

Sale of Anadarko Basin Well Bore Interests Value Realised After Wells Brought into Production

Perth, Western Australia – October 24, 2019. Brookside Energy Limited (**ASX:BRK**) (**Brookside** or the **Company**) is pleased to provide details of the sale of well bore interests from within its Anadarko Basin holdings in Oklahoma.

Highlights

- ASX listed Stonehorse Energy Limited (**ASX:SHE**) (**Stonehorse**) has agreed to purchase Working Interests in the Bullard #1-18-07-UWH and Henry Federal #1-8-5XH wells, located in the SCOOP and STACK Plays in the Anadarko Basin
- Stonehorse will pay a total of US\$1,150,000 to acquire a 15.6% Working Interest in the Bullard well and a 2.3% Working Interest in the Henry Federal well. This equates to an average of ~US\$21,000 per acre (based on assumed ultimate full-field development of four to five wells per drilling spacing unit or DSU)
- Brookside will retain a Working Interest in both well bores¹ and importantly (consistent with Brookside's acreage acquisition and revaluation business model) the Company will retain 100% of its interest in the proved undeveloped reserves in each of these DSU's

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

"We are delighted that Stonehorse has exercised its right to step-in to these wells. Consistent with their production focussed strategy, this acquisition will add significant cashflows to their emerging portfolio of oil and gas assets in the Anadarko Basin.

"The pipeline of very high quality opportunities that Stonehorse can access via the agreement with Brookside and the relationship with Black Mesa Energy, sets them apart from many of the other ASX listed oil and gas companies that are active in the US basins.

"Most importantly for Brookside shareholders, this transaction is yet another example of our very successful business model working in practice (acquire, upgrade, re-value and then sell). In addition to the obvious benefits that come from our ability to generate working capital at any point during the value creation process, this transaction provides another valuation data point for the future potential for our broader undeveloped acreage position.

"Our strategy is working – through the hard work of the Black Mesa Energy team in Oklahoma, we are adding value every day and we have the flexibility to crystallise value in the acreage position whenever it makes sense to do so."

¹ Stonehorse has retained the right to step-in for further Working Interests in both wells (refer Stonehorse ASX release dated [insert date] for further details



Sale of Anadarko Basin Well Bore Interests

Stonehorse has agreed to step-in to Working Interests in two of Brookside's producing wells in the Anadarko Basin in Oklahoma. Details of the relevant well bores, Working Interest being acquired, and the consideration are set out in the following table.

Name	Bullard #1-18-07-UWH	Henry Federal #1-8-5XH
Location	Carter County, OK	Blaine County, OK
Formation	SCOOP Play - Woodford Shale	STACK Play – Meramec
Operator	Rimrock Resources.	Continental Resources
Working Interest	15.61%	2.30%
Status	Producing	Producing
Consideration	~US\$970,888	~US\$179,500

Brookside will receive total consideration of US\$1,150,000 for the sale of a 15.6% Working Interest in the Bullard well and a 2.3% Working Interest in the Henry Federal well. The effective date for the transaction will be November 1, 2019. Based on assumed ultimate full-field development of four to five wells per DSU, this equates to an average of ~US\$21,000 per acre.

Consistent with the Company's acreage acquisition and revaluation business model, Brookside will retain 100% of its interest in the proved undeveloped reserves in each of these DSU's. In addition (and subject to Stonehorse's further rights under the Step-in Agreement), Brookside will retain a Working Interest in both well bores (~4.96% Working Interest in the Bullard well and a ~4.97% Working Interest in the Henry Federal 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.

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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	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"> • "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