



31 July 2016

QUARTERLY ACTIVITIES REPORT

For the 3 months ending 30 June 2016

The Directors of Brookside Energy Limited (**ASX:BRK**) ("**Brookside**" or the "**Company**") are pleased to present the Company's quarterly activities report for the period ending June 30, 2016.

During the June quarter the Company continued to pursue a strategy aimed at building value per share by leveraging the expertise, experience and contacts of the Board and our joint venture partner Black Mesa Production LLC ("**Black Mesa**").

The Company has established a joint venture for its US focussed activity that allows it to maintain maximum flexibility to take advantage of the opportunities presented by the current low commodity price environment. Brookside's agreement with Black Mesa provides a unique, low-cost and efficient exposure to the United States E&P energy sector at an opportune time in the commodity price cycle.

The Company is investing alongside a Tulsa based equity group with extensive industry experience and a strong track record for creating significant value from energy start-ups. The Black Mesa executive team is in place with accomplished oil and gas professionals across key disciplines of land, reservoir engineering, geology, operations and finance.

The Black Mesa team has identified an opportunity to secure a position in the world class STACK Meramec Play in Oklahoma.

On March 31, 2016 the Company announced the acquisition of royalties over ~100 acres ("**RA Minerals Royalty Acreage**") across four sections in the core of the STACK Meramec Play where the target Meramec Formation is up to 450 feet thick with two productive benches and excellent reservoir qualities. Black Mesa's modelled development scenario delivers ~US\$4 Million in royalties to Brookside over the life of the project at the Forward Strip¹. (with no operating expenses or further capital required).

During the June quarter, the Company announced that initial development was set to commence within the RA Minerals Royalty Acreage with the first extended reach horizontal well (Ike 1-20-17XH) to be drilled (with no operating expenses or capital required from Brookside). Continental Resources, Inc. is the operator of the well which is expected to target the Meramec formation.

As outlined in the announcement, several operators in this play are already testing increased drilling density with successful pilots set to deliver significant upside to the currently modelled ~US\$4 million revenue stream. The STACK Meramec play has been identified as one of the most economic resource plays in North America with the industry type curve for a single extended reach horizontal well delivering 1,700 Mboe EUR (58% oil) with 380 Mboe produced in the first 12-months (40% pre-tax ROR at current pricing).



The RA Minerals Acreage acquisition represented a first step in Brookside's strategy to build a position in the heart of this major oil and gas play that is already demonstrating key attributes of repeatability, robust economics (at today's commodity prices) with substantial future development potential and attendant production and reserve growth.

During the June quarter the team at Black Mesa Production, LLC (**Black Mesa**) also began pursuing (on behalf of BRK Oklahoma, pursuant to the Drilling Program Agreement between Black Mesa and BRK Oklahoma) a research program aimed at identifying working interest acreage acquisition opportunities within the core of the STACK Play.

These efforts resulted in the **acquisition of an additional 50 acres (leasehold) in a single section in the core of the Stack Play**. This campaign is ongoing and 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 current campaign is finalised and the acreage acquisition opportunities are better defined.

Post the end of the June quarter the Company announced that it had reached an in-principle agreement for a joint venture between Merchant Funds Management Pty Ltd (or nominees) (**Merchant**) and Brookside's wholly owned subsidiary BRK Oklahoma Holdings, LLC (**BRK Oklahoma**). The proposed joint venture will be formed and funded for the purpose of drilling and completing oil and gas wells in the STACK Play in Oklahoma (**STACK-A Joint Venture**).

Under the proposed joint venture, BRK Oklahoma is to contribute to the STACK-A Joint Venture its non-operated working interest in certain horizontal oil and gas wells to be drilled within BRK Oklahoma's leasehold within the STACK Play (**Joint Venture Wells**). Merchant is to provide up to US\$3,500,000 in loan funding to the joint venture to fund BRK Oklahoma's share of drilling and completion costs on up to ten (10) Joint Venture Wells in the STACK play. Merchant will also have a first right of refusal over all further financing of the joint venture.

The Joint Venture Wells will be drilled, completed and operated by experienced and well funded United States based operators who are the most active and successful operators in the core of the STACK Play. Operators are likely to include; Continental Resources, Inc., Marathon Oil Corp., Cimarex Energy Co. and Devon Energy Corp.

The unique structure of the proposed joint venture enables Brookside to capture value and deliver growth through the addition of cash flow, oil and gas reserves and importantly very substantial future development potential from proven undeveloped locations without dilution that would come from equity capital at this point in the Company's life.

Brookside's STACK Strategy

Brookside, together with its partner Black Mesa Production, LLC (**Black Mesa**), is building a position in the core of the STACK play in Oklahoma. The STACK play is attracting significant attention from both industry players and the US investment community as this major oil and gas play continues to deliver results that support key attributes of repeatability, robust economics and substantial future development potential with attendant production and reserve growth.

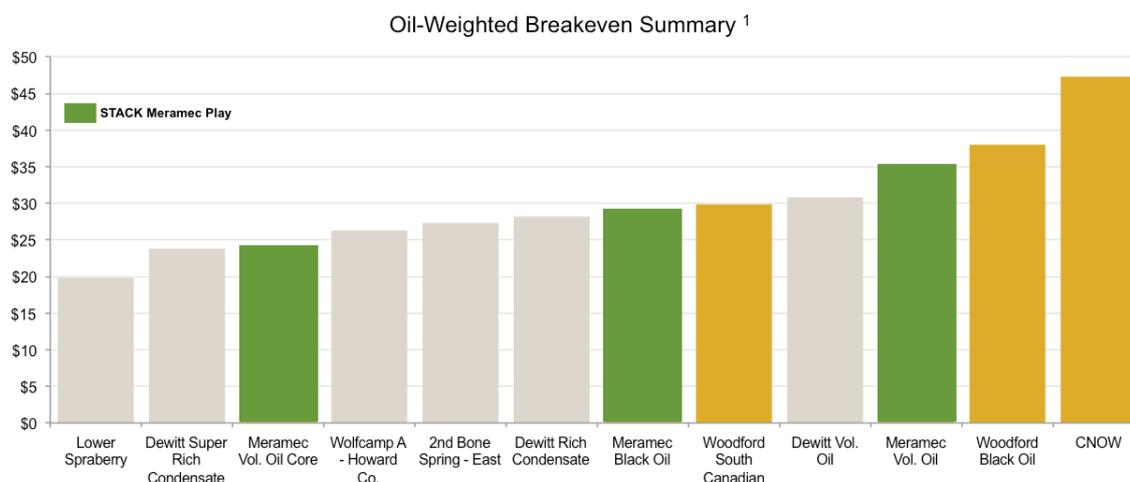
The team at Black Mesa (on behalf of BRK Oklahoma) are pursuing a research program aimed at identifying working interest acreage acquisition opportunities within the core of the STACK Play. This work is gaining momentum and while the location of the acreage and the contractual terms associated with any acquisition are commercially sensitive at present the Company does expect to be in a position to announce further acquisitions in the September quarter.

General Update on the STACK Play

Activity within the STACK Play continues to expand with a number of large (well-funded) US listed E&P Companies active in the play and ~20 rigs operating, drilling normal and extended length horizontal wells.

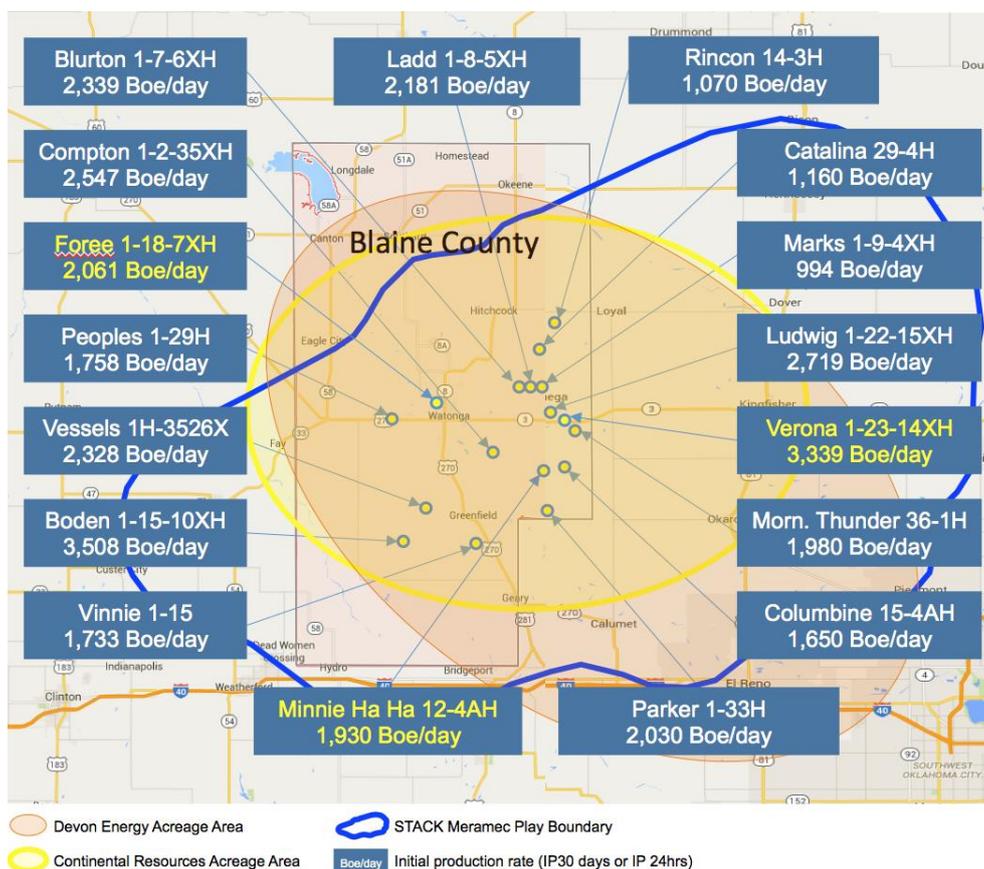
The STACK Play is one of the select few plays on-shore in the United States that are economic at today's prices. The current industry type curve for a single extended reach horizontal well delivers an EUR of 1,700 Mboe (58% oil) with 380 Mboe produced in the first 12-months. This well generates a pre-tax rate of return in excess of 40% at today's prices (based on a completed well cost of US\$10 million).

The STACK Is One of the Most Economic Resource Plays in North America



(1) Source: Jefferies research. Uses NYMEX strip oil pricing as of November 13, 2015 and assumes constant natural gas pricing of \$3.00 / MMBtu

Initial production data has emerged in the last few weeks from recently drilled and completed Meramec wells in the core of the STACK Play, including the Verona 1-23-14XH well at **3,339 Boe per day** (2,345 Bbls oil and 6,000 Mcf gas), the Foree 1-18-7XH well at **2,061 Boe per day** (1,411 Bbls oil and 3,900 Mcf gas) and the Minnie Ha Ha 12 4AH well at **1,930 Boe per day**.



Exploration Activities

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

Production Activities

There was no production from the Company's leasehold interests during the quarter.

CORPORATE

Post the end of the quarter the Company announced that it had completed the previously announced placement of 100,000,000 Shares at a price of \$0.01 per Share, along with free attaching options (Options)(exercisable at \$0.02 on or before 31 December 2018) on a 1 for 2 basis (Placement). The Company issued and allotted 60,000,000 Shares at a price of \$0.01 per Share to raise approximately \$600,000 before costs under its placement capacity. The remaining 40,000,000 Shares and the attaching Options were issued post receipt of shareholder approval at the Company's Annual General Meeting held on May 30, 2016.

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

APPENDIX 1 – SCHEDULE OF OIL AND GAS INTERESTS

COUNTRY	STATE/REGION	INTEREST ACQUIRED OR DISPOSED OF DURING THE QUARTER	TOTAL ACRES	WORKING INTEREST
USA	Payne County, Oklahoma	Nil	465 gross (282 net)	100%
USA	Blaine County, Oklahoma	~100 acres	~100 acres	Royalty Interest
USA	Blaine County, Oklahoma	~50 acres	~50 acres	Working Interest

Yours faithfully,

Loren Jones
Director and Company Secretary



For further information contact:

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

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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 statement is based.

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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.

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.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

BROOKSIDE ENERGY LIMITED

ABN

15 108 787 720

Quarter ended ("current quarter")

30 June 2016

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter (Jun 2015) \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(458)	(830)
(b) development	-	-
(c) production	-	-
(d) administration	(195)	(300)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	2	6
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(652)	(1,125)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	(1,039)
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (Disposal of subsidiaries)	-	-
Net investing cash flows	-	(1,039)

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

	Current quarter (Jun 2016) \$A'000	Year to date (6 months) \$A'000
1.13 Total operating and investing cash flows (carried forward)	(652)	(2,164)
Cash flows related to financing activities		
1.14 Proceeds from issues of shares, options, etc.	1,000	1,000
1.15 Proceeds from sale of forfeited shares	-	-
1.16 Proceeds from borrowings	-	-
1.17 Repayment of borrowings	-	-
1.18 Dividends paid	-	-
1.19 Other – cost of share issue	(33)	(33)
Net financing cash flows	967	967
Net increase (decrease) in cash held	315	(1,197)
1.20 Cash at beginning of quarter/year to date	307	1,837
1.21 Exchange rate adjustments to item 1.20	(4)	(21)
1.22 Cash at end of quarter	619	619

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

	Current quarter \$A'000
1.23 Aggregate amount of payments to the parties included in item 1.2	(93)
1.24 Aggregate amount of loans to the parties included in item 1.10	-
1.25 Explanation necessary for an understanding of the transactions	
Payment of director's fees, rent and administration expenses.	

Non-cash financing and investing activities

2.1	<p>Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows</p> <div style="border: 1px solid black; padding: 5px; min-height: 20px;">None</div>
	<p>Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest</p> <div style="border: 1px solid black; padding: 5px; min-height: 20px;">None</div>

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	(193)
4.2 Development	-
4.3 Production	-
4.4 Administration	(140)
4.5 Finance costs	-
Total (outflow)	(333)

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter (Jun 2016) \$A'000	Previous quarter (Mar 2015) \$A'000
5.1 Cash on hand and at bank	619	307
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other – Restricted cash (Cash held in escrow account of lender and certificates of deposit)	-	-
Total: cash at end of quarter (item 1.22)	619	307

+ See chapter 19 for defined terms.

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	-	-	-
6.2	Interests in mining tenements and petroleum tenements acquired or increased	-	-	-

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities			
	(description)	-	-	-
7.2	Changes during quarter			
	(a) Increases through issues	-	-	-
	(b) Decreases through conversion to shares and cancellations	-	-	-
7.3	+Ordinary securities	500,000,000	500,000,000	-
7.4	Changes during quarter			
	(a) Increases through placement of new fully paid ordinary shares	100,000,000	100,000,000	-
	(b) Decreases through returns of capital, buy-backs	-	-	-

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.5 +Convertible debt securities <i>(description)</i>	-	-	-	-
7.6 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through securities matured, converted	-	-	-	-
7.7 Options <i>(description and conversion factor)</i>	250,000,000	250,000,000	Exercise price \$0.02	Expiry date 31 Dec 2018
7.8 Issued during quarter	62,500,076	62,500,076	Exercise price \$0.02	Expiry date 31 Dec 2018
7.9 Exercised during quarter	-	-	-	-
7.10 Expired during quarter	-	-	-	-
7.11 Debentures <i>(totals only)</i>	-	-		
7.12 Unsecured notes <i>(totals only)</i>	-	-		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.



Loren Jones
Director and Company Secretary
31 July 2016

+ See chapter 19 for defined terms.

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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