BROOKSIDE

BROOKSIDE ENERGY LIMITED

ACN 108 787 720

HALF-YEAR REPORT

30 JUNE 2019

CONTENTS

DIRECTORS' REPORT

The Directors of Brookside Energy Limited (**Company**) and its subsidiary (**Group**) present their report and the financial statements for the half-year ended 30 June 2019. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

BOARD OF DIRECTORS

The names of directors who held office during or since the end of the half year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

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

REVIEW OF OPERATIONS

During the half-year to 30 June 2019 the Company continued to advance its activities in the world-class Anadarko Basin in Oklahoma.

The Anadarko Basin is a proven Tier One oil and gas development province with significant existing oil and gas gathering and transportation infrastructure, a competitive and highly experienced oil and gas service sector, and a favourable regulatory environment.

Brookside is executing a "Real Estate Development" approach to acquiring prospective acreage in the Anadarko Basin and adding value to it by consolidating leases and proving up oil and gas reserves. The Company then has the option of selling the revalued acreage or maintaining a producing interest. This model is commonly used by private equity investors in the sector and has been successfully piloted by Brookside in the northern Anadarko Basin's STACK Play.

Brookside's US partner and manager of operations, Black Mesa Energy, LLC (**Black Mesa**) is an experienced mid-continent operator, which identifies opportunities and executes development under a commercial agreement with Brookside. The business model effectively assigns risk and provides commercial incentives to maximise value for both parties. The Company is now set to scale-up its activities and asset base significantly with its operated interests in the SWISH AOI in the scoop play. The Company's acreage is located in the Anadarko Basin in Oklahoma, specifically in the STACK and SCOOP Plays (see Figure 1. below).

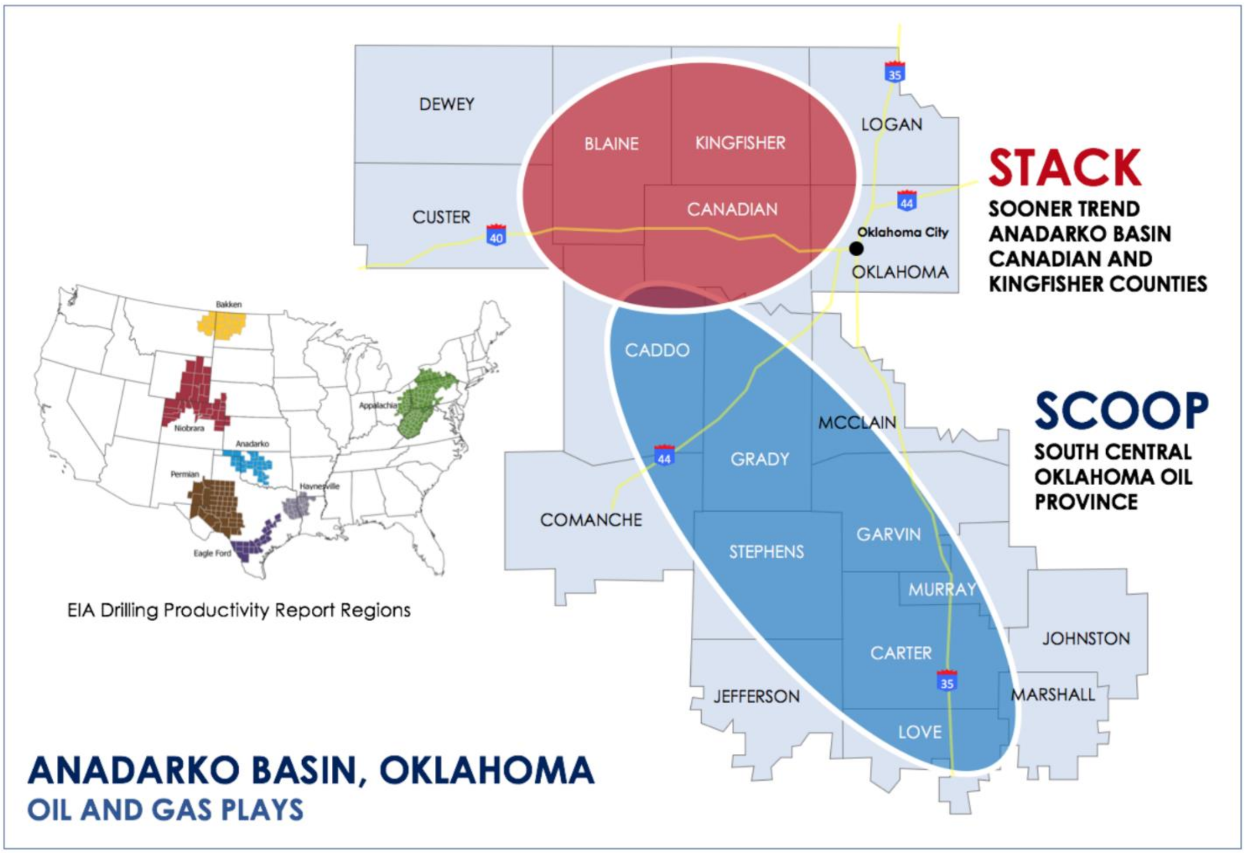

Figure 1. – Anadarko Basin Plays, Oklahoma

During the half-year the Company also began to firm up two additional pillars to its successful business model, adding potential for a significant operated position in the core of the SCOOP Play to the portfolio of assets and finally building out the investment proposition with a large number of low-risk development or infill wells that are emerging from within the Company's non-operated STACK Play holdings.

<u>Anadarko Basin Play - Leasing and Acquisition Program</u>

As Brookside began to make the transition to operator in the Anadarko Basin, the Company continued to focus its attention in the SWISH AOI within the SCOOP Play in south western Oklahoma.

During the half-year, the Company announced significant progress with its leasing, trading and high-grading operations within the SWISH AOI. To date, the leasing campaign has delivered Brookside a significant acreage position in the very exciting SCOOP Woodford-Sycamore trend where several of the NYSE listed tier-one independents are reporting very significant per unit resource potential.

This acreage position is focused around a number of high-grade development units or drilling spacing unites (**DSU's**) that are located in the liquids-gas condensate core of this world-class play. Our leasing activity has created the opportunity to establish a high Working Interest in these high-grade development units within the SWISH AOI.

During the half-year, the Company announced that the leasing program in the SWISH AOI, had delivered operations and majority interest in the Company's first development unit, the Jewell Unit. The pre-requisite regulatory applications had also been approved by the Oklahoma Corporation Commission (**OCC**) for this development unit, surface location rights for the initial, or parent well had been acquired and surveying and staking operations had been completed.

At the end of the half year, the Company had successfully acquired ~2,000 Working Interest leasehold acres within the SWISH AOI.

Post the end of the half year, the Company announced that the OCC had issued a pooling order for the Company's first operated DSU, the Jewell Unit within the SWISH AOI. The successful pooling of the Jewell Unit is the first step on the path towards a successful production test of the Sycamore formation in this DSU, which is expected to be a catalyst for a material increase in the per-acre value of the Company's acreage within the SWISH AOI.

The Jewell Unit is the first DSU to be successfully pooled by Black Mesa on behalf of Brookside. This unit has been established as an 880-acre DSU for the exploitation of the Sycamore, Woodford and Hunton formations and Brookside anticipates that it will acquire ~ 95% of the Jewell Unit via this pooling order (the Company has currently leased approximately 47% of the available acres in this DSU).

Acreage High Grading, Trading and Divestment

During the half year, the Company continued (consistent with its stated targeted acreage acquisition strategy) to trade, high-grade and divest acreage. This included the partial divestment of acreage in the Roser Unit in the STACK Play for US$212,322 in proceeds.

Stack and Scoop Drilling and Completion Activity

During the half year, the Company continued to see significant activity around both its non-operated position in the STACK Play and its emerging position in the SCOOP Play. At the end of the half year, the Company had an interest in 43 horizontal wells in the Anadarko Basin Plays (STACK & SCOOP) (see Table 1. below)

Well Name	Operator	WI	Status
Strack #1-2-11XH	Marathon Oil, Co.	1.02%	Producing
Davis #1-8-1611MH	Triumph Energy Partners, LLC	1.17%	Producing
Landreth BIA #1-14H	Marathon Oil, Co.	2.55%	Producing
Herring #1-33 1513MH	Triumph Energy, LLC	18.18%	Producing
Sphinx 26-16N-11W #1H	Devon Energy Corp.	3.13%	Producing
Nelson Com #1H-0607X	Marathon Oil, Co.	0.38%	Producing
Roser #1611-3-34	Marathon Oil, Co.	3.89%	Producing
Kevin FIU #1-20-17XH	Continental Resources, Inc.	2.11%	Producing
Dr. No. #1-17-20XH	Triumph Energy Partners, LLC	3.70%	Producing
Randolph #34-2	Continental Resources, Inc.	0.26%	Producing
Mote #1-26-23H	Rimrock Resource Operating, LLC	3.20%	Producing
Ladybug 27_22-15N-13W #1HX	Devon Energy Corp.	2.20%	Producing
Bullard #1-18/7H	Rimrock Resource Operating, LLC	20.57%	Producing
Big Earl #6-15N-10W	Devon Energy Corp.	0.03%	Producing
Centaur 7_6-15N-10W #2HX	Devon Energy Corp.	0.03%	Producing
Centaur 7_6-15N-10W #3HX	Devon Energy Corp.	0.03%	Producing
Centaur 7_6-15N-10W #4HX	Devon Energy Corp.	0.03%	Producing
Centaur 7_6-15N-10W #5HX	Devon Energy Corp.	0.03%	Producing
Henry Federal #1-8-5XH	Continental Resources, Inc.	5.23%	Producing
Zenyatta 28-33-1-4-1WXH	Roan Resources, LLC.	0.02%	Producing
Ringer Ranch #1-20-17XHM	Continental Resources, Inc.	0.02%	Completing
Biffle 22-15UW1H	Cheyenne Petroleum, Co.	0.16%	Completing
Boardwalk 1-5MH	Casillas Operating, LLC.	2.42%	Completing
Leon 1-23-14XHM	Continental Resources, Inc.	0.12%	Drilling
Jewell #1-13-12SXH	Black Mesa Production, LLC	47.00%	Permitted
McKinley #13&24 15-13	Continental Resources, Inc.	1.02%	Permitting
Watonga #1-19H	Highmark Resources, LLC	0.26%	Permitting
STACK 27-17-11	Cimarex Energy, Co.	1.01%	Permitting
Venice #1-20/17UWH	Rimrock Resource Operating, LLC	0.03%	Permitting
SWISH 33&28 1N-4W	Citizen Energy II, LLC	0.02%	Permitting
SWISH 33&4 1S-4W	Citizen Energy II, LLC	0.02%	Permitting
SWISH 14&23 1N-4W	Cheyenne Petroleum, Co.	0.23%	Permitting
Rangers #1-36-WH1	Black Mesa Production, LLC	41.25%	Permitting
Maple Leafs 15-SH1	Black Mesa Production, LLC	22.50%	Permitting
Flames 10-3-WH1	Black Mesa Production, LLC	58.59%	Permitting
Sneffels 1-9HW	Citation Oil & Gas Corporation	1.88%	Permitting
Doc Holliday 26-35-1WH	89 Energy Holdings, LLC	4.89%	Permitting
Stardust #1-16-21XH	Echo Exploration & Production, LLC.	0.08%	Permitting
Stardust #3-16-21XH	Echo Exploration & Production, LLC.	0.08%	Permitting
War Machine #16-21-1WXH	Roan Resources, LLC.	0.08%	Permitting
TBD 16-211XH	89 Energy Holdings, LLC	0.08%	Permitting
Lola #1-13-24XH	Echo Exploration & Production, LLC.	0.14%	Permitting
Deep Impact #13-24 1WXH	Roan Resources, LLC.	0.14%	Permitting

Table 2. Development Status of Anadarko Basin STACK and SCOOP Play Wells
Note: Working Interest percentages may change subject to the issue of final pooling orders.

Anadarko Basin Production and Cash flow

Oil and gas production and sales continued during the half year, with volumes coming from a mix of Drilling Joint Venture wells and from wells funded outside of this off- balance sheet structure.

Revenue from oil and gas sales for the half year amounted to $1,012,718 (from sales attributable to the Company's Working Interest and net of royalties).

CORPORATE

During the half-year, the Company issued an Option Prospectus (**Prospectus**) (released to market on the 8 January 2019), which invited applicants to apply for 225,140,625 options exercisable at $0.03 on or before 31 December 2020 (**New Listed Options**) (**Offer**). Holders of the expired options exercisable at $0.02 on or before 31 December 2018 (**Expired Options**) were invited to apply for New Listed Options under the Prospectus. The New Listed Options were otherwise issued to applicants at the absolute discretion of the Directors.

On 30 January 2019, the Company announced the closure of the Offer under the Prospectus with the total number of New Listed Options applied for in excess of the 225,140,625 New Listed Options being offered under the Prospectus, an amount of $9,981 was raised.

The Annual Message for Shareholders from the Board was announced on 1 April 2019, which provides shareholders with a summary of the Company's activities over the past 12 months.

The Company's Annual General Meeting was held on the 17 May 2019 with all resolutions put to shareholders passed.

SUBSEQUENT EVENTS

On 2 July 2019, the Company subscribed for 7,500,000 fully paid ordinary shares in Stone Horse Energy Limited's (ASX: **SHE**) capital raising. The Shares were issued on 8 August 2019.

On 5 July 2019, the Company provided an update to the market on its activities within the Company's Swish Area of Interest (**AOI**), which sits inside the world-class Anadarko Basin, Oklahoma, USA.

The Company announced on 12 September that it is set to commence the development of its first operated Drilling Spacing Unit (**DSU**) within the SWISH AOI in the SCOOP Play.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group other than as referred to elsewhere in this consolidated half-year report and in the accounts and notes attached thereto.

SCHEDULE OF OIL AND GAS INTERESTS

COUNTY	INTEREST ACQUIRED OR DISPOSED OF DURING THE HALF YEAR	TOTAL ACRES	INTEREST
Blaine County, Oklahoma	Nil	~430 acres	Working Interest
Garvin County, Oklahoma	Nil	~305 acres	Working Interest
Stephens & Carter Counties, Oklahoma	~200 acres	~2,000 acres	Working Interest

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd (WA), to provide the directors of the Company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on the following page and forms part of this directors' report for the half-year ended 30 June 2019.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the Corporations Act 2001.

David Prentice
Executive Director

Dated this 13th day of September 2019

HLB MANN JUDD
ADVISORY AND ACCOUNTING

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Brookside Energy Limited for the half-year ended 30 June 2019, 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 review; and

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

Perth, Western Australia	**N G Neill**
13 September 2019	**Partner**

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2019

	Note	6 months to 30 June 2019 $	6 months to 30 June 2018 $
Revenue	2	1,021,718	-
Gain on disposal of assets	2	145,890	784,122
Interest income	2	96	808
Consultants expenses		(14,078)	(24,270)
Corporate and compliance expenses		(118,139)	(75,263)
Employee related expenses		(130,000)	(130,000)
Travel expenses		(85,550)	(142,278)
Share based expense		(52,800)	(120,000)
Foreign currency translation loss		(14,755)	(206,103)
Interest expense		(280,293)	(182,910)
Other expenses		(39,212)	(100,630)
Amortisation		(178,538)	-
Production Costs		(98,617)	-
PROFIT/(LOSS) BEFORE INCOME TAX EXPENSE		**155,722**	**(196,524)**
Income tax expense		-	(162,489)
NET PROFIT/(LOSS) FOR THE PERIOD		**155,722**	**(359,013)**
Other comprehensive income for the period net of tax			
Items which may be reclassified subsequently to profit & Loss			
Gain/(loss) on exchange differences on translation of foreign operations		71,835	536,218
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**227,557**	**177,205**
Basic earnings/(loss) per share (cents per share)	11	0.016	(0.042)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	30 June 2019 $	31 December 2018 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		704,417	1,193,306
Trade and other receivables	3	17,552	24,337
TOTAL CURRENT ASSETS		**721,969**	**1,217,643**
NON-CURRENT ASSETS			
Other assets	4	1,336,773	972,484
Production assets		124,986	-
Exploration and evaluation assets	5	11,187,659	10,392,000
TOTAL NON-CURRENT ASSETS		**12,649,418**	**11,364,484**
TOTAL ASSETS		**13,371,387**	**12,582,127**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	6	71,698	71,751
Borrowings	7	5,143,813	4,644,838
TOTAL CURRENT LIABILITIES		**5,215,511**	**71,751**
TOTAL LIABILITIES		**5,215,511**	**4,716,589**
NET ASSETS		**8,155,876**	**7,865,538**
EQUITY			
Issued capital	8	225,407,357	225,354,557
Reserves	9	3,810,732	3,728,916
Accumulated losses	10	(221,062,213)	(221,217,935)
TOTAL EQUITY		**8,155,876**	**7,865,538**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 JUNE 2019

	Issued Capital $	Accumulated Losses $	Share Based Payment Reserve $	Foreign Translation Reserve $	Total $
Balance at 1 January 2018	**222,355,544**	**(220,000,155)**	**2,618,222**	**(291,127)**	**4,682,484**
Loss for the period	-	(359,012)	-	-	(359,012)
Other comprehensive income	-	-	-	536,218	536,218
Total comprehensive loss for the period	-	(359,012)	-	536,218	177,206
Shares issued during the period	3,160,000	-	-	-	3,160,000
Options issued during the period	-	-	120,000	-	120,000
Share issues in lieu of services	46,750	-	-	-	46,750
Share issue costs	(269,337)	-	-	-	(269,337)
Balance at 30 June 2018	**225,292,957**	**(220,359,167)**	**2,738,222**	**245,091**	**7,917,103**
Balance at 1 January 2019	**225,354,557**	**(221,217,935)**	**2,902,864**	**826,052**	**7,865,538**
Profit for the period	-	155,722	-	-	155,722
Other comprehensive income	-	-	-	71,835	71,835
Total comprehensive loss for the period	-	155,722	-	-	227,557
Options issued during the period	-	-	9,981	-	9,981
Share issues in lieu of services	52,800	-	-	-	52,800
Balance at 30 June 2019	**225,407,357**	**(221,062,213)**	**2,912,845**	**897,887**	**8,155,876**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2019

	6 months to 30 June 2019 $	6 months to 30 June 2018 $
Cash flows from operating activities		
Receipts from customers	995,733	-
Payments to suppliers and employees	(380,189)	(566,426)
Interest received	96	808
Net cash (used in)/provided by operating activities	**615,640**	**(565,618)**
Cash flows from investing activities		
Payments for exploration activities	(1,661,954)	(398,991)
Proceeds from disposal of investments	302,624	-
Net cash used in investing activities	**(1,359,330)**	**(398,991)**
Cash flows from financing activities		
Proceeds from equity issues	9,981	3,160,000
Borrowings (net of repayments)	200,000	944,788
Equity issue costs	-	(222,587)
Net cash provided by financing activities	**209,981**	**3,882,201**
Net (decrease)/increase in cash and cash equivalents	(533,709)	2,917,592
Cash and cash equivalents at beginning of period	1,193,306	51,854
Foreign currency translation	44,820	(262,473)
Cash and cash equivalents at end of reporting period	**704,417**	**2,706,973**

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1.A. STATEMENT OF COMPLIANCE

The half-year consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134: Interim Financial Reporting, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

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

The half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 31 December 2018 and any public announcements made by Brookside Energy Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and ASX Listing Rules.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

1.B. BASIS OF PREPARATION

The half-year report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted. For the purpose of preparing the half-year report, the half-year has been treated as a discrete reporting period.

1.C. SIGNIFICANT ACCOUNTING JUDGEMENTS AND KEY ESTIMATES

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 31 December 2018.

1.D. GOING CONCERN

The Group made a profit of $155,722 for the half year ended 30 June 2019. In addition, the Group has working capital deficiency of $4,493,542 primarily due to borrowings of $5,143,813 being due at 31 December 2019. Cash and cash equivalents at the period-end amounted to $704,417.

The ability of the Company and consolidated entity to continue as going concerns is dependent on a combination of a number of factors, the most significant of which is the ability of the company to raise additional funds in the next 12 months through issuing additional shares and/or, to secure

1.D. GOING CONCERN (CONT'D)

further financing facilities or extend the current financing facilities in place, which are due to be repaid on 31 December 2019.

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

1.E. ACCOUNTING POLICIES AND METHODS OF COMPUTATION

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current half-year.

1.F. ADOPTION OF NEW AND REVISED STANDARDS

Standards and Interpretations applicable to 30 June 2019

In the half-year ended 30 June 2019, 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 half-year reporting periods beginning on or after 1 January 2019.

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.

AASB 16 Leases

AASB 16 replaces AASB 117 *Leases*. AASB 16 removes the classification of leases as either operating leases of finance leases-for the lessee – effectively treating all leases as finance leases.

AASB 16 is applicable to annual reporting periods beginning on or after 1 January 2019.

Impact on operating leases

AASB 16 changes how the Group accounts for leases previously classified as operating leases under AASB 117, which were off-balance sheet.

Lease incentives (e.g. rent-free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under AASB 117 they resulted in the recognition of a lease liability incentive, amortised as a reduction of rental expenses on a straight-line basis.

Under AASB 16, right-of-use assets are tested for impairment in accordance with AASB 136 Impairment of Assets. This will replace the previous requirement to recognise a provision for onerous lease contracts.

1.F. ADOPTION OF NEW AND REVISED STANDARDS (CONT'D)

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Group will opt to recognise a lease expense on a straight-line basis as permitted by AASB 16.

The Group has conducted an assessment of the impact of the new standard and determined that there is no material impact due to the group not entering into any lease agreements that are covered by the standard.

Standards and Interpretations in issue not yet adopted applicable to 30 June 2019

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 half-year reporting periods beginning on or after 1 January 2019.

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.

2. REVENUES AND EXPENSES

	6 months to 30 June 2019 $	6 months to 30 June 2018 $
Sales (Point in time)	1,021,718	-
Interest received	96	808
Gain on disposal of assets	145,890	-
Gain on sale of RA Minerals Royalty investment	-	784,122

3. TRADE AND OTHER RECEIVABLES

	As at 30 June 2019 $	As at 31 Dec 2018 $
Current		
Other receivables	(4,836)	7,295
Prepayments	22,388	17,042
Closing balance	**17,552**	**24,337**

3. TRADE AND OTHER RECEIVABLES (CONT'D)

Terms and conditions relating to the above financial instruments:

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

	As at 30 June 2019 $	As at 31 Dec 2018 $
Ageing of past due but not impaired:		
Current – 30 days	(4,835)	7,295
Total	**(4,835)**	**7,295**

4. OTHER ASSETS

	As at 30 June 2019 $	As at 31 Dec 2018 $
Black Mesa Earn In	1,336,773	972,484
	1,336,773	**972,484**

4.A. MOVEMENT IN CARRYING AMOUNTS

Opening balance	972,484	**1,994,614**
Sale of RA Minerals Royalty investment[(i)]	-	(1,177,111)
Black Mesa Productions LLC – Earn-in	347,928	-
Foreign currency exchange	16,361	154,981
Closing balance	**1,336,773**	**972,484**

(i) On 21 June 2018, the company sold its RA Minerals Royalty investment held in trust by Black Mesa Productions LLC for the amount of USD1,475,000.

5. EXPLORATION AND EVALUATION

	As at 30 June 2019 $	As at 31 Dec 2018 $
Costs carried forward in respect of areas of interest in:		
Exploration and evaluation phases – at cost	**11,543,996**	**10,392,000**
Opening Balance	**10,392,000**	**5,993,514**
STACK project (acquisition costs)	1,297,411	4,849,094
Transfer to production assets	(303,524)	-
Sale during the period	(257,720)	-
Foreign currency transaction on movement	59,492	(450,608)
	11,187,659	**10,392,000**

5. EXPLORATION AND EVALUATION (CONT'D)

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. TRADE AND OTHER PAYABLES

	As at 30 June 2019 $	As at 31 Dec 2018 $
Current		
Trade creditors	43,532	32,585
Accrued and other payables	28,166	39,166
Closing balance	**71,698**	**71,751**

Terms and conditions

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

7. BORROWINGS

	As at 30 June 2019 $	As at 31 Dec 2018 $
Opening balance	**4,644,838**	**3,022,744**
Oklahoma Energy LLC financing(i)	200,000	743,519
Interest accrued on borrowings	280,293	586,666
Foreign Currency Translation	18,682	291,909
Closing balance	**5,143,813**	**4,644,838**

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

6. BORROWINGS (CONT'D)

Terms of the Drawdown Facility are as follows:

Date of agreement	Financing Facility	Terms
1 June 2017 *(amended 22 December 2017 and 16 March 2018)*	US$4,000,000 *(increase from US$2,000,000 on 22 December 2017)*	Facility is due for repayment on the 31 December 2019. Facility shall bear interest at a rate per annum of 12%, payable quarterly in arrears on drawdown amounts. Facility will be secured by the Borrower's interest in Working Interest leasehold acreage that is acquired by the Borrower pursuant to and subject to the terms of the Drilling Program Agreement between the Borrower and Black Mesa Production, LLC.

As at 30 June 2019, total of A$4,210,121 (US$2,956,768) has been drawdown. Included in the profit and loss is US$197,999 accrued interest expense for the period.

8. ISSUED CAPITAL

	As at 30 June 2019 $	As at 31 Dec 2018 $
Issued and paid up capital		
999,221,875 Ordinary shares	225,407,357	222,355,544
(31 December 2018: 994,821,875)		

8.A. MOVEMENTS IN ISSUED CAPITAL

	6 months to 30 June 2019	Year ended 31 Dec 2018
At the beginning of the period	**225,354,557**	**222,355,544**
Shares issued during the period:		
- Placement @ $0.016	-	3,160,000
- Payment of Broker Fees in Ordinary Shares	-	46,750
- Payment of Advisor Fees in Ordinary Shares	52,800	61,600
Share issue costs	-	(269,337)
At end of the period	**225,407,357**	**225,354,557**

8. ISSUED CAPITAL (CONT'D)

8.B. MOVEMENTS IN NUMBER OF SHARES ON ISSUE

Fully paid	6 months to 30 June 2019 Number	12 months to 31 Dec 2019 Number
At the beginning of the period	**994,821,875**	**790,000,000**
Shares issued during the period:		
- Placement – 13 and 17 April 2018	-	197,500,000
- Capital Raising Fees paid in shares in lieu of cash	-	2,921,875
- Corporate Advisory Fees paid in shares in lieu of cash	4,400,000	4,400,000
At end of the period	**999,221,875**	**994,821,875**

8.C. TERMS AND CONDITIONS OF CONTRIBUTED EQUITY

Ordinary shares

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

9. RESERVES

	As at 30 June 2019 $	As at 31 Dec 2018 $
Option valuation reserve	2,912,845	2,902,864
Foreign currency translation	897,887	826,052
	3,810,732	**3,728,916**

Option valuation reserve

At the end of the reporting period, 295,140,625 options over unissued shares were on issue at the end of the reporting period.

Type	Date of Expiry	Exercise Price AUD	Number of Options on Issue
Listed options	31 Dec 2020	$0.03	295,140,625

9. RESERVES (CONT'D)

9.A. MOVEMENTS IN OPTION VALUATION

	As at 30 June 2019 $	As at 31 Dec 2018 $
Balance at the beginning of the period	**2,902,864**	**2,618,222**
Options issued during the period:		
- Options issued to consultants	-	284,642
- Options issued during the period	9,981	-
At end of the period	**2,912,845**	**2,902,864**

9.B. MOVEMENTS IN NUMBER OF OPTIONS ON ISSUE

	As at 30 June 2019 Number	As at 31 Dec 2018 Number
At the beginning of the period	**70,000,000**	**460,000,000**
Shares issued during the period:		
- Options free attaching to placement	-	197,500,000
- Options issued under placement	225,140,625	-
- Options issued to advisors, consultants and/or directors	-	85,000,000
- Options issued in lieu of capital raising fees	-	2,921,875
- Options expired during the period	-	(675,421,875)
At end of the period	**295,140,625**	**70,000,000**

9.C. FOREIGN CURRENCY RESERVE

	As at 30 June 2019 $	As at 31 Dec 2018 $
At beginning of the period	**826,052**	**(291,127)**
Movement during the period	71,835	1,117,179
Balance at end of period	**897,887**	**826,052**

10. ACCUMULATED LOSSES

	As at 30 June 2019 $	As at 31 Dec 2018 $
Balance at the beginning of the period	**(221,217,935)**	**(220,000,155)**
Net profit/(loss) for the period	155,722	(1,217,780)
Balance at end of the period	**(221,062,213)**	**(221,217,935)**

11. BASIC LOSS PER SHARE

	As at 30 June 2019 $	As at 31 Dec 2018 $
Profit/(Loss) used in calculation of basic EPS	155,722	(980,646)

	As at 30 June 2019 $	As at 31 Dec 2018 $
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	998,292,986	858,703,275

12. INVESTMENT IN SUBSIDIARIES

Investment in Subsidiary

Subsidiary	2019 %	2018 %	2019 $	2018 $
BRK Oklahoma Holdings, LLC	100	100	366	366
Anadarko Leasing	100	100	444	444

13. SEGMENT REPORTING

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

13.A. SEGMENT INFORMATION

Identification of reportable segments

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

13. SEGMENT REPORTING (CONT'D)

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

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

13.B. TYPES OF REPORTABLE SEGMENTS

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

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

13.C. BASIS OF ACCOUNTING FOR PURPOSES OF REPORTING BY OPERATING SEGMENTS

Accounting policies adopted

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

Segment assets

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

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

Segment liabilities

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

13. SEGMENT REPORTING (CONT'D)

	Corporate $	Oil & Gas and other USA entities $	Total $
30 June 2019			
(i) Segment performance			
Segment revenue	96	1,425,328	**1,425,424**
Segment results	(454,437)	610,159	**155,722**
Included within segment result:			
- Interest revenue	96	-	**96**
- Gain on sale of investment	-	145,890	**145,890**
Segment assets	585,944	12,785,443	**13,371,387**
Segment liabilities	(71,698)	(5,143,813)	**(5,215,511)**
30 June 2018			
(i) Segment performance			
Segment revenue	808	784,122	**784,930**
Segment results	(797,736)	438,724	**(359,012)**
Included within segment result:			
- Interest revenue	808	-	**808**
- Gain on sale of investment	-	784,122	**784,122**
- Option valuation expense	120,000	-	**(120,000)**
Segment assets	310,340	11,516,737	**11,827,077**
Segment liabilities	(47,915)	(3,862,058)	**(3,909,973)**

14. FINANCIAL INSTRUMENTS

This note provides information about how the Group determines fair values of various financial assets and liabilities. The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

The Directors consider that the carrying value of the financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

	30 June 2019		31 December 2018	
	Carrying amount $	**Fair value $**	**Carrying amount $**	**Fair value $**
Financial assets				
Cash and cash equivalents	704,417	704,417	1,193,306	1,193,306
Trade and other receivables	17,552	17,552	24,337	24,337
Total financial assets	**721,969**	**721,969**	**1,217,643**	**1,217,643**
Financial liabilities				
Trade and other creditors	(71,698)	(71,698)	(71,751)	(71,751)
Loans and borrowings	(5,143,813)	(5,143,813)	(4,644,838)	(4,644,838)
Total financial liabilities	**(5,215,511)**	**(5,215,511)**	**(4,716,589)**	**(4,716,589)**

15. SHARE BASED PAYMENTS

The following share-based payment was entered into during the period.

4,400,000 fully paid ordinary shares were issued to a consultant of the company in lieu of corporate advisory services.

	30 June 2019 Fair value $
Type	Fully Paid Ordinary Shares
Number	4,400,000
Grant date	8 February 2019
Grant date share price	$0.012
Total fair value of equity instrument at grant	$52,800

No share options were exercised during the year.

16. CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

17. EVENTS SUBSEQUENT TO REPORTING DATE

On 2 July 2019, the Company subscribed for 7,500,000 fully paid ordinary shares in Stone Horse Energy Limited's (ASX: SHE) capital raising. The Shares were issued on 8 August 2019.

On 5 July 2019, the Company provided an update to the market on the its activities within the Company's Swish Area of Interest (**AOI**), which sits inside the world-class Anadarko Basin, Oklahoma, USA.

The Company announced on 12 September that it is set to commence the development of its first operated Drilling Spacing Unit (**DSU**) within the SWISH AOI in the SCOOP Play.

DIRECTORS' DECLARATION

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

1. The attached financial statements and notes thereto are in accordance with the *Corporations Act 2001* including:

    a. complying with Accounting Standards, the *Corporations Act 2001* and other mandatory professional reporting requirements; and

    b. giving a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the half-year then ended;

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

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the *Corporations Act 2001*.

David Prentice
Executive Director

Dated this 13th day of September 2019

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

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Brookside Energy Limited ("the group") which comprises the condensed consolidated statement of financial position as at 30 June 2019, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Brookside Energy Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material uncertainty related to going concern

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

Directors' responsibility for the half-year financial report

The directors of the group are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the

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auditor of the group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
13 September 2019

Norman Neill

N G Neill
Partner