Brookside

News Release

31 March 2023

2022 Full Year Financial Results

Prospect, Prove-up and Monetise

Perth, Western Australia – Brookside Energy Limited (**ASX: BRK**) (**OTC Pink: RDFEF**) (**Brookside** or the **Company**) is pleased to release its full year financial results for the financial year ended 31 December 2022.

2022 was a transformational year for Brookside as the Company continued to execute its strategy to prospect for, prove-up and then monetise oil and gas assets. The momentum that began in 2021 with the drilling of the Jewell Well accelerated into 2022 with the Company drilling multiple wells, growing production, adding acreage and most importantly generating significant revenue growth and a maiden after tax profit.

Results	YoY	2022	2021
Production (Gross BOE)	*^365%*	**613,533**	131,896
Revenue (A$M)	*^321%*	**53.0**	12.6
EBITDA (A$M)	*^2,239%*	**21.8**	(1.0)
Profit (A$M)	*^678%*	**15.1**	(2.6)
EPS (Cents)	*^930%*	**0.8**	(0.1)

For the full year, the Company generated revenue of A$52,996,833 (2021: $12,580,636), resulting in record after tax profit of $15,096,105 (2021: $2,611,336 loss), produced 613,533 BOE (Gross Operated) and grew its acreage position by 41% year on year to ~4,615 Working Interest leasehold acres.

During the year the Company completed its Held-By-Production (HBP) program in the SWISH Area of Interest (AOI) by bringing onto production the Rangers and Flames Wells. With three Drilling Spacing Units (DSUs) now HBP'd Brookside kicked off its Phase Two Development Program by drilling the Wolf Pack Well in the Rangers DSU, which at year end had reached total depth and was being completed.

The Company also spudded the Juanita Well, its first well in the newly formed Bradbury AOI, with very encouraging early results, as oil shows and elevated gas readings were encountered in the first of ten targeted potential reservoirs.

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Throughout the year the team also worked diligently on increasing our land holdings, bearing significant fruit with the addition of a fourth operated DSU, the Bruins unit, in the core of the Company's SWISH AOI holdings, and a tripling of our acreage position in the Bradbury AOI where three DSU's are now controlled by Brookside.

As we now reach the end of the first quarter of 2023, the team remains focussed on delivering on our Prospect, Prove-up and Monetise strategy. With oil and gas prices softer in the first quarter and inflation affecting costs across oil field services, it is important that we hold to the rate of return and payout metrics that ensured we delivered this wonderful financial performance and continue to keep shareholder returns at the front of our minds.

Finally, the Board and management team would like to thank our shareholders for supporting us through what has been a challenging period for the sector in terms of share price performance.

– 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 is an Australian public company listed on the Australian (ASX: BRK), Frankfurt (8F3: FSE) and USA (OTC Pink: RDFEF) stock exchanges. The Company was founded in 2015, to focus on the mid-continent region of the US, where our deep and valued relationships enable us to work with local communities to ensure sustainable growth and value creation through the safe and efficient development of energy assets. Focused on exploitation not exploration, the Company generates shareholder value through a disciplined portfolio approach to the acquisition and development of oil and gas assets and the leasing and development of acreage opportunities. The Company's US subsidiary and manager of operations, Black Mesa, is an experienced mid-continent operator, which identifies opportunities and executes development for Brookside. Our business model effectively assigns risk and provides commercial incentives to maximize value for both parties.
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
BOEPD	Barrels of Oil Equivalent Per Day
BOPD	Barrels of Oil Per Day
BPD	Barrels Per Day
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.
IP	Initial Production
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
TVD	True Vertical Depth
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

Brookside

BROOKSIDE ENERGY LIMITED
ACN 108 787 720

ANNUAL REPORT

FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2022

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ASX CODE
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DIRECTORS' REPORT

The Directors submit their report for the Company and its subsidiaries (**Group** or **Company**) for the financial year ended 31 December 2022. 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

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

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

OPERATING RESULT

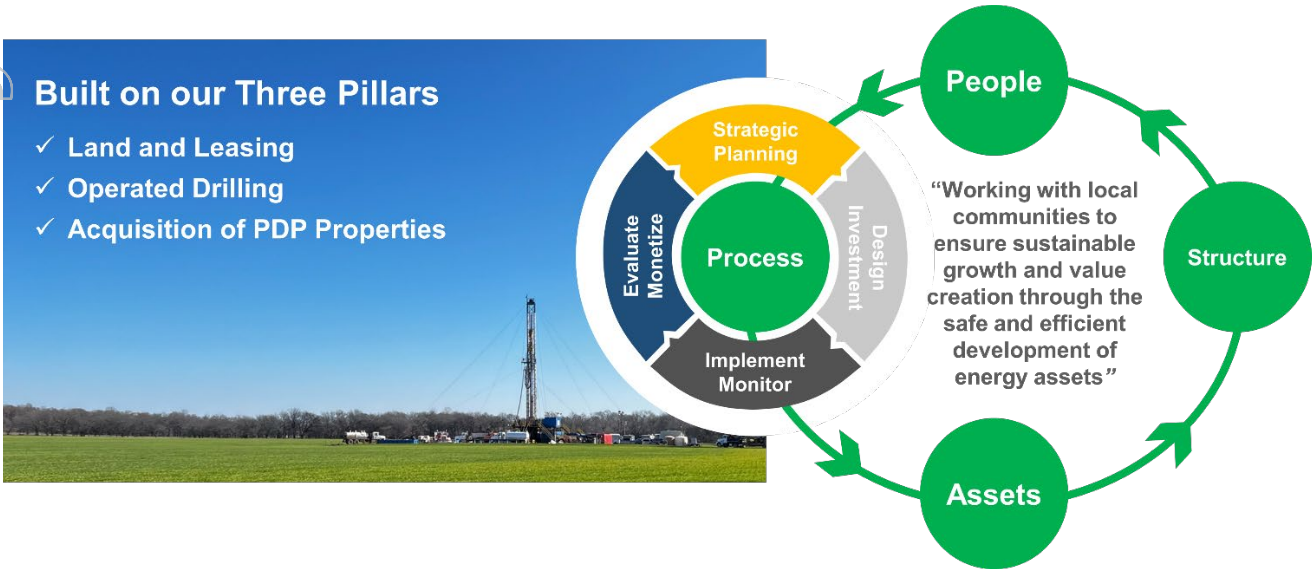
The after-tax profit for the Group for the financial year ended 31 December 2022 amounted to $15,096,105 (2021: $2,611,336 loss).

DIVIDENDS

There were no dividends paid or recommended during or subsequent to the financial year ended 31 December 2022 (2021: Nil).

REVIEW OF OPERATIONS

Prospect, Prove-up, Monetise



During the full year ended 31 December 2022, the Company continued to successfully pursue its efforts to create shareholder value by prospecting for, acquiring, proving-up and monetising oil and gas assets in the world-class STACK and SCOOP Plays in the Anadarko Basin and within the Arbuckle Uplift in the Ardmore Basin in Oklahoma, USA.

Brookside had significant revenue growth year on year, with revenue of A$52,996,833 (2021: $12,580,636), resulting in record profit after tax of $15,096,105 (2021: $2,611,336 loss). The Company finished the December 2022 Quarter with gross operated daily production of 1,879 BOE per day for the quarter and Group net production (including non-operated production) of 1,064 BOE per day (net to our Working Interest and after the deduction of royalties). The combination of strong production growth year on year and robust commodity prices resulted in the Company having its strongest year since inception providing a strong platform for future growth.

The Company had a very active drilling campaign in 2022 with a total of two wells brought on production during the year, and one well undergoing completion with a fourth being drilled as at 31 December 2022. The success of the Jewell Well in 2021 was followed up with drilling and bringing to sales of the Rangers and Flames Wells thereby completing the Company's Held-By-Production (HBP) program in the SWISH Area of Interest (AOI). This was then followed up by our first Phase Two Development well, the Wolf Pack, which had reached total depth by the end of the year and was being completed. Complementing drilling in the SWISH AOI the Company also commenced drilling its first exploration well, the Juanita, in its newly formed Bradbury AOI. Oil shows and elevated gas readings had already been encountered while drilling the Juanita Well in the first of ten targeted potential reservoirs with total depth expected to be reached in January 2023.

Building on our financial and operational success, and with one eye always turned to growth, the company continued to grow its acreage position ending the year with ~4,615 Working Interest leasehold acres, a 41% increase year on year. This included the addition of a fourth operated Drilling Spacing Unit (DSU), the Bruins DSU, in the core of the Company's SWISH AOI holdings, and a tripling of its acreage position in the Bradbury AOI where three DSU's are now controlled by Brookside.

Anadarko Basin Focussed

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 focus primarily on two world-class oil and gas plays – STACK and SCOOP. The STACK (Sooner Trend, Anadarko Basin, Canadian and Kingfisher Counties) and SCOOP (South Central Oklahoma Oil Province) Plays are being developed using modern horizontal drilling and completion techniques targeting the Mississippian aged formations (that sit above the Woodford Shale) and the Woodford Shale itself (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).

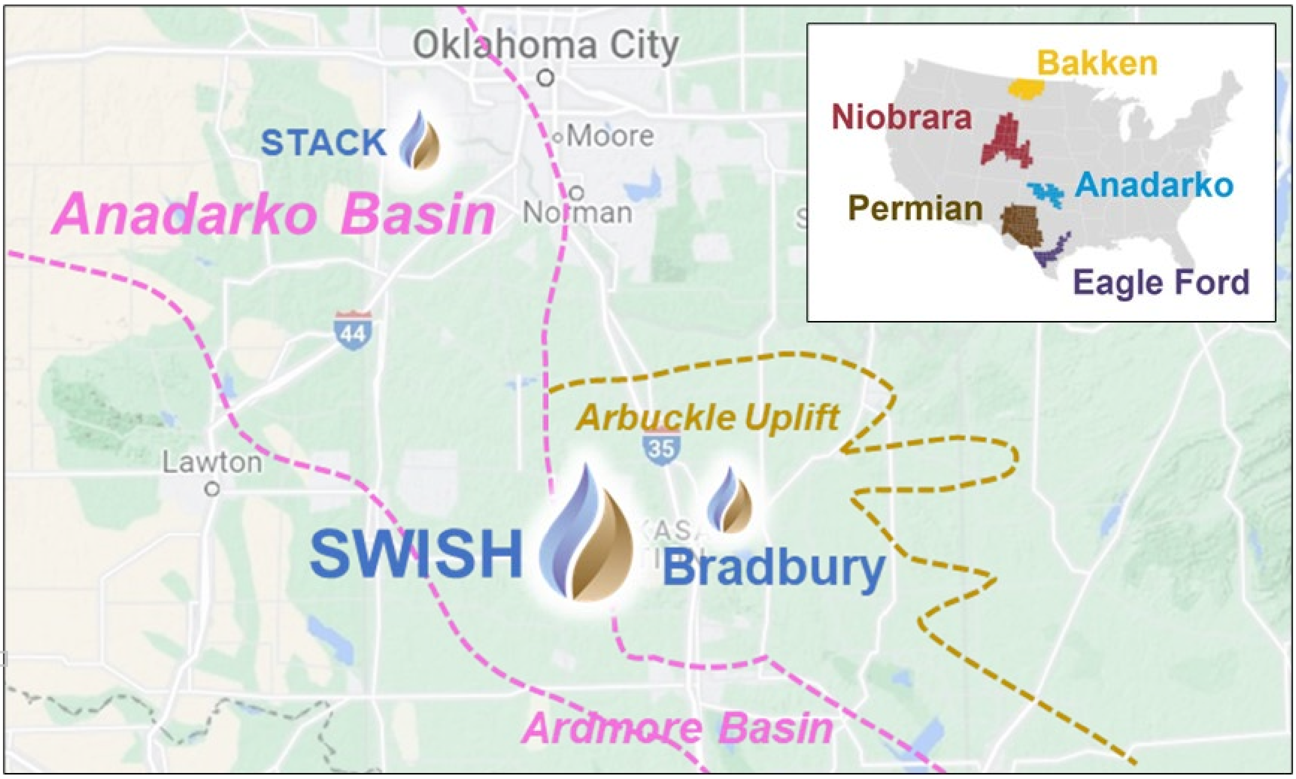


Figure 1. Brookside Projects, Oklahoma

Land & Leasing

During the year the Company continued to evaluate new acreage opportunities, resulting in the growth of the Company's acreage position in both the SWISH and Bradbury AOIs.

The Company added a fourth operated DSU in the core of the Company's SWISH AOI holdings, the Bruins DSU (Figure 2), with this prime acreage located adjacent to the Company's Jewell and Flames DSU. When this new DSU is HBP it will deliver a material increase to the Company's SWISH AOI reserves and add to its already large inventory of low-risk, high-return development wells. Furthermore, there is considerable potential to significantly improve the economics and efficiency of the Company's Phase Two development plan.

The Company also expanded the Bradbury AOI by tripling its acreage position with three DSU's now controlled (~80% Working Interest in each 40-acre unit) in this new AOI which is located east-northeast of the Company's SWISH AOI. The Company sees considerable opportunity for further growth in this area as prospecting continues.

As at 31 December 2022 the Company had ~4,615 Working Interest leasehold acres (~4,495 acres within the SCOOP and STACK and ~120 acres associated with the Bradbury DSU in Murray County, approximately 20 miles east-northeast of the Jewell DSU, a 41% increase year on year.

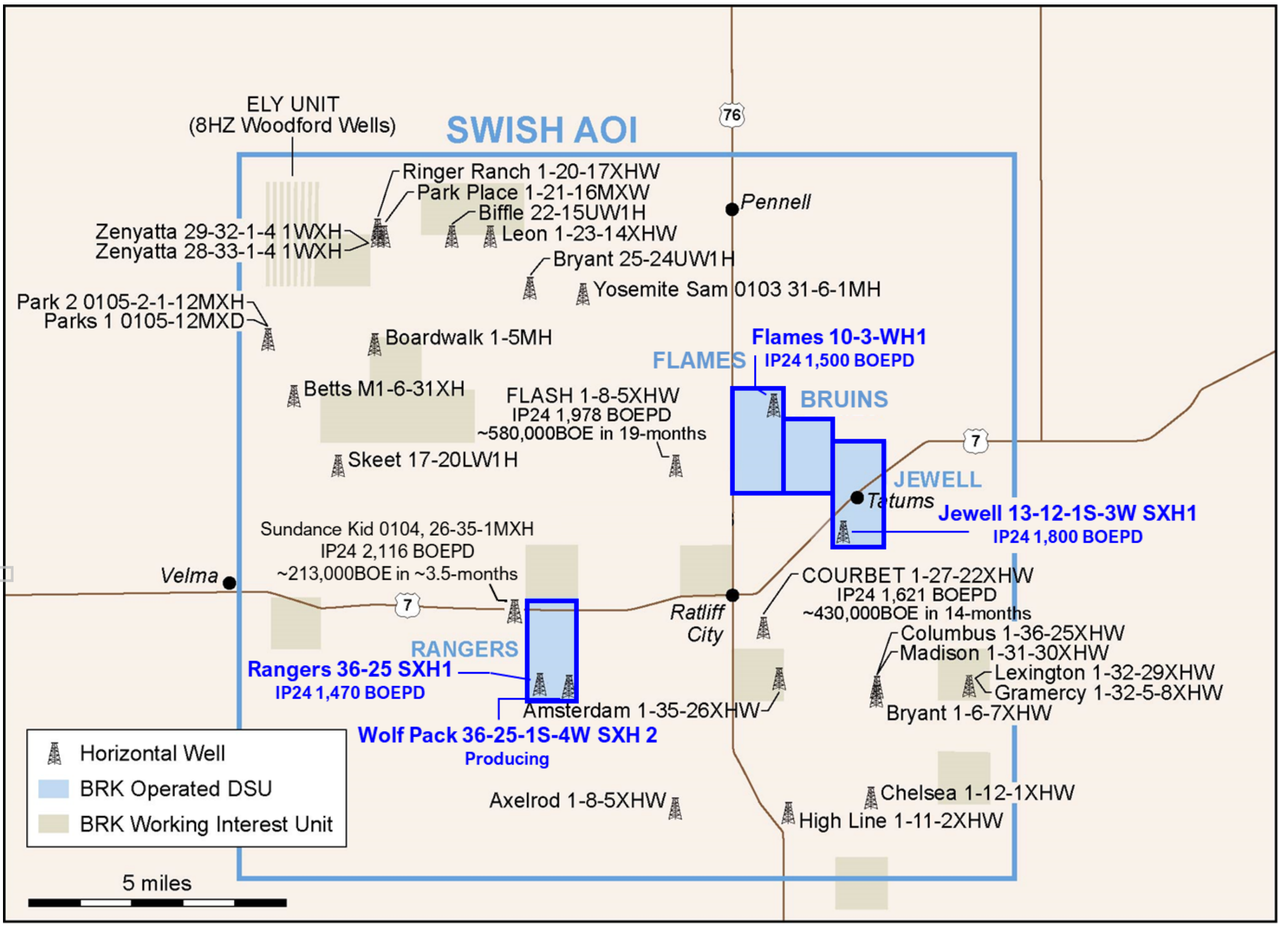


Figure 2. SWISH activity map showing the location of Brookside's four operated wells and DSUs.

Drilling and Completion Activities

The Company ended the year with an interest in fifty-eight wells and royalty interest in four DSUs targeting the productive formations of the Anadarko Basin (see Table 1).

Well Name	WI	OPERATOR	STATUS
JUANITA 32-1	95.00%	Black Mesa Energy, LLC	Completing
LEE 1-10	96.40%	Black Mesa Energy, LLC	Producing
WOLF PACK 36-25-1S-4W SXH2	83.93%	Black Mesa Energy, LLC	Completing
RANGERS 36-25-1S-4W SXH1	75.29%	Black Mesa Energy, LLC	Producing
FLAMES 10-3-1S-3W WXH1	71.30%	Black Mesa Energy, LLC	Producing
JEWELL 13-12-1S-3W SXH1	51.80%	Black Mesa Energy, LLC	Producing
MITCHELL 12-1	49.44%	Black Mesa Energy, LLC	Shut-In
CARTER 12-1	36.98%	Black Mesa Energy, LLC	Producing
THELMA 1-32	36.20%	Black Mesa Energy, LLC	Producing
NEWBERRY	21.70%	Black Mesa Energy, LLC	Producing
HERRING 1-33 1513MH	18.18%	Citizen Energy III, LLC	Producing
COMPTON 2-8	9.46%	Mustang Fuel Corp.	Producing
BULLARD 1-18-07UWH	5.21%	Rimrock Resource Operating, LLC	Producing
HENRY FEDERAL 1-8-5XH	4.43%	Continental Resources, Inc.	Producing
CAULEY 1-7	4.22%	Devon Energy Corp.	Shut-In
GERHARDT 1-7	4.22%	Devon Energy Corp.	Shut-In
TRIM UNIT 1	4.22%	Devon Energy Corp.	Shut-In
DR NO 1-17-20 1611MHX	3.79%	Citizen Energy III, LLC	Producing
MOTE 1-26-23UWH	3.20%	Rimrock Resource Operating, LLC	Producing
SPHINX 26 23-16N-11W-1XH	2.89%	Devon Energy Corp.	Producing
ROSER 1611 1-3-34MXH	2.80%	Marathon Oil Co.	Producing
KEVIN FIU 1-20-17XH	2.21%	Continental Resources, Inc.	Producing
LADYBUG 27 22-15N-13W 1HX	2.15%	Devon Energy Corp.	Producing
LANDRETH BIA 1-14H	1.80%	Marathon Oil Co.	Producing
DAVIS 1-8-1611MH	1.17%	Citizen Energy III, LLC	Producing
STRACK 1-2-11XH	1.02%	Marathon Oil Co.	Producing
MIKE COM 1H-0706X	0.38%	Cimarex Energy, Co.	Producing
CENTAUR 7_6-15N-10W 3HX	0.29%	Devon Energy Corp.	Producing
CENTAUR 7_6-15N-10W 4HX	0.29%	Devon Energy Corp.	Producing
CENTAUR 7_6-15N-10W 2HX	0.29%	Devon Energy Corp.	Producing
CENTAUR 7_6-15N-10W 5HX	0.28%	Devon Energy Corp.	Producing
LEON 1-23-14XHM	0.17%	Continental Resources, Inc.	Producing
GRAMERCY 1-32-5-6-8XHW	0.17%	Continental Resources, Inc.	Producing
BIFFLE 22-15 UW1H	0.16%	Cheyenne Petroleum, Co.	Producing
BOARDWALK 1-5MH	0.15%	Continental Resources, Inc.	Producing
CATSKILLS 1-1-12XHW	0.12%	Continental Resources, Inc.	Drilling
LEON 2-26-23-14XHM	0.11%	Continental Resources, Inc.	Producing
ASSAULT 1-9-16-21XHM	0.08%	Citation Oil & Gas Company	Producing
LEXINGTON 1-32-29XHW	0.08%	Continental Resources, Inc.	Producing
ESSEX 1R-12-13-24XHW	0.03%	Continental Resources, Inc.	Producing
LEON 3-26-23-14XHM	0.03%	Continental Resources, Inc.	Producing
ZENYATTA 28-33-1-4 1WXH	0.02%	Citizen Energy III, LLC	Producing
RINGER RANCH 1-20-17XHM	0.01%	Continental Resources, Inc.	Producing
RINGER RANCH 1-20-17XHM	0.01%	Continental Resources, Inc.	Producing
RINGER RANCH 1-20-17XHM	0.01%	Continental Resources, Inc.	Producing
RINGER RANCH 2-20-17XHM	0.01%	Continental Resources, Inc.	Drilling
RINGER RANCH 3-20-17XHM	0.01%	Continental Resources, Inc.	Drilling
McKINLEY 13&24 15-13	0.00%	Continental Resources, Inc.	ORRI Only
BUCHER 1711 1-34MH	0.00%	Marathon Oil Co.	ORRI Only
MCCLUNG 1-17	0.00%	Encana	ORRI Only
ROSER 1611 1-3-34MXH	0.00%	Marathon Oil Co.	ORRI & RI
ROSER 1611 2-3-34MXH	0.00%	Marathon Oil Co.	ORRI Only
ROSER 1711 4-3-34MXH	0.00%	Marathon Oil Co.	ORRI Only
BOARDWALK 1-5MH	0.00%	Continental Resources, Inc.	ORRI
HENRY FEDERAL 1-8-5XH	0.00%	Continental Resources, Inc.	ORRI
LADYBUG 27 22-15N-13W 1HX	0.00%	Devon Energy Corp.	ORRI
DR NO 1-17-20 1611MHX	0.00%	Citizen Energy III, LLC	ORRI
CATSKILLS 1-1-12XHW	0.00%	Continental Resources, Inc.	ORRI
NW CAMP DEESE UNIT	0.00%	Phoenix Petrocorp, Inc.	RI
TATUMS FIELD UNIT	0.00%	Citation Oil & Gas Company	RI
TATUMS TOWNSITE UNIT	0.00%	Citation Oil & Gas Company	RI
TATUMS SAND UNIT	0.00%	Citation Oil & Gas Company	RI

Table 1: Company wells / DSUs and Working Interest (WI) in the SCOOP and STACK Plays in the Anadarko Basin and the Arbuckle Uplift in the Ardmore Basin, Oklahoma.
Note: Working Interest percentages may change subject to the issue of final pooling orders.

SWISH AOI

Jewell 13-12-1S-3W SXH1 well (Jewell Well)

The Jewell Well, the Company's first operated well in the Jewell DSU, achieved pay-out in the first quarter 2022 within a record six months of commencing production with all drilling and completion costs fully recovered. The expedited pay-out considerably beat pre-drill estimates due to the better-than-expected Jewell Well production rates, a strong mix of oil and liquids rich gas and decade high commodity prices.

Jewell Well production for the year ending December 2022 was 264,734 BOE, with cumulative production to the end of December 2022 of 437,167 BOE (Figure 3).

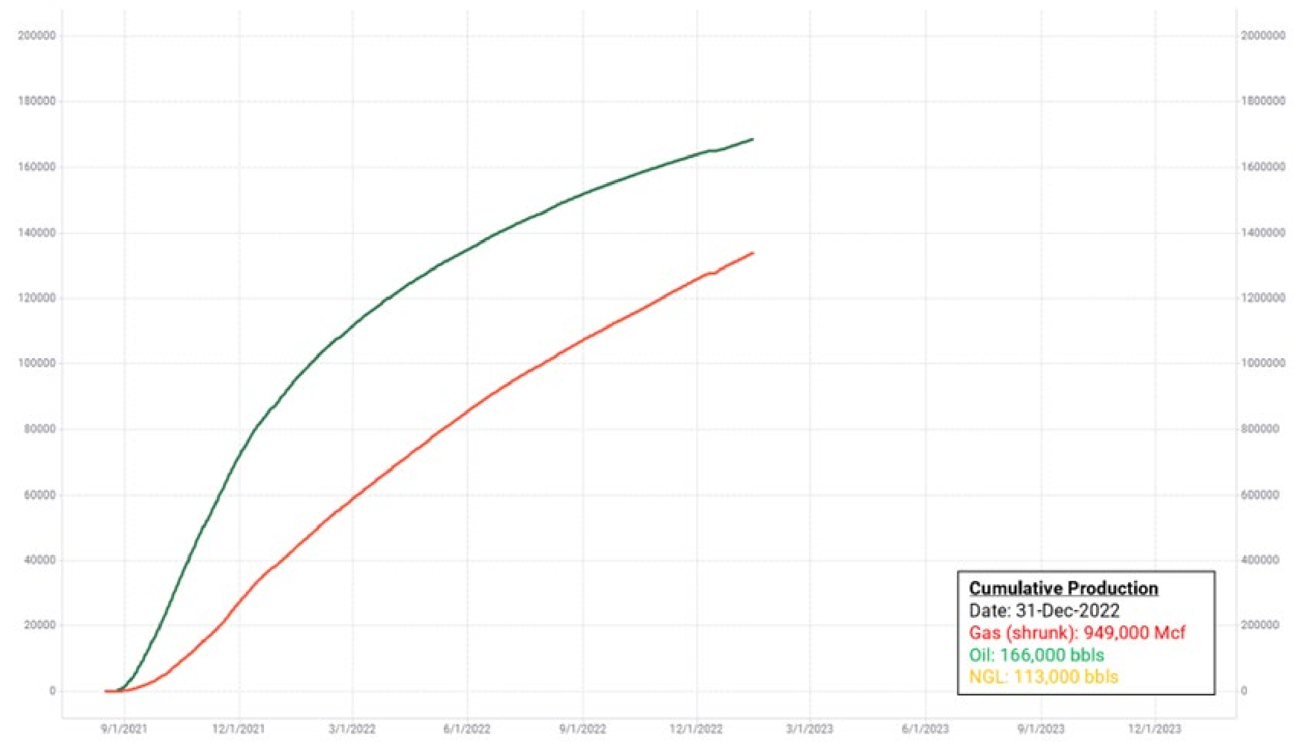


Figure 3. Cumulative production on 31 December 2022 for the Jewell Well.

Rangers 36-25-1S-4W SXH1 well (Rangers Well)

The Rangers Well, the Company's second operated well and first in the Rangers DSU in the SWISH AOI was successfully drilled, completed and brought on production in the first half of the year. As with the Jewell Well, the Rangers Well targeted the Sycamore Formation. With commercial production established in the Rangers DSU, this unit was classified as HBP. This classification will ultimately enable the Company to book proved developed and proved undeveloped reserves within this DSU.

After reaching TD (total measured depth) of ~17,460 feet in January the well was cased with the production string that was subsequently cemented in place. Site work was conducted in preparation for arrival of well stimulation equipment and construction of production facilities commenced including a heated horizontal separator, vertical heater treater, vertical separator, and four 750-barrel storage tanks (Figure 4).

Figure 4. Rangers tank battery and separators

Cudd Energy Services was appointed to provide completion services and successfully completed the multi-stage stimulation of the Rangers Well (Figure 5). All stages were completed as designed and planned, with the reservoir successfully stimulated and the equipment rigged down and demobilised.

Using a coiled tubing unit the isolation plugs used for each stimulation stage were successfully milled out and drilling fluid was circulated in the wellbore to clean-up and remove any remaining debris from the milling operations and the stimulation process. In line with expectations, during operations to circulate the drilling fluid oil and gas were recovered to surface.

At the end of March clean-up operations on the Rangers Well were being finalised and flow-back operations were commencing.

Figure 5. Rangers Well stimulation operations

The Rangers Well commenced production in April during the early part of the flow-back and stimulation fluid recovery operations, with production building during the period.

On 12 May 2022 the company announced that the Rangers Well production had reached 1,008 BOEPD, ~80% oil plus gas and natural gas liquids. By 22 June 2022 the Rangers Well had recorded a daily production rate of 1,310 BOEPD, ~87% oil and gas liquids.

Seven months after commencing production the Rangers Well achieved payout with gross production of ~174,300 BOE, generating revenues of US$13,243,000. This was the Company's second well to achieve pay-out in record time, further reinforcing the quality of the SWISH AOI and the Company's operational acumen.

On 28 December 2022 the Rangers Well was temporarily shut-in during the multizone stimulation of the Wolf Pack Well as a safeguard against any well interference.

Rangers Well cumulative production to the end of December 2022 was 204,667 BOE (Figure 6).

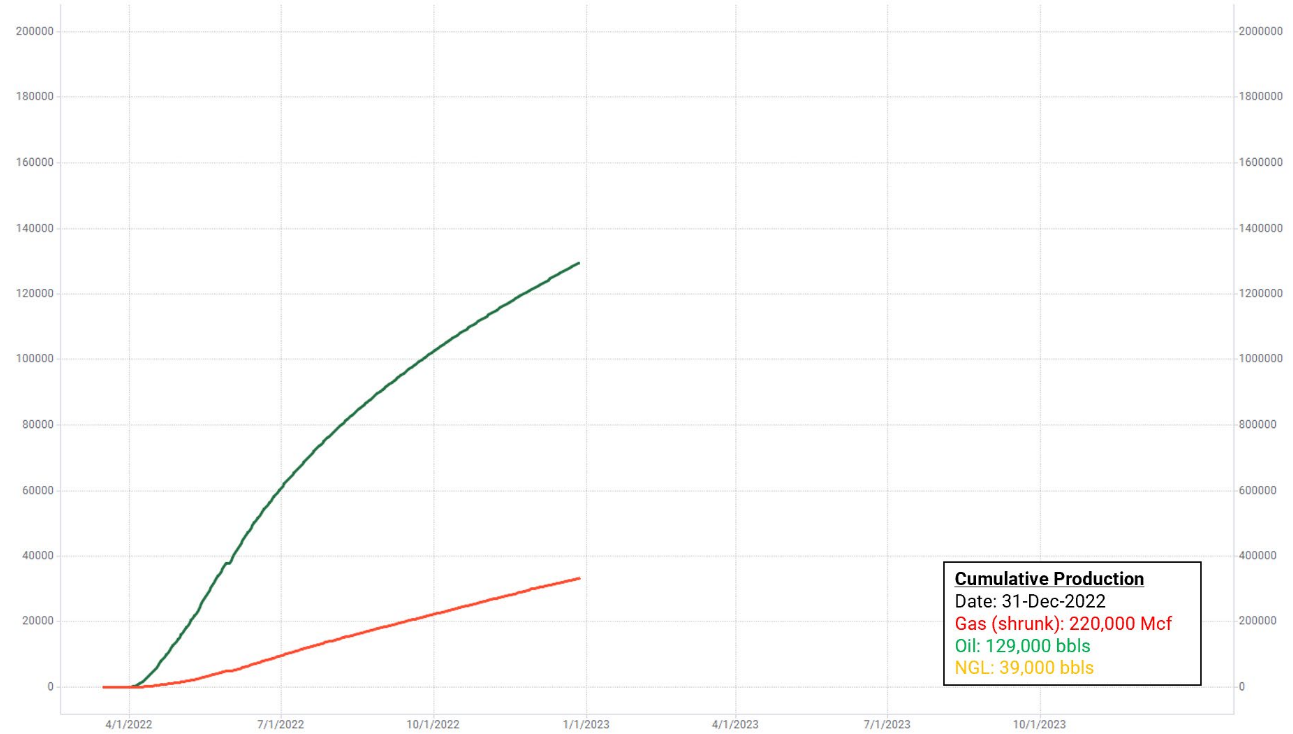


Figure 6: Cumulative production on 31 December 2022 for the Rangers Well. The well commenced production in April 2022.

Flames 10-3-1S-3W WXH1 well (Flames Well)

The Flames Well was the Company's third operated well and first in the Flames DSU. This was the company's first well targeting the Woodford Formation. The well was successfully drilled, completed and brought on production during the year and with commercial production established, the Flames DSU was classified as HBP. This classification will ultimately enable the Company to book proved developed and proved undeveloped reserves within this DSU.

On 21 April 2022, the Company announced that the Flames Well had reached TD (total measured depth) of ~18,140 feet and was successfully cased with 5.5' production casing (Figure 7).

Figure 7. Kenai Rig 18 drilling the Flames Well, Carter County, Oklahoma

Brookside appointed Oklahoma-based Producers Service Corp. (PSC), a leading private North American oilfield services company, to supply and operate the equipment and personnel for the completion of the Flames Well. On 15 June 2022 the Company announced that completion operations had commenced with the first few stages pumped as per our completion design for this well (Figure 8). By the end of June, the multi-stage stimulation had been successfully completed and a snubbing unit was being mobilised to mill out the isolation plugs for each stage and commence circulation and well bore clean-up operations.

Figure 8. Producers Service Corp. (PSC) conducting multi-stage hydraulic stimulation operations on the Flames Well, Carter County, Oklahoma.

The Flames Well recorded an IP24 rate of ~1500 BOE per day (75% liquids, 25% gas), the second highest IP24 rate for a well producing from the Woodford Formation in the SWISH AOI. Additionally, the Flames Well achieved an IP30 of ~1,200 BOE per day.

Flames Well cumulative production to the end of December 2022 was 138,000 BOE (Figure 9).

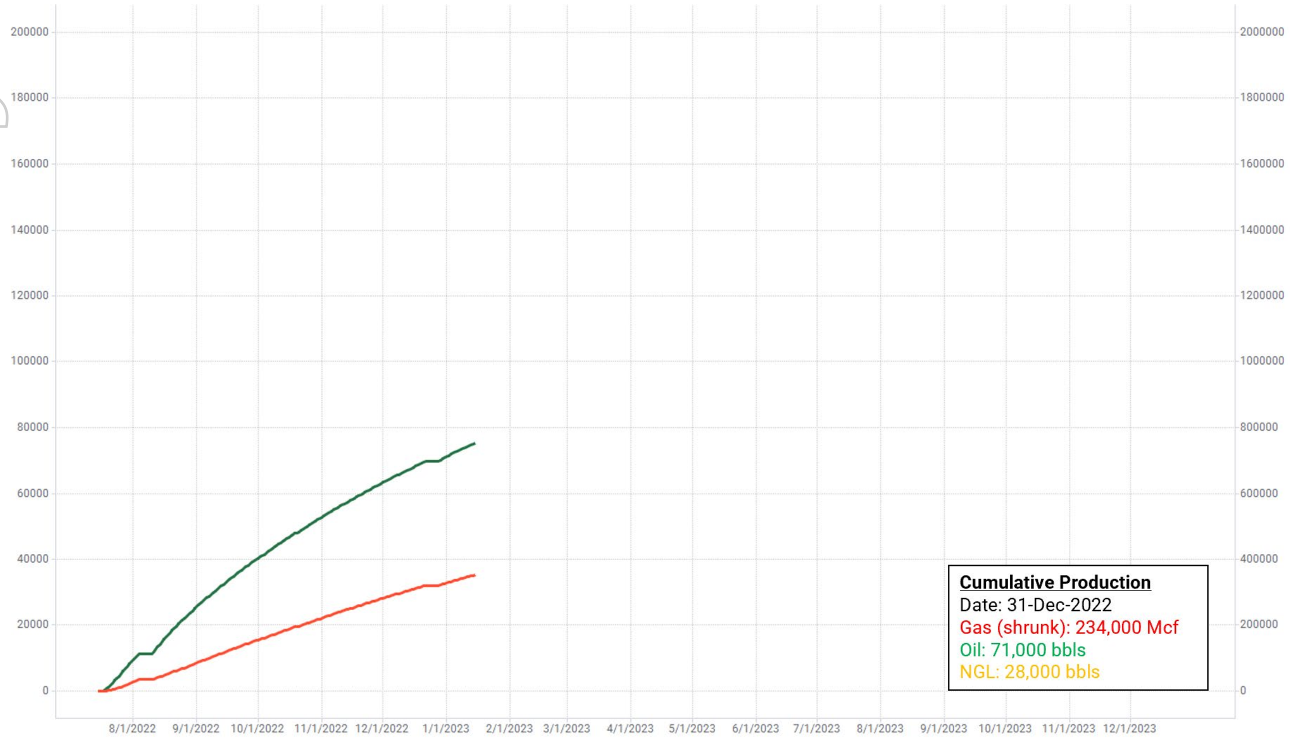


Figure 9. Cumulative production on 31 December 2022 for the Flames Well. The well commenced production in August 2022.

Wolf Pack 36-25-1S-4W SXH 2 well (Wolf Pack Well)

The Wolf Pack Well is the Company's first Phase Two Development well following the successful completion of the HBP campaign. It is the Company's fourth operated well in the SWISH AOI and the second well in the Rangers DSU following the Rangers Well.

The Wolf Pack Well was spudded in November by Latshaw Rig 12 (Figure 10) and reached TD (total measured depth) of ~17,260 feet in the second half of December, with the production casing string successfully landed, set, and cemented in place. During drilling of the lateral section extensive shows of oil and gas were seen.

Haliburton Energy Services commenced preparation for completion operations on the Wolf Pack during the last week of December.

Post the end of the year the Company announced that multi-stage hydraulic stimulation had been completed successfully, with all stages completed and the reservoir successfully stimulated in accordance with the completion design. Just as with the drilling, completion operations were completed safely, without incident and on schedule. Operations were then focused on preparation for milling out of isolation plugs ahead of well clean-up and flowback.

Figure 10. Latshaw Drilling Rig 12, drilling ahead on the Wolf Pack Well location, Stephens County, Oklahoma

Bradbury AOI

The Bradbury AOI is located within the Arbuckle Uplift – Ardmore Basin, approximately 20 miles east-northeast of our SWISH AOI, in an area identified using historical production data and logs from vertical producers as well as seismic and mapping, with the potential to be exploited using low-cost vertical drilling.

Juanita Well

The Juanita Well is the Company's first well in the Bradbury AOI, spudded in November by Edge Services Rig 12. The well is targeting ten potential oil reservoirs (including zones from within the highly productive Simpson Group), all of which are proven producers in the area, with mean cumulative production from vertical wells in the AOI of ~130,000 barrels of oil per well, including a 744,000 barrel producer less than a mile east of the Juanita Well location.

During drilling an over-pressured zone was encountered in the sandstones of the Springer Group at ~3,500 ft TVD and the decision was made to temporarily suspend the well until a rig capable of operating more efficiently at these pressures could be mobilised. Oil shows and elevated gas readings had already been observed in the Sycamore formation (the first of the ten targeted potential reservoirs) during drilling.

Subsequently the Black Mesa team identified Dan D Drilling Rig 7 as meeting the requirements to operate in the encountered pressure regime and, post the end of the year Rig 7 was mobilised to site and drilling of the Juanita Well recommenced (Figure 11).

Figure 11. Dan D Drilling Rig 7 on location drilling the Juanita Well post the end of the December 2022

The Company has also identified a location for a second well and these operations can be fast-tracked subject to the results from the Juanita Well. The combination of low-cost drilling and completion costs and high reserve potential is expected to result in superior well economics from vertical wells that are drilled, completed, and successfully brought online in this new AOI.

Oil and Gas Production and Revenue

Oil and gas production continued to grow during the year with three operated wells on production and a fourth operated well undergoing completion in the SWISH AOI at year's end. Sales continued during the year from a combination of operated and non-operated wells in the SCOOP and STACK plays. The Company finished the December 2022 Quarter with gross operated daily production of 1,879 BOE per day for the quarter, Group net production (including non-operated production) of 1,064 BOE per day (net to our Working Interest and after the deduction of royalties).

Description	Total	Liquids
Gross Operated Volumes (BOE)	613,533	69%
Group Net Volumes (BOE)	331,342	66%

CORPORATE

Unmarketable Parcel Share Sale Facility

During the period, the Company established and concluded an unmarketable parcel sale facility in respect of holdings of fully paid ordinary shares valued at A$500 or less at the record date of 13 September 2022 (based on a share price of $0.013) (**Facility**). Under the Facility, participating shareholders received a price of $0.013 per share for the sale of their unmarketable parcel of shares, without incurring any brokerage or handling costs.

SUBSEQUENT EVENTS

On 13 January 2023, the Company announced that it has issued a total of 2,272,728 fully paid ordinary shares following the exercise of share rights held by an employee of the Company.

No other matters or circumstances have arisen since the end of the half-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 30 years domestic and international corporate finance and executive management experience. David started his career working in commercial and business development roles within the resources sector working for some of Australia's most successful gold and nickel exploration and mining companies. During the last 16 years, David has gained international oil and gas exploration and production sector experience (with a specific focus on the Mid-Continent region of the United States) working in both executive and non-executive director roles with Australian publicly traded companies.
Other Directorships	David Prentice is currently a Non-Executive Director of Black Mesa Energy, LLC, Non-Executive Chairman of Noronex Limited (ASX:NRX) and Blaze Minerals Limited (ASX:BLZ).
Richard Homsany	**Non-Executive Director**
Qualifications	LL.B (Hons), B. Com, Grad. Dip. Fin & Inv, F Fin, MAICD, CPA
Experience	Richard is an experienced corporate lawyer and Certified Practising Accountant (CPA) with significant experience in the resources and energy sectors. He is the principal of Cardinals Lawyers and Consultants, a West Perth based corporate and resources law firm. Richard was previously a partner of major law firm DLA Phillips Fox (now known as global law firm DLA Piper).
Other Directorships	Richard Homsany is Executive Chairman of ASX listed uranium exploration and development 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:GLN), 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	15	15
David Prentice	15	15
Richard Homsany	15	15

Note: Both David Prentice and Michael Fry attended 12 and 11 Black Mesa Energy (**BME**) 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**).

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 2022.

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 25 and forms part of this Directors' Report for the year ended 31 December 2022.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

In the opinion of the Directors, there were no other significant changes in the state of affairs of the Group that occurred during the financial year under review not otherwise disclosed in this report or in the financial statements.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Disclosure of information regarding likely developments in the operations of the Group in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Group. Therefore, this information has not been presented in this report.

REMUNERATION REPORT

This Remuneration Report, which forms part of the directors' report, sets out information about the remuneration of Brookside Energy Limited's Directors and its Key Management Personnel for the financial year ended 31 December 2022.

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	-

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

The Company received 97.73% of "yes" votes on its Remuneration Report for the 2021 financial year. The Company did not receive any specific feedback from shareholders at the 2022 Annual General Meeting on its remuneration practices.

A.3 Relationship between Remuneration of Key Management Personnel and Shareholder Wealth

During the Group's development phases of its business, the Board anticipates that the Group will retain earnings (if any) and other cash resources for the development of its projects. Accordingly, the Group does not currently have a policy with respect to the payment of dividends and returns of capital. Therefore, there was no relationship between the Board's policy for determining, or in relation to, the nature during the current and previous financial years.

The Board did not determine the nature and amount of remuneration of the KMP by reference to changes in the price at which shares in the Company traded between the beginning and end of the current and previous financial years. However, where the Directors of the Company receive incentive options, such options generally would only be of value if the Company's share price increased sufficiently to warrant exercising the incentive options.

A.4 Additional information

The gain/(loss) of the group for the five years to 31 December 2022 are summarised below:

	2022 $'000	2021 $'000	2020 $'000	2019 $'000	2018 $'000
Revenue	52,997	12,580	366	2,187	99
EBITDA	21,838	(1,021)	(1,664)	1,873	(631)
EBIT	15,846	(2,321)	(1,755)	1,520	(631)
Gain/(loss) after income tax	15,096	(2,611)	(2,437)	918	(1,218)

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

	2022	2021	2020	2019	2018
Share price at financial year end (AUD)	0.011	0.020	0.007	0.009	0.011
Total dividends declared (cents per share)	-	-	-	-	-
Basic earnings/(loss) per share (cents per share)	0.35	(0.10)	(0.22)	0.09	(0.13)

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 2022. Any reference to "Executives" in this report refers to Executive Directors.

B.1 Remuneration Policy Framework

The key objective of Brookside's remuneration policy is to be a key enabler for the 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.

During the year ended 31 December 2022, the Company engaged The Reward Practice Pty Ltd to review the Company's remuneration policy framework. The Company paid a total fee of $20,950 for this service. The Remuneration Committee will consider any recommendations from the consultant in due course.

B.2 Policy for Executive Remuneration for Future Reporting Periods

Executive Remuneration consists of the following key elements:

- Fixed remuneration or base salaries; and
- Variable remuneration, being the "at risk" component related to performance comprising;
  - Short Term Incentives (**STI**).

C. REMUNERATION COMPONENTS

C.1 Fixed Remuneration

Fixed remuneration was reviewed by the Remuneration and Nomination Committee in 2018. The fixed remuneration component is detailed in Key Management Personnel remuneration for the year ended 31 December 2022 table.

C.2 STI Plan for the 2022 Reporting Period

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

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

<u>*Remuneration Policy*</u>

Non-Executive Director Fees

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

Equity Compensation

During the year ended 31 December 2022, the Company issued 2,318,182 Share Rights to Director Mr David Prentice, pursuant to shareholder approval obtained at a general meeting of the Company in consideration for services provided to the Company. Refer to Note 18 for further disclosure.

During the year ended 31 December 2022, the Company entered into a limited recourse loan agreement with its Directors in respect of the exercise of 98,000,001 listed options exercised by Director Mr David Prentice or his nominees, 10,000,000 listed options exercised by Director Mr Michael Fry or his nominees and 40,800,000 listed options exercised by Director Mr Richard Homsany or his nominee through the exercise of options. Refer to Note 18 for further disclosure.

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

As at 31 December 2022, the Company had accrued $10,000 in outstanding director fees (31 December 2021: $10,000).

	Primary			Post- employment			
31 December 2021	**Base Salary and Fees $**	**Bonus STI $**	**Share-based Benefits $**	**Super-annuation Contributions $**	**Termination Payments $**	**TOTAL $**	**Percentage Equity Related %**
Executive Directors							
David Prentice	204,000	-	1,120,000	-	-	1,324,000	85%
Non-Executive Directors							
Michael Fry	57,500	-	320,000	-	-	377,500	85%
Richard Homsany	40,000	-	160,000	-	-	200,000	80%
Total 31 Dec 2021	**301,500**	**-**	**1,600,000**	**-**	**-**	**1,901,500**	**-**

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

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

E.2 Options Held by Key Management Personnel

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

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

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

E.3 Share Rights by Key Management Personnel

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

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

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

E.4 Loans to Key Management Personnel

No loans other than limited recourse loans (refer Note 18) were made to key management personnel of the Company during the financial year or the prior corresponding period.

E.5 Other Transactions and Balances with Key Management Personnel

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

E.6 Compensation Options: Granted and vested during and since the financial year ended 31 December 2022

During the financial year ended 31 December 2022, there were no options granted (2021: 100,000,000), no director options lapsed (2021: Nil), and 113,800,001 director options exercised (2021: 11,250,000). As at 31 December 2022 there was no options on issue. Refer to Note 18 for further details of the value of options.

E.6 Performance bonuses

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

F. SERVICE AGREEMENTS

Director	Base Salary	Terms of the Agreement	Notice Period
David Prentice *CEO/Managing Director*	$23,000 per month	Until termination	6 Months
Michael Fry *Non-Executive Chairman*	$80,000 per annum	Until termination in accordance with the Company's Constitution	Reasonable notice
Richard Homsany *Non-Executive Director*	$40,000 per annum	Until termination in accordance with the Company's Constitution	Reasonable notice

- - END OF REMUNERATION REPORT - -

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

David Prentice
Managing Director

31 March 2023

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 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Perth, Western Australia
31 March 2023

D I Buckley
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 2022.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2022

	Notes	For the year ended 31 Dec 2022 $	For the year ended 31 Dec 2021 $
Revenue	2	52,996,833	12,580,636
Royalties expense	2	(25,796,630)	(7,627,370)
Production expense		(1,224,860)	(387,425)
Gross profit		25,975,343	4,565,841
Interest revenue	2	22,872	3,582
Government grant and subsidies		-	154,715
Fair value gain on equity investment		-	22,500
Other income	2	971,156	701,258
Director and employee related expenses		(1,432,093)	(859,638)
Compliance and registry expenses		(238,772)	(412,696)
Accounting and audit fees		(263,334)	(208,287)
Promotion and communication cost		(309,972)	(196,321)
Finance costs		(450,000)	-
Amortisation expense	7	(5,989,993)	(1,279,781)
Share based payments expense	18	(1,391,755)	(4,238,500)
Interest on financing	11.B	(750,000)	(289,975)
Other expenses	2.B	(888,938)	(476,804)
Fair value loss on equity investment		(15,000)	-
Impairment expenses		(143,409)	-
Gain/(loss) on foreign exchange movement		-	(97,230)
Gain/(Loss) before income tax expense		**15,096,105**	**(2,611,336)**
Income tax expense	3	**-**	**-**
Gain/(Loss) for the year		**15,096,105**	**(2,611,336)**
Other comprehensive income/ (loss)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on the translation of foreign operations		3,478,315	1,289,571
Other comprehensive income/(loss) for the year net of taxes		**18,574,420**	**(1,321,765)**
Total comprehensive income/(loss) for the year		**18,574,420**	**(1,321,765)**
Earnings/(loss) Per Share			
Basic and diluted earnings/(loss) per share (cents)	14	0.35	(0.10)

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	As at 31 Dec 2022 $	As at 31 Dec 2021 $
Assets			
Current Assets			
Cash and cash equivalents	4	33,901,798	17,038,540
Trade and other receivables	5	4,164,595	1,263,356
Financial assets		105,000	120,000
Other		83,153	-
Total Current Assets		**38,254,546**	**18,421,896**
Non-Current Assets			
Property, plant and equipment		1,182	2,981
Exploration and evaluation assets	6	29,054,948	15,780,667
Producing assets	7	26,450,725	6,556,585
Total Non-Current Assets		**55,506,855**	**22,340,233**
Total Assets		**93,761,401**	**40,762,129**
Liabilities			
Current Liabilities			
Trade and other payables	8	21,995,456	4,655,237
Total Current Liabilities		**21,995,456**	**4,655,237**
Non-Current Liabilities			
Provisions		73,800	68,906
Total Non-Current Liabilities		**73,800**	**68,906**
Total Liabilities		**22,069,256**	**4,724,143**
Net Assets		**71,692,145**	**36,037,986**
Equity			
Issued capital	9	268,081,261	252,356,277
Reserves	10	10,950,274	6,117,204
Accumulated losses		(207,339,390)	(222,435,495)
Total Equity		**71,692,145**	**36,037,986**

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Issued Capital $	Accumulated Losses $	Share Based Payment Reserve $	Foreign Currency Translation Reserve $	Total $
Balance at 1 January 2021	**227,091,611**	**(219,824,159)**	**431,039**	**(148,406)**	**7,550,085**
Loss for the period	-	(2,611,336)	-	-	(2,611,336)
Other comprehensive loss	-	-	-	1,289,571	1,289,571
Total comprehensive loss for the period	**-**	**(2,611,336)**	**-**	**1,289,571**	**(1,321,765)**
Shares issued during the period	17,250,000	-	-	-	17,250,000
Shares issued in lieu of services	49,750	-	-	-	49,750
Shares issued in lieu of wells acquisition	3,250,000	-	-	-	3,250,000
Shares issued in lieu of loan repayment	3,125,000	-	-	-	3,125,000
Share option exercised	4,098,416	-	-	-	4,098,416
Options issued during the period	-	-	4,545,000	-	4,545,000
Share/Option issue costs	(2,508,500)	-	-	-	(2,508,500)
Balance at 31 December 2021	**252,356,277**	**(222,435,495)**	**4,976,039**	**1,141,165**	**36,037,986**
Balance at 1 January 2022	**252,356,277**	**(222,435,495)**	**4,976,039**	**1,141,165**	**36,037,986**
Gain for the period	-	15,096,105	-	-	15,096,105
Other comprehensive income	-	-	-	3,478,315	3,478,315
Total comprehensive loss for the period	**-**	**15,096,105**	**-**	**3,478,315**	**18,574,420**
Shares issued in lieu of placement	137,201	-	-	-	137,201
Shares issued in lieu of services	37,000	-	-	-	37,000
Share options exercised	16,105,757	-	-	-	16,105,757
Limited recourse loan	-	-	1,276,709	-	1,276,709
Share rights issued during the period	-	-	78,046	-	78,046
Share/Option issue costs	(554,974)	-	-	-	(554,974)
Balance at 31 December 2022	**268,081,261**	**(207,339,390)**	**6,330,794**	**4,619,480**	**71,692,145**

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2022

		For the year ended 31 Dec 2022 $	For the year ended 31 Dec 2021 $
Cash Flows Used in Operating Activities			
Receipts from customers		55,442,054	9,441,744
Payments to suppliers and employees		(21,849,890)	(2,743,614)
Interest received		22,872	3,582
Net Cash Provided by Operating Activities	11.A	**33,615,036**	**6,701,712**
Cash Flows from Investing Activities			
Proceeds from exploration project participants		-	2,438,766
Payments for exploration activities		(23,821,017)	(10,764,716)
Payments for production assets		(7,932,671)	(213,659)
Payments for property, plant and equipment		-	(3,648)
Net Cash Used In Investing Activities		**(31,753,688)**	**(8,543,257)**
Cash Flows from Financing Activities			
Proceeds from issue of shares		-	17,250,000
Proceeds from exercise of options		16,245,700	4,094,634
Payments of share issue costs		(555,000)	(1,036,000)
Payments of borrowings costs		(450,000)	-
Proceeds from borrowings	11.B	7,500,000	-
Repayment of borrowings	11.B	(8,250,000)	(2,703,383)
Net Cash Provided by Financing Activities		**14,490,700**	**17,605,251**
Net Increase in Cash and Cash Equivalents		**16,352,048**	**15,763,706**
Cash at beginning of the year		17,038,540	1,302,364
Effect of exchange rates on cash		511,210	(27,530)
Cash at End of Year		**33,901,798**	**17,038,540**

The accompanying notes form part of these consolidated financial statements.

NOTES TO THE 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. The functional currency is outlined in Note 1.G.

1.A.2. Accounting Policies

The same accounting policies and methods of computation have been followed in this consolidated financial report as were applied in the 31 December 2022 financial statements except for the impact (if any) of the new and revised standards and interpretations as outlined in Note 1.B.

1. 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.

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

1.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 2022

In the year ended 31 December 2022, 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 2022.

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 2022.

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 2023.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations 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 2022 were approved and authorised for issue on 31 March 2023.

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.

Amortisation and estimation of reserves

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

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

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

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

1.G. FOREIGN CURRENCY TRANSLATION

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

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

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

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

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

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

1.H. PRODUCING ASSETS

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

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

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

2. REVENUES AND EXPENSES

REVENUE

	Year ended 31 Dec 2022 $	Year ended 31 Dec 2021 $
Oil and gas sales - operator (point in time)	51,199,478	11,459,564
Oil and gas sales – non-operator (point in time)	1,797,355	1,121,072
Oil and gas sales	52,996,833	12,580,636
Royalties expenses[1]	(25,796,630)	(7,627,370)
Oil and gas revenue	**27,200,203**	**4,953,266**
Other revenue		
Overhead income from program participants	681,439	559,178
Other	312,589	142,080
	994,028	**701,258**

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

EXPENSES

	Year ended 31 Dec 2022 $	Year ended 31 Dec 2021 $
Other expenses		
Administration expenses	555,577	279,109
Insurance expenses	52,352	58,609
Travel expenses	199,846	62,119
Depreciation expenses	1,659	20,304
Consultant fees	79,504	38,452
Finance cost	-	18,211
	888,938	**476,804**

3. INCOME TAX EXPENSE

	Year ended 31 Dec 2022 $	Year ended 31 Dec 2021 $
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% (2021: 30%)	4,528,832	(783,401)
Add tax effect of:		
Non-allowable items	(5,844,089)	1,522,897
Losses not recognised	1,895,917	682,179
Impact of different tax rate (USA)	(580,660)	(96,851)
	-	**1,324,824**
Less tax effect of:		
Losses deferred tax balances not recognised	-	(1,324,824)
	-	**-**

3.A. UNRECOGNISED DEFERRED TAX ASSETS

	Year ended 31 Dec 2022 $	Year ended 31 Dec 2021 $
Unrecognised deferred tax assets at 30% (31 December 2021: 30%):		
Carry forward revenue losses	4,490,793	3,886,784
Provisions and accruals	25,500	16,500
Capital raising	768,665	715,454
	5,284,958	**4,618,738**

The unrecognised deferred tax asset of $4,490,793 (2021: $3,886,784) relating to carry forward revenue losses have not been formally tested for their availability in accordance with income tax legislation, therefore as at balance date it is uncertain whether these losses could be applied against future taxable income. The Group will undergo detailed testing of those tax losses at a time when the use of those losses is relevant to offsetting taxable income.

3. INCOME TAX EXPENSE (continued)

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

(a) the 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 2022 $	As at 31 Dec 2021 $
Cash at bank	33,901,798	17,038,540
	33,901,798	**17,038,540**

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 2022 $	As at 31 Dec 2021 $
Current		
Accrued revenue	3,240,045	947,885
Other receivables	924,550	315,471
	4,164,595	**1,263,356**

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

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 2022 and 31 December 2021 respectively as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding.

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

Trade receivables are written off when there is no reasonable expectation of recovery. Failure to make payments within 180 days from the invoice date and failure to engage with the Group on alternative payment arrangement amongst other is considered indicators of no reasonable expectation of recovery.

6. EXPLORATION AND EVALUATION

	As at 31 Dec 2022 $	As at 31 Dec 2021 $
Costs carried forward in respect of areas of interest in:		
Exploration and evaluation phases – at cost	**29,054,948**	**15,780,667**
Opening Balance	**15,780,667**	**10,928,991**
Capitalised expenses	29,928,519	8,353,135
Transfer to producing assets	(17,785,111)	(4,150,175)
Foreign currency translation on movement	1,130,873	648,716
	29,054,948	**15,780,667**

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

6. EXPLORATION AND EVALUATION (continued)

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

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

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

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

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

7. PRODUCING ASSETS

	As at 31 Dec 2022 $	As at 31 Dec 2021 $
Balance at beginning of year	6,556,585	774,014
Transferred from exploration and evaluation assets	17,785,111	4,150,175
Acquisition of working interest	-	2,723,722
Capitalisation of production expense	7,932,671	213,659
Sale of working interest	-	(27,186)
Write-off of producing wells	(143,409)	-
Amortisation	(5,989,993)	(1,279,781)
Foreign currency translation on movement	309,760	1,982
	26,450,725	**6,556,585**

7. PRODUCING ASSETS (continued)

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

During the year ended 31 December 2022, no producing assets were assessed as impaired.

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

8. LIABILITIES

TRADE AND OTHER PAYABLES

	As at 31 Dec 2022 $	As at 31 Dec 2021 $
Trade creditors (a)	6,301,436	57,997
Other current liabilities[(i)]	15,611,154	4,547,640
Other creditors and accruals*	82,866	49,600
	21,995,456	**4,655,237**
**Aggregate amounts payable to related parties included:*		
Directors and director-related entities	10,000	10,000

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

Terms and conditions

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

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

9. SHARE CAPITAL

	As at 31 Dec 2022 $	As at 31 Dec 2021 $
Issued and paid up capital		
5,012,272,899 Ordinary shares	268,081,261	252,356,277
(31 December 2021: 3,375,340,370)		
Shares to be issued	-	-

9.A. MOVEMENTS IN SHARE CAPITAL

	Year ended 31 Dec 2022 $	Year ended 31 Dec 2021 $
At the beginning of the period	**252,356,277**	227,091,611
Shares issued during the period:		
- Placement	137,201	17,250,000
- Payment for the acquisitions of producing wells	-	3,250,000
- Payment of loan interest in ordinary shares	-	3,125,000
- Payment of advisor fees in ordinary shares	37,000	49,750
- Exercise of options	16,105,757	4,098,416
- Exercise of options – non-cash(i)	-	-
Share issue costs - paid through listed options	-	(1,472,500)
Share issue costs – paid in cash	(554,974)	(1,036,000)
At end of the period	**268,081,261**	**252,356,277**

9.B. MOVEMENTS IN NUMBER OF SHARES ON ISSUE

	Year ended 31 Dec 2022 Number	Year ended 31 Dec 2021 Number
At the beginning of the period	**3,375,340,370**	**1,350,000,000**
Shares issued during the period:		
- Placement	12,472,777	1,400,000,000
- Payment for the acquisitions of producing wells	-	125,000,000
- Payment of loan interest in ordinary shares	-	125,000,000
- Payment of advisor fees in ordinary shares (refer to note 18)	2,000,000	2,800,000
- Exercise of options	1,464,159,751	372,540,370
- Exercise of options – non-cash(i)	158,300,001	-
At end of the period	**5,012,272,899**	3,375,340,370

(i) *Current number of shares held as security for limited recourse loans made available to beneficiaries of the Company's Securities Incentive Plan (SIP), including Directors and Officers of the Company and other eligible participants. Refer to Note 18.*

9. ISSUED CAPITAL (continued)

9.C. TERMS AND CONDITIONS OF CONTRIBUTED EQUITY

9.C.1. Ordinary shares

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

9.D. OPTIONS

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

During the period ended 31 December 2022 the Group's BRKOB Listed Options expired and fully exercised through a facility.

9.E. MOVEMENTS IN NUMBER OF OPTIONS ON ISSUE

	As at 31 Dec 2022 Number	As at 31 Dec 2021 Number
At the beginning of the period	**1,622,459,752**	**700,000,000**
- Options free attaching to placement	-	650,000,122
- Options issued to directors, employee and company secretary	-	100,000,000
- Options issued to lead manager	-	272,500,000
- Options issued to advisor	-	272,500,000
- Options exercised	(1,622,459,752)	-
- Options expired during the period	-	(372,540,370)
At end of the period	**-**	**1,622,459,752**

10. RESERVES

Nature and purpose of reserves

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

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

	As at 31 Dec 2022 $	As at 31 Dec 2021 $
Share based payment reserve	6,330,794	4,976,039
Foreign currency translation reserve	4,619,480	1,141,165
	10,950,274	**6,117,204**

10.A. MOVEMENTS IN SHARE BASED PAYMENT RESERVE

	As at 31 Dec 2022 $	As at 31 Dec 2021 $
Balance at the beginning of the period	**4,976,039**	**431,039**
Options issued during the period:		
- Options issued to directors	-	1,600,000
- Options issued to lead manager	-	1,472,500
- Options issued to advisor	-	1,472,500
Limited recourse loan (refer to note 9 and note 18)	1,276,709	-
Share Rights issued during the period:		
- Share Rights issued to director (Note 18)	39,409	-
- Share Rights issued to employee (Note 18)	38,637	-
Balance at end of period	**6,330,794**	**4,976,039**

10.B. FOREIGN CURRENCY RESERVE

	As at 31 Dec 2022 $	As at 31 Dec 2021 $
At beginning of the period	**1,141,165**	**(148,406)**
Movement during the period	3,478,315	1,289,571
Balance at end of period	**4,619,480**	**1,141,165**

11. CASH FLOW INFORMATION

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

	Year ended 31 Dec 2022 $	Year ended 31 Dec 2021 $
Net gain/ (loss)	**15,096,105**	**(2,611,336)**
Non-cash items		
Share based payment expense	1,391,755	4,238,500
(Gain)/Loss on foreign exchange movement	(12,711)	97,230
Interest on borrowings	-	289,975
Impairment expenses	143,409	-
Fair value gain on financial assets	15,000	(22,500)
Depreciation expense	1,659	20,304
Amortisation expense	5,989,993	1,279,781
Changes in assets and liabilities		
Decrease/(Increase) in receivables and other assets	(2,969,876)	(1,315,181)
Increase/(decrease) in payables and accruals	13,959,702	4,724,939
Net cash flows (used in)/from operating activities	**33,615,036**	**6,701,712**
Reconciliation of cash:		
Cash balances comprises		
AUD accounts	3,681,030	351,556
USD accounts	30,220,768	16,686,984
	33,901,798	**17,038,540**

11.B. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Loans $	Convertible notes $	Lease liability $	Total $
Balance as at as at 1 January 2021	**5,358,826**	**-**	**-**	**5,358,826**
Net cash from financing activities	-	-	-	-
Interest accrued on borrowings	289,975	-	-	289,975
Repayments in cash	(2,703,383)	-	-	(2,703,383)
Repayments in shares and working interest allocation	(2,906,650)	-	-	(2,906,650)
Loan forgiven	(166,191)			(166,191)
Exchange differences	127,423	-	-	127,423
Balance as at 31 December 2021	**-**	**-**	**-**	**-**
Balance as at as at 1 January 2022	**-**	**-**	**-**	**-**
Net cash from financing activities	7,500,000	-	-	-
Interest accrued on borrowings	750,000	-	-	-
Repayments in cash	(8,250,000)	-	-	-
Repayments in shares and working interest allocation	-	-	-	-
Loan forgiven	-	-	-	-
Exchange differences	-	-	-	-
Balance as at 31 December 2022	**-**	**-**	**-**	**-**

12. KEY MANAGEMENT PERSONNEL DISCLOSURES

12.A. REMUNERATION OF DIRECTORS AND EXECUTIVES

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

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

	As at 31 Dec 2022 $	As at 31 Dec 2021 $
Short term employee benefits	396,000	301,500
Post-employment benefits	-	-
Share-based payments (refer to note 18)	1,239,499	1,600,000
	1,635,499	**1,901,500**

13. SEGMENT INFORMATION

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

Identification of reportable segments
The 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 and exploitation: Segment assets, including acquisition cost of exploration licenses and all expenses related to the projects in the USA are reported on in this segment.

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

Basis of accounting for purposes of reporting by operating segments.

Accounting policies adopted

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

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.

13. SEGMENT INFORMATION (continued)

	Corporate $	Oil and Gas & Other US Entities $	Total $
31 December 2021			
Segment performance			
Segment revenue	2,393	13,139,774	**13,142,167**
Segment results	(5,839,689)	3,228,353	**(2,611,336)**
Included within segment result:			
- Interest Revenue	1,985	1,597	**3,582**
- Interest on financing	-	(289,975)	**(289,975)**
- Amortisation expenses	-	(1,279,781)	**(1,279,781)**
- Share based payments expense	(4,238,500)	-	**(4,238,500)**
Segment assets	898,609	39,863,520	**40,762,129**
Segment liabilities	107,597	4,616,546	**4,724,143**
Addition to non-current assets	2,981	11,290,516	**11,293,497**
31 December 2022			
Segment performance			
Segment revenue	21,251	53,969,610	**53,990,861**
Segment results	(4,259,219)	19,355,324	**15,096,105**
Included within segment result:			
- Finance costs	(450,000)	-	**(450,000)**
- Interest on financing	(750,000)	-	**(750,000)**
- Amortisation expenses	-	(5,989,993)	**(5,989,993)**
- Share based payments expense	(1,391,755)	-	**(1,391,755)**
Segment assets	6,466,182	87,295,219	**93,761,401**
Segment liabilities	195,946	21,873,310	**22,069,256**
Addition to non-current assets	-	37,861,190	**37,861,190**

During 2022, $50,362,318 or 95% of the Group's revenues depended on five customers in the segment.

No other single customer contributed 10% or more to the Group's revenue.

14. EARNINGS/(LOSS) PER SHARE

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

	As at 31 Dec 2022 $	As at 31 Dec 2021 $
Gain/(loss) used in calculation of basic and diluted loss per share	15,096,105	(2,611,336)
Weighted average number of ordinary shares on issue used in the calculation of basic earnings/ (loss) per share	4,275,161,851	2,682,202,291

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

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

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

15. AUDITOR'S REMUNERATION

	Year ended 31 Dec 2022 $	Year ended 31 Dec 2021 $
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.	64,840	47,898
	64,840	**47,898**

16. FINANCIAL INSTRUMENTS

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

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

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

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

<u>Market Risk</u>

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

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

<u>Currency Risk</u>

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

The Group's sensitivity to foreign exchange rates has increased during the year mainly to the exposure of deposits held in US dollars (Note 11A) and US dollars payables (Note 8) at year end in the Group. If the US dollars exchange rate strengthened (weakened) against all other currencies as at 31 December 2022 by 10% then profit or loss and equity would increase by $892,152 (decrease by $892,152).

<u>Interest Rate Risk</u>

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities. The Group does not have short- or long-term debt, and therefore this risk is minimal. The weighted average interest rate on cash balances at the end of the year was 0.10% (2021: 0.02%).

<u>Credit Risk</u>

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

16. FINANCIAL INSTRUMENTS (continued)

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

The Group's maximum exposure to credit risk at each balance date in relation to each class of recognised financial assets is the carrying amount, net of any allowance for doubtful debts, of those assets as indicated in the statement of financial position. The maximum credit risk exposure of the Group at 31 December 2022 is Nil (2021: Nil).

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group manages liquidity risk by monitoring forecast cash flows on a rolling monthly basis. The Group does not have any significant liquidity risk as the Group does not have any collateral debts. Financial assets and liabilities are of a short term nature at balance date and therefore a maturity analysis table is not material to disclose.

Capital Management

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

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

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

16.A. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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

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

Financial assets of $105,000 (2021: $120,000) represents level 1 financial instruments being shares in a listed company.

Net fair value of financial assets and liabilities
The carrying amount of financial assets and financial liabilities approximates fair value because of their short-term maturity.

17. CONTINGENT ASSETS AND LIABILITIES

There are no contingent liabilities or contingent assets.

18. SHARE BASED PAYMENTS

Share-based payments made during the full year ended 31 Dec 2022 are summarised below.

	As at 31 Dec 2022 $	As at 31 Dec 2021 $
Payment of advisor fees in ordinary shares	37,000	49,750
Fair value loss on acquisition of producing assets	-	662,500
Fair value loss on loan repayment	-	458,750
Options issued to directors	-	1,600,000
Options issued to advisor and lead manager	-	1,467,500
Limited recourse loan (refer to note 9) (i)	1,276,709	-
Share Rights issued to director (ii)	39,409	-
Share Rights issued to employee	38,637	-
	1,391,755	**4,238,500**

(i) Limited recourse loan incur interest at the rate of 3% per annum, have a two-year term and are secured against securities issued under the Securities Incentive Plan (SIP).
(ii) 2,318,182 share rights issued to director David Prentice. There were no vesting conditions on any share rights and the fair value of the rights has been expensed in full.

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

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

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

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

19. SUBSIDIARIES

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

Subsidiary	Incorporation	2022 Ownership	2021 Ownership
BRK Oklahoma Holdings, LLC	USA	100%	100%
Orion Acquisitions, LLC	USA	100%	100%
Anadarko Leasing, LLC	USA	100%	100%
Black Mesa Energy, LLC	USA	100%	100%

20. PARENT ENTITY DISCLOSURES

Financial Position	Year Ended 31 Dec 2022 $	Year Ended 31 Dec 2021 $
Assets		
Current assets	6,465,000	523,609
Non-current assets	37,525,014	30,557,713
Total assets	**43,990,014**	**31,081,322**
Liabilities		
Current liabilities	195,946	107,596
Total liabilities	**195,946**	**107,596**
Equity		
Issued capital	268,081,239	252,356,277
Accumulated losses	(230,617,965)	(226,358,590)
Reserves	6,330,794	4,976,039
Total equity	**43,794,068**	**30,973,726**
Financial performance		
Loss for the period	(4,259,375)	(5,839,689)
Other comprehensive income	-	-
Total comprehensive income	**(4,259,375)**	**(5,839,689)**

Contingent liabilities

As at 31 December 2021 and 2022, the Company had no contingent liabilities.

Contractual Commitments

As at 31 December 2021 and 2022, the Company had no contractual commitments.

Guarantees entered into by parent entity

As at 31 December 2021 and 2022, the Company had not entered into any guarantees.

21. COMMITMENTS AND CONTINGENCIES

The Company has no material commitments or contingencies.

22. SUBSEQUENT EVENTS

On 13 January 2023, the Company announced that it has issued a total of 2,272,728 fully paid ordinary shares following the exercise of share rights held by an employee of the Company.

No other matters or circumstances have arisen since the end of the half-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 2022 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 2022.

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

31 March 2023

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 2022, 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 2022 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.

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.

We have determined the matters described below to be the key audit matters to be communicated in our report.

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Key Audit Matter	How our audit addressed the key audit matter
Exploration and evaluation Refer to Note 6	
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 not meet the recognition criteria of the standard. In addition, we considered it necessary to assess whether facts and circumstances existed to suggest that the carrying amount of an exploration and evaluation asset may be impaired under AASB 6.	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 substantiated a sample of exploration and evaluation expenditure incurred; – We considered the Directors' assessment of potential indicators of impairment under AASB 6; – 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.
Producing assets Refer to Note 7	
The carrying value of the oil and gas producing assets is $26,450,725. We considered this to be a key audit matter due to its nature and importance to the users' understanding of the financial statements and the degree of audit effort directed towards this area.	Our procedures included but were not limited to the following: – We obtained evidence that the Group has current right to tenure of its areas of interest; – We examined the costs that have been reclassified from exploration and evaluation expenditure to the producing assets are reasonable; – We examined management's impairment test for assets transferred from exploration and evaluation to producing assets during the year. – In accordance with AASB 136, we examined management's assessment of the recoverable amount of existing and new material working interests as part of whether any impairment indicators existed at balance date; – We examined management's assessment of amortisation rates for the year relative to production and ensured they were adequate; and

Producing assets Refer to Note 7 (continued)	
	– We assessed the appropriateness of the disclosures included in the relevant notes to the financial report.
Revenue recognition Refer to Note 2	
The Group generates revenue predominantly from the sale of oil and gas. The Group recognised sales revenue of $52,996,833 for the year (2021: $4,953,226). Revenue recognition was a key audit matter due to the associated fraud risk (overstatement and/or misappropriation), importance and materiality of the matter to users' understanding of the financial report.	Our 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 including transactions at year end (cut off testing); 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 2022, 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 2022.

In our opinion, the Remuneration Report of Brookside Energy Limited for the year ended 31 December 2022 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

D I Buckley
Partner

Perth, Western Australia
31 March 2023

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 in the Company's Appendix 4D and Corporate Governance Statement, which will be lodged with the ASX at the same time as this report.

B. SHAREHOLDING

Substantial Shareholders

B.1. Quoted Securities

1,622,459,752 options were exercised during the year . The listed options on issue during the year are BRKOB Options exercisable at $0.011 per option and had an expiry date of 30 June 2022.

B.2. Unquoted Securities

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

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

There are 4,881 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	64	5,669	0.00%
1,001 - 5,000	14	37,832	0.00%
5,001 – 10,000	4	32,648	0.00%
10,001 - 100,000	1,774	113,871,927	2.27%
100,001 and over	3,025	4,900,597,551	97.73%
TOTALS	**4,881**	**5,014,545,627**	**100.00%**

B.5. Marketable Parcel

There are 398 shareholders with less than a marketable parcel.

ADDITIONAL SHAREHOLDERS' INFORMATION

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

<u>Fully paid ordinary shares</u>

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>	204,168,840	4.07%
HEDTEK PTY LTD	200,118,197	3.99%
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	163,394,197	3.26%
STANDARD PASTORAL COMPANY PTY LTD	125,000,000	2.49%
DAVID PRENTICE (AND ASSOCIATED ENTITIES)	111,000,000	2.21%
TUTAM PROPERTIES AU PTY LTD	83,418,000	1.66%
BEARAY PTY LIMITED <BRIAN CLAYTON S/F A/C>	74,111,113	1.48%
CELTIC CAPITAL PTY LTD <THE CELTIC CAPITAL A/C>	65,719,331	1.31%
NICOJOHN PTY LTD <STEIN SF A/C>	59,027,696	1.18%
MR IVAN MURRAY HANDASYDE	55,234,929	1.10%
CITICORP NOMINEES PTY LIMITED	50,712,261	1.01%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – A/C 2	47,014,074	0.94%
STONEHORSE ENERGY LIMITED	45,000,000	0.90%
SABRELINE PTY LTD < JPR INVESTMENT A/C>	45,000,000	0.90%
GREYHOUND INVESTMENTS PTY LTD < GREYHOUND INVESTMENTS A/C >	44,000,000	0.88%
MR DOUGLAS PAUL TALBOT	40,043,394	0.80%
RUDIE PTY LTD < MATTANI SUPER FUND A/C >	39,980,236	0.80%
SUPERHERO SECURITIES LIMITED < CLIENT A/C >	37,624,892	0.75%
DUTCH INK (2010) PTY LTD	35,826,113	0.71%
MR GRACJAN LAMBERT	33,772,728	0.67%
TSOL NOMINEES PTY LTD	32,592,500	0.65%
Total	**1,592,517**	**31.76%**
Total Issued Capital	**5,014,545,627**	**100%**