



Horizon Petroleum Ltd.

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HORIZON PETROLEUM COMMENCES OPERATIONS AT LACHOWICE AND CONFIRMS ITS EUROPEAN NATURAL GAS STRATEGY

Horizon Petroleum Ltd. (the “Company” or “Horizon”) (TSXV: HPL, FRA: HPM, Tradegate: HPM) to announce the start of preparatory work at the Lachowice natural gas development in Poland and to confirm its strategy and focus on natural gas development and production in Poland and Europe,

Dr. David Winter, CEO of Horizon, stated, “Our goal is to establish a profitable intermediate-sized energy company that produces natural gas to meet Europe’s rising demand and enhance its energy security. We are starting preparatory operations to re-enter the Lachowice 7 well, aiming for production and cash flow by late 2025 or early 2026. The Lachowice gas field development and realising the natural gas potential of the Bielsko-Biala and Cieszyn concessions are the cornerstone of Horizon’s European natural gas focused strategy. Lachowice alone has assigned 2P natural gas reserves of 34 BCF and risked 2C contingent resources of 163 BCF, estimated to have a Net Present Value (NPV10) of US\$ 84.5 million and US \$431 million respectively as per our previously disclosed NI51-101 compliant reserve and resource report.”

Operations Commence at Lachowice

The Company has commenced preparatory works at the Lachowice 7 (L7) well location. The re-entry, workover and installation of a small gas production and sales facility is the initial stage in a phased development of the Lachowice gas field targeting first gas production late this year or early 2026.

Land access agreements have been signed with all landowners at the location. The Company is well positioned to move forward with its operations which have been positively received by local residents, and local municipal and regional authorities.

Work is underway in the field to determine the condition of the existing L7 wellhead and source the required materials to be ready for the workover this summer once a nearby high-voltage power line is moved and buried a safe distance from the wellhead.

Assuming a successful re-entry and flow test at the L7 well this summer, the company will install a small gas treatment facility. The company is actively determining the optimum method to monetize the treated gas production. To this end, two separate engineering companies have been

contracted to study the local markets and infrastructure to accommodate either a gas to electric facility or compressed natural gas (CNG) or mini-liquified natural gas sales (LNG) process.

Roger McMechan, COO of Horizon added: “The positive response from our consultations with the local residents, communities and municipal authorities demonstrates the importance of having the right operations team on the ground with the long-standing local and regional relationships. Our team in Poland have been instrumental in the smooth start-up of operations and planning with the local authorities and service companies to be on track to meet our target of first production by late 2025/Q1 2026.”

European Natural Gas Strategy

The execution of our European gas strategy is governed by the following priorities:

Minimise subsurface risks by the evaluation, acquisition and development of previously discovered gas and oil resources in the proven gas basins located in Poland and elsewhere onshore Europe. The initial focus is developing the Lachowice gas field, and fully evaluating the potential of the Bielsko-Biala and Cieszyn concessions in southern Poland.

Investment decisions driven by acquiring assets that provide the lowest risk potential for near term production and free cashflow generating high rates of return. Low finding, development and acquisition costs coupled with low operating costs are paramount to drive first tier economic returns.

Leverage our team’s international experience and expertise to monetise undeveloped or underexploited gas and oil accumulations. The Company recognises that many of these accumulations are contained in reservoirs that are geologically complex. Horizon will bring its technical and operating expertise and experience gained in complex field developments around the world to develop these accumulations commencing with the Lachowice field in Poland. We plan to employ advanced 3D seismic acquisition/processing and drilling/completion technologies to drive enhanced production and enhanced reserve recoveries.

Environmental, social and economic sustainability is a core strategic priority:

- i. Many European countries prioritize the transition to a lower carbon economy, yet energy consumption is rising faster than the supply of hydrocarbons and renewables. The role of natural gas is increasingly crucial, especially with energy security concerns stemming from the Ukraine war and the halt of Russian gas imports. Additionally, government initiatives to reduce coal use further highlight this need. To meet growing energy demands, investment in advanced technologies for domestic energy sources is essential. Horizon aims to lower methane and GHG emissions by effectively using existing technologies in its operations.
- ii. We will use local and regional services as a priority. Our operating philosophy is to employ local expertise and experience and supplement that when required by international specialist consultants and contractors. This strategy has been proven to

reduce costs, improve local engagement and support resulting in better operational and strategic decisions.

Mitigate geopolitical and operational risk by acquiring assets in a number of jurisdictions and geological basins. We think it is important to build a portfolio of assets with the reserve and production potential to build the company's asset value and cashflows and to generate high rates of return. The acquisition of the two concessions in Poland containing the Lachowice gas development provide the cornerstone for the Company's growth in Poland and Europe. Longer term we will actively screen, evaluate and pursue business development opportunities to add reserves and production potential in Poland and more widely in Europe and in the greater Mediterranean region.

The Company sees significant opportunities in Eastern and Central Europe and the greater Mediterranean region to develop previously discovered natural gas accumulations that remain undeveloped thereby increasing domestic production and reducing dependence on imports of Russian natural gas, imports of liquified natural gas (LNG) and the use of coal in power generation.

The Company will keep shareholders informed of our progress at the Lachowice natural gas development and the execution of our European focused natural gas strategy over the next several months.

About Horizon Petroleum Ltd.

Calgary-based Horizon is focused on the appraisal, development and production of natural gas and oil reserves in Europe. The large Lachowice gas development in Poland is the cornerstone of a Europe focused natural gas strategy to assist in energy security by increasing domestic production. The Management and Board of Horizon consist of oil & gas professionals with significant international experience.

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This press release contains "forward-looking statements" or "forward-looking information" (collectively referred to herein as "forward-looking statements") within the meaning of applicable securities legislation. Such forward-looking statements include, without limitation, forecasts, estimates, expectations and objectives for future operations that are subject to a number of assumptions, risks and uncertainties, many of which are beyond the control of Horizon. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential" and similar expressions, or that events or conditions "will", "would", "may", "could" or "should" occur or be achieved. This press release contains forward-looking statements pertaining to, among other things entering into the Definitive Agreements and completion of the transaction, and the furtherance of Horizon's European acquisition and development strategy.

Oil and Gas Advisories and Risks

The reserve and resource estimates contained in this press release have been prepared in accordance with NI 51-101, is dated as of August 31, 2024 and prepared by APEX Global Engineering Inc. The Company held no reserves or reserves at year end but subsequently was granted the Bielsko-Biala and Cieszyn Concessions on November 19, 2024.

The reserve and resource estimates of natural gas and natural gas liquids reserves provided in this news release are estimates only, and there is no guarantee that the estimated reserves and/or resources will be recovered. Actual reserves and resources may eventually prove to be greater than, or less than, the estimates provided herein. It should not be assumed that the estimates of future net revenues presented herein represent the fair market value of the reserves and/or resources. There are numerous uncertainties inherent in estimating quantities of natural gas and natural gas liquids reserves and/or resources and the future cash flows attributed to such reserves and/or resources.

These risks and uncertainties include but are not limited to: (i) the fact that there is no certainty that the zones of interest will exist to the extent estimated or that the zones will be found to have natural gas with characteristics that meet or exceed the minimum criteria in terms of net pay thickness and/or porosity, or that the natural gas will be commercially recoverable to the extent estimated; (ii) the fact that there is no certainty that any portion of the probable reserves and contingent and prospective resources will be commercially viable to produce; (iii) the fact that the Company must hire an operations team and executive team in both Calgary and Poland in order to execute on the development plan, and there are no guarantees that suitably qualified technical and professional staff and/or consultants will be available; (iv) the lack of additional financing to fund the Company's development activities and continued operations; (v) the risks associated with obtaining approvals to access land to drill wells or install infrastructure and facilities in a reasonable time frame; the Polish regulatory regime is relatively stable but is marked with long approval processes relative to North American jurisdictions; (vi) the risks in acquiring or constructing adequate natural gas infrastructure to produce and sell natural gas, and whether capacity will be available in the existing main pipeline system at reasonable costs; (vii) the risk that there may not be a drilling rig available to drill the required wells, and the risk that if a rig mobilization is required from outside of Poland, that the costs may be prohibitive; (ix) risks inherent in the international oil and natural gas industry; (x) fluctuations in foreign exchange and interest rates; (xi) the number of competitors in the oil and gas industry with greater technical, financial and operations resources and staff; (xii) fluctuations in world prices and markets for oil and natural gas due to domestic, international, political, social, economic and environmental factors beyond the Company's control; (xiii) changes in government regulations affecting oil and natural gas operations; (xiv) potential liabilities for pollution or hazards against which the Company cannot adequately insure or which the Company may elect not to insure; (xv) contingencies affecting the classification as reserves versus resources which relate to the following issues as detailed in the COGE Handbook: ownership considerations, drilling requirements, testing requirements, regulatory considerations, infrastructure and market considerations, timing of production and development, and economic requirements; (xvi) the fact that there is no certainty that any portion of the prospective resources will be discovered and if discovered, there is no certainty that it will be commercially viable to produce any portion of the resources; and (xvii) other factors beyond the Company's control.

Any reference in this press release to PIIP, contingent resources and prospective resources are not, and should not be confused with oil and natural gas reserves.

Definitions

Total Petroleum Initially in Place (“PIIP”) refers to the total quantity of petroleum that is estimated to exist originally in naturally occurring accumulations. It includes the petroleum that exists in known accumulations prior to production and the estimated quantities yet to be discovered in the various leads and prospects identified by seismic and inferred by geology. A portion of the PIIP will be recoverable as determined by ultimate recovery factors and the estimated recoverable portion is further classified as Reserves, Contingent Resources or Prospective Resources.

Discovered Petroleum Initially in Place (“Discovered PIIP” or “DPIIP”) is the total quantity of Petroleum that is estimated as of the effective date of the Report to be contained in known accumulations prior to production.

*Multiple development projects may be applied to each known accumulation which may be separated vertically into different formations or by area in different pools; each project will recover a portion of the PIIP according to its unique reservoir characteristics. The projects will be subdivided into Commercial and Sub-Commercial at the effective date with the estimated recoverable petroleum quantities being classified as **Reserves and Contingent Resources**.*

***Reserves** are estimated remaining quantities of oil and natural gas and related substances anticipated to be commercially recoverable from known accumulations, from a given date forward, based on:*

- (a) analysis of drilling, geological, geophysical and engineering data;*
- (b) the use of established technology; and*
- (c) specified economic conditions (see the discussion of “**Economic Assumptions**” below).*

Reserves are classified according to the degree of certainty associated with the estimates.

- (d) **Proved Reserves** are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.*
- (e) **Probable Reserves** are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.*
- (f) **Possible Reserves** are those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved + probable + possible reserves*

***Company Gross Reserves** are the Company’s working interest (operating or non-operating) share before deducting royalties and without including any royalty interests of the Company.*

***Resources** are defined in the Canadian Oil and Gas Evaluation Handbook (COGEH) Volume 1, section 5 as follows:*

***Contingent Resources** are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations, but the applied projects are not yet considered mature enough for commercial development due to one or more contingencies. Contingent Resources may include, for example, projects for which there are currently no viable markets, or where commercial recovery is dependent on technology under development, or where evaluation of the accumulation is insufficient to clearly assess commerciality.*

Contingencies may include factors such as economic, legal, environmental, political, and regulatory matters, or a lack of markets. It is also appropriate to classify as contingent resources, the estimated discovered recoverable quantities associated with a project in the early evaluation stage. Contingent Resources are further classified in accordance with the level of certainty associated with the estimates and may be sub classified based on project maturity and/or characterized by their economic status.

Not all technically feasible development plans will be commercial. The commercial viability of a development project is dependent on the forecast of fiscal conditions over the life of the project. For Contingent Resources, the risk component relating to the likelihood that an accumulation will be commercially developed is referred to as the “chance of development.” For contingent resources, the chance of commerciality is equal to the chance of development.

***Development Pending** are contingencies that are being actively pursued; expect resolution in a reasonable time period; are directly influenced by the developer with both, internal approvals and commitment and development timing and; have a high chance of development (>80%).*

Development on Hold are contingencies with major non-technical contingencies identified; have a reasonable chance of development (>50%); have contingencies that are beyond the control of the developer including but not limited to: external approvals, economic factors, market access, political factors and social license.

Development Unclassified are contingencies that have not been clearly defined; the project is currently under active evaluation; significant further appraisal may be required; progress is expected in a reasonable time period; chance of development is difficult to assess and could be a big range (20%-80%).

Development Not Viable are contingencies that have been identified; the project was evaluated and considered not viable or significant further appraisal may be required; progress is not expected in a reasonable time period and; has a low chance of development (<<50%).

Contingent Resources –Development Pending and –Development On Hold are considered economic, Contingent Resources –Development Unclassified have economics that are undetermined, and Contingent Resources –Development Not Viable are considered sub-economic.

Prospective Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources have both an associated chance of discovery and a chance of development. Prospective Resources are further subdivided in accordance with the level of certainty associated with recoverable estimates assuming their discovery and development and may be sub classified based on project maturity.

Not all exploration projects will result in discoveries. The chance that an exploration project will result in the discovery of petroleum is referred to as the “chance of discovery.” Thus, for an undiscovered accumulation, the chance of commerciality is the product of two risk components — the chance of discovery and the chance of development.

Estimates of resources always involve uncertainty, and the degree of uncertainty can vary widely between accumulations/projects and over the life of a project. Consequently, estimates of resources should generally be quoted as a range according to the level of confidence associated with the estimates. An understanding of statistical concepts and terminology is essential to understanding the confidence associated with resources definitions and categories. These concepts, which apply to all categories of resources, are outlined below. The range of uncertainty of estimated recoverable volumes may be represented by either deterministic scenarios or by a probability distribution. Resources should be provided as low, best, and high estimates as follows:

- **Low Estimate and/or 1C in the case of Contingent Resources:** This is considered to be a conservative estimate of the quantity that will actually be recovered. It is likely that the actual remaining quantities recovered will exceed the low estimate. If probabilistic methods are used, there should be at least a 90 percent probability (P90) that the quantities actually recovered will equal or exceed the low estimate.
- **Best Estimate and/or 2C in the case of Contingent Resources:** This is considered to be the best estimate of the quantity that will actually be recovered. It is equally likely that the actual remaining quantities recovered will be greater or less than the best estimate. If probabilistic methods are used, there should be at least a 50 percent probability (P50) that the quantities actually recovered will equal or exceed the best estimate.
- **High Estimate and/or 3C in the case of Contingent Resources:** This is considered to be an optimistic estimate of the quantity that will actually be recovered. It is unlikely that the actual remaining quantities recovered will exceed the high estimate. If probabilistic methods are used, there should be at least a 10 percent probability (P10) that the quantities actually recovered will equal or exceed the high estimate.

This approach to describing uncertainty may be applied to reserves, contingent resources, and prospective resources. There may be significant risk that sub commercial and undiscovered accumulations will not achieve commercial production, however, it is useful to consider and identify the range of potentially recoverable quantities independently of such risk.

The main contingencies identified in the Lachowice Reserves Report are the successful recompletion of existing abandoned wells, the expected decline rates and the approval and completion of new development and new re-entries. Table 6 below outlines the positive and negative factors which may be relevant to the Resource Report assumptions and estimates.

Table 6:

Positive Factors	Negative Factors
The Federal Government is familiar with the oil and gas industry	No gas plant near the play - a new gas plant is included in CAPEX
Federal government is supporting international investments into their oil and gas industry	No sales pipeline near the play - a new natural gas sales lines is included in CAPEX
Significant resources	No current sales contract
High and stable natural gas prices	Approval timelines may delay the project
Low royalties	Local resistance to drilling and/or production facilities may delay the project
Well understood approval process	Changing political landscape
The local community is familiar with natural gas production and processing and is generally well accepted	Access to capital to spend CAPEX
The development project is located in a farming area, away from major urban centers	Drilling and completion risks
	Limited production rate and reserves in place