



STONEHORSE
E N E R G Y

ABN 13 086 972 429

HALF-YEAR REPORT

31 December 2023

For personal use only

STONEHORSE ENERGY LIMITED AND ITS CONTROLLED ENTITIES

ABN 13 086 972 429

HALF YEAR REPORT 31 DECEMBER 2023

CORPORATE DIRECTORY

DIRECTORS

Mr Robert Gardner
Mr David Deloub
Mr Jay Stephenson

Executive Chairman
Executive Director
Non-executive Director

COMPANY SECRETARY

Mr Jay Stephenson

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STONEHORSE ENERGY LIMITED AND ITS CONTROLLED ENTITIES

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DIRECTORS' REPORT

Your Directors present their report together with the summary of the financial information of Stonehorse Energy Limited (the **Company** or **Stonehorse**) and its controlled entities (**Group**) for the half year ended 31 December 2023 and the auditor's report thereon.

1. Directors

The names of Directors in office at any time during or since the end of the year are:

-  Mr Robert Gardner Executive Chairman
-  Mr David Deloub Executive Director
-  Mr Jay Stephenson Non-executive Director

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

2. Company Secretary

The following person held the position of Company Secretary at the end of the financial year:

-  Mr Jay Stephenson

3. Review of Operations

3.1. Operations Review

Stonehorse Energy Limited (**ASX: SHE**) (**Stonehorse** or the **Company**) is pleased to present this Directors' report for the half year ended 31 December 2023.

OPERATIONAL HIGHLIGHTS

- The Company entered into a Participation Agreement with Canadian based Certus Oil & Gas Inc to earn a 26.25% Net Working Interest in the proposed Certus **Caroline** 1-27-33-05 liquids rich gas well located in Central Alberta, Canada.
- Stonehorse successfully completed the drilling, stimulation, and tie-in operations for the Caroline well in mid-October 2023.
- Production to Sales from this well commenced in late October and has subsequently produced in excess of 70,000 BOE through to 31st December 2023.
- The Company announced that it had entered a Farmout, Option and Participation Agreement with Canadian based Gryphon Oil Corp (Gryphon) to earn a 18.75% Net Working Interest in the proposed **Wapiti** 16-02-65- 08 light oil well located in Northern Alberta, Canada.
- The Gryphon Wapiti well was successfully spud in October and commenced production to sales on 1st January 2024.

It was an impressive second half of 2023 for Stonehorse Energy with the Certus Caroline well producing over ~70,000 BOE of raw production on an 8/8ths basis from flush production on October 19th to 31st December 2023. In addition, the drilling, completion and tie-in was also successfully completed at Wapiti, with well producing to sales on the 1st January 2024.



DIRECTORS' REPORT

The Company's Executive Director David Deloub commented "The performance of the Caroline well to date supports the economic case for additional development opportunities in the area. The Wapiti well adds high value light oil production to the company's oil and gas portfolio. With our successful start to the year and additional opportunities coming forward, we see 2024 as being a transformational period for the company".

CANADIAN ASSETS

During the Second half of 2023, Stonehorse entered into a Participation Agreement with Canadian based Certus Oil & Gas Inc (Certus) to earn a 26.25% Net Working Interest in a proposed Certus 1-27-33 liquids rich gas well located in Central Alberta, Canada. Stonehorse Energy has agreed to participate in the proposed drilling, completion, and tie-in of the liquids rich Certus 1-27-33 gas well.

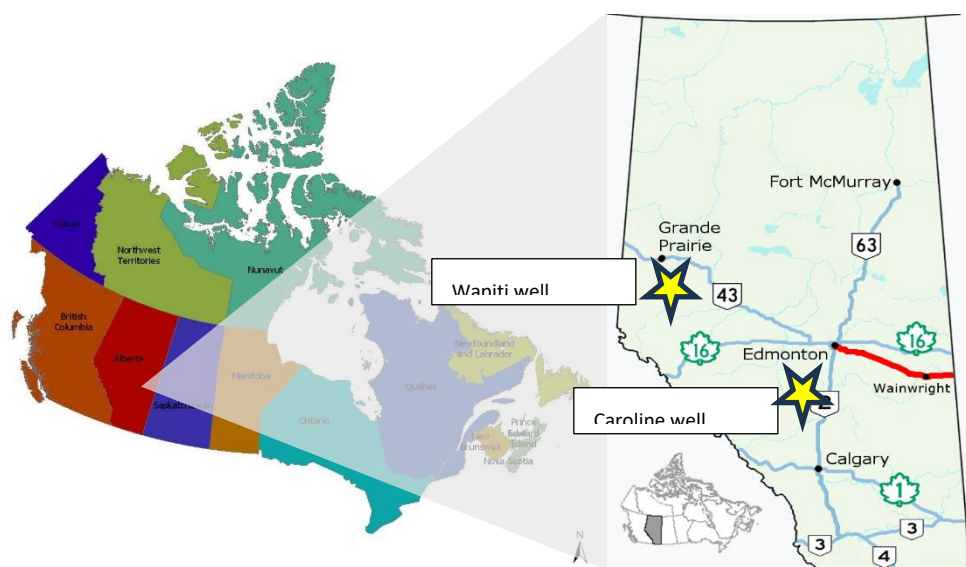


Figure 1. Location of the Caroline and Wapiti wells located in central Alberta, CA.

During the Period, Stonehorse successfully completed the Certus Caroline well, located in Central Alberta, Canada¹. The frack stimulation was successfully pumped over 65 stages across a ~9000 ft lateral interval in the Glauconite formation. Drilling and completion operations were executed without any safety incidents, commencing the flowback and test phase.

Multi day flow-back and in-test was successfully conducted at Caroline, prompting the well to be equipped and tied into permanent production facilities and brought online to sales on the 19th October 2023.

From October to December 2023 the Certus Caroline produced over 75,000 BOE with an initial production average of 1,193 BOE per day well above expectations with a higher than forecasted condensate yield². The production efficiency, mixed with the continuous

¹ ASX Announcement – 5 October 2023 "Canadian Operations Update – Expect Production to Sales-Oct"

² ASX Announcement – 13 November 2023 "Canadian Operations Update"



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strong hydrocarbon commodity process, made a significant contribution to the overall portfolio performance from October onward.



Figure 2. Aerial view of fracture spread on location at the Certus Caroline 1-27-33-05-W5 well.

Also, during the second half of 2023, Stonehorse agreed to participate in the drilling, completion, and tie-in of the Gryphon, Wapiti 16-02-65-08 light oil well located in Western Central Alberta. The arrangement with Gryphon included; a negotiated one well commitment to earn 3 sections of acreage. With success on the well, Stonehorse has the further option to participate in a second well drilled off the same pad on the same terms along with the option to select a further 3 sections of land in which it can elect to further participation.

During the Period, Stonehorse announced the successful spud of the Gryphon Wapiti well, located in West-Central Alberta, Canada³. Wapiti entails a legacy oil productive reservoir, neighbouring decent analogue producing fields both north and south of the prospective area. The well has available infrastructure on hand and access to take-away capacity for gas processing and oil sales, with major E&P operations in the surrounding area.

The Pad preparation, rig mobilisation and spud was completed on schedule, with drilling operations commenced on October 22nd. In mid-November, drilling operations were successfully completed on the Wapiti well, both on time and within budget, reaching a total depth of 3,280m

³ ASX Announcement – 27 October 2023 “Canadian Operations Update – Gryphon and Certus wells”



DIRECTORS' REPORT



Figure 3. Image of the Gryphon Wapiti well site with drill rig.

During the Period, the 29 stage fracture operations were successfully completed for the Gryphon Wapiti well, with post frac integrity test and flow back / test operations following⁴. Initial tests of the well's oil were positive, and in line with pre-drill expectations.

Following the test period, Stonehorse commenced a shut-in of the well, recording pressure data whilst installing production equipment and organising flowline transport to the nearest processing plant. Permanent production equipment and flowline were subsequently with production sales commenced on 1st January 2024.

⁴ ASX Announcement – 13 December 2023 “Canadian Operations Update – Gryphon Well”



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Figure 4. Fracture spread on location at the Wapiti well in Alberta, Canada.

US ASSETS

The current oil and gas well portfolio consisting of 11 operating wells in North America continues to perform strongly delivering seasoned production. Total net operating revenues have been impacted by softer oil and gas prices in North America.

AUSTRALIAN ASSETS

Myall Creek-2 (Surat Basin, QLD)

Despite delays due to Armour's being placed into administration and subsequent restructure (Armour has now been acquired by ADZ a privately held company) the agreed intention of the joint venture parties is to progress and complete the planned frac stimulation and realise production revenue and ultimately a return on the Myall Creek 2 investment during the course of 2024.

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 and the highly productive Jewell well located in Oklahoma.

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



DIRECTORS' REPORT

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	Certus
Wapiti	16-02-65-08	18.75%	Wapiti, AB	Gryphon
Stonehorse Australia				
Myall Creek	Myall Creek-2	25.00%	Surat Basin, Qld	ADZ

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

SUBSEQUENT EVENTS

The Caroline well's IP 90 average production at an impressive 1,085 BOE per day of sales, equating to 285 BOE per day for Stonehorse's net 26.25% working interest.

The Company is also pleased to announce the successful completion, tie in and first production on the Gryphon, Wapiti well which produced to sales on the 1st January 2024.

The Wapiti 16-02-65-08 well test, construction and tie-in were completed with well equip, battery construction and tie-in completed on time and budget with no accidents or incidents.

Well production was brought online to a permanent facility January 1, 2024. Early production indicates light oil and performing as expected. Light oil is being trucked to terminal and associated gas in being gathered and processed at regional third-party gas plant.

CORPORATE

In mid-July Stonehorse formally launched its Investor Hub. The Investor Hub is a dedicated platform for investors to learn more about Stonehorse Energy and our latest activities during this period of anticipated growth for the company. Visit the Investor Hub here: <https://investorhub.stonehorseenergy.com/welcome>

3.2. Operating results

The loss of the Group for the half year amounted to \$676,404 (2022: gain \$760,951), which was expected at the Group's current operating levels.

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

3.3. Financial position

The Group cash balance as at 31 December 2023 was \$5,409,595 and had working capital surplus of \$4,173,682 (30 June 2023: \$9,158,407 and net assets of \$13,019,142 (30 June 2023: \$13,695,546) as at 31 December 2023.



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DIRECTORS' REPORT

4. Events subsequent to reporting date

There were no reportable events subsequent to the reporting date of 31st December 2023.

Auditor's Independence Declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* (Cth) for the half-year ended 31 December 2023 has been received and can be found on page 10 of the interim financial report.



ROBERT GARDNER

Chairman

Dated this 14 March 2024



AUDITOR'S INDEPENDENCE DECLARATION STONEHORSE ENERGY LIMITED

In accordance with section 307C of the *Corporations Act 2001*, I provide the following declaration of independence to the directors of Stonehorse Energy Limited.

As lead audit partner for the review of the financial report of Stonehorse Energy Limited for the half-year ended 31 December 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.



Hall Chadwick Audit (WA) Pty Ltd
ABN 42 163 529 682



Nikki Shen
Director

Dated 14th March 2024

STONEHORSE ENERGY LIMITED AND ITS CONTROLLED ENTITIES

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the period ended 31 December 2023

	Note	31 Dec 2023 \$	31 Dec 2022 \$
Continuing operations			
Revenue		1,248,681	2,904,648
Less: Production costs		(373,331)	(224,189)
Gross profit		875,350	2,680,459
Other income		73,699	-
Foreign Exchange gain		43,030	36,313
		992,079	2,716,772
Compliance costs		(40,757)	(44,393)
Employee benefits expenses		(141,731)	(123,402)
Exploration and evaluation expenditure		(304,795)	(48,989)
Professional fees		(252,850)	(65,989)
Insurance expense		(78,823)	(19,026)
Other expenses		(50,408)	(43,614)
Amortisation expense	10	(664,119)	(863,670)
Share based payment expenses		-	(30,756)
Fair value loss on financial assets		(135,000)	(270,000)
(Loss)/Gain before tax		(676,404)	1,206,933
Income tax		-	445,982
(Loss)/Gain from continuing operations		(676,404)	760,951
Net (Loss)/Gain for the period		(676,404)	760,951
Other comprehensive income, net of income tax		-	-
Items that will not be reclassified subsequently to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive gain attributable to members of the parent entity		(676,404)	760,951
Gain per share:		¢	¢
Basic gain per share (cents per share)	2	(0.10)	0.11

The statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2023

	Note	31 Dec 2023 \$	30 Jun 2023 \$
Current assets			
Cash and cash equivalents	3	5,409,595	10,710,865
Trade and other receivables	5	494,062	5,690
Financial assets	4	450,000	585,000
Other current assets		19,186	63,630
Total current assets		6,372,842	11,365,185
Non-current assets			
Property, plant, and equipment		956	956
Exploration and evaluation assets	10	2,335,517	650,157
Producing assets	11	6,508,985	3,886,026
Total non-current assets		8,845,460	4,357,139
Total assets		15,218,301	15,902,324
Current liabilities			
Trade and other payables	6	118,773	126,391
Income tax payable		2,080,387	2,080,387
Total current liabilities		2,199,161	2,206,778
Total liabilities		2,199,161	2,206,778
Net assets		13,019,142	13,695,546
Equity			
Issued capital	7	35,505,381	35,505,381
Reserves		556,126	556,126
Accumulated losses		(23,042,365)	(22,365,961)
Total equity		13,019,142	13,695,546

The statement of financial position is to be read in conjunction with the accompanying notes.



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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period ended 31 December 2023

	Note	Issued Capital \$	Accumulated Losses \$	Reserves \$	Total \$
Balance at 1 July 2022		35,505,381	(24,699,925)	2,016,727	12,822,183
Gain for the period		-	760,951	-	760,951
Other comprehensive income for the period		-	-	-	-
Total comprehensive gain for the period		-	760,951	-	760,951
Transaction with owners, directly in equity					
Shares issued during the period		-	-	-	-
Performance rights issued during the period		-	-	30,756	30,756
Transaction costs on share issue		-	-	-	-
Balance at 31 December 2022		35,505,381	(23,938,974)	2,047,483	13,613,890
Balance at 1 July 2023		35,505,381	(22,365,961)	556,126	13,695,546
Loss for the period		-	(676,404)	-	(676,404)
Total comprehensive gain for the period		-	(676,404)	-	(676,404)
Transaction with owners, directly in equity					
Shares issued during the period	6	-	-	-	-
Performance rights issued during the period		-	-	-	-
Transaction costs on share issue		-	-	-	-
Balance at 31 December 2023		35,505,381	(23,042,365)	556,126	13,019,142

The statement of changes in equity is to be read in conjunction with the accompanying notes.



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CONSOLIDATED STATEMENT OF CASH FLOWS

for the period ended 31 December 2023

	Note	2023 \$	2022 \$
Cash flows from operating activities			
Receipts from customers		1,132,775	2,866,006
Payments to suppliers and employees		(1,244,417)	(795,436)
Interest received		71,828	-
Interest paid		-	(111)
Net cash (used in)/generated by operating activities		(39,814)	2,070,459
Cash flows from investing activities			
Payments for property, plant, and equipment		-	-
Payments for exploration and evaluation assets		(1,685,361)	-
Payments for producing assets	10	(3,658,520)	(1,912)
Net cash used in investing activities		(5,343,881)	(1,912)
Cash flows from financing activities			
Proceeds from exercise of options		-	-
Net cash generated by financing activities		-	-
Net (decrease)/increase in cash held		(5,383,695)	2,068,547
Effect of exchange rate fluctuations on cash held		82,425	58,581
Cash at the beginning of the period		10,710,865	8,275,134
Cash at the end of the period	3	5,409,595	10,402,262

The statement of cash flows is to be read in conjunction with the accompanying notes.



NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 December 2023

Note 1. Statement of significant accounting policies

These are the condensed financial statements and notes of Stonehorse Energy Limited (the Company or Stonehorse) and its controlled entities (Group). Stonehorse is a public company incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The financial statements were authorised for issue on 14 March 2024 by the directors of the Company.

a. Basis of preparation

This half-year financial report is intended to provide users with an update on the latest annual financial statements of Stonehorse Limited. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in combination with the annual financial statements of the Group for the year ended 30 June 2023, together with any public announcements made during the half-year.

i. Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

ii. Financial position

The financial statements have been prepared on the basis of historical cost, except where applicable, financial assets which are carried at fair value. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

iii. Going concern

The half-year financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlements of liabilities in the ordinary course of business.

iv. Revenue Recognition

The Group currently generates revenue from its revenue interests in production projects. Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of oil and gas

Revenue is recognised when the Group is notified of its proportionate share from operators of each production asset project.

Interest income

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.



NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 December 2023

b. Critical Accounting Estimates and Judgments

The critical estimates and judgements are consistent with those applied and disclosed in the 30 June 2023 annual report.

Key Judgments – Producing Assets

In determining the recoverable amount of assets, in the absences of quoted market prices, estimations are made regarding the present value of future cash flows using asset specific discount rates and the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

c. Adoption of new and revised accounting standards

In the half-year ended 31 December 2023, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the half-year reporting periods beginning on or after 1 July 2023.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and therefore no material change is necessary to Group accounting policies.



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Note 2 Earnings per share (EPS)

a. (Loss)/Gain used in the calculation of basic EPS gain

31 December 2023 \$	31 December 2022 \$
(676,404)	760,951

b. Weighted average number of ordinary shares after consolidation outstanding during the half-year used in calculation of basic EPS

31 December 2023 No.	31 December 2022 No.
684,460,287	684,460,287

c. Basic and diluted EPS (cents per share)

31 December 2023 ¢	31 December 2022 ¢
(0.10)	0.11

Note 3 Cash and cash equivalents

Cash at bank and on hand

Note	31 December 2023 \$	30 June 2023 \$
	5,409,595	10,710,865

Note 4 Financial assets

Current

Investment in listed shares

31 December 2023 \$	30 June 2023 \$
450,000	585,000
450,000	585,000

Stonehorse currently holds 45,000,000 Brookside Energy Limited (BRK) shares. The fair value of these fully paid ordinary shares at 31 December 2023 was based on ASX quoted market value. These shares are classified as Tier 1 financial assets. These shares are a financial asset through profit and loss.

Note 5 Trade and other receivables

Current

Trade receivable

Other receivable

31 December 2023 \$	30 June 2023 \$
115,906	-
378,156	5,690
494,062	5,690



NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 December 2023

Note 6 Trade and other payables

Current

Unsecured

Trade payables

Accruals

Directors' fees accrual

Other

	31 December 2023 \$	30 June 2023 \$
Trade payables	39,515	44,589
Accruals	12,000	36,500
Directors' fees accrual	-	-
Other	67,258	45,302
	118,773	126,391

Note 7 Issued capital

Note

Fully paid ordinary shares at no par value

a. Ordinary shares

At the beginning of the period

Shares issued during the period:

 Exercise of options

At reporting date

	31 December 2023 No.	30 June 2023 No.	31 December 2023 \$	30 June 2023 \$
Fully paid ordinary shares at no par value	684,460,287	684,460,287	35,505,381	35,505,381
At the beginning of the period	684,460,287	684,460,287	35,505,381	35,505,381
Shares issued during the period:				
Exercise of options	-	-	-	-
At reporting date	684,460,287	684,460,287	35,505,381	35,505,381

Note 8 Events subsequent to reporting date

There have been no material events after balance date.

Note 9 Commitments and contingences

There is no change in the Group's commitments or contingencies since the half year ended 31 December 2023 to date of this report.



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Note 10 Exploration and evaluation assets

	31 December 2023 \$	30 June 2023 \$
Balance at beginning of period	650,157	650,157
Add: Capitalised expenses	1,685,360	-
Less: Transfer to Producing assets	-	-
Total	2,335,517	650,157

The recoupment of costs carried forward in relation to the above areas of interest in the exploration phase is dependent on the successful development and commercial exploitation or sale of the respective area.

Note 11 Producing assets

	31 December 2023 \$	30 June 2023 \$
Balance at beginning of period	3,886,026	4,988,616
Add: Capitalisation of production expense	-	32,224
Add: Acquisition of new assets	3,658,520	371,440
Less: Transferred to other receivable(*)	(371,442)	-
Less: Expenditure written off	-	(48,989)
Less: Amortisation	(664,119)	(1,457,265)
Total	6,508,985	3,886,026

(*) The proton assets are reclassified to other receivables during the year due to a change in the arrangement.

Note 12 Operating segments

Identification of reportable segments

Stonehorse Energy Limited operates predominantly in one industry being the oil and gas industry in the USA and Canada.

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of its oil and gas interests in the USA and Canada and its corporate activities in Australia. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics.

Types of reportable segments

- Oil and gas exploration: Segment assets, including acquisition cost of exploration licenses and all expenses related to the projects in the USA are reported on in this segment.
- Corporate, including treasury, corporate and regulatory expenses arising from operating an ASX listed entity. Segment assets, including cash and cash equivalents, and investments in financial assets are reported in this segment.

Accounting policies adopted



NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 December 2023

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Unless indicated otherwise in the segment assets note, deferred tax assets and intangible assets have not been allocated to operating segments.

Segment liabilities

Liabilities are allocated to segments where there is direct link between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables.

31 December 2023	Corporate \$	USA \$	Canada \$	Total \$
Revenue from gas and oil sales	-	659,027	589,654	1,248,681
Other income	114,855	1,874	-	116,729
Total Revenue	114,855	660,901	589,654	1,365,410
Segment result before interest, tax, depreciation, amortisation and impairment	(577,188)	234,815	465,088	122,715
Depreciation and Amortisation	-	(627,463)	(36,656)	(664,119)
Fair value loss on financial assets	(135,000)	-	-	(135,000)
Profit/(loss) before tax	(712,188)	(392,648)	428,432	(676,404)
Income Tax	-	-	-	-
Net Profit/(loss) after tax	(712,188)	(392,648)	428,432	(676,404)
Segment Asset	6,905,964	2,889,206	5,423,131	15,218,301
Segment Liabilities	2,199,161	-	-	2,199,161

31 December 2022	Corporate \$	USA \$	Canada \$	Total \$
Revenue from gas and oil sales	-	2,904,648	-	2,904,648
Other income	3,252	33,061	-	36,313
Total Revenue	3,252	2,937,709	-	2,940,961
Segment result before interest, tax, depreciation, amortisation and impairment	(306,995)	2,647,598	-	2,340,603
Depreciation and Amortisation	-	(863,670)	-	(863,670)
Fair value loss on financial assets	(270,000)	-	-	(270,000)
Profit/(loss) before tax	(576,995)	1,783,928	-	1,206,933
Income Tax	(445,982)	-	-	(445,982)
Net Profit/(loss) after tax	(1,022,977)	1,783,928	-	760,951
Segment Asset	11,776,846	4,125,478	-	15,902,324
Segment Liabilities	2,206,777	-	-	2,206,777



STONEHORSE ENERGY LIMITED AND ITS CONTROLLED ENTITIES

ABN 13 086 972 429

HALF YEAR REPORT 31 DECEMBER 2023

DIRECTORS' DECLARATION

The Directors of Stonehorse Energy Limited declare that:

- 1 The condensed financial statements and notes, as set out on pages 12 to 20, are in accordance with the Corporations Act 2001 and:
 - a. comply with Accounting Standard AASB 134: Interim Financial Reporting; and
 - b. give a true and fair view of the financial position as at 31 December 2023 and of the performance for the half-year ended on that date of the Group.
- 2 In the Directors' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



ROBERT GARDNER

Chairman

Dated this 14 March 2024



INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF STONEHORSE ENERGY LIMITED

Report on the Half-year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Stonehorse Energy Limited (the Company) and its controlled entities (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the Corporations Act 2001, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Directors' responsibility for the half-year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2023 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.



Hall Chadwick Audit (WA) Pty Ltd
ABN 42 163 529 682



Nikki Shen
Director

Dated 14th March 2024