BROOKSIDE

BROOKSIDE ENERGY LIMITED

ACN 108 787 720

HALF-YEAR REPORT

30 JUNE 2017

CONTENTS

DIRECTORS' REPORT

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 2017. 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 King	Non-Executive Director

REVIEW OF OPERATIONS

The Directors of Brookside Energy Limited (**ASX:BRK**) (**Brookside** or the **Company**) are pleased to present the Company's half year activities report for the period ending 30 June 2017.

During the half year ending 30 June 2017, the Company continued to pursue a strategy aimed at building value per share by leveraging the expertise, experience and contacts of the Board and its partner and manager of US operations Black Mesa Production LLC (**Black Mesa**). As previously announced, the Black Mesa team has identified an opportunity to secure a position in the world-class Anadarko Basin Plays (STACK and SCOOP) in Oklahoma. The Company is continuing to capitalise on a short window in which to build a material premier asset position in this high-margin repeatable play.

STACK Drilling & Completion Activity

During the half, BRK Oklahoma confirmed its participation (non-operated working interest) in five new wells in the STACK Play in Oklahoma, bringing the total number of wells funded under the drilling joint venture arrangement with Merchant Funds Management Pty Ltd to seven. To date, drilling and completion costs of ~US$1.6 million have been funded from the US$3.5 million available under the Stack-A Drilling JV Facility.

As a result of BRK Oklahoma's ongoing leasing and acquisition activities in the STACK, the Company is now participating in thirteen wells in the core of the play (twelve non-operated working interest wells and one mineral royalty well). These wells are at various stages of development (from drilled and completed, drilling ahead, set to spud to permitted) (see table 1 below).

Well Name	Operator	Working Interest [1]	Status
Strack #1-2-11XH	Marathon Oil, Co.	1.0%	Flowing to Sales
Davis #1-8-1611MH	Triumph Energy, LLC	1.2%	Flow Back Underway
Ike #1-20-17XH	Continental Resources, Inc.	N/A	Flow Back Underway
Mote 1-26-23H	Rimrock Resource LLC	3.0%	Waiting on Completion
Herring 1-33 1513MH	Triumph Energy, LLC	11.5%	Set to Spud
Sphinx 26-16N-11W 1H	Devon Energy Corp.	3.1%	Rigging Up
HR Potter 1511 #1-3-34XH	Marathon Oil, Co.	0.8%	Spudding June 2017
Landreth BIA 1-14H	Marathon Oil, Co.	0.7%	Permitted
Watonga 1-19H	Highmark Resources, LLC	0.3%	Permitted
Scoville 1-17-20XH	Continental Resources, Inc.	3.7%	Permitted
Kevin 1-20-17XH	Continental Resources, Inc.	1.7%	Permitted
Henry Federal 1-8-5XH	Continental Resources, Inc.	5.2%	Permitted
Alta BIA 1511 #1-6-31MXH	Marathon Oil, Co.	1.3%	Permitted

[1] *Working Interest percentages may increase subject the issue of final pooling orders.*

Table 1. – BRK Oklahoma STACK Well Summary

During the half, BRK Oklahoma also announced an initial production rate from its maiden non-operated Working Interest well in the STACK Play in Blaine County, Oklahoma. This first well delivered an initial rate of 1,784 BOE/day and produced 33,000 BOE in its first 30-days on-line.

STACK Leasing Program

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

This significant expansion of leasing activity follows the Company's recent success in securing a core position in Blaine County, where working interest leasehold acreage prices have increased significantly over the last 12 to 18 months as many of the operators move towards full field development.

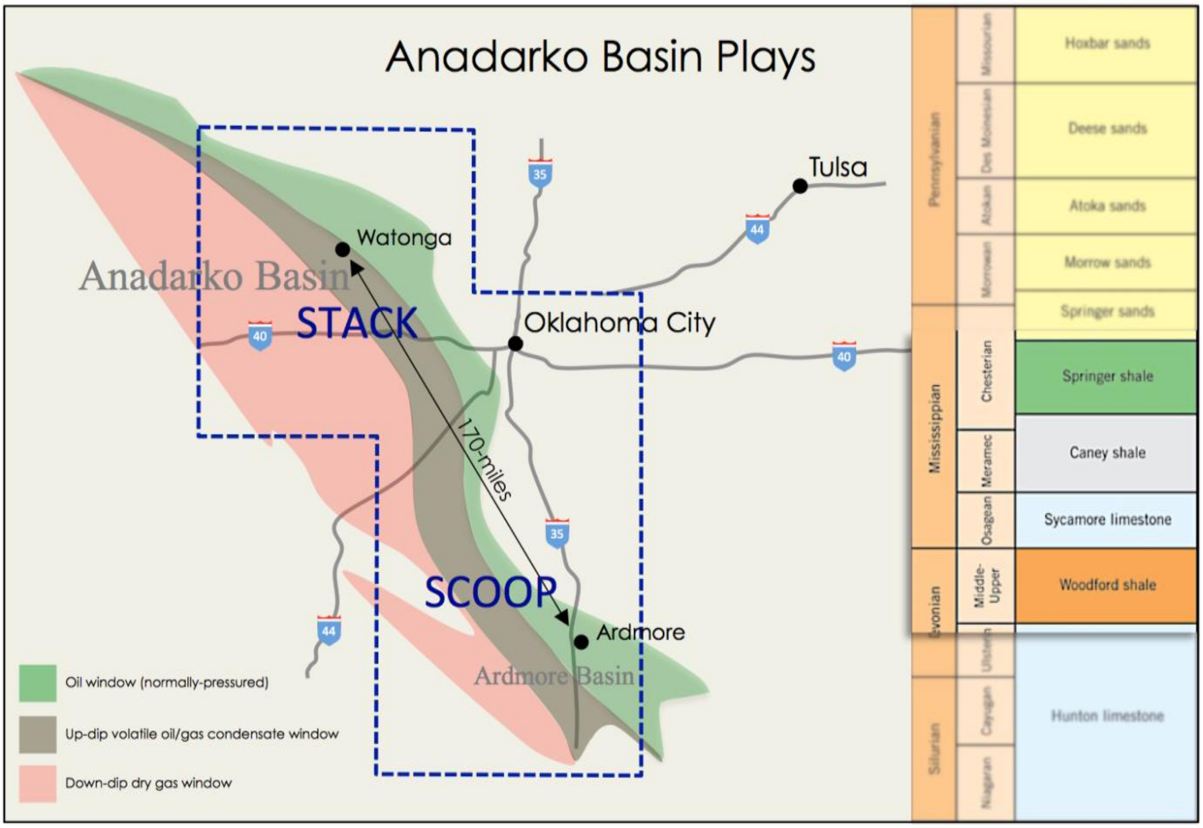

Figure 1. Anadarko Basin Plays

During the first half of 2017, the Company successfully closed on a number of transactions (post clearance of outstanding title due diligence etc.) that took the total holdings in the broader STACK and SCOOP Play region to in excess of 700 acres[1]. The Company has now acquired an interest in ~27 development units (640 or 1,280 acre) that could support upwards of 170 wells in full-field development (with an average Working Interest per well of ~3%).

Black Mesa is using its experience, expertise and data gathered from the success in Blaine County to delineate early stage "core areas" within the liquids-rich fairways of the Anadarko Basin. This work has delivered an entry strategy focused on the up-dip liquids rich parts of the basin margin, utilizing specialist knowledge of the Oklahoma land and leasing environment and regulations to target these "core areas".

There are currently in excess of 100 (horizontal) rigs operating across the Anadarko Basin plays, with a large number of the well funded NYSE listed Tier One operators (including Devon Energy, Marathon Oil, Continental Resources, Newfield Exploration and EOG Resources) targeting proven productive oil and gas reservoirs (within the liquids-rich fairways) that have historically been developed with vertical drilling, that can now be exploited with horizontal drilling. These formations (Springer, Meramec and Sycamore) sit directly above the world-class Woodford Shale source rock, providing a stacked-pay type opportunity analogous to the Permian Basin plays of Texas.

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[1] *Includes the RA Minerals Royalty Acreage acquired pursuant to the Acquisition Program Agreement between BRK Oklahoma and Black Mesa; and working interest acreage acquired pursuant to the Drilling Program Agreement between BRK Oklahoma and Black Mesa.*

Recent (post 2013) horizontal drilling along the Anadarko Basin margin by some of the more active operators in this region has delivered very encouraging results with a large number of plus 1,000 Boe per day initial production rates reported across the key counties (see Figure 2. below).

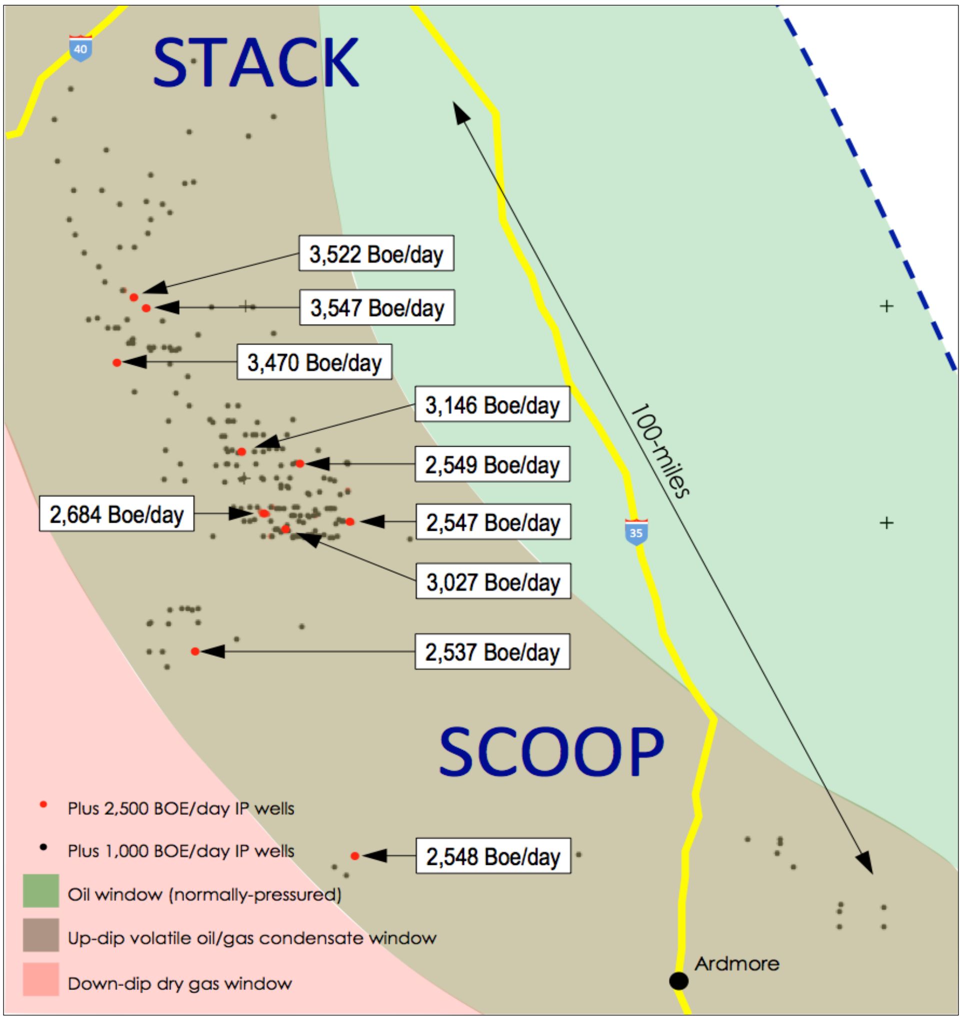

Figure 2.

As previously flagged, the leasing campaign is ongoing and additional core acreage is expected to be acquired during the second half of calendar 2017. The Company is continuing to move quickly to capitalise on what it sees as a short window in which to build a material premier asset position in the high-margin repeatable parts of the Anadarko Basin Plays.

<u>Non STACK Exploration & Production Activities</u>

No exploration was conducted during the half on the Company's leasehold interests in Payne County, Oklahoma. More details of production and revenue will be provided in the quarterly report for the period September 30, 2017.

CORPORATE ACTIVITY

During the half, the Company held two General Meetings, held on 11 January 2017 and 28 March 2017, to ratify placements carried out under Listing Rules 7.1 and 7.1A as well as seeking approval for a range of placements. Refer to the respective notices of meeting released to market on 13 December 2016 and 22 February 2017 for additional details.

On 25 January 2017, the Company announced a capital raising of $1,980,000 (before costs) via the issue of 165,000,000 fully paid ordinary shares at an issue price of $0.012 per share with a one free attaching listed option (Options)(exercisable on or before December 31, 2018 at $0.02) for every two new shares issued under the Placement. Funds raised from this placement will be used to fund the Company's ongoing leasing campaign in the STACK Play and for general working capital purposes.

During 2016 the Company entered into a loan agreement with Cicero Advisory Services for a total of $200,000. Repayment was made on 3 February 2017 including interest.

On the 21 June 2017, the Company announced that its incorporated wholly owned subsidiary, Anadarko Leasing, LLC[2] had executed an agreement with Tulsa based Oklahoma Energy Consultants, Inc to provide Anadarko Leasing with up to US$2.0 million in funding[3] for Brookside's ongoing leasing activities in the Anadarko Basin Plays in Oklahoma. This facility compliments the previously announced US$3.5 million Stack-A Drilling JV Facility with Merchant Funds Management Pty Ltd, and brings the total amount of non-equity, asset level funding secured by Brookside to date for its Anadarko Basin focused leasing and development efforts to US$5.5 million.

See Appendix 1 for details of the Company's oil and gas interests.

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.

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[2] *Anadarko Leasing is a wholly owned subsidiary of Brookside, incorporated solely for the purpose of acquiring Working Interest leasehold acreage in the Anadarko Basin Plays in Oklahoma on behalf of Brookside and pursuant to the Drilling Program Agreement between BRK Oklahoma and Black Mesa.*

[3] *The agreement between Anadarko Leasing (Borrower) and OEC is for a US$2,000,000 facility (to be drawn at the Borrowers discretion in tranches of at least US$250,000). The facility will mature on the date that is 24 months from the date on which the first tranche of the facility is drawn and the Borrower is permitted to repay the Facility in whole or in part at any time without penalty. Amounts drawn under the facility will be secured only by the Borrowers interest in future 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. The facility shall bear interest at a rate per annum equal to 12% (payable quarterly in arrears on drawn amounts). There are no other fees or charges payable by the Borrower for this facility and there is no asset level or other equity burden associated with the facility. Amounts drawn by the Borrower under the facility shall be used to fund leasing in the Anadarko Basin Plays in Oklahoma and for general working capital, and general corporate purposes.*

EVENTS SUBSEQUENT TO REPORTING DATE

The Directors are not aware of any other matter or circumstance that has arisen since 30 June 2017 which significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

APPENDIX 1 – SCHEDULE OF OIL AND GAS INTERESTS

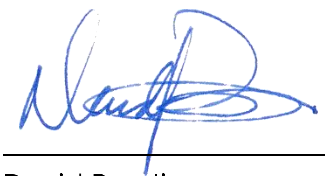
County	Interest Acquired or Disposed of During the Quarter	Total Acres	Working Interest
Payne County, Oklahoma	Nil	465 gross (282 net)	100%
Blaine County, Oklahoma	Nil	~100 acres	Royalty Interest
Blaine County, Oklahoma	Nil	~400 acres	Working Interest
Garvin County, Oklahoma	~200 acres	~200 acres	Working Interest

Includes the RA Minerals Royalty Acreage acquired pursuant to the Acquisition Program Agreement between BRK Oklahoma and Black Mesa; and working interest acreage acquired pursuant to the Drilling Program Agreement between BRK Oklahoma and Black Mesa.

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 2017.

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 30th day of August 2017

Accountants | Business and Financial Advisers

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 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

b) any applicable code of professional conduct in relation to the review other than an administrative breach which was rectified immediately and did not compromise the objectivity of the engagement team.

Perth, Western Australia	**N G Neill**
30 August 2017	**Partner**

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Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2017

	Note	6 months to 30 June 2017 $	6 months to 30 June 2016 $
Revenue	2	1,353	5,685
Consultants expenses		(34,075)	(39,056)
Corporate and compliance expenses		(86,952)	(79,598)
Employee related expenses		(105,000)	(121,528)
Option valuation expense		(179,991)	(24,875)
Project expense		-	(1,868,785)
Foreign currency translation (loss)/gain		(244,560)	27,176
Other expenses		(141,632)	(90,274)
LOSS BEFORE INCOME TAX EXPENSE		**(790,857)**	**(2,191,255)**
Income tax expense		-	-
LOSS FOR THE PERIOD		**(790,857)**	**(2,191,255)**
NET LOSS FOR THE PERIOD		**(790,857)**	**(2,191,255)**
Other comprehensive loss for the period net of tax			
Exchange differences on translation of foreign operations		(1,446)	(23,238)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(792,303)**	**(2,214,493)**
Basic and diluted loss per share (cents per share)		(0.104)	(0.516)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	30 June 2017 $	31 December 2016 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		149,063	256,857
Trade and other receivables	3	14,176	33,017
TOTAL CURRENT ASSETS		**163,239**	**289,874**
NON-CURRENT ASSETS			
Other receivables		13,000	-
Other assets	4	2,210,412	1,951,077
Exploration and evaluation	5	3,533,940	1,830,733
TOTAL NON-CURRENT ASSETS		5,757,352	3,781,810
TOTAL ASSETS		**5,920,591**	**4,071,684**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	6	7,000	260,252
Borrowings	7.A	-	200,000
TOTAL CURRENT LIABILITIES		**7,000**	**460,252**
LIABILITIES			
NON-CURRENT LIABILITIES			
Borrowings	7.B	672,618	-
TOTAL CURRENT LIABILITIES		**672,618**	**-**
TOTAL LIABILITIES		**679,618**	**460,252**
NET ASSETS		**5,240,973**	**3,611,432**
EQUITY			
Issued capital	8	222,363,463	220,586,610
Reserves	9	2,572,971	1,929,426
Accumulated losses	10	(219,695,461)	(218,904,604)
TOTAL EQUITY		**5,240,973**	**3,611,432**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 JUNE 2017

	Issued Capital $	Accumulated Losses $	Share Based Payment Reserve $	Foreign Translation Reserve $	Total $
BALANCE AT 1 JANUARY 2016	**218,405,878**	**(218,494,610)**	**1,948,231**	**-**	**1,859,499**
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)
BALANCE AT 30 JUNE 2016	**219,395,216**	**(220,685,865)**	**1,973,231**	**(23,238)**	**659,344**
BALANCE AT 1 JANUARY 2017	**220,586,610**	**(218,904,604)**	**1,973,231**	**(43,805)**	**3,611,432**
Loss for the period	-	(790,857)	-	-	(790,857)
Other comprehensive income	-	-	-	(1,446)	(1,446)
Total comprehensive loss for the period	-	(790,857)	-	(1,446)	(792,303)
Shares issued during the period	1,980,000	-	-	-	1,980,000
Options issued during the period	-	-	644,991	-	644,991
Share issue costs	(203,147)	-	-	-	(203,147)
BALANCE AT 30 JUNE 2017	**222,363,463**	**(219,695,461)**	**2,618,222**	**(45,251)**	**5,240,973**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2017

	6 months to 30 June 2017 $	6 months to 30 June 2016 $
Cash flows from operating activities		
Payments to suppliers and employees	(416,581)	(352,248)
Interest received	1,353	5,685
Net cash used in by operating activities	**(415,228)**	**(346,563)**
Cash flows from investing activities		
Payments for investments	-	(1,868,785)
Payments for exploration activities	(1,307,376)	-
Payments for acquisition of oil and gas properties	(523,862)	-
Net cash used in investing activities	**(1,831,238)**	**(1,868,785)**
Cash flows from financing activities		
Proceeds from equity issues	1,980,000	1,000,125
Borrowings (net of repayments)	472,618	-
Equity issue costs	(113,147)	(3,805)
Net cash provided by financing activities	**2,339,471**	**996,320**
Net increase/(decrease) in cash and cash equivalents	93,005	(1,219,028)
Cash and cash equivalents at beginning of period	256,857	1,858,994
Foreign currency translation	(200,799)	(21,340)
Cash and cash equivalents at end of reporting period	**149,063**	**618,626**

The accompanying notes form part of these financial statements.

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 2016 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 2016.

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.

1.F Adoption of new and revised standards

Standards and Interpretations applicable to 30 June 2017

In the half-year ended 30 June 2017, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the half-year reporting periods beginning on or after 1 July 2016.

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 30 June 2017

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 2017.

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.G Going Concern

The Group incurred a loss of $790,857 for the half-year ended 30 June 2017 and cash and cash equivalents amounted to $149,063.

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

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

2. REVENUES AND EXPENSES

	6 months to 30 June 2017 $	6 months to 30 June 2016 $
Interest received	1,353	5,685
	1,353	**5,685**

3. TRADE AND OTHER RECEIVABLES

	As at 30 June 2017 $	As at 31 Dec 2016 $
Current		
Other receivables	2,820	33,017
Prepayments	11,356	-
Closing balance	**14,176**	**33,017**

Terms and conditions relating to the above financial instruments:

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

Ageing of past due but not impaired:

Current – 30 days	2,820	33,017
Total	**2,820**	**33,017**

4. OTHER ASSETS

	As at 30 June 2017 $	As at 31 Dec 2016 $
Black Mesa earn-in (at cost)	1,008,086	748,751
RA Minerals – Royalty rights acquired (at cost)	1,202,326	1,202,326
Accumulated depreciation and impairment	-	-
	2,210,412	**1,951,077**

4.A. MOVEMENT IN CARRYING AMOUNTS

	As at 30 June 2017 $	As at 31 Dec 2016 $
Opening balance	1,951,077	-
Black Mesa Productions LLC – Earn-in	-	617,745
Stack-A Drilling JV Facility commitment fee	375,000	-
RA Minerals - Royalty rights acquisition (at cost)	-	1,202,326
Impairment(i)	-	131,006
Foreign currency exchange	(115,665)	-
Closing balance	**2,210,412**	**1,951,077**

On 7 December 2015, BRK Oklahoma Holdings LLC, a wholly owned subsidiary of the Company, entered into an agreement investing in the United States focused energy start-up Black Mesa Production, LLC.

5. EXPLORATION AND EVALUATION

	As at 30 June 2017 $	As at 31 Dec 2016 $
Costs carried forward in respect of areas of interest in:		
Exploration and evaluation phases – at cost	**3,533,940**	**1,830,733**
Opening Balance	1,830,733	-
STACK project costs incurred during the period	1,811,737	1,830,733
Foreign currency translation	(108,530)	-
	3,533,940	**1,830,733**

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 2017 $	As at 31 Dec 2016 $
Current		
Trade creditors	-	211,570
Accrued and other payables	7,000	48,682
Closing balance	**7,000**	**260,252**

Terms and conditions

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

7. BORROWINGS

7.A Current

	As at 30 June 2017 $	As at 31 Dec 2016 $
Opening balance	200,000	-
Repayments – Cicero Advisory Services	(200,000)	-
Cicero Advisory Services	-	200,000
Closing balance	**-**	**200,000**

During the half year, the Company repaid the loan with Cicero Advisory Services in the amount of $200,000.

7.B Non-current

	As at 30 June 2017 $	As at 31 Dec 2016 $
Opening balance	-	-
Financing loan	672,618	-
Cicero Advisory Services	-	-
Closing balance	**672,618**	**-**

As per the US$2,000,000 Drawdown Facility agreement, as entered into between Anadarko Leasing LLC and Oklahoma Energy Consultants, Inc, on 1 June 2017, a total of A$672,618 (US$516,619) has been drawdown as at 30 June 2017.

7. BORROWINGS (CONTINUED)

Terms of the Drawdown Facility are as follows:

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

8. ISSUED CAPITAL

	As at 30 June 2017 $	As at 31 Dec 2016 $
Issued and paid up capital		
790,000,000 Ordinary shares	222,363,463	220,586,610
(31 December 2016: 625,000,000)		
8.A Movements in issue capital		
Balance at the beginning of the period	**220,586,610**	**218,405,878**
Shares issued during the period:		
- Placement @ $0.012	1,980,000	2,000,000
- Placement @ $0.012	-	300,000
Share issue costs	(203,147)	(119,268)
At end of the period	**222,363,463**	**220,586,610**

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 2017 $	As at 31 Dec 2016 $
Option valuation reserve	2,618,222	1,973,231
Foreign currency translation	(45,251)	(43,805)
	2,572,971	1,929,426

Option valuation reserve

At the end of the reporting period, 460,000,000 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
Listed options - BRKO	31 Dec 2018	$0.02	435,000,000
Unlisted options	31 Dec 2020	$0.03	25,000,000

	As at 30 June 2017 $	As at 31 Dec 2016 $
9.A Movements in option valuation		
Balance at the beginning of the period	**1,973,231**	**1,948,231**
Options issued during the period:		
- Options in accordance with Drilling Agreement	375,000	-
- Options issued to directors	133,991	-
- Options in lieu of corporate services	46,000	-
- Options in lieu of capital raising services	90,000	25,000
At end of the period	**2,618,222**	**1,973,231**

	Number	Number
9.B Movements in number of options on issue		
Balance at the beginning of the period	**250,000,000**	187,499,924
Options issued during the period:		
- Options in accordance with Stack-A Drilling JV Facility	75,000,000	-
- Options placement – February 2017 – free attaching	82,500,000	-
- Options issued to directors	25,000,000	-
- Options in lieu of corporate services	11,500,000	-
- Options in lieu of capital raising services	16,000,000	12,500,076
- Options placement – June 2016	-	50,000,000
At end of the period	**460,000,000**	**250,000,000**

9. RESERVES (CONTINUED)

	As at 30 June 2017 $	As at 31 Dec 2016 $
Foreign currency reserve		
At beginning of the period	(43,805)	-
Movement during the period	(1,446)	(43,805)
Balance at end of period	**(45,251)**	(43,805)

10. ACCUMULATED LOSSES

	As at 30 June 2017 $	As at 31 Dec 2016 $
Balance at the beginning of the period	(218,904,604)	(218,494,610)
Net loss for the period	(790,857)	(409,994)
Balance at end of the period	(219,695,461)	(218,904,604)

11. INVESTMENT IN SUBSIDIARIES

Investment in Subsidiary

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

12. SEGMENT REPORTING

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

12.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.

12. SEGMENT REPORTING (CONTINUED)

12.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.

12.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.

	Corporate $	Oil & Gas and other USA entities $	Total $
30 June 2017			
(i) Segment performance			
Segment revenue	1,353	-	**1,353**
Segment results	(548,776)	(242,081)	**(790,857)**
Included within segment result:			
- Interest revenue	1,353	-	**1,353**
- Option valuation expense	(179,991)	-	**(179,991)**
Segment assets	538,239	5,382,352	**5,920,591**
Segment liabilities	(679,618)	-	**(679,618)**

12. SEGMENT REPORTING (CONTINUED)

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

13. CONTINGENT LIABILITIES

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

14. EVENTS SUBSEQUENT TO REPORTING DATE

The Directors are not aware of any other matter or circumstances that has arisen since 30 June 2017 which significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

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 2017 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 30th day of August 2017

HLB Mann Judd

Accountants | Business and Financial Advisers

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 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for the Group 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 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 Group's financial position as at 30 June 2017 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*.

Conclusion

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 2017 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*.

Emphasis of matter

Without modifying our conclusion, we draw attention to Note 1 to the financial report which indicates that the continuing viability of the Group and its ability to continue as a going concern and meet its debts and commitments as they are due are dependent upon a number of factors, the most significant of which is the ability of the Company to raise additional funds in the following 12 month through issuing additional shares.

These conditions indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Norman Glad

N G Neill
Partner

Perth, Western Australia
30 August 2017