



Stonehorse Energy Limited
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Directors

Rob Gardener, Executive Chairman

David Deloub, Executive Director

Jay Stephenson, Non-Executive Director
& Company Secretary

Michael McFadyen, Non-Executive
Director

Issued Capital (ASX: SHE)

684.4m Ordinary Shares

Media and Enquiries

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Investor Hub

Visit the Investor Hub here:
<https://investorhub.stonehorseenergy.com/welcome>



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QUARTERLY ACTIVITIES REPORT

FOR THE THREE MONTHS ENDING 30 JUNE 2024

Perth, Western Australia – 31 July 2024 – Oil and gas producer, Stonehorse Energy Limited (**ASX:SHE**) (**Stonehorse** or the **Company**) is pleased to present this Quarterly Report for the quarter ended 30th June 2024.

Operational Highlights:

- **Certus Caroline well continued to perform above production forecast with an IP 257 of 5177Mcf/d, 196 (barrels of condensate)BCPD and 96% uptime. Quarter ending production rate of 1432 BOEPD (375 BOEPD net to Stonehorse).**
- **Canadian Reserve estimates for the Company's working interest in producing wells and reserves is underway with the engagement of reserve estimator GLJ.**
- **Stonehorse's portfolio of working interests in oil and gas wells generated approximately 81,250 BOE for the quarter or 900 BOE per day.**
- **The Stonehorse board strengthened through appointment of Michael McFadyen as Non-Executive Director.**

Stonehorse Executive Director David Deloub commented:

"This has been another productive quarter for Stonehorse, with the Certus Caroline and Gryphon Wapiti wells continuing to produce above forecast on a combined basis. Whilst we are disappointed at delays in the drilling of the second Caroline well, we continue to progress other opportunities to participate in new wells across Western Canada. We were also pleased to welcome Michael McFadyen to the Company's board, where his three decades of oil and gas experience will be a great asset to Stonehorse's exploration and production activities"

Corporate

During the quarter, Stonehorse was pleased to announce the appointment of Michael McFadyen as Non-Executive Director.

Mr McFadyen's experience spans across offshore and onshore exploration and production (E&P). His career highlights 22 years in global offshore roles and 12 years in North American onshore projects.

Mr McFadyen will be an asset to the Stonehorse board as a seasoned oil and gas executive, with extensive operational experience adding a new dimension to the Company's collective expertise.



Canadian Assets

Caroline well has been producing since October 19, 2023, with the Griffin Wapiti well brought online January 1, 2024. Whilst the Wapiti has failed to meet expectations the combined production from the two CAD wells is well above forecast. The operator of the Wapiti well is planning to divest the assets of the company which may provide an opportunity to monetise the future production of this well.

Stonehorse's Canadian working interests in oil and gas wells generated approximately 37,036 BOE for the quarter or 407 BOE per day.

The Company has continued to support the operator of the Caroline well to drill a second well in the section. Delays caused by low gas prices and egress infrastructure restraints are the primary reasons for deferral of the well. Additional egress is being worked and planning for a second well is underway to be executed when gas prices are more favourable.

The Company through its technical and commercial resources based in Calgary, has identified several additional well opportunities for potential investment. These opportunities are being reviewed and high graded to ensure these meet the company's risk/return hurdles. The current potential investments include a multi-well oil play southeast of the current assets and others in Central Alberta and SE Saskatchewan.

After a twelve-month hiatus due to the new owner's sale of production assets and subsequent restructuring, Stonehorse is now receiving further payments from its initial Proton investment. The Company expects to recover its entire initial capital investment of \$333,000, plus interest, by June 2025.

United States Assets

Stonehorse's US portfolio of working interests in oil and gas wells generated approximately 44,190 BOE for the June Quarter or 491 BOE per day. The US portfolio continues to produce in line with our forecasts for what is seasoned production. Revenues have been negatively impacted by poor natural gas prices across this period.

Australian Assets

Myall-Creek 2 (MC-2). ADZ (formerly Armour Energy) continues to progress the frac design. Stonehorse has been advised that all frac operations have been delayed into 2025 as frac spreads in high demand through the second half of the year and none currently available until December at the earliest. ADZ plan is to combine the MC-2 frac with the new well fracs as this will be more efficient from a cost and time perspective. The hole in the tubing previously identified has led to planned "pull and replace" scheduled for Q4 this calendar year with the frac now planned in Q2-CY25.



Current Portfolio of Oil and Gas Well Assets

The Company currently has non-operated working interests in 14 wells including the 2 new wells located in Alberta, Canada.

Well Name	Reference Number	Working Interest	County, State	Operator
Stonehorse US				
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%	Gravin, 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	1-13-12SXH	41.50%	Carter, OK	Black Mesa Energy
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
Stonehorse Canada				
Caroline	1-27-33	26.25%	Sundry, AB	Pine Cliff
Wapiti	16-02-65-08	18.75%	Wapiti, AB	Gryphon
Stonehorse Australia				
Myall Creek	Myall Creek-2	25.00%	Surat Basin, Qld	Armour Energy

Table 1. Current Portfolio of North American and Australian well bore interests.

Additional Information

The Stonehorse Energy Investor Hub offers a specialized platform where investors can explore detailed information about the company and stay updated on our recent activities as we enter a period of expected growth. To learn more, visit the Investor Hub at <https://investorhub.stonehorseenergy.com/welcome>.

Operating Results

The Company realised revenue of \$2.406m from continuing operations for the 12 months to 30 June 2024.

Financial Position

As at 30 June 2024, the Company had a balance of cash at bank of \$6.339m and additional liquid assets in the form of tradable securities worth \$585k.



ASX Information

1. **ASX Listing Rule 5.2.1 and 5.4.2** – Oil and gas production and development and investment activity expenditure during the quarter was in a positive position of \$147,000. This is a result of a correction from the December 2023 and March 2024 quarters. Full details of the activity during the quarter are set out in this report.
2. **ASX Listing Rule 5.2.2 and 5.4.1** – Exploration activity investment and operating expenditure for the quarter was \$Nil.
3. **ASX Listing Rule 5.4.5** – Payments to related parties of the Company during the quarter and outlined in the Appendix 5B include \$72,358 for Director Fees.

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.

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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 to make an informed assessment of Stonehorse Energy. You should conduct your own investigations and perform your own analysis 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.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Stonehorse Energy Limited

ABN

13 086 972 429

Quarter ended ("current quarter")

30 June 2024

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	1,130	2,406
1.2	Payments for		
	(a) exploration & evaluation	-	6
	(b) development	-	-
	(c) production	147 ¹	(800) ¹
	(d) staff costs	(72)	(242)
	(e) administration and corporate costs	(229)	(672)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	126
1.5	Interest and other costs of finance paid	(1)	(1)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other	(3)	(13)
1.9	Net cash from / (used in) operating activities	972	810

¹Correction to production costs from Dec 23 quarter and Mar 24. Cashflows are also impacted by timing differences between quarterly periods.

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation (well rework / development cost)	-	(5,236)
	(e) investments	-	-
	(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements / working interests	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	(5,236)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,423	10,738
4.2	Net cash from / (used in) operating activities (item 1.9 above)	972	810
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(5,236)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(56)	27
4.6	Cash and cash equivalents at end of period	6,339	6,339

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	6,318	5,635
5.2	Call deposits	21	21
5.3	Bank overdrafts	-	-
5.4	Other (High Interest Account)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	6,339	5,656

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	72
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Section 6.1:

- \$72,358 for the payment of current quarter Director fees to Mr Gardner, Mr Deloub and Mr Stephenson.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	-	

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	972
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3 Total relevant outgoings (item 8.1 + item 8.2)	972
8.4 Cash and cash equivalents at quarter end (item 4.6)	6,339
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	6,339
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	6.52
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date:31/07/24.....

Authorised by: By the Board.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg *Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.