Brookside Energy Limited
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NEWS RELEASE **21 February 2018**

Production and Cash Flow

Further Important Catalysts for Increasing Per Acre Values

Perth, Western Australia – 21 February 2018 - Brookside Energy Limited (**ASX: BRK**) (**Brookside** or the **Company**) is pleased to provide an update on production and estimated cash flow coming from its holdings in the Anadarko Basin plays in Oklahoma.

Highlights

- **Net production currently running at ~300 BOE per day**[i]
    - **Expected to generate net cash flow of ~US$2,000,000 over the next 12 months**[ii]
- **100% of this net cash flow will be available to fund drilling and completion costs associated with the next series of 'initial wells' within the acreage**[iii]
- **Production is expected to reach ~1,000 BOE per day** via contributions from Brookside's interest in a further 14 wells that are already drilling, being completed or currently permitted[iv]
- Net **cash flow recycle rate points to average pay-out period of ~2 years** on wells currently in production
- **The average EUR for wells currently in production is ~1,300,000 BOE,** above Brookside's ~1,000,000 BOE initial estimate for this part of the STACK Play[v]
- Results achieved to-date provide a **strong endorsement of Brookside's business model**, to build an inventory of high quality oil and gas reserves and ultimately increase value per leasehold acre
- Strong, sustained production rates drive larger reserves per well, which in turn drives higher leasehold acreage values and importantly, **Brookside is able to book 100% of the PUD reserves associated with these initial wells**
- Tier-one operators active in the Anadarko Basin plays are already conducting **increased density pilots with as many 10 wells per development unit and in some cases they are flagging up to 15 wells per development unit**

Brookside is very pleased to report that oil and gas sales have been established on the first nine wells (predominantly non-operated Working Interest wells) drilled within its STACK leasehold focus area, the world-class Anadarko Basin in Oklahoma.

Net production (net to Brookside's Working Interest and net of royalties) has steadily ramped up from May 2017 (when first sales were established) to current levels of ~300 BOE per day.

Production volumes already sold and volumes forecast to be sold are expected to generate net cash flow of ~US$2,000,000 over the next 12 months. Importantly, this net operating cash flow is net of royalties and lease operating expenses.

Brookside's interest in a further 14 wells that are either already drilling, being completed or are currently permitted is expected to boost production to ~1,000 BOE per day. As at the date of this announcement there are a further four wells classified as 'awaiting permit' which are not included in this estimate.

Figure1. On location in Blaine County, Oklahoma at the Triumph Energy Partners, LLC operated Dr. No. #1611MHX Well (Brookside 3.7% Working Interest)

Importantly, 100% of the net cash flow (which is attributable to wells funded via the Drilling Joint Venture) will be recycled and drawn down to fund drilling and completion expenses for the next series of 'initial wells' held within the Company's portfolio.

This is central to Brookside's business model as it provides an off-balance sheet source of capital for drilling and completion costs associated with the next series of 'initial wells' in currently undrilled development units and enables Brookside to 'book' 100% of the Proved Undeveloped or PUD reserves for the undrilled infill wells. It should be noted that, tier-one operators that are active in the Anadarko Basin plays are already conducting increased density pilots with as many as 10 wells per development unit and in some cases they are flagging up to 15 wells per development unit.

The net cash flow recycle rate (an important metric for the Company) points to an average pay-out period of ~2 years on wells currently in production. This is a very strong endorsement of the quality of the Proved Developed Producing or PDP oil and gas reserves for these wells.

Estimated Ultimate Recoveries or EUR's for the wells currently in production are averaging ~1,300,000 BOE, significantly higher than the Company's ~1,000,000 BOE estimate for this part of the STACK Play.

Commenting on this announcement, Brookside Managing Director, David Prentice said; *"Establishing production and cash flow is a very important milestone for the Company. We are very pleased with the productivity of these initial wells. The results confirm our view that Anadarko Basin plays are truly world-class and that they sit comfortably alongside the Permian Plays as the very best on-shore resource plays in the US. Strong production rates drive larger reserves per well, which in turn drives higher leasehold acreage values. These results, together with the success that the tier-one operators are having with increased density pilots, are very strong endorsements of our business model. We are looking forward to keeping our shareholders informed as we bring new wells on-line and continue to ramp-up production toward 1,000 BOE per day".*

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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 identfy 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.

[i] Net production, is net to Brookside's Working Interest which was acquired pursuant to the terms of the Drilling Program Agreement between BRK Oklahoma and Black Mesa.
[ii] Net cash flow (net of royalties and lease operating expenses) is cash flow currently attributable to the Drilling Joint Venture account and will therefore not appear in Brookside's financial statements or cash flow reports. This net cash flow estimate is based on actual production volumes and cash receipts where these are available and beyond that, production volume forecasts (based on internal EUR's and Type Curves). Forward pricing for oil and gas is based on the current Bank of Oklahoma Strip and adjusted as required for field deductions.
[iii] This cash flow is available to be re-drawn by BRK Oklahoma at the discretion of the joint venture operator to fund future drilling and completion costs. The joint venture operator has approved the re-draw of the ~US$2,000,000 in net cash flow that is expected to be received over the next 12-months.
[iv] This estimate is based on forward looking estimates of expected production volumes (internal EUR's and Type Curves) and is based on Brookside's current Working Interest in the relevant wells.
[v] The average EUR is based on internal analysis of production performance to date on seven of Brookside's Working Interest wells.