

STONEHORSE ENERGY ADDS TO ITS EXISTING US WELL BORE INVESTMENTS.

- ◇ **Funding the commencement of site works for the Jewell #13-12-1S-3W-SH1 Well in the Anadarko Basin, Oklahoma.**

Perth, Western Australia – September 12th 2019. Stonehorse Energy Limited (ASX:SHE) (Stonehorse or the **Company**) is pleased to announce that it has reached agreement with Brookside Energy Limited (Brookside) (ASX: BRK) to fund initial site works associated with the Jewell #13-12-1S-3W-SH1 Well in preparation for drilling and completion operations. This investment will go toward its pro-rata share of the well’s drilling and completion costs.

Background

The overall objective of the Company is to implement its strategy of adopting a flexible approach to building a portfolio of high quality well bore assets with working interest percentages reflecting risk appetite and capital availability underpinned by the Step-in Agreement with Brookside.

The Step-in Agreement provides the Company with access to a pipeline of well bore opportunities in the Anadarko Basin, including the potential to participate in non-operated wells in the core of the STACK Play and higher-impact wells in the emerging and highly sought after Sycamore-Woodford trend in the SCOOP Play.

The Jewell #13-12-1S-3W-SH1 Well

Under the terms of the Step-in arrangement, Stonehorse has the opportunity to step-into up to ~90% working interest in a Sycamore well located in the southern SCOOP Play in the Anadarko Basin. The Jewell #13-12-1S-3W-SH1 Well.

Name	Jewell 13-12-1S-3W-SH1
Location	SCOOP Play, Anadarko Basin, Carter County, OK
Formation	Sycamore Limestone
Operator	Black Mesa Production, LLC.
Working Interest	Up to 95% (final SHE WI to be determined)
Status	Permitted
Total D&C Cost (est)	~US\$7.65m (at 90% W.I.)

Table 1. Summary table

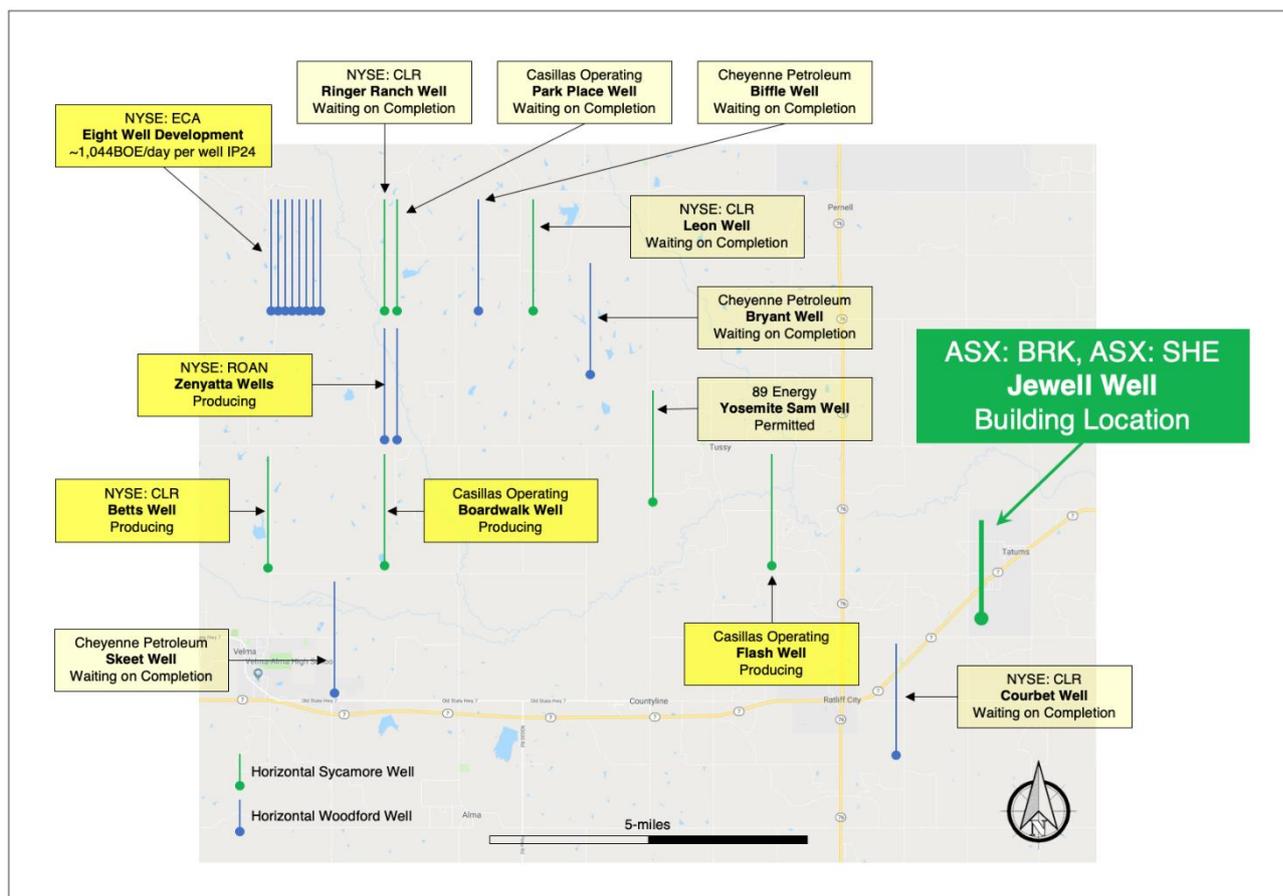


Figure 1. Map of the Jewell #13-12-1S-3W-SH1 Well location.

On the basis that Stonehorse intends to step-in to a working interest in the Jewell, the Company has agreed to fund the proposed site works for the Jewell 13-12-1S-3W-SH1 in order to facilitate drilling and completion.

The cost to construct the location (road access, drill pad etc.) and set the conductor will be approximately US\$214,311. This investment will go toward Stonehorse's ultimate Working Interest in the Jewell well.

Whilst Stonehorse's final Working Interest percentage has yet to be determined, the planned site completion achieves a number of objectives. It will establish a base date to calculate drilling and completion timetable and allow the Operator to secure a drill rig from that date to drill and complete. It is estimated that these site works will commence in September 2019.

Pre-Drill Estimates

The table below provides some key technical data supporting the Company's decision to step into a working interest in this Oil and Gas well.



Name	Jewell Unit
Location	SCOOP Play, Anadarko Basin, Oklahoma
Working Interest	~90%
Operator	Black Mesa Production, LLC
Hydrocarbon Phases	Light Oil, Condensate and Gas
Target Formations	Sycamore Limestone and Woodford Shale
Pre-Drill Estimates	
Depth	7,200' to 8,500'
Lateral Length	6,300' to 7,300'
IP30 Boe per day	~1,000 to ~1,200
% Oil	58% to 70%
12-month Cum Boe	290,000 to 305,000
12-month Cum Net Cashflow 1.	~US\$5,250,000
Full Unit Development	2 Sycamore wells and 5 Woodford Shale wells
1. Cashflow attributable to 90% Working Interest and is net of royalties, severance taxes, lease operating expenses and is calculated using the current Bank of Oklahoma strip pricing for oil and natural gas.	

Table 2. Technical data.

Once completed and flowing to sales, the expected production revenues will make a significant contribution to subsequent well bore investments the company plans to make under the Step-in agreement.

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Forward-Looking Statements and Other Disclaimers

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