



## **HALF-YEAR REPORT**

**30 JUNE 2016**

## CONTENTS

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	<b>PAGE</b>
Directors' Report	2
Auditor's Independence Declaration	5
Consolidated Statement of Profit or Loss and Other Comprehensive Income	6
Consolidated Statement of Financial Position	7
Consolidated Statement of Changes in Equity	8
Consolidated Statement of Cash Flows	9
Notes to the Consolidated Financial Statements	10
Directors' Declaration	17
Independent Auditor's Review Report	18

## DIRECTORS' REPORT

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The Directors of Brookside Energy Limited and its subsidiary (**Company**, or **Group**) present their report and the financial statements for the half-year ended 30 June 2016. 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.

Michael Fry	Non-Executive Chairman
David Prentice	Executive Director
Loren Jones	Non-Executive Director

### REVIEW OF OPERATIONS

During the half-year the Company continued to pursue its goal to build value per share through a disciplined portfolio approach to the acquisition and development of producing oil and gas assets as well as the leasing and development of acreage opportunities.

To this end the Company established a joint venture for its US focussed activity that allows it to maintain maximum flexibility to take advantage of the opportunities presented by the current low commodity price environment.

The Company's agreement with Black Mesa Production, LLC (**Black Mesa**) provides it with unique, low-cost and efficient exposure to the United States Exploration & Production (E&P) energy sector at an opportune time in the commodity price cycle.

The Company is investing alongside a Tulsa based equity group with extensive industry experience and a strong track record for creating significant value from energy start-ups.

The Company, together with its partner Black Mesa, is building a position in the core of the STACK play in Oklahoma. The STACK play is attracting significant attention from both industry players and the US investment community as this major oil and gas play continues to deliver results that support key attributes of repeatability, robust economics and substantial future development potential with attendant production and reserve growth.

The team at Black Mesa (on behalf of BRK Oklahoma Holdings, LLC a wholly owned subsidiary of the Company) (**BRK Oklahoma**) are pursuing a research program aimed at identifying opportunities in the core of the STACK Play.

During the half year, the Black Mesa team identified an opportunity to acquire royalties over ~100 acres (RA Minerals Royalty Acreage) across four sections in the core of the STACK Play where the target Meramec Formation is up to 450 feet thick with two productive benches and excellent reservoir qualities. The Company subsequently announced that initial development was set to commence within the RA Minerals Royalty Acreage with the first extended reach horizontal well (Ike 1-20-17XH) to be drilled (with no operating expenses or capital required from Brookside). The RA Minerals Acreage acquisition represented a first step in Brookside's strategy to build a position in the STACK Play.

## DIRECTORS' REPORT

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During the half the team at Black Mesa also began pursuing a leasing program aimed at securing non-operated working interest leasehold opportunities within the core of the STACK Play on behalf of BRK Oklahoma, pursuant to the Drilling Program Agreement between Black Mesa and BRK Oklahoma.

These efforts have so far secured (in a highly competitive environment) a total of ~160 non-operated working interest leasehold acres in the core of the Stack Play. This position is spread across six (6) soon to be drilled 1,280-acre spacing units.

On 31 March 2016 the Company announced that it had appointed Cicero Advisory Services Pty Ltd to manage an offer of 100,000,000 new fully paid ordinary shares at \$0.01 (with a one for two free attaching option, exercisable at \$0.02 on or before 31 December 2018, subject to shareholder approval) to raise \$1,000,000 before costs (**Placement**).

The Company issued 60,000,000 of the Placement Shares on 15 April 2016 with the remainder of the Placement (40,000,000 Shares and 50,000,000 attaching Options) being issued after the Company sought and received shareholder approval at the Company's AGM on 30 June 2016.

### 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.

### EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to the end of the half-year the Company also announced that it had reached an in-principle agreement for a joint venture between Merchant Funds Management Pty Ltd (or nominees) (**Merchant**) and BRK Oklahoma. The proposed joint venture will be formed and funded for the purpose of drilling and completing oil and gas wells in the STACK Play.

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

The Joint Venture Wells will be drilled, completed and operated by experienced and well-funded United States based operators who are the most active and successful operators in the core of the STACK Play. Operators are likely to include; Continental Resources, Inc., Marathon Oil Corp., Cimarex Energy Co. and Devon Energy Corp.

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

On 24 August 2016, the Company completed a share placement raising \$300,000 before costs via the issue of 25,000,000 new fully paid ordinary shares in the Company at \$0.012 per share to institutional and exempt wholesale investors.

The Directors are not aware of any other matter or circumstance that has arisen since 30 June 2016 which significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

### 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 2016.

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.



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David Prentice  
**Executive Director**

Dated this 13<sup>th</sup> day of September 2016

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Brookside Energy Limited for the year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.



Perth, Western Australia  
13 September 2016

**N G Neill**  
Partner

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 30 JUNE 2016**

	Note	6 months to 30 June 2016 \$	6 months to 30 June 2015 \$
Revenue	2	5,685	-
Consultants expenses		(39,056)	-
Corporate and compliance expenses		(79,598)	(120,725)
Employee related expenses		(121,528)	-
Option valuation expense		(24,875)	-
Project expense		(1,868,785)	-
Writedown of doubtful accounts		-	(37,216)
Foreign currency translation gain		27,176	-
Other expenses		(90,274)	(28,669)
<b>LOSS BEFORE INCOME TAX EXPENSE</b>		<b>(2,191,255)</b>	<b>(186,610)</b>
Income tax expense		-	-
<b>LOSS FOR THE PERIOD</b>		<b>(2,191,255)</b>	<b>(186,610)</b>
<b>NET LOSS FOR THE PERIOD</b>		<b>(2,191,255)</b>	<b>(186,610)</b>
<b>Other comprehensive loss for the period net of tax</b>			
Exchange differences on translation of foreign operations		(23,238)	-
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>		<b>(2,214,493)</b>	<b>(186,610)</b>
Basic and diluted loss per share (cents per share)		(0.516)	(0.039)

The accompanying notes form part of these financial statements.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Note	30 June 2016 \$	31 December 2015 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		618,626	1,858,994
Trade and other receivables	3	81,254	69,881
<b>TOTAL CURRENT ASSETS</b>		<b>699,880</b>	<b>1,928,875</b>
<b>TOTAL ASSETS</b>		<b>699,880</b>	<b>1,928,875</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	4	40,536	69,376
<b>TOTAL CURRENT LIABILITIES</b>		<b>40,536</b>	<b>69,376</b>
<b>TOTAL LIABILITIES</b>		<b>40,536</b>	<b>69,376</b>
<b>NET ASSETS</b>		<b>659,344</b>	<b>1,859,499</b>
<b>EQUITY</b>			
Issued capital	5	219,395,216	218,405,878
Reserves	6	1,949,993	1,948,231
Accumulated losses	7	(220,685,865)	(218,494,610)
<b>TOTAL EQUITY</b>		<b>659,344</b>	<b>1,859,499</b>

The accompanying notes form part of these financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 30 JUNE 2016

	Issued Capital	Accumulated Losses	Share Based Payment Reserve	Foreign Translation Reserve	Total
	\$	\$	\$	\$	\$
<b>BALANCE AT 1 JANUARY 2015</b>	<b>215,487,649</b>	<b>(216,253,614)</b>	-	-	<b>(765,965)</b>
Loss for the period	-	(186,610)	-	-	(186,610)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	-
<b>BALANCE AT 30 JUNE 2015</b>	<b>215,487,649</b>	<b>(216,440,224)</b>	-	-	<b>(952,575)</b>
<b>BALANCE AT 1 JANUARY 2016</b>	<b>218,405,878</b>	<b>(218,494,610)</b>	<b>1,948,231</b>	-	<b>1,859,499</b>
Loss for the period	-	(2,191,255)	-	-	(2,191,255)
Other comprehensive income	-	-	-	(23,238)	(23,238)
Total comprehensive loss for the period	-	(2,191,255)	-	(23,238)	(2,214,493)
Shares issued during the period	1,000,000	-	-	-	1,000,000
Option issue during the period	-	-	25,000	-	25,000
Share issue costs	(10,662)	-	-	-	(10,662)
<b>BALANCE AT 30 JUNE 2016</b>	<b>219,395,216</b>	<b>(220,685,865)</b>	<b>1,973,231</b>	<b>(23,238)</b>	<b>659,344</b>

The accompanying notes form part of these financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 30 JUNE 2016

	6 months to 30 June 2016 \$	6 months to 30 June 2015 \$
Cash flows from operating activities		
Payments to suppliers and employees	(352,248)	-
Interest received	5,685	-
<b>Net cash used in by operating activities</b>	<b>(346,563)</b>	-
Cash flows from investing activities		
Payments for projects	(1,868,785)	-
<b>Net cash used in investing activities</b>	<b>(1,868,785)</b>	-
Cash flows from financing activities		
Proceeds from equity issues	1,000,125	-
Equity issue costs	(3,805)	-
<b>Net cash provided by financing activities</b>	<b>996,320</b>	-
Net decrease in cash and cash equivalents	(1,219,028)	-
Cash and cash equivalents at beginning of period	1,858,994	-
Foreign currency translation	(21,340)	-
<b>Cash and cash equivalents at end of reporting period</b>	<b>618,626</b>	-

The accompanying notes form part of these financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2016

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## 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 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 2015 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 2015.

### 1.D 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2016

### 2. REVENUES AND EXPENSES

	6 months to 30 June 2016 \$	6 months to 30 June 2015 \$
Interest received	5,685	-
	<b>5,685</b>	<b>-</b>

### 3. TRADE AND OTHER RECEIVABLES

	As at 30 June 2016 \$	As at 31 Dec 2015 \$
<b>Current</b>		
Other receivables	77,710	59,332
Prepayments	3,544	10,549
Closing balance	<b>81,254</b>	<b>69,881</b>

### 4. TRADE AND OTHER PAYABLES

<b>Current</b>		
Trade creditors	1,662	1,280
Accrued and other payables	38,874	68,096
Closing balance	<b>40,536</b>	<b>69,376</b>

### 5. ISSUED CAPITAL

	As at 30 June 2016 \$	As at 31 Dec 2015 \$
<i>Issued and paid up capital</i>		
500,000,000 Ordinary shares (31 December 2015: 400,000,000)	219,395,216	218,405,878
<b>5.A Movements in issue capital</b>		
<b>Balance at the beginning of the period</b>	<b>218,405,878</b>	<b>215,487,649</b>
<i>Shares issued during the period:</i>		
- Prospectus	-	2,499,979
- Cicero borrowings conversion	-	50,000
- Placements	1,000,000	600,000
Share issue costs	(10,662)	(231,750)
<b>At end of the period</b>	<b>219,395,216</b>	<b>218,405,878</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2016

### 5. ISSUED CAPITAL (CONTINUED)

	As at 30 June 2016 Number	As at 31 Dec 2015 Number
<b>5.B Movements in number of shares on issue</b>		
<b>Balance at the beginning of the period</b>	<b>400,000,000</b>	<b>501,051,719</b>
<i>Shares issued during the period:</i>		
- Consolidation of capital, 1 for 2 – June 2015	-	(250,526,063)
- Prospectus – 15 July 2015	-	2,499,979,704
- Conversion of Cicero borrowings	-	749,494,640
- Consolidation of capital, 1 for 10 – Oct 15	-	(3,149,999,697)
- Placements	100,000,000	49,999,697
<b>At end of the period</b>	<b>500,000,000</b>	<b>400,000,000</b>

### 5.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.

### 6. RESERVES

	As at 30 June 2016 \$	As at 31 Dec 2015 \$
Option valuation reserve	1,973,231	1,948,231
Foreign currency translation	(23,238)	-
	<b>1,949,993</b>	<b>1,948,231</b>

#### Option valuation reserve

At the end of the reporting period, 250,000,000 options over unissued shares were on issue at the end of the reporting period.

Type	Date of Expiry	Exercise Price AUD	Number of Options on Issue
<i>Options</i>	31 Dec 2018	\$0.02	250,000,000

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2016

### 6. RESERVES (CONTINUED)

	As at 30 June 2016 \$	As at 31 Dec 2015 \$
<b>6.A Movements in option valuation</b>		
<b>Balance at the beginning of the period</b>	1,948,231	-
<i>Options issued during the period:</i>		
- Options Placement	-	1,948,231
- Options in lieu of services	25,000	-
- Expired during the period	-	-
<b>At end of the period</b>	<b>1,973,231</b>	<b>1,948,231</b>
	Number	Number
<b>6.B Movements in number of options on issue</b>		
<b>Balance at the beginning of the period</b>	187,499,924	-
<i>Options issued during the period:</i>		
- Options Placement	-	175,000,000
- Options in lieu of services	-	12,499,924
- Placement – free attaching	50,000,000	-
- Placement – free attaching	12,500,076	-
- Expired during the period	-	-
<b>At end of the period</b>	<b>250,000,000</b>	<b>187,499,924</b>
	As at 30 June 2016 \$	As at 31 Dec 2015 \$
<i>Foreign currency reserve</i>		
At beginning of the period	-	-
Movement during the period	(23,238)	-
<b>Balance at 30 June 2016</b>	<b>(23,238)</b>	<b>-</b>

### 7. ACCUMULATED LOSSES

Balance at the beginning of the period	(218,494,610)	(216,253,614)
Net loss for the period	(2,191,255)	(2,240,996)
Balance at end of the period	<b>(220,685,865)</b>	<b>(218,494,610)</b>

### 8. INVESTMENT IN SUBSIDIARY

On 1 December 2015, BRK Oklahoma Holdings LLC, a wholly owned subsidiary of the Company, entered into agreements investing in the United States focused energy start-up Black Mesa Production, LLC (Black Mesa). In accordance with the agreements with Black Mesa, the Company paid \$1,868,785 (2015: \$131,006) (USD1,389,634 (2015: USD93,780)) for investments in Black Mesa, the RA Minerals Royalty Acreage and STACK Leasehold acreage.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2016

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### 8. INVESTMENT IN SUBSIDIARY (CONTINUED)

As the investment is in its infancy, we cannot currently predict the recoverability of the investment and therefore it has been impaired to nil.

#### *Investment in Subsidiary*

Subsidiary	2016 %	2015 %	2016 \$	2015 \$
BRK Oklahoma Holdings, LLC	100	-	366	-

### 9. SEGMENT REPORTING

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

#### 9.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.

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.

#### 9.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.

#### 9.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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2016

### 9. SEGMENT REPORTING (CONTINUED)

#### Segment assets

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

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

#### Segment liabilities

Liabilities are allocated to segments where there is direct 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.

	Corporate \$	Oil & Gas and other USA entities \$	Total \$
<b>30 June 2016</b>			
<b>(i) Segment performance</b>			
Segment revenue	5,685	-	<b>5,685</b>
Segment results	(345,709)	(1,845,546)	<b>(2,191,255)</b>
<i>Included within segment result:</i>			
- Interest revenue	5,685	-	<b>5,685</b>
- Payment Black Mesa Project	-	(1,845,546)	<b>(1,845,546)</b>
- Option valuation expense	(25,000)	-	<b>(25,000)</b>
Segment assets	699,880	-	<b>699,880</b>
Segment liabilities	(40,536)	-	<b>(40,536)</b>
<b>30 June 2015</b>			
<b>(i) Segment performance</b>			
Segment revenue	-	-	-
Segment results	(186,610)	-	<b>(186,610)</b>
Segment assets	31,026	-	<b>31,026</b>
Segment liabilities	(1,008,601)	-	<b>(1,008,601)</b>

### 10. CONTINGENT LIABILITIES

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2016

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### 11. EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to the end of the half-year the Company also announced that it had reached an in-principle agreement for a joint venture between Merchant Funds Management Pty Ltd (or nominees) (**Merchant**) and BRK Oklahoma. The proposed joint venture will be formed and funded for the purpose of drilling and completing oil and gas wells in the STACK Play.

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

The Joint Venture Wells will be drilled, completed and operated by experienced and well-funded United States based operators who are the most active and successful operators in the core of the STACK Play. Operators are likely to include; Continental Resources, Inc., Marathon Oil Corp., Cimarex Energy Co. and Devon Energy Corp.

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

On 24 August 2016, the Company completed a share placement raising \$300,000 before costs via the issue of 25,000,000 new fully paid ordinary shares in the Company at \$0.012 per share to institutional and exempt wholesale investors.

The Directors are not aware of any other matter or circumstances that has arisen since 30 June 2016 which significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

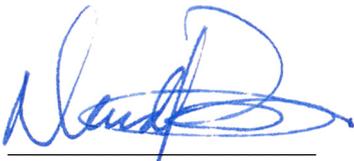
## DIRECTORS' DECLARATION

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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 2016 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 13<sup>th</sup> day of September 2016

**INDEPENDENT AUDITOR'S REVIEW REPORT  
To the members of Brookside Energy Limited****Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Brookside Energy Limited ("the Company") which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the 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.

*Directors' Responsibility for the Half-Year Financial Report*

The directors of the Company 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 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 Company's financial position as at 30 June 2016 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 auditor of the Company, 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*.

*Basis for Qualified Conclusion*

As noted in the financial report of the company for the year ended 31 December 2015, the tax consequences from the disposal of the US subsidiaries are yet to be qualified. Whilst the Directors are of the view that the group will not be in a tax payable position, we have been unable to obtain sufficient appropriate audit evidence to support the Directors preliminary assessment of the tax position of the consolidated entity. Had we been able to complete our review of the taxation position, matters might have come to our attention indicating that adjustments might be necessary to the 30 June 2016 financial report.

*Conclusion*

Expect for any adjustments to the 30 June 2016 financial report that we might have become aware of had it not been for the situation described above, 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 Group's financial position as at 30 June 2016 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*.

A handwritten signature in blue ink that reads 'HLB Mann Judd'.

**HLB Mann Judd**  
**Chartered Accountants**

**Perth, Western Australia**  
**13 September 2016**

A handwritten signature in blue ink that reads 'Norman G Neill'.

**N G Neill**  
**Partner**