

# 11-Month Payout for STACK Play Well Further Support for Higher Per Acre Valuations

**Perth, Western Australia – September 13, 2018** - Brookside Energy Limited (**ASX: BRK**) (**Brookside** or the **Company**) is pleased to provide an update on its activities in the World-Class Anadarko Basin plays in Oklahoma, US.

### Highlights

- Landreth BIA 1-14H **well achieves payout in just 11-months**
- **~342,000BOE produced in the first 12-months of production** (61% oil)
- Well has **generated net revenue<sup>i</sup> of US\$230,000 in less than 12-months** for Brookside's 2.5% Working Interest
- **Brookside set to receive 75% of future net revenue<sup>ii</sup>** from this well following the return of drilling and completion capital to the Drilling Joint Venture
- Importantly **~70% of the total forecast net revenue** for this well **is generated in the first 28-months** of its operation
- This very **strong “capital recycle rate” is a driver of** increased drilling and completion activity, **more high quality oil and gas reserves and ultimately higher per acre valuations**

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Commenting on the announcement, Brookside Managing Director, David Prentice said;

“We are pleased to report another very significant milestone for both the Company and the Drilling Joint Venture, with our first well achieving payout. For a well to return 100% of the drilling and completion capital in just 11-months in the current pricing environment is remarkable.

“The Anadarko Basin Plays continue to deliver excellent reservoir quality rock that is driving outstanding economics and supports higher per acre valuations.

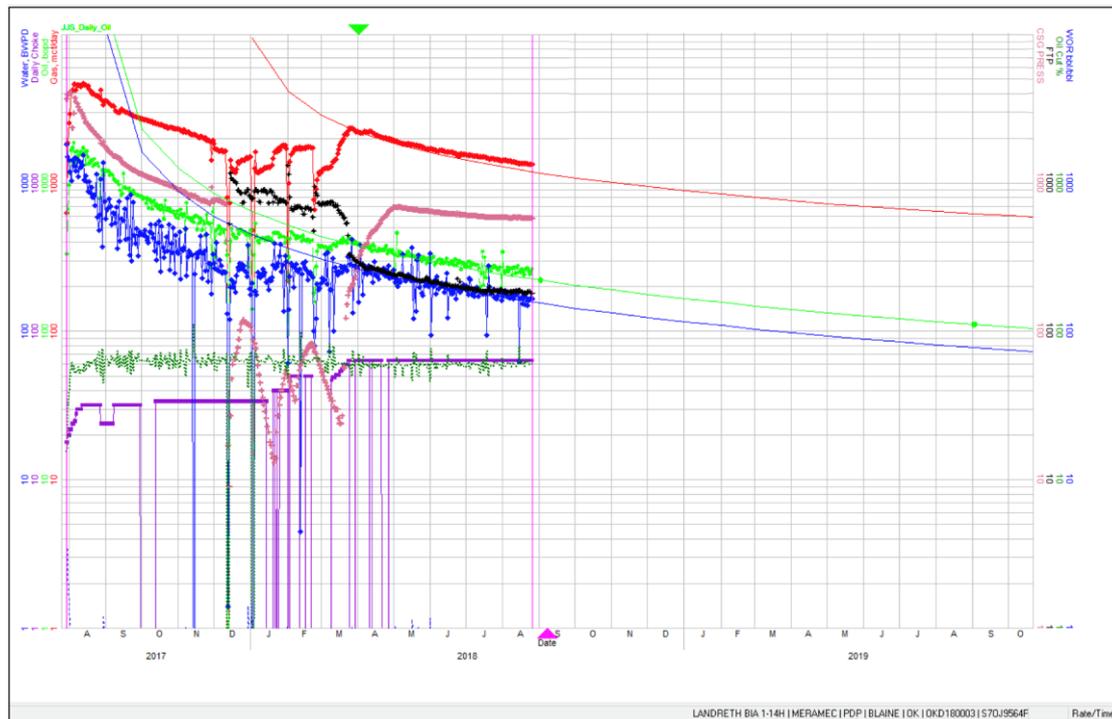
“We are very much looking forward to replicating this kind of result in some of our higher Working Interest wells and ultimately into our SWISH opportunity where we are focused on securing much larger Working Interests.

“Our non-operated Working Interest wells keep delivering and the opportunity to “scale this up” as we increase our Anadarko basin land holdings is very exciting.”



## Background

The Marathon Oil, Co. (NYSE:MRO) operated Landreth BIA 1-14H well (Brookside 2.5% Working Interest) achieved 2,650 BOE/day (IP24) (71% oil) and an IP30 of 2,128 BOE/day. These results were achieved from a 4,600 foot lateral producing from the Meramec formation. The well has produced approximately 208,000 barrels of oil and 801,000 MCF gas in its first 12 months of production (~342,000BOE). Figure 1 below is a rate/time plot of the production results achieved to date.



**Figure 1. Rate/Time Plot Landreth BIA 1-14H Well, Blaine County OK.**

Brookside's 2.5% Working Interest in this well has generated net revenue of US\$230,000 in less than 12-months and achieved payout (i.e. the time taken for a well to recover 100% of drilling, completion and operating costs from sales) in just 11-months.

The Company is now set to receive 75% of future net revenue from this well following the return of drilling and completion capital (~US\$210,000) to the Drilling Joint Venture.

Importantly, ~70% of the total net revenue forecast for this well is generated in the first 28-months of its operation. This "capital re-cycle rate" is a very important metric for determining the success of wells drilled in the Anadarko Basin Plays and is a strong driver for increased activity, more high quality oil and gas reserves and ultimately higher per acre valuations.



<b>Key Performance Metrics</b>			
	<b>Landreth BIA</b>		
Working Interest	<b>2.5%</b>	20%	100%
Drilling & Completion Costs (US\$million)	<b>0.21</b>	<b>1.78</b>	<b>8.90</b>
Production to Date (BOE)	<b>8500</b>	<b>68000</b>	<b>342000</b>
Net Revenue to Date (US\$million)	<b>0.23</b>	<b>1.90</b>	<b>9.40</b>
Total Forecast Net Revenue (US\$million)	<b>0.53</b>	<b>4.40</b>	<b>21.90</b>

Table 1. above highlights the significant scale that successful Anadarko Basin Play wells can generate with 100% Working Interest in this well generating US\$9.4 million net revenue in its first 12-months of production and a forecast US\$21.9 million over its economic life (assuming WTI at US\$65 flat and gas at US\$2.85 flat).

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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 capitalised 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

<b>BOE</b>	Barrels of Oil Equivalent
<b>Development Unit</b>	Development Unit or spacing unit is the geographical area in which an initial oil and/or gas well is drilled and produced from the geological formation listed in a spacing order. The spacing unit communities all interest owners for the purpose of sharing in production from oil and/or gas wells in the unit. A spacing order establishes the size of the unit; names the formations included in the unit; divides the ownership of the unit for the formations into the "royalty interest" and the "working interest"; Only one well can be drilled and completed in each common source of supply. Additional wells may be drilled in a Development Unit, but only after an Increased Density Order is issued by the Oklahoma Corporation Commission.
<b>EUR</b>	Estimated Ultimate Recovery
<b>IP24</b>	Peak rate achieved over a 24-hour period within the first full calendar month from the date of first production
<b>IP30</b>	Initial production reported for the first full calendar month from the date of first production
<b>MCF</b>	Thousand Cubic Feet of Gas
<b>PDP</b>	Proved Developed Producing Reserves
<b>PUD</b>	Proved Undeveloped Reserves
<b>Type Curve</b>	Representative production profile of a well for a specific play
<b>Working Interest</b>	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
<b>WTI</b>	West Texas Intermediate

<sup>1</sup> Net revenue is net of royalties, production taxes and lease operating expenses.

<sup>2</sup> Subject to the back-in after payout (25% Working Interest) set out in the Drilling Program Agreement between Black Mesa Production and BRK Oklahoma Holdings, LLC.