

Horizon Resources Inc. Announces 34 Bcf 2p Reserves With Npv10 Value Of Us\$ 84 Million And 163 Bcf 2c Contingent Resources

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With Npv10 Value At Us\$ 431 Million For The Recently Acquired Bielsko-biala Concession In Poland

CALGARY, Jan. 14, 2025 - [Horizon Petroleum Ltd.](#) (TSXV: HPL) ("Horizon" or the "Company") is pleased to report an updated reserve and resource report for the Lachowice gas field located in the Bielsko-Biala concession in Poland. The reserves were acquired by its 100% owned Polish subsidiary companies through the recently awarded Bielsko-Biala and Cieszyn concessions in Poland (which were awarded on November 19, 2024 subsequent to the year end of August 31, 2024).

David Winter, CEO of the Company commented: "We are excited to now be able to assign the 2P reserve and contingent resource values to the Company based on historical wells which were flow tested at rates up to 9 MMscf/d. The 34 BCF 2P reserves with a Net Present Value (discounted at 10%) of US\$ 84.5 million provides a robust economic base to the company. The additional 163 BCF of risked 2C contingent resources with a Net Present Value (discounted at 10%) of US\$ 431 million and risked best estimate prospective resources of 118 BCF provide Horizon with large development upside and an appraisal and development drilling inventory".

RESERVES AND RESOURCES ACQUIRED SUBSEQUENT TO THE YEAR END AUGUST 31, 2024

The Company did not hold any properties with reserves or resources (in accordance with NI 51-101), at its most recent year end, August 31, 2024. Subsequent to the year end, on November 19, 2024, the Company was granted the Bielsko-Biala and Cieszyn concessions in Poland. Consequently, the reported reserves and contingent resources are the maiden assets of the Company, and their value can be assigned to the Company. The effective date of the report is August 31, 2024.

Horizon holds the rights to a 100% interest in two conventional oil & natural gas concessions in Poland known as Bielsko-Biala and Cieszyn through two wholly owned Polish subsidiary companies which the Company acquired from San Leon Energy. The full details of the acquisition are described in our Annual Financial Statements and Management Discussion and Analysis.

APEX Global Engineering Inc. ("APEX") prepared the Reserves and Resource Report with an effective date of August 31, 2024 (issue date of December 4, 2024). APEX assigned the Probable Reserves and Contingent and Prospective Resources to the Lachowice field, which at 10,561 acres represents approximately 4% of the total lands to be held by Horizon under the concessions (see Table 1 below). The reserves and resources assigned are subject to significant risks. Please refer to the Risks section at the end of this press release.

Table 1: Concession Acreage

Concessions	Acreage	
	km ²	Acres
Bielsko-Biala	805	198,821
-Lachowice field (included in the total Bielsko-Biala acreage of 805km ²)	43	10,561
Cieszyn	326	80,507
Total Acreage	1,131	279,328

Tables 2, 3 and 4 below summarize APEX's estimates of Horizon's conventional natural gas reserves and resources as at August 31, 2024. The natural gas is sweet, with up to 91% methane and 7 bbls/MMcf of condensate. The volumes shown are attributable to Horizon's 100% working interest, before deduction of any associated royalty burdens. The economic values presented are shown after deduction of the associated royalty burdens, the NPI payment to San Leon, operating and capital expenses, but before any attributable income taxes. Table 4 summarizes the commodity pricing used in the economic evaluations. Any reference in this press release to PIIP, contingent resources and prospective resources are not, and should not be confused with oil and natural gas reserves.

Table 2 - Reserves

Reserve Category		Remaining Reserves		Before Tax Cash Flow NPV (MM\$US)#				
Conventional Tight Natural Gas		WI	Net	0 %	5 %	10 %	15 %	20 %
Probable Reserves								
L-7 with G2P	Gas (Bcf)	14.5	13.3	123.9	67.0	39.3	24.4	15.8
	Condensate (Mbbl) *	110.2	101.3					
L-1 & S2K	Gas (Bcf)	19.9	18.2	160.8	82.0	45.3	26.3	15.6
	Condensate (Mbbl) *	151.5	138.6					
				284.7	149.0	84.5	50.7	31.4
Total Probable Reserves								
Gas (Bcf)		34.4	31.5	284.7	149.0	84.5	50.7	31.4
Condensate (Mbbl) *		261.6	239.9					
				284.7	149.0	84.5	50.7	31.4
Total Probable + Possible								
Gas (Bcf)		34.4	31.5	284.7	149.0	84.5	50.7	31.4
Condensate (Mbbl) *		261.6	239.9					
				284.7	149.0	84.5	50.7	31.4

* 6 Mcf/Bbl Conversion

The Net Present Values (NPV) do not necessarily represent Fair Market Value

An estimate of risked net Contingent Resources (Development Unclassified) and the associated estimate of the net present value of future net revenues associated with the contingent resources is presented below. It is preliminary in nature and is provided to assist the reader in reaching an opinion on the merit and likelihood of the Company proceeding with the required investment. It includes contingent resources that are considered too uncertain with respect to the chance of development to be classified as reserves. There is uncertainty that the risked net present value of future net revenue will be realized.

Table 3 - Contingent Resources

Imperial Units

Reserve Category	Remaining Reserves		Before Tax Cash Flow NPV (MM\$US)#				
Conventional Tight Natural Gas							

	WI	Net	0 %	5 %	10 %	15 %	20 %
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Contingent Development
Unclarified

Gas (Bcf)	163.7	149.8	1,478.5	755.8	430.6	264.9	171.9
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Condensate (Mbbbl) *	1246.0	1,140.0					
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			1,478.5	755.8	430.6	264.9	171.9
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* 6 MCF/Bbl Conversion

#The Net Present Values (NPV) do not necessarily represent Fair Market Value

There is no certainty that any portion of the contingent resources will be developed or commercially viable to produce.

Prospective Resources

Prospective Resources were assigned to the undrilled structures in the Bielsko-Biala Concession that were not previously tested by drilling but are up dip from known gas accumulations.

Table 4 - Prospective Resources - Imperial Units

Undiscovered PIIP (bcf) - Best Estimate	Unrisked Prospective Conventional Tight Natural Gas Resources-Play (Bcf) (S Recovery Factor and Sales Factor) Best Estimate
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764.37	466.97
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* 6MCF/Bbl Conversion

There is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources.

Table 5: Commodity Pricing

YEAR	Natural Gas Price	Natural Gas Heating Modifier*	Gas Transportation	Net Gas Price	Condensate Price	Electricity Price	Electricity Equivalent Gas Price*
	\$US/MMbtu	%	\$US/Mcf	\$US/Mcf	\$US/bbl	\$US/MWh	\$US/MMbtu
2024	13.55	109	1.00	13.77	79.63	112.50	8.10
2025	12.10	109	1.00	12.19	75.00	112.50	8.10
2026	10.95	109	1.00	10.94	80.00	125.00	9.00
2027	10.35	109	1.00	10.28	80.00	127.50	9.18
2028	10.00	109	1.00	9.90	81.60	130.05	9.36
2029	10.00	109	1.00	9.90	83.23	132.65	9.55
2030	10.20	109	1.00	10.12	84.90	135.30	9.74
2031	10.40	109	1.00	10.34	86.59	138.01	9.94
2032	10.61	109	1.00	10.57	88.33	140.77	10.14
2033	10.82	109	1.00	10.80	90.09	143.59	10.34

*The Heating Modifier recognizes the higher heating value of the gas as it includes the ethane and butane still retained within the gas

*Electricity Equivalent Gas Price: According to G2P equipment specification, 1.5MMcf/d gas can generate 4.5MWh electricity. Convert electricity price to equivalent gas price for Mosaic input

History and Development Plan

The Lachowice field is at an early stage of conventional natural gas development. Lachowice-1, Lachowice-7 and Stryzawa-2K are the primary wells of interest on the field and, despite being essentially vertical in their design and utilizing sub-optimal drilling and completion methods for naturally fractured formations, tested at rates of up to 5.8 MMcf/d, 8.9 MMcf/d, and 2.5 MMcf/d, respectively. Each of these wells was drilled and tested, with reservoir depths of 2,700-4,000 meters targeting a naturally fractured carbonate reservoir of Middle Devonian age. The natural gas is sweet, with up to 91% methane and 7 bbls/MMcf of condensate.

ABOUT HORIZON

Calgary-based Horizon is focused on the appraisal and development of conventional oil & natural gas resources onshore Europe. The Management and Board of Horizon consist of oil & natural gas professionals with significant international experience.

Oil and Gas Advisories and Risks

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

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

inherent in estimating quantities of natural gas and natural gas liquids reserves and/or resources and the future cash flows attributed to such reserves and/or resources.

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

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

Definitions

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

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

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

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

(a) analysis of drilling, geological, geophysical and engineering data;

(b) the use of established technology; and

(c) specified economic conditions (see the discussion of "Economic Assumptions" below).

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

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

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

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

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

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

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

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

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

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

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

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

Development Not Viable are contingencies that have been identified; the project was evaluated and

considered not viable or significant further appraisal may be required; progress is not expected in a reasonable time period and; has a low chance of development (<50%).

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

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

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

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

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

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

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

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

Abbreviations:

Bcf	billion cubic feet
Bcfe	billion cubic feet of natural gas equivalent
Bbl	barrels
Boe	barrels of oil equivalent
M	thousand
MM	million
Mcfe	thousand cubic feet of natural gas equivalent
MMcfe/d	million cubic feet equivalent per day
NPI	Net Profit Interest payable as part of the acquisition consideration
Tcf	trillion cubic feet
BTAX	before income tax
PV10	present value discounted at 10%
km ²	square kilometers

Note Regarding Forward Looking Statements.

This press release contains forward-looking statements and forward-looking information (collectively "forward-looking information") within the meaning of applicable securities laws relating to the Company's plans and other aspects of our anticipated future operations, management focus, strategies, financial, operating and production results, industry conditions, commodity prices and business opportunities. In addition, and without limiting the generality of the foregoing, this press release contains forward-looking information regarding anticipated netbacks, the timing of the remaining regulatory approvals for oil and gas operations in Poland, capital program and allocation thereof, future production, development and drilling plans, well economics, future cost reductions, potential growth, and the current operating plans with respect to the Company's right to assets in Poland as well as the source of funding the Company's capital spending. Forward-looking information typically uses words such as "anticipate", "believe", "project", "expect", "goal", "plan", "intend" or similar words suggesting future outcomes, statements that actions, events or conditions "may", "would", "could" or "will" be taken or occur in the future.

The forward-looking information is based on certain key expectations and assumptions made by Horizon's management, including expectations and assumptions noted previously in this press release under oil and gas advisories, and in addition with respect to prevailing commodity prices which may differ materially from the price forecasts used by Apex and differentials, exchange rates, interest rates, applicable royalty rates and tax laws; future production rates and estimates of operating costs; performance of future wells; reserve and resource volumes; anticipated timing and results of capital expenditures; the success obtained in drilling new wells; the sufficiency of budgeted capital expenditures in carrying out planned activities; the timing, location and extent of future drilling operations; the state of the economy and the exploration and production business; results of operations; performance; business prospects and opportunities; the availability and cost of financing, labour and services; the impact of increasing competition; the ability to efficiently integrate assets and employees acquired through acquisitions, the ability to market natural gas successfully and Horizon's ability to access capital. Although the Company believes that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information because Horizon can give no assurance that they will prove to be correct. Since forward-looking information addresses future events and conditions, by its very nature they involve inherent risks and uncertainties. Horizon's actual results, performance or achievement could differ materially from those expressed in, or implied by, the forward-looking information and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking information will transpire or occur, or if any of them do so, what benefits that we will derive therefrom. Management has included the above summary of assumptions and risks related to forward-looking information provided in this press release in order to provide securityholders with a more complete perspective on future operations and such information may not

be appropriate for other purposes.

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

This press release contains future-oriented financial information and financial outlook information (collectively, "FOFI") about Horizon's prospective results of operations, operating netbacks and components thereof, all of which are subject to the same assumptions, risk factors, limitations and qualifications as set forth in the above paragraphs. FOFI contained in this press release was made as of the date of this press release and was provided for the purpose of providing further information about Horizon's anticipated future business operations. Readers are cautioned that the FOFI contained in this press release should not be used for purposes other than for which it is disclosed herein.

Non-GAAP Measures

This press release includes non-GAAP measures as further described herein. These non-GAAP measures do not have a standardized meaning prescribed by International Financial Reporting Standards ("IFRS" or, alternatively, "GAAP") and therefore may not be comparable with the calculation of similar measures by other companies.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

SOURCE Horizon Petroleum Ltd.

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