

STONEHORSE ENERGY MAKES A FURTHER US WELL BORE INVESTMENT

Perth, Western Australia – 21 JANUARY 2020. Stonehorse Energy Limited (ASX:SHE) (Stonehorse or the **Company**) is pleased to announce that it has finalised the step-in to a minority non-operated working interest¹ in the Continental Resources, Inc. (NYSE: CLR) operated Randolph 1-34-27XHM well (Randolph Well) located in the STACK Play in the Anadarko Basin, Oklahoma.

Highlights

- ◇ **The Company has exercised its right to step-in to a minority 0.21% Working Interest in the Randolph. Well .**
- ◇ **This investment was funded out of the company's operational cashflows.**
- ◇ **The Randolph Well has generated (on a 100% Working Interest basis) a total of 67,000 barrels of oil and 4,777 MMcf (~860,000 barrels of oil equivalent) in its first ~16 months of production.**
- ◇ **This investment in the Randolph Well now completes the Company's stated investments outlined in the Use of Funds table included in the Stonehorse Prospectus dated 9th November 2018.**

Commenting on the investments, Stonehorse's Executive Director David Deloub said; The investment in this well is consistent with the Company's long-term strategy of building a portfolio of cash generating oil and gas assets with Working Interests reflecting risk appetite and capital availability. Pleasingly, this is Stonehorse's first investment funded directly from the Company's operating cashflows".

Background

The overall objective of the Company is to implement its strategy of 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 the Company has with Brookside Energy Limited.

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 Company's Prospectus, included the opportunity to step-in to a number of well bore investments (**Proposed Assets**), including the Randolph Well located in the STACK Play.

¹ Stonehorse will have a 0.21% Working Interest in this extended lateral horizontal well that is producing from the Meramec formation at a depth of approximately 11,200 feet. Initial production (IP24) of 1,319 barrels of oil equivalent per day (65% oil) was reported for this well, comprising 861 barrels of oil and 2,747 Mcf gas. These rates were achieved via natural flow through a 38/64-inch choke."



ANADARKO BASIN, OKLAHOMA OIL AND GAS PLAYS

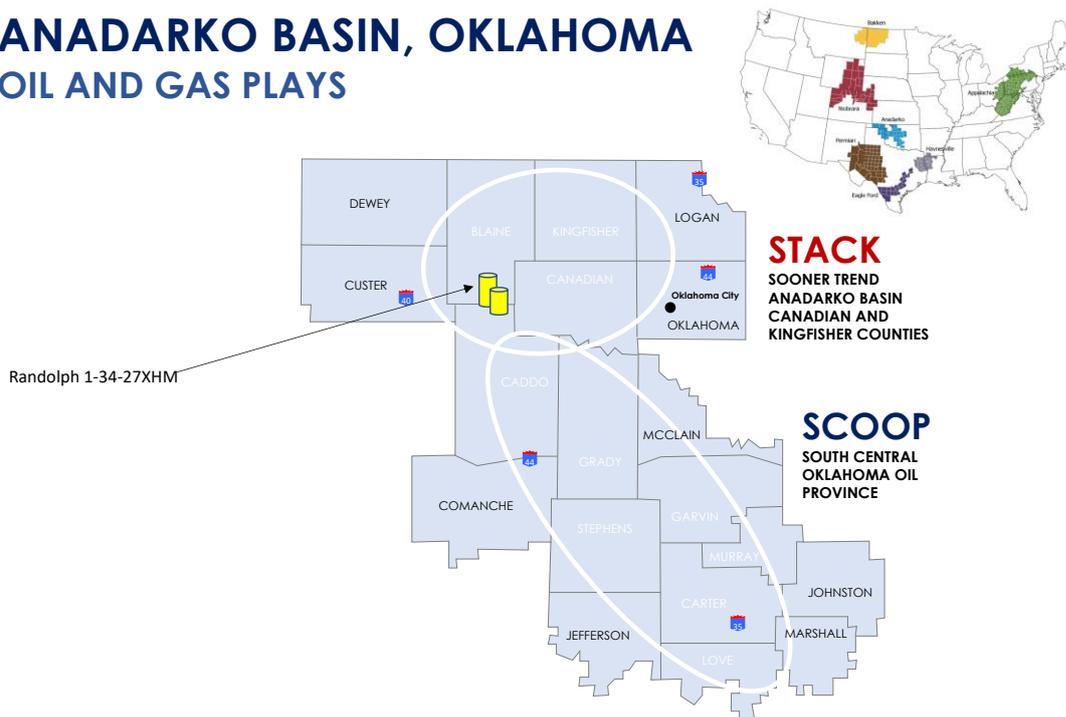


Figure 1. Map of the Randolph well location.

The Randolph 1-34-27XHM

Under the terms of the Step-in arrangement, Stonehorse had the option to step-into 0.21% working interest in this well located in the southern STACK Play in the Anadarko Basin. Initial production (IP24) of 1,319 Boe per day (65% oil) has been reported for this well with 67,000 barrels and 4,774 MMcf (~860,000 barrels of oil equivalent) produced in the first 16 months of cumulative production. These initial results are very encouraging and Stonehorse looks forward to providing additional data and sustained production results over the coming 12 months.

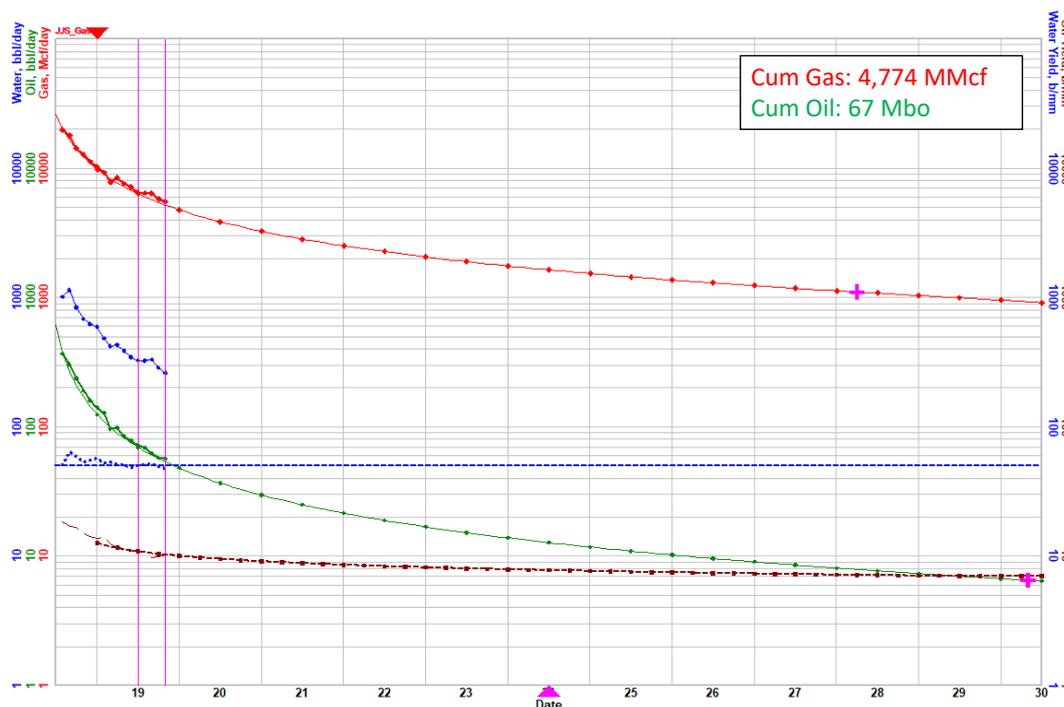


Figure 2. Randolph Rate/Time plot.



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Forward-Looking Statements and Other Disclaimers

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GLOSSARY

BOE	Barrels of Oil Equivalent
MMcf	One million standard cubic feet, a common measure for volume of gas
STACK	Sooner Trend Anadarko Basin Canadian and Kingfisher Counties – oil and gas play in the Anadarko Basin Oklahoma
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
IP24	Initial Production Rate, measured over a 24-hour period