

16 August 2016

Australian Securities Exchange Ltd Level 40, Central Park 152-158 St Georges Terrace PERTH WA 6000

# Brookside STACK Drilling to Commence

- ✓ First horizontal well (Strack 1-2-11XH) to be drilled within Brookside's STACK Play leasehold acreage in Blaine County, Oklahoma
- ✓ Marathon Oil will operate the (extended reach) well which will target the Meramec formation in the core of the world class STACK Play in an area where the level of permitting and pooling activity is at unprecedented levels
- ✓ Industry type curve for a single extended reach horizontal well delivers 1,700 Mboe EUR (58% oil) with 380 Mboe produced in the first 12-months (~70% pretax ROR at current pricing)
- Numerous offsetting extended reach horizontal wells have achieved 30-day IP's of 2,000 Boe/day or better
- ✓ This well is the first of six (6) wells located within the Company's STACK nonoperated working interest leasehold acreage
- Previously announced Drilling Joint Venture to provide off balance sheet funding for initial development
- ✓ Company's leasing campaign is continuing in the core of the STACK play

Brookside Energy Limited (**Brookside** or the **Company**) is pleased to provide an update on progress, as it's wholly owned subsidiary BRK Oklahoma Holdings, LLC (**BRK Oklahoma**) continues to build a position in the core of the STACK Meramec Play (**STACK Play**) in Oklahoma.

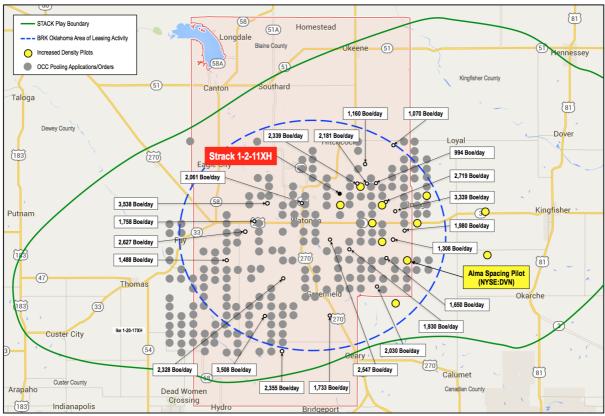
BRK Oklahoma has elected to participate in its first horizontal well within its core STACK Play non-operated working interest leasehold acreage in Blaine County, Oklahoma. The Strack 1-2-11XH well, to be operated by Marathon Oil company (NYSE:MRO) (Marathon Oil) is permitted as an extended reach horizontal well with a total measured depth of 20,448 feet targeting the Meramec formation. BRK Oklahoma holds 12.5 acres in the relevant spacing unit. BRK Oklahoma's share of estimated drilling and completion costs for this well are to be funded via the previously announced Drilling Joint Venture.

A current industry type curve for a single extended reach horizontal well delivers an EUR of 1,700 Mboe (58% oil) with 380 Mboe produced in the first 12-months. This well generates a pre-tax rate of return in excess of 70% at current pricing (based on an estimated completed well cost of US\$9 million).

The Strack 1-2-11XH well is being drilled in an area where permitting and pooling by operators is at unprecedented levels with in excess of 180 pooling applications and orders (a pre-curser to the spudding of an individual well) active across Brookside's area of interest in the core of the play.



Numerous offsetting extended reach horizontal wells have achieved 30-day IP's of 2,000 Boe/day or better. Experienced and well funded tier one operators, including Continental Resources, Inc. (NYSE:CLR) and Marathon Oil are already testing increased drilling density with eleven (11) successful pilots conducted in and around Brookside's core focus area. Of particular note is Devon Energy Corp's (NYSE:DVN) recently announced Alma spacing pilot which tested five wells per section across a single interval in the upper Meramec, delivering 30-day production rates averaging 1,400 Boe/day per well. The Alma wells were drilled with normal length 5,000-foot laterals (see Figure 1.).



### Figure 1.

This well (Strack 1-2-11XH) is the first of six (6) soon to be drilled 1,280 acre spacing units located within the non-operated working interest leasehold position that BRK Oklahoma has secured to date. The Company's leasing campaign is on going. As the location of the acreage and the contractual terms of the leases are commercially sensitive at present, the Company will make a more fulsome disclosure when the campaign is finalised and the final acreage acquisition opportunities have been identified and secured.

- ENDS -

## For further information, contact:

Loren Jones Non-Executive Director and Secretary

Brookside Energy Limited Tel: (+61 8) 6489 1600 loren@brookside-energy.com.au



#### FORWARD-LOOKING STATEMENTS AND OTHER DISCLAIMERS

This announcement may include forward-looking statements. Forward-looking statements are only predictions and are subject to risks, uncertainties and assumptions, which are outside the control of Brookside Energy Limited ("Brookside Energy" or "the Company"). These risks, uncertainties and assumptions include commodity prices, currency fluctuations, economic and financial market conditions in various countries and regions, environmental risks and legislative, fiscal or regulatory developments, political risks, project delay or advancement, approvals and cost estimates. Actual values, results or events may be materially different to those expressed or implied in this announcement. Given these uncertainties, readers are cautioned not to place reliance on forward-looking statements. Any forward-looking statements in this announcement speak only at the date of issue of this announcement. Subject to any continuing obligations under applicable law and the ASX Listing Rules, Brookside Energy does not undertake any obligation to update or revise any information or any of the forward looking statements in this announcement or any changes in events, conditions or circumstances on which any such forward looking statements is based.

This announcement does not constitute investment advice. Neither this announcement nor the information contained in it constitutes an offer, invitation, solicitation or recommendation in relation to the purchase or sale of shares in any jurisdiction. Shareholders should not rely on this announcement. This announcement does not take into account any person's particular investment objectives, financial resources or other relevant circumstances and the opinions and recommendations in this announcement are not intended to represent recommendations of particular investments to particular persons. All securities transactions involve risks, which include (among others) the risk of adverse or unanticipated market, financial or political developments.

The information set out in this announcement does not purport to be all-inclusive or to contain all the information, which its recipients may require in order to make an informed assessment of Brookside Energy. You should conduct your own investigations and perform your own analysis in order to satisfy yourself as to the accuracy and completeness of the information, statements and opinions contained in this announcement.

To the fullest extent permitted by law, the Company does not make any representation or warranty, express or implied, as to the accuracy or completeness of any information, statements, opinions, estimates, forecasts or other representations contained in this announcement. No responsibility for any errors or omissions from this announcement arising out of negligence or otherwise is accepted.

#### ABOUT BROOKSIDE ENERGY LIMITED

Brookside is an Australian publicly held company listed on the Australian Securities Exchange (ASX:BRK). The Company was established in 2004 and first listed via an Initial Public Offering in October 2005. The Company has established deep and valued relationships in the oil and gas sector over the last 10 years through its successful activities in the oil and gas sector focused on the mid-continent region of the United States. Brookside's goal is to build value per share through a disciplined portfolio approach to the acquisition and development of producing oil and gas assets and the leasing and development of acreage opportunities.

#### ABOUT BLACK MESA PRODUCTION LLC

Black Mesa is an Oklahoma domiciled limited liability company established for the purpose of identifying and exploiting opportunities in the upstream oil and gas sector on-shore in the United States. Black Mesa was capitalized via an agreement between the Tulsa Equity Group, BRK Oklahoma (a wholly owned subsidiary of Brookside Energy Limited) and the Incentive Members of Black Mesa. Black Mesa is executing a returns-based, disciplined strategy directed at the acquisition of producing properties, lower-risk development drilling opportunities and larger scale entry level acreage plays/concepts. Black Mesa's is leveraging the extensive experience of its executive team and its Board with the latest technology and data sets that are available to identfy and evaluate opportunities.