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## Orion Project Joint Venture Thelma Well Acquisition and Operations

Perth, Western Australia – 1 December 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**), specifically the acquisition of the Thelma 1-32 well (the **Thelma Well**) located in the SCOOP Play, northeast of Brookside's SWISH Area of Interest (**SWISH AOI**).

### HIGHLIGHTS

- The transfer of ownership and operation of the Thelma Well, including the associated 40 “held by production” (**HBP**) acres and production infrastructure, took effect on 21 October 2020
- This is the third successful acquisition for the Joint Venture and has expanded its footprint into a newly identified Area of Interest in the SCOOP Play outside of the SWISH AOI
- Planned workover and restorative operations have been successfully completed on time and on budget with the Thelma Well now set to be brought back online post a successful production test (production and sales re-established)
- Operations to date have included the replacement of downhole and surface equipment including pulling and replacement of the production string, replacement of the separator, removal of a retrievable bridge plug and confirmation of well bore casing integrity
- Examination of geological logs has identified a “behind pipe” zone of interest in the Simpson Group sands and this zone has now been isolated and successfully perforated and cleaned up
- Testing of this zone is now underway with a successful production test in this well set to establish a new AOI to complement Brookside's SWISH AOI

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Commenting on the acquisition and the current operations, Brookside Managing Director, David Prentice said:

“It's great to see the momentum continuing to build in the Orion Project. The Black Mesa team have once again moved quickly post the acquisition to successfully complete works on both the location and surface production equipment and importantly on the more complex downhole production string and plugs.

“This new zone that we have just perforated and cleaned up looks exciting and we are looking forward to seeing the results of the production test.”

Stonehorse Managing Director, David Deloub said:

“In addition to continuing to successfully build on the stated Orion Project Joint Venture well development program, we are particularly excited by the potential to establish a new Area of Interest in the SCOOP Play outside of the SWISH AOI”.

The transfer of ownership and operation of the Thelma Well and the associated 40 HBP acres and associated infrastructure took effect on 21 October 2020. The Thelma Well is located in the SCOOP Play, in an area east-northeast of Brookside's Jewell Drilling Spacing Unit (DSU) in the SWISH AOI. This acquisition has now expanded the footprint of the Orion Project Joint Venture into a new area that has historically exhibited high oil production per unit with multiple discrete high porosity high permeability target zones.

Following the transfer of ownership, a workover rig was mobilised to site and workover and restorative operations on the Thelma Well and location completed. Workover operations were successfully completed on schedule and within budget without incident. Operations included cleaning and preparation of site, pulling and replacement of the existing production string, replacement of the separator, retrieval of a removable bridge plug and testing of the well bore casing integrity.

A "behind pipe" zone of interest in the Simpson Group has been identified by the Black Mesa Energy team and this zone has now been successfully perforated and cleaned up.



Figure 1. Delivery and installation of a new separator on location, Thelma Well, SCOOP Play, Oklahoma

Testing of this new zone is currently underway and the Companies look forward to providing further updates as initial production data comes to hand. Successful restoration of commercial production in the Thelma Well will establish a new Area of Interest in the SCOOP Play, complementing Brookside's existing SWISH AOI.

– 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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## **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, a Brookside Energy Limited controlled subsidiary, 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 <sub>10</sub>	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"> <li>• "1P reserves" = proven reserves (both proved developed reserves + proved undeveloped reserves).</li> <li>• "2P reserves" = 1P (proven reserves) + probable reserves, hence "proved AND probable."</li> <li>• "3P reserves" = the sum of 2P (proven reserves + probable reserves) + possible reserves, all 3Ps "proven AND probable AND possible."</li> </ul>
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