

June Quarter Results Validate Acreage Revaluation Business Model

Quarterly Report for the period ending 30 June 2018

Highlights

- ✓ Brookside's continues to successfully pursue its business model providing shareholders and investors with a unique opportunity to own part of a World-Class oil and gas resource play and be rewarded as oil and gas reserves are established and values per leasehold acre increase
- ✓ Strategic divestment validates business model with acreage sale generating US\$28,600 per acre (more than 10-times multiple of average acquisition cost per acre)
- ✓ Record initial production rate (IP24) of 5,400 BOE/day achieved on STACK Play non-operated Working Interest well (placing the well in the top five or six highest producers drilled in the STACK Play to date)
- ✓ Estimated, cash flow received from Drilling Joint Venture wells set to reach ~US\$1,900,000 in calendar 2018 (US\$670,000 received in calendar 2017), with approximately US\$1,000,000 re-deployed to date to fund drilling and completion costs and increased working interests associated with joint venture wells
- ✓ Company actively leasing in the SCOOP Play (SWISH), with a ~8,000-acre operated position identified within an Area of Interest (AOI) in the world-class Anadarko Basin
- ✓ Second acreage sale (RA Minerals Royalty Acreage) successfully closed (post the end of the quarter) generating US\$1,475,000 in proceeds or ~US\$15,300 per acre for a mix of partially developed and undeveloped acreage

During the June 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 build a material premier asset position in these high-margin repeatable plays.

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-eight wells (twenty-six non-operated Working Interest wells and two Mineral Royalty wells). These wells are at various stages of development.

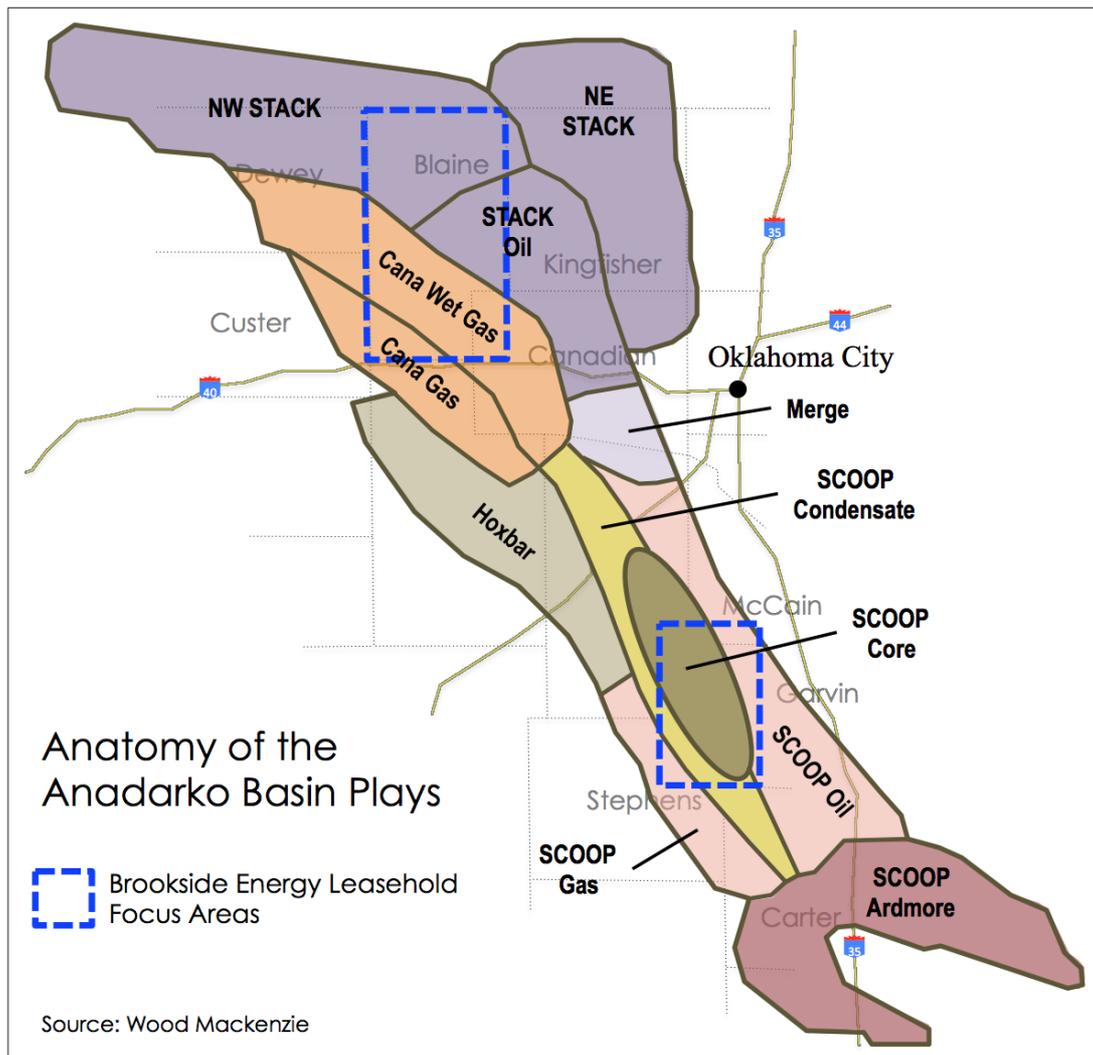


Figure1. Brookside Energy Leasehold Focus Areas in the Anadarko Basin Plays

During the quarter excellent production rates continued to flow from the Company's non-operated Working Interest wells. These results further confirmed the quality of the acreage that Brookside has been able to secure within the Anadarko Basin plays in Oklahoma. The Company announced production results from one well within the Company's STACK acreage.



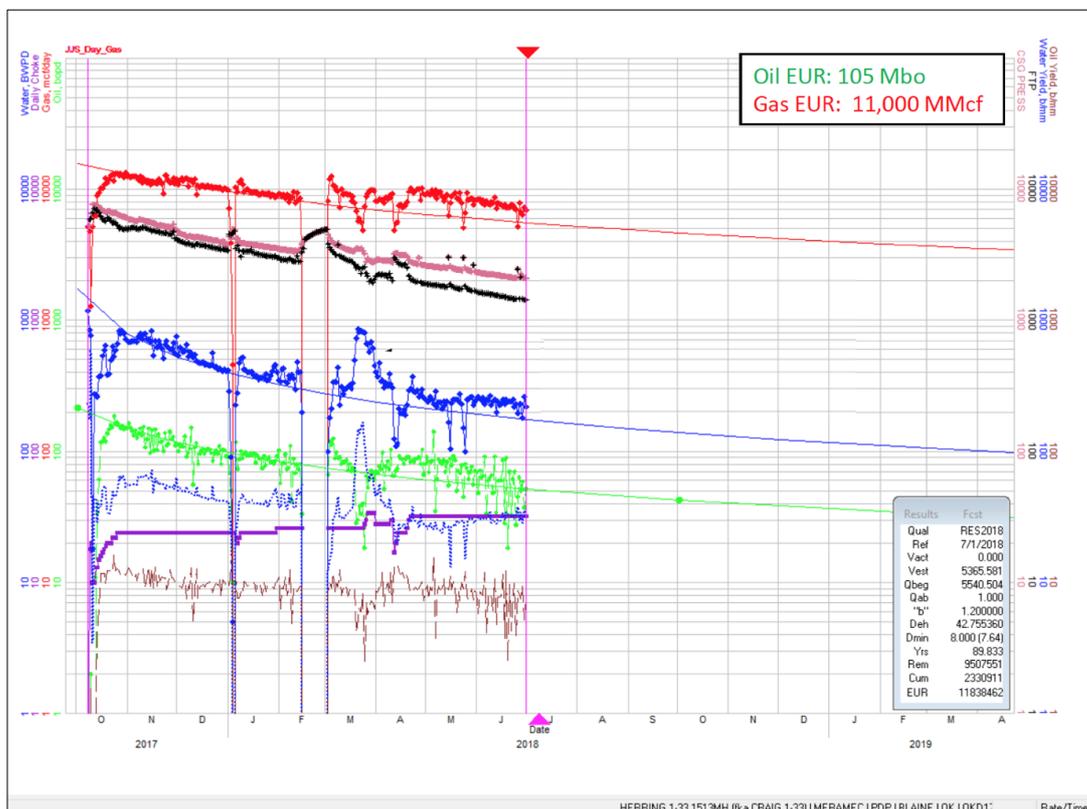
The most recent well to commence production within the Company's STACK Play holdings is located within the Cana Wet Gas part of the Company's Blaine County focus area (see figure 1.). The well (a 10,000' lateral horizontal well producing from the Meramec formation at a depth of approximately 13,000') achieved a Company record IP24 of ~5,400 BOE/day (860Bbls/day and 27,500Mcf/day) and an IP30 of 4,200 BOE/day. Importantly, the well has produced ~154,000 BOE (15% oil) in its first 38-days of flow back and looks set to pay-out in less than 18-months.

Significantly, the IP24 production rate achieved in this well is almost 3.5 times higher than the rate achieved from the "parent well" drilled in the recently divested STACK Play Development Unit, which achieved a sale price of US\$28,600 per acre.

The Company holds a ~2.0% Working Interest in this well and the associated 1,280-acre Development Unit that it was drilled in. The initial production data from this well (together with sustained longer-term production data), will be used to establish the quantity of recoverable undeveloped oil and gas contained within the Development Unit and the attendant value per acre.

During, the quarter the Company also received updated production results from the Triumph Energy, LLC. operated Herring 1-33 1513MH well (our largest Working Interest well at ~18%). This well is located in the over-pressured gas condensate window of the STACK Play, in Blaine County, Oklahoma. This well commenced sales in late-October 2017 and to date it has produced 2.3 billion cubic feet of gas and 21,000 barrels of oil from a normal length lateral (5,000') drilled in a 640-acre development unit.

The rate time plot below highlights the wells performance to date.





Production and Cash flow

The During the quarter, oil and gas sales continued (predominantly attributable to the Company's Drilling Joint Venture).

Black Mesa estimates that cash flow received from Drilling Joint Venture wells will reach ~US\$1,900,000 in calendar 2018 (US\$670,000 received in calendar 2017), for a total of ~US\$2,600,000 since inception (approximately 18 months from receipt of first revenue). Approximately US\$1,000,000 of the sales proceeds received to date have been re-deployed to fund drilling and completion costs and increased working interests associated with joint venture wells.

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.

Anadarko Basin Plays - Leasing and Acquisition Program

The Company continued with its ongoing Working Interest leasehold acreage acquisition program in the world-class Anadarko Basin plays during the June quarter.

The focus during the quarter was predominantly within the SCOOP Play targeting the SWISH AOI where Black Mesa has identified a ~8,000 acre "operated position" across at least 10 drilling units (with unit sizes ranging from 320 acres to 1,280 acres).

Leasing is currently underway and the Company will provide an update on progress during the September quarter.

The Company also announced during the quarter, that it had 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.



Non-Anadarko Basin Exploration & Production Activities

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

CORPORATE

The Company's Annual General Meeting was held on 31 May 2018 with all Resolutions put to Shareholders passed by a show of hands.

Post the end of the quarter the Company announced the successful sale of the RA Minerals Royalty Acreage package (~96.5 acres) for US\$1,475,000. Proceeds from this sale are available to fund further Working Interest leasehold acquisitions in the Anadarko Basin Plays.

Brookside currently has approximately ~US\$4.5 million available to advance its activities in the Anadarko Basin Plays, including ~US\$3.0 million in cash and call deposits; US\$1.2 million available under the Anadarko Leasing Facility; and ~US\$0.3 million undrawn under the Drilling Joint Venture.

During the quarter the Company (via its wholly owned subsidiary BRK Oklahoma Holdings, LLC) (**BRK OK**) also confirmed a number of conditional commercial arrangements with LS Operating LLC (**LSO**) (a wholly owned subsidiary of Lone Star Energy Limited) under which LSO has a first right to participate in well bore drilling and or acreage acquisition opportunities presented to BRK under the Drilling Program Agreement with Black Mesa (Step-in Agreement). LSO has conditionally exercised its right to participate in two such opportunities under the terms of the Step-in Agreement. The prospects introduced to date include the Bullard Prospect (a Working Interest, well bore only drilling opportunity targeting the Woodford Formation in the Anadarko Basin in Garvin County, Oklahoma) and the STACK Group prospects. The STACK Group prospects include a well bore only Working Interest in six currently undrilled development units in the STACK Play in Blaine County, Oklahoma.

Consistent with the Company's acreage acquisition and re-valuation business model, these arrangements (provided the relevant conditions precedent are satisfied) will provide Brookside with a potential partner to assist with the development of its Anadarko Basin holdings and another valuable source of drilling capital.

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
EUR	Estimated Ultimate Recovery
IP24	Initial production rate measured over 24 hours
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



APPENDIX 1 – SCHEDULE OF OIL AND GAS INTERESTS

COUNTY	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	~30 acres	~430 acres	Working Interest
Garvin County, Oklahoma	Nil	~300 acres	Working Interest
Stephens County, Oklahoma	~200 acres	~1,200 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")

30 June 2018

Consolidated statement of cash flows	Current quarter (Jun 2018) \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	3	69
1.2 Payments for		
(a) exploration & evaluation	(588)	(1,228)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(339)	(541)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	-	(1)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (ATO GST refunds)	-	13
Net cash from / (used in) operating activities	(923)	(1,687)

Consolidated statement of cash flows	Current quarter (Jun 2018) \$A'000	Year to date (6 months) \$A'000
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	3,156	3,156
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	(242)	(242)
3.5 Proceeds from borrowings	-	744
3.6 Repayment of borrowings	-	-
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	2,914	3,658

Consolidated statement of cash flows		Current quarter (Jun 2018) \$A'000	Year to date (6 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	27	52
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(923)	(764)
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)	2,914	744
4.5	Effect of movement in exchange rates on cash held	-	(5)
4.6	Cash and cash equivalents at end of period	2,018	27

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 (Jun 2018) \$A'000	Previous quarter (Mar 2017) \$A'000
5.1 Bank balances	269	27
5.2 Call deposits	1,749	-
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)	2,018	27

¹ In addition to Cash and Cash Equivalents, Brookside has AUD\$1,598,074 of the US\$4.0m 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	(177)
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 - <i>Payment of director's fees, rent and corporate administration expense.</i>	

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	5,407	3,809
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\$4.0 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 30 June 2018 the USD value of the Leasing Facility was \$2,817,808, which, using an AUD/USD exchange rate of 0.73976, equates to AUD\$3,809,084. Brookside has AUD\$1,598,074 available for draw down in the Leasing Facility. 		

9. Estimated cash outflows for next quarter	Next Quarter \$A'000
9.1 Exploration and evaluation	(600)
9.2 Development	-
9.3 Production	-
9.4 Staff costs	-
9.5 Administration and corporate costs	(200)
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	(800)

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 July 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.