

**HORIZON PETROLEUM LTD.**  
**(the "Company")**  
**Form 51-101F1**  
*Statement of Reserves Data*  
*and Other Oil and Gas Information*

**PART 1      DATE OF STATEMENT**

**Item 1.1      Relevant Dates**

This statement of reserves data and other oil and gas information is dated December 31, 2018

The effective date is August 31, 2018.

The preparation date is December 31, 2018.

**PART 2      DISCLOSURE OF *RESERVES DATA***

As at August 31, 2018, the Company had no reserves.

**PART 3      PRICING ASSUMPTIONS**

Not applicable.

**PART 4      RECONCILIATION OF CHANGES IN *RESERVES***

The Company has not had any reserves for the last three fiscal years and as such there is no reconciliation of changes in reserves to be presented.

**PART 5      ADDITIONAL INFORMATION RELATING TO *RESERVES DATA***

**None – Not included.**

**PART 6      OTHER *OIL AND GAS* INFORMATION**

**Item 6.1      *Oil and Gas Properties and Wells***

As of August 31, 2018, the Company had no producing oil or gas wells and the following nonproducing oil or gas wells on these properties:

- France
  - Ger Permit, Ossun 2D well (suspended)

## **Item 6.2      *Properties With No Attributed Reserves***

At August 31, 2017, the Company had an interest in 169,760 net and gross acres of properties onshore, in the Ger and Ledeux Permits, in France.

The exploration rights under the Ger Permit were originally granted for a 5 year term beginning on April 3, 2008, and extended for an additional five year term. The Ger Permit expired in April 2018 and will not be renewed.

The exploration rights under the Ledeux Permit were originally granted for a 5 year term beginning on August 8, 2008 and ending on August 8, 2013 and were extended for an additional five year term. The Ledeux Permit expired on August 8, 2018. Due to both permits being expired the Company did not own any properties as at August 31, 2018. The Company has applied for a three-year extension to the Ledeux Permit. To the Company's knowledge, other companies operating in France have received extensions, and as such the Company has no reason to believe it will not receive approval on the extension in 12-18 months, however, the Company cannot guarantee that it will receive the extension.

In France, the government passed a law on December 30, 2017 preventing new oil and natural gas licences to be issued, and all production on existing permits to cease by 2040.

### **Item 6.2.1      *Significant Factors or Uncertainties Relevant to Properties with No Attributed Reserves***

There is uncertainty as to whether the government in France will grant an extension on the Ledeux Permit. Additionally if the government does grant the extension, due to the current laws in place in France, the Company is unsure whether any additional funds will be expended on the property.

The Company received an estimate for abandonment and restoration costs for the Ossun-2 well currently in place on the French licenses. Based on these estimates, the Company's total abandonment and restoration costs, net of anticipated salvage value, are estimated to be approximately \$960,000 for the 1 net well over the next three years.

The Company's properties are also subject to the following risks:

- **Exploration and Reserve Risk.** Exploration, appraisal and development of oil and gas reserves are speculative and involve a significant degree of risk. There can be no assurances that exploration or appraisal of the properties in which the Company's subsidiaries hold rights will be successful.
- **Market Risk.** In the event of successful development of oil and gas reserves, the marketing of the Company's subsidiaries' prospective production of oil and gas from such reserves will be dependent on market fluctuations and the availability of processing and refining facilities and transportation infrastructure, including roads, access to ports,

shipping facilities, pipelines and the pipeline capacity at economic tariff rates over which the Company's subsidiaries may have limited or no control.

- **Government Risk.** The Company may not be able to obtain the proper permits or be successful in its prolongation application for the Ledeuix Permit.
- In the absence of receiving the proper permits, raising financing or otherwise meeting the requirements to maintain the licensees, the Company will be relieved of any further spending obligations other than any reclamation requirements, including the requirement to abandon and remediate the Ossun-2 well.

### **Item 6.3 Forward Contracts**

Currently, the Company has no forward contracts.

### **Item 6.5 Tax Horizon**

The Company was not required to pay income taxes during the year ended August 31, 2018. The Company has no current plans to spend capital in France, and there is no expectation of revenue or earnings. As such, the Company cannot reasonably estimate when, or if, it will begin paying income taxes.

### **Item 6.6 Costs Incurred**

The capital expenditures made by the Company through Petromanas Energy (France) SAS in France total \$28,020, relating to expenditures made for the re-evaluation of the abandonment liability for the Ossun-2 well, for the year ended August 31, 2018.

### **Item 6.7 Exploration and Development Activities**

The Company participated in no exploratory or development wells during its 2018 financial year.

### **Item 6.8 Production Estimates**

Since the Company has no oil and gas reserves, there have been no production estimates forecast at the effective date.

### **Item 6.9 Production History**

The Company has no production history.

### **Advisories**

#### ***Note Regarding Forward Looking Statements.***

*This report contains forward-looking statements and forward-looking information (collectively "**forward-looking information**") within the meaning of applicable securities laws relating to the Company's plans and other aspects of our anticipated future operations, management focus, strategies, industry conditions and business opportunities. In addition, and without limiting the generality of the foregoing, this report contains forward-looking information regarding the extension of the Ledeux licence and the current operating plans with respect to the Company's assets in France as well as estimates relating to well abandonment costs. Forward-looking information typically uses words such as "anticipate", "believe", "project", "expect", "goal", "plan", "intend" or similar words suggesting future outcomes, statements that actions, events or conditions "may", "would", "could" or "will" be taken or occur in the future.*

*The forward-looking information is based on certain key expectations and assumptions made by Horizon's management with respect to anticipated timing and the state of the exploration and production business. Although the Company believes that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information because Horizon can give no assurance that they will prove to be correct. Since forward-looking information addresses future events and conditions, by its very nature they involve inherent risks and uncertainties. Horizon's actual results, performance or achievement could differ materially from those expressed in, or implied by, the forward-looking information and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking information will transpire or occur, or if any of them do so, what benefits that we will derive therefrom. Management has included the above summary of assumptions and risks related to forward-looking information provided in this report in order to provide securityholders with a more complete perspective on future operations and such information may not be appropriate for other purposes.*

*Readers are cautioned that the foregoing lists of factors are not exhaustive. These forward-looking statements are made as of the date of this report and we disclaim any intent or obligation to update publicly any forward-looking information, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.*