

Stonehorse Energy Limited (ASX: SHE) Step-in Arrangements

Perth, Western Australia – October 2, 2019. Brookside Energy Limited (ASX: BRK) (**Brookside** or the **Company**) is pleased to provide a further update on the step-in arrangements between the Company's wholly owned subsidiary BRK Oklahoma Holdings, LLC and Stonehorse Energy Limited's (**Stonehorse**) wholly owned subsidiary LS Operating, LLC.

Brookside advises that Stonehorse has confirmed its commitment to step-in to the opportunities outlined in that company's disclosure for its recent ~A\$4.5 million capital raising. The Company also confirms that Stonehorse has withdrawn from the Jewel Well step-in opportunity and that Brookside has formally agreed to this withdrawal.

The Company looks forward to working with the Board of Stonehorse to finalise the step-in arrangements for their participation in the opportunities that they are now pursuing in the world-class Anadarko Basin in Oklahoma.

On the Jewell Unit development, the Company continues to progress the path to funding for the drilling and completion costs associated with this high impact (Black Mesa Energy operated) well and looks forward to providing shareholders with further updates in due course.

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

"We are working closely with the Board of Stonehorse and look forward to continuing to support them as they progress their already successful drilling, production and cashflow based strategy in the world-class Anadarko Basin STACK and SCOOP Plays.

"This strategy supports and compliments Brookside's "Real Estate Development" approach and the relationship that we have formed with Stonehorse via the step-in agreement is a win-win for our respective shareholders.

"We remain focussed on our efforts to progress the development of the Jewell Unit and confirm that the decision of Stonehorse to withdraw from the very modest commitment to fund initial site works will not impact our efforts to finalise the funding arrangements.

"We appreciate the support and patience of our shareholders as we move forward in the SWISH AOI and look forward to providing regular updates as drilling operations get underway and when production testing commences."



Jewell Unit Development

As previously announced, the Oklahoma Corporation Commission has confirmed the establishment of an 880-acre drilling spacing unit (**DSU**) for the Jewell Unit (Pooling Order). The majority of the elections required to be made under the Pooling Order have been received and the Company now expects to acquire a ~90% Working Interest in the Jewell DSU (~80%NRI).

The Jewell well will be operated by Brookside's US partner and manager of operations, Black Mesa. The Black Mesa team have a long and very successful history, having worked together for over 30 years at companies they previously founded, including Medallion Petroleum, InterCoast Energy and Brighton Energy. Over the course of their careers, the Black Mesa team has drilled hundreds of horizontal wells and thousands of vertical wells in numerous mid-continent oil and gas basins.

Background

Brookside Energy is an Perth-based ASX listed company that generates shareholder value by developing oil and gas plays in the world-class Anadarko Basin.

The Anadarko Basin is a proven Tier One oil and gas development province with significant existing oil and gas gathering and transportation infrastructure, a competitive and highly experienced oil and gas service sector, and a favourable regulatory environment.

Brookside is executing a "Real Estate Development" approach to acquiring prospective acreage in the Anadarko Basin and adding value to it by consolidating leases and proving up oil and gas reserves. The Company then has the option of selling the revalued acreage or maintaining a producing interest.

This model is commonly used by private equity investors in the sector, and has been successfully piloted by Brookside in the northern Anadarko Basin's STACK Play.

Brookside's US partner and manager of operations, Black Mesa is an experienced mid-continent operator, which identifies opportunities and executes development under a commercial agreement with Brookside. The business model effectively assigns risk and provides commercial incentives to maximise value for both parties.

The Company is now set to scale-up its activities and asset base significantly with its operated-interests in the SWISH AOI.

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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 ENERGY, LLC

Black Mesa Energy, LLC is a Tulsa-based oil & gas exploration and production company focused on profitable development of petroleum properties located in the Mid-Continent oil province of the United States. Our lean and highly specialized technical and operations team is committed to providing attractive returns for our investors and shareholders by generating and drilling high quality oil and gas prospects. The founders of Black Mesa have worked together for over 30 years at companies they previously founded, including Medallion Petroleum, InterCoast Energy and Brighton Energy. Over the course of their careers, the Black Mesa team has drilled hundreds of horizontal wells and thousands of vertical wells in numerous mid-continent oil and gas basins. In addition to the financial backing from the Black Mesa shareholders, Black Mesa partners with outside investors on larger-scale projects by offering non-operated direct working interest participation.

Web <http://www.blkmesa.com>



GLOSSARY

APO WI	After pay out working interest
AFIT	After Federal Income Tax
AOI	Area of Interest
BFIT	Before Federal Income Tax
BOE	Barrels of Oil Equivalent
COPAS	Council of Petroleum Accountants Societies
Development Unit or DSU	Development Unit or drilling 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 communitizes 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.
Mboe	1,000 barrels of oil equivalent
Mcf	1,000 cubic feet
MMboe	1,000,000 barrel of oil equivalent
NPV₁₀	The net present value of future net revenue, before income taxes and using a discount rate of 10%.
NRI	Net Revenue Interest
PDP	Proved Developed Producing Reserves
Pooling Agreements	The pooling agreements facilitate the development of oil and gas wells and drilling units. These binding pooling agreements are between the Company and the operators as specified in Appendix 1.
PUD	Proved Undeveloped Reserves
Reserve Categories	<p>These reserve categories are totalled up by the measures 1P, 2P, and 3P, which are inclusive of all reserves types:</p> <ul style="list-style-type: none"> • "1P reserves" = proven reserves (both proved developed reserves + proved undeveloped reserves). • "2P reserves" = 1P (proven reserves) + probable reserves, hence "proved AND probable." • "3P reserves" = the sum of 2P (proven reserves + probable reserves) + possible reserves, all 3Ps "proven AND probable AND possible."
STACK	Sooner Trend Anadarko Basin Canadian and Kingfisher Counties – oil and gas play in the Anadarko Basin Oklahoma
SCOOP	South Central Oklahoma Oil Province - oil and gas play in the Anadarko Basin Oklahoma
SWISH AOI	Description of Brookside's Area of Interest in the SCOOP 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