

## **SUSTAINED PRODUCTION DATA SUPPORTS DIRECT INVESTMENT STRATEGY**

**Perth, Western Australia – 28 November 2019.** Stonehorse Energy Limited (ASX:SHE) (Stonehorse or the **Company**) is pleased to provide the following update on sustained production results from the recently acquired Non-operated Working Interest in the Bullard Well #1-18-07-UWH. The Bullard well is a Woodford Shale producer located in the southern core of the SCOOP Play in the Anadarko Basin in Oklahoma and is operated by Rimrock Resource Operating LLC.

### **Highlights**

- ◇ **The 15.61% Non-operated Working Interest was acquired by Stonehorse from Brookside Energy Limited (ASX: BRK) on the 24<sup>th</sup> October 2019 (refer SHE ASX announcement dated 24<sup>th</sup> October 2019) with an effective date of 1<sup>st</sup> November 2019.**
- ◇ **The Bullard Well has now been producing for approximately 14-months, having produced gross wellhead volumes of 167,000 barrels of oil and 1.0 Billion cubic feet (Bcf) of natural gas (335,000 BOE – 50% oil)**
- ◇ **This well delivered an initial production rate (IP24) of 1,749 BOE per day (63% oil) and averaged 1,350 BOE per day in its first 90-days of production (62% oil)**
- ◇ **To date this well has generated gross revenue of US\$12.13m (representing a 100% working interest before royalty payments at realised pricing of US\$58/Bbl. and US\$1.61/Mcf) with the well now expected to achieve “pay-out” in less than 2-years**
- ◇ **The Bullard’s performance to date has exceeded our initial forecasts with the now “seasoned” production contributing meaningfully to operating revenue.**
- ◇ **These results substantiate and support the Company’s long-term strategy of building a portfolio of cash accretive oil and gas assets reflecting risk appetite and capital availability.**

**Commenting on the investments, Stonehorse’s Executive Director David Deloub said;**

*“The Bullard well’s performance to date has exceeded our expectations and supports our planned investments in the SCOOP and STACK Plays. This, coupled with our low-cost operating model provides us with financial and operational flexibility and validates the back-in after pay-out\* arrangement we have with our technical services provider effectively incentivising them to identify and offer only high quality opportunities forecast to pay-out quickly”.*

### **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. This 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.



\*Stonehorse's interest in this well was acquired pursuant to the terms of Step-in Agreement with Brookside Energy Limited (ASX: BRK) and is therefore subject to Black Mesa Energy, LLC's working interest back-in after payout arrangements.

## ANADARKO BASIN, OKLAHOMA OIL AND GAS PLAYS

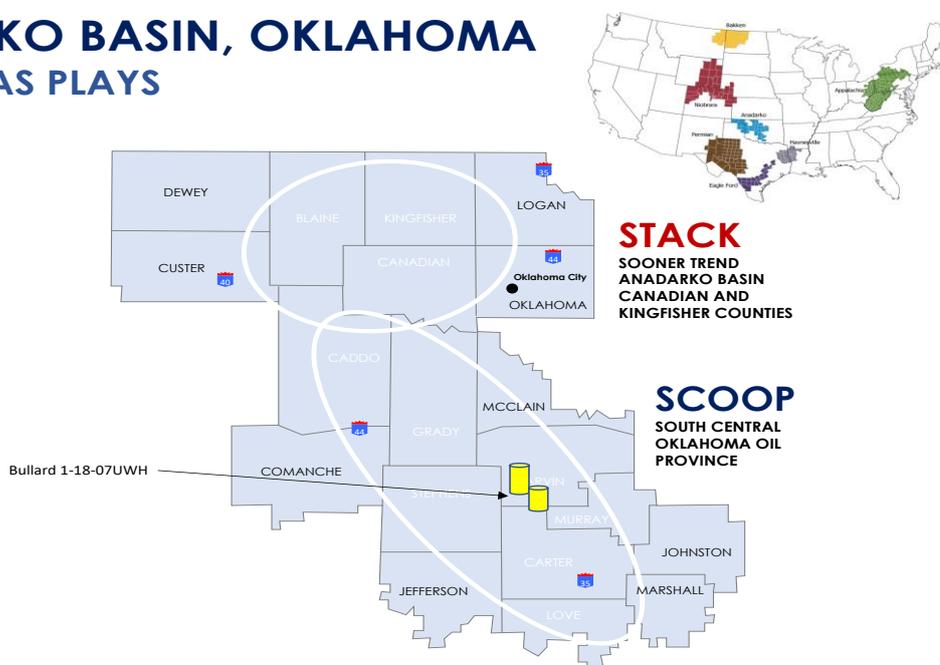


Figure 1. Map of the Bullard well location.

### The Bullard #1-18-07-UWH Well

Under the terms of the Step-in arrangement, Stonehorse exercised its right to step-into 15.61% Working Interest in this well located in the southern SCOOP Play in the Anadarko Basin.

The following table provides a summary of the Bullard #1-18-07-UWH.

Name	Bullard #1-18-07-UWH
Location	Garvin County, OK
Formation	SCOOP Play - Woodford Shale
Operator	Rimrock Resource Operating, LLC.
Working Interest	15.61%
Date of first sales	11/08/2018
Total production to date BOE*	334,894
Effective Date (SHE Step-in)	01/11/2019
Estimated pay-out date	01/06/2020
*100% Working Interest	

Table 1. Summary of the Bullard #1-18-07-UWH



The following chart shows the Bullard's current production to date (BOE per day/ monthly), and gross cumulative revenue.

To date the well has generated gross revenue of US\$12.13 million (representing a 100% Working Interest before royalty payments at realised pricing of US\$58/Bbl. and US\$1.61/Mcf) and it is on-track to achieve payout in approximately 21-months.

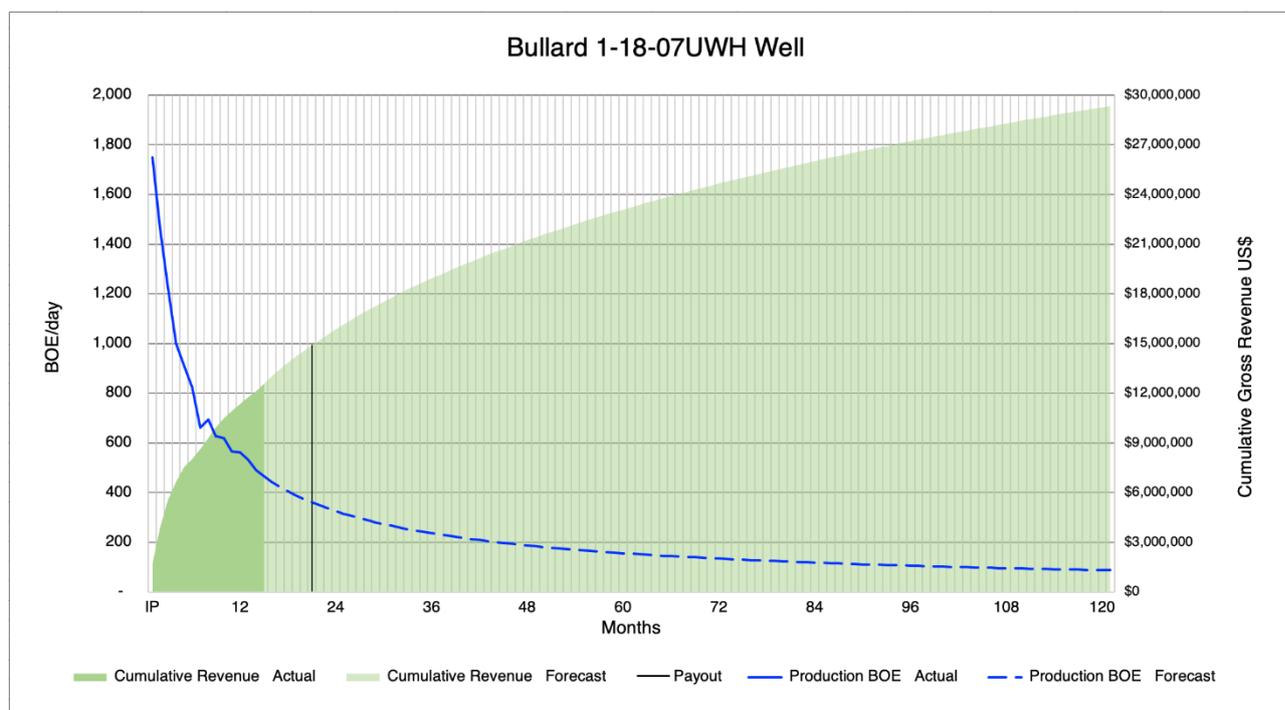


Figure 2. Bullard #1-18-07-UWH production performance.

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## Forward-Looking Statements and Other Disclaimers

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## GLOSSARY

<b>BOE</b>	Barrels of Oil Equivalent
<b>BCF</b>	Billion cubic feet
<b>IP 24</b>	Initial Production; the rate of initial flow from a well over a 24-hour initial production rate periods.
<b>Pay-Out</b>	Means the point at which all of the costs of drilling, completing and operating the well have been recovered from the proceeds of sales generated from production (net of royalties and severance taxes).
<b>STACK</b>	Sooner Trend Anadarko Basin Canadian and Kingfisher Counties – oil and gas play in the Anadarko Basin Oklahoma
<b>SWISH AOI</b>	Description of Brookside's Area of Interest in the SCOOP Play
<b>SCOOP</b>	South Central Oklahoma Oil Province - oil and gas play in the Anadarko Basin Oklahoma
<b>Working Interest</b>	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