



December Quarter Results Continue to Provide Catalysts for Increasing Per Acre Values

Quarterly Report for the period ending December 31, 2017

Highlights

- ✓ Brookside value proposition centred on building an inventory of high quality oil and gas reserves and ultimately increasing value per leasehold acre
- ✓ Strong, sustained production rates drive larger reserves per well which in turn drives higher leasehold acreage values
- ✓ Excellent initial production rates (including Company record IP24 3,500 BOE/day) continue to provide the catalyst for more reserves per well and higher per acre valuations
- ✓ Company's well count increased to twenty seven, spread across the non-operated Working Interest and Mineral Royalty acreage
- ✓ Brookside's total holdings in the world-class Anadarko Basin plays now stands at ~1,800ⁱⁱ acres
- ✓ Anadarko Leasing Facility expanded to US\$3.0 million, providing additional asset level funding for continuing leasing and acquisition activities
- ✓ At the end of the quarter, the Company had ~A\$1.0 million available to fund its ongoing leasing campaign and for general working capital purposes and a further ~US\$1.1 million available under the Drilling Joint Venture.

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 December 31, 2017.

During the December quarter the Company's wholly owned subsidiary BRK Oklahoma Holdings, LLC (**BRK Oklahoma**) 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 Anadarko Basin Plays (STACK and SCOOP) in Oklahoma. The Company is continuing to capitalise on a short window in which to build a material premier asset position in this high-margin repeatable play.

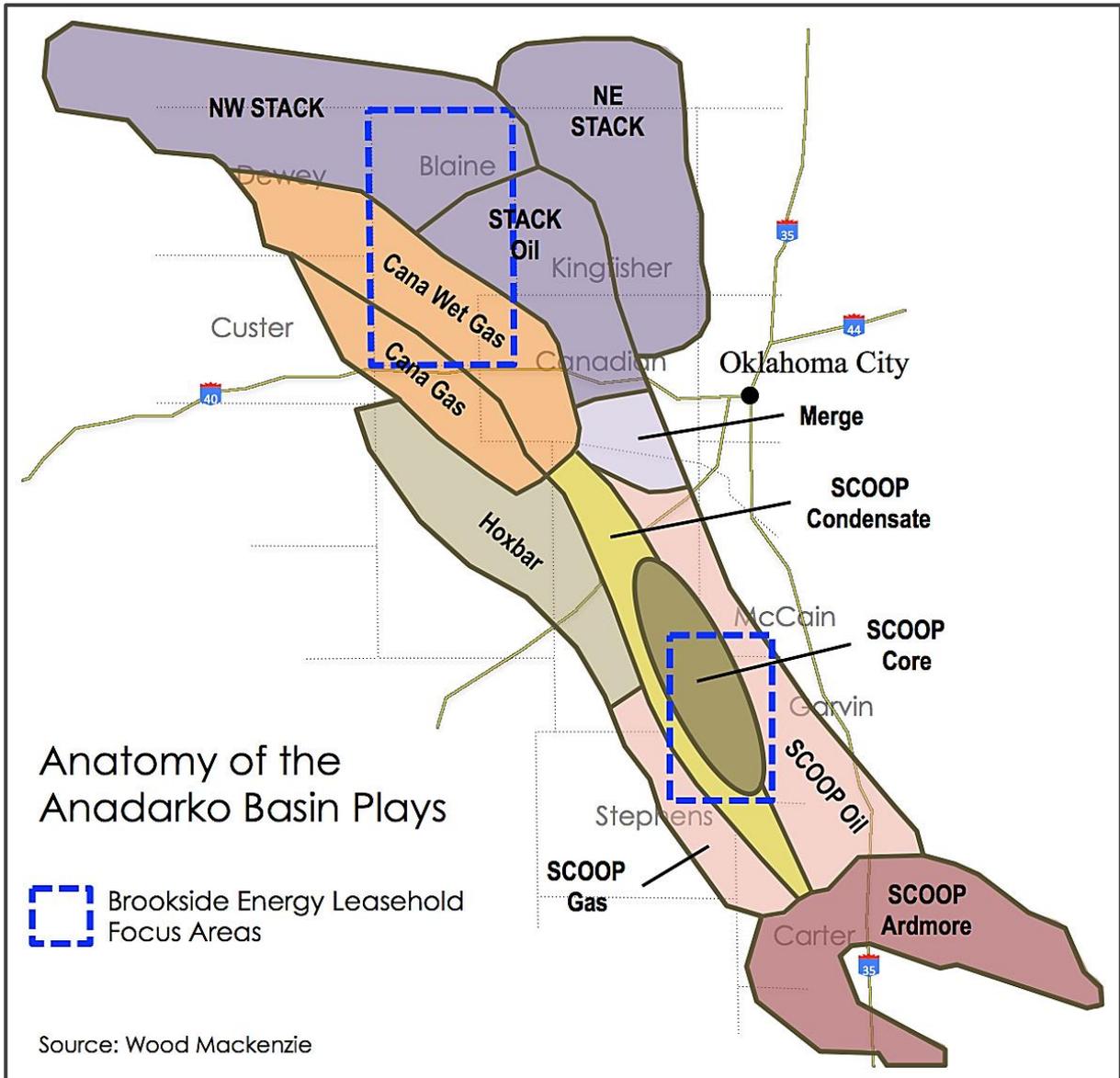


Figure 1. Brookside Energy Leasehold Focus Areas

Anadarko Basin Plays - Drilling & Completion Activity

The level of activity within the Company's Anadarko Basin play holdings in Oklahoma continued to increase during the quarter. The Company is now participating in twenty-seven wells (twenty-five non-operated Working Interest wells and two Mineral Royalty wells). These wells are at various stages of development (see table below).

Well Name	Operator	Working Interest	Status
Strack #1-2-11XH	Marathon Oil, Co.	1.0%	Producing
Davis #1-8-1611MH	Triumph Energy, LLC	1.2%	Producing
Ike #1-20-17XH	Continental Resources, Inc.	Mineral Interest	Producing
HR Potter 1511 #1-3-34XH	Marathon Oil, Co.	0.8%	Producing
Landreth BIA #1-14H	Marathon Oil, Co.	2.5%	Producing
Mote #1-26-23H	Rimrock Resource Operating, LLC	4.6%	Producing
Sphinx 26-16N-11W #1H	Devon Energy Corp.	3.1%	Producing
Herring #1-33 1513MH	Triumph Energy, LLC	13.6%	Producing
Mike Com #1H-0706X	Cimarex Energy, Co.	0.4%	Producing
Roser #1611-3-34	Marathon Oil, Co.	3.9%	Completing
Luttrull #1-30-31XH	Continental Resources, Inc.	Mineral Interest	Completing
Kevin FIU #1-20-17XH	Continental Resources, Inc.	2.1%	Completing
Ladybug 27_22-15N-13W # 1HX	Devon Energy Corp.	2.2%	Drilling
Dr. NO 1-17-20XH	Triumph Energy, LLC	3.7%	Drilling
Bullard #1-18/7H	Rimrock Resource Operating, LLC	13.7%	Permitted
Randolph 34_27 15N-13W	Continental Resources, Inc.	0.3%	Permitted
Henry Federal #1-8-5XH	Continental Resources, Inc.	5.2%	Permitted
Watonga #1-19H	Highmark Resources, LLC	0.3%	Permitted
Scoville #1-17-20XH	Continental Resources, Inc.	3.7%	Permitted
Alta BIA 1511 #1-6-31MXH	Marathon Oil, Co.	1.3%	Permitted
Shipp #1-H-2722X	Devon Energy Corp.	1.9%	Permitted
Liger #1H 24-16N-11W	Devon Energy Corp.	1.8%	Permitted
Big Earl #6-15N-10W	Devon Energy Corp.	0.5%	Permitted
Blackhawks #26-15-4W-W1	Operator to be Confirmed	11.1%	Awaiting Permit
Swish #1-H-12SX	Operator to be Confirmed	30.5%	Awaiting Permit
Rangers 36-1S-4W	Operator to be Confirmed	48.3%	Awaiting Permit
McKinley Unit	Continental Resources, Inc.	1.0%	Awaiting Permit

Note: Working Interest percentages may increase subject the issue of final pooling orders.

During the quarter excellent initial production rates continued to flow from the Company's non-operated Working Interest and Mineral Royalty wells. These results further confirmed the quality of the acreage that Brookside has been able to secure within the Anadarko Basin plays in Oklahoma. Two of the Company's recently completed non-operated Working Interest wells, the Marathon Oil, Co. (NYSE: MRO) operated Landreth BIA and HR Potter wells have delivered 30-day average production rates (IP30) above the Marathon 1,525,000 BOE Type Curve for this part of the STACK Play.

Additional highly encouraging production results were recorded on the next two non-operated Working Interest wells, with these two wells achieving rates in excess of 2,100 BOE/day during flow back. Importantly, these were higher impact wells for Brookside with the Company holding a 13.6% and 3.1% Working Interest respectively.

Post the end of the December Quarter, the Company announced results from the three most recent non-operated Working Interest wells. These wells are located within the Company's Blaine County focus area. All three wells achieved IP24's above 2,000 BOE/day (~33% oil), with one well achieving a Company record ~3,500 BOE/day. Pleasingly, the Company's average Working Interest in these wells is ~5.7%, at the upper end of the Company average Working Interest secured to date. All three of these well support (subject to continued performance in-line with the Company's type curve) EUR's well above the Company's 1,039Mboe estimate for this part of the basin.

Anadarko Basin Plays - Leasing and Acquisition Program

During the quarter, our continuing efforts delivered further success with the Company's Working Interest leasehold acreage count reaching 1,700 acresⁱ, a 30% increase on the previously announced initial target of 1,280 leasehold acres. This increase in holdings is all located within Brookside's leasing focus areas. The increase was achieved in a highly competitive environment and importantly our team has maintained its disciplined approach, exclusively targeting acreage in the up-dip liquids rich 'core' along the Anadarko Basin margin.

At the end of the quarter, the Company's total Anadarko Basin holdings stood at approximately 1,800 acresⁱⁱ (inclusive of the previously announced RA Minerals Royalty Acreage which is currently being developed by NYSE listed independent, Continental Resources, Inc.).

Undeveloped acreage values continued to rise during the quarter as these world-class plays continue to mature. Analysis of the estimated US\$8.0 billion in merger and acquisition activity that occurred in the Anadarko Basin Plays over the last two years showed undeveloped acreage trading at a weighted average of >US\$16,000 per acre.

In addition, the Company announced during the quarter that its wholly owned subsidiary, Anadarko Leasing, LLC (Anadarko Leasing) had reached agreement with Tulsa based Oklahoma Energy Consultants, Inc. (OEC) to increase the Anadarko Leasing Facility (Facility) limit to US\$3.0 million. All other terms of the Facility (outlined in our ASX release dated 21 June 2017) remained unchanged.

This additional asset level funding will enable Brookside, together with its partner and manager of US operations Black Mesa Production, LLC (Black Mesa), to continue to aggressively pursue its leasing and acquisition activities across the liquids-rich fairways of the Anadarko Basin in Oklahoma. Specifically in the SCOOP and STACK Plays.

Non Anadarko Basin Exploration & Production Activities

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

CORPORATE

At the end of the quarter, the Company had ~\$1.0 million available to fund its ongoing leasing campaign and for general working capital purposes.

The Company had a further ~US\$1.1 million available via the US\$3.5 million Drilling Joint Venture to fund drilling and completion costs related to as yet undrilled non-operated Working Interest leasehold wells.

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

- ENDS -

For further information, contact:

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Director and 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>

GLOSSARY

BOE	Barrels of Oil Equivalent
MBoe	One Thousand Barrels of Oil Equivalents, i.e. one thousand BOE
EUR	Estimated Ultimate Recovery
IP24	Initial production rate measured over 24 hours
Mineral Royalty	Ownership of a percentage of production or production revenues, produced from leased acreage. The owner of this share of production does not bear any of the cost of exploration, drilling, producing, operating, marketing or any other expense associated with drilling and producing an oil and gas well.
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

Notes:

i. Includes Working Interest acreage that is subject to final title clearance and closing; acreage acquired pursuant to the Drilling Program Agreement between BRK Oklahoma and Black Mesa.

ii. Includes Working Interest acreage that is subject to final title clearance and closing; acreage acquired pursuant to the Drilling Program Agreement between BRK Oklahoma and Black Mesa; and the RA Minerals Royalty Acreage acquired pursuant to the Acquisition Program Agreement between BRK Oklahoma and Black Mesa.

APPENDIX 1 – SCHEDULE OF OIL AND GAS INTERESTS

COUNTRY	INTEREST ACQUIRED OR DISPOSED OF DURING THE QUARTER	TOTAL ACRES	NATURE OF 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
Garvin County, Oklahoma	Nil	~600 acres	Working Interest
Stephens County, Oklahoma	~700 acres	~700 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 (**Brookside, the Company**)

ABN

15 108 787 720

Quarter ended ("current quarter")

31 December 2017

Consolidated statement of cash flows	Current quarter (Dec 2017) \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(921)	(4,093)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(182)	(794)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	(10)
1.5 Interest and other costs of finance paid	(1)	(3)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (ATO GST refunds)	10	87
1.9 Net cash from / (used in) operating activities	(1,094)	(4,813)

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
3.2	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)
3.5	Proceeds from borrowings	320 ¹	2,907 ¹
3.6	Repayment of borrowings	-	(200)
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	320¹	4,583

1. Proceeds drawn during the quarter under the US\$3.0 Million Anadarko Leasing Facility.

Mining exploration entity and oil and gas exploration entity quarterly report

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	808	257
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,094)	(4,813)
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)	320	4,583
4.5	Effect of movement in exchange rates on cash held	18	25
4.6	Cash and cash equivalents at end of period	52	52

5.	Reconciliation of cash and cash equivalents <i>at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts</i>	Current quarter (Dec 2017) \$A'000	Previous quarter (Sept 2017) \$A'000
5.1	Bank balances	52	808
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)	52¹	808

¹ In addition to Cash and Cash Equivalents, Brookside has A\$933,140 of the US\$3.0m Anadarko Leasing Facility remaining and available for draw down at the Company's discretion.

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	71
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 -	

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	3,840	2,907 ¹
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: <ul style="list-style-type: none"> - US\$3.0 million Anadarko Leasing Facility (24-month maturity) (Leasing Facility) with interest payable quarterly in arrears at the rate of 12% per annum on draw down amounts. The Leasing Facility is secured by Anadarko Leasing, LLC's interest in working leasehold acreage acquired during the term of the Facility. Anadarko Leasing, LLC is a wholly owned subsidiary of Brookside. - As at 31 December 2017 the USD value of the Leasing Facility was \$2,270,792.43, which, using an AUD/USD exchange rate of 0.78125, equates to A\$2,907,614.31. Brookside has A\$933,140 available for draw down in the Leasing Facility. 		

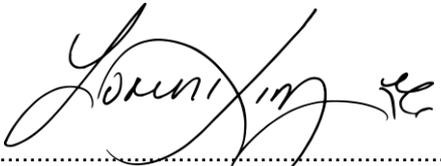
9. Estimated cash outflows for next quarter	Next Quarter \$A'000
9.1 Exploration and evaluation	(415)
9.2 Development	-
9.3 Production	-
9.4 Staff costs	-
9.5 Administration and corporate costs	(90)
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	(505)

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	-	-	-	-

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: **31 January 2018**

Print name: **Loren 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.