

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

This prospectus supplement, together with the short form base shelf prospectus dated May 22, 2025 to which it relates, as amended or supplemented, and each document incorporated or deemed to be incorporated by reference herein and therein, constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities in those jurisdictions.

The securities offered have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any state of the United States. The securities offered hereunder may not be offered or sold in the United States. This prospectus supplement together with the short form base shelf prospectus dated May 22, 2025, does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States. See "Plan of Distribution".

Information has been incorporated by reference in this prospectus supplement and the accompanying short form base shelf prospectus dated May 22, 2025, to which it relates from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein and therein by reference may be obtained by request without charge from the Chief Financial Officer of Horizon Petroleum Ltd. at Suite 920-540 5 Ave SW, Calgary, Alberta T2P 0M2 (Telephone: (403) 619-2957) and are also available electronically at www.sedarplus.ca.

PROSPECTUS SUPPLEMENT TO THE SHORT FORM BASE SHELF PROSPECTUS DATED MAY 22, 2025

New Issue

August 8, 2025



HORIZON PETROLEUM LTD.

Up to 75,000,000 Units for \$7,500,000

Price: \$0.10 per Unit

This prospectus supplement (the "**Prospectus Supplement**"), together with the accompanying short form base shelf prospectus dated May 22, 2025 (the "**Shelf Prospectus**"), qualifies the distribution of up to 75,000,000 units (the "**Offered Units**") of Horizon Petroleum Ltd. ("**Horizon**" or the "**Corporation**") at a price of \$0.10 per Offered Unit (the "**Offering Price**") for aggregate gross proceeds of \$7,500,000 (the "**Offering**").

Each Offered Unit is comprised of one common share in the capital of the Corporation (an "**Unit Share**") and one common share purchase warrant (an "**Warrant**") of the Corporation. Each Warrant will entitle the holder thereof to acquire, subject to adjustment in accordance with the Warrant Indenture (as defined herein), one common share (a "**Warrant Share**") in the capital of the Corporation at an exercise price of \$0.15 per Warrant Share (subject to adjustment in accordance with the Warrant Indenture) at any time prior to 4:30 p.m. (Calgary time) on the date that is 36 months following the Closing Date (as defined herein) (the "**Warrant Expiry Time**"). The Warrants will be governed by a warrant indenture (the "**Warrant Indenture**") to be entered into on or before the Closing Date between the Corporation and Computershare Trust Company of Canada (the "**Warrant Agent**"). The Offered Units will immediately separate on issuance into Unit Shares and Warrants.

The Offered Units are being offered for sale to the public on a commercially reasonable efforts agency basis pursuant to an agency agreement dated effective August 8, 2025 (the "**Agency Agreement**") between the Corporation and Haywood Securities Inc. (the "**Lead Agent**") and Canaccord Genuity Corp. (together with the Lead Agent, the "**Agents**"). The Offering Price was determined by arm's length negotiation between the Corporation and the Agents. See "*Plan of Distribution*".

The issued and outstanding common shares in the capital of the Corporation ("**Common Shares**") are listed on the TSX Venture Exchange (the "**TSXV**") under the trading symbol "HPL". The closing price of the

Common Shares on the TSXV on August 5, 2025, being the last trading day prior to the announcement of the Offering, was \$0.10 per Common Share. The Corporation has applied to list the Unit Shares, Warrant Shares and Compensation Option Shares (as defined herein) (including the Unit Shares comprising the Additional Units (as defined herein) and the Warrant Shares issuable on exercise of the Additional Warrants comprising the Additional Units) on the TSXV. Listing will be subject to the Corporation fulfilling all of the applicable listing requirements of the TSXV.

There is currently no market through which the Warrants may be sold, and purchasers may not be able to resell the Warrants purchased under this Prospectus Supplement and the accompanying Shelf Prospectus. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Warrants and the extent of issuer regulation. See “Risk Factors”.

	Price to the Public (\$)	Agents' Cash Fee ⁽¹⁾ (\$)	Net Proceeds to the Corporation ⁽³⁾ (\$)
Per Offered Unit	0.10	0.008 ⁽²⁾	0.092
Offering ⁽⁴⁾⁽⁵⁾	7,500,000	600,000	6,900,000

Notes:

- (1) Pursuant to the Agency Agreement, the Corporation has agreed to pay to the Agents an aggregate cash fee equal to 8.0% of the gross proceeds from the sale of the Offered Units (including in respect of any Additional Securities (as defined herein)), but excluding any gross proceeds from the sale of Offered Units to purchasers on the President's List (as defined in the Agency Agreement), in respect of which the cash fee payable to the Agents shall be reduced to 4.0% of the gross proceeds from such sales (the “**Agents' Cash Fee**”). See “*Plan of Distribution*”. The Agents will also be issued non-transferable compensation options (the “**Compensation Options**”) to purchase that number of Common Shares equal to 8.0% of the aggregate number of Unit Shares issued under the Offering, including any Common Shares comprising the Additional Units or Additional Shares (as defined herein) issued pursuant to the Over-Allotment Option (as defined herein), if exercised, but excluding any Unit Shares issued to purchasers on the President's List, in respect of which the Compensation Options issuable to the Agents shall be reduced to 4.0% of the Unit Shares issued to such President's List purchasers. Each Compensation Option will entitle the Agents to purchase one Common Share (an “**Compensation Option Share**”) at the Offering Price for a period of 36 months from the Closing Date. See “*Plan of Distribution*”.
- (2) Assuming no purchases from purchasers on the President's List.
- (3) Before deducting the expenses of the Offering, estimated to be \$350,000, which, together with the Agents' Cash Fee, will be paid from the proceeds of the Offering.
- (4) The Corporation has granted to the Agents an over-allotment option (the “**Over-Allotment Option**”) exercisable in whole or in part, in the sole discretion of the Agents, at any time prior to 5:00 p.m. (Calgary time) on the date that is the 30th day following the Closing Date, to offer for sale up to an additional 11,250,000 Offered Units (the “**Additional Units**”) representing 15% of the maximum number of Offered Units sold under the Offering, on the same terms as set forth above solely to cover over-allotments, if any, and for market stabilization purposes. The Over-Allotment Option may be exercised by the Agents in respect of: (i) Additional Units at the Offering Price; (ii) additional Unit Shares (the “**Additional Shares**”) at a price of \$0.09 per Additional Share; (iii) additional Warrants (the “**Additional Warrants**”) at a price of \$0.01 per Additional Warrant; or (iv) any combination of Additional Shares and/or Additional Warrants (together, the “**Additional Securities**”), so long as the aggregate number of Additional Shares and Additional Warrants that may be issued under the Over-Allotment Option does not exceed 11,250,000 Additional Shares and 11,250,000 Additional Warrants. Unless the context otherwise requires, all references to “Offered Units”, “Unit Shares” and “Warrants” in this Prospectus Supplement includes reference to Additional Units, Additional Shares and Additional Warrants that may be issued pursuant to the Over-Allotment Option. If the Over-Allotment Option is exercised in full, the total price to the public, the Agents' Cash Fee and net proceeds to the Corporation (before deducting expenses of the Offering, and assuming no purchases from purchasers on the President's List) will be \$8,625,000, \$690,000 and \$7,935,000, respectively. This Prospectus Supplement qualifies the grant of the Over-Allotment Option and the distribution of any Additional Securities. A purchaser who acquires Additional Securities forming part of the Agents' over-allocation position acquires such securities under this Prospectus Supplement and the accompanying Shelf Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See “*Plan of Distribution*”.
- (5) Completion of the Offering is subject to, among other things, the sale of at least 66,620,000 Offered Units. There will be no closing unless a minimum of 66,620,000 Offered Units are sold.

The following table sets forth the aggregate number of Offered Units that may be issued by the Corporation pursuant to the Over-Allotment Option:

Agents' Position	Number of Additional Securities	Exercise Period	Exercise Price
Over-Allotment Option	Up to 11,250,000 Offered Units	At any time and from time to time up to 30 days following the Closing Date	\$0.10 per Offered Unit
Compensation Options	690,000 Compensation Option Shares ⁽¹⁾⁽²⁾	At any time and from time to time up to 36 months following the Closing Date	\$0.10 per Compensation Option Share

Notes:

- (1) Includes an additional 90,000 Compensation Options to be issued by the Corporation upon exercise of the entire Over-Allotment Option. The Compensation Option and the underlying Compensation Option Shares are qualified under this Prospectus Supplement and the accompanying Shelf Prospectus. See "*Plan of Distribution*".
- (2) Assuming no purchases from purchasers on the President's List.

The Offering is not underwritten or guaranteed by any person or agent. The Agents, are conditionally offering the Offered Units on a commercially reasonable efforts agency basis, subject to prior sale, if, as and when issued by the Corporation and accepted by the Agents in accordance with the conditions contained in the Agency Agreement and subject to the approval of certain legal matters relating to the Offering on behalf of the Corporation by DLA Piper (Canada) LLP and on behalf of the Agents by Borden Ladner Gervais LLP.

The Corporation has provided an undertaking to the Executive Director of the Alberta Securities Commission that provides, among other things, that the Corporation will raise a minimum of \$6,662,000 by private placement or under its first Prospectus Supplement, or by some combination thereof, within 90 days of the final receipt for the Prospectus, or withdraw the Prospectus. On August 7, 2025, the Corporation submitted an application to the Alberta Securities Commission requesting an extension of the 90 day deadline set out in the undertaking. The Corporation represents that if it raises the minimum amount, it expects to have sufficient cash to meet its short-term liquidity requirements over the next 12 months. The Offering qualified under this Prospectus Supplement is expected to satisfy the aforementioned undertaking. See "*Use of Proceeds*".

Subscriptions for the Offered Units will be received subject to rejection or allotment, in whole or in part, and the Agents reserve the right to close the subscription books at any time without notice. Completion of the Offering is subject to, among other things, the sale of at least 66,620,000 Offered Units. There will be no closing unless a minimum of 66,620,000 Offered Units are sold. It is expected that the closing of the Offering will occur on or about August 20, 2025, or such other date as mutually agreed upon by the Agents and the Corporation (the "**Closing Date**"). Except in certain limited circumstances: (i) the Unit Shares and Warrants comprising the Offered Units will be registered and held through CDS Clearing and Depository Services Inc. ("**CDS**") or its nominee electronically through the non-certificated inventory ("**NCI**") system of CDS; (ii) no certificates evidencing the Unit Shares and Warrants comprising the Offered Units will be issued to subscribers for Offered Units; and (iii) subscribers for Offered Units will receive only a customer confirmation from the Agents or another registered dealer who is a CDS participant and from or through whom a beneficial interest in the Offered Units are purchased.

The Agents may, in connection with the Offering, over-allot or effect transactions which stabilize or maintain the market price of the Common Shares on the TSXV at levels above those which might otherwise prevail in the open market, in compliance with applicable securities laws. Such stabilizing transactions, if commenced, may be discontinued at any time. See "*Plan of Distribution*".

An investment in the Unit Shares and Warrants comprising the Offered Units involves certain risks that are described under the heading "*Risk Factors*" and elsewhere in this Prospectus Supplement,

including in the documents incorporated herein by reference and should be considered by any prospective purchaser of the Offered Units.

The Corporation has not authorized anyone to provide readers with information different from that contained in this Prospectus Supplement. The Corporation takes no responsibility for and can provide no assurance as to the reliability of, any other information that others may give readers of this Prospectus Supplement. Neither the Corporation nor the Agents are offering Offered Units in any jurisdiction where the Offering is not permitted.

Readers should not assume that the information contained or incorporated by reference in this Prospectus Supplement is accurate as of any date other than the date of this Prospectus Supplement or the respective dates of the documents incorporated by reference herein, unless otherwise noted herein or as required by law. It should be assumed that the information appearing in this Prospectus Supplement and the documents incorporated by reference herein and therein are accurate only as of their respective dates. The business, financial condition, results of operations and prospects of the Corporation may have changed since those dates.

Charle, Gamba, Shern Liang Tan and Riccardo Monti, each a director of the Corporation, reside outside of Canada. Each of Charle Gamba, Tan Shern Liang and Riccardo Monti has appointed DLA Piper (Canada) LLP, Suite 1000, 250 2nd Street S.W., Calgary, Alberta, T2P 0C1 as their agent for service of process in Canada. Purchasers are advised that it may not be possible for investors to enforce judgements obtained in Canada against any person that resides outside of Canada, even if the party has appointed an agent for service of process.

The Corporation's head office is located at Suite 920-540 5 Ave SW, Calgary, Alberta T2P 0M2, and its registered and records office is located at Suite 1000, 250 2nd St. S.W., Calgary, Alberta, T2P 0C1.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document consists of two parts. The first part is this Prospectus Supplement, which describes the specific terms of the Offering and adds to and supplements information contained in the Shelf Prospectus and the documents incorporated by reference therein. The second part is the Shelf Prospectus, which gives more general information, some of which may not apply to the Offering. This Prospectus Supplement is deemed to be incorporated by reference into the Shelf Prospectus solely for the purpose of this Offering.

AVAILABLE INFORMATION

Prospective purchasers should rely only on the information contained or incorporated by reference in this Prospectus Supplement and the Shelf Prospectus. The Corporation and the Agents have not authorized anyone to provide prospective purchasers with different or additional information. If anyone provides you with different, inconsistent or other information, you should not rely on it. Prospective purchasers should assume that the information contained in this Prospectus Supplement and the Shelf Prospectus is accurate only as of the date on the front of those documents and that information contained in any document incorporated by reference is accurate only as of the date of that document, regardless of the time of delivery of this Prospectus Supplement and the Shelf Prospectus or of any sale of the Corporation's securities pursuant thereto. The Corporation's business, financial condition, results of operations and prospects may have changed since those dates.

This Prospectus Supplement shall not be used by anyone for any purpose other than in connection with the Offering. The Corporation does not undertake to update the information contained or incorporated by reference herein or in the Shelf Prospectus, except as required by applicable securities laws.

FINANCIAL INFORMATION

All dollar amounts set forth in this Prospectus Supplement and in the documents incorporated by reference herein are in Canadian dollars unless otherwise indicated. All financial information in this Prospectus Supplement and in the documents incorporated by reference herein has, unless stated otherwise, been derived from the financial statements presented in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

Certain statements and information contained in this Prospectus Supplement, the Shelf Prospectus and the documents incorporated by reference herein and therein constitute forward-looking statements or forward-looking information (collectively "**forward-looking statements**") within the meaning of applicable securities legislation. All statements other than statements of historical fact are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words or phrases such as "will", "may", "is expected to", "anticipates", "estimates", "intends", "plans", "projects", "could", "vision", "goals", "objective", "outlook" or similar words suggesting future outcomes or language suggesting an outlook. In particular, this Prospectus Supplement, the Shelf Prospectus and the documents incorporated by reference herein and therein contain forward-looking statements with respect to, among other things, the following:

- the completion of the Offering, the anticipated Closing Date, the amount raised and the use of proceeds from the Offering;
- the Agents' Cash Fee and Compensation Options to be paid to the Agents;
- the expected expenses of the Offering;
- statements relating to the timing and closing of the Offering;
- the listing of the Unit Shares pursuant to the Offering;
- the satisfaction of the conditions of the closing of the Offering, including the receipt, in a timely manner, of regulatory and other required approvals;

- the use of proceeds of the Offering;
- the performance characteristics of the Corporation's oil and natural gas properties;
- the proposed executive compensation of the directors and officers of the Corporation;
- oil, natural gas liquids ("NGLs") and natural gas production levels;
- capital expenditure programs;
- the quantity of oil, natural gas and NGLs reserves;
- projections of market prices and operating costs;
- supply and demand for oil, natural gas and NGLs;
- expectations as to the intended business activities of the Corporation;
- the Corporation's anticipated financial performance and available funds;
- expectations regarding the ability to raise capital and to continually add to reserves through acquisitions, exploration and development;
- treatment under governmental regulatory and royalty regimes and tax laws; and
- the ability to remediate sites and remedy spills, releases or emissions of various substances that may be produced in association with the Corporation's petroleum and natural gas operations.

By their nature, forward-looking statements involve numerous assumptions, and while management of the Corporation believes the assumptions reflected in its forward-looking statements to be reasonable, there can be no guarantee that actual results will be consistent with these forward-looking statements. In particular, with respect to forward-looking statements contained in this Prospectus Supplement, the Shelf Prospectus and the documents incorporated by reference herein and therein the Corporation has made assumptions regarding, among other things:

- the ability to close the Offering;
- commodity prices and royalty regimes (including royalty rates);
- availability of skilled labour;
- timing and amount of capital expenditures;
- the performance characteristics of oil and natural gas properties;
- the size of oil and natural gas reserves;
- future exchange rates;
- the impact of increasing competition;
- conditions in general economic and financial markets;
- access to capital;
- availability of drilling and related equipment;
- effects of regulation by governmental agencies;
- the continuation of current tax law and regulation; and
- future operating costs.

Investors are cautioned not to place undue reliance on the forward-looking statements contained in this Prospectus Supplement, the Shelf Prospectus and the documents incorporated by reference herein and therein. Forward-looking statements are subject to various known and unknown risks, both general to the

industry as a whole and specific to the Corporation, that contribute to the possibility that the forward-looking statements contained in this Prospectus Supplement, the Shelf Prospectus and the documents incorporated by reference herein and therein may not occur. Although management of the Corporation believes that the expectations reflected in its forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. The Corporation's actual results could differ materially from those anticipated in these forward-looking statements as a result of known and unknown risks, uncertainties and other factors, many of which are outside the Corporation's control, including, but not limited to, the risk factors set forth below and elsewhere in this Prospectus Supplement, the Shelf Prospectus and the documents incorporated by reference herein and therein:

- the factors discussed under the heading "*Risk Factors*";
- the availability of financial resources to fund the Corporation's expenditures;
- volatility in market prices for oil and natural gas;
- liabilities inherent in oil and natural gas operations;
- uncertainties associated with estimating oil and natural gas reserves;
- competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel;
- geological, technical, drilling and processing problems;
- fluctuations in foreign exchange or interest rates and stock market volatility;
- changes in income tax laws and incentive programs relating to the oil and natural gas industry;
- the ability to effectively anticipate and assess changes to government policies and regulations, including those related to the environment;
- failure to realize anticipated benefits of acquisitions;
- global health crises, such as pandemics and epidemics, and the unexpected impacts related thereto; and
- the forward-looking statements in this Prospectus Supplement, the Shelf Prospectus and the documents incorporated by reference herein and therein may prove inaccurate.

Statements relating to "reserves" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the reserves described can be profitably produced in the future.

This Prospectus Supplement, inclusive of all documents incorporated by reference herein, contains future-oriented financial information and financial outlook information (collectively, "**FOFI**") about the Corporation's prospective results of operations, operating costs, expenditures, future development capital, capital budgets, debt and components thereof, all of which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth in the above paragraphs. FOFI contained in this Prospectus Supplement was made as of the date of this Prospectus Supplement and was provided for the purpose of describing the anticipated effects of the Offering on the Corporation's business operations. The Corporation disclaims any intention or obligation to update or revise any FOFI contained in this Prospectus Supplement, whether as a result of new information, future events or otherwise, unless required pursuant to applicable law. Readers are cautioned that the FOFI contained in this Prospectus Supplement should not be used for purposes other than for which it is disclosed herein. See "*Risk Factors*".

The above summary of assumptions and risks related to forward-looking statements are provided in this Prospectus Supplement, the Shelf Prospectus and the documents incorporated by reference herein and therein in order to provide prospective purchasers with a more complete perspective on the Corporation's current and future operations and such information may not be appropriate for other purposes. Prospective purchasers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking

statements contained in this Prospectus Supplement, the Shelf Prospectus and the documents incorporated by reference herein and therein are expressly qualified by this cautionary statement. Except as required by applicable securities laws, the Corporation does not undertake any obligation or is under any duty to publicly update or revise any forward-looking statements. Prospective purchasers should also carefully consider the matters discussed under the heading “*Risk Factors*” in this Prospectus Supplement, the Shelf Prospectus, the AIF (as defined in herein) and the other documents incorporated by reference herein and therein.

NOTES ON RESERVES DATA AND OTHER OIL AND GAS INFORMATION

All oil and natural gas reserve information contained in this Prospectus Supplement, the Shelf Prospectus and the documents incorporate by reference herein and therein has been prepared and/or presented in accordance with National Instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities* (“**NI 51-101**”).

Abbreviations

Oil and Natural Gas Liquids	
bbl	barrel
Bbls	barrels
Mbbls	thousand barrels
bbls/d	barrels per day

Natural Gas	
Mcf	thousand cubic feet
MMcf	million cubic feet
Mcf/d	thousand cubic feet per day
MMbtu	million British thermal units

Other	
boe	barrel of oil equivalent of natural gas and crude oil on the basis of 1 boe for 6 Mcf of natural gas (this conversion factor is an industry accepted noun and is not based on either energy content or current prices)
boe/d	barrel of oil equivalent per day
m ³	cubic metres
Mboe	thousand barrels of oil equivalent

Caution Respecting Boe

This Prospectus Supplement, the Shelf Prospectus and the documents incorporated by reference herein and therein disclose certain estimated production information on a boe basis with natural gas converted to barrels of oil equivalent using a conversion factor of six Mcf to bbl of oil (6 Mcf:1 bbl). Condensate and other NGLs are converted to boe at a ratio of 1 bb1:1 bbl. Boe may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf:1 bbl is based roughly on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at sales point. This conversion conforms with NI 51-101 disclosure standards. Although the 6:1 conversion ratio is an industry-accepted norm, it is not reflective of price or market value differentials between product types. Based on current commodity prices, the value ratio between crude oil, NGLs and natural gas is significantly different from the 6:1 energy equivalency ratio. Accordingly, using a conversion ratio of 6 Mcf:1 bbl may be misleading as an indication of value.

Definitions

Certain terms used in this Prospectus Supplement, the Shelf Prospectus and the documents incorporated by reference herein and therein describing reserves and other oil and natural gas information are defined below. Certain other terms and abbreviations used in this Prospectus and the documents incorporated by reference herein, but not defined or described, are defined in NI 51-101, CSA Staff Notice 51-324, *Revised Glossary to NI 51-101 Standards of Disclosure for Oil and Gas Activities* (“**CSA 51-324**”) or the Canadian Oil and Gas Evaluation Handbook (“**COGE Handbook**”) and, unless the context otherwise requires, shall have the same meanings herein as in NI 51-101, CSA 51-324 or the COGE Handbook.

Drilling Inventory

Unbooked drilling locations in respect of Horizon's current assets are the internal estimates of Horizon based on the assets prospective acreage and an assumption as to the number of wells that can be drilled per section based on industry practice and internal review. Unbooked locations do not have attributed reserves or resources (including contingent and prospective). Unbooked locations have been identified by the Corporation's management as an estimation of the Corporation's multi-year drilling activities based on evaluation of applicable geologic, seismic, engineering, production and reserves information. There is no certainty that Horizon will drill all unbooked drilling locations and if drilled there is no certainty that such locations will result in additional oil and natural gas reserves, resources or production. The drilling locations on which the Corporation will actually drill wells, including the number and timing thereof is ultimately dependent upon the availability of funding, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained and other factors. While a certain number of the unbooked drilling locations have been de-risked by Horizon drilling existing wells in relative close proximity to such unbooked drilling locations, the majority of other unbooked drilling locations are farther away from existing wells where management of Horizon has less information about the characteristics of the reservoir and therefore there is more uncertainty whether wells will be drilled in such locations and if drilled there is more uncertainty that such wells will result in additional oil and gas reserves, resources or production.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus Supplement is deemed to be incorporated by reference into the Shelf Prospectus solely for the purposes of this Offering. Other documents are also incorporated, or deemed to be incorporated, by reference into the Shelf Prospectus and reference should be made to the Shelf Prospectus for full particulars thereof.

Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Financial Officer of Horizon Petroleum Ltd. at Suite 920-540 5 Ave SW, Calgary, Alberta T2P 0M2 (Telephone: (403) 619-2957) and are also available electronically at www.sedarplus.ca.

The following documents of the Corporation, which have been filed with Canadian securities commissions or similar authorities in Canada, are specifically incorporated by reference into, and form an integral part of, this Prospectus Supplement and the Shelf Prospectus as of the date of this Prospectus Supplement:

- (a) the audited annual consolidated financial statements of the Corporation for the years ended August 31, 2024 and 2023, together with the notes thereto and the independent auditor's report thereon;
- (b) the management's discussion and analysis of the Corporation for the year ended August 31, 2024 and 2023 ("**Annual MD&A**");
- (c) the management information circular of the Corporation dated September 9, 2024 prepared in connection with the special meeting of shareholders of the Corporation held on October 23, 2024, and filed on SEDAR+ on September 20, 2024;
- (d) the annual information form ("**AIF**") of the Corporation for the year ended August 31, 2024 dated February 18, 2025 and filed on SEDAR+ on February 18, 2025;
- (e) the material change report dated February 5, 2025 relating to the announcement of: (i) the signed concession agreements for the Corporation's 100% working interest in the Bielsko-Biala concession and Cieszyn concession; (ii) the reinstatement of the Corporation on the TSXV as a Tier 2 Oil and Gas Issuer; and (iii) the updated reserve and resource report for the Lachowice gas field located in the Bielsko-Biala concession, and filed on SEDAR+ on February 5, 2025;

- (f) the Statement of Executive Compensation Venture Issuers – Form 51-102F6V for the year ended August 31, 2024 and filed on SEDAR+ on February 26, 2025;
- (g) the unaudited interim condensed consolidated interim financial statements of the Corporation for the three and nine months ended May 31, 2025 and May 31, 2024 (the “**Q3 Financial Statements**”);
- (h) the management’s discussion and analysis of the Corporation for the nine months ended May 31, 2025 (the “**Q3 MD&A**”);
- (i) the material change report dated May 21, 2025 relating to the closing of a private placement of 720,000 debenture units of the Corporation for aggregate gross proceeds of \$720,000 (the “**Debenture Unit Private Placement**”);
- (j) the management information circular of the Corporation dated June 4, 2025 prepared in connection with the annual and special meeting of shareholders of the Corporation to be held on July 15, 2025, and filed on SEDAR+ on June 13, 2025;
- (k) the “template version” (as such term is defined in National Instrument 41-101 — *General Prospectus Requirements*) of the term sheet for the Offering filed on August 8, 2025 (the “**Term Sheet**”); and
- (l) the “template version” (as such term is defined in National Instrument 41-101 — *General Prospectus Requirements*) of the corporate presentation for the Offering filed on August 8, 2025 (the “**Corporate Presentation**”).

Any document of the type referred to in the preceding paragraphs or required to be incorporated by reference in a short form prospectus pursuant to National Instrument 44-101 — *Short Form Prospectus Distributions*, including material change reports (excluding confidential material change reports), consolidated interim financial statements, consolidated annual financial statements and the auditor’s report thereon, management’s discussion and analysis of financial condition and results of operations, information circulars, annual information forms, marketing materials and business acquisition reports filed by the Corporation with the applicable securities commissions or similar authorities in each of the provinces of Canada subsequent to the date of this Prospectus Supplement and prior to the termination of the distribution of Offered Units shall be deemed to be incorporated by reference into this Prospectus Supplement.

Any statement contained in this Prospectus Supplement, the Shelf Prospectus or in a document incorporated or deemed to be incorporated by reference herein or therein for the purpose of the Offering shall be deemed to be modified or superseded for purposes of this Prospectus Supplement and the Shelf Prospectus to the extent that a statement contained herein or therein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein or therein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document or statement that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it is made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus Supplement or the Shelf Prospectus.

The Corporation’s website can be found at <https://www.horizon-petroleum.com/>. The information on the Corporation’s website is not incorporated by reference into this Prospectus Supplement and

should not be considered a part of this Prospectus Supplement, and the reference to the Corporation’s website in this Prospectus Supplement is an inactive textual reference only.

MARKETING MATERIALS

The Term Sheet and the Corporate Presentation are specifically incorporated by reference into this Prospectus Supplement and the Shelf Prospectus. Any “template version” of any “marketing materials” (as defined in National Instrument 41-101 — *General Prospectus Requirements*) that are prepared in connection with the Offering are not part of this Prospectus Supplement and the Shelf Prospectus to the extent that the contents of the template version of the marketing materials have been modified or superseded by a statement contained in this Prospectus Supplement or the Shelf Prospectus. Any template version of any marketing materials that has been, or will be, filed on SEDAR+ (www.sedarplus.ca) in connection with the Offering after the date of this Prospectus Supplement and before the termination of the distribution under the Offering (including any amendments to, or an amended version of, any template version of any marketing materials) is deemed to be incorporated by reference into this Prospectus Supplement and the Shelf Prospectus solely for the purposes of the Offering.

HORIZON PETROLEUM LTD.

General

The Corporation was formed under the *Business Corporations Act* (Alberta) (the “ABCA”) on December 13, 1994 as Saddle Mountain Timber Corporation pursuant to the amalgamation of two companies – Saddle Mountain Mining Corporation and Saddle Mountain Timber Corporation. The Corporation changed its name to Global Tree Technologies Inc. on February 25, 1997 and continued from Alberta into British Columbia under the name Acadia Resources Corporation on February 4, 2011. The Corporation continued out of British Columbia into Jersey, Channel Islands as a public company under the name Horizon Petroleum PLC on September 23, 2013. On April 5, 2016, the Corporation continued out of Jersey, Channel Islands and into Alberta under the ABCA in the name Horizon Petroleum Ltd.

Horizon’s head office is located at Suite 920, 540 – 5th Avenue SW, Calgary, AB T2P 0M2, and its registered office is located at Suite 1000, 250 – 2nd Street SW, Calgary, AB T2P 0C1.

The Corporation is a reporting issuer in each of the provinces of Canada, except Québec. The Common Shares are listed and posted for trading on the TSXV under the trading symbol “HPL”.

Horizon is a Canadian based junior oil and natural gas company focused on growth through exploration, development, production and acquisition programs. The Corporation’s core growth areas are all located in Poland. The Corporation has assembled its land position through acquisitions completed in late 2019 and the subsequent grant of the Bielska-Biala and Cieszyn concessions in November 2024, which are located in the Carpathian Foreland Basin, southern Poland covering approximately 1,130 km². Horizon’s assets comprise exploration land and a large undeveloped natural gas field named Lachowice. There is currently no production.

Intercorporate Relationships

The following table sets forth the Corporation’s relationship with its subsidiaries and the percentage of votes attaching to all voting securities of such subsidiaries owned by the Corporation. The jurisdiction of incorporation or organization for each entity is noted below.

Legal Business Name of Subsidiary	Country of Incorporation	Interest
Energia Karpaty Zachodnie Sp. Z.O.O.	Poland	100%
Energia Karpaty Zachodnie spolka z ograniczona odpowiedzialnoscia Sp.K.	Poland	100%
Kotlarka Energy spolka z ograniczona odpowiedzialnoscia	Poland	100%
Prusice Energy spolka z ograniczona odpowiedzialnoscia	Poland	100%

RISK FACTORS

An investment in the Offered Units, the Common Shares, the Warrants and the Warrant Shares is subject to a number of risks. In addition to the risk factors set forth below, additional risk factors relating to the Corporation's business are discussed in the AIF, the Annual MD&A and certain other documents incorporated by reference or deemed to be incorporated by reference herein, which risk factors are incorporated herein by reference. Prospective purchasers should carefully consider the risk factors set forth below, as well as the other information contained in and incorporated by reference in this Prospectus Supplement before purchasing the Offered Units. If any event arising from these risks occurs, the Corporation's business, prospects, financial condition, results of operations or cash flows could be materially adversely affected.

Completion of the Offering

Completion of the Offering remains subject to a number of conditions precedent, including the achievement of the minimum offering of at least 66,620,000 Offered Units. There can be no certainty that the Offering will be completed. If the Offering is not completed, the Corporation may not be able to raise the funds required for the purposes contemplated under "*Use of Proceeds*" from other sources on commercially reasonable terms or at all.

The completion of the Offering is subject to receipt of approval from the TSXV and all other applicable regulatory approvals, which approvals may not be obtained. Listing will be subject to the Corporation fulfilling all of the listing requirements of the TSXV and there can be no assurance that the TSXV will provide approval of the Offering.

Market Price of Common Shares

The trading prices of TSXV-listed companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in Canada, North America and globally, and market perceptions of the attractiveness of particular industries. The trading price of the Common Shares is also likely to be significantly affected by changes from time to time in the Corporation's operating results, financial condition, liquidity and other internal factors.

Use of Proceeds

The Corporation currently intends to allocate the net proceeds received from the Offering as described under "*Use of Proceeds*" in this Prospectus Supplement. However, management will have discretion in the actual application of the net proceeds and may elect to allocate proceeds differently from that described in "*Use of Proceeds*" if it is believed it would be in the best interests of the Corporation to do so as circumstances change. The failure by management to apply these funds effectively could have a material adverse effect on the business of the Corporation.

Substantial Capital Requirements

The Corporation anticipates that it will make substantial capital expenditures for the exploration, development and production of its existing oil and natural gas reserves. If the Corporation's future revenues or reserves decline, the Corporation may have limited ability to expend the capital necessary to undertake or complete future drilling programs. The inability of the Corporation to access sufficient capital for its operations could have a material adverse effect on the Corporation's financial condition, results of operations or prospects.

Dilution of Current Offering

While the net proceeds of the Offering are expected to enhance the Corporation's liquidity, to the extent that a portion of the net proceeds of the Offering remain as cash or are used to pay down indebtedness with a low interest rate, the Offering may dilute the interest of holders of Common Shares.

Dilution from Future Offerings

Horizon may raise funds in the future through the sale of additional Common Shares or securities convertible into Common Shares. Any such issuances may dilute the interests of holders of Common Shares and may have a negative impact on the market price of the Common Shares, including the Unit Shares.

Market for the Warrants

The Corporation has not applied to list the Warrants on the TSXV, there is currently no market through which the Warrants may be sold, and purchasers may not be able to resell the Warrants purchased under this Prospectus Supplement and the accompanying Shelf Prospectus. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of these securities and the extent of issuer regulation. There can be no assurance that an active or liquid trading market will develop for the Warrants after the Offering, or if developed, that such a market will be sustained. If an active or liquid market for the Warrants fails to develop or be sustained, the prices at which the Warrants trade may be adversely affected.

The market price of the Warrants will be based on a number of factors, including but not limited to: (i) the markets for similar securities; (ii) the financial condition, results of operations and prospects of the Corporation; (iii) the market price and volatility of the Common Shares; (iv) changes in the industry in which the Corporation operates and competition affecting the Corporation; and (v) general market and economic conditions.

Holders of Warrants Have no Rights as a Shareholder

Until a holder of Warrants acquires Warrant Shares upon exercise of Warrants, such holder will have no rights with respect to the Warrant Shares underlying such Warrants. Upon exercise of such Warrants, such holder will be entitled to exercise the rights of a common shareholder only as to matters for which the record date occurs after the exercise date.

Loss of Entire Investment

An investment in the Offered Units is speculative and may result in the loss of a purchaser's entire investment. Only potential purchasers who are experienced in high-risk investments and who can withstand a complete loss of their investment should consider purchasing the Offered Units. Before making an investment decision, prospective purchasers of Offered Units should consider the information contained and incorporated by reference in this Prospectus Supplement, and, in particular, the risk factors set out herein and, in the documents incorporated by reference herein. Readers are cautioned that such risk factors are not exhaustive.

Political Uncertainty

The Corporation's results can be adversely impacted by political, legal or regulatory developments in Poland and elsewhere that affect local operations and local and international markets, including the balance between economic development and environmental policy. Changes in government, government policy or regulations, changes in law or interpretation of settled law, third-party opposition to industrial activity generally or projects specifically, and duration of regulatory reviews could impact the Corporation's existing operations and planned projects. This includes actions by regulators to delay or deny necessary licences

and permits for Horizon's activities or restrict the operation of third-party infrastructure that the Corporation relies on. Additionally, changes in environmental regulations, assessment processes or other laws and increasing and expanding stakeholder consultation may increase the cost of compliance or reduce or delay available business opportunities and adversely impact the Corporation's results. The oil and natural gas industry has become an increasingly politically polarizing topic globally, which has resulted in a rise in civil disobedience surrounding petroleum and natural gas development particularly with respect to infrastructure projects. Protests, blockades and demonstrations have the potential to delay and disrupt the Corporation's activities. The fear of a global trade war persists as many countries have enacted or threatened to enact tariffs. Such a conflict could significantly impact global economies, including the oil and natural gas industry and the Corporation. Tariffs and retaliatory trade restrictions may disrupt global supply chains, slow economic growth, reduce demand for oil and natural gas, and increase equipment costs. Any decline in demand or rising costs could affect project returns and future development decisions, potentially having a material adverse effect on the Corporation's financial condition and results of operations. Other government and political factors that could adversely affect the Corporation's financial results include increases in income taxes or government royalty rates (including retroactive claims) and changes in trade policies and agreements. Further, the adoption of regulations mandating efficiency standards and the use of alternative fuels or uncompetitive fuel components could affect Horizon's operations. Many governments are providing tax advantages and other subsidies to support alternative energy sources or are mandating the use of specific fuels or technologies. Governments and others are also promoting research into new technologies to reduce the cost and increase the scalability of alternative energy sources, and the success of these initiatives may decrease demand for Horizon's petroleum and natural gas products.

Forward-Looking Statements and FOFI May Prove Inaccurate

Investors are cautioned not to place undue reliance on forward-looking statements or FOFI. By their nature, forward-looking statements and FOFI involve numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking statements or FOFI or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. FOFI presented in this Prospectus Supplement is based upon the completion of the Offering and if the Offering is not completed or not completed on the terms or timelines contemplated, this will impact the FOFI provided herein and such impact may be material.

Horizon's Ability to Continue as a Going Concern

The Corporation's financial statements include an explanatory paragraph stating that Horizon's ability to continue as a going concern is dependent upon its existing working capital being sufficient to sustain operating activities while the Corporation attempts to generate positive cash flows from operations, secure funding from debt or equity financings or make other arrangements which may not be available. There can be no assurance one or more of the alternatives will be successful. These conditions indicate a material uncertainty that may cast significant doubt as to the Corporation's ability to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. The financial statements do not reflect the adjustments to the carrying amounts of assets and liabilities, reported amounts of expenses, and statement of financial position classifications used that would be necessary were the going concern assumption deemed to be inappropriate. Such adjustments could be material. Please refer to the Annual MD&A and the Q3 MD&A for more details.

CONSOLIDATED CAPITALIZATION

The following table sets forth the unaudited consolidated capitalization of the Corporation: (i) as at May 31, 2025; after giving effect to the Offering, assuming the full exercise of the Over-Allotment Option. This table should be read in conjunction with the Q3 Financial Statements and Q3 MD&A incorporated by reference herein.

Designation (authorized)	As at May 31, 2025 before giving effect to the Offering (unaudited)	As at May 31, 2025 after giving effect to the Offering (unaudited)	As at May 31, 2025 after giving effect to the Offering assuming full exercise of the Over-Allotment Option (unaudited)
Common Shares (unlimited)	58,206,864	133,206,864	144,456,864
Warrants ⁽¹⁾	14,793,364	89,793,364	101,043,364
Compensation Options	Nil	600,000	690,000
Broker Warrant ⁽²⁾	598,024	598,024	598,024
Stock Options ⁽³⁾	4,440,000	4,440,000	4,440,000
Indebtedness ⁽⁴⁾	\$720,000	\$720,000	\$720,000

Notes:

- (1) As of the date hereof, there were 14,793,364 common share purchase warrants outstanding ("**Warrants**"). See "*Prior Sales*".
- (2) As of the date hereof, there were 598,024 broker warrants outstanding ("**Broker Warrants**"). See "*Prior Sales*".
- (3) As of the date hereof, there were 4,400,000 stock options ("**Options**") outstanding pursuant to the Corporation's omnibus equity incentive plan (the "**Omnibus Plan**"). See "*Prior Sales*".
- (4) As of the date hereof, there were secured non-convertible debentures of the Corporation in the aggregate principal amount of \$720,000 outstanding issued pursuant to the Debenture Unit Private Placement. Each debenture is non-convertible, bears interest at a rate of 15% per annum, and matures on May 20, 2026. The Corporation may prepay the debentures at any time prior to the maturity date.

PRIOR SALES

The following table summarizes the issuances of Common Shares and securities convertible into Common Shares within the 12-month period prior to the date of this Prospectus Supplement.

Description of Security	Date Issued	Number of Securities Issued	Price (\$)	Exercise Price per Security (\$)
Subscription Receipts for Units (Common Shares and Warrants)	September 17, 2024	6,530,227	0.11	0.30
Common Shares Issued on Exercise of Broker Warrants	September 18, 2024	21,000	0.075	N/A
Common Shares Issued in Settlement of Debt	October 30, 2024	3,136,365	0.11	N/A
Units (Common Shares and Warrants)	October 31, 2024	1,045,453	0.11	0.20
Subscription Receipts for Units (Common Shares and Warrants)	October 31, 2024	2,079,182	0.11	0.30
Common Shares Issued on Exercise of Warrants	November 18, 2024	100,000	0.075	N/A
Common Shares Issued on Exercise of Warrants	December 2, 2024	300,000	0.075	N/A
Common Shares Issued on Exercise of Broker Warrants	January 7, 2025	35,000	0.075	N/A

Description of Security	Date Issued	Number of Securities Issued	Price (\$)	Exercise Price per Security (\$)
Units (Common Shares and Warrants)	January 15, 2025	1,538,500	0.13	0.30
Common Shares Issued on Exercise of Warrants	January 15, 2025	200,000	0.075	N/A
Common Shares Issued on Exercise of Warrants	January 23, 2025	100,000	0.075	N/A
Common Shares Issued on Exercise of Warrants	January 30, 2025	100,000	0.075	N/A
Common Shares Issued on Exercise of Warrants	February 4, 2025	500,000	0.075	N/A
Common Shares Issued on Exercise of Warrants	February 6, 2025	1,000,000	0.075	N/A
Common Shares Issued on Exercise of Warrants	February 7, 2025	1,000,000	0.075	N/A
Common Shares Issued on Exercise of Warrants	February 10, 2025	110,000	0.075	N/A
Common Shares Issued on Exercise of Warrants	February 25, 2025	2,360,000	0.075	N/A
Common Shares Issued on Exercise of Warrants	March 3, 2025	300,000	0.075	N/A
Common Shares Issued on Exercise of Warrants	March 25, 2025	890,000	0.075	N/A
Common Shares Issued on Exercise of Broker Warrants	March 27, 2025	35,000	0.075	N/A
Common Shares Issued on Exercise of Broker Warrants	March 28, 2025	2,200,000	0.075	N/A
Common Shares Issued on Exercise of Warrants	May 8, 2025	840,000	0.075	N/A

TRADING PRICE AND VOLUME

The Common Shares are listed for trading on the TSXV under the symbol "HPL". The following table sets forth the monthly range of high and low prices per Common Share at the close of market on the TSXV, as well as total monthly volumes of the Common Shares traded on the TSXV for the periods indicated.

Month	High (\$)	Low (\$)	Volume
August 2024	0.165	0.110	389,096
September 2024	0.180	0.120	259,474
October 2024	0.160	0.115	687,155
November 2024	0.170	0.120	1,162,227
December 2024	0.155	0.115	656,815

Month	High (\$)	Low (\$)	Volume
January 2025	0.250	0.150	478,8071
February 2025	0.240	0.135	4,397,928
March 2025	0.145	0.105	2,294,410
April 2025	0.130	0.100	950,239
May 2025	0.210	0.100	8,739,649
June 2025	0.14	0.105	1,340,858
July 2025	0.12	0.085	650,586
August 1 – 7, 2025	0.10	0.09	207,232

USE OF PROCEEDS

The estimated net proceeds to the Corporation from the Offering, assuming no exercise of the Over-Allotment Option (in full or in part) will be approximately \$6,550,000 after deducting from aggregate gross proceeds of \$7,500,000, the Agents' Cash Fee of \$600,000 (assuming there are no President's List purchasers) and estimated expenses of the Offering of \$350,000. If the Over-Allotment Option is exercised in full, the estimated net proceeds to the Corporation from the Offering will be approximately \$7,585,000 after deducting from aggregate gross proceeds of \$8,625,000, the Agents' Cash Fee of \$690,000 (assuming there are no President's List purchasers) and estimated expenses of the Offering of \$350,000.

The Corporation currently intends, subject to discretion to change such allocation after the date of this Prospectus Supplement, to use the net proceeds from the Offering as follows:

Nature of Expenditure	Approximate use of Net Proceeds	Anticipated Timing
	Offering (\$) ⁽¹⁾	
Close acquisition of Poland Permits & Fees	1,500,000	1 Month
Surface lease pre-payments as dictated by Polish MoU	175,000	5 Months
Workover and flow test of the Lach 7 well	2,400,000	4 Months
Engineering and environmental pre-works for the Lach 7 well, pipeline and facilities work	200,000	7 Months
Work Plan Commitments	275,000	18 Months
General & Administrative – Calgary	1,100,000	12 Months
General & Administrative – Poland	900,000	12 Months
Total	6,550,000	

Note:

- (1) Assumes no President's List purchasers and no exercise of the Over-Allotment Option.
- (2) Completion of the Offering is subject to, among other things, the sale of at least 66,620,000 Offered Units. There will be no closing unless a minimum of 66,620,000 Offered Units are sold. If 66,620,000 Offered Units are sold, the Corporation will reduce the use of proceeds allocated General & Administrative expenses in Poland and Calgary accordingly.

If the Over-Allotment Option is exercised in full, the Corporation will receive additional net proceeds of \$1,035,000, after deducting the applicable Agents' Cash Fee. Any additional proceeds received from the exercise of the Over-Allotment Option will be used for working capital purposes, as will any proceeds received from the exercise of the Warrants and the Compensation Options.

Other than the successful completion of the Offering, there is no particular significant event or milestone that must occur for the Corporation's business objectives to be accomplished. Upon completion of the

Offering, the Corporation will be better positioned to further its business objectives of exploration and development of its oil and gas assets.

The use of the net proceeds of the Offering by the Corporation is consistent with the Corporation's business strategy focused on growth in production, reserves, funds flow and overall value through exploration and development activities. Due to the nature of the oil and natural gas industry, budgets are regularly reviewed in light of the success of expenditures and other opportunities which may become available to the Corporation. Potential investors are cautioned that notwithstanding the Corporation's current intentions regarding the use of the net proceeds of the Offering, there may be circumstances where a reallocation of funds may be advisable for reasons that management believes are in the Corporation's best interests. The actual amount the Corporation spends in connection with the intended use of proceeds may vary significantly from the amount specified above and will depend on a number of factors, including those referred to under "*Risk Factors*".

The Offering is being conducted on a commercially reasonable efforts agency basis. The Offering will not be completed and subscription funds will not be advanced to the Corporation unless a minimum of 66,620,000 Offered Units are sold.

DESCRIPTION OF SECURITIES BEING OFFERED

The Offering consists of Offered Units, each of which is comprised of one Unit Share and one Warrant. The Offered Units will separate into Unit Shares and Warrants immediately upon issuance. This Prospectus qualifies the distribution of the Offered Units, including the Additional Securities, the distribution of the Compensation Options and the grant of the Over-Allotment Option.

Unit Shares

The authorized capital of the Corporation consists of an unlimited number of Common Shares. As at August 7, 2025, there were 58,206,864 Common Shares issued and outstanding. Holders of Common Shares are entitled to: (i) one vote for each Common Share held at all meetings of shareholders of the Corporation; (ii) the right to receive any dividend declared by the Corporation; and (iii) the right to receive the remaining property and assets of the Corporation upon dissolution.

Warrants

The Warrants will be governed by the Warrant Indenture to be entered into on or before the Closing Date between the Corporation and the Warrant Agent. Under the Warrant Indenture, each Warrant will entitle the holder thereof to acquire, subject to adjustment in accordance with the Warrant Indenture, one Warrant Share at an exercise price of \$0.15 per Warrant Share (subject to adjustment in accordance with the Warrant Indenture) at any time prior to the Warrant Expiry Time.

The following summary of certain provisions of the Warrant Indenture does not purport to be complete and is subject in its entirety to the detailed provisions of the executed Warrant Indenture. Reference is made to the Warrant Indenture for the full text of the attributes of the Warrants which, following the Closing Date: (i) will be filed on SEDAR+ under the issuer profile of Horizon at www.sedarplus.ca; and (ii) may be obtained on request without charge from the Chief Financial Officer of Horizon Petroleum Ltd. at Suite 920-540 5 Ave SW, Calgary, Alberta T2P 0M2 (Telephone: (403) 619-2957). A register of holders of Warrants will be maintained at the principal offices of the Warrant Agent in Vancouver, British Columbia.

The Warrant Indenture is expected to provide that the number of Warrant Shares which may be acquired by a holder of Warrants upon the exercise thereof will be subject to anti-dilution provisions governed by the Warrant Indenture, including provisions for the appropriate adjustment of the class, number and price of the securities issuable under the Warrant Indenture upon the occurrence of certain events including:

- (a) the issuance of Common Shares to all or substantially all of the holders of Common Shares by way of a stock dividend or other distribution (other than dividends paid in the ordinary course or upon the exercise of any outstanding incentive options or other securities based compensation or warrants);
- (b) the subdivision, redivision or change of the Common Shares into a greater number of shares;
- (c) the consolidation, reduction or combination of the Common Shares into a lesser number of shares;
- (d) the issuance to all or substantially all of the holders of Common Shares of rights, options or warrants under which such holders are entitled, during a period expiring not less than 21 days and not more than 90 days after the record date for such issuance, to subscribe for or purchase Common Shares (or securities exchangeable for or convertible into Common Shares) at a price per Common Share to the holder (or at an exchange or conversion price per share) of less than 95% of the "current market price", as defined in the Warrant Indenture, of Common Shares on such record date; and
- (e) the issuance or distribution to all or substantially all of the holders of Common Shares of
 - (i) securities, including rights, options or warrants to acquire shares of any class or securities exchangeable or convertible into any such shares or property or assets or (ii) any property or assets, including evidences of indebtedness.

The Warrant Indenture is also expected to include provisions for the appropriate treatment of the securities issuable under the Warrant Indenture upon the occurrence of the following additional events:

- (a) the reclassification of the Common Shares or exchange or change of the Common Shares into other shares;
- (b) the amalgamation, arrangement or merger with or into any other corporation or other entity (other than an amalgamation, arrangement or merger which does not result in any reclassification of the Corporation's outstanding Common Shares or an exchange or change of the Common Shares into other shares); and
- (c) the transfer of the Corporation's undertakings or assets as an entirety or substantially as an entirety to another corporation or other entity.

The Warrant Indenture is expected to provide that no adjustment in the exercise price or number of Warrant Shares will be required to be made unless the cumulative effect of such adjustment or adjustments would result in a change of at least 1.0% in the exercise price then in effect or a change in the number of Warrant Shares purchasable upon exercise by at least one one-hundredth (1/100th) of a Common Share, as the case may be.

The Corporation is also expected to covenant in the Warrant Indenture, during the period in which the Warrants are exercisable, to give notice to holders of Warrants of certain stated events, including events that would result in an adjustment to the exercise price for the Warrants or the number of Warrant Shares issuable upon exercise of the Warrants, a prescribed number of days prior to the record date or effective date, as the case may be, of such event.

The Warrant Indenture is also expected to provide that, from time to time, the Warrant Agent and the Corporation, without the consent of the holders of Warrants, may be able to amend or supplement the Warrant Indenture for certain purposes, including rectifying any ambiguities, defective or inconsistent provisions, errors, mistakes or omissions contained in the Warrant Indenture or in any deed or indenture supplemental or ancillary to the Warrant Indenture, provided that, in the opinion of the Warrant Agent,

relying on the advice of legal counsel, the rights of the Warrant Agent and the holders of Warrants, as a group, are not prejudiced thereby.

The Warrant Indenture is also expected to provide that in the event of an extraordinary transaction, as described in the Warrant Indenture and generally including any merger, arrangement or amalgamation of the Corporation with or into another entity, sale of all or substantially all of the Corporation's assets, tender offer or exchange offer, or reclassification of the Common Shares, the holders of the Warrants will generally be entitled to receive upon exercise of the Warrants the kind and amount of securities, cash or other property that the holders would have received had they exercised the Warrants immediately prior to such extraordinary transaction.

The Warrant Indenture is also expected to contain provisions making binding upon all holders of Warrants resolutions passed at meetings of such holders in accordance with such provisions or by instruments in writing signed by holders of Warrants holding a specified percentage of the Warrants. Any amendment or supplement to the Warrant Indenture that is prejudicial to the interests of the holders of Warrants, as a group, is expected to be subject to approval by an "Extraordinary Resolution", which is expected to be defined in the Warrant Indenture as a resolution either: (i) passed at a meeting of the holders of Warrants at which there are holders of Warrants present in person or represented by proxy representing at least 25% of the aggregate number of the then outstanding Warrants and passed by the affirmative vote of holders of Warrants representing not less than 66 2/3% of the aggregate number of Warrants represented at the meeting in person or by proxy and voted on the poll for such resolution; or (ii) adopted by an instrument in writing signed by the holders of Warrants representing not less than 66 2/3% of the number of all of the then outstanding Warrants.

The principal transfer office of the Warrant Agent in Vancouver, British Columbia is the location at which Warrants may be surrendered for exercise or transfer.

Compensation Options

The Corporation has agreed to issue to the Agents, Compensation Options to purchase: (i) 8.0% of the aggregate number of Offered Units sold pursuant to the Offering, excluding any Offered Units sold to purchasers on the President's List; and (ii) 4.0% of the aggregate number of Offered Units sold pursuant to the Offering to purchasers on the President's List. Each Compensation Option will entitle the Agents to purchase one Compensation Option Share at the Offering Price for a period of 36 months from the Closing Date.

PLAN OF DISTRIBUTION

General

Pursuant to and subject to the terms and conditions contained in the Agency Agreement, the Corporation has agreed to sell and the Agents have agreed to offer for sale to the public on a commercially reasonable efforts agency basis up to 75,000,000 Offered Units at a price of \$0.10 per Offered Unit, payable in cash (net of the Agents' Cash Fee) to the Corporation against delivery of the Offered Units. While the Agents have agreed to use their commercially reasonable efforts to sell the Offered Units, the Agents are not obligated to purchase any Offered Units that are not sold. The Offering Price was determined by arm's length negotiation between the Corporation and the Agents.

Each Offered Unit is comprised of one Unit Share and one Warrant. Each Warrant will entitle the holder thereof to acquire, subject to adjustment in accordance with the Warrant Indenture, one Warrant Share at an exercise price of \$0.15 per Warrant Share at any time prior to the Warrant Expiry Time. The Warrants will be governed by the Warrant Indenture.

Pursuant to the Agency Agreement, the Corporation has granted to the Agents, the Over-Allotment Option exercisable in whole or in part, in the sole discretion of the Agents, at any time prior to 5:00 p.m. (Calgary

time) on the date that is the 30th day following the Closing Date, to offer for sale up to 11,250,000 Additional Units, representing 15% of the number of Offered Units sold under the Offering, on the same terms as set forth above, solely to cover over-allotments, if any, and for market stabilization purposes. The Over-Allotment Option may be exercised by the Agents in respect of: (i) Additional Units at the Offering Price; (ii) Additional Shares at a price of \$0.09 per Additional Share; (iii) Additional Warrants at a price of \$0.01 per Additional Warrant; or (iv) any combination of Additional Shares and/or Additional Warrants, so long as the aggregate number of Additional Shares and Additional Warrants that may be issued under the Over-Allotment Option does not exceed 11,250,000 Additional Shares and 11,250,000 Additional Warrants.

If the Over-Allotment Option is exercised in full, the total price to the public, Agents' Cash Fee and net proceeds to the Corporation (before deducting expenses of the Offering) will be \$8,625,000, \$690,000 and \$7,935,000, respectively. This Prospectus Supplement and the Shelf Prospectus also qualify the grant of the Over-Allotment Option and the distribution of any Additional Securities. A purchaser who acquires Additional Securities forming part of the Agents' over-allocation position acquires such securities under this Prospectus Supplement and the Shelf Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

The Corporation has agreed to pay to the Agents an aggregate cash fee equal to 8.0% of the gross proceeds from the sale of the Offered Units (including in respect of any Additional Securities), but excluding any gross proceeds from the sale of Offered Units to purchasers on the President's List, in respect of which the cash fee payable to the Agents shall be reduced to 4.0% of the gross proceeds from such sales.

Pursuant to the Agency Agreement, as additional compensation, on the Closing Date the Corporation has agreed to issue to the Agents, Compensation Options to purchase: (i) that number of Compensation Option Shares that is equal to 8.0% of the aggregate number of Offered Units sold pursuant to the Offering, excluding any Offered Units sold to purchasers on the President's List; and (ii) that number of Compensation Options that is equal to 4.0% of the aggregate number of Offered Units sold pursuant to the Offering to purchasers on the President's List. Each Compensation Option will entitle the Agents to purchase one Compensation Option Share at the Offering Price for a period of 36 months from the Closing Date.

Closing is anticipated to occur on or about August 20, 2025, or on such other date as may be agreed upon in writing by the Corporation and the Agents. The Offering Price was determined by arm's length negotiation between the Corporation and the Agents.

The Corporation has applied to list the Unit Shares, Warrant Shares and Compensation Option Shares (including the Unit Shares comprising the Additional Units and the Warrant Shares issuable on exercise of the Warrants comprising the Additional Units) distributed under this Prospectus Supplement and the Shelf Prospectus on the TSXV. Listing will be subject to the Corporation fulfilling all of the applicable listing requirements of the TSXV.

The obligations of the Agents under the Agency Agreement are subject to certain closing conditions and may be terminated at its discretion on the basis of "disaster out", "material change out", "regulatory out", "breach out" and "market out" provisions in the Agency Agreement and may also be terminated upon the occurrence of certain other stated events. The Agents are offering the Offered Units subject to prior sale if, as and when issued to and accepted by it, subject to certain conditions contained in the Agency Agreement.

The Corporation has agreed to indemnify the Agents and their respective affiliates and their respective directors, officers, employees, shareholders, partners, advisors and agents and each other person, if any, controlling the Agents or their affiliates against certain liabilities.

Offering Size and Certificates

Subscriptions for the Offered Units will be received subject to rejection or allotment, in whole or in part, and the Agents reserves the right to close the subscription books at any time without notice. **Completion of the**

Offering is subject to, among other things, the sale of at least 66,620,000 Offered Units. There will be no closing unless a minimum of 66,620,000 Offered Units are sold.

Except in certain limited circumstances: (i) the Unit Shares and Warrants comprising the Offered Units will be registered and held through CDS or its nominee electronically through the NCI system of CDS; (ii) no certificates evidencing the Unit Shares and Warrants comprising the Offered Units will be issued to subscribers for Offered Units; and (iii) subscribers for Offered Units will receive only a customer confirmation from the Agents or another registered dealer who is a CDS participant and from or through whom a beneficial interest in the Offered Units are purchased.

Price Stabilization and Passive Market-Making

The Agents may, in connection with the Offering, over-allot or effect transactions which stabilize or maintain the market price of the Common Shares on the TSXV at levels above those which might otherwise prevail in the open market, in compliance with applicable securities laws. Such stabilizing transactions, if commenced, may be discontinued at any time.

Standstill and Lock-Up Agreements

The Corporation has agreed that, from the date hereof and continuing for a period of ninety (90) days from the Closing Date, it will not, directly or indirectly, without the prior written consent of the Agents, such consent not to be unreasonably withheld or delayed, issue, sell, offer, grant an option or right in respect of, or otherwise dispose of, or enter into any derivative transaction that has the effect of any of the foregoing, or agree to or announce any intention to issue, sell, offer, grant an option or right in respect of, or otherwise dispose of, or enter into any derivative transaction that has the effect of any of the foregoing, any additional Common Shares or any warrants, options or other securities convertible into or exchangeable for Common Shares, other than issuances: (i) pursuant to the Offering, including, without limitation, the Compensation Options; (ii) pursuant to the exercise of the Over-Allotment Option; (iii) under existing director or employee stock options, bonus or purchase plans or similar share or equity-linked compensation arrangements as detailed in the Corporation's most recently-filed management's discussion and analysis or granted subsequently in accordance with regulatory approval; (iv) upon the exercise, conversion or vesting of instruments outstanding prior to the date of this letter; (v) directly to the vendors of assets or shares acquired by the Corporation pursuant to an arm's length acquisition; or (vi) directly to lenders in connection with an arm's non-convertible debt financing and in accordance with regulatory approval.

It is a condition of closing in favour of the Agents that each of the officers and directors of the Corporation shall agree in a lock-up agreement to be executed concurrently with the closing of the Offering, that for a period commencing on the date hereof and ending ninety (90) days from the Closing Date, each will not, without the consent of the Agents, not to be unreasonably withheld, directly or indirectly, offer, sell, contract to sell, grant any option to purchase, make any short sale, lend, swap, or otherwise dispose of, transfer, assign, or announce any intention to do so, any Common Shares or any securities convertible into or exchangeable for Common Shares, whether now owned directly or indirectly, or under their control or direction, or with respect to which each has beneficial ownership or enter into any transaction or arrangement that has the effect of transferring, in whole or in part, any of the economic consequences of ownership of Common Shares, whether such transaction is settled by the delivery of Common Shares, other securities, cash or otherwise, other than pursuant to a bona fide take-over bid or any other similar transaction made generally to all of the shareholders of the Corporation, provided that, in the event the change of control or other similar transaction is not completed, such securities shall remain subject to the lock-up agreement.

This Prospectus Supplement does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of DLA Piper (Canada) LLP, counsel to the Corporation and Borden Ladner Gervais LLP, counsel to the Agents, the following is, as of the date hereof, a general summary of the principal Canadian federal income tax considerations under the *Income Tax Act* (Canada) (“**Tax Act**”) and the regulations thereunder (the “**Regulations**”) generally applicable to a holder who acquires Offered Units (comprised of Unit Shares and Warrants) on the date hereof and Warrant Shares acquired on exercise of Warrants as beneficial owner pursuant to this Prospectus and who, at all relevant times, for the purposes of the Tax Act, deals at arm’s length with the Corporation and the Agents, is not affiliated with the Corporation or the Agents, and will acquire and hold the Unit Shares and the Warrants and any Warrant Shares acquired on exercise of Warrants (the Unit Shares and Warrant Shares sometimes collectively referred to herein as the “**Shares**”) as capital property (each, a “**Holder**”), all within the meaning of the Tax Act. The Shares and Warrants will generally be considered to be capital property to a Holder unless the Holder holds or uses the Shares or Warrants, or is deemed to hold or use the Shares or Warrants, in the course of carrying on a business of trading or dealing in securities or has acquired them, or deemed to have acquired them, in a transaction or transactions considered to be an adventure in the nature of trade.

This summary does not apply to a Holder (a) that is a “financial institution” as defined in the Tax Act for purposes of the mark-to-market rules contained in the Tax Act; (b) an interest in which is a “tax shelter” as defined in the Tax Act; (c) an interest in which is or would constitute a “tax shelter investment” as defined in the Tax Act; (d) that is a “specified financial institution” as defined in the Tax Act; (e) that has elected to report its “Canadian tax results”, as defined in the Tax Act, in a currency other than Canadian currency; (f) that is exempt from tax under Part I of the Tax Act; (g) that is a partnership; (h) that has entered into, or will enter into, a “synthetic disposition arrangement” or a “derivative forward agreement” with respect to the Shares or Warrants, as those terms are defined in the Tax Act; or (i) that receives dividends on the Shares under or as part of a “dividend rental arrangement” as defined in the Tax Act. Such Holders should consult their own tax advisors with respect to an investment in Offered Units.

Additional considerations, not discussed herein, may apply to a Holder that is a corporation resident in Canada, and is or becomes (or does not deal at arm’s length for purposes of the Tax Act with a corporation resident in Canada that is or becomes), as part of a transaction or event or series of transactions or events that includes the acquisition of the Offered Units, controlled by a non-resident person or a group of persons comprised of any combination of non-resident corporations, non-resident individuals or non-resident trusts that do not deal with each other at arm’s length for purposes of the “foreign affiliate dumping” rules in section 212.3 of the Tax Act. Such Holders should consult their own tax advisors with respect to the consequences of purchasing the Offered Units pursuant to the Offering.

This summary does not address the deductibility of interest by a Holder who has borrowed money or otherwise incurred debt in connection with the acquisition of Offered Units.

This summary is based upon the current provisions of the Tax Act and the Regulations in force as of the date hereof, all specific proposals to amend the Tax Act and the Regulations (the “**Tax Proposals**”) which have been publicly announced by or on behalf the Minister of Finance (Canada) prior to the date hereof, counsel’s understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency, and the current provisions of the Canada-United States Income Tax Convention (1980) (the “**Canada-U.S. Tax Convention**”). This summary assumes that the Tax Proposals will be enacted in the form proposed and does not take into account or anticipate any other changes in law, whether by way of judicial, legislative or governmental decision or action, nor does it take into account any provincial, territorial or foreign income tax legislation or considerations, which may differ from the Canadian federal income tax considerations discussed herein. No assurances can be given that the Tax Proposals will be enacted as proposed or at all, or that legislative, judicial or administrative changes will not modify or change the statements expressed herein.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in the Offered Units. This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or income tax advice to any particular

Holder. Holders should consult their own tax advisors with respect to the tax consequences applicable to them based on their own particular circumstances.

Allocation of Cost

A Holder who acquires Offered Units pursuant to the Offering will be required to allocate the purchase price paid for each Offered Unit on a reasonable basis between the Unit Share and the Warrant comprising each Offered Unit, in order to determine their respective costs to such Holder for the purposes of the Tax Act. For its purposes, the Corporation intends to allocate \$0.01 to each Warrant forming part of an Offered Unit, with the remainder of the applicable Offering Price to be allocated to the Unit Share forming part of an Offered Unit. As of the date of this Prospectus, the Corporation believes that such allocation is reasonable, but such allocation is not binding on the CRA or on a Holder, and neither counsel expresses an opinion with respect to such allocation.

The adjusted cost base to a Holder of each Unit Share comprising a part of an Offered Unit, as applicable, acquired pursuant to the Offering will be determined by averaging the cost of such Unit Share with the adjusted cost base to such Holder of all other Common Shares (if any) held by the Holder as capital property immediately prior to the acquisition.

Exercise of Warrants

The exercise of an Warrant to acquire a Warrant Share will be deemed not to constitute a disposition of property for purposes of the Tax Act. As a result, no gain or loss should be realized by a Holder of an Warrant upon the exercise of such Warrant to acquire a Warrant Share. When an Warrant is exercised, the Holder's cost of the Warrant Share acquired thereby should be equal to the adjusted cost base of the Warrant to such Holder, plus the amount paid on the exercise of the Warrant. For the purpose of computing the adjusted cost base to a Holder of each Warrant Share acquired on the exercise of an Warrant, the cost of such Warrant Share must be averaged with the adjusted cost base to such Holder of all other Common Shares (if any) held by the Holder as capital property immediately prior to the exercise of the Warrant.

Residents of Canada

The following portion of this summary is generally applicable to a Holder who, for the purposes of the Tax Act and any applicable income tax treaty or convention, is resident or deemed to be resident in Canada at all relevant times (each, a "**Resident Holder**"). Certain Resident Holders whose Shares might not otherwise qualify as capital property may be entitled to make an irrevocable election pursuant to subsection 39(4) of the Tax Act to deem such Shares, and every other "Canadian security" (as defined in the Tax Act) owned by such Resident Holder in the taxation year of the election, and in all subsequent taxation years, to be capital property. This election does not apply to Warrants. Resident Holders should consult their own tax advisors for advice as to whether an election under subsection 39(4) of the Tax Act is available or advisable in their particular circumstances.

Expiry of Warrants

The expiry of an unexercised Warrant generally will result in a capital loss to the Resident Holder equal to the adjusted cost base of the Warrant to the Resident Holder immediately before its expiry. The taxation of capital gains and losses generally is described below under the heading "*Residents of Canada - Taxation of Capital Gains and Losses*".

Taxation of Dividends Received by Resident Holders

Dividends received or deemed to be received on the Shares will be included in computing a Resident Holder's income. In the case of a Resident Holder who is an individual (including certain trusts), dividends received or deemed to be received on the Shares will generally be included in the Resident Holder's income and be subject to the gross-up and dividend tax credit rules applicable to taxable dividends received by an

individual from “taxable Canadian corporations” (as defined in the Tax Act), including the enhanced gross-up and dividend tax credit for “eligible dividends” properly designated as such by the Corporation. There may be limitations on the ability of the Corporation to designate any particular dividends as an “eligible dividend” and the Corporation has made no commitments in this regard. Resident Holders who are individuals (including certain trusts) should consult their own tax advisors in this regard.

In the case of a Resident Holder that is a corporation, the amount of any such dividends received or deemed to be received on the Shares will be included in the Resident Holder’s income but will generally be deductible to such Resident Holder in computing such Resident Holder’s taxable income. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received or deemed to be received by a Resident Holder that is in a corporation as proceeds of disposition or a capital gain. Resident Holders that are corporations should consult their own tax advisors having regard to their own circumstances.

A Resident Holder that is a “Canadian-controlled private corporation” (as defined in the Tax Act) throughout the taxation year or that is or is deemed to be a “substantive CCPC” (as defined in the Tax Act) at any time in a taxation year may be liable to pay an additional tax (refundable in certain circumstances) on its “aggregate investment income” (as defined in the Tax Act) for the year, which is defined to include an amount in respect of dividends or deemed dividends that are not deductible in computing taxable income for the year. Resident Holders should consult their own tax advisors in this regard.

A Resident Holder that is a “private corporation” or “subject corporation” (as such terms are defined in the Tax Act) may be liable to pay a tax under Part IV of the Tax Act (which may be refundable, subject to the detailed rules in the Tax Act) on dividends received or deemed to be received on the Shares to the extent that such dividends are deductible in computing the Resident Holder’s taxable income for the year.

Disposition of Shares and Warrants

A Resident Holder who disposes of, or is deemed to have disposed of, a Share (other than to the Corporation, unless purchased by the Corporation in the open market in the manner in which Common Shares are normally purchased by any member of the public in the open market) or Warrant (other than on the exercise of an Warrant) will realize a capital gain (or incur a capital loss) equal to the amount by which the proceeds of disposition in respect of such Share or Warrant (as applicable), exceed (or are exceeded by) the aggregate of the adjusted cost base to the Resident Holder of such Share or Warrant (as applicable), immediately before the disposition or deemed disposition, and any reasonable expenses incurred for the purpose of making the disposition. Generally, the expiry of an unexercised Warrant will give rise to a capital loss equal to the adjusted cost base to the Resident Holder of such expired Warrant. See “Residents of Canada - Taxation of Capital Gains and Losses” below for a discussion of the tax treatment of capital gains and capital losses.

Taxation of Capital Gains and Losses

Generally, one-half of the amount of any capital gain (a “**taxable capital gain**”) realized by a Resident Holder must be included in the Resident Holder’s income for the taxation year in which the disposition occurs. Subject to and in accordance with the provisions of the Tax Act, one-half of any capital loss incurred by a Resident Holder (an “**allowable capital loss**”) must generally be deducted from taxable capital gains realized by the Resident Holder in the taxation year in which the disposition occurs. Allowable capital losses in excess of taxable capital gains for the taxation year of disposition generally may be carried back and deducted in the three preceding taxation years or carried forward and deducted in any subsequent year against net taxable capital gains realized in such years (but not against other income), in the circumstances and to the extent provided in the Tax Act.

The amount of any capital loss realized on the disposition of a Share by a Resident Holder that is a corporation may in certain circumstances be reduced by the amount of dividends which have been previously received or deemed to have been received by the Resident Holder on the Share or shares substituted for such shares to the extent and in the circumstances specified by the Tax Act. Similar rules

may apply where a corporation is, directly or indirectly through a trust or partnership, a member of a partnership or a beneficiary of a trust that owns Shares. A Resident Holder to which these rules may be relevant is urged to consult its own tax advisor.

Additional Refundable Tax

A Resident Holder that is a “Canadian-controlled private corporation” throughout the relevant taxation year, or that is or is deemed to be a “substantive CCPC” (each as defined in the Tax Act) at any time in a taxation year may be liable to pay an additional tax (refundable in certain circumstances) on its “aggregate investment income” (as defined in the Tax Act) for the year, which is defined to include an amount in respect of taxable capital gains realized in respect of the Shares and Warrants. **Resident Holders should consult their own tax advisors in this regard.**

Alternative Minimum Tax

Capital gains realized and taxable dividends received by a Resident Holder who is an individual (other than certain trusts) may result in such Holder being liable for alternative minimum tax under the Tax Act. **Resident Holders who are individuals (including certain trusts) should consult with their own tax advisors in this regard.**

Non-Residents of Canada

The following portion of this summary is generally applicable to a Holder who, for purposes of the Tax Act and at all relevant times, is neither resident nor deemed to be resident in Canada, does not use or hold, and will not be deemed to use or hold, Shares or Warrants in a business carried on (including an adventure or concern in the nature of trade) in Canada (each, a “**Non-Resident Holder**”).

Special considerations, which are not discussed in this summary, may apply to a Non-Resident Holder that is an insurer that carries on an insurance business in Canada and elsewhere or that is an “authorized foreign bank” (as defined in the Tax Act). Such Non-Resident Holders should consult their own advisors.

Taxation of Dividends

Dividends paid or credited, or deemed to be paid or credited, to a Non-Resident Holder on the Shares will generally be subject to Canadian withholding tax under the Tax Act at the rate of 25% of the gross amount of the dividend, unless reduced by the terms of an applicable tax treaty or convention between Canada and the country in which the Non-Resident Holder is resident. Such rate is generally reduced under the Canada-U.S. Tax Convention to 15% if the beneficial owner of the dividend is a U.S. Holder. The applicable rate of withholding tax is further reduced to 5% if the beneficial owner of the dividend is a U.S. Holder that is a company that owns, directly or indirectly, at least 10% of the voting stock of the Corporation. **Non-Resident Holders should consult their own tax advisors to determine their entitlement to benefits under any applicable tax treaty or convention based on their particular circumstances.**

Disposition of Shares and Warrants

A Non-Resident Holder will generally not be subject to tax under the Tax Act in respect of any capital gain realized by such Non-Resident Holder on a disposition or deemed disposition of Shares or Warrants, and capital losses arising on such disposition or deemed disposition will not be recognized under the Tax Act unless the Shares or Warrants (as applicable) constitute “taxable Canadian property” (as defined in the Tax Act) of the Non-Resident Holder at the time of the disposition and the Non-Resident Holder is not entitled to relief under an applicable income tax treaty or convention between Canada and the country in which the Non-Resident Holder is resident. .

Provided the Common Shares are listed on a “designated stock exchange” for the purposes of the Tax Act (which currently includes Tiers 1 and 2 of the TSXV), at the time of disposition, the Shares and Warrants

will generally not constitute taxable Canadian property of a Non-Resident Holder at that time, unless at any time during the 60-month period immediately preceding the disposition the following two conditions are met concurrently: (a) the Non-Resident Holder, persons with which the Non-Resident Holder does not deal at arm's length, partnerships whose members include, either directly or indirectly through one or more partnerships, the Non-Resident Holder or persons which do not deal at arm's length with the Non-Resident Holder, or any combination of the foregoing, owned 25% or more of the issued shares of any class or series of shares of the capital stock of the Corporation, and (b) more than 50% of the fair market value of such shares was derived, directly or indirectly, from one or any combination of real or immovable property situated in Canada, "Canadian resource properties", "timber resource properties" (each as defined in the Tax Act) and options in respect of, or interests in, or for civil law rights in, any such property (whether or not such property exists).

Notwithstanding the foregoing, properties that are otherwise not taxable Canadian property may also be deemed to be "taxable Canadian property" of a Non-Resident Holder in certain other circumstances set out in the Tax Act. In the event that a Share or Warrant is taxable Canadian property of a Non-Resident Holder, and any capital gain that would be realized on the disposition of such property is not exempt from tax under Part I of the Tax Act pursuant to the terms of an applicable income tax treaty or convention, the consequences under the heading "*Residents of Canada - Taxation of Capital Gains and Losses*" will generally be applicable to the Non-Resident Holder.

Non-Resident Holders should consult their own tax advisors regarding the tax consequences of the acquisition, ownership and disposition of Offered Units, Shares and Warrants, including Canadian, domestic, and applicable tax treaty consequences in their particular circumstances.

ELIGIBILITY FOR INVESTMENT

In the opinion of DLA Piper (Canada) LLP, counsel to the Corporation and Borden Ladner Gervais LLP, counsel to the Agents, based on the current provisions of the Tax Act and the Regulations thereunder in force on the date hereof, the Unit Shares, Warrants and Warrant Shares, if issued on the date hereof, should be qualified investments at the time of acquisition by a trust governed by a registered retirement savings plan, registered retirement income fund, deferred profit sharing plan, registered education savings plan, registered disability savings plan, a first home savings account, or a tax-free savings account (collectively, "**Registered Plans**"), or deferred profit sharing plan ("**DPSP**"), all as defined in the Tax Act provided that, at such time: (i) in the case of the Unit Shares and Warrant Shares, the Common Shares are listed on a "designated stock exchange" as defined in the Tax Act, (which includes Tiers 1 and 2 of the TSXV) or the Corporation qualifies as a "public corporation" (as defined in the Tax Act) other than a "mortgage investment corporation" (as defined in the Tax Act); and (ii) in the case of the Warrants, the Warrant Shares are qualified investments as described in (i) above, and neither the Corporation, nor any person with whom the Corporation does not deal at arm's length for the purposes of the Tax Act, is an annuitant, a beneficiary, an employer or a subscriber under, or a holder of such Registered Plan or DPSP.

Notwithstanding that Unit Shares, Warrant Shares and Warrants may be qualified investments for a trust governed by a Registered Plan, the holder, subscriber or the annuitant under such Registered Plan ("**Controlling Individual**"), as the case may be, will be subject to a penalty tax in respect of the Unit Shares, Warrant Shares and Warrants if such securities are a "prohibited investment" and not "excluded property" for such Registered Plan for purposes of the Tax Act. Unit Shares, Warrant Shares and Warrants will generally be a "prohibited investment" if the Controlling Individual: (i) does not deal at arm's length with the Corporation for purposes of the Tax Act or (ii) has a "significant interest" (within the meaning of the Tax Act) in the Corporation. Generally, a Controlling Individual will not have a significant interest in the Corporation provided the Controlling Individual, together with persons with whom the Controlling Individual does not deal at arm's length, does not own (and is not deemed to own pursuant to the Tax Act), directly or indirectly, 10% or more of the issued shares of any class of the capital stock of the Corporation or of any other corporation that is related to the Corporation (for purposes of the Tax Act).

Prospective purchasers who intend to hold Unit Shares, Warrant Shares or Warrants in a Registered Plan or deferred profit-sharing plan should consult their own tax advisors in regard to the application of these rules under the Tax Act in their particular circumstances.

INTEREST OF EXPERTS

McGovern Hurley LLP, the auditors of the Corporation, confirmed that they are independent of the Corporation within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of Ontario.

Reserves estimates incorporated by reference into this Prospectus Supplement and the Shelf Prospectus are based upon reports by Apex Global Engineering Inc., the Corporation's independent reserves evaluator. As of the date hereof, none of the "designated professionals" (as defined in Form 51-102F2 under NI 51-102) of the independent reserves evaluator of the Corporation has any registered or beneficial interest, direct or indirect, in any securities or other property of the Corporation.

Certain legal matters relating to the Offering hereunder will be passed upon by DLA Piper (Canada) LLP on behalf of the Corporation and Borden Ladner Gervais LLP on behalf of the Agents. As at the date hereof, the partners and associates of DLA Piper (Canada) LLP and its designated professionals, as a group, beneficially own, directly or indirectly, less than 1% of the outstanding Common Shares. As at the date hereof, the partners and associates of Borden Ladner Gervais LLP and its designated professionals, as a group, beneficially own, directly or indirectly, less than 1% of the outstanding Common Shares.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed in this Prospectus Supplement or in any of the documents incorporated by reference herein, the Corporation is not aware of any material interests, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director or executive officer or any shareholder of Horizon holding more than 10% of the Common Shares or any associate or affiliate of any of the foregoing in any transaction within the three most recently completed financial years or during the current financial year or any proposed or ongoing transaction of the Corporation which has or will materially affect the Corporation.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

There are no legal proceedings or regulatory actions that the Corporation is or was a party to, or that any of its property is or was a subject of, that were or are material to the Corporation, nor are any such legal proceedings or regulatory actions known to the Corporation to be contemplated which could be deemed material to the Corporation.

To the knowledge of management of the Corporation, there have not been any penalties or sanctions imposed against the Corporation by a court relating to securities legislation or by a securities regulatory authority, nor have there been any other penalties or sanctions imposed by a court or regulatory body against the Corporation that would likely be considered important to a reasonable investor in making an investment decision, and the Corporation has not entered into any settlement agreement before a court relating to securities legislation or with a securities regulatory authority.

TRANSFER AGENT AND REGISTRAR

The registrar and transfer agent for the Common Shares is Computershare Investor Services Inc. at its Vancouver office located at 510 Burrard St., 3rd Floor, Vancouver, British Columbia, V6C 3B9.

ENFORCEMENT OF JUDGEMENTS AGAINST FOREIGN PERSONS OR COMPANIES

Charle, Gamba, Shern Liang Tan and Riccardo Monti, each a director of the Corporation, reside outside of Canada. Each of Charle Gamba, Tan Shern Liang and Riccardo Monti has appointed DLA Piper (Canada) LLP, Suite 1000, 250 2nd Street S.W., Calgary, Alberta, T2P 0C1 as their agent for service of process in Canada. Purchasers are advised that it may not be possible for investors to enforce judgements obtained in Canada against any person that resides outside of Canada, even if the party has appointed an agent for service of process.

PURCHASERS' STATUTORY AND CONTRACTUAL RIGHTS

Unless provided otherwise in this Prospectus Supplement, the following is a description of a purchaser's statutory rights with respect to a purchase of securities.

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus or a prospectus supplement relating to the securities purchased by a purchaser and any amendments thereto. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revision of the price or damages if the prospectus or a prospectus supplement relating to the securities purchased by a purchaser and any amendments thereto contain a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal advisor.

In an offering of exercisable securities such as the Warrants, investors are cautioned that the statutory right of action for damages for a misrepresentation contained in the prospectus is limited, in certain provincial securities legislation, to the price at which the exercisable security is offered to the public under the prospectus offering. This means that, under the securities legislation of certain provinces, if the purchaser pays additional amounts upon exercise of the security, those amounts may not be recoverable under the statutory right of action for damages that applies in those provinces. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of this right of action for damages or consult with a legal adviser.

Under the Warrant Indenture, an original purchaser of Warrants under the Offering will have a contractual right of action against the Corporation for rescission upon the exercise by such purchaser of the such Warrants in accordance with the terms of the Warrant Indenture to receive the amount paid for the Warrants if the Shelf Prospectus, as supplemented by this Supplemental Prospectus (including the documents incorporated by reference herein) and any amendment thereto contains a misrepresentation or is not delivered to such purchaser, provided such remedy for rescission is exercised within 180 days of the Closing Date. This contractual right of rescission will be consistent with the statutory right of rescission described under Section 203 of the *Securities Act* (Alberta), and is in addition to any other right or remedy available to original investors under Section 203 of the *Securities Act* (Alberta) or otherwise at law.

CERTIFICATE OF THE ISSUER

Dated: August 8, 2025

To the best of our knowledge, information and belief, the short form base shelf prospectus dated May 22, 2025, together with the documents incorporated therein by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by such prospectus and this prospectus supplement as required by the securities legislation of each of the provinces of Canada, except Quebec.

HORIZON PETROLEUM LTD.

Signed "David Winter"

David Winter
Chairman and Chief Executive Officer

Signed "Ian Habke"

Ian Habke
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS OF HORIZON PETROLEUM LTD.

Signed "Charle Gamba"

Charle Gamba
Director

Signed "Roger McMechan"

Roger McMechan
Director

CERTIFICATE OF THE AGENTS

Dated: August 8, 2025

To the best of our knowledge, information and belief, the short form base shelf prospectus dated May 22, 2025, together with the documents incorporated therein by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by such prospectus and this prospectus supplement as required by the securities legislation of each of the provinces of Canada, except Quebec.

HAYWOOD SECURITIES INC.

Signed "Clark Andrews"

Clark Andrews

Head of Energy Investment
Banking

CANACCORD GENUITY CORP.

Signed "Anthony Petrucci"

Anthony Petrucci

Managing Director, Energy
Investment Banking

Base Shelf Prospectus

This short form base shelf prospectus has been filed under legislation in each of the provinces of Canada, except Québec, that permits certain information about these securities to be determined after this prospectus has become final and that permits the omission from this prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities, except in cases where an exemption from such delivery requirements is available.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form base shelf prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and only by persons permitted to sell these securities in those jurisdictions. The offering of these securities has not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or the applicable securities laws of any state of the United States and, subject to certain exceptions, may not be offered, sold or otherwise disposed of, directly or indirectly, in the United States, its territories or possessions, any State of the United States or the District of Columbia (collectively, the "United States") except in transactions exempt from registration under the U.S. Securities Act and under the securities laws of any applicable state. This short form base shelf prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby in the United States. See "Plan of Distribution".

Information has been incorporated by reference in this short form base shelf prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Financial Officer of Horizon Petroleum Ltd., at Suite 920, 540 5th Avenue S.W., Calgary, Alberta, T2P 0M2, Telephone: 403-619-2957, and are also available electronically at www.sedarplus.ca.

SHORT FORM BASE SHELF PROSPECTUS

New Issue

MAY 22, 2025



\$30,000,000
Common Shares
Debt Securities
Subscription Receipts
Warrants
Share Purchase Contracts
Units

Horizon Petroleum Ltd. (the "**Corporation**", "**Horizon**", "**we**", "**us**" or "**our**") may from time to time, during the 25-month period that this short form base shelf prospectus (including any amendments hereto, the "**Prospectus**") remains valid, offer and sell or otherwise distribute: (i) common shares in the capital of the Corporation (the "**Common Shares**"); (ii) bonds, debentures, notes or other evidences of indebtedness of any kind, nature or description of the Corporation (the "**Debt Securities**"); (iii) subscription receipts of the Corporation (the "**Subscription Receipts**"); (iv) warrants of the Corporation ("**Warrants**"); (v) share purchase contracts of the Corporation (the "**Share Purchase Contracts**") and/or (vi) units comprised of one or more of the other securities described in this Prospectus in any combination ("**Units**" and, together with the Common Shares, Debt Securities, Subscription Receipts, Warrants and Share Purchase Contracts, the "**Securities**") in an aggregate offering amount of up to \$30,000,000 (or the equivalent in other currencies based on the applicable exchange rate at the time of the offering). The aggregate initial offering price shall be calculated, in the case of interest bearing Debt Securities, on the basis of the principal amount of Debt Securities issued, and, in the case of non-interest bearing Debt Securities, on the basis of the gross proceeds received by the Corporation from the particular offering.

Securities may be distributed in one or more transactions, separately or together, in amounts, at a fixed price or prices or at non-fixed prices and on such terms and conditions as may be determined from time to time depending on, among other things, the Corporation's financing requirements, market conditions at the time of sale and other factors. If offered on a non-fixed price basis, Securities may be offered at market prices prevailing at the time of sale, at prices determined by reference to the prevailing price of a specified security in a specified market or at prices to be negotiated with purchasers, which prices may vary as between purchasers and during the period of distribution. If Securities are offered on a non-fixed price basis, the underwriters', dealers' or

agents', as applicable, compensation will be increased or decreased by the amount by which the aggregate price paid for Securities by the purchasers exceeds or is less than the gross proceeds paid by the underwriters, dealers or agents to us. See "*Plan of Distribution*".

The Corporation will provide the specific terms of the Securities with respect to a particular offering and all shelf information permitted under applicable laws to be omitted from this Prospectus in one or more prospectus supplements (each, a "**Prospectus Supplement**") that will be delivered to prospective purchasers together with this Prospectus to the extent required by applicable laws. Each Prospectus Supplement will be deemed to be incorporated by reference into this Prospectus for the purposes of securities legislation as of the date of the Prospectus Supplement and only for the purposes of the offering of Securities to which the Prospectus Supplement pertains.

Where required by statute, regulation or policy, and where Securities are offered in currencies other than Canadian dollars, appropriate disclosure of foreign exchange rates applicable to such Securities will be included in the Prospectus Supplement describing such Securities. The Corporation may also include in a Prospectus Supplement specific terms pertaining to the Securities which are not within the options and parameters set forth in this Prospectus.

Prospective purchasers should be aware that the purchase of Securities may have tax consequences, which may not be fully described in this Prospectus or in any Prospectus Supplement. Prospective purchasers should read the tax discussion, if any, in the applicable Prospectus Supplement and consult with an independent tax advisor.

This Prospectus constitutes a public offering of the Securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such Securities. The Corporation may offer and sell Securities to or through underwriters or dealers and also may offer and sell certain Securities directly to other purchasers or through agents. A Prospectus Supplement relating to each issue of Securities offered thereby will set forth the names of any underwriters, dealers or agents involved in the sale of such Securities, the terms of engagement and the compensation of any such underwriters, dealers or agents.

To the extent permitted by applicable law in connection with any offering of Securities (unless otherwise specified in a Prospectus Supplement), any underwriters, dealers or agents, when purchasing as principal, may over-allot or effect transactions intended to fix or stabilize or maintain the market price of the Securities at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be interrupted or discontinued at any time. See "*Plan of Distribution*".

No underwriter, dealer or agent has been involved in the preparation of this Prospectus or performed any review of the contents of this Prospectus.

Any offering of Debt Securities, Subscription Receipts, Warrants, Share Purchase Contracts or Units will be a new issue of securities. The issued and outstanding Common Shares are listed for trading on the TSX Venture Exchange (the "**TSXV**") under the trading symbol "HPL". On May 21, 2025, the last trading day prior to the date of this Prospectus, the closing price of the Common Shares on the TSXV was \$0.145. **Unless otherwise specifically stated in the applicable Prospectus Supplement, there is no market through which the Securities, other than the Common Shares, may be sold and purchasers may not be able to resell such securities purchased under this Prospectus or any Prospectus Supplement. This may affect the pricing of the Debt Securities, Subscription Receipts, Warrants, Share Purchase Contracts or Units in the secondary market (if any), the transparency and availability of trading prices (if any), the liquidity of the Debt Securities, Subscription Receipts, Warrants, Share Purchase Contracts or Units (if any), and the extent of issuer regulation. See "*Risk Factors*".**

Unless otherwise specified in the applicable Prospectus Supplement, Debt Securities, Subscription Receipts, Warrants, Share Purchase Contracts or Units will not be listed on any securities exchange.

Information with respect to a purchaser's right to withdraw from or rescind an agreement to purchase Securities is provided below. See "*Statutory Rights of Withdrawal and Rescission*".

The distribution of Securities hereunder is subject to approval of certain legal matters on behalf of the Corporation by DLA Piper (Canada) LLP.

Charle, Gamba, Shern Liang Tan and Riccardo Monti, each a director of the Corporation, reside outside of Canada. Each of Charle Gamba, Tan Shern Liang and Riccardo Monti has appointed DLA Piper (Canada) LLP, Suite 1000, 250 2nd Street S.W., Calgary, Alberta, T2P 0C1 as their agent for service of process in Canada. Purchasers are advised that it may not be possible for investors to enforce judgements obtained in Canada against any person that resides outside of Canada, even if the party has appointed an agent for service of process.

The Corporation's head office is located at Suite 920, 540 5th Avenue S.W., Calgary, Alberta, T2P 0M2, and the registered office is located at Suite 1000, 250 – 2nd Street S.W., Calgary, Alberta, T2P 0C1.

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NOTICE TO PURCHASERS

Prospective purchasers should rely only on the information contained in: (a) this Prospectus and any applicable Prospectus Supplement; and (b) any documents incorporated by reference in this Prospectus or in any applicable Prospectus Supplement. The Corporation has not authorized anyone to provide prospective purchasers with different or additional information. If anyone provides prospective purchasers with any different or inconsistent information, prospective purchasers should not rely on it. Prospective purchasers should bear in mind that the information contained in, or incorporated by reference in, this Prospectus is made as of the date hereof or the date of such documents incorporated by reference, respectively, and such information may be amended, supplemented or updated, as may be required by applicable securities laws, by the subsequent filing of additional documents deemed by applicable securities laws to be, or otherwise incorporated by reference into this Prospectus, any Prospectus Supplement and by any subsequently filed prospectus amendments, if any. This Prospectus constitutes a public offering of Securities only in those jurisdictions where they may be lawfully distributed and therein only by persons permitted to distribute such Securities. The Corporation is not making any offer of Securities in any jurisdiction where the offer is not permitted by law.

In this Prospectus, unless otherwise indicated, all references to \$ are to Canadian dollars and all references to US\$ are to United States dollars. Unless otherwise indicated, all financial information included or incorporated by reference in this Prospectus and any applicable Prospectus Supplement has been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board, which are also generally accepted accounting principles ("**GAAP**") for publicly accountable enterprises in Canada.

The Corporation may, from time to time, sell any combination of the Securities described in this Prospectus in one or more offerings up to an aggregate offering amount of \$30,000,000 (or the equivalent in other currencies based on the applicable exchange rate at the time of the offering). This Prospectus provides prospective purchasers with a general description of the Securities that the Corporation may offer. Each time the Corporation distributes Securities under this Prospectus, the Corporation will provide a prospective purchaser with a Prospectus Supplement that will contain specific information about the terms of that offering of Securities. The Prospectus Supplement may also add, update or change information contained in this Prospectus. Before a purchaser makes a decision to purchase Securities, the prospective purchaser should read this Prospectus, any applicable Prospectus Supplement, together with the documents incorporated by reference in this Prospectus and any applicable Prospectus Supplement.

NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this Prospectus and the documents incorporated by reference herein contain forward-looking statements. These statements relate to future events or the Corporation's future performance. Such statements are predictions only and actual events or results may differ materially. The use of any of the words "anticipate", "plan", "contemplate", "continue", "aim", "target", "must", "commit", "estimate", "extend", "expect", "future", "intend", "propose", "might", "may", "can", "will", "shall", "project", "should", "could", "would", "believe", "predict", "forecast", "ongoing", "maintain", "pursue", "potential", "prioritize", "progress", "remain", "long-term", "possibility" and "capable" and similar expressions, including the negatives thereof, is intended to identify forward-looking statements. All statements other than statements of historical fact contained in this Prospectus and the documents incorporated by reference herein are forward-looking statements, including, without limitation, statements regarding: the minimum cash required to meet our short-term liquidity requirements over the next 12 months; use of the net proceeds of offerings; capital expenditures and timing of future exploration and development activities; our expectations regarding commodity prices and costs; the timing for receipt of regulatory approvals; the estimated production and decline rates from our assets; the anticipated locations, and amount, of additional wells to be brought online pursuant to future drilling programs; industry conditions pertaining to the oil and gas industry; our growth strategy including through acquisitions and organically; our expectations with respect to future opportunities; our expectations with respect to future funds flow from operations, net debt and other financial results; our capital expenditure programs and future capital requirements; the estimated quantity and value of our proved and probable reserves; our estimates of future interest and foreign

exchange rates; expectations regarding our objectives and strategies; expectations that our competitive advantages will yield successful execution of its business strategy; the cash available for the funding of capital expenditures; our environmental considerations; the timing of commencement of certain operations and the level of production anticipated by the Corporation; expectations regarding tax horizon; the potential for production disruption and constraints; supply and demand fundamentals for crude oil and natural gas; access to adequate pipeline capacity; access to third-party infrastructure; our expected future capital expenditures; our plans for, and results of, exploration and development activities; treatment under governmental regulatory regimes and tax laws; our future general and administrative expenses; access to capital and overall strategy, development and drilling plans; our ability to acquire all necessary permits, licenses, and approvals; our expectation not to pay cash dividends on the Common Shares in the foreseeable future; expectations of how the Corporation will manage exploration, production and marketing risks; the compensation that is expected to be paid to the executive officers and directors of the Corporation in the 2025 fiscal year and thereafter.

The forward-looking statements reflect Horizon's beliefs and assumptions regarding, among other things: timing and amount of capital expenditures; future operating costs; cash flow; the market prices for crude oil and natural gas; the Corporation's ability to obtain financing on acceptable terms; the impact of increasing competition; conditions in general economic and financial markets; the continuation of the present policies of the board of directors of the Corporation (the "**Board**") relating to management of Horizon, and the payment of dividends, capital expenditures and other matters; the continued availability of capital and skilled personnel, acquisitions of reserves and undeveloped lands; and the continuation of the current tax and regulatory regime.

All forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, events, levels of activity and achievements to differ materially from those anticipated in the forward-looking statements. Such factors include but are not limited to, the risks and uncertainties described under "Risk Factors" or "Cautionary Note Regarding Forward-Looking Statements", as applicable in the Annual Information Form (as defined herein), the Annual MD&A (as defined herein), and in other disclosure documents filed from time to time with the securities commission or similar regulatory authorities in Canada.

Readers are therefore cautioned that they should not unduly rely on the forward-looking statements included in this Prospectus or any documents incorporated by reference. All forward-looking statements contained in this Prospectus are expressly qualified by this cautionary statement. The Corporation cautions that the foregoing list of factors that may affect future results is not exhaustive. Events or circumstances could cause actual results to differ materially from those estimated or projected and expressed in, or implied by, the forward-looking statements. The forward-looking information contained in this Prospectus is made as of the date of this Prospectus and forward-looking information contained in each Prospectus Supplement is made as of the date thereof. The Corporation does not undertake any obligation to publicly update or revise any forward-looking information, reflect new information, subsequent events or otherwise, except as required by applicable securities laws.

NON-GAAP FINANCIAL MEASURES

Certain information presented in, or incorporated by reference into, this Prospectus contains references to various non-GAAP financial measures and capital management measures (collectively the "**non-GAAP measures**") used in assessing the Corporation's results and measuring overall performance. The intent of non-GAAP measures is to provide additional useful information to investors and analysts. Certain of these financial measures do not have a standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other entities. As such these measures should not be considered in isolation or used as a substitute for measures of performance prepared in accordance with GAAP.

SCIENTIFIC AND TECHNICAL INFORMATION

Oil and Gas Properties

The oil and gas reserves estimates contained in, or incorporated by reference in, this Prospectus have been prepared in accordance with the requirements of National Instrument 51-101 *Standard of Disclosure for Oil and Gas Activities*. See the Annual Information Form available for review under the Corporation's issuer profile on SEDAR+ at www.sedarplus.ca.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Prospectus from documents filed with securities commissions and similar regulatory authorities in Canada.

Under applicable securities laws in Canada, the Canadian securities commissions or similar regulatory authorities allow the Corporation to incorporate by reference certain information that it files with the Canadian securities commissions or similar regulatory authorities, which means that the Corporation can disclose important information to prospective purchasers by reference to those documents. Information that is incorporated by reference is an important part of this Prospectus.

The following documents of the Corporation have been, or will be, filed with the various securities commissions or similar regulatory authorities in Canada and are specifically incorporated by reference into and form an integral part of this Prospectus:

- (a) the annual information form of the Corporation for the year ended August 31, 2024 filed on SEDAR+ on February 18, 2025 (the “**Annual Information Form**”);
- (b) Oil and Gas Annual Disclosure Filings (including Form 51-101F1 and Form 51-101F3) filed on SEDAR+ on December 20, 2024;
- (c) the audited consolidated financial statements of the Corporation for the years ended August 31, 2024 and 2023, together with the notes thereto and the auditor's report thereon;
- (d) the management's discussion and analysis of financial position and results of operations of the Corporation for the year ended August 31, 2024 (the “**Annual MD&A**”);
- (e) the unaudited condensed consolidated interim financial statements for the three and six months ended February 28, 2025 and February 29, 2024, together with the notes thereto;
- (f) the management's discussion and analysis of financial position and results of operations of the Corporation for the three and six months ended February 28, 2025;
- (g) the management information circular of the Corporation dated September 9, 2024 prepared in connection with the special meeting of shareholders of the Corporation held on October 23, 2024, and filed on SEDAR+ on September 20, 2024;
- (h) the management information circular of the Corporation dated February 5, 2024 prepared in connection with the annual general and special meeting of shareholders of the Corporation held on March 20, 2024, and filed on SEDAR+ on February 13, 2024;
- (i) the Statement of Executive Compensation Venture Issuers – Form 51-102F6V for the year ended August 31, 2024, and filed on SEDAR+ on February 26, 2025;
- (j) the material change report dated February 5, 2025 relating to the announcement of: (i) the signed concession agreements for the Corporation's 100% working interest in the Bielsko-

Biala concession and Cieszyn concession; (ii) the reinstatement of the Corporation on the TSXV as a Tier 2 Oil and Gas Issuer; and (iii) the updated reserve and resource report for the Lachowice gas field located in the Bielsko-Biala concession, and filed on SEDAR+ on February 5, 2025; and

- (k) the material change report dated May 21, 2025 relating to the closing of a private placement of 720,000 debenture units of the Corporation for aggregate gross proceeds of \$720,000 (the "**Debenture Unit Private Placement**").

Any documents of the type required by National Instrument 44-101 *Short Form Prospectus Distributions* to be incorporated by reference herein including, without limitation, any material change reports (excluding confidential material change reports), comparative interim financial statements, comparative annual financial statements and the auditors' report thereon, management's discussion and analysis, information circulars, annual information forms and business acquisition reports filed by the Corporation with the securities commissions or similar regulatory authorities in Canada subsequent to the date of this Prospectus, and prior to the termination of any distribution hereunder, are deemed to be incorporated by reference in this Prospectus.

Any statement contained in this Prospectus or a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed document (or part thereof) which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document (or part thereof) that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that was required to be stated or that was necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

Upon a new annual information form and related audited annual financial statements and management's discussion and analysis being filed by Horizon with, and where required, accepted by, the securities commission or similar regulatory authorities during the term of this Prospectus, the previous annual information form, the previous audited annual financial statements and related management's discussion and analysis, all unaudited interim financial statements and related management's discussion and analysis, material change reports and business acquisition reports filed prior to the commencement of Horizon's financial year in which the new annual information form and related audited annual financial statements and management's discussion and analysis are filed shall be deemed no longer to be incorporated into this Prospectus for purposes of future distributions of Securities under this Prospectus. Upon new interim financial statements and related management's discussion and analysis being filed by Horizon with the securities commission or similar regulatory authorities during the term of this Prospectus, all interim financial statements and related management's discussion and analysis filed prior to the new interim consolidated financial statements and related management's discussion and analysis shall be deemed no longer to be incorporated into Prospectus for purposes of future distributions of Securities under this Prospectus. Upon a new information circular relating to an annual meeting of shareholders of the Corporation being filed by Horizon with the securities commission or similar regulatory authorities during the term of this Prospectus, the information circular for the preceding annual meeting of shareholders of the Corporation shall be deemed no longer to be incorporated into this Prospectus for purposes of future distributions of Securities under this Prospectus.

Any "template version" of any "marketing materials" (as such terms are defined in National Instrument 41-101 – *General Prospectus Requirements*) filed under applicable securities legislation are incorporated by reference into this Prospectus. The template version is not part of the Prospectus to the extent that the contents of the template version have been modified or superseded by a statement contained in the

Prospectus. In the event that such marketing materials are filed subsequent to the date of filing of the applicable Prospectus Supplement pertaining to the distribution of the Securities to which such marketing materials relates and prior to the termination of such distribution, such filed versions of the marketing materials will be deemed to be incorporated by reference into the Prospectus for purposes of future offers and sales of Securities hereunder.

All shelf information permitted under applicable laws to be omitted from this Prospectus will be contained in one or more Prospectus Supplements that will be delivered to prospective purchasers together with this Prospectus to the extent required by applicable securities laws. Each Prospectus Supplement will be deemed to be incorporated by reference into this Prospectus as of the date of the Prospectus Supplement and only for the purposes of the offering of Securities to which the Prospectus Supplement pertains.

Prospective purchasers should rely only on the information contained or incorporated by reference in this Prospectus or any Prospectus Supplement. The Corporation has not authorized anyone to provide prospective purchasers with different or additional information. The Corporation is not making an offer of these Securities in any jurisdiction where the offer is not permitted by law. Prospective purchasers should bear in mind that the information contained in, or incorporated by reference in, this Prospectus is made as of the date hereof or the date of such documents incorporated by reference, respectively, and such information may be amended, supplemented or updated, as may be required by applicable securities laws, by the subsequent filing of additional documents deemed by applicable securities laws to be, or otherwise incorporated by reference into this Prospectus, any Prospectus Supplement and by any subsequently filed prospectus amendments, if any.

HORIZON PETROLEUM LTD.

General

The Corporation was formed under the *Business Corporations Act* (Alberta) (the "**ABCA**") on December 13, 1994 as Saddle Mountain Timber Corporation pursuant to the amalgamation of two companies – Saddle Mountain Mining Corporation and Saddle Mountain Timber Corporation. The Corporation changed its name to Global Tree Technologies Inc. on February 25, 1997 and continued from Alberta into British Columbia under the name Acadia Resources Corporation on February 4, 2011. The Corporation continued out of British Columbia into Jersey, Channel Islands as a public company under the name Horizon Petroleum PLC on September 23, 2013. On April 5, 2016, the Corporation continued out of Jersey, Channel Islands and into Alberta under the ABCA in the name Horizon Petroleum Ltd.

Horizon's head office is located at Suite 920, 540 – 5th Avenue SW, Calgary, AB T2P 0M2, and its registered office is located at Suite 1000, 250 – 2nd Street SW, Calgary, AB T2P 0C1.

The Corporation is a reporting issuer in each of the provinces of Alberta and British Columbia. The Common Shares are listed and posted for trading on the TSXV under the trading symbol "HPL".

Horizon is a Canadian based junior oil and natural gas company focused on growth through exploration, development, production and acquisition programs. The Corporation's core growth areas are all located in Poland. The Corporation has assembled its land position through acquisitions completed in late 2019 and the subsequent grant of the Bielska-Biala and Cieszyn concessions in November 2024, which are located in the Carpathian Foreland Basin, southern Poland covering approximately 1,130 km². Horizon's assets comprise exploration land and a large undeveloped natural gas field named Lachowice. There is currently no production.

Intercorporate Relationships

The following table sets forth the Corporation's relationship with its subsidiaries and the percentage of votes attaching to all voting securities of such subsidiaries owned by the Corporation. The jurisdiction of incorporation or organization for each entity is noted below.

<u>Legal Business Name of Subsidiary</u>	<u>Country of Incorporation</u>	<u>Interest</u>
Energia Karpaty Zachodnie Sp. Z.O.O.	Poland	100%
Energia Karpaty Zachodnie spolka z ograniczona odpowiedzialnoscia Sp.K.	Poland	100%
Kotlarka Energy spolka z ograniczona odpowiedzialnoscia	Poland	100%
Prusice Energy spolka z ograniczona odpowiedzialnoscia	Poland	100%

USE OF PROCEEDS

The net proceeds to be derived from the sale of Securities will be the offering price less any commission paid in connection therewith and the expenses relating to the particular offering of Securities. Unless otherwise indicated in a Prospectus Supplement relating to a particular offering of Securities, the Corporation intends to use the net proceeds from the sale of Securities for general corporate purposes, capital expenditure programs, to complete asset and corporate acquisitions, to, directly or indirectly, finance future growth opportunities and to repay indebtedness.

The Corporation has no history of operating profitably and has generally generated negative cash flows from operating activities to date, including during the year ended August 31, 2024 and anticipates that it will generate negative cash flows for the year ended August 31, 2025. There can be no assurance that the Corporation will generate positive cash flow from its operations following the year ended August 31, 2025 or at all. In light of the expected continuation of negative operating cash flow, the Corporation anticipates some of the proceeds raised in connection with the sale of the Securities will be used for working capital and general corporate purposes and fund activities that will contribute to negative cash flow in the near term. See "*Risk Factors – Negative Operating Cash Flow*".

The Corporation has provided an undertaking to the Executive Director of the Alberta Securities Commission that provides, among other things, that the Corporation will raise a minimum of \$6,662,000 by private placement or under its first Prospectus Supplement, or by some combination thereof, within 90 days of the final receipt for the Prospectus, or withdraw the Prospectus. The Corporation represents that if it raises the minimum amount, it expects to have sufficient cash to meet its short-term liquidity requirements over the next 12 months.

The amount of net proceeds to be used for any such purposes will be set forth in a Prospectus Supplement. The Corporation may invest funds which it does not immediately use. Such investments may include short-term marketable investment grade securities. The Corporation may, from time to time, issue securities (including debt securities) other than pursuant to this Prospectus.

EARNINGS COVERAGE RATIO

Earnings coverage ratios will be provided as required in the Prospectus Supplement with respect to the issuance of Securities pursuant to such Prospectus Supplement.

Updated earnings coverage ratios will be filed quarterly as required with the applicable securities regulatory authorities, either separately or as exhibits to the Corporation's interim and annual financial reports, and will be deemed to be incorporated by reference in this Prospectus for the purposes of the offering of the Securities.

CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of the Corporation as at February 28, 2025 and the material changes in the share and loan capital of the Corporation, on a consolidated basis, since February 28, 2025. The historical amounts are derived from the unaudited condensed consolidated interim financial statements for the six months ended February 28, 2025 and February 29, 2024 and such information should be read in conjunction with such statements which are incorporated by reference in this Prospectus.

Description	As at February 28, 2025 (unaudited)	As at May 22, 2025 (unaudited)
Common Shares	53,941,864	58,206,864 ⁽¹⁾
Warrants	15,423,364	14,793,364 ⁽²⁾
Broker Warrants	458,024	598,024 ⁽³⁾
Stock Options	4,440,000	4,440,000
Indebtedness	Nil	\$720,000 ⁽⁴⁾

Notes:

- (1) Includes: 4,230,000 Common Shares issued pursuant to the exercise of outstanding warrants of the Corporation each at an exercise price of \$0.075 per Common Share; and 35,000 Common Shares issued pursuant to the exercise of outstanding broker warrants of the Corporation each at an exercise price of \$0.075 per Common Share.
- (2) Includes: 3,600,000 warrants issued pursuant to the Debenture Unit Private Placement, with each warrant entitling the holder thereof to acquire one Common Share at a price of \$0.20 until May 20, 2026; and does not include 4,230,000 warrants that were exercised at \$0.075 per Common Share since February 28, 2025.
- (3) Includes: 175,000 broker warrants issued pursuant to the Debenture Unit Private Placement, with each warrant entitling the holder thereof to acquire one Common Share at a price of \$0.20 until May 20, 2026; and does not include 35,000 broker warrants that were exercised at \$0.075 per Common Share since February 28, 2025.
- (4) Represents the aggregate principal amount of the secured non-convertible debentures issued pursuant to the Debenture Unit Private Placement. Each debenture is non-convertible, bears interest at a rate of 15% per annum, and matures on May 20, 2026. The Corporation may prepay the debentures at any time prior to the maturity date.

The applicable Prospectus Supplement will describe any material change, and the effect of such material change, on the share and loan capitalization of the Corporation, including any material change that will result from the issuance of Securities pursuant to such Prospectus Supplement.

PLAN OF DISTRIBUTION

The Corporation may offer and sell Securities to or through underwriters or dealers and also may sell Securities directly to one or more purchasers pursuant to applicable statutory exemptions, or through agents. These Securities may be offered and sold in Canada and elsewhere where permitted by law. Securities may be distributed in one or more transactions, separately or together, in amounts, at a fixed price or prices or at non-fixed prices and on such terms and conditions as may be determined from time to time depending on, among other things, the Corporation's financing requirements, market conditions at the time of sale and other factors. If offered on a non-fixed price basis, Securities may be offered at market prices prevailing at the time of sale, at prices determined by reference to the prevailing price of a specified security in a specified market or at prices to be negotiated with purchasers, which prices may vary as between purchasers and during the period of distribution. If Securities are offered on a non-fixed price basis, the underwriters', dealers' or agents', as applicable, compensation will be increased or decreased by the amount by which the aggregate price paid for Securities by the purchasers exceeds or is less than the gross proceeds paid by the underwriters, dealers or agents to the Corporation.

The applicable Prospectus Supplement for any of the Securities being offered will set forth the terms of the offering of those Securities, including the name or names of any underwriters, dealers or agents, the

purchase price of the Securities, the proceeds to the Corporation from that sale if determinable, any underwriting fees or discounts and other items constituting underwriters' compensation, any public offering price, and any discounts or concessions allowed or re-allowed or paid to dealers or agents. Only underwriters named in the applicable Prospectus Supplement are deemed to be underwriters in connection with the Securities offered by that Prospectus Supplement.

If underwriters purchase Securities as principal, the Securities will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. The obligations of the underwriters to purchase those Securities will be subject to certain conditions precedent, and the underwriters will be obligated to purchase all of the Securities offered by the applicable Prospectus Supplement if any of such Securities are purchased. Any public offering price and any discounts or concessions allowed or re-allowed or paid to dealers may be changed from time to time. The Securities may also be sold directly by the Corporation at prices and upon terms agreed to by the purchaser and the Corporation or through agents designated by the Corporation from time to time. Any agent involved in the offering and sale of the Securities pursuant to this Prospectus will be named, and any commissions payable by the Corporation to that agent will be set forth in the applicable Prospectus Supplement. Unless otherwise indicated in the applicable Prospectus Supplement, any agent would be acting on a best efforts basis for the period of its appointment.

The Corporation may agree to pay the underwriters a commission for various services relating to the distribution of any Securities offered by this Prospectus. Any such commission will be paid out of the Corporation's general funds. Underwriters, dealers and agents who participate in the distribution of the Securities may be entitled under agreements to be entered into with the Corporation to indemnification against certain liabilities, including liabilities under securities legislation, or to contribution with respect to payments that those underwriters, dealers or agents may be required to make in respect thereof.

Any offering of Debt Securities, Subscription Receipts, Warrants, Share Purchase Contracts or Units will be a new issue of securities with no established trading market. Unless otherwise specified in a Prospectus Supplement, the Debt Securities, Subscription Receipts, Warrants, Share Purchase Contracts or Units will not be listed on any securities exchange or on any automated dealer quotation system. This may affect the pricing of the Debt Securities, Subscription Receipts, Warrants, Share Purchase Contracts and Units in the secondary market, the transparency and availability of trading prices, the liquidity of the Debt Securities, Subscription Receipts, Warrants, Share Purchase Contracts and Units and the extent of issuer regulation.

Certain broker-dealers may make a market in the Debt Securities, Subscription Receipts, Warrants, Share Purchase Contracts or Units, but will not be obligated to do so and may discontinue any market making at any time without notice. The Corporation cannot assure purchasers that any broker-dealer will make a market in the Debt Securities, Subscription Receipts, Warrants, Share Purchase Contracts or Units of any series or as to the liquidity of the trading market, if any, for such Securities.

To the extent permitted by applicable law in connection with any offering of Securities (unless otherwise specified in a Prospectus Supplement), any underwriters, dealers or agents, when purchasing as principal, may over-allot or effect transactions intended to fix or stabilize or maintain the market price of the Securities at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be interrupted or discontinued at any time.

Unless otherwise specified in a Prospectus Supplement, the Securities have not and will not be registered under the U.S. Securities Act or any of the securities laws of any state in the United States and, subject to certain exceptions, may not be offered or sold or otherwise transferred or disposed of in the United States or to or for the account of U.S. persons absent registration or pursuant to an applicable exemption from the U.S. Securities Act and applicable U.S. state securities laws. In addition, until 40 days after closing of an offering of Securities, an offer or sale of the Securities within the United States by any dealer (whether or not participating in such offering) may violate the registration requirement of the U.S. Securities Act if such offer or sale is made other than in accordance with Rule 144A or another exemption under the U.S. Securities Act.

DESCRIPTION OF COMMON SHARES

The Corporation is authorized to issue an unlimited number of Common Shares.

Each Common Share entitles the holder to receive notice of and to attend all meetings of the shareholders of the Corporation other than meetings at which only the holders of another class or series of shares are entitled to vote. Each Common Share entitles the holder to one vote at all meetings of the shareholders of the Corporation. The holders of Common Shares are entitled to receive dividends, on a pro rata basis, if, as and when declared by the Board. Upon any liquidation, dissolution or winding-up of the Corporation, or other distribution of the Corporation's assets among its shareholders for the purposes of winding-up the affairs of the Corporation, the holders of the Common Shares are entitled to share on a share-for-share basis in the distribution, subject to the prior rights of the holders of any class of shares of the Corporation ranking prior to the Common Shares.

There are no pre-emptive or conversion rights and the Common Shares are not subject to redemption. All Common Shares currently outstanding and to be outstanding upon the exercise of any securities convertible into Common Shares, are or will be, fully paid and non-assessable.

DESCRIPTION OF DEBT SECURITIES

The following description of the terms of Debt Securities sets forth certain general terms and provisions of Debt Securities in respect of which a Prospectus Supplement may be filed. The particular terms and provisions of Debt Securities offered by any Prospectus Supplement, and the extent to which the general terms and provisions described below may apply thereto, will be described in the Prospectus Supplement filed in respect of such Debt Securities.

The Corporation reserves the right to include in a Prospectus Supplement specific terms pertaining to the Debt Securities which are not within the options and parameters set forth in this Prospectus. In addition, to the extent that any particular terms of the Debt Securities described in a Prospectus Supplement differ from any of the terms described in this Prospectus, the description of such terms set forth in this Prospectus shall be deemed to have been superseded by the description of such differing terms set forth in such Prospectus Supplement with respect to such Debt Securities.

Debt Securities may be issued separately or in combination with one or more other Securities. The Corporation may, from time to time, issue debt securities and incur additional indebtedness other than through the issue of Debt Securities pursuant to this Prospectus.

The Debt Securities will be issued under one or more indentures or supplements thereto (each, a "**Debt Indenture**"), in each case between the Corporation and a financial institution organized under the laws of Canada or any province thereof and authorized to carry on business as a trustee (each, a "**Trustee**").

The following description sets forth certain general terms and provisions of the Debt Securities. The particular terms and provisions of the Debt Securities and a description of how the general terms and provisions described below may apply to the Debt Securities will be included in the applicable Prospectus Supplement. Further provisions of the Debt Securities will be set out in the applicable Debt Indenture, a copy of which will be filed by the Corporation with the securities commission or similar regulatory authorities in Canada after it has been entered into and will be available electronically at www.sedarplus.ca.

General

The Debt Securities may be issued from time to time in one or more series. The Corporation may specify a maximum aggregate principal amount for the Debt Securities of any series and, unless otherwise provided in the applicable Prospectus Supplement, a series of Debt Securities may be reopened for issuance of additional Debt Securities of such series.

Any Prospectus Supplement for Debt Securities supplementing this Prospectus will contain the specific terms and other information with respect to the Debt Securities being offered thereby, including:

- (a) the designation, aggregate principal amount and authorized denominations of such Debt Securities;
- (b) any limit upon the aggregate principal amount of such Debt Securities;
- (c) the currency or currency units for which such Debt Securities may be purchased and the currency or currency units in which the principal and any interest is payable (in either case, if other than Canadian dollars);
- (d) the offering price (at par, at a discount or at a premium) of such Debt Securities;
- (e) the date or dates on which such Debt Securities will be issued and delivered;
- (f) the date or dates on which such Debt Securities will mature, including any provision for the extension of a maturity date, or the method of determination of such date(s);
- (g) the rate or rates per annum (either fixed or floating) at which such Debt Securities will bear interest (if any) and, if floating, the method of determination of such rate;
- (h) the date or dates from which any such interest will accrue and on which such interest will be payable and the record date or dates for the payment of such interest, or the method of determination of such date(s);
- (i) if applicable, the provisions for subordination of such Debt Securities to other indebtedness of the Corporation;
- (j) the Trustee under the Debt Indenture pursuant to which such Debt Securities are to be issued;
- (k) the place or places where the principal of and premium, if any, and interest on the Debt Securities will be payable;
- (l) the period or periods within which, the price or prices at which, and the terms and conditions upon which, the Debt Securities may be redeemed, in whole or in part, at the option of the Corporation;
- (m) the obligation, if any, of the Corporation to redeem, purchase or repay the Debt Securities pursuant to any mandatory redemption, sinking fund or analogous provisions or at the option of a holder thereof; and the period or periods within which, the price or prices at which, and the terms and conditions upon which, the Debt Securities shall be redeemed or purchased, in whole or in part, pursuant to such obligation or option;
- (n) provisions relating to the conversion or exchange of the Debt Securities for Common Shares or other securities of the Corporation or its subsidiaries, and any provisions for the adjustment thereof;
- (o) the application, if any, of any defeasance provisions to the Debt Securities;
- (p) any events of default applicable to such Debt Securities;
- (q) whether such Debt Securities are to be issued in registered form or in the form of temporary or permanent global securities and the basis of exchange, transfer and ownership thereof;
- (r) if applicable, the ability of the Corporation to satisfy all or a portion of any redemption of such Debt Securities, any payment of any interest on such Debt Securities or any repayment of the principal

owing upon the maturity of such Debt Securities through the issuance of securities of the Corporation or of any other entity, and any restriction(s) on the persons to whom such securities may be issued;

(s) the provisions applicable to the modification of the terms of the Debt Indenture; and

(t) any other specific terms or covenants applicable to such Debt Securities.

The Debt Securities may be issued as original issue discount Debt Securities (bearing no interest, or interest at a rate that at the time of issuance is below market rates) at prices below their stated principal amount.

Ranking

Unless otherwise provided in the applicable Prospectus Supplement, the Debt Securities of each series will rank equally and *pari passu*, including with respect to security interests (if any), with each other (regardless of their actual dates or terms of issue, but only to the extent such other Debt Securities are secured) and, unless the Debt Securities are secured or subordinated and subject to statutory preferred exceptions, with all other present and future unsecured and unsubordinated indebtedness of the Corporation. Unless otherwise provided in the applicable Prospectus Supplement, a series of Debt Securities may be reopened for the issuance of additional Debt Securities of such series. The Corporation reserves the right to specify in a Prospectus Supplement whether a particular series of subordinated Debt Securities is subordinated to any other series of subordinated Debt Securities.

Registration of Debt Securities

Debt Securities in Book Entry Form

Debt Securities of any series may be issued in whole or in part in the form of one or more global securities ("**Global Securities**") registered in the name of a designated clearing agency (a "**Depository**") or its nominee and held by or on behalf of the Depository in accordance with the terms of the applicable Debt Indenture. The specific terms of the depository arrangement with respect to any portion of a series of Debt Securities to be represented by a Global Security will, to the extent not described herein, be described in the Prospectus Supplement relating to such series.

A Global Security may not be transferred, except as a whole between the Depository and a nominee of the Depository or as between nominees of the Depository, or to a successor Depository or nominee thereof, until it is wholly exchanged for Debt Securities in certificated non-book-entry form in accordance with the terms of the applicable Debt Indenture. So long as the Depository for a Global Security, or its nominee, is the registered owner of such Global Security, such Depository or such nominee, as the case may be, will be considered the sole owner or holder of the Debt Securities represented by such Global Security for all purposes under the applicable Debt Indenture and payments of principal and interest, if any, on the Debt Securities represented by a Global Security will be made by the Corporation to the Depository or its nominee.

Owners of beneficial interests in a Global Security will not be entitled to have the Debt Securities represented by such Global Security registered in their names, will not receive or be entitled to receive physical delivery of such Debt Securities in certificated non-book-entry form, will not be considered the owners or holders thereof under the applicable Debt Indenture and will be unable to pledge Debt Securities as security.

No Global Security may be exchanged in whole or in part for Debt Securities registered, and no transfer of a Global Security in whole or in part may be registered, in the name of any person other than the Depository for such Global Security or any nominee of such Depository unless:

- (a) there is a requirement to do so under applicable law;
- (b) the book-entry system ceases to exist;
- (c) the Corporation or the Depository advises the Trustee that the Depository is no longer willing or able to properly discharge its responsibilities as depository with respect to the Debt Securities and the Corporation is unable to locate a qualified successor;
- (d) the Corporation decides, at its option, to terminate the book-entry system through the Depository;
or
- (e) if provided for in the Debt Indenture, after the occurrence of an event of default thereunder (provided the Trustee has not waived the event of default in accordance with the terms of the Debt Indenture), participants acting on behalf of beneficial holders representing, in aggregate, a threshold percentage of the aggregate principal amount of the Debt Securities then outstanding advise the Depository in writing that the continuation of a book-entry system through the Depository is no longer in their best interest,

whereupon such Global Security shall be exchanged for certificated non-book-entry Debt Securities of the same series in an aggregate principal amount equal to the principal amount of such Global Security and registered in such names and denominations as the Depository may direct.

Principal and interest payments, if any, on the Debt Securities represented by a Global Security registered in the name of a Depository or its nominee will be made to such Depository or its nominee, as the case may be, as the registered owner of such Global Security. Neither the Corporation, the Trustee nor any paying agent for such Debt Securities will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in such Global Security or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

The Corporation, any underwriters, dealers or agents and any Trustee identified in an accompanying Prospectus Supplement, as applicable, will not have any liability or responsibility for (i) records maintained by the Depository relating to beneficial ownership interests in the Debt Securities held by the Depository or the book-entry accounts maintained by the Depository, (ii) maintaining, supervising or reviewing any records relating to any such beneficial ownership interests, or (iii) any advice or representation made by or with respect to the Depository and contained in this Prospectus or in any Prospectus Supplement or Debt Indenture with respect to the rules and regulations of the Depository or at the direction of Depository participants.

Unless otherwise stated in the applicable Prospectus Supplement, CDS Clearing and Depository Services Inc. or its successor will act as Depository for any Debt Securities represented by a Global Security.

Debt Securities in Certificated Form

Debt Securities of any series may be issued in whole or in part in registered form as provided in the applicable Debt Indenture.

If the Debt Securities are issued in certificated non-book-entry form, principal and interest, if any, will be payable, the transfer of such Debt Securities will be registerable and such Debt Securities will be exchangeable for Debt Securities in other denominations of a like aggregate principal amount at the office or agency maintained by the Corporation. Payment of principal and interest, if any, on Debt Securities in certificated non-book-entry form may be made by cheque mailed to the address of the holders entitled thereto.

Subject to the foregoing limitations, Debt Securities of any authorized form or denomination issued under the applicable Debt Indenture may be transferred or exchanged for Debt Securities of any other authorized

form or denomination or denominations. Any such transfer or exchange must be for an equivalent aggregate principal amount of Debt Securities of the same series and carry the same rate of interest and same redemption and other provisions as the Debt Securities so transferred or exchanged. Exchanges of Debt Securities of any series may be made at the offices of the applicable Trustee and at such other places as the Corporation may from time to time designate with the approval of the applicable Trustee and, if applicable, will be specified in the applicable Prospectus Supplement. Unless otherwise specified in the applicable Prospectus Supplement, the applicable Trustee will be the registrar and transfer agent for the Debt Securities issued under the applicable Debt Indenture.

DESCRIPTION OF SUBSCRIPTION RECEIPTS

A Subscription Receipt will entitle the holder thereof to receive a Common Share and/or other Securities, for no additional consideration, upon the completion of a particular transaction or event, typically an acquisition of the assets or securities of another entity by the Corporation or one or more of its subsidiaries. The subscription proceeds from an offering of Subscription Receipts will be held in escrow by an escrow agent pending the completion of the transaction or the termination time (the time at which the escrow terminates regardless of whether the transaction or event has occurred). Holders of Subscription Receipts will receive Common Shares and/or other Securities upon the completion of the particular transaction or event or, if the transaction or event does not occur by the termination time, a return of the subscription funds for their Subscription Receipts together with any interest or other income earned thereon. Holders of Subscription Receipts are not shareholders of the Corporation.

The particular terms and provisions of Subscription Receipts offered by any Prospectus Supplement, and the extent to which the general terms and provisions described below may apply thereto, will be described in the Prospectus Supplement filed in respect of such Subscription Receipts. This description will include, where applicable:

- (a) the number of Subscription Receipts;
- (b) the price at which the Subscription Receipts will be offered;
- (c) the procedures for the exchange of the Subscription Receipts into Common Shares or other securities;
- (d) the number of Common Shares or other securities that may be obtained upon exercise of each Subscription Receipt;
- (e) the designation and terms of any other securities with which the Subscription Receipts will be offered, if any, and the number of Subscription Receipts that will be offered with each Common Share or security;
- (f) the terms applicable to the gross proceeds from the sale of the Subscription Receipts plus any interest earned thereon; and
- (g) any other material terms and conditions of the Subscription Receipts.

Subscription Receipts may be offered separately or in combination with one or more other Securities. The Subscription Receipts will be issued under a Subscription Receipt agreement. A copy of the Subscription Receipt agreement will be filed by the Corporation with the securities commission or similar regulatory authorities in Canada after it has been entered into by the Corporation and will be available electronically at www.sedarplus.ca.

The Corporation reserves the right to include in a Prospectus Supplement specific terms pertaining to the Subscription Receipts which are not within the options and parameters set forth in this Prospectus. In addition, to the extent that any particular terms of the Subscription Receipts described in a Prospectus

Supplement differ from any of the terms described in this Prospectus, the description of such terms set forth in this Prospectus shall be deemed to have been superseded by the description of such differing terms set forth in such Prospectus Supplement with respect to such Subscription Receipts.

DESCRIPTION OF WARRANTS

A Warrant will entitle the holder thereof to receive Common Shares or Debt Securities. Warrants may be offered separately or together with other securities and may be attached to or separate from other securities. The Warrants either will be issued under a warrant indenture or agreement that will be entered into by the Corporation or a trustee at the time of issuance of the Warrants or will be represented by warrant certificates issued by the Corporation.

Holders of Warrants are not shareholders of the Corporation. The particular terms and provisions of Warrants offered by any Prospectus Supplement, and the extent to which the general terms and provisions described below may apply to them, will be described in the Prospectus Supplement filed in respect of such Warrants. This description will include, where applicable:

- (a) the title or designation of the Warrants;
- (b) the number of Warrants offered;
- (c) the price at which the Warrants will be offered;
- (d) the number of Common Shares and/or other securities of the Corporation purchasable upon exercise of the Warrants and the procedures for exercise;
- (e) the exercise price of the Warrants;
- (f) the dates or periods during which the Warrants are exercisable and when they expire;
- (g) the designation and terms of any other securities with which the Warrants will be offered, if any, and the number of Warrants that will be offered with each such security;
- (h) the material income tax consequences of owning, holding and disposing of the Warrants; and
- (i) any other material terms and conditions of the Warrants including, without limitation, transferability and adjustment terms and whether the Warrants will be listed on a stock exchange.

The Corporation reserves the right to include in a Prospectus Supplement specific terms pertaining to the Warrants which are not within the options and parameters set forth in this Prospectus. In addition, to the extent that any particular terms of the Warrants described in a Prospectus Supplement differ from any of the terms described in this Prospectus, the description of such terms set forth in this Prospectus shall be deemed to have been superseded by the description of such differing terms set forth in such Prospectus Supplement with respect to such Warrants.

DESCRIPTION OF SHARE PURCHASE CONTRACTS

The Corporation may issue Share Purchase Contracts, representing contracts obligating holders to purchase from or sell to Horizon, and obligating Horizon to purchase from or sell to the holders, a specified number of Common Shares at a future date or dates, and including by way of instalment.

The price per Common Share and the number of Common Shares may be fixed at the time the Share Purchase Contracts are issued or may be determined by reference to a specific formula or method set forth in the Share Purchase Contracts. Horizon may issue Share Purchase Contracts in accordance with

applicable laws and in such amounts and in as many distinct series as may be determined by the Corporation.

The Share Purchase Contracts may be issued separately or as part of Units ("**Share Purchase Units**"). The Share Purchase Contracts may require Horizon to make periodic payments to the holders of the Share Purchase Units or vice versa, and these payments may be unsecured or refunded and may be paid on a current or on a deferred basis. The Share Purchase Contracts may require holders to secure their obligations under those contracts in a specified manner.

Holders of Share Purchase Contracts are not shareholders of the Corporation. The particular terms and provisions of Share Purchase Contracts offered by any Prospectus Supplement, and the extent to which the general terms and provisions described above may apply thereto, will be described in the Prospectus Supplement filed in respect of such Share Purchase Contracts. This description will include, where applicable:

- (a) whether the Share Purchase Contracts obligate the holder to purchase or sell, or both purchase and sell, Common Share and the nature and amount of each of those securities, or the method of determining those amounts;
- (b) whether the Share Purchase Contracts are to be prepaid or not or paid in instalments;
- (c) any conditions upon which the purchase or sale will be contingent and the consequences if such conditions are not satisfied;
- (d) whether the Share Purchase Contracts are to be settled by delivery, or by reference or linkage to the value or performance of Common Shares;
- (e) any acceleration, cancellation, termination or other provisions relating to the settlement of the Share Purchase Contracts;
- (f) the date or dates on which the sale or purchase must be made, if any;
- (g) whether the Share Purchase Contracts will be issued in fully registered or global form;
- (h) the material income tax consequences of owning, holding and disposing of the share purchase contracts; and
- (i) any other material terms and conditions of the Share Purchase Contracts including, without limitation, transferability and adjustment terms and whether the Share Purchase Contracts will be listed on the TSXV.

The Corporation reserves the right to include in a Prospectus Supplement specific terms pertaining to the Share Purchase Contracts which are not within the options and parameters set forth in this Prospectus. In addition, to the extent that any particular terms of the Share Purchase Contracts described in a Prospectus Supplement differ from any of the terms described in this Prospectus, the description of such terms set forth in this Prospectus shall be deemed to have been superseded by the description of such differing terms set forth in such Prospectus Supplement with respect to such Share Purchase Contracts.

DESCRIPTION OF UNITS

Units may be comprised of one or more of the other Securities described in this Prospectus in any combination. Each Unit will be issued so that the holder of the Unit is also the holder of each Security included in the Unit. Thus, the holder of a Unit will have the rights and obligations of a holder of each included Security. A unit agreement, if any, under which a Unit is issued may provide that the securities

included in the Unit may not be held or transferred separately, at any time or at any time before a specified date.

The particular terms and provisions of Units offered by any Prospectus Supplement, and the extent to which the general terms and provisions described below may apply to them, will be described in the Prospectus Supplement filed in respect of such Units. This description will include, where applicable:

- (a) the designation and terms of the Units and of the Securities comprising the Units, including whether and under what circumstances those Securities may be held or transferred separately;
- (b) any provisions for the issuance, payment, settlement, transfer or exchange of the Units or of the Securities comprising the Units;
- (c) whether the Units will be issued in fully registered or global form; and
- (d) any other material terms and conditions of the Units.

The Corporation reserves the right to include in a Prospectus Supplement specific terms pertaining to the Units which are not within the options and parameters set forth in this Prospectus. In addition, to the extent that any particular terms of the Units described in a Prospectus Supplement differ from any of the terms described in this Prospectus, the description of such terms set forth in this Prospectus shall be deemed to have been superseded by the description of such differing terms set forth in such Prospectus Supplement with respect to such Units.

PRIOR SALES

Prior sales will be provided as required by applicable securities laws in the applicable Prospectus Supplement with respect to the issuance of Securities pursuant to such Prospectus Supplement.

TRADING PRICE AND VOLUME

Trading prices and volume will be provided as required by applicable securities laws in the applicable Prospectus Supplement with respect to the issuance of Securities pursuant to such Prospectus Supplement.

CERTAIN INCOME TAX CONSIDERATIONS

The applicable Prospectus Supplement may describe certain Canadian federal income tax consequences which may be applicable to a purchaser of Securities offered thereunder, and may also include a discussion of certain United States federal income tax consequences to the extent applicable.

RISK FACTORS

Investment in the Securities is subject to various risks including those risks inherent to the industries in which Horizon operates. Discussions of certain risk factors affecting us in connection with our businesses are provided below as well as in our disclosure documents filed from time to time with the securities commission or similar securities regulatory authority in Canada which are incorporated by reference or deemed to be incorporated by reference in this Prospectus. In particular, see "Risk Factors" in the Annual Information Form.

Before deciding whether to invest in any Securities, prospective purchasers should consider carefully the risk factors below as well as those risk factors incorporated by reference in this Prospectus (including subsequently filed documents incorporated by reference) and those described, or incorporated by reference, in a Prospectus Supplement relating to a specific offering of Securities as well as the other

information contained in and incorporated by reference in this Prospectus and in the applicable Prospectus Supplement.

Negative Operating Cash Flow

The Corporation has a history of negative cash flow from operating activities. To the extent that the Corporation has negative cash flow in future periods, the Corporation may need to allocate a portion of the net proceeds from the sale of Securities to fund such negative cash flow. There can be no assurance that additional capital or other types of financing will be available when need or that these financings will be on terms at least as favourable to the Corporation as those previously obtained, or at all.

Need for Future Financing

The exploration and development of the Corporation's projects will require additional financing. The failure to raise or procure such additional funds may result in the delay or postponement of the Corporation's business objectives, which could have a material adverse effect on the Corporation's business, financial condition, prospects or results of operations. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, will be on terms acceptable to the Corporation.

Future sales or issuances of debt or equity securities may result in dilution to the Corporation's shareholders

We may sell or issue additional debt or equity securities in offerings to finance our operations, development, acquisitions or other projects. Our significant shareholders may also sell the Common Shares or other securities they hold or may hold in the future.

We cannot predict the size of future sales and issuances of debt or equity securities or the effect, if any, that future sales and issuances of debt or equity securities will have on the market price of the Common Shares.

Sales or issuances of a substantial number of equity securities, or the perception that such sales could occur, may adversely affect prevailing market prices for the Corporation's Common Shares. With any additional sale or issuance of equity securities, investors will suffer dilution of their voting power and may experience dilution in the Corporation's earnings per share. Sales of our Common Shares by shareholders might also make it more difficult for us to sell equity securities at a time and price that we deem appropriate.

Market price of our Common Shares may fluctuate

Our Common Shares are listed and posted for trading on the TSXV. An investment in the Corporation's Securities is highly speculative. The market prices for the Securities of companies in the energy industry have historically been volatile. Market price fluctuations in the Common Shares may be due to the Corporation's operating results failing to meet the expectations of securities analysts or investors in any quarter, downward revision in securities analysts' estimates, governmental regulatory action, adverse change in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by the Corporation or its competitors, along with a variety of additional factors, including, without limitation, increases in interest rates and those set forth under "*Note Regarding Forward-Looking Statements*". In addition, the market price for securities in the stock markets, including the TSXV, recently experienced significant price and trading fluctuations. These fluctuations have resulted in volatility in the market prices of securities that often has been unrelated or disproportionate to changes in operating performance. These broad market fluctuations may adversely affect the market prices of the Common Shares.

Liquidity of Common Shares and Realization of Investment in Common Shares

Investors and potential investors should be aware that the value of the Common Shares and income from the Common Shares can go down as well as up, and that there may not be a liquid market in the Common Shares. An investment in the Common Shares may thus be difficult to realize. The ability of an investor to sell Common Shares will depend on there being a willing buyer for them at an acceptable price. Consequently, it might be difficult for an investor to realize on their investment in the Corporation and they may lose all their investment. There can be no assurance that there will be sufficient liquidity of the Corporation's Common Shares on the trading market, and that the Corporation will continue to meet the listing requirements of the TSXV or achieve listing on any other public listing exchange. In the event of a winding-up of the Corporation, the Common Shares will rank behind any liabilities of the Corporation and therefore any return for shareholders will depend on the Corporation's assets being sufficient to meet prior entitlements of creditors.

The use of proceeds may vary from planned use

While detailed information regarding the use of proceeds from the sale of our Securities will be described in the applicable Prospectus Supplement, the Corporation will have broad discretion over the use of the net proceeds from an offering by the Corporation of its Securities. Because of the number and variability of factors that will determine the Corporation's use of such proceeds, the Corporation's ultimate use might vary substantially from its planned use. You may not agree with how the Corporation allocates or spends the proceeds from an offering of its Securities. The Corporation may pursue acquisitions, collaborations or other opportunities that do not result in an increase in the market value of its Securities, including the market value of its Common Shares.

The Corporation has not paid dividends and may not pay dividends in the foreseeable future

Dividends on the Common Shares have not been paid by the Corporation to date. The Corporation does not intend to declare or pay any cash or in-kind dividends in the foreseeable future. Payment of any future dividends will be at the discretion of the Board, after taking into account a multitude of factors appropriate in the circumstances, including the Corporation's operating results, financial condition and current and anticipated cash needs.

The Corporation has outstanding stock options and warrants, which, if exercised, could cause dilution to existing shareholders

The Corporation has stock options and common share purchase warrants ("**Warrants**") which are exercisable to acquire Common Shares. The exercise of the stock options or Warrants and the subsequent resale of such Common Shares in the public market could adversely affect the prevailing market price and the Corporation's ability to raise equity capital in the future at a time and price which deems it appropriate. The Corporation may also enter into commitments in the future which would require the issuance of additional Common Shares and the Corporation may grant additional stock options or Warrants. Any share issuances from the Corporation's treasury will result in immediate dilution to existing Shareholders' percentage interest in the Corporation.

There is currently no market through which our Securities, other than our Common Shares, may be sold

There is currently no market through which Securities which may be sold under this Prospectus, other than our Common Shares, may be sold and, unless otherwise specified in the applicable Prospectus Supplement, our Debt Securities, Subscription Receipts, Units, Warrants or Share Purchase Contracts will not be listed on any securities or stock exchange or any automated dealer quotation system. As a consequence, purchasers may not be able to resell Debt Securities, Subscription Receipts, Units, Warrants or Share Purchase Contracts purchased under this Prospectus. This may affect the pricing of our Securities, other than our Common Shares, in the secondary market, the transparency and availability of trading prices, the liquidity of these Securities and the extent of issuer regulation. There can be no assurance that an active trading market for our Securities, other than our Common Shares, will develop or, if developed, that any such market, including for our Common Shares, will be sustained.

Recent market events and conditions may affect the value of companies engaged in the oil and natural gas industry

Recent market events and conditions, including global excess oil and natural gas supply, actions taken by the Organization of the Petroleum Exporting Countries, the impacts of the COVID-19 pandemic, slowing growth in certain global economies, market volatility, and sovereign debt levels in various countries, have caused significant weakness and volatility in commodity prices. The outbreak of conflict between Russia and Ukraine strongly influenced crude oil prices to their highest levels since 2008. The possibility of a disruption to Russian crude oil exports has introduced significant risk to global crude oil markets, exacerbating uncertainty around future supply and inventory levels. These geopolitical tensions have recently been countered by rising economic risks and the continuation of a global pandemic, leading to elevated levels of volatility in crude oil prices. The events between Russia and Ukraine have had no immediate effect on North American natural gas balances, but the conflict's impact on competing fuel prices has contributed to a volatile pricing environment.

These events and conditions could cause a significant decrease in the valuation of oil and gas companies and a decrease in confidence in the energy industry which could have a negative effect on the Corporation's ability to raise additional funds in the future or if it is able to do so, to do so on unfavourable terms.

Varying commodity prices may affect the Corporation's operational and financial results

The prices of commodities vary on a daily basis. Price volatility could have dramatic effects on the results of operations and the ability of the Corporation to execute its business plan. Any substantial and extended decline in the price of oil and natural gas could have an adverse effect on, among other things, the Corporation's revenues and financial condition. Further, the price of metals and minerals has experienced volatile and significant price movements over short periods of time and is affected by numerous factors beyond the control of the Corporation, including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods.

INTEREST OF EXPERTS

Please refer to the Annual Information Form under the heading "Interest of Experts", which is incorporated herein by reference, for information on the persons or companies that are named as having prepared or certified a report, valuation, statement or opinion in this Prospectus, either directly or in a document incorporated herein by reference, and whose profession or business gives authority to the report, valuation, statement or opinion made by the expert.

LEGAL MATTERS

Unless otherwise specified in the Prospectus Supplement relating to an offering of Securities, certain legal matters relating to the offering of such Securities will be passed upon on behalf of the Corporation by DLA Piper (Canada) LLP. If any underwriters, dealers or agents named in a Prospectus Supplement retain their own counsel to pass upon legal matters relating to the Securities, their counsel will be named in the Prospectus Supplement.

AUDITOR, TRANSFER AGENT AND REGISTRAR

The auditors of the Corporation are McGovern Hurley LLP, through its offices at 251 Consumers Road, Suite 800, Toronto, Ontario, Canada M2J 4R3.

The transfer agent and registrar for the Common Shares is Computershare Investor Services Inc. through its offices at 510 Burrard St., 3rd Floor, Vancouver, British Columbia, V6C 3B9.

CONTRACTUAL RIGHTS OF RESCISSION

Original purchasers of convertible, exchangeable or exercisable securities in Canada will have a contractual right of rescission against the Corporation. The contractual right of rescission will entitle such original purchasers to receive the amount paid upon conversion, exchange or exercise of the security, or the amount paid for the convertible, exchangeable or exercisable security if no amount was paid upon conversion, exercise or exchange, upon surrender of the underlying securities gained thereby, in the event that this Prospectus contains a misrepresentation, provided that both the conversion, exchange or exercise occurs, and the right of rescission is exercised, within 180 days of the date of the purchase of the convertible, exchangeable or exercisable security under this Prospectus. This contractual right of rescission will be consistent with the statutory right of rescission described under section 203 of the *Securities Act* (Alberta), and is in addition to any other right or remedy available to original purchasers under section 203 of the *Securities Act* (Alberta) or otherwise at law.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may only be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment, irrespective of the determination at a later date of the purchase price of the securities distributed. In several of the provinces, securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

In an offering of convertible, exchangeable or exercisable securities, purchasers are cautioned that the statutory right of action for damages for a misrepresentation contained in the prospectus or any prospectus supplement is limited, in certain provincial securities legislation, to the price at which the convertible, exchangeable or exercisable securities are offered to the public under the prospectus offering. This means that, under the securities legislation of certain provinces, if the purchaser pays additional amounts upon the conversion, exchange or exercise of the security, those amounts may not be recoverable under the statutory right of action for damages that applies in those provinces. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

CERTIFICATE OF THE CORPORATION

Dated: May 22, 2025

This short form prospectus, together with the documents incorporated in this short form prospectus by reference, will, as of the date of the last supplement to this short form prospectus relating to the securities offered by this short form prospectus and the supplement(s), constitute full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus and the supplement(s) as required by the securities legislation of each of the provinces of Canada, except the province of Québec.

HORIZON PETROLEUM LTD.

(signed) "*David Winter*"
David Winter, Chief Executive Officer

(signed) "*Ian Habke*"
Ian Habke, Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

(signed) "*Charle Gamba*"
Director

(signed) "*Roger McMechan*"
Director