

STONEHORSE INCREASES OIL AND GAS INVESTMENT IN CANADA BY PARTICIPATING IN NEW LIQUIDS RICH GAS WELL LOCATED IN CENTRAL ALBERTA, CANADA.

Perth, Western Australia – 21st July 2023 – Stonehorse Energy Limited (ASX: SHE) is pleased to announce that the company has recently entered into a Participation Agreement with Canadian based Certus Oil & Gas Inc (Certus) to earn a 26.25% Net Working Interest in the proposed Certus 1-27-33 liquids rich gas well located in Central Alberta, Canada.

HIGHLIGHTS

- High Graded Opportunity – strong short-cycle return on investment in current price environment.
- Due diligence has been completed on the reservoir, well location, production battery, gathering system and the deep cut gas plant.
- Strong Offset Well Performance - Offset Taqa well has made 1.75 Bcf (292 MBOE) in 16 months.
- Well Optimized from initial 1-Mile to 2-Mile Lateral to enhance production rate and EUR.
- Operations planned to commence 25th July 2023 with D&C and tie-in to be managed by JV participant and area expert.
- Potential for Stonehorse to significantly increase net O&G production with this investment and additional development wells available through the Participation Agreement.
- Pending well performance there will be the opportunity to participate in up to 3 additional development wells on the earned acreage.

Commenting on the new Canadian investment, Stonehorse’s Executive Director David Deloub said;

“We are extremely excited about our maiden new drill investment in this highly regarded central Alberta oil and gas province. This investment has been significantly enhanced through a partnership with the area experienced operator Certus, along with the inclusion of pure play expert who will execute the drilling and completion of the well. Supported by our highly regarded and experienced local technical and commercial team, this investment is expected to result in a material increase in our current oil and gas production. Participation in the Certus well is the culmination of 6 months of work building the Canadian team and identifying and assessing opportunities, we consider this to be a significant step to building a portfolio of high quality producing oil, gas assets in Canada”.

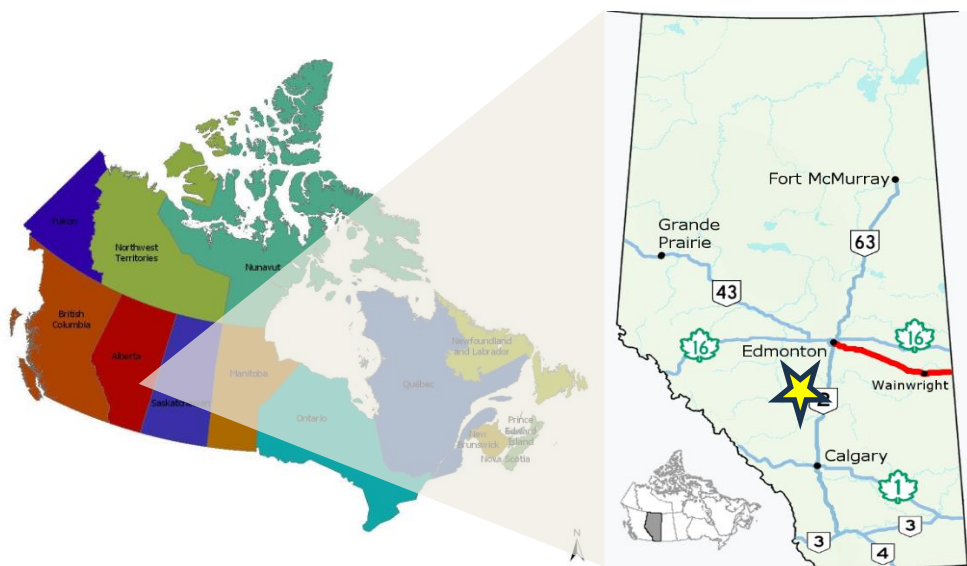
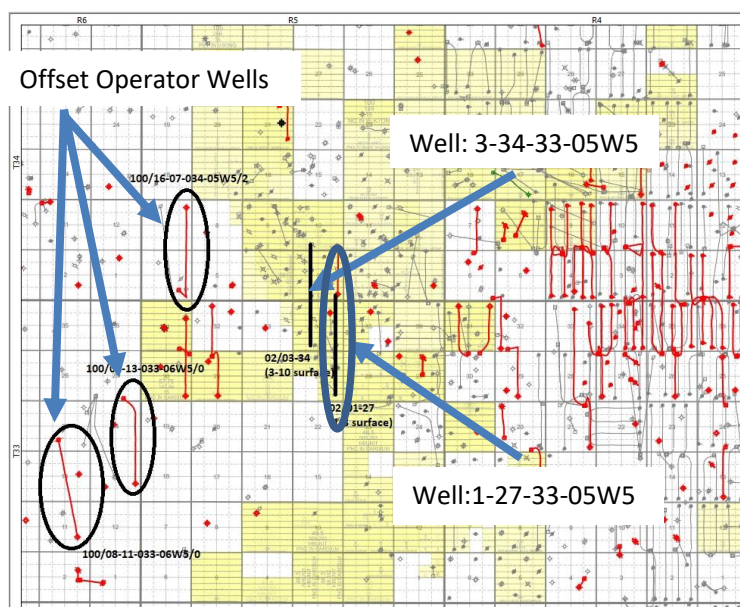


Figure 1: The planned Certus 1-27-33 well location

The well operation is planned in the Sundre area of Central Alberta. This area has a legacy of successful oil and gas operations for over the past 6 decades. The operation has the infrastructure and support of local stakeholders.



- Stonehorse to earn 26.25% NWI for a capital commitment of \$ 2.52 MM CAD
- Taqa Offset Well 16-07-034 currently producing at + MMcfd and has produced over 1.75 Bcf in 16 months.
- Pending well performance there will be the opportunity to participate in up to 3 additional development wells on the earned acreage.

Figure 2: Map of Certus held land (Yellow) offset wells and proposed Certus 1-27-33 well.

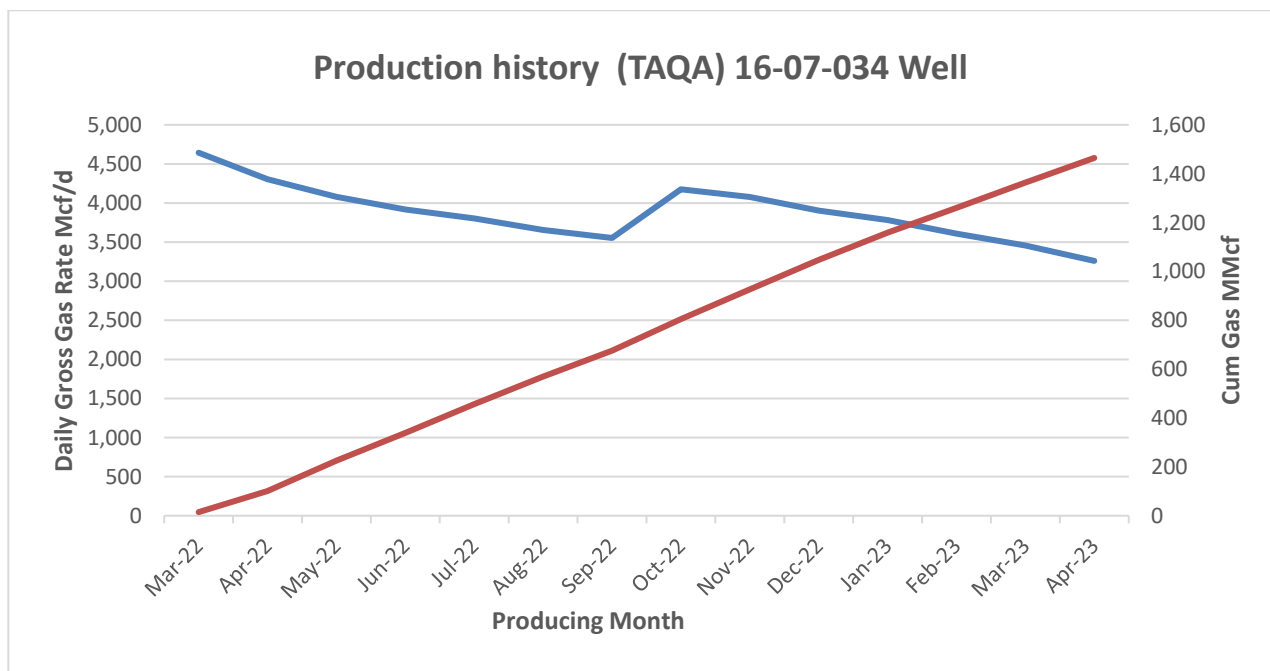


Figure 3. Certus Offset (Taq 16-07-034 well) production history.

The 16-07-034 offset well commenced production in March 2022 at 4.6 MMCFD. The well was still producing at 3.3 MMCFD in April 2023 after making over 1.5 BCF. Potential EUR ~10 Bcf

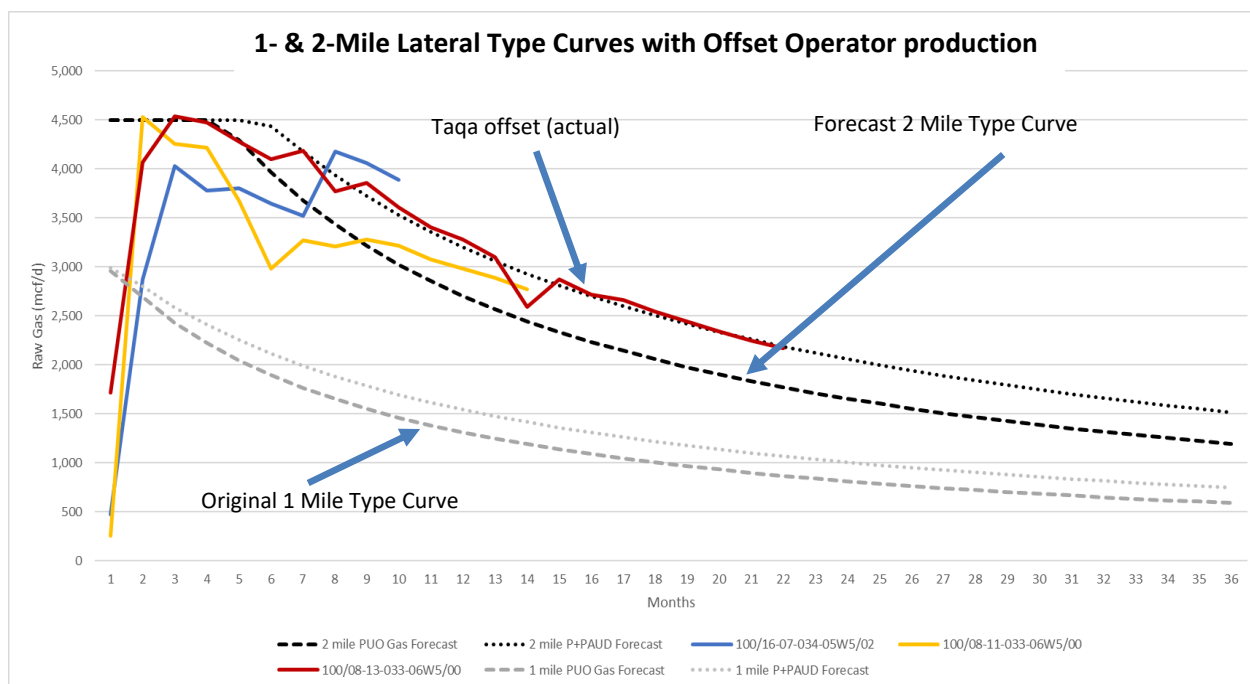


Figure 4. Type curve comparison: Taqa Offset, 2-mile vs 1mile lateral.

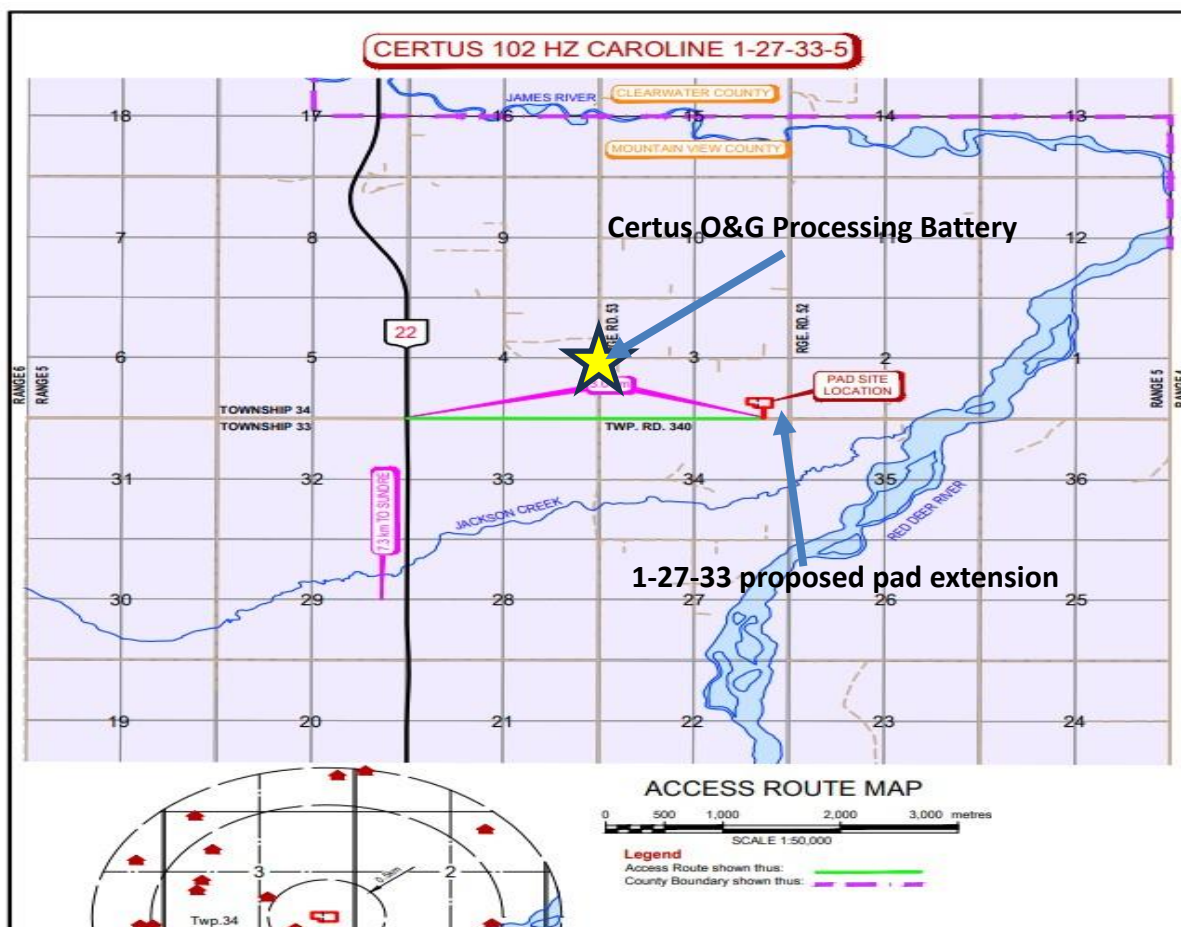


Figure 5. Map showing proposed Certus 1-27-33 well location and O&G processing Battery.

The Certus 1-27-33 well pad preparation commences on Monday the 25th of July with mobilisation of Ensign drill rig #438 on 2nd August and spud date planned for 4th August. Planned drill time of 30 days with well anticipated to be completed, equipped and tied-in approximately 45 days after rig release. Initial production is expected to occur mid Q4 2023.

Proposed well being drilled and completed on an existing pad site and tied into Certus production battery 3 miles away. Production will be partially processed (dewatered and measured) and then transported through a third-party pipeline to Alta Gas operated Harmattan deep cut gas plant where condensate and NGLs will be extracted and marketed (sold) by a major integrated E&P Company.



TRANSACTION SUMMARY

Stonehorse Energy has agreed to participate in the proposed drilling, completion, and tie-in of the liquids rich Certus 1-27-33 gas well for an agreed investment of \$2.52 MM CAD. The following table provides a summary of the Certus horizontal well.

Asset:	Certus 1-27-33 well.
Product:	Gas and NGLs
Well Type:	Horizontal Multi-Stage Completion
Basin:	West-Central Alberta
Reservoir:	Glauconite
Operator:	Certus Oil and Gas Inc
Net Working Interest:	26.25%
Gas quality:	Rich gas, Condensate and associated NGLs

- ENDS -

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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 diverse geographic and geophysical, high quality well bore assets with Working Interest (WI) percentages reflecting risk appetite and capital availability.

GLOSSARY

BCF	Billion cubic feet.
BOE	Barrels of Oil Equivalent
D&C	Drilling and Completion
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".
E&P	Exploration and Production
EUR	Estimated Ultimate Recovery
NWI	Net Working Interest
NGL	Natural Gas Liquids
Mcfd	1,000 cubic feet (of gas) per day
MMcfd	1,000,000 cubic feet (of gas) per day
Mboe	1,000 barrels of oil equivalent
MMboe	1,000,000 barrels of oil equivalent
NWI	Net Working Interest – Working interest net of promote, overrides and royalties.
O&G	Oil and Gas
WI	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
Spud	Commencement of drilling the well.