

STONEHORSE MAKES FURTHER OIL AND GAS INVESTMENT IN A NEW LIGHT OIL PLAY LOCATED IN NORTHERN ALBERTA, CANADA.

Perth, Western Australia – 29th August 2023 – Stonehorse Energy Limited (ASX: SHE) is pleased to announce that the company has recently entered a Farmout, Option and Participation Agreement with Canadian based Gryphon Oil Corp (Gryphon) to earn a 18.75% Working Interest in the proposed Wapiti 16-02-65-08W6M light oil well located in Northern Alberta, Canada.

HIGHLIGHTS

- **Commodity with strong price index – Light oil investment improves commodity exposure risk.**
- **Legacy oil productive reservoir – Good analog producing fields north and south of prospective area.**
- **Well target control - Strong offset analog vertical wells with major E&P operations in the area.**
- **1 Mile lateral well with multi-stage stimulation completion.**
- **Available infrastructure and access to take-away capacity for gas processing and oil sales.**
- **Low entry cost ~\$1.4 MM CAD net initial investment.**
- **Significant running room - earning the option to participate in drilling well on 6 prospective high graded sections.**

Stonehorse Energy has agreed to an initial participation in the proposed drilling, completion, and tie-in of the Wapiti 16-02-65-08 light oil well for an agreed investment of \$1.38 MM CAD. The arrangement with Gryphon includes a negotiated one well commitment to earn 3 sections. With success on the well, Stonehorse has the option to participate in a second well drilled off the same pad on the same terms with the option to select a further 3 sections. The planned spud date is late September 2023.

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

“We are very pleased to announce this additional oil well investment in Alberta in line with our stated Canadian oil and gas strategy. This second major investment commitment in the region in the space of two months is expected to make a significant contribution to our total oil and gas production. Importantly, the establishment of a new partnership with Gryphon Petroleum Corp. is a critical step to building a series of strong relationships with local established E&P companies in the region”.



Western Canadian Sedimentary Basin – Province of Alberta

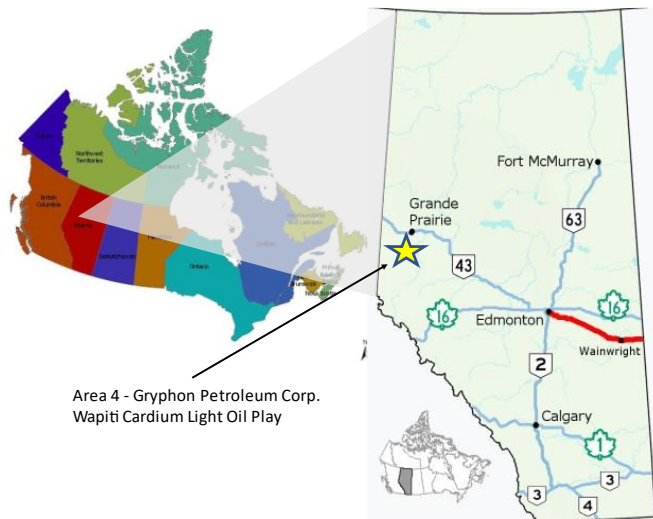


Figure 1: The planned Wapiti Development Area

The proposed Wapiti horizontal well opportunity is analogous to Wapiti Cardium reservoir pool ~20 km North with 22.5 mmbbl cumulative production to date. Gryphon currently owns six highly prospective sections of crown land at 100% Working Interest. The proposed Wapiti well directly offsets a thick (10.5 m), porous (9.5%) Cardium upper shoreface sand. Proximal vertical well control with type curve recovery of 240 mboe/well, 1.4 - 1.5 mmboe/section.

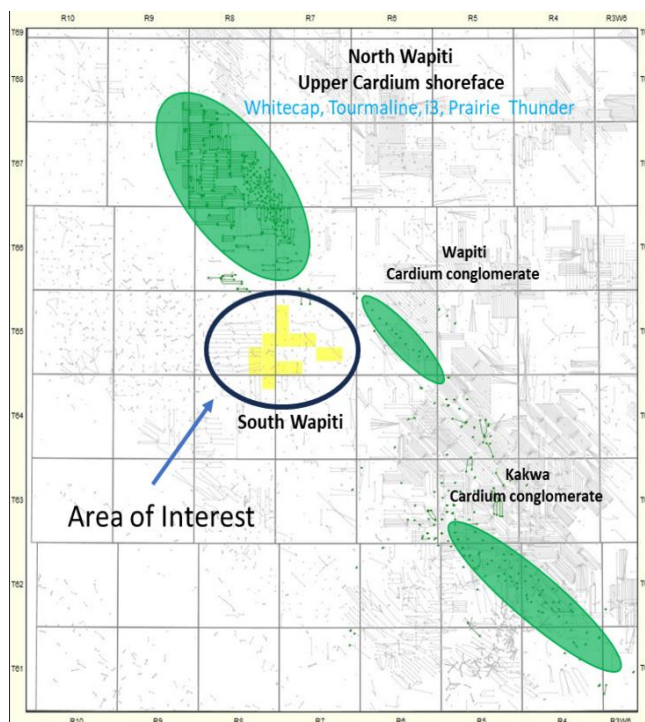
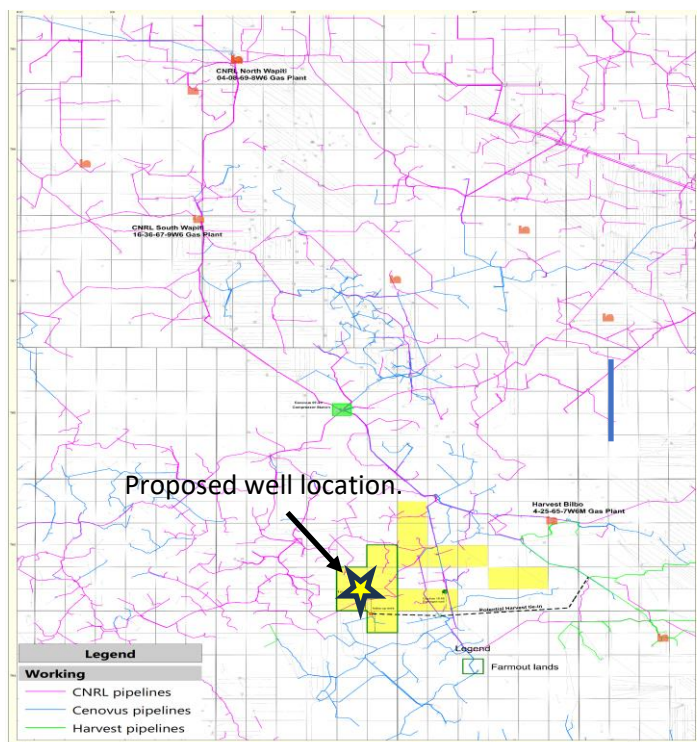


Figure 2. South Wapiti Cardium reservoir light oil opportunity.



Technical analysis has identified a 10.5m pay zone with 9.5% average porosity. Upper shoreface (USF) sand is key to strong production and is present in the targeted well path. The USF sand serves as a permeability conduit for oil stored in mid-lower sand beneath. The well is planned to be drilled adjacent to three vertical penetrations, with oil-staining present in the Cardium reservoir.



Options for gas tie-in and processing capacity:

- Large E&P Gas Processing Facility
- Immediate tie in
- Intermediate E&P Gas Processing Facility
- Future tie-in option

Crude oil terminal capacity:

- Oil Terminal
- near location for trucked oil

Figure 3. Egress and Transportation Infrastructure.

Gryphon Petroleum Corp. – All Season Wapiti Operations





Figures 4&5. Offset Existing Gryphon Production Operations

TRANSACTION SUMMARY

EARNING WELL

On or before October 15, 2023, subject to surface access and rig availability, the Parties shall commence the drilling of the Earning Well and proceed to drill to the Contract Depth. The Earning Well shall be tested, completed, and equipped for production.

OPTION WELL

Provided that the Parties have Completed and tied in the Earning Well, Stonehorse shall have the option to participate in an Option Well upon agreement of a mutually acceptable drilling location. Following an election to participate from the Stonehorse, Gryphon shall commence drilling of the Option Well subject to surface access and rig availability. The Option Well shall be drilled, tested, completed and equipped for production.

Should Stonehorse elect to participate in the Option Well, Stonehorse shall earn the option to select 3 additional sections of land.



SELECTED LANDS



Figure 6. Six sections of Selected lands in area of earning.

- ENDS -

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Forward-Looking Statements and Other Disclaimers

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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 geographically and geophysically diverse, 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
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".
E&P	Exploration and Production
NWI	Net Working Interest – Working interest net of the agreed override with the vendor.
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
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.