

Brookside reports strong initial flow rate and first sales from maiden STACK Play well

Perth, Western Australia – 11 May 2017 - Brookside Energy Limited (**ASX:BRK**) (**Brookside** or the **Company**) is pleased to provide an update on the successful flow back of its first non-operated Working Interest well¹ in the STACK Play in Oklahoma.

Highlights

- First well delivers **Initial Production rate of 1,784 BOE/day** (77 per cent oil)
- Produced **33,000 BOE in its first 30-days** on-line (76 per cent oil)
- Production result **supports Type Curve and EUR**
- Commercial outcome **delivers proof of concept** and **supports significant future value creation via PDP and PUD oil and gas reserves**
- **First sales of oil and gas achieved within 12-months** after commencement of leasing in the STACK Play

The well, located in Blaine County Oklahoma, achieved a peak initial production rate over 24-hours (**IP24**) of 1,784 barrels of oil equivalent (77 per cent oil) flowing through a 26/64" choke.

The well has now been flowing to sales for 30-days, producing in excess of 33,000 barrels of oil equivalent (76 per cent oil) during this initial flow back period. Approximately 10% of the stimulation load water was recovered during this period.

Brookside Managing Director David Prentice said the IP24 results met pre-drill expectations and the 30-day flow back volumes are in line with and support Black Mesa Production LLC's (**Black Mesa**) (Brookside's partner and manager of US operations) type curve and estimated ultimate recovery (**EUR**) for this area (see Appendix 1).

"Success with our maiden well and first sales of oil and gas are significant milestones for the Company, as this initial non-operated Working Interest well in our active STACK drilling program delivers both proof of concept for our non-operated strategy and the commercial outcome that supports future value creation via the significant Proved Developed and Proved Undeveloped Reserves of oil and gas that can be booked as a result of this success", Mr Prentice said.

"We are very pleased that we have been able to achieve first sales of oil and gas just 12-months after we secured our first non-operated Working Interest acres in the STACK Play. This is a remarkable achievement and a strong endorsement of our strategy of accumulating minority non-operated Working Interest positions (between 1% and 10%) in as many development units as we can while the leasing opportunity continues", Mr Prentice said.

The Company also notes the public releases (Q1 2017 Earnings) of several of the Tier-One operators active in the STACK Play and is particularly encouraged by the references to a ramp-up of activity in 2017 into full-field development in 2018, continued success of the numerous increased density spacing pilots completed and underway and most importantly the upward revision of EUR's.

This level of activity in the STACK play and across the greater Anadarko-Ardmore Basin Plays leaves Brookside well positioned with the Company now participating in twelve wells (eleven non-operated working interest wells and one mineral royalty well). These wells are at various stages of development (see table 1. below).

Well Name	Operator	Working Interest	Status
Strack 1-2-11XH	Marathon Oil, Co.	1.0%	Flowing to sales
Ike 1-20-17XH	Continental Resources, Inc.	Royalty Interest	Drilling
Davis 1-8-1611MH	Triumph Energy, LLC	1.2%	Drilling
Herring 1-33 1513MH	Triumph Energy, LLC	8.1%	Spudding May 2017
HR Potter 1511 1-3-34XH	Marathon Oil, Co.	0.8%	Spudding May 2017
Sphinx 26-16N-11W 1H	Devon Energy Corp.	3.1%	Spudding May 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

Drilling and completion costs (US\$86,242.00) associated with this well (the Company's first non-operated Working Interest well in the STACK Play) were funded via the Drilling Joint Venture with Merchant Funds Management Pty Ltd (**Merchant**). Pursuant to the terms of the Drilling Joint Venture, Merchant will be repaid the drilling and completion costs in priority out of Brookside's share of net revenue from the well. Thereafter Merchant will receive 25% of Brookside's share of net revenue from this well.

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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.

Web <http://www.brookside-energy.com.au>

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 identify and evaluate opportunities.

Web <http://www.blkmesa.com>

GLOSSARY

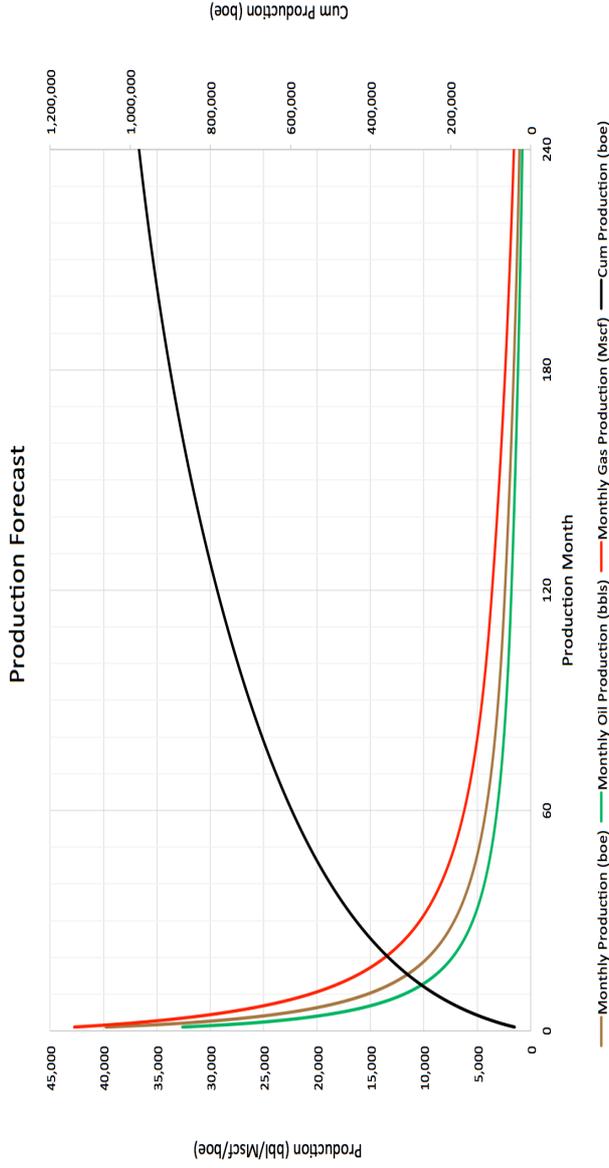
BOE	Barrels of Oil Equivalent
EUR	Estimated Ultimate Recovery
PDP	Proved Developing Producing Reserves
PUD	Proved Undeveloped Reserves
Type Curve	Representative production profile of a well for a specific play
Working Interest	Percentage of ownership in a lease granting its owner the right to explore, drill and produce oil and gas from a tract of property. Working interest owners are obligated to pay a corresponding percentage of the cost of leasing, drilling, producing and operating a well or unit.

¹ Brookside's Working Interest in this well (Strack 1-2-11XH) was acquired pursuant to the Drilling Program Agreement between BRK Oklahoma Holdings, LLC (a wholly owned subsidiary of Brookside) and Black Mesa. The Strack 1-2-11XH well was drilled as an extended reach lateral on a 1,280-acre spacing unit targeting the Meramec formation. The well is located in Blaine County, Oklahoma.

Appendix 1.

Black Mesa Type Curve (normalized 10,000' lateral) (NW16N, NW11W Blaine County)

Target	Meramec Formation
EUR	
Oil	794 Mbbl
Gas	1.47 Bcf
EUR/well	1,039 Mboe
Well Cost	
Drilling	4,200 \$m
Completion	5,800 \$m
Total Well Cost	10,000 \$m
Operating Expenditure	
Fixed Opex	6000 \$/well/month
Variable Opex	4.40 \$/per Boe
Other Assumptions	
NRI	80%



Single Well Economics		Pre Tax		Single Well Netback (Pre Tax)						
Oil Price WTI	Cashflow	NPV	IRR	Payback	Revenue	Production Taxes	Opex & Transport	Operating Netback	Development Cost	Cashflow
\$/Bbl	\$m	\$m	%	Months	\$ per Boe	\$ per Boe	\$ per Boe	\$ per Boe	\$ per Boe	\$ per Boe
\$50.00	18,307	8,265	51	20	40.38	(\$1.89)	(\$4.44)	34.05	(\$9.62)	24.42
\$60.00	24,365	12,014	78	12	48.03	(\$2.25)	(\$4.44)	41.33	(\$9.62)	31.71
\$70.00	30,422	15,763	100+	12	55.67	(\$2.61)	(\$4.44)	48.62	(\$9.62)	38.99
\$80.00	36,480	19,511	100+	11	63.31	(\$2.96)	(\$4.44)	55.90	(\$9.62)	46.28

* Assumes flat natural gas price of \$3.00 NYMEX for all scenarios.

**Single well economics presented above assume 100% Working Interest with 80% NRI and do not account for the back-in after pay-out to Black Mesa (Drilling Program Agreement) or the cash flow distribution to Merchant that applies to Merchant on the initial well in a development unit (Drilling Joint Venture).