

27 April 2017

Brookside STACK Activity Gathers Pace

Quarterly Report for the period ending March 31, 2017

Highlights

- ✓ Brookside **participating in twelve wells** in the STACK play
- ✓ **One well drilled and completed** (Strack#1-2-11XH), **two wells currently drilling** and a further **three wells set to spud in the June quarter**
- ✓ **First sales** (oil and gas from the Strack #1-2-11XH) **expected in the June quarter** with sales from the Ike#1-20-17XH and the Davis #1-8-1611H to follow in the September quarter
- ✓ Drilling completion costs incurred to date of **US\$1.145 million funded from the US\$3.5 million Drilling Joint Ventureⁱ**
- ✓ Closed on additional working interest acres during the quarter, total now stands at **500 acres in the core of the STACK Play in Oklahoma**
- ✓ Current acreage delivers a non-operated working interest in **14 development units (supporting upwards of 100 wells in full field development)ⁱⁱ**
- ✓ **Leasing and acquisition activities continue** as the Company builds on its material premier asset position in this high-margin repeatable play

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 March 31, 2017.

During the March 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 its partner and manager of US operations Black Mesa Production LLC (**Black Mesa**). As previously announced, the Black Mesa team has identified an opportunity to secure a position in the world class STACK Play in Oklahoma. The Company is capitalizing on a short window in which to build a material premier asset position in this high-margin repeatable play.

STACK Drilling & Completion Activity

During the quarter, the Company confirmed it's participation (non-operated working interest) in three new wells in the STACK Play in Oklahoma, bringing the total number of wells already funded under the Drilling Joint Venture with Merchant Funds Management Pty Ltd to five. To date, drilling and completion costs of US\$1.145 million have been funded from the US\$3.5 million available under the Drilling Joint Venture.

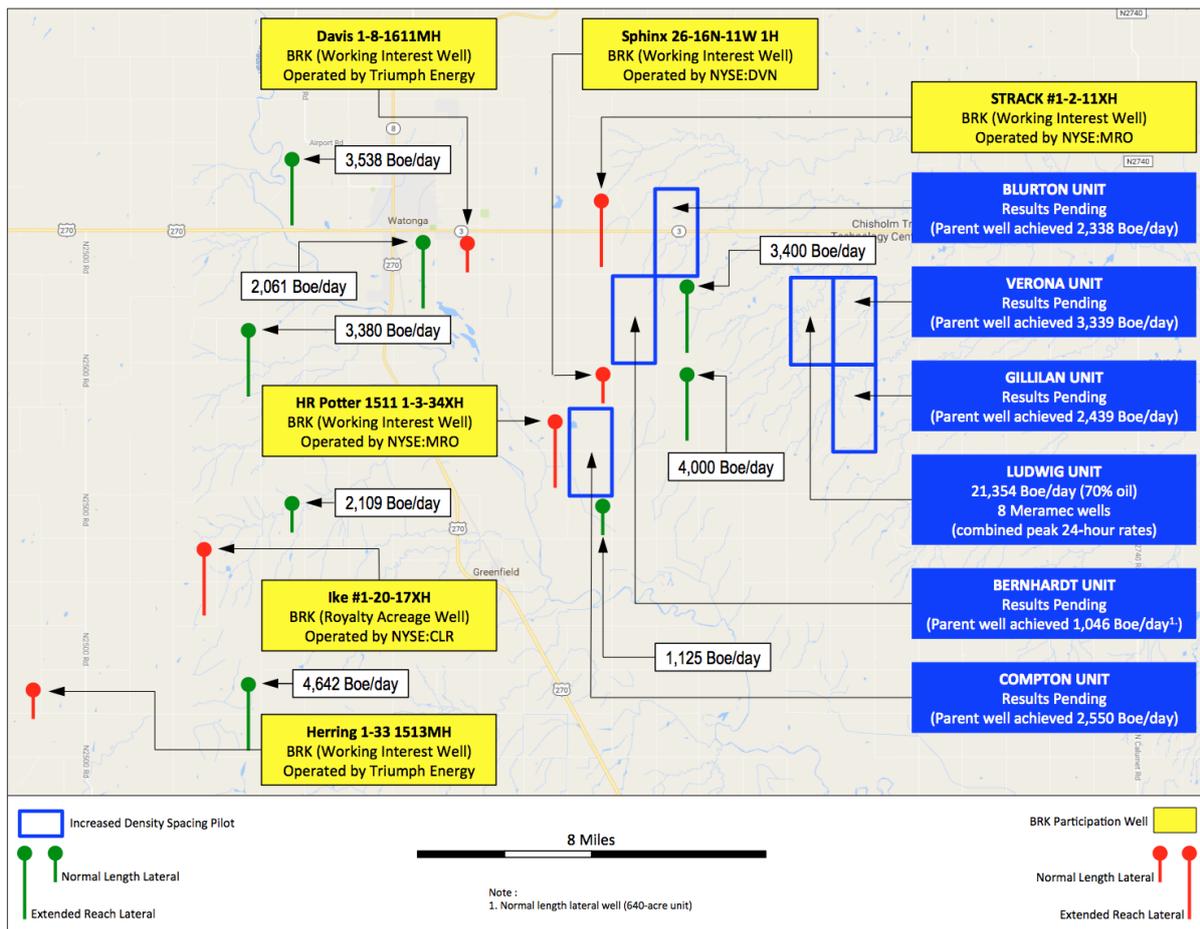
As a result of BRK Oklahoma's ongoing leasing and acquisition activities in the STACK, the Company is now participating in twelve wells in the core of the play (eleven non-operated working interest wells and one mineral royalty well). These wells are at various stages of development (from drilled and completed, drilling ahead, set to spud to permitted) (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.

Well Name	Operator	WI Acres	Status
Strack 1-2-11XH	Marathon Oil, Co.	12.5	First sales exp. June Qtr. 2017
Ike 1-20-17XH	Continental Resources, Inc.	38.0 (Royalty Interest)	Drilling
Davis 1-8-1611MH	Triumph Energy, LLC	7.5	Drilling
Herring 1-33 1513MH	Triumph Energy, LLC	57.2	Spudding May 2017
HR Potter 1511 1-3-34XH	Marathon Oil, Co.	10.2	Spudding May 2017
Sphinx 26-16N-11W 1H	Devon Energy Corp.	40.0	Spudding May 2017
Landreth BIA 1-14H	Marathon Oil, Co.	8.5	Permitted
Watonga 1-19H	Highmark Resources, LLC	1.9	Permitted
Scoville 1-17-20XH	Continental Resources, Inc.	47.4	Permitted
Kevin 1-20-17XH	Continental Resources, Inc.	21.1	Permitted
Henry Federal 1-8-5XH	Continental Resources, Inc.	66.6	Permitted
Alta BIA 1511 1-6-31MXH	Marathon Oil, Co.	16.0	Permitted

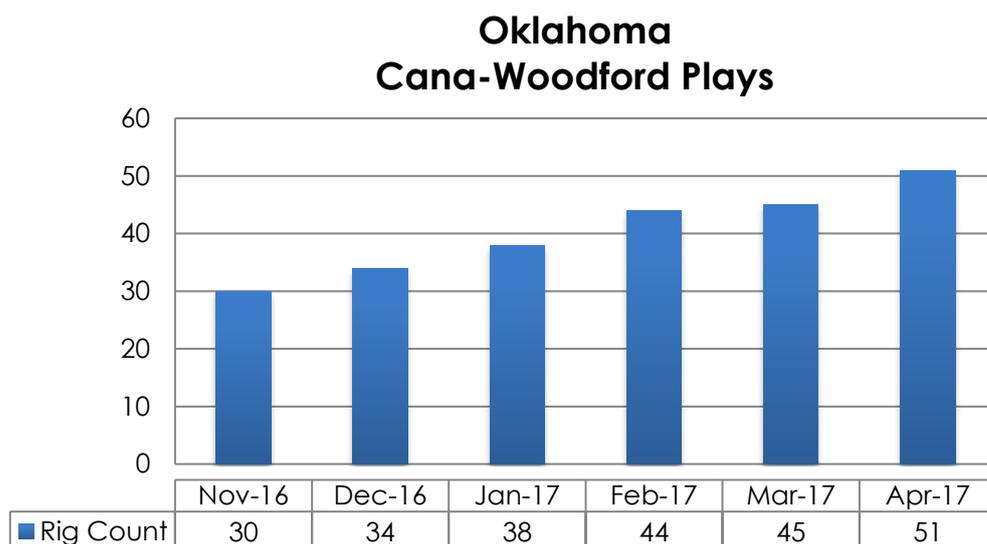
Table 1. – BRK Oklahoma STACK Well Summary

To date, BRK Oklahoma has acquired a non-operated working interest in 14 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.



STACK Leasing Program

During the quarter the Company successfully closed on a number of transactions (post clearance of outstanding title due diligence etc.) that took the total holdings in the STACK Play to 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 April 21, 2017) 51 rigs operating in the STACK Play counties of Blaine, Kingfisher and Canadian (up from 39 rigs in the December quarter).



As previously flagged, the Company's leasing campaign is ongoing and additional core acreage is expected to be acquired during the course of calendar 2017. The Company is continuing to move quickly to capitalise on what it sees as a short window in which to build a material premier asset position in this high-margin repeatable part of the STACK Play.

Non STACK Exploration & Production Activities

No exploration was conducted during the quarter on the Company's leasehold interests in Payne County, Oklahoma. There was no material production from the Company's leasehold interests during the quarter.

CORPORATE

During the quarter, the Company announced that it had successfully placed a total of 165,000,000 new fully paid ordinary shares at an issue price of \$0.012 to raise A\$1,980,000 (before costs of the issue) (the Company also issued one free attaching listed option, exercisable on or before December 31, 2018 at \$0.02, for every two new shares issued under this Placement). Funds raised from this placement will be used to fund the Company's on-going leasing campaign in the STACK Play and for general working capital purposes.

During the quarter, the Company held two General Meetings, held on 11 January 2017 and 28 March 2017, to ratify placements carried out under Listing Rules 7.1 and 7.1A as well as seeking approval for a range of placements. Refer to the respective notices of meeting released to market on 13 December 2016 and 22 February 2017 for additional details.



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

Yours faithfully,

A handwritten signature in black ink, appearing to read "Loren King", with a small flourish at the end.

Loren King
Director and Company Secretary

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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>

ⁱ 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.

ⁱⁱ This is based on BRK Oklahoma's non-operated working interest in 14 development units and assumes between 6 and 8 wells per development unit in a full field development scenario.

Appendix 1 – Schedule of Oil and Gas Interests

COUNTRY	INTEREST ACQUIRED OR DISPOSED OF DURING THE QUARTER	TOTAL ACRES	WORKING INTEREST
Payne County, Oklahoma	Nil	465 gross (282 net)	100%
Blaine County, Oklahoma	Nil	~100 acres	Royalty Interest
Blaine County, Oklahoma	Nil	~400 acres	Working Interest

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, 01/05/13, 01/09/16

Name of entity

Brookside Energy Limited

ABN

15 108 787 720

Quarter ended ("current quarter")

31 March 2017

Consolidated statement of cash flows	Current quarter (Mar 2017) \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(1,225)	(2,720)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(266)	(613)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	(10)	(9)
1.5 Interest and other costs of finance paid	(0)	(8)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (ATO GST refunds)	38	135
1.9 Net cash from / (used in) operating activities	(1,463)	(3,215)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		-
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	1,980	3,280
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(104)	(206)
3.5	Proceeds from borrowings	-	300
3.6	Repayment of borrowings	(200)	(300)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	1,676	3,074

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	253	619
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,463)	(3,215)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,676	3,074
4.5	Effect of movement in exchange rates on cash held	(2)	(14)
4.6	Cash and cash equivalents at end of period	464*	464
5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	464	253
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	464*	253

* At the end of the quarter Brookside had cash of \$957,000 including prepayments of approximately AUD 493,000 to Black Mesa Productions, LLC to finance the Company's future leasing and acquisition activities in the STACK Play in Oklahoma.

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	98
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Payment of director's fees, rent and corporate administration expense.

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

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8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	-*
9.2 Development	-
9.3 Production	-
9.4 Staff costs	-
9.5 Administration and corporate costs	170
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	370

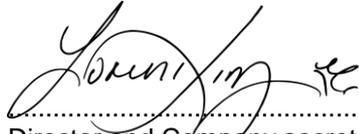
* At the end of the quarter Brookside had made prepayments equvalating AUD 493,000 to Black Mesa Productions, LLC to finance the Company's future leasing and acquisition activities in the STACK Play in Oklahoma.

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	-	-	-	-
10.2 Interests in mining tenements and petroleum tenements acquired or increased	USA Blaine County, Oklahoma USA	Working Interest/ Royalty Acres	~400 acres	~500 acres

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:


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Director and Company secretary

Date: 27 April 2017

Print name: Loren A. King

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, 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. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.