

Strategic Divestment Validates Business Model Acreage Revaluation Metrics Confirmed

Perth, Western Australia – May 15, 2018 - Brookside Energy Limited (**ASX: BRK**) (**Brookside** or the **Company**) is pleased to provide an update on its activities in the Anadarko Basin plays in Oklahoma, US.

Highlights

- **Acreage divestment achieves US\$28,600 per acre, representing a multiple of greater than 10-times on the average acquisition cost per acre**
- **Successful strategic saleⁱ of eleven acres in the Company's first "full field" development unit in the STACK Play**
- **Acreage was acquired as undeveloped non-operated Working Interest leasehold during the last half of calendar 2016** as part of the Company's initial leasing campaign in the STACK Play.
- **Price per acre achieved in this divestment is significantly higher than the US\$16,000 weighted average achieved over the last two years** of merger and acquisition activity
- **Provides validation of the Company's acreage revaluation business model;** *"to acquire undeveloped acreage and utilise the production results (and resultant proved undeveloped reserves) from the initial or parent well in a development unit as a catalyst for acreage revaluation"*
- **Proceeds from the acreage sale available to be re-invested in further Working Interest leasehold acquisitions in the SCOOP Play (SWISH) and drilling and completion activity in the STACK Play**

Background

Brookside has successfully completed the sale of its non-operated Working Interest leasehold acres in one of its seventeen development units in the STACK Play in Oklahoma. This is the first of the Company's non-operated development units in the STACK Play that has progressed to "full field" development, with the operator (a tier-one independent E&P company) to commence drilling eight proved undeveloped wells within this unit.

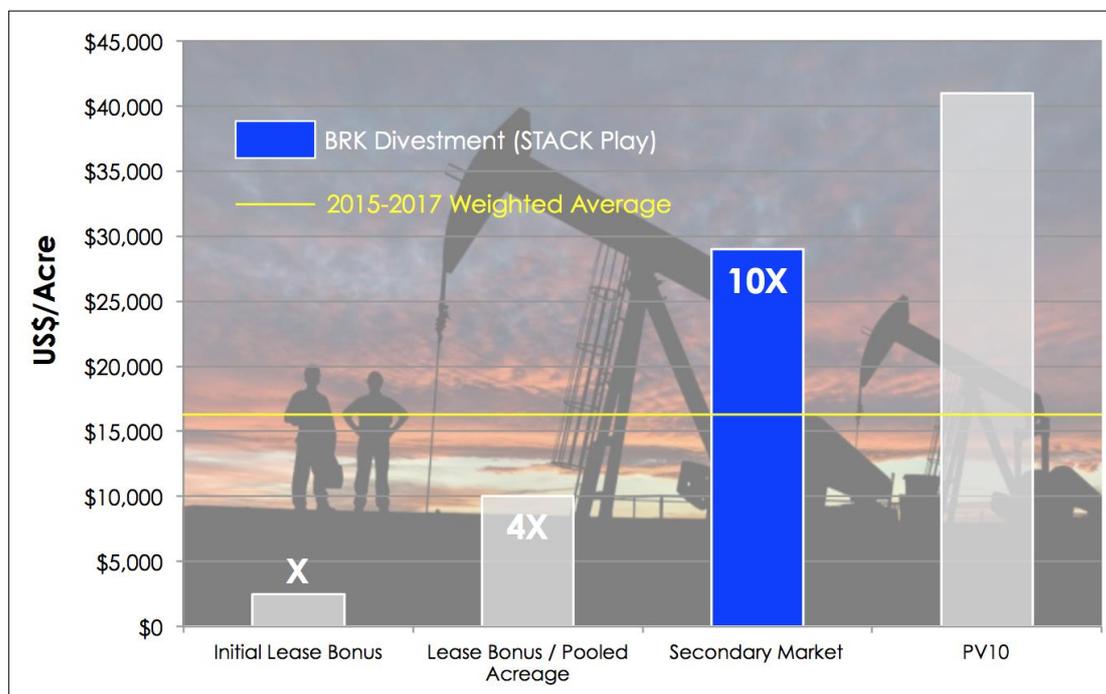
The acreage sale achieved US\$28,600 per acre, representing a multiple of greater than 10-times on the average acquisition price paid, reflecting the significant interest in the secondary market for acreage in the Anadarko Basin Plays. It also highlights the high quality proved undeveloped locations that are being generated from the initial (or parent) wells being drilled in these plays.

Brookside's leasehold acreage in this unit was acquired during the last half of calendar 2016 (for an average consideration of US\$2,500 per acre) as part of the Company's initial leasing campaign in the STACK Play.

This divestment of a relatively small amount (in the context of Brookside's entire Anadarko Basin holdings) of acreage in the Company's first development unit that has reached "full field" development, validates the Company's acreage revaluation business model.

Business Model

The Company's business model (an established value realisation path commonly exploited in the US) is centred on acquiring undeveloped acreage and then utilising the production results (and resultant proved undeveloped reserves) from the initial or parent well in a development unit as a catalyst for acreage revaluation.



Note: the acreage valuation uplifts (Initial Lease Bonus and Secondary Market) shown in this chart are based on actual lease bonus paid and price per acre received for the acreage divested. The estimate of Lease Bonus/Pooled Acreage is based on transactions observed in the STACK and SCOOP Plays by the Company; the estimate of PV10 per acre is based on public filings, press releases and presentations from publicly traded independent E&P companies that are active in the STACK and SCOOP Plays.

The price per acre achieved in this divestment was significantly higher than the US\$16,000 weighted averageⁱⁱ achieved over the last two years of merger and acquisition activity. The executed sale price reflects the significant interest in the secondary market for acreage in the Anadarko Basin Plays and the high quality proved undeveloped locations that are being generated in these plays.

Importantly, the proceeds from the acreage sale are available to be re-invested (pro-rata) in further Working Interest leasehold acquisitions in the SCOOP Play (SWISH) and drilling and completion activity in the STACK Play.

As previously announced the Company is continuing to aggressively pursue (through the efforts of its partner and manager of US operations, Black Mesa) its leasing campaign within the 35,000-acre SWISH AOI within the SCOOP Play. The Company is targeting an ~8,000 acre "operated position" within the AOI that includes at least 10 drilling units (with unit sizes ranging from 320 acres to 1,280 acres).

Commenting on the announcement, Brookside Managing Director, David Prentice said; "We are delighted to be able to report the results of this strategic sale of acreage from within our STACK Play holdings. This transaction has demonstrated to our shareholders and to the market generally the validity of our business model. We are very confident that the greatest leverage for our shareholders comes from acquiring the very best undeveloped leasehold acreage we can (in this world-class basin) and then unlocking the value as wells get drilled and the reserve potential of each acre becomes apparent. The model is clearly working and we are now focussed on increasing the scale of the opportunity through our leasing efforts in SWISH."

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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
CWC	Completed Well Cost
EUR	Estimated Ultimate Recovery
PUD	Proved Undeveloped Reserves
Type Curve/Well Half Cycle	Representative production profile of a well for a specific play Includes drilling, completion and Tie-In costs for a well and does not include land acquisition, general and administration or financing costs
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 Brookside held ~11.00 (non-operated Working Interest) leasehold acres in this 1,280 acre development unit, which is located in Blaine County, Oklahoma. These acres were acquired pursuant to the Drilling Program Agreement between BRK Oklahoma and Black Mesa. DW Energy (a Dallas based private equity funded non-operating oil and gas exploration company that specialises in partnering with successful large independent oil and gas E&P companies) purchased the acreage.

ⁱⁱ This estimate of weighted average price per undeveloped acreage was prepared by E-Spectrum Advisors following analysis of 25 transactions that closed between mid-2015 and mid-2017. Data was sourced from E-Spectrum Advisors internal database, 1Derrick, company presentations, press releases and public filings.