
STONEHORSE ENERGY LIMITED**ACN 086 972 429****NOTICE OF GENERAL MEETING**

Notice is given that the Meeting will be held at:

TIME: 11:30AM WST
DATE: 6 April 2021
PLACE: via Zoom Meeting

The business of the Meeting affects your shareholding and your vote is important.

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary, Jay Stephenson, on (+61 8) 9426 0666.

The General Meeting will be a virtual meeting. Instructions on how to attend, vote and ask questions during the meeting are outlined below.

IMPORTANT INFORMATION

TIME AND PLACE OF MEETING

Notice is given that the General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 11:30 AM WST on 6 April 2021.

Due to the COVID-19 pandemic, the Board has decided, in the interests of the health and safety of our Shareholders and staff, to hold the General Meeting virtually. Accordingly, Shareholders will not be able physically attend the meeting. For details of how Shareholders and proxyholders can participate in the Meeting online, please see the information below.

If you wish to virtually attend the General Meeting, please pre-register in advance for the virtual meeting by emailing the Company Secretary on jay.stephenson@foresthouse.com.au. You will need to provide your SRN and postcode for identification. After registering, you will receive confirmation containing information on how to vote at the meeting by poll.

Shareholders and proxyholders can participate in the General Meeting online using the zoom meeting platform. The zoom meeting id is:

Meeting ID: 486 058 5408

Which can also be found at the following link:

<https://us02web.zoom.us/j/4860585408?pwd=bnYvSzc4Q1RhN1dVVysrMlBadXo5Zz09>

The zoom meeting platform allows Shareholders and proxyholders to listen to the General Meeting, vote, and ask questions online in real time.

Technical difficulties may arise during the course of the Meeting. The Chair has discretion as to whether and how the meeting should proceed in the event that a technical difficulty arises. In exercising this discretion, the Chair will have regard to the number of shareholders impacted and the extent to which participation in the business of the meeting is affected. Where he considers it appropriate, the Chair may continue to hold the meeting and transact business, including conducting a poll and voting in accordance with valid proxy instructions. For this reason, shareholders are encouraged to lodge a proxy in accordance with the instructions set out on the Proxy Form, even if they intend to attend online.

In the event that it is necessary for the Company to give further updates, information will be lodged with the Australian Securities Exchange.

PARTICIPATING IN THE MEETING

Shareholders and proxyholders can submit questions in relation to the General Meeting, and vote on the resolutions in real time during the Meeting. Shareholders may also submit their questions in advance of the General Meeting on matters relevant to the business of the General Meeting by emailing their questions to jay.stephenson@foresthouse.com.au. Please note, only Shareholders and proxyholders may ask questions online and only once they have been verified. It may not be possible to respond on all questions raised during the Meeting. Shareholders are therefore encouraged to lodge questions prior to the Meeting. Written questions must be received by no later than 5:00pm WST on 28 March 2021.

Shareholders, proxies and attorneys participating in the General Meeting using the zoom meeting platform will be able to vote between the commencement of the Meeting and the closure of voting as announced by the Chair during the Meeting.

By participating in the Meeting online you will be able to:

- a) hear the meeting;
- b) submit questions at the appropriate time whilst the Meeting is in progress; and
- c) vote during the Meeting.

YOUR VOTE IS IMPORTANT

The business of the General Meeting affects your shareholding and your vote is important.

VOTING ELIGIBILITY

The Board has determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders at 7:00pm WST on 4 April 2021.

VOTING VIRTUALLY ON THE DAY OF THE GENERAL MEETING

All voting will be done via the zoom meeting platform. Voting on each item of business will be by poll. Instructions on how to vote during the meeting, including voting documents, will be emailed to all shareholders who registered their attendance prior to the meeting and instructions will be provided at the start of the meeting.

VOTING BY PROXY

The Company encourages all Shareholders to submit a proxy vote ahead of the Meeting.

To vote by proxy, please complete and sign the enclosed Proxy Form and return it by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Sections 250BB and 250BC of the Corporations Act provide that the chair of an annual general meeting can vote undirected proxies in a shareholder vote on the remuneration report where the shareholder provides express authorisation.

A body corporate appointed as a member's proxy may appoint a representative to exercise any of the powers the body may exercise as a proxy at the General Meeting. The appointment of the representative must comply with the requirements under Section 250D of the Corporations Act. The representative will need to provide evidence of

appointment as corporate representative to the company's Share Registry prior to the General Meeting / by emailing evidence of appointment to jay.stephenson@foresthouse.com.au or sending evidence by fax to facsimile number +61 8 9481 1947 including any authority under which the appointment is signed, unless such evidence has previously been given to the Company.

Further details are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed);
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands;
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members;
- the appointed proxy is not the chair of the meeting;
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting; or
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – RATIFICATION OF TRANCHE 1 PLACEMENT SHARES – LISTING RULE 7.1

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 60,093,705 Shares on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement applies to this Resolution. Please see below.

2. RESOLUTION 2 – RATIFICATION OF TRANCHE 1 PLACEMENT SHARES – LISTING RULE 7.1A

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 40,062,470 Shares on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement applies to this Resolution. Please see below.

3. RESOLUTION 3 – APPROVAL TO ISSUE TRANCHE 2 PLACEMENT SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 149,843,810 Shares on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement applies to this Resolution. Please see below.

4. RESOLUTION 4 – APPROVAL TO ISSUE PLACEMENT OPTIONS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 125,000,000 Options as free attaching Options to Placement Shares subscribed for and issued, on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement applies to this Resolution. Please see below.

5. RESOLUTION 5 – APPROVAL TO ISSUE BROKER SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 5,000,000 Broker Shares to Everblu Capital on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement applies to this Resolution. Please see below.

6. RESOLUTION 6 – APPROVAL TO ISSUE BROKER OPTIONS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 125,000,000 Broker Options to EverBlu Capital, on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement applies to this Resolution. Please see below.

Dated: 4 March 2021

By order of the Board

**Jay Stephenson
Company Secretary**

Voting Exclusion Statements

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of the resolution set out below by or on behalf of the following persons:

Resolution 1 - Ratification of Tranche 1 Placement Shares – Listing Rule 7.1	A person who participated in the issue or is a counterparty to the agreement being approved (namely recipients of Tranche 1 Placement Shares) or an associate of that person or those persons.
Resolution 2 - Ratification of Tranche 1 Placement Shares – Listing Rule 7.1A	
Resolution 3 - Approval to Issue Tranche 2 Placement Shares	A person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) (namely participants in the Placement) or an associate of that person (or those persons).
Resolution 4 - Approval to Issue Placement Options	A person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) (namely participants in the Placement) or an associate of that person (or those persons).
Resolutions 5 - Approval to Issue Broker Shares	A person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) (namely Everblu Capital Pty Ltd (AFSL 499 601/ABN 20 612 793 683)) or an associate of that person (or those persons).
Resolutions 6 - Approval to Issue Broker Options	

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Board believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. RESOLUTIONS 1 & 2 – RATIFICATION OF TRANCHE 1 PLACEMENT SHARES - LISTING RULES 7.1 AND 7.1A

1.1 General

On 10 February 2021, the Company announced it successfully raised \$5,000,000 (before costs) through a placement of Shares at \$0.02 per Share (**Placement**). The Placement comprises the issue of 250,000,000 Shares (**Placement Shares**) will occur in two tranches.

As stated in the Company's announcement of 10 February 2021, the Placement was strongly supported by Australian sophisticated investors, and monies raised through the Placement will be used by the Company to acquire a working interest in the proposed 'Jewell Well', a horizontal oil and gas well to be drilled and completed in Carter County, Oklahoma, USA.

As announced on 15 February 2021 the Company has issued the first tranche, being 100,156,175 Placement Shares (**Tranche 1 Placement Shares**), of which 60,093,705 Placement Shares issued pursuant to the Company's capacity under Listing Rule 7.1 (the subject of **Resolution 1**) and 40,062,470 Placement Shares were issued pursuant to the Company's capacity under its 7.1A mandate which was approved by Shareholders at the Company's annual general meeting held on 27 November 2020 (the subject of **Resolution 2**).

The Company engaged the services of Everblu Capital Pty Ltd (AFSL 499 601/ABN 20 612 793 683) (**Everblu Capital**), to lead manage the Placement and the issue of the Placement Shares. The Company has agreed to pay Everblu Capital a placement fee of 6% + GST for the funds raised, as well as the issue of securities to Everblu Capital the subject of **Resolutions 5 and 6**.

1.2 Listing Rules 7.1 and 7.1A

Broadly speaking, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12-month period to 15% of the fully paid ordinary securities it had on issue at the start of that 12-month period.

Under Listing Rule 7.1A however, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25%.

The Company obtained approval to increase its limit to 25% at its annual general meeting held on 27 November 2020.

The issue of the Tranche 1 Placement Shares does not fit within any of the exceptions to Listing Rules 7.1 and 7.1A and, as it has not yet been approved by Shareholders, has used up part of the 25% limit in Listing Rules 7.1 and 7.1A, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 and 7.1A for the 12-month period following the date of issue of the Tranche 1 Placement Shares.

1.3 Listing Rule 7.4

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for issues under Listing Rule 7.1. Accordingly, the Company is seeking Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Tranche 1 Placement Shares.

Resolutions 1 and 2 seek Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Tranche 1 Placement Shares under Listing rule 7.1 and Listing Rule 7.1A, respectively.

1.4 Technical information required by Listing Rule 14.1A

If Resolutions 1 and 2 are passed, the Tranche 1 Placement Shares will be excluded in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, increasing the number of equity securities the Company can issue without Shareholder approval over the 12-month period following the date of issue of the Tranche 1 Placement Shares.

If Resolutions 1 and 2 are not passed, the Tranche 1 Placement Shares will be included in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, decreasing the number of equity securities the Company can issue without Shareholder approval over the 12-month period following the date of issue of the Tranche 1 Placement Shares.

1.5 Technical information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolutions 1 and 2:

- (a) the Tranche 1 Placement Shares were issued to sophisticated investors who are clients of Everblu Capital. The recipients were identified through a bookbuild process, which involved Everblu Capital seeking expressions of interest to participate in the capital raising from non-related parties of the Company. None of the recipients are related parties of the Company;
- (b) 100,156,175 Tranche 1 Placement Shares were issued on the following basis:
 - (i) 60,093,705 Shares issued pursuant to Listing Rule 7.1 (ratification of which is sought under **Resolution 1**); and
 - (ii) 40,062,470 Shares issued pursuant to Listing Rule 7.1A (ratification of which is sought under **Resolution 2**);
- (c) the Tranche 1 Placement Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Tranche 1 Placement Shares were issued on 15 February 2021;

- (e) the issue price was \$0.02 per Tranche 1 Placement Shares under both the issue of Tranche 1 Placement Shares pursuant to Listing Rule 7.1 and Listing Rule 7.1A. The Company has not and will not receive any other consideration for the issue of the Tranche 1 Placement Shares;
- (f) the purpose of the Placement is to raise \$5,000,000, which will be used to acquire a working interest in the proposed Jewell Well. For clarity, the purpose of the issue of Tranche 1 Placement Shares was to raise approximately \$2.0m of the total Placement funds;
- (g) the Tranche 1 Placement Shares were not issued under an agreement; and
- (h) a voting exclusion statement is included in this Notice.

2. RESOLUTION 3 – APPROVAL TO ISSUE TRANCHE 2 PLACEMENT SHARES

2.1 General

As noted above, the Company has recently announced the Placement, which the Company proposes to complete in two tranches.

Tranche 1 of the Placement is the subject of Resolutions 1 and 2, and the Company is proposing to issue 149,843,810 Placement Shares under the second tranche of the Placement (**Tranche 2 Placement Shares**).

As summarised in Section 1.2 above, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12-month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The proposed issue of the Tranche 2 Placement Shares does not fall within any of the exceptions to Listing Rule 7.1 and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

2.2 Technical information required by Listing Rule 14.1A

If Resolution 3 is passed, the Company will be able to proceed with the issue of the Tranche 2 Placement Shares. In addition, the issue of the Tranche 2 Placement Shares will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 3 is not passed, the Company will not be able to proceed with the issue of the Tranche 2 Placement Shares and will not be able to accept applications for (and funds raised under) Tranche 2 of the Placement. If the Company cannot raise the full amount under the Placement, the Company may not be in a position to proceed with the acquisition of a working interest in the proposed Jewell Well.

Resolution 3 seeks Shareholder approval for the purposes of Listing Rule 7.1 for the issue of the Tranche 2 Placement Shares.

2.3 Technical information required by Listing Rule 7.1

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 3:

- (a) the Tranche 2 Placement Shares will be issued to sophisticated investors who are clients of Everblu Capital. The recipients were identified through a bookbuild process, which involved Everblu Capital seeking expressions of interest to participate in the capital raising from non-related parties of the Company. None of the recipients are related parties of the Company;
- (b) the maximum number of Tranche 2 Placement Shares to be issued is 149,843,810. The Tranche 2 Placement Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (c) the Tranche 2 Placement Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the Tranche 2 Placement Shares will occur on the same date;
- (d) the issue price of the Tranche 2 Placement Shares will be \$0.02 per Tranche 2 Placement Share. The Company will not receive any other consideration for the issue of the Tranche 2 Placement Shares;
- (e) the purpose of the Placement is to raise \$5,000,000, which will be used to acquire a working interest in the proposed Jewell Well. For clarity, the purpose of the issue of Tranche 1 Placement Shares was to raise approximately \$3.0m of the total Placement funds;
- (f) the Tranche 2 Placement Shares are not being issued under an agreement;
- (g) the Tranche 2 Placement Shares are not being issued under, or to fund, a reverse takeover; and
- (h) a voting exclusion statement is included in this Notice.

2.4 Dilution

Assuming no Options are exercised, no convertible securities are converted or other Shares issued and the maximum number of Placement Shares are issued, the number of Shares on issue would increase from 500,780,976 (being the number of Shares on issue as at the date of this Notice) to 650,624,786 and the shareholding of existing Shareholders would be diluted by 30%.

3. RESOLUTION 4 – APPROVAL TO ISSUE PLACEMENT OPTIONS

3.1 General

Under the Placement, the Company is proposing to issue one (1) free-attaching Option for every two (2) Placement Shares subscribed for and issued (**Placement Options**).

As summarised in Section 1.2 above, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12-month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The proposed issue of the Placement Options does not fall within any of these exceptions and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

3.2 Technical information required by Listing Rule 14.1A

If Resolution 4 is passed, the Company will be able to proceed with the issue of the Placement Options. In addition, the issue of the Placement Options will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 4 is not passed, the Company will not be able to proceed with the issue of the Placement Options, which may adversely affect the Company's ability to complete the Placement and receive the full value of the Placement should potential investors not wish to proceed with their applications under the Placement. If the Company cannot raise the full amount under the Placement, the Company may not be in a position to proceed with the acquisition of a working interest in the proposed Jewell Well.

Resolution 4 seeks Shareholder approval for the purposes of Listing Rule 7.1 for the issue of the Placement Options.

3.3 Technical information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 4:

- (a) the Placement Options will be issued to the Placement participants on a one (1) for (2) basis. None of the Placement participants are related parties of the Company;
- (b) the maximum number of Placement Options to be issued is equal to 50% of the total number of Placement Shares issued (being 125,000,000 Options) as the Placement Options will be issued free attaching with the Placement Shares on a one (1) for (2) basis;
- (c) the Placement Options will be issued on the terms and conditions set out in Schedule 1;
- (d) the Placement Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the Placement Options will occur on the same date/progressively;
- (e) the issue price per Placement Option will be nil as the Placement Options are to be issued free attaching with the Placement Shares. The Company will not receive any consideration for the issue of the Placement Options (other than in respect of funds received under the Placement and on exercise of the Placement Options);
- (f) the purpose of the Placement is to raise \$5,000,000, which will be used to acquire a working interest in the proposed Jewell Well. For clarity, the purpose of the issue of the Placement Options is to incentivise potential Placement participants to advance funds to the Company ;
- (g) the Placement Options are not being issued under an agreement;

- (h) the Placement Options are not being issued under, or to fund, a reverse takeover; and
- (i) a voting exclusion statement is included in this Notice.

4. RESOLUTIONS 5 AND 6 – APPROVAL TO ISSUE BROKER SHARES AND OPTIONS

4.1 General

The Company has entered into an agreement with Everblu Capital, pursuant to which EverBlu Capital agreed to provide Brokerage and Lead Manager services to the Company in relation to the Placement (**Lead Manager Agreement**).

Under that agreement, the Company agreed to issue 5,000,000 Shares (**Broker Shares**) and 125,000,000 Options (**Broker Options**) to EverBlu in consideration for the services being provided by EverBlu.

The Broker Shares shall be voluntarily escrowed for a period of six (6) months from the date of their issue.

As summarised in Section 1.2 above, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12-month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The proposed issue of the Broker Shares and Broker Options does not fall within any of these exceptions and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

4.2 Technical information required by Listing Rule 14.1A

If Resolutions 5 and 6 are passed, the Company will be able to proceed with the issue of the Broker Shares and Broker Options. In addition, the issue of the Broker Shares and Broker Options will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolutions 5 and 6 are not passed, the Company will not be able to proceed with the issue of the Broker Shares nor the Broker Options. As a result, the Company will be required to re-negotiate with EverBlu Capital regarding potential additional compensation, including the payment of additional cash fees to EverBlu Capital or the issue of Shares or Options to Everblu Capital from within the Company's 15% limit in Listing Rules 7.1 and/or 7.1A (assuming Resolutions 1 and 2 are passed at this Meeting) which will reduce the Company's capacity to issue further equity securities without Shareholder approval.

Resolutions 5 and 6 seek Shareholder approval for the purposes of Listing Rule 7.1 for the issue of the Broker Shares and the Broker Options.

4.3 Technical information required by Listing Rule 7.1

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolutions 5 and 6:

- (a) the Broker Shares and Broker Options will be issued to Everblu Capital, who is not a related party of the Company;

- (b) the maximum number of:
 - (i) Broker Shares to be issued is 5,000,000; and
 - (ii) Broker Options to be issued is 125,000,000.
- (c) The Broker Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares, and shall be voluntarily escrowed for a period of six (6) months from the date of their issue;
- (d) the Broker Options will be issued on the same terms and conditions as the Placement Options, as set out in Schedule 1;
- (e) the Broker Shares and Broker Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the Broker Shares and Broker Options will occur on the same date;
- (f) both the Broker Shares and the Broker Options will be issued at a nil issue price, in consideration for brokerage and Lead Manager services provided by Everblu Capital in relation to the Placement;
- (g) the purpose of the issue of the Broker Shares and Broker Options is to part compensate EverBlu Capital satisfy the Company's obligations under the Lead Manager Agreement;
- (h) the Broker Shares and Broker Options are being issued to Everblu Capital under the Lead Manager Agreement. A summary of the material terms of the Lead Manager Agreement is set out below:
 - (i) **Parties:** Everblu Capital and the Company;
 - (ii) **Transaction:** Placement to raise up to \$5 million;
 - (iii) **EverBlu Capital's role:** Lead Manager to the Offer;
 - (iv) **Everblu Capital's Fees:** 6% of funds raised; 1m broker shares per \$1m raised and 1 broker option for every 2 placement shares issued (on the same terms as placement options).;
- (i) the Broker Shares and Broker Options are not being issued under, or to fund, a reverse takeover; and
- (j) a voting exclusion statement is included in this Notice.

GLOSSARY

\$ means Australian dollars.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

Board means the current board of directors of the Company.

Broker Options means the 125,000,000 Options the subject of Resolution 6, to be issued to Everblu Capital under the Lead Manager Agreement as part consideration for the brokerage and Lead Manger services provided to the Company in relation to the Placement.

Broker Shares means the 5,000,000 Shares the subject of Resolution 5, to be issued to Everblu Capital under the Lead Manager Agreement as part consideration for the brokerage and Lead Manger services provided to the Company in relation to the Placement.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Company means Stonehorse Energy Limited (ACN 086 972 429).

Corporations Act means the *Corporations Act 2001* (Cth).

Everblu Capital means Everblu Captial Pty Ltd (AFSL 499 601/ABN 20 612 793 683).

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or **Meeting** means the meeting convened by the Notice.

Jewell Well means the proposed Jewell Well, a horizontal oil and gas well to be drilled and completed in Carter County, Oklahoma, USA.

Lead Manager Agreement means the Company's agreement with Everblu Capital in respect of the services EverBlu Capital is to provide in respect of the Placement, the material terms of which are summarised in Schedule 2.

Listing Rules means the Listing Rules of ASX.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share with the terms and conditions set out in Schedule 1.

Optionholder means a holder of an Option.

Placement means the Company's share placement to raise \$5,000,000 as announced on 10 February 2021.

Placement Options means the 125,000,000 Options to be issued to Placement participants on the basis of one (1) Option for every (2) Placement Shares subscribed for and issued (the subject of Resolution 4).

Placement Share means the 250,000,000 Shares to be issued to participants in the Placement at an issue price of \$0.02 per Placement Share.

Proxy Form means the proxy form accompanying the Notice.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Section means a section of the Explanatory Statement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – TERMS AND CONDITIONS OF OPTIONS

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Option will be \$0.04 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire 2 years from the issue date at 5:00 pm (WST) (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within five Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company

must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(l) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.



STONEHORSE

E N E R G Y

Stonehorse Energy Limited
ABN 13 086 972 429

Need assistance?



Phone:

1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)



Online:

www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **11:30 AM (AWST) on Sunday, 4 April 2021.**

Proxy Form

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

PARTICIPATING IN THE MEETING

Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Lodge your Proxy Form:

XX

By Mail:

Stonehorse Energy Limited
283 Rokeby Road
Subiaco WA 6008
Western Australia

By Fax:

08 6489 1601 within Australia or
+61 8 6489 1601 outside Australia

By Email:

jay.stephenson@foresthous.com.au



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Stonehorse Energy Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of Stonehorse Energy Limited to be held as a virtual meeting on Tuesday, 6 April 2021 at 11:30 AM (AWST) and at any adjournment or postponement of that meeting.

Step 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
1 Ratification of Tranche 1 Placement Shares – Listing Rule 7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Ratification of Tranche 1 Placement Shares – Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Approval to issue Tranche 2 Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Approval to issue Placement Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Approval to issue Broker Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Approval to issue Broker Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1 <input type="text"/>	Securityholder 2 <input type="text"/>	Securityholder 3 <input type="text"/>	/ / Date
Sole Director & Sole Company Secretary	Director	Director/Company Secretary	

Update your communication details *(Optional)*

Mobile Number Email Address

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

