

STONEHORSE ENERGY TAKES A SUBSTANTIAL WORKING INTEREST IN THE HIGH IMPACT JEWELL WELL TO BE DRILLED IN THE ANADARKO BASIN, OKLAHOMA, USA.



Perth, Western Australia – 22 February 2021. Stonehorse Energy Limited (ASX:SHE) (Stonehorse or the **Company**) is pleased to announce that following its recent share placement it has finalised the step-in agreement for up to ~50% of the available working interest in the proposed Black Mesa Energy operated Jewell well located in the Anadarko Basin in Oklahoma.

Highlights

- ◇ **The Company has accepted the offer to step-in for up to 50% Working Interest in the high impact Jewell well located in the Anadarko basin in Oklahoma USA.**
- ◇ **A number of horizontal wells operated by some of the major US shale oil and gas operators are in close proximity and generating impressive production numbers.**
- ◇ **With the well now “fully funded”, drilling and completion contractors are currently being engaged.**
- ◇ **Mobilisation and site preparation has commenced with the expected well spud in the 2nd calendar quarter 2021.**

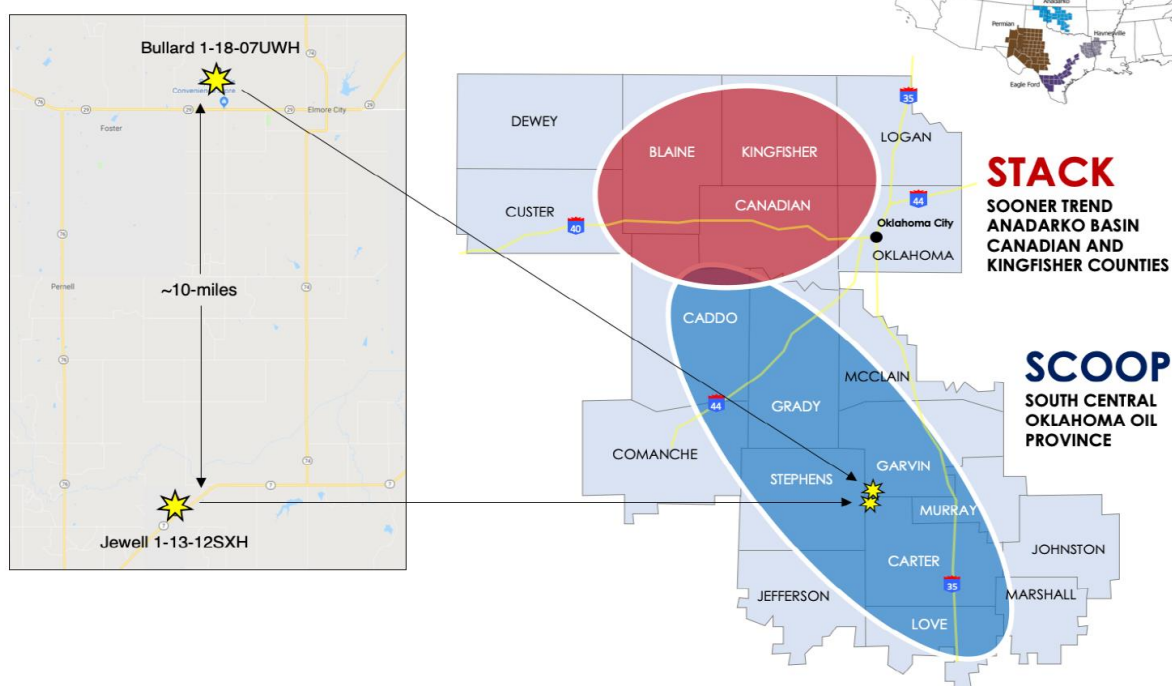


Commenting on this investment Stonehorse's Executive Director David Deloub said; "The investment in Jewell well is the culmination of 18 months planning and execution with the timing coinciding with a number of strongly performing third party wells coming on line in the area and the continuing recovery of oil and gas prices. We believe Stonehorse's share of production from this well will significantly underpin the Company's ability to continue to build a portfolio of working interests in these high impact oil and gas wells".

About the Jewell Well

The Jewell Well location is situated in Carter County, Oklahoma and sits within the Anadarko Basin which covers approximately 181,000 kms², has been producing since the 1950's with over 4,000 horizontal wells completed resulting in the production of almost 50 billion barrels of oil equivalent (boe).

ANADARKO BASIN, OKLAHOMA OIL AND GAS PLAYS





The following table provides a summary of the Jewell horizontal well the company has recently elected to step-into for up to 50% of the available Working Interest.

Asset	Jewell 13 12 1S-3W-SH!
Product	Oil and Gas
Well Type	Horizontal Multi-Stage Completion
Basin	Anadarko
Play & Location	SCOOP Play, Carter County, Oklahoma
Operator	Black Mesa Energy, LLC
SHE Working Interest	up to 50% of the available
Reservoir	Sycamore
Gas quality	Rich gas, NGLs priced at 40% WTI

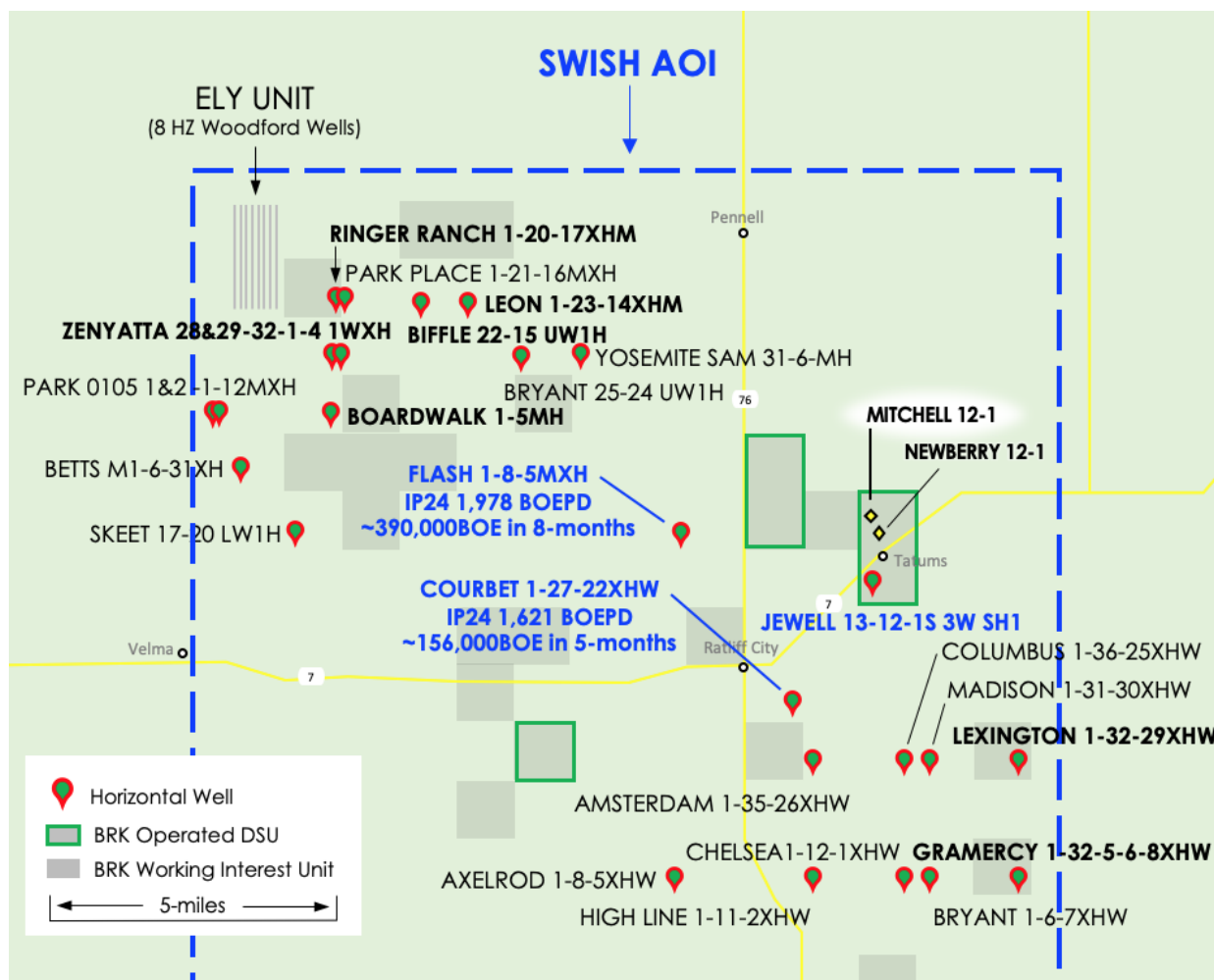
Summary table for the Jewell 13-12-1S-3W-SH. well.



Image of a land based oil and gas drill pad and rig similar to that proposed for the Jewell well.



The following map speaks to the high potential production from the Jewell well with a number of recently drilled Sycamore wells operated by a number of large and mid tier US E&P companies including; Marathon Oil Company, Continental Resources and Casillas Operating.



Activity map with location of the Jewell Well and production from r recently drilled wells in the area.

Market outlook

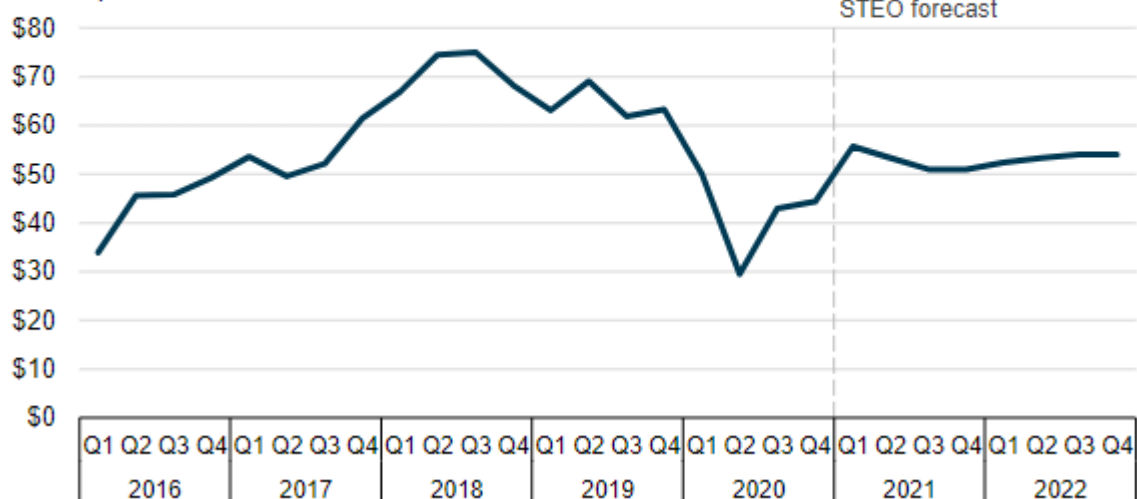
In its January *Short-Term Energy Outlook* (STEO), the U.S. Energy Information Administration (EIA) expects global demand for petroleum liquids will be greater than global supply in 2021, especially during the first quarter, leading to inventory draws. As a result, EIA expects the price of Brent crude oil to increase from its December 2020 average of \$50 per barrel (b) to an average of \$56/b in the first quarter of 2021. The Brent price is then expected to average between \$51/b and \$54/b on a quarterly basis through 2022.



EIA expects crude oil prices to average near \$50 per barrel through 2022

Quarterly Brent crude oil spot price (2016–2022)

dollars per barrel

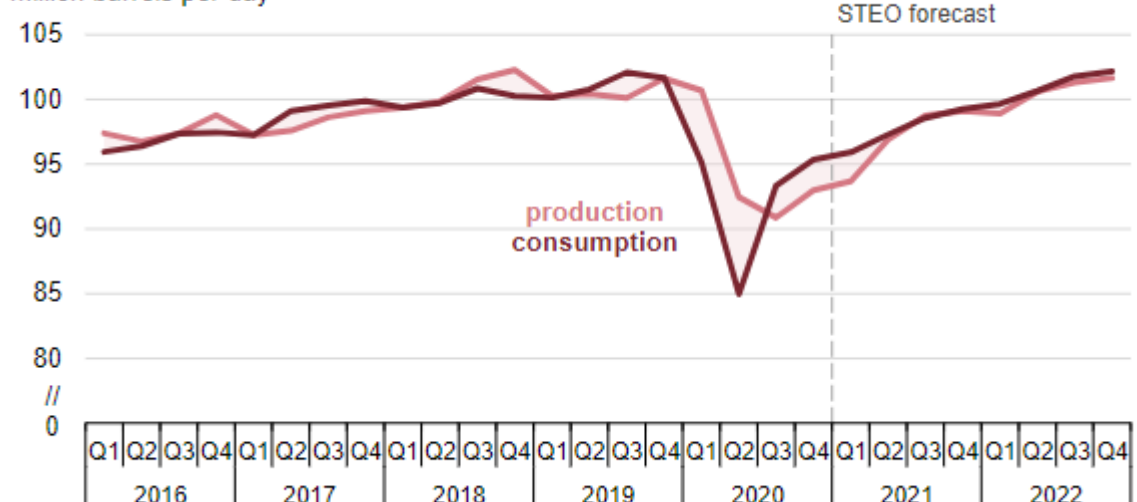


Source: U.S. Energy Information Administration, *Short-Term Energy Outlook* (STEO)

EIA expects global inventory draws will contribute to forecast rising crude oil prices in the first quarter of 2021. Despite rising forecast crude oil prices in early 2021, EIA expects upward price pressure will be limited through the forecast period because of high global oil inventory, surplus crude oil production capacity, and stock draws decreasing after the first quarter of 2021. EIA forecasts Brent crude oil prices will average \$53/b in both 2021 and 2022.

Quarterly global liquid fuels production and consumption (2016–2022)

million barrels per day



Source: U.S. Energy Information Administration, *Short-Term Energy Outlook* (STEO)



About Stonehorse Energy

Stonehorse Energy Limited (ASX:SHE) is an Australian based E&P company with a focus on onshore oil and gas in North America. The overall objective of the Company is to implement its strategy of building a portfolio of high quality well bore assets with Working Interest (WI) percentages reflecting risk appetite and capital availability underpinned by the Step-in arrangement the Company has with Brookside Energy Limited (BRK).

This Step-in and the Orion JV arrangement it has with BRK continues to provide 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.

This announcement is authorised by the Board of Directors.

- ENDS -

For further information, contact:

David Deloub Executive Director
Stonehorse Energy Limited
Tel: (+61 8) 6489 1600

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 Stonehorse Energy Limited ("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, Stonehorse Energy does 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 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.



GLOSSARY

BOE	Barrels of Oil Equivalent
Development Unit (DSU)	Development unit or Drilling Spacing Unit (DSU) is the geographical area in which an initial oil and or gas well is drilled and produced from the geological formation listed in the spacing order. The spacing unit combines 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, divides the ownership of the unit into the "royalty interest" and "working interest".
Mboe	1,000 barrels of oil equivalent
Mcf	1,000 cubic feet (of gas)
MMboe	1,000,000 barrels of oil equivalent
STACK	S ooner T rend A nadarko Basin C anadian and K ingfisher Counties – oil and gas play in the Anadarko Basin Oklahoma
SCOOP	S outh C entral O klahoma O il P rovince - 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
IP24	Initial Production Rate, measured over a 24-hour period