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Australian Securities Exchange Ltd  
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PERTH WA 6000

## Brookside STACK Activity Continues to Gather Momentum

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- ✓ Brookside **now participating in five wells** in the core of the STACK Play
  - ✓ Total **holdings in the STACK Play** now approaching **~500 acres**<sup>1</sup>
  - ✓ Drilling and completion costs **fully funded via** previously announced **US\$3.5 million Drilling Joint Venture**<sup>2</sup>
  - ✓ Current **acreage could support** participation in upwards of **100 wells in full field development**<sup>3</sup>
  - ✓ Ongoing leasing activity **expected to capture additional core acreage** as the Company pursues its initial target of 10 Mmboe in proved reserves.
  - ✓ **Initial production results** from recently completed STACK wells continue to **confirm its World-Class status** comparable with the lowest breakeven and highest IRR plays in North America (including the Permian Basin plays)
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Brookside Energy Limited (**Brookside** or the **Company**) is pleased to provide an update on progress as its wholly owned subsidiary BRK Oklahoma Holdings, LLC (**BRK Oklahoma**) continues to expand its activity in the STACK Play in Blaine County, Oklahoma.

BRK Oklahoma's total holdings in the STACK Play are now approaching 500 acres, comprised of approximately 400 acres (non-operated working interest leasehold) and an additional ~100 acres (mineral royalty) acquired in the RA Minerals Royalty Acreage transaction. These holdings are located in the core of the play in an area of unprecedented activity. There are currently (as at January 7, 2017) 39 rigs operating in the STACK Play counties of Blaine, Kingfisher and Canadian.

As a result of BRK Oklahoma's ongoing leasing and acquisition activities in the STACK the Company is now participating in five wells in the core of the play (four non-operated working interest wells and one mineral royalty well) (see figure 1. below). These wells are at various stages of development (from drilled and awaiting completion to recently spudded and drilling ahead to permitted awaiting spud) (see table 1. below). BRK Oklahoma is participating for a relatively modest interest in the non-operated working interest wells, consistent with 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.

To date, BRK Oklahoma has acquired a non-operated working interest in 18 development units. This position (based on the increased density pilots that are currently being successfully tested by tier-one operators) could support upwards of 100 wells in full field development. Importantly, initial development in these units (to hold the acreage by production) is fully funded for BRK Oklahoma via the previously announced US\$3.5 million Drilling Joint Venture with Merchant Funds Management Pty Ltd.

The quality of BRK Oklahoma's position in the STACK Play and the status of the play as one of the best in North America (very low breakeven and high IRR) continues to be supported with production results from recently completed wells, including Continental Resources, Inc. **Angus Trust well in Blaine County** (a new record well for that company announced in late December last year) **that produced 4,642 barrels of oil equivalent (Boe) per day** in a 24-hour test. The Angus Trust well is **located approximately two miles south east of the Ike #1-20-17XH well (BRK Oklahoma Royalty Interest well), which is currently drilling** and approximately two miles north of Continental's Boden 1-15-10XH well, which produced an initial 24-hour test rate of 3,508 Boe and has produced 591,000 Boe in just over one year.

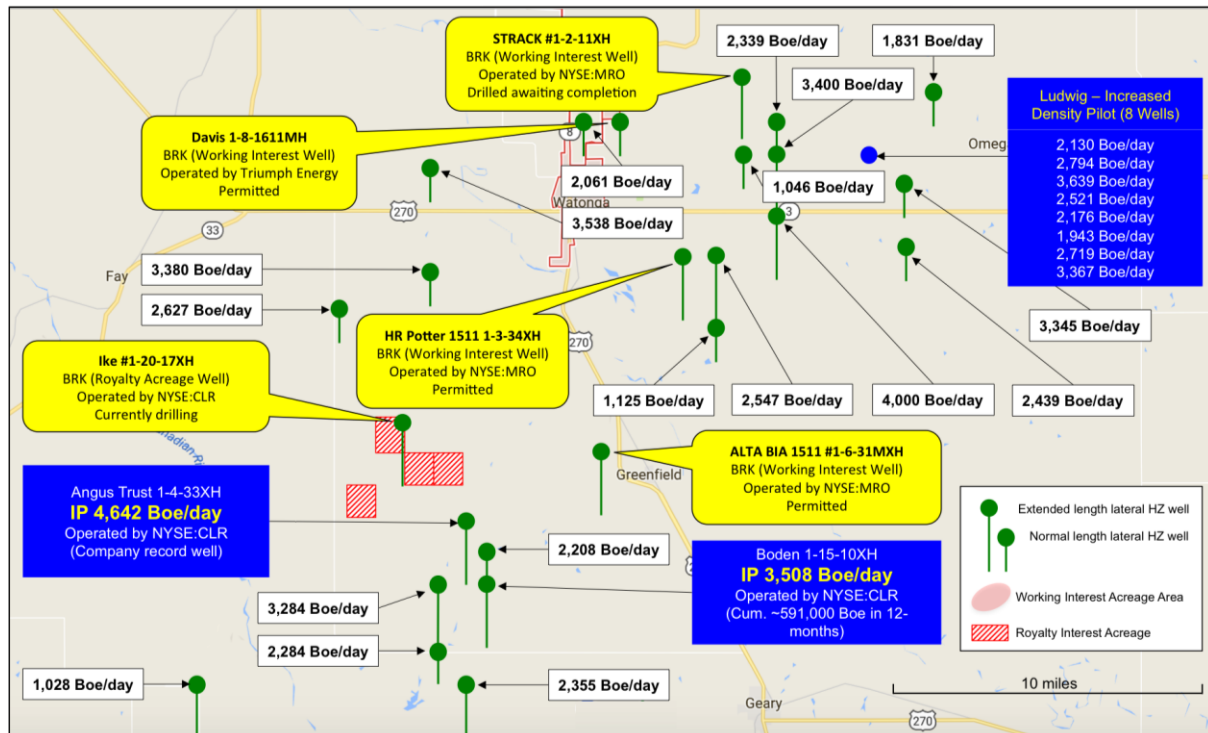


Figure 1. – BRK Oklahoma STACK Activity

Well Name	Operator	Working Interest Acres	Status
Strack #1-2-11XH	Marathon Oil, Co.	12.5	Drilled awaiting completion
Ike #1-20-17XH	Continental Resources, Inc.	38.0 (Royalty Interest)	Drilling
Davis #1-8-1611MH	Triumph Energy, LLC	7.5	Permitted
HR Potter 1511 #1-3-34XH	Marathon Oil, Co.	10.2	Permitted
Alta BIA 1511 #1-6-31MXH	Marathon Oil, Co.	16.0	Permitted

Table 1. – BRK Oklahoma STACK Well Summary

These wells are the first of many that BRK Oklahoma will have the opportunity to participate in through its growing position in the STACK Play. The Company's leasing campaign is ongoing as we build a material premier asset position in this high-margin repeatable part of the play. We are maintaining a disciplined approach, targeting acres in the very best parts of the play (being developed by experienced operators) thereby managing risk by gaining exposure to a large number of development units that will ultimately host a very large number of de-risked, very high margin proven undeveloped wells.

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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>

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<sup>1</sup> Includes non-operated working interest acreage that is subject to final title clearance and closing; includes the RA Minerals Royalty Acreage acquired pursuant to the Acquisition Program Agreement between BRK Oklahoma and Black Mesa; all non-operated working interest acreage is acquired pursuant to the Drilling Program Agreement between BRK Oklahoma and Black Mesa.

<sup>2</sup> US\$3.5 million available under the Drilling Joint Venture with Merchant Funds Management Pty Ltd to fund drilling and completion costs is sufficient to fund initial development (to hold non-operated working interest acreage by production) of approximately 500 acres (non-operated working interest leasehold). This assumes total drilling and completion costs of US\$9.0 million per extended lateral horizontal well.

<sup>3</sup> This is based on BRK Oklahoma's non-operated working interest in 18 development units and assumes between 5 and 8 wells per development unit in a full field development scenario.