



Brookside

BROOKSIDE ENERGY LIMITED

ACN 108 787 720

FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 30 JUNE 2024

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DIRECTORS' REPORT

The Directors of Brookside Energy Limited (**Company**) and its subsidiaries (**Group**) present their report and the financial statements for the half-year ended 30 June 2024. 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	Managing Director
Richard Homsany	Non-Executive Director
Chris Robertson	Non-Executive Director (Appointed 1 March 2024)

REVIEW OF OPERATIONS

Overview

Brookside is pleased to present our results for the first half of the 2024 financial year. It was another strong period operationally, with our key SWISH AOI reserve definition wells performing in line with our pre-drill modelling. This production performance delivered the cash flow outcomes that enabled us to build our cash position, positioning us to move seamlessly into the Flames Maroons Development Plan (**FMDP**) during the first half. We continue to manage cash flows effectively to fund these developments while remaining prepared to capitalize on other opportunities as they arise, and if there is cash available in excess of our operational and strategic requirements, we will consider further on-market share buy-backs as a mechanism to reward shareholders.

The Company continued to deliver strong financial results in the first half, further highlighting our operational success and financial stability. Revenue from oil and gas sales totalled A\$15.4 million, delivering a gross profit of A\$8.4 million (NPAT adjusted for non-cash items was \$7.1 million). CAPEX for the first half of A\$12 million, was primarily associated with the FMDP. Cash and receivables at the end of the half amounted to A\$24.3 million.

As we move into the second half of 2024, we are approaching a significant point in our production profile, with the very material production impact from the FMDP and Gapstow developments expected to be felt in the fourth quarter and beyond, skewing our production even more favourably toward high-value liquids.

Looking ahead, the SWISH AOI Full Field Development is expected to commence in early 2025, with the potential to triple our annual net production to 4,500 BOEPD (72% liquids) by FY2028.

Results from the first half of 2024, reflect our commitment to disciplined strategic growth and value creation for our shareholders. We look forward to continuing this momentum throughout the balance of this financial year and into 2025.

DIRECTORS' REPORT

Financial & Production Performance

Revenue from oil and gas sales was A\$15.4 million for the first half of 2024, with payment for royalties and production expenses totalling A\$7.0 million, delivering a gross profit of \$8.4 million and NPAT (adjusted for non-cash items) of \$7.1 million.

The company ended the first half of 2024 with cash and receivables of A\$24.3 million.

Gross operated production during the first half averaged 1,822 BOE per day, with group net production averaging 1,096 BOE per day (61% liquids). Importantly well performance is in line with modelled projections.

Description	Total	Liquids
Gross Operated Volumes (BOE)	333,497	61%
Group Net Volumes (BOE)	200,533	61%

Cumulative production from the Company's four SWISH AOI wells reached 1.9 million BOE by the end of June 2024.

Operations

Flames Maroons Development Plan (FMDP)

Drilling of the four FMDP wells progressed ahead of schedule and under budget during the first half, with drilling operations completed in 115 days, 3 weeks ahead of schedule, with zero health and safety incidents. The FMDP is expected to deliver a net production rate of 2,500 BOE/day (78% liquids) by Q4 2024. Work also continued during the half on the construction of surface production facilities and gas sales infrastructure on both the three well Sanford Pad and the Flames Pad.

SWISH AOI Full Field Development (FFD)

During the first half, the Company also announced the sanctioning of the SWISH AOI FFD, with operations expected to kick off in early 2025. This expansion is targeting a threefold increase in production to 4,500 BOE/day by FY2028.

Gapstow Full Field Development (FFD)

In addition to its operated activities with the SWISH AOI, the Company also participated in seven wells in the Continental Resources operated Gapstow full field development. Operations were underway during the first half and Brookside's share of volumes from this development are expected to add an additional 150 BOE per day (70% liquids) over the next two years, further boosting reserves and production.

DIRECTORS' REPORT

Reserves

Brookside released the results of its annual independently assessed reserve review during the first half of 2024. This review showed a 10% increase in total proved reserves (1P), highlighting the strength of the company's reserves in the SWISH AOI. The total proved plus probable (2P) reserves stood at 11.6 million BOE, further solidifying the company's asset base and supporting its future production growth projections. Year end 2023 reserves were assessed by Haas & Cobb Petroleum Consultants (Haas & Cobb) with an effective date of 1 January 2024.

Reserve Class/Cat	Oil (Bbl)	NGL (Bbl)	Gas (Mcf)	BOE	YOY Change %
Proved Developed Producing	451,140	526,228	4,743,292	1,767,917	40%
Proved Non-Producing	7,408	-	16,996	10,241	
Proved Undeveloped	663,429	667,112	5,897,900	2,313,524	8%
Total Proved (1P)	1,121,977	1,193,340	10,658,188	4,091,682	10%
Probable Undeveloped	1,960,986	2,387,346	18,720,166	7,468,360	(9%)
Total Proved Plus Probable (2P)	3,082,963	3,580,686	29,378,354	11,560,041	(3%)

Reserves Cautionary Statement : Oil and gas reserves and resource estimates are expressions of judgment based on knowledge, experience, and industry practice. Estimates that were valid when originally calculated may alter significantly when new information or techniques become available. Additionally, by their very nature, reserve and resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional drilling and analysis, the estimates are likely to change. This may result in alterations to development and production plans which may, in turn, adversely impact the Company's operations. Reserves estimates and estimates of future net revenues are, by nature, forward looking statements and subject to the same risks as other forward-looking statements. Brookside confirms that it is not aware of any new information or data that materially affects the information included in its market announcement dated 17 April 2024 that included the results of the 2024 independent certification of its reserves of oil and gas and that all the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

CORPORATE

The company strengthened its board during the half with the appointment of Chris Robertson as a Non-Executive Director.

The Company's Annual General Meeting was also held during the first half with all resolutions approved, including a new Securities Incentive Plan that provides a framework that the Board can use when considering the issue of incentive securities to Employees. The framework was designed following an extensive review of the Company's peer groups in the US and Australia and in consultation with an independent remuneration consultant. The SIP and framework will ensure that the Board can create appropriate compensation plans for our current and future employees to enable Brookside Energy to hire and retain talent in what is a very competitive market both here and in the US. Incentives provided to Employees in the future will be in the form of Short Term (STI) and Long Term (LTI) Incentives, each with Key Performance Indicators (KPI's) metrics. STI's will align short-term business objectives and business drivers with strategic company objectives. STI targets will be linked to short-term (12-month or annual) financial objectives; and are efficiency based i.e. actual versus budget on CAPEX and LOE. LTI's will focus on long-term creation of value per share. LTI targets will be linked to financial goals; Return on invested capital, Total Shareholder Returns and Return on capital employed.

DIRECTORS' REPORT

SUBSEQUENT EVENTS

On 30 July 2024 the Company announced that Completion operations of the multi-well FMDP program were underway following the mobilisation of the completions crew and equipment to site. This was followed up by an announcement on 28 August 2024 that all FMDP stimulation operations had been completed safely, on budget and on schedule and that equipment had been mobilised to site to commence the drill out of the composite plugs which had begun with the Maroons Well.

On 6 August 2024 the Company announced that the final well of the Continental Resources operated Gapstow FFD was expected to reach total depth that week with all other wells having already successfully reached total depth and been cased with production casing. Additionally, Continental had simultaneously started battery construction and completion operations on the drilled uncompleted (DUC'd) wells.

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 PERIOD	TOTAL ACRES	WORKING INTEREST
Blaine County, Oklahoma	Nil	~430 acres	Working Interest
Garvin County, Oklahoma	Nil	~305 acres	Working Interest
Stephens & Carter Counties, Oklahoma	Nil	~4,160 acres	Working Interest
Murray County, Oklahoma	Nil	~120 acres	Working Interest

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, Hall Chadwick Audit (WA) Pty Ltd, 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 2024.

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
Managing Director

Dated this 13th day of September 2024

AUDITOR'S INDEPENDENCE DECLARATION

HALL CHADWICK 

To the Board of Directors

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead audit director for the review of the financial statements of Brookside Energy Limited and its controlled entities for the half-year ended 30 June 2024, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours Faithfully,



HALL CHADWICK AUDIT (WA) PTY LTD
ABN 42 163 529 682



NIKKI SHEN *ca*
Director

Dated this 13th September 2024
Perth, Western Australia

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Half-Year Ended 30 June 2024

	Notes	6 months to 30-Jun-24 \$	6 months to 30-Jun-23 \$
Revenue	2	15,414,598	26,800,704
Royalties expense	2	(6,259,030)	(11,017,085)
Production expense		(771,301)	(611,915)
Gross profit		8,384,267	15,171,704
Interest income		729,572	148,782
Other revenue	2	678,726	989,385
Director and employee related expenses		(929,393)	(364,488)
Compliance and registry expenses		(50,939)	(46,353)
Accounting and audit fees		(371,703)	(259,668)
Share based payments expense	11	(433,333)	-
Finance costs		(6,065)	(13,396)
Interest expense	10	(252,692)	-
Promotion and communication cost		(157,041)	(82,604)
Amortisation expense	3	(3,479,506)	(9,864,678)
Fair value loss on equity investment		(37,500)	-
Other expenses	2	(908,960)	(438,854)
Impairment expense		-	(147,289)
		(6,627,132)	(11,217,330)
Profit before income tax expense		3,165,433	5,092,541
Income tax expense		-	-
Net profit for the period		3,165,433	5,092,541
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit and loss:</i>			
Exchange differences on the translation of foreign operations		2,849,129	1,449,634
Other comprehensive income/(loss) for the year net of taxes		6,014,562	6,542,175
Total comprehensive income/(loss) for the year		6,014,562	6,542,175
Earnings Per Share			
Basic earnings per share (cents)	8	0.066	0.10
Diluted earnings per share (cents)	8	0.066	0.10

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As At 30 June 2024

	Notes	30-Jun 2024 \$	31-Dec 2023 \$
Assets			
Current Assets			
Cash and cash equivalents		21,828,881	26,233,914
Trade and other receivables		2,269,481	3,679,095
Financial assets fair value through profit or loss		67,500	105,000
Other		98,819	143,630
Total Current Assets		24,264,681	30,161,639
Non-Current Assets			
Property, plant, and equipment		861	1,097
Producing assets	3	32,058,794	32,593,556
Exploration and evaluation assets	4	51,975,318	32,360,881
Total Non-Current Assets		84,034,973	64,955,534
Total Assets		108,299,654	95,117,173
Liabilities			
Current Liabilities			
Trade and other payables	5	12,379,118	11,385,758
Other liabilities	10	2,197,854	-
Total Current Liabilities		14,576,972	11,385,758
Non-Current Liabilities			
Provisions		307,777	298,055
Other liabilities	10	3,533,650	-
Total Non-Current Liabilities		3,841,427	298,055
Total Liabilities		18,418,399	11,683,813
Net Assets		89,881,255	83,433,360
Equity			
Share capital	6	264,956,415	264,956,415
Reserves	7	7,390,971	4,108,509
Accumulated losses		(182,466,131)	(185,631,564)
Total Equity		89,881,255	83,433,360

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Half-Year Ended 30 June 2024

	Share Capital	Accumulated Losses	Share Based Payment Reserve	Foreign Currency Translation Reserve	Total
	\$	\$	\$	\$	\$
Balance at 1 January 2023	268,081,261	(207,339,390)	6,330,794	4,619,480	71,692,145
Profit for the period	-	5,092,541	-	-	5,092,541
Other comprehensive income	-	-	-	1,449,634	1,449,634
Total comprehensive loss for the period	-	5,092,541	-	1,449,634	6,542,175
Share buyback	(1,138,798)	-	-	-	(1,138,798)
Share rights issued during the period	-	-	-	-	-
Balance at 30 June 2023	266,942,463	(202,246,849)	6,330,794	6,069,114	77,095,522
Balance at 1 January 2024	264,956,415	(185,631,564)	1,270,534	2,837,975	83,433,360
Profit for the period	-	3,165,433	-	-	3,165,433
Other comprehensive income	-	-	-	2,849,129	2,849,129
Total comprehensive loss for the period	-	3,165,433	-	2,849,129	6,014,562
Share rights issued during the period	-	-	433,333	-	433,333
Balance at 30 June 2024	264,956,415	(182,466,131)	1,703,867	5,687,104	89,881,255

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For The Half-Year Ended 30 June 2024

	6 months to 30-Jun-24 \$	6 months to 30-Jun-23 \$
Cash flows from operating activities		
Receipts from customers	18,927,726	26,532,000
Payments to suppliers and employees	(12,041,832)	(17,191,000)
Interest received	724,748	103,000
Net cash provided by operating activities	7,610,642	9,444,000
Cash flows from investing activities		
Payments for exploration activities	(11,976,325)	(19,116,000)
Payments for producing assets	-	(339,000)
Net cash used in investing activities	(11,976,325)	(19,455,000)
Cash flows from financing activities		
Payments for share buy-back	(99,000)	(1,140,000)
Net cash used in financing activities	(99,000)	(1,140,000)
Net decrease in cash and cash equivalents	(4,464,683)	(11,151,000)
Cash at beginning of the period	26,233,914	33,901,798
Effect of exchange rates on cash	59,650	(139,136)
Cash at end of period	21,828,881	22,611,662

The accompanying notes form part of these consolidated financial statements.

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

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

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 31 December 2023 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 unless specified elsewhere in the financial statements. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 2023.

1.D. GOING CONCERN

The interim financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlements of liabilities in the ordinary course of business.

1.E. ACCOUNTING POLICIES AND METHODS OF COMPUTATION

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

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

1.F. ADOPTION OF NEW AND REVISED STANDARDS

1.F.1. Standards and Interpretations applicable to 30 June 2024

In the half-year ended 30 June 2024, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the half-year reporting periods beginning on or after 1 January 2024.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1.F.2. Standards and Interpretations in issue not yet adopted applicable to 30 June 2024

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 July 2024.

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

REVENUE

	6 months to 30-Jun-24 \$	6 months to 30-Jun-23 \$
Oil and gas sales (Point in time)	15,414,598	26,800,704
Royalties expenses	(6,259,030)	(11,017,085)
Oil and gas revenue	9,155,568	15,783,619
Other revenue		
Overhead income from program participants	419,701	775,206
Other	259,025	362,961
	678,726	1,138,167

EXPENSES

	6 months to 30-Jun-24 \$	6 months to 30-Jun-23 \$
Other expenses		
Administration expenses	578,810	218,930
Insurance expenses	111,628	29,778
Travel expenses	134,654	121,431
Consultant fees	83,868	68,715
	908,960	438,854

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. PRODUCING ASSETS

	As at 30-Jun-24 \$	As at 31-Dec-23 \$
Balance at beginning of period	32,593,556	26,450,725
Transferred from exploration and evaluation assets	-	8,342,685
Add: capitalisation of production expense	1,525,694	8,750,530
Less: amortisation	(3,479,506)	(10,293,983)
Foreign currency translation on movement	1,419,050	(26,401)
	32,058,794	32,593,556

4. EXPLORATION AND EVALUATION

	As at 30-Jun-24 \$	As at 31-Dec-23 \$
<i>Costs carried forward in respect of areas of interest in:</i> Exploration and evaluation phases – at cost	51,975,318	32,360,881
Opening Balance	32,630,881	29,054,948
Capitalised expenses	18,571,420	13,088,450
Transfer to Producing assets	-	(8,342,685)
Foreign currency transaction on movement	1,043,018	(1,439,832)
	51,975,318	32,360,881

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.

5. TRADE AND OTHER PAYABLES

	As at 30-Jun-24 \$	As at 31-Dec-23 \$
Current		
Trade creditors	3,868,287	1,257,329
Other current liabilities ⁽ⁱ⁾	8,459,255	9,764,209
Accrued and other payables	51,576	364,220
	12,379,118	11,385,758

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. SHARE CAPITAL

	As at 30-Jun-24 \$	As at 31-Dec-23 \$
Issued and paid-up capital		
4,764,545,628 Ordinary shares (31 December 2023: 4,764,545,628)	264,956,415	264,956,415

6.A. MOVEMENTS IN SHARE CAPITAL

	6 months to 30-Jun-24 \$	Year ended 31-Dec-23 \$
At the beginning of the period	264,956,415	268,081,261
Share buy back	-	(3,124,846)
At end of the period	264,956,415	264,956,415

6.B. MOVEMENTS IN NUMBER OF SHARES ON ISSUE

	6 months to 30 June 2024 Number	Year ended 31-Dec-23 Number
At the beginning of the period	4,764,545,628	5,012,272,899
Shares issued during the period:		
- Share based payment to employee	-	2,272,728
Share buy back	-	(249,999,999)
At end of the period	4,764,545,628	4,764,545,628

6.C. TERMS AND CONDITIONS OF CONTRIBUTED EQUITY

6.C.1. Ordinary shares

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

6.D. OPTIONS

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. RESERVES

Nature and purpose of reserves

Share-based Payments Reserve

This reserve is used to record the value of equity benefits provided to employees, consultants and Directors as part of their remuneration. Refer to Note 11 for further details of these plans.

Foreign Currency Translation Reserve

The foreign currency translation reserve records exchange differences arising on translation of foreign subsidiary accounts.

	As at 30-Jun-24 \$	As at 31-Dec-23 \$
Share based payment reserve	1,703,867	1,270,534
Foreign currency translation reserve	5,687,104	2,837,975
	7,390,971	4,108,509

SHARE BASED PAYMENT RESERVE

	As at 30-Jun-24 \$	As at 31-Dec-23 \$
Balance at the beginning of the period	1,270,534	6,330,794
<i>Options expired during the period:</i>		
- Options expired	-	(5,060,260)
<i>Share Rights issued during the period:</i>		
- Share Rights issued to director (Note 11)	195,000	-
- Share Rights issued to employee (Note 11)	238,333	-
Balance at end of period	1,703,867	1,270,534

FOREIGN CURRENCY RESERVE

	As at 30-Jun-24 \$	As at 31-Dec-23 \$
At beginning of the period	2,837,975	4,619,480
Movement during the period	2,849,129	(1,781,505)
	5,687,104	2,837,975

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. EARNINGS PER SHARE

	As at 30-Jun-24 \$	As at 30-Jun-23 \$
Profit used in calculation of basic and diluted EPS	3,165,433	5,092,541
Weighted average number of ordinary shares outstanding during the year used in calculating diluted EPS	4,764,545,628	5,003,581,457

9. SEGMENT INFORMATION

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

9.A. IDENTIFICATION OF REPORTABLE SEGMENTS

The Group 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

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.

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

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 2024			
Segment performance			
Segment revenue	8,398	16,814,498	16,822,896
Segment results	(1,379,455)	4,544,888	3,165,433
<i>Included within segment result:</i>			
- Finance costs	(887)	(5,178)	(6,065)
- Interest expense	-	(252,692)	(252,692)
- Amortisation expenses	-	(3,479,506)	(3,479,506)
- Share based payment expense	-	(433,333)	(433,333)
Segment assets	1,184,378	107,115,276	108,299,654
Segment liabilities	(254,166)	(18,164,233)	(18,418,399)
30 June 2023			
Segment performance			
Segment revenue	21,280	27,917,591	27,938,871
Segment results	(672,364)	5,764,905	5,092,541
<i>Included within segment result:</i>			
- Finance costs	-	(13,396)	(13,396)
- Interest expense	-	-	-
- Amortisation expenses	-	(9,864,678)	(9,864,678)
- Share based payment expense	-	-	-
Segment assets	4,959,711	85,380,887	90,340,598
Segment liabilities	(124,806)	(13,120,270)	(13,245,076)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. OTHER LIABILITIES

	As at 30 June 2024 \$	As at 31 Dec 2023 \$
Current	2,197,854	-
Non-current	3,533,650	-
	5,731,504	-

On 1 January 2024, the Company executed an agreement with the holders of incentive units in Black Mesa Energy LLC, a subsidiary of the Company. The Company purchased all remaining incentive units via a combination of a 1.3% royalty on future production from the SWISH AOI acreage and payments from cash flow that commence after the FMDP wells are in full production. The payments total AUD\$6,540,974 payable over 7 quarterly instalments beginning on 31 March 2025 through 30 September 2026. This is shown on the balance sheet as both current and non-current liabilities as a present balance with an imputed interest rate of 9%.

11. SHARE BASED PAYMENTS

Share-based payments made during the half-year ended 30 June 2024 are summarised below.

	As at 30 June 2024 \$	As at 31 Dec 2023 \$
Share Rights issued to director ⁽ⁱ⁾	195,000	-
Share Rights issued to employees	238,333	-
	433,333	-

(i) 15,000,000 share rights issued to director David Prentice.

The cost of these equity-settled transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of the share rights issued is determined by using the closing market price. The share rights had no vesting conditions and vested immediately on issue.

12. CONTINGENT LIABILITIES

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

13. EVENTS SUBSEQUENT TO REPORTING DATE

On 30 July 2024 the Company announced that Completion operations of the multi-well FMDP program were underway following the mobilisation of the completions crew and equipment to site. This was followed up by an announcement on 28 August 2024 that all FMDP stimulation operations had been completed safely, on budget and on schedule and that equipment had been mobilised to site to commence the drill out of the composite plugs which had begun with the Maroons Well.

On 6 August 2024 the Company announced that the final well of the Continental Resources operated Gapstow FFD was expected to reach total depth that week with all other wells having already successfully reached total depth and been cased with production casing. Additionally, Continental had simultaneously started battery construction and completion operations on the drilled uncompleted (DUC'd) wells.

No other matters or circumstances have arisen since the end of the half-year which significantly affected or could significantly affect the operations of the Company, the results of these operations, or the state of affairs of the Company in future financial years.

DIRECTORS' DECLARATION

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 2024 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
Managing Director

Dated this 13th day of September 2024

INDEPENDENT AUDITOR'S REVIEW REPORT

HALL CHADWICK 

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF BROOKSIDE ENERGY LIMITED AND ITS CONTROLLED ENTITIES

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Brookside Energy Limited and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2024 and of its consolidated financial 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.

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, anything has come to our attention that causes us to 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 consolidated financial position as at 30 June 2024 and its consolidated financial 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 Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.



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INDEPENDENT AUDITOR'S REVIEW REPORT

HALL CHADWICK 

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*.



HALL CHADWICK AUDIT (WA) PTY LTD
ABN 42 163 529 682



NIKKI SHEN CA
Director

Dated this 13th September 2024
Perth, Western Australia