

Stonehorse Energy Limited
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Directors

Rob Gardner, Executive Chairman
Michael McFadyen, Non-Executive Director
Rick Lu, Non-Executive Director
Nicholas Ong, Non-Executive Director and Company Secretary

Issued Capital (ASX: SHE)

684.4m Ordinary Shares

Investor Hub

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SCAN ME

QUARTERLY ACTIVITIES REPORT

FOR THE THREE MONTHS ENDING 30 SEPTEMBER 2026

Perth, Western Australia – 29th October 2026 – 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 September 2026.

Operational Highlights

The consolidated financial results across the Stonehorse group entities: Stonehorse Energy Limited (SHE), Stonehorse Canada Corporation (SCC), and Lone Star Energy Limited (LSE) for the Quarter ending 30th September 2026 have been consistent with no significant disruptions to operations.

SCC continued development at Drumheller. Wells #5 and #6 were successfully completed and brought online in August 2026. Wells #7 and #8 were also completed, tied into facilities and brought online in mid-September 2026. At September 30th the 8 Drumheller wells were producing a combined 563 BOEPD. Subsequent to September 30th, ongoing facilities upgrades have delivered a further increase in production.

Key Financial Highlights

Income from Operations:

The Company's Canadian business provided a significant portion of the revenue in the quarter due to oil-weighted production from the 8 wells in Drumheller. Higher oil prices in the quarter also helped improve netbacks and revenue for both SCC and LSE assets.

The Company continues to focus on production growth by participating in oil weighted opportunities in Western Canada.

For the quarter, the Canadian and US portfolio of producing wells generated A$1,949,000 of revenue (receipts from customers per Appendix 5B). Total cash and cash equivalents as at 30 September 2026 was A$3,166,000.

Operating Expenses:

Stonehorse Canada has incurred operating expenses in line with expectations. US operations costs were consistent with a mature

producing asset.

Corporate Activities

Stonehorse Canada continues to execute to strategic plan with participation in the oil-weighted Drumheller development. The company continues to review other opportunities in the Western Canadian Sedimentary Basin.

Following the initial 6 successful Drumheller wells, SCC participated in 2 additional development wells during the quarter and delivered new production sales late September 2026. With the improved oil price environment and continued strong well performance the Company anticipates participating in additional wells throughout the rest of 2026 and into 2027.

Operational Activities:

Canadian Assets

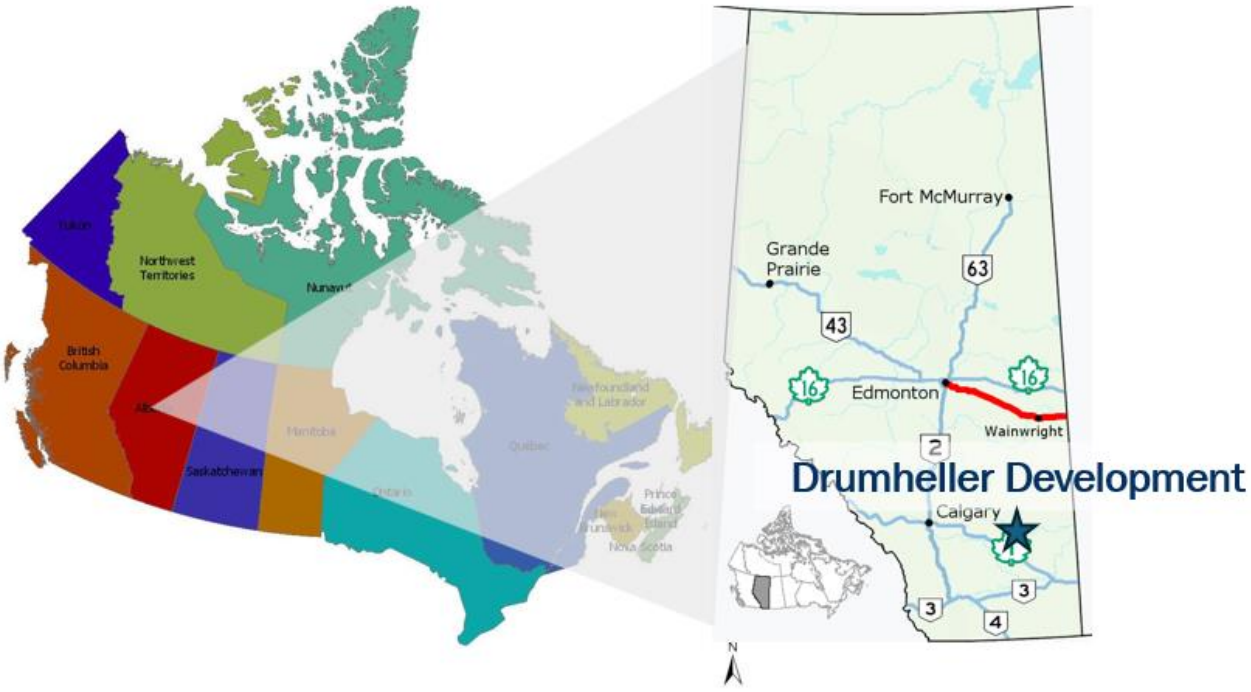


Figure 1: Location of the Caroline, Wapiti and Drumheller wells located in Alberta, CA.

The Company's Canadian working interests in oil and gas wells generated approximately 40,336 BOE for a daily average of 438 BOE for the quarter.

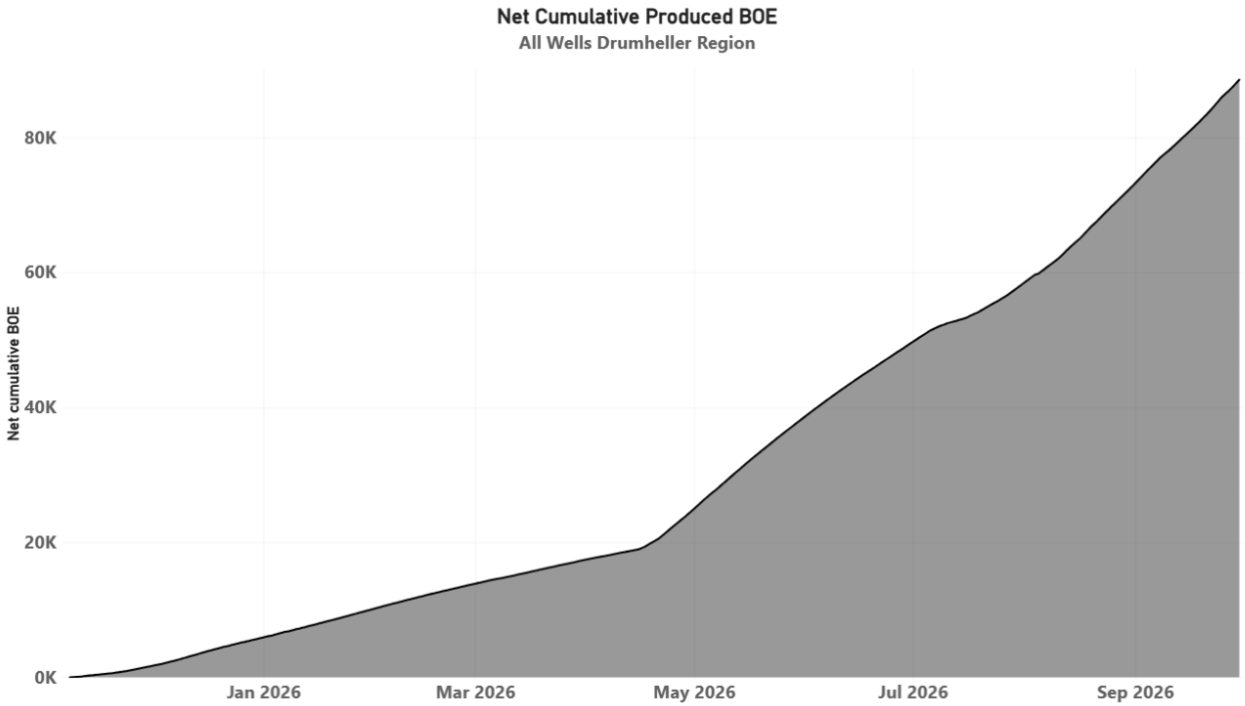


Figure 2: SCC's Drumheller development wells cumulative production performance from initial production through September 2026.

United States Assets

During the quarter, the Company completed the sale of its US oil and gas interests held by Lone Star Exploration and Production, Inc. to Brookside Energy Limited for approximately US$1.114 million in cash and the transfer of 7.5 million Stonehorse shares previously held by Brookside (refer to announcement dated 2 September 2026). The Company will consider disposing of the 7.5 million shares as soon as practicable.

Australian Assets

Stonehorse has 25% working interest in the Myall Creek property located in the Surat Basin, Queensland. Stonehorse has been advised that Myall Creek-2 workover and Tinowon-C fracture stimulation are only feasible as part of a multi-well campaign with a start date yet to be determined

Asset Portfolio:

Well Name	Reference Number	Working Interest	County, State	Operator
Stonehorse, United States of America				
Burgess	28-1	96.81% (Sold)	Ellis, Oklahoma	Black Mesa Energy
Sutton	2H-52	25.00% (Sold)	Hansford, Texas	Strat Land Exploration
Bullard	1-18-07UWH	15.60% (Sold)	Gravin, Oklahoma	Rimrock Resources
Henry Federal	1-8-5XH	2.30% (Sold)	Blaine, Oklahoma	Continental Resources
Randolph	1-34-27XHM	0.21% (Sold)	Blaine, Oklahoma	Continental Resources
Randolph	3-34-27XHM	0.21% (Sold)	Blaine, Oklahoma	Continental Resources
Randolph	4-34-27XHM	0.21% (Sold)	Blaine, Oklahoma	Continental Resources
Jewell	1-13-12SXH	41.50% (Sold)	Carter, Oklahoma	Black Mesa Energy

Newberry	12-1	21.70% (Sold)	Carter, Oklahoma	Black Mesa Energy
Mitchell	12-1	50.00 (Sold)%	Carter, Oklahoma	Black Mesa Energy
Thelma	1-32	50.00 (Sold)%	Murray, Oklahoma	Black Mesa Energy
Well Name	**Reference Number**	**Working Interest**	**County, State**	**Operator**
Stonehorse, Canada				
Wapiti	16-02-65-08	18.75 (Sold)%	Wapiti, Alberta	Gryphon Petroleum Corp
Drumheller	Drumheller #1	20.00%	Drumheller, Alberta	Private
Drumheller	Drumheller #2	35.00%	Drumheller, Alberta	Private
Drumheller	Drumheller #3	35.00%	Drumheller, Alberta	Private
Drumheller	Drumheller #4	35.00%	Drumheller, Alberta	Private
Drumheller	Drumheller #5	35.00%	Drumheller, Alberta	Private
Drumheller	Drumheller #6	35.00%	Drumheller, Alberta	Private
Drumheller	Drumheller #7	20.00%	Drumheller, Alberta	Private
Drumheller	Drumheller #8	20.00%	Drumheller, Alberta	Private
Well Name	**Reference Number**	**Working Interest**	**County, State**	**Operator**
Stonehorse, Australia				
Myall Creek	Myall Creek-2	25%	Surat Basin, Qld	ADZ Energy Pty Ltd

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 A$3.9 million.

2. **ASX Listing Rule 5.2.2 and 5.4.1** – There was no expenditure on exploration activity during the quarter.

3. **ASX Listing Rule 5.4.5** – Payments to related parties of the Company during the quarter and outlined in the Appendix 5B include $62k for Director Fees and Salaries to executives.

About Stonehorse Energy

Stonehorse Energy Limited (ASX:SHE) is an Australian based E&P company with a focus on onshore oil and gas in Canada and the United States. 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.

For further information:

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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	**Quarter ended ("current quarter")**
13 086 972 429	30 September 2026

	Consolidated statement of cash flows	Current quarter $A'000	Year to date (3 months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	1,949	1,949
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	(290)	(290)
	(d) staff costs	-	-
	(e) administration and corporate costs	(257)	(257)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	(30)	(30)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other	-	-
1.9	**Net cash from / (used in) operating activities**	**1,372**	**1,372**

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	-	-
	(e) investments in producing assets	(3,598)	(3,598)
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements / working interests	-	-
	(c) property, plant and equipment	-	-
	(d) investments in producing assets	1,572	1,572
	(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**	**(2,026)**	**(2,026)**

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	3,861	3,861
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,372	1,372
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,026)	(2,026)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
4.5	Effect of movement in exchange rates on cash held	(41)	(41)
4.6	**Cash and cash equivalents at end of period**	**3,166**	**3,166**

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	3,144	3,839
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Term deposits	22	22
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**3,166**	**3,861**

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	48
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.

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
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.

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8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	1,372
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)	1,372
8.4	Cash and cash equivalents at quarter end (item 4.6)	3,166
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	3,166
8.7	**Estimated quarters of funding available (item 8.6 divided by item 8.3)**	N/A

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.

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

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.

29 October 2026

Date: .....

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.