AUSTRALIAN
RESEARCH
INDEPENDENT INVESTMENT RESEARCH

Brookside Energy Ltd
(ASX:BRK)

May 2023

INDEPENDENT
INVESTMENT RESEARCH

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Brookside Energy Ltd
(ASX:BRK)

Investment Profile	
Share Price ($) at at 7 May 2023	0.013
Issue Capital:	
Ordinary Shares (M)	5014.6
Options (M)	Nil
Performance Shares	2.3
Fully Diluted (M)	5016.9
Market Capitalisation (undiluted A$M)	A$65.2M
12 month L/H ($)	0.010-0.022

Board and Management

Directors

Michael Fry - Chairman

David Prentice – Managing Director

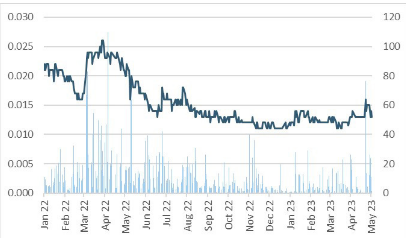
Richard Homsany – Non-Executive Director

Dr Gracjan Lambert – Executive General Manager Commercial

Katherine Garvey - Company Secretary

Major Shareholders	
The Trust Company of Australia	4.2%
HEDTEK Pty Ltd	4.0%
BNP Paribas Nominees	3.3%
Standard Pastoral Company	2.2%
David Prentice	2.2%

Share Price Performance



EXPLOITATION NOT EXPLORATION

Brookside is an Australian public company listed on the Australian (ASX: BRK) and USA (OTC Pink: RDFEF) stock exchanges focused on oil and gas exploitation drilling very low risk wells in mid continental USA which are paying back the drilling costs in six to 12 months with very low risk of failure. The company has hit a sweet spot in the last 12 months, with production from four initial wells drilled resulting in very strong cash flow and at least 20 more planned.

KEY POINTS

Reserves of 11.9 million barrels oil equivalent with a statutory net present value of US$170.5M – These metrics provide clear evidence of the success that Brookside has enjoyed as operator (through its controlled subsidiary Black Mesa) and provides solid metrics around which the company can be valued. The management are delivering as promised. In 2021, Brookside published an Exploration Target of 11.6Mboe.

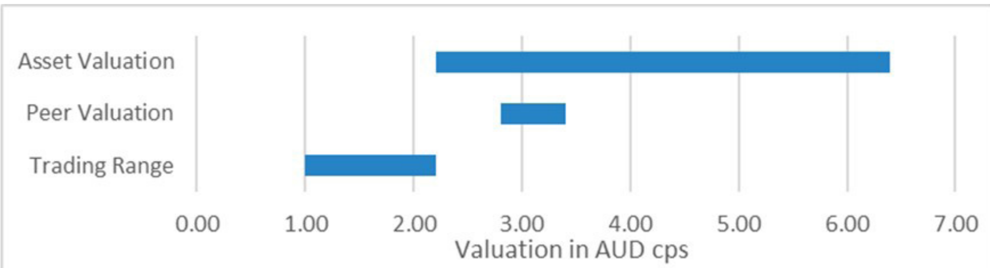
Share price response muted possibly due to cash draw in quarterly – The lack of share price response to the Reserve announcement is puzzling. The Reserve was published on 25 April and market started to respond but eased back on the quarterly activities statement and cash flow on 28 April which included a reduction of cash on hand, driven by the A$18.9M payment of Wolf Pack and Juanita well drilling costs. Revenue was reduced with sales of Wolf Pack production delayed until the June Quarter and the existing producing wells were all offline for substantial periods to avoid problematic interactions with neighbouring wells that were undergoing hydraulic stimulation. All this means that the June quarter should be highly cash generative, and once that positive cash flow becomes visible to the market, and it refocuses on the Reserves, we would expect to see a more rational share price response.

Company acting to drive market awareness of undervaluation – Share buyback to start on 15 May 2023 – On 26 April 2023, Brookside announced that it will be undertaking an on-market buy-back of up to 500,000,000 ordinary shares (~9.97% of the shares on issue), which is the equivalent of buying 100% of the turnover in Brookside since 1 February 2023.

Possible value recognition by asset sales – In the past, Brookside has been able to sell improved assets for around 80% of NPV10 valuation. The ultimate way to force the market to recognise the value of an asset is to sell it or part thereof. A partial selldown would assist in funding accelerated well development, allow more aggressive capital management (dividends and/or share buybacks), acquisition of quality leasehold and provide investor visibility on valuation.

Cash at 31 March 2023 was A$17.7M, zero debt – The June 2023 quarter should see four wells in production, plus the sale of around 20Mboe net to Brookside of unsold March production, and no major well drilling payments.

VALUATION



Our base case valuation of A$0.029/sh to A$0.036/sh based on the valuation range implied by peer comparisons and supported by the wider valuation range based on asset valuation and earnings. The peer comparison assumes no increase in Reserves. The asset valuation includes a 40% increase in Reserves. A 20% increase has been flagged by the company already, and we believe the additional 20% is very conservative.

OVERVIEW

DEALING WITH THE LANGUAGE

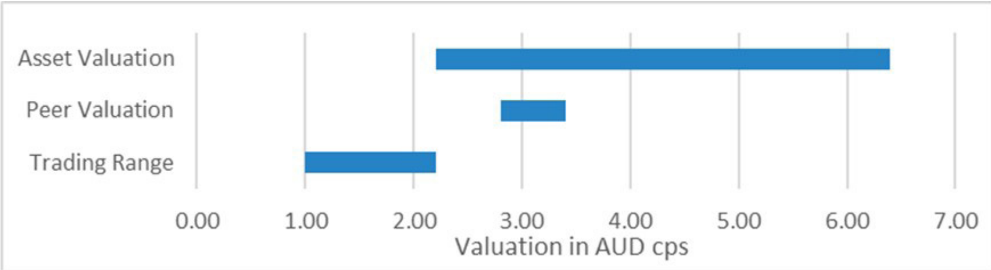
In this report a number of abbreviations and acronyms are used including:

- STACK - Sooner Trend, Anadarko Basin, Canadian and Kingfisher Counties
- SCOOP- South Central Oklahoma Oil Province
- SWISH – Sycamore/Woodford in Southern Half (the oil bearing horizons in the south end of SWOOP)
- AOI – Area of Interest
- M - thousand
- MM – million
- NPV10 – The net present value of cash flow from reserves at oil and gas prices stipulated by the US Securities and Exchange Commission after the cash flows have been discounted at 10%pa.

There is a more detailed glossary in the appendix at the back of this report.

INVESTMENT CASE

Figure 1 Valuation range



Source: IIR estimates

Base case valuation range 2.9cps to 3.6cps based on peer comparison

The strong inverse relationship between valuation and gearing makes a lot of sense to us. Brookside is a very small capitalisation company but has no debt and as such should trade at 50% to 65% of its NPV10 (Table 5 and Figure 8). This is based on reported Reserves only, but whatever is priced into the peers for future discoveries and higher oil prices is also factored into this valuation of Brookside.

AUD 1.6cps at current oil prices is a rock bottom valuation assuming no upside in Reserves

The pre-tax NPV10 of the current Reserves assumes at a 10% real discount and SEC regulated price oil and gas prices. Allowing for Federal tax and corporate overheads, and using prices close to current spot of US$70.bbl oil, US$3/Mcf gas AUDUSD 0.67, we generate a valuation of around AUD 1.6cps which was the closing price on the day of the Reserve announcement, and we believe should be the absolute minimum price the company trades at, with price upside triggered by news flow.

In very near future valuation of Reserves likely to increase taking our Valuation to AUD 2.2cps at current prices

The company has already flagged a 20% increase in Reserves is likely, which should be crystalised when the Bruins Drill Spacing Unit ownership is finalised in the next few months, and we are comfortable that within the next six months, there will be an additional 20% increase arising from additional drilling. On the same US$70/bbl oil US$3/Mcf gas, that generates an asset based valuation of 2.2cps (Table 6).

Oil price supported by OPEC near term, will benefit from Climate Policies in the medium term

The oil price is likely to be at cyclical lows at present, on concerns about world growth which are likely to be resolved to the upside, and as a backstop, OPEC are firmly in control of the oil price and appear to be determined to hold prices at or above current levels. The US is heading into the seasonal driving season (Northern Hemisphere summer). Brookside's valuation in leveraged to oil prices in a very direct way. Higher prices today will flow through into cash flow today.

For those who are concerned about Climate Change policies reducing demand for oil, it is worth noting that electric vehicles are expected to account of 50% of vehicle sales in 2030, which means Internal Combustion Engine (ICE) vehicles will still be sold in 2030. In turn that means the global fleet of ICE powered vehicles will continue to grow between now and 2030, on our calculations by between 10% and 30%, which means demand for petrol and diesel will also grow by that amount. Climate Policies are more likely to restrict supply than reduce demand, which supports a view of rising oil prices between now and 2030.

An increase of US$20/bbl to the oil price and $1/Mcf to the gas price adds AUD 1.1cps to Brookside's valuation.

Company actions likely to force the closure of the valuation gap

On 15 May 2023, the company will commence a share buyback of almost 10% of issued capital which is equivalent to 100% of the turnover in Brookside shares since 1 February 2023. In addition we would not be surprised if there was a transaction that demonstrated value to the market (refer to section headed "DRIVING VALUE RECOGNITION").

RESERVE UPSIDE POTENTIAL

Grow the acreage

The company has flagged that it has additional acreage in the SWISH Area of Interest that is going through the process of being turned into a Drill Spacing Unit or DSU, and that its acreage position would increase by 20%. The additional acreage would have to be purchased, but the nature of the DSU process means any payment by Brookside will be immaterial to our valuation metrics.

In addition, Brookside can continue to build acreage in the region as it has done for the last seven years.

Add to the wine rack

The 24 wells that make up the reported Reserve and resultant NPV10 valuation includes the existing four wells and 20 to be drilled over the next 4-5 years. The Reserve Consultant Haas has assumed each of the four Drill Spacing Units will have two horizontal wells in the Sycamore horizon and three in the Woodford (like bottles stacked in a wine rack). Other operators have drilled up to eight horizontal wells in similar sized Drill Spacing Units, so there is potential to increase drilling density and ultimate recoveries.

Bradbury Area of Interest

The current Reserve statement includes no Reserves from Bradbury. The 100% owned Juanita well is about to undertake flow testing across multiple potentially producing horizons. A second drill site had been identified depending on the outcome at Juanita, and there is potential to increase lease holdings in this area. There is a very high likelihood of this Area of Interest adding material Reserves over the next twelve months.

RESERVE ANNOUNCEMENT SHOULD BE A TRIGGER FOR RE-RATING

While the share market has appeared to have ignored the Reserve release of 26 April 2023, we believe this information is the clearest indication to the market so far that Brookside has transitioned from a capital consuming oil explorer to a strongly cash generative oil developer and producer. This release contained four elements:

- Proven and Probable Reserves of 11.9 million barrels of oil equivalent (at 6Mcf gas = 1Mbbl oil). These are the Net Reserves after deducting royalties.
- NPV10 of US$170.5M pre-Federal tax at the US Securities & Exchange Commission (SEC) prices
- Key financial metrics based on a five-year production plan at SEC regulated prices include Revenue (US$629M), Future Net Income (ie free cash flow of US$336.2M before Federal tax) and Capital Expenditures (ie well drilling of US$151.8M)
- Additional upside flagged including an estimated 20% increase due lease consolidation at the Bruins DSU and from the conservative nature of the Haas Reserve estimate that can be increased by drilling

This Reserve did not include any Reserves from the Bradbury Area of Interest where the Juanita well is currently starting its multi reservoir testing program.

11.9 million barrels of oil equivalent Net Interest to Brookside

Table 1 Proven and Probable (2P) Reserves at 31 December 2022

2P Reserves	Net Reserves				
As at 31 December 2022	Oil mbbl	NGL mbbl	Gas mmcf	BOE mbbl	mboe/ well
Proved Producing (3 wells)	349	293	2553	1067	356
Proved Non-Producing (1 well)	228	122	847	490	490
Proved Undeveloped (4 wells)	758	602	4680	2140	535
Total Proved (1P)	1334	1016	8080	3697	
Probable (16 wells)	2267	2689	19282	8170	511
Proved & Probable (2P)	3601	3705	27361	11867	
	Gross Reserves excluding NGLs				
Proved & Probable (2P)				24900	
Original Endowment of three producing wells					
Gross Production to Dec 2022	366	180	1403	780	
Net Production IIR est				390	
Proved Producing (3 wells)				1067	
Expected Ultimate Recovery				1457	486

Source: BRK release 26 April 2023

The Reserves are reported net to Brookside. Brookside has a Working interest of around 70-80% in most of its wells, with the exception of Jewell where Brookside sold down to finance its development, and the current interest in the Bruin Drill Spacing Unit (DSU) which is currently at 55% but likely to increase to around 80% once the DSU ownership has been finalised.

Brookside has to pay landowner royalties of around 20% and a Oklahoma State tax of 5%, which reduces its working interest as highlighted in the table below Note that Wolf Pack is in the Rangers Drill Spacing Unit (DSU) and has slightly different Working and Net Interests to Brookside compared to the Rangers Well and DSU. The Jewell Well ownership is different to the Jewell DSU.

The reported Reserve on a gross basis is 24.9MMboe reducing to a net interest of 11.9Mboe (47.9%). The 47.9% is low reflecting the impact of the non-operated SWISH wells where Brookside has less than 0.2% interest (Table 11). Brookside's Net Interest in its high impact wells is shown in Table 2 below.

Table 2 Working Interests by Drill Spacing Unit (DSU)

Included in Reserves	Working Interest	Royalties	Net Interest
Black Mesa Operated Wells			
Rangers DSU	79.14%	21.68%	61.98%
Flames DSU	71.30%	21.16%	56.21%
Jewell DSU	83.48%	19.79%	66.96%
Jewell 13-12-1S-3W SXH1	52.13%	19.79%	41.81%
Wolf Pack 36-25-1S-4W SXH2	83.93%	22.20%	65.30%
Bruins DSU	55.00%	20.00%	44.00%

Source: BRK release 26 April 2023 for Working Interest, IIR estimated Bruin Royalty Payable

FINANCIAL METRICS OVER LIFE OF RESERVE

Table 3 Analysis of key financial metrics point to A$201M Net Present Value after tax at SEC prices

	Oil mbbl	NGL mbbl	Gas MMcf	BOE mbbl	ASM
Revenue					
Net Volumes	3601	3705	27361	11867	0
Price US$/unit	93.67	31.8	6.36		
Revenue US$M	337	118	174	629	939
Costs		**US$/well**	**US$/boe**	**US$M**	**A$M @ 0.67**
Capital Expenditure (20 new wells)		7.59		-152	-227
Operating Expense			11.85	-141	-210
State & Landowner 20%				0	0
Future Net Income				337	503
NPV/FNI				50.7%	50.7%
NPV10				170.8	254.9
Federal Tax				-36	-54
NPV10 post tax				135	201

Source: BRK release 26 April 2023

It is important to note that the cash flows in the table above are based on the US Securities & Exchange Commission regulated prices for NPV10 reporting which on 31 December 2022 were US$93.67/bbl for oil and US$6.36/MMBTU for gas.

Table 4 Sensitivity of post tax NPV10 in A$M to oil and gas prices (assuming 0.67 AUDUSD)

Oil Price US$/bbl	50	70	90	110	130
Gas Price US$/Mcf			A$M		
2	3	61	119	178	236
3	20	77	135	194	252
4	36	93	152	210	268
5	53	110	169	227	285
6	69	126	185	243	301
7	85	142	201	259	317

Source: IIR estimates

The operation is cash positive down to a combination of US$50/bbl oil and US$2/Mcf gas at the costs assumed by the consultant Haas in the Reserve Statement.

VALUATION RANGE

SUMMARY

Brookside has been valued on assets, earnings and peer comparisons. The asset and earnings valuations are supportive of each other, so we have focused on the Asset Valuation. The range is quite wide, reflecting the range of commodity prices chosen. The oil price appears to be well supported at the lower end of the range by the actions of OPEC, which has cut production to defend an oil price of around US$80/bbl.

The peer valuation range is much tighter, and fits inside the Asset Valuation range at the lower end, and this provides strong evidence in our view that Brookside should be priced in that peer range.

Table 5 Valuation ranges

AUD cents per share	Low	High
Trading Range	1.0	2.2
Peer Valuation	2.9	3.6
Asset Valuation	2.2	6.4

Source: IIR estimates

Valuation on Assets supports A$0.022/sh to A$0.064/sh

Table 6 Valuation based on assets in A$M

Commodity Assumptions Oil US$/bb/ Gas US$/Mcf	70/3	90/4	110/5
Value of Reserves (NPV10)	77.0	152.0	227.0
Reserve Upside 40%	30.8	60.8	90.8
STACK A & Royalty Interests	4.0	5.0	6.0
NPV of Corporate Overhead for 7 years	-18.5	-18.5	-18.5
Stonehorse Shares (7.5M @ 1.6cps)	0.1	0.1	0.1
Cash at 31 March 2023	17.7	17.7	17.7
Valuation A$M	111.1	217.1	323.1
Valuation A$/sh	0.022	0.043	0.064

Source: IIR estimates, March 2023 quarterly 5B statement AUDUSD assumption 0.67

For the asset valuation in Table 6, we have selected three Reserve valuations from Table 4 reflecting oil prices from US$70/bbl to US$110/bbl.

We have added a Reserve valuation increased of 40%. Brookside has already flagged a 20% increase is likely as a result of the reorganisation of the Bruins Drill Spacing Unit (DSU) ownership which will occur in the next few months. To this we have added IIR's estimated of additional Reserves that we expect will be added as additional drilling increases confidence.

The STACK A and Royalty Interest valuations are likely to be conservative and have been included as a reminder that those assets exist.

We have deducted the after tax Net Present Value at 10%pa discount rate of the estimated A$5Mpa of Corporate Overheads for the next seven years.

Brookside owns 7.5M shares in Stonehorse (ASX:SHE) at 30 June 2022

The net result is a valuation range of A$0.022/sh to A$0.064/sh for Brookside.

Valuation on Earnings supportive of Asset Valuation

The NPV10 of Brookside's Reserves is based on a five year drilling program, which our asset valuation assumes will be extended by 40%. While new wells are being added at around 4 wells per year, the earnings at constant oil prices will be maintained at relatively high levels. Once drilling stops, the earnings will fall reflecting the natural decline of oil and gas production.

This means that earnings will be volatile, and ultimately declining, which makes determination of an appropriate Price Earnings Ratio very difficult.

Table 7 Estimated Annual average cash flow from Reserves over five years

Commodity Assumptions Oil US$/bb/ Gas US$/Mcf	70/3	90/4	110/5
Life of Reserve Cash Flow undiscounted A$M	153.1	299.9	446.8
80% of Cash Flow in first five years A$M	122.5	240.0	357.4
Ave Post Tax Cash Flow per year A$Mpa	24.5	48.0	71.5
Corporate OH post tax	-3.5	-3.5	-3.5
Average Cash Flow A$Mpa	21.0	44.5	68.0
Average Cash Flow A$/sh	0.004	0.009	0.014
Implied PER (Table 6 Asset Valuation/Ave Cash Flow)	5.3	4.9	4.8

Source: Table 3, IIR estimates

In the table above we have assumed 80% of a well's production will occur in the first five years of its life, and then we have divided by five to estimate the average annual cash flow over the next five years.

Two important caveats:

- The Reserve release noted on page 3 that there would be a negative cash flow of US$17M (pre tax) in Year 2 of the five-year plan. While the actual year to year cash flow volatility is not visible from the company's release, the average gives a sense of a strong cash flow business which must have considerable value.
- The total cash flow in the NPV10 calculation assumes the wells have an ultimate life of many decades. However, IIR estimated that around 80% of the ultimate total production is likely to be produced in the first five years. The reality is that cash flow will be lower in

earlier years and greater in later years. However, that growth should be relatively obvious to the market and should be priced in.

The five year average Implied Cash Flow/PER of between 4.8x and 5.3x is arrived at by dividing the Asset Valuation from Table 6 divided by the average annual cash flow per share from Table 7.

A PER of 5x would look cheap compared to that Australian Market current average PER of 15.47x for March 2023 (https://www.marketindex.com.au/statistics). However, the average market PER is pricing earnings for companies that have long term earnings growth and is not representative of companies like Brookside.

What can be said is that given the Asset Valuation is assuming a seven year operating life and reflects a substantial cash holding, the PER of around 5x appears to be appropriate, so we believe that the average annual cash flow is supportive of the Asset Valuation.

Valuation compared to peers suggests a value of A$0.028/sh-A$0.034/sh

There are a large number of US petroleum exploration and production companies that could be used as peers. We have not been able to find any companies as small in market capitalisation as Brookside, but we believe the table below provides a representative sample of the comparisons available.

The table looks at Enterprise Value assuming share prices on 2 May 2023, and calculates Enterprise Value by adjusting for cash and debt at 31 December 2023. This is not the latest available cash for Brookside but the December data is available for all the listed companies. The NPV10 is reported by all the companies including Brookside as at 31 December 2022. This is a pre-tax number and adjusting for Federal tax would reduce the NPV10 by around 21%. However, Brookside only reported NPV10 pre tax so that metric have been used for all companies.

Table 8 Selected US Exploration & Production peers valuation vs NPV10

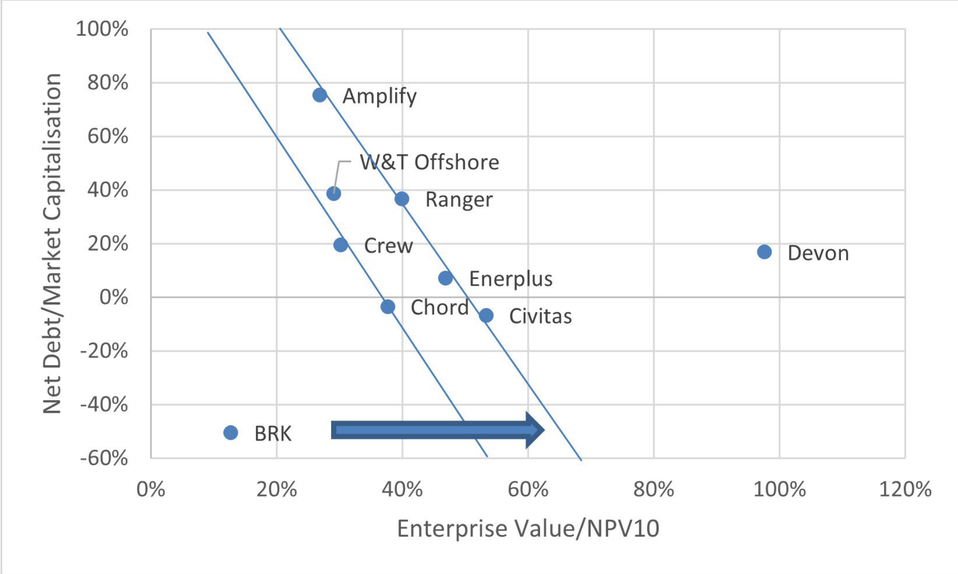
All Cash and Debt at 31 December 2022	Issued Shares M	Price US$/sh	Cap. US$M	Cash US$M	Debt US$M	EV US$M	NPV10
Brookside Energy	5015	0.009	44	22	0	22	171
Devon	653	50.71	33114	1454	7040	38700	39638
Chord Energy	41	136.54	5663	593	400	5470	14500
Civitas Resources	85	66.00	5618	768	393	5243	9834
Enerplus	217	14.10	3060	38	260	3281	6998
Ranger Oil	42	38.94	1620	8	604	2216	5555
Crew Energy	157	4.89	766	22	172	916	3034
W&T Offshore	149	4.02	599	461	693	831	2857
Amplify Energy	38	6.63	252	0	190	442	1649

Notes: All cash and debt at 31 December 2022, share prices at 2 May 2023, Cap = Market Capitalisation, EV = Enterprise Value. Source: BRK releases on 26 April 2023, 30 January 2023, other companies 2022 10K filings.

The companies selected have been ranked in the table in order of Enterprise Value and are valued by the market at between 26.8% and 97.6% of the reported NPV10, with the larger Enterprise Value companies generally trading closer to 100%, and the most common valuation range is between 30-50%.

While market capitalisation appears to have an influence on valuation, debt levels appear to have a much bigger and more consistent impact as shown in the table below. Amplify Energy has a very high net debt compared to its market capitalisation, while Chord and Civitas have cash balances that exceed their debt levels (negative net debt/capitalisation).

Figure 2 Impact of debt levels on how close company valuation



Source: Table 1

Brookside is trading at 12.7% of its NPV10 and has no debt and a very strong cash holding with December 2022 Net Debt at -55% of market capitalisation, suggesting that its EV should be between 50% and 65% of its NPV10 value (ie US$85.5M to US$111.2M or A$127.6M to A$165.9M). Adjusting March 2023 cash of A$17.7M gives a market capitalisation of A$145.3M to A$183.0M or 2.9cps to 3.6cps as a fair value for Brookside. Appendix A looks at Devon in more detail.

DRIVING VALUE RECOGNITION

The market is not recognising the value of the drilling success evidenced by Brookside. In the case of exploration companies that can sometimes reflect the market's view that any value in the discovery will be spent on more exploration until all the value is consumed. There are ways that corporations can demonstrate that shareholder wealth will be created and shareholders rewarded. Those actions include:

- Share buybacks
- Dividends
- Asset sales followed by capital returns.

Brookside has announced the buy back already, and its management team is structurally aligned with a full or partial sale of assets, so there are a number of strong indications to shareholders that if the market doesn't recognise the value created, the Brookside Management team will actively seek to close that recognition gap.

SHARE BUYBACK CAN START 15 MAY 2023

On 26 April 2023, the Company announced its intention to undertake an on-market buy-back of shares in the Company up to 350,451.918 shares and reserves the right to ask shareholders to approve an increase in that amount to 500 million shares (10% of outstanding shares.

The Company will only buy back shares at such times and in such circumstances as it considers beneficial to the efficient capital management of the Company and the buy-back is therefore dependent upon market conditions, volumes, and other relevant factors. Accordingly, the Company reserves the right to suspend or terminate the Share Buy Back at any time.

FULL OR PARTIAL SALE OF ITS SWISH AOI HOLDINGS

There are a number of reasons why there could be an asset transaction sometime in the next 12 months:

- Value recognition
- Funding cash flow shortfall in Year 2
- Brookside has a history of selling down to fund drilling in preference to borrowing
- Black Mesa management team is incentivised to pursue asset sales

The first three reasons are self-explanatory. The fourth goes the management incentive structure and its historical actions and represents the fundamental DNA of the company.

While Brookside was building its acreage portfolio, it publicised a business model that acquired, upgraded and sold its acreage (Figure 3). Its recent drilling success in ~80% owned wells may be good enough to change its stated strategy and focus on becoming a producer, but until it specifically says so, the working assumption should be that once it has done enough drilling to demonstrate performance, it will sell all or part of its interest in an asset, including the SWISH Area of Interest.

The Black Mesa team that locates, drills and operates the assets is specifically rewarded at the point where assets are sold. With that management reward structure in place, there should be an expectation that all assets are up for sale.

Figure 3 Business Model 2020

Low-risk, High-return and Scalable

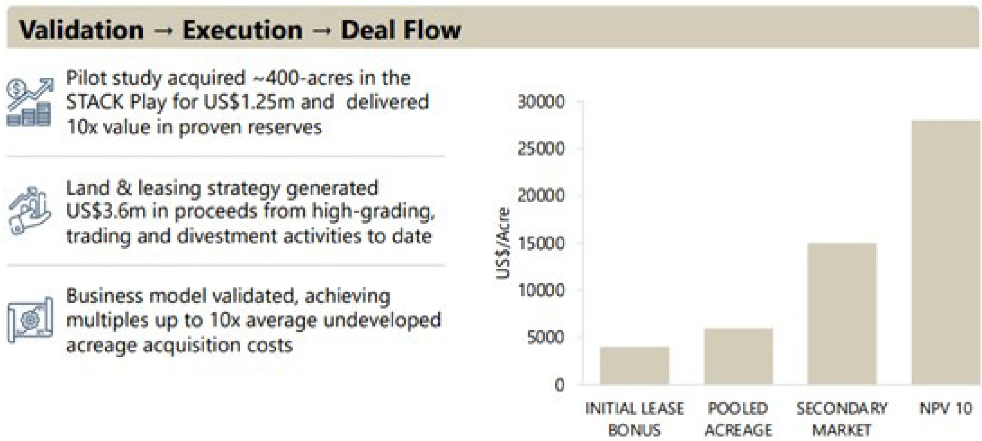
Acquire	Upgrade	Re-value	Monetize	Re-invest
Identify an opportunity, start with the quality of the oil and gas reservoir/s	Consolidate acreage to build a core high-grade operated position	Secondary market transactions establish early acreage values	Sell upgraded and revalued acreage position (whole or in part)	Use sale proceeds to scale-up into a larger acreage position
Acquire acreage directly from mineral owners and legacy operators	Monitor and analyze production results from offsetting wells	Initial production rates plus sustained production volumes equals higher forecast recovered volumes, strong rates of return, short pay-out periods and ultimately higher per-acre values	Harvest cashflow from de-risked proved but undeveloped locations	Return capital to shareholders (Share Buy-Back etc.)
Trading and high-grading	Complete our own initial drilling within our acreage (use Drill Co. Or JV to fund this)	Third party reserve report establishes per-acre Net Present Value		

Investors can rely on us to build value in the asset base (acreage value and cash flow) and use this as a platform for growth. We don't bet on the outcome of a single well or speculate with a large acreage position in a high-risk area where the reservoir quality cannot be evaluated from the available data and doesn't support suitable rates of return in the current pricing environment.

Source: BRK Presentation 17 November 2020

Brookside has just announced a third party reserve report (lowest box in column 3 of Figure 3), so if the 2020 business model still applies, the company is close to starting a sale process.

Figure 4 Case study of asset trade in the STACK area of Oklahoma, and indicative valuations at various stages of development



Source: BRK Presentation 17 November 2020

In 2018, Brookside sold Royalty Interests for 80% of NPV10, and a portfolio of minority Working Interests in STACK for 72% of NPV10. In early 2020, Brookside sold another portfolio of minority interests in acreage in the STACK play. None of those interests included operatorship.

In the chart in Figure 4 shows indicative market values in 2020 for assets at various stages of development.

- **Initial Lease Bonus** – Payment made by a lessor to the lessee for assignment of the lease. This is the effective buy price that companies like Brookside might pay the landowners. To continue to hold the lease, the lessor must either spend a defined minimum on exploration or hold by production, in which case the lessee would receive royalty payments.
- **Pooled Acreage** – Where all the interests in a particular area have been consolidated into a single operating and reward structure, so that spending commitment obligations and revenue sharing rights are defined for all parties that have a legal interest. This means the area is commercially ready for drilling and production.

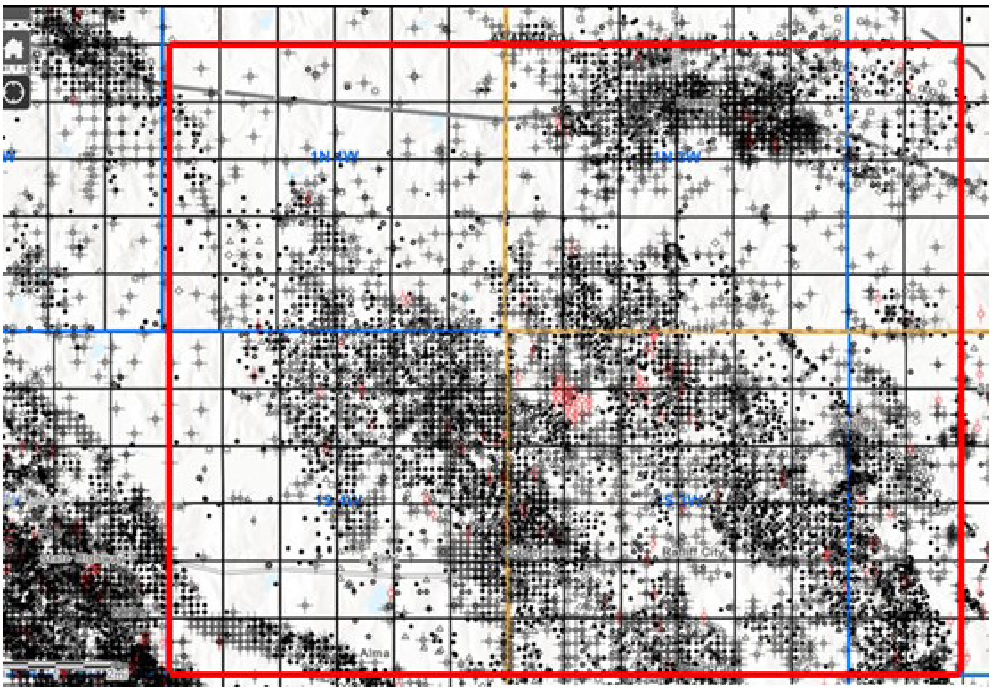
- **Secondary Market** – This refers to the price that acreage can command in a stock market listing or sale to private equity. The primary market is the trading of acreage between oil companies. The secondary market is the trading on oil company shares among investors.
- **NPV10** – This refers to the valuation that would be arrived at by a third party expert based on cash flow at specific selling prices after allowing for all costs of development production and selling, royalties and State charges. The cash flow is discounted at 10%pa to arrive at a Net Present Value.

UNDERSTANDING BROOKSIDE'S BUSINESS

THE REGION HAS BEEN WELL DRILLED

A major characteristic of Brookside's business is that the geological risk associated with drilling wells is very low, because of the large number of wells drilled in the region of each target. The figure below shows the existing well collars in the SWISH Area of Interest.

Figure 5 Wells drilled in the SWISH AOI



Source: https://oklahoma.gov/occ/divisions/oil-gas/database-search-imaged-documents/occ-well-data-finder.html

The payback on a well once production starts is very rapid, with a typical horizontal well costing US$10-15M and generally recovering the drilling investment during the first six to 12 months of production, depending on oil and gas prices. However, the well is then in decline, and generates less cash each successive quarter, so the company must keep drilling to sustain or grow cash flow.

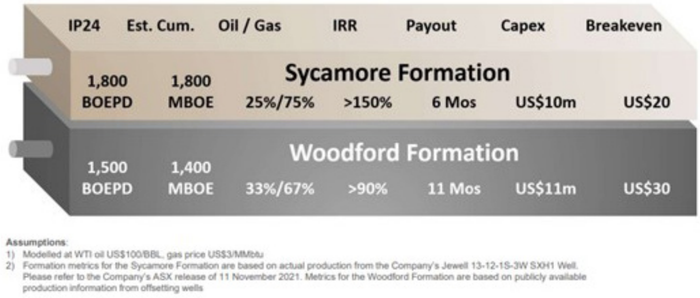
If the company keeps drilling and maintaining its success ratio, the cash flow will grow over time as the portfolio of wells grows, providing a relatively low risk growth business that can be developed from internal cash flow, or developed more rapidly if additional funds from debt or equity issuance can be applied.

The critical elements of this business are:

- The company's success ratio (ie probability that a planned well will deliver as expected).
- The future drilling program (ie the planned number of wells and their cost).
- The size of the land bank in the geology that is generating the current success ratio, which determines the total number of wells likely to be drilled, and the ultimate size of the business. New land banks can be added, but with potentially different risk reward dynamics.
- Well economics (ie the ultimate economic reserve, the initial development cost and lifetime operating cost, as well as working interest and economic interest).

- This is not the kind of business model where one drill outcome can make a $1000M market capitalisation company, but it is a very low risk model from which a $1000M company can be built, provided the company has access to sufficient acreage.

Figure 6 Brookside's key metrics for a single well assuming US$100/bbl for oil and US$3/MMbtu for gas



Source: BRK presentation 20 May 2022

The data in the figure above is for 10,000 foot lateral wells, which is more than the horizontal length of the Brookside wells (Table 13).The reserves and production rates reduce accordingly.

In the recent Reserve statement, the 2P Reserves appear to be around 500Mboe per well for Brookside's Net Interest which averages ¬60% (see Table 2) and this implies a gross Reserve average of 830Mboe per well. The ultimate accumulation is likely to be more than the Reserve, but 1800Mboe for Sycamore and 1400Mboe for Woodford would only be achieved for the longer lateral lengths.

Acreage

Table 9 Brookside Working Interest lease holdings

County in Oklahoma	Acres	Area of Interest
Blaine County	430	STACK
Garvin County	305	SWISH
Stephens & Carter Counties	3760	SWISH
Murray County	120	Bradbury
Total	4615	

Source: BRK March 2023 quarterly activities report

- The SWISH Area of Interest was 3760 Working Interest acres at 31 December 2022 (per BRK release 26 April 2023), which is the lease holdings in Stephens and Carter Counties.
- Garvin County is minority interests in SCOOP wells outside SWISH AOI (ie less than 0.2%)
- Blaine County is Brookside's STACK holding.
- Murray is mainly the Bradbury Area of Interest.

RISKS

Commodity price risk

The major risk to any investment in the oil and gas sector is a fall in the commodity prices. This is of particular relevance in the current environment of "Climate Emergency".

On that score, we would like to point out that even if Electric Vehicles account for the forecast 50% of vehicle sales in 2030, that means that Internal Combustion Engine (ICE) vehicles are being added to the global fleet of vehicles in 2030. On our calculations, the ICE vehicle fleet will grow by between 10% and 30% between 2022 and 2030, requiring a 10% to 30% increase of petrol/diesel consumption.

There is also considerable difficulty in sourcing investment capital for oil and gas development, and approvals in some jurisdictions are very slow reflecting concerns over climate change. The effect of these restrictions is to limit the maintenance, let alone expansion of petroleum production, which is supportive of higher rather than lower oil and gas prices.

Discovery risk

The essence of Brookside's business model is that the geology is very well known by virtue of all the historical wells that have been drilled. That does not preclude failures, and investors should be aware that Brookside's ability to fund subsequent wells is related to its ability to generate cash from each well as it is drilled.

Brookside does not have the luxury of having hundreds of wells in production providing diversification against individual failure.

Weather

Oklahoma has been in the press in relation to tornadoes. The oil and gas industry in that state has lived with extreme weather events for many decades and is well adapted. However, weather events are temporarily disruptive, both to company operations and to the lives of the workforce.

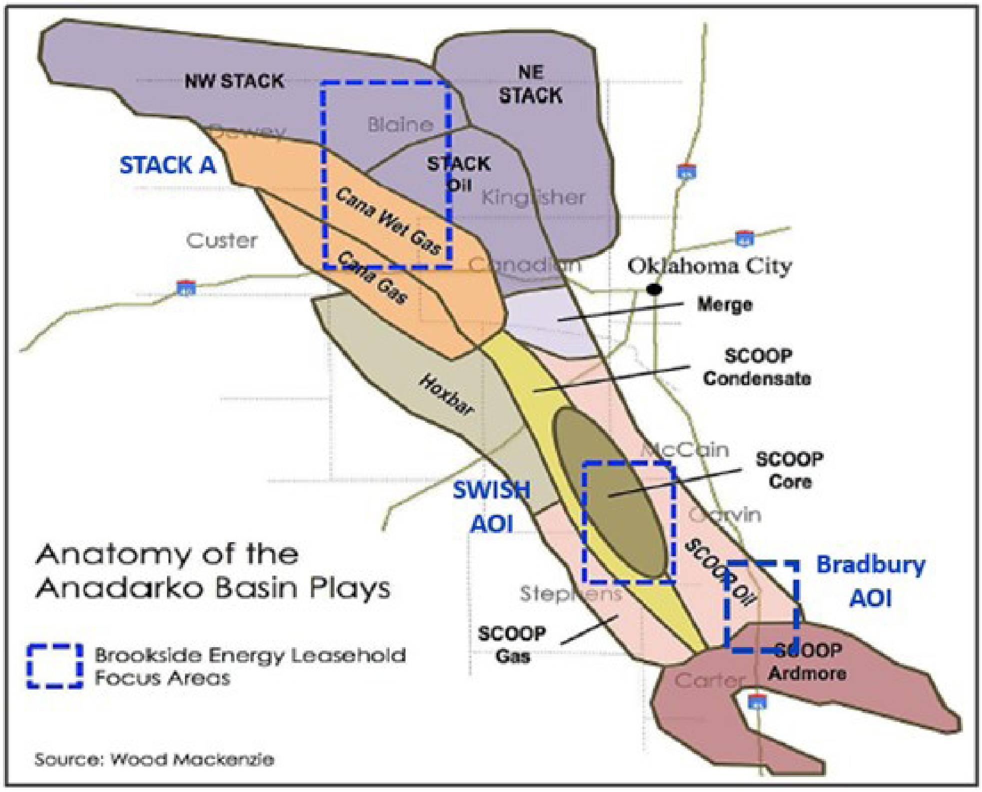
Approvals

Brookside is sensitive to the speed of well approvals. Any slowing of the speed of approvals will slow access to cash flow from successful well.

DESCRIPTION OF OPERATIONS

The Anadarko Basin is a geologic depositional and structural basin centred in the western part of Oklahoma that is oil and gas rich, and generally well explored (mature). The 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.

Figure 7 Anadarko basin – Brookside has interests in the areas outlined in blue, targeted by advisers Black Mesa in 2017. The company is focussed on the SCOOP core region which it refers to as SWISH AOI..



Source: BRK 2017 annual report

Brookside has been accumulating interests in parts of the Anadarko for over seven years. It accumulated a number of very small non-operating interests before focusing on majority stakes the SWISH Area of Interest, and the Bradbury Area of Interest.

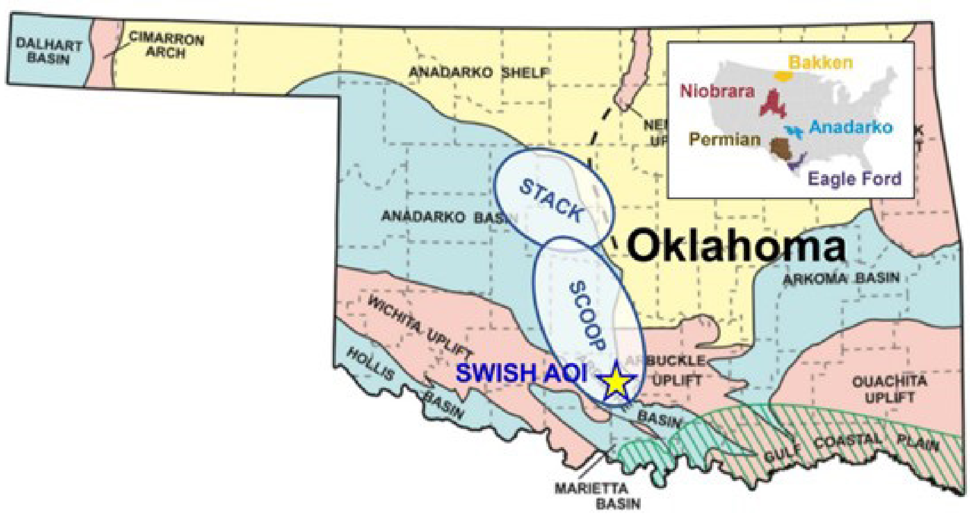
Brookside has interests in both STACK and SCOOP. STACK (Sooner Trend, Anadarko Basin, Canadian and Kingfisher Counties) and SCOOP (South Central Oklahoma Oil Province). However, the dominant focus of the company is the SWISH Area of Interest in the southern part of SCOOP. Its interests include:

- SWISH AOI (Brookside ownership typically around 80% Working Interest)
- Bradbury AOI (Brookside ownership typically 100% Working Interest)
- Orion Joint Venture (in the Bradbury Area of Interest 50% interest)
- STACK A (minority holdings)

SWISH AOI is being developed using modern horizontal drilling and completion techniques targeting the Mississippian aged formations (ie the Sycamore Shale that sits above the Woodford Shale) and the Woodford Shale itself (the organic rich source rock for the hydrocarbons in the basin).

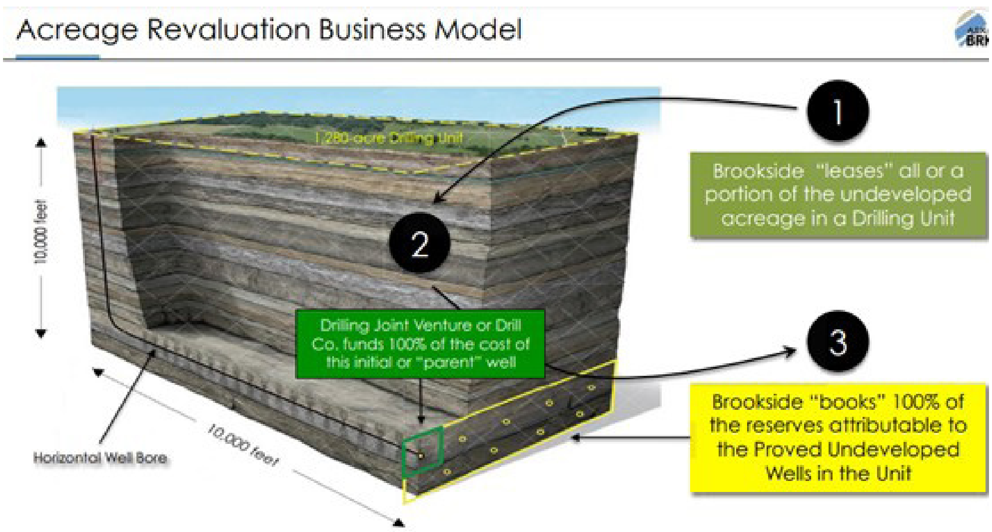
Bradbury AOI is being developed using conventional vertical wells, targeting ten potential oil reservoirs, including zones from within the highly productive Simpson Formation Group, all of which are proven producers in the area.

Figure 8 Regional geology



Source: BRK quarterly activities release 28 April 2023

Figure 9 Illustration of the horizontal wells that Brookside is using in the SWISH AOI. Note the wine rack layout of wells in the Sycamore formation, above the wells in the Woodford Formation



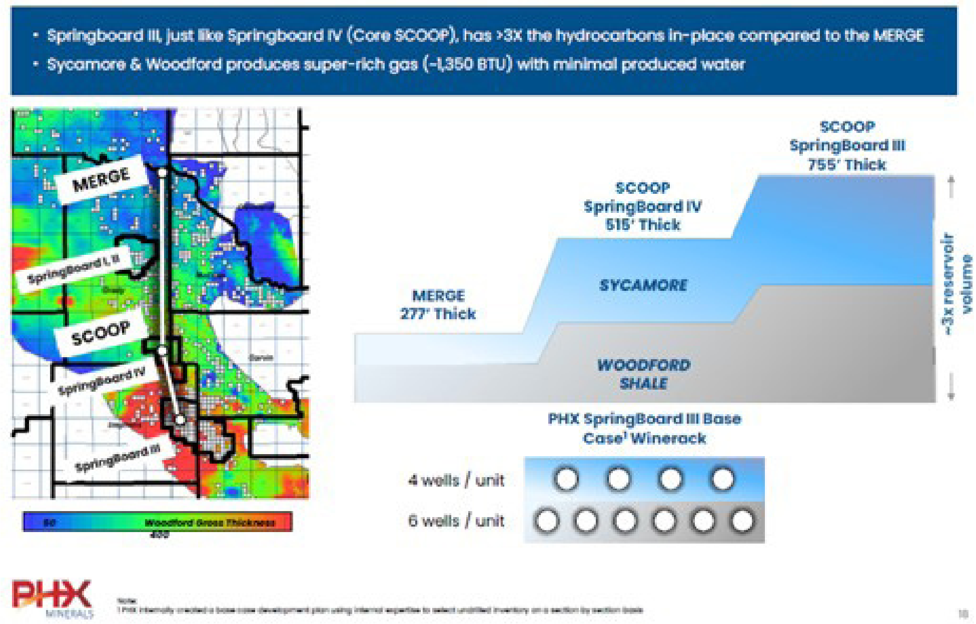
Source: BRK presentation Noosa 2018

A New York listed royalty company, PHX Minerals, has published the figure below which helps to explain why the Brookside's SWISH AOI wells have been so productive. The SWISH or Springboard III part of the SCOOP play is thicker than other parts.

Note also the "winerack" illustration, in which PHX indicated that a Drill Spacing Unit (DSU) in the Sycamore Formation could be serviced by four wells, and the Woodford Formation in the same unit would require six wells. The wells cost the same so the Sycamore on this basis would have superior profitability. In the Brookside Reserve, the consultant Haas has assumed two wells in the Sycamore and three in the Woodford. We believe an increase in well density would add Reserves.

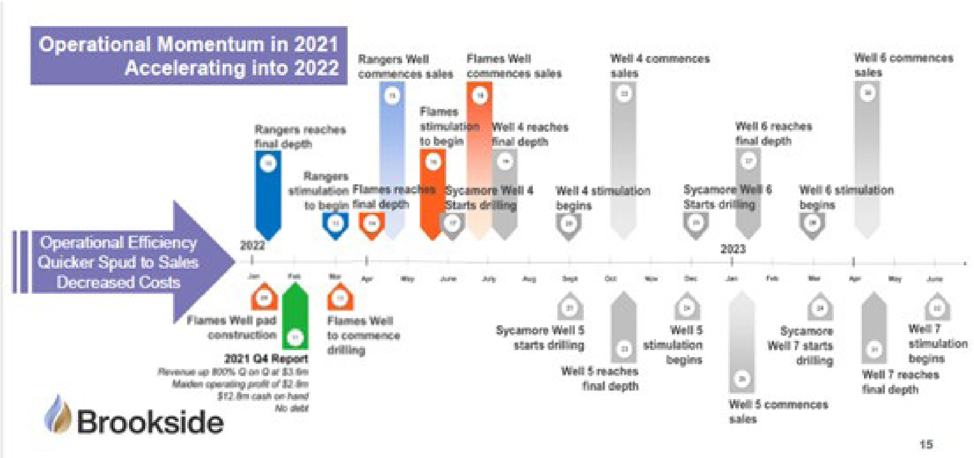
This "winerack" is conceptual, and well design would vary from DSU to DSU, but does highlight that Brookside has acquired highly prospective acreage that has excellent potential to create value for its shareholders.

Figure 10 The SWISH AOI covers the red area where the SCOOP play is the thicker and more productive



Source: NYSE listed PHX Minerals presentation December 2022

Figure 11 Drilling plan at May 2022. Well 4 is Wolf Pack, and well 5 is Juanita but the latter is a vertical. The company is running behind on this schedule, showing that plans can change.



Source: BRK Presentation 20 May 2022

SWISH AOI

Brookside is developing its acreage position in the SWISH Area of Interest located in the highly sought-after Sycamore-Woodford trend in the southern SCOOP Play in the world-class Anadarko Basin. Brookside has embarked on a potential 5-year, 20-plus well development drilling program across its four operated development areas / DSUs (Jewell, Rangers, Flames, Bruins) that the Company controls in the SWISH Area of Interest.

In 2021, Brookside estimated 11.6 MMboe as a Net Prospective Resource (best estimate, unrisked), which was conservative relative to the 0.4MMboe produced and 11.9MMboe Net Reserve reported recently (Source: BRK releases 11 November 2021, 26 April 2023).

Table 10 Brookside (Black Mesa) operated wells in the SWISH Area of Interest

WELL NAME	OPERATOR	STATUS	WI
Interest and In Production (shaded)			
JEWELL 13-12-1S-3W SXH1	Black Mesa Energy, LLC	Producing	52.13%
FLAMES 10-3-1S-3W WXH1	Black Mesa Energy, LLC	Producing	71.30%
RANGERS 36-25-1S-4W SXH1	Black Mesa Energy, LLC	Producing	75.29%
WOLF PACK 36-25-1S-4W SXH2	Black Mesa Energy, LLC	Flowing	83.93%
LEE 1-10	Black Mesa Energy, LLC	Producing	96.40%

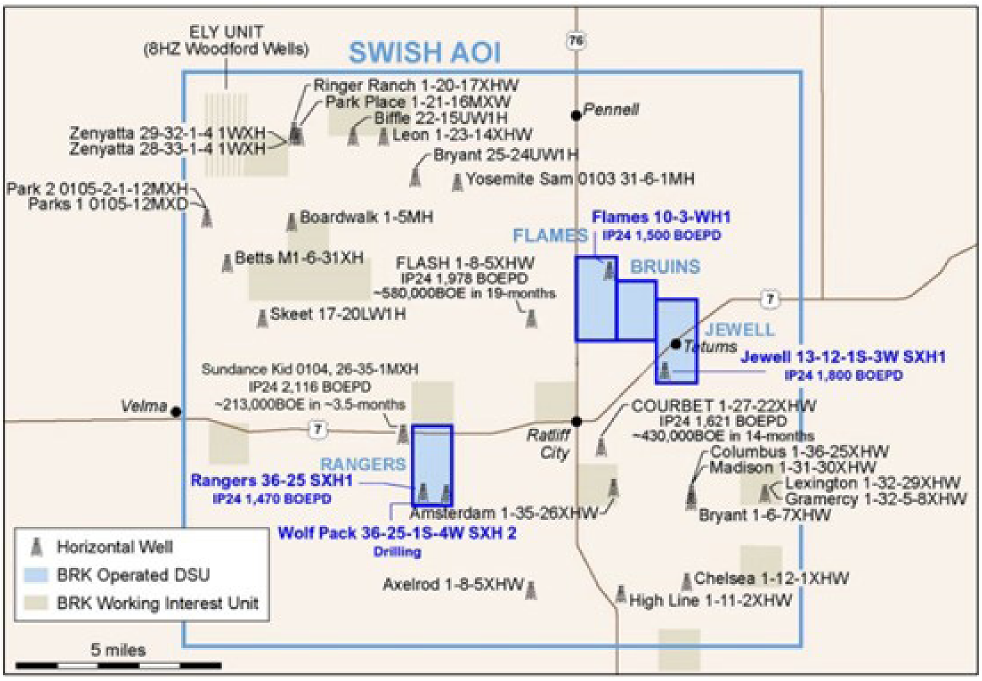
Source: BRK March 2023 quarterly activities report

Table 11 Brooksides non-operated wells in the SWISH Area of Interest

WELL NAME	OPERATOR	STATUS	WI
LEON 1-23-14XHM	Continental Resources, Inc.	Producing	0.17%
GRAMERCY 1-32-5-6-8XHW	Continental Resources, Inc.	Producing	0.17%
BIFFLE 22-15 UW1H	Cheyenne Petroleum, Co.	Producing	0.16%
BOARDWALK 1-5MH	Continental Resources, Inc.	Producing	0.15%
CATSKILLS 1-1-12XHW	Continental Resources, Inc.	Drilling	0.12%
LEXINGTON 1-32-29XHW	Continental Resources, Inc.	Producing	0.08%
LEON 2-26-23-14XHW	Continental Resources, Inc.	Producing	0.03%
ZENYATTA 28-33-1-4 1WXH	Citizen Energy III, LLC	Producing	0.02%
RINGER RANCH 1-20-17XHM	Continental Resources, Inc.	Producing	0.01%
RINGER RANCH 2-20-17XHM	Continental Resources, Inc.	Completing	0.01%
RINGER RANCH 3-20-17XHM	Continental Resources, Inc.	Completing	0.01%

Source: BRK March 2023 quarterly activities report

Figure 12 Brookside SWISH interests with Black Mesa operated DSUs in blue and third party operated DSUs in grey



Source: BRK quarterly activities release 28 April 2023

HISTORY AND PERFORMANCE BY WELL

At the time of writing, Brookside/Mesa has drilled five wells, of which three have production histories, with Wolf Pack contributing to production late in the March 2023 quarter, and Juanita likely to contribute to production later in the year.

Table 12 Quarterly operating performance by major well

Well Production	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Jewell Well							
Shut in days	0	0	0	0	0	0	8
Gross Volume BOE	31363	141070	94401	71833	57833	40667	38167
Gross Oil Volume Bbl	21092	66978	31930	21000	15000	10000	10000
Gross Gas Volume Mcf	32555	242496	209949	185000	167000	112000	109000
Gross NGLs Bbl	4845	33676	27479	20000	15000	12000	10000
Brookside WI	41.6%	41.6%	52.0%	52.0%	51.8%	51.8%	52.1%
Rangers Well							
Shut in days		0	0	0	0	0	15
Gross Volume BOE		0	0	81733	71600	51333	29333
Gross Oil Volume Bbl		0	0	60000	42000	27000	16000
Gross Gas Volume Mcf		0	0	62000	84000	74000	44000
Gross NGLs Bbl		0	0	11400	15600	12000	6000
Brookside WI		80.2%	78.7%	78.7%	80.0%	79.2%	75.3%
Flames Well							
Shut in days		0	0	0	0	0	Extended
Gross Volume BOE		0	0	0	71833	66167	25167
Gross Oil Volume Bbl		0	0	0	40982	30018	12000
Gross Gas Volume Mcf		0	0	0	107750	126251	55000
Gross NGLs Bbl		0	0	0	12893	15107	4000
Brookside WI		71.3%	71.3%	71.3%	71.3%	71.3%	71.3%
Wolf Pack Well							
Shut in days		0	0	0	0	0	0
Gross Volume BOE		0	0	0	0	0	71333
Gross Oil Volume Bbl		0	0	0	0	0	56000
Gross Gas Volume Mcf		0	0	0	0	0	44000
Gross NGLs Bbl		0	0	0	0	0	8000
Brookside WI		80.2%	78.7%	78.7%	80.0%	83.9%	83.9%
Gross Production							
Total Major Wells							
Gross Volume BOE	31362.8	141070	94401	153566	201266	158167	164000
Gross Oil Volume Bbl	21092	66978	31930	81000	97982	67018	94000
Gross Gas Volume Mcf	32555	242496	209949	247000	358750	312251	252000
Gross NGLs Bbl	4845	33676	27479	31400	43493	39107	28000
All Wells							
Gross Prodn BOE	na	57593.81	96365	154427	202720	160022	164000
Net Production BOE	na	23836	39882	86037	114210	91213	94749

Source: BRK quarterly activities reports

All the wells drilled to date are commercial successes, with production generally above expectations. Ranger and Jewell paid back their drilling costs in six months. Flames is coming up to six months but the oil prices have been lower, and it is producing from the Woodford not the Sycamore, so payback is likely to be a bit longer.

The time from completion of the drill pad to production appears to be getting shorter (Jewell 175 days and Wolf Pack 124 days). Juanita is a vertical well but was delayed due to the need to change drill rigs to deal with an over-pressured zone which cost 59 days, so in future we would expect Bradbury Area of Interest vertical wells to take around 110 days.

Production in the March 2023 quarter was negatively impacted because three producing wells were shut in to avoid complications from hydraulic stimulation operations close to each of them.

Sales for the quarter were understated because sales from Wolf Pack were deferred into the June quarter.

Table 13 Summary of high impact well key metrics

	BRK WI	Length Feet	Lateral Feet	Pad to Prodn (days)	Prodn Start	IP24 BOEPD	IP30 BOEPD
SWISH Area of Interest							
Jewell 13 12 1S 3W SXH 1	52.13%	14100	7100	175	14/9/21	1800	1604
Ranger 36 25 SXH 1	75.29%	17460	7500	168	14/4/22	1306	1200
Flames 3 10 1S 3W WXH 1	71.30%	18140	10000	187	4/8/22	1500	1200
Wolf Pack 36 25 1S SXH 2	83.93%	17260	7500	124	21/2/23	2034	1869
Bradbury Area of Interest							
Juanita 32 1	100.0%	6450	0	168	30/3/23		

Source: Working Interest from March 2023 quarterly activities report, various BRK releases (see comments on specific wells in text below) All data in on 100% of well basis.

JEWELL 13-12-1S-3W SH1 WELL

- Brookside Working Interest 52.13% at 31 March 2023. The interest has been increasing slightly from quarter to quarter.
- Brookside Net Interest 41.81% at 31 March 2023
- Royalty Payable 19.79%

Jewell Well Timeline:

- 23 March 2021 – Site works completed.
- 24 September 2021 – production commenced. Initial Production over 24 hours (IP24) 1800boepd

Brookside sold down to fund the drilling of the well

Jewell was the first well in a planned 20 plus well program.

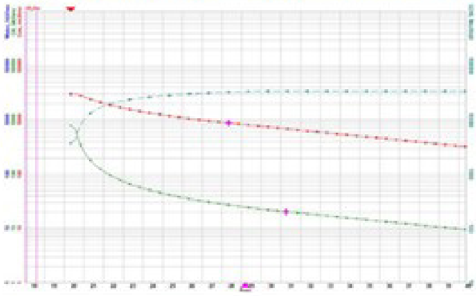
On the 22nd February 2021 Stonehorse Energy (ASX:SHE) announced that following its recent share placement the Company has accepted the offer to step-in for up to 50% Working Interest in the Jewell well. On 29 June 2021, US major ExxonMobil, through its subsidiary XTO Energy Inc. (XTO), elected to participate in the Jewell DSU by taking up its 4.5% Working Interest, and Citation Oil and Gas Corp. (Citation), one of the largest private oil and gas companies in the United States, elected to take up its 2.3% Working Interest.

The well was drilled during May-June 2021 to a total length of 14,100 feet and was tied into an existing gas collection line by 2700 feet of 6 inch pipeline.

Well exceeded expectations

Figure 13 Expected Jewell well production prior to drilling – actual production exceeded this significantly

Type Curve - Jewell 13 12 1S 3W SH1 Well (Base Case)



Asset	Jewell 13 12 1S-3W-SH1
Product	Oil and Gas
Well Type	Horizontal Multi-Stage Completion
Basin	Anadarko
Play & Location	SCOOP Play, Carter County, Oklahoma
Operator	Black Mesa Energy, LLC
Working Interest	~85%
Reservoir	Sycamore
Est. IP24	1,300 BOE (62% oil / 38% gas)
Est. 12-month cum.	324 MBOE
Payout	20 months at current strip pricing
Gas quality	Rich gas, NGLs priced at 40% WTI

"Upside Case" 1,800Mboe for the Jewell well (based on Darcy permeability observed in an historical offsetting well with an open hole completion) delivers a ROR of 53% and the well pays out in approximately 17-months

Source: BRK presentation 17 November 2020

The figure above shows the expected performance of the well by Black Mesa prior to drilling. In the Jewell Type curve estimate prior to drilling the Initial Production over 24 hours (IP24) was 1300boepd, whereas the actual IP24 was 1800boepd.

On the curve above, it looks like production is down to 20bopd of oil and 1400Mcf/day 0f gas after 12 years and 10bopd and 300 Mcf/day after 24 years. This highlights the very long but low volume production tail these wells can exhibit.

Brookside's Jewell Well paid-out within six months of commencing production with all drilling and completion costs fully recovered. The expedited pay-out considerably beat pre-drill estimates due to the better than expected Jewell Well production rates, a strong mix of oil and liquids rich gas and decade high commodity prices.

The Jewell Well produced approximately 250,000 BOE (~73% oil and NGL's) in its first six months of production, with net revenues (80.4% NRI) of US$9,030,000 (Source: BRK release 29 March 2022).

RANGERS 36-25-1S-4W SXH1 WELL

- Brookside Working Interest 75.29%
- Brookside Net Interest 58.97%
- Royalties Payable 21.68%

Rangers Well timeline:

- 20 October 2021 - Drill pad was completed.
- 17 November 2021 - Drilling and casing of the conductor completed.
- 17 January 2022 – Drill rig released.
- 21 February 2022 – Construction of production facilities commenced.
- 10 March 2022 – Preparing to commence multistage hydraulic stimulation of well.
- 24 March 2022 – Well stimulation completed, preparing to mill out isolation plugs and run coil tubing.
- 7 April 2022 – Flowback operations commenced.
- 14 April 2022 – Production commenced.

Brookside able to raise A$9M to fund its majority Working Interest

The Rangers Well is the second well in a potential 5-year, 20-plus well development drilling program across the three operated DSU's the Company controls in the SWISH AOI

The well was permitted to be drilled as a multi-unit horizontal Sycamore well with Brookside controlled subsidiary, Black Mesa, named as operator and Brookside having the majority interest.

Three large US producers confirmed their participation in the Rangers DSU, led by Houston based Citation with a 10.2% WI, Oklahoma City headquartered Continental (NYSE: CLR) with a 5.3% WI and Houston based ExxonMobile subsidiary, XTO, with a 1.7% WI.

On 6 August 2021, Brookside announced the completion of a A$9.0 million capital raise which was used to increase the company's position in the Rangers Drilling Spacing Unit (DSU) and to fund a majority Working Interest in the development of the Rangers Well.

Well paid for its establishment costs in seven months

Production from the Rangers Well stabilised in line with the company's modelled reservoir performance, achieving 1,200 BOE per day average monthly stable production (ie IP30). By the end of June, the well had produced ~ 82,000 BOE (87% liquids) and delivered an IP24 of peak oil rate of 952 barrels per day and a peak rich gas rate of 2,126 Mcf per day (including 270 barrels per day of natural gas liquids).

The well paid out within seven months of commencing production with all drilling and completion costs fully recovered. The expedited payout considerably beat pre-drill estimates due to the strong production rates, a strong mix of oil and liquids rich gas and decade high commodity prices. Rangers produced approximately 173,400 BOE (~83% oil and NGL's) in its first seven months of production, generating revenues of US$13,243,000 for the same period (BRK release 23 November 2022).

FLAMES 10-3-1S-3W WXH1 WELL

- Brookside Working Interest 71.3%
- Brookside Net Interest 56.11%
- Royalties Payable 21 16%

Flames timeline

- 25 January 2022 Site preparation
- 4 August 2022 First production

Brookside's first Woodford Formation well and first funded from cash flow

The Flames 10-3-1S-3W WXH1 Well is a Black Mesa Energy, LLC/Brookside operated well that was drilled by Kenai Drilling Company in Carter County, Oklahoma. The well was drilled as a full-length horizontal well targeting the Woodford Formation at an average depth of ~7,800 feet. The well was drilled to a total measured depth of ~18,140 feet and was cased with production tubing to be perforated and treated to allow production of oil and rich gas.

WOLF PACK 36-25-1S-4W SXH2 WELL

- Brookside Working Interest 83.93%
- Brookside Net Interest 65.30%
- Royalties Payable 22.20%

Wolf Pack time line

- 20 October 2022 Drill pad commenced
- 3 November 2022 Drill pad completed
- 22 December 2022 Drilling completed
- 21 February 2023 Production commenced

Wolf Pack is second well in Ranger Drill Spacing Unit (DSU)

The Wolf Pack 36-25-1S-4W SXH 2 well in the Ranger operating Unit is the first of what Brookside call the Phase 2 wells. Phase 2 is the development drill out of Drill Spacing Units (ie Jewell, Ranger, and Flames) where initial drilling success has been achieved. The well is mid-length horizontal well targeting the Sycamore Formation at an average depth of ~9,515 feet, drilled to a measured depth of 17,260 feet, with ~7,500 feet of lateral section drilled in the Sycamore Formation.

On 11 May Brookside announced that the Wolf Pack Well reached a peak rate (IP24) of 2,034 BOE per day (88% liquids, 12% gas), resulting in Brookside's highest IP24 rate to date. The well has continued its superior performance generating an IP30 rate of 1,869 BOE per day (88% liquids, 12% gas), a record rate for a Brookside operated well. The IP30 rate covered a combination of production rate growth followed by steady production.

Since the date of first production the well has produced in excess of 140,000 BOE, made of up 101,362 barrels of oil, ~21,500 barrels of NGL's and ~111,500 Mcf of gas. At current pricing these gross volumes deliver in excess of US$7.9 million in revenue.

BRADBURY AREA OF INTEREST

The Bradbury AOI is located within the Arbuckle Uplift – Ardmore Basin, east-northeast of the SWISH AOI, in an area identified using historical production data and logs from vertical producers as well as seismic and mapping with the potential to be exploited using low-cost vertical drilling. This is in contrast to the SWISH Area of Interest where the focus is on horizontal wells.

Brookside's initial involvement in this area was through its Orion Joint Venture with ASX listed Stonehorse. The Orion JV is discussed later in this report.

The Thelma Well, which is located in Murray County, Oklahoma was acquired by the Orion JV, It was drilled in 1992 as a vertical well targeting the Simpson Group sands and was spaced on a 40-acre drilling spacing unit (DSU). The zone of production is located at depth of approximately 5,787 feet. The Orion JV conducted a workover which significantly increased flow rates.

Capitalising on the success of the Thelma Well the Joint Venture acquired an additional 40 "held by production" (HBP) acres contiguous to the Thelma acreage. The additional acreage gave the Joint Venture the option to drill a low-cost vertical well with access to seven known potential reservoirs all of which are proven producers in the area. Furthermore, future analysis has the potential to identify other potential producing formations at depth (Source BRK release 21 January 2021).

Successful restoration of commercial production in the Thelma Well has established a new Area of Interest in the SCOOP Play, the Bradbury Prospect, complementing Brookside's existing SWISH AOI. However, Stonehorse elected not to participate in the drilling of the first well in this program (Juanita Well).

Typical production 130,000bbl per well

Mean cumulative historical production from vertical wells in the Bradbury AOI is ~130,000 bbl oil per well, including a 744,000 bbl oil producer less than a mile east of the Juanita Well location.

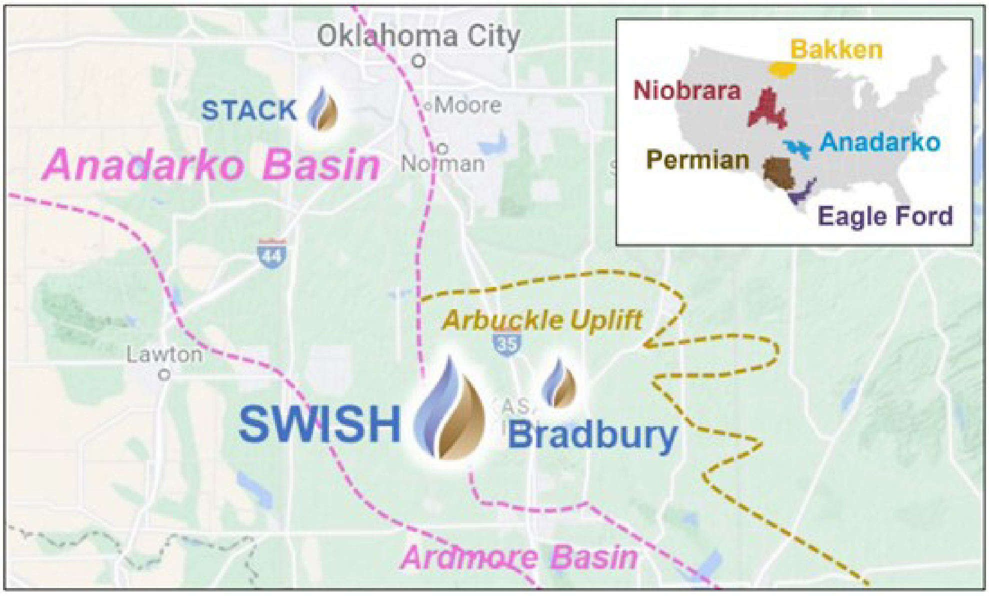
The combination of low-cost drilling and completion costs and high reserve potential is expected to result in superior well economics from vertical wells that are drilled, completed, and successfully brought online in this new Area Of Interest.

Table 14 Brookside wells on the Bradbury Area of Interest

WELL NAME	OPERATOR	STATUS	WI
Bradbury AOI			
JUANITA 32-1	Black Mesa Energy, LLC	Testing	100.00%
Orion Joint Venture with Stonehorse			
MITCHELL 12-1	Black Mesa Energy, LLC	Shut-In	49.44%
THELMA 1-32	Black Mesa Energy, LLC	Producing	36.20%
NEWBERRY 12-1	Black Mesa Energy, LLC	Shut-In	21.70%

Source: BRK March 2023 quarterly activities statement

Figure 14 Location of the Bradbury Area of Interest



Source: BRK September 2022 Quarterly Activities Report

JUANITA 32-1 WELL

- Brookside Working Interest 100%
- Brookside Net Interest ~80%
- Royalty Payable ~20%

Juanita timeline

- 13 October 2022 – Drill pad completed
- 9 November 2022 Edge Services, Inc. Rig 12 setup and drilling ahead at 2000 feet
- 21 November 2022 Over-pressured zone in Springer formation encountered and drilling suspended
- 17 January 2023. Dan the D Drilling Rig 7 commenced drilling ahead
- 23 January 2023 Well at final depth of 6350 feet with oil and gas shows in ten potential reservoirs
- 24 January 2023 Wire logging complete with Bromide Formation of Simpson Group identified

Juanita targeting ten reservoirs

The Juanita Well is targeting ten potential oil reservoirs, including zones from within the highly productive Simpson Group, all of which are proven producers in the area.

A second well location has already been identified and these operations can be fast-tracked subject to the results from the Juanita Well.

At the time of writing, the well was being set up for testing which was expected to take several months.

Figure 15 Thelma and Juanita well locations

Source: BRK presentation 7 November 2022

ORION PROJECT JOINT VENTURE

On 10 June 2020, Brookside and Stonehorse Energy Limited (ASX: SHE) announced that they had formed a joint venture with key elements including:

- Each partner has a 50% interest and provides 50% of funding
- Total initial funding was US$0.5 million.
- Acquiring producing properties and associated Held By Production acreage within what was then considered to be the SWISH AOI, but which Brookside now calls the Bradbury AOI
- Focus on Natural Gas weighted mature production from vertical wells with very low terminal declines and substantial (several decades) remaining economic life
- Cash flow positive at current forward oil and gas prices with opportunity for material production increases from remedial workover activity
- Upside from unexploited or underexploited behind pipe or deeper productive zones
- Black Mesa to identify, acquire, and operate the Joint Venture, and receive a 18.75% back-in after payout. Brookside owns 50% of Black Mesa and would consolidate 100% of the back in interest (Source: 10 June 2020)

Since inception the Project had successfully acquired and completed the workover of 3 wells: Newberry 12-1, Mitchell 12-1 and Thelma 1-32. All wells were brought on production before December 2020. The acquisition of the Newberry 12-1 and Mitchell 12-1 wells included the associated "held by production" acreage. There have been no further wells added to the joint venture since then.

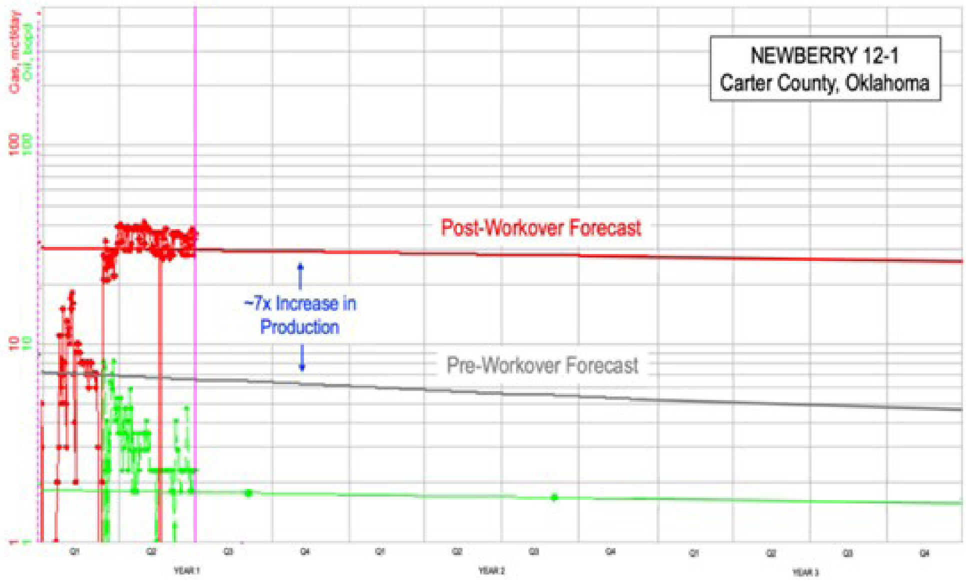
Brookside's 100% Working Interest Juanita well (currently undergoing testing) is a follow-up to the Thelma Well. Stonehorse in not involved in that well. Juanita is a departure from the Orion JV business model which was to spend small amounts of capital to work over existing low volume wells. Juanita is a completely new well and correspondingly more costly.

Newberry 12-1 Well

Brookside has a 21.7% Working Interest in the well on 20 July 2020 for US$78,897. The Newberry well was drilled and completed in the early 1980's as a vertical well targeting the Sycamore formation and was spaced on an 80-acre DSU, and located inside the Jewell Unit of the SWISH AOI.

The workover increased gas production from 6Mcf/d to 42Mcf/d at a cost of US$25,200.

Figure 16 Improvement in the Newberry 12-1 vertical well following a low cost workover (Blue is water, red is gas and green is oil)



Source: BRK release 20 July 2020

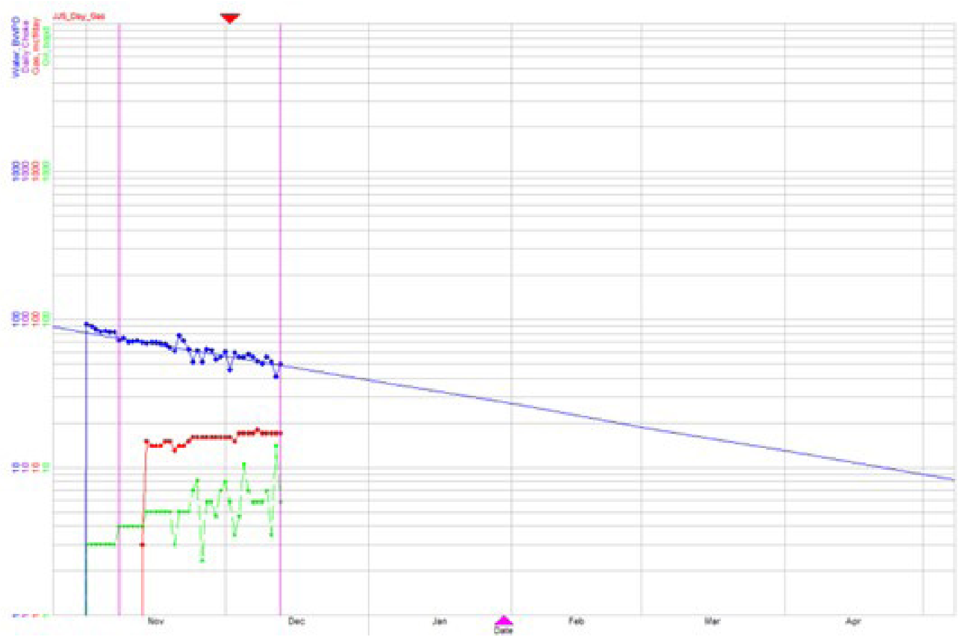
Mitchell Well

The JV acquired 100% of this well on 18 August 2020. Brookside has a 49.44% Working Interest. The Mitchell well is a vertical well that was drilled on an 80-acre spacing unit and completed in the Sycamore Formation and importantly, these acres are held by production with the restart of production. This well is also in the Jewell Production Unit.

The workover was completed and new surface equipment was installed and operational by 5 October 2020, and the first load of oil of 169bbl was sold on 2 December 2020.

Production has averaged 5bopd since pumping commenced. On the chart below, the oil production is in green, rising from 3bopd to a peak of over 10bopd, with a steady state output of 6bopd.

Figure 17 Mitchell Well production improvement following workover (Blue is water, red is gas and green is oil)



Source: BRK release 17 December 2020

Thelma Well

Brookside has a 36.20% Working Interest in the Thelma 1-32 Well on 49 Held By Production acres on 21 October 2020 for US$20,000. Initial workover and related expenses were estimated at US$149,000, and the JV has assumed an estimated US$50,000 in asset retirement obligations (Source BRK release 14 October 2020).

The Thelma Well, which is located in Murray County, Oklahoma was drilled and completed in 1992 as a vertical well targeting the Simpson Group sands and was spaced on a 40-acre drilling spacing unit (DSU). The new zone of production is located at depth of approximately 5,787 feet. The well is located approximately 20 miles east-northeast of Brookside Energy's Jewell DSU in the SWISH AOI, an area that has exhibited high oil production per unit with multiple discrete high porosity high permeability target zones.

On the 13 January Brookside announced that the Thelma well had been brought on production with an initial production (IP) rate of 130bopd with the first load of 313 barrels of oil sold on the 30 December. The long term optimal production of this well is likely to be 30bopd.

ROYALTY INVESTMENT

Table 15 Brookside royalty interests at 31 March 2023

WELL NAME	OPERATOR	STATUS	WI
TATUMS FIELD UNIT	Citation Oil & Gas Company	RI	0.00%
TATUMS TOWNSITE UNIT	Citation Oil & Gas Company	RI	0.00%
TATUMS SAND UNIT	Citation Oil & Gas Company	RI	0.00%
DR NO 1-17-20 1611MHX	Citizen Energy III, LLC	ORRI	0.00%
McKINLEY 13&24 15-13	Continental Resources, Inc.	ORRI Only	0.00%
BOARDWALK 1-5MH	Continental Resources, Inc.	ORRI	0.00%
HENRY FEDERAL 1-8-5XH	Continental Resources, Inc.	ORRI	0.00%
CATSKILLS 1-1-12XHW	Continental Resources, Inc.	ORRI	0.00%
LADYBUG 27 22-15N-13W 1HX	Devon Energy Corp.	ORRI	0.00%
MCCLUNG 1-17	Encana	ORRI Only	0.00%
BUCHER 1711 1-34MH	Marathon Oil Co.	ORRI Only	0.00%
ROSER 1611 1-3-34MXH	Marathon Oil Co.	ORRI & RI	0.00%
ROSER 1611 2-3-34MXH	Marathon Oil Co.	ORRI Only	0.00%
ROSER 1711 4-3-34MXH	Marathon Oil Co.	ORRI Only	0.00%
NW CAMP DEESE UNIT	Phoenix Petrocorp, Inc.	RI	0.00%

Source: BRK March quarter 2023 activities statement

The RA Minerals Royalty Acreage package (~96.5 acres) was acquired in March 2016 for ~US$878,000 and sold for US$1,475,000 (~US$15,300 per acre for a mix of partially developed and undeveloped acreage) in July 2018. This price per acre represented ~80% of the estimated "fully developed" PV10 value per acre.

Its current royalty portfolio as at 31 March 2023 is shown in the table below.

These assets could be sold at some stage for cash if required. In the meantime, they represent a mechanism for acquiring information on field performances which can feed into Brookside's/ Black Mesa's tenement acquisition strategy.

For example, the Tatums Unit is within the Jewell Drill Spacing Unit.

STACK-A JOINT VENTURE

On 25 July 2016, Brookside announced that it has reached an in-principal agreement for a joint venture between Merchant Funds Management Pty Ltd (or nominees) (Merchant) and Brookside's wholly owned subsidiary BRK Oklahoma Holdings, LLC (BRK Oklahoma). US$3.5M was raised, and this enabled Brookside to participate in a number of STACK wells.

During 2018, Brookside sold a portfolio of non-operated Working Interest leasehold in the STACK area for an average of US$28,600 per acre which represented approximately 72% of the estimated NPV10. The leasehold was acquired in 2016 for an average consideration of US$2,500 per acre (Source 2018 annual report). At that time the oil price was trading at around US$60/bbl.

This funding and resultant cash flows from the wells, particularly Bullard, and from profitable portfolio sales energised the Black Mesa relationship and lead directly to Brookside being able to identify and acquire the majority interests and operatorship of its current SWISH Area of Interest holdings.

The table below shows Brookside's remaining STACK lease holdings. These assets are sources of information, and we believe are also available for sale if required. The total net acreage is around 430 acres.

Table 16 Brookside's STACK lease holdings at 31 March 2023

WELL NAME	OPERATOR	STATUS	WI
CARTER 12-1	Black Mesa Energy, LLC	Producing	36.98%
HERRING 1-33 1513MH	Citizen Energy III, LLC	Producing	18.18%
COMPTON 2-8	Mustang Fuel Corp.	Producing	9.46%
BULLARD 1-18-07UWH	Rimrock Resource Operating	Producing	5.21%
HENRY FEDERAL 1-8-5XH	Continental Resources, Inc.	Producing	4.43%
CAULEY 1-7	Devon Energy Corp.	Shut-In	4.22%
GERHARDT 1-7	Devon Energy Corp.	Shut-In	4.22%
TRIM UNIT 1	Devon Energy Corp.	Shut-In	4.22%
DR NO 1-17-20 1611MHX	Citizen Energy III, LLC	Producing	3.79%
MOTE 1-26-23UWH	Rimrock Resource Operating	Producing	3.20%
SPHINX 26 23-16N-11W-1XH	Devon Energy Corp.	Producing	2.89%
ROSER 1611 1-3-34MXH	Marathon Oil Co.	Producing	2.80%
KEVIN FIU 1-20-17XH	Continental Resources, Inc.	Producing	2.21%
LADYBUG 27 22-15N-13W 1HX	Devon Energy Corp.	Producing	2.15%
LANDRETH BIA 1-14H	Marathon Oil Co.	Producing	1.80%
DAVIS 1-8-1611MH	Citizen Energy III, LLC	Producing	1.17%
STRACK 1-2-11XH	Marathon Oil Co.	Producing	1.02%
MIKE COM 1H-0706X	Cimarex Energy, Co.	Producing	0.38%
CENTAUR 7_6-15N-10W 3HX	Devon Energy Corp.	Producing	0.29%
CENTAUR 7_6-15N-10W 2HX	Devon Energy Corp.	Producing	0.29%
CENTAUR 7_6-15N-10W 4HX	Devon Energy Corp.	Producing	0.29%
CENTAUR 7_6-15N-10W 5HX	Devon Energy Corp.	Producing	0.28%
ASSAULT 1-9-16-21XHM	Citation Oil & Gas Company	Producing	0.08%
ESSEX 1R-12-13-24XHW	Continental Resources, Inc.	Producing	0.03%

Source: BRK March quarter 2023 activities statement

We do not know the NPV10 for these assets, nor do we know the Reserves so we cannot value them. However, at US$28,600 per acre, the 430 acres would be worth US$12M which suggests that this portfolio could have a value that is material to the current market capitalisation on Brookside.

CAPITAL STRUCTURE

Table 17 Issued shares

	Million
Issued Shares M	5014.5
Share Rights	2.3
Fully Diluted Shares	5016.9

Source: BRK release 13 January 2023

Brookside has a very simple capital structure with no debt and no options.

Table 18 Shareholder structure

Shareholder	Million	%
The Trust Co of Australia	249.2	4.07%
HEDTEK Pty Ltd	200.1	3.99%
BNP Paribas Nominees	164.0	3.27%
Standard Pastoral Co.	125.0	2.49%
David Prentice	111.0	2.21%
Tutam Properties	83.4	1.66%
Brian Clayton	74.1	1.48%
The Celtic Capital	62.9	1.24%
Ivan Murray Handasyde	60.3	1.20%
Nicojohn P/L	59.0	1.19%
Top Ten	1025.0	19.53%
Other	3989.5	80.47%
Total	5014.5	100.00%

Source: BRK December 2022 quarterly activities report

The share register is wide open with no significant shareholders.

Turnover averages 7.6 million shares per day in the last 12 months.

BOARD AND MANAGEMENT

Michael Fry – Non-Executive Chairman

Michael Fry holds a Bachelor of Commerce degree from the University of Western Australia, is a Fellow of the Financial Services Institute of Australasia, and is a past member of the Australian Stock Exchange. Michael has extensive corporate and commercial experience, financial and capital market knowledge and a background in corporate treasury management. Michael is currently non-executive chairman of Technology Metals Australia Limited and Challenger Energy Limited.

David Prentice – Managing Director

David Prentice has more than 25 years' experience in commercial management and business development within the natural resources sector, working for some of Australia's leading resource companies. This has included high-level commercial and operational roles with a number of publicly listed and unlisted resource companies. The last 10 years have seen David gather extensive experience (both corporate and operational) in the US on-shore oil and gas exploration and production sector with a particular focus on the mid-continent region.

Richard Homsany – Non-Executive Director

Richard Homsany is an experienced corporate lawyer and Certified Practising Accountant (CPA) with significant experience in the resources and energy sectors. He is Executive Chairman of ASX listed uranium exploration and development company Toro Energy Limited (ASX:TOE) and Executive Vice President, Australia of TSX listed uranium exploration company Mega Uranium Ltd (TSX:MGA) and the principal of Cardinals Lawyers and Consultants, a West Perth based corporate and resources law firm. Richard is also the Chairman of ASX listed copper exploration company Redstone Resources Limited (ASX:RDS) and TSX-V listed gold and iron ore explorer Central Iron Ore Limited (TSX-V:CIO). He is also Chairman of the Health Insurance Fund of Australia Ltd (HIF). Richard was previously a partner of major law firm DLA Phillips Fox (now known as global law firm DLA Piper).

Dr. Gracjan Lambert - Executive General Manager Commercial

Gracjan Lambert has a wealth of technical and commercial experience in the global oil and gas industry, built over more than 25 years' working in Europe, Asia (including the Middle East), Australia, North and South America, and Africa. He spent 10 years at Exxon Mobil in diverse roles including managing global held operations and leading complex international commercial negotiations. Over the course of his career, Dr Lambert has leveraged his proven commercial track record and technical expertise to inform profitable decision making and leadership. He holds a PhD in Exploration Geophysics from Curtin University in Western Australia.

Katherine Garvey - Company Secretary

Katherine is a corporate lawyer with significant experience in the resources sector. Katherine advises companies on a variety of corporate and commercial matters including capital raisings, finance, acquisitions and disposals, Corporations Act and ASX Listing Rule compliance, corporate governance and company secretarial issues and has extensive experience drafting and negotiating various corporate and commercial agreements. Katherine is presently Legal Counsel and Company Secretary to ASX listed uranium exploration and development company Toro Energy Limited, a senior associate at Cardinals Lawyers and Consultants, a West Perth based corporate and resources law firm and company secretary to the Health Insurance Fund of Australia Limited. Katherine is also Legal Counsel (Australia) to TSX listed Mega Uranium Limited and company secretary to TSX-V listed Central Iron Ore Ltd.

APPENDIX 1: DEVON ENERGY CASE STUDY

Devon Energy is listed and discloses a relatively high degree of detail about its individual operating regions, including its operations in what it calls the STACK play in the Anadarko Basin, but which in fact extends south into the SCOOP region where Brookside is drilling. Devon is targeting the Meramec and Woodford formations, using almost exclusively horizontal wells. As a result, it gives investors in Brookside an example of what an established business in this region looks like.

Devon generates Drill Spacing Units (DSUs) which typically requires four to eight horizontal wells in each unit. In 2018 (Figure 2). Devon committed to a large program including US$844M spent on development drilling in 2018, falling to US$311M in 2019 and then $4M in 2020 when COVID hit and oil prices collapsed.

Very low risk of a dry hole

Across all the fields Devon operate in, the company drilled 577 new wells in the period from 1 January 2019 to 31 December 2021, of which none were dry holes. This would include its Anadarko drilling and highlights the very low risk of failure in this kind of exploration. Brookside is exposed to the same level of success risk, and so far, has had a zero-failure rate.

In the period from January 2020 to September 2022, that spend has generated an actual average pre-tax free cash flow net of capex of US$120M/qtr including very poor returns in 2020, or would have generated US$172M/qtr at a flat oil price of US$65/Bbl and a gas price of US$4.25/Mcf.

That represents a payback in five quarters, with strong but declining ongoing cash flow thereafter.

Figure 18 Devon Energy planned development in 2018 and 2019

Source: September 2018 quarterly presentation

ANALYSIS OF COSTS

WELL DRILLING AND ESTABLISHMENT COSTS

In the Q4 2021 result report issued by Devon in January 2022, just before the Ukraine war started and the spike in global inflation became evident, the company reported its historical average cost for a 10,000 foot well was US$9M, and that this was expected to fall to US$6.5-7.0M in the Dow drilling program which started in early 2022.

We would expect that the actual costs are likely to be 20% higher as a result of the 2022 inflation spike, giving a cost of US$8.4M to US$10.8M. Brookside is drilling longer wells of around 17,000 feet, so these estimates are consistent with the US$9-13M that Brookside is paying.

Investment fund Dow is farming into a focused program of drilling with Devon. The Dow wells may be lower cost because the program is concentrated in existing Drill Spacing Units (DSUs) where the rig doesn't move very far from well to well, and potentially a number of wells are drilled from the same drill pad, using pre-existing infrastructure, and with low remobilisation costs. We expect Brookside will be able to follow the same approach, potentially cutting the cost of future wells in the same DSU.

OPERATING COSTS WERE US$10-11/BBL, JUMPING TO US$13/BBL IN 2022

Devon has reported fairly stable operating costs at US$10-11/Bbl until a jump to US$13/Bbl in 2022 when the global spike in inflation hit. We expect this is indicative of what Brookside's costs would look like once it reached a steady state of operation.

While it would be useful to know what Devon's annual operating cost per well might be, we have not been able to determine this from the company's publicly available information.

DOW FUNDING ANADARKO DRILLING

From 21 December 2021, Dow is funding a portion of Devon operated wells in the Anadarko amounting to three drilling rigs, out of an estimated four rigs operated by Devon in 2022. Devon is funding 65% of partnership costs up to $65M cost to Dow.

OPERATING HISTORY IN NUMBERS

Table 19 Capital spent and well activity

	2018	2019	2020	2021	2022
Days	365	365	366	365	365
Operated Devt Rigs (estimated 3.3 spuds/rig)	7.8	2.8	0.3	2.8	4.0
Frac Crews	11	na	na	na	na
Gross Operated Spuds	104	38	0	31	48
Gross Operated Wells Tied In	108	75	4	22	37
Net Operated Wells Tied In	0	48	3	0	0
Average Lateral Length tied in ft	33900	38800	9800	30500	28300
Capex US$M	844	311	4	50	172

Source: Devon quarterly reports, aggregated by IIR into years

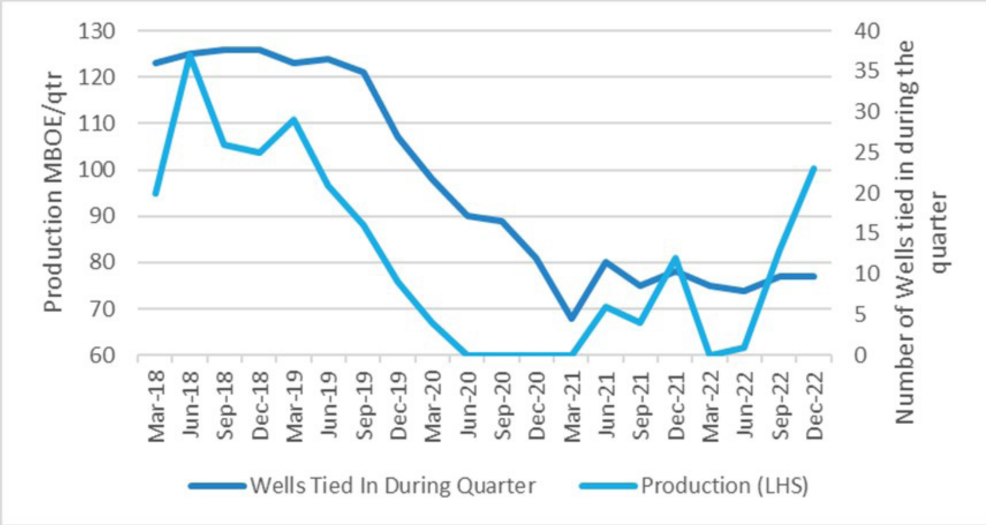
The Devon wells appear to have a decline rate similar to what we are seeing from the Brookside/Black Mesa operated wells, with strong production in the first quarter, then a rapid decline. To maintain a relatively constant output, Devon must keep drilling new wells.

As the table above shows, 2018 saw 104 wells spudded (ie commence drilling) and 108 wells tied in, followed by a fall to 38 wells drilled and 75 tied in during 2019. Drilling ceased during the September 2019 quarter, as activity was directed to other basins, and remained at zero during the COVID induced price fall of 2020. Well Tie-Ins (ie attaching new producing wells to sales pipelines) didn't re-commence until the June quarter of 2021. Of the 75 wells drilled in 2019, 45 of them are identified in Figure 18.

In Figure 19, the addition of some 37 wells per quarter sustained a production of around 125MBOE per quarter, or 3.4MBOE per new well added, and the addition of 5 wells per quarter appears to sustain around 75MBOE per quarter, or 15MBOE/well added. The production in 2021 and 2022 benefits from the runoff production of the wells added in 2018 and 2019.

We cannot tell the individual well detail from this data because the number of wells is gross, and the production is net, and production was deliberately reduced during the COVID period.

Figure 19 New wells added (tied into delivery system) vs production



Source: Devon quarterly reports

Table 20 Operating Economics

Quarterly	2018	2019	2020	2021	2022
Operating Economics					
Benchmark Prices					
WTI Crude Oil US$/Bbl	67.04	57.02	39.59	67.87	94.39
Henry Hub Gas Price US$/Mcf	3.15	2.63	2.08	3.85	6.65
NGLs Mont Belvieu US$/Bbl	27.68	19.22	15.92	32.90	40.14
NGL/Crude	41.3%	33.7%	40.2%	48.5%	42.5%
Realised/Benchmark					
Crude Oil US$/Bbl	95.1%	96.7%	89.8%	97.6%	99.1%
Gas Price US$/Mcf	75.6%	75.0%	79.9%	98.8%	95.7%
Realised					
Crude Oil US$/Bbl	63.78	55.13	35.54	66.24	93.52
Gas Price US$/Mcf	2.38	1.97	1.66	3.80	6.36
NGLs US$/Bbl	26.40	15.89	12.11	29.77	36.37
NGL/Crude	41.4%	28.8%	34.1%	44.9%	38.9%
Ave Price US$/BOE	30.13	24.13	16.34	33.50	47.86
Lease Operating Expense US$/BOE	-2.29	-2.00	-2.49	-2.99	-3.33
Gathering Processing Transport US$/BOE	-4.83	-5.31	-7.13	-6.28	-6.77
Production & Property Taxes US$/BOE	-1.21	-1.11	-0.55	-1.72	-2.77
Total Operating Costs US$/BOE	-8.33	-8.42	-10.17	-10.99	-12.86
Field Level Margin US$/BOE	21.80	15.71	6.17	22.51	34.99
Production					
Oil MBbls/day	32	30	20	15	14
Gas MMcf/day	339	314	252	217	221
NGLs MBbls/day	38	35	28	25	25
Total MBOE/day	125	119	89	75	76
BOE calc	126	118	90	75	76
Oil MBbls	11765	11129	7315	5293	5110
Gas MMcf	123752	114757	92294	79047	80696
NGLs MBbls	13692	12954	10065	9040	9125
Total MBOE	45629	43330	32748	27476	27652

Source: Devon quarterly reports

Table 21 Financial results, and historical Free Cash Flow results adjusted to reflect a flat US$65/Bbl oil price

Quarterly	2018	2019	2020	2021	2022
Revenue US$M					
Oil	750	614	260	351	478
Gas MMcf	295	226	153	301	514
NGLs	361	206	122	269	332
Total	1375	1046	535	920	1323
Operating Costs US$M					
Lease Operating Expense	-104	-87	-82	-82	-92
Gathering Processing Transport	-220	-230	-234	-172	-187
Production & Property Taxes	-55	-48	-18	-47	-77
Total	-380	-365	-333	-302	-356
Field Margin	**995**	**681**	**202**	**618**	**968**
Less Capex	-844	-311	-4	-50	-172
Free Cash Flow Pre Tax	151	370	198	568	796
Calculation of Field Margin at flat Prices					
Long Term Real WTI	65	65	65	65	65
Long Term Henry Hub	4.35	4.35	4.35	4.35	4.35
Long Term NGL	27	27	27	27	27
Revenue US$M					
Long Term Real WTI	765	723	475	344	332
Long Term Henry Hub	538.3	499.2	401.5	343.9	351.0
Long Term NGL	365	345	268	241	243
Total Revenue	1667.9	1567.8	1145.2	928.8	926.4
Free Cash Flow Pre Tax	444	892	808	577	399

Source: Devon quarterly reports

APPENDIX 2: DEFINITIONS

Table 22 Terminology used by Brookside

APO WI	After pay-out working interest
AFIT	After Federal Income Tax
AOI	Area of Interest
BBL	Barrel
BFIT	Before Federal Income Tax
BOE	Barrels of Oil Equivalent
BOEPD	Barrels of Oil Equivalent Per Day
BOPD	Barrels of Oil Per Day
BPD	Barrels Per Day
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.
Force Pooled	The Oklahoma Corporation Commission is authorized to establish well spacing and drilling units covering any common source of supply of hydrocarbons, or any prospective common source of supply. Once the unit is established, the Commission can force pool the interests of all the owners who own interests in that unit and who have not voluntarily joined in the development of that unit.
IP	Initial Production
MBOE	1,000 barrels of oil equivalent
Mcf	1,000 cubic feet
MMBOE	1,000,000 barrels 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
Prospective Resource	Prospective Resources are those quantities of petroleum which are estimated, on a given date, to be potentially recoverable from undiscovered accumulations.
PUD	Proved Undeveloped Reserves
Reserve Categories	These reserve categories are totaled up by the measures 1P, 2P, and 3P, which are inclusive of all reserve types: • "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

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