

ASX ANNOUNCEMENT

20th APRIL 2020

Company update and response to the impacts of COVID-19.

- **The Directors are monitoring the situation closely and have considered the impact of COVID-19 and the macro economic consequences on the Company's business.**
 - **The Company remains cashflow positive despite significant fall in oil prices in recent times.**
 - **The Company's revenue streams are partially immunised from the recent fall in the oil price with the production stream weighted toward natural gas (circa 65% gas 35% oil).**
 - **The Company continues to manage its operational and corporate costs which remain low due to the "Back in After Pay-out" arrangement it has with the Black Mesa Energy, LLC.**
 - **The Company will continue to identify and consider opportunities to make additional investments that may present in the current environment.**
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General and Economic

The outbreak of COVID-19 is impacting global economic markets. The nature and extent of the effect of the outbreak on the performance of the Company remains unknown.

The Directors are monitoring the situation closely and have considered the impact of COVID-19 on the Company's business. However, the situation is continually evolving, and the consequences are therefore inevitably uncertain. This uncertainty and the impact that a global slowdown is having on economic activity is causing increased volatility in commodity markets, including the downward pressure on prices.

Corporately the Company is actively reviewing its non-operational expenses including its corporate overhead and is implementing measures to reduce these costs where appropriate.

The Company will continue to provide updates regarding the impact of COVID-19 on its operations, and work programs.

Operational performance and outlook

The Company continues to generate net revenue through its working interests in producing oil and gas wells located in the Anadarko Basin, Oklahoma.

Current monthly revenues (net of operating expenses) received from its working interests in The Bullard, Henry Federal, Sutton and Burgess wells cover current monthly corporate overhead by a multiple. Stonehorse's share of revenue from oil and gas sales for the first quarter of 2020 averaged approximately US\$60,000 per month.

Whilst we anticipate a reduction in these net revenues when the flow on effects of the significant oil price reduction are realised, this reduction in realised net revenue will be cushioned to some extent as a consequence of 50% of net revenue being generated from the working interest in the Bullard well which currently has a 30% oil 70% gas mix.



Stonehorse currently has working interests in five producing wells with four currently producing to sales and one set to commence in May 2020. (refer table below).

Well	Working Interest	Revenue contribution (monthly)
Bullard #1-18-7H	15.61%	71.27%
Henry Federal 1-8-5XH	2.30%	6.00%
Sutton #2H-52	25.00%	14.52%
Burgess #28-1	96.81%	8.21%
Randolph #1-34-27XHM*	0.21%	-
Weighted Average oil/gas mix		35% oil / 65% gas

*Revenue receipts expected to commence in May 2020.

Whilst planned investment programs may be subject to delays due the current pricing environment which does not support a decision to invest in new well development and delivery of initial production into a low commodity price environment we believe however that this period will present some unique opportunities for us to further leverage our relationship with Black Mesa Energy to continue to grow our working interests in the Anadarko Basin at a low point in the commodity price cycle.

This announcement has been authorised by the Board of Stonehorse Energy Limited.

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