BROOKSIDE

BROOKSIDE ENERGY LIMITED

ACN 108 787 720

(Formerly known as Red Fork Energy Limited)

ANNUAL FINANCIAL REPORT

For the financial year ended 31 December 2015

CONTENTS

CORPORATE DIRECTORY

NON-EXECUTIVE CHAIRMAN
Michael Fry

MANAGING DIRECTOR
David Prentice

NON-EXECUTIVE DIRECTOR
Loren Jones

COMPANY SECRETARY
Loren Jones

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ASX CODE
BRK (Ordinary Shares)
BRKO (Options)

The Directors submit their report for the Company and its subsidiary ("the Group" or "Company") for the financial year ended 31 December 2015. In order to comply with the provisions of the Corporations Act, the Directors report as follows:

DIRECTORS

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

Board of Directors

Michael Fry	Non-Executive Chairman
David Prentice	Managing Director
Loren Jones	Non-Executive Director *(appointed 5 June 2015)*

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

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

OPERATING RESULT

The after tax loss for the Group for the financial year ended to 31 December 2015 amounted to $2.2m (2014: $211m).

DIVIDENDS

There were no dividends paid or recommended during or subsequent to the financial year ended 31 December 2015 (2014: Nil).

REVIEW OF OPERATIONS

On 1 April 2015, at a meeting of creditors of the Company, the creditors of the Company resolved that the Company execute a deed of company arrangement (DOCA) between the Company, the Administrators and Cicero Advisory Services Pty Ltd. The DOCA was subsequently executed on 2 April 2015. Under the terms of the DOCA, the Administrators were appointed as deed administrators of the DOCA (Deed Administrators). The DOCA included a proposal for the reconstruction and recapitalisation of the Company (Recapitalisation Proposal).

Completion of the DOCA was subject to a number of conditions, including obtaining necessary shareholder approvals. On 8 June 205 the Company announced that all of the resolutions put to shareholders at the General meeting held on 5 June 2015 were passed.

On the 9 June 2015 the Company lodged a Prospectus for the capital raising contemplated in the Recapitalisation Proposal. On 1 July 2015 the Company announced that the Offers under this Prospectus had closed oversubscribed with a total of $2,500,000 raised. A portion of the funds raised under the Prospectus were used to settle obligations to creditors with claims against the Company arising on or before 10 December 2014 under the DOCA. Upon completion of the Capital Raising $400,000 was paid to the Deed Administrators who in turn paid $295,000 into the Creditors' Trust and $105,000 to Guggenheim Corporate Funding LLC (**Guggenheim**), resulting in the DOCA being effectuated and the Company's recapitalisation and reinstatement on the ASX. Consequently, the Board of Directors regained control of the Company and has since used the funds raised to cover the expenses of the Prospectus Offers and to provide ongoing working capital.

The DOCA as entered into on 1 April 2015 was wholly effectuated on 15 July 2015 in accordance with clause 10.1 of the DOCA and section 445C of the Corporations Act 2001.

On 16 July 2015, the Company was advised that the Receivers and Managers appointed by Guggenheim (as announced on 10 December 2014) retired from office by way of execution of a Deed of Retirement effective as of 15 July 2015.

Control of the Company has reverted to the Board of Directors, effective 15 July 2015. The Company was subsequently reinstated to official quotation on August 5, 2015.

On August 31, 2015 the Company lodged a Notice of Annual General Meeting (**AGM**) for a meeting to be held on September 30, 2015. Resolutions put to the AGM included, the adoption of the Remuneration Report, re-election of Director (Michael Fry), consolidation of capital, placement of options and participation of related parties in the placement of options. On September 30, 2015 the Company announced that all resolutions put to the meeting passed on a show of hands.

Subsequently, the consolidation of capital, which was achieved through the conversion of ten fully paid ordinary shares into one fully paid ordinary share, was completed on 8 October 2015. Following the consolidation the Company had a total of 350,000,303 fully paid ordinary shares on issue. The Company also issued 175,000,000 unlisted options (**Options**) (exercisable at $0.02 per option with an expiry date of December 31, 2018) on October 23, 2015.

On 7 October 2015, the company registered its wholly owned subsidiary BRK Oklahoma Holdings LLC, an Oklahoma, USA, Limited Liability Company.

An ASX announcement was made on October 29, 2015 advising of the appointment of Cicero Advisory Services (**Cicero Advisory**) as the Company's Corporate Advisors. The Company is working closely with Cicero Advisory to identify and review high growth strong cash flow generating opportunities.

On 6 November 2015 the Company completed a placement of up to 49,999,697 shares at a price of $0.012 per share, along with free attaching unquoted options (**Options**)(exercisable at $0.02 on or before 31 December 2018) on a 1 for 4 basis, to raise approximately $600,000 before costs (**Placement**). The issue of the Placement shares and the 12,499,924 attaching Options was approved by Shareholders at a General Meeting held on 21 December 2015.

In addition, on December the 7th the Company (through its wholly owned subsidiary BRK Oklahoma Holdings, LLC) made an investment in US focused energy start-up Black Mesa Production LLC (**Black Mesa**). The investment in Black Mesa provides the Company with exposure to the US Energy Sector at an opportune time in the commodity price cycle with a modest investment that will allow the Company to pursue other initiatives in parallel.

During the year ended 31 December 2015 the Company continued to pursue its main business undertaking of oil and gas exploration and production, looking to leverage off the experience of its Directors and its extensive network of experienced consultants and service companies to identify opportunities in the mid-continent region of the United States. The Company is applying a disciplined portfolio approach to its review of potential acquisition opportunities. The Board is committed to pursuing and developing strategies to build value per share that conserve capital and provide the flexibility to consider any and all opportunities during this important initial growth phase.

Matters Subsequent to the End of the Financial Period

On 4 January 2016 the Company made its third scheduled contribution to Black Mesa Productions, LLC (Black Mesa) being USD $159,000. To date the Company has sent contributions to Black Mesa totalling USD $252,780. The next scheduled capital commitment of USD $144,000 is not due to be paid until 1 July 2016.

On 13 January 2016 the Company sought to have their unlisted options quoted and received official approval from the commencement of trading on Friday, 22 January 2016

On Tuesday the 29th of March 2016, the Company requested a trading halt pending the announcement of an acquisition of oil and gas royalties in Blaine County Oklahoma by its wholly owned subsidiary BRK Oklahoma Holdings, LLC (**BRK Oklahoma**) (**Acquisition**). The consideration for the acquisition is expected to be approximately A$1.1M. It is anticipated that Cicero Advisory, the Company's Corporate Advisors, will be appointed to manage an offer, of 100,000,000 new fully paid ordinary shares at $0.01 (with a one for two free attaching option, exercisable at $0.02 on or before 31 December 2018, subject to shareholder approval) to raise $1,000,000 before costs (**Placement**), with the express purpose of funding this Acquisition.

The Directors are not aware of any other matter or circumstance that has arisen since 31 December 2015 which significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

ENVIRONMENTAL REGULATIONS

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

INFORMATION ON DIRECTORS

Michael Fry	**Non-Executive Chairman**
Qualifications	B.Comm, F.Fin
Experience	Michael Fry holds a Bachelor of Commerce degree from the University of Western Australia, is a Fellow of the Financial Services Institute of Australasia, and is a past member of the ASX. Michael has extensive experience in capital markets and corporate treasury management specialising in the identification of commodity, currency and interest rate risk and the implementation of risk management strategies.
Other Directorships	Michael Fry is currently the non-executive chairman of ASX Listed Companies Norwest Energy NL and Challenger Energy Limited. Liberty Resources Limited – resigned 10 April 2012. Killara Resources Limited – resigned 9 October 2012.
David Prentice	**Non-Executive Chairman**
Qualifications	Grad. Dip BA, MBA
Experience	David Prentice's career includes more than 25 years' experience in commercial management and business development within the natural resources sector, working for some of Australia's leading resource companies. This has included high-level commercial and operational roles with a number of listed and unlisted resource companies.
Other Directorships	David Prentice is currently the non-executive director Black Mesa Productions, LLC Jameson Resources Limited – resigned 30 April 2014 Challenger Energy Limited - resigned 26 March 2012.

Loren Jones	**Non-Executive Director**
Qualifications	BSc (Psych), Cert IV FinSvcs (Bookkeeping)
Experience	Miss Loren Jones has worked in finance and administration roles with ASX listed companies, stock broking and corporate advisory services for the past 10 years. During this time she has gained invaluable experience in dealing with all aspects of corporate governance and administration, specialising in initial public offerings (IPO), private capital raising and backdoor listings. Miss Jones is currently completing her Graduate Diploma of Applied Corporate Governance with the Governance Institute of Australia.
Other Directorships	Miss Jones is a Partner at and Company Secretary of corporate administration firm Cicero Corporate Services Pty Ltd and holds the positions of Non-Executive Director and Company Secretary at Fraser Range Metals Group Limited (ASX: FRN) and Blaze International Limited (ASX: BLZ). She is also a Non-Executive Director of Star Striker Limited (ASX: SRT) and Red Fox Capital Limited. Additionally, Miss Jones currently serves as the Company Secretary of Wangle Technologies Limited (ASX: WGL), Alcidion Group Limited (ASX: ALC) and Aphex Minerals Pty Ltd. Past Non-Executive Director and/or Company Secretarial positions include ZipTel Limited (ASX: ZIP), MMJ Phytotech Limited (ASX: MMJ) and Jernigan Commodities Limited.

Company Secretary
Loren Jones
Please refer to information above.

CORPORATE INFORMATION

Group Corporate Structure

Brookside Energy Limited is a public company incorporated and domiciled in Western Australia listed on the Australian Securities Exchange (ASX Code: BRK) and wholly owned subsidiary, BRK Oklahoma LLC, a Limited Liability Company incorporated and domiciled in Oklahoma, USA.

Employees

Brookside Energy Limited has no full time employees as at the date of this report.

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	2	2
David Prentice	2	2
Loren Jones^	2	2

^ Appointed 5 June 2015

Options

At the date of this report 187,499,924 options over ordinary shares in the Group were on issue and no options were exercised during the year.

During the year ended 31 December 2015, options on issue are as detailed below.

Type	Date of Expiry	Exercise Price	Number on issue
Unlisted Options^	31 Dec 2018	$0.02	187,499,924

^ On 13 January 2016 the Company sought to have their unlisted options quoted and received official approval from the commencement of trading on Friday, 22 January 2016.

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

Performance Rights

There are nil performance rights on issue. During the year, 10,460,000 performance rights were cancelled as they are no longer achievable or they have nil value.

INDEMNIFYING OFFICERS

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

The Company currently has a Directors' and Officers' liability insurance in place. A total premium of A$14,300 was paid for cover period from 8 Sept 2015 to 8 Sept 2016. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company.

Proceedings on Behalf of Company

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

Non-Audit Services

The Board of Directors is satisfied that the provision of non-audit services during the reporting period is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 10: Code of Ethics for Professional Accountants set by the Accounting Professional Ethics Standards Board.

No fees for non-audit services were paid to the external auditors during the year ended 31 December 2015.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, Grant Thornton, to provide the Directors of the Company with an Independence Declaration in relation to the audit of the annual report. This Independence Declaration is set out on page 15 and forms part of this Directors' Report for the year ended 31 December 2015.

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 2015.

A. INTRODUCTION

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

A.1 Brookside's KMPs

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

Category	Name	Position	Appointment Date
Non-Executive Director	Michael Fry	Independent Chairman	20 April 2004
Non-Executive Director	Loren Jones	Non-Executive	5 June 2015
Executive Director	David Prentice	Managing Director	20 April 2004

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

The Company received a 99.9% of "yes" votes on its Remuneration Report for the 2014 financial year. The Company did not receive any specific feedback from shareholders at the 2014 Annual General Meeting on its remuneration practices.

B. REMUNERATION POLICY DURING THE REPORTING PERIOD

The Brookside Board is committed to transparent disclosure of its remuneration strategy and this report details the Company's remuneration objectives, practices and outcomes for KMP, which includes Directors and senior executives, for the period ended 31 December 2015. Any reference to "executives" in this report refers to KMPs who are not Non-Executive Directors.

B.1 Remuneration Policy Framework

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

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

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;

i) Short Term Incentives (STI) ;

ii) Long Term Incentive (LTI).

C. REMUNERATION COMPONENTS

C.1 Fixed Remuneration

Fixed remuneration was reviewed by the Remuneration and Nomination Committee in 2013 and remained consistent for the 2014 reporting period with the recommendations made during the prior year.

C.2 STI Plan for the 2015 Reporting Period

Due to the strategic review conducted during 2015, no STI plan was implemented for the 2015 reporting period.

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

<u>*Remuneration Policy*</u>

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

Equity Compensation
In accordance with Australian practice and shareholder preference, the Company's current policy is not to grant equity based compensation to Non-Executive Directors. Accordingly, no equity components (LTI Rights) were offered to Non-Executive Directors in the reporting period to 31 December 2015.

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

During the year there were material changes to base salaries paid to Key Management Personnel as a result of the reinstatement of Brookside Energy Limited (previously Red Fork Energy Limited).

Tables 2a and 2b below outline the remuneration of directors and Key Management Personnel for the year ended 31 December 2014 and the year ended 31 December 2015:

Table 2a: Key Management Personnel Remuneration for the year ended 31 December 2015

31 December 2015	Primary			Post- employment		TOTAL $	Percentage Performance Related %
	Base Salary and Fees $	Bonus STI $	Non-Monetary Benefits $	Super-annuation Contributions $	Termination Payments $		
Executive Directors							
David Prentice	62,500	-	-	-	-	62,500	-
Non-Executive Directors							
Michael Fry	18,750	-	-	-	-	18,750	-
Loren Jones^	15,000	-	-	-	-	15,000	-
Total 31 Dec 2015	**96,250**	**-**	**-**	**-**	**-**	**96,250**	

^ During the year ended 31 December 2015, Cicero Corporate Pty Ltd, an entity related to Miss Loren Jones, received $57,000 exclusive of GST for the provision of company secretarial and accounting work to the Company. Cicero has been engaged to provide corporate services to the Group.

Table 2b: Key Management Personnel Remuneration for the year ended 31 December 2014

31 December 2014	Primary			Post- employment		TOTAL $	Percentage Performance Related %
	Base Salary and Fees $	Bonus STI+ $	Non-Monetary Benefits $	Super-annuation Contributions $	Termination Payments+ $		
Executive Directors							
David Prentice	419,018	247,920	-	18,245	194,114	879,297	16.0
Non-Executive Directors							
Michael Fry	119,167	-	-	-	-	119,167	-
David Colwell^*	91,667	-	-	-	-	91,667	-
William Warnock^	104,517	-	-	-	-	104,517	-
Larry Edwards^	100,834	-	-	-	-	100,834	-
Executives							
Kevin Humphrey	256,667	112,000	17,852	-	-	386,519	-
Chris Girouard	279,583	122,000	23,160	-	-	424,743	-
Lee Francis	256,667	85,427	17,037	-	-	359,131	-
Total 31 Dec 2014	**1,628,120**	**567,347**	**58,049**	**18,245**	**194,114**	**2,465,875**	

^ Resigned 10 December 2014
** Appointed 1 January 2014*
+STI and Termination payments were not paid to the Key Management Personnel as a result of the DOCA proceedings other than a required amount of $3,500 to Mr David Prentice.

E. SHARE-BASED REMUNERATION

(i) Performance Rights Held by Key Management Personnel

The number of performance rights in the Group held during the transitional financial period by each Director of Brookside Energy Limited and other Key Management Personnel, including their personally related parties, are set out below:

31 December 2015	Balance at 01.01.15	Granted as Remuneration	On Conversion of Rights	Cancelled	Balance at 31.12.15	Vested and Convertible

Directors						
David Prentice	1,000,000	-	-	(1,000,000)	-	-
Michael Fry	-	-	-	-	-	-
Loren Jones^	-	-	-	-	-	-
Total 31 Dec 2015	**1,000,000**	**-**	**-**	**(1,000,000)**	**-**	**-**

^ Appointed 5 June 2015

31 December 2014	Balance at 01.01.14	Granted as Remuneration	On Conversion of Rights	Cancelled	Balance at 31.12.14	Vested and Convertible
Directors						
David Prentice	1,000,000	-	-	-	1,000,000	1,000,000
Michael Fry	-	-	-	-	-	-
David Colwell^*	-	-	-	-	-	-
William Warnock^	-	-	-	-	-	-
Larry Edwards^	-	-	-	-	-	-
Executives						
Kevin Humphrey	1,570,000	-	-	-	1,570,000	190,000
Chris Girouard	1,570,000	-	-	-	1,570,000	190,000
Lee Francis	380,000	-	-	-	380,000	-
Total 31 Dec 2014	**4,520,000**	**-**	**-**	**-**	**4,520,000**	**1,380,000**

^ Resigned 10 December 2014
** Appointed 1 January 2014*

Key Terms of Performance Rights

The Performance Rights on issue at 31 December 2014 have been deemed nil value as the vesting conditions are no longer achievable. As a result, all performance rights on issue were cancelled during the year.

(ii) Shares held by Key Management Personnel

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

There were no shares granted during the year as compensation.

31 December 2015	Balance at 1 Jan 2015	Shares Issued	Performance Rights Exercised	Other^	Balance at 31 Dec 2015
Directors					
David Prentice	3,747,441	-	-	(1,873,721)	1,873,720
Michael Fry	1,894,774	-	-	(351,904)	1,542,870
Loren Jones*	-	-	-	-	-
Total 31 Dec 2015	**5,642,215**	**-**	**-**	**(2,225,625)**	**3,416,590**

^ Included is the capital consolidation as approved by shareholders by an ordinary resolution at the Company's General Meeting held on 5 June 2015 on a 1 for 2 basis.
** Appointed 5 June 2015*

31 December 2014	Balance at 01.01.14	Shares Issued	Performance Rights Exercised	Other	Balance at 31.12.14
Directors					
David Prentice	3,747,441	-	-	-	3,747,441
Michael Fry	1,894,774	-	-	-	1,894,774
David Colwell^*	-	-	-	-	-
William Warnock^	-	-	-	-	-
Larry Edwards^	-	-	-	-	-
Executives					
Kevin Humphrey	-	-	-	-	-
Chris Girouard	160,000	-	-	-	160,000
Lee Francis	-	-	-	-	-
Total 31 Dec 2014	**5,802,215**	**-**	**-**	**-**	**5,802,215**

^ Resigned 10 December 2014
** Appointed 1 January 2014*

(iii) Options Held By Key Management Personnel

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

31 December 2015	Balance at 01.01.15	Shares Issued	Performance Rights Exercised	Other^	Balance at 31.12.15
Directors					
David Prentice	-	-	-	40,000,000	40,000,000
Michael Fry	-	-	-	25,000,000	25,000,000
Loren Jones*	-	-	-	-	-
Total 31 Dec 2015	**-**	**-**	**-**	**65,000,000**	**65,000,000**

^ Options acquired for nil consideration during the year arise from participation in the Share Placement on 2 November 2015.
** Appointed 5 June 2015*

No shares were issued on the exercise of options during the period.

F. SERVICE AGREEMENTS

Director	Base Salary	Terms of the Agreement	Notice Period
David Prentice *CEO/Managing Director*	$12,500 per month	Until termination	6 Months
Michael Fry *Non-Executive Chairman*	$45,000 per annum	Until termination in accordance with the Company's Constitution	Reasonable notice
Loren Jones *Non-Executive Director*	$30,000 per annum	Until termination in accordance with the Company's Constitution	Reasonable notice
	$114,000 per annum for the provision of company secretarial and office support	Until Termination	6 months

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

David Prentice
Chief Executive Officer

01 April 2016

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Auditor's Independence Declaration
To the Directors of Brookside Energy Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Brookside Energy Limited for the year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M J Hillgrove
Partner - Audit & Assurance

Perth, 01 April 2016

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This Corporate Governance Statement report sets out information about the Corporate Governance of Brookside Energy Limited for the financial year ended 31 December 2015.

CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement is current as at 20 July 2015 and has been approved by the Board of the Company on that date.

This Corporate Governance Statement discloses the extent to which the Company will follow the recommendations set by the ASX Corporate Governance Council in its publication Corporate Governance Principles and Recommendations (**Recommendations**). The Recommendations are not mandatory, however the Recommendations that will not be followed have been identified and reasons provided for not following them along with what (if any) alternative governance practices the Company intends to adopt in lieu of the recommendation.

The Company has adopted a Corporate Governance Plan which provides the written terms of reference for the Company's corporate governance duties.

The Company's Corporate Governance Plan is available on the Company's website at http://brookside-energy.com.au/.

RECOMMENDATIONS (3RD EDITION)	COMPLY	EXPLANATION
Principle 1: Lay solid foundations for management and oversight		
Recommendation 1.1 A listed entity should have and disclose a charter which sets out the respective roles and responsibilities of the Board, the Chair and management, and includes a description of those matters expressly reserved to the Board and those delegated to management.	YES	The Company has adopted a Board Charter that sets out the specific roles and responsibilities of the Board, the Chair and management and includes a description of those matters expressly reserved to the Board and those delegated to management. The Board Charter sets out the specific responsibilities of the Board, requirements as to the Board's composition, the roles and responsibilities of the Chairman and Company Secretary, the establishment, operation and management of Board Committees, Directors' access to Company records and information, details of the Board's relationship with management, details of the Board's performance review and details of the Board's disclosure policy. A copy of the Company's Board Charter, which is part of the Company's Corporate Governance Plan, is available on the Company's website.
Recommendation 1.2 A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a Director; and (b) provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a Director.	YES	(a) The Company has guidelines for the appointment and selection of the Board in its Corporate Governance Plan. The Company's Nomination Committee Charter (in the Company's Corporate Governance Plan) requires the Nomination Committee (or, in its absence, the Board) to ensure appropriate checks (including checks in respect of character, experience, education, criminal record and bankruptcy history (as appropriate)) are undertaken before appointing a person, or putting forward to security holders a candidate for election, as a Director. (b) Under the Nomination Committee Charter, all material information relevant to a decision on whether or not to elect or re-elect a Director must

RECOMMENDATIONS (3RD EDITION)	COMPLY	EXPLANATION
		be provided to security holders in the Notice of Meeting containing the resolution to elect or re-elect a Director.
Recommendation 1.3 A listed entity should have a written agreement with each Director and senior executive setting out the terms of their appointment.	YES	The Company's Nomination Committee Charter requires the Nomination Committee (or, in its absence, the Board) to ensure that each Director and senior executive is a party to a written agreement with the Company which sets out the terms of that Director's or senior executive's appointment. The Company has written agreements with each of its Directors and senior executives.
Recommendation 1.4 The company secretary of a listed entity should be accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.	YES	The Board Charter outlines the roles, responsibility and accountability of the Company Secretary. In accordance with this, the Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.
Recommendation 1.5 A listed entity should: (a) have a diversity policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary or it; and (c) disclose as at the end of each reporting period: (i) the measurable objectives for achieving gender diversity set by the Board in accordance with the entity's diversity policy and its progress towards achieving them; and (ii) either: - the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or - if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality	PARTIALLY	(a) The Company has adopted a Diversity Policy which provides a framework for the Company to establish and achieve measurable diversity objectives, including in respect of gender diversity. The Diversity Policy allows the Board to set measurable gender diversity objectives, if considered appropriate, and to assess annually both the objectives if any have been set and the Company's progress in achieving them. (b) The Diversity Policy is available, as part of the Corporate Governance Plan, on the Company's website. (c) (i) The Board does not presently intend to set measurable gender diversity objectives because: - the Board does not anticipate there will be a need to appoint any new Directors or senior executives due to limited nature of the Company's existing and proposed activities and the Board's view that the existing Directors and senior executives have sufficient skill and experience to carry out the Company's plans; and - if it becomes necessary to appoint any new Directors or senior executives, the Board considered the application of a measurable gender diversity objective requiring a specified proportion of women on the Board and in senior executive roles will, given the small size of the Company and the Board, unduly limit the Company from applying the Diversity Policy as a whole and the Company's policy of appointing based on skills and merit: and (ii) the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for

RECOMMENDATIONS (3RD EDITION)	COMPLY	EXPLANATION
Indicators", as defined in the Workplace Gender Equality Act.		these purposes) for each financial year will be disclosed in the Company's Annual Report .
Recommendation 1.6 A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual Directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	YES	(a) The Board, in the absence of a Nomination Committee, is responsible for evaluating the performance of the Board, its committees and individual Directors on an annual basis. It may do so with the aid of an independent advisor. The process for this is set out in the Company's Corporate Governance Plan, which is available on the Company's website. (b) The Company's Corporate Governance Plan requires the Company to disclose whether or not performance evaluations were conducted during the relevant reporting period. The Company intends to complete performance evaluations in respect of the Board, its committees (if any) and individual Directors for the each financial year in accordance with the above process.
Recommendation 1.7 A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	YES	(a) The Board, in the absence of a Nomination Committee is responsible for evaluating the performance of the Company's senior executives on an annual basis. The Board, in the absence of a Remuneration Committee is responsible for evaluating the remuneration of the Company's senior executives on an annual basis. A senior executive, for these purposes, means Key Management Personnel (as defined in the Corporations Act) other than a non-executive Director. The applicable processes for these evaluations can be found in the Company's Corporate Governance Plan, which is available on the Company's website. (b) The Company's Corporate Governance Plan requires the Company to disclose whether or not performance evaluations were conducted during the relevant reporting period. The Company intends to complete performance evaluations in respect of the senior executives for each financial year in accordance with the applicable processes.
Principle 2: Structure the Board to add value		
Recommendation 2.1 The Board of a listed entity should: (a) have a nomination committee which: (i) has at least three members, a majority of whom are independent Directors; and (ii) is chaired by an independent Director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and	YES	(a) The Company does not currently have a Nomination Committee. The Company's Nomination Committee Charter provides for the creation of a Nomination Committee (if it is considered it will benefit the Company), with at least three members, a majority of whom are independent Directors, and which must be chaired by an independent Director. (b) The Company does not have a Nomination Committee as the Board considers the Company will not currently benefit from its establishment. In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by the Nomination Committee under the Nomination Committee Charter, including the following processes to address succession issues and to ensure the Board has the appropriate balance of

RECOMMENDATIONS (3RD EDITION)	COMPLY	EXPLANATION
(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address Board succession issues and to ensure that the Board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.		skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively: (i) devoting time at least annually to discuss Board succession issues and updating the Company's Board skills matrix; and (ii) all Board members being involved in the Company's nomination process, to the maximum extent permitted under the Corporations Act and ASX Listing Rules.
Recommendation 2.2 A listed entity should have and disclose a Board skill matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.	YES	Under the Nomination Committee Charter (in the Company's Corporate Governance Plan), the Nomination Committee (or, in its absence, the Board) is required to prepare a Board skill matrix setting out the mix of skills and diversity that the Board currently has (or is looking to achieve) and to review this at least annually against the Company's Board skills matrix to ensure the appropriate mix of skills and expertise is present to facilitate successful strategic direction. The Company has a Board skill matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership. A copy will be made available in the Company's next Annual Report. The Board Charter requires the disclosure of each Board member's qualifications and expertise. Full details as to each Director and senior executive's relevant skills and experience are available on the Company's website.
Recommendation 2.3 A listed entity should disclose: (a) the names of the Directors considered by the Board to be independent Directors; (b) if a Director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3rd Edition), but the Board is of the opinion that it does not compromise the independence of the Director, the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion; and (c) the length of service of each Director	YES	(a) The Board Charter requires the disclosure of the names of Directors considered by the Board to be independent. The Company will disclose those Directors it considers to be independent in its Annual Report and on its ASX website. The Board considers the following Directors are independent: Michael Fry and Loren Jones. (b) There are no independent Directors who fall into this category. The Company will disclose in its Annual Report and ASX website any instances where this applies and an explanation of the Board's opinion why the relevant Director is still considered to be independent. (c) The Company's Annual Report will disclose the length of service of each Director, as at the end of each financial year.

RECOMMENDATIONS (3RD EDITION)	COMPLY	EXPLANATION
Recommendation 2.4 A majority of the Board of a listed entity should be independent Directors.	YES	The Company's Board Charter requires that, where practical, the majority of the Board should be independent. The Board currently comprises a total of 3 directors, of whom Michael Fry and Loren Jones are considered to be independent. As such, independent directors are currently an independent majority of the Board.
Recommendation 2.5 The Chair of the Board of a listed entity should be an independent Director and, in particular, should not be the same person as the CEO of the entity.	YES	The Board Charter provides that, where practical, the Chair of the Board should be an independent Director and should not be the CEO/Managing Director. The Chair of the Company is an independent Director and is the CEO/Managing Director.
Recommendation 2.6 A listed entity should have a program for inducting new Directors and providing appropriate professional development opportunities for continuing Directors to develop and maintain the skills and knowledge needed to perform their role as a Director effectively.	YES	In accordance with the Company's Board Charter, the Nominations Committee (or, in its absence, the Board) is responsible for the approval and review of induction and continuing professional development programs and procedures for Directors to ensure that they can effectively discharge their responsibilities. The Company Secretary is responsible for facilitating inductions and professional development.
Principle 3: Act ethically and responsibly		
Recommendation 3.1 A listed entity should: (a) have a code of conduct for its Directors, senior executives and employees; and (b) disclose that code or a summary of it.	YES	(a) The Company's Corporate Code of Conduct applies to the Company's Directors, senior executives and employees. (b) The Company's Corporate Code of Conduct (which forms part of the Company's Corporate Governance Plan) is available on the Company's website.
Principle 4: *Safeguard integrity in financial reporting*		
Recommendation 4.1 The Board of a listed entity should: (a) have an audit committee which: (i) has at least three members, all of whom are non-executive Directors and a majority of whom are independent Directors; and (ii) is chaired by an independent Director, who is not the Chair of the Board, and disclose: (iii) the charter of the committee; (iv) the relevant qualifications and experience of the members of the committee;	YES	(a) The Company does not currently have an Audit and Risk Committee. The Company's Corporate Governance Plan contains an Audit and Risk Committee Charter that provides for the creation of an Audit and Risk Committee (if it is considered it will benefit the Company), with at least three members, a majority of whom must be independent Directors, and which must be chaired by an independent Director who is not the Chair. (b) The Company does not have an Audit and Risk Committee as the Board considers the Company will not currently benefit from its establishment. In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by the Audit and Risk Committee under the Audit and Risk Committee Charter including the following processes to independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner:

RECOMMENDATIONS (3RD EDITION)	COMPLY	EXPLANATION
and (v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.		(i) the Board devotes time at annual Board meetings to fulfilling the roles and responsibilities associated with maintaining the Company's internal audit function and arrangements with external auditors; and (ii) all members of the Board are involved in the Company's audit function to ensure the proper maintenance of the entity and the integrity of all financial reporting.
Recommendation 4.2 The Board of a listed entity should, before it approves the entity's consolidated financial statements for a financial period, receive from its CEO and CFO a declaration that the financial records of the entity have been properly maintained and that the consolidated financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	YES	The Company's Audit and Risk Committee Charter requires the CEO and CFO (or, if none, the person(s) fulfilling those functions) to provide a sign off on these terms. The Company intends to obtain a sign off on these terms for each of its consolidated financial statements in each financial year.
Recommendation 4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	YES	The Company's Corporate Governance Plan provides that the Board must ensure the Company's external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.
Principle 5: Make timely and balanced disclosure		
Recommendation 5.1 A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	YES	(a) The Board Charter provides details of the Company's disclosure policy. In addition, the Corporate Governance Plan details the Company's disclosure requirements as required by the ASX Listing Rules and other relevant legislation. (b) The Corporate Governance Plan, which incorporates the Board Charter, is available on the Company website.
Principle 6: *Respect the rights of security holders*		
Recommendation 6.1 A listed entity should provide	YES	Information about the Company and its governance is available in the Corporate Governance Plan which can

RECOMMENDATIONS (3RD EDITION)	COMPLY	EXPLANATION
information about itself and its governance to investors via its website.		be found on the Company's website.
Recommendation 6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	YES	The Company has adopted a Shareholder Communications Strategy which aims to promote and facilitate effective two-way communication with investors. The Strategy outlines a range of ways in which information is communicated to shareholders and is available on the Company's website as part of the Company's Corporate Governance Plan.
Recommendation 6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	YES	Shareholders are encouraged to participate at all general meetings and AGMs of the Company. Upon the despatch of any notice of meeting to Shareholders, the Company Secretary shall send out material stating that all Shareholders are encouraged to participate at the meeting.
Recommendation 6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	YES	The Shareholder Communication Strategy provides that security holders can register with the Company to receive email notifications when an announcement is made by the Company to the ASX, including the release of the Annual Report, half yearly reports and quarterly reports. Links are made available to the Company's website on which all information provided to the ASX is immediately posted. Shareholders queries should be referred to the Company Secretary at first instance.
Principle 7: Recognise and manage risk		
Recommendation 7.1 The Board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (i) has at least three members, a majority of whom are independent Directors; and (ii) is chaired by an independent Director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs	YES	(a) The Company does not currently have an Audit and Risk Committee. The Company's Corporate Governance Plan contains an Audit and Risk Committee Charter that provides for the creation of an Audit and Risk Committee (if it is considered it will benefit the Company), with at least three members, a majority of whom must be independent Directors, and which must be chaired by an independent Director. (b) A copy of the Corporate Governance Plan is available on the Company's website. (c) The Company does not have an Audit and Risk Committee as the Board consider the Company will not currently benefit from its establishment. In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by the Audit and Risk Committee under the Audit and Risk Committee Charter including the following processes to oversee the entity's risk management framework: (i) the Board devotes time at quarterly Board meetings to fulfilling the roles and responsibilities associated with overseeing risk and maintaining the entity's risk management framework and associated internal compliance and control procedures; and (ii) the Board has required management to design and implement risk management and internal control systems to manage the Company's

RECOMMENDATIONS (3RD EDITION)	COMPLY	EXPLANATION
for overseeing the entity's risk management framework.		material business risks and has required management to report to it on whether those risks are being managed effectively; and (iii) the Chief Executive Officer reports to the Board as to the effectiveness of the Company's management of its material business risks.
Recommendation 7.2 The Board or a committee of the Board should: (a) review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound; and (b) disclose in relation to each reporting period, whether such a review has taken place.	YES	(a) The Audit and Risk Committee Charter requires that the Audit and Risk Committee (or, in its absence, the Board) should, at least annually, satisfy itself that the Company's risk management framework continues to be sound. (b) The Company's Corporate Governance Plan requires the Company to disclose at least annually whether such a review of the Company's risk management framework has taken place.
Recommendation 7.3 A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	YES	(a) The Audit and Risk Committee Charter provides for the Audit and Risk Committee to monitor the need for an internal audit function. (b) The Company does not have an internal audit function. The Audit and Risk Committee evaluates and looks to continually approve the effectiveness of the Company's risk management and internal control processes as set out in the duties and responsibilities of the Audit and Risk Committee Charter (contained in the Corporate Governance Plan available on the Company's website).
Recommendation 7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	YES	The Audit and Risk Committee Charter requires the Audit and Risk Committee (or, in its absence, the Board) to assist management determine whether the Company has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks. The Company's Corporate Governance Plan requires the Company to disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks. The Company will disclose this information in its Annual Report and on its ASX website as part of its continuous disclosure obligations.
Principle 8: Remunerate fairly and responsibly		
Recommendation 8.1 The Board of a listed entity should: (a) have a remuneration committee which: (i) has at least three members, a majority of whom are independent Directors; and (ii) is chaired by an independent Director, and disclose:	YES	(a) The Company does not currently have a Remuneration Committee. The Company's Corporate Governance Plan contains a Remuneration Committee Charter that provides for the creation of a Remuneration Committee (if it is considered it will benefit the Company), with at least three members, a majority of whom must be independent Directors, and which must be chaired by an independent Director. (b) The Company does not have a Remuneration Committee as the Board considers the Company

RECOMMENDATIONS (3RD EDITION)	COMPLY	EXPLANATION
(iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.		will not currently benefit from its establishment. In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by the Remuneration Committee under the Remuneration Committee Charter including the following processes to set the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive: (i) the Board devotes time at the annual Board meeting to assess the level and composition of remuneration for Directors and senior executives; (ii) the Company has not adopted any schemes for retirement benefits; (iii) the total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of the shareholders in general meeting; and (iv) the determination of non-executive Directors' remuneration within the maximum amount fixed will be made by the Board having regard to the inputs and value to the Company or the respective contributions be each non-executive Director.
Recommendation 8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive Directors and the remuneration of executive Directors and other senior executives and ensure that the different roles and responsibilities of non-executive Directors compared to executive Directors and other senior executives are reflected in the level and composition of their remuneration.	YES	The Company's Corporate Governance Plan requires the Board to disclose its policies and practices regarding the remuneration of Directors and senior executives, which is disclosed on the Company's website.
Recommendation 8.3 A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	YES	(a) The Company does not have an equity based remuneration scheme. The Company does not have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Notes	For the year ended 31 Dec 2015 $	For the year ended 31 Dec 2014 $
Interest revenue	2.A	7,424	18,451
Other revenue	2.A	22,269	-
Amortisation, depreciation, depletion and rehabilitation expense	2.B	-	(5,378)
Other expenses	2.C	(182,012)	(659,921)
Employee related expenses		(110,000)	(1,111,821)
Share based payments	22	-	6,690,615
Finance costs	2.D	-	(3,385)
Consultants fees		(158,907)	(194,530)
Compliance and registry expenses		(128,106)	(433,821)
Administrator expenses		-	(41,656)
GGH fixed charge reclaim		-	(119,204)
Writeoff of fixed assets		(4,149)	-
Writeoff of assets not collectable		(33,067)	-
Residual of administration writeoffs		387,191	-
Project expense	7	(131,006)	-
Options valuation expense		(1,913,231)	-
Gain/(loss) on foreign exchange movement		2,598	(22,569,487)
Loss before income tax expense		**(2,240,996)**	**(18,429,937)**
Income tax expense	3	-	-
Net loss for the year from continuing operations		**(2,240,996)**	**(18,429,937)**
Discontinued operations			
Net loss for the year from discontinued operations		-	(192,260,954)
Net loss for the year		**(2,240,996)**	**(210,691,091)**
Other comprehensive income			
Items that will be reclassified subsequently to profit and loss:			
Foreign exchange gain/(loss) reclassified to profit and loss		-	(730,317)
Other comprehensive loss for the year net of taxes		**-**	**(730,317)**
Total comprehensive loss for the year		**(2,240,996)**	**(211,421,408)**
Earnings/(Loss) Per Share			
Basic and diluted loss per share (cents)	16	(0.20)	(42.53)

The accompanying notes form part of these consolidated financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Notes	As at 31 Dec 2015 $	As at 31 Dec 2014 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	1,858,994	-
Trade and other receivables	6	69,881	47,624
TOTAL CURRENT ASSETS		**1,928,875**	**47,624**
NON-CURRENT ASSETS			
Investments	7	-	-
Plant and equipment	8	-	4,149
TOTAL NON-CURRENT ASSETS		**-**	**4,149**
TOTAL ASSETS		**1,928,875**	**51,773**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	69,376	817,738
TOTAL CURRENT LIABILITIES		**69,376**	**817,738**
TOTAL LIABILITIES		**69,376**	**817,718**
NET ASSETS		**1,859,499**	**(765,965)**
EQUITY			
Issued capital	10	218,405,878	215,487,649
Reserves	12	1,948,231	-
Accumulated losses	11	(218,494,610)	(216,253,614)
TOTAL EQUITY		**1,859,499**	**(765,965)**

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 JUNE 2015

	Note	Issued Capital $	Accumulated Losses $	Share Based Payment Reserve $	Foreign Currency Translation Reserve $	Total $
BALANCE AT 1 JANUARY 2014		**215,487,649**	**(51,306,644)**	**5,705,039**	**731,806**	**175,492,712**
Loss for the period		-	(202,685,965)	-	-	(202,685,965)
Foreign exchange loss reclassified to profit and loss from equity reserve from prior period		-	32,383,835	-	(731,806)	(690)
Total comprehensive loss for the period		**-**	**(170,302,130)**	**-**	**(731,806)**	**(192,007)**
Foreign exchange loss reclassified to profit and loss from equity reserve		-	-	-	-	30,567
Shares issued during the period		-	-	-	-	-
Capital raising costs		-	-	-	-	-
Expired and cancelled options and performance rights		-	437,862,388	(5,705,039)	-	(6,041)
Recognition of share based payments		-	-		-	1,205
BALANCE AT 31 DECEMBER 2014		**215,487,649**	**(216,253,614)**	**-**	**-**	**(765,965)**
BALANCE AT 1 JANUARY 2015		**215,487,649**	**(216,253,614)**	**-**	**-**	**(765,965)**
Loss for the period		-	(2,240,996)	-	-	(2,240,996)
Total comprehensive loss for the period		**-**	**(2,240,996)**	**-**	**-**	**(2,240,996)**
Shares issued during the period		3,149,979	-	-	-	3,149,979
Options issued during the period		-	-	1,948,231	-	1,948,231
Capital raising costs		(231,750)	-	-	-	(231,750)
BALANCE AT 31 DECEMBER 2015		**218,405,878**	**(218,494,610)**	**1,948,231**	**-**	**1,859,499**

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2015

	Note	For the year ended 31 Dec 2015 $	For the year ended 31 Dec 2014 $
CASH FLOWS USED IN OPERATING ACTIVITIES			
Receipts from sales		-	48,928,769
Payments to suppliers and employees		(185,359)	(31,032,777)
Interest received		7,424	21,194
Settlement of DOCA		(737,892)	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	13.A	**(915,827)**	**17,917,186**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for projects		(131,006)	-
Proceeds from sale of property, plant and equipment		-	12,889,886
Payments for exploration activities		-	(2,733,718)
Payments for development activities		-	(45,902,697)
Payments for property, plant and equipment		-	(2,856,322)
Payments for acquisition of oil and gas properties		-	(6,716,373)
NET CASH (USED IN) INVESTING ACTIVITIES		**(131,006)**	**(45,319,224)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares and options		3,134,979	-
Transaction costs on issue of shares		(231,750)	-
Proceeds from borrowings		-	8,860,339
Repayments of borrowings		-	-
Borrowing costs, including capitalised finance fees		-	(19,854,467)
NET CASH PROVIDED BY FINANCING ACTIVITIES		**2,903,229**	**(10,994,128)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**1,856,396**	**(38,396,166)**
Cash at beginning of the period		-	38,531,033
Effect of exchange rates on cash		2,598	(134,867)
CASH AT END OF PERIOD	13.B	**1,858,994**	**-**

The accompanying notes form part of these consolidated financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.A Basis of preparation

The financial report includes the consolidated financial statements and notes of Brookside Energy Limited (BRK) and its subsidiary, the "Group" or "Consolidated Group".

The consolidated financial report is a general-purpose financial report, which has been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations, and complies with other requirements of the law.

1.A.1 Functional and presentation currency

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

1.A.2 Accounting policies

The same accounting policies and methods of computation have been followed in this consolidated financial report as were applied in the most recent annual financial statements, except in relation to currency. Prior reporting periods have been reported in US dollars. This report and its comparative data have been reported in Australian dollars.

1.A.3 Limitation of scope of comparative figures

On 8 December 2014, Clifford Rocke, Martin Madden and David Winterbottom of KordaMentha Pty Ltd were appointed as Receivers and Managers ("R&M") of certain assets of the Company under the terms of the security provided to Guggenheim Corporate Funding LLC "Guggenheim".

On 10 December 2014, Red Fork Energy Limited's (Subject to Deed of Company Arrangement) (Receivers and Managers Appointed) (to be renamed Brookside Energy Limited) securities were suspended from quotation on the Australian Securities Exchange (ASX). On 10 December 2014, the Directors of the Company resolved to place the Company in voluntary administration and appointed Messrs Martin Jones, Darren Weaver and Benjamin Johnson of Ferrier Hodgson as joint and several administrators of the Company.

To prepare the financial report as at 31 December 2014, the Directors obtained the financial records of the Group using data extracted from the Group's accounting system for the entire financial year. However as a consequence of the receiver's appointment, there may be source documentation information that the current Directors have not been able to obtain for audit purposes.

Consequently, although the Directors have prepared the financial report as at 31 December 2014, to the best of their knowledge based on the information made available to them, they are of the opinion that it is not possible to state that this financial report has been prepared in accordance with the Australian Accounting Standards including Australian interpretations, other authoritative pronouncements of the Australian Accounting Standard Board and the Corporations Act 2001, nor is it possible to state this financial report gives a true and fair view of the Group's financial position as at 31 December 2014 and for the year then ended.

1.A.4 Going Concern

The Group incurred a loss of $2,240,996 for the year ended 31 December 2015. In addition the Group has net current assets of $1,859,499. Cash and cash equivalents at the year-end amounted to $1.86 million.

As disclosed in note 4 there is a potential for a tax liability to arise as a result of the finalisation of the work required to prepare the 30 June 2015 income tax return for lodgement. However, the Directors, from a preliminary review of the transactions, are of the view that the Group will not be in a tax payable position and this will only be confirmed on the completion of the work and on lodgement of the income tax returns.

If a potential tax liability arises, the Group will need to fund this liability and its ongoing investments and working capital requirements. This uncertainty may cast doubt as to whether or not the Group will be able to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

Based upon the position as described above, the Group's cash flow forecast indicates that the Group will have sufficient cash flows to meet all commitments and working capital requirements for a period of at least 12 months from the date of signing the financial report. Accordingly the Directors are satisfied that the going concern basis of preparation is appropriate.

1.B Adoption of new and revised standards

New/revised pronouncement	Nature of change	Effective date (FY reporting on or after 31 Dec 2015)	Likely impact on initial application
AASB 9 Financial Instruments (December 2014) [Also refer to AASB 2013-9 and AASB 2014-1 below]	AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are: a financial assets that are debt instruments will be classified based on: (i) the objective of the entity's business model for managing the financial assets; and (ii) the characteristics of the contractual cash flows b allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument c introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments d financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases e where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: • the change attributable to changes in credit risk are presented in other comprehensive income (OCI) • the remaining change is presented in profit or loss	1 January 2018	*When this standard is first adopted for the year ending 31 December 2018, there will be no material impact on the transactions and balances recognised in the financial statements.*

New/revised pronouncement	Nature of change	Effective date (FY reporting on or after 31 Dec 2015)	Likely impact on initial application
	If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9: • classification and measurement of financial liabilities; and • derecognition requirements for financial assets and liabilities.		
AASB 9 Financial Instruments (December 2014) continued	AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that enable entities to better reflect their risk management activities in the financial statements. Furthermore, AASB 9 introduces a new impairment model based on expected credit losses. This model makes use of more forward-looking information and applies to all financial instruments that are subject to impairment accounting.		
AASB 14 Regulatory Deferral Accounts	AASB 14 permits first-time adopters of Australian Accounting Standards who conduct rate-regulated activities to continue to account for amounts related to rate regulation in accordance with their previous GAAP. Accordingly, an entity that applies AASB 14 may continue to apply its previous GAAP accounting policies for the recognition, measurement, impairment and derecognition of its regulatory deferral account balances. This exemption is not available to entities who already apply Australian Accounting Standards.	1 January 2016	*When AASB 14 becomes effective for the first time for the year ending 31 December 2016, it will not have any impact on the entity.*
AASB 15 Revenue from Contracts with Customers	AASB 15: replaces AASB 118 Revenue, AASB 111 Construction Contracts and some revenue-related Interpretations: • establishes a new revenue recognition model • changes the basis for deciding whether revenue is to be recognised over time or at a point in time • provides new and more detailed guidance on specific topics (e.g., multiple element arrangements, variable pricing, rights of return, warranties and licensing) • expands and improves disclosures about revenue In the Australian context, AASB 15 will apply to contracts of not-for-profit (NFP) entities that are exchange transactions. AASB 1004 Contributions will continue to apply to non-exchange transactions until the Income from Transactions of NFP Entities Project is completed (with an Exposure Draft inviting public comment on those proposals targeted for issue in Q1 2015).	1 January 2017	*When this Standard is first adopted for the year ending 31 December 2017, there will be no material impact on the transactions and balances recognised in the financial statements.*

New/revised pronouncement	Nature of change	Effective date (FY reporting on or after 31 Dec 2015)	Likely impact on initial application
AASB 2014-1 Amendments to Australian Accounting Standards (Part D: Consequential Amendments arising from AASB 14)	Part D of AASB 2014-1 makes consequential amendments arising from the issuance of AASB 14.	1 January 2016	*When these amendments become effective for the first time for the year ending 31 December 2016, they will not have any impact on the entity.*
AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations	The amendments to AASB 11 state that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a 'business', as defined in AASB 3 Business Combinations, should: • apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except principles that conflict with the guidance of AASB 11. This requirement also applies to the acquisition of additional interests in an existing joint operation that results in the acquirer retaining joint control of the joint operation (note that this requirement applies to the additional interest only, i.e., the existing interest is not remeasured) and to the formation of a joint operation when an existing business is contributed to the joint operation by one of the parties that participate in the joint operation; and • provide disclosures for business combinations as required by AASB 3 and other Australian Accounting Standards.	1 January 2016	*When these amendments are first adopted for the year ending 31 December 2016, there will be no material impact on the transactions and balances recognised in the financial statements.*
AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation	The amendments to AASB 116 prohibit the use of a revenue-based depreciation method for property, plant and equipment. Additionally, the amendments provide guidance in the application of the diminishing balance method for property, plant and equipment. The amendments to AASB 138 present a rebuttable presumption that a revenue-based amortisation method for intangible assets is inappropriate. This rebuttable presumption can be overcome (i.e., a revenue-based amortisation method might be appropriate) only in two (2) limited circumstances: i the intangible asset is expressed as a measure of revenue, for example when the predominant limiting factor inherent in an intangible asset is the achievement of a revenue threshold (for instance, the right to operate a toll road could be based on a fixed total amount of revenue to be generated from cumulative tolls charged); or ii when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.	1 January 2016	*When these amendments are first adopted for the year ending 31 December 2016, there will be no material impact on the transactions and balances recognised in the financial statements.*

New/revised pronouncement	Nature of change	Effective date (FY reporting on or after 31 Dec 2015)	Likely impact on initial application
AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	AASB 2014-5 incorporates the consequential amendments arising from the issuance of AASB 15.	1 January 2017	*Refer to the section on AASB 15 above.*
AASB 2014-6 Amendments to Australian Accounting Standards – Agriculture: Bearer Plants	AASB 2014-6 defines bearer plants and requires bearer plants to be accounted for as property, plant and equipment within the scope of AASB 116 Property, Plant and Equipment instead of AASB 141 Agriculture.	1 January 2016	*When these amendments are first adopted for the year ending 31 December 2016, there will be no material impact on the financial statements.*
AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)	AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9.	1 January 2018	*Refer to the section on AASB 9 above.*
AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements	The amendments introduce the equity method of accounting as one of the options to account for an entity's investments in subsidiaries, joint ventures and associates in the entity's separate financial statements.	1 January 2016	*When these amendments are first adopted for the year ending 31 December 2016, there will be no material impact on the financial statements.*

New/revised pronouncement	Nature of change	Effective date (FY reporting on or after 31 Dec 2015)	Likely impact on initial application
AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	The amendments address a current inconsistency between AASB 10 Consolidated Financial Statements and AASB 128 Investments in Associates and Joint Ventures (2011). The amendments clarify that, on a sale or contribution of assets to a joint venture or associate or on a loss of control when joint control or significant influence is retained in a transaction involving an associate or a joint venture, any gain or loss recognised will depend on whether the assets or subsidiary constitute a business, as defined in AASB 3 Business Combinations. Full gain or loss is recognised when the assets or subsidiary constitute a business, whereas gain or loss attributable to other investors' interests is recognised when the assets or subsidiary do not constitute a business. This amendment effectively introduces an exception to the general requirement in AASB 10 to recognise full gain or loss on the loss of control over a subsidiary. The exception only applies to the loss of control over a subsidiary that does not contain a business, if the loss of control is the result of a transaction involving an associate or a joint venture that is accounted for using the equity method. Corresponding amendments have also been made to AASB 128 (2011).	1 January 2016	*When these amendments are first adopted for the year ending 31 December 2016, there will be no material impact on the financial statements.*
AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle	These amendments arise from the issuance of Annual Improvements to IFRSs 2012-2014 Cycle in September 2014 by the IASB. Among other improvements, the amendments clarify that when an entity reclassifies an asset (or disposal group) directly from being held for sale to being held for distribution (or vice-versa), the accounting guidance in paragraphs 27-29 of AASB 5 Non-current Assets Held for Sale and Discontinued Operations does not apply. The amendments also state that when an entity determines that the asset (or disposal group) is no longer available for immediate distribution or that the distribution is no longer highly probable, it should cease held-for-distribution accounting and apply the guidance in paragraphs 27-29 of AASB 5.	1 January 2016	*When these amendments are first adopted for the year ending 31 December 2016, there will be no material impact on the financial statements.*

New/revised pronouncement	Nature of change	Effective date (FY reporting on or after 31 Dec 2015)	Likely impact on initial application
AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	The Standard makes amendments to AASB 101 Presentation of Financial Statements arising from the IASB's Disclosure Initiative project. The amendments: • clarify the materiality requirements in AASB 101, including an emphasis on the potentially detrimental effect of obscuring useful information with immaterial information • clarify that AASB 101's specified line items in the statement(s) of profit or loss and other comprehensive income and the statement of financial position can be disaggregated • add requirements for how an entity should present subtotals in the statement(s) of profit and loss and other comprehensive income and the statement of financial position • clarify that entities have flexibility as to the order in which they present the notes, but also emphasise that understandability and comparability should be considered by an entity when deciding that order • remove potentially unhelpful guidance in AASB	1 January 2016	*When these amendments are first adopted for the year ending 31 December 2016, there will be no material impact on the financial statements.*
AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality	The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards.	1 July 2015	*When this Standard is first adopted for the year ending 31 December 2016, there will be no impact on the financial statements.*

1.C Statement of compliance

The general purpose consolidated financial statements for the period ended 31 December 2015 were approved and authorised for issue on 01 April 2016.

The consolidated financial statements of the Company have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IRFS) as issued by the International Accounting Standards Board (IASB).

1.D Basis of preparation

The consolidated financial statements have been prepared on the basis of historical costs. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Group's annual financial report for the year ended 31 December 2015, except in relation to the matters disclosed below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

1.E Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Brookside Energy Limited as at 31 December 2015 and the results its subsidiary for the year then ended. Brookside Energy Limited and its subsidiary together are referred to in these consolidated financial statements as the 'group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of comprehensive income, statement of financial position and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

1.F Income Tax

The income tax expense for the reporting period is the tax payable on the current financial year's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

1.G Trade and Other Payables

Trade payables and other accounts payable are recognised when the entity becomes obliged to make future payments resulting from the purchase of goods and services. Amounts are unsecured and are usually paid within 30 to 45 days of recognition.

1.H Cash and Cash Equivalents

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. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

For the purpose of the Statement of Cash Flows, cash includes on hand and other funds held at call net of bank overdrafts.

1.I Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office ("ATO"). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

1.J Earnings Per Share

The Group presents basic earnings per share ("EPS") data for its ordinary shares. Basic earnings per share is calculated as net earnings attributable to members, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

1.K Trade and Other Receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

Receivables from related parties are recognised and carried at the nominal amount due.

1.L Issued Capital
Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

1.M Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured.

The following specific recognition criteria must also be met before revenue is recognised:

(i) Interest revenue is recognised when control of the right to receive the interest payment.

1.N Employee Benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, sick leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave, sick leave and other employee benefits expected to be settled wholly within twelve months of the reporting date are measured at their undiscounted nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. Employee benefits that are expected to be settled later than one year (including any annual leave entitlements which are not used within one year) are measured at the present value of the estimated future cash flows.

Employee benefits expenses and revenues arise in respect of the following categories:

- Employment expenses comprise wages and salary payments non-monetary benefits, annual leave, sick leave and other leave benefits; and

- other types of employee benefits are recognised against earnings on a net basis in their respective categories.

1.O Exploration and development expenditure

Exploration, evaluation and development expenditures incurred are capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area of interest.

Costs of site restoration are provided for over the life of the project from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with local laws and regulations and clauses of the permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis. Any changes in the estimates for the costs are accounted for on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

1.P Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified at fair value through profit or loss. Transaction costs related to instruments classified at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised when the contractual right to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(i) Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

(ii) Loans and borrowings are non-derivative financial liabilities and are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

1.Q Share-Based Payment Transactions

Equity settled transactions

The Group has a Performance Rights Plan which provides equity based awards to Key Management Personnel and employees. The Remuneration Committee (or, in its absence, or if one has not yet been established, the Board) approves the grant of such Performance Rights as incentives to attract and maintain the long term commitment of executives to the Group.

The cost of the awards are measured by reference to the fair value of the equity instrument on the grant date and they are amortised as an expense in profit or loss over the period in which the performance and service conditions are fulfilled (vesting) period.

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects

(i) the extent to which the vesting period has expired; and

(ii) the Entity's best estimate of the number of equity instruments that will ultimately vest.

No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The profit or loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

1.R Significant accounting estimates, assumptions and judgements

The preparation of the consolidated financial statements requires the Group's management to make estimates and assumptions that affect the reported amounts of assets and liabilities. The determination of estimates requires the exercise of judgment based on various assumptions and other factors such as historical experience, current and expected economic conditions. Actual results could differ from those estimates.

The more significant areas requiring the use of management estimates and assumptions relate to impairment calculations, production assets and restoration provisions. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year are discussed below.

Share-based Payments

The Group's policy for stock based compensation is discussed in Note 1.Q. The application of this policy requires the Directors to make certain estimates and assumptions as to future events and circumstances relating to the stock's vesting.

1.S Foreign currency transactions and balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the parent entity's functional currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

Group companies

The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. These differences are recognised in profit or loss in the period in which the operation is disposed of.

		Year ended 31 Dec 2015 $	Year ended 31 Dec 2014 $
2.	**REVENUES AND EXPENSES**		
2.A	**Revenue**		
	Other Revenue		
	Interest received	7,424	18,451
	Other received	22,269	-
		29,693	**18,451**
2.B	**Amortisation, depreciation and rehabilitation expense**		
	Depreciation expense	-	5,378
		-	**5,378**
2.C	**Other expenses**		
	Administration expenses	5,542	15,359
	Consultants' fees	52,160	194,530
	Compliance and share registry fees	-	433,821
	Travel expenses	90,914	463,184
	Occupancy expenses	-	89,624
	Other expenses	33,395	91,754
		182,012	**1,288,272**
2.D	**Finance costs**		
	Interest expense	-	3,385
		-	**3,385**

	Year ended 31 Dec 2015 $	Year ended 31 Dec 2014 $
3. INCOME TAX EXPENSE		
The components of tax expense comprise:		
Current tax	-	-
Deferred tax	-	-
	-	**-**
The prima facie tax benefit on loss from ordinary activities before income tax is reconciled to the income tax as follows:		
Prima facie tax benefit on loss from ordinary activity before income tax at 30% (31 December 2014: 30%)	(672,299)	(63,426,422)
Add tax effect of:		
Discontinued operations	-	58,037,922
Foreign exchange	-	6,764,697
Other non-allowable items	664,947	457,680
Losses not recognised	120,812	446,193
Other deferred tax balances not recognised	-	97,168
	113,460	2,007,185
Less tax effect of:		
Equity based payments	-	2,377,238
Losses recognised not previously brought to account	113,460	-
Income tax expense	**-**	**-**
4. DEFERRED TAX		
4.A Unrecognised deferred tax assets		
Carry forward revenue losses	2,407,357	2,286,544
Provisions and accruals	7,032	119,616
Capital raising	35,361	-
Other	1,294	2,769
	2,451,044	**2,408,929**

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

(a) the company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;

(b) the company continues to comply with the conditions for deductibility imposed by law; and

(c) no changes in income tax legislation adversely affect the company in utilising the benefits.

4. DEFERRED TAX (CONTINUED)

As a result of the completion of the DOCA during the financial year ended 31 December 2015 and the comparable incomplete accounts at 31 December 2014 (refer to Annual Financial Report 31 December 2014), the resulting tax consequences from the disposal of the US subsidiaries are yet to be quantified as the detailed work required is yet to be undertaken. The Directors, from a preliminary review of the transactions, are of the view that the group will not be in a tax payable position. However, this will only be confirmed on the completion of the work and on lodgement of the income tax returns.

	As at 31 Dec 2015 $	As at 31 Dec 2014 $
5. CASH AND CASH EQUIVALENTS		
Cash at bank	1,858,994	-
Short Term Deposits	-	-
	1,858,994	**-**

Cash at bank earns interest at floating rates based on a daily bank deposit rates and fixed interest is earned on term deposits held for maturity between 1-3 months.

6. TRADE & OTHER RECEIVABLES

Current		
Other receivables	59,332	17,811
Prepayments	10,549	29,813
	69,881	**47,624**

Terms and conditions relating to the above financial instruments:

(a) Other receivables are non-interest bearing and generally on 30 day terms

Ageing of past due but not impaired:

Current – 30 days	59,332	17,811
30 – 60 days	-	-
60 – 90 days	-	-
Over 90 days	-	-
Total	**59,332**	**17,811**

	As at 31 Dec 2015 $	As at 31 Dec 2014 $
7. INVESTMENTS		
At cost	-	-
Accumulated depreciation and impairment	-	-
	-	**-**
Movement in carrying amounts		
Opening balance	-	232,360,288
Additions	-	36,879,777
Black Mesa Productions LLC	131,006	-
Impairment	(131,006)	
Disposals – due to deconsolidation	-	(256,480,062)
Transfers	-	(673,399)
Depreciation charge for the period	-	(12,086,604)
Closing balance	**-**	**-**

7. INVESTMENTS (CONTINUED)

On 1 November 2015, BRK Oklahoma Holdings LLC, a wholly owned subsidiary of the Company, entered into an agreement investing in the United States focused energy start-up Black Mesa Production, LLC. In accordance with the agreement the Company paid $131,006 (US $93,780). As the investment is in its infancy, we cannot currently predict the recoverability of the investment and therefore it has been impaired to nil.

Investment in Subsidiary

Subsidiary	2015 %	2014 %	2015 $	2014 $
BRK Oklahoma Holdings LLC^	100	-	366	-

^ On 7 October 2015, the company registered its wholly owned subsidiary BRK Oklahoma Holdings LLC, an Oklahoma, USA, Limited Liability Company.

	As at 31 Dec 2015 $	As at 31 Dec 2014 $
8. PLANT AND EQUIPMENT		
Plant and equipment		
At cost	44,093	44,093
Accumulated depreciation	(44,093)	(39,944)
	-	4,149
	-	**4,149**
Plant and equipment		
Opening balance	4,149	1,399,434
Additions	-	55,400
Disposals	(4,149)	(1,358,004)
Depreciation charge for the period	-	(92,681)
	-	4,149
	-	**4,149**

9. TRADE & OTHER PAYABLES

Current		
Trade creditors (a)	1,280	104,225
Other creditors and accruals*	68,096	683,667
Employee accruals	-	29,846
	69,376	**817,738**
**Aggregate amounts payable to related parties included:*		
Directors and director-related entities	16,250	81,025

Terms and conditions

(a) Trade creditors are non-interest bearing and are normally settled on 45 day terms.

10. ISSUED CAPITAL

	As at 31 Dec 2015 $	As at 31 Dec 2014 $
Issued and paid up capital		
400,000,000 Ordinary shares (31 December 2014: 388,551,719)	**218,405,878**	**215,487,649**
10.A Movements in issued capital		
At the beginning of the period	215,487,649	215,487,649
Shares issued during the period:		
- Prospectus	2,499,979	-
- Cicero borrowings conversion	50,000	-
- Placement @ $0.012	600,000	
Share issue costs	(231,750)	-
At end of the period		-
	218,405,878	**215,487,649**
10.B Movements in number of shares on issue		
Fully paid	**Number**	**Number**
At the beginning of the period	501,051,719	501,051,719
Shares issued during the period:		
- Consolidation of capital, 1 for 2 – June 2015	(250,526,063)	-
- Prospectus – 15 July 2015	2,499,979,704	-
- Conversion of Cicero borrowings	749,494,640	-
- Consolidation of capital, 1 for 10 – Oct 15	(3,149,999,697)	-
-Placement – 6 November 2015	49,999,697	-
At end of the period	**400,000,000**	**501,051,719**

10. ISSUED CAPITAL (CONTINUED)

Terms and conditions of contributed equity
Ordinary shares

Ordinary shares have the right to receive dividends as declared and, in the event of the winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

10.C Options

At the end of the reporting period, 187,499,924 options over unissued shares were on issue at the end of the reporting period.

Type	Date of Expiry	Exercise Price AUD	Number of Options on Issue
Options	31 Dec 2018	$0.02	187,499,924

	As at 31 Dec 2015 $	As at 31 Dec 2014 $
10.C Options (Continued)		
Movements in number of options on issue		
Fully paid	**Number**	**Number**
At the beginning of the period	-	3,517,666
Shares issued during the period:		
- Options placement – October 2015	175,000,000	-
- Placement - 6 November 2015 – free attaching	12,499,924	
-Expired during the period	-	(3,517,666)
At end of the period	**187,499,924**	**-**

10.D Performance rights

During the year, 10,460,000 performance rights on issue were cancelled as they are no longer achievable or they have nil value.

	As at 31 Dec 2015 $	As at 31 Dec 2014 $
11. ACCUMULATED LOSSES		
Balance at the beginning of the period	**(216,253,614)**	**(51,306,644)**
Net loss for the period	(2,240,996)	(170,302,130)
Transfer of expired and cancelled options and performance rights from reserve	-	437,862,388
Balance at end of the period	**(218,494,610)**	**(216,253,614)**

	As at 31 Dec 2015 $	As at 31 Dec 2014 $
12. RESERVES		
Share based payment reserve	-	-
Option valuation reserve	1,948,231	-
Foreign currency translation reserve	-	-
	1,948,231	**-**

12.A Share based payment reserve (i)		
At beginning of the period	-	5,705,039
Performance rights lapsed	-	(5,705,039)
Balance at end of the period	**-**	**-**

(i) The share based payment reserve is used to record the value of equity benefits provided to the employees and directors as part of their remuneration.

12.B Option valuation reserve		
At the beginning of the period	-	5,696,844
Options issued during the period:		
- Options placement – October 2015^	1,948,231	-
- Placement - 6 November 2015 – free attaching	-	
- Options cancelled/expired	-	(5,696,844)
At end of the period		-
	1,948,231	**-**

^ Unlisted options exercised @ $0.02 expiring 31 December 2018 were issued for in consideration of $0.0002 per option with a deemed value of $0.011 per option as determined by Black Scholes model detailed below.

Unlisted Options

The fair value of the 175,000,000 (2014: nil) unlisted options granted during the year ended 31 December 2015 was determined using the following option pricing models and weighted average inputs to the model:

Share price	$0.012
Volatility	212%
Risk free rate	1.82%

12.C Foreign currency reserve		
At beginning of the period	-	731,806
Movement during the period	-	(731,803)
Balance at end of the period	**-**	**-**

13. CASH FLOW INFORMATION

	As at 31 Dec 2015 $	As at 31 Dec 2014 $
13.A Reconciliation of net loss after tax to the net cash flows from operations:		
Net loss	(2,240,996)	(211,421,408)
Cash flows excluded from profit/loss attributable to operating activities		
Finance costs	-	3,384
Non-cash items		
Amortisation, depreciation and rehabilitation expense	-	5,378
Share based payments	50,000	(6,690,615)
Unrealised foreign (gain)/losses	-	32,034,683
Disposal of subsidiaries	-	199,699,141
Provision for employee entitlements	-	73,604
Option valuation expense	1,913,231	-
Foreign currency translation	(2,598)	-
Settlement of DOCA	4,149	-
Acquisition costs included in investing	131,006	-
Changes in assets and liabilities		
Increase/(decrease) in receivables and other assets	(22,257)	4,785,151
Decrease in payables and accruals	(748,362)	(572,132)
Net cash flows from / (used in) operating activities	(915,828)	17,917,186
13.B Reconciliation of cash:		
Cash balances comprises		
AUD accounts	1,442,161	-
USD accounts	416,833	-
	1,858,944	**-**

14. KEY MANAGEMENT PERSONNEL DISCLOSURES

14.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 2015 $	As at 31 Dec 2014 $
Short term employee benefits	96,250	2,495,864
Post-employment benefits	-	235,197
Share-based payments	-	-
	96,250	**2,731,061**

During the year ended 31 December 2015, Cicero Corporate Pty Ltd, an entity related to Miss Loren Jones, received $57,000 exclusive of GST for the provision of company secretarial and accounting work to the Group. Cicero has been engaged to provide corporate services to the Company.

15. SEGMENT INFORMATION

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

Segment Information

Identification of reportable segments

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

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

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

Types of reportable segments

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

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

15. SEGMENT INFORMATION (CONTINUED)

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

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

Segment assets

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

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

Segment liabilities

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

31 December 2015	**Corporate $**	**Oil and Gas & Other US entities $**	**Total $**
(i) Segment performance			
Segment revenue	29,693	-	**29,693**
Segment results	(2,109,624)	(131,372)	**(2,240,996)**
Included within segment result:			
- Interest Revenue	7,424	-	**7,424**
- Payment Black Mesa Project	-	(131,006)	**(131,006)**
- Option valuation expense	(1,913,231)	-	**(1,913,231)**
Segment assets	1,928,875	-	**1,928,875**
Segment liabilities	(69,376)	-	**(69,376)**

15. SEGMENT INFORMATION (CONTINUED)

31 December 2014	Corporate $	Oil and Gas & Other US entities $	Total $
(i) Segment performance			
Segment revenue	18,451	-	**18,451**
Segment results	(18,429,937)	(192,260,954)	**(210,691,091)**
Included within segment result:			
- Depreciation	(5,378)	-	**(5,378)**
- Interest Revenue	18,451	-	**18,451**
- Discontinued operations	-	(192,260,954)	**(192,260,954)**
Segment assets	51,773	-	**51,773**
Segment liabilities	(817,738)	-	**(817,738)**

16. LOSS PER SHARE

	As at 31 December 2015 $	As at 31 December 2014 $
The following reflects the income and share data used in the calculation of basic and diluted loss per share:		
Earnings used in calculation of basic and diluted earnings per share	(2,240,996)	(211,421,408)
Weighted average number of ordinary shares on issue used in the calculation of basic loss per share (i)	1,099,836,613	501,051,7193

(i) Share options are not considered dilutive, as their impact would be to decrease the net loss per share.

17. RELATED PARTY DISCLOSURE

Cicero Corporate Pty Ltd, an entity associated with Miss Loren Jones received $57,000 for the provision of company secretarial services, office space and office support and 749,494,640 fully paid ordinary shares (pre-consolidation) at a deemed value of 50,000 upon conversion of a financing loan. Refer Note 14 respecting Key Management Personnel details. Refer Note 23 respecting Black Mesa Agreement details.

	As at 31 December 2015 $	As at 31 December 2014 $
18. AUDITOR'S REMUNERATION		
Amounts received or due and receivable by:		
- Grant Thornton - audit at financial year end of the Group	59,000	140,658
Other Services:		
- Grant Thornton - taxation fees	-	1,107
	59,000	**141,765**

19. FINANCIAL INSTRUMENTS

Financial risk management and risk policies

The Group's activities expose it to a variety of financial risks: liquidity risk, market risk (including fair value interest rate risk, currency risk and price risk) and credit risk.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by the full Board of Directors. The Board identifies and evaluates financial risks in close co-operation with management and provides written principles for overall risk management.

The Board meets regularly to analyse and monitor the financial risks associated to the business operations.

19.A Interest rate risk

The Group is exposed to movements in market interest rates on interest bearing bank accounts. 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 has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current period results and equity which could result from a change in these risks.

19. FINANCIAL INSTRUMENTS (CONTINUED)

Interest Rate Sensitivity Analysis

At 31 December 2015, if interest rates had been 2% higher or lower than the prevailing rates realised, with all other variables held constant, the effect on loss and equity as a result of interest rates changes would be as follows:

	31 December 2015 $ Net Change	31 December 2014 $ Net Change
Change in loss		
Increase in interest rate by 2%:		
AUD accounts	(148)	-
USD accounts	-	-
	(148)	-
Decrease in interest rate by 2%:		
AUD accounts	148	-
USD accounts	-	-
	148	-
Change in equity		
Increase in interest rate by 2%:		
AUD accounts	(148)	-
USD accounts	-	-
	(148)	-
Decrease in interest rate by 2%:		
AUD accounts	148	-
USD accounts	-	-
	148	-

The above interest rate sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

19.C Net fair values of financial assets and liabilities

The net fair value of cash and cash equivalent and non-interest bearing monetary financial assets and financial liabilities of the entity approximate their carrying values due to their short-term maturity.

The net fair value of other monetary financial assets and financial liabilities is based on discounting future cash flows by the current interest rates for assets and liabilities with similar risk profiles. The balances are not materially different from those disclosed in the statement of financial position of the Group.

19. FINANCIAL INSTRUMENTS (CONTINUED)

19.D credit risk exposure

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 provision for doubtful debts, of those assets as indicated in the statement of financial position.

There were no material external debtors at the year-end following the loss of control of the subsidiary entity.

19.E Liquidity risk management

The Group had no interest bearing liabilities at year end.

19.F 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:*

<u>Disclosures</u>

- 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.

The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 31 December 2015 and 31 December 2014:

31 December 2015	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets	-	-	-	-
Cash and cash equivalents	-	-	-	-
Receivables	59,332	-	-	59,332
Total financial assets	**59,332**	**-**	**-**	**59,332**
Financial liabilities				
Payables	(39,529)	-	-	(39,529)
Loans and borrowings	-	-	-	-
Total financial liabilities	**(39,529)**	**-**	**-**	**(39,529)**

19. FINANCIAL INSTRUMENTS (CONTINUED)

31 December 2014	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets				
Cash and cash equivalents	-	-	-	-
Receivables	17,811	-	-	17,811
Total financial assets	**17,811**	**-**	**-**	**17,811**
Financial liabilities				
Payables	(728,642)	-	-	(728,642)
Loans and borrowings	-	-	-	-
Total financial liabilities	**(710,831)**	**-**	**-**	**(710,831)**

20. CONTINGENT ASSETS AND LIABILITIES

There are no contingent liabilities or contingent assets.

21. EMPLOYEE BENEFITS

65m options were issued during the reporting period and are held by the Key Management Personnel as at the balance date. Refer to note 12.B for the terms of these options.

Performance Rights Plan

At the end of the year, there were nil performance rights on issue.

22. SHARE BASED PAYMENT PLANS

Recognised Employee Share-Based Payment Expenses

The equity-settled share-based payment expense recognised in the consolidated statement of profit or loss and other comprehensive income for employee services have been cancelled as the vesting terms are no longer achievable.

	Year ended Dec 2015 $	Year ended Dec 2014 $
Total expenditure arising from employee and director share-based payment transactions	-	(6,690,615)

Share Options
At 31 December 2015, nil share based payment options were on issue.

23. AGREEMENT WITH BLACK MESA PRODUCTIONS LLC

On 1 November 2015, BRK Oklahoma Holdings LLC, a wholly owned subsidiary of the Company, entered into an agreement investing in the United States focused energy start-up Black Mesa Production, LLC.

BRK Oklahoma and a Tulsa, Oklahoma based equity group ('the Tulsa Equity Group") have executed an Operating Agreement with Black Mesa. Under this agreement, which is effective 1 December, 2015, BRK Oklahoma will acquire 15% of Black Mesa and the Tulsa Equity Group will acquire 35% ("the Equity Members"). The Black Mesa management team will earn 50% equity in Black Mesa as Incentive Members.

The Equity Members have committed US$3.126 million (pro-rata in accordance with their respective equity positions) in start-up capital to Black Mesa over three years. Black Mesa will leverage its relationship with Brookside and the Tulsa Equity Group to support and enhance its efforts to identify potential acquisition and development opportunities and to provide capital for these initiatives as required.

In accordance with the agreement, as at 31 December 2015, the Company paid $131,006 (US$93,780) with a further US$844,020 over the next 3 years. As the investment is in its infancy, we cannot currently predict the recoverability of the investment and therefore it has been impaired to nil.

24. PARENT ENTITY DISCLOSURES

	Year Ended Dec 2015 $	Year Ended Dec 2014 $
Financial Position		
Assets		
Current assets	1,928,875	47,624
Non-current assets	-	4,149
Total assets	**1,928,875**	**51,773**
Liabilities		
Current liabilities	69,376	817,738
Total liabilities	**69,376**	**817,738**
Equity		
Issued capital	218,405,878	215,487,649
Accumulated losses	(218,494,610)	(216,253,614)
Reserves	1,948,231	-
Total equity	**1,859,499**	**(765,965)**
Financial performance		
Loss for the period	(2,240,996)	(210,691,091)
Other comprehensive income	-	(730,317)
Total comprehensive income	**(2,240,996)**	**(211,421,408)**

24. PARENT ENTITY DISCLOSURES (CONTINUED)

Contingent liabilities

As at 31 December 2015 and 2014, the Company had no contingent liabilities.

Contractual Commitments

As at 31 December 2015 and 2014, the Company had no contractual commitments.

Guarantees entered into by parent entity

As at 31 December 2015 and 2014, the Company had not entered into any guarantees.

25. SUBSEQUENT EVENTS

On 4 January 2016 the Company made its third scheduled contribution to Black Mesa Productions, LLC (Black Mesa) being USD $159,000. To date the Company has sent contributions to Black Mesa totalling USD $252,780. The next scheduled capital commitment of USD $144,000 is not due to be paid until 1 July 2016.

On 13 January 2016 the Company sought to have their unlisted options quoted and received official approval from the commencement of trading on Friday, 22 January 2016

On Tuesday the 29th of March 2016, the Company requested a trading halt pending the announcement of an acquisition of oil and gas royalties in Blaine County Oklahoma by its wholly owned subsidiary BRK Oklahoma Holdings, LLC (**BRK Oklahoma**) (**Acquisition**). The consideration for the acquisition is expected to be approximately A$1.1M. It is anticipated that Cicero Advisory, the Company's Corporate Advisors, will be appointed to manage an offer, of 100,000,000 new fully paid ordinary shares at $0.01 (with a one for two free attaching option, exercisable at $0.02 on or before 31 December 2018, subject to shareholder approval) to raise $1,000,000 before costs (**Placement**), with the express purpose of funding this Acquisition.

The Directors are not aware of any other matter or circumstance that has arisen since 31 December 2013 which significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Group, in future financial years.

	As at 31 December 2015 $	As at 31 December 2014 $
26. COMMITMENTS FOR EXPENDITURE		
Exploration Commitments		
Within one year	-	201
After one year but not more than five years	-	503
More than five years	-	-
	-	**704**
Capital Commitments – Black Mesa Productions LLC		
Within one year^	414,728	-
After one year but not more than five years*	740,515	-
More than five years	-	-
	1,155,243	**-**

^ Equivalent of USD303,000
** Equivalent of USD541,020*

27. DISCONTINUED OPERATIONS

On 8 December 2014, Clifford Rocke, Martin Madden and David Winterbottom of KordaMentha Pty Ltd were appointed as Receivers and Managers ("R&M") of certain assets of the Company under the terms of the security provided to Guggenheim Corporate Funding LLC "Guggenheim".

On 10 December 2014, Red Fork Energy Limited's (renamed Brookside Energy Limited) (Subject to Deed of Company Arrangement) (Receivers and Managers Appointed) securities were suspended from quotation on the Australian Securities Exchange (ASX). On 10 December 2014, the Directors of the Company resolved to place the Company in voluntary administration and appointed Messrs Martin Jones, Darren Weaver and Benjamin Johnson of Ferrier Hodgson as joint and several administrators of the Company.

On 12 December 2014 the R&M were appointed over the Company. Following appointment of the R&M and Administrators, the powers of the Company's officers (including Directors) were suspended and subject to the appointment of the R&M and Administrators who assumed control of the Company's business, property and affairs.

As a result Red Fork Energy Limited (renamed Brookside Energy Limited) disposed of the US subsidiaries. Refer to the annual report for the year ended 31 December 2014 for details.

DIRECTORS' DECLARATION

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

   a. The consolidated financial statements and notes are in accordance with the Corporations Act 2001, including:

      (i) giving a true and fair view of the entity's financial position as at 31 December 2015 and of its performance for the year then ended; and

      (ii) complying with Australian Accounting Standards , the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.

2. There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

3. the Directors have been given the declarations required by s.295A of the Corporations Act 2001.

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
Chief Executive Officer

01 April 2016

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Independent Auditor's Report
To the Members of Brookside Energy Limited

Report on the financial report

We have audited the accompanying financial report of Brookside Energy Limited (the "Company"), which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and 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 of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility 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. The Directors' responsibility also includes 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. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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 the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

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In making those risk assessments, the auditor considers internal control relevant to the Company'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 Company's 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Independence

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

Basis for qualified auditor's opinion

A limitation in scope of our audit work exists for the reasons described below:

We have been unable to obtain sufficient appropriate audit evidence on some aspects of the accounting of the consolidated entity due to the loss of control of the US subsidiary in 2014. Specifically, we have been unable to satisfy ourselves on the following areas:

Comparative balances – due to the disclaimer of opinion issued on the financial report for 31 December 2014, we are unable to obtain evidence to support the comparative balances in the 31 December 2015 financial statements.

Tax balances – as disclosed in note 4 to the financial statements, we have been unable to obtain sufficient appropriate audit evidence to support the Directors' assessment of the tax position of the consolidated entity as required under AASB 112 Income Taxes. In the event that the disclosed position is incorrect, there is potential for a tax payable position to arise.

Qualified Auditor's opinion

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to matter giving rise to the qualification:

a the financial report of Brookside Energy Limited is in accordance with the Corporations Act 2001, including:

  i giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the year ended on that date; and

  ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Material uncertainty regarding continuation as going concern

Without further qualifying our opinion, we draw attention to Note 1.A.4 in the financial report which indicates that the consolidated entity incurred an operating loss before tax for the year ended 31 December 2015 of $2,240,996. These conditions, along with other matters as set forth in Note 1.A.4, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

Report on the remuneration report

We have audited the remuneration report included in pages 9 to 14 of the Directors' Report for the year ended 31 December 2015. 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.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Brookside Energy Limited for the year ended 31 December 2015, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M J Hillgrove
Partner - Audit & Assurance

Perth, 01 April 2016

A. CORPORATE GOVERNANCE

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

B. SHAREHOLDING

B.1 Substantial Shareholders

The names of the substantial shareholders listed on the Company's register as at 28 March 2016:

Name	Number of shares
Jetmax Trading Pty Ltd	25,000,000
The Trust Company (Australia) Limited <MOF A/C>	20,333,333
Aspire West Pty Ltd	20,000,000

B.2 Unquoted Securities

At the date of this report there were 187,499,924 unquoted options over ordinary shares in the Company were on issue and no options were exercised during the year. The unlisted options are exercisable at $0.02 per option and have an expiry date of 31 December 2018.

On 13 January 2016 the Company sought to have these options quoted and received official approval from the commencement of trading on Friday, 22 January 2016.

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

There are 1,987 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 as at 28 March 2016.

By Class	Holders of Ordinary Shares	Number of Ordinary Shares	%
1-1,000	865	308,224	0.08%
1,001 - 5,000	419	1,087,442	0.27%
5,001 – 10,000	128	958,923	0.24%
10,001 - 100,000	320	14,796,234	3.70%
100,001 and over	255	382,849,177	95.71%
TOTALS	**1,987**	**400,000,000**	**100.00%**

B.5 Marketable Parcel

There are 1,536 shareholders with less than a marketable parcel.

B.6 Restricted Securities

The Company has no restricted securities at the current date.

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

Fully paid ordinary shares

The names of the twenty largest holders of fully paid ordinary shares, the number of securities each holds and the percentage of share capital each holds (as at 28 March 2016) is as follows:

Name	No. of Shares	%
Jetmax Trading Pty Ltd	25,000,000	6.25%
The Trust Company (Australia) Limited <MOF A/C>	20,333,333	5.08%
Aspire West Pty Ltd	20,000,000	5.00%
Mr Richard Dongray & Mrs Joan Dongray <Super Fund A/C>	15,000,000	3.75%
Pandora Perth Pty Ltd	12,500,000	3.13%
Yea-Sayer Pty Ltd	10,000,000	2.50%
Wimalex Pty Ltd <Trio S/F A/C>	10,000,000	2.50%
Delaro Holdings Pty Ltd <The Dongray Discre No4 A/C>	10,000,000	2.50%
Lydian Enterprises Pty Ltd <Lydian A/C>	10,000,000	2.50%
Mrs Hilary Somerville Statham	9,833,333	2.46%
Crying Rock Pty Ltd< Crying Rock A/C>	8,000,000	2.00%
Didcal Pty Ltd <Ab Chapman Family S/F A/C>	8,000,000	2.00%
Ravenhill Investments Pty Ltd <House Of Equity A/C>	6,500,000	1.63%
Mr Jonathan Mark Wild	6,300,000	1.58%
Citicorp Nominees Pty Limited	5,614,571	1.40%
Mr Richard Hugo Hamersley	5,500,000	1.38%
Labanc Pty Ltd <Miksta Inc Super Fund A/C>	5,192,096	1.30%
Five T Capital Pty Ltd	5,000,000	1.25%
Mr Ben West Statham & Mrs Elle Statham <The Belle S/F A/C>	5,000,000	1.25%
Netshare Nominees Pty Ltd	5,000,000	1.25%
TOTAL	**202,773,333**	**50.71%**

Options

On 13 January 2016 the Company sought to have their unlisted options quoted and received official approval from the commencement of trading on Friday, 22 January 2016.

Accordingly, the names of the twenty largest option holders, the number of options each holds and the percentage of option capital each holds (as at 28 March 2016) is as follows:

Name	No. of Options	%
Mr David Prentice & Mrs Mirella Rosanna Prentice <D&M Prentice Superfund A/C>	40,000,000	21.33%
The Twentieth Century Motor Company Pty Ltd <Twentieth Century MC SF A/C>	30,000,000	16.00%
Mr Michael John Fry	26,274,924	14.01%
Station Nominees Pty Ltd <Station Super Fund A/C>	20,000,000	10.67%
Waterox Pty Ltd <Tien Chai A/C>	20,000,000	10.67%
Ravenhill Investments Pty Ltd <House Of Equity A/C>	20,000,000	10.67%
Ethan Allen Investments Pty Ltd <Ethan Allen Invest Unit A/C>	7,000,000	3.73%
Mial Enterprises Pty Ltd <Dashian Family A/C>	4,000,000	2.13%
Mrs Hilary Somerville Statham & Mr Thomas Statham <Merlin Super Fund A/C>	3,500,000	1.87%
Mr Ian Alisair Leete & Mrs Helen Leete <The Leete Family S/F A/C>	3,000,000	1.60%
Rimoyne Pty Ltd	2,500,000	1.33%
The Trust Company (Australia) Limited <MOF A/C>	2,083,333	1.11%
Jetmax Trading Pty Ltd	1,666,667	0.89%
Mrs Hilary Somerville Statham	1,458,333	0.78%
Sacco Developments Australia Pty Limited <The Sacco Family A/C>	812,500	0.43%
Mr Ashley Milne	500,000	0.27%
Amazing Grace Holdings Pty Ltd <The GMR Family A/C>	500,000	0.27%
Mr Mark John Bahen & Mrs Margaret Patricia Bahen <Superannuation Account>	500,000	0.27%
Mr Elliott Wakefield	416,667	0.22%
Mr Kerry Gilbert Parkin	250,000	0.13%
TOTAL	**184,462,424**	**98.38%**