

# Brookside Energy Ltd

09:42 18 Jan 2019

## Brookside Energy Ltd "looking forward to an exciting 2019", says MD David Prentice

Brookside Energy Ltd (ASX:BRK) managing director David Prentice has acknowledged that volatility is a part of life, telling investors the company can plan for and manage share price volatility.

The corporate leader and long-time resources industry executive answered shareholders' questions in an interview with Proactive Investors published today.

Prentice said price action had affected business sentiment but it had not affected Brookside's fundamentals.

### BIG PICTURE: Brookside Energy declares maiden reserve of 3.45 million barrels from Anadarko Basin in US

Prentice told Proactive Investors' Stocktube video channel the company was "looking forward to an exciting 2019".

Brookside's strategic goal is to build value through a disciplined portfolio approach to the acquisition and development of producing oil & gas assets, and the leasing and development of acreage opportunities.

The Western Australian company declared maiden reserves of 3.45 million barrels of oil equivalent (MMboe) in December 2018 for its acreage in the USA's prolific Anadarko Basin.

Net Reserves				Future Net Revenue		
Category	Status	Oil (Barrels)	Gas (Mcf) <sup>4</sup>	BOE <sup>4</sup>	Total (US\$)	NPV <sub>10</sub> (US\$)
1P <sup>5</sup>	Proved, Developed, Producing (PDP)	43,158	1,460,232	286,530	4,220,666	2,956,483
	Proved Undeveloped (PUD)	559,424	11,918,153	2,545,783	28,875,322	8,755,363
	Probable	97,896	3,114,494	616,978	4,644,826	783,891
2P <sup>6</sup>	Proved plus Probable	700,478	16,492,879	3,449,291	37,740,814	12,495,737

The combined net present value (NPV10) of this reserve is US\$12.5 million at a 10% discount, with forecast future net revenues of US\$37.75 million.

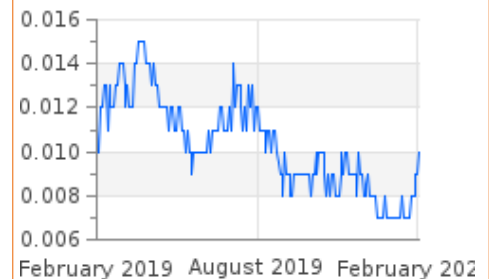
The NPV10 per acre of about US\$30,000 is testament to the strength of Brookside's business model.

Subiaco-based Brookside's maiden net oil & gas reserves were attributable to only 20% of its total holdings in the basin, so the company is confident of growing its total from the remaining 80% ground.

Price: 0.01

Market Cap: \$10.02 m

#### 1 Year Share Price Graph



#### Share Information

Code: BRK

Listing: ASX

52 week High: 0.016  
Low: 0.006

Sector: Oil & Gas

Website: [www.brookside-energy.com.au](http://www.brookside-energy.com.au)

#### Company Synopsis:

*Brookside Energy Ltd (ASX:BRK) is focused on developing oil and gas plays in the world-class Anadarko Basin.*

action@proactiveinvestors.com.au

The company's 2018 maiden reserve came at a time of volatility in financial markets.

**READ: Brookside Energy achieves strong, sustained production from Woodford Shale well**

Prentice said: "2018 generally was a pretty good year for oil & gas prices.

"Crude oil averaged around US\$60 a barrel for 2018 and natural gas around \$3.

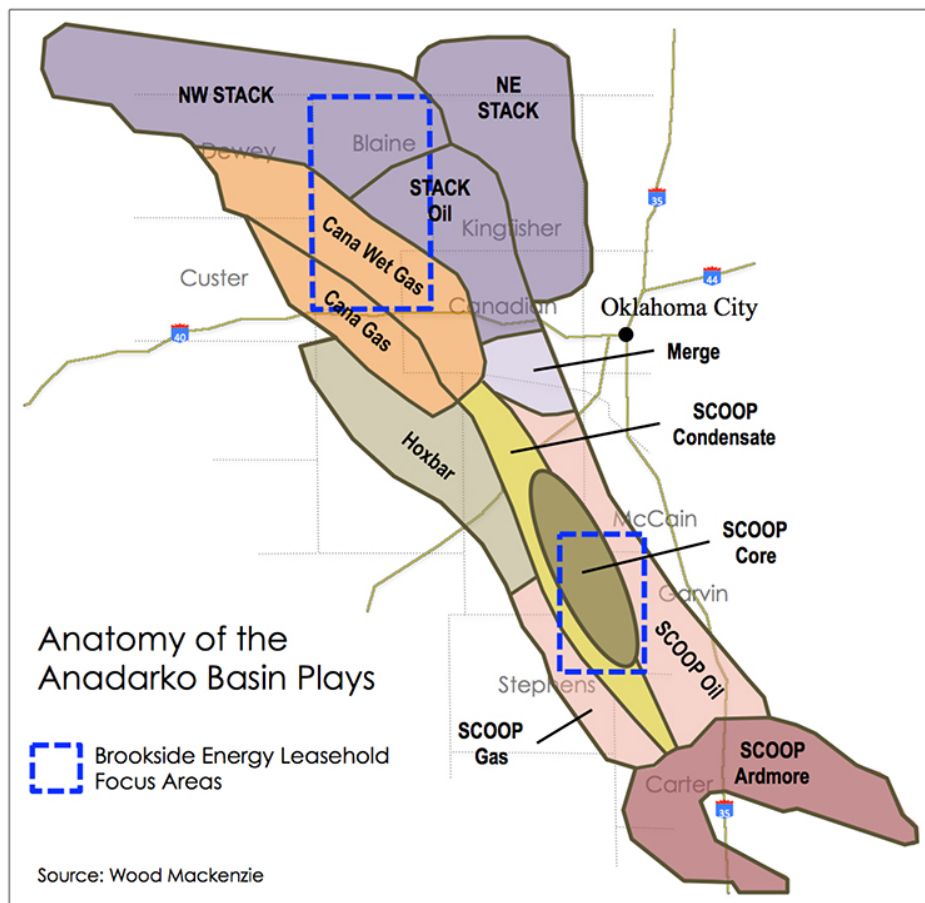
"Obviously we saw some pretty dramatic volatility towards the end of the year, the oil price was off dramatically and gas natural prices were up dramatically.

"So, yes there was some volatility. This volatility obviously affects sentiment but it really does not impact on our business model, on our fundamentals or how we execute our business plan."

Prentice, who is also chairman of Lustrum Minerals Limited, told Proactive the business fundamentals for Anadarko remained strong and the American basin was a great place to execute the company's business plan.

Brookside's proven reserves in Anadarko Basin were estimated at 2.83 MMboe, or about 82% of total reserves.

A further 0.617 MMboe were in the probable reserve category.



Bearish markets have advantages

Brookside has a strategy to pick up new projects and new ground when markets conditions soften.

Prentice said: "Long-term price fluctuations like we saw from the middle of 2014 to the middle of 2016 obviously do provide opportunities, that's where you'd like to execute what we like to call the buy-low strategy."

"Whereas, what I would consider the short-term-type price fluctuations that we're seeing now probably don't have an impact on our business model."

The managing director has noted improvements in the Anadarko Basin area, highlighting activity had increased along with acreage prices, production and reserves.

Hydrocarbons have a future despite electric vehicle fervour

Prentice believes the company's portfolio and approach will help Brookside build long-term value for investors.

"I think the future's bright for oil & gas."

Prentice told Proactive he believed a bright future for hydrocarbons was fundamentally linked to global growth and consumption for the full spectrum of

energy sources.

Prentice said: "I'm obviously an oil & gas bull, worked in the industry a long time and it's something I'm quite passionate about.

"Certainly we're seeing a shift in the way that we store and then discharge energy, and the uptake of the EVs (electric vehicles) space.

"Improvements in battery technologies have been impressive."

The resource industry figure of more than 25 years has 15 years experience leading companies, including Red Fork Energy Limited and DLA Phillips Fox.

He is also a non-executive director of Comet Resources Ltd (ASX:CRL) and Black Mesa Production LLC.

Prentice is confident of the medium to long-term outlook for oil & gas.

"I think ... in the medium to long term, the oil price, or the hydrocarbon story, is really about global growth and consumption.

"The outlook looks strong across the spectrum, all the way from the petrochemicals sector through to the fuels sector.

"I remain a bull and I still think this is the right place for our shareholders to be."

A standout approach

Prentice believes Brookside stands out from its peers and competitors with its strategy for tenement acquisition.

He told Stocktube: "We're passionate about this land and leasing model that I (outline) when I'm on your program talking about our strategy.

"We still believe that it is absolutely the best place for Aussie investors in the oil & gas sector — in the US to get the best returns, the best leverage — and so we remain committed to that land and leasing strategy."

Prentice told Proactive he was passionate that part of the business would generate the best returns for Brookside's shareholders in the long term.

— with **Danielle Doporto, John Miller**

Q&A with David Prentice

### **1. What factors make the company a promising investment proposition?**

If we take out the things we can't control — price volatility, as an example — and focus on fundamentals, it's our ability to grow reserves and increase dollars per acre that makes us a compelling investment.

### **2. What fundamental factors are required for a re-rating for the company?**

It's all about reserve growth — 2019 will be a transformational year for us as we kick-off development of our SWISH area in the SCOOP Play.

### 3. How is the company travelling financially?

We are traveling well. A key benefit of our business model is the flexibility to shift capital from one area to another as we high-grade our portfolio. Also, our ability to source capital from external sources to fund drilling and reserve delineation is key.

### 4. Why the focus on the Anadarko Basin rather than other oil & gas regions in the world?

We identified the opportunity in the Anadarko Basin early and the basin continues to get better. We love the basin metrics, geology and reserve potential, and access to services and infrastructure and premium markets for the oil & gas. The Anadarko is now widely recognised as one of the lowest break-even-price basins on-shore in the US. Break-even is from the high US\$20s to the low US\$40s a barrel.

### 5. What are the upcoming catalysts for the company in 2019?

Following a strong performance in 2018 at the asset level and the release of our maiden reserve report (US\$12.5 million NPV for 20% of our holdings), we are looking forward to scaling up in 2019 with the chance to increase our acreage and reserves by multiples as we take larger working interests across a bigger acreage position. In the short-term milestones will be centred on success with our spacing and pooling activity in SWISH.

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Contact us +61 (0)2 9280 0700 [action@proactiveinvestors.com.au](mailto:action@proactiveinvestors.com.au)

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