiring, proving-up and monetising oil and gas assets in the world-class Anadarko and Ardmore Basins in Oklahoma, USA.

The Group had gross operated production for the year of 834,296 BOE and Group net volumes (including non-operated production) of 509,921 BOE (net to our Working Interest and after the deduction of royalties). The Group finished the December 2023 Quarter with gross operated daily production of 2,269 BOE per day and Group net production (including non-operated production) of 1,410 BOE per day including 64% liquids (net to our Working Interest and after the deduction of royalties).

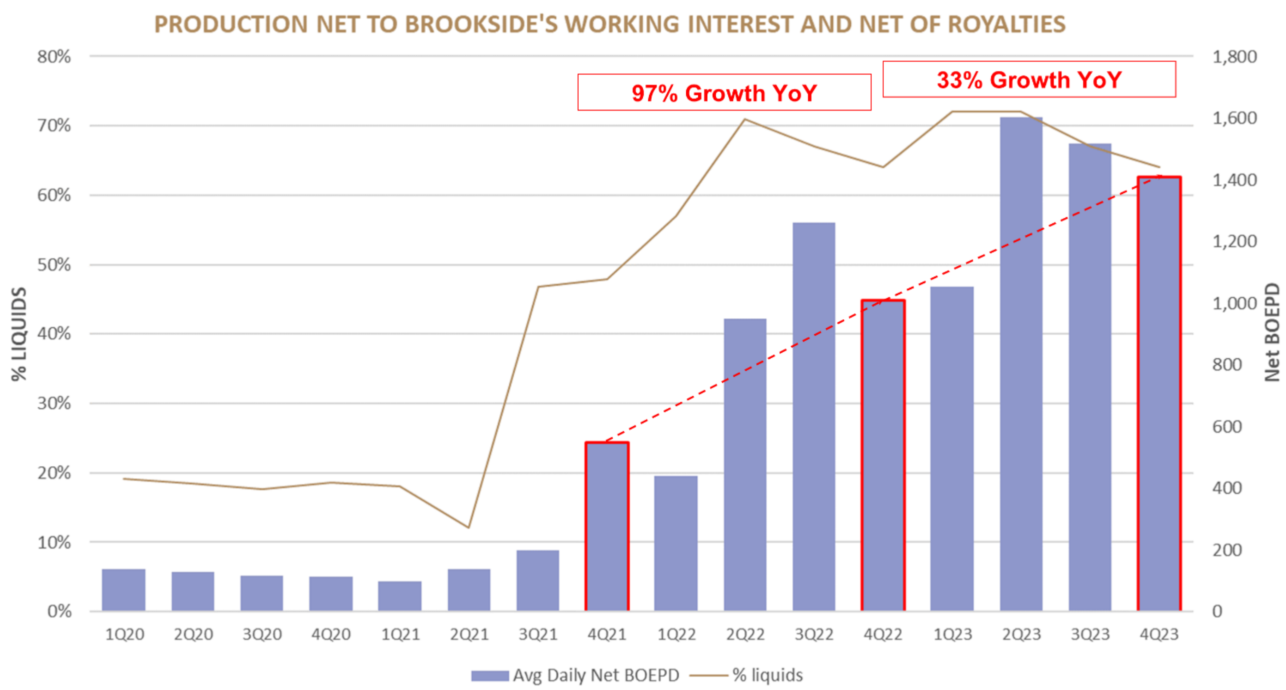

Figure 1. Brookside Energy's net production grew by 33% year-on year

During the year Brookside produced its one millionth BOE, including 715,000 BBLS of liquids, less than 2 years since its first operated well came on production, with cumulative gross operated production at 31 December 2023 exceeding 1.61 MMBOE.

Two wells were brought on production during the year, one in each of the SWISH and Bradbury AOIs. The Wolf Pack Well, the first well in Brookside's Phase Two Development Drilling program, was our most successful well to date reaching a peak rate (IP24) of 2,034 BOE per day (88% liquids, 12% gas), a record IP24 rate for the Group. The Juanita Well, our first exploration well in the Bradbury AOI, was brought on production after successful completion and comingling of two separate sands in the highly productive Simpson Group, with a peak oil rate of 130 BBL per day.

During the year the Group also, announced Independent Certification of the SWISH AOI Reserves, delivering 11.9 million BOE of Proved and Probable Reserves (2P) net to Brookside's Working Interest and net of royalties (Net Reserves) (Refer ASX release dated 26 April 2023).

Towards year-end, the Group announced its most ambitious growth initiative to date, the Flames-Maroons Development Plan (FMDP), a transformational multi-well drilling program with our Flames DSU, which will see the Group monetise ~17% of our Net Reserves, and grow our Net production to ~2,500 BOEPD (78% liquids) by the fourth quarter of 2024.

The Group's activities continued 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 (which the organic rich source rock for the hydrocarbons in the basin).

Our flagship SWISH AOI is in the core of the SCOOP Play (Figure 2).

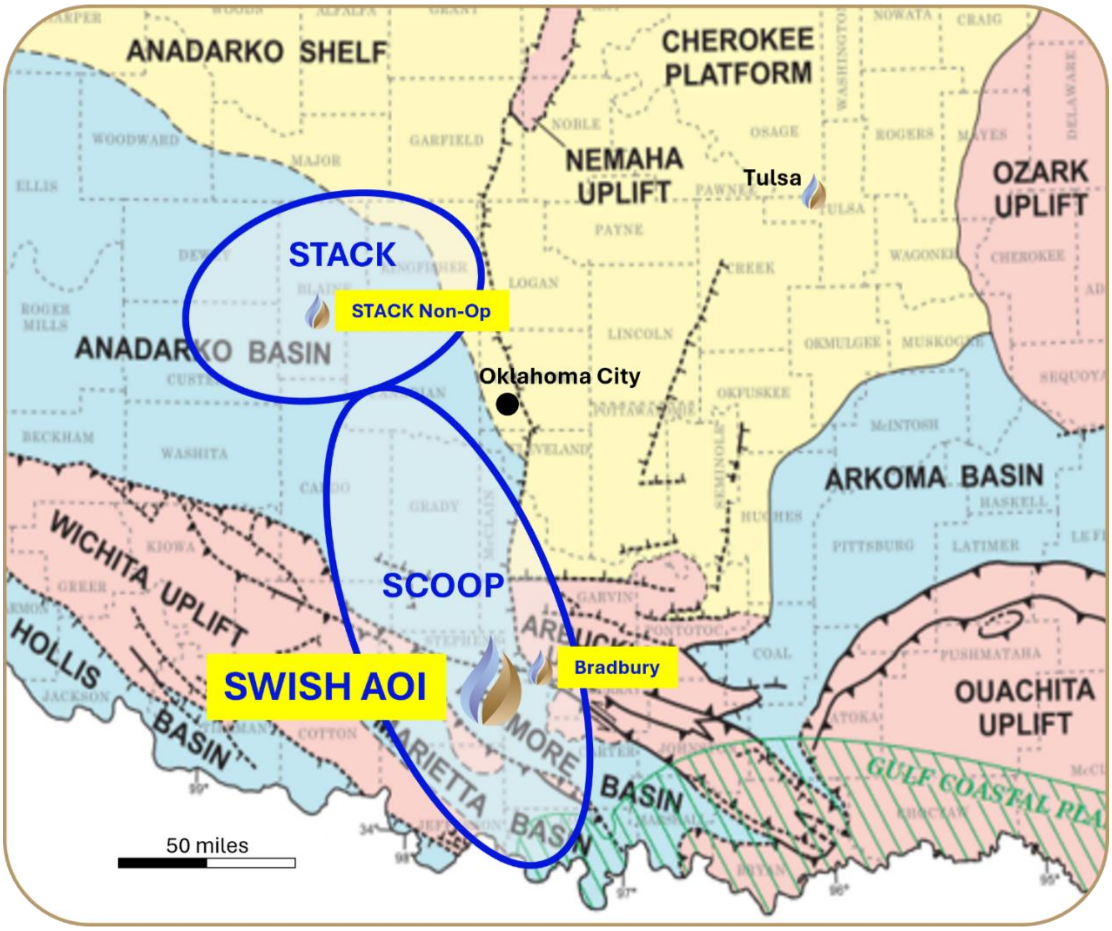

Figure 2. Brookside Project, Oklahoma

The Group ended the year with an interest in seventy-three wells and royalty interest in one DSU targeting the productive formations of the Anadarko Basin (see Table 1).

SWISH AOI Operated Wells

The Group currently operates four wells in the SWISH AOI: the Jewell 13-12-1S-3W SXH1, Rangers 36-25-SXH1, Flames 3-10-1S-3W WXH1 and Wolf Pack 36-25-1S-4W SXH 2 Wells. All wells were on production during the year with sales from the Wolf Pack Well established in February. Gross production for these four wells for the quarter totalled 819,083 BOE with cumulative gross production to 31 December 2023 of 1.6 million BOE (Figure 3).

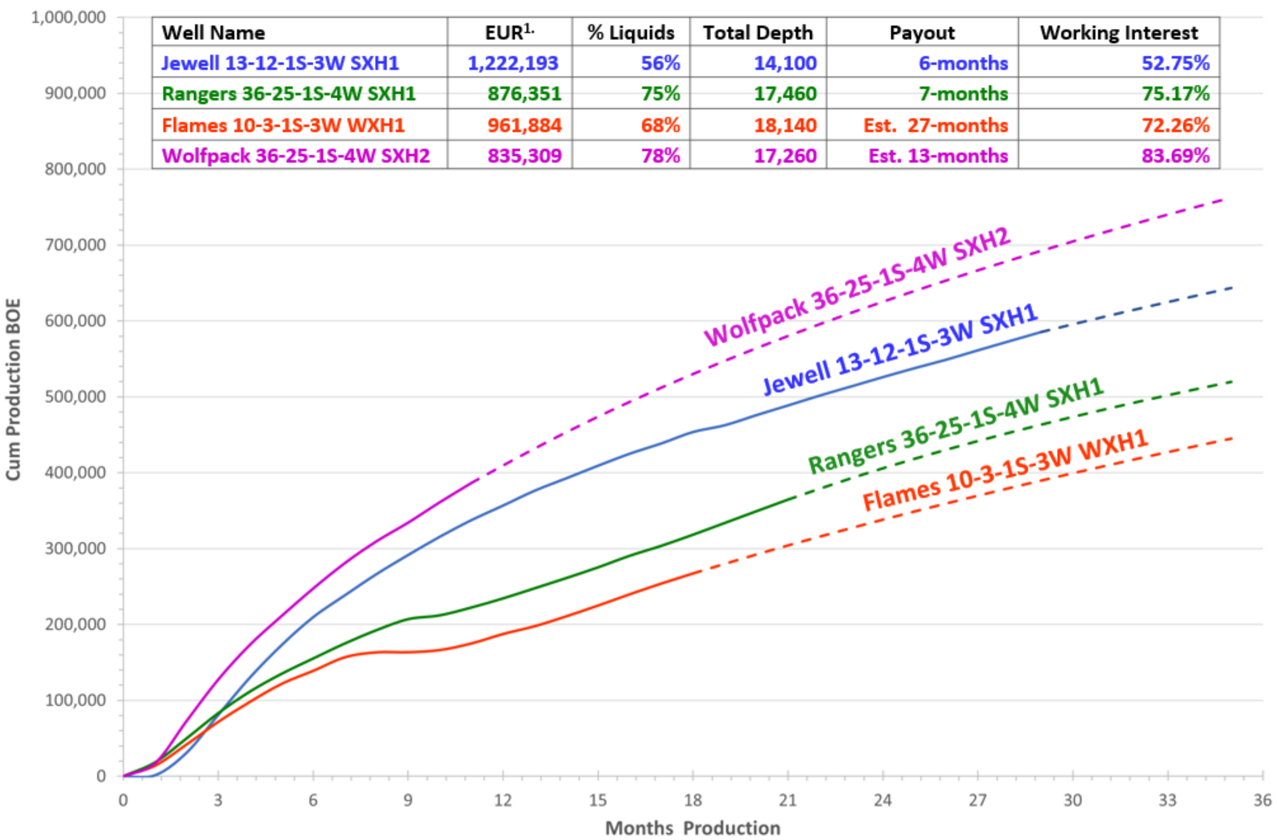

Figure 3: Cumulative production as at 31 December 2023 for the Jewell, Rangers, Flames and Wolf Pack Wells.

SWISH AOI Operated Wells Cumulative Production

Well Name	Production Date	Oil (BBL)	Gas (Mcf)	NGL (BBL)	BOE
Jewell	31/08/2021	198,372	1,404,401	152,783	585,222
Rangers	30/04/2022	193,861	514,991	84,853	364,546
Flames	31/07/2022	124,330	500,607	59,311	267,076
Wolfpack	28/02/2023	228,830	465,799	79,738	386,201
Total		**745,394**	**2,885,799**	**376,685**	**1,603,045**

Brookside's SWISH AOI operated wells are all producing at or above pre-drill estimates and are on trend to meet or exceed our forecast EUR's. Two of the wells have already achieved pay-out and the others are on track to achieve this important milestone as modelled.

Flames-Maroons Development Plan (FMDP)

With the announcement of the transformational four-well FMDP drilling program, the Group signalled its intent to begin monetisation of the 11.9MMBOE of low-cost, high-margin, liquids rich reserves contained within its SWISH AOI. With Brookside as Operator, the multi-well program will concurrently develop the Sycamore and Woodford formations in the Flames DSU (Figures 4, 5 and 6).

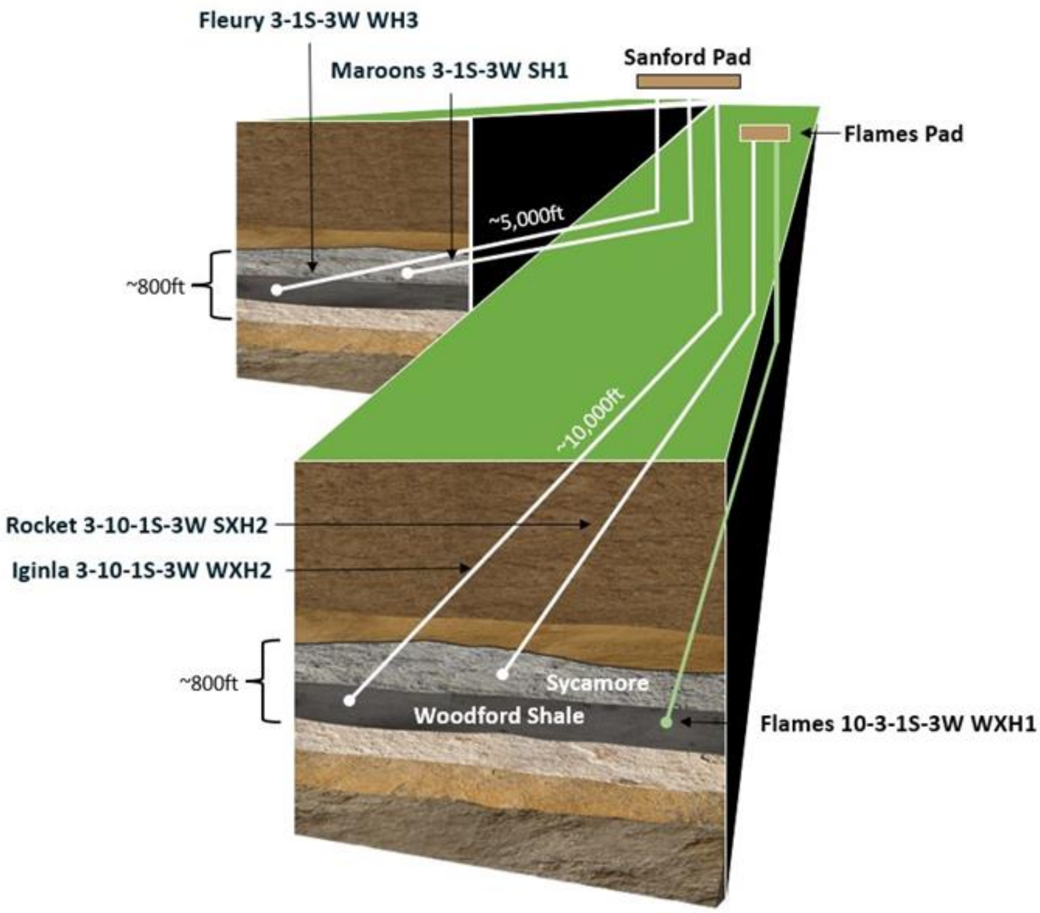

Figure 4: 3D image highlighting the "wine rack" style development of the Sycamore and Woodford formations within the Flames DSU

This development path is modelled on the very encouraging results delivered from the neighbouring Continental Resources' Courbet full field development, which is situated immediately adjacent to and south of our Flames DSU (Figures 4 and 5). This successful 15-well program to simultaneously develop the Sycamore and Woodford formations has now been on production for approximately 6-months and it has already produced in excess of 2,000,000 barrels of oil and 11 BCF of rich gas. The success of the Courbet development, combined with the recent normalisation of service costs, a positive outlook for oil and gas prices in 2024 and beyond, and the success of the Group as Operator in the SWISH AOI provided further support for the FMDP.

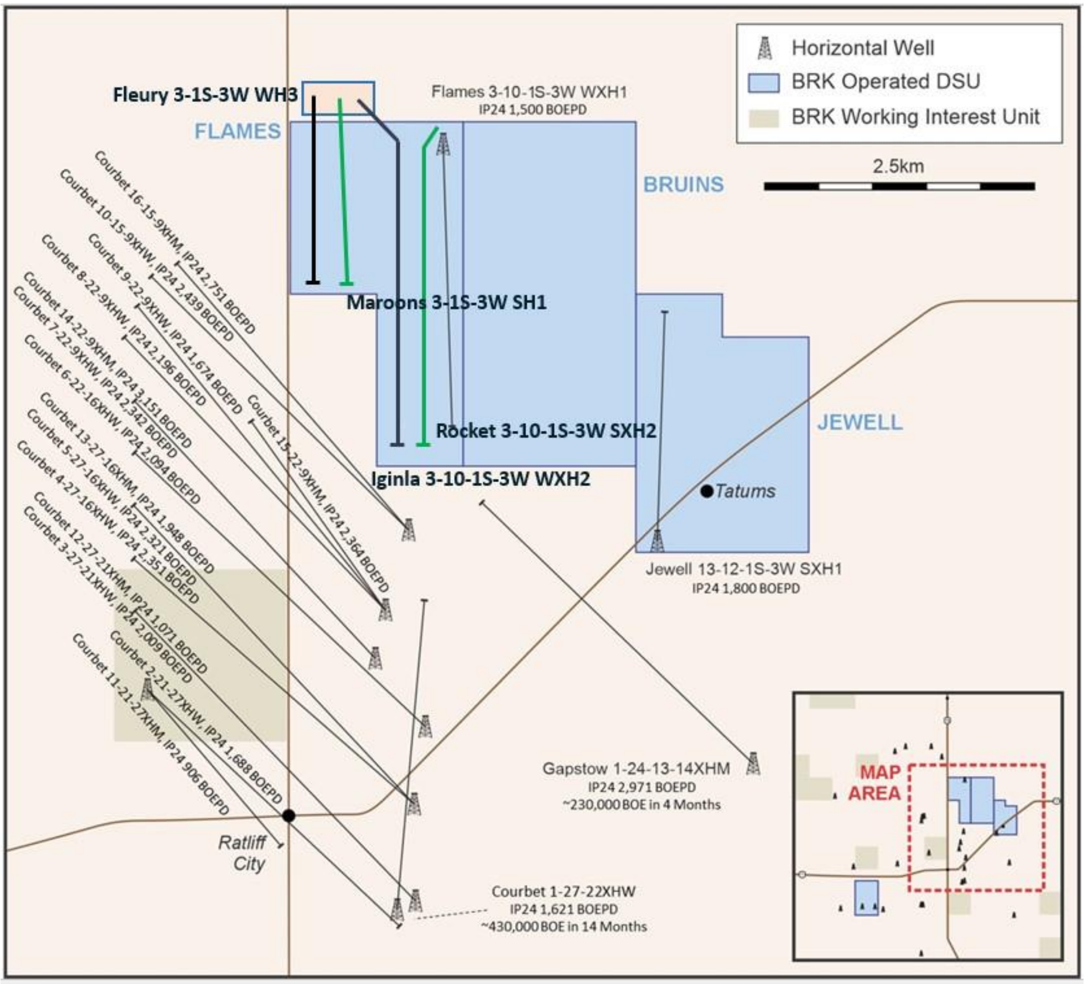

Figure 5: Location of the Sanford Pad and the four FMDP wells: Fleury, Maroons, and Iginla Wells (to be drilled from the Sanford Pad), and the Rocket Well (to be drilled from the existing Flames Well pad). Also shown are Continental Resources Courbet Wells full field development showing the strong performance of both the Woodford wells (well names ending with HXW) and Sycamore wells (well names ending in HXM).

The FMDP is forecast to produce 715,000 BOE Net to Brookside in its first year of operation and average ~2,000 BOEPD Net over the same period. In addition to the Group's current production trajectory Brookside estimates a total Brookside Net production rate of ~2,500 BOEPD (78% liquids) by the fourth quarter of 2024.

Capital expenditure for the FMDP, inclusive of drilling, completion, surface production facilities and tie-in, is estimated at US$40m (US$26m Net to Brookside's Working Interest, subject to finalisation of Working Interests through spacing pooling applications and related OCC proceedings). Brookside's operating subsidiary will be the operator of the FMDP and a number of highly successful, well-funded private Oklahoma based E&P companies will be participating alongside Brookside for their respective Working Interests.

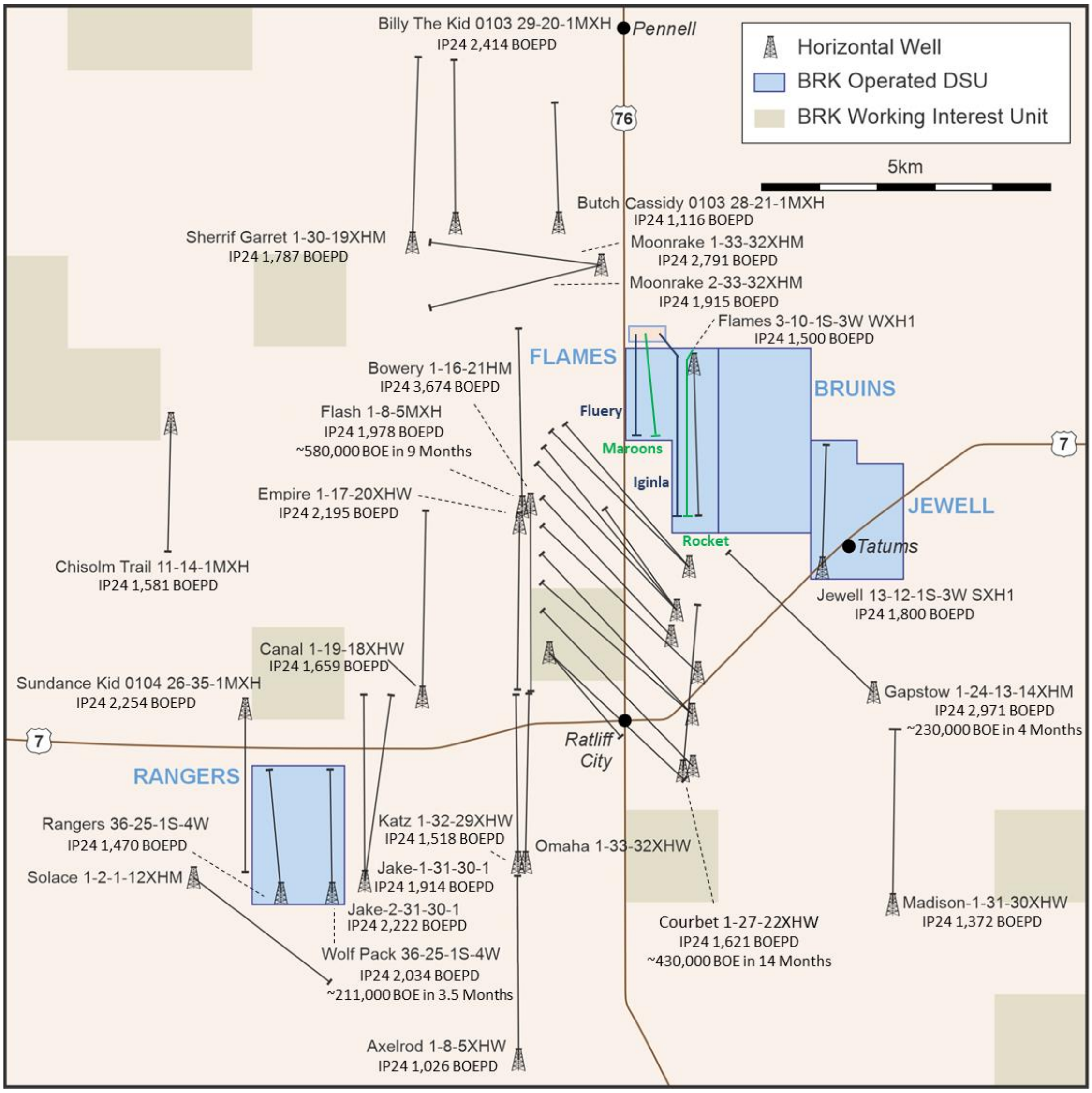

Figure 6: Location map showing Brookside's four operated SWISH AOI DSU's, FMDP wells, and Continental Resources Courbet Wells full field development south of the Flames DSU and Continental Resources Gapstow Well south of the Bruins and Jewell DSUs.

Funding for Brookside's Working Interest share of the FMDP will come from existing cash reserves and cashflow from operations.

The FMDP initiative will see a surge in cash flow as the wells are brought online simultaneously and given the well payout profile, we anticipate that this will provide the funding platform for the subsequent phases of development in the three remaining DSUs (Bruins, Jewell, and Rangers) plus other potential growth opportunities.

Pre-work and planning for the FMDP commenced prior to the year end, with regulatory approvals required for the commencement of operations well advanced, an IADC contract for the drilling of four horizontal wells within the Flames DSU signed with Kenai Drilling Limited, and surface rights for a multi-well, all-weather, off unit location (the 'Sanford Pad') acquired. Three wells will be drilled from the Sanford Pad, which has been constructed (the Fleury, Maroons, and Iginla Wells) and the fourth well (the Rocket Well) will be drilled from the existing Flames Well pad.

<u>Land and Leasing</u>

During the year the Group continued to evaluate new acreage opportunities and actively pursue leasing and regulatory applications in the Oklahoma Corporation Commission (**OCC**) within the SWISH AOI.

Brookside further consolidated its position in the prized Woodford "Oil Window" of the SWISH AOI with the addition of ~400 gross acres adjacent to and north of Continental Resources' successful Courbet wells (full field development) and its Gapstow well (see Figures 5 and 6). This acreage addition expanded Brookside's holding in the core of the Woodford "Oil Window" by 12.5%.

As at 31 December 2023, the Group had ~5,015 Working Interest leasehold acres (~4,895 acres within the SCOOP and STACK and ~120 acres associated with the Bradbury DSU in Murray County, approximately 20 miles east-northeast of the Jewell DSU).

<u>Production and Revenue</u>

By the end of December, the Group had four operated SWISH wells on production; the Jewell, Rangers, Flames and Wolf Pack wells. The Wolf Pack well was the first well in Brookside's Phase Two Development Drilling program and its most successful well to date reaching a peak rate (IP24) of 2,034 BOE per day (88% liquids, 12% gas), a record IP24 rate for the Group.

The Group finished the year with gross operated production of 2,269 BOE per day and Group net production (including non-operated production) of 1,410 BOE per day (net to our Working Interest and after the deduction of royalties), a 33% increase year-on-year.

Gross operated and group net volumes for the year are summarised below (net volumes are attributable to the Group's Working Interest and net of royalties). Note volumes are reported on a three-stream basis i.e., oil, natural gas liquids and shrunk gas (converted to BOE on an energy equivalent basis)

Description	Total	Liquids
Gross Operated Volumes (BOE)	834,296	70%
Group Net Volumes (BOE)	509,921	69%

During the year Brookside produced its one millionth BOE, including 715,000 BBLS of liquids, less than 2 years since its first operated well came on production, with cumulative gross operated production at 31 December 2023 exceeding 1,61 MMBOE. The Group also commenced production from the Juanita Well, its first exploration well in the Bradbury AOI, with a peak oil rate of 130 BBL per day.

CORPORATE

Share Buy-Back

During the full year, the Group commenced an on-market buy-back of shares in the Group (Share Buy-Back). The Share Buy-Back was conducted within the "10/12 limit" permitted by the Corporations Act 2001. As at 31 December 2023 the Group had purchased 243,764,449 shares.

SUBSEQUENT EVENTS

On 9 January 2024, the Group announced the completion of the on-market buy back of its fully paid ordinary shares that was announced 26 April 2023 (the Share Buy-Back). The Group acquired a total of 249,999,999 shares or approximately 5% of the pre Share Buy-Back issued capital at a cost of A$3.13 million and a Volume Weighted Average Price (VWAP) of $0.0125.

On 19 February 2024, the Group announced that the FMDP multi-well drilling program had successfully commenced with the spudding of the first of four wells. Mobilisation of Kenai Rig 19 was completed with the drill rig safely setup and tested ahead of schedule. The rig was positioned over the Iginla Well and drilling of the surface hole had commenced.

On 23 February 2024, the Group announced the appointment of Mr. Chris Robertson as a non-executive director of the Group and the acquisition of the remaining back-in interest in its controlled subsidiary Black Mesa Energy.

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 Group, the results of these operations, or the state of affairs of the Group in future financial years.

ENVIRONMENTAL REGULATIONS

The Group 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.

Group Specific Risks

Oil and Gas exploration and development risks

The business of oil and gas exploration, project development and production, by its nature, is highly speculative and contains elements of significant risk with no guarantee of success. Ultimate and continuous success of these activities is dependent on many factors such as:

(i) the discovery and/or acquisition of economically recoverable reserves;
(ii) access to adequate capital for project development;
(iii) design and construction of efficient development and production infrastructure within capital expenditure budgets;

(iv) securing and maintaining title to interests;
(v) obtaining consents and approvals necessary for the conduct of oil and gas exploration, development and production; and
(vi) access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants.

Whether or not income will result from projects undergoing exploration and development programs depends on successful exploration and establishment of production facilities. Factors including costs, actual hydrocarbons and formations, flow consistency and reliability and commodity prices affect successful project development and operations.

Oil and gas exploration may involve drilling operations and exploration activities which do not generate a positive return on investment. This may arise from dry wells, but also from wells that are productive but do not produce sufficient revenues to return a profit after accounting for drilling, operating and other associated costs. The production from successful wells may also be impacted by various operating conditions, including insufficient storage or transportation capacity, or other geological and mechanical conditions. In addition, managing drilling hazards or environmental damage and pollution caused by exploration and development operations could greatly increase the associated cost and profitability of individual wells.

There is no assurance that any exploration on current or future interests will result in the discovery of an economic deposit of oil or gas. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically developed.

Operational Risks

Oil and gas exploration and development activities involve numerous operational risks, including encountering unusual or unexpected geological formations, mechanical breakdowns or failures, human errors and other unexpected events which occur in the process of drilling and operating oil and gas wells.

The occurrence of any of these risks could result in substantial financial losses to the Group due to injury or loss of life, damage to or destruction of property, natural resources or equipment, environmental damage or pollution, clean-up responsibilities and regulatory investigation, amongst other factors. Damages occurring to third parties as a result of such risks may give rise to claims against the Group which may not be covered fully by insurance or at all.

Title risks

The ownership of oil and gas lease rights in the USA is a combination of private and government ownership (including Indian and tribal ownership). The acquisition of privately owned oil and gas lease rights typically involves an initial review of the public records in the counties in which the relevant lands lie in order to determine the ownership of the oil and gas rights. Thereafter, oil and gas leases are negotiated with the owners of those rights. Verifying the chain of title for the USA oil and gas leases can be complex any may result in remedial steps to be taken to correct any defect in title.

Sovereign risks

The Group's key project interests are situated in the USA. Accordingly, the Group is subject to the risks associated in operating in foreign countries. These risks include economic, social or political instabilities or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection, labour relations as well as government control over natural resources or government relations that require the employment of local staff or contractors or require other benefits to be provided to local residents.

The Group and its advisers will undertake all reasonable due diligence in assessing and managing the risks associated with oil and gas exploration and production in the USA. However, any future material adverse changes in government policies or legislation in foreign jurisdictions in which the Group has projects is outside the control of the Group. Such changes may affect the foreign ownership, exploration, development or activities of companies involved in oil and gas exploration and production and in turn may affect the viability and profitability of the Group.

Additional Requirements for Capital

The oil and natural gas industry is capital intensive. The Group has made, and expects to make, substantial capital expenditures for the acquisition, development and exploration of oil and natural gas reserves. As and when further funds are required the Group may need to raise additional capital, including from one or more of: the issue of equity securities; the incurrence of further debt finance; or the contribution of capital from one or more operational or financial partners in exchange for a portion of the Group's interests in its assets, if and as appropriate. There is no assurance that the Group will be able to access and secure additional funding on reasonable terms or at all.

The Group manages financial risk through the implementation of policies and procedures that address areas such as hedging and liquidity management. Furthermore, as operator of a substantial majority of its assets, the Group has the flexibility to manage its capital program to help mitigate liquidity risks.

Reliance on Key Personnel

The responsibility of overseeing the day to day operations of the Group depends on its management and its key personnel. The Group is aware of the need to have sufficient management to properly supervise the exploration and, if exploration is successful, the development of the Group's projects. As the Group's projects and prospects progress and develop the Board will continually monitor the management requirements of the Group and look to employ or engage additional personnel when and where appropriate to ensure proper management of the Group's projects. However, there is a risk that the Group may not be able to secure personnel with the relevant experience at the appropriate time which may impact on the Group's ability to complete all of its planned exploration programmes within the expected timetable. Furthermore, you should be aware that no assurance can be given that there will be no adverse effect on the Group if one or more of its existing Directors or management personnel cease their employment or engagement with the Group.

Contractual and Joint Venture Risk

The Directors are not able to presently assess the risk of financial failure or default by a participant in any joint venture to which the Group is, or may become, a party or the insolvency or other failure by any of the contractors engaged by the Group for any exploration or other activity. Any such failure or default could adversely affect the operations and performance of the Group and the value of the Shares.

Reserves and resources

Accumulations of hydrocarbons will be classified according to the system designed by the Society of Petroleum Engineers, through the Petroleum Resources Management System (**SPE-PRMS**) and in accordance with the Listing Rules.

The SPE-PRMS system classifies accumulations of hydrocarbons with respect to a matrix of uncertainty and chance of commerciality. Whilst there are a multitude of pathways through this matrix from Prospective Resources to Contingent Resources and then to reserves, the process is defined by the three stages of exploration, appraisal and development.

In general, estimates of economically recoverable oil and gas reserves and resources are based upon a number of variable factors and assumptions, such as comparisons with production from other producing areas, the assumed effects of regulation by governmental agencies, assumptions regarding future oil and gas prices and future operating costs, all of which may vary considerably from actual results. Actual production with respect to reserves may vary from such estimates and such variances could be material.

Reserve and resource estimates are estimates only and no assurance can be given that any particular level of recovery from hydrocarbon reserves will in fact be realised or that an identified hydrocarbon resource will ever qualify as commercially viable which can be legally and economically exploited.

Hydraulic fracturing

The Group has used and may in the future use horizontal drilling together with hydraulic fracturing stimulation technology in its exploration, production and development activities. The use of these technologies may be necessary for the production of commercial quantities of oil and gas from geological formations of the type that the Group is targeting. The enactment of any new laws, regulations or requirements by any relevant government authority in respect of hydraulic fracturing could result in operational delays, increased operational costs and potential claims from a third party or governmental authority. Investors should note that hydraulic fracturing has been the subject of increased media scrutiny, particularly in the United States and more recently Australia, due to its potential environmental impacts on land and underground water supply if not properly managed. Restrictions or prohibitions on the use of hydraulic fracturing may reduce the amount of oil and gas the Group can produce and may have a material impact on the Group's business.

INDUSTRY RISKS

Operating Risks

Oil and gas exploration, appraisal, development and production operations are subject to a number of operational risks and hazards including fire, explosions, blow outs, pipe failures, abnormally pressured formations and environmental hazards such as accidental spills or leaking of petroleum liquids, gas leaks, ruptures, or discharge of toxic gases. Oil and gas exploration, appraisal, development and production are generally considered a high- risk undertaking. The operations of the Group may also be affected by a range of factors, including:

(i) operational and technical difficulties encountered in drilling;
(ii) difficulties in commissioning and operation plant and equipment;
(iii) mechanical failure or plant breakdown;
(iv) unanticipated drilling problems which may affect production costs;
(v) adverse weather conditions;
(vi) industrial and environmental accidents;
(vii) industrial disputes; and
(viii) unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

Oil and Gas Reserves and Production Estimates

Oil and Gas Reserves and production estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis the estimates are likely to change. This may result in alterations to development plans which may, in turn, adversely affect the Group's operations and the value of the Shares.

Permit grant and maintenance risks

The Group's oil and gas exploration activities are dependent upon the grant, or as the case may be, the maintenance of appropriate licences, concessions, leases, permits and regulatory consents which may be withdrawn or made subject to limitations.

The maintaining of permits, obtaining renewals, or getting permits granted, often depends on the Group being successful in obtaining the required statutory approvals for its proposed activities and that the licences, concessions, leases, permits or consents that it holds will be renewed as and when required. There is no assurance that such renewals will be given as a matter of course and there is no assurance that new conditions will not be imposed in connection their grant.

Commercial Risk

The oil and gas exploration industry is competitive and there is no assurance that, even if commercial quantities of those resources is discovered by the Group on its current projects or future projects it may acquire an interest in, a profitable market will exist for sales of such resources. There can be no assurance that the quality of any such resources will be such that they can be extracted economically.

Commodity Price Volatility and Exchange Rate Risks

If the Group achieves success leading to oil and gas production, the revenue it will derive through the sale of resources it may discover exposes the potential income of the Group to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Group. Such factors include supply and demand fluctuations for oil and gas, technological advancements, forward selling activities and other macro-economic factors such as inflation expectations, interest rates and general global economic conditions.

Furthermore, international prices of various commodities are denominated in United States dollars whereas the income and expenditure of the Group are and will be taken into account in Australian currency. This exposes the Group to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

If the price of commodities declines this could have an adverse effect on the Group's exploration, development and possible production activities, and its ability to fund these activities, which may no longer be profitable.

Insurance Risks

Exploration for and development of oil and gas involves hazards and risks that could result in the Group incurring losses or liabilities that could arise from its operations. If the Group incurs losses or liabilities which are not covered by its insurance policies, the funds available for exploration and development will be reduced and the value and/or title to the Group's assets may be at risk.

The Group insures its operations in accordance with industry practice. However, in certain circumstances the Group's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Group.

Insurance against all risks associated with oil and gas exploration and production is not always available and, where available, the costs can be prohibitive or not adequate to cover all claims.

Environmental Risks

Oil and gas exploration, development and production generates potential environmental risks and is therefore subject to environmental regulation pursuant to a variety of laws and regulations. In particular there are regulations in place with respect to potential spills, contamination, releases and emission of substances related, or incidental to, the production of oil and gas. These laws and regulations set various standards regulating certain aspects of health and environmental quality and provide for penalties and other liabilities for the violation of such standards. In certain circumstances, these laws and regulations also create obligations to remediate current and former facilities and locations where operations are or were conducted.

Compliance with these regulations can require significant expenditure and a breach may result in substantial financial liability on the Group. These risks will be minimised by the Group conducting its activities in an environmentally responsible manner, in accordance with applicable laws and regulations and where possible, by carrying appropriate insurance coverage.

Competition

Oil and gas exploration is highly competitive in the United States. The Group competes with numerous other oil and gas companies in the search for oil and gas reserves and resources. Competitors include oil and gas companies that have substantially greater financial resources, staff and facilities than those of the Group. The Group is protected from competition on permits in which it holds exclusive exploration rights, however the Group may face competition for drilling equipment and skilled labour. The Group may also face competition from competitors on permits in which it currently holds exploration rights, in the event that, as a condition of any permit held, it is required to partially relinquish certain parts of the permit. If the Group elects to re-apply for these exploration rights, there is no guarantee that the Group will be successful in its application against other competing offers.

Lease expiry

Successful drilling is fundamental to the appraisal and development of the leases in which the Group holds an interest. In circumstances where commercial production has not been established within the specified time frame or leases have been extended, the Group's leases may expire. It is common for oil and gas leases in the USA to contain provisions such that, if commercial production is not established on the properties within a specified period, the leases will expire and the holder of the leasehold interest loses its right to continue to explore for oil and gas on the relevant land.

Commercialisation

The Group's potential future earnings, profitability, and growth are likely to be dependent upon the Group being able to successfully implement some or all of its commercialisation plans. The Group's ability to do so is further dependent upon a number of factors, including matters which may be beyond the control of the Group. The Group may not be successful in securing identified customers or market opportunities.

The Group's ability to sell and market its production will be negatively impacted in the event it is unable to secure adequate transportation and processing. Access will depend on the proximity and capacity of pipelines and processing facilities. Furthermore, the Group may be required to develop its own pipeline infrastructure or secure access to third party pipeline infrastructure in order to deliver oil and gas to key markets or customers, or to directly deliver gas to key markets or customers. The development of its own pipeline infrastructure will be subject to the Group obtaining relevant approvals including pipeline licences.

Seasonality and weather

Operations on a number of the Group's exploration permits are affected by seasonal weather conditions. Such operations can occur during the less optimal seasons however the risk of reduced access, significant weather downtime and substantial cost overruns is increased during these times.

GENERAL INVESTMENT RISKS

General Economic Conditions

General economic conditions, introduction of tax reform, new legislation, the general level of activity within the resources industry, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Group's exploration, development and possible production activities, as well as on its ability to fund those activities.

Share Market Conditions

Share market conditions may affect the value of the Group's quoted securities regardless of the Group's operating performance. Share market conditions are affected by many factors such as:

(i) general economic outlook;
(ii) the introduction of tax reform or other new legislation (such as royalties);
(iii) interest rates and inflation rates;
(iv) currency fluctuations;
(v) changes in investor sentiment toward particular market sectors in Australia and/or overseas (such as the oil and gas exploration or production sectors within that industry);
(vi) the demand for, and supply of, capital; and
(vii) terrorism or other hostilities.

The market price of the Shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular, which influences are beyond the Group's control and which are unrelated to the Group's performance. Neither the Group nor the Directors warrant the future performance of the Group or the Shares and subsequently any return on an investment in the Group. Shareholders who sell their Shares may not receive the entire amount of their original investment.

Volatility in Global Credit and Investment Markets

Global credit, commodity and investment markets may experience uncertainty and volatility. The factors which may lead to this situation are outside the control of the Group and may impact the price at which the Shares trade regardless of operating performance and affect the Group's ability to raise additional equity and/or debt to achieve its objectives, if required.

Government and Legal Risk

The introduction of new legislation or amendments to existing legislation by governments (including introduction of tax reform), developments in existing common law or the respective interpretation of the legal requirements in any of the legal jurisdictions which govern the Group's operations or contractual obligations, could impact adversely on the assets, operations and ultimately the financial performance of the Group, or the Shares. The same adverse impact is possible by the introduction of new government policy or amendments to existing government policy, including such matters as access to lands and infrastructure, compliance with environmental regulations, taxation and royalties.

Unforeseen Expenditure Risk

Expenditure may need to be incurred that has not been considered in this report. Although the Group is not aware of any such additional expenditure requirements, if such expenditure is subsequently incurred this may adversely affect the expenditure proposals and activities of the Group, as the Group may be required to reduce the scope of its operations and scale back its exploration programmes. This could have a material adverse effect on the Group's activities and the value of the Shares.

Regulatory Approvals

The Group's exploration and development activities are subject to extensive laws and regulations relating to numerous matters including resource licence consent, conditions including environmental compliance and rehabilitation, taxation, employee relations, health and worker safety, waste disposal, protection of the environment, protection of endangered and protected species and other matters. The Group requires permits from regulatory authorities to authorise the Group's operations. These permits relate to exploration, production and rehabilitation activities.

Obtaining the necessary permits can be a time consuming process and there is a risk that the Group will not obtain these permits on acceptable terms, in a timely manner or at all. The

costs and delays associated with obtaining the necessary permits and complying with these permits and applicable laws and regulations could materially delay or restrict the Group from proceeding with the development of a project. Any failure to comply with applicable laws and regulations, even if inadvertent, could result in material fines, penalties or other liabilities. In extreme cases, failure could result in the suspension of the Group's activities or forfeiture of one or more of the Group's leases or permits.

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 Energy, 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 Group Toro Energy Limited (ASX:TOE) and Executive Vice President, Australia of TSX listed uranium exploration Group Mega Uranium Ltd (TSX:MGA). He is also the Chairman of each of ASX listed lithium exploration Group Galan Lithium Limited (ASX:GLN), ASX listed copper exploration Group 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.

Chris Robertson	**Non-Executive Director**
Qualifications	MM, BA
Experience	Chris has over 34 years of investment market experience, including 20 years in senior roles in the funds management industry. Chris has a solid understanding of the Group's strategic objectives and the opportunities to create shareholder value as well as the need to address the challenges faced around shareholder engagement. In his capacity as a Non-Executive Director, Chris will assume responsibilities across various Board sub-committees, including the Audit and Risk Committee, as well as the Remuneration and Nomination Committee.
Other Directorships	No other directorships

Katherine Garvey	**Group 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 Group 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 Group 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	10	10
David Prentice	10	10
Richard Homsany	10	10
Chris Robertson	-	-

Note: Both David Prentice and Michael Fry attended 10 Black Mesa Energy (**BME**) Board meetings respectively from a total of 10 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**).

INDEMNIFYING OFFICERS

In accordance with the constitution, except as may be prohibited by the *Corporations Act 2001*, every Officer, or agent of the Group shall be indemnified out of the property of the Group against any liability incurred by them in their capacity as Officer, or agent of the Group 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 Group 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 Group, 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 Group.

PROCEEDINGS ON BEHALF OF GROUP

No person has applied to the Court for leave to bring proceedings on behalf of the Group or to intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings. The Group 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 2023.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the *Corporations Act 2001* requires our auditors, Hall Chadwick Audit (WA) Pty Ltd, to provide the Directors of the Group with an Independence Declaration in relation to the audit of the annual report. This Independence Declaration is set out on page [insert] and forms part of this Directors' Report for the year ended 31 December 2023.

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 2023.

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 Group 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	-
Chris Robertson	Non-Executive Director	Non-Executive Director	1 March 2024	-

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

The Group received 98.03% of "yes" votes on its Remuneration Report for the 2022 financial year. The Group did not receive any specific feedback from shareholders at the 2023 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 Group traded between the beginning and end of the current and previous financial years. However, where the Directors of the Group receive incentive options, such options generally would only be of value if the Group's share price increased sufficiently to warrant exercising the incentive options.

A.4 Additional information

The gain/(loss) of the group for the five years to 31 December 2023 are summarised below:

	2023 $'000	2022 $'000	2021 $'000	2020 $'000	2019 $'000
Revenue	51,437	52,997	12,580	366	2,187
EBITDA	27,573	21,838	(1,021)	(1,664)	1,873
EBIT	16,648	15,846	(2,321)	(1,755)	1,520
Profit/(loss) after income tax	16,648	15,096	(2,611)	(2,437)	918

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

	2023	2022	2021	2020	2019
Share price at financial year end (AUD)	0.01	0.011	0.020	0.007	0.009
Total dividends declared (cents per share)	-	-	-	-	-
Basic earnings/(loss) per share (cents per share)	0.34	0.35	(0.10)	(0.22)	0.09

B. REMUNERATION POLICY DURING THE REPORTING PERIOD

The Brookside Board is committed to transparent disclosure of its remuneration strategy and this report details the Group's remuneration objectives, practices and outcomes for KMP, which includes Directors and senior executives, for the period ended 31 December 2023. 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 Group in achieving its strategic goal of continuing to build a successful oil and gas exploration and production Group. It has been designed to reward executives and employees fairly and responsibly in accordance with the regional and international market in which the Group 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 Group 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 Group 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.

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**).

C. REMUNERATION COMPONENTS

C.1 Fixed Remuneration

Fixed remuneration was reviewed by the Remuneration and Nomination Committee in 2018. The fixed remuneration component is detailed in Key Management Personnel remuneration for the year ended 31 December 2023 table.

C.2 STI Plan for the 2023 Reporting Period

The Group continues to utilise its Security Incentive Plan, approved by shareholders on 8 December 2020, under which securities in the Group may be issued to employees and/or directors.

C.3 Policy for and Components of Executive and 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 Group's Constitution and the Corporations Act. The maximum aggregate Directors' fees payable to all of the Group'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 2023, there was no equity based compensation.

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 2023	Primary			Post- employment		TOTAL $	Percentage Equity Related %
	Base Salary and Fees $	Bonus STI $	Share-based Benefits $	Superannuation Contributions $	Termination Payments $		
Executive Directors							
David Prentice	276,000	-	-	-	-	276,000	0%
Non-Executive Directors							
Michael Fry	80,000	-	-	-	-	80,000	0%
Richard Homsany	40,000	-	-	-	-	40,000	0%
Total 31 Dec 2023	**396,000**	**-**	**-**	**-**	-	**396,000**	**-**

As at 31 December 2023, the Group had accrued $10,000 in outstanding director fees (31 December 2022: $10,000).

31 December 2022	Primary			Post- employment		TOTAL $	Percentage Equity Related %
	Base Salary and Fees $	Bonus STI $	Share-based Benefits $	Super-annuation Contributions $	Termination Payments $		
Executive Directors							
David Prentice	276,000	-	829,791	-	-	1,105,791	75%
Non-Executive Directors							
Michael Fry	80,000	-	80,651	-	-	160,651	50%
Richard Homsany	40,000	-	329,057	-	-	369,057	89%
Total 31 Dec 2022	**396,000**	**-**	**1,239,499**	**-**	**-**	**1,635,499**	**-**

E. ADDITIONAL DISCLOSURES RELATING TO KEY MANAGEMENT PERSONNEL

E.1 Shares held by Key Management Personnel

The number of shares in the Group 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 2023	Issued on exercise of options	Acquired	Disposed	Balance at 31 Dec 2023
David Prentice	111,000,000	-	-	-	111,000,000
Michael Fry	28,000,000	-	-	-	28,000,000
Richard Homsany	4,800,000	-	-	-	4,800,000
Total	**143,800,000**	**-**	**-**	**-**	**143,800,000**

Director	Balance at 1 Jan 2022	Issued on exercise of options	Acquired	Disposed	Balance at 31 Dec 2022
David Prentice	12,999,999	98,000,001	-	-	111,000,000
Michael Fry	13,125,000	15,000,000	125,000	(250,000)	28,000,000
Richard Homsany	4,000,000	800,000(i)	-	-	4,800,000
Total	**30,124,999**	**113,800,001**	**125,000**	**(250,000)-**	**143,800,000**

(i) 800,000 Shares were issued to Richard Homsany and 40,000,000 Shares were issued to Richard Homsany's nominee, which is not a related party.

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 2023	Granted as Remuneration	Acquired	Exercised	Disposed	Balance at 31 Dec 2023
David Prentice	-	-	-	-	-	-
Michael Fry	-	-	-	-	-	-
Richard Homsany	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**

Director	Balance at 1 Jan 2022	Granted as Remuneration	Acquired	Exercised(i)	Disposed	Balance at 31 Dec 2022
David Prentice	97,499,999	-	500,002	(98,000,001)	-	-
Michael Fry	15,125,000	-	-	(15,000,000)	(125,000)	-
Richard Homsany	800,000	-	-	(800,000)	-	-
Total	**113,424,999**	**-**	**500,002**	**(113,800,001)**	**(125,000)**	**-**

(i) Refer to Note 18 for details of the fair value of the Options on the date of its being exercised.

E.3 Share Rights by Key Management Personnel

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

Director	Balance at 1 Jan 2023	Granted as Remuneration	Acquired	Exercised	Other	Balance at 31 Dec 2023
David Prentice	2,318,182	-	-	-	-	2,318,182
Michael Fry	-	-	-	-	-	-
Richard Homsany	-	-	-	-	-	-
Total	**2,318,182**	**-**	**-**	**-**	**-**	**2,318,182**

Director	Balance at 1 Jan 2022	Granted as Remuneration	Acquired	Exercised	Other	Balance at 31 Dec 2022
David Prentice	-	2,318,182(i)	-	-	-	2,318,182
Michael Fry	-	-	-	-	-	-
Richard Homsany	-	-	-	-	-	-
Total	**-**	**2,318,182**	**-**	**-**	**-**	**2,318,182**

(i) Refer to Note 18 for details of the fair value of the Share Rights.

E.4 Loans to Key Management Personnel

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

E.5 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.6 Compensation Options: Granted and vested during and since the financial year ended 31 December 2023

During the financial year ended 31 December 2023, there were no options granted (2022: Nil), no director options lapsed (2022: Nil), and no director options exercised (2022: 113,800,001). As at 31 December 2023 there was no options on issue.

E.7 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 Group's Constitution	Reasonable notice
Richard Homsany *Non-Executive Director*	$40,000 per annum	Until termination in accordance with the Group's Constitution	Reasonable notice

- - END OF REMUNERATION REPORT - -

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

David Prentice
Managing Director

28 March 2024

To the Board of Directors

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001*

As lead audit Partner for the audit of the financial statements of Brookside Energy Limited for year ended 31 December 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours Faithfully

Hall Chadwick

HALL CHADWICK AUDIT (WA) PTY LTD

Dated this 28th day of March 2024
Perth, Western Australia

NIKKI SHEN CA
Director

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CORPORATE GOVERNANCE STATEMENT

Brookside Energy Limited (**Group**) 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 Group 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 Group'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 acGrouping Appendix 4G for the period ended 31 December 2023.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2023

	Notes	For the year ended 31 Dec 2023 $	For the year ended 31 Dec 2022 $
Royalty revenue	2	51,436,980	52,996,833
Royalties expense	2	(20,150,949)	(25,796,630)
Production expense		(1,955,464)	(1,224,860)
Gross profit		29,330,567	25,975,343
Interest revenue	2	704,623	22,872
Other income	2	1,332,883	971,156
Director and employee related expenses		(1,191,771)	(1,432,093)
Compliance and registry expenses		(169,709)	(238,772)
Accounting and audit fees		(666,109)	(263,334)
Promotion and communication cost		(180,057)	(309,972)
Finance costs		(14,767)	(450,000)
Amortisation expense	7	(10,923,983)	(5,989,993)
Share based payments expense	18	-	(1,391,755)
Interest on financing	11.B	(97)	(750,000)
Other expenses	2.B	(1,574,014)	(888,938)
Fair value loss on equity investment		-	(15,000)
Impairment expense		-	(143,409)
Gain/(loss) on foreign exchange movement		-	-
Profit/(Loss) before income tax expense		**16,647,566**	**15,096,105**
Income tax expense	3	-	-
Net profit/(loss) for the period		**16,647,566**	**15,096,105**
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss:			
Exchange differences on the translation of foreign operations		(1,781,505)	3,478,315
Other comprehensive income/(loss) for the year net of taxes		**14,866,061**	**18,574,420**
Total comprehensive income/(loss) for the year		**14,866,061**	**18,574,420**
Earnings/(loss) Per Share			
Basic and diluted earnings/(loss) per share (cents)	14	0.34	0.35

The Grouping notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	As at 31 Dec 2023 $	As at 31 Dec 2022 $
Assets			
Current Assets			
Cash and cash equivalents	4	26,233,914	33,901,798
Trade and other receivables	5	3,679,095	4,164,595
Financial assets fair value through profit or loss		105,000	105,000
Other		143,630	83,153
Total Current Assets		**30,161,639**	**38,254,546**
Non-Current Assets			
Property, plant, and equipment		1,097	1,182
Producing assets	7	32,593,556	26,450,725
Exploration and evaluation assets	6	32,360,881	29,054,948
Total Non-Current Assets		**64,955,534**	**55,506,855**
Total Assets		**95,117,173**	**93,761,401**
Liabilities			
Current Liabilities			
Trade and other payables	8	11,385,758	21,995,456
Total Current Liabilities		**11,385,758**	**21,995,456**
Non Current Liabilities			
Provisions		298,055	73,800
Total Non Current Liabilities		**298,055**	**73,800**
Total Liabilities		**11,683,813**	**22,069,256**
Net Assets		**83,433,360**	**71,692,145**
Equity			
Share capital	9	264,956,415	268,081,261
Reserves	10	4,108,509	10,950,274
Accumulated losses		(185,631,564)	(207,339,390)
Total Equity		**83,433,360**	**71,692,145**

The Grouping notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Share Capital $	Accumulated Losses $	Share Based Payment Reserve $	Foreign Currency Translation Reserve $	Total $
Balance at 1 January 2022	**252,356,277**	**(222,435,495)**	**4,976,039**	**1,141,165**	**36,037,986**
Profit (Loss) for the period	-	15,096,105	-	-	15,096,105
Other comprehensive income	-	-	-	3,478,315	3,478,315
Total comprehensive loss for the period	**-**	**15,096,105**	**-**	**3,478,315**	**18,574,420**
Shares issued in lieu of placement	137,201	-	-	-	137,201
Shares issued in lieu of services	37,000	-	-	-	37,000
Share options exercised	16,105,757	-	-	-	16,105,757
Limited recourse loan	-	-	1,276,709	-	1,276,709
Share rights issued during the period	-	-	78,046	-	78,046
Share/Option issue costs	(554,974)	-	-	-	(554,974)
Balance at 31 December 2022	**268,081,261**	**(207,339,390)**	**6,330,794**	**4,619,480**	**71,692,145**
Balance at 1 January 2023	268,081,261	(207,339,390)	6,330,794	4,619,480	71,692,145
Profit for the period	-	16,647,566	-	-	16,647,566
Other comprehensive income	-	-	-	(1,781,505)	(1,781,505)
Total comprehensive loss for the period	**-**	**16,647,566**	**-**	**(1,781,505)**	**14,866,061**
Share buyback	(3,124,846)	-	-	-	(3,124,846)
SBP and Options Reserve Expiry		5,060,260	(5,060,260)		
Balance at 31 December 2023	**264,956,415**	**(185,631,564)**	**1,270,534**	**2,837,975**	**83,433,360**

The Grouping notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Notes	For the year ended 31 Dec 2023 $	For the year ended 31 Dec 2022 $
Cash flows from operating activities			
Receipts from customers		51,562,000	55,442,054
Payments to suppliers and employees		(33,275,046)	(21,849,890)
Interest received		667,000	22,872
Net cash provided by operating activities	11.A	**18,953,954**	**33,615,036**
Cash flows from investing activities			
Proceeds from exploration project participant			-
Payments for exploration activities		(22,259,707)	(23,821,017)
Payments for producing assets		(1,003,000)	(7,932,671)
Net cash used in investing activities		**(23,262,707)**	**(31,753,688)**
Cash flows from financing activities			
Payments for share buy-back		(3,124,838)	-
Proceeds from exercise of options		-	16,245,700
Payments of share issue costs			(555,000)
Payments of borrowing costs		-	(450,000)
Proceeds from borrowings	11.B	-	7,500,000
Repayment of borrowings	11.B	-	(8,250,000)
Net cash (used in)/provided by financing activities		**(3,124,838)**	**14,490,700**
Net (decrease)/increase in cash and cash equivalents		**(7,433,591)**	**16,352,048**
Cash at beginning of the period		33,901,798	17,038,540
Effect of exchange rates on cash		(234,293)	511,210
Cash at end of period		**26,233,914**	**33,901,798**

The Grouping notes form part of these 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 Group 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 Group is an ASX listed public Group, 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. The functional currency is outlined in Note 1.G.

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 2022 financial statements except for the impact (if any) of the new and revised standards and interpretations as outlined in Note 1.B.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 2023

In the year ended 31 December 2023, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the year reporting periods beginning on or after 1 January 2023.

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 Group and therefore no material change is necessary to Group accounting policies.

Standards and Interpretations in issue not yet adopted applicable to 31 December 2023.

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted that are relevant to the Group and effective for the year reporting periods beginning on or after 1 January 2024.

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 Group 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 2023 were approved and authorised for issue on [insert] March 2024.

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 Group 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 Group, 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 interGroup 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 Group 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.

Exploration and evaluation expenditure

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.

Amortisation and estimation of reserves

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 probable oil and gas reserves.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.F. REVENUE

The Group 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 (operator)
Revenue is recognised when or as the Group transfers control of goods or services to a customer at the amount to which the Group expects to be entitled.

Non-operated oil and gas revenues
The Group's proportionate share of production is received as a net payment from the operator representing its share of sale proceeds, which is the net of costs incurred by the operator, if any. Such non-operator revenues are recognised at the net amount of proceeds to be received by the Group.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 probable 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

REVENUE

	year ended 31-Dec-23 $	year ended 31-Dec-22 $
Oil and gas sales - operator (Point in time)	49,790,812	51,199,478
Oil and gas sales - non-operator (Point in time)	1,646,168	1,797,355
Oil and gas revenue	51,436,980	52,996,833
Royalties expenses[1]	(20,150,949)	(25,796,630)
	31,286,031	**27,200,203**
	-	-
Other revenue		
Overhead income from program participants	1,042,291	681,439
Other	995,215	312,589
	2,037,506	**994,028**

[1] *Royalty expenses represent amounts paid or payable to third party mineral owners.*

EXPENSES

	year ended 31-Dec-23 $	year ended 31-Dec-22 $
Other expenses		
Administration expenses	1,226,272	555,577
Insurance expenses	55,885	52,352
Travel expenses	199,227	199,846
Depreciation expenses	1,811	1,659
Consultant fees	90,819	79,504
	1,574,014	**888,938**

3. INCOME TAX EXPENSE

	Year ended 31-Dec-23 $	Year ended 31-Dec-22 $
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 benefit on profit from ordinary activities before income tax at 30% (2022: 30%)	4,994,270	4,528,832
Add tax effect of:		
Non-allowable items	-	(5,844,089)
Losses not recognised	(3,291,550)	1,895,917
Impact of different tax rate (USA)	(1,702,720)	(580,660)
	-	**-**
Less tax effect of:		
Lossess recouped deferred tax balances not recognised	-	-
Income tax benefit reported in the consolidated statement of profit or loss and other comprehensive income	**-**	**-**

3.A. UNRECOGNISED DEFERRED TAX LIABILITIES AND ASSETS

	Year ended 31-Dec-23 $	Year ended 31-Dec-22 $
Unrecognised deferred tax liabilities at 30% (31 December 2022: 30%):		
Other deferred tax liabilities	2,787,774	-
Less: Deferred tax assets recognised (tax losses)	(11,880)	-
	2,775,894	**-**

	Year ended 31-Dec-23 $	Year ended 31-Dec-22 $
Unrecognised deferred tax assets at 30% (31 December 2022: 30%):		
Carry forward revenue losses	6,881,966	4,490,793
Provisions and accruals	27,000	25,500
Capital raising	454,566	768,665
Less: Deferred tax liabilities	(11,880)	-
	7,351,652	**5,284,958**

The unrecognised deferred tax liabilities and deferred tax asset primarily relate to future taxable income to be derived and related deductible capitalised expenditure to be claimed respectively. Net deferred tax asset of 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 Group derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
(b) the Group continues to comply with the conditions for deductibility imposed by law; and
(c) no changes in income tax legislation adversely affect the Group 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-23 $	As at 31-Dec-22 $
Cash at bank	26,233,914	33,901,798
	26,233,914	**33,901,798**

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

Accrued revenue are generally due for settlement within periods ranging from 30 days to 60 days. There are no receivables that are past due date, and no expected credit loss is required to be recognised at balance date.

	As at 31-Dec-23 $	As at 31-Dec-22 $
Current		
Accrued revenue	3,648,450	3,240,045
Other receivables	30,645	924,550
	3,679,095	**4,164,595**

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 2023 and 31 December 2022 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-23 $	As at 31-Dec-22 $
Costs carried forward in respect of areas of interest in:		
Exploration and evaluation phases – at cost	**32,360,881**	**29,054,948**
Opening Balance	**29,054,948**	**15,780,667**
Capitalised expenses	13,088,450	29,928,519
Transfer to Producing assets	(8,342,685)	(17,785,111)
Foreign currency transaction on movement	(1,439,832)	1,130,873
	32,360,881	**29,054,948**

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-23 $	As at 31-Dec-22 $
Balance at beginning of period	26,450,725	6,556,585
Transferred from exploration and evaluation assets	8,342,685	17,785,111
Add: acquisition of working interest	-	-
Add: capitalisation of production expense	8,750,530	7,932,671
Less: Write-off of producing wells	-	(143,409)
Less: amortisation	(10,923,983)	(5,989,993)
Foreign currency translation on movement	(26,401)	309,760
	32,593,556	**26,450,725**

7. PRODUCING ASSETS (continued)

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

During the year ended 31 December 2023, 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

TRADE AND OTHER PAYABLES

	As at 31-Dec-23 $	As at 31-Dec-22 $
Current		
Trade creditors	1,257,329	6,301,436
Other current liabilities[(i)]	9,764,209	15,611,154
Accrued and other payables	364,220	82,866
	11,385,758	**21,995,456**

(i) Other current liabilities – relates to revenues and royalties payable to third party mineral owners.

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.

9. SHARE CAPITAL

	As at 31-Dec-23 $	As at 31-Dec-22 $
Issued and paid up capital		
4,764,545,628 Ordinary shares	264,956,415	268,081,261
(31 December 2022: 5,012,272,899)		

9.A. MOVEMENTS IN SHARE CAPITAL

	Year ended 31-Dec-23 $	Year ended 31-Dec-22 $
At the beginning of the period	268,081,261	252,356,277
Shares issued during the period:		
- Share based payment to employee	-	-
- Placement	-	137,201
- Payment of advisor fees in ordinary shares	-	37,000
- Exercise of options	-	16,105,757
- Exercise of options – non-cash	-	-
Share buy back	(3,124,846)	-
Share issue costs – paid in cash	-	(554,974)
At end of the period	**264,956,415**	**268,081,261**

9.B. MOVEMENTS IN NUMBER OF SHARES ON ISSUE

	Year ended 31-Dec-23 Number	Year ended 31-Dec-22 Number
At the beginning of the period	**5,012,272,899**	3,375,340,370
Shares issued during the period:		
- Share based payment to employee	2,272,728	-
- Placement	-	12,472,777
- Payment of advisor fees in ordinary shares	-	2,000,000
- Exercise of options	-	1,464,159,751
- Exercise of options – non-cash	-	158,300,001
Share buy back	(249,999,999)	-
At end of the period	**4,764,545,628**	5,012,272,899

9. SHARE CAPITAL (continued)

9.C. TERMS AND CONDITIONS OF CONTRIBUTED EQUITY

9.C.1 Ordinary shares

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

9.D. OPTIONS

At the end of the reporting period, no options over unissued shares were on issue.

9.E. MOVEMENTS IN NUMBER OF OPTIONS ON ISSUE

	As at 31-Dec-23 Number	As at 31-Dec-22 Number
At the beginning of the period	-	**1,622,459,752**
- Options free attaching to placement	-	-
- Options issued to directors, employee and Group secretary	-	-
- Options issued to lead manager	-	-
- Options issued to advisor	-	-
- Options exercised	-	(1,622,459,752)
- Options expired during the period	-	-
At end of the period	**-**	**-**

10. RESERVES

Nature and purpose of reserves

Share-based Payments Reserve
This reserve is used to record the value of equity benefits provided to employees, consultants and Directors as part of their remuneration. Refer to Note 18 for further details of these plans.

Foreign Currency Translation Reserve
The foreign currency translation reserve records exchange differences arising on translation of foreign subsidiary accounts.

	As at 31-Dec-23 $	As at 31-Dec-22 $
Share based payment reserve	1,270,534	6,330,794
Foreign currency translation reserve	2,837,975	4,619,480
	4,108,509	**10,950,274**

SHARE BASED PAYMENT RESERVE

	As at 31-Dec-23 $	As at 31-Dec-22 $
Balance at the beginning of the period	**6,330,794**	**4,976,039**
Options issued during the period:		
- Options issued to directors	-	-
- Options issued to lead manager	-	-
- Options issued to advisor	-	-
Options expired during the period:		
- Options expired	(5,060,260)	-
Limited recourse loan (refer to note 9 and note 18)	-	1,276,709
Share Rights issued during the period:		
- Share Rights issued to director (Note 18)	-	39,409
- Share Rights issued to employee (Note 18)	-	38,637
Balance at end of period	**1,270,534**	**6,330,794**

10.B FOREIGN CURRENCY RESERVE

	As at 31-Dec-23 $	As at 31-Dec-22 $
At beginning of the period	**4,619,480**	**1,141,165**
Movement during the period	(1,781,505)	3,478,315
Balance at end of period	**2,837,975**	**4,619,480**

11. CASH FLOW INFORMATION

11.A. RECONCILIATION OF NET PROFIT AFTER TAX TO THE NET CASH FLOWS FROM OPERATIONS

	Year ended 31-Dec-23 $	Year ended 31-Dec-22 $
Net profit/ (loss)	**16,647,566**	**15,096,105**
Non-cash items		
Share based payment expense	-	1,391,755
(Gain)/Loss on foreign exchange movement	-	(12,711)
Impairment expenses	-	143,409
Fair value gain on financial assets	-	15,000
Depreciation expense	1,811	1,659
Amortisation expense	10,923,983	5,989,993
Changes in assets and liabilities		
Decrease/(Increase) in receivables and other assets	425,023	(2,969,876)
Increase/(decrease) in payables and accruals	(9,044,429)	13,959,702
Net cash flows (used in)/from operating activities	**18,953,954**	**33,615,036**
	-	-
Reconciliation of cash:		
Cash balances comprises		
AUD accounts	1,579,082	3,681,030
USD accounts	24,654,833	30,220,768
	26,233,914	**33,901,798**

11.B. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Loans $	Convertible notes $	Lease liability $	Total $
Balance as at as at 1 January 2022	**-**	**-**	**-**	**-**
Net cash from financing activities	7,500,000	-	-	-
Interest accrued on borrowings	750,000	-	-	-
Repayments in cash	(8,250,000)	-	-	-
Balance as at 31 December 2022	**-**	**-**	**-**	**-**
Balance as at as at 1 January 2023	**-**	**-**	**-**	**-**
Net cash from financing activities	-	-	-	-
Interest accrued on borrowings	-	-	-	-
Repayments in cash	-	-	-	-
Balance as at 31 December 2023	**-**	**-**	**-**	**-**

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-23 $	As at 31-Dec-22 $
Short term employee benefits	396,000	396,000
Post-employment benefits	-	-
Share-based payments	-	1,239,499
	396,000	**1,635,499**

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 Group 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 Group 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 and exploitation: 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.

13. SEGMENT INFORMATION (continued)

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 Group as a whole and are not allocated. Segment liabilities include trade and other payables.

	Corporate $	Oil & Gas and other USA entities $	Total $
31-Dec-23			
Segment performance			
Segment revenue	40,250	52,729,613	52,769,863
Segment results	(1,554,653)	18,202,219	16,647,566
Included within segment result:			
- Interest on financing	-	-	-
- Finance costs	(97)	-	(97)
- Amortisation expenses	-	(10,923,983)	(10,923,983)
- Share based payment expense	-	-	-
Segment assets	2,220,643	92,896,530	95,117,173
Segment liabilities	(254,091)	(11,429,722)	(11,683,813)
31-Dec-22			
Segment performance			
Segment revenue	21,251	53,969,610	53,990,861
Segment results	(4,259,219)	19,355,324	15,096,105
Included within segment result:			-
- Interest on financing	(450,000)	-	(450,000)
- Finance costs	(750,000)	-	(750,000)
- Amortisation expenses	-	(5,989,993)	(5,989,993)
- Share based payment expense	(1,391,755)	-	(1,391,755)
Segment assets	6,466,182	87,295,219	93,761,401
Segment liabilities	195,946	21,873,310	22,069,256
Addition to non-current assets	-	37,861,190	37,861,190

During 2023, $49,790,812 or 97% of the Group’s revenues depended on five customers in the segment.

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-23 $	As at 31-Dec-22 $
Profit/(Loss) used in calculation of basic and diluted EPS	16,647,566	15,096,105
Weighted average number of ordinary shares outstanding during the year used in calculating diluted EPS	4,899,384,509	4,275,161,851

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 gain 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 2023 $	Year ended 31 Dec 2022 $
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.	65,000	64,840
	65,000	**64,840**

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.

<u>Market Risk</u>

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.

<u>Currency Risk</u>

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 8) at year end in the Group. If the US dollars exchange rate strengthened (weakened) against all other currencies as at 31 December 2023 by 10% then profit or loss and equity would increase by $1,486,606 (decrease by $1,486,606).

<u>Interest Rate Risk</u>

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. The weighted average interest rate on cash balances at the end of the year was 4.35% (2022: 0.10%).

<u>Credit Risk</u>

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 is not materially 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 2023 is Nil (2022: 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.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 $105,000 (2022: $105,000) 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 full year ended 31 Dec 2023 are summarised below.

	As at 31 Dec 2023 $	As at 31 Dec 2022 $
Payment of advisor fees in ordinary shares	-	37,000
Fair value loss on acquisition of producing assets	-	-
Fair value loss on loan repayment	-	-
Options issued to directors	-	-
Options issued to advisor and lead manager	-	-
Limited recourse loan (refer to note 9) [(i)]	-	1,276,709
Share Rights issued to director [(ii)]	-	39,409
Share Rights issued to employee	-	38,637
	-	**1,391,755**

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

(ii) 2,318,182 share rights issued to director David Prentice. There were no vesting conditions on any share rights and the fair value of the rights has been expensed in full.

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

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

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

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

19. SUBSIDIARIES

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

Subsidiary	Incorporation	2023 Ownership	2022 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

	Year Ended 31-Dec-23 $	Year Ended 31-Dec-22 $
Financial Position		
Assets		
Current assets	1,754,327	6,465,000
Non-current assets	37,614,339	37,525,014
Total assets	**39,368,666**	**43,990,014**
Liabilities		
Current liabilities	254,090	195,946
Total liabilities	**254,090**	**195,946**
Equity		
Issued capital	264,956,401	268,081,239
Accumulated losses	(232,090,619)	(230,617,965)
Reserves	(1,596,726)	6,330,794
Total equity	**31,269,056**	**43,794,068**
Financial performance		
Loss for the period	(1,554,653)	(4,259,375)
Other comprehensive income	-	-
Total comprehensive income	**(1,554,653)**	**(4,259,375)**

Contingent liabilities

As at 31 December 2022 and 2023, the Group had no contingent liabilities.

Contractual Commitments

As at 31 December 2022 and 2023, the Group had no contractual commitments.

Guarantees entered into by parent entity

As at 31 December 2022 and 2023, the Group had not entered into any guarantees.

21. COMMITMENTS AND CONTINGENCIES

The Group has no material commitments or contingencies.

22. SUBSEQUENT EVENTS

On 9 January 2024, the Company announced the completion of the on-market buy back of its fully paid ordinary shares that was announced 26 April 2023 (the Share Buy-Back). The Group acquired a total of 249,999,999 shares or approximately 5% of the pre Share Buy-Back issued capital at a cost of A$3.13 million and a Volume Weighted Average Price (VWAP) of $0.0125.

As previously announced, the Company intends to seek shareholder approval for a new buy-back (beyond the 10% in 12-months limitation). This new buy-back is targeted to commence upon the completion of the FMDP, however, once we have shareholder approval, we will have flexibility to consider commencing the new buy-back sooner (i.e. before the completion of the FMDP) if for example we see a period of sustained higher energy prices and/or we generate cash flow in excess of what is required for our ongoing development of the SWISH AOI Reserves.

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 Group, the results of these operations, or the state of affairs of the Group in future financial years.

Directors' Declaration

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

   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 2023 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 Group 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 2023.

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

28 March 2024

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF BROOKSIDE ENERGY LIMITED

Report on the Financial Report

Opinion

We have audited the accompanying financial report of Brookside Energy Limited ("the Company") and its controlled entities (collectively "the Group"), which comprises the consolidated statement of financial position as at 31 December 2023, 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, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of Brookside Energy Limited is 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 2023 and of its performance for the year ended on that date; and

ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the Auditor's Responsibility section of our report.

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

Independence

We are independent of the Group in accordance with 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.

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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 year. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

1. Revenue and related risk of fraud – Note 2

Why significant	How our audit addressed the key audit matter
The Group's revenue are primarily from the sale of oil and gas and sales revenue recognised for the year amounts to $51,436,980 for the year (2022: $52,996,833). Revenue recognition was a key audit matter due to the associated fraud risk (overstatement and/or misappropriation), importance and materiality of the matter to users' understanding of the financial report.	Our work included, but was not limited to, the following procedures: • Ensuring that accounting policies comply with Australian Accounting standards; • Performing testing over a sample of revenue to supporting evidence; • Ensuring the adequacy of disclosures made within the financial report. • Comparing sales recorded to external information, including production volumes and commodity prices to determine the reasonableness of revenue recognised.

2. Producing assets – Note 7

Why significant	How our audit addressed the key audit matter
Australian Accounting Standards require the Group to assess whether there are any indicators that oil and gas properties may be impaired. If an indicator exists, the Group must estimate the recoverable amount of the asset. At year end, the Group concluded that there were no impairment charges or reversals of previous impairment charges required for any of its Cash Generating Units (CGUs). In determining whether there was an indicator of impairment or impairment reversal, the Group considered whether there was a significant change in the external or internal factors as set out in Note 6 to the financial statements. The key assumptions, judgements and estimates used in the Group's assessment of impairment are also disclosed in Note 6. The assessment of impairment indicators is complex and highly judgemental and includes assessing a range of external and internal factors and modelling a range of assumptions that could impact the recoverable amount of a CGU. Accordingly, this matter was considered to be a key audit matter.	We evaluated whether there had been significant changes in the external or internal factors considered by the Group in assessing whether indicators of impairment or reversal of impairment existed. This included assessing the foreign exchange rates and commodity prices with reference to market prices (where available), market research, market practice, market indices, oil production data and historical performance. In addition, future estimated net revenue and profit stream of each CGUs were reviewed. We also considered the adequacy of the financial report disclosures regarding the assumptions, key estimates and judgements applied by management for the Group's assessment of indicators of impairment of non-current assets. These have been disclosed in Note7.

3. Exploration and Evaluation – Note 6

Why significant	How our audit addressed the key audit matter

In accordance with AASB 6 *Exploration and 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 have 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.
 	
As at 31 December 2023 the carrying value of exploration and evaluation assets was \$32,360,881 (2022: \$29,054,948), as disclosed in Note 6.
	Our work included, but was not limited to, the following procedures:
	• Conducting a detailed review of management's assessment of impairment trigger events prepared in accordance with AASB 6 including:
	  ○ Assessing whether the rights to tenure of the areas of interest remained current at report date as well as confirming that rights to tenure are expected to be renewed for tenements that will expire in the near future;
	  ○ Holding discussions with the Directors as to the status of ongoing exploration programmes for the areas of interest, as well as assessing if there was evidence that a decision had been made to discontinue activities in any specific areas of interest; and
	• Considering whether exploration activities for the areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed;
	• Testing, on a sample basis, exploration and evaluation expenditure incurred during the year for compliance with AASB 6 and the Group's accounting policy; and
	• Assessing the appropriateness of the relates disclosures in Note 6.

Other Information

Other information is financial and non-financial information in the annual report of the Group which is provided in addition to the Financial Report and the Auditor's Report. The directors are responsible for Other Information in the annual report. The Other Information we obtained prior to the date of this Auditor's Report was the Director's report. The remaining Other Information is expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, the auditor does not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report. In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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. We are required to report if we conclude that there is a material misstatement of this Other Information in the Financial Report and based on the work we have performed on the Other Information that we obtained prior the date of this Auditor's Report we have nothing to report.

Directors' Responsibilities 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 Note 1.C, the Directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using a 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 responsibility is to express an opinion on the financial report based on our audit. 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, individual or in 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 Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal control.

Auditor's Responsibilities for the Audit of the Financial Report (cont)

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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report. We 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. We 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 obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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. The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. 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 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

We have audited the Remuneration Report included in the directors' report for the year ended 31 December 2023.

In our opinion, the Remuneration Report of Brookside Energy Limited for the year ended 31 December 2023, 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.

Hall Chadwick

HALL CHADWICK AUDIT (WA) PTY LTD

Dated this 28th day of March 2024

Perth, Western Australia

NS

NIKKI SHEN CA
Director

ADDITIONAL SHAREHOLDERS' INFORMATION

A. CORPORATE GOVERNANCE

A statement disclosing the extent to which the Group has followed the best practice recommendations set by the ASX Corporate Governance Council during the reporting period is detailed in the Group's Appendix 4D and Corporate Governance Statement, which will be lodged with the ASX at the same time as this report.

B. SHAREHOLDING

Substantial Shareholders

B.1. Quoted Securities

The Group's only class of quoted securities on issue during the year was fully paid ordinary shares. No listed options were on issue during the year and no options were exercised during the year.

B.2. Unquoted Securities

At the date of this report there were no unquoted options over ordinary shares in the Group 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 4,485 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	71	6,262	0.00%
1,001 - 5,000	16	43,758	0.00%
5,001 – 10,000	5	40,464	0.00%
10,001 - 100,000	1,619	103,655,595	2.18%
100,001 and over	2,774	4,660,799,549	97.82%
TOTALS	**4,485**	**4,764,545,628**	**100.00%**

B.5. Marketable Parcel

There are 252 shareholders with less than a marketable parcel.

B.6. Restricted Securities

The Group 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	%
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	417,425,886	8.76%
HEDTEK PTY LTD	200,118,197	4.20%
STANDARD PASTORAL GROUP PTY LTD	125,000,000	2.62%
MR DAVID PRENTICE (AND ASSOCIATED ENTITIES)	111,000,000	2.33%
BEARAY PTY LIMITED <BRIAN CLAYTON S/F A/C>	74,111,113	1.56%
TUTAM PROPERTIES AU PTY LTD	70,418,000	1.48%
MR IVAN MURRAY HANDASYDE	67,158,474	1.41%
CELTIC CAPITAL PTY LTD <THE CELTIC CAPITAL A/C>	62,090,200	1.30%
CITICORP NOMINEES PTY LIMITED	55,935,122	1.17%
BUTTONWOOD NOMINEES PTY LTD	50,307,140	1.06%
STONEHORSE ENERGY LIMITED	45,000,000	0.94%
GREYHOUND INVESTMENTS PTY LTD <GREYHOUND INVESTMENTS A/C>	44,000,000	0.92%
MR DOUGLAS PAUL TALBOT	43,485,817	0.91%
MR WILLIAM ANTHONY MURRAY <SUPERANNUATION FUND A/C>	40,000,000	0.84%
RUDIE PTY LTD <MATTANI SUPER FUND A/C>	39,980,236	0.84%
ENSEL SUPERANNUATION FUND PTY LTD <ENSEL SUPER FUND A/C>	37,396,934	0.78%
MR GRACJAN PIOTR LAMBERT <LAMBERT FAMILY A/C>	33,772,728	0.71%
HOLDSWORTH BROS PTY LTD <HOLDSWORTH BROS S/F A/C>	30,000,000	0.63%
DR DANIEL GEORGE PECHAR & MRS KATRINA JANE PECHAR <PECHAR SUPER FUND A/C>	28,600,003	0.60%
MR MICHAEL FRY AND ASSOCIATED ENTITIES	28,000,000	0.59%
Total	**1,603,799,850**	**33.66%**
Total Issued Capital	**4,764,545,628**	**100%**