



**Horizon**  
Horizon Petroleum Ltd.  
**Management's Discussion and Analysis**  
**Years Ended August 31, 2025 and 2024**

This management's discussion and analysis of financial position and results of operations ("MD&A"), prepared and dated as of March 2, 2026 provides an analysis of the operations and financial results of Horizon Petroleum Ltd. ("Horizon" or the "Company") for the year ended August 31, 2025, and should be read in conjunction with the audited consolidated financial statements for the years ended August 31, 2025 and 2024 (the "Financial Statements"). The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts included therein and in the following MD&A are expressed in Canadian dollars except where noted.

Management is responsible for the preparation and integrity of the Company's financial statements, including the maintenance of appropriate information systems, procedures, and internal controls. Management is also responsible for ensuring that information disclosed externally, including that within the Company's financial statements and MD&A, is complete and reliable.

The Company is focused on oil and natural gas exploration and development.

Additional information on the Company is available for viewing on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Going Concern**

The development of the Company will depend on the Company's ability to obtain additional financing. In the past, the Company has relied on private placements to meet its cash requirements.

To continue as a going concern and to meet its corporate objectives, which primarily consists of investigating new potential oil and natural gas properties in Europe, the Company will require additional financing through debt or equity issuances or other available means. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future. Factors that could affect the availability of financing include, but are not limited to, the state of international debt, equity, and commodity markets as well as investor perceptions and expectations.

The Financial Statements were prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. If this assumption were not appropriate, adjustments to the Financial Statements may be necessary. Material uncertainties as to the Company's ability to obtain additional financing to fund future operations may cast significant doubt on the Company's ability to continue as a going concern. The successful future operations of the Company are dependent on the ability of the Company to secure sufficient funds through financing or other sources, and there are no assurances that such financing will be obtained.

## Forward-looking Statements

This MD&A contains or incorporates by reference forward-looking information and statements (together “forward looking statements”) which means disclosure regarding possible events, conditions, acquisitions, or results of operations that are based on assumptions about the Company’s future conditions and courses of action.

In certain cases, forward-looking statements can be identified by the use of words such as “plans”, “expects” or “does not expect”, “estimates”, “forecasts”, “intends”, “anticipates”, “does not anticipate”, “believes”, or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, or “might” occur, suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance, or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements are only predictions and actual events, or results may differ materially. Although we believe that the expectations reflected in the forward-looking statements and information are reasonable it cannot guarantee future results, levels of activity, performance or achievement since such expectations are inherently subject to significant business, economic, competitive, political, and social uncertainties, and contingencies.

In particular, forward-looking statements included in this MD&A include, but are not limited to:

- substantial capital requirements and liquidity;
- business strategy and planned acquisition and development strategy;
- expectations regarding our ability to raise capital;
- the completion of the Transformation Process to transform the Bielska-Biala and Cieszyn Concessions in Poland to the new concession laws and the timing thereof;
- financing risks and dilution to shareholders;
- oil and natural gas properties in which we may acquire an interest; and
- future operating and financial results.

By their nature, forward-looking statements involve assumptions, inherent risks, and uncertainties, many of which are difficult to predict, and which are usually beyond the control of management, which could cause actual results to be materially different from those expressed by such forward-looking statements and information. Risks and uncertainties include, but are not limited to, volatility in market price for crude oil, condensate and natural gas; industry conditions; currency fluctuation; imprecision of reserve and resource estimates; liabilities inherent in oil and natural gas operations; environmental risks; incorrect assessments of the value of acquisitions and exploration and development programs; competition from other producers; the lack of availability of qualified personnel or management; changes in the regulatory environment; changes in income tax laws or changes in property tax laws relating to the oil and natural gas industry; ability to access sufficient capital from internal and external sources; and other risks identified in this MD&A under the heading “*Risk Factors*”.

With respect to forward-looking statements contained in this MD&A, we have made assumptions that: the economic and political environment in which we operate or expect to operate will remain stable; the regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which we operate or expect to operate will remain stable; and we will be able to obtain financing on acceptable terms when necessary.

Readers are cautioned that the foregoing lists of risks and assumptions are not exhaustive. Although the forward-looking statements contained herein are based upon what management believes to be reasonable assumptions, management cannot assure that actual results will be consistent with these forward-looking statements. Investors should not place undue reliance on forward-looking statements or information.

Forward-looking statements contained in this MD&A are made as of the date of this MD&A and we disclaim any intent or obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

## **Highlights and Overview**

During calendar 2025 the Company continued to focus its activities on Poland upon the completion of the transformation of its Bielsko-Biala and Cieszyn concessions to the new Polish concession laws (Transformation Process).

On November 19, 2024 the Company received the final, signed concession agreements granting the Company a 100% working interest in the two concessions. Horizon now has the legal right to explore for, and develop, hydrocarbons on the concession lands. With the granting of the concessions Horizon can now recognize probable net reserves of 33 billion cubic feet equivalent of natural gas with a net present value (discounted at 10%) of \$US 84.5 million.

### *Bielsko-Biala Concession Terms*

The concession encompasses an area of 805 km<sup>2</sup>, has a term of 29 years including a 4-year exploration phase and a 25-year production phase.

The exploration phase has 3 additional subphase where the Company has committed to a work program. Phase I is 18 months with a commitment to reprocess geophysical data and execute a workover on the existing Lachowice 7 well. Phase II is also 18 months with a commitment to drill one well up to 5,000 meters in depth. Phase III is 12 months with a commitment to complete 150 km<sup>2</sup> of 3D or 200 km<sup>2</sup> of 2D seismic. Within each Phase there are optional work programs that can be performed at the Company's discretion, but they are not commitments. The Company can move from one Phase to the next upon completion of the commitments. If the results of any Phase are negative, the Company is not obligated to move to the next Phase.

The 25-year development phase starts from the date of the issue of an investment decision.

### *Cieszyn Concession Terms*

The concession encompasses an area of 326 km<sup>2</sup>, has a term of 30 years including a 5-year exploration phase and a 25-year production phase.

The exploration phase has 3 additional subphase where the Company has committed to a work program. Phase I is 30 months with a commitment to reprocess geophysical data and drill one well to a maximum depth of 1,500 meters. Phase II is 18 months with a commitment to drill a second well to a maximum depth of 1,500. Phase III is 12 months with a commitment to drill a third well to a maximum depth of 1,500 meters. Within each Phase there are optional work programs that can be performed at the Horizon's discretion, but they are not commitments. The Company can move from one Phase to the next upon completion of the commitments. If the results of any Phase are negative, the Company is not obligated to move to the next Phase.

The 25-year development phase starts from the date of the issue of an investment decision.

### Financing

During fiscal 2025 the Company successfully raised over \$2.7 million through a combination of private placements for shares, a debenture financing and the exercise of share purchase warrants. The funds were used to continue our ongoing operations in Canada and Poland. After year-end, the company closed an additional convertible debenture offering totaling \$270,000. However, we will need additional financing to develop its Poland opportunities as well as its business development activities in other countries. The successful conclusion of the transformation process now allows the Company to approach the equity markets with a concrete development in Poland, and we are hopeful of success in raising the required capital.

### Payment terms to San Leon

Horizon acquired the Polish subsidiaries that now hold the Bielska-Biala and Cieszyn concessions from San Loan Energy plc ("SLE"). The terms of the acquisition are detailed in Note 14 of the August 31, 2025 financial statements.

On June 23, 2025 the Company negotiated an amendment to its definitive agreement with SLE to extend the due date for payment on the consideration owing to the earlier of October 31, 2025 or 5 days after an equity closing of USD \$2,000,000 or greater.

On October 31, 2025, the due date for payment of the consideration owing to SLE, passed without payment being made. Per the June 23, 2025 amended definitive agreement with SLE, Horizon has until February 28, 2026 to make payment. After February 28, 2026 SLE can begin proceedings to reclaim ownership of the Poland subsidiaries. SLE has given no indication of their plan to do so, the Company plans to pay the consideration once funds greater than USD \$2,000,000 has been raised and continues dialogue with SLE.

### **Strategy and Outlook**

The Company has commenced operations activities at the Lachowice gas development to prepare the Lachowice-7 well for re-entry, testing and to commence gas production. Management is investigating two options to sell the gas, either to generate electricity, or produce into a modular, compressed natural gas facility (CNG) for export by truck. The company is targeting Q3 2026 to re-enter and workover the well.

The Company has also commenced geological and seismic interpretation studies to evaluate the prospectivity of the Cieszyn concession to identify the location for exploration drilling.

Management is investigating potential financing transactions that would provide the Company with the resources to complete the work obligations at Blelsko-Biala and Cieszyn concessions including equity financing and seeking an industry or financial partner in a joint venture.

## Operational Results

For the year ended August 31, 2025 the Company recorded a loss and comprehensive loss of \$3,148,909 (2024 \$1,187,808) and net cash flow used in operations of \$2,602,146 (2024 \$562,467).

## Quarterly Information

	<b>3 months August 31, 2025</b>	<b>3 months May 31, 2025</b>	<b>3 months February 28, 2025</b>	<b>3 months November 30, 2024 Restated</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Total Assets</b>	335,494	642,044	418,687	961,835
<b>Total Revenue</b>	-	-	-	-
<b>Working Capital (deficiency)</b>	(4,183,863)	(3,299,286)	(3,029,640)	(2,722,702)
<b>Profit (loss) and comprehensive</b>	(947,919)	(689,405)	(994,356)	(622,490)
<b>Weighted average number of common shares outstanding, basic and fully diluted</b>	58,306,864	49,881,640	44,926,858	41,204,555
<b>Weighted average loss per-share, basic and fully diluted</b>	(0.01)	(0.01)	(0.02)	(0.02)

	<b>3 months August 31, 2024</b>	<b>3 months May 31, 2024</b>	<b>3 months February 29, 2024</b>	<b>3 months November 30, 2023</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Total Assets</b>	116,141	237,928	91,256	71,157
<b>Total Revenue</b>	-	-	-	-
<b>Working Capital (deficiency)</b>	(3,465,459)	(3,093,523)	(3,307,676)	(3,060,499)
<b>Profit (loss) and comprehensive</b>	(404,256)	(316,255)	(271,169)	(196,128)
<b>Weighted average number of common shares outstanding, basic and diluted</b>	28,082,299	30,919,106	23,786,135	23,786,135
<b>Weighted average loss per-share, basic and fully diluted</b>	(0.01)	(0.01)	(0.01)	(0.01)

## Annual Information

	Year Ended August 31st			
	2025	2024	2023	2022
	\$	\$	\$	\$
<b>Total assets</b>	<b>335,494</b>	116,141	200,595	53,903
<b>Total Revenue</b>	-	-	-	-
<b>Working capital deficiency</b>	<b>(4,183,863)</b>	(3,465,459)	(2,888,362)	(3,403,920)
<b>Income (loss)</b>	<b>(3,203,504)</b>	(1,187,808)	(1,157,340)	(328,085)
<b>Income (loss) per share</b>	<b>(0.06)</b>	(0.04)	(0.05)	(0.03)
Professional fees	<b>483,985</b>	311,859	430,206	266,194
Salaries and benefits	<b>476,974</b>	380,184	195,009	-
Shareholder communication	<b>456,994</b>	-	-	-
Consulting Fees	<b>455,076</b>	-	-	-
Operations & development	<b>396,003</b>	-	-	-
Poland Licenses	<b>238,714</b>	-	-	-
Stock based compensation	<b>205,098</b>	130,677	30,088	-
Management fees	<b>167,291</b>	87,738	243,197	20,793
Office	<b>130,357</b>	164,004	147,969	16,140
Transfer agent and regulatory fees	<b>67,498</b>	28,095	37,562	5,197
Travel	<b>53,486</b>	-	-	-
Bank charges	<b>7,886</b>	2,346	(5,528)	-
Directors fees	-	75,000	-	-
Foreign exchange loss	<b>80,378</b>	7,905	133,474	16,326
Gain on settlement of debt	<b>(16,236)</b>	-	(56,880)	(9,325)
<b>Total expenses</b>	<b>3,203,504</b>	1,187,808	1,155,097	315,325
<b>Financing</b>				
Interest Expense	<b>50,666</b>	-	2,243	12,760
<b>Income (loss) and comprehensive incom</b>	<b>3,254,170</b>	1,187,808	1,157,340	328,085
<b>Weighted average number of commom shares outstanding, basic and fully diluted</b>	<b>52,764,658</b>	28,082,299	22,096,736	11,971,435

## **Annual Information and Analysis**

During the fiscal year ended August 31, 2025 (the “current period”) the Company had a loss and comprehensive loss of \$3,254,170 compared to a loss and comprehensive loss of \$1,187,808 for the fiscal year ending August 31, 2024 (the “prior period”). An analysis of the operating results are as follows:

### *Professional fees*

During the current period professional fees totaled \$483,985, an increase of \$172,126 compared to the \$311,859 spent in the prior period. The major differences are: an increase in audit and review fees of \$65,293 as, in the current period, the interim financial statements were reviewed, additional accounting support in Calgary of \$39,486, additional legal fees in Calgary primarily associated with financing activities of \$182,707 offset by a reduction of \$42,165 in Luxembourg professional fees after the wind-up of the Luxembourg subsidiaries.

### *Salaries and benefits*

During the current period, salaries and benefits totaled \$467,974 compared to \$380,184 for the prior period. Calgary salary and benefits expense are consistent between the current and prior year with three executives paid \$120,000 per person per year plus benefits. The increase in salaries and benefits in the current year was due to the hiring of support staff in Poland for a total expense of \$80,105.

### *Shareholder communication*

For the current period shareholder communication costs totaled \$456,994 compared to \$Nil in the prior period. In the current period \$368,032 was spent on marketing campaigns in Europe, the major difference between the two periods. These campaigns supported our financing activities in the current year.

### *Consulting fees*

For the current period Consulting fees totaled \$455,076 compared to \$Nil in the prior period. The major differences between the periods relate to geological and geophysical work to continue the evaluation of the assets of \$101,405 and financial consulting services of \$268,750.

### *Operations and development*

In the current period the Company incurred \$396,003 in operations and development expenditures compared to nil in the prior period. In late November, 2024 the Company was granted the licenses in Poland. Starting in the December, 2024 the Company started to record the expenses related to asset development under Operations and development. The costs in the current period relate to geological consulting fees, land access payments and site preparation costs.

### *Poland Licenses*

In the current period the Company paid \$238,714 in license fees to the Polish government for its two licenses in Poland. The licenses were granted in the current period and therefore there were no fees due or paid in the prior period

### *Stock based compensation.*

Stock based compensation for the current period \$205,098 compared to \$130,677 for prior period. The higher stock-based compensation for the current period is due to additional stock options being issued in December, 2024 with a charge of \$129,583. This is offset by lower current year amortization relating to prior stock option grants.

### *Management Fees*

Management fees for the current period were \$167,291 compared to \$87,738 for the prior period. This increase in management fees across periods reflects a market-based increase to the compensation of Poland staff.

*Office*

Current period Office costs were \$130,157 versus \$164,004 for the prior period. The major differences are higher insurance costs of \$14,857 driven by increased D&O coverage, the purchase of technical software for \$18,488 and design of a new corporate website for \$8,522. This was offset by one-time costs in Luxembourg of \$12,471 in the prior period.

*Transfer agent and regulatory fees*

Transfer agent and regulatory fees were \$67,498 in the current period compared to \$28,095 in the prior period. The increase in fees in the period was due to the Company graduating to the TSX Venture exchange.

*Travel*

Travel costs for the current period were \$53,486 compared to \$Nil for the prior period. All travel in the current period was to Poland and Central Europe for operational and business development purposes. There was no prior periods travel.

*Directors' fees*

In the current period Directors fees are \$NIL compared to \$75,000 in prior period. No director's fees were accrued or paid in the current period as payment of Directors fees is discretionary.

*Foreign Exchange*

During the current period foreign exchange losses were \$80,378 compared to \$7,905 for the prior period. In both years, the major source of foreign exchange gains and losses were derived from the conversion of foreign currency denominated accounts payable including and the acquisition costs payable to San Leon Energy which is denominated in \$US.

*Gain on settlement of debt*

The gain on settlement of debt for current period was \$16,236 compared to \$Nil for the prior period. The gain on settlement of debt in the current period relates to a write-off of vendor liabilities of \$16,237 in Q2 2025.

*Interest expense*

Interest expense in the current period of \$50,666 related to the debenture issued in December 2024. There were no debentures in the prior period.

## **Liquidity and Capital Resources**

As at August 31, 2025 the Company had cash and cash equivalents of \$111,385 and a working capital deficiency of \$4,183,863 compared to cash and cash equivalents of \$76,408 and a working capital deficiency of \$3,465,459 as at August 31, 2024.

The future development of the Company will depend on the Company's ability to obtain additional financing. In the past, the Company has relied on private placements to meet its cash requirements. The Company will need to raise further capital, most likely through the equity markets. The Company currently intends to raise the capital required for the initial development of its Polish concessions through equity financing.

To continue as a going concern and to meet its corporate objectives, the Company will require additional financing through debt or equity issuances or other available means. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. Factors that could affect the availability of financing include, but are not limited to, the state of international debt, equity and commodity markets, and investor perceptions and expectations. Failure to obtain such financing on a timely basis could cause the Company to further reduce capital spending and could lead to the loss of the primary concessions.

The Company's Financial Statements were prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. If this assumption were not appropriate, adjustments to the annual consolidated financial statements may be necessary. Material uncertainties as to the Company's ability to obtain additional financing to fund future operations may cast significant doubt on the Company's ability to continue as a going concern. The successful future operations of the Company are dependent on the ability of the Company to secure sufficient funds through financing or other sources, and there are no assurances that such financing will be obtained.

## **Exploration and Evaluation Assets**

On November 19, 2024, the Company received the final, signed concession agreements granting the Company a 100% working interest in the Bielsko-Biala and Cieszyn concessions. Horizon now has the legal right to explore for, and develop, hydrocarbons on the concession lands.

The Company is currently in the predevelopment phase of its operations in Poland. The predevelopment phase is complete when the technical feasibility and commercial viability of the property are demonstrated. Exploration and evaluation costs during the predevelopment phase are expensed as incurred.

## Related Party Transactions

The Company incurred the following expenses charged by key management personnel and companies controlled by key management personnel:

	Twelve Months August 31, 2025	Twelve Months August 31, 2024
Executive Compensation (a)	\$ 396,344	\$ 360,000
Directors Fees (b)	\$ -	\$ 75,000
Share-based payments (c)	\$ 173,923	\$ 113,111

(a) Executive compensation includes all management fees and salaries accrued to the Company's current CEO, President and CFO. Compensation included in Salaries and benefits and *Management fees* on the Consolidated Statement of Loss and Comprehensive Loss.

(b) Directors fees includes all fees paid to the Company's three independent Directors.

(c) Share based payments are the value of options granted to the Company's current CEO, President and CFO and Directors. See Note 8.

As at August 31, 2025, \$225,000 (2024 - \$285,000) of unpaid wages and \$Nil (2024-\$75,000) of unpaid Directors fees were payable to the Company's officers and three independent Directors. These amounts were unsecured, non-interest bearing with no fixed terms of repayment.

Refer to the Commitments and Contingencies section below for details on certain management contracts.

## Off Balance Sheet Arrangements

There are no off-balance sheet arrangements.

## Commitments and contingencies:

- (a) The Company's oil and gas activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.
- (b) The Company has discontinued oil and gas operations in various jurisdictions and has sold, dispersed of, or written down the carrying value of the related assets to nominal amounts. An estimate of the total liability, if any, for which the Company might become obligated as a result of its role as operator, guarantor, or indemnifier is not determinable, nor expected to be material, and no amount has been provided for in these consolidated financial statements.
- (c) The Poland concessions are subject to annual mining usufruct fees of Polish Zloty 371,000 (\$140,000) and surface lease rentals paid to landowners of Polish Zloty 92,000 (\$34,716). The fees are due in December and January of each year respectively.

The Company is required to perform the work commitments within the time period allotted, which started on November 19, 2024, the date the licenses were granted. Failure to perform the work commitments in the time allotted could result in the licenses reverting to the Government of Poland. The work program in one period must be completed for the Company to retain the license and move onto the next phase of development. There is no minimum dollar amount to be spent. If the program is not completed, there are no penalties owing, or liabilities accruing. Therefore, no amounts have been recorded.

<b>Bielsko Biala</b>		
18 Months <b>OBLIGATIONS:</b>	18 Months <b>OBLIGATIONS:</b>	12 Months <b>OBLIGATIONS:</b>
Reprocessing and re-interpretation geological and seismic data	Drill a new well up to 5000m depth including long term tests	Acquire 150km2 3D seismic and/or 200km of 2D seismic
Workover L7 well and interpret test results		
<b>Cieszyn</b>		
30 months <b>OBLIGATIONS:</b>	12 months <b>OBLIGATIONS:</b>	12 months <b>OBLIGATIONS:</b>
Reprocessing and re-interpretation geological and seismic data	Drill a new well <u>up to</u> 1500 m and long term tests	Drill a new well <u>up to</u> 1500 m and long term test
Drill a new well <u>up to</u> 1500 m and long term tests		

- (d) During 2020, the Company received a tax assessment for Petromanas in the amount of €2,085,686 (\$3,340,304) relating to taxes assessed on a 2017 gain on intercompany debt forgiveness. The Company disagrees with the assessment and would have disputed the amount. However, during 2020, the Company lost control of Petromanas as it entered a court approved liquidation process. Accordingly, no amounts have been accrued in these consolidated financial statements relating to this contingent liability.

During 2021 the Company was advised that the liquidator for Petromanas commenced action against the Company's subsidiary Gallic Lux 2 in order to recover the amount owing pursuant to the tax assessment. The Company believes the claims are without merit. As the ultimate resolution of this dispute cannot be predicted at this time, no liability has been accrued related to it as at August 31, 2025 and 2024. Gallic Lux 2 was dissolved on November 29, 2024.

- (e) The Company may be subject to various claims, lawsuits and other complaints arising in the ordinary course of business. The Company records provisions for losses when claims become probable and the amounts are estimable. Although the outcome of such matters cannot be determined, it is the opinion of management that the final resolution of these matters will not have a material adverse effect on the Company's financial condition, operations or liquidity. The outcome of these litigations cannot be reasonably determined, as a result, no amounts have been accrued.
- (f) The Company is party to certain management contracts. At the year-end these contracts contain minimum commitments of approximately \$350,000 for each of three executives, totaling \$1,050,000. The payment is triggered by termination without due cause or a corporate change of control. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements.

## Investor Relations

During fiscal 2025 the Company entered into consulting agreements with two companies which provide advertising, marketing, communication services as well as building investor awareness. At August 31, 2025 both investor relations contracts had expired.

## Financial Instruments and Risk Management

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- (a) Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
- (b) Level 2: Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantively the full term of the asset or liability; and
- (c) Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The Company does not have any financial instruments carried at fair value as at August 31, 2025 and 2024.

The carrying values of cash, receivables, accounts payable and accrued liabilities, short-term debt, and acquisition cost payable approximate their fair values because of their short terms to maturity.

- (a) Financial instrument risk exposure and risk management:

The Company is exposed in varying degrees to a variety of financial instrument-related risks. The Board of Directors approves and monitors the risk management processes. The type of risk exposure and the way in which such exposure is managed is provided below:

- (b) Credit risk:

Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets, including cash and receivables. The Company limits the exposure to credit risk by only investing its cash with high credit quality financial institutions in business and saving accounts. The carrying amount of cash and receivables represents the Company's maximum exposure to credit risk.

- (c) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no interest-bearing financial instruments which bear interest at variable rates. The Company is not exposed to material interest rate risk.

- (d) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company ensures, as far as reasonably possible, it will have sufficient capital in order to meet short-term business requirements, after taking into account cash flows used in operations and the Company's holdings of cash. The Company's cash is currently invested in business accounts which are available on demand by the Company for its programs. As at August 31, 2025, the Company had cash of \$111,385 (2024 - \$76,408) to settle current liabilities of \$4,519,357 (2024 - \$3,581,600).

(e) Foreign currency:

The Company is exposed to foreign currency risk as some of its cash and accounts payable and accrued liabilities are held in United States dollars ("USD"), Euros and Polish Zloty. A portion of the Company's acquisition cost payable is denominated in USD and Euros. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time. The exposure of the Company's foreign denominated financial instruments is as follows:

The Company is exposed to foreign currency risk on fluctuations of financial instruments related to cash, receivables, accounts payable and accrued liabilities and acquisition cost payable. Financial instruments are denominated in USD, Euros, and Polish Zloty.

	2025		2024	
	Amount in Foreign Currency	Amount in Canadian Dollars \$	Amount in Foreign Currency	Amount in Canadian Dollars \$
<b><i>United States dollars:</i></b>				
Cash	6,812	9,370	6,101	8,231
Accounts payable & accrued liabilities	(29,917)	(41,152)	(17,745)	(23,941)
Acquisition cost payable	(1,210,000)	(1,664,374)	(1,210,000)	(1,632,532)
<b><i>Euro:</i></b>				
Cash	485	780	-	-
Accounts payable & accrued liabilities	(118,270)	(190,145)	(113,772)	(169,555)
Acquisition cost payable	(30,000)	(48,232)	(30,000)	(44,709)
<b><i>Polish Zloty:</i></b>				
Cash	44,450	16,761	25,810	8,979
Receivables	67,049	25,282	19,886	6,919
Accounts payable & accrued liabilities	(413,391)	(155,879)	(368,797)	(128,304)

As at August 31, 2025, the net loss and comprehensive loss would have been \$85,000 (2024 - \$97,000) lower, had the Canadian dollar strengthened by 5% as a result of foreign exchange gains/losses on translation of USD, Euros, and Polish Zloty denominated financial instruments. The reverse effect would have occurred had the Canadian dollar weakened by 5%.

## Capital Management

The Company's objectives when managing capital are:

To maintain and safeguard its accumulated capital in order to provide an adequate return to shareholders by maintaining a sufficient level of funds to acquire, explore, and develop other mineral properties.

To invest cash on hand in highly liquid and highly rated financial instruments with high credit quality issuers, thereby minimizing the risk of loss of principal.

To obtain the necessary financing to complete exploration and development of its properties, if and when it is required.

In the management of capital, the Company includes shareholders' deficiency in the definition of capital. The Company is not exposed to externally imposed capital requirements. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body.

The Company manages the capital structure and makes adjustments to it, based on the level of funds required to manage its operations in light of changes in economic conditions and the risk characteristics of its underlying assets. There were no significant changes in the Company's approach to capital management during the years ended August 31, 2025 and 2024.

In order to maximize ongoing exploration and future development efforts, the Company does not pay dividends. Notwithstanding the risks described in Note 1 of these financial statements, the Company expects to continue to raise funds, from time to time, to continue meeting its capital management objectives.

Neither the Company nor its subsidiaries are subject to externally imposed capital requirements, other than those of the TSX Venture Exchange ("TSXV"), which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of six months. As of August 31, 2025, the Company is not in compliance with the TSXV capital requirements, the impact of which could not be ascertained by management as of the reporting date.

### **Business Risks and Uncertainties**

The Company is a junior resource exploration and development company. Resource exploration and development is inherently speculative in nature, and generally risky for many varied reasons. The Company has a limited history of operations and there can be no assurance our business will be successful or profitable.

**Readers should consider the investment risks set out below and those described elsewhere in this MD&A, which are in addition to the usual risks associated with an investment in a business at an early stage of development. The risks set out below are considered to be the most significant, but not definitive of all possible risks associated with an investment in the Company. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the Board is currently unaware or which they consider not to be material in relation to our business, the assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected.**

#### No History of Earnings

The Company has no history of earnings, limited cash reserves, and a limited business history. The Company is in the "start-up" phase of its plan to enter the oil and natural gas industry as a junior exploration company; and the operations are not sufficiently established such that it can mitigate the risks associated with its planned activities.

#### Substantial Capital Requirements: Liquidity

The Company will require significant amounts of new capital to carry out any oil and natural gas property acquisitions, exploration, and development activities. Failure to obtain such financing on a timely basis could cause the Company to forfeit its interest in certain properties, miss certain business opportunities, and reduce or terminate its operations. There can be no assurance that debt or equity financing or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes, or if debt or equity financing is available, that it will be on terms the Company deems acceptable. Moreover, future activities may require the Company to alter its capitalization significantly. The Company's inability to access sufficient capital for its operations could have a material adverse effect on the business, financial condition, and results of operations.

The Company may be required to issue securities on terms less favorable than made to current shareholders in order to raise sufficient capital to fund its business plan in a timely manner. Any future transaction involving the issuance of Common Shares or securities convertible into Common Shares will result in dilution, possibly substantial, to existing shareholders.

#### Dependence on Key Personnel

The Company's success is currently dependent on the services of its directors and officers; and in the future may be dependent upon key employees. The experience of these individuals is a key factor to its future success and growth. The Company does not have and may not acquire any key man insurance policies and therefore there is a risk that the death or departure of any member of management would have a material adverse effect on its business. Investors who are not prepared to rely on existing management should not invest in the Company's securities.

#### Conflicts of Interest

There are potential conflicts of interest to which the Company's directors and officers may be subject in connection with its operations. Some directors and officers may be, or may become, engaged in other ventures in the oil and natural gas industry in which the Company would not have an interest, and situations might arise where proposed directors and officers will be in direct conflict with the Company. Conflicts of interest will be governed by the procedures established by applicable corporate laws.

#### Management of Growth

In identifying and acquiring interests in material oil and natural gas projects, the Company may be subject to growth-related risks, capacity constraints and pressure on its internal systems and controls, particularly given the early stage of development and limited number of management personnel.

The Company's ability to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability to deal with this growth could have a material adverse impact on its business, operations, and prospects.

#### Issuance of Debt

From time to time, the Company may enter into transactions to acquire the assets or shares of other corporations. These transactions may be financed wholly or partially with debt, which may temporarily increase the Company's debt levels above industry standards. The level of indebtedness from time to time could impair its ability to obtain additional financing in the future, on a timely basis, to take advantage of business opportunities that may arise.

#### Volatile Stock Price

The price of the Common Shares is expected to be highly volatile and will be drastically affected by the success of exploration and development results as well as global commodities markets. The Company cannot predict the results of future activities nor of commodity pricing.

#### Dividends

The Company has not paid any dividends and is unlikely to pay dividends in the immediate or foreseeable future. The future payment of dividends will be dependent upon realizing revenues, generating net income, the financial requirements to finance future growth, the overall financial condition, and other factors which the Board may consider appropriate in the circumstances. There is no assurance the Company will ever be in a position to pay dividends, or that the same will be paid even if net income was available for distribution.

## **Oil and Natural Gas Property Risks**

### Acquisition Risks

The Company currently has interests in Poland which are subject to a number of risks. There are further potential acquisition, exploration, exploitation, development, and production opportunities. Management will continue to evaluate prospects on an ongoing basis. The Company's long-term commercial success will depend on its ability to acquire, develop, and commercially exploit natural gas reserves in Poland and Europe. No assurance can be given that the Company will be able to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, it may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participations uneconomic.

### Exploration, Exploitation, Development and Production Risks

Oil and natural gas exploration, exploitation and development involves a high degree of risk and there is no assurance that expenditures made on the Company's future exploration, exploitation and development activities will result in new discoveries of oil or natural gas in commercial quantities.

It is difficult to project the costs of implementing drilling programs due to the inherent uncertainties of drilling in the gas bearing reservoirs at the Lachowice gas field and also in unknown formations. The costs associated with encountering various drilling conditions such as over-pressured zones and tools lost in the hole, and changes in drilling plans and locations as a result of prior wells or additional seismic data and interpretations thereof are difficult to predict.

Future oil and natural gas exploration, exploitation and development may involve unprofitable efforts, not only from any non-producing wells, but from wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion, and operating costs. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental approvals or consents, shut-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical conditions.

While close well-supervision and effective maintenance operations can contribute to maximizing production rates over time, production delays and declines from normal field operating conditions cannot be eliminated and can be expected to adversely affect revenue and cash-flow levels to varying degrees.

In addition, oil and natural gas operations are subject to the usual risks including encountering unexpected formations or pressures, premature declines of reservoir pressures, blow-outs, cratering, sour natural gas releases, fires, and spills. Losses resulting from the occurrence of any of these risks could have a materially adverse effect on future results of operations, liquidity, and financial condition.

### No Assurance of Title

Title to or rights in oil and natural gas properties may involve certain inherent risks due to, among other things, problems arising from complex and historical title holdings, unregistered claims and changing governmental rules and policies. Although we will conduct reasonable investigations with respect to the validity of ownership, there can be no assurance that it will hold good and marketable title to any of its concessions or future acquired properties.

### Licensing and Permitting Delays

The Company's operations will require licenses and permits from various governmental authorities, including successful completion of the Transformation Process. There can be no assurance that the Company will be successful in completing the Transformation Process, or that it will be able to obtain all necessary licenses and permits that may be required to carry out the exploration and development of its projects in a timely manner or at all.

### Disruptions in Production

Other factors affecting the exploration and development of oil and natural gas properties that could affect future profitability include: (i) expiration or termination of leases, permits or licenses, (ii) changes in market prices for commodities or suspension of deliveries; (iii) future litigation; (iv) the timing and amount of insurance recoveries; (v) work stoppages or other labour difficulties; (vi) worker vacation schedules and related maintenance activities; and (vii) changes in the market and general economic conditions. Weather conditions, equipment replacement or repair, fires, amounts of natural materials and other geological conditions can have a significant impact on operating results.

### Shortages of Equipment and Access Restrictions

Exploration and development activities are dependent on the availability of drilling and related equipment in the particular areas where such activities will be conducted. Demand for a limited supply of equipment or access restrictions may adversely affect the availability of such equipment and may delay exploration and development activities, which could in turn adversely affect the Company's continued operations.

### **Industry, Country, and Other Risks**

The Company's ability to execute projects and market oil and natural gas will depend upon numerous factors beyond our control, including:

- the availability of processing capacity;
- the availability and proximity of pipeline capacity;
- the supply of and demand for oil and natural gas;
- commodity prices;
- the availability of alternative fuel sources;
- the effects of inclement weather;
- the availability of drilling and related equipment;
- unexpected cost increases;
- currency fluctuations;
- greenhouse gas regulations;
- the availability and productivity of skilled labour; and
- regulation of the oil and natural gas industry by various levels of government and governmental agencies.

Because of these factors, the Company may be unable to execute projects on time, on budget or at all, and may not be able to effectively market the oil and natural gas that it hopes to produce.

### Environmental Concerns

All phases of the oil and natural business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of federal, provincial, and local laws and regulations.

Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with oil and natural gas operations. Compliance with such legislation can require significant expenditures, and a breach of applicable environmental legislation may result in the imposition of fines and penalties, some of which may be material.

Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of oil, natural or other pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require the Company to incur costs to remedy such discharge. No assurance can be given that environmental laws or agricultural or other land use requirements will not result in a curtailment of future production and operations, or a material increase in operating costs, gas development and exploration activities or otherwise adversely affect the Company's financial condition, results of operation or future prospects.

In certain areas where the Company may operate, spills, releases and other environmental and safety issues can occur as a result of sabotage and damage to wells and pipelines. Depending on the cause and severity of an environmental incident, our reputation may also be adversely affected, which could limit our ability to obtain permits and implement future plans.

Our future operations will be subject to various Polish and European Union environmental laws. The Company intends to conduct its oil and gas activities in an environmentally responsible manner and in accordance with all applicable laws.

There can be no assurance that any new environmental laws, regulations, or stricter enforcement policies, once implemented, will not oblige the Company to incur significant expenses and undertake significant investments in such respect which could have a material adverse effect upon the Company's business, financial condition and results of operations.

#### Climate Change Legislation

Governments around the world have become increasingly focused on addressing the impacts of global climate change, particularly in the reduction of gases with the potential to contribute to greenhouse gas levels in the atmosphere. The oil and natural gas industry is subject to stringent environmental regulations in Poland and Europe. The political climate is leading to new programs for environmental laws and regulations, particularly in relation to the reductions of emissions and emissions intensities and there is a risk that any such programs, laws and regulations, if proposed and enacted, will contain emission reduction targets that may result in operating restrictions and/or compliance costs to avoid a breach of applicable legislation.

Governments climate change policies are emerging and evolving at the regional, national, and international levels in Poland and Europe. Political and economic events may significantly affect the scope and timing of climate change measures that are ultimately implemented. The implementation of such climate change strategies by the government in Poland or any country the Company may operate in the future for reducing greenhouse gas emissions could have a material impact on the future operations and financial condition of the Company. Furthermore, concerns about climate change have resulted in a number of concerned parties opposing the continued exploitation and development of hydrocarbons. Given the evolving nature of the climate change debate and the resulting potential changes to climate change and environmental legislation, it is not possible to predict the impact of such changes on the Company, its future operations, its financial condition and its ability to raise capital or other financing and its future cost of capital.

#### Public Health Crises

A regional, national, or international outbreak of a contagious disease, such as Covid-19, could have an adverse effect on local, regional, and potentially global economies that may adversely impact the demand and prices for oil and gas. A public health crisis could also impact on the Company's ability to conduct operations and may result in temporary shortages of personnel to the extent that the Company's workforce is impacted. Such an impact could have a material adverse effect on the Company's business, financial condition, organization, results of operations and future cash flows.

### Governmental Regulation

The oil and natural gas business is subject to regulation and intervention by governments in such matters as the awarding of exploration and production interests, the imposition of specific drilling obligations, environmental protection controls, control over the development and abandonment of fields (including restrictions on production) and possible expropriation or cancellation of contract rights and property interests, as well as with respect to prices, taxes, export quotas, royalties and the exportation of oil and natural gas. Such regulations may be changed from time to time in response to economic or political conditions. The implementation of new regulations or the modification of existing regulations affecting the oil and natural gas industry could reduce demand for oil and natural gas, increase the Company's costs, and have a material adverse effect on the Company and its business.

### Competition

The oil and natural industry is highly competitive. The Company actively competes for oil and natural gas rights and lands, reserve acquisitions, exploration, exploitation and development leases, licenses and concessions and skilled industry personnel with a substantial number of other oil and natural gas companies, many of which have significantly greater financial and other resources. As such the Company cannot guarantee that it will be able to access the personnel required with the appropriate expertise and experience.

### **Current Share Data**

As of August 31, 2024 the Company had:

- a) 58,206,864 common shares issued and outstanding;
- b) 1,900,000 stock options outstanding entitling the holder to purchase one common share at a price of \$0.25 per share. All options are now vested and expire on May 25, 2028;
- c) 1,040,000 stock options outstanding entitling the holder to purchase one common share at a price of \$0.075 per share. 693,336 of the options are currently vested with the remaining options vesting on April 11, 2026. All options expire on April 11, 2029;
- d) 1,420,000 stock options outstanding entitling the holder to purchase one common share at a price of \$0.16 per share. 26,666 of the options vested on December 26, 2024, the grant date. The remaining option vest equally on the first and second anniversary of the grant. All options expire on December 26, 2029;
- e) 80,000 stock options outstanding entitling the holder to purchase one common share at a price of \$0.13 per share. 473,286 of the options vested on December 5, 2024, the grant date. The remaining option vest equally on the first and second anniversary of the grant. All options expire on December 5, 2029;
- f) 279,236 warrants outstanding entitling the holder to purchase one common share at a price of \$0.20 per share expiring on September 17, 2025;
- g) 143,788 warrants outstanding entitling the holder to purchase one common share at a price of \$0.20 per share expiring on October 31, 2025;
- h) 1,045,455 warrants outstanding entitling the holder to purchase one common share at a price of \$0.20 per share expiring on October 31, 2025.
- i) 3,775,000 warrants outstanding entitling the holder to purchase one common share at a price of \$0.20 per share expiring on May 20, 2026.
- j) 6,530,227 warrants outstanding entitling the holder to purchase one common share at a price of \$0.30 per share expiring on September 17, 2028.

- k) 2,079,182 warrants outstanding entitling the holder to purchase one common share at a price of \$0.30 per share expiring on October 31, 2028.
- l) 1,538,500 warrants outstanding entitling the holder to purchase one common share at a price of \$0.30 per share expiring on January 15, 2029.

As at March 2, 2026, the date of this MD&A, the Company had 58,206,864 common shares issued and outstanding;

Additional information is available on SEDAR at [www.sedar.com](http://www.sedar.com)

### **Critical accounting estimates and judgments:**

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are discussed below:

(a) Share-based payment transactions:

Management determines fair values for share-based payments and warrants using market-based valuation techniques. The fair value of the market-based and performance-based non-vested share awards is determined at the date of grant using Black-Scholes valuation technique. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments for share-based payments include estimating the future volatility of the share price, expected dividend yield, and future employee turnover rates.

Assumptions and judgments for determining the value of warrants include estimating the future volatility of the share price, expected dividend yield, expected risk-free rate of return, among others. Such judgments and assumptions are inherently uncertain. Changes in these assumptions could affect the fair value estimates.

(b) Decommissioning liabilities:

Decommissioning liabilities are estimated based on the Company's interpretation of current regulatory requirements and constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities. The cost estimates are updated annually during the life of a project to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations) and are subject to review at regular intervals.

(c) Income, value added, withholding and other taxes:

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities.

All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded. Such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

(d) Short-term debt

Management estimated the interest rate used to discount the short-term debt to its present value based on interest rates for similar instruments issued by comparable companies. The warrants issued as part of the debenture issuances were assigned the residual value after calculating the present value of the short-term debt.

(e) Commitments and contingencies

See Note 15 to the Company's August 31, 2025 audited financial statements.

### **Share-based Compensation**

Share-based compensation is a non-cash expense calculated in respect of options and warrants granted. The calculation is based on the estimated fair value of the options and warrants at the time granted and is recognized as an expense over the respective vesting periods. The fair value of options is estimated using the Black-Scholes pricing model based on estimates and assumption for the expected life, volatility, risk-free interest rate, forfeiture rate, and dividend yield. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates could be material in future periods.

## **Accounting standards, amendments, and interpretations:**

### **New Accounting Standards**

During the year ended August 31, 2025, the Company adopted a number of amendments and improvements of existing standards. These included IAS 21 and IFRS 3. These new standards and changes did not have any material impact on the Company's financial statements.

### *Recent accounting pronouncements*

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing September 1, 2025. Many are not applicable or do not have a significant impact to the Company and have been excluded. Management is currently evaluating the impact of these pronouncements on the Company's consolidated financial statements.

*IFRS 9 Financial Instruments and IFRS 7 Financial Instruments – Disclosures.* In May 2024, the IASB issued amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments – Disclosures. The amendments clarify the derecognition of financial liabilities and introduces an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system. The amendments also clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features and the treatment of non-recourse assets and contractually linked instruments (CLIs). Further, the amendments mandate additional disclosures in IFRS 7 for financial instruments with contingent features and equity instruments classified at FVOCI.

*IFRS 18 – Presentation and Disclosure in Financial Statements.* In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements to improve reporting of financial performance. The new standards replace IAS 1 Presentation of Financial Statements. IFRS 18 introduces new categories and required subtotals in the statement of profit and loss and also requires disclosure of management-defined performance measures. It also includes new requirements for the location, aggregation, and disaggregation of financial information. The standard is effective for annual reporting periods beginning on or after January 1, 2027, including interim financial statements. Retrospective application is required, and early adoption is permitted.

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## **Disclaimer**

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. It should be read in conjunction with all other disclosure document provided by the Company, which can be accessed [www.sedar.com](http://www.sedar.com). No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein.

**SCHEDULE “A”:**

**Form 58-  
101F2 HORIZON  
PETROLEUM LTD.  
(the “Corporation”)**

***Corporate Governance  
Disclosure (Venture  
Issuers)***

**1. Board of Directors**

Corporate governance refers to the policies and structure of the board of directors of a company, whose members are elected by and are accountable to the shareholders of the company. Corporate governance encourages establishing a reasonable degree of independence of the board of directors from executive management and the adoption of policies to ensure the board of directors recognizes the principles of good management. The board of directors of the Corporation (the “**Board**”) is committed to sound corporate governance practices, as such practices are both in the interests of shareholders and help to contribute to effective and efficient decision-making.

Directors are considered to be independent if they have no direct or indirect material relationship with the Corporation. A “material relationship” is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director’s independent judgment.

The Company’s Board facilitates its exercise of independent judgement in carrying out its responsibilities by carefully examining issues and consulting with outside counsel and other advisors in appropriate circumstances. The Board requires management to provide complete and accurate information with respect to our activities and to provide relevant information concerning the industry in which we operate in order to identify and manage risks. The Board is responsible for monitoring The Company’s officers, who in turn are responsible for the maintenance of internal controls and management information systems.

Currently, the Board has three independent members, Charle Gamba, Shern Tan Liang and Riccardo Monti. The non-independent members are David Winter and Roger McMechan by virtue of their roles as officers of the Corporation.

**2. Directorships**

The following table sets forth the Company’s Board of Directors who currently hold directorships in other reporting issuers:

Name of Director	Other Issuer
David A. Winter	Canacol Energy Ltd. Nevada Lithium Resources Inc.

### **3. Orientation and Continuing Education**

Each new director is given an outline of the nature of the Company's business; it is corporate strategy and current issues. New directors are also required to meet with management to discuss and better understand the Company's business and are given the opportunity to meet with the Company's counsel to discuss their legal obligations as a director.

In addition, management takes steps to ensure that its directors and officers are continually updated as to the latest corporate and securities policies that may affect the directors, officers, and committee members as a whole. The Company continually review the latest securities rules and policies and are on the mailing list of the TSXV to receive updates to any of those policies. Any such changes or new requirements are then brought to the attention of the directors either by way of director or committee meetings or by direct communications from management to the directors.

### **4. Ethical Business Conduct**

The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual directors' participation in decisions of the board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in our best interests. Further, the Company's auditor has full and unrestricted access to the Audit Committee at all times to discuss the audit of the financial statements and any related findings as to the integrity of the financial reporting process.

### **5. Nomination of Directors**

The Board does not have a nominating committee, and these functions are currently performed by the Board as a whole. As a result of the Corporation's size, its stage of development and the limited number of individuals on the Board, the Board considers a nominating committee to be inappropriate at this time.

### **6. Compensation**

To determine compensation payable, the independent directors review compensation paid for directors, officers and senior management of companies of similar size and stage of development in the oil and gas exploration industry and determines an appropriate compensation reflecting the need to provide incentive and compensation for the time and effort expended by the directors and senior management while taking into account the Company's financial resources. In setting the compensation, the independent directors annually review the performance of the officers, and senior management in light of the Company's objectives and consider other factors that may have impacted its success in achieving the Company objectives.

Given the Corporation's current status and financial position, neither the Corporation's executive officers nor its directors receive any compensation or remuneration from the Corporation at this time.

### **7. Other Board Committees**

The Board has an Audit and a Reserves Committee.

**8. Assessments**

The Board monitors the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Board and Committees.

**SCHEDULE “B”**

**Form 52-110F2**

**HORIZON PETROLEUM LTD.  
(the “Corporation”)**

***Disclosure by Venture Issuers***

**1. The Audit Committee’s Charter**

The text of the Corporation’s audit committee’s (the “**Audit Committee**”) charter is attached hereto as Schedule “A”.

**2. Composition of the Audit Committee**

The following are the members of the Audit Committee:

Shern Tan Liang	Independent <sup>(1)</sup>	Financially literate <sup>(1)</sup>
Riccardo Monti	Independent <sup>(1)</sup>	Financially literate <sup>(1)</sup>
Charle Gamba	Independent <sup>(1)</sup>	Financially literate <sup>(1)</sup>

**Note:**

1. As defined in NI 52-110 – *Audit Committees (“NI 52-110”)*.

**3. Relevant Education and Experience**

**Shern Tan Liang** has more than 30 years of experience in both the banking and investment industries. Mr. Tan is the founder and Chief Executive Officer of One Tree Partners, a licensed asset management firm in Singapore. One Tree Partners is one of the longest established fund management firms in Singapore. Over the years, One Tree Partners has invested in more than US\$1bn worth of mining and commercial real estate deals across the region. Prior to founding One Tree Partners, Mr. Tan held increasingly senior management and executive roles at Citibank, UBS and Goldman Sachs in Singapore. Mr. Tan graduated with a Bachelor of Business Administration (BBA) degree from the University of Michigan.

**Riccardo M. Monti** has had a long and distinguished career in business, Government and academia. A few highlights include being President of the Italian Trade and Investment agency and Deputy chairman of Simest, the Italian state-owned equity investor supporting Italian companies to expand globally. Among other appointments, Mr. Monti is currently the Executive Chairman of the Italian public company Triboo S.p.a., Chairman of Italferr S.p.a., Italy’s largest engineering firm, and President of Grandi Stazioni, a large retailer.

**Charle Gamba** is a senior executive with almost 30 years’ working experience in the US and international upstream oil and gas industry. Charle served as a Vice President of Exploration at Occidental Oil & Gas Company from 2001 to 2008. In his seven years with Occidental, he worked in Ecuador, Qatar, Colombia, and the United States in a variety of technical management roles. Charle started his professional career as a geologist with Imperial Oil in Calgary in 1994.

**4. Audit Committee Oversight**

At no time since the commencement of our most recently completed financial year was a recommendation of the Committee to nominate or compensate an external auditor not adopted by the Board of Directors (the “**Board**”).

**5. Reliance on Certain Exemptions**

Other than as disclosed herein, at no time since the commencement of our most recently completed financial year have, we relied on the exemption in Section 2.4 of NI 52-110 (*De Minimis Non-audit Services*), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

The Corporation, as a venture issuer, is relying on the exemption provided in section 6.1 of NI 52-110, which provides that a venture issuer is not required to comply with Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

**6. Pre-Approval Policies and Procedures**

The Audit Committee has not adopted specific pre-approval policies and procedures for the engagement of non-audit services.

**7. External Auditor Service Fees (By Category)**

Aggregate fees paid to the Auditor during the financial years ended August 31, 2024 and 2023 were as follows:

<b>Type of Fees</b>	<b>Year ended August 31, 2025 (\$)</b>	<b>Year ended August 31, 2024 (\$)</b>
Audit Fees (1)	107,000	52,895
Tax Fees (2)	10,272	9,416
<b>Total</b>	<b>117,272</b>	<b>62,311</b>

**Notes:**

1. Audit related fees include fees charged for assurance and related services reasonably related to the performance of an audit and not included under “Audit Fees”.
2. Tax fees include fees charged (or estimated charges) for tax compliance, tax advice, and tax planning services.
3. All other fees include fees for services other than disclosed in any other row above.

## SCHEDULE "B"

### Audit Committee Charter

#### **Mandate**

The primary function of the audit committee (the "Committee") is to assist the Board of Directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company's systems of internal controls regarding finance and accounting, and the Company's auditing, accounting and financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Company's policies, procedures, and practices at all levels. The Committee's primary duties and responsibilities are to:

- serve as an independent and objective party to monitor the Company's financial reporting and internal control systems and review the Company's financial statements;
- review and appraise the performance of the Company's external auditors; and
- provide an open avenue of communication among the Company's auditors, financial and senior management, and the Board of Directors.

#### **Composition, Procedures and Organization**

The Committee must consist of at least three members; and each member must be a director of the Company. A majority of the members of the Committee should be independent (not executive officers or employees of the Company or of an affiliate of the Company). At least one member of the Committee must be financially literate; and all members of the Committee who are not financially literate must work towards becoming financially literate. For the purposes of this Charter, the term "financially literate" means the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements.

The members of the Committee shall be appointed by the Board of Directors at its first meeting following the annual shareholders' meeting. Unless a Chair is elected by the full Board of Directors, the members of the Committee may designate a Chair by a majority vote of the full Committee membership. The Chair must be financially literate.

The Board of Directors may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.

#### **Meetings of the Committee**

Meetings of the Committee shall be scheduled to take place at regular intervals and, in any event, not less frequently than quarterly. Unless all members are present and waive notice, or those absent waive notice before or after a meeting, the Chairman will give the Committee members at least 24 hours' advance notice of each meeting and the matters to be discussed at such meeting. Notice may be given personally, by telephone, by facsimile or e-mail.

The auditor shall be given reasonable notice of, and be entitled to attend and speak at, each meeting of the Committee concerning the Company's annual financial statements and, if the Committee determines it to be necessary or appropriate, at any other meeting. On request by the auditor, the Chair shall call a meeting of the Committee to consider any matter that the auditor believes should be brought to the attention of the Committee, the Board of Directors, or the Shareholders of the Company.

At each meeting of the Committee, a quorum shall consist of a majority of members that are independent. A member may participate in a meeting of the Committee in person or by telephone if all members participating in the meeting, whether in person or by telephone or other communications medium other than telephone are able to communicate with each other and if all members who wish to participate in the meeting agree to such participation.

The Committee may periodically meet separately with management or the auditor to discuss any matters that the Committee or any of these groups believes would be appropriate to discuss privately. In addition, the Committee must meet with the auditor and management annually to review the Company's financial statements.

The Committee may invite to its meetings any director, any manager of the Company, and any other person whom it deems appropriate to consult in order to carry out its responsibilities.

### **Responsibilities and Duties**

To fulfill its responsibilities and duties, the Committee shall:

1. Review the Company's financial statements, including any certification, report, opinion, or review rendered by the auditor, management's discussion and analysis of the financial statements, and any annual and interim earnings press releases before the Company publicly discloses such information.
2. Review and satisfy itself that adequate procedures are in place and review the Company's public disclosure of financial information extracted or derived from its financial statements, other than disclosure described in the previous paragraph, and periodically assess the adequacy of those procedures.
3. Be directly responsible for overseeing the work by the auditor (including resolution of disagreements between management and the auditor regarding financial reporting) engaged for the purpose of preparing or issuing an audit report or performing other audit review services for the Company.
4. Require the auditor to report directly to the Committee.
5. Review annually the performance of the auditor who shall be ultimately accountable to the Board of Directors and the Committee as representatives of the Shareholders of the Company.
6. Review and discuss with the auditor any disclosed relationships or services that may impact the objectivity and independence of the auditor.
7. Take, or recommend that the Board of Directors take appropriate action to oversee the independence of the auditor.
8. Recommend to the Board of Directors the external auditor to be nominated at the annual general meeting for appointment and the auditor for the ensuing year and the compensation for the auditor, or, if applicable, the replacement of the auditor.
9. Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the auditor and former independent external auditors of the Company.
10. Review with management and the auditor the audit plan for the annual financial statements.
11. Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services provided by the auditor. The pre-approval requirement is waived with respect to the provision of non-audit services if:
  - a. the aggregate amount of all such non-audit services that were not pre-approved is reasonably expected to constitute not more than 5% of the total amount of fees paid by the Company and its subsidiary entities to the auditor during the fiscal year in which the non-audit services are provided; such services were not recognized by the Company at the time of the engagement to be non-audit services; and

- b. such services are promptly brought to the attention of the Committee and approved, prior to the completion of the audit, by the Committee or by one or more members of the Committee to whom authority to grant such approvals has been delegated by the Committee.
12. In consultation with the auditor, review with management the integrity of the Company's financial reporting process, both internal and external.
  13. Consider the auditor's judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
  14. Consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the auditor and management.
  15. Review significant judgments made by management in the preparation of the financial statements and the view of the auditor as to the appropriateness of such judgments.
  16. Following completion of the annual audit, review separately with management and the auditor any significant difficulties encountered during the course of the audit, including any restrictions on the scope of the work or access to required information.
  17. Review any significant disagreement among management and the auditor in connection with the preparation of the financial statements.
  18. Review with the auditor and management the extent to which changes and improvements in financial or accounting practices have been implemented.
  19. Discuss with the auditor the auditor's perception of the Company's financial and accounting personnel, any material recommendations which the auditor may have, the level of cooperation which the auditor received during the course of its review and the inadequacy of its access to records, data or other requested information.
  20. Maintain, review and update the procedures for (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters, as set forth in Annex A attached to this Charter.
  21. Perform such other duties as may be assigned to them by the Board of Directors from time to time or as may be required by applicable regulatory authorities or legislation.
  22. Report regularly and on a timely basis to the Board of Directors on the matters coming before the Committee.
  23. Review and assess the adequacy of this Charter annually and recommend any proposed changes to the Board of Directors for approval.

**Authority**

The Committee is authorized to:

1. seek any information it requires from any employee of the Company in order to perform its duties;
2. to engage, at the Company's expense, independent legal counsel, or other professional advisors in any matter within the scope of the role and duties of the Committee under this Charter;
3. set and pay compensation for any advisors engaged by the Committee; and communicate directly with the internal and external auditors of the Company.

The Committee may delegate to one or more independent members of the Committee the authority to pre-approve non-audit services in satisfaction of the pre-approval requirement set forth in this section provided the pre-approval of non-audit services by any member to whom authority has been delegated must be presented to the Committee at its first scheduled meeting following such pre-approval.