

### Jewell Unit Development Set to Commence

First Operated DSU in Brookside's SWISH AOI in the SCOOP Play

**Perth, Western Australia – September 12, 2019** - Brookside Energy Limited (**ASX: BRK**) (**Brookside** or the **Company**) is pleased to provide an update on activities within the Company's SWISH Area of Interest (**SWISH AOI**) in the world-class Anadarko Basin, Oklahoma.

#### Highlights

- Brookside achieves another milestone as it sets out to commence development of its first operated Drilling Spacing Unit (**DSU**) within the SWISH AOI in the SCOOP Play
- ASX listed Stonehorse Energy Limited (ASX:SHE) (**Stonehorse**) has agreed to participate (as a well-bore only Working Interest owner) in the high impact Jewell 1-13-12SXH well (**Jewell Well**)
- The Jewell Well will be operated by Brookside's US partner and manager of operations, Black Mesa Energy, LLC (**Black Mesa**), and will be the first well to be drilled by Brookside within one of a number of operated DSU's that the Company will control within the SWISH AOI
- The majority of the elections required to be made under the previously announced Pooling Order have been received and the Company now expects to acquire a ~90% Working Interest in the Jewell DSU (~80%NRI)
- Stonehorse has further agreed to fund 100% of the costs associated with site works to build an all-weather location and set the conductor casing ahead of the commencement of drilling operations

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

"It is very pleasing to be able to provide this update for our shareholders. A successful production test of our first operated well in the SWISH AOI will be transformational for Brookside, unlocking very significant value in terms of proved undeveloped reserves and in providing proof of concept for the larger acreage position.

"We are delighted that Stonehorse has agreed to participate in the drilling of this highly anticipated well and look forward to continuing our association with their Board and shareholders as we expand our activities in this highly sort after part of the SCOOP Play.

"Drilling and completion activity within the SWISH AOI and in close proximity to the Jewell DSU in particular continues to ramp-up with operators reporting results that are very supportive of our pre-drill estimates for the area.

"The last quarter of calendar 2019 promises to be a very exciting period for our shareholders and we look forward to providing regular updates as drilling operations get underway and when production testing commences."



The Board of Stonehorse has agreed (pursuant to the terms of the Step-In Agreement between LS Operating, LLC (a wholly owned subsidiary of Stonehorse) and BRK Oklahoma Holdings, LLC (a wholly owned subsidiary of Brookside) to participate as a well-bore only Working Interest owner in the Jewell Well within Brookside's SWISH AOI in the SCOOP Play.

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 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.

As previously announced, the Oklahoma Corporation Commission has confirmed the establishment of an 880-acre 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).

With the DSU established and a path to funding for the first well identified, the Company is now moving forward with preparations for the commencement of drilling operations. In this regard, Stonehorse has agreed to fund 100% of the costs associated with site works to build an all-weather location and set the conductor casing ahead of the commencement of drilling operations. These costs will ultimately be borne by the final Working Interest participants, pro-rata based on their interest in the Jewell Well.

### **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.



### **Pre-Drill Estimates**

The following table sets out some of the key technical parameters used to describe the development potential of the Jewell Well DSU.

Name	Jewell Unit
Location	SCOOP Play, Anadarko Basin, Oklahoma
Working Interest	~90%
Operator	Black Mesa Production, LLC
Hydrocarbon Phases	Light Oil, Condensate and Gas
Target Formations	Sycamore Limestone and Woodford Shale
Pre-Drill Estimates	
Depth	7,200' to 8,500'
Lateral Length	6,300' to 7,300'
IP30 Boe per day	~1,000 to ~1,200
% Oil	58% to 70%
12-month Cum Boe	290,000 to 305,000
12-month Cum Net Cashflow 1.	~US\$5,250,000
Full Unit Development	2 Sycamore wells and 5 Woodford Shale wells
1. Cashflow attributable to 90% Working Interest and is net of royalties, severance taxes, lease operating expenses and is calculated using the current Bank of Oklahoma strip pricing for oil and natural gas.	

- ENDS -

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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 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

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