BROOKSIDE

BROOKSIDE ENERGY LIMITED

ACN 108 787 720

ANNUAL FINANCIAL REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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CORPORATE DIRECTORY

NON-EXECUTIVE CHAIRMAN
Michael Fry

MANAGING DIRECTOR
David Prentice

NON-EXECUTIVE DIRECTOR
Loren King

COMPANY SECRETARY
Loren King

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AUDITORS
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BANKERS
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152-158 St George's Terrace
Perth WA 6000

ASX CODE
BRK (Ordinary Shares)
BRKO (Options)

DIRECTORS' REPORT

The Directors submit their report for the Company and its subsidiary (**Group** or **Company**) for the financial year ended 31 December 2016. In order to comply with the provisions of the Corporations Act, the directors report is as follows:

DIRECTORS

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

Board of Directors

Name	Position
Michael Fry	Independent Chairman
David Prentice	Managing Director
Loren King	Non-Executive Director

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 2016 amounted to $0.4m (2015: $2.2m).

DIVIDENDS

There were no dividends paid or recommended during or subsequent to the financial year ended 31 December 2016 (2015: Nil).

REVIEW OF OPERATIONS

During the year, the Company continued to pursue a strategy aimed at building value per share by leveraging the expertise, experience and contacts of the Board and its partner and manager of US operations, Black Mesa Production LLC (**Black Mesa**). The Black Mesa team has identified an opportunity to secure a position in the world class STACK Play in Oklahoma. The Company is capitalising on a short window in which to build a material premier asset position in this high-margin repeatable play.

The 12-month period ending 31 December 2016 was important for the Group with key elements critcial to the implementation of the Company's strategic plan in place by year end and the process of securing and developing a material acreage position in a world-class, high margin repeatable (oil and gas) resource play well underway.

With the agreements with Black Mesa executed, a suitably qualified and experienced executive team on the ground in Tulsa and an opportunity in the STACK Play in Oklahoma identified, the Company commenced work to acquire interests in acreage that has the capacity to deliver suitable rates of return at the current forward strip for oil and gas. These efforts focussed on both direct leasing to secure non-operated working interest leasehold acreage as well as the acquisition of mineral royalty acreage.

DIRECTORS' REPORT

The Company made its first acquisition in March 2016, with the RA Minerals Acquisition closed in Blaine County, Oklahoma. The Company subsequently announced several non-operated working interest leasehold acquisitions (also in Blaine County), culminating in the announcement that approximately 500 acres had been secured (inclusive of the ~100 acres secured via the RA Minerals Acquisition) in the core of the world-class STACK Play.

Mid-year the Company secured another key element in the implementation of its strategic plan with the announcement that it had successfully secured funding (via an off balance sheet joint venture structure) for the initial drilling and completion capital required for the development of its STACK acreage (the **STACK-A Joint Venture**).

In July 2016 the Company announced that it had reached an in-principle agreement for a joint venture between Merchant Funds Management Pty Ltd (or nominees) (Merchant) and Brookside's wholly owned subsidiary BRK Oklahoma Holdings, LLC (BRK Oklahoma). The proposed joint venture to be formed and funded for the purpose of drilling and completing oil and gas wells in the STACK Play.

Under the STACK-A Joint Venture, BRK Oklahoma is to contribute its non-operated working interest in certain oil and gas wells to be drilled within its leasehold in the STACK Play (Joint Venture Wells). Merchant is to provide up to US$3,500,000 in loan funding to the joint venture to fund BRK Oklahoma's share of drilling and completion costs on up to ten (10) Joint Venture Wells in the STACK play.

The unique structure of the proposed joint venture enables the Group to capture value and deliver growth through the addition of cash flow, oil and gas reserves and importantly very substantial future development potential from proven undeveloped locations without dilution that would come from equity capital at this point in the Company's life.

As at the date of this report the STACK-A Joint Venture had advanced USD1,144,790.84 to fund the Group's participation in five wells in the core of the STACK Play.

The Company is now participating in a total of twelve horizontal wells in the core of the world-class STACK Play (see Table below), with working interests ranging from approximately 1% to 9% (consistent with the Company's stated strategy of accumulating minority non-operated working interest positions in as many development units as possible while the leasing opportunity continues).

Well Name	Operator	WI Acres	Status
Strack 1-2-11XH	Marathon Oil, Co.	12.5	First sales exp. June Qtr. 2017
Ike 1-20-17XH	Continental Resources, Inc.	38.0	Drilling
Davis 1-8-1611MH	Triumph Energy, LLC	7.5	Drilling
Herring 1-33 1513MH	Triumph Energy, LLC	57.2	Spudding March 2017
HR Potter 1511 1-3-34XH	Marathon Oil, Co.	10.2	Spudding April 2017
Sphinx 26-16N-11W 1H	Devon Energy Corp.	40.0	Spudding April 2017
Landreth BIA 1-14H	Marathon Oil, Co.	8.5	Permitted
Watonga 1-19H	Highmark Resources, LLC	1.9	Permitted
Scoville 1-17-20XH	Continental Resources, Inc.	47.4	Permitted
Kevin 1-20-17XH	Continental Resources, Inc.	21.1	Permitted
Henry Federal 1-8-5XH	Continental Resources, Inc.	66.6	Permitted
Alta BIA 1511 1-6-31MXH	Marathon Oil, Co.	16.0	Permitted

Importantly, experienced well-funded operators are operating all these wells. Several of these companies are leading the successful development of the STACK Play and have flagged very large drilling and completion capital allocations for calendar 2017 with full-field development slated for calendar 2018.

As previously announced, the Company is moving quickly to capitalise on a short window in which to build a material premier asset position in this high-margin repeatable part of the STACK Play. These wells are the first of many that the Group will have the opportunity to participate in through its growing non-operated working interest position in the play.

The Company is looking forward to keeping shareholders updated during 2017 with a strong pipeline of news flow expected as oil and gas sales are established, proved reserves are booked and further wells are drilled and/or added to the inventory.

Non STACK Exploration & Production Activities

No exploration was conducted during the period on the Company's leasehold interests in Payne County, Oklahoma.

There was no material production from the Company's leasehold interests during the quarter.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

On 13 January 2017, the Company announced an update to the activities at the STACK play.

On 25 January 2017, the Company announced a capital raising of $1,980,000 (before costs) via the issue of 165,000,000 fully paid ordinary shares at an issue price of $0.012 per share with a one free attaching listed option (Options)(exercisable on or before December 31, 2018 at $0.02) for every two new shares issued under the Placement.

During the year, the Company entered into a loan agreement with Cicero Advisory Services for a total of $200,000. Repayment was made on 3 February 2017 including interest. Refer to Note 9.B for further details.

On 28 March 2017, the Company held a General Meeting of Shareholders where all resolutions put forward to the meeting were passed by a show of hands. As a result of the meeting a total of 27,500,000 Options (exercisable on or before December 31, 2018 at $0.02) were issued to Brokers and Advisers as part consideration for ongoing capital raising advice and support provided to the Company. In addition, Mr David Prentice was issued 15,000,000 unlisted options (Unlisted Options) (exercisable on or before December 31, 2020 at $0.03) with Mr Michael Fry being issued 10,000,000 Unlisted Options. Refer to the Company's Notice of General Meeting released to ASX on 22 February 2017 for further details.

The Directors are not aware of any other matter or circumstance that has arisen since 31 December 2016 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

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

INFORMATION ON DIRECTORS

Michael Fry	**Non-Executive Chairman**
Qualifications	B.Comm, F.Fin
Experience	Michael Fry holds a Bachelor of Commerce degree from the University of Western Australia, is a Fellow of the Financial Services Institute of Australasia, and is a past member of the ASX. Michael has extensive experience in capital markets and corporate treasury management specialising in the identification of commodity, currency and interest rate risk and the implementation of risk management strategies.
Other Directorships	Michael Fry is currently the non-executive chairman of ASX Listed Companies Norwest Energy NL (ASX: NWE), Challenger Energy Limited (ASX: CEL) and Technology Metals Australia Limited (TMT).

David Prentice	**Non-Executive Chairman**
Qualifications	Grad. Dip BA, MBA
Experience	David is a senior resources executive with 25 plus years domestic and international experience. David started his career working in commercial and business development roles within the resources sector working for some of Australia's most successful gold and nickel exploration and production companies. During the last 12 years David has gained international oil and gas exploration and production sector experience (with a specific focus on the Mid-Continent region of the United States) working in both executive and non-executive director roles with Australian publicly traded companies.
Other Directorships	David Prentice is currently a Non-Executive Director of Black Mesa Production, LLC and Non-Executive Chairman of Lustrum Minerals Limited. Jameson Resources Limited (resigned 30 April 2014).

Loren King	**Non-Executive Director and Company Secretary**
Qualifications	Grad. Dip (Applied Corporate Governance), BSc (Psych), Cert IV FinSvcs (Bookkeeping)
Experience	Loren King has worked in finance and back office administration roles with ASX listed companies, stockbroking and corporate advisory services for the past 11 years. During this time, she has gained invaluable experience in dealing with all aspects of corporate governance and compliance, specialising in initial public offerings (IPO), backdoor listings, private capital raising and business development.
Other Directorships	Loren King is a Non-Executive Director at Blaze International Limited (ASX: BLZ), Lustrum Minerals Limited and Red Fox Capital Limited. Past Non-Executive Directorships include Intiger Group Limited (resigned 17 August 2016), Fraser Range Metals Group Limited (resigned 29 July 2016), and MMJ Phytotech Limited (resigned 14 August 2014).

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 Holdings 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	5	5
David Prentice	5	5
Loren King	5	5

OPTIONS

At the date of this report 460,000,000 options over ordinary shares in the Group were on issue and no options were exercised during the year.

During the year ended 31 December 2016, options on issue are as detailed below.

Type	Date of Expiry	Exercise Price	Number on issue
Listed option (BRKO)	31 Dec 2018	$0.02	250,000,000

Directors' holdings of shares and options 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.

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

PROCEEDINGS ON BEHALF OF COMPANY

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

NON-AUDIT SERVICES

No non-audit services were paid to the external auditors during the year ended 31 December 2016.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the Directors of the Company with an Independence Declaration in relation to the audit of the annual report. This Independence Declaration is set out on page 14 and forms part of this Directors' Report for the year ended 31 December 2016.

REMUNERATION REPORT (Audited)

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 2016.

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:

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

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

The Company received a 37.69% of "yes" votes on its Remuneration Report for the 2015 financial year. The Company did not receive any specific feedback from shareholders at the 2015 Annual General Meeting on its remuneration practices.

Additional information

The loss of the consolidated entity for the five years to 31 December 2016 are summarised below:

	2016 A$'000	2015 A$'000	2014 A$'000	2013 A$'000	2012 A$'000
Revenue	6	29	-	18,657	8,869
EBITDA	(416)	(2,248)	(16)	(329)	(3,241)
EBIT	(410)	(2,240)	(16)	(5,089)	(6,254)
Loss after income tax	(410)	(2,240)	(16)	(5,089)	(6,254)

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

	2016	2015	2014	2013	2012
Share price at financial year end (AUD)	0.01	0.01	0.01	0.38	0.75
Total dividends declared (cents per share)	-	-	-	-	-
Basic loss per share (cents per share)	0.11	2.13	USD38.40	USD1.37	USD2.14

B. REMUNERATION POLICY DURING THE REPORTING PERIOD

The Brookside Board is committed to transparent disclosure of its remuneration strategy and this report details the Company's remuneration objectives, practices and outcomes for KMP, which includes Directors and senior executives, for the period ended 31 December 2016. 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;
    - Short Term Incentives (**STI**); and
    - Long Term Incentive (**LTI**).

C. REMUNERATION COMPONENTS

C.1 Fixed Remuneration

Fixed remuneration was reviewed by the Remuneration and Nomination Committee in 2013 and remained consistent for the current reporting period.

C.2 STI Plan for the 2016 Reporting Period

Due to the strategic review conducted during 2015, no STI plan was implemented for the 2016 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 2016.

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 to the ASX of Brookside Energy Limited.

Tables 2a and 2b below outline the remuneration of directors and Key Management Personnel for the year ended 31 December 2015 and the year ended 31 December 2016:

Table 2a: Key Management Personnel Remuneration for the year ended 31 December 2016

	Primary			Post- employment			
31 December 2016	**Base Salary and Fees $**	**Bonus STI $**	**Non-Monetary Benefits $**	**Super-annuation Contributions $**	**Termination Payments $**	**TOTAL $**	**Percentage Performance Related %**
Executive Directors							
David Prentice	150,000	-	-	-	-	150,000	-
Non-Executive Directors							
Michael Fry	45,000	-	-	-	-	45,000	-
Loren King^	30,000	-	-	-	-	30,000	-
Total 31 Dec 2016	**225,000**	**-**	**-**	**-**	**-**	**225,000**	

^ During the year ended 31 December 2016, Cicero Corporate Pty Ltd, an entity related to Loren King, received $114,000 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 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 King^	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 Loren King, 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.

E. ADDITIONAL DISCLOSURES RELATING TO KEY MANAGEMENT PERSONNEL

(i) 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 2016	Balance at 1 Jan 2016	Shares Issued	Other	Balance at 31 Dec 2016
Directors				
David Prentice	187,372	-	1,250,000	1,437,372
Michael Fry	1,542,870	-	-	1,542,870
Loren King	-	-	-	-
	1,730,242	**-**	**1,250,000**	**2,980,242**

(ii) Options Held by Key Management Personnel

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

31 December 2016	Balance at 01 Jan 16	Shares Issued	Other	Balance at 31 Dec 16
Directors				
David Prentice	40,000,000	-	-	40,000,000
Michael Fry	25,000,000	-	1,274,924	26,274,924
Loren King	-	-	-	-
	65,000,000	**-**	**1,274,924**	**66,274,924**

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

(iii) Loans to Key Management Personnel

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

(iv) Other Transactions and Balances with Key Management Personnel

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

During and since the financial year ended 31 December 2016 (2015: nil), no compensation options were granted or vested to directors.

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 King *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

- - END OF REMUNERATION REPORT - -

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

David Prentice
Chief Executive Officer

31 March 2017

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Brookside Energy Limited for the year ended 31 December 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Perth, Western Australia
31 March 2017

N G Neill
Partner

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
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Liability limited by a scheme approved under Professional Standards Legislation

HLB Mann Judd (WA Partnership) is a member of HLB International, a worldwide organisation of accounting firms and business advisers.

CORPORATE GOVERNANCE

This Corporate Governance Statement report sets out information about the Corporate Governance of Brookside Energy Limited for the financial year ended 31 December 2016.

CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement is current as at 4 April 2016 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/.](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 be provided to security holders in the Notice of Meeting containing the resolution to elect or re-elect a Director.

<table>
<tr><th>RECOMMENDATIONS (3RD EDITION)</th><th>COMPLY</th><th>EXPLANATION</th></tr>
<tr><td>Recommendation 1.3
A listed entity should have a written agreement with each Director and senior executive setting out the terms of their appointment.</td><td>YES</td><td>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.</td></tr>
<tr><td>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.</td><td>YES</td><td>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.</td></tr>
<tr><td>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 Indicators", as defined in the Workplace Gender Equality Act.</td><td>PARTIALLY</td><td>(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 these purposes) for each financial year will be disclosed in the Company's Annual Report.</td></tr>
<tr><td>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</td><td>YES</td><td>(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.</td></tr>
</table>

RECOMMENDATIONS (3RD EDITION)	COMPLY	EXPLANATION
(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.		(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 (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.	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 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.

RECOMMENDATIONS (3RD EDITION)	COMPLY	EXPLANATION
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 King. (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.
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 King 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		

CORPORATE GOVERNANCE

RECOMMENDATIONS (3RD EDITION)	COMPLY	EXPLANATION
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; 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.	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: (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	YES	The Company's Corporate Governance Plan provides that the Board must ensure the Company's external auditor

RECOMMENDATIONS (3RD EDITION)	COMPLY	EXPLANATION
AGM and is available to answer questions from security holders relevant to the audit.		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 information about itself and its governance to investors via its website.	YES	Information about the Company and its governance is available in the Corporate Governance Plan which can 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	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:

RECOMMENDATIONS (3RD EDITION)	COMPLY	EXPLANATION
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 for overseeing 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 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	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.

RECOMMENDATIONS (3RD EDITION)	COMPLY	EXPLANATION
(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 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.		(b) The Company does not have a Remuneration 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 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 2016

	Notes	For the year ended 31 Dec 2016 $	For the year ended 31 Dec 2015 $
Interest revenue	2.A	6,010	7,424
Other revenue	2.A	-	22,269
Other expenses	2.B	(166,715)	(182,012)
Director and employee related expenses		(225,000)	(110,000)
Consultants fees		(96,557)	(158,907)
Compliance and registry expenses		(164,138)	(128,106)
Write-off of fixed assets		-	(4,149)
Write-off of assets not collectable		-	(33,067)
Residual of administration write-offs		20,025	387,191
Project expense(impairment)/reversal of impairment	7.A	131,006	(131,006)
Options valuation expense		(24,875)	(1,913,231)
Gain/(loss) on foreign exchange movement		110,250	2,598
Loss before income tax expense		**(409,994)**	**(2,240,996)**
Income tax expense	3	-	-
Net loss for the year		**(409,994)**	**(2,240,996)**
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss:			
Foreign exchange gain/(loss) reclassified to profit and loss		(43,805)	-
Other comprehensive loss for the year net of taxes		**(43,805)**	**-**
Total comprehensive loss for the year		**(453,799)**	**(2,240,996)**
Earnings/(Loss) Per Share			
Basic and diluted loss per share (cents)	16	(0.11)	(0.20)

The accompanying notes form part of these consolidated financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Notes	As at 31 Dec 2016 $	As at 31 Dec 2015 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	256,857	1,858,994
Trade and other receivables	6	33,017	69,881
TOTAL CURRENT ASSETS		**289,874**	**1,928,875**
NON-CURRENT ASSETS			
Other assets	7	1,951,077	-
Exploration and evaluation	8	1,830,733	-
TOTAL NON-CURRENT ASSETS		**3,781,810**	**-**
TOTAL ASSETS		**4,071,684**	**1,928,875**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	260,252	69,376
Borrowings	9	200,000	-
TOTAL CURRENT LIABILITIES		**460,252**	**69,376**
TOTAL LIABILITIES		**460,252**	**69,376**
NET ASSETS		**3,611,432**	**1,859,499**
EQUITY			
Issued capital	10	220,586,610	218,405,878
Reserves	12	1,929,426	1,948,231
Accumulated losses	11	(218,904,604)	(218,494,610)
TOTAL EQUITY		**3,611,432**	**1,859,499**

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

	Issued Capital $	Accumulated Losses $	Share Based Payment Reserve $	Foreign Currency Translation Reserve $	Total $
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**
BALANCE AT 1 JANUARY 2016	**218,405,878**	**(218,494,610)**	**1,948,231**	**-**	**1,859,499**
Loss for the period	-	(409,994)	-	-	(409,994)
Other comprehensive loss	-	-	-	(43,805)	(43,805)
Total comprehensive loss for the period	**-**	**(409,994)**	**-**	**(43,805)**	**(453,799)**
Shares issued during the period	2,300,000	-	-	-	2,300,000
Options issued during the period	-	-	25,000	-	25,000
Capital raising costs	(119,268)	-	-	-	(119,268)
BALANCE AT 31 DECEMBER 2016	**220,586,610**	**(218,904,604)**	**1,973,231**	**(43,805)**	**3,611,432**

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2016

	Notes	For the year ended 31 Dec 2016 $	For the year ended 31 Dec 2015 $
CASH FLOWS USED IN OPERATING ACTIVITIES			
Payments to suppliers and employees		(603,651)	(185,359)
Interest received		6,010	7,424
Settlement of DOCA		-	(737,892)
NET CASH PROVIDED BY OPERATING ACTIVITIES	13	**(597,641)**	**(915,827)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for investments		(1,621,065)	(131,006)
Payments for exploration activities		(827,429)	-
Payments for acquisition of oil and gas properties		(1,003,304)	-
NET CASH (USED IN) INVESTING ACTIVITIES		**(3,451,798)**	**(131,006)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares and options		2,300,125	3,134,979
Transaction costs on issue of shares		(119,268)	(231,750)
Proceeds from borrowings		200,000	-
NET CASH PROVIDED BY FINANCING ACTIVITIES		**2,380,857**	**2,903,229**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(1,668,582)**	**1,856,396**
Cash at beginning of the period		1,858,994	-
Effect of exchange rates on cash		66,445	2,598
CASH AT END OF PERIOD	13	**256,857**	**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 (**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 half year financial statements.

1.A.3. Going Concern

The Group incurred a loss of $409,994 for the year ended 31 December 2016. In addition, the Group has working capital deficiency of $170,378. Cash and cash equivalents at the year-end amounted to $256,857.

Post year end the Company completed a placement raising $1,980,000, before costs, via the issue of 165,000,000 fully paid ordinary shares at $0.012 per share with free attaching options, exercisable on or before 31 December 2018, at $0.02, at 1 for every 2 placement shares issued.

The ability of the company and consolidated entity to continue as going concerns is dependent on a combination of a number of factors, the most significant of which is the ability of the company to raise additional funds, on top of those already raised post year end, in the following 12 months through issuing additional shares.

These factors indicate a material uncertainty that may cast significant doubt as to whether the company and consolidated entity will continue as going concerns and therefore whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.

1.B. ADOPTION OF NEW AND REVISED STANDARDS

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

In the year ended 31 December 2016, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 31 December 2016. As a result of this review, the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies

1.C. STATEMENT OF COMPLIANCE

The general purpose consolidated financial statements for the period ended 31 December 2016 were approved and authorised for issue on 31 March 2017.

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 financial report are consistent with those adopted and disclosed in the Group's annual financial report for the year ended 31 December 2015.

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 2016 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 RECOGNITION

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:

1. Employment expenses comprise wages and salary payments non-monetary benefits, annual leave, sick leave and other leave benefits; and
2. 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.

Exploration and evaluation expenditure

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

Share-based Payments

The Group's policy for share 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.

2. REVENUES AND EXPENSES

2.A. REVENUE

	Year ended 31 Dec 2016 $	Year ended 31 Dec 2015 $
Other Revenue		
Interest received	6,010	7,424
Other received	-	22,269
	6,010	**29,693**

2.B. OTHER EXPENSES

Administration expenses	24,004	5,542
Consultants' fees	-	52,160
Interest expense	6,234	-
Travel expenses	87,283	90,914
Other expenses	49,194	33,395
	166,715	**182,011**

3. INCOME TAX EXPENSE

	Year ended 31 Dec 2016 $	Year ended 31 Dec 2015 $
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 2015: 30%)	(122,999)	(672,299)

3. INCOME TAX EXPENSE (continued)

	Year ended 31 Dec 2016 $	Year ended 31 Dec 2015 $
Add tax effect of:		
Other non-allowable items	43,358	664,947
Losses not recognised	173,814	120,812
	94,174	113,460
Less tax effect of:		
Other non-assessable items	83,009	-
Losses recognised not previously brought to account	11,165	113,460
Income tax expense	-	-

4. DEFERRED TAX

4.A. UNRECOGNISED DEFERRED TAX ASSETS

	Year ended 31 Dec 2016 $	Year ended 31 Dec 2015 $
Carry forward revenue losses	2,581,171	2,407,357
Provisions and accruals	6,000	7,032
Capital raising	31,532	35,361
Other	-	1,294
	2,618,703	**2,451,044**

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.

5. CASH AND CASH EQUIVALENTS

	As at 31 Dec 2016 $	As at 31 Dec 2015 $
Cash at bank	256,857	1,858,994
	256,857	**1,858,994**

Cash at bank earns interest at floating rates based on a daily bank deposit rates.

6. TRADE & OTHER RECEIVABLES

	As at 31 Dec 2016 $	As at 31 Dec 2015 $
Current		
Other receivables	33,017	59,332
Prepayments	-	10,549
	33,017	**69,881**

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	33,017	59,332
Total	**33,017**	**59,332**

7. OTHER ASSETS

	As at 31 Dec 2016 $	As at 31 Dec 2015 $
At cost	1,951,077	-
Accumulated depreciation and impairment	-	-
	1,951,077	**-**

7. OTHER ASSETS (continued)

7.A. MOVEMENT IN CARRYING AMOUNTS

	As at 31 Dec 2016 $	As at 31 Dec 2015 $
Opening balance	-	-
Black Mesa Productions LLC – Earn-in	617,745	131,006
RA Minerals - Royalty rights acquisition (at cost)	1,202,326	-
Impairment(i)	131,006	(131,006)
Closing balance	**1,951,077**	**-**

On 7 December 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. (i) At 31 December 2015, A$131,006 of costs had been incurred and due to the infancy stage of the project, these costs were impaired. During the current financial year, the project has progressed beyond infancy stage resulting in the impairment being reversed.

Investment in Subsidiary

Subsidiary	2016 %	2015 %	2016 $	2015 $
BRK Oklahoma Holdings LLC^	100	100	366	366

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

8. EXPLORATION AND EVALUATION

	As at 31 Dec 2016 $	As at 31 Dec 2015 $
Costs carried forward in respect of areas of interest in:	**-**	**-**
Exploration and evaluation phases – at cost	**1,830,733**	**-**
Opening Balance	-	-
STACK project (acquisition costs)	1,830,733	-
	1,830,733	-

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

9. TRADE & OTHER PAYABLES

9.A. CURRENT

	As at 31 Dec 2016 $	As at 31 Dec 2015 $
Trade creditors (a)	211,570	1,280
Other creditors and accruals*	48,682	68,096
	260,252	**69,376**
**Aggregate amounts payable to related parties included:*		
Directors and director-related entities	16,250	16,250

Terms and conditions

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

9.B. BORROWINGS

Borrowings	200,000	-
	200,000	**-**

During the year, the Company entered into a loan agreement with Cicero Advisory Services for a total of $200,000. The terms of the loans are as follows:

Date of agreement	Principal	Interest	Terms
24 October 2016	$200,000	$10,000	To be repaid at the earlier of 24 February 2017 or the next capital raising. Repayment was made on 3 February 2017 including interest.

10. ISSUED CAPITAL

	As at 31 Dec 2016 $	As at 31 Dec 2015 $
Issued and paid up capital		
625,000,000 Ordinary shares (31 December 2015: 400,000,000)	220,586,610	218,405,878

10.A. MOVEMENTS IN ISSUED CAPITAL

At the beginning of the period	**218,405,878**	**215,487,649**
Shares issued during the period:		
- Prospectus	-	2,499,979
- Cicero borrowings conversion	-	50,000
- Placement @ $0.01	2,000,000	-
- Placement @ $0.012	300,000	600,000
Share issue costs	(119,268)	(231,750)
At end of the period	**220,586,610**	**218,405,878**

10.B. MOVEMENTS IN NUMBER OF SHARES ON ISSUE

Fully paid	**Number**	**Number**
At the beginning of the period	**400,000,000**	**501,051,719**
Shares issued during the period:		
-Placement – 15 April 2016 – tranche 1	60,000,000	-
-Placement – 30 June 2016 – tranche 2	40,000,000	-
-Placement – 24 August 2016	25,000,000	-
-Placement – 24 October 2016	60,000,000	-
-Placement – 8 December 2016	40,000,000	-
- 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	**625,000,000**	**400,000,000**

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. ISSUED CAPITAL (continued)

10.C. OPTIONS

At the end of the reporting period, 250,000,000 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	250,000,000

10.D. MOVEMENTS IN NUMBER OF OPTIONS ON ISSUE

Fully paid	**As at 31 Dec 2016 Number**	**As at 31 Dec 2015 Number**
At the beginning of the period	**187,499,924**	**-**
Shares issued during the period:		
- Options issued in lieu of capital raising fees	12,500,076	-
- Options placement – June 2016	50,000,000	-
- Options placement – October 2015	-	175,000,000
- Placement – 6 November 2015; free attaching	-	12,499,924
-Expired during the period	-	-
At end of the period	**250,000,000**	**187,499,924**

11. ACCUMULATED LOSSES

	As at 31 Dec 2016 $	**As at 31 Dec 2015 $**
Balance at the beginning of the period	**(218,494,610)**	**(216,253,614)**
Net loss for the period	(409,994)	(2,240,996)
Balance at end of the period	**(218,904,604)**	**(218,494,610)**

12. RESERVES

	As at 31 Dec 2016 $	**As at 31 Dec 2015 $**
Option valuation reserve	1,973,231	1,948,231
Foreign currency translation reserve	(43,805)	-
	1,929,426	**1,948,231**

12. RESERVES (continued)

12.A. OPTION VALUATION RESERVE

	As at 31 Dec 2016 $	As at 31 Dec 2015 $
At the beginning of the period	1,948,231	-
Options issued during the period:		
- Options issued in lieu of capital raising services(i)	25,000	-
- Options placement – October 2015(ii)	-	1,948,231
At end of the period	**1,973,231**	**1,948,231**

(i) 12,500,076 options were issued to Cicero Corporate Advisory in lieu of capital raising services with a deemed value $0.002 based on 5 day VWAP at date of agreement.

(ii) 175,000,000 unlisted options exercisable @ $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. Subsequent to 31 December 2015, the options were Listed.

12.B. OPTION VALUATION

The fair value of 12,500,076 listed options issued during the year ended 31 December 2016, was determined by the VWAP of the listed option price at the date of issue.

The fair value of 175,000,000 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

	As at 31 Dec 2016 $	As at 31 Dec 2015 $
At beginning of the period	-	-
Movement during the period	(43,805)	-
Balance at end of the period	**(43,805)**	**-**

13. CASH FLOW INFORMATION

13.A. RECONCILIATION OF NET LOSS AFTER TAX TO THE NET CASH FLOWS FROM OPERATIONS:

	As at 31 Dec 2016 $	As at 31 Dec 2015 $
Net loss	(409,994)	(2,240,996)
Non-cash items		
Share based payments	-	50,000
Option valuation expense	24,875	1,913,231
Foreign currency translation	61,115	(2,598)
Settlement of DOCA	-	4,149
Acquisition costs (impairment)/reversal of impairment	(131,066)	131,006
Changes in assets and liabilities		
Increase/(decrease) in receivables and other assets	(207,134)	(22,257)
Decrease in payables and accruals	64,503	(748,362)
Net cash flows from / (used in) operating activities	**(597,641)**	**(915,827)**
Reconciliation of cash:		
Cash balances comprises		
AUD accounts	256,593	1,442,161
USD accounts	264	416,833
	256,857	**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:

Short term employee benefits	225,000	96,250
Post-employment benefits	-	-
Share-based payments	-	-
	225,000	**96,250**

During the year ended 31 December 2016, Cicero Corporate Pty Ltd, an entity related to Loren King, received $114,000 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.

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.

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.

15. SEGMENT INFORMATION (continued)

31 December 2016	Corporate $	Oil and Gas & Other US entities $	Total $
(i) Segment performance			
Segment revenue	6,010	-	**6,010**
Segment results	(556,683)	146,689	**(409,994)**
Included within segment result:			
- Interest Revenue	6,010	-	**6,010**
- Option valuation expense	(24,875)	-	**(24,875)**
Segment assets	276,055	3,795,629	**4,071,684**
Segment liabilities	(261,247)	(199,005)	**(460,252)**

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)**

16. LOSS PER SHARE

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

	As at 31 Dec 2016 $	As at 31 Dec 2015 $
Earnings used in calculation of basic and diluted earnings per share	(409,994)	(2,240,996)
Weighted average number of ordinary shares on issue used in the calculation of basic loss per share (i)	485,204,918	1,099,836,613

(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 Loren King received $114,000 for the provision of company secretarial services, office space and office support. Refer Note 14 respecting Key Management Personnel details.

18. AUDITOR'S REMUNERATION

	As at 31 Dec 2016 $	As at 31 Dec 2015 $
Amounts received or due and receivable by:		
– Grant Thornton - Audit or review at half year and financial year end of the Group.	-	59,000
– HLB Mann Judd - Audit or review at half year and financial year end of the Group.	29,607	-
	29,607	**59,000**

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.

Interest Rate Sensitivity Analysis

At 31 December 2016, 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 Dec 2016 $ Net Change	31 Dec 2015 $ Net Change
Change in loss		
Increase in interest rate by 2%:		
AUD accounts	(120)	(148)
USD accounts	-	-
	(120)	**(148)**
Decrease in interest rate by 2%:		
AUD accounts	120	148
USD accounts	-	-
	120	**148**

19. FINANCIAL INSTRUMENTS (continued)

	31 Dec 2016 $ Net Change	31 Dec 2015 $ Net Change
Interest rate risk (continued)		
Change in equity		
Increase in interest rate by 2%:		
AUD accounts	(120)	(148)
USD accounts	-	-
	(120)	**(148)**
Decrease in interest rate by 2%:		
AUD accounts	120	148
USD accounts	-	-
	120	**148**

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

19.B. 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.C. 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.D. LIQUIDITY RISK MANAGEMENT

The Group had no interest-bearing liabilities at year end.

19. FINANCIAL INSTRUMENTS (continued)

19.E. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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

Disclosures

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

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 2016 and 31 December 2015:

31 December 2016	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets	-	-	-	-
Cash and cash equivalents	256,857	-	-	256,857
Receivables	33,017	-	-	33,017
Total financial assets	**289,874**	**-**	**-**	**289,874**
Financial liabilities				
Payables	(260,252)	-	-	(260,252)
Loans and borrowings	(200,000)	-	-	(200,000)
Total financial liabilities	**(460,252)**	**-**	**-**	**(460,252)**

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)**

20. CONTINGENT ASSETS AND LIABILITIES

There are no contingent liabilities or contingent assets.

21. EMPLOYEE BENEFITS

No benefits were issued during the reporting period and are held by the Key Management Personnel as at the balance date. Refer to Note 12.A for the terms of these options.

Performance Rights Plan

At the end of the year, there were no performance rights on issue.

22. SHARE BASED PAYMENT PLANS

Share Options

At 31 December 2016, no share based payment options were on issue.

23. AGREEMENT WITH BLACK MESA PRODUCTIONS LLC

On 7 December 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 2016, the Company has paid US$303,000 (2015: $131,006 (US$93,780)) with a further US$541,020 payable over the next 12 months.

24. PARENT ENTITY DISCLOSURES

	Year Ended Dec 2016 $	Year Ended Dec 2015 $
Financial Position		
Assets		
Current assets	276,055	1,928,875
Non-current assets	3,495,106	-
Total assets	**3,771,161**	**1,928,875**
Liabilities		
Current liabilities	261,247	69,376
Total liabilities	**261,247**	**69,376**
Equity		
Issued capital	220,586,610	218,405,878
Accumulated losses	(219,049,927)	(218,494,610)
Reserves	1,973,231	1,948,231
Total equity	**3,509,914**	**1,859,499**
Financial performance		
Loss for the period	(686,690)	(2,240,996)
Other comprehensive income	-	-
Total comprehensive income	**(686,690)**	**(2,240,996)**

Contingent liabilities

As at 31 December 2016 and 2015, the Company had no contingent liabilities.

Contractual Commitments

As at 31 December 2016 and 2015, the Company had no contractual commitments.

Guarantees entered into by parent entity

As at 31 December 2016 and 2015, the Company had not entered into any guarantees.

25. SUBSEQUENT EVENTS

On 13 January 2017, the Company announced an update to the activities at the STACK play.

On 25 January 2017, the Company announced a capital raising of $1,980,000 (before costs) via the issue of 165,000,000 fully paid ordinary shares at an issue price of $0.012 per share with a one free attaching listed option (Options)(exercisable on or before December 31, 2018 at $0.02) for every two new shares issued under the Placement.

During the year, the Company entered into a loan agreement with Cicero Advisory Services for a total of $200,000. Repayment was made on 3 February 2017 including interest. Refer to Note 9.B for further details.

On 28 March 2017, the Company held a General Meeting of Shareholders where all resolutions put forward to the meeting were passed by a show hands. As a result of the meeting a total of 27,500,000 Options (exercisable on or before December 31, 2018 at $0.02) were issued to Brokers and Advisers as part consideration for ongoing capital raising advice and support provided to the Company. In addition, Mr David Prentice was issued 15,000,000 unlisted options (Unlisted Options) (exercisable on or before December 31, 2020 at $0.03) with Mr Michael Fry being issued 10,000,000 Unlisted Options. Refer to the Company's Notice of General Meeting released to ASX on 22 February 2017 for further details.

The Directors are not aware of any other matter or circumstance that has arisen since 31 December 2016 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.

26. COMMITMENTS FOR EXPENDITURE

Capital Commitments – Black Mesa Productions LLC

Within one year^	398,010	414,728
After one year but not more than five years*	349,668	740,515
More than five years	-	-
	747,678	**1,155,243**

^ Equivalent of 2016: USD288,000 and 2015: USD303,000
** Equivalent of 2016: US253,020 and 2015: USD541,020*

DIRECTORS' DECLARATION

The Directors declare that:

(a) in the Directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable;

(b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with Australian Accounting Standards and International Financial Reporting Standards as disclosed in Note 1 and giving a true and fair view of the financial position and performance of the Group for the year ended on that date;

(c) the audited remuneration disclosures set out in the Directors' Report comply with Accounting Standard AASB 124 Related Party Disclosures and the Corporations Act and Regulations 2001; and

(d) the Directors have been given the declarations required by s.295A of the Corporations Act 2001 for the year ended 31 December 2016.

Signed in accordance with a resolution of the Board of Directors made pursuant to s.295(5) 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

31 March 2017

Accountants | Business and Financial Advisers

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Brookside Energy Limited ("the Company") and its controlled entities ("the Group"), which comprises the statement of financial position as at 31 December 2016, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration for the Company and the Group.

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

a) giving a true and fair view of the Company's and the Group's financial position as at 31 December 2016 and of their financial performance for the year then ended; and

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

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company and the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material uncertainty relating to going concern

We draw attention to Note 1.A.3 in the financial report, which indicates that the Group's incurred a net loss of $409,994 during the year ended 31 December 2016 and, as of that date, the current liabilities exceeded its total assets by $170,378. As stated in Note 1.A.3, these events or conditions, along with other matters as set forth in Note 1.A.3, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty relating to Going Concern*, we have determined the matters described below to be the key audit matters to be communicated in our report**.**

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HLB Mann Judd

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going*, we have determined the matters described below to be the key audit matters to be communicated in our report**.**

Key Audit Matter	How our audit addressed the key audit matter
Investments –R. A Minerals Royalty *(Note 7)*	
During the financial year, the group recorded a royalty at acquisition cost of $1,202,322. The royalties' rights were a key audit matter due to the fact that the valuation of their recoverable amount requires significant judgement in determining the key assumptions supporting the expected future cash flows of the royalties.	We considered the discounted cashflow provided by management to determine the recoverability of the asset and if there are any impairment indicators present in accordance with AASB 136: Impairment of Assets. We tested the assumptions used to calculate the present value of the expected future cashflows and also performed a +/-5% interest rate sensitivity analysis on the present value calculation. We also considered the accounting treatment of the royalty rights to ensure that they were classified correctly.
Investment - Black Mesa *(Note 7)*	
During the year, the Group recorded $748,751 in relation to costs incurred to date for the Black Mesa share capital earn-in. The investment was considered a key audit matter as the costs incurred in earning the investment had previously been impaired.	We considered the accounting treatment of the earn-in. In accordance with AASB 136: Impairment of Assets, we assessed if there were any impairment indicators present.
Stack Acreage Recognition and Disclosure *(Note 8)*	
During the financial year, as part pf a drilling program agreement, the group acquired stack acreage worth $1,830,733 at cost. The stack acreage was a key audit matter as drilling program agreement costs incurred resulted in the recognition of a significant exploration expenditure balance.	We considered the accounting treatment and valuation of the stack acreage acquired. Our procedures included but were not limited to: ▪ considering the costs of the stack acreage and determined whether they qualify as exploration expenditure in accordance with AASB 6: Exploration for and Evaluation of Mineral Resources. ▪ obtaining evidence that the Group has current rights to tenure of its area of interest; ▪ obtaining evidence to support the cost of the acquisition; ▪ examining the evidence to support planned ongoing activities ▪ enquiring with management, reviewed other information to ensure that the Group had not decided to discontinue exploration and evaluation at its area of interest; and ▪ examining the disclosures made in the financial report.

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

The directors are responsible for the other information. The other information comprises the information included in the Group's annual financial report for the year ended 31 December 2016, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's or Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company or the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on the Remuneration Report

Opinion on the remuneration report

We have audited the remuneration report included in pages 9 to 13 of the directors' report for the year ended 31 December 2016.

In our opinion, the remuneration report of Brookside Energy Limited for the year ended 31 December 2016 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Norman Glad

N G Neill
Partner

Perth, Western Australia
31 March 2017

ADDITIONAL SHAREHOLDERS' INFORMATION

A. CORPORATE GOVERNANCE

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

B. SHAREHOLDING

Substantial Shareholders

The names of the substantial shareholders listed on the Company's register as at 29 March 2017.

Name		Number of Shares
TRUST CO AUST LTD	MOF A/C	97,031,578
TWENTIETH CENTURY MOTOR CENTURY	TWENTIETH CENTURY	41,000,000

B.1. Quoted Securities

At the date of this report there were 435,000,000 quoted options over ordinary shares in the Company were on issue and no options were exercised during the year. The listed options are exercisable at $0.02 per option and have an expiry date of 31 December 2018.

B.2. Unquoted Securities

At the date of this report there were 25,000,000 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 $0.03 per option and have an expiry date of 31 December 2020.

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

There are 2,006 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 29 March 2017.

By Class	Holders of Ordinary Shares	Number of Ordinary Shares	%
1-1,000	849	299,754	0.04%
1,001 - 5,000	401	1,042,754	0.13%
5,001 – 10,000	124	923,758	0.12%
10,001 - 100,000	305	14,459,157	1.83%
100,001 and over	327	773,274,577	97.88%
TOTALS	**2,006**	**790,000,000**	**100.00%**

ADDITIONAL SHAREHOLDERS' INFORMATION

B.5. Marketable Parcel

There are 1,478 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 29 March 2017) is as follows:

Name		No. of Shares	%
TRUST CO AUST LTD	MOF A/C	97,031,578	12.28%
TWENTIETH CENTURY MOTOR CO	TWENTIETH CENTURY	41,000,000	5.19%
WILD JONATHAN MARK		20,000,000	2.53%
SHIELDS MICHAEL		20,000,000	2.53%
STATION NOM PL	STATION S/F A/C	20,000,000	2.53%
ASPIRE WEST PL		20,000,000	2.53%
DONGRAY RICHARD S + J	S/F A/C	15,000,000	1.90%
JKR SUPER PL	JPR S/F A/C	14,000,000	1.77%
PANDORA PERTH PL		13,500,000	1.71%
WIMALEX PL	TRIO S/F A/C	10,000,000	1.27%
DELARO HLDGS PL	DONGRAY DISCRE NO4	10,000,000	1.27%
JA RODGERS SUPER PL	JOHN RODGERS S/F A	10,000,000	1.27%
RAVENHILL INV PL	HOUSE OF EQUITY A/	10,000,000	1.27%
THREE ZEBRAS PL		9,500,000	1.20%
LEETE IAN ALASTAIR + H	LEETE FAM S/F A/C	9,166,667	1.16%
SACCO DVLMTS AUST PL	SACCO FAM A/C	8,333,334	1.05%
JBS INV PTNRS LP		8,333,333	1.05%
AET ACF JBS INV INTNL ADV	INTNL ADVANTAGE FU	8,333,333	1.05%
WARCZAK ENTPS PL	WARCZAK S/F A/C	8,019,202	1.02%
AJAVA HLDGS PL		8,000,000	1.01%
TOTAL		**360,217,447**	**45.59%**

Options

The names of the twenty largest option holders, the number of options each holds and the percentage of option capital each holds (as at 29 March 2017) is as follows:

Name		No. of Options	%
TWENTIETH CENTURY MOTOR C	WALKER FAM S/F A/C	60,000,000	13.79%
PRENTICE DAVID		40,000,000	9.20%
TRUST CO AUST LTD	MOF A/C	28,833,333	6.63%
FRY MICHAEL JOHN		26,274,924	6.04%
MERCHANT FUNDS MGNT PL		25,000,000	5.75%
WATEROX PL	TIEN CHAI A/C	20,000,000	4.60%
STATION NOM PL	STATION S/F A/C	20,000,000	4.60%
RAVENHILL INV PL	HOUSE OF EQUITY A/	20,000,000	4.60%
SABRELINE PL	JPR INV A/C	19,000,076	4.37%
SACCO DVLMTS AUST PL	SACCO FAM A/C	8,979,167	2.06%
LEETE IAN ALASTAIR + H	LEETE FAM S/F A/C	7,083,333	1.63%
ETHAN ALLEN INV PL	ETHAN ALLEN INVEST	7,000,000	1.61%
BELLAIRE CAP PL	BELLAIRE CAP INVES	5,125,000	1.18%
DEMASIADO PL	DEMASIADO FAM A/C	5,035,715	1.16%
JBS INV PTNRS LP		4,166,667	0.96%
SHIELDS MICHAEL		4,166,667	0.96%
AET ACF JBS INV INTNL ADV	INTNL ADVANTAGE FU	4,166,667	0.96%
HAWKINS HELEN MARGARET		4,000,000	0.92%
MIAL ENTPS PL	DASHIAN FAM A/C	4,000,000	0.92%
WARCZAK ENTPS PL	WARCZAK S/F A/C	3,750,000	0.86%
TOTAL		**316,581,549**	**72.80%**