



Building a European Conventional Natural Gas Development Company

August 7, 2025

A final base shelf prospectus containing important information relating to the securities described in this document has been filed with the securities regulatory authorities in each of the Provinces of Canada (except Quebec). A copy of the final base shelf prospectus, any amendment to the final base shelf prospectus and any applicable shelf prospectus supplement that has been filed, is required to be delivered with this document. This document does not provide full disclosure of all material facts relating to the securities offered. Investors should read the final base shelf prospectus, any amendment and any applicable shelf prospectus supplement for disclosure of those facts, especially risk factors relating to the securities offered, before making an investment decision.

FORWARD LOOKING INFORMATION

FORWARD-LOOKING INFORMATION

This information contained in this corporate presentation and the accompanying verbal presentation (the "Presentation") contains forward-looking statements and forward-looking information (collectively, "forward-looking information") within the meaning of applicable securities laws relating to the plans of Horizon Petroleum Inc. (the "Company") and other aspects of its anticipated future operations, management focus, strategies, financial, operating and production results, industry conditions, commodity prices and business opportunities. All statements in this Presentation, other than statements of historical fact, that address events or developments that the Company expects to occur, are forward-looking information. In addition, and without limiting the generality of the foregoing, this Presentation contains forward-looking information regarding anticipated netbacks, anticipated potential of the acquisition, the closing and timing of closing of any potential offering, the use of proceeds of any potential offering, decisions regarding additional listings, production guidance, capital program and allocation thereof, future production, development and drilling plans, well economics, future cost reductions, potential growth, the current operating plans with respect to the Company's assets in Poland, and the source of funding the Company's capital spending. Any and all future operating activities as well as the ability of the Company to continue as a going concern will require an infusion of capital into the Company in the immediate future and the Company makes no representations as to the likelihood of this occurring. Forward-looking information typically uses words such as "anticipate", "believe", "project", "expect", "goal", "plan", "intend" or similar words suggesting future outcomes, statements that actions, events or conditions "may", "would", "could" or "will" be taken or occur in the future. Such statements are not guarantees of future performance and actual results may differ materially from those in forward looking statements. Factors that could cause the actual results to differ materially from those in forward-looking statements include, but are not limited to, market prices, exploration and drilling success, continued availability of capital and financing and general economic, market or business conditions.

The forward-looking information is based on certain key expectations and assumptions made by the Company's management, including expectations and assumptions concerning prevailing commodity prices and differentials, exchange rates, interest rates, applicable royalty rates and tax laws; future production rates and estimates of operating costs; performance of future wells; reserve and resource volumes; anticipated timing and results of capital expenditures; the success obtained in drilling new wells; the sufficiency of budgeted capital expenditures in carrying out planned activities; the timing, location and extent of future drilling operations; the state of the economy and the exploration and production business; results of operations; performance; business prospects and opportunities; the availability and cost of financing, labour and services; the impact of increasing competition; the ability to efficiently integrate assets and employees acquired through acquisitions, including the acquisition, the ability to market natural gas successfully and the Company's ability to access capital.

Since forward-looking information addresses future events and conditions, by its very nature they involve inherent risks and uncertainties. The Company's actual results, performance or achievement could differ materially from those expressed in, or implied by, the forward-looking information and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking information will transpire or occur, or if any of them do so, what benefits that we will derive therefrom. Management has included the above summary of assumptions and risks related to forward-looking information provided in this presentation in order to provide securityholders with a more complete perspective on future operations and such information may not be appropriate for other purposes.

Readers are cautioned that the foregoing lists of factors are not exhaustive. These forward-looking statements are made as of the date of this Presentation and we disclaim any intent or obligation to update publicly any forward-looking information, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws. For further details on the forward-looking statements included in this presentation, see "Forward-Looking Information" in the final base shelf prospectus of the Company dated May 22, 2025 (the "Final Base Shelf Prospectus") and available on the Company's SEDAR+ profile at www.sedarplus.ca. All of the forward-looking information contained in this presentation is expressly qualified by the foregoing cautionary statements. Investors should read the Company's public filings and consult their own professional advisors to ascertain and assess the income tax, legal, risk factors and other aspects of their investment in any securities of the Company.

See section entitled "Risk Factors" in the Final Base Shelf Prospectus and in the Annual Information Form (as defined in the Final Base Shelf Prospectus)

FOFI and other Financial Matters

This Presentation contains future-oriented financial information and financial outlook information (collectively, "FOFI") about the Company's prospective results of operations, operating netbacks 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 Presentation was made as of the date of this press release and was provided for the purpose of providing further information about the Corporation's anticipated future business operations. Readers are cautioned that the FOFI contained in this Presentation should not be used for purposes other than for which it is disclosed herein.

FORWARD LOOKING INFORMATION – Con't

Cautionary Statements

The information and opinions contained in the Presentation are provided as at the date of the Presentation and are subject to change. The Company does not have an obligation to update, complete, revise, verify or amend the Presentation. To the extent available, the industry, market and competitive position data contained in the Presentation comes from official or third party sources. Third party industry publications, studies and surveys generally state that the data contained therein have been obtained from sources believed to be reliable, but that there is no guarantee of the accuracy or completeness of such data. While the Company reasonably believes that each of these publications, studies and surveys has been prepared by a reputable source, the Company has not independently verified the data contained therein. In addition, certain of the industry, market and competitive position data contained in the Presentation comes from the Company's own internal research and estimates based on the knowledge and experience of the Company's management in the markets in which the Company operates. Their underlying methodology and assumptions have not been verified by any independent source for accuracy or completeness and are subject to change. Accordingly, undue reliance should not be placed on any of the industry, market or competitive position data contained in the Presentation. The information contained in the Presentation does not purport to be comprehensive. No reliance may or should be placed by any for any purposes whatsoever on the information contained in this document or any other material discussed at the Presentation, or on its completeness, accuracy or fairness. Neither the Company nor any of its respective directors, officers, employees, advisers or agents accepts any responsibility or liability whatsoever for/or makes any representation or warranty, express or implied, as to the truthfulness, accuracy or completeness of the information in the Presentation (or whether any information has been omitted from the Presentation) or any other information relating to the Company, its subsidiaries or associated companies, whether written, oral or in a visual or electronic form, and howsoever transmitted or made available or for any loss howsoever arising from any use of the Presentation or its contents or otherwise arising in connection therewith. Recipients of the Presentation should conduct their own investigation, evaluation and analysis of the business, data and property described therein.

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THE VALUE PROPOSITION

WHY INVEST IN HORIZON NOW?

- Operator and 100% working interest in two concessions in Poland :
 - **Lachowice:** large (> 1 TCF IGIP) natural gas development, discovered but pre-production
2P Reserves: 34.5 BCF reserves ; US \$84.5 million.
2C contingent resources: 163 BCF; US \$431.0 million ^{1,2}
 - **Cieszyn:** multiple shallow conventional gas pools (2-20bcf) in an established play offering low risk, inexpensive, high netback, downside protection
- Gas price (US\$12-\$16/mcf), natural gas is of strategic importance to energy security in Poland
- Experienced management team³ with worldwide experience (including Poland) in growing reserves, production and shareholder returns

1. See important risk advisory and Resource Definitions in the Appendix

2. Reserve report prepared by APEX Global Engineering Inc. effective August 31, 2024 in accordance with NI51-101 and COGEH based on low price forecast

3. See detailed biographies in Appendix

EUROPEAN NATURAL GAS: STRONG FUNDAMENTALS

DOMESTIC NATURAL GAS PRODUCTION CONTINUES TO DECLINE

- Legacy North Sea and Dutch natural gas fields are mature and declining
- Prior to 2022, 86% of supply from 3 countries: Russia (42%), Norway (34%), Algeria (10%).
- LNG imports currently meet approximately 25% of natural gas demand. LNG imports are growing but will not fully replace Russian gas.

DEMAND CONTINUES TO GROW

- Natural gas comprises ~24% of European energy matrix
- Large consumer base and infrastructure expected to absorb incremental LNG
- Natural gas can provide the “reliable” base load to replace coal
- The Russian invasion of Ukraine underscored the urgency to develop new sources to replace Russian natural gas imports
- Political will to boost domestic production, particularly in Central/Eastern Europe, to reduce dependence on Russian natural gas imports
- Importance of natural gas in the European energy matrix and the energy transition to renewable sources

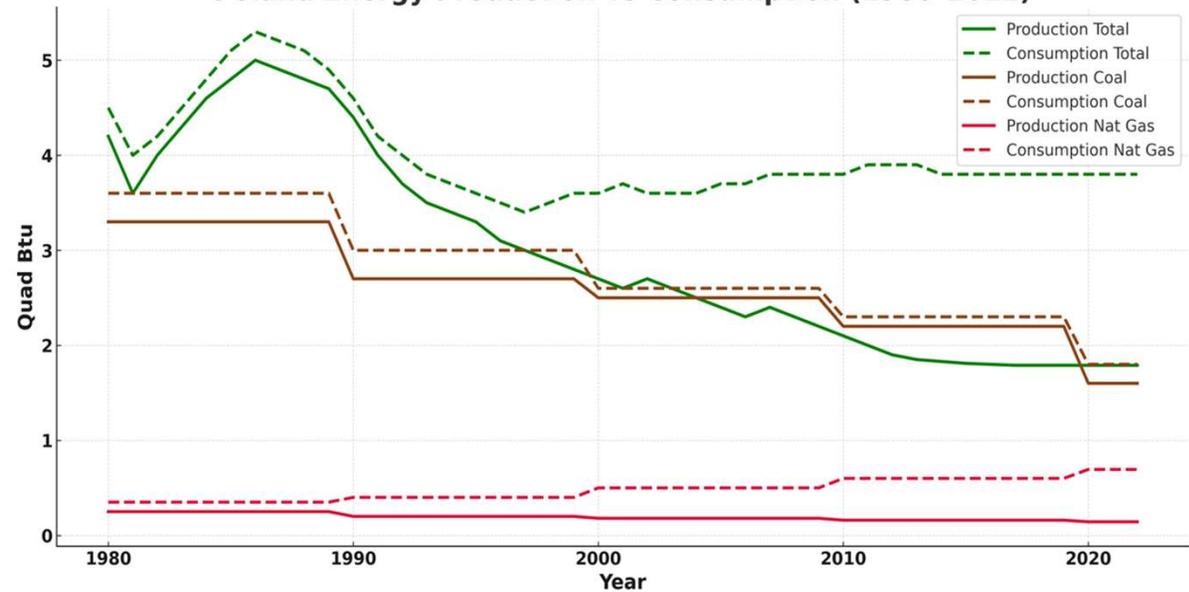
Sources: International Energy Agency (IEA), Various industry sources

POLISH NATURAL GAS MARKET

Natural Gas Fundamentals

- Rising demand with increasing imports and flat domestic production
- Strong political push to find alternative sources of gas to replace Russian supply
- Strong political and environmental push to replace coal in power generation (70% of Polish power is still from coal)
- Low royalties - stable political, regulatory & fiscal regime
- Under-developed conventional natural gas resources
- Unconventional players exited the country reducing the competition for sizeable conventional opportunities
- Extensive, under-utilized and accessible natural gas infrastructure

Poland Energy Production vs Consumption (1980-2022)



- Total production declined from ~5.0 quad BTU (1980s) to ~1.79 in 2023.
- Total consumption has remained relatively stable (~3.8 quad BTU), widening the energy dependency gap.
- Coal remains the dominant source, both production and consumption have steadily decreased.
- Natural gas consumption has risen, while domestic production has declined,
- Polish natural gas prices published daily on the Polish Power Exchange website (www.tge.pl/en)
- **Gas price as of July 9, 2025: \$US 13.40/mmbtu**

References: Ptak, Alicja (2025-01-02). "Poland produced record 29% of power from renewables in 2024" [Ember energy.org](https://emberenergy.org), theglobaleconomy.com; aenert.com, "Europe - Countries & Regions". IEA.

POLISH ASSETS: SUMMARY

FOUNDATION ASSETS

Acquired 100% interest in two conventional natural gas development assets in Poland

- Acquisition cost: US\$1.08 MM, C\$1 MM in Horizon shares or cash, 6% Net Profit Interest

Bielsko Biala (Lachowice)

- 197 Bcfe 2P net reserves + 2C Risked Contingent Resources with US\$515MM Before Tax NPV₁₀ in core field area ^{1,2}
- Upside potential accesses 1.2 TCF Gas in place
- Establish early production scheme and cash flow in late Q2 2026

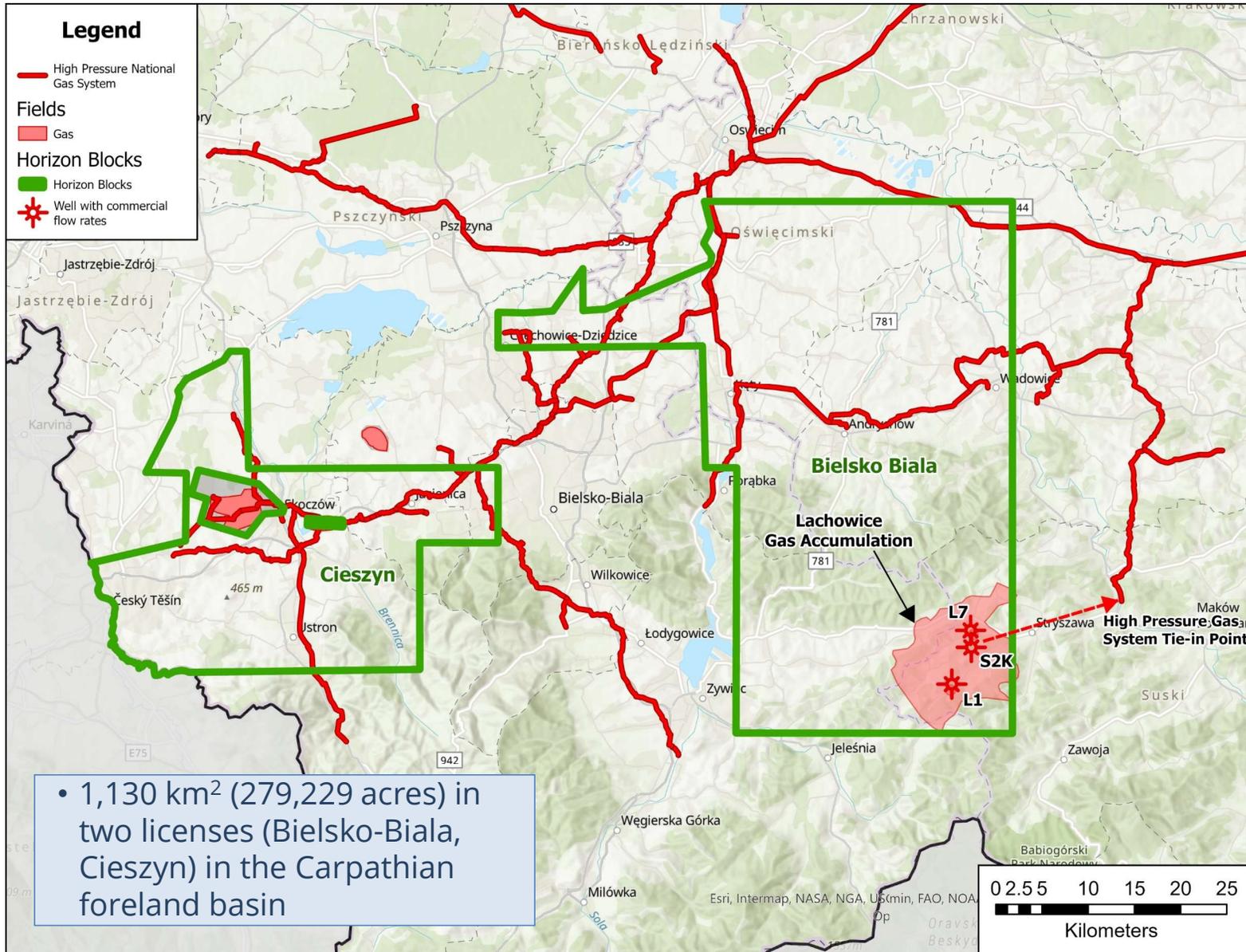
Cieszyn

- Conventional, shallow gas development, on trend, near infrastructure, low capital costs
- Multiple wells drilled with by-passed gas pay
- No drilling activity for gas since 1993

1. See "Forward-Looking Information" See important risk advisory and Resource Definitions in the Appendix.

2. Reserve report prepared by APEX Global Engineering Inc. effective August 31, 2024 in accordance with NI51-101 and COGEH based on low price forecast

POLISH ASSETS: LOCATION



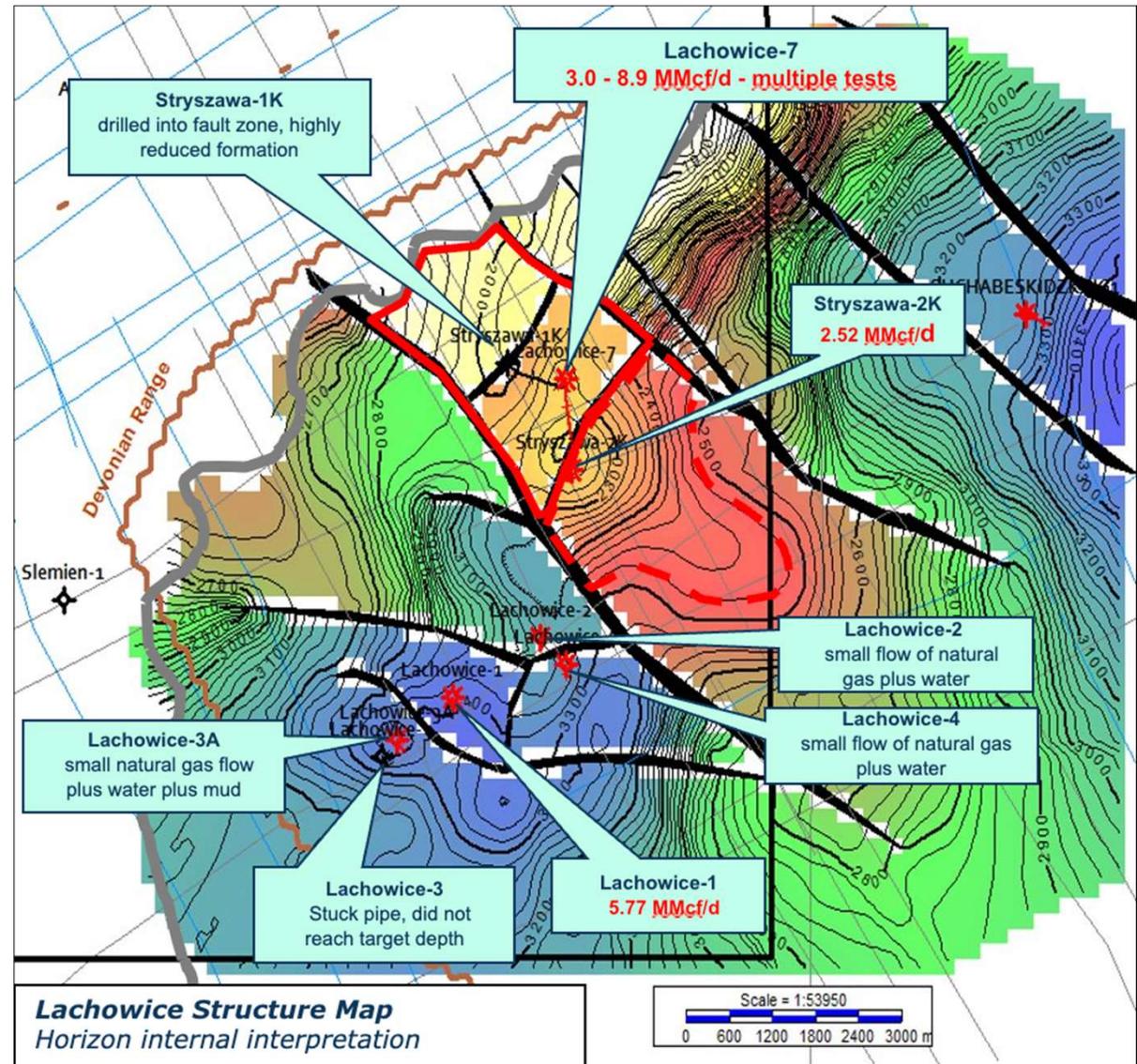
• 1,130 km² (279,229 acres) in two licenses (Bielsko-Biala, Cieszyn) in the Carpathian foreland basin



BIELSKO-BIALA CONCESSION: LACHOWICE FIELD



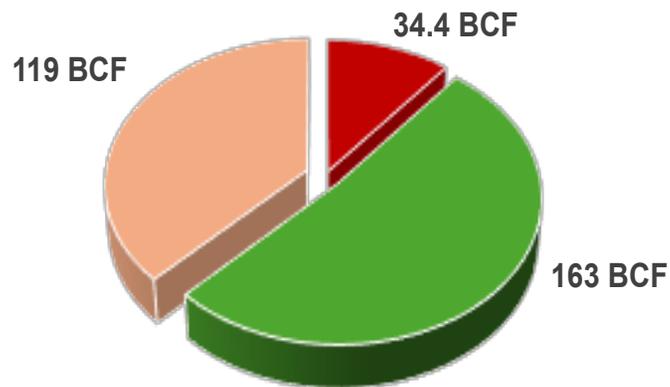
- Located in the Carpathian foothills
- 950 km of legacy 2D seismic
- Discovered with Lachowice-1 in 1986
- Seven wells drilled 1986 – 1996:
 - 130m - >300m gas columns
 - Tested gas rates up to 8.9 MMscf/d (see map)
 - Well productivity was impaired by poor drilling and completion practices
- Devonian aged naturally fractured carbonate reservoirs
- Development with highly deviated wells to optimize access to fracture systems
- Modern stimulation practices to maximize fracture productivity



LACHOWICE RESERVES AND RESOURCES ^{1,2,3}

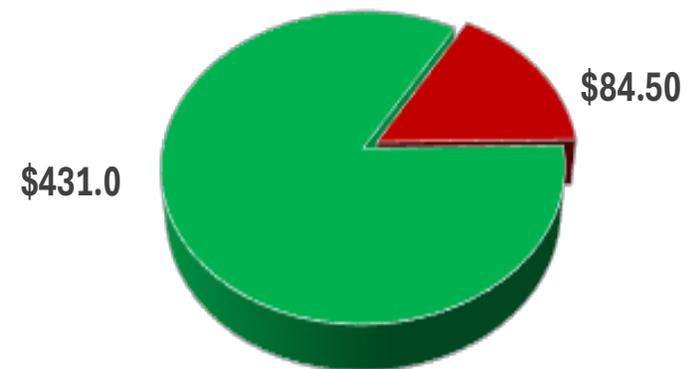
- 2P reserves assigned to the Lachowice-1, Lachowice-7 and Stryszawa-2K wells
- Risked Contingent resources in the fractures and tight matrix natural gas reservoirs in Lachowice-1, 2, 3a, 4, 7 and Stryszawa-2K wells
- Risked Prospective Resources assigned to undrilled fault compartments

Riskied Reserves and Resources (BCF)



- 2P Reserves
- 2C Risked Contingent Resources
- Riskied Prospective Res (Best Estimate)

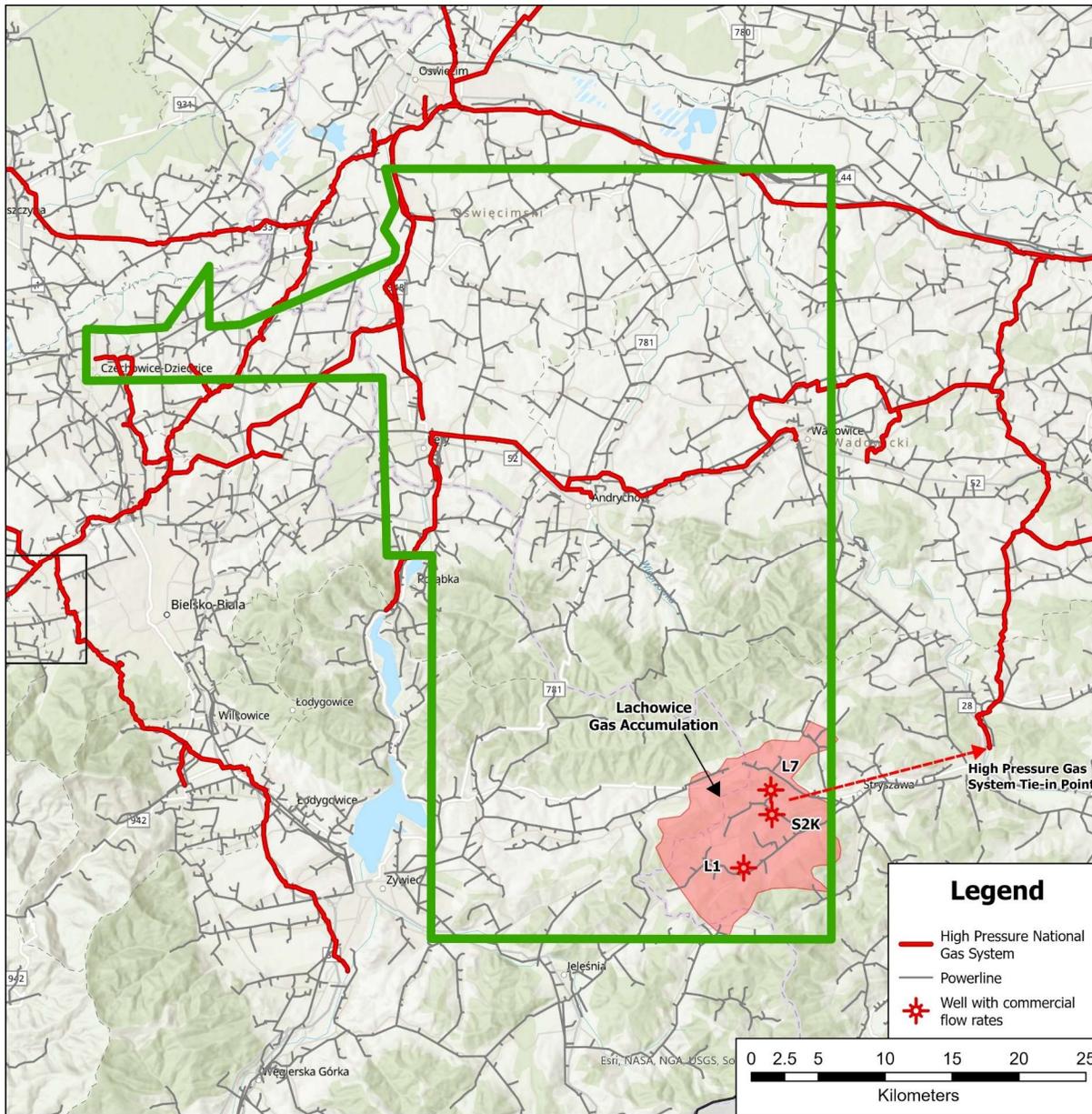
Net Present Value (NPV10) Before Tax US\$MM



- 2P Reserves
 - 2C Risked Contingent Resources
- Total riskied NPV(10) Before Tax: \$US 515 MM

1. Reserve report prepared by APEX Global Engineering Inc. effective August 31, 2024 in accordance with NI51-101 and COGEH
2. See important risk advisory and resource definitions in the Appendix
3. Contingent Resources further sub-classified as Development Unclassified
4. Polish Corporate Income Tax Rate = 19%

LACHOWICE – NEARBY EXISTING INFRASTRUCTURE



PHASE 1 DEVELOPMENT:

- Gas 2 Power or CNG
- Wellsite civil works construction ready to start

PHASE 2 DEVELOPMENT:

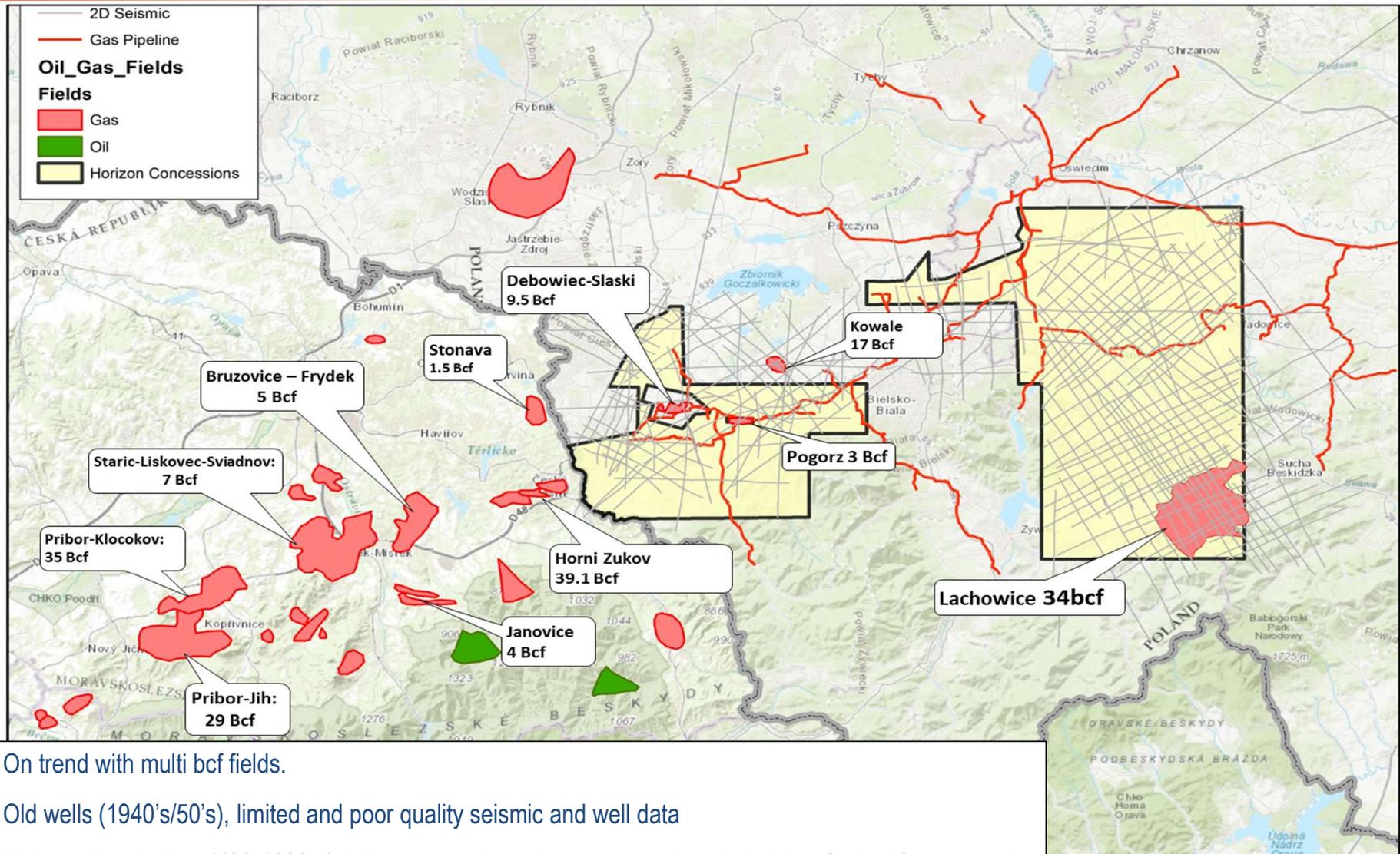
- 40mmscf/d gas plant and pipeline into national high pressure system
- 10 mile (16km) 10" pipeline to tie into high pressure national grid
- Capacity available

TOTAL FIELD DEVELOPMENT:

- Peak net operating income of +\$100 million per year ¹
- NPV 10 BT \$515MM ¹

1. See Reserve report prepared by APEX Global Engineering Inc. effective August 31, 2024 in accordance with NI51-101 and COGEH

CIESZYN CONCESSION



- On trend with multi bcf fields.
- Old wells (1940's/50's), limited and poor quality seismic and well data
- High quality, shallow (400-1000m), Miocene aged sandstone reservoirs. Underlying Carboniferous aged source rocks
- One well obligation to drill by November 2026

OPERATING METRICS

NPV 10 - Before Tax-\$US Millions	\$ 515
Government Take - Royalties and Taxes	20-25%
Finding & Development	F&D-US\$/mcfe
	\$ 0.87
Operating Net Back	Op Net Back-US\$/mcfe
	\$ 8.55
Recycle Ratio	Recycle Ratio
	9.9

1. Based on Reserve report prepared by APEX Global Engineering Inc. effective August 31, 2024 in accordance with NI51-101 and COGEH based on low price forecast

CAPITAL STRUCTURE

SYMBOL:

TSX-Venture: HPL

SHARE PRICE*	CAD	\$0.13
52 WEEK HIGH/LOW	CAD	\$0.04 - \$0.25
MARKET CAPITALIZATION	CAD	7,566,902
SHARES OUTSTANDING		58,206,940
FULLY DILUTED SHARES		59,326,940

- *SHARE PRICE – JUNE 6, 2025*
- *WARRANTS – SEPT 2028 EXPIRY - 8,962,433 @ \$0.30*
- *WARRANTS – OCT 2025 EXPIRY – 1,045,455 @ \$0.20*
- *WARRANTS – MAY 2026 EXPIRY – 3,600,000 @ \$0.20*
- *STOCK OPTIONS - 1,900,000 @ \$0.25, 1,040,000 @ \$0.075, 1,420,000 @ \$0.16, 80,000 @ \$0.15*
- *FULLY DILUTED SHARES – considers in the money*

CORPORATE INFORMATION

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Corporate Website

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APPENDIX

MANAGEMENT: INTERNATIONAL EXPERIENCE

DR DAVID WINTER, CEO

- 40 years experience in technical, management and leadership roles living and working in Latin America, Middle East, SE Asia and UK North Sea. British Petroleum, Sun Oil, Canadian Occidental (now CNOOC), Alberta Energy Company (now Ovintiv), Calvalley Petroleum
- Founder and Director of Canacol Energy Ltd. and Founder, prior CEO and Director of Excelsior Energy Limited, an oil sands-focused exploration company
- BSc (Hons) in Geology from the University of London, MSc in Structural Geology and Rock Mechanics from Imperial College, University of London, PhD in Structural Geology from Edinburgh University

ROGER McMECHAN, PRESIDENT AND COO

- 40 years of diverse engineering experience in managing domestic and international oil and gas operations
- Senior management positions for Petro Canada and Burlington Resources in North Africa and Canada; Executive VP and Director of Winstar Resources with operations in Canada, Tunisia, Hungary and Romania; CEO and Director of Iskander Energy, a private company that operated in Bulgaria, Georgia, Poland and Ukraine; Technical Director of Block Energy Plc with operations in Georgia
- BSc in Mechanical Engineering from the University of Waterloo

IAN HABKE, CFO

- Chartered Accountant with over 30 years of experience in the oil and gas industry
- Acquired significant knowledge in the areas of oil and gas operations, strategic planning and budgeting, cost control, financial reporting, M&A activities, tax planning, investor relations and supply management. Experience gained in both junior and large companies including increasingly senior financial management roles with Nexen (now CNOOC) in the UK, Canada and Yemen
- Bachelor of Commerce degree from the University of Alberta

DR CEZARY FILIPOWICZ, POLAND COUNTRY MANAGER – WARSAW, POLAND

- 40 years of professional oil and gas experience in business: UOS Services and Drilling; founder and Deputy President PKN Orlen; Director AB Mazeikiu Nafta – Lithuania; Director International Pipeline Company MPR "SARMATIA" Ltd, Director of the Rep Office in Poland of the Ukrainian Joint Stock Company "UKRTRANSNAFTA"; and President of the International Oil Company MTN "Golden Gate" S.A.
- Chief Ecologist: Bank for Environmental Protection (BOS Bank S.A.); director "GeoCO2 Consortium"; coordinator - Polish Carbon Capture & Storage (CCS) pilot project.
- Served as an advisor to the Deputy Prime Minister, Minister of Economy of the Republic of Poland and to the Chancellery of the President of the Republic of Poland. Doctorate and a BSc in geology from the University of Warsaw.

BOARD OF DIRECTORS

SHERN TAN LIANG

- Founder and CEO of One Tree Partners, a licensed asset management firm in Singapore that has had over US\$1bn in mining and commercial deal flow
- Held increasingly senior management and executive roles at Citibank, UBS and Goldman Sachs in Singapore
- Bachelor of Business Administration (BBA) degree from the University of Michigan

DR. CHARLE GAMBA

- Founder, President and CEO at Canacol Energy Ltd.
- 30 years of oil and gas experience in SE Asia, the Middle East, West Africa, Canada, and Latin America. Imperial Oil, Canadian Occidental (now CNOOC), Alberta Energy Company (now Ovintiv) and Occidental Petroleum. Served on the board of directors of several publicly listed and private oil and gas companies.
- B.Sc., M.Sc. and PhD in Geology.

RICCARDO M. MONTI

- Executive Chairman of Triboo, a leading Italian company in the sectors of digital services and e-commerce, listed on the Milan Stock Exchange
- Executive VP of the Italy-China Foundation, established in 2003 to foster economic, political and cultural exchanges between the two countries
- Prior President of Interporto Sud Europa S.p.A, Director of Alilauro and Chairman of Italferr S.p.A. Worked with corporations and governments in over 50 countries dealing with privatization and projects of international expansion and relocation

ROGER McMECHAN , DR. DAVID WINTER

- See Management slide

RISK ADVISORY

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

These risks and uncertainties include but are not limited to:

- 1. the fact that there is no certainty that the zones of interest will exist to the extent estimated or that the zones will be found to have natural gas with characteristics that meet or exceed the minimum criteria in terms of net pay thickness and/or porosity, or that the natural gas will be commercially recoverable to the extent estimated;*
- 2. the fact that there is no certainty that any portion of the probable reserves and contingent and prospective resources will be commercially viable to produce;*
- 3. the fact that the Company must hire an operations team and executive in both Calgary, Poland and France in order to execute on each country's development plan, and there are no guarantees that suitably qualified technical and professional staff and/or consultants will be available;*
- 4. the lack of additional financing to fund the Company's development activities and continued operations;*
- 5. the risks associated with obtaining approvals to access land to drill wells or install infrastructure and facilities in a reasonable time frame; the Polish and French regulatory regimes are relatively stable but are marked with long approval processes relative to North American jurisdictions;*
- 6. the risks in acquiring or constructing adequate natural gas infrastructure to produce and sell natural gas, and whether capacity will be available in the existing main pipeline system at reasonable costs;*
- 7. the risk that there may not be a drilling rig available to drill the required wells, and the risk that if a rig mobilization is required from outside of Poland and/or France that the costs may be prohibitive;*
- 8. risks inherent in the international oil and natural gas industry;*
- 9. fluctuations in foreign exchange and interest rates;*
- 10. the number of competitors in the oil and gas industry with greater technical, financial and operations resources and staff;*
- 11. fluctuations in world prices and markets for oil and natural gas due to domestic, international, political, social, economic and environmental factors beyond the Company's control;*
- 12. changes in government regulations affecting oil and natural gas operations;*
- 13. potential liabilities for pollution or hazards against which the Company cannot adequately insure or which the Company may elect not to insure;*
- 14. contingencies affecting the classification as reserves versus resources which relate to the following issues as detailed in the COGE Handbook: ownership considerations, drilling requirements, testing requirements, regulatory considerations, infrastructure and market considerations, timing of production and development, and economic requirements;*
- 15. the fact that there is no certainty that any portion of the prospective resources will be discovered and if discovered, there is no certainty that it will be commercially viable to produce any portion of the resources; and*
- 16. other factors beyond the Company's control. Any reference in this press release to DPIP, contingent resources and prospective resources are not, and should not be confused with oil and natural gas reserves.*

Any reference in the presentation to PIIP, contingent resources and/or prospective resources are not and should not be confused with oil and natural gas reserves.

RISK ADVISORY

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

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

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

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

Unrecoverable Petroleum Quantity is that portion of the Discovered or Undiscovered PIIP which is estimated at the effective date not to be recoverable by future development. It is that portion of the PIIP remaining after the recoverable Contingent or Prospective Resource is removed. A portion of this petroleum quantity may become recoverable in the future as commercial circumstances or technological improvements occur, but are given no value at the Effective Date. The remaining portion may never be recovered due to physical and chemical restraints in petroleum reservoirs.

Boe means a barrel of oil equivalent on the basis of 6 Mcf of natural gas to 1 barrel of oil equivalent. Mcfe means one thousand cubic feet of natural gas equivalent on the basis of 6 Mcfe : 1 barrel of oil. A Boe conversion ratio of 6 Mcf : 1 Boe and 6 Mcfe : 1 Bbl are based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given the value ratio based on the price of crude compared to the price of natural gas at various times can be significantly different from the energy equivalence of 6 Mcf : 1 boe or 6 Mcfe : 1 Bbl, using Boe's and Mcfe's may be misleading as an indication of value.

RESOURCE DEFINITIONS

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

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

Past Production is the cumulative quantity of Petroleum that has been recovered as of the effective date of the Report. It is the sum of all raw production which includes sales and non-sales product quantities as measured and reported by the operators. It is not included in any values given the reserves, contingent resources or prospective resources, having already been produced and sold.

Future Production is sub-classified as reserves, contingent resources or prospective resources.

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

Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from the effective date under defined conditions. Reserves must be discovered, recoverable, commercial, and remaining as of the effective date based on the development projects applied. Reserves are further categorized into Proven, Probable and Possible according to the level of certainty associated with the estimates, and may be sub-classified based upon production status and project maturity.

Reserves are classified according to the degree of certainty associated with the estimates. Reserves are estimated remaining quantities of oil and natural gas and related substances anticipated to be commercially recoverable from known accumulations, from a given date forward, based on:

- analysis of drilling, geological, geophysical, and engineering data;
- the use of established technology; and
- economic conditions, which are generally accepted as being reasonable, and shall be disclosed.

Proved Reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves (1P).

Probable Reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved + probable reserves (2P)

RESOURCE DEFINITIONS

Possible Reserves are those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved + probable + possible reserves (3P)

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

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

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

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

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

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

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

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

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

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

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

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

RESOURCE DEFINITIONS

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