BROOKSIDE ENERGY LIMITED

ASX: BRK

NEWS RELEASE 29 March 2021

Full Year Financial Results

Perth, Western Australia – 29 March 2021 – Brookside Energy Limited (ASX: BRK) (**Brookside** or the **Company**) is pleased to release its full year financial results for the financial year ended 31 December 2020.

2020 was one of the most, if not the most, challenging years for our sector since the energy crisis that kicked off in the 1970's and continued into the late-1980's.

Collapsing energy prices and crashing demand caused by the global pandemic resulted in extensive layoffs, bankruptcies, and consolidation in the energy sector.

Brookside reacted quickly to the changed market conditions by focusing on reduced general and administrative expenses, simplifying the business structure, adjusting our land and leasing strategy to preserve our core acreage position, harvesting important cash flow and taking advantage of opportunities for growth.

By taking the above measures Brookside managed to come through this crisis unscathed and not only held on to its existing operated acreage position and non-operated production but also increased our land holdings and operated production.

Notwithstanding these adjustments and the success we achieved during this challenging period, the Company's financial performance was impacted by the very difficult pricing environment experienced through calendar 2020.

A summary of the results is set out below.

	2020	**2019**
	AU$'000	AU$'000
Revenue	$366	$2,187
Gross profit	$207	$1,728
Profit/(loss) after income tax	($2,437)	$918

1. Revenue from oil and gas sales was lower principally as a result of lower realised oil and gas prices, however despite the challenging pricing environment the Company achieved a robust US$22.00 per net barrel of oil equivalent sold.

2. The Company reported a Gross Profit of $207,000 for the full year (down from $1,728,000 in the previous period). The fall in gross profit reflected a combination of lower realised prices and the sale of Working Interests in the Bullard and Henry Federal wells in the prior year.

3. Director, employee related and other expenses for the full year were higher as a result of the recognition (for the first time) of the Company's controlled subsidiary's (Black Mesa Energy, LLC) general and administrative, accounting and audit expenses.

4. The combination of these movements and non-cash movements (loss on disposal of assets and write down of receivables) resulted in an operating loss of $2,437,000 for the full year.

Since the balance date the outlook for the Company has improved dramatically with higher commodity prices and significantly better sentiment across the investment sector for oil and gas companies generally.

This improved outlook has enabled the Company to position itself for a transformational year in 2021 with the first operated well in the Company's world-class SWISH AOI fully funded and development work underway.

Brookside looks forward to keeping shareholders and investors informed throughout the year as the development of the SWISH AOI operated DSU's builds momentum, and we continue to progress the Company's three pillars aimed at delivering results, profits and sustainable growth.

– ENDS –

Authority:

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

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ABOUT BROOKSIDE ENERGY LIMITED

Brookside Energy is a Perth-based ASX listed company that generates shareholder value by developing oil and gas plays in the United States, specifically the Anadarko Basin in Oklahoma. The Anadarko Basin is a proven Tier One oil and gas development province with significant existing oil and gas gathering and transportation infrastructure, a competitive and highly experienced oil and gas service sector, and a favourable regulatory environment. Brookside is executing a "Real Estate Development" approach to acquiring prospective acreage in the Anadarko Basin and adding value to it by consolidating leases and proving up oil and gas reserves. The Company then has the option of selling the revalued acreage or maintaining a producing interest. The Company is now set to scale-up its activities and asset base significantly with its operated- interests in the SWISH AOI.
Web http://brookside-energy.com.au

ABOUT BLACK MESA ENERGY, LLC

Black Mesa Energy, a Brookside Energy controlled subsidiary, is a Tulsa-based oil & gas exploration and production company focused on profitable development of petroleum properties located in the Mid-Continent oil province of the United States. Our lean and highly specialized technical and operations team is committed to providing attractive returns for our investors and shareholders by generating and drilling high quality oil and gas prospects. The founders of Black Mesa have worked together for over 30 years at companies they previously founded, including Medallion Petroleum, InterCoast Energy and Brighton Energy. Over the course of their careers, the Black Mesa team has drilled hundreds of horizontal wells and thousands of vertical wells in numerous mid-continent oil and gas basins. In addition to the financial backing from the Black Mesa shareholders, Black Mesa partners with outside investors on larger-scale projects by offering non-operated direct working interest participation.
Web http://www.blkmesa.com

GLOSSARY

APO WI	After pay out working interest
AFIT	After Federal Income Tax
AOI	Area of Interest
BBL	Barrel
BFIT	Before Federal Income Tax
BOE	Barrels of Oil Equivalent
COPAS	Council of Petroleum Accountants Societies
Development Unit or DSU	Development Unit or drilling spacing unit is the geographical area in which an initial oil and/or gas well is drilled and produced from the geological formation listed in a spacing order. The spacing unit communitizes all interest owners for the purpose of sharing in production from oil and/or gas wells in the unit. A spacing order establishes the size of the unit; names the formations included in the unit; divides the ownership of the unit for the formations into the "royalty interest" and the "working interest"; Only one well can be drilled and completed in each common source of supply. Additional wells may be drilled in a Development Unit, but only after an Increased Density Order is issued by the Oklahoma Corporation Commission.
Force Pooled	The Oklahoma Corporation Commission is authorized to establish well spacing and drilling units covering any common source of supply of hydrocarbons, or any prospective common source of supply. Once the unit is established, the Commission can force pool the interests of all the owners who own interests in that unit and who have not voluntarily joined in the development of that unit.
MBOE	1,000 barrels of oil equivalent
Mcf	1,000 cubic feet
MMBOE	1,000,000 barrels of oil equivalent
NPV_{10}	The net present value of future net revenue, before income taxes and using a discount rate of 10%.
NRI	Net Revenue Interest
PDP	Proved Developed Producing Reserves
Pooling Agreements	The pooling agreements facilitate the development of oil and gas wells and drilling units. These binding pooling agreements are between the Company and the operators
Prospective Resource	Prospective Resources are those quantities of petroleum which are estimated, on a given date, to be potentially recoverable from undiscovered accumulations.
PUD	Proved Undeveloped Reserves
Reserve Categories	These reserve categories are totalled up by the measures 1P, 2P, and 3P, which are inclusive of all reserve types: • "1P reserves" = proven reserves (both proved developed reserves + proved undeveloped reserves). • "2P reserves" = 1P (proven reserves) + probable reserves, hence "proved AND probable." • "3P reserves" = the sum of 2P (proven reserves + probable reserves) + possible reserves, all 3Ps "proven AND probable AND possible.
STACK	Sooner Trend Anadarko Basin Canadian and Kingfisher Counties – oil and gas play in the Anadarko Basin Oklahoma
SCOOP	South Central Oklahoma Oil Province - oil and gas play in the Anadarko Basin Oklahoma
SWISH AOI	Description of Brookside's Area of Interest in the SCOOP Play
Working Interest	Percentage of ownership in a lease granting its owner the right to explore, drill and produce oil and gas from a tract of property. Working interest owners are obligated to pay a corresponding percentage of the cost of leasing, drilling, producing and operating a well or unit

ANNUAL REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

CONTENTS

CORPORATE DIRECTORY 2
DIRECTORS' REPORT 3
REMUNERATION REPORT 15
AUDITOR'S INDEPENDENCE DECLARATION 20
CORPORATE GOVERNANCE STATEMENT 21
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 22
CONSOLIDATED STATEMENT OF FINANCIAL POSITION 23
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 24
CONSOLIDATED STATEMENT OF CASH FLOWS 25
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 26
DIRECTORS' DECLARATION 53
INDEPENDENT AUDITOR'S REPORT 54
ADDITIONAL SHAREHOLDERS' INFORMATION 58

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ASX CODE

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

DIRECTORS' REPORT

The Directors submit their report for the Company and its subsidiaries (**Group** or **Company**) for the financial year ended 31 December 2020. In order to comply with the provisions of the Corporations Act, the directors' report is as follows:

DIRECTORS

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

Name	Position
Michael Fry	Non-Executive Chairman
David Prentice	Managing Director
Richard Homsany	Non-Executive Director, appointed 3 February 2020
Loren King	Non-Executive Director, retired 3 February 2020

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

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

OPERATING RESULT

The after-tax loss for the Group for the financial year ended 31 December 2020 amounted to $2,436,572 (2019: $917,503 profit).

DIVIDENDS

There were no dividends paid or recommended during or subsequent to the financial year ended 31 December 2020 (2019: Nil).

REVIEW OF OPERATIONS

Brookside's Three Pillars

During the full year ended 31 December 2020, the Company continued to successfully pursue its efforts to create shareholder value by developing oil and gas assets in the world-class STACK and SCOOP Plays in the Anadarko Basin in Oklahoma, USA.

2020 was one of the most, if not the most challenging years for the energy sector. Collapsing energy prices & crashing demand as a result of a global pandemic resulted in extensive layoffs, bankruptcies and consolidation in the energy sector. The Company reacted quickly to the changing market conditions by focusing on reduced general and administrative expenses, simplifying the business structure, adjusting our land and leasing strategy to preserve our core acreage position, harvesting cash flow and taking advantage of opportunies to growth.

By taking the above measures Brookside not only managed to come through unscathed and hold on to its existing operated acreage position and non-operated production but actually increased its land holdings and operated production. Brookside manged to secure the Flames and Rangers drilling spacing units (**DSUs**) in the SWISH Area of Interest (**AOI**) and started to acquire a portfoilio of producing assets via the newly formed Orion Project Joint venture. With the addition of the two new DSUs, the Company announced in November a 11,606,000 net barrels of oil equivalent (**BOE**) Prospective Resource booked across its three SWISH AOI DSU's (Jewell, Flames and Rangers).

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

Anadarko Basin, Oklahoma

The Anadarko Basin is a geologic depositional and structural basin centred in the western part of Oklahoma that is oil and gas rich, and generally well explored (mature).

The basin is a proven tier-one oil and gas development province with significant existing oil and gas gathering and transportation infrastructure, a competitive and highly experienced oil and gas service sector, and a favourable regulatory environment.

Activity continues to focussed primarily on two world-class oil and gas plays – STACK and SCOOP. The STACK (Sooner Trend, Anadarko Basin, Canadian and Kingfisher Counties) and SCOOP (South Central Oklahoma Oil Province) Plays are being developed using modern horizontal drilling and completion techniques targeting the Mississippian aged formations (that sit above the Woodford Shale) and the Woodford Shale itself (the organic rich source rock for the hydrocarbons in the basin).

The SWISH AOI is in the core of the SCOOP Play, identified and named by Brookside's controlled subsidiary and manager of US operations, Black Mesa (see Figure 1.)

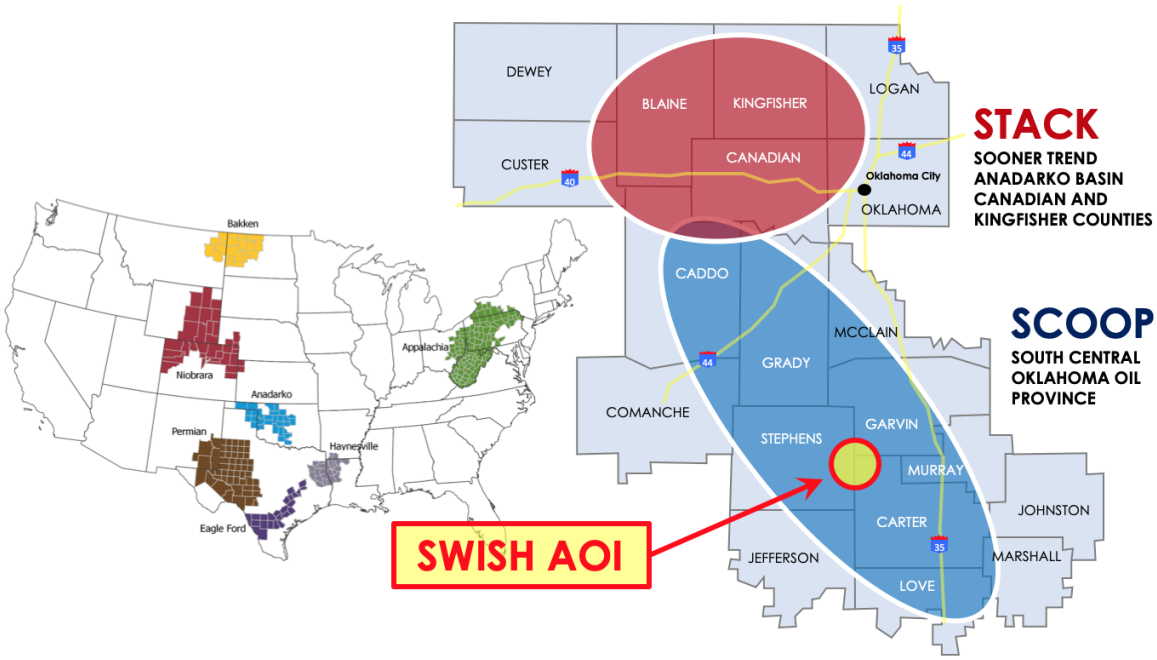

Figure 1. Anadarko Basin, Oklahoma (STACK & SCOOP Plays)

SWISH AOI Prospective Resource

On 17 November the Company announced 11,606,000 net barrels of oil equivalent (BOE) Prospective Resource attributable to Brookside's SWISH AOI in the southern part of the SCOOP Play. The Initial Prospective Resource confirmed the very high potential of this highly sought-after area that has attracted the attention of several of the large very successful tier-one operators that have remained active throughout this years pricing cycle.

The oil and gas Prospective Resource estimate contained within the Jewell, Flames and Rangers DSUs in the SWISH AOI was prepared by Black Mesa. The net prospective resource attributable to Brookside's SWISH AOI are set out in Table 1 below.

Resource (Net to Brookside)	Oil (MMbl)	Gas (Mcf)	Mboe
Prospective Resource (best estimate, unrisked)	3,839	46,602	11,606

Table 1: Brookside Prospective Resource

Acreage High Grading, Trading and Divestment

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

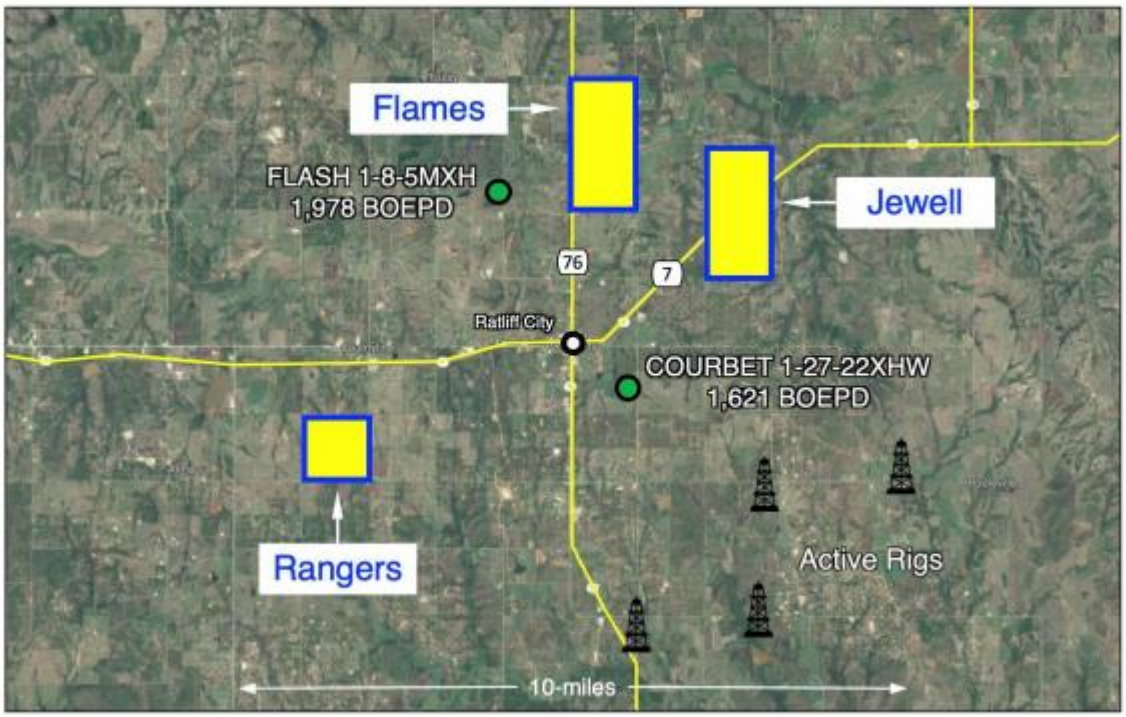

Figure 2. BRK Operated DSUs in the SWISH AOI, SCOOP Play, Anadarko Basin, Oklahoma

During the year, the Company implemented a lease renewal and extension program for the SWISH AOI acreage, including the SWISH DSUs. The program was designed to enable Brookside to maintain the dominant position in these key DSUs and extend leases as required so that the Company would be able to commence operations quickly once markets began to stabilise as they did in the latter half of the year.

As at 31 December 2020 the Company had ~2831 Working Interest leasehold acres (~2811 acres within the SCOOP and STACK and ~20 acres associated with the Thelma 1-32 well in Murray County, approximately 20 miles east-northeast of the Jewell DSU).

Drilling and Completion Activities

The Company ended the year with an interest in fifty-three wells, targeting the productive formations of the Anadarko Basin in both the STACK and SCOOP Plays) (see Table 2 and 4 below).

Well Name	Operator	WI	Status
Zenyatta 28-33-1-4-1WXH	Roan Resources, LLC.	0.02%	Producing
Ringer Ranch #1-20-17XHM	Continental Resources, Inc.	0.02%	Producing
Boardwalk 1-5MH	Casillas Operating, LLC.	2.42%	Producing
Strack #1-2-11XH	Marathon Oil, Co.	1.02%	Producing
Davis #1-8-1611MH	Triumph Energy Partners, LLC	1.17%	Producing
Landreth BIA #1-14H	Marathon Oil, Co.	2.55%	Producing
Herring #1-33 1513MH	Triumph Energy, LLC	18.18%	Producing
Sphinx 26-16N-11W #1H	Devon Energy Corp.	3.13%	Producing
Nelson Com #1H-0607X	Marathon Oil, Co.	0.38%	Producing
Roser #1611-3-34	Marathon Oil, Co.	3.89%	Producing
Kevin FIU #1-20-17XH	Continental Resources, Inc.	2.11%	Producing
Dr. No. #1-17-20XH	Triumph Energy Partners, LLC	3.70%	Producing
Randolph #34-2	Continental Resources, Inc.	0.26%	Producing
Mote #1-26-23H	Rimrock Resource Operating, LLC	3.20%	Producing
Ladybug 27_22-15N-13W #1HX	Devon Energy Corp.	2.20%	Producing
Bullard #1-18/7H	Rimrock Resource Operating, LLC	5.21%	Producing
Big Earl #6-15N-10W	Devon Energy Corp.	0.03%	Producing
Centaur 7_6-15N-10W #2HX	Devon Energy Corp.	0.32%	Producing
Centaur 7_6-15N-10W #3HX	Devon Energy Corp.	0.32%	Producing
Centaur 7_6-15N-10W #4HX	Devon Energy Corp.	0.32%	Producing
Centaur 7_6-15N-10W #5HX	Devon Energy Corp.	0.32%	Producing
Henry Federal #1-8-5XH	Continental Resources, Inc.	4.43%	Producing
Leon 1-23-14XHM	Continental Resources, Inc.	0.12%	Producing
Biffle 22-15UW1H	Cheyenne Petroleum, Co.	0.16%	Producing
Jewell #1-13-12SXH	Black Mesa Production, LLC	90.00%	Permitted
McKinley #13&24 15-13	Continental Resources, Inc.	1.02%	Permitting
Watonga #1-19H	Highmark Resources, LLC	0.26%	Permitting
STACK 27-17-11	Cimarex Energy, Co.	1.01%	Permitting
Venice #1-20/17UWH	Rimrock Resource Operating, LLC	0.03%	Permitting
SWISH 33&28 1N-4W	Citizen Energy II, LLC	0.02%	Permitting
SWISH 33&4 1S-4W	Citizen Energy II, LLC	0.02%	Permitting
SWISH 14&23 1N-4W	Cheyenne Petroleum, Co.	0.23%	Permitting
Rangers #1-36-WH1	Black Mesa Production, LLC	41.25%	Permitting
Maple Leafs 15-SH1	Black Mesa Production, LLC	22.50%	Permitting
Flames 10-3-WH1	Black Mesa Production, LLC	58.59%	Permitting
Sneffels 1-9HW	Citation Oil & Gas Corporation	1.88%	Permitting
Doc Holliday 26-35-1WH	89 Energy Holdings, LLC	4.89%	Permitting
Stardust #1-16-21XH	Echo Exploration & Production, LLC.	0.08%	Permitting
Stardust #3-16-21XH	Echo Exploration & Production, LLC.	0.08%	Permitting
War Machine #16-21-1WXH	Roan Resources, LLC.	0.08%	Permitting
TBD 16-211XH	89 Energy Holdings, LLC	0.08%	Permitting
Lola #1-13-24XH	Echo Exploration & Production, LLC.	0.14%	Permitting
Deep Impact #13-24 1WXH	Roan Resources, LLC.	0.14%	Permitting

WELL NAME	WI	OPERATOR	STATUS
CARTER 12-1	36.98%	Black Mesa Energy, LLC	Producing
CAULEY 1-7	4.22%	Devon Energy Corp.	Producing
COMPTON 2-8	9.46%	Mustang Fuel Corp.	Producing
GERHARDT 1-7	4.22%	Devon Energy Corp.	Producing
TRIM UNIT 1	4.22%	Devon Energy Corp.	Producing
BULLARD 1-18-07UWH	5.21%	Rimrock Resource Operating, LLC	Producing
HENRY FEDERAL 1-8-5XH	4.43%	Continental Resources, Inc.	Producing
CENTAUR 7_6-15N-10W 2HX	0.29%	Devon Energy Corp.	Producing
CENTAUR 7_6-15N-10W 3HX	0.29%	Devon Energy Corp.	Producing
CENTAUR 7_6-15N-10W 4HX	0.28%	Devon Energy Corp.	Producing
CENTAUR 7_6-15N-10W 5HX	0.28%	Devon Energy Corp.	Producing
ESSEX 1R-12-13-24XHW	0.04%	Continental Resources, Inc.	Producing
ZENYATTA 28-33-1-4 1WXH	2.47%	Roan Resources, LLC.	Producing
LEXINGTON 1-32-29XHW	0.08%	Continental Resources, Inc.	Producing
LEON 1-23-14XHM	0.17%	Continental Resources, Inc.	Producing
BIFFLE 22-15 UW1H	0.16%	Cheyenne Petroleum, Co.	Producing
RINGER RANCH 1-20-17XHM	0.01%	Continental Resources, Inc.	Producing
BOARDWALK 1-5MH	0.15%	Casillas Operating, LLC.	Producing
DAVIS 1-8-1611MH	1.17%	Triumph Energy, LLC	Producing [1]
DR NO 1-17-20 1611MHX	3.79%	Triumph Energy, LLC	Producing [1]
HERRING 1-33 1513MH	18.18%	Triumph Energy, LLC	Producing [1]
KEVIN FIU 1-20-17XH	2.02%	Continental Resources, Inc.	Producing [1]
LADYBUG 27 22-15N-13W 1HX	2.15%	Devon Energy Corp.	Producing [1]
LANDRETH BIA 1-14H	2.40%	Marathon Oil Co.	Producing [1]
MIKE COM 1H-0706X	0.38%	Cimarex Energy, Co.	Producing [1]
MOTE 1-26-23UWH	3.20%	Rimrock Resource Operating, LLC	Producing [1]
ROSER 1611 1-3-34MXH	3.73%	Marathon Oil Co.	Producing [1]
SPHINX 26 23-16N-11W-1XH	2.89%	Devon Energy Corp.	Producing [1]
STRACK 1-2-11XH	1.02%	Marathon Oil Co.	Producing [1]
GRAMERCY 1-32-5-6-8XHW	TBD	Continental Resources, Inc.	WOC
LEXINGTON 1-32-29XHW	TBD	Continental Resources, Inc.	WOC
JEWELL 1-13-12SXH	90.00%	Black Mesa Energy, LLC	Permitting
McKINLEY 13&24 15-13	1.02%	Continental Resources, Inc.	Permitting
WATONGA 1-19H	0.26%	Highmark Resources, LLC	Permitting
STACK 27-17-11	1.01%	Cimarex Energy, Co.	Permitting
VENICE 1-20/17UWH	0.03%	Rimrock Resource Operating, LLC	Permitting
SWISH 33&28 1N-4W	0.02%	Citizen Energy II, LLC	Permitting
SWISH 33&4 1S-4W	0.02%	Citizen Energy II, LLC	Permitting
SWISH 14&23 1N-4W	0.23%	Cheyenne Petroleum, Co.	Permitting
RANGERS #1-36-WH1	41.25%	Black Mesa Energy, LLC	Permitting
MAPLE LEAFS 15-SH1	22.50%	Black Mesa Energy, LLC	Permitting
FLAMES 10-3-WH1	58.59%	Black Mesa Energy, LLC	Permitting
SNEFFELS 1-9HW	1.88%	Citation Oil & Gas Corporation	Permitting
DOC HOLLIDAY 26-35-1WH	4.89%	89 Energy Holdings, LLC	Permitting
STARDUST #1-16-21XH	0.08%	Echo Exploration & Production, LLC.	Permitting
STARDUST #3-16-21XH	0.08%	Echo Exploration & Production, LLC.	Permitting
WAR MACHINE #16-21-1WXH	0.08%	Roan Resources, LLC.	Permitting
TBD 16-211XH	0.08%	89 Energy Holdings, LLC	Permitting
LOLA 1-13-24XH	0.14%	Echo Exploration & Production, LLC.	Permitting
DEEP IMPACT 13-24 1WXH	0.14%	Roan Resources, LLC.	Permitting

Table 2: Company wells and working interest (WI) in the SCOOP and STACK, excludes Orion Project Joint Venture wells (see Table 4)

Note: a) Working Interest percentages may change subject to the issue of final pooling orders
b) Drilling Joint Venture wells

During the fourth quarter, the Company reported the results of its analysis of sales data for Brookside's Non-Operated Wells in the STACK Play measuring time to achieve payout as a key metric of success. This analysis showed that 75% of the wells that have achieved payout to date (see Table 3) did so within 12-months of first sales with the average time to payout being 16-months. This is a tremendous result given the recent variance in commodity prices.

LEASE	PLAY	FIRST PRODUCTION	WELLBORE PAYOUT	PAYOUT MONTHS
LANDRETH BIA 1-14H	STACK	30-Jul-17	31/07/2018	12
MIKE COM 1H-0706X	STACK	14-Nov-17	30/06/2020	31
KEVIN FIU 1-20-17XH	STACK	13-Apr-18	30/06/2020	26
RANDOLPH 1-34-27XHM	STACK	03-Jul-18	31/07/2019	12
CENTAUR 7-6-15N-10W 4HX	STACK	18-Jun-19	30/06/2020	12
CENTAUR 7-6-15N-10W 5HX	STACK	18-Jun-19	30/06/2020	12
CENTAUR 7-6-15N-10W 2HX	STACK	26-Jun-19	30/06/2020	12
CENTAUR 7-6-15N-10W 3HX	STACK	26-Jun-19	30/06/2020	12

Table 3: Brookside non-operated wells payout period to date

Furthermore, these results show that focusing on exploitation of premium acreage with low entry costs is a successful strategy that is very robust and can withstand commodity price cyclicity to continuously deliver strong cashflow and high rates of return (see Figure 3).

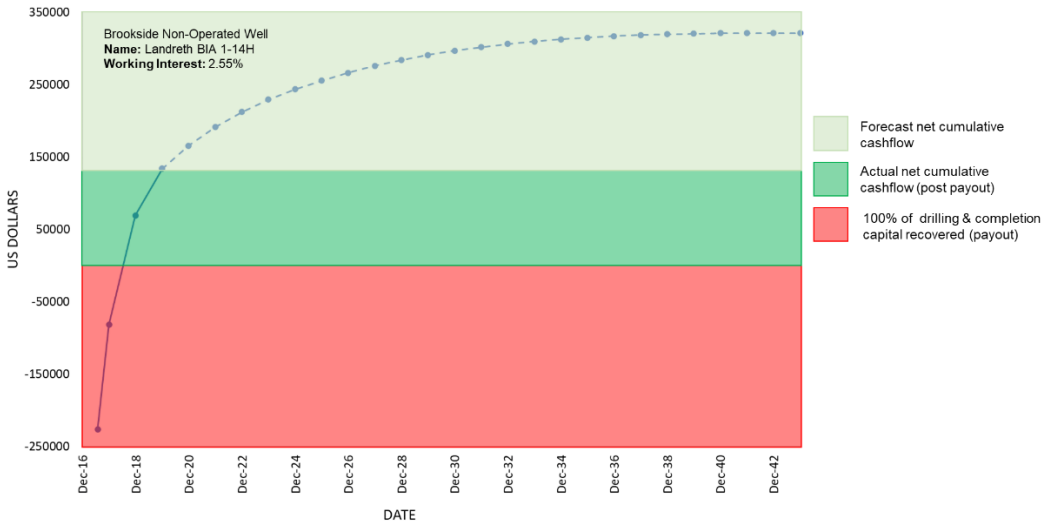

Figure 3: Cumulative cashflow curve showing fast payout for Brookside non-operated well Landreth BIA 1-14H

Orion Project

The Company announced on 10 June 2020 that it had entered into a 50/50 Joint Venture arrangement (**Orion Project**) with Stonehorse Energy Limited (ASX:SHE) (**Stonehorse**). The Orion Project was formed to enable Brookside and Stonehorse to exploit opportunities to acquire producing oil and gas properties in the Anadarko Basin.

Since inception the Project had successfully acquired and completed the workover of 3 wells: Newberry 12-1, Mitchell 12-1 and Thelma 1-32. All wells were brought on production before the years end. The acqusition of the Newberry 12-1 and Mitchell 12-1 wells included the associated "held by production" acreage.

BRK ENTITY	Well Name	WI	Operator	STATUS
ORION	NEWBERY	21.7%	Black Mesa Energy, LLC	Producing
ORION	MITCHELL 12-1	50.0%	Black Mesa Energy, LLC	Producing
ORION	THELMA 1-32	50.0%	Black Mesa Energy, LLC	Waiting on production test

Table 4: Company wells and working interest in the Orion Project Joint Venture

Black Mesa continues to identify viable candidates and build a prospective well inventory for the Orion Project Joint Venture.

Oil and Gas Production and Revenue

Oil and gas production and sales continued during the year, with volumes coming from a mix of Drilling Joint Venture wells and from wells funded by Brookside. Net production (volumes attributable to the Company's Working Interest and net of royalties) is summarised below. Despite the challenging pricing environment faced during the year, Brookisde net proceeds were a robust US$22 per net BOE.

Description	Total
Net Oil Volume (Bbls)	4,468
Net Gas Volumes (Mcf)	43,071
Net Volume (BOE)	11,647
Average Daily Production	32

During the period the Company received net proceeds from oil and gas sales of US$252,677 or equivalent to AU$365,881 (2019: US$1,520,909 or equivalent to AU$2,187,313).

CORPORATE

Board Changes

The Board welcomed Mr Richard Homsany to the Board in the role of Non-Executive Director on 3 February 2020. Richard is an experienced corporate lawyer and Certified Practising Accountant (CPA) with significant experience in the resources and energy sectors. Coinciding with Richard's appointment was the retirement of Mrs Loren King as Non-Executive Director. Loren resigned her position as Brookside's company secretary on 9 October 2020 and Mrs Katherine Garvey was appointed as her replacement.

Anadarko Leasing Facility

During the period, the Company repaid US$235,173 (AU$340,000) through the issue of ordinary shares. This repayment represents the loan interest for the September and December 2020 quarter.

No additional draw down was made during the year. The balance available under the facility as at 31 December 2020 totaled to US$1,112,232 (AU$1,444,081).

In February 2021, the parties to the loan have reached an agreement to satisfy the payment for Principal of US$79,941 (incl. rollover fee of US$10,860) and interest for March 2021 quarter of US$117,181, or totalling to US$197,122 via the following:

Description	USD
Oklahoma Energy Consultants, Inc. (OEC) will take a 9.05% working interest in the Thelma Well.	19,726
OEC has agreed to subscribe for 30,500,000 shares at A$0.0075 totalling to A$228,750 (with exchange rate AUD/USD of $0.7755).	177,396
Total	**197,122**

SUBSEQUENT EVENTS

On 10 February 2021, the Company announced that it had completed the first tranche of a placement to sophisticated or professional investors, by the issue of 301,058,593 fully paid ordinary shares at an issue price of $0.0075 per share raising $2,257,939 before costs. A second tranche of the placement will be completed after the date of this report, subject to the receipt of shareholder approval at a general meeting of shareholders to be held on 1 April 2021.

Proceeds from the placement are being used to progress the Company's drilling and development activities in the Jewell Well.

No other matters or circumstances have arisen since the end of the full year which significantly affected or could significantly affect the operations of the Company, the results of these operations, or the state of affairs of the Company in future financial years.

ENVIRONMENTAL REGULATIONS

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

INFORMATION ON DIRECTORS

Michael Fry	**Non-Executive Chairman**
Qualifications	B.Comm, F.Fin
Experience	Michael Fry holds a Bachelor of Commerce degree from the University of Western Australia, is a Fellow of the Financial Services Institute of Australasia, and is a past member of the ASX. Michael has extensive experience in capital markets and corporate treasury management specialising in the identification of commodity, currency and interest rate risk and the implementation of risk management strategies.
Other Directorships	Michael Fry is currently the non-executive chairman of ASX Listed Technology Metals Australia Limited (ASX:TMT).
David Prentice	**Managing Director**
Qualifications	Grad. Dip BA, MBA
Experience	David is a senior resources executive with 27 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 13 years, David has gained international oil and gas exploration and production sector experience (with a specific focus on the Mid-Continent region of the United States) working in both executive and non-executive director roles with Australian publicly traded companies.
Other Directorships	David Prentice is currently a Non-Executive Director of Black Mesa Production, LLC Non-Executive Chairman of Noronex Limited (ASX:NRX) and Non-Executive Director of Comet Resources Limited (ASX:CRL).
Richard Homsany	**Non-Executive Director**
Qualifications	LL.B (Hons), B. Com, Grad. Dip. Fin & Inv, F Fin, MAICD, CPA
Experience	Richard is an experienced corporate lawyer and Certified Practising Accountant (CPA) with significant experience in the resources and energy sectors. He is the principal of Cardinals Lawyers and Consultants, a West Perth based corporate and resources law firm. Richard was previously a partner of major law firm DLA Phillips Fox (now known as global law firm DLA Piper).
Other Directorships	Richard Homsany is Executive Chairman of ASX listed uranium exploration and development company Toro Energy Limited (ASX:TOE) and Executive Vice President, Australia of TSX listed uranium exploration company Mega Uranium Ltd (TSX:MGA). He is also the Chairman of each of ASX listed lithium exploration company Galan Lithium Limited (ASX:GAL), ASX listed copper exploration company Redstone Resources Limited (ASX:RDS), TSX-V listed gold and iron ore explorer Central Iron Ore Limited (TSX-V:CIO) and the Health Insurance Fund of Australia Ltd.

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

CORPORATE INFORMATION

Group Corporate Structure

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

Meetings of Directors

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

Director	Directors Meetings	
	Meetings Attended	Number Held and Eligible to Attend
Michael Fry	14	14
David Prentice	14	14
Loren King	1	1
Richard Homsany	13	13

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

Options

At the date of this report 700,000,000 options over ordinary shares in the Group were on issue and no options were exercised during the year.

As at 31 December 2020, options on issue are as detailed below.

Type	Date of Expiry	Exercise Price	Number on issue
Listed options (BRKOB)	30 Jun 2022	$0.011	700,000,000

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

INDEMNIFYING OFFICERS

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

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

PROCEEDINGS ON BEHALF OF COMPANY

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

NON-AUDIT SERVICES

No non-audit services were provided by the external auditors during the year ended 31 December 2020.

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 20 and forms part of this Directors' Report for the year ended 31 December 2020.

REMUNERATION REPORT

This Remuneration Report, which forms part of the directors' report, sets out information about the remuneration of Brookside Energy Limited's Directors and its Key Management Personnel for the financial year ended 31 December 2020.

A. INTRODUCTION

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

A.1 Brookside's KMPs

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

Name	Category	Position	Appointed	Retired
Michael Fry	Non-Executive Director	Independent Chairman	20 April 2004	-
David Prentice	Executive Director	Managing Director	20 April 2004	-
Richard Homsany	Non-Executive Director	Non-Executive Director	3 February 2020	-
Loren King	Non-Executive Director	Non-Executive Director	5 June 2015	3 February 2020

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

The Company received 75.24% of "yes" votes on its Remuneration Report for the 2019 financial year. The Company did not receive any specific feedback from shareholders at the 2020 Annual General Meeting on its remuneration practices.

A.3 Additional information

The profit/(loss) of the group for the five years to 31 December 2020 are summarised below:

	2020 AU$'000	2019 AU$'000	2018 AU$'000	2017 AU$'000	2016 AU$'000
Revenue	366	2,187	99	2	6
EBITDA	(1,664)	1,873	(631)	(991)	(416)
EBIT	(1,755)	1,520	(631)	(1,096)	(410)
Profit/(loss) after income tax	(2,437)	918	(1,218)	(1,096)	(410)

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

	2020	2019	2018	2017	2016
Share price at financial year end (AUD)	0.007	0.009	0.011	0.01	0.01
Total dividends declared (cents per share)	-	-	-	-	-
Basic earnings/(loss) per share (cents per share)	(0.22)	0.09	(0.13)	(0.14)	(0.20)

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 2020. 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 2018 and remained consistent for the current reporting period.

C.2 STI Plan for the 2020 Reporting Period

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

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

Remuneration Policy

Non-Executive Director Fees

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

Equity Compensation

During the year ended 31 December 2020, the Company issued 25,000,000 options to Director Mr David Prentice, and 10,000,000 options to each of Directors Messrs Fry and Homsany or their nominees, pursuant to shareholder approval obtained at a general meeting of the Company in consideration for their services provided to the Company.

Remuneration Structure

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

D. DETAILS OF REMUNERATION

Remuneration of Key Management Personnel is set out below:

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

(i) Retired 3 February 2020

As at 31 December 2020, the Company had accrued $36,667 in outstanding director fees (31 December 2019: $19,166).

31 December 2019	Primary			Post- employment		TOTAL $	Percentage Performance Related %
	Base Salary and Fees $	Bonus STI $	Share-based Benefits $	Super-annuation Contributions $	Termination Payments $		
Executive Directors							
David Prentice	180,000	-	-	-	-	180,000	-
Non-Executive Directors							
Michael Fry	50,000	-	-	-	-	50,000	-
Loren King	30,000	-	-	-	-	30,000	-
Total 31 Dec 2019	**260,000**	**-**	**-**	**-**	**-**	**260,000**	**-**

E. ADDITIONAL DISCLOSURES RELATING TO KEY MANAGEMENT PERSONNEL

E.1 Shares held by Key Management Personnel

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

There were no shares granted during the year as compensation.

Director	Balance at 1 Jan 2020	Shares Issued	Other[i]	Balance at 31 Dec 2020
David Prentice	3,200,000	-	9,799,999	12,999,999
Michael Fry	4,000,000	-	2,875,000	6,875,000
Richard Homsany	3,200,000	-	800,000	4,000,000
Loren King[ii]	-	-	-	-
Total	**10,400,000**	**-**	**13,474,999**	**23,874,999**

[i] Shares acquired on market or pursuant to the rights issue conducted by the Company during the period.
[ii] Retired 3 February 2020.

E.2 Options Held by Key Management Personnel

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

Director	Balance at 1 Jan 2020	Options Issued	Transferred	Other[i]	Lapsed	Balance at 31 Dec 2020
David Prentice	15,000,000	25,000,000	-	2,499,999	(15,000,000)	27,499,999
Michael Fry	10,000,000	10,000,000	-	1,375,000	(10,000,000)	11,375,000
Richard Homsany	228,085	10,000,000[iii]	(10,000,000)[iii]	800,000	(228,085)	800,000
Loren King[ii]	-	-		-	-	-
Total	**25,228,085**	**45,000,000**	**(10,000,000)**	**4,674,999**	**(25,228,085)**	**39,674,999**

[i] Shares acquired on market or pursuant to the rights issue conducted by the Company during the period.
[ii] Retired 3 February 2020.
[ii] 10,000,000 Options were issued to Richard Homsany's nominee, which is not a related party.

E.3 Loans to Key Management Personnel

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

E.4 Other Transactions and Balances with Key Management Personnel

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

E.5 Compensation Options: Granted and vested during and since the financial year ended 31 December 2020

During the financial year ended 31 December 2020, there were 45,000,000 options granted (2019: Nil), 25,228,085 director options lapsed (2019: Nil), and no director options exercised (2019: Nil). As at 31 December 2020 there were 39,674,999 listed director options exercisable at $0.011 and expiring 30 June 2022 on issue. The fair value of the listed director options was $0.003 per option, determined using the closing market price, at grant date.

E.6 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
Richard Homsany[(i)] *Non-Executive Director*	$40,000 per annum	Until termination in accordance with the Company's Constitution	Reasonable notice
Loren King[(ii)] *Non-Executive Director*	$30,000 per annum	Until termination in accordance with the Company's Constitution	Reasonable notice

[(ii)]Appointed 3 February 2020.
[(ii)] Retired 3 February 2020.

- - END OF REMUNERATION REPORT - -

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

David Prentice
Managing Director

29 March 2021

HLB MANN JUDD
ADVISORY AND ACCOUNTING

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 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements as set out in 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
29 March 2021

N G Neill
Partner

hlb.com.au

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CORPORATE GOVERNANCE STATEMENT

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

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

All these practices, unless otherwise stated, were in place for the entire period and comply with the ASX Corporate Governance Principles and Recommendations and are contained in the accompanying Appendix 4G for the period ended 31 December 2020.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2020

	Notes	For the year ended 31 Dec 2020 $	For the year ended 31 Dec 2019 $
Royalty revenue	2.A	365,881	2,187,313
Production expense		(158,939)	(459,427)
Gross profit		206,942	1,727,886
Interest revenue	2.A	514	102
Gain on sale of asset	2.A	-	1,076,763
Other income	2.A	191,266	-
Other expenses	2.B	(544,167)	(228,941)
Director and employee related expenses	2.B	(803,825)	(260,000)
Consultants fees		(58,509)	(19,535)
Compliance and registry expenses		(221,944)	(257,343)
Share based payments expense	20	(197,391)	(52,800)
Interest on financing	10.B	(681,052)	(602,160)
Amortisation expense		(91,298)	(353,255)
Fair value gain/(loss) on financial assets		45,000	(97,500)
Loss on disposal of assets		(321,359)	-
Write down of receivables	5	(455,062)	-
Gain/(loss) on foreign exchange movement	2.B	494,313	(15,714)
Profit/(loss) before income tax expense		**(2,436,572)**	**917,503**
Income tax expense	3	**-**	**-**
Net profit/(loss) for the year		**(2,436,572)**	**917,503**
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss:			
Exchange differences on the translation of foreign operations		(1,039,146)	64,688
Other comprehensive profit/(loss) for the year net of taxes		**(3,475,718)**	**982,191**
Total comprehensive profit/(loss) for the year		**(3,475,718)**	**982,191**
Earnings/(loss) Per Share			
Basic and diluted earnings/(loss) per share (cents)	16	(0.22)	0.09

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	As at 31 Dec 2020 $	As at 31 Dec 2019 $
Assets			
Current Assets			
Cash and cash equivalents	4	1,302,364	1,056,179
Trade and other receivables	5	51,825	466,684
Total Current Assets		**1,354,189**	**1,522,863**
Non-Current Assets			
Other assets	6	-	1,336,964
Property, plant and equipment		19,482	-
Exploration and evaluation assets	7	10,928,991	10,832,623
Production assets	8	774,014	575,962
Financial assets		97,500	52,500
Total Non-Current Assets		**11,819,987**	**12,798,049**
Total Assets		**13,174,176**	**14,320,912**
Liabilities			
Current Liabilities			
Trade and other payables	10.A	200,347	47,617
Borrowings	10.B	5,192,635	5,362,785
Total Current Liabilities		**5,392,982**	**5,410,402**
Non Current Liabilities			
Borrowings	10.B	166,191	-
Provisions		64,918	-
Total Non Current Liabilities		**231,109**	**-**
Total Liabilities		**5,624,091**	**5,410,402**
Net Assets		**7,550,085**	**8,910,510**
Equity			
Issued capital	11	227,091,611	225,407,357
Reserves	12	282,633	3,803,585
Accumulated losses		(219,824,159)	(220,300,432)
Total Equity		**7,550,085**	**8,910,510**

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Issued Capital $	Accumulated Losses $	Share Based Payment Reserve $	Foreign Currency Translation Reserve $	Total $
Balance at 1 January 2019	**225,354,557**	**(221,217,935)**	**2,902,864**	**826,052**	**7,865,538**
Profit for the period	-	917,503	-	-	917,503
Other comprehensive income	-	-	-	64,688	64,688
Total comprehensive income for the period	-	917,503	-	**64,688**	982,191
Shares issued lieu of services	52,800	-	-	-	52,800
Options issued during the period	-	-	9,981	-	9,981
Balance at 31 December 2019	**225,407,357**	**(220,300,432)**	**2,912,845**	**890,740**	**8,910,510**
Balance at 1 January 2020	**225,407,357**	**(220,300,432)**	**2,912,845**	**890,740**	**8,910,510**
Loss for the period	-	(2,436,572)	-	-	(2,436,572)
Other comprehensive loss	-	-	-	(1,039,146)	(1,039,146)
Total comprehensive loss for the period	**-**	**(2,436,572)**	**-**	**(1,039,146)**	**(3,475,718)**
Shares issued during the period	1,761,391	-	-	-	1,761,391
Options issued during the period	-	-	463,500	-	463,500
Expired options	-	2,912,845	(2,912,845)	-	-
Share/Option issue costs	(77,137)	-	(32,461)	-	(109,598)
Balance at 31 December 2020	**227,091,611**	**(219,824,159)**	**431,039**	**(148,406)**	**7,550,085**

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

		For the year ended 31 Dec 2020 $	For the year ended 31 Dec 2019 $
Cash Flows Used in Operating Activities			
Receipts from Customers		557,147	1,735,348
Payments to suppliers and employees		(1,569,740)	(1,244,252)
Interest received		514	93
Net Cash (Used In)/Provided By Operating Activities	13	**(1,012,079)**	**491,189**
Cash Flows from Investing Activities			
Proceeds from disposal of assets		343,286	3,072,518
Payments for exploration activities		(239,447)	-
Payments for leasehold acquisitions		(567,390)	(1,927,127)
Payments for production assets		(329,467)	(1,381,027)
Payments for assets		-	(512,460)
Net Cash Used In Investing Activities		**(793,018)**	**(748,096)**
Cash Flows from Financing Activities			
Proceeds from issue of shares		1,387,500	-
Proceeds from issue of options		300,000	9,981
Payments of share issue costs		(77,137)	-
Payments of option issue costs		(32,461)	-
Cash from obtaining control of subsidiaries		372,347	-
Proceeds from borrowings		166,191	200,000
Repayment of borrowings		-	(100,000)
Net Cash Provided by Financing Activities		**2,116,440**	**109,981**
Net Increase/(Decrease) in Cash and Cash Equivalents		**311,343**	**(146,926)**
Cash at beginning of the period		1,056,179	1,193,306
Effect of exchange rates on cash		(65,158)	9,799
Cash at End of Period		**1,302,364**	**1,056,179**

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

The financial report is presented in Australian dollars.

1.A.1. Functional and Presentation Currency

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

1.A.2. Accounting Policies

The same accounting policies and methods of computation have been followed in this consolidated financial report as were applied in the 31 December 2019 financial statements except for the impact (if any) of the new and revised standards and interpretations as outlined in Note 1.B.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.A.3. Going Concern

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

For the year ended 31 December 2020 the Group incurred a loss before income tax expense of $2,436,572 (2019: profit of $917,503) and has a working capital deficiency of $4,038,794 primarily due to a loan from Oklahoma Energy Consultants, Inc. (OEC) of $5,192,636 being due at 31 July 2021. Cash and cash equivalents at the period-end amounted to $1,302,364.

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

In forming this view the Directors have taken into consideration the following:

- On 10 February 2021, the Group announced that it had completed the first tranche of a placement to sophisticated or professional investors, by the issue of 301,058,593 fully paid ordinary shares at an issue price of $0.0075 per share raising $2,257,939 before costs. A second tranche of the placement will be completed after the date of this report, subject to the receipt of shareholder approval at a general meeting of shareholders to be held on 1 April 2021. Proceeds from the placement are being used to progress the Company's drilling and development activities in the Jewell Well.
- The Group's ability to reduce operational expenditure as and when required including, but not limited to, reviewing all expenditure for deferral or elimination, until the Group has sufficient funds to meet its liabilities as and when they fall due.
- The Group has previously negotiated deferral of the Loan from OEC.

The Board recognises that additional funding is required to ensure the Group can continue to fund its operations and further develop its mineral exploration and evaluation assets for a period of at least twelve months from the date of signing this financial report, alternatively the Group may be able to further defer the repayment of the OEC loan.

Should the Group not be successful in obtaining adequate funding, deferral of loans or adequately reducing operational expenditure as required, there is a material uncertainty that may cast significant doubt as to the ability of the Group to continue as a going concern.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.B. ADOPTION OF NEW AND REVISED STANDARDS

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

Standards and Interpretations applicable to 31 December 2020

In the year ended 31 December 2020, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the year reporting periods beginning on or after 1 January 2020.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and therefore no material change is necessary to Group accounting policies.

Standards and Interpretations in issue not yet adopted applicable to 31 December 2020.

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted that are relevant to the Company and effective for the year reporting periods beginning on or after 1 January 2021.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations in issue not yet adopted on the Company and therefore no material change is necessary to Group accounting policies.

1.C. STATEMENT OF COMPLIANCE

The general purpose consolidated financial statements for the period ended 31 December 2020 were approved and authorised for issue on 29 March 2021.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.D. BASIS OF CONSOLIDATION

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

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

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

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

1.E. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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 using the closing market price at grant date.

1.F. REVENUE

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

Sale of oil and gas
Revenue is recognised when the Company is notified of its proportionate share from operators of each production asset project.

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

1.G. FOREIGN CURRENCY TRANSLATION

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

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

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

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

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

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

PRODUCING ASSETS

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

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

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

2. REVENUES AND EXPENSES

2.A. REVENUE

	Year ended 31 Dec 2020 $	Year ended 31 Dec 2019 $
Royalty revenue (point in time)	365,881	2,187,313
Interest received	514	102
Gain on sale of investment	-	1,076,763
Other – overhead charges	191,266	-
	557,661	**3,264,178**

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

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. EXPENSES

	Year ended 31 Dec 2020 $	Year ended 31 Dec 2019 $
Director and employee related expenses		
Corporate	254,167	260,000
Oil and Gas & Other US Entities	549,658	-
	803,825	**260,000**
Gain/(loss) on foreign exchange movement		
Gain/(loss) on foreign exchange movement on OEC loan	365,100	(14,364)
Gain/(loss) on foreign exchange movement - other	129,213	(1,350)
	494,313	**(15,714)**
Other expenses		
Administration expenses	230,401	27,507
Accounting and audit	111,659	48,957
Promotion and communication costs	75,350	-
Insurance expenses	70,220	17,588
Travel expenses	56,537	134,889
	544,167	**228,941**

3. INCOME TAX EXPENSE

	Year ended 31 Dec 2020 $	Year ended 31 Dec 2019 $
The components of tax expense comprise:		
Current tax	-	-
Deferred tax	-	-
Income tax expense reported in statement of profit or loss and other comprehensive income	**-**	**-**
Prima facie tax expense/(benefit) on profit/(loss) from ordinary activities before income tax at 30% (2019: 30%)	(730,972)	277,333
Add tax effect of:		
Non-allowable items	(110,772)	57,192
Losses not recognised	784,053	(278,840)
Impact of different tax rate (USA)	57,691	(55,685)
	-	**-**

	Year ended 31 Dec 2020 $	Year ended 31 Dec 2019 $
Less tax effect of:		
Other deductable items	-	-
Losses deferred tax balances not recognised	-	-
	-	**-**

3.A. UNRECOGNISED DEFERRED TAX LIABILITY

	Year ended 31 Dec 2020 $	Year ended 31 Dec 2019 $
Other deferred tax liabilities	3,925	2,445
Less: Deferred tax assets recognised (tax losses)	(3,925)	(2,445)
	-	**-**

3.B. UNRECOGNISED DEFERRED TAX ASSETS

	Year ended 31 Dec 2020 $	Year ended 31 Dec 2019 $
Unrecognised deferred tax assets at 30% (31 December 2019: 30%):		
Carry forward revenue losses	4,332,386	3,486,174
Provisions and accruals	21,750	35,250
Capital raising	95,364	89,353
Less: Deferred tax liabilities	(3,925)	(2,445)
	4,445,575	**3,608,332**

3. INCOME TAX EXPENSE (continued)

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

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

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

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

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

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

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

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

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

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

3. INCOME TAX EXPENSE (continued)

Other taxes

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

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

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

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

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

4. CASH AND CASH EQUIVALENTS

	As at 31 Dec 2020 $	As at 31 Dec 2019 $
Cash at bank	1,302,364	1,056,179
	1,302,364	**1,056,179**

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 2020 $	As at 31 Dec 2019 $
Current		
Other receivables	25,757	444,294
Prepayments	26,068	22,390
	51,825	**466,684**

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.

5. TRADE & OTHER RECEIVABLES (continued)

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

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

The expected loss rates are based on the payment profile for sales over the past 48 months before 31 December 2020 and 31 December 2019 respectively as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding.

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

Trade receivables are written off when there is no reasonable expectation of recovery. Failure to make payments within 180 days from the invoice date and failure to engage with the Group on alternative payment arrangement amongst other is considered indicators of no reasonable expectation of recovery. During the year ended 31 December 2020, a balance of $455,062 has been written off as there is no reasonable expectation of recovery.

6. OTHER ASSETS

	As at 31 Dec 2020 $	As at 31 Dec 2019 $
At cost	-	1,336,964
	-	**1,336,964**

6.A. MOVEMENT IN CARRYING AMOUNTS

	Year ended 31 Dec 2020 $	Year ended 31 Dec 2019 $
Opening balance	**1,336,964**	**972,484**
Black Mesa Productions LLC - Earn In	-	360,325
Movement through obtaining control of subsidiaries	(1,360,012)	-
Foreign currency translation	23,048	4,155
Closing balance	**-**	**1,336,964**

The recognition of costs carried forward in relation to the Earn In arrangement with Black Mesa are dependent on the successful developments and commercial exploration or sale of exploration interests.

7. EXPLORATION AND EVALUATION

	As at 31 Dec 2020 $	As at 31 Dec 2019 $
Costs carried forward in respect of areas of interest in:		
Exploration and evaluation phases – at cost	**10,928,991**	**10,832,623**
Opening Balance	**10,832,603**	**10,392,000**
Anadarko Basin Projects (leasehold acquisition)	567,390	1,908,191
Capitalised expenses	239,447	-
Reclassification as producing assets	-	(303,567)
Sale of acreage	(680,570)	(1,237,590)
Movement from obtaining control of subsidiaries	849,143	-
Foreign currency translation on movement	(879,022)	73,589
	10,928,991	**10,832,623**

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

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortised 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. PRODUCING ASSETS

	As at 31 Dec 2020 $	As at 31 Dec 2019 $
Balance at beginning of period	575,962	-
Reclassification from exploration and evaluation phase	-	303,567
Add: acquisition of working interest	141,494	-
Add: capitalisation of production expense	187,973	1,367,435
Less: sale of working interest	-	(746,665)
Less: amortisation	(91,298)	(353,255)
Foreign currency translation on movement	(40,117)	4,880
	774,014	**575,962**

Producing assets were transferred from exploration and evaluation phase on 1 January 2019.

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

During the year ended 31 December 2020, no producing assets were assessed as impaired.

The estimation of reserves requires significant management judgement and interpretation of complex geological and geophysical models in order to make an assessment of the size, share, depth and quality of reservoirs and their anticipated recoveries. Estimates have been used to determine the fair value of the oil and gas properties for the purpose of the assessment of depletion and amortisation charges.

9. ACQUISITION OF CONTROLLED ENTITIES

On, 1 April 2020, the Parent Entity increased its equity interest in Black Mesa Energy, LLC (**Black Mesa**), to 100%. The Parent Entity also gained control of Black Mesa (Board control, operational control and control of any distribution of assets, including cash held by Black Mesa) on 1 April 2020, via the provisions of the Second Amended and Restated Operating Agreement (**Operating Agreement**) of Black Mesa. In accordance with the terms of the Operating Agreement, the Company also appointed two new members to the board of BMP, increasing the board to six members (including three Brookside representatives). David Prentice was also appointed Chairman and CEO of BMP, with the Chairman having the deciding vote in matters where a majority is required. The financial statement of Black Mesa have therefore been consolidated from 1 April 2020.

10. LIABILITIES

10.A. TRADE AND OTHER PAYABLES

	As at 31 Dec 2020 $	As at 31 Dec 2019 $
Trade creditors (a)	137,680	8,449
Other creditors and accruals*	62,667	39,168
	200,347	**47,617**
**Aggregate amounts payable to related parties included:*		
Directors and director-related entities	36,667	19,166

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.

10.B. BORROWINGS

	As at 31 Dec 2020 $	As at 31 Dec 2019 $
Loan from Oklahoma Energy Consultants, Inc. (OEC) - current	5,192,635	5,362,785
Loan from Bank of Oklahoma* - non current	166,191	-
	5,358,826	**5,362,785**

**Loan balance of US$128,000 represents the proceeds from the Payroll Protection Program (PPP), a government program designed to encourage employers not to furlough workers during the Covid pandemic. On 4 March 2021, the Company submitted an application for loan forgiveness as it has complied with the program requirements and is eligible for loan forgiveness. To the date of this report the application is still being processed.*

10.B. BORROWINGS (continued)

	Year ended 31 Dec 2020 $	Year ended 31 Dec 2019 $
Opening balance	**5,362,785**	**4,644,838**
Loan from Oklahoma Energy Consultants, Inc. (OEC)	-	200,000
Repayments (refer to Note 10)	(340,000)	(100,000)
Interest accrued on borrowings	681,052	602,160
Foreign Currency Translation	(511,202)	15,787
Closing balance	**5,192,635**	**5,362,785**

Terms of the Drawdown Facility are as follows:

Date of Agreement	Financing Facility	Terms[i]
1 June 2017 (Last *Amendment on 30 September 2020)*	US$4,000,000	Facility is due for repayment on the 31 July 2021. Facility shall bear interest at a rate per annum of 12%, payable quarterly in arrears on drawdown amounts. Facility will be secured by the Borrower's interest in Working Interest leasehold acreage that is acquired by the Borrower pursuant to and subject to the terms of the Drilling Program Agreement between the Borrower and Black Mesa Energy, LLC.

[i] *On 30 September 2020, the terms of the facility agreement were amended, to extend the maturity date of the Facility from 31 December 2020 to 31 July 2021.*

As at 31 December 2020, a total of AU$3,749,375 (US$2,887,768) has been drawn down and a total of AU$1,443,260 (US$1,111,599) of interest has been accrued. Included within profit and loss is $681,052 interest expense for the period.

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

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

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

10.B. BORROWINGS (continued)

Derecognition of financial liabilities

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

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

11. ISSUED CAPITAL

	As at 31 Dec 2020 $	As at 31 Dec 2019 $
Issued and paid up capital		
1,350,000,000 Ordinary shares	**227,091,611**	**225,407,357**
(31 December 2019: 999,221,875)		

11.A. MOVEMENTS IN ISSUED CAPITAL

	Year ended 31 Dec 2020 $	Year ended 31 Dec 2019 $
At the beginning of the period	225,407,357	**225,354,557**
Shares issued during the period:		
- Placement @ $0.005	1,387,500	-
- Payment of loan interest from OEC in Ordinary Shares	340,000	-
- Payment of Advisor Fees in Ordinary Shares	33,891	52,800
Share issue costs	(77,137)	-
At end of the period	**227,091,611**	**225,407,357**

11.B. MOVEMENTS IN NUMBER OF SHARES ON ISSUE

	Year ended 31 Dec 2020 Number	Year ended 31 Dec 2019 Number
At the beginning of the period	**999,221,875**	**994,821,875**
Shares issued during the period:		
- Placement – August and September 2020	277,500,000	-
- Loan interest paid in shares in lieu of cash	68,000,000	-
- Corporate Advisory Fees paid in shares in lieu of cash	5,278,125	4,400,000
At end of the period	**1,350,000,000**	**999,221,875**

11. ISSUED CAPITAL (continued)

11.C. TERMS AND CONDITIONS OF CONTRIBUTED EQUITY

Voting Rights

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

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

11.D. OPTIONS

At the end of the reporting period, 700,000,000 options over unissued shares were on issue.

During the year ended 31 December 2020 the Group's BRKOA Listed Options lapsed. The balance in the reserve has therefore been transferred out of the share based payment reserve and into accumulated losses.

During the year no options were converted into shares (2019: Nil).

11.E. MOVEMENTS IN NUMBER OF OPTIONS ON ISSUE

	As at 31 Dec 2020 Number	As at 31 Dec 2019 Number
At the beginning of the period	**295,140,625**	**70,000,000**
Shares issued during the period:		
- Options issued under prospectus	-	225,140,625
- Options issued under placement	300,000,000	-
- Options issued to directors, employee and company secretary	54,500,000	-
- Options free attaching to shares issued for loan repayment	68,000,000	-
- Options free attaching to placement	277,500,000	
- Options expired during the period	(295,140,625)	-
At end of the period	**700,000,000**	**295,140,625**

Type	Date of Expiry	Exercise Price AUD	Number of Options on Issue
Listed Options (BRKOB)	30 June 2022	$0.011	700,000,000

12. RESERVES

	As at 31 Dec 2020 $	As at 31 Dec 2019 $
Option valuation reserve	431,039	2,912,845
Foreign currency translation reserve	(148,406)	890,740
	282,633	**3,803,585**

12.A. OPTION VALUATION RESERVE

	Year ended 31 Dec 2020 $	Year ended 31 Dec 2019 $
At the beginning of the period	**2,912,845**	**2,902,864**
Options issued during the period:		
- Options issued under placement	300,000	-
- Options issued to directors	135,000	-
- Options issued to employee	22,500	-
- Options issued to company secretary	6,000	-
- Options issued under prospectus	-	9,981
- Options issue cost	(32,461)	-
Options expired during the period:	(2,912,845)	-
At end of the period	**431,039**	**2,912,845**

Option valuation reserve

This reserve is used to record the value of equity benefits provided to employees, directors and company secretary as part of their remuneration and value of all other options issued by the Company. Refer to Note 20.

12.B. FOREIGN CURRENCY RESERVE

	Year ended 31 Dec 2020 $	Year ended 31 Dec 2019 $
At beginning of the period	**890,740**	**826,052**
Movement during the period	(1,039,146)	64,688
Balance at end of the period	**(148,406)**	**890,740**

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.

13. CASH FLOW INFORMATION

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

	Year ended 31 Dec 2020 $	Year ended 31 Dec 2019 $
Net profit/(loss)	**(2,436,572)**	**917,503**
Non-cash items		
Loss/(gain) on disposal	321,359	(1,076,763)
Share based payment expense	197,391	52,800
Write down of receivables	455,062	-
(Gain)/loss on foreign exchange movement	(494,313)	11,216
Interest on borrowings	681,052	602,160
Fair value (gain)/loss on financial assets	(45,000)	97,500
Amortisation expense	91,298	353,255
Changes in assets and liabilities		
Decrease/(increase) in receivables and other assets	152,726	(442,347)
Increase/(decrease) in payables and accruals	64,918	(24,135)
Net cash flows (used in)/from operating activities	**(1,012,079)**	**491,189**
Reconciliation of cash:		
Cash balances comprises		
AUD accounts	1,070,349	846,967
USD accounts	232,015	209,212
	1,302,364	**1,056,179**

13.B. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Consolidated			
	Loans $	Convertible notes $	Lease liability $	Total $
Balance as at as at 1 January 2019	**4,644,838**	-	-	**4,644,838**
Net cash from financing activities	109,981	-	-	109,981
Interest accrued on borrowings	602,160	-	-	602,160
Exchange differences	5,806	-	-	5,806
Balance as at 31 December 2019	**5,362,785**	**-**	**-**	**5,362,785**
Balance as at as at 1 January 2020	**5,362,785**	-	-	**5,362,785**
Net cash from financing activities	166,191	-	-	166,191
Interest accrued on borrowings	681,052	-	-	681,052
Repayments (non-cash)	(340,000)	-	-	(340,000)
Exchange differences	(511,202)	-	-	(511,202)
Balance as at 31 December 2020	**5,358,826**	**-**	**-**	**5,358,826**

14. KEY MANAGEMENT PERSONNEL DISCLOSURES

14.A. REMUNERATION OF DIRECTORS AND EXECUTIVES

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

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

	As at 31 Dec 2020 $	As at 31 Dec 2019 $
Short term employee benefits	219,167	260,000
Post-employment benefits	-	-
Share-based payments	135,000	-
	354,167	**260,000**

15. SEGMENT INFORMATION

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

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

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

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

Types of reportable segments

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

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

Basis of accounting for purposes of reporting by operating segments.

Accounting policies adopted

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

15. SEGMENT INFORMATION (continued)

Segment assets

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

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

Segment liabilities

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

	Corporate $	Oil and Gas & Other US Entities $	Total $
31 December 2019			
Segment performance			
Segment revenue	102	3,264,071	**3,264,173**
Segment results	(1,486,894)	2,404,397	**917,503**
Included within segment result:			
- Interest Revenue	102	-	**102**
- Gain on disposal of investment	-	1,076,763	**1,076,763**
- Drawdown facility interest expense	-	(602,160)	**(602,160)**
- Share based payments expense	(52,800)	-	**(52,800)**
Segment assets	1,280,175	13,040,737	**14,320,912**
Segment liabilities	(4,162,277)	(1,248,125)	**(5,410,402)**
31 December 2020			
Segment performance			
Segment revenue	17,965	539,696	**557,661**
Segment results	(513,535)	(1,923,037)	**(2,436,572)**
Included within segment result:			
- Interest Revenue	-	514	**514**
- Interest on financing	-	(681,052)	**(681,052)**
- Write down of receivables	-	(455,062)	**(455,062)**
- Loss on disposal of assets	-	(321,359)	**(321,359)**
- Share based payments expense	(197,391)	-	**(197,391)**
Segment assets	1,581,690	11,592,486	**13,174,176**
Segment liabilities	(3,872,980)	(1,751,111)	**(5,624,091)**

16. EARNINGS/(LOSS) PER SHARE

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

	As at 31 Dec 2020 $	As at 31 Dec 2019 $
Earnings/(loss) used in calculation of basic and diluted loss per share	(2,436,572)	917,503
Weighted average number of ordinary shares on issue used in the calculation of basic loss per share	1,109,974,797	998,762,534

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.

17. AUDITOR'S REMUNERATION

	Year ended 31 Dec 2020 $	Year ended 31 Dec 2019 $
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.	34,863	32,682
	34,863	**32,682**

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.

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.

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.

18. FINANCIAL INSTRUMENTS (continued)

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

The Group's maximum exposure to credit risk at each balance date in relation to each class of recognised financial assets is the carrying amount, net of any allowance for doubtful debts, of those assets as indicated in the statement of financial position. The maximum credit risk exposure of the Group at 31 December 2020 is Nil (2019: Nil).

Interest Rate Sensitivity Analysis

At 31 December 2020, if interest rates had been 2% higher or lower than the prevailing rates realised, with all other variables held constant, the effect on profit made in period and equity as a result of interest rates changes would be as follows:

	31 Dec 2020 Net Change $	31 Dec 2019 Net Change $
Change in profit made in period		
Increase in interest rate by 2%:		
AUD accounts	-	(16,939)
USD accounts	(10)	(4,184)
	(10)	**(21,123)**
Decrease in interest rate by 2%:		
AUD accounts	-	16,939
USD accounts	(10)	4,184
	(10)	**21,123**
Change in equity		
Increase in interest rate by 2%:		
AUD accounts	(21,407)	(16,939)
USD accounts	(4,640)	(4,184)
	(26,047)	**(21,123)**
Decrease in interest rate by 2%:		
AUD accounts	21,407	16,939
USD accounts	4,640	4,184
	26,047	**21,123**

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.

18. FINANCIAL INSTRUMENTS (continued)

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.A. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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

Disclosures

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

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 2019 and 31 December 2020:

	Level 1 $	Level 2 $	Level 3 $	Total $
31 December 2019				
Financial assets				
Cash and cash equivalents	1,056,179	-	-	1,056,179
Receivables	466,684	-	-	466,684
Financial assets	52,500	-	-	52,500
Total financial assets	**1,575,363**	**-**	**-**	**1,575,363**
Financial liabilities				
Payables	(47,617)	-	-	(47,617)
Loans and borrowings	(5,362,785)	-	-	(5,362,785)
Total financial liabilities	**(5,410,402)**	**-**	**-**	**(5,410,402)**
31 December 2020				
Financial assets				
Cash and cash equivalents	1,302,364	-	-	1,302,364
Receivables	51,825	-	-	51,825
Financial assets	97,500	-	-	97,500
Total financial assets	**1,451,689**	**-**	**-**	**1,451,689**
Financial liabilities				
Payables	(200,347)	-	-	(200,347)
Loans and borrowings	(5,358,826)	-	-	(5,358,826)
Total financial liabilities	**(5,559,173)**	**-**	**-**	**(5,559,173)**

18. FINANCIAL INSTRUMENTS (continued)

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 PAYMENTS

Share-based payments made during the year ended 31 December 2020 are summarised below.

	Year ended 31 Dec 2020 $	Year ended 31 Dec 2019 $
- Payment of Advisor Fees in Ordinary Shares	33,891	52,800
- Options issued to directors*	135,000	-
- Options issued to employee	22,500	-
- Options issued to company secretary	6,000	-
At end of the period	**197,391**	**52,800**

**On 10 December 2020 the Company issued 45,000,000 Options to Directors, following shareholder approval on 8 December 2020.*

The cost of these equity-settled transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the closing market price at grant date.

21. SUBSIDIARIES

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

Subsidiary	Incorporation	2020 Ownership	2019 Ownership
BRK Oklahoma Holdings, LLC	USA	100%	100%
Orion Acquisitions, LLC	USA	100%	-
Anadarko Leasing, LLC	USA	100%	100%
Black Mesa Energy, LLC	USA	100%*	17.2%

**BRK Oklahoma Holdings, LLC will receive priority distribution of and control over 100% of the current assets of Black Mesa Energy, LLC (including cash held) up to the first US$937,800 in distributions and priority distribution of and control over 50% of the current assets of BMP (including cash held) after US$1,875,600 in distributions have been made. To the date of this report there is no distribution made.*

22. PARENT ENTITY DISCLOSURES

Financial Position	Year Ended 31 Dec 2020 $	Year Ended 31 Dec 2019 $
Assets		
Current assets	1,109,190	851,865
Non-current assets	9,767,571	8,711,225
Total assets	**10,876,761**	**9,563,090**
Liabilities		
Current liabilities	3,872,979	4,162,276
Total liabilities	**3,872,979**	**4,162,276**
Equity		
Issued capital	227,091,659	225,407,358
Accumulated losses	(220,518,917)	(222,919,389)
Reserves	431,039	2,912,845
Total equity	**7,003,781**	**5,400,814**
Financial performance		
Loss for the period	(513,535)	(931,730)
Other comprehensive income	-	-
Total comprehensive income	**(513,535)**	**(931,730)**

Contingent liabilities

As at 31 December 2019 and 2020, the Company had no contingent liabilities.

Contractual Commitments

As at 31 December 2019 and 2020, the Company had no contractual commitments.

Guarantees entered into by parent entity

As at 31 December 2019 and 2020, the Company had not entered into any guarantees.

23. COMMITMENTS AND CONTINGENCIES

The Company has no material commitments or contingencies.

24. SUBSEQUENT EVENTS

On 10 February 2021, the Company announced that it had completed the first tranche of a placement to sophisticated or professional investors, by the issue of 301,058,593 fully paid ordinary shares at an issue price of $0.0075 per share raising $2,257,939 before costs. A second tranche of the placement will be completed after the date of this report, subject to the receipt of shareholder approval at a general meeting of shareholders to be held on 1 April 2021.

Proceeds from the placement are being used to progress the Company's drilling and development activities in the Jewell Well.

No other matters or circumstances have arisen since the end of the full year which significantly affected or could significantly affect the operations of the Company, the results of these operations, or the state of affairs of the Company in future financial years.

Directors' Declaration

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

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

      i) giving a true and fair view of the Group's financial position as at 31 December 2020 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 2020.

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

David Prentice
Managing Director

29 March 2021

HLB MANN JUDD
ADVISORY AND ACCOUNTING

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 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

a) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the year then ended; and

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

Basis for opinion

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

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

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern,* 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
Stack Acreage Exploration and Evaluation Refer to Note 7	
In accordance with AASB 6 *Exploration for Evaluation of Mineral Resources,* the Group capitalises all exploration and evaluation expenditure, including acquisition costs, and subsequently applies the cost model after recognition. Our audit focussed on the Group's assessment of the carrying amount of the capitalised exploration and evaluation asset, as this is one of the most significant assets of the Group. We planned our work to address the audit risk that the capitalised expenditure might no longer meet the recognition criteria of the standard. In addition, we considered it necessary to assess whether facts and circumstances existed to suggest that the carrying amount of an exploration and evaluation asset may 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 carrying values of deferred exploration and evaluation expenditure; • We considered the Directors' assessment of potential indicators of impairment; • We obtained evidence that the Group has current right to tenure of its areas of interest; • We examined the exploration budget for the upcoming year and discussed with management the nature of planned and ongoing activities; • We enquired with management, reviewed ASX announcements and reviewed minutes of Directors' meetings to ensure that the Group had not resolved to discontinue exploration and evaluation at any of its areas of interest; and • We examined the disclosures made in the financial report.
Revenue and related risk of fraud Refer to Note 2	
A substantial amount of the Company's revenue relates to the royalty received from the sale of oil and gas. Revenue recognition was a key audit matter due to the importance and materiality of the matter to users' understanding of the financial report.	Our procedures included but were not limited to the following: • We ensured that the accounting policies comply with Australian Accounting Standards; • We performed testing over a sample of revenue transactions, by agreeing to supporting evidence; and • We examined the disclosures made in the financial report.

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

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2020, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

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

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 31 December 2020.

In our opinion, the Remuneration Report of Brookside Energy Limited for the year ended 31 December 2020 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
Chartered Accountants

N G Neill
Partner

Perth, Western Australia
29 March 2021

ADDITIONAL SHAREHOLDERS' INFORMATION

A. CORPORATE GOVERNANCE

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

B. SHAREHOLDING

Substantial Shareholders

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

Name	Number of Shares
THE TRUST COMPANY (AUSTRALIA) LIMITED <MOF A/C>	86,201,667
GREAT SOUTHERN FLOUR MILLS PTY LTD	75,000,000

B.1. Quoted Securities

At the date of this report 699,400,000 quoted options over ordinary shares in the Company were on issue and no options were exercised during the year. The listed options on issue during the year are:

- BRKOB Options exercisable at $0.011 per option and have an expiry date of 30 June 2022; and
- BRKOA Options exercisable at $0.03 per option and have an expiry date of 31 December 2020 (expired prior to the date of this report).

B.2. Unquoted Securities

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

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

There are 3,980 holders of ordinary shares. Each shareholder is entitled to one vote per share held.

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

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

By Class	Holders of Ordinary Shares	Number of Ordinary Shares	%
1-1,000	835	276,896	0.02%
1,001 - 5,000	368	955,631	0.06%
5,001 – 10,000	113	845,371	0.05%
10,001 - 100,000	1,267	69,468,284	4.21%
100,001 and over	1,397	1,580,112,411	95.67%
TOTALS	**3,980**	**1,651,658,593**	**100.00%**

B.5. Marketable Parcel

There are 1,425 shareholders with less than a marketable parcel.

B.6. Restricted Securities

The Company has no restricted securities at the current date.

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

Fully paid ordinary shares

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

Name	No. of Shares	%
THE TRUST COMPANY (AUSTRALIA) LIMITED <MOF A/C>	86,201,667	5.22%
GREAT SOUTHERN FLOUR MILLS PTY LTD	75,000,000	4.54%
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	68,657,600	4.16%
SUNSET CAPITAL MANAGEMENT PTY LTD <SUNSET SUPERFUND A/C>	48,500,000	2.94%
STONEHORSE ENERGY LIMITED	23,461,076	1.42%
MR HOAI NAM PHAM	21,027,513	1.27%
CITICORP NOMINEES PTY LIMITED	20,296,261	1.23%
MR MARK JAMES CASEY	20,265,901	1.23%
MR JONATHAN MARK WILD	20,000,000	1.21%
ASPIRE WEST PTY LTD	20,000,000	1.21%
DR DANIEL GEORGE PECHAR & MRS KATRINA JANE PECHAR <PECHAR SUPER FUND A/C>	18,360,000	1.11%
STATION NOMINEES PTY LTD <STATION SUPER FUND A/C>	17,425,000	1.06%
MR PATRICK KOK	16,000,000	0.97%
MR MARIO PIETRO PENNISI	15,666,667	0.95%
CLAYCLAN PTY LTD <CLAYTON CLAN SUPER FUND A/C>	15,450,000	0.94%
MR BIN LIU	14,850,000	0.90%
MR RICHARD STUART DONGRAY & MRS JOAN DONGRAY <SUPER FUND A/C>	13,900,000	0.84%
MR PAUL SIMON DONGRAY <THE DONGRAY FAMILY NO 2 A/C>	13,350,000	0.81%
KMP – David Prentice	12,999,999	0.79%
BEARAY PTY LIMITED <BRIAN CLAYTON S/F A/C>	12,224,803	0.74%
MR RUSSELL JOHN DREDGE & MRS MELINDA JANE DREDGE <JOBE SUPER FUND A/C>	11,171,875	0.68%
Total	**564,808,362**	**34.20%**

Options

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

Name	No. of Options	%
SUNSET CAPITAL MANAGEMENT PTY LTD <SUNSET SUPERFUND A/C>	55,000,000	7.86%
GREYHOUND INVESTMENTS PTY LTD <GREYHOUND INVESTMENTS A/C>	34,000,000	4.86%
ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	33,343,318	4.77%
STONEHORSE ENERGY LIMITED	30,000,000	4.29%
THE TRUST COMPANY (AUSTRALIA) LIMITED <MOF A/C>	28,680,463	4.10%
KMP - David Prentice	27,499,999	3.93%
DANNY ROSSILLI	25,000,000	3.57%
MR GRACJAN PIOTR LAMBERT <LAMBERT FAMILY A/C>	23,500,000	3.36%
HOLDSWORTH BROS (HOLDINGS) PTY LTD	15,000,000	2.14%
MR RODERICK CLARKSON	13,875,000	1.98%
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	12,334,110	1.76%
MATTHEW BURFORD SUPER FUND PTY LTD <BURFORD SUPERFUND A/C>	12,000,000	1.72%
KAJPRICH PTY LTD <PRICHARD SUPERFUND A/C>	12,000,000	1.72%
KMP – Michael Fry	11,125,000	1.59%
NINETY THREE PTY LTD <ONE MILE S/F A/C>	10,000,000	1.43%
DR DANIEL GEORGE PECHAR & MRS KATRINA JANE PECHAR <PECHAR SUPER FUND A/C>	8,600,000	1.23%
MR JENSEN JEH SIAN CHAN	8,500,000	1.22%
MR PATRICK KOK	8,000,000	1.14%
SOLAR MATE PTY LTD <SFN FAMILY SUPERFUND A/C>	7,990,000	1.14%
DR MUHAMMAD MALIK	7,800,000	1.12%
RAVENHILL INVESTMENTS PTY LTD <HOUSE OF EQUITY A/C>	7,500,000	1.07%
	391,747,890	**56.00%**