BROOKSIDE

BROOKSIDE ENERGY LIMITED

ACN 108 787 720

ANNUAL REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

CONTENTS

CORPORATE DIRECTORY

NON-EXECUTIVE CHAIRMAN
Michael Fry

MANAGING DIRECTOR
David Prentice

NON-EXECUTIVE DIRECTOR
Loren King

COMPANY SECRETARY
Loren King

REGISTERED OFFICE
C/- Cicero Corporate Services Pty Ltd
Suite 9, 330 Churchill Avenue
Subiaco WA 6008

POSTAL ADDRESS
PO Box 866
Subiaco WA 6904

PRINCIPAL PLACE OF BUSINESS
Suite 9, 330 Churchill Avenue
Subiaco, WA 6008
Tel: (08) 6489 1600
Fax: (08) 6489 1601
Email: info@brookside-energy.com.au

WEBSITE
www.brookside-energy.com.au

AUDITORS
HLB Mann Judd (WA Partnership)
Level 4, 130 Stirling Street
Perth WA 6000

BANKERS
Commonwealth Bank of Australia
150 St Georges Terrace
Perth WA 6000

SHARE REGISTRY
Automic Registry Services
Level 2, 267 St Georges Terrace
Perth WA 6000

PO Box 2226
Strawberry Hills NSW 2012

SECURITIES EXCHANGE LISTING
Australian Securities Exchange
Level 40, Central Park
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 2017. 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 2017 amounted to $1,095,551 (2016: $409,994).

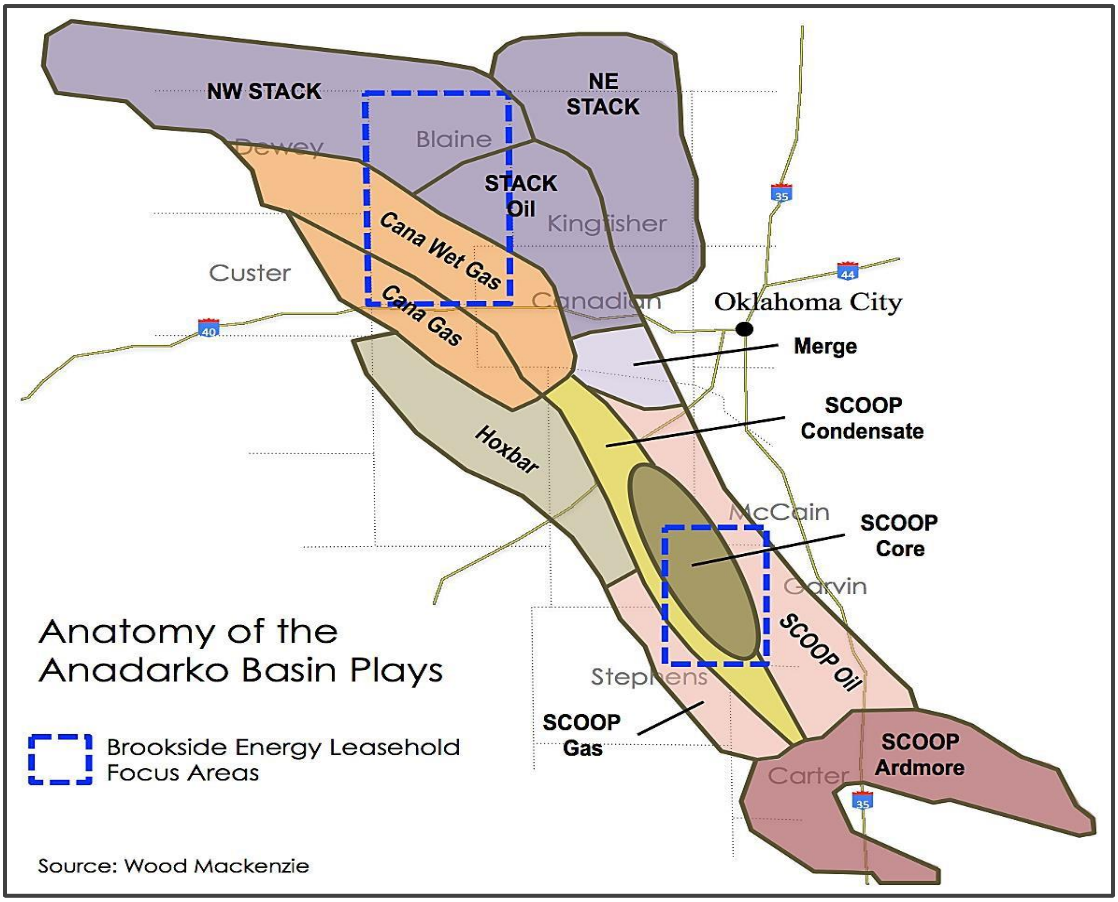
DIVIDENDS

There were no dividends paid or recommended during or subsequent to the financial year ended 31 December 2017 (2016: 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**).

As previously announced, the Black Mesa team has identified an opportunity to secure a position in the world-class Anadarko Basin Plays (STACK and SCOOP) in Oklahoma. The Company is continuing to capitalise on a short window in which to build a material premier asset position in this high-margin repeatable play.



<u>STACK Drilling & Completion Activity</u>

During the 12 month period ending 31 December 2017, the level of activity within the Company's Anadarko Basin play holdings continued to increase. BRK Oklahoma is now participating in twenty seven wells (twenty five non-operated Working Interest wells and two Mineral Royalty wells). These wells are at various stages of development (from drilled and completed, drilling ahead, set to spud to permitted) (see table 1. below). To date, drilling and completion costs have been funded externally, from the US$3.5 million available under the Drilling Joint Venture facility.

Well Name	Operator	Working Interest	Status
Strack #1-2-11XH	Marathon Oil, Co.	1.0%	Producing
Davis #1-8-1611MH	Triumph Energy, LLC	1.2%	Producing
Ike #1-20-17XH	Continental Resources, Inc.	Mineral Interest	Producing
HR Potter 1511 #1-3-34XH	Marathon Oil, Co.	0.8%	Producing
Landreth BIA #1-14H	Marathon Oil, Co.	2.5%	Producing
Mote #1-26-23H	Rimrock Resource Operating, LLC	4.6%	Producing
Sphinx 26-16N-11W #1H	Devon Energy Corp.	3.1%	Producing
Herring #1-33 1513MH	Triumph Energy, LLC	13.6%	Producing
Mike Com #1H-0706X	Cimarex Energy, Co.	0.4%	Producing
Roser #1611-3-34	Marathon Oil, Co.	3.9%	Completing
Luttrull #1-30-31XH	Continental Resources, Inc.	Mineral Interest	Completing
Kevin FIU #1-20-17XH	Continental Resources, Inc.	2.1%	Completing
Ladybug 27_22-15N-13W # 1HX	Devon Energy Corp.	2.2%	Drilling
Dr. NO 1-17-20XH	Triumph Energy, LLC	3.7%	Drilling
Bullard #1-18/7H	Rimrock Resource Operating, LLC	13.7%	Permitted
Randolph 34_27 15N-13W	Continental Resources, Inc.	0.3%	Permitted
Henry Federal #1-8-5XH	Continental Resources, Inc.	5.2%	Permitted
Watonga #1-19H	Highmark Resources, LLC	0.3%	Permitted
Scoville #1-17-20XH	Continental Resources, Inc.	3.7%	Permitted
Alta BIA 1511 #1-6-31MXH	Marathon Oil, Co.	1.3%	Permitted
Shipp #1-H-2722X	Devon Energy Corp.	1.9%	Permitted
Liger #1H 24-16N-11W	Devon Energy Corp.	1.8%	Permitted
Big Earl #6-15N-10W	Devon Energy Corp.	0.5%	Permitted
Blackhawks #26-15-4W-W1	Operator to be Confirmed	11.1%	Awaiting Permit
Swish #1-H-12SX	Operator to be Confirmed	30.5%	Awaiting Permit
Rangers 36-1S-4W	Operator to be Confirmed	48.3%	Awaiting Permit
McKinley Unit	Continental Resources, Inc.	1.0%	Awaiting Permit

Table 1. – BRK Oklahoma STACK Well Summary

Note: Working Interest percentages may increase subject the issue of final pooling orders.

During the period excellent initial production rates continued to flow from the Company's non-operated Working Interest and Mineral Royalty wells. These results further confirmed the quality of the acreage that Brookside has been able to secure within the Anadarko Basin plays in Oklahoma. Two of the Company's recently completed non-operated Working Interest wells, the Marathon Oil, Co. (NYSE: MRO) operated Landreth BIA and HR Potter wells have delivered 30-day average production rates (IP30) above the Marathon 1,525,000 BOE Type Curve for this part of the STACK Play.

Additional highly encouraging production results were recorded on the next two non-operated Working Interest wells, with these two wells achieving rates in excess of 2,100 BOE/day during flow back. Importantly, these were higher impact wells for Brookside with the Company holding a 13.6% and 3.1% Working Interest respectively.

STACK Leasing Program

BRK Oklahoma announced a significant expansion of its leasing activity during 2017. BRK Oklahoma, together with its partner and manager of US operations Black Mesa Production, LLC (Black Mesa), extended its leasing and acquisition activities across the liquids-rich fairways of the Anadarko Basin in Oklahoma.

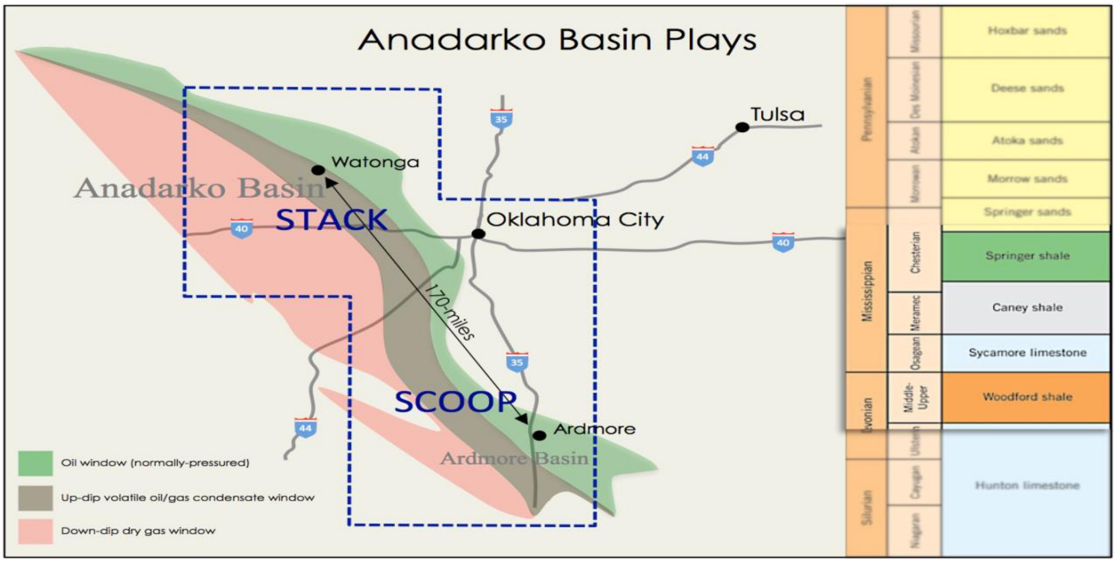


Figure 1. Anadarko Basin Plays

During the period, Brookside's continuing efforts delivered further success with the Company's Working Interest leasehold acreage count reaching 1,700 acres, a 30% increase on the previously announced initial target of 1,280 leasehold acres.

This increase in holdings is all located within Brookside's leasing focus areas. The increase was achieved in a highly competitive environment and importantly our team has maintained its disciplined approach, exclusively targeting acreage in the up-dip liquids rich 'core' along the Anadarko Basin margin.

At the end of the period, the Company's total Anadarko Basin holdings stood at approximately 1,800 acres (inclusive of the previously announced RA Minerals Royalty Acreage which is currently being developed by NYSE listed independent, Continental Resources, Inc.).

Undeveloped acreage values continued to rise over 2017 as these world-class plays continue to mature. Analysis of the estimated US$8.0 billion in merger and acquisition activity that occurred in the Anadarko Basin Plays over the last two years showed undeveloped acreage trading at a weighted average of >US$16,000 per acre.

In addition, the Company announced during the period that its wholly owned subsidiary, Anadarko Leasing, LLC (Anadarko Leasing) had reached agreement with Tulsa based Oklahoma Energy Consultants, Inc. (OEC) to increase the Anadarko Leasing Facility (Facility) limit to US$3.0 million. All other terms of the Facility (outlined in our ASX release dated 21 June 2017) remained unchanged.

This additional asset level funding will enable Brookside, together with its partner and manager of US operations Black Mesa Production, LLC (Black Mesa), to continue to aggressively pursue its leasing and acquisition activities across the liquids-rich fairways of the Anadarko Basin in Oklahoma.

As previously flagged, the leasing campaign is ongoing and additional core acreage is expected to be acquired during calendar 2018.

Refer Table 2 (below)for details of the Company's oil and gas interests.

COUNTRY	INTEREST ACQUIRED OR DISPOSED OF DURING THE QUARTER	TOTAL ACRES	NATURE OF INTEREST
Payne County, Oklahoma	Nil	465 gross (282 net)	100%
Blaine County, Oklahoma	Nil	~100 acres	Royalty Interest
Blaine County, Oklahoma	Nil	~400 acres	Working Interest
Garvin County, Oklahoma	Nil	~600 acres	Working Interest
Stephens County, Oklahoma	~700 acres	~700 acres	Working Interest

<u>Non Anadarko Basin Exploration & Production Activities</u>

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

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

Post the end of the December Quarter, the Company announced results from the three most recent non-operated Working Interest wells. These wells are located within the Company's Blaine County focus area. All three wells achieved IP24's above 2,000 BOE/day (~33% oil), with one well achieving a Company record ~3,500 BOE/day.

The Company's average Working Interest in these wells is ~5.7%, at the upper end of the Company average Working Interest secured to date. All three of these well support (subject to continued performance in- line with the Company's type curve) EUR's well above the Company's 1,039 Mboe estimate for this part of the basin.

On March 7, 2018 the Company announced that it had increased its Working Interest leasehold acreage to approximately 2,000 acres, a 17% increase in less than two-months. The Company's total Anadarko Basin holdings now stand at approximately 2,100 acres (inclusive of the previously announced RA Minerals Royalty Acreage which is currently being developed by NYSE listed independent, Continental Resources, Inc.).

On March 16, 2018 the company also announced an increase in the Anadarko Leasing facility provided by Oklahoma Energy Consultants (**OEC**) from US$3.0m to US$4.0m.

The Directors are not aware of any other matter or circumstance that has arisen since 31 December 2017 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	**Managing Director**
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.
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 12 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 (ASX: LRM) and Fiji Kaval 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 and Anadarko Leasing LLC, both Limited Liability Companies incorporated and domiciled in Oklahoma, USA.

Employees

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

Meetings of Directors

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

Director	Directors Meetings	
	Meetings Attended	**Number Held and Eligible to Attend**
Michael Fry	2	2
David Prentice	2	2
Loren King	2	2

Note: Both David Prentice and Michael Fry attended 12 and 10 Black Mesa Production (BMP) Board meetings respectively from a total of 12 meetings held for the financial reporting period. The importance of noting this is that BMP provides the technical and operational inputs for Brookside under a number of agreements including the Drilling Program Agreement (DPA) and the Acquisition Program Agreement (APA).

Options

At the date of this report 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 2017, options on issue are as detailed below.

Type	Date of Expiry	Exercise Price	Number on issue
Listed option (BRKO)	31 Dec 2018	$0.02	435,000,000
Unlisted option	31 Dec 2020	$0.03	25,000,000

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 provided by the external auditors during the year ended 31 December 2017.

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 16 and forms part of this Directors' Report for the year ended 31 December 2017.

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 2017.

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 13.33% (96.48% after Chairman's discretion) of "yes" votes on its Remuneration Report for the 2016 financial year. The Company did not receive any specific feedback from shareholders at the 2016 Annual General Meeting on its remuneration practices.

Additional information

The loss of the consolidated entity for the five years to 31 December 2017 are summarised below:

	2017 A$'000	2016 A$'000	2015 A$'000	2014 A$'000	2013 A$'000
Revenue	2	6	29	-	18,657
EBITDA	(991)	(416)	(2,248)	(16)	(329)
EBIT	(1,096)	(410)	(2,240)	(16)	(5,089)
Loss after income tax	(1,096)	(410)	(2,240)	(16)	(5,089)

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

	2017	2016	2015	2014	2013
Share price at financial year end (AUD)	0.01	0.01	0.01	0.01	0.38
Total dividends declared (cents per share)	-	-	-	-	-
Basic loss per share (cents per share)	0.14	0.20	2.13	USD38.40	USD1.37

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 2017. 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 2017 Reporting Period

Due to the strategic review conducted during 2015, no STI plan was implemented for the 2017 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 2017.

Remuneration Structure

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

D. DETAILS OF REMUNERATION

Remuneration of Key Management Personnel is set out below:

	Primary			Post- employment			
31 December 2017	**Base Salary and Fees $**	**Bonus STI $**	**Share-based Benefits $**	**Super-annuation Contributions $**	**Termination Payments $**	**TOTAL $**	**Percentage Performance Related %**
Executive Directors							
David Prentice	175,000	-	80,395	-	-	255,395	-
Non-Executive Directors							
Michael Fry	49,166	-	53,596	-	-	102,762	-
Loren King^	30,000	-	-	-	-	30,000	-
Total 31 Dec 2017	**254,166**	**-**	**133,991**	**-**	**-**	**388,157**	

^ During the year ended 31 December 2017, Cicero Corporate Pty Ltd, an entity related to Loren King, received $114,000 (2016: $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.

31 December 2016	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	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**	

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 2017	Balance at 1 Jan 2017	Shares Issued	Other (i)	Balance at 31 Dec 2017
Directors				
David Prentice	1,437,372	-	-	1,437,372
Michael Fry	1,542,870	-	1,457,130	3,000,000
Loren King	-	-	-	-
	2,980,242	**-**	**1,457,130**	**4,437,372**

(i) Shares acquired are at arms-length transaction.

(ii) Options Held by Key Management Personnel

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

31 December 2017	Balance at 01 Jan 17	Shares Issued	Other(i)	Balance at 31 Dec 17
Directors				
David Prentice	40,000,000	-	15,000,000	55,000,000
Michael Fry	26,274,924	-	10,000,000	36,274,924
Loren King	-	-	-	-
	66,274,924	**-**	**25,000,000**	**91,274,924**

(i) Options issued as remuneration during 2017.

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.

(v) Compensation Options: Granted and vested during and since the financial year ended 31 December 2017

During the financial year ended 31 December 2017 (2016: nil), 25,000,000 compensation options were granted or vested to directors.

(vi) Performance income as a proportion of total income

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

F. SERVICE AGREEMENTS

Director	Base Salary	Terms of the Agreement	Notice Period
David Prentice *CEO/Managing Director*	$15,000 per month	Until termination	6 Months
Michael Fry *Non-Executive Chairman*	$50,000 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

29 March 2018

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 2017, 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	**N G Neill**
29 March 2018	**Partner**

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

Level 4 130 Stirling Street Perth WA 6000 | PO Box 8124 Perth BC WA 6849 | Telephone +61 (08) 9227 7500 | Fax +61 (08) 9227 7533

Email: mailbox@hlbwa.com.au | Website: www.hlb.com.au

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 2017.

CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement is current as at 31 December 2017 and has been approved by the Board of the Company on that date.

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

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

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

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

RECOMMENDATIONS (3RD EDITION)	COMPLY	EXPLANATION
Recommendation 1.3 A listed entity should have a written agreement with each Director and senior executive setting out the terms of their appointment.	YES	The Company's Nomination Committee Charter requires the Nomination Committee (or, in its absence, the Board) to ensure that each Director and senior executive is a party to a written agreement with the Company which sets out the terms of that Director's or senior executive's appointment. The Company has written agreements with each of its Directors and senior executives.
Recommendation 1.4 The company secretary of a listed entity should be accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.	YES	The Board Charter outlines the roles, responsibility and accountability of the Company Secretary. In accordance with this, the Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.
Recommendation 1.5 A listed entity should: (a) have a diversity policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary or it; and (c) disclose as at the end of each reporting period: (i) the measurable objectives for achieving gender diversity set by the Board in accordance with the entity's diversity policy and its progress towards achieving them; and (ii) either: - the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or - if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in the Workplace Gender Equality Act.	PARTIALLY	(a) The Company has adopted a Diversity Policy which provides a framework for the Company to establish and achieve measurable diversity objectives, including in respect of gender diversity. The Diversity Policy allows the Board to set measurable gender diversity objectives, if considered appropriate, and to assess annually both the objectives if any have been set and the Company's progress in achieving them. (b) The Diversity Policy is available, as part of the Corporate Governance Plan, on the Company's website. (c) (i) The Board does not presently intend to set measurable gender diversity objectives because: - the Board does not anticipate there will be a need to appoint any new Directors or senior executives due to limited nature of the Company's existing and proposed activities and the Board's view that the existing Directors and senior executives have sufficient skill and experience to carry out the Company's plans; and - if it becomes necessary to appoint any new Directors or senior executives, the Board considered the application of a measurable gender diversity objective requiring a specified proportion of women on the Board and in senior executive roles will, given the small size of the Company and the Board, unduly limit the Company from applying the Diversity Policy as a whole and the Company's policy of appointing based on skills and merit: and (ii) the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes) for each financial year will be disclosed in the Company's Annual Report.
Recommendation 1.6 A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual Directors; and	YES	(a) The Board, in the absence of a Nomination Committee, is responsible for evaluating the performance of the Board, its committees and individual Directors on an annual basis. It may do so with the aid of an independent advisor. The process for this is set out in the Company's Corporate Governance Plan, which is available on the Company's website.

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		

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 2017

	Notes	For the year ended 31 Dec 2017 $	For the year ended 31 Dec 2016 $
Interest revenue	2.A	1,789	6,010
Other revenue	2.A	29,020	-
Other expenses	2.B	(288,000)	(166,715)
Director and employee related expenses		(254,166)	(225,000)
Consultants fees		(79,390)	(96,557)
Compliance and registry expenses		(163,606)	(164,138)
Options valuation expense		(179,991)	(24,875)
Interest on financing		(105,969)	-
(Loss)/gain on foreign exchange movement		(55,237)	110,250
Other expenses		-	20,025
Project expense reversal of impairment	6.A	-	131,006
Loss before income tax expense		**(1,095,551)**	**(409,994)**
Income tax expense	3	-	-
Net loss for the year		**(1,095,551)**	**(409,994)**
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss:			
Exchange differences on the transaction of foreign operations		(247,322)	(43,805)
Other comprehensive loss for the year net of taxes		**(247,322)**	**(43,805)**
Total comprehensive loss for the year		**(1,342,873)**	**(453,799)**
Loss Per Share			
Basic and diluted loss per share (cents)	15	(0.14)	(0.20)

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Notes	As at 31 Dec 2017 $	As at 31 Dec 2016 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	51,854	256,857
Trade and other receivables	5	24,366	33,017
TOTAL CURRENT ASSETS		**76,220**	**289,874**
NON-CURRENT ASSETS			
Other receivables		12,820	-
Other assets	6	1,994,614	1,951,077
Exploration and evaluation	7	5,521,615	1,830,733
TOTAL NON-CURRENT ASSETS		**7,529,049**	**3,781,810**
TOTAL ASSETS		**7,605,269**	**4,071,684**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8.A.	371,940	260,252
Borrowings	8.B.	-	200,000
TOTAL CURRENT LIABILITIES		**371,940**	**460,252**
NON-CURRENT LIABILITIES			
Borrowings	8.B.	2,550,845	-
TOTAL NON-CURRENT LIABILITIES		**2,550,845**	**-**
TOTAL LIABILITIES		**2,922,785**	**460,252**
NET ASSETS		**4,682,484**	**3,611,432**
EQUITY			
Issued capital	9	222,355,544	220,586,610
Reserves	11	2,327,095	1,929,426
Accumulated losses	10	(220,000,155)	(218,904,604)
TOTAL EQUITY		**4,682,484**	**3,611,432**

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

	Issued Capital $	Accumulated Losses $	Share Based Payment Reserve $	Foreign Currency Translation Reserve $	Total $
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**
BALANCE AT 1 JANUARY 2017	**220,586,610**	**(218,904,604)**	**1,973,231**	**(43,805)**	**3,611,432**
Loss for the period	-	(1,095,551)	-	-	(1,095,551)
Other comprehensive loss	-	-	-	(247,322)	(247,322)
Total comprehensive loss for the period	**-**	**(1,095,551)**	**-**	**(247,322)**	**(1,342,873)**
Shares issued during the period	1,980,000	-	-	-	1,980,000
Options issued during the period	-	-	644,991	-	644,991
Capital raising costs	(211,066)	-	-	-	(211,066)
BALANCE AT 31 DECEMBER 2017	**222,355,544**	**(220,000,155)**	**2,618,222**	**(291,127)**	**4,682,484**

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2017

	Notes	For the year ended 31 Dec 2017 $	For the year ended 31 Dec 2016 $
CASH FLOWS USED IN OPERATING ACTIVITIES			
Payments to suppliers and employees		(711,356)	(603,651)
Interest received		1,789	6,010
NET CASH (USED IN) OPERATING ACTIVITIES	12	**(709,567)**	**(597,641)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for investments		(329,480)	(1,621,065)
Payments for exploration activities		-	(827,429)
Payments for acquisition of oil and gas properties		(3,272,365)	(1,003,304)
NET CASH (USED IN) INVESTING ACTIVITIES		**(3,601,845)**	**(3,451,798)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		1,980,000	2,300,125
Transaction costs on issue of shares		(121,066)	(119,268)
Proceeds from borrowings		2,245,002	200,000
NET CASH PROVIDED BY FINANCING ACTIVITIES		**4,103,936**	**2,380,857**
NET (DECREASE) IN CASH AND CASH EQUIVALENTS		**(207,476)**	**(1,668,582)**
Cash at beginning of the period		256,857	1,858,994
Effect of exchange rates on cash		2,473	66,445
CASH AT END OF PERIOD	12	**51,854**	**256,857**

The accompanying notes form part of these consolidated financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.A. BASIS OF PREPARATION

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

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

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

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

The Company is an ASX listed public company, incorporated in Australia and operating in Australia and USA. The entity's principal activities are mineral exploration.

The financial report is presented in Australian dollars.

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 31 December 2016 financial statements.

1.A.3. Going Concern

The Group incurred a loss of $1,095,551 for the year ended 31 December 2017. In addition, the Group has working capital deficiency of $295,720. Cash and cash equivalents at the year-end amounted to $51,854.

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 in the following 12 months through issuing additional shares and/or, to secure further financing facilities or extend the current financing facilities in place.

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

Standards and Interpretations applicable to 31 December 2017
In the year ended 31 December 2017, 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. 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 is necessary to Group accounting policies.

Standards and Interpretations in issue not yet adopted
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 2017. 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.

In the year ended 31 December 2017, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to Group accounting policies.

1.C. STATEMENT OF COMPLIANCE

The general purpose consolidated financial statements for the period ended 31 December 2017 were approved and authorised for issue on 29 March 2018.

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

1.D. BASIS OF CONSOLIDATION

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

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

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

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

1.E. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

Share-based payment transactions:
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a Black and Scholes model, using assumptions provided by the Company.

The fair value is expensed over the period until vesting.

1.F. FOREIGN CURRENCY TRANSLATION

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

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

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

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

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

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

1.G. IMPAIRMENT OF ASSETS

The Group assesses at each balance date whether a financial asset or group of financial assets is impaired.

<u>(i) Financial assets carried at amortised cost</u>
If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's

carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account.

The amount of the loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

2. REVENUES AND EXPENSES

2.A. REVENUE

	Year ended 31 Dec 2017 $	Year ended 31 Dec 2016 $
Other Revenue		
Interest received	1,789	6,010
Other received	29,020	-
	30,809	**6,010**

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

Interest income

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

2.B. OTHER EXPENSES

Administration expenses	79,470	24,004
Borrowing fees	10,500	-
Interest expense	-	6,234
Promotion and communication expenses	34,075	34,674
Travel expenses	163,661	87,283
Other expenses	294	14,520
	288,000	**166,715**

3. INCOME TAX EXPENSE

	Year ended 31 Dec 2017 $	Year ended 31 Dec 2016 $
The components of tax expense comprise:		
Current tax	-	-
Deferred tax	-	-
Income tax expense reported in statement of profit or loss and other comprehensive income	-	-

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 27.5% (31 December 2016: 30%)(i);	(301,277)	(122,999)
Add tax effect of:		
Other non-allowable items	128,069	43,358
Losses not recognised	195,141	173,814
	21,933	94,174
Less tax effect of:		
Other non-assessable items	-	83,009
Other deductible items	11,062	-
Losses deferred tax balances not recognised	10,871	11,165
Income tax benefit reported in the consolidated statement of profit or loss and other comprehensive income	-	-

3. INCOME TAX EXPENSE (continued)

3.A. UNRECOGNISED DEFERRED TAX ASSETS

Unrecognised deferred tax assets at 27.5% (31 December 2016: 30%) (i):	Year ended 31 Dec 2017 $	Year ended 31 Dec 2016 $
Carry forward revenue losses	2,561,214	2,581,171
Provisions and accruals	8,250	6,000
Capital raising	37,339	31,532
	2,606,803	**2,618,703**

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.

(i) - the corporate tax rate for eligible companies will reduce from 30% to 25% by 30 June 2027 providing certain turnover thresholds and other criteria are met. Deferred tax assets and liabilities are required to be measured at the tax rate that is expected to apply in the future income year when the asset is realised or the liability is settled. The Directors have determined that the deferred tax balances be measured at the tax rates stated.

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

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

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

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

3. INCOME TAX EXPENSE (continued)

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

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

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

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

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

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

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

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

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

4. CASH AND CASH EQUIVALENTS

	As at 31 Dec 2017 $	As at 31 Dec 2016 $
Cash at bank	51,854	256,857
	51,854	**256,857**

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

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

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

5. TRADE & OTHER RECEIVABLES

	As at 31 Dec 2017 $	As at 31 Dec 2016 $
Current		
Other receivables	13,158	33,017
Prepayments	11,208	-
	24,366	**33,017**

Trade receivables are generally due for settlement within periods ranging from 15 days to 30 days. There are no receivables that are past due date.

6. OTHER ASSETS

	As at 31 Dec 2017 $	As at 31 Dec 2016 $
At cost	1,994,614	1,951,077
Accumulated depreciation and impairment	-	-
	1,994,614	**1,951,077**

6. OTHER ASSETS (CONTINUED)

6.A. MOVEMENT IN CARRYING AMOUNTS

	As at 31 Dec 2017 $	As at 31 Dec 2016 $
Opening balance	1,951,077	-
Black Mesa Productions LLC – Earn-in(ii)	184,615	617,745
RA Minerals - Royalty rights acquisition (at cost)	-	1,202,326
Foreign currency translation on movement	(141,078)	-
Impairment(i)	-	131,006
Closing balance	**1,994,614**	**1,951,077**

(i) 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. 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 prior financial year, the project had progressed beyond infancy stage resulting in impairments being reversed.

(ii) On 7 December 2015, BRK Oklahoma Holdings LLC entered into an agreement investing in the United States focused energy start-up Black Mesa Production, LLC. Under this agreement, 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.

In accordance with the agreement, during the year ended 31 December 2017, the Company has paid US$288,000 (2016: US$396,780) with a further US$253,020 payable over the next 12 months.

Investment in Subsidiary

Subsidiary	2017 %	2016 %	2017 $	2016 $
BRK Oklahoma Holdings LLC^	100	100	366	366
Anadarko Leasing LLC	100	-	444	-

^ On 9 June 2017, the company registered its wholly owned subsidiary Anadarko Leasing LLC, an Oklahoma, USA, Limited Liability Company.

7. EXPLORATION AND EVALUATION

	As at 31 Dec 2017 $	As at 31 Dec 2016 $
Costs carried forward in respect of areas of interest in:	-	-
Exploration and evaluation phases – at cost	**5,521,615**	**1,830,733**
Opening Balance	1,830,733	-
STACK project (acquisition costs)	3,448,258	1,830,733
STACK JV[1]	375,000	-
Foreign currency transaction on movement	(132,376)	-
	5,521,615	**1,830,733**

1. In accordance with the STACK-A Joint Venture agreement, the company issued 75,000,000 listed options at $0.02, exercisable on or before 31 December 2018.

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.

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

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

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

7. EXPLORATION AND EVALUATION (continued)

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

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

8. LIABILITIES

9.A. TRADE AND OTHER PAYABLES

	As at 31 Dec 2017 $	As at 31 Dec 2016 $
Trade creditors (a)	61,742	211,570
Other creditors and accruals*	310,198	48,682
	371,940	**260,252**
**Aggregate amounts payable to related parties included:*		
Directors and director-related entities	58,766	16,250

Terms and conditions

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

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

8. TRADE & OTHER PAYABLES (continued)

8.B. BORROWINGS

	As at 31 Dec 2017	As at 31 Dec 2016 $
Opening balance	200,000	-
Oklahoma Energy LLC financing(ii)	2,550,845	-
Cicero Advisory Services	-	200,000
Repayments – Cicero Advisory Services(ii)	(200,000)	-
Closing balance	**2,550,845**	**200,000**

(i) On 1 June 2017, Anadarko Leasing LLC (wholly owned subsidiary) entered into a Drawdown Facility with Oklahoma Energy Consultants.

Terms of the Drawdown Facility are as follows:

Date of agreement	Financing Facility	Terms(iii)
1 June 2017 *(Amended 22 December 2017)*	US$3,000,000 *(increase from $2,000,000 on 22 December 2017)*	Facility is due for repayment on the 20 June 2019. Facility shall bear interest at a rate per annum of 12%, payable quarterly in arrears on drawdown amounts. Facility will be secured by the Borrowers interest in Working Interest leasehold acreage that is acquired by the Borrower pursuant to and subject to the terms of the Drilling Program Agreement between the Borrower and Black Mesa Production, LLC.

As at 31 December 2017, total of A$2,445,002 (US$1,919,386) has been drawdown. Included in the profit and loss is $105,969 accrued interest expense for the period.

(ii) During the year, the Company repaid the loan with Cicero Advisory Services in the amount of $200,000 plus borrowing fees of $10,500.
(iii) On 16 March 2018, the terms of the facility agreement were amended. Refer Note 22.

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

8. TRADE & OTHER PAYABLES (continued)

8.B. BORROWINGS (continued)

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

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

Derecognition of financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

9. ISSUED CAPITAL

	As at 31 Dec 2017 $	As at 31 Dec 2016 $
Issued and paid up capital		
790,000,000 Ordinary shares	222,355,544	220,586,610
(31 December 2016: 625,000,000)		

9.B. MOVEMENTS IN ISSUED CAPITAL

At the beginning of the period	**220,586,610**	**218,405,878**
Shares issued during the period:		
- Placement @ $0.012	1,980,000	2,000,000
- Placement @ $0.012	-	300,000
Share issue costs	(211,066)	(119,268)
At end of the period	**222,355,544**	**220,586,610**

9. ISSUED CAPITAL (continued)

9.C. MOVEMENTS IN NUMBER OF SHARES ON ISSUE

Fully paid	**Number**	**Number**
At the beginning of the period	**625,000,000**	**501,051,719**
Shares issued during the period:		
- Placement – 3 February 2017	165,000,000	-
- 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
At end of the period	**790,000,000**	**625,000,000**

Terms and conditions of contributed equity

Ordinary shares

Voting Rights

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

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

9.D. OPTIONS

At the end of the reporting period, 460,000,000 options over unissued shares were on issue.

Type	Date of Expiry	Exercise Price AUD	Number of Options on Issue
Listed options	31 Dec 2018	$0.02	435,000,000
Unlisted options	31 Dec 2020	$0.03	25,000,000

9. ISSUED CAPITAL (continued)

9.E. MOVEMENTS IN NUMBER OF OPTIONS ON ISSUE

Fully paid	As at 31 Dec 2017 Number	As at 31 Dec 2016 Number
At the beginning of the period	**250,000,000**	**187,499,924**
Shares issued during the period:		
- Options placement – 3 February 2017; free attaching	82,500,000	-
- Options issued in accordance with Drilling agreement	75,000,000	-
- Options issued to consultants and directors	36,500,000	-
- Options issued in lieu of capital raising fees	16,000,000	12,500,076
- Options placement – June 2016	-	50,000,000
- Expired during the period	-	-
At end of the period	**460,000,000**	**250,000,000**

10. ACCUMULATED LOSSES

	As at 31 Dec 2017 $	As at 31 Dec 2016 $
Balance at the beginning of the period	**(218,904,604)**	**(218,494,610)**
Net loss for the period	(1,095,551)	(409,994)
Balance at end of the period	**(220,000,155)**	**(218,904,604)**

11. RESERVES

	As at 31 Dec 2017 $	As at 31 Dec 2016 $
Option valuation reserve	2,618,222	1,973,231
Foreign currency translation reserve	(291,127)	(43,805)
	2,327,095	**1,929,426**

Option valuation reserve

This reserve is used to record the value of equity benefits provided to employees, directors, suppliers and consultants as part of their remuneration. Refer to Note 20.

Foreign Currency Translation Reserve

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

11. RESERVES (continued)

11.B. OPTION VALUATION RESERVE

	As at 31 Dec 2017 $	As at 31 Dec 2016 $
At the beginning of the period	1,973,231	1,948,231
Options issued during the period:		
- Options issued to consultants (i)	46,000	-
- Options issued in directors(ii)	133,991	-
- Options issued in accordance with Drilling agreement(iii)	375,000	-
- Options issued in lieu of capital raising services(iv)	90,000	25,000
At end of the period	**2,618,222**	**1,973,231**

(i) On 29 March 2017, 11,500,000 listed options were issued to Cicero Corporate Advisory in lieu of corporate advisory services with a value $0.004 based on 5 day VWAP at date of agreement.

(ii) On 29 March 2017, 15,000,000 unlisted options were issued to David Prentice and 10,000,000 unlisted options to Michael Fry in recognition of their ongoing commitment and contribution to the company.

(iii) On 29 March 2017, the company issued 75,000,000 listed options in accordance with the Stack-A JV Drilling Facility at a value of $0.005 per option.

(iv) On 29 March 2017, 16,000,000 listed options were issued to various consultants in lieu of capital raising services with an average value of $0.005 based on 5 day VWAP at the date of their agreements.

11.C. OPTION VALUATION

The fair value of the listed options issued during the year ended 31 December 2017, was determined by the VWAP of the listed option price at the date of issue.

The fair value of 25,000,000 unlisted options granted during the year ended 31 December 2017 was determined using the Black Scholes option pricing model using the following inputs to the model:

Share price	$0.014
Volatility	72%
Risk free rate	1.57%
Discount for lack of marketability	30%

11. RESERVES (continued)

11.D. FOREIGN CURRENCY RESERVE

	As at 31 Dec 2017 $	As at 31 Dec 2016 $
At beginning of the period	**(43,805)**	-
Movement during the period	(247,322)	(43,805)
Balance at end of the period	**(291,127)**	**(43,805)**

12. CASH FLOW INFORMATION

12.B. RECONCILIATION OF NET LOSS AFTER TAX TO THE NET CASH FLOWS FROM OPERATIONS:

	As at 31 Dec 2017 $	As at 31 Dec 2016 $
Net loss	(1,095,551)	(409,994)
Non-cash items		
Option valuation expense	179,991	24,875
Foreign currency translation	55,531	61,115
Interest on borrowings	105,969	-
Acquisition costs (impairment)/reversal of impairment	-	(131,066)
Changes in assets and liabilities		
Increase/(decrease) in receivables and other assets	(5,168)	(207,134)
Decrease in payables and accruals	49,661	64,503
Net cash flows from / (used in) operating activities	**(709,567)**	**(597,641)**
Reconciliation of cash:		
Cash balances comprises		
AUD accounts	40,417	256,593
USD accounts	11,437	264
	51,854	**256,857**

13. KEY MANAGEMENT PERSONNEL DISCLOSURES

13.B. REMUNERATION OF DIRECTORS AND EXECUTIVES

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

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

	As at 31 Dec 2017 $	As at 31 Dec 2016 $
Short term employee benefits	254,166	225,000
Post-employment benefits	-	-
Share-based payments	133,991	-
	388,157	**225,000**

During the year ended 31 December 2017, 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.

14. SEGMENT INFORMATION

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

Identification of reportable segments

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

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

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

Types of reportable segments

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

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

Basis of accounting for purposes of reporting by operating segments

14. SEGMENT INFORMATION (continued)

Accounting policies adopted

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

Segment assets

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

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

Segment liabilities

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

31 December 2017	**Corporate $**	**Oil and Gas & Other US entities $**	**Total $**
(i) Segment performance			
Segment revenue	30,809	-	**30,809**
Segment results	(921,236)	(174,315)	**(1,095,551)**
Included within segment result:			
- Interest Revenue	1,789	-	**1,789**
- Drawdown facility interest expense	-	(105,969)	**(105,969)**
- Option valuation expense	(179,991)	-	**(179,991)**
Segment assets	452,030	7,153,239	**7,605,269**
Segment liabilities	(110,908)	(2,812,877)	**(2,922,785)**

14. 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)**

15. 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 2017 $	As at 31 Dec 2016 $
Earnings used in calculation of basic and diluted earnings per share	(1,095,551)	(409,994)
Weighted average number of ordinary shares on issue used in the calculation of basic loss per share	775,041,209	485,204,918

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

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

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

16. RELATED PARTY DISCLOSURE

There have been no other related party transactions during the year.

17. AUDITOR'S REMUNERATION

	As at 31 Dec 2017 $	As at 31 Dec 2016 $
The auditor of Brookside Energy Limited is HLB Mann Judd.		
Amounts received or due and receivable to the auditor for:		
– Audit or reviewing the financial report.	36,750	29,607
	36,750	**29,607**

18. FINANCIAL INSTRUMENTS

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

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

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

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

Market Risk

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

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

Currency Risk

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

18. FINANCIAL INSTRUMENTS (continued)

Interest Rate Risk
The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts might not reconcile to the statement of financial position.

Interest Rate Sensitivity Analysis
At 31 December 2017, 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 2017 $ Net Change	31 Dec 2016 $ Net Change
Change in loss		
Increase in interest rate by 2%:		
AUD accounts	(36)	(120)
USD accounts	-	-
	(36)	**(120)**
Decrease in interest rate by 2%:		
AUD accounts	36	120
USD accounts	-	-
	36	**120**
Change in equity		
Increase in interest rate by 2%:		
AUD accounts	(36)	(120)
USD accounts	-	-
	(36)	**(120)**
Decrease in interest rate by 2%:		
AUD accounts	36	120
USD accounts	-	-
	36	**120**

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

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

18. FINANCIAL INSTRUMENTS (continued)

The Group's maximum exposure to credit risk at each balance date in relation to each class of recognised financial assets is the carrying amount, net of any allowance for doubtful debts, of those assets as indicated in the statement of financial position. The maximum credit risk exposure of the Group at 31 December 2017 is Nil (2016: Nil). There are no impaired receivables at 31 December 2017 (2016: Nil).

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by monitoring forecast cash flows on a rolling monthly basis. The Group does not have any significant liquidity risk as the Group does not have any collateral debts.

Capital Management

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

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

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

18.B. 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.

18. FINANCIAL INSTRUMENTS (continued)

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 2017 and 31 December 2016:

31 December 2017	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Financial assets	-	-	-	-
Cash and cash equivalents	51,854	-	-	51,854
Receivables	24,366	-	-	24,366
RA Minerals - Royalty Rights acquisition	1,115,388			1,115,388
Total financial assets	**1,191,608**	**-**	**-**	**1,191,608**
Financial liabilities				
Payables	(371,940)	-	-	(371,940)
Loans and borrowings	(2,550,845)	-	-	(2,550,845)
Total financial liabilities	**(2,922,785)**	**-**	**-**	**(2,922,785)**

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
RA Minerals - Royalty Rights acquisition	1,202,326			1,202,326
Total financial assets	**1,492,200**	**-**	**-**	**1,492,200**
Financial liabilities				
Payables	(260,252)	-	-	(260,252)
Loans and borrowings	(200,000)	-	-	(200,000)
Total financial liabilities	**(460,252)**	**-**	**-**	**(460,252)**

Net fair value of financial assets and liabilities

The carrying amount of cash and cash equivalents approximates fair value because of their short-term maturity.

19. CONTINGENT ASSETS AND LIABILITIES

There are no contingent liabilities or contingent assets.

20. SHARE BASED PAYMENT PLANS

The following share-based payment arrangements were entered into during the period:

The fair value of the unlisted equity-settled options granted is estimated as at the date of grant using the Black-Scholes model taking into account the terms and conditions upon which the options were granted. Listed options are valued using VWAP as at the prevailing share price on the date of grant.

	Director Options	**Corporate Advisor**	**Drilling Agreement**	**Capital Raising Fees**
Type	Unlisted Options	Listed options: BRKO	Listed options: BRKO	Listed options: BRKO
Number	25,000,000	11,500,000	75,000,000	16,000,000
Grant date	29 March 2017	28 March 2017	29 March 2017	29 March 2017
Expiry date / vesting date	31 December 2020	31 December 2018	31 December 2018	31 December 2018
Exercise Price	$0.03	$0.02	$0.02	$0.02
Dividend yield (%)	-	-	-	-
Expected volatility (%)	72%	-	-	-
Risk-free interest rate (%)	1.57	-	-	-
Expected life of option (years)	3.76	-	-	-
Grant date share price	$0.014	$0.004	$0.005	$0.005
Fair value of equity instrument at grant	$0.0054	$0.004	$0.005	$0.005

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

No share options were exercised during the year.

Included in the statement of profit and loss is $179,991 which relates to equity settled share-based payment transactions which have been brought to account in the year.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a Black-Scholes model, using assumptions provided by the Company.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Brookside Energy Ltd (market conditions), if applicable.

20. SHARE BASED PAYMENT PLANS (continued)

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the 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 Group'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 statement of comprehensive income 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 the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

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.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share . Refer Note 15.

21. PARENT ENTITY DISCLOSURES

	Year Ended Dec 2017 $	Year Ended Dec 2016 $
Financial Position		
Assets		
Current assets	76,220	276,055
Non-current assets	4,717,172	3,495,106
Total assets	**4,793,392**	**3,771,161**
Liabilities		
Current liabilities	110,908	261,247
Total liabilities	**110,908**	**261,247**
Equity		
Issued capital	222,355,544	220,586,610
Accumulated losses	(220,291,282)	(219,049,927)
Reserves	2,618,222	1,973,231
Total equity	**4,682,484**	**3,509,914**
Financial performance		
Loss for the period	(1,241,355)	(686,690)
Other comprehensive income	-	-
Total comprehensive income	**(1,241,355)**	**(686,690)**

21. PARENT ENTITY DISCLOSURES (continued)

Contingent liabilities
As at 31 December 2017 and 2016, the Company had no contingent liabilities.

Contractual Commitments
As at 31 December 2017 and 2016, the Company had no contractual commitments.

Guarantees entered into by parent entity
As at 31 December 2017 and 2016, the Company had not entered into any guarantees.

The financial information for the parent entity, Brookside Energy Ltd, has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries, associates and joint venture entities
Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the parent entity's financial statements.

22. SUBSEQUENT EVENTS

Post the end of the December Quarter, the Company announced results from the three most recent non-operated Working Interest wells. These wells are located within the Company's Blaine County focus area. All three wells achieved IP24's above 2,000 BOE/day (~33% oil), with one well achieving a Company record ~3,500 BOE/day.

The Company's average Working Interest in these wells is ~5.7%, at the upper end of the Company average Working Interest secured to date. All three of these well support (subject to continued performance in- line with the Company's type curve) EUR's well above the Company's 1,039 Mboe estimate for this part of the basin.

On March 7, 2018 the Company announced that it had increased its Working Interest leasehold acreage to approximately 2,000 acres, a 17% increase in less than two-months. The Company's total Anadarko Basin holdings now stand at approximately 2,100 acres (inclusive of the previously announced RA Minerals Royalty Acreage which is currently being developed by NYSE listed independent, Continental Resources, Inc.).

On March 16, 2018 the company also announced an increase in the Anadarko Leasing facility provided by Oklahoma Energy Consultants (**OEC**) from US$3.0m to US$4.0m.

The Directors are not aware of any other matter or circumstance that has arisen since 31 December 2017 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.

23. COMMITMENTS FOR EXPENDITURE

Capital Commitments – Black Mesa Productions LLC

Within one year^	324,385	398,010
After one year but not more than five years*	-	349,668
More than five years	-	-
	324,385	**747,678**

^ Equivalent of 2017: USD253,020 and 2016: USD288,000
** Equivalent of 2017: nil and 2016: USD253,020*

DIRECTORS' DECLARATION

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

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

      i. giving a true and fair view of the Group's financial position as at 31 December 2017 and of its performance for the year then ended; and

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

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

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

2. This declaration has been made after reviewing the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 31 December 2017.

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

29 March 2018

HLB Mann Judd

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 consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

a) giving a true and fair view of the Group's financial position as at 31 December 2017 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 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 regarding going concern

We draw attention to Note 1.A.3 in the financial report, which indicates the existence of a material uncertainty 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.

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

Level 4 130 Stirling Street Perth WA 6000 | PO Box 8124 Perth BC WA 6849 | Telephone +61 (08) 9227 7500 | Fax +61 (08) 9227 7533

Email: mailbox@hlbwa.com.au | Website: www.hlb.com.au

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* paragraph above, 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)*	
The carrying value of the Royalty acquisition costs amounted to $1,115,388 at year end. The royalties' rights were a key audit matter due to size of the balance and the level of estimation required in relation to future cash flows.	Our procedures included but were not limited to: ▪ Obtaining an understanding of the key processes associated with management's review of the carrying value of the royalty stream; ▪ Assessing whether discounted cash flows provided by management in support of the recoverability of the asset indicated continued recognition was appropriate; ▪ Considering whether any impairment indicators were in existence in accordance with AASB 136 *Impairment of Assets*; and ▪ Ensuring the adequacy of disclosures made within the financial report.
Stack Acreage Exploration and Evaluation *(Note 8)*	
In accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources*, the Group capitalises all exploration and evaluation expenditure, including acquisition costs, and subsequently applies the cost model after recognition. Our audit focussed on the Group's assessment of the carrying amount of the capitalised exploration and evaluation asset, as this is one of the most significant assets of the Group. We planned our work to address the audit risk that the capitalised expenditure might no longer meets the recognition criteria of the standard. In addition, we considered it necessary to assess whether facts and circumstances existed to suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount.	Our procedures included but were not limited to the following: ▪ We obtained an understanding of the key processes associated with management's review of the carrying values of each area of interest ▪ We considered the Directors' assessment of potential indicators of impairment; ▪ We obtained evidence that the Group has current rights to tenure of its areas of interest; ▪ We examined the exploration budget for the year ending 30 June 2018 and discussed with management the nature of planned ongoing activities; ▪ We enquired with management, reviewed ASX announcements and reviewed minutes of Directors' meetings to ensure that the Group had not resolved to discontinue exploration and evaluation at any of its areas of interest; and ▪ Ensuring the adequacy of disclosures made within the financial report

HLB Mann Judd

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

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2017, 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 Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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

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

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

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

Report on the Remuneration Report

Opinion on the remuneration report

We have audited the remuneration report included in pages 11 to 15 of the directors' report for the year ended 31 December 2017.

In our opinion, the remuneration report of Brookside Energy Limited for the year ended 31 December 2017 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

N G Neill
Partner

Perth, Western Australia
29 March 2018

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 26 March 2018.

Name		Number of Shares
TRUST CO AUST LTD	MOF A/C	110,000,000
TWENTIETH CENTURY MOTOR COMPANY PTY LTD	WALKER FAMILY S/F A/C	55,250,000

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 2,208 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 26 March 2018.

By Class	Holders of Ordinary Shares	Number of Ordinary Shares	%
1-1,000	854	297,534	0.04%
1,001 - 5,000	392	1,016,139	0.13%
5,001 – 10,000	114	853,793	0.11%
10,001 - 100,000	398	20,059,152	2.54%
100,001 and over	450	767,773,382	97.19%
TOTALS	**2,208**	**790,000,000**	**100.00%**

B.5. Marketable Parcel

There are 1,463 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 26 March 2018) is as follows:

Name		No. of Shares	%
THE TRUST COMPANY (AUSTRALIA)	MOF A/C	110,000,000	13.92%
THE TWENTIETH CENTURY MOTOR	WALKER FAMILY S/F A/C	55,250,000	6.99%
GREAT SOUTHERN FLOUR MILLS		34,750,000	4.40%
STATION NOMINEES PTY LTD	STATION SUPER FUND A/C	30,000,000	3.80%
MR M J WILD		25,000,000	3.16%
ASPIRE WEST PTY LTD		20,000,000	2.53%
JKR SUPER PTY LTD	JPR SUPER FUND A/C	15,000,000	1.90%
MR R S & MRS J DONGRAY	SUPER FUND A/C	15,000,000	1.90%
MR K C & MRS K FAULKNER	FAULKNER FAMILY SF A/C	14,000,000	1.77%
PANDORA PERTH PTY LTD		13,500,000	1.71%
M S SUPER PTY LTD		13,088,015	1.66%
MR P S DONGRAY	THE DONGRAY FAMILY NO 2 A/C	12,000,000	1.52%
JA RODGERS SUPERANNUATION	JOHN RODGERS SUPER FUND A/C	10,000,000	1.27%
SABRELINE PTY LTD	JPR INVESTMENT A/C	10,000,000	1.27%
RAVENHILL INVESTMENTS PTY LTD	HOUSE OF EQUITY A/C	10,000,000	1.27%
MR I A & MRS H LEETE	THE LEETE FAMILY S/F A/C	9,166,667	1.16%
WIMALEX PTY LTD	TRIO S/F A/C	9,000,000	1.14%
JBS INVESTMENT PARTNERS LP		8,333,333	1.05%
AET ACF JBS INVESTMENTS	INTERNATIONAL ADVANTAGE FUND	8,333,333	1.05%
WARCZAK ENTERPRISES PTY LTD	WARCZAK SUPER FUND A/C	8,019,202	1.02%
TOTAL		**430,440,550**	**54.49%**

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 26 March 2018) is as follows:

Name		No. of Options	%
MR D & MRS M R PRENTICE	D&M PRENTICE SUPERFUND A/C	40,000,000	9.20%
THE TRUST COMPANY (AUSTRALIA)	MOF A/C	28,833,333	6.63%
MR M J FRY		25,000,000	5.75%
MERCHANT FUNDS MANAGEMENT		25,000,000	5.75%
MR G J & MRS T M RALSTON	THE RALSTON S/F A/C	24,000,000	5.52%
RAVENHILL INVESTMENTS PTY LTD	HOUSE OF EQUITY A/C	20,000,000	4.60%
SUPER MSJ PTY LTD	MSJ SUPER FUND A/C	15,000,000	3.45%
FIRST INVESTMENT PARTNERS PTY		10,000,000	2.30%
WATEROX PTY LTD	TIEN CHAI A/C	10,000,000	2.30%
MR S A MALONE		10,000,000	2.30%
MR A W R PARKER		8,000,000	1.84%
MS L LIU		7,628,327	1.75%
MY H & B PTY LTD		7,500,000	1.72%
MR I A & MRS H LEETE	THE LEETE FAMILY S/F A/C	7,083,333	1.63%
BNP PARIBAS NOMINEES PTY LTD	IB AU NOMS RETAILCLIENT DRP	7,080,001	1.63%
ETHAN ALLEN INVESTMENTS PTY	ETHAN ALLEN INVEST UNIT A/C	7,000,000	1.61%
MR K C & MRS K FAULKNER	FAULKNER FAMILY SF A/C	6,000,000	1.38%
SABRELINE PTY LTD	JPR INVESTMENT A/C	5,000,000	1.15%
JKR SUPER PTY LTD	JPR SUPER FUND A/C	5,000,000	1.15%
SACCO DEVELOPMENTS	THE SACCO FAMILY A/C	4,979,167	1.14%
TOTAL		**273,104,161**	**62.78%**