



Notice of Annual General and Special Meeting of Shareholders & Management Information Circular

The Annual General and Special Meeting of Shareholders
of Horizon Petroleum Ltd. will be held:

July 15, 2025, 8:00 a.m. (Calgary time)
1000, 250 - 2nd Street S.W.
Calgary, Alberta T2P 0C1

Dated: June 4, 2025

Horizon Petroleum Ltd.

Notice of Annual General and Special Meeting of Shareholders to be held on July 15, 2025

June 4, 2025

NOTICE IS HEREBY GIVEN THAT an annual general and special meeting (the "**Meeting**") of the holders ("**Shareholders**") of common shares ("**Common Shares**") of Horizon Petroleum Ltd. ("**Horizon**" or the "**Corporation**") will be held at 1000, 250 - 2nd Street S.W., Calgary, Alberta T2P 0C1 on Tuesday, July 15, 2025 at 8:00 a.m. (Calgary time) for the following purposes:

1. to receive and consider the audited financial statements of the Corporation for the financial years ended August 31, 2024 and 2023 and the report of the auditors thereon;
2. to fix the number of directors for the ensuing year at five;
3. to elect directors for the ensuing year as described in the management information circular (the "**Circular**") accompanying this Notice;
4. to appoint McGovern Hurley LLP, Chartered Professional Accountants, as auditors for the ensuing year and to authorize the directors to fix the remuneration to be paid to the auditors;
5. to consider, and if thought fit, approve, adopt and ratify, with or without modification, the ordinary resolution, as more particularly set forth in the Circular, relating to the approval of the Corporation's stock option plan;
6. to consider, and if thought fit, approve, adopt and ratify, with or without modification, the special resolution, as more particularly set forth in the Circular, authorizing an amendment to the articles of the Corporation to change the name of the Corporation to "Megas Energy Ltd."; and
7. to transact such further or other business as may properly be brought before the Meeting or any adjournment or postponement thereof.

The specific details of the matters proposed to be put before the Meeting are set forth in the accompanying Circular which forms a part of this Notice.

Only Shareholders of record at the close of business on June 2, 2025 will be entitled to vote at the Meeting, unless that Shareholder has transferred any Common Shares subsequent to that date and the transferee Shareholder, not later than 10 days before the Meeting, establishes ownership of the Common Shares and demands that the transferee's name be included on the list of Shareholders entitled to vote at the Meeting in respect of such transferred Common Shares.

While registered Shareholders are entitled to attend the Meeting in person, we recommend that all Shareholders vote by proxy and accordingly ask that registered Shareholders complete, date and sign the enclosed form of proxy and return it, in the envelope provided, to Horizon's transfer agent, Computershare Trust Company of Canada, Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, so that it is received by 8:00 a.m. (Calgary time) on July 11, 2025, (or at least 48 hours prior to the commencement of any reconvened Meeting in the event of any adjournment(s) or postponement(s) thereof).

If you hold your Common Shares in a brokerage account, you are a non-registered Shareholder or beneficial Shareholder. Beneficial Shareholders who hold their Common Shares through a bank, broker or other financial intermediary should carefully follow the instructions found on the form of proxy or voting instruction form provided to them by their intermediary, in order to cast their vote.

BY ORDER OF THE BOARD OF DIRECTORS

"David Winter"

David Winter

Executive Chairman and Chief Executive Officer

Horizon Petroleum Ltd.

Management Information Circular

This Management Information Circular ("**Circular**") is sent in connection with the solicitation of proxies by the management of Horizon Petroleum Ltd. ("**Horizon**" or the "**Corporation**") for use at the annual general and special meeting (the "**Meeting**") of the holders (the "**Shareholders**") of common shares of the Corporation (the "**Common Shares**") to be held on Tuesday, July 15, 2025 at 8:00 a.m. (Calgary time) at 1000, 250 - 2nd Street S.W., Calgary, Alberta T2P 0C1, or any adjournment or postponement thereof. The accompanying notices of meeting describe the purpose of the Meeting.

Unless otherwise stated, the information contained in this Circular is as of June 4, 2025 (the "**Effective Date**"). All dollar amounts set forth in this Circular are in Canadian dollars, unless otherwise indicated.

SOLICITATION OF PROXIES

The solicitation of proxies is made on behalf of the management of the Corporation. Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally or by telephone, facsimile or other proxy solicitation services. In accordance with National Instrument 54-101 – *Communication with Beneficial Owner of Securities of a Reporting Issuer ("NI 54-101")*, arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of the Common Shares held of record by such persons and the Corporation may reimburse such persons for reasonable fees and disbursements incurred by them in doing so. The costs thereof will be borne by the Corporation.

Horizon will be sending proxy-related materials directly to non-objecting Beneficial Shareholders (as defined below). The Corporation is not paying for intermediaries to deliver proxy-related materials to objecting Beneficial Shareholders.

APPOINTMENT AND REVOCATION OF PROXIES

Accompanying this Circular is a form of proxy for holders of Common Shares. The persons named (the "**Management Designees**") in each form of proxy have been selected by the directors of the Corporation and have indicated their willingness to represent as proxy the Shareholder who appoints them.

A Shareholder may appoint another person (who need not be a Shareholder) to represent such Shareholder at the Meeting other than the persons designated in each accompanying form of proxy, and may do so either by inserting such person's name in the blank space provided in such form of proxy or by completing another form of proxy and, in either case, sending or delivering the completed proxy to the offices of Computershare Trust Company of Canada, Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1. Such Shareholder should notify the nominee of the appointment, obtain the nominee's consent to act as proxy and should provide instructions on how the Shareholder's Common Shares are to be voted. The nominee should bring personal identification with him or her to the Meeting. In any case, the form of proxy should be dated and executed by the Shareholder or an attorney authorized in writing, with proof of such authorization attached (where an attorney executed the proxy form). In addition, a proxy may be revoked by a Shareholder personally attending the Meeting and voting his or her Common Shares.

A form of proxy will not be valid for the Meeting or any adjournment or postponement thereof unless it is completed and delivered to the Corporation c/o Computershare Trust Company of Canada, Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, so that it is received by 8:00 a.m. (Calgary time) on July 11, 2025 (or at least 48 hours prior to the commencement of any reconvened Meeting in the event of any adjournment(s) or postponement(s) thereof). Shareholders are cautioned that the transmission of proxies by mail is at each Shareholder's risk. Late proxies may be accepted or rejected by the Chairman of the Meeting in his or her discretion, and the Chairman is under no obligation to accept or reject any particular late proxy.

A Shareholder who has given a form of proxy may revoke it as to any matter on which a vote has not already been cast pursuant to the authority conferred by the proxy. In addition to revocation in any other manner permitted by law, a proxy may be revoked by depositing an instrument in writing executed by the Shareholder or by his or her authorized attorney in writing, or, if the Shareholder is a corporation, under its corporate seal by an officer or attorney thereof duly authorized, either at the registered office of the Corporation or to Computershare Trust Company of Canada, Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, at any time up to and including the last business day preceding the date of the Meeting or any adjournment or postponement thereof at which the proxy is to be used, or by depositing the instrument in writing with the Chairman of such Meeting on the day of such Meeting, or any adjournment or postponement thereof. In addition, a proxy may be revoked by the Shareholder personally attending the Meeting and voting his or her Common Shares.

ADVICE TO BENEFICIAL SHAREHOLDERS

The information set forth in this section is of significant importance to many Shareholders, as a substantial number of Shareholders do not hold their Common Shares in their own name. Shareholders who hold their Common Shares through their brokers, intermediaries, trustees or other persons, or who otherwise do not hold their Common Shares in their own name (referred to in this Circular as "**Beneficial Shareholders**") should note that only proxies deposited by Shareholders whose names appear on the records maintained by the Corporation's registrar and transfer agent as the registered holders of Common Shares will be recognized and acted upon at the Meeting. If Shares are listed in an account statement provided to a Beneficial Shareholder by a broker, those Shares will, in all likelihood, not be registered in the Shareholder's name on the records of Horizon. Such Common Shares will more likely be registered under the name of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). Shares held by brokers (or their agents or nominees) on behalf of a broker's client can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, the brokers and their agents and nominees are prohibited from voting Common Shares for their clients. Horizon does not know for whose benefit the Shares registered in the name of CDS & Co. are held. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.**

Applicable regulatory policy requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting.

Often, the form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is substantially similar to the form of proxy provided to registered Shareholders by the Corporation; however, its purpose is limited to instructing the registered Shareholder (i.e. the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder.

The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**") in Canada. Broadridge typically prepares and mails a machine-readable voting instruction form (a "**VIF**") in lieu of the form of proxy. The Beneficial Shareholder is requested to complete and return the VIF to Broadridge by mail or facsimile, or to otherwise communicate voting instructions to Broadridge (by way of the internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at a Meeting. **A Beneficial Shareholder who receives a VIF cannot use that VIF to vote Common Shares directly at the Meeting. The VIF must be returned to Broadridge (or instructions respecting the voting of Common Shares must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the Common Shares voted. If you have any questions respecting the voting of Common Shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his or her broker or other intermediary, a Beneficial Shareholder may attend at the Meeting as a proxyholder for the registered holder and vote the Common Shares in that capacity. **Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the registered Shareholder should enter their own names in the blank space on the applicable form of proxy or VIF provided to them and return the document to their broker (or other intermediary or the agent of such**

broker or other intermediary) in accordance with the instructions provided by such broker, intermediary or agent, well in advance of the Meeting. See "Note of Caution Concerning the COVID-19 Outbreak".

All references to Shareholders in this Circular and the accompanying form of proxy and the accompanying notices of meeting are to registered Shareholders unless specifically stated otherwise.

VOTING OF PROXIES

Each Shareholder may instruct his or her proxy how to vote his or her Common Shares by completing the blanks on the applicable form of proxy accompanying this Circular. All Common Shares represented at the Meeting by properly executed proxies will be voted or withheld from voting (including the voting on any ballot), and where a choice with respect to any matter to be acted upon has been specified in the proxy, the Common Shares represented by the proxy will be voted in accordance with such specification. **In the absence of any such specification as to voting on the forms of proxy accompanying this Circular, the Management Designees, if named as proxy, will vote in favour of the matters set out therein. In the absence of any specification as to voting on any other form of proxy, the Common Shares represented by such form of proxy will be voted in favour of the matters set out therein.**

The enclosed forms of proxy confer discretionary authority upon the Management Designees, or other persons named as proxy, with respect to amendments to or variations of matters identified in the accompanying notices of meeting and any other matters which may properly come before the Meeting or any adjournment or postponement thereof. As of the date hereof, the Corporation is not aware of any amendments to, variations of or other matters that may come before the Meeting. In the event that other matters come before the Meeting (or any adjournment or postponement thereof), the Management Designees will vote in accordance with the judgment of management of the Corporation.

QUORUM

The by-laws of the Corporation provide that a quorum for the transaction of business at a meeting of Shareholders consists of at least two persons present in person, each being a shareholder entitled to vote thereat, or a duly appointed proxy or representative thereof.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The authorized capital of the Corporation consists of an unlimited number of Common Shares. As at the Effective Date, the Corporation had 58,206,940 Common Shares issued and outstanding.

The Common Shares are entitled to be voted at the Meeting, and holders of Common Shares are entitled to one vote for each Common Share held. Holders of Common Shares of record at the close of business on June 2, 2025 (the "**Record Date**") are entitled to vote such Common Shares at the Meeting on the basis of one vote for each Common Share held except to the extent that, (a) the holder has transferred the ownership of any of his or her Common Shares after the Record Date, and (b) the transferee of those Common Shares produces properly endorsed share certificates, or otherwise establishes that he or she owns the Common Shares, and demands not later than 10 days before the day of Meeting that his or her name be included on the list of persons entitled to vote at the Meeting in which case the transferee will be entitled to vote his or her Common Shares at the Meeting.

To the knowledge of the directors and the executive officers of the Corporation, as at the Effective Date, no person or company beneficially owns, directly or indirectly, or controls or directs, voting securities carrying 10% or more of the voting rights attached to any class of voting securities of the Corporation.

NOTICE-AND-ACCESS

The Corporation has elected to use the notice-and-access provisions under NI 54-101 (the "**Notice-and-Access Provisions**") for the Meeting in respect of mailings to Beneficial Shareholders but not in respect of mailings to registered shareholders (i.e. a shareholder whose name appears on the records of the Corporation). The Notice-and-Access Provisions are a set of rules developed by the Canadian Securities Administrators ("**CSA**") that reduce

the volume of materials which are mailed to shareholders by allowing a reporting issuer to post online an information circular in respect of a meeting of its shareholders and related materials.

More specifically, the Corporation has elected to use procedures known as 'stratification' in relation to its use of the Notice-and-Access Provisions. As a result, registered shareholders will receive a paper copy of the Notice of Meeting, this Circular and the Instrument of Proxy, whereas Beneficial Shareholders will receive a notice containing information prescribed by the Notice-and-Access Provisions and a VIF. In addition, a paper copy of the Notice of Meeting, this Circular, and a VIF will be mailed to those shareholders who do not hold their Common Shares in their own name but who have previously requested to receive paper copies of these materials. Furthermore, a paper copy of the financial information in respect of the most recently completed financial year of the Corporation will be mailed to those registered shareholders and Beneficial Shareholders who previously requested to receive information.

The Corporation will be delivering proxy-related materials to non-objecting Beneficial Shareholders directly with the assistance of Broadridge. The Corporation intends to pay for intermediaries to deliver proxy-related materials to objecting Beneficial Shareholders.

PARTICULARS OF THE MATTERS TO BE ACTED UPON AT THE MEETING

To the knowledge of the board of directors of the Corporation (the "**Board**"), the only matters to be brought before the Meeting are those matters set forth in the accompanying notice of meeting.

ITEM 1. REPORT AND FINANCIAL STATEMENTS

The audited financial statements of the Corporation for the financial years ended August 31, 2024 and 2023 and the auditor's report on such statements (the "**Financial Statements**") will be presented at the Meeting. Copies of the Financial Statements are also available under the Corporation's SEDAR+ profile at www.sedarplus.ca, and will be tabled at the Meeting. No vote by the Shareholders is required to be taken on the Financial Statements.

ITEM 2. FIXING THE NUMBER OF DIRECTORS

The term of office of each of the current directors expires at the Meeting. At the Meeting, Shareholders will be asked to consider passing an ordinary resolution fixing the number of directors of Horizon to be elected at five members, as may be adjusted between Shareholder meetings by way of resolution of the Board in accordance with Horizon's articles.

The resolution to fix the number of directors of Horizon at five must be approved by a simple majority of the aggregate votes cast by Shareholders present in person or by proxy at the Meeting. **Unless otherwise directed, it is the intention of the Management Designees, if named as proxy, to vote for the ordinary resolution in favour of fixing the number of directors to be elected at the Meeting at five.**

ITEM 3. ELECTION OF DIRECTORS

The Shareholders will be asked to consider a resolution electing the directors of the Corporation to hold office until the next annual meeting of Shareholders. The persons nominated are, in the opinion of management, qualified to direct the activities of the Corporation until the next annual meeting of Shareholders. All nominees have indicated their willingness to stand for election.

The following table sets forth the name of each of the persons proposed to be nominated for election as a director, all positions and offices in the Corporation presently held by such nominees, the nominee's municipality and province or country of residence, principal occupation at the present time and during the preceding five years (where required), the period during which the nominee has served as a director, and the number of Common Shares and stock options of the Corporation ("**Options**") that the nominee has advised are beneficially owned by the nominee, directly or indirectly, or over which control or direction is exercised, as at the Effective Date.

The Board unanimously recommends that the Shareholders vote "FOR" each of the director nominees listed below at the Meeting.

Unless otherwise directed, it is the intention of the Management Designees, if named as proxy, to vote for the election of the persons named in the following table to the Board. The Corporation does not contemplate that any of such nominees will be unable to serve as directors; however, if for any reason any of the proposed nominees do not stand for election or are unable to serve as such, **proxies held by Management Designees will be voted for another nominee in their discretion unless the Shareholder has specified in his or her form of proxy that his or her Common Shares are to be withheld from voting in the election of directors.** Each director elected will hold office until the next annual meeting of Shareholders or until his or her successor is duly elected or appointed, all as the case may be, unless his or her office is earlier vacated in accordance with the by-laws of the Corporation or the provisions of the *Business Corporations Act* (Alberta) (the "ABCA") to which the Corporation is subject.

At all meetings of the Board, every question is decided by a majority of the votes cast on the question; and in the case of an equality of votes the chairman of the meeting shall not be entitled to a second or casting vote. The quorum for the transaction of business at any meeting of the Board shall consist of a majority of the number of directors then elected or appointed.

Nominees for Election as Directors

Name, Municipality of Residence & Office	Present Occupation and Position Held During the Last Five Years	Number and Percentage of Securities Held or Controlled as at the Effective Date ⁽¹⁾
<p>David Winter Calgary, Alberta, Canada</p> <p><i>Executive Chairman and Chief Executive Officer</i></p>	<p>Dr. Winter is the Executive Chairman and Chief Executive Officer of the Corporation since November 2014. Dr. Winter is also currently the Chief Executive Officer and director of Miramar Hydrocarbons Ltd. and a co-founder and director of Canacol Energy Ltd. Previously, Dr. Winter was the Founder, Chief Executive Officer and Director of Excelsior Energy Limited, an oil sands focused exploration company. Dr. Winter brings 38 years of international experience in a variety of technical, management and leadership roles living and working in Latin America, the Middle East, Southeast Asia and the UK North Sea. His experience was gained working at British Petroleum, Sun Oil, Canadian Occidental (now Nexen), Alberta Energy Company (now EnCana), Calvalley Petroleum and Excelsior Energy Limited. Dr. Winter holds a B.Sc. (Hons) in Geology from the University of London, a M.Sc. in Structural Geology from Imperial College, University of London and a PhD in Structural Geology from Edinburgh University.</p>	<p><u>Common Shares</u></p> <p>2,161,848 (3.7%)⁽²⁾</p> <p><u>Options</u></p> <p>920,000</p>
<p>Roger McMechan Calgary, Alberta, Canada</p> <p><i>President, Chief Operating Officer and Director</i></p>	<p>Mr. McMechan is the President, Chief Operating Officer and a director of the Corporation since November 2022. Mr. McMechan has over 35 years of diverse experience in managing domestic and international oil and gas operations. He has held senior management positions for Petro Canada and Burlington Resources in North Africa and Canada; was the Executive Vice President and Director of Winstar Resources with operations in Canada, Tunisia, Hungary and Romania; the Chief Executive Officer and Director of Iskandar Energy, a private company that operated in Bulgaria, Georgia, Poland and Ukraine; and more recently was the Technical Director of Block Energy Plc with operations in the country of Georgia. Mr. McMechan received a BSc in Mechanical Engineering from University of Waterloo.</p>	<p><u>Common Shares</u></p> <p>1,678,750 (2.9%)⁽²⁾</p> <p><u>Options</u></p> <p>820,000</p>

<p>Charle Gamba Bogotá, Colombia <i>Non-Executive Director</i></p>	<p>Mr. Gamba has been a director of the Corporation since April 2014. Mr. Gamba is currently the President and Chief Executive Officer of Canacol Energy Ltd., a role he has held since in 2008. Mr. Gamba has 30 years of international oil and gas experience, and has previously worked for Imperial Oil, Canadian Occidental Oil and Gas, Occidental Petroleum, and Alberta Energy Company in Southeast Asia, the Middle East, West Africa, Canada, and Latin America. He has served on the board of directors of several publicly listed and private oil and gas companies where he held positions on the ESG, audit, reserves, HSE and compensation committees. Mr. Gamba currently sits on the board of the Asociacion Colombiana de Petroleo and Naturgas, two industry groups that form upstream, midstream and downstream policy for the oil and gas industry in Colombia. Mr. Gamba holds a B.Sc., M.Sc. and PhD in Geology.</p> <p><i>Mr. Gamba is a member of the Audit Committee.</i></p>	<p><u>Common Shares</u> 1,665,666 (2.9%)⁽²⁾ <u>Options</u> 325,000</p>
<p>Shern Liang Tan Singapore <i>Non-Executive Director</i></p>	<p>Mr. Tan has been a director of the Corporation since November 2022. Mr. Tan has more than 30 years of experience in both the banking and investment industries. He is the founder and Chief Executive Officer of One Tree Partners, a licensed asset management firm in Singapore. One Tree Partners is one of the longest established fund management firms in Singapore. Over the years, One Tree Partners has invested in more than US\$1bn worth of mining and commercial real estate deals across the region. Prior to founding One Tree Partners, Mr. Tan held increasingly senior management and executive roles at Citibank, UBS and Goldman Sachs in Singapore. Mr. Tan graduated with a Bachelor of Business Administration (BBA) degree from the University of Michigan.</p> <p><i>Mr. Liang is a member of the Audit Committee.</i></p>	<p><u>Common Shares</u> 462,273 (1.0%)⁽²⁾ <u>Options</u> 325,000</p>
<p>Riccardo Maria Monti Naples, Italy <i>Non-Executive Director</i></p>	<p>Mr. Monti has been a director of the Corporation since June 2023. Mr. Monti has been the Executive Chairman of Triboo since 2018, a leading Italian company in the sectors of digital services and e-commerce, listed on the Milan Stock Exchange. Previously he was Chief Executive Officer in the same company. He is also currently the Executive Vice President of the Italy-China Foundation, established in 2003 to foster economic, political and cultural exchanges between the two countries, since 2020. From October 2020 to October 2021, Mr. Monti was the President of Interporto Sud Europa Spa (Marcianise), leader in Italian infrastructure logistics. From October 2020 to July 2021, he was a board member of Alilauro, a company active in maritime transport. From July 2016 to December 2018, he was Chairman of Italferr S.p.A., Italy Largest Engineering firm, active in 30 countries in infrastructure projects. Mr. Monti has worked with corporations and governments in over 50 countries, particularly in large emerging markets (America Latin America, Asia, the Middle East) dealing with privatization and projects of international expansion and relocation.</p> <p><i>Mr. Monti is a member of the Audit Committee.</i></p>	<p><u>Common Shares</u> 162,500 (Less than 1%)⁽²⁾ <u>Options</u> 325,000</p>

Notes:

- (1) Securities beneficially owned, directly or indirectly, or over which control or direction is exercised, as at the Effective Date, based upon information furnished to the Corporation by the above individuals.
- (2) Percentage is based on 58,206,940 Common Shares issued and outstanding as at the Effective Date.

Cease Trade Orders or Bankruptcies

Except as set out below, to the best of the Corporation's knowledge, no proposed director is, as at the Effective Date, or has been within the 10 years before the Effective Date, a director or executive officer of any company (including Horizon), that:

- (a) was subject to: (i) a cease trade order, (ii) an order similar to a cease trade order, or (iii) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period

of more than 30 consecutive days (collectively, an "**Order**"), that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or

- (b) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

On January 6, 2020 and January 16, 2020, the Common Shares were cease traded by the Alberta Securities Commission and the British Columbia Securities Commission, respectively, as a result of the failure of the Corporation to file its 2019 year end financial statements and MD&A. The cease trade orders were revoked on July 18, 2022. David Winter was the Chief Executive Officer and a director of the Corporation and Charle Gamba was a director of the Corporation during this period.

Charle Gamba was formerly a director of Solimar Energy Limited ("**Solimar**") from September 12, 2011 to December 12, 2014, upon which date all of the directors and officers resigned. On December 3, 2015, December 8, 2015 and December 21, 2015, the common shares of Solimar were cease traded by the Alberta Securities Commission, the British Columbia Securities Commission and the Ontario Securities Commission, respectively, as a result of the failure by Solimar to file various continuous disclosure documents, including interim financial statements and related management's discussion and analysis for the three-month period ended September 30, 2014, together with the related certification of filings thereto.

No proposed director, within 10 years before the Effective Date, has been a director or executive officer of any company that, while the proposed director was acting in that capacity, or within a year of the proposed director ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Personal Bankruptcies

No proposed director has, within 10 years before the Effective Date, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such proposed director.

Penalties and Sanctions

To the best of the Corporation's knowledge, no proposed director has, as at the Effective Date, been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

ITEM 4. APPOINTMENT OF AUDITOR

McGovern Hurley LLP, Chartered Professional Accountants, are the current auditors of the Corporation. Management proposes that McGovern Hurley LLP be appointed as auditors of the Corporation to hold office until the earlier of the next annual meeting of Shareholders or their removal by the Corporation, at a remuneration to be fixed by the Board. **Unless otherwise directed, it is the intention of the Management Designees, if named as proxy, to vote the proxies in favour of an ordinary resolution appointing McGovern Hurley LLP as auditor of the Corporation and to authorize the Board to fix the remuneration of McGovern Hurley LLP.** McGovern Hurley LLP was appointed auditor of the Corporation effective January 11, 2021.

ITEM 5. APPROVAL OF STOCK OPTION PLAN

On May 8, 2023, the Board approved the adoption of a new stock option plan (the "**Option Plan**") for the Corporation.

The information below is a summary of the Option Plan and should be read in conjunction with full text of the Option Plan which is attached hereto as Appendix A.

Option Plan Summary

As used in this Management Information Circular, "**Share Based Compensation Arrangement**" has the meaning ascribed to "security based compensation arrangements" in Part VI of the Company Manual of the Toronto Stock Exchange, as amended from time to time.

The Option Plan permits the granting of Options to directors, officers and employees of, and consultants to, the Corporation. The Option Plan limits the total number of Common Shares that may be issued on exercise of Options outstanding at any time under the Option Plan to 10% of the number of Common Shares issued and outstanding (less the number of Common Shares reserved for issuance under any other Share Based Compensation Arrangement of the Corporation), subject to the following additional limitations:

- (a) the aggregate number of Options granted to any one participant (and companies wholly owned by that participant) in a 12 month period must not exceed 5% of the issued and outstanding Common Shares, calculated on the date an Option is granted to the person (unless the Corporation has obtained the requisite disinterested Shareholder approval), less the aggregate number of Common Shares reserved for issuance to such person under any other Share Based Compensation Arrangement of the Corporation;
- (b) the aggregate number of Common Shares reserved for issuance under Options granted to Insiders of the Corporation (as defined in the policies of the TSXV) (as a group) at any point in time must not exceed 10% of the issued and outstanding Common Shares, less the aggregate number of Common Shares reserved for issuance to Insiders under any other Share Based Compensation Arrangement of the Corporation; and
- (c) the grant to Insiders (as a group), within a 12-month period, of an aggregate number of Options must not exceed 10% of the issued and outstanding Common Shares, calculated at the date an Option is granted to any Insider, less the aggregate number of Common Shares reserved for issuance to Insiders under any other Share Based Compensation Arrangement of the Corporation.

Each Option and all rights thereunder will expire on the date set out in the applicable Option agreement. Under the Option Plan, in the event of the death of a participant, the Options previously granted to such participant will be exercisable only within one year after such death and then only to the extent that such deceased participant was entitled to exercise his Option at the date of his death. In the event that a participant shall cease to be a director, officer, consultant or employee of the Corporation or ceases to be a Management Company Employee (as defined in the Option Plan), for any reason (other than death), such Participant may exercise his or her Option to the extent that the participant was entitled to exercise it at the date of such cessation, provided that such exercise must occur within 90 days after the participant ceases to be a director, officer, consultant, employee or a Management Company Employee, subject to extension at the discretion of the Board.

Pursuant to the Option Plan, the exercise price shall be fixed by the Board at the time that the Option is granted; however, no Option shall be granted with an exercise price at a discount to the market price. The market price shall be the closing price of the Common Shares on any stock exchange on which the Common Shares are then listed on the first day preceding the date of grant. The Option Plan also provides that the Board may, in its sole discretion, determine the time during which Options shall vest and the method of vesting, subject to any vesting restrictions imposed by any stock exchange on which the Common Shares are then listed.

The Option Plan includes a black-out provision. Pursuant to the policies of the Corporation respecting restrictions on trading, there are a number of periods each year during which directors, officers and certain employees are precluded from trading in the Corporation's securities. These periods are referred to as "black-out periods". A black-out period is designed to prevent a person from trading while in possession of material information that is not yet available to other Shareholders. The Option Plan includes a provision that, should an Option expiration date fall within a black-out period or immediately following a black-out period, the expiration date will automatically be extended without any further act or formality, to that date which is the 10th business day after the end of the black-out period, and the 10 business day period may not be further extended by the Board.

The Option Plan permits the exercise of the Options on both a cashless exercise and net exercise basis. In connection with a cashless exercise, a brokerage firm will loan money to a participant under the Option Plan to purchase Common Shares underlying the Options and will sell a sufficient number of Common Shares to cover the exercise price of such Options in order to repay the loan made to the participant and the participant retains the balance of the Common Shares. In connection with a net exercise, a participant under the Option Plan would receive Common Shares equal in value to the difference between the exercise price and the fair market value of the Common Shares on the date of exercise, computed in accordance with the Option Plan.

Based on the policies of the TSXV and industry practice, the Option Plan specifies the types of amendments to the Option Plan and the Options granted thereunder that can be made by the Board without the approval of the Shareholders. The Option Plan allows the Board to terminate or discontinue the Option Plan at any time without the consent of the Option holders, provided that such termination or discontinuance shall not alter or impair any Option previously granted under the Option Plan. The only amendments to the Option Plan that would be subject to Shareholder approval are amendments that would:

- (a) reduce the exercise price of an outstanding Option, including a cancellation of an Option and re-grant of an Option in conjunction therewith, constituting a reduction of the exercise price of the Option;
- (b) extend the expiry date of an Option held by an Insider of the Corporation (subject to such date being extended by virtue of the black-out provision noted above and the participant ceasing to be an eligible participant under the Option Plan);
- (c) amend the limitations on the maximum number of Common Shares reserved or issued to Insiders and independent directors;
- (d) permit a participant to transfer or assign Options to a new beneficial owner other than for estate settlement purposes;
- (e) increase the maximum number of Common Shares issuable pursuant to the Option Plan; or
- (f) amend the amendment provisions of the Option Plan.

Pursuant to the Option Plan, all benefits, rights and options accruing to any participant are not transferable or assignable unless in the event of the death of a participant.

The Resolution

The policies of the TSXV require that share based incentive plans, such as the Option Plan, which reserve for issuance up to 10% of a listed corporation's shares, be approved annually by the shareholders of the listed corporation. In accordance with the policies of the TSXV, Shareholders will be asked to approve an ordinary resolution approving the Option Plan as the Corporation's stock option plan. The text of the ordinary resolution to be considered at the Meeting will be substantially as follows:

"BE IT RESOLVED as an ordinary resolution that:

1. the stock option plan of the Corporation in substantially the form attached as Appendix A to the Management Information Circular June 4, 2025 (the "**Option Plan**") be and is hereby approved and adopted as the stock option plan of the Corporation;
2. the form of the Option Plan may be amended, in the discretion of the board of directors of the Corporation, in order to satisfy the requirements or requests of any regulatory authorities without requiring further approval of the shareholders of the Corporation;
3. the previous existing stock options ("**Options**") of the Corporation be ratified, confirmed and approved and that all existing Options of the Corporation become subject to the provisions of the Option Plan.

4. any one (or more) director or officer of the Corporation is hereby authorized and directed, on behalf of the Corporation, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things (whether under corporate seal of the Corporation or otherwise) that may be necessary or desirable to give effect to this ordinary resolution; and
5. the Corporation is authorized to reserve and issue Common Shares in the capital of the Corporation for issuance upon exercise of Options granted pursuant to the Option Plan"

In order to be passed, the above ordinary resolution must be approved by a majority of the aggregate votes cast by Shareholders at the Meeting. **The Board recommends that Shareholders vote "FOR" the above resolution.**

Unless otherwise directed, it is the intention of the Management Designees, if named as proxy, to vote for the ordinary resolution in favour of the approval of the Option Plan.

ITEM 6. APPROVAL OF NAME CHANGE

The Corporation proposes to change its name to "Megas Energy Ltd." or such other name as determined by the Board and as may be acceptable to the applicable regulatory authorities. At the Meeting, Shareholders will be asked to consider and, if deemed advisable, pass, with or without variation, a special resolution authorizing an amendment to the articles of the Corporation to effect this name change in the form set forth below (the "**Name Change Resolution**"). If the Name Change Resolution is approved at the Meeting, it is the intention of the Board that the name change will be made effective shortly after the Meeting (subject to receipt of all necessary TSXV and regulatory approvals).

The text of the Name Change Resolution reserves to the directors the power to revoke the Name Change Resolution after it has been approved by the Shareholders. The directors might exercise this power if it is deemed to be in the best interests of the Corporation.

At the Meeting, Shareholders will be asked to consider and, if thought appropriate, to approve a special resolution in the following form:

"BE IT RESOLVED as a special resolution that:

1. the name of the Corporation be changed to "Megas Energy Ltd" or such other name as the Board of Directors, in its sole discretion, determines appropriate and subject to the approval of all applicable regulatory authorities;
2. any one director or officer of the Corporation be and is hereby authorized and directed, for and on behalf of the Corporation (whether under corporate seal or otherwise), to execute and deliver articles of amendment, in duplicate, to the Registrar under the *Business Corporations Act* (Alberta) ("**ABCA**"), and all documents and instruments and to take such other actions as such director or officer may deem necessary or desirable to implement the foregoing special resolutions and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such documents or instruments and the taking of any such actions;
3. upon articles of amendment having become effective in accordance with the ABCA, the articles of the Corporation are amended accordingly; and
4. notwithstanding approval of the shareholders of the Corporation as herein provided, the Board of Directors may, in its sole discretion, revoke the special resolution before it is acted upon without further approval of the shareholders of the Corporation."

In order to be passed, the above special resolution must be approved by two-thirds of the votes cast by Shareholders at the Meeting. **The Board recommends that Shareholders vote "FOR" the Name Change Resolution.**

Unless otherwise directed, it is the intention of the Management Designees, if named as proxy, to vote for the Name Change Resolution.

ITEM 7. OTHER BUSINESS

The officers and directors of the Corporation are not aware of any matters, other than those indicated above, which may be submitted to the Meeting for action. **However, if any other matters should properly be brought before the Meeting, the enclosed proxy confers discretionary authority to vote on such other matters according to the best judgment of the person holding the proxy at the Meeting.**

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

Other than as set forth herein, management of the Corporation is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, other than the election of directors or the appointment of auditors, of any person or company who has been: (a) if the solicitation is made by or on behalf of management of the Corporation, a director or executive officer of the Corporation at any time since the beginning of the Corporation's last financial year; (b) if the solicitation is made other than by or on behalf of management of the Corporation, any person or company by whom or on whose behalf, directly or indirectly, the solicitation is made; (c) any proposed nominee for election as a director of the Corporation; or (d) any associate or affiliate of any of the foregoing persons or companies.

DIRECTOR AND NAMED EXECUTIVE OFFICER COMPENSATION

See Statement of Executive Compensation Venture Issuers – Form 51-102F6V filed on the Corporation's SEDAR+ profile at www.sedarplus.ca on February 26, 2025, which is incorporated by reference herein.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

See Statement of Executive Compensation Venture Issuers – Form 51-102F6V filed on the Corporation's SEDAR+ profile at www.sedarplus.ca on February 26, 2025, which is incorporated by reference herein.

MANAGEMENT CONTRACTS

During the financial year ended August 31, 2024, no management functions of the Corporation were to any substantial degree performed by a person or company other than the directors or executive officers (or private companies controlled by them, either directly or indirectly) of the Corporation.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No individual who is, or at any time during the most recently completed financial year of the Corporation was, a director, executive officer, or senior officer of the Corporation, nor any proposed nominee for election as a director of the Corporation, nor any associate of any one of them:

- (a) is, or at any time since the beginning of the most recently completed financial year of the Corporation has been, indebted to the Corporation or any of its subsidiaries; or
- (b) was indebted to another entity, which such indebtedness is, or was at any time during the most recently completed financial year of the Corporation, the subject of a guarantee, support agreement, letter of credit, or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries.

INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

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, proposed nominee for election as a director or any Shareholder

holding more than 10% of the voting rights attached to the Common Shares, or any associate or affiliate of any of the foregoing, in any transaction in the preceding financial year or any proposed or ongoing transaction of the Corporation which has or will materially affect the Corporation.

AUDIT COMMITTEE

The Audit Committee is a committee of the Board to which the Board delegates its responsibility for oversight of the financial reporting process. The Audit Committee is also responsible for managing, on behalf of the shareholders, the relationship between the Corporation and the external auditor.

Pursuant to National Instrument 52-110 — *Audit Committees ("NI 52-110")* the Corporation is required to disclose certain information with respect to its Audit Committee, as summarized below.

Audit Committee Charter

The Corporation must, pursuant to NI 52-110, have a written charter which sets out the duties and responsibilities of its Audit Committee. The charter of the Audit Committee is attached hereto as Appendix B.

Audit Committee Composition

The following are the members of the Audit Committee as at the date hereof:

Charle Gamba	Independent ⁽¹⁾	Financially Literate ⁽¹⁾
Shern Liang Tan	Independent ⁽¹⁾	Financially Literate ⁽¹⁾
Riccardo Monti	Independent ⁽¹⁾	Financially Literate ⁽¹⁾

Note:

(1) As defined by NI 52-110

Relevant Education and Experience

All of the members of the Audit Committee have been either directly involved in the preparation of the financial statements, filing of quarterly and annual financial statements, dealing with auditors, or as a member of the Audit Committee. All members have the ability to read, analyze and understand the complexities surrounding the issuance of financial statements.

Charle Gamba

- Mr. Gamba is currently the President and Chief Executive Officer of Canacol Energy Ltd., a role he has held since in 2008. Mr. Gamba has 30 years of international oil and gas experience, and has previously worked for Imperial Oil, Canadian Occidental Oil and Gas, Occidental Petroleum, and Alberta Energy Company in Southeast Asia, the Middle East, West Africa, Canada, and Latin America. He has served on the board of directors of several publicly listed and private oil and gas companies where he held positions on the ESG, audit, reserves, HSE and compensation committees. Mr. Gamba currently sits on the board of the Asociacion Colombiana de Petroleo and Naturgas, two industry groups that form upstream, midstream and downstream policy for the oil and gas industry in Colombia. Mr. Gamba holds a B.Sc., M.Sc. and PhD in Geology.

Shern Liang Tan

- Mr. Tan has more than 30 years of experience in both the banking and investment industries. He is the founder and Chief Executive Officer of One Tree Partners, a licensed asset management firm in Singapore. One Tree Partners is one of the longest established fund management firms in Singapore. Over the years, One Tree Partners has invested in more than US\$1bn worth of mining and commercial real estate deals across the region. Prior to founding One Tree Partners, Mr. Tan held increasingly senior management and

executive roles at Citibank, UBS and Goldman Sachs in Singapore. Mr. Tan graduated with a Bachelor of Business Administration (BBA) degree from the University of Michigan.

Riccardo M. Monti

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

Audit Committee Oversight

At no time since the commencement of the Corporation's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

Reliance on Certain Exemptions

At no time since the commencement of the Corporation's financial year end August 31, 2024 has the Corporation relied on the exemption in section 2.4 of NI 52-110 (*De Minimis Non-audit Services*), an exemption in section 6.1.1 of NI 52-110 (*Composition of Audit Committee*), or an exemption, in whole or in part, granted under Part 8 of NI 52-110 (*Securities Regulatory Authority Exemption*).

Pre-Approval Policies and Procedures

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

External Auditor Service Fees

The aggregate fees billed by the Corporation's external auditors in each of the last two fiscal years for audit and other fees are as follows:

Type of Fees	Year ended August 31, 2024 (\$)	Year ended August 31, 2023 (\$)
Audit Fees (1)	\$52,895	\$56,856
Audit-Related Fees (2)	-	-
Tax Fees (3)	\$9,416	\$8,560
All Other Fees (4)	-	-
Total	\$62,311	\$65,416

Notes:

- (1) Audit fees include fees necessary to perform the annual audit and quarterly reviews of the Corporation's consolidated financial statements. Audit fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) Audit-related fees include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) Tax fees include fees for all tax services other than those included in audit fees and audit-related fees. This category includes fees for tax compliance, tax planning and tax advice.
- (4) All other fees include fees for products and services provided by the Auditor, other than the services reported above.

Exemption

As a "venture issuer" within the meaning of NI 52-110, the Corporation is relying upon the exemption provided by section 6.1 of NI 52-110, which exempts venture issuers from the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

CORPORATE GOVERNANCE

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day-to-day management of Horizon. National Policy 58-201 – *Corporate Governance Guidelines* establishes corporate governance guidelines which apply to all public companies. These guidelines are not intended to be prescriptive but to be used by issuers in developing their own corporate governance practices. The Board is committed to sound corporate governance practices, which are both in the interest of its shareholders and contribute to effective and efficient decision making.

Pursuant to National Instrument 58-101 — *Disclosure of Corporate Governance Practices*, the Corporation is required to disclose its corporate governance practices as summarized below.

Board of Directors

The Board is currently comprised of the following five members: David Winter, Roger McMechan, Charle Gamba, Shern Liang Tan and Riccardo M. Monti, and all of these directors are being nominated for re-election at the Meeting.

Charle Gamba, Shern Liang Tan and Riccardo M. Monti are independent directors of the Corporation and, if elected at the Meeting, Mr. Gamba, Mr. Tan and Mr. Monti have or will have no ongoing interest or relationship with the Corporation other than their security holdings in the Corporation and serving as directors.

David Winter, the Chief Executive Officer, and Roger McMechan, the President and Chief Operating Officer, are members of management and, as a result, are not independent directors. The Board is responsible for determining whether a director is an independent director.

National Policy 58-201 — *Corporate Governance Guidelines* suggests that the board of directors of a public Corporation should be constituted with a majority of individuals who qualify as "independent" directors. An "independent" director is a director who has no direct or indirect material relationship with the Corporation. A material relationship is a relationship which could, in the view of the Board, reasonably interfere with the exercise of a director's independent judgment. The Board is not currently comprised of a majority of independent directors; however, if the proposed nominees are elected at the Meeting, the Board will be comprised of a majority of independent directors following the Meeting.

Directorships

The following directors of the Corporation and nominees are directors of other reporting issuers:

Director	Other Reporting Issuers
David Winter	Canacol Energy Ltd.
Charle Gamba	Canacol Energy Ltd.
Riccardo Maria Monti	Triboo S.p.A.

Orientation and Continuing Education

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

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

Ethical Business Conduct

The Board has found that the fiduciary duties placed on individual directors by the Corporation's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Corporation. The Board has also found that the in camera sessions of the independent directors held in conjunction with Board meetings also help to ensure that directors exercise independent judgment in considering transactions and agreements.

Under corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of the Corporation and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In addition, as some of the directors of the Corporation also serve as directors and officers of other companies engaged in similar business activities, directors must comply with the conflict of interest provisions of the ABCA, as well as the relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest. Any interested director would be required to declare the nature and extent of his interest and would not be entitled to vote at meetings of directors which evoke such a conflict.

Nomination of Directors

The Board considers its size each year when it considers the number of directors to recommend to the Shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of views and experience.

The Board does not have a nominating committee, and these functions are currently performed by the our Board as a whole.

Compensation

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

Other Board Committees

The Corporation has no other standing committees at this time other than the Audit Committee as discussed above.

Assessments

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

GENERAL

Unless otherwise directed, it is management's intention to vote proxies in favour of the resolutions set forth herein. All ordinary resolutions require, for the passing of the same, a simple majority of the votes cast at the Meeting by the holders of Common Shares. All special resolutions, if any, to be brought before the Meeting require, for the passing of the same, a two-thirds majority of the votes cast at the Meeting by the holders of Common Shares. All approvals by disinterested shareholders, if any, require the approval of the shareholders not affected by, or interested in, the matter to be approved.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on SEDAR+ at www.sedarplus.ca. Financial information of the Corporation's most recently completed financial year is provided in the Corporation's comparative financial statements and management discussion and analysis available on SEDAR+. A Shareholder may contact the Corporation at 920, 540 - 5th Avenue S.W., Calgary, Alberta T2P 0M2, Attention: Chief Executive Officer, to obtain a copy of the Corporation's most recent financial statements and management discussion and analysis.

BOARD APPROVAL

The contents and the sending of this Circular have been approved by the Board.

APPENDIX "A"
STOCK OPTION PLAN

1. PURPOSE

The purpose of this stock option plan (the “**Plan**”) of **Horizon Petroleum Ltd.** (the “**Company**”), a corporation incorporated under the *Business Corporations Act* (Alberta), is to advance the interests of the Company by encouraging the directors, officers, employees and consultants of the Company, and of its subsidiaries and affiliates, if any, to acquire common shares in the share capital of the Company (the “**Shares**”), thereby increasing their proprietary interest in the Company, encouraging them to remain associated with the Company and furnishing them with additional incentive in their efforts on behalf of the Company in the conduct of its affairs.

2. IMPLEMENTATION AND ANNUAL APPROVAL

The Plan shall be approved by the Board of Directors and shareholders of the Company at the time it is implemented. The Plan must also be approved annually by the shareholders of the Company at the Company’s annual meeting of shareholders.

3. ADMINISTRATION

The Plan shall be administered by the Board of Directors of the Company or by a special committee of the directors appointed from time to time by the Board of Directors of the Company pursuant to rules of procedure fixed by the Board of Directors (such committee or, if no such committee is appointed, the Board of Directors of the Company, is hereinafter referred to as the “**Board**”). A majority of the Board shall constitute a quorum, and the acts of a majority of the directors present at any meeting at which a quorum is present, or acts unanimously approved in writing, shall be the acts of the Board.

Subject to the provisions of the Plan, the Board shall have authority to construe and interpret the Plan and all option agreements entered into hereunder, to define the terms used in the Plan and in all option agreements entered into hereunder, to prescribe, amend and rescind rules and regulations relating to the Plan and to make all other determinations necessary or advisable for the administration of the Plan. All determinations and interpretations made by the Board shall be binding and conclusive on all participants in the Plan and on their legal personal representatives and beneficiaries.

Each option (“**Option**”) to purchase a Share granted hereunder may be evidenced by an agreement in writing, signed on behalf of the Company and by the optionee, in such form as the Board shall approve. Each such agreement shall recite that it is subject to the provisions of this Plan.

Each Option granted by the Company prior to the date of the approval of the Plan by the shareholders of the Company, including Options granted under previously approved stock option plans of the Company, be and are continued under and shall be subject to the terms of the Plan after the Plan has been approved by the shareholders of the Company.

4. STOCK EXCHANGE RULES

All Options granted pursuant to this Plan shall be subject to rules and policies of any stock exchange or exchanges on which the Shares of the Company are then listed and any other regulatory body having jurisdiction hereinafter (hereinafter collectively referred to as, the “**Exchange**”).

5. SHARES SUBJECT TO PLAN

Subject to adjustment as provided in Section 19 hereof, the Shares to be offered under the Plan shall consist of Shares of the Company's authorized but unissued Shares. The aggregate number of Shares issuable upon the exercise of all Options granted under the Plan and all such Security Based Compensation Plans shall not exceed 10% of the issued and outstanding Shares of the Company as at the date of grant or issuance of any Security Based Compensation under any of such Security Based Compensation Plans. If any Option granted hereunder is settled in cash, cancelled, terminated, expired, surrendered, or forfeited for any reason in accordance with the terms of the Plan without being exercised, the unpurchased Shares subject thereto shall again be available for the purpose of this Plan.

“**Security Based Compensation**” has the meaning ascribed to “security based compensation” in Policy 4.4 – Security Based Compensation of the TSX Venture Exchange, as amended from time to time.

“**Security Based Compensation Plan**” includes any Stock Option Plan, Deferred Share Unit Plan, Performance Share Unit Plan, Restricted Share Unit Plan, Stock Appreciation Right Plan, Stock Purchase Plan and/or any other compensation or incentive mechanism involving the issuance or potential issuance of securities of the Issuer from treasury to a Participant

6. MAINTENANCE OF SUFFICIENT CAPITAL

The Company shall at all times during the term of the Plan reserve and keep available such numbers of Shares as will be sufficient to satisfy the requirements of the Plan.

7. ELIGIBILITY AND PARTICIPATION

Directors, officers, consultants, and employees of the Company or its subsidiaries, and employees of a person or company which provides management services to the Company or its subsidiaries (“**Management Company Employees**”) shall be eligible for selection to participate in the Plan (such persons hereinafter collectively referred to as “**Participants**”). Subject to compliance with applicable requirements of the Exchange, Participants may elect to hold Options granted to them in an incorporated entity wholly owned by them and such entity shall be bound by the Plan in the same manner as if the Options were held by the Participant.

Subject to the terms hereof, the Board shall determine to whom Options shall be granted, the terms and provisions of the respective Option agreements, the time or times at which such Options shall be granted and vested, and the number of Shares to be subject to each Option. No Option may be granted or issued unless the Option is allocated to a particular Participant. In the case of employees or consultants of the Company or Management Company Employees, the Option agreements to which they are party must contain a representation of the Company and Participant that such employee, consultant or Management Company Employee, as the case may be, is a *bona fide* employee, consultant or Management Company Employee of the Company or its subsidiaries.

A Participant who has been granted an Option may, if such Participant is otherwise eligible, and if permitted under the policies of the Exchange and terms hereof, be granted an additional Option or Options if the Board shall so determine.

8. EXERCISE PRICE

- (a) Options may be exercised at a price that shall be fixed by the Board at the time that the Option is granted (the “**Exercise Price**”). No Option shall be granted with an Exercise Price at a discount to the market price. The market price shall be the closing price of the Shares on the Exchange on the first day preceding the date of grant on which at least one board lot of Shares traded.
- (b) Once the Exercise Price has been determined by the Board, accepted by the Exchange and the Option has been granted, the exercise price of an Option may be reduced upon receipt of Board approval, provided that in the case of Options held by Insiders (as defined in the policies of the Exchange) of the Company, the Exercise Price of an Option may be reduced only if disinterested shareholder approval is obtained.

9. NUMBER OF OPTIONED SHARES

- (a) The aggregate number of Shares issuable upon the exercise of all Options granted under the Plan shall not exceed 10% of the issued and outstanding Shares of the Company from time to time, less the aggregate number of Shares reserved for issuance under any other Share Compensation Arrangement (unless the Company has obtained the requisite disinterested shareholder approval), subject to the following additional limitations:
 - (i) the aggregate number of Shares issuable pursuant to all Security Based Compensation granted to any one Participant (and companies wholly owned by that Participant) in a twelve (12) month period must not exceed 5% of the issued and outstanding Shares, calculated on the date the Security Based Compensation is granted or issued to the Participant (unless the Company has obtained the requisite disinterested shareholder approval);
 - (ii) the maximum number of Shares reserved for issuance pursuant to all Security Based Compensation granted to Insiders (as a group) must not exceed 10% of the issued and

outstanding Shares at any point in time (unless the Company has obtained the requisite disinterested shareholder approval);

- (iii) the grant to Insiders (as a group), within a twelve (12) month period, of an aggregate number of Security Based Compensation must not exceed 10% of the issued and outstanding Shares, calculated as at the date the Security Based Compensation is granted or issued to any Insider (unless the Company has obtained the requisite disinterested shareholder approval);
 - (iv) the aggregate number of Security Based Compensation granted to any one Consultant, within a twelve (12) month period, must not exceed 2% of the issued and outstanding Shares, calculated as at the date the Security Based Compensation is granted or issued to the Consultant; and
 - (v) the aggregate number of Options granted to all persons employed to provide investor relation activities shall not exceed 2% of the issued and outstanding Shares of the Company in any twelve (12) month period, calculated as at the date an Option is granted or issued to any such person. Options granted to persons retained to perform investor relations activities will contain vesting provisions such that vesting occurs over at least 12 months with no more than 1/4 of the options vesting in any 3 month period.
- (b) The number of Shares subject to an Option granted to any one Participant shall be determined by the Board, but no one Participant shall be granted an Option which exceeds the maximum number permitted by the Exchange.
 - (c) Consultants performing investor relations activities may not receive any Security Based Compensation other than stock options.

10. DURATION OF OPTION

Each Option and all rights thereunder shall be expressed to expire on the date set out in the Option agreement and shall be subject to earlier termination as provided in Sections 15 and 16, provided that in no circumstances shall the duration of an Option exceed the maximum term permitted by the Exchange. For greater certainty, if the Company is listed on the TSX Venture Exchange, the maximum term may not exceed 10 years from the date of grant (subject to extension where the expiry date falls within a Black Out Period, as defined herein).

Should the expiry date of an Option fall within a Black Out Period or within nine (9) business days following the expiration of a Black Out Period, such expiry date of the Option shall be automatically extended without any further act or formality to that date which is the tenth (10th) business day after the expiry of the Black Out Period, such tenth (10th) business day to be considered the expiry date for such Option for all purposes under the Plan. The ten (10) business day period referred to in this paragraph may not be extended by the Board.

“**Black Out Period**” means the period during which the relevant Participant is prohibited from exercising an Option due to trading restrictions imposed by the Company pursuant to any internal trading policy of the Company as a result of the *bona fide* existence of undisclosed material information. The internal trading policy of the Company is in respect of a restriction on trading that is in effect at that time or a notice in writing to a Participant by a senior officer or director of the Company. The Black Out Period shall expire following the general disclosure of the undisclosed material information.

11. HOLD PERIOD

All Options are subject to Exchange hold periods where applicable. A 4-month hold period (commencing on the date the Options are granted) is required for Options granted to Insiders or granted at any discount to the market price.

12. OPTION PERIOD, CONSIDERATION AND PAYMENT

- (a) The Option period shall be a period of time fixed by the Board not to exceed the maximum term permitted by the Exchange, provided that the Option period shall be reduced with respect to any Option as provided in Sections 15 and 16 covering cessation as a director, officer, consultant, employee or Management Company Employee of the Company or its subsidiaries, or death of the Participant.
- (b) Subject to any vesting restrictions imposed by the Exchange, the Board may, in its sole discretion,

determine the time during which Options shall vest and the method of vesting, or that no vesting restriction shall exist.

- (c) Acceleration of vesting is permitted in connection with Participant's death or where Participant ceases to be an eligible Participant in connection with a change of control, take-over bid, reverse take-over or other similar transaction. There shall be no acceleration of the vesting provisions to Options issued to persons employed to provide investor relation activities without prior Exchange acceptance.
- (d) Subject to any vesting restrictions imposed by the Board, Options may be exercised in whole or in part at any time and from time to time during the Option period. To the extent required by the Exchange, no Options may be exercised under this Plan until this Plan has been approved by a resolution duly passed by the shareholders of the Company.
- (e) Except as set forth in Sections 15 and 16, no Option may be exercised unless the Participant is at the time of such exercise, a director, officer, consultant, or employee of the Company or any of its subsidiaries, or a Management Company Employee of the Company or any of its subsidiaries.
- (f) The exercise of any Option will be contingent upon receipt by the Company at its head office of a written notice of exercise ("**Option Exercise Notice**"), specifying the number of Shares with respect to which the Option is being exercised, accompanied by cash payment, certified cheque or bank draft for the full purchase price of such Shares with respect to which the Option is exercised (subject to Section 21(a)). No Participant or his legal representatives, legatees or distributees will be, or will be deemed to be, a holder of any Shares of the Company unless and until the certificates for Shares issuable pursuant to Options under the Plan are issued to him or them under the terms of the Plan.

13. CASHLESS EXERCISE

Without limiting the foregoing section 12(f), unless otherwise determined by the Board or not compliant with any applicable laws or rules of any applicable securities exchange or market, a Participant may elect cashless exercise in its Option Exercise Notice. In such case, the Participant will not be required to deliver to the Company a cheque or other form of payment for the aggregate Exercise Price referred to above and consideration may be paid by the Participant as follows: (i) a brokerage firm selected by the Participant loans money to the Participant in order for the Participant to exercise Options to acquire the underlying Shares and to cover the amount the Company determines, in its discretion, is required to satisfy the Company withholding tax and source deduction remittance obligations in respect of the exercise of the Options and issuance of Shares (the "**Loan**"); (ii) the brokerage firm then sells a sufficient number of Shares through the stock exchange or market on which the Shares are listed or quoted at the then applicable bid price of the Shares to cover the Exercise Price for the Options that were exercised by the Participant in order to repay the Loan; and (iii) the brokerage firm receives an equivalent number of Shares from the exercise of the Options and the the Participant receives the balance of the Shares or the cash proceeds from the balance of such Shares.

14. NET EXERCISE

Subject to prior approval by the Board, a Participant may elect to surrender for cancellation to the Company any vested Options being exercised and the Company will issue to the Participant, as consideration for the surrender of such Options, that number of Shares (rounded down to the nearest whole Share) on a net issuance basis in accordance with the following formula below:

$$X = \frac{Y(A - B)}{A}$$

where:

- X = The number of Shares to be issued to the Participant in consideration for the net exercise of the Options under this Section 14;
- Y = The number of vested Options with respect to the vested portion of the Option to be surrendered for cancellation;
- A = The volume weighted average trading price of the Shares on the Exchange calculated by dividing the total value by the total volume of such securities trade for the five trading days immediately preceding the exercise of the subject Option; and

B = The Exercise Price for such Options.

Persons employed to provide investor relation activities shall not use the Net Exercise provisions as defined in this Section 14 to exercise Options.

15. CEASING TO BE A DIRECTOR, OFFICER, CONSULTANT OR EMPLOYEE

If a Participant shall cease to be a director, officer, consultant, employee of the Company, or its subsidiaries, or ceases to be a Management Company Employee, for any reason (other than death), such Participant may exercise his Option to the extent that the Participant was entitled to exercise it at the date of such cessation, provided that such exercise must occur within 90 days after the Participant ceases to be a director, officer, consultant, employee or a Management Company Employee, unless such Participant was engaged in investor relations activities, in which case such exercise must occur within 30 days after the cessation of the Participant's services to the Corporation, subject to extension at the discretion of the Board.

Nothing contained in the Plan, nor in any Option granted pursuant to the Plan, shall as such confer upon any Participant any right with respect to continuance as a director, officer, consultant, employee or Management Company Employee of the Company or of any of its subsidiaries or affiliates.

16. DEATH OF PARTICIPANT

Notwithstanding Section 12, in the event of the death of a Participant, the Option previously granted to him shall be exercisable only within the one year after such death and then only:

- (a) by the person or persons to whom the Participant's rights under the Option shall pass by the Participant's will or the laws of descent and distribution; and
- (b) if and to the extent that such Participant was entitled to exercise the Option at the date of his death.

17. RIGHTS OF OPTIONEE

No person entitled to exercise any Option granted under the Plan shall have any of the rights or privileges of a shareholder of the Company in respect of any Shares issuable upon exercise of such Option until certificates representing such Shares shall have been issued and delivered.

18. PROCEEDS FROM SALE OF SHARES

The proceeds from the sale of Shares issued upon the exercise of options shall be added to the general funds of the Company and shall thereafter be used from time to time for such corporate purposes as the Board may determine.

19. ADJUSTMENTS

If the outstanding Shares of the Company are increased, decreased, changed into or exchanged for a different number or kind of shares or securities of the Company or another Company or entity through re-organization, merger, re-capitalization, re-classification, stock dividend, subdivision or consolidation, or any adjustment relating to the Shares optioned or issued on exercise of Options, or the exercise price per share as set forth in the respective Option agreements, shall be adjusted in accordance to the terms of such agreements.

Adjustments under this Section shall be made by the Board whose determination as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive. No fractional Share shall be required to be issued under the Plan on any such adjustment.

Any adjustment, other than in connection with a consolidation or split, to Security Based Compensation granted or issued under a Security Based Compensation Plan of the Company is subject to prior acceptance of the Exchange, including adjustments related to an amalgamation, merger, arrangement, reorganization, spin-off, dividend or recapitalization.

20. TRANSFERABILITY

All benefits, rights and Options accruing to any Participant in accordance with the terms and conditions of the Plan shall not be transferable or assignable unless specifically provided herein or the extent, if any, permitted by the Exchange. During the lifetime of a Participant, any benefits, rights and Options may only be exercised by the Participant.

21. WITHHOLDING TAXES

The Company shall have the authority to take steps for the deduction and withholding, or for the advance payment or reimbursement by the optionee to the Company, of any taxes or other required source deductions which the Company is required by law or regulation of any governmental authority whatsoever to remit in connection with this Plan, or any issuance of Shares. Without limiting the generality of the foregoing, the Company may, in its sole discretion:

- (a) deduct and withhold additional amounts from other amounts payable to a optionee;
- (b) require, as a condition of the issuance of Shares to an optionee, that the optionee make a cash payment to the Company equal to the amount, in the Company's opinion, required to be withheld and remitted by the Company for the account of the optionee to the appropriate governmental authority and the Company, in its discretion, may withhold the issuance or delivery of Shares until the optionee makes such payment; or
- (c) sell, on behalf of the optionee, all or any portion of Shares otherwise deliverable to the optionee until the net proceeds of sale equal or exceed the amount which, in the Company's opinion, would satisfy any and all withholding taxes and other source deductions for the account of the optionee.

22. AMENDMENT AND TERMINATION OF PLAN

The Board may terminate or discontinue the Plan at any time without the consent of the Participants provided that such termination or discontinuance shall not alter or impair any Option previously granted under the Plan.

The Board may not amend this Plan or issuances of Options without prior Exchange acceptance and shareholder approval where applicable. For greater certainty, without limitation, amendments to any of the following provisions of the Plan will be subject to shareholder approval:

- (a) persons eligible to be granted or issued Options under the Plan;
- (b) the maximum number or percentage, as the case may be, of listed shares that may be issuable under the Plan;
- (c) the limits under the Plan on the amount of Options that may be granted or issued to any one person or any category of persons (such as, for example, Insiders);
- (d) the method for determining the exercise price of the Options;
- (e) the maximum term of the Options;
- (f) the expiry and termination provisions applicable to the Options, including the addition of a blackout period;
- (g) the addition of a net exercise provision; and
- (h) any method or formula for calculating prices, values or amounts under the Plan that may result in a benefit to a Participant, including but not limited to the formula for calculating the appreciation of a Stock Appreciation Right (as defined in the policies of the Exchange).

Notwithstanding the foregoing, the following types of amendments to the Plan are not subject to shareholder approval:

- (a) amendments to fix typographical errors; or
- (b) amendments to clarify existing provisions of the Plan which does not have the effect of altering the scope, nature and intent of such provisions.

Where shareholder approval is sought for amendments to reduce the exercise price of an outstanding Option, including a cancellation of an Option and re-grant of an Option in conjunction therewith, constituting a reduction of the exercise

price of the Option, the votes attached to Shares held directly or indirectly by Insiders benefiting from the amendments will be excluded.

Disinterested shareholder approval must be obtained for any reduction in the exercise price of an Option, or the extension of the term of an Option, if the Participant is an Insider of the Company at the time of the proposed amendment.

23. NECESSARY APPROVALS

The ability of a Participant to exercise Options and the obligation of the Company to issue and deliver Shares in accordance with the Plan is subject to any approvals which may be required from shareholders of the Company and any regulatory authority or stock exchange having jurisdiction over the securities of the Company. If any Shares cannot be issued to any Participant for whatever reason, the obligation of the Company to issue such Shares shall terminate and any Option exercise price paid to the Company will be returned to the Participant.

24. EFFECTIVE DATE OF PLAN

The Plan has been adopted by the Board of the Company subject to the approval of the Exchange and, if so approved, subject to the discretion of the Board, the Plan shall become effective upon such approvals being obtained.

25. INTERPRETATION

Terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Company Manual of the TSX.

26. GOVERNING LAW

This Plan will be governed by and construed in accordance with the laws of Alberta and the laws of Canada applicable therein.

APPENDIX "B"

AUDIT COMMITTEE CHARTER

Mandate

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

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

Composition, Procedures and Organization

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

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

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

Meetings of the Committee

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

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

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

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

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

Responsibilities and Duties

To fulfill its responsibilities and duties, the Committee shall:

1. Review the Company's financial statements, including any certification, report, opinion, or review rendered by the auditor, management's discussion and analysis of the financial statements, and any annual and interim earnings press releases before the Company publicly discloses such information.
2. Review and satisfy itself that adequate procedures are in place and review the Company's public disclosure of financial information extracted or derived from its financial statements, other than disclosure described in the previous paragraph, and periodically assess the adequacy of those procedures.
3. Be directly responsible for overseeing the work by the auditor (including resolution of disagreements between management and the auditor regarding financial reporting) engaged for the purpose of preparing or issuing an audit report or performing other audit review services for the Company.
4. Require the auditor to report directly to the Committee.
5. Review annually the performance of the auditor who shall be ultimately accountable to the Board of Directors and the Committee as representatives of the Shareholders of the Company.
6. Review and discuss with the auditor any disclosed relationships or services that may impact the objectivity and independence of the auditor.
7. Take, or recommend that the Board of Directors take, appropriate action to oversee the independence of the auditor.
8. Recommend to the Board of Directors the external auditor to be nominated at the annual general meeting for appointment and the auditor for the ensuing year and the compensation for the auditor, or, if applicable, the replacement of the auditor.
9. Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the auditor and former independent external auditors of the Company.
10. Review with management and the auditor the audit plan for the annual financial statements.

11. Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services provided by the auditor. The pre-approval requirement is waived with respect to the provision of non-audit services if:
 - the aggregate amount of all such non-audit services that were not pre-approved is reasonably expected to constitute not more than 5% of the total amount of fees paid by the Company and its subsidiary entities to the auditor during the fiscal year in which the non-audit services are provided; such services were not recognized by the Company at the time of the engagement to be non-audit services; and
 - such services are promptly brought to the attention of the Committee and approved, prior to the completion of the audit, by the Committee or by one or more members of the Committee to whom authority to grant such approvals has been delegated by the Committee.
12. In consultation with the auditor, review with management the integrity of the Company's financial reporting process, both internal and external.
13. Consider the auditor's judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
14. Consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the auditor and management.
15. Review significant judgments made by management in the preparation of the financial statements and the view of the auditor as to the appropriateness of such judgments.
16. Following completion of the annual audit, review separately with management and the auditor any significant difficulties encountered during the course of the audit, including any restrictions on the scope of the work or access to required information.
17. Review any significant disagreement among management and the auditor in connection with the preparation of the financial statements.
18. Review with the auditor and management the extent to which changes and improvements in financial or accounting practices have been implemented.
19. Discuss with the auditor the auditor's perception of the Company's financial and accounting personnel, any material recommendations which the auditor may have, the level of cooperation which the auditor received during the course of its review and the inadequacy of its access to records, data or other requested information.
20. Maintain, review and update the procedures for (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters, as set forth in Annex A attached to this Charter.
21. Perform such other duties as may be assigned to it by the Board of Directors from time to time or as may be required by applicable regulatory authorities or legislation.
22. Report regularly and on a timely basis to the Board of Directors on the matters coming before the Committee.
23. Review and assess the adequacy of this Charter annually and recommend any proposed changes to the Board of Directors for approval.

Authority

The Committee is authorized to:

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

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

