

Orion Project Joint Venture Third Acquisition Completed - Workover Set to Commence

Perth, Western Australia – 14 October 2020 – **Brookside Energy Limited** (ASX: BRK) (**Brookside**) and **Stonehorse Energy Limited** (ASX: SHE) (**Stonehorse**) (the **Companies**) are pleased to provide an update on the operation of the Orion Project Joint Venture (the **Joint Venture**). The Joint Venture is targeting producing properties and associated acreage Held by Production (**HBP**).

HIGHLIGHTS

- The Joint Venture has executed a purchase and sale agreement for its third producing property acquisition, the Thelma 1-32 well, including the associated 40 HBP acres and existing infrastructure (the **Thelma Well**).
- The Thelma Well is located in Murray County in the southern part of the SCOOP Play, approximately 20 miles east-northeast of Brookside's Jewell DSU.
- The Black Mesa team have identified a number of high potential target formations in the Thelma Well (a vertical well drilled in the early 1990's) including material behind pipe volumes.
- This third acquisition (in less than four months) expands on the Orion Project's scope and scale by adding virgin proved developed not producing (PDNP) reservoirs and their untapped volumes to future potential production.
- The footprint of the Orion Project has now been expanded to encompass a new area outside of the SWISH area of interest (**AOI**) with considerable upside potential from additional PDP acquisitions and/or development opportunities.
- Workover operations are set to commence shortly with a rig expected to be moved on location early next month.
- Black Mesa continues to work up additional acquisition targets within the SWISH AOI and the wider southern Anadarko Basin area, advancing these opportunities and adding to the list of acquisition targets.

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

"We are once again delighted to bring news of another successful Orion Project Joint venture acquisition to our shareholders. This latest deal is another example of our teams' ability to remain disciplined and focussed on returns and still deliver significant growth potential from the Producing Property Acquisitions pillar of our business.

"We are very much looking forward to providing further updates from this new and exciting AOI as we optimise production and further investigate the significant underdeveloped potential in the area."

Stonehorse Managing Director, David Deloub said:

"As scale and holding acreage by production is the key to the Orion JV we are very pleased to announce a third acquisition within four months of the Joint Venture's operation. In addition to providing several high potential targets in this well this also expands our footprint and establishes a new AOI in Murray County".

The Joint Venture has successfully closed its third producing property acquisition opportunity (the Thelma Well) in its first four months of operation. The Joint Venture was formed in mid-June 2020 to target mature long-life production assets with very low terminal decline and upside that can be unlocked from remedial workover activity and/or unexploited or underexploited behind pipe or deeper productive zones.

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

The Thelma Well has produced approximately 57,000 barrels of oil to date which, based on the internal estimates prepared by Black Mesa, indicates that material volumes are still to be extracted from producing zones or behind pipe formations, making this well a prime workover candidate.

Successful restoration of commercial production in the Thelma Well will establish a new AOI for the Joint Venture complementing the SWISH AOI.



Figure 1. Thelma 1-32 well head and rod pump, SCOOP Play Anadarko Basin, Oklahoma

Workover operations are set to commence shortly with a rig expected to be moved on location early next month. Workover operations will include inspection and repair or replacement of both surface and downhole production equipment as well as a “clean-up” of the perforated intervals to optimise the existing production. Future work will include adding further production and cashflow through recompletions of already identified behind pipe reservoirs that have produced in offset wells surrounding the Thelma Well.

The costs¹ associated with the acquisition of the well and the workover will be met by the Joint Venture partners (50/50) in accordance with the terms of the agreement.

The Joint Venture is continuing to work up a pipeline of opportunities. The Black Mesa team have already identified a large number of potential acquisition targets both within the SWISH AOI and more broadly in the southern Anadarko Basin region that satisfy the Joint Venture's investment hurdles and work to advance these opportunities and add to the list of targets is ongoing.

– ENDS –

This announcement has been authorised for release by the Boards of Directors of Brookside Energy Limited and Stonehorse Energy Limited.

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¹ Acquisition costs of US\$20,000 (subject to adjustment at closing) with an effective date of 1 October 2020. Initial workover and related expenses have been estimated at ~US\$149,000. In addition, the Joint Venture has assumed asset retirement obligations of approximately US\$50,000.

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About Brookside Energy Limited

Brookside Energy is a Perth-based ASX listed company that generates shareholder value by developing oil and gas plays in the United States, specifically the Anadarko Basin in Oklahoma. The Anadarko Basin is a proven Tier One oil and gas development province with significant existing oil and gas gathering and transportation infrastructure, a competitive and highly experienced oil and gas service sector, and a favourable regulatory environment. Brookside is executing a "Real Estate Development" approach to acquiring prospective acreage in the Anadarko Basin and adding value to it by consolidating leases and proving up oil and gas reserves. The Company then has the option of selling the revalued acreage or maintaining a producing interest. The Company is now set to scale-up its activities and asset base significantly with its operated- interests in the SWISH AOI.

Web <http://brookside-energy.com.au>

About Stonehorse Energy Limited

Stonehorse Energy is a Perth-based ASX listed oil and gas exploration and production company which currently has working interests in a number of producing oil and gas assets located in Oklahoma and Texas in the United States. The Company's overall objective is to be cashflow accretive by building a portfolio of working interests in high quality producing assets delivering a return on investment to its shareholders reflecting risk appetite and capital availability.

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

About Black Mesa Energy, LLC

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

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

GLOSSARY

APO WI	After pay out working interest
AFIT	After Federal Income Tax
AOI	Area of Interest
BFIT	Before Federal Income Tax
BOE	Barrels of Oil Equivalent
COPAS	Council of Petroleum Accountants Societies
Development Unit or DSU	Development Unit or drilling spacing unit is the geographical area in which an initial oil and/or gas well is drilled and produced from the geological formation listed in a spacing order. The spacing unit communitizes all interest owners for the purpose of sharing in production from oil and/or gas wells in the unit. A spacing order establishes the size of the unit; names the formations included in the unit; divides the ownership of the unit for the formations into the "royalty interest" and the "working interest"; Only one well can be drilled and completed in each common source of supply. Additional wells may be drilled in a Development Unit, but only after an Increased Density Order is issued by the Oklahoma Corporation Commission.
Mboe	1,000 barrels of oil equivalent
Mcf	1,000 cubic feet
MMboe	1,000,000 barrel of oil equivalent
NPV ₁₀	The net present value of future net revenue, before income taxes and using a discount rate of 10%.
NRI	Net Revenue Interest
PDP	Proved Developed Producing Reserves
Pooling Agreements	The pooling agreements facilitate the development of oil and gas wells and drilling units. These binding pooling agreements are between the Company and the operators as specified in Appendix 1.
PUD	Proved Undeveloped Reserves
Reserve Categories	These reserve categories are totalled up by the measures 1P, 2P, and 3P, which are inclusive of all reserves types: <ul style="list-style-type: none"> • "1P reserves" = proven reserves (both proved developed reserves + proved undeveloped reserves). • "2P reserves" = 1P (proven reserves) + probable reserves, hence "proved AND probable." • "3P reserves" = the sum of 2P (proven reserves + probable reserves) + possible reserves, all 3Ps "proven AND probable AND possible."
STACK	Sooner Trend Anadarko Basin Canadian and Kingfisher Counties – oil and gas play in the Anadarko Basin Oklahoma
SCOOP	South Central Oklahoma Oil Province - oil and gas play in the Anadarko Basin Oklahoma
SWISH AOI	Description of Brookside's Area of Interest in the SCOOP Play
Working Interest	Percentage of ownership in a lease granting its owner the right to explore, drill and produce oil and gas from a tract of property. Working interest owners are obligated to pay a corresponding percentage of the cost of leasing, drilling, producing and operating a well or unit