
Orion Project Joint Venture

Second Acquisition Closed - Workover Set to Commence

Perth, Western Australia; **18 August 2020** - **Brookside Energy Limited (ASX:BRK)** and **Stonehorse Energy Limited (ASX:SHE)** (the **Companies**) are pleased to provide an update on the successful operation of the recently announced Orion Project Joint Venture (the **Joint Venture**). The Joint Venture is targeting producing properties and associated Held by Production (HBP) acreage predominantly within Brookside's existing area of focus in the SCOOP Play (the **SWISH AOI**).

HIGHLIGHTS

- The Joint Venture has successfully closed its second producing property acquisition opportunity in its first two months of operation
- The second well acquired by the Joint Venture, the Mitchell 12-1 well is also located within Brookside's Jewell drilling spacing unit (**DSU**) in the SWISH AOI in the southern part of the SCOOP Play
- The Mitchell well is a vertical well that was drilled on an 80-acre spacing unit and completed in the Sycamore Formation and importantly, the well will HBP these acres when production is restored
- The Sycamore Formation (the primary target zone for the Jewell DSU) is delivering outstanding sustained productivity in offsetting wells, including from the Flash 1-8-5MXH well, which is located ~3-miles west of the Jewell DSU (produced ~390,000BOE in approximately 8-months)
- Workover operations are set to commence shortly with a rig expected to be moved on location later this month
- Black Mesa continues to work up additional acquisition targets within the SWISH AOI and the wider southern Anadarko Basin area, work to advance these opportunities and add to the list of targets is ongoing

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

"It is fantastic to see the momentum building in the Joint Venture. Two acquisitions closed in two months is a very strong start. We are looking forward to keeping our shareholders updated as we move the work-over rig onto the location and with initial production results as these come to hand.

"The Black Mesa team are continuing to identify opportunities and importantly bring these to close quickly. We are delighted that we have been able to add the Orion Project Joint Venture as another important pillar of our business model."

Stonehorse Managing Director, David Deloub said:

"Stonehorse is delighted to close the second of a planned pipeline of producing property acquisitions under the Orion Project Joint Venture. Not only are we expecting this acquisition to be cashflow accretive on completion of the planned workover of the well, it also brings with it the added benefit of securing held-by-production acres in our current area of focus."



The Joint Venture has successfully closed its second producing property acquisition opportunity (the Mitchell 12-1 well) in its first ~two 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 Mitchell 12-1 well, which is located in Carter County, Oklahoma was drilled and completed in the early 1980's as a vertical well targeting the Sycamore formation and was spaced on an 80-acre drilling spacing unit (DSU).

The well is also located within Brookside's Jewell DSU in the SWISH AOI and it is the second well to be acquired in this DSU. Successful restoration of production in the Mitchell well, when added to the recently announced successful workover of the Newberry well will provide the opportunity to hold up to 160-acres in the Jewell DSU by production.

The Sycamore Formation is the primary target zone for the Jewell DSU. This Formation continues to deliver outstanding results within the SWISH AOI, with sustained productivity in offsetting wells, including from the Casillas Operating, LLC operated Flash 1-8-5MXH well, which is located ~3-miles west of the Jewell DSU and has produced ~390,000 BOE in its first 8 months of production (see Figure 1. Below).

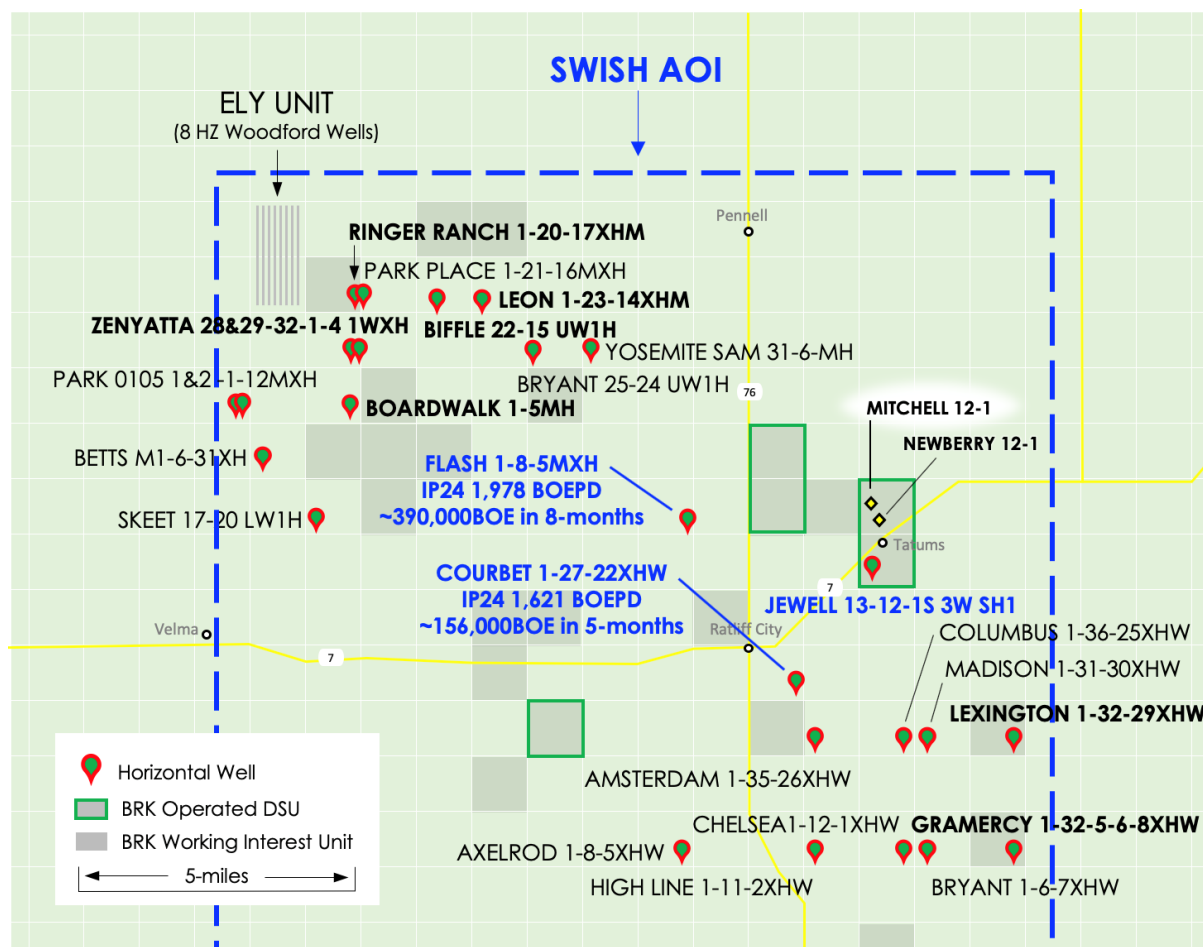


Figure 1. Activity Map, Swish AOI Scoop Play Anadarko Basin, Oklahoma

Workover operations are set to commence shortly with a rig expected to be moved on location later this 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 interval (Sycamore Formation) and finally swab testing and planned restoration of production.



Production records show that the Mitchell 12-1 well has produced almost 224,000 BOE (~30% oil) since inception and Black Mesa Energy's analysis shows approximately 90,000 BOE (15% oil) remaining to be produced. A successful workover is expected to deliver a rate of return in the mid-30% range and achieve payout in approximately 2.5-years (inclusive of acreage acquisition costs). 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.

For further information, contact:

David Prentice

Managing Director

Brookside Energy Limited

Tel: (+61 8) 6489 1600

david@brookside-energy.com.au

David Deloub

Executive Director

Stonehorse Energy Limited

Tel: (+61 8) 6489 1600

david@stonehorseenergy.com

Sarah Lenard

Partner

Advisir, Investor & Media Relations

Tel: (+61 4) 32 332 905

sarah.lenard@advisir.com.au

Omar Taheri

Founder

SparkPlus

Tel: +65 8111 7634

omar@sparkplus.org

¹ Include Acreage Acquisition costs of ~US\$32,000 and Workover and related expenses of ~US\$33,000. In addition the Joint Venture has assumed asset retirement obligations of approximately US\$50,000.



Forward-Looking Statements and Other Disclaimers

This announcement may include forward-looking statements. Forward-looking statements are only predictions and are subject to risks, uncertainties and assumptions, which are outside the control of Brookside Energy Limited and/or Stonehorse Energy Limited ("Brookside Energy", "Stonehorse Energy" or "the Company"). These risks, uncertainties and assumptions include commodity prices, currency fluctuations, economic and financial market conditions in various countries and regions, environmental risks and legislative, fiscal or regulatory developments, political risks, project delay or advancement, approvals and cost estimates. Actual values, results or events may be materially different to those expressed or implied in this announcement. Given these uncertainties, readers are cautioned not to place reliance on forward-looking statements. Any forward-looking statements in this announcement speak only at the date of issue of this announcement. Subject to any continuing obligations under applicable law and the ASX Listing Rules, Brookside Energy and Stonehorse Energy do not undertake any obligation to update or revise any information or any of the forward-looking statements in this announcement or any changes in events, conditions or circumstances on which any such forward looking statement is based.

This announcement does not constitute investment advice. Neither this announcement nor the information contained in it constitutes an offer, invitation, solicitation or recommendation in relation to the purchase or sale of shares in any jurisdiction. Shareholders should not rely on this announcement. This announcement does not take into account any person's particular investment objectives, financial resources or other relevant circumstances and the opinions and recommendations in this announcement are not intended to represent recommendations of particular investments to particular persons. All securities transactions involve risks, which include (among others) the risk of adverse or unanticipated market, financial or political developments.

The information set out in this announcement does not purport to be all-inclusive or to contain all the information, which its recipients may require in order to make an informed assessment of Brookside Energy or Stonehorse Energy. You should conduct your own investigations and perform your own analysis in order to satisfy yourself as to the accuracy and completeness of the information, statements and opinions contained in this announcement.

To the fullest extent permitted by law, the Company does not make any representation or warranty, express or implied, as to the accuracy or completeness of any information, statements, opinions, estimates, forecasts or other representations contained in this announcement. No responsibility for any errors or omissions from this announcement arising out of negligence or otherwise is accepted.

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

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



GLOSSARY

APO WI	After pay out working interest
AFIT	After Federal Income Tax
AOI	Area of Interest
BFIT	Before Federal Income Tax
BOE	Barrels of Oil Equivalent
COPAS	Council of Petroleum Accountants Societies
Development Unit or DSU	Development Unit or drilling spacing unit is the geographical area in which an initial oil and/or gas well is drilled and produced from the geological formation listed in a spacing order. The spacing unit communitizes all interest owners for the purpose of sharing in production from oil and/or gas wells in the unit. A spacing order establishes the size of the unit; names the formations included in the unit; divides the ownership of the unit for the formations into the "royalty interest" and the "working interest"; Only one well can be drilled and completed in each common source of supply. Additional wells may be drilled in a Development Unit, but only after an Increased Density Order is issued by the Oklahoma Corporation Commission.
Mboe	1,000 barrels of oil equivalent
Mcf	1,000 cubic feet
MMboe	1,000,000 barrel of oil equivalent
NPV₁₀	The net present value of future net revenue, before income taxes and using a discount rate of 10%.
NRI	Net Revenue Interest
PDP	Proved Developed Producing Reserves
Pooling Agreements	The pooling agreements facilitate the development of oil and gas wells and drilling units. These binding pooling agreements are between the Company and the operators as specified in Appendix 1.
PUD	Proved Undeveloped Reserves
Reserve Categories	These reserve categories are totalled up by the measures 1P, 2P, and 3P, which are inclusive of all reserves types: • "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