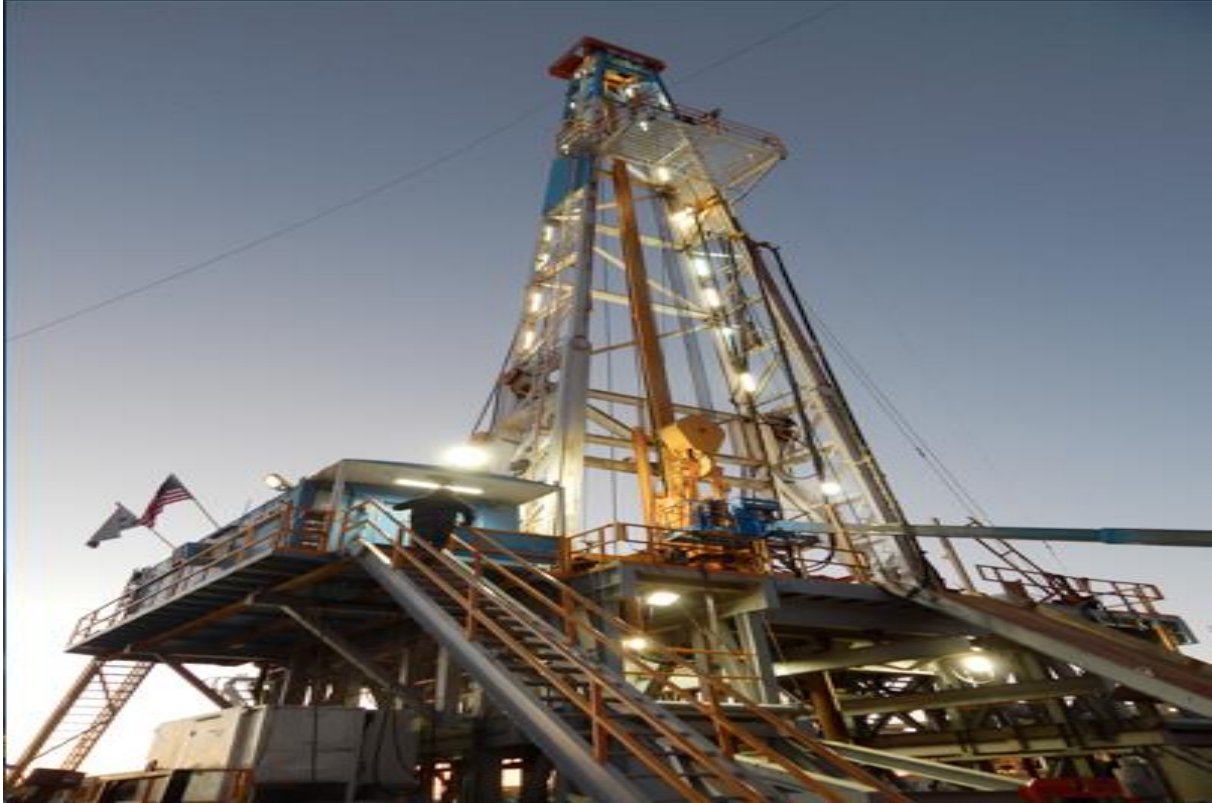


Corporate and Operational Update



Perth, Western Australia – 14th September 2021 – Stonehorse Energy Limited (ASX:SHE) is pleased to provide shareholders and investors with an update on both current well operations, participation in additional working interests and strategy for future growth.

Highlights

- **Commercial production and sales from the Jewell well have now been established during the early part of flowback and stimulation fluid recovery with material volumes of oil and gas having been sold.**
- **The Jewell Well is producing premium light sweet crude and liquids rich gas. Oil and gas sales will continue as flowback operations continue, and the company will report an IP24 (peak rate), IP30 and IP90 rates as these outcomes are achieved.**
- **The company has elected to participate in minority 0.21% Working Interest in two Randolph in-fill wells operated by Continental Resources.**
- **Stonehorse Energy is increasingly focusing on diversifying its investment portfolio by identifying investment opportunities to take non-operated working interests in oil and gas well plays in south and southwest Queensland.**



Commenting on current and future operational activities Stonehorse's Executive Director David Deloub said.

"It is extremely satisfying to see the Jewell well producing volumes approaching pre-drill volume estimates in the relatively early stages of fluid recovery. The hydrocarbon quality combination of light sweet crude and liquids rich gas will further enhance the well's economic success.

The incremental investment in the Continental operated Randolph infill wells adds low risk incremental revenue and is consistent with our current strategy of building on our current portfolio of working interests.

Whilst we continue to assess opportunities located in continental United States, we are increasingly focused on diversifying our portfolio of producing oil and gas wells and turning our attention to identifying and assessing opportunities to participate in oil and gas well projects located on the eastern seaboard of Australia".

Jewell Well operational update.

Oil and gas flow rates for the Jewell Well are already approaching the pre-drill base case volumes estimate and are increasing in line with the modelled flow-back profile. The rate of oil and gas production has already allowed for the commencement of commercial production and sales.

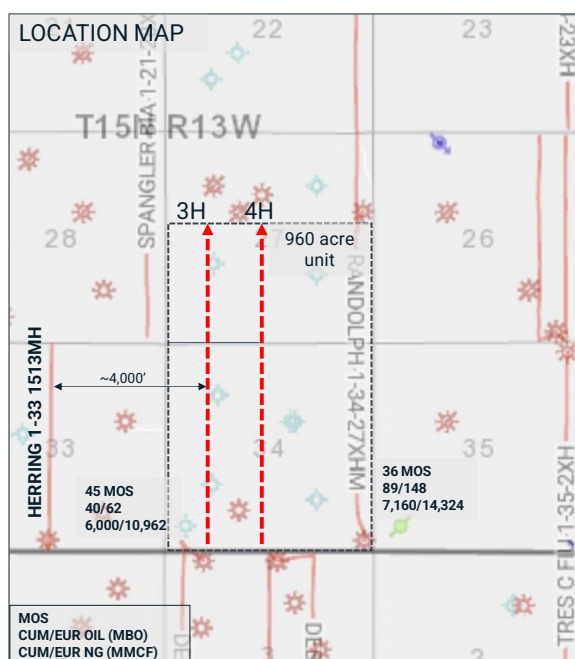
Material volumes of oil and gas are currently being sold into the terminal market with oil being trucked to a nearby pipeline terminal and gas transported via pipeline to a midstream gas processing plant.

The combination of premium quality light sweet crude and liquids rich gas production combined with an unhedged commodities position allows the company to take full advantage of the current strength of oil, gas and NGL prices.

Addition to current portfolio of working interests.

Stonehorse has elected to participate in a 0.21% working interest in two in-fill Meramec wells to be drilled and operated by Continental Resources and located in Blaine County in the southern STACK Play in the Anadarko Basin.

The Company's current minority working interest in the Randolph 1-34-27XHM well acquired in January 2020 has contributed ~A\$30,000 of operating revenue to the company's results to date. We are expecting each of these additional wells to perform similarly.



ANADARKO BASIN, OKLAHOMA OIL AND GAS PLAYS

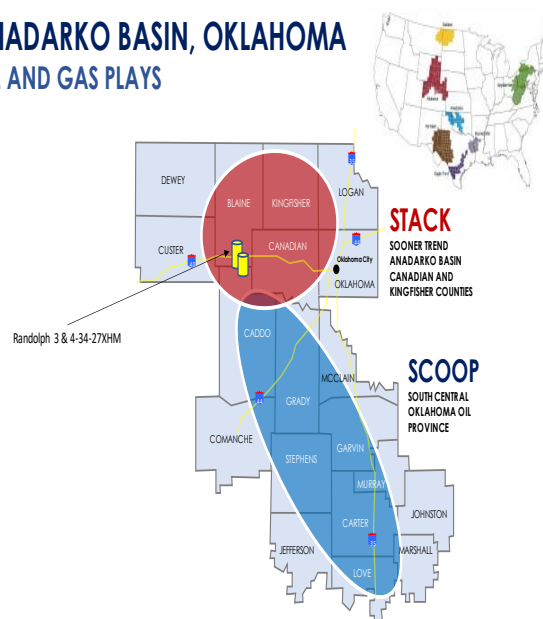


Figure 1. Map of the Randolph well location

Well Name	Refence Number	Working Interest	County State	Operator
<i>Stonehorse</i>				
Burgess	28-1	96.81%	Ellis, OK	Black Mesa Energy
Sutton	2H-52	25.00%	Hansford, TX	Strat Land Exploration
Bullard	1-18-07UWH	15.60%	Garvin, OK	Rimrock Resources
Henry Federal	1-8-5XH	2.30%	Blaine, OK	Continental Resources
Randolph	1-34-27XHM	0.21%	Blaine, OK	Continental Resources
Randolph	3-34-27XHM	0.21%	Blaine, OK	Continental Resources
Randolph	4-34-27XHM	0.21%	Blaine, OK	Continental Resources
Jewell	1-13-12 SXH	41.50%	Carter, OK	Black Mesa Energy
<i>Orion JV</i>				
Newberry	12-1	21.70%	Carter, OK	Black Mesa Energy
Mitchell	12-1	50.00%	Carter, OK	Black Mesa Energy
Thelma	1-32	50.00%	Murray, OK	Black Mesa Energy

Table 1. Current portfolio of working interests.

Strategy for future growth

Whilst the overall objective of the Company continues to be the implementation of its current strategy of building a portfolio of high quality well bore assets by taking non-operated working interests in wells reflecting risk appetite and capital availability, the Company is currently focusing on diversifying its investment portfolio having identified investment opportunities to take non-operated working interests in oil and gas wells in the Cooper, Bowen and Surat basins located in south and south west Queensland.



Whilst this represents a geographical departure from our historic focus on opportunities presented in the Continental US, the company believes that the currently robust economic climate, existing infrastructure, and proven pathways to market offered on the Eastern Australian seaboard present an opportunity to further diversify (de-risk) the current portfolio of producing oil and gas assets.

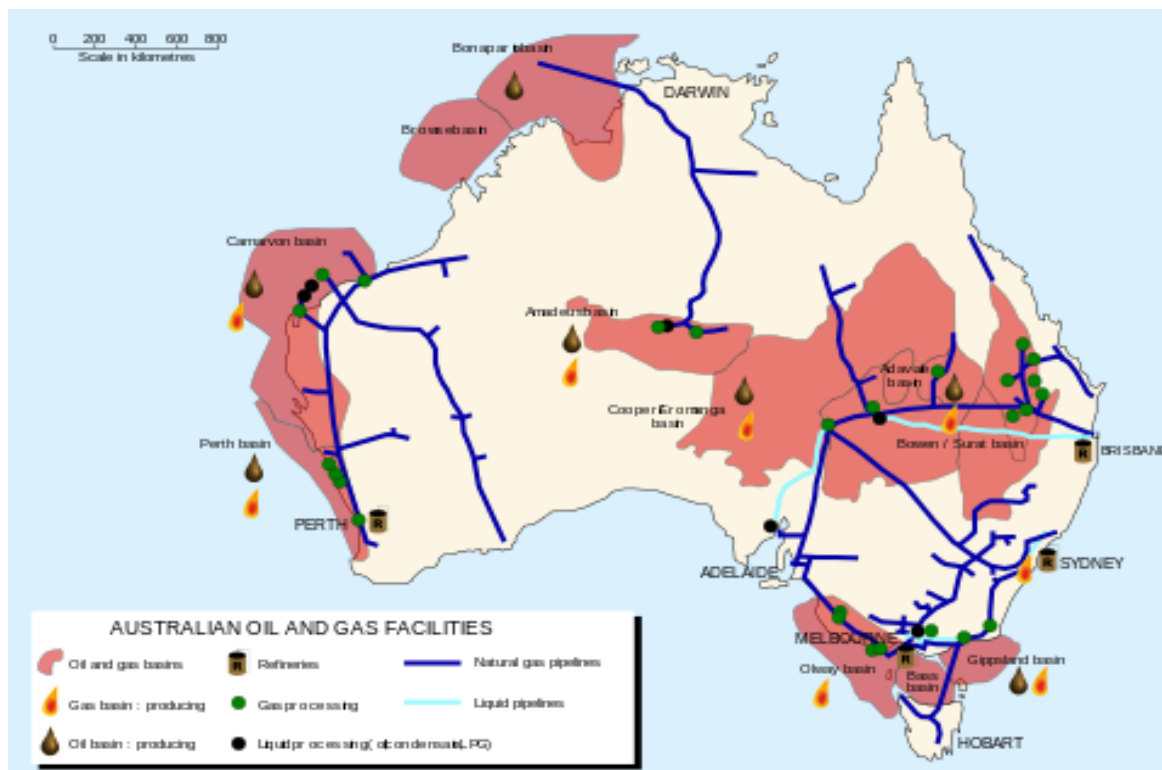


Figure 2. Map of Australian oil and gas basins

About Stonehorse Energy

Stonehorse Energy Limited (ASX:SHE) is an Australian based E&P company. The overall objective of the Company is to implement its strategy of building a portfolio of geographically and geophysically diverse, high quality well bore assets with Working Interest (WI) percentages reflecting risk appetite and capital availability.

This announcement is approved for release by the Board.

- ENDS -

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Forward-Looking Statements and Other Disclaimers

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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	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
IP24	Initial Production Rate, measured over a 24-hour period