BROOKSIDE

BROOKSIDE ENERGY LIMITED

ACN 108 787 720

HALF-YEAR REPORT

30 JUNE 2018

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 2018. 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 2018 the Company continued to successfully pursue its strategy of providing shareholders and investors with a unique opportunity to own part of a World-Class oil and gas resource play and be rewarded as oil and gas reserves are established and values per leasehold acre increase.

As previously announced the Black Mesa team had identified an opportunity to secure a position in the world-class Anadarko Basin Plays (**STACK** and **SCOOP**) in Oklahoma. The Company continues to capitalise on the window in which to build a material premier asset position in this high-margin repeatable play.

The Company continues to pursue a leasing campaign within it's 35,000-acre SWISH AOI within the SCOOP Play and is targeting an ~8,000 acre "operated position" within the AOI that includes at least 10 drilling units (with unit sizes ranging from 320 acres to 1,280 acres).

Anadarko Basin Play - Leasing and Acquisition Program

BRK Oklahoma announced a significant expansion of its leasing activity to 30 June 2018. 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.

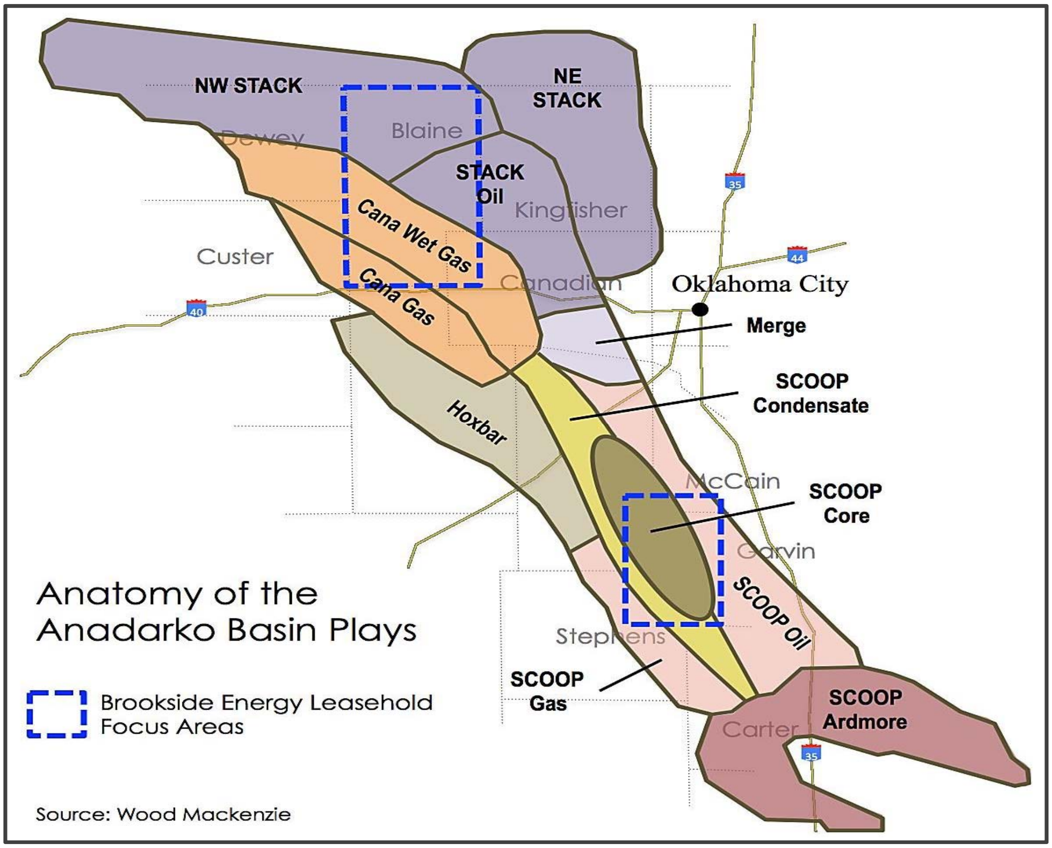


Figure 1. Leasehold focus areas in the Anadarko Basin.

During the half, the Company continued with its ongoing Working Interest leasehold acreage acquisition program in the world-class Anadarko Basin plays. The focus during the half was predominantly within the SCOOP Play targeting the SWISH AOI where Black Mesa has identified a ~8,000 acre "operated position" across at least 10 drilling units (with unit sizes ranging from 320 acres to 1,280 acres). Leasing is currently underway, and the Company will provide an update on progress in the September quarterly report.

<u>Acreage Divestment</u>

The Company also announced during the half, that it had successfully completed the sale of its non-operated Working Interest leasehold acres in one of its seventeen development units in the STACK Play in Oklahoma.

This is the first of the Company's non-operated development units in the STACK Play that has progressed to "full field" development, with the operator (a tier-one independent US E&P company) set to commence drilling eight proved undeveloped wells within this unit.

The acreage sale achieved US$28,600 per acre, representing a multiple of greater than 10-times on the average acquisition price paid, reflecting the significant interest in the secondary market for acreage in the Anadarko Basin Plays. It also highlights the high quality proved undeveloped locations that are being generated from the initial (or parent) wells being drilled in these plays.

Brookside's leasehold acreage in this unit was acquired during the last half of calendar 2016 (for an average consideration of US$2,500 per acre) as part of the Company's initial leasing campaign in the STACK Play.

The second acreage sale from within the Company's STACK Play holdings generated US$1,475,000 in proceeds. RA Minerals Royalty Acreage sale achieved ~US$15,300 per acre for a mix of partially developed and undeveloped acreage. The price per acre achieved represents ~80% of the estimated "fully developed" PV10 value per acre (previous sale achieved ~72% of est. PV10 value per acre). The acreage package was acquired in March 2016 for ~US$878,000. The Company believes that the sale provides further validation of the Company's acreage revaluation business model. Proceeds from the sale are earmarked to be re-invested in further working interest leasehold acquisitions in the SCOOP Play (**SWISH**).

The company acknowledges and advises that it has given preliminary consideration to the US federal tax implications for the capital gain derived from the acreage sale from within the Company's STACK Play holdings.

This sale generated US$1,475,000 in proceeds. The acreage package in question was acquired in March 2016 for US$878,000 thus generating a capital gain of US$ 597,000.

Based on the current Federal tax rates the Company would be liable to pay 21% of this capital gain before potential offsetting losses for the 12 months to 31st December 2018 have been considered and applied. Provision of US$125,370 has been recognised for the period.

Stack and Scoop Drilling and Completion Activity

The level of activity within the Company's Anadarko Basin play holdings in Oklahoma continued to increase during the first half of 2018. The Company's non-operated Working Interest wells in the world-class Anadarko Basin plays continue to deliver excellent production rates providing further support for the quality of the acreage that Brookside has been able to secure within the Anadarko Basin plays in Oklahoma.

The Company announced a number of results from wells within the Company's STACK acreage. The most recent well to commence production within the Company's STACK Play holdings is located within the Cana Wet Gas part of the Company's Blaine County focus area (see figure 2.). The well (a 10,000' lateral horizontal well producing from the Meramec formation at a depth of approximately 13,000') achieved a Company record IP24 of ~5,400 BOE/day (860Bbls/day and 27,500Mcf/day) and an IP30 of 4,200 BOE/day. Importantly, the well has produced ~154,000 BOE (15% oil) in its first 38-days of flow back and looks set to pay-out in less than 18-months.

Significantly, the IP24 production rate achieved in this well is almost 3.5 times higher than the rate achieved from the "parent well" drilled in the recently divested STACK Play Development Unit, which achieved a sale price of US$28,600 per acre. The Company holds a ~2.0% Working Interest in this well and the associated 1,280-acre Development Unit that it was drilled in. The initial production data from this well (together with sustained longer-term production data), will be used to establish the quantity of recoverable undeveloped oil and gas contained within the Development Unit and the attendant value per acre.

During, the half year the Company also received updated production results from the Triumph

Energy, LLC. operated Herring 1-33 1513MH well (our largest Working Interest well at ~18%). This well is located in the over-pressured gas condensate window of the STACK Play, in Blaine County, Oklahoma. This well commenced sales in late-October 2017 and to date it has produced 2.3 billion cubic feet of gas and 21,000 barrels of oil from a normal length lateral (5,000') drilled in a 640-acre development unit.

The most recent wells to commence production are located within the Company's Blaine County focus area (see Figure 2).

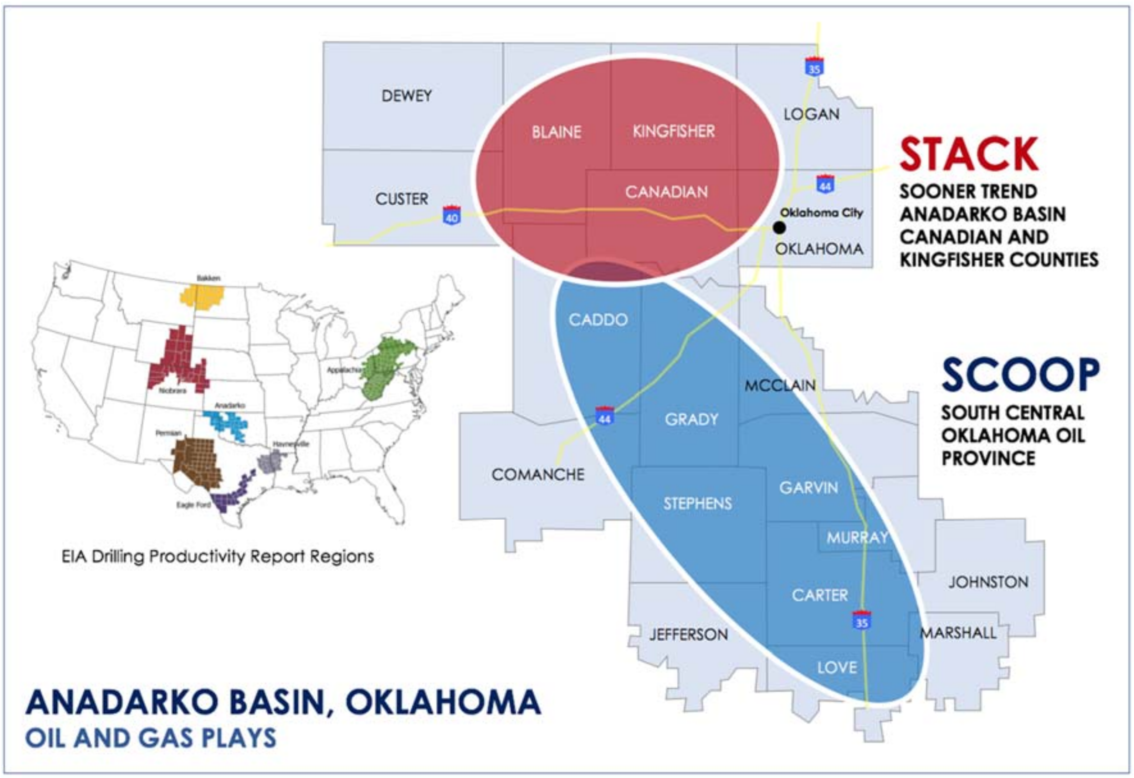


Figure 2. Drilling focus areas within the Anadarko Basin.

The Company is now participating in thirty-five wells (thirty-three non-operated Working Interest wells and two Mineral Royalty wells). These wells are at various stages of development.

Well Name	Operator	WI	Status
Strack #1-2-11XH	Marathon Oil, Co.	1.02%	Producing
Ike #1-17-20XH	Continental Resources, Inc.	NA	Producing
Davis #1-8-1611MH	Triumph Energy Partners, LLC	1.17%	Producing
HR Potter 1511 #1-3-34XH	Marathon Oil, Co.	0.80%	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
Luttrull #1-30-31XH	Continental Resources, Inc.	NA	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
Watonga #1-19H	Highmark Resources, LLC	0.26%	Permitting
McKinley #13&24 15-13	Continental Resources, Inc.	1.02%	Permitting
Henry Federal #1-8-5XH	Continental Resources, Inc.	5.23%	Permitting
TBD	Cimarex Energy, Co.	1.12%	Permitting
TBD	Continental Resources, Inc.	0.59%	Permitting
TBD	Camino Natural Resources, LLC	0.02%	Permitting
TBD	Citizen Energy II, LLC	0.02%	Permitting
TBD	Citizen Energy II, LLC	0.02%	Permitting
TBD	Cheyenne Petroleum, Co.	0.23%	Permitting
TBD	Cheyenne Petroleum, Co.	0.16%	Permitting
SWISH 1-13-12SH	Black Mesa Production, LLC	36.98%	Permitting
Rangers 36-WH1	Black Mesa Production, LLC	48.31%	Permitting
Blackhawks 26-SH1	Black Mesa Production, LLC	20.25%	Permitting
Redwings 9-WH1	Black Mesa Production, LLC	22.98%	Permitting
Maple Leafs 15-SH1	Black Mesa Production, LLC	23.63%	Permitting
Jets 15-WH1	Black Mesa Production, LLC	10.13%	Permitting
Flames 10-3-WH1	Black Mesa Production, LLC	12.28%	Permitting
TBD	Black Mesa Production, LLC	15.63%	Permitting
Bruins 1-3-WH1	Black Mesa Production, LLC	3.91%	Permitting

Table 1. BRK Oklahoma STACK Well Summary

** Note: Working Interest percentages may increase subject the issue of final pooling orders.*

Production has been established in fourteen of these wells, achieving an average IP24 of ~2,400 BOE/day and IP30 of ~2,050 BOE/day.

Importantly, the Company now has sufficient production history on this suite of wells to estimate time to payout (i.e. the time taken for a well to recover (from sales) 100% of drilling, completion and operating costs). This analysis points to an average time to payout of approximately thirty months for the Working Interest wells in this area.

The production data behind these estimates and the resulting time to payout estimates provide support for the effectiveness of the Company's Drilling Joint Venture structure as a source of development capital.

The relatively short time to recover 100% of the drilling and completion capital enables Brookside to "reinvest" capital from the Drilling Joint Venture in the new wells and grow the Company's oil and gas reserves without having to raise additional equity capital.

Non-Anadarko Basin Exploration and Production Activities

No exploration was conducted during the half on the Company's leasehold interests in Payne County, Oklahoma.

CORPORATE

The Company's Annual General Meeting was held on 31 May 2018 with all Resolutions put to Shareholders passed.

During the half, the Company announced that its wholly owned subsidiary, Anadarko Leasing, LLC (**Anadarko Leasing**) had reached agreement with Tulsa based Oklahoma Energy Consultants, Inc. (**OEC**) to increase the Anadarko Leasing Facility (**Facility**) limit to US$4.0 million.

The maturity date of the facility was also extended to 31 December 2019. All other terms of the Facility (outlined in our ASX release dated 21 June 2017) remained unchanged.

At the end of the half the Company had US$1.2 million available undrawn on this facility. The Company had a further ~US$1.1 million available under the Drilling Joint Venture program (including net cash flow received and available to re-cycle) to fund drilling and completion costs related to as yet undrilled non-operated Working Interest leasehold wells.

In April 2018, the Company announced that it had completed a placement of 197,500,000 fully paid ordinary shares at an issue price of A$0.016 per share (**Share**), with a 1 for 1 free attaching listed option (exercisable at A$0.02 on or before 31 December 2018)(**Option**), to raise A$3,160,000 before costs (**Placement**).

Cicero Advisory Services Pty Ltd (**Cicero**) acted as Lead Manager and bookrunner to the Placement, which was heavily oversubscribed and has introduced new institutional and sophisticated investors to Brookside's share register.

The new Shares were issued under the Company's placement capacity pursuant to ASX Listing Rule 7.1.

Post this successful capital raising, the Company had approximately US$4.6 million (cash and availability under the Drilling Joint Venture and Anadarko Leasing facility) to expand and accelerate its leasing activities in the SWISH AOI within the world-class SCOOP Play. As at 30 June 2018 Brookside had approximately ~US$3.0 million available to advance its activities in the Anadarko Basin Plays, including ~US$1.5 million in cash and call deposits; US$1.2 million available under the Anadarko Leasing Facility; and ~US$0.3 million undrawn under the Drilling Joint Venture.

During the half the Company (via its wholly owned subsidiary BRK Oklahoma Holdings, LLC) (**BRK OK**) also confirmed a number of conditional commercial arrangements with LS Operating LLC (**LSO**) (a wholly owned subsidiary of Lone Star Energy Limited) under which LSO has a first right to participate in well bore drilling and or acreage acquisition opportunities presented to BRK under the Drilling Program Agreement with Black Mesa (**Step-in Agreement**).

LSO has conditionally exercised its right to participate in two such opportunities under the terms of the Step-in Agreement. The prospects introduced to date include the Bullard Prospect (a Working Interest, well bore only drilling opportunity targeting the Woodford Formation in the Anadarko Basin in Garvin County, Oklahoma) and the STACK Group prospects. The STACK Group prospects include a well bore only Working Interest in six currently undrilled development units in the STACK Play in Blaine County, Oklahoma.

Consistent with the Company's acreage acquisition and re-valuation business model, these arrangements (provided the relevant conditions precedent are satisfied) will provide Brookside with a potential partner to assist with the development of its Anadarko Basin holdings and another valuable source of drilling capital. See Schedule of Oil and Gas Interests section for details.

SUBSEQUENT EVENTS

In accordance with the agreement entered into on 21 June 2018. Brookside successfully completed a second acreage sale in July 2018 from its STACK Play holdings in Oklahoma. The RA Minerals Royalty Acreage package (~96.5 acres) was acquired in March 2016 for ~US$878,000. The acreage package was sold for US$1,475,000 (~US$15,300 per acre for a mix of partially developed and undeveloped acreage).

This price per acre represents ~80% of the estimated "fully developed" PV10 value per acre compared to approximately 72% of estimated PV10 value per acre achieved in the previously announced sale of Working Interest leasehold in STACK.

The sale of this acreage package is another very strong endorsement of how the Company's business model is working, generating value for shareholders and providing working capital that can be leveraged into new holdings in the world class Anadarko Basin.

The Directors are not aware of any other matter or circumstance that has arisen since 30 June 2018 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.

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.

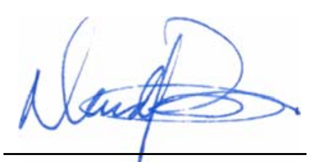
SCHEDULE OF OIL AND GAS INTERESTS

COUNTY	INTEREST ACQUIRED OR DISPOSED OF DURING THE QUARTER	TOTAL ACRES	INTEREST
Payne County, Oklahoma	Nil	465 gross (282 net)	100%
Blaine County, Oklahoma	Nil	~100 acres	Royalty Interest
Blaine County, Oklahoma	~30 acres	~430 acres	Working Interest
Garvin County, Oklahoma	Nil	~300 acres	Working Interest
Stephens County, Oklahoma	~200 acres	~1,200 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 2018.

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 12th day of September 2018

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Brookside Energy Limited for the half-year ended 30 June 2018, 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**
12 September 2018	**Partner**

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2018

	Note	6 months to 30 June 2018 $	6 months to 30 June 2017 $
Revenue	2	808	1,353
Gain on disposal of asset	2	784,122	-
Consultants expenses		(24,270)	(34,075)
Corporate and compliance expenses		(75,263)	(86,952)
Employee related expenses		(130,000)	(105,000)
Travel expenses		(142,278)	(76,709)
Share based expense		(120,000)	(179,991)
Foreign currency translation loss		(206,103)	(244,560)
Interest expense		(182,910)	(234)
Other expenses		(100,630)	(64,689)
LOSS BEFORE INCOME TAX EXPENSE		**(196,523)**	**(790,857)**
Income tax expense		(162,489)	-
LOSS FOR THE PERIOD		**(359,012)**	**(790,857)**
NET LOSS FOR THE PERIOD		**(359,012)**	**(790,857)**
Other comprehensive loss for the period net of tax			
Gain/(loss) on exchange differences on translation of foreign operations		536,218	(1,446)
TOTAL COMPREHENSIVE GAIN/(LOSS) FOR THE PERIOD		**177,206**	**(792,303)**
Basic and diluted loss per share (cents per share)		(0.042)	(0.104)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	30 June 2018 $	31 December 2017 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		2,706,973	51,854
Trade and other receivables	3	2,035,797	24,366
TOTAL CURRENT ASSETS		**4,742,770**	**76,220**
NON-CURRENT ASSETS			
Other receivables		13,530	12,820
Other assets	4	927,880	1,994,614
Exploration and evaluation	5	6,142,897	5,521,615
TOTAL NON-CURRENT ASSETS		7,084,307	**7,529,049**
TOTAL ASSETS		**11,827,077**	**7,605,269**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	6.a	47,915	371,940
Provision	6.b	169,626	-
TOTAL CURRENT LIABILITIES		**217,541**	**371,940**
LIABILITIES			
NON-CURRENT LIABILITIES			
Borrowings	7	3,692,433	2,550,845
TOTAL NON-CURRENT LIABILITIES		**3,692,433**	**2,550,845**
TOTAL LIABILITIES		**3,909,973**	**2,922,785**
NET ASSETS		**7,917,103**	**4,682,484**
EQUITY			
Issued capital	8	225,292,957	222,355,544
Reserves	9	2,983,313	2,327,095
Accumulated losses	10	(220,359,167)	(220,000,155)
TOTAL EQUITY		**7,917,103**	**4,682,484**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 JUNE 2018

	Issued Capital $	Accumulated Losses $	Share Based Payment Reserve $	Foreign Translation Reserve $	Total $
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**
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**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2018

	6 months to 30 June 2018 $	6 months to 30 June 2017 $
Cash flows from operating activities		
Payments to suppliers and employees	(566,426)	(416,581)
Interest received	808	1,353
Net cash used in operating activities	**(565,618)**	**(415,228)**
Cash flows from investing activities		
Payments for exploration activities	(398,991)	(1,307,376)
Payments for acquisition of oil and gas properties	-	(523,862)
Net cash used in investing activities	**(398,991)**	**(1,831,238)**
Cash flows from financing activities		
Proceeds from equity issues	3,160,000	1,980,000
Borrowings (net of repayments)	944,788	472,618
Equity issue costs	(222,587)	(113,147)
Net cash provided by financing activities	**3,882,201**	**2,339,471**
Net increase in cash and cash equivalents	2,917,592	93,005
Cash and cash equivalents at beginning of period	51,854	256,857
Foreign currency translation	(262,473)	(200,799)
Cash and cash equivalents at end of reporting period	**2,706,973**	**149,063**

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 2017 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 2017.

The company acknowledges and advises that it has given preliminary consideration to the US federal tax implications for the capital gains derived from the acreage sale from within the Company's STACK Play holdings.

Based on the current Federal tax rates the Company would be liable to pay 21% of capital gains before potential offsetting losses for the 12 months to 31st December 2018 have been considered and applied.

The provision of US125,370 is the Directors' estimate of the potential amount on a conservative basis and will be fully determined upon completion of the tax return for the relevant subsidiary.

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.E. ADOPTION OF NEW AND REVISED STANDARDS

Standards and Interpretations applicable to 30 June 2018

In the half-year ended 30 June 2018, 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 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 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 2018

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 2018.

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 2018 $	6 months to 30 June 2017 $
Interest received	808	1,353
Gain on sale of RA Minerals Royalty investment	784,122	-

3. TRADE AND OTHER RECEIVABLES

	As at 30 June 2018 $	As at 31 Dec 2017 $
Current		
Other receivables	36,349	13,158
Prepayments	3,777	11,208
Sale of RA Minerals Royalty investment(i)	1,995,671	-
Closing balance	**2,035,797**	**24,366**

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	36,349	13,158
Total	**36,349**	**13,158**

(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.

4. OTHER ASSETS

	As at 30 June 2018 $	As at 31 Dec 2017 $
At cost	927,880	1,994,614
	927,880	**1,994,614**

4.A. MOVEMENT IN CARRYING AMOUNTS

Opening balance	1,994,614	1,951,077
Sale of RA Minerals Royalty investment(ii)	(1,177,111)	-
Black Mesa Productions LLC – Earn-in(i)	-	184,615
Foreign currency exchange	110,377	(141,078)
Closing balance	**927,880**	**1,994,614**

(i) In accordance with the agreement, as at 30 June 2018, the Company has paid US$684,780 with a further US$253,020 payable over the next 12 months.

(ii) 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 2018 $	As at 31 Dec 2017 $
Costs carried forward in respect of areas of interest in:		
Exploration and evaluation phases – at cost	**6,142,897**	**5,521,615**
Opening Balance	5,521,615	1,830,733
STACK project (acquisition costs)	531,084	3,448,258
STACK JV1	-	375,000
Foreign currency transaction on movement	90,198	(132,376)
	6,142,897	**5,521,615**

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.a TRADE AND OTHER PAYABLES

	As at 30 June 2018 $	As at 31 Dec 2017 $
Current		
Trade creditors	19,749	61,742
Accrued and other payables	28,166	310,198
Closing balance	**47,915**	**371,940**

Terms and conditions

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

6.b PROVISIONS

	As at 30 June 2018 $	As at 31 Dec 2017 $
Capital gains tax liability(i)	169,625	-

(i) As a result of the capital gain on divestment of the RA Minerals Royalty asset and in accordance with the current US Federal tax rates, the Company may be liable to pay 21% of the capital gain. The provision is the Directors' estimate of the potential amount on a conservative basis and will be fully determined upon completion of the tax return for the relevant subsidiary.

7. BORROWINGS

	As at 30 June 2018 $	As at 31 Dec 2017 $
Opening balance	2,550,845	200,000
Oklahoma Energy LLC financing(i)	1,141,588	2,550,845
Repayments – Cicero Advisory Services	-	(200,000)
Closing balance	**3,692,433**	**2,550,845**

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

Terms of the Drawdown Facility are as follows:

Date of agreement	Financing Facility	Terms
1 June 2017 *(amended 14 March 2018)*	US$4,000,000 *(increase from US$3,000,000 on 14 March 2018)*	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 2018, total of A$3,692,433 (US$2,505,394) has been drawdown. Included in the profit and loss is US$141,126 accrued interest expense for the period.

8. ISSUED CAPITAL

	As at 30 June 2018 $	As at 31 Dec 2017 $
Issued and paid up capital		
990,421,875 Ordinary shares	225,292,957	222,355,544
(31 December 2017: 790,000,000)		

8.A. MOVEMENTS IN ISSUED CAPITAL

Balance at the beginning of the period	**222,355,544**	**220,586,610**
Shares issued during the period:		
- Placement @ $0.016	3,160,000	-
- Shares issued in lieu of corporate advisory	46,750	-
- Placement @ $0.012	-	1,980,000
Share issue costs	(269,337)	(211,066)
At end of the period	**225,292,957**	**222,355,544**

8.B. MOVEMENTS IN NUMBER OF SHARES ON ISSUE

Fully paid	**Number**	**Number**
At the beginning of the period	**790,000,000**	**625,000,000**
Shares issued during the period:		
- Placement – 13 April 2018 – tranche 1	92,781,250	-
- Placement – 17 April 2018 – tranche 2	104,718,750	-
- Shares issued in lieu of capital raising fees	2,921,875	-
- Placement – 3 February 2017	-	165,000,000
At end of the period	**990,421,875**	**790,000,000**

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 2018 $	As at 31 Dec 2017 $
Option valuation reserve	2,738,222	2,618,222
Foreign currency translation	245,091	(291,127)
	2,983,313	**2,327,095**

Option valuation reserve

At the end of the reporting period, 700,421,875 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	675,421,875
Unlisted options	31 Dec 2020	$0.03	25,000,000

9.A. MOVEMENTS IN OPTION VALUATION

	As at 30 June 2018 $	As at 31 Dec 2017 $
Balance at the beginning of the period	**2,618,222**	**1,973,231**
Options issued during the period:		
- Options issued to consultants	120,000	46,000
- Options issued to directors	-	133,991
- Options in accordance with Drilling agreement	-	375,000
- Options in lieu of capital raising services	-	90,000
At end of the period	**2,738,222**	**2,618,222**

9. RESERVES (CONTINUED)

9.B. MOVEMENTS IN NUMBER OF OPTIONS ON ISSUE

	As at 30 June 2018 Number	As at 31 Dec 2017 Number
Balance at the beginning of the period	**460,000,000**	**250,000,000**
Options issued during the period:		
- Placement – April 2018; free attaching	197,500,000	-
- Options issued in lieu of capital raising fees; free attaching	2,921,875	-
- Options issued in lieu of corporate advisory	40,000,000	-
- Options placement – 3 February 2017; free attaching	-	82,500,000
- Options issued in accordance with Drilling agreement	-	75,000,000
- Options issued to consultants and directors	-	36,500,000
- Options issued in lieu of capital raising fees	-	16,000,000
- Expired during the period	-	-
At end of the period	**700,421,875**	**460,000,000**

Option Valuation

The fair value of 40,000,000 listed options granted during the half-year ended 30 June 2018 as at the date of grant is outlined in Note 14.

9.C. FOREIGN CURRENCY RESERVE

	As at 30 June 2018 $	As at 31 Dec 2017 $
At beginning of the period	**(291,127)**	**(43,805)**
Movement during the period	536,218	(247,322)
Balance at end of period	**245,091**	**(291,127)**

10. ACCUMULATED LOSSES

	As at 30 June 2018 $	As at 31 Dec 2017 $
Balance at the beginning of the period	**(220,000,155)**	**(218,904,604)**
Net loss for the period	(359,012)	(1,095,551)
Balance at end of the period	**(220,359,167)**	**(220,000,155)**

11. INVESTMENT IN SUBSIDIARIES

Investment in Subsidiary

Subsidiary	2018 %	2017 %	2018 $	2017 $
BRK Oklahoma Holdings, LLC	100	100	366	366
Anadarko Leasing	100	100	444	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.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.

12. 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 $
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)**
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)**

13. 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 2018		31 December 2017	
	Carrying amount $	Fair value $	Carrying amount $	Fair value $
Financial assets				
Cash and cash equivalents	2,706,973	2,706,973	51,854	51,854
Trade and other receivables	2,035,797	2,035,797	24,366	24,366
Other assets	3,777	3,777	1,115,388	1,115,388
Total financial assets	4,756,300	4,756,300	1,191,608	1,191,608
Financial liabilities				
Trade and other creditors	(47,915)	(47,915)	(371,940)	(371,940)
Loans and borrowings	(3,692,433)	(3,692,433)	(2,550,845)	(2,550,845)
Total financial liabilities	(3,740,348)	(3,740,348)	(2,922,785)	(2,922,785)

14. SHARE BASED PAYMENTS

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

40,000,000 options were issued to a consultant of the company in lieu of corporate advisory services.

	30 June 2018 Fair value $
Type	Listed Options: ASX:BRKO
Number	40,000,000
Grant date	31 May 2018
Expiry date / vesting date	31 December 2018
Exercise Price	$0.02
Dividend yield (%)	-
Expected volatility (%)	-
Risk-free interest rate (%)	-
Expected life of option (years)	0.573
Grant date share price	$0.011
Total fair value of equity instrument at grant	$120,000

No share options were exercised during the year.

15. CONTINGENT LIABILITIES

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

16. EVENTS SUBSEQUENT TO REPORTING DATE

In accordance with the agreement entered into on 21 June 2018, Brookside successfully completed a second acreage sale in July 2018 from its STACK Play holdings in Oklahoma. The RA Minerals Royalty Acreage package (~96.5 acres) was acquired in March 2016 for ~US$878,000. The acreage package was sold for US$1,475,000 (~US$15,300 per acre for a mix of partially developed and undeveloped acreage).

This price per acre represents ~80% of the estimated "fully developed" PV10 value per acre compared to approximately 72% of estimated PV10 value per acre achieved in the previously announced sale of Working Interest leasehold in STACK.

The sale of this acreage package is another very strong endorsement of how the Company's business model is working, generating value for shareholders and providing working capital that can be leveraged into new holdings in the world class Anadarko Basin.

The Directors are not aware of any other matter or circumstances that has arisen since 30 June 2018 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 2018 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 12th day of September 2018

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 2018, 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 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 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 2018 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*.

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
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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 consolidated entity's financial position as at 30 June 2018 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*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Norman Glad

N G Neill
Partner

Perth Western Australia
12 September 2018