Horizon Petroleum Ltd.

Management's Discussion and Analysis
Years Ended August 31, 2020 and 2019

This management's discussion and analysis of financial position and results of operations ("MD&A"), prepared and dated as of August 23, 2021 provides an analysis of the operations and financial results of Horizon Petroleum Ltd. ("Horizon" or the "Company") for the years ended August 31, 2020 and 2019, and should be read in conjunction with the audited consolidated financial statements for the years ended August 31, 2020 and 2019 (the "Financial Statements"). The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts included therein and in the following MD&A are expressed in Canadian dollars except where noted.

Management is responsible for the preparation and integrity of the Company's financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including that within the Company's financial statements and MD&A, is complete and reliable.

The Company is focused on oil and natural gas exploration and development.

Additional information on the Company is available for viewing on SEDAR at www.sedar.com.

The common shares of the Company trade on the TSX Venture Exchange ("TSXV") under the symbol "HPL". Since January 2020 the Company has been under a Cease Trade Order for failing to file its Financial Statements.

Going Concern

The development of the Company will depend on the Company's ability to obtain additional financings. In the past, the Company has relied on private placements to meet its cash requirements.

To continue as a going concern and to meet its corporate objectives, which primarily consists of investigating new potential oil and natural gas properties in Europe, the Company will require additional financing through debt or equity issuances or other available means. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future. Factors that could affect the availability of financing include, but are not limited to, the state of international debt, equity and commodity markets as well as investor perceptions and expectations.

The Financial Statements were prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. If this assumption were not appropriate, adjustments to the Financial Statements may be necessary. Material uncertainties as to the Company's ability to obtain additional financing to fund future operations may cast significant doubt on the Company's ability to continue as a going concern. The successful future operations of the Company are dependent on the ability of the Company to secure sufficient funds through financing or other sources, and there are no assurances that such financing will be obtained.

Forward-looking Statements

This MD&A contains or incorporates by reference forward-looking information and statements (together "forward looking statements") which means disclosure regarding possible events, conditions, acquisitions, or results of operations that are based on assumptions about our future conditions and courses of action.

In certain cases, forward-looking statements can be identified by the use of words such as "plans", expects" or "does not expect", "estimates", "forecasts", "intends", "anticipates", "does not anticipate", "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", or "might" occur, suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Forward looking statements are only predictions and actual events, or results may differ materially. Although we believe that the expectations reflected in the forward-looking statements and information are reasonable it cannot guarantee future results, levels of activity, performance or achievement since such expectations are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies.

In particular, forward-looking statements included in this MD&A include, but are not limited to:

- oil and natural gas properties in which we may acquire an interest;
- business strategy and planned acquisition and development strategy;
- expectations regarding our ability to raise capital;
- future operating and financial results;
- the completion of the Transformation Process to transform the Bielska-Biala and Cieszyn Concessions in Poland to the new concession laws and the timing thereof;
- timing of production;
- drilling plans and timing and results therefrom; and
- expected costs and netbacks from the primary concession.

By their nature, forward-looking statements involve assumptions, inherent risks and uncertainties, many of which are difficult to predict, and which are usually beyond the control of management, that could cause actual results to be materially different from those expressed by such forward-looking statements and information. Risks and uncertainties include, but are not limited to, volatility in market price for crude oil, condensate and natural gas; industry conditions; currency fluctuation; imprecision of reserve and resource estimates; liabilities inherent in oil and natural gas operations; environmental risks; incorrect assessments of the value of acquisitions and exploration and development programs; competition from other producers; the lack of availability of qualified personnel or management; changes in the regulatory environment; changes in income tax laws or changes in property tax laws relating to the oil and natural gas industry; ability to access sufficient capital from internal and external sources; and other risks identified in this MD&A under the heading "*Risk Factors*".

With respect to forward-looking statements contained in this MD&A, we have made assumptions that: the economic and political environment in which we operate or expect to operate will remain stable; the regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which we operate or expect to operate will remain stable; and we will be able to obtain financing on acceptable terms when necessary.

Readers are cautioned that the foregoing lists of risks and assumptions are not exhaustive. Although the forward-looking statements contained herein are based upon what management believes to be reasonable assumptions, management cannot assure that actual results will be consistent with these forward-looking statements. Investors should not place undue reliance on forward-looking statements or information.

Forward-looking statements contained in this MD&A are made as of the date of this MD&A and we disclaim any intent or obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

Highlights and Overview

During the reporting periods the Company continued in its business development activities in Poland which are described below under Poland Acquisition. These activities were largely focused on progressing the acquisition of natural gas concessions from San Leon Energy as described more fully below. The Company focused on preserving capital due to the challenging financial environment and limited expenses to essential general and administration expenses.

In February 2020 the French Government declined an extension to the Ledieux permit under its policies to halt the award of new permits and concessions for oil and gas activities.

The Company was issued with a Cease Trade Order in January 2020 for failure to file its audited financial statements and associated annual filings.

The onset of the Covid-19 pandemic considerably delayed any further progress in Poland due to work and travel restrictions in Poland. The Company's results are described more fully in the following sections:

Financing

On June 13, 2018 the Company announced the initiation of a financing to raise up to $5 million through a private placement, issuing up to 100,000,000 common shares at a price of $0.05 per share. On September 26, 2018, the Company closed two tranches of the private placement issuing 22.1 million shares at $0.05 per share for total gross proceeds of $1,104,000. The financing is now closed; however, we continue to look for future financing. See the Company press releases of September 26, 2018 and October 16, 2018 for more information.

Poland Acquisition

During June 2017, the Company entered into a memorandum of understanding ("MOU") regarding the acquisition of a 100% interest the Poland Subsidiaries which hold five conventional oil and natural gas concessions in Poland from San Leon Energy plc ("SLE"). Subsequently, the Company entered into a series of definitive agreements with SLE, in September 2017, for the acquisition of the Poland Subsidiaries (the "Acquisition").

Under the terms of the MOU, the Company advanced USD$200,000 to the counterparty to cover certain obligations relating to the concessions going forward where such obligations would be assumed by the Company upon the completion of the transaction. USD$100,000 ($133,608) of the option payment is non-refundable if the transaction is not completed due to any action or inaction on the part of the Company and has been expensed as part of property investigation costs for the year ended August 31, 2017, while the remaining USD$100,000 ($135,340) was advanced as a loan which bore interest at the rate of 6% per annum.

The definitive agreements were subsequently amended and pursuant to the amended terms, the Company agreed to pay the following, in exchange for a 100% interest in the subsidiaries holding the Cieszyn and Bielsko-Biala concessions (the "Primary Concessions") in Poland:

1) Cash payment of USD$1,080,000 ($1,429,515);

2) $1,000,000 in common shares of the Company. The common shares are to be issued at the lesser of: a) Cdn$0.20 per share, b) the lowest price per share at which the Company completes an equity placement for a minimum of $1,000,000, up to but not including the date of closing of the acquisition, and c) the volume

weighted average price of the Company's common shares for the period of 10 trading days immediately prior to the closing date. There are various warranties the Company provided to SLE which must be maintained by the Company, including a requirement for the Company's shares to remaining trading on the TSXV. If Horizon is unable to meet these requirements, it will be required to pay to SLE the equivalent value of the common shares in cash. The Company's shares are currently cease-traded; and

3) A 6% net profits interest.

4) The consideration for the acquisition of the subsidiaries holding the other 3 concessions, being the Kotlarka, Prusice, and Buchowice concessions ("Secondary Concessions") is €10,000 ($14,845) per concession, the payment of administrative costs totaling USD$130,000 ($172,071) and the issuance of a 6% net profits interest. The Company subsequently withdrew the applications for these concessions in January, 2020.

5) The outstanding loan owing to the Company from SLE of USD$100,000 ($132,363 as at the closing date) was assigned to Energia Karpaty Zachodnie SP. Z.O.O SP.K., one of the Polish Subsidiaries. In addition, the Company accepted a transfer from SLE of certain intercompany loans. These loans have been eliminated in these consolidated financial statements on consolidation.

In April 2019 the Company achieved pre-qualification to conduct oil and gas activities in Poland. The pre-qualification with the Polish Government allowed the Company to progress the acquisition of Polish subsidiaries.

On August 12, 2019, the Acquisition closed. The consideration owing is payable to SLE upon completion of the Transformation Process as defined below. As this has not yet occurred, the consideration has been recorded as acquisition cost payable in the consolidated statements of financial position as at August 31, 2019 and 2020.

A transformation of the concessions to the new Polish concession laws ("Transformation Process") is required by the Polish Government and has not yet been met. The Transformation Process has commenced for the Cieszyn and Bielsko-Biala concessions but is not complete. Until the Transformation Process is completed there are no current operations on the concessions and the final work program to be executed on the concessions is still to be finalized under the Transformation Process. At this time, it is not possible to determine if, or when, the Transformation Process will be successfully completed. The timing of completing the Transformation process has been severely impacted by travel and work restrictions imposed to combat the Covid-19 pandemic.

The Acquisition has been accounted for as an acquisition of assets and liabilities of the Polish Subsidiaries as the Polish Subsidiaries do not meet the definition of a business under IFRS 3. The acquisition of the net assets of the Polish Subsidiaries were recorded at the estimated fair market value of consideration payable as detailed below. The excess of the consideration payable over the net assets of the Polish Subsidiaries at the closing date has been expensed as an acquisition cost as the Polish Subsidiaries did not hold any concessions that have completed the Transformation Process and as there is no guarantee that the transformations in process will be completed.

Consideration payable:	
Acquisition cost payable at closing	$2,796,694

Net assets acquired:	
Cash	$ 1,679
Receivables	11,697
Inventory	14,126
Accounts payable and accrued liabilities	(6,143)
Acquisition cost (expense)	2,775,335
Total	$2,796,694

Deconsolidation

In France, there were no active assets available as at August 31 2020 as, Ledieux and Ger permits in France expired in 2018. Approval for an extension for the Ledieux permit was declined by the French Government on February 12, 2020 as part of its policy to no longer issue permits and concessions for oil and gas exploitation. That left the Company's subsidiary SAS Petromanas Energy France SAS ("Petromanas") with no assets with no opportunity for further funding. The Company then applied to have Petromanas enter a court approved liquidation process which was granted in April 2020. The Company derecognized all assets and liabilities of this subsidiary in 2020 and recognized a gain on deconsolidation in the amount of $790,713. Petromanas was inactive at the time of its deconsolidation.

Operational Results

For the year ended August 31, 2020 the Company recorded income of $562,749 (2019 – net loss of $3,587,832) and net cash flow used in operations of $172,924 (2019 - $937,745).

The major components of the net income (loss) for the year ended August 31, 2020 were a gain on deconsolidation of $790,713 (2019 - $nil), acquisition costs of Poland subsidiaries of $nil (2019 – $2,775,335) and management and professional fees of $191,361 (2019 – $550,951). The source of funding for 2019 costs was the private placement closed in September 2018.

Quarterly Information

	3 months August 31 2020	3 months May 31 2020	3 months February 29 2020	3 months November 30 2019
Total Assets	59,310	(7,992)	151,463	211,423
Total Revenue	**0**	**0**	**0**	**0**
Working Capital (deficiency)	(2,991,171)	(264,612)	(122,619)	(66,876)
Profit (loss)and comprehensive	46,361	677,593	(55,742)	(105,463)
Loss per-share (basic & diluted)	(0.02)	0.01	(0.00)	(0.00)
2020 - share #	59,857,176	59,857,176	59,857,176	59,857,176
2020 - EPS	0.00	0.01	(0.00)	(0.00)

	3 months August 31 2019	3 months May 31 2019	3 months February 28 2019	3 months November 30 2018
Total Assets	305,671	548,424	748,253	997,156
Total Revenue	**0**	**0**	**0**	**0**
Working Capital (deficiency)	(2,608,303)	221,160	434,342	686,950
Profit (loss)and comprehensive	(2,920,688)	(233,212)	(231,478)	(202,454)
Loss per-share (basic & diluted)	(0.00)	(0.00)	(0.00)	(0.05)
2019 - share #	57,756,299	57,756,299	57,756,299	57,756,299
2019 - EPS	(0.05)	(0.00)	(0.00)	(0.00)

Annual Information

	Year Ended Aug 31st		
	2020	2019	2018
Total Assets	59,310	305,671	405,244
Total Revenue	-	-	-
Working Capital (deficiency)	(2,991,171)	(2,608,303)	(158,142)
Income (loss)	562,749	(3,587,832)	(2,938,700)
Income (loss) per share	0.01	(0.06)	(0.08)
Expenses			
Directors fees (Note 11)	(21,000)	84,230	84,000
Management fees (note 11)	23,830	305,777	314,825
Professional fees	167,531	245,174	278,361
Salaries & Wages	7,391	36,927	113,136
Office	57,116	41,966	66,729
Property Investigation Cost (Note 7)	13,642	13,244	628,075
Rent	4,993	47,584	79,843
Shareholder communication	2,620	17,143	84,123
Investor Relations	1,015	0	72,740
Transfer agent & related cost	5,200	17,916	19,328
Travel & related costs	0	9,567	59,887
Share based payments (note 10 and 11)	(2,670)	24,429	132,084
Gain on deconsolidation of subsidiary (Note 2C)	(790,713)	0	0
Acquisition Cost (Note 15)	0	2,775,335	0
Foreign Exchange loss (Gain)	(31,704)	(25,509)	3,131
Financing Costs	0	0	24,405
Asset Impairment	0	0	988,009
Total Expenses	(562,749)	3,593,783	2,948,676
Other items			
Interest income	0	5,951	9,976
Income (loss) and comprehensive income (loss)	**562,749**	**(3,587,832)**	**(2,938,700)**
Basic & Diluted weighted average number of common shares outsanding	59,857,176	57,756,299	37,777,176

Annual Information

During the year ended August 31, 2020 (“current period”), the Company earned income of 562,749 compared to a loss of $3,587,832 for year ended August 31, 2019 and $2,938,700 for the year ended August 31, 2018 (“comparative periods”). An analysis of the operating results are as follows:

Property Investigation Costs
Property investigation costs during the current period were $13,642 in 2020 and $13,244 in 2019 versus $628,075 for the comparative period of 2018. In Q1 of 2020, the Company concluded its investigation of opportunities in Poland. The property investigation costs for the current period and comparative period relate to these continued investigations.

Management fees
Management fees during the current period were $23,830 in 2020 and $305,777 in 2019 versus $314,825 for the comparative period of 2018. Management fees consist primarily of payments made to the CEO, the VP

Business Development and the Interim CFO in 2019. Management fees decreased in 2020 due to the resignation of an Interim CFO and some temporary financial consulting and engineering support. Monthly fees paid to the CEO were ceased from September 2019 due to lack of funding.

Professional fees
Profession fees during the current period were $167,531 in 2020 and $245,174 in 2019 versus $278,361 for the 2018 comparative period. Most of the decrease during the current period was due to legal fees incurred as part of managing the wind down of French assets and initial closing of the acquisition of the Polish Assets.

Salaries and wages
Salary and wages were $7,391 for 2020 and $36,927 for the 2019 period versus $113,136 recorded in the comparative period of 2018. Salary & wages relate to one contracted administrative employee who was terminated upon the company receiving approval for the liquidation of our French subsidiary in March 2020.

Director's fees
Director fees include $Nil in 2020 and $84,230 in 2019 versus $84,000 for the 2018 comparative period, accrued to three non-executive directors of the Company. During 2020, certain fees were waived by the directors which resulted in a recovery of $21,000.

Interest income
Interest income was $Nil for the current period versus a net financing income of $5,951 in 2019 and $9,976 in the 2018 comparative period. Interest income is generated by the investment of excess cash and by the interest-bearing acquisition deposit.

Horizon's projects have not generated revenue. Please see disclosure under Poland in the Highlights and Overview section of this MDA for the status of such projects and the conditions required to be satisfied prior to moving the Projects to the next stage.

Liquidity and Capital Resources

As at August 31, 2020 the Company had a working capital deficiency of $2,991,171 (2019 – $2,608,303) and cash and cash equivalents of $47,220 (2019 – $220,144). The Company has decommissioning obligations of $Nil as at August 31, 2020 (2019 – $954,926).

The Company's working capital requirements going forward will be reviewed and defined once the Transformation Process in Poland has been completed and the work program on the assets has been finally agreed with the Polish Government.

Future development of the Company will depend on the Company's ability to obtain additional financings. In the past, the Company has relied on private placements to meet its cash requirements. The Company will need to raise further capital most likely through private placements. The capital for future developments of the Polish gas projects will be raised by a combination of debt and equity financings and future cashflows from an initial gas production from the gas fields.

To continue as a going concern and to meet its corporate objectives, the Company will require additional financing through debt or equity issuances or other available means. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. Factors that could affect the availability of financing include, but are not limited to, the progress and exploration results of the oil and gas properties, the state of international debt, equity and commodity markets, and investor perceptions and expectations. Failure to obtain such financing on a timely basis could cause the Company to reduce capital spending and could lead to the loss of the concessions due to a failure to demonstrate financial capacity to complete the agreed work programs.

The Company's Financial Statements were prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. If this assumption were not appropriate, adjustments to these annual consolidated financial statements may be necessary. Material uncertainties as to the Company's ability to obtain additional financing to fund future operations may cast significant doubt on the Company's ability to continue as a going concern. The successful future operations of the Company are dependent on the ability of the Company to secure sufficient funds through financing or other sources, and there are no assurances that such financing will be obtained.

Exploration and Evaluation Assets

The Company has no active licenses or concessions.

In France, there were no active assets available as at August 31 2020 as, Ledieux and Ger permits in France expired in 2018. Approval for an extension was declined by the French Government on February 12, 2020. The Ger permit was carried at $Nil.

In Poland, the Bielska-Biala and Cieszyn concessions are currently suspended until the Transformation Process has been completed with the Polish Government. Once completed Horizon will have title to the concessions and be able to commence operations under a work program that remains to be finalised with the Government.

Related Party Transactions

The Company incurred the following expenses charged by key management personnel and companies controlled by key management personnel:

	Twelve months August 31, 2020	Twelve months August 31, 2019
Executive compensation (1)	$ 18,484	$ 300,500
Non-executive directors fees (2)	(21,000)	84,000
Share-based payments	(2,670)	24,429
	$ (5,186)	$ 408,929

(1) Executive compensation includes all management fees accrued to the Company's current CEO, VP Business Development and former corporate secretary of the company.
(2) Includes $Nil (2019 - $84,000) in directors' fees accrued to three non-executive directors of the Company. During 2020, certain fees were waived by the directors which resulted in a recovery of $21,000.

During the year ended August 31, 2019, directors and officers subscribed for a total of 3,260,000 common shares for aggregate gross proceeds of $163,000.

As at August 31, 2020, $16,417 (2019 - $65,257) was payable to directors and officers of the Company. These amounts were unsecured, non-interest bearing with no fixed terms of repayment

Off Balance Sheet Arrangements

There are no off-balance sheet arrangements.

Commitments and Contingencies

(a) The Company's oil and gas activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

(b) The Company has discontinued oil and gas operations in various jurisdictions and has sold, dispersed of, or written down the carrying value of the related assets to nominal amounts. An estimate of the total liability, if any, for which the Company might become obligated as a result of its role as operator, guarantor, or indemnifier is not determinable, nor expected to be material, and no amount has been provided for in these consolidated financial statements.

(c) Upon completion of the Transformation Process, the Poland concessions may be subject to annual licence fees and a mining usufruct fee. The exact amounts of such fees remains to be finalised with the Government. The requirement to pay such fees is contingent upon the completion of the Transformation Process, and accordingly no amounts have been recorded for these items in these consolidated financial statements.

(d) During 2020, the Company received a tax assessment for Petromanas in the amount of €2,085,686 ($3,248,039) relating to taxes assessed on a 2017 gain on intercompany debt forgiveness. The Company disagrees with the assessment and would have disputed the amount. However, during 2020, the Company lost control of Petromanas as it entered a court approved liquidation process (see Note 2(c)). Accordingly, no amounts have been accrued in these consolidated financial statements relating to this contingent liability.

(e) The Company may be subject to various claims, lawsuits and other complaints arising in the ordinary course of business. The Company records provisions for losses when claims become probable and the amounts are estimable. Although the outcome of such matters cannot be determined, it is the opinion of management that the final resolution of these matters will not have a material adverse effect on the Company's financial condition, operations or liquidity. The outcome of these litigations cannot be reasonably determined, as a result, no amounts have been accrued as at August 31, 2020 and 2019.

Capital Resources and Commitments

The Ledieux license expired on August 8, 2018. At the time of expiry, we had a commitment to spend €8 million on developing the block. This commitment expired with the permit. The Company had applied for an extension to the permit under the same conditions as the previous permit but the application was declined by the French Government on February 12, 2020 with no further obligations.

Investor Relations

The Company does not have any agreements with any firm to provide Investor Relations services.

Financial Instruments and Risks:

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

(a) Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

(b) Level 2: Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantively the full term of the asset or liability; and

(c) Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

All the Company's financial instruments approximate their fair value as at August 31, 2020 and August 31, 2019 due to their short-term nature.

The Company does not have any financial instruments recognized at fair value as at August 31, 2020 and 2019. The carrying values of cash and cash equivalents, receivables, accounts payable and accrued liabilities and acquisition cost payable approximate their fair values because of their short terms to maturity.

(a) Financial instrument risk exposure and risk management:

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes. The type of risk exposure and the way in which such exposure is managed is provided below:

(b) Credit risk:

Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets, including cash and receivables. The Company limits the exposure to credit risk by only investing its cash with high credit quality financial institutions in business and saving accounts, and guaranteed investment certificates, which are available on demand by the Company. The carrying amount of cash and receivables represents the Company's maximum exposure to credit risk.

(c) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The has no interest bearing iinstruments which bear interest at fixed or variable rates. The Company is not exposed to material interest rate risk.

(d) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company ensures, as far as reasonably possible, it will have sufficient capital in order to meet short term business requirements, after taking into account cash flows used in operations and the Company's holdings of cash. The Company's cash is currently invested in business accounts which are available on demand by the Company for its programs. As at August 31, 2020, the Company had cash of $47,220 (2019 - $220,144) to settle current liabilities of $3,050,482 (2019 - $2,901,995). The Company will require further financings to cover its expected cash requirements for the next year. (See note 1 to the consolidated financial statements.)

(e) Business Risks and Uncertainties

The Company is reliant on the successful completion of the Transform Process to convert the Bielska-Biala and Cieszyn concessions to the new concession law. This involves negotiations to finalise the work programs to be conducted and the value of the concession fees and guarantees that will be paid to the Government. These negotiations are yet to be concluded.

(f) Foreign currency:

The Company is exposed to foreign currency risk as some of its cash and accounts payable and accrued liabilities are held in United States dollars ("USD"), Euros and Polish Zloty. A portion of the Company's acquisition cost payable is denominated in USD and Euros. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time. The exposure of the Company's foreign denominated financial instruments is as follows:

	2020		2019	
	Amount in Foreign Currency $	Amount in Canadian Dollars $	Amount in Foreign Currency $	Amount in Canadian Dollars $
United States dollars:				
Cash	-	-	9,709	12,933
Accounts payable and accrued liabilities	8,319	10,841	19,824	26,406
Acquisition cost payable	1,210,000	1,576,786	1,210,000	1,611,765
Euro				
Cash	-	-	9,370	13,723
Accounts payable and accrued liabilities	105,423	164,213	-	-
Acquisition cost payable	30,000	46,730	30,000	43,936
Polish Zloty				
Cash	115,845	41,050	5,021	1,679
Receivables	-	-	34,980	11,697
Accounts payable and accrued liabilities	105,657	37,440	31,353	10,485

The Company is exposed to foreign currency risk on fluctuations of financial instruments related to cash, receivables, accounts payable and accrued liabilities and acquisition cost payable. Financial instruments are denominated in US dollars, Euros, and Polish Zloty. As at August 31, 2020, the net loss and comprehensive loss would have been $86,003 (2019 - $81,579) higher/lower, had the Canadian dollar strengthened/weakened by 5% as a result of foreign exchange gains/losses on translation of US dollar, Euros, and Polish Zloty denominated financial instruments.

Capital Management

The Company's objectives when managing capital are:

- To maintain and safeguard its accumulated capital in order to provide an adequate return to shareholders by maintaining a sufficient level of funds to acquire, explore, and develop oil and natural gas properties.
- To invest cash on hand in highly liquid and highly rated financial instruments with high credit quality issuers, thereby minimizing the risk of loss of principal.
- To obtain the necessary financing to complete the future acquisition, exploration and development of oil and natural gas properties, if and when it is required.

In the management of capital, the Company includes shareholders' equity in the definition of capital. The Company is not exposed to externally imposed capital requirements. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of August 31, 2020, the Company is not compliant with the policies of the TSXV. The impact of this violation is not known and is ultimately dependent on the discretion of the TSXV.

The Company manages the capital structure and makes adjustments to it, based on the level of funds required to manage its operations in light of changes in economic conditions and the risk characteristics of its underlying assets. There are no significant changes in the Company's approach to capital management during the years ended August 31, 2020 and 2019.

To maximize ongoing exploration and future development efforts, the Company does not pay dividends. Notwithstanding the risks described in note 1 of the accompanying consolidated financial statements, the Company expects to continue to raise funds, from time to time, to continue meeting its capital management objectives.

Business Risks and Uncertainties

The Company is a junior resource exploration and development company, with no material property interests. Resource exploration and development is inherently speculative in nature, and generally risky for many varied reasons. The Company has a limited history of operations and there can be no assurance our business will be successful or profitable.

Readers should consider the investment risks set out below and those described elsewhere in this MD&A, which are in addition to the usual risks associated with an investment in a business at an early stage of development. The risks set out below are considered to be the most significant, but not definitive of all possible risks associated with an investment in the Company. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the Board is currently unaware or which they consider not to be material in relation to our business, the assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected.

No History of Earnings

The Company has no history of earnings, limited cash reserves, and a limited business history. The Company is in the "start-up" phase of its plan to enter the oil and natural gas industry as a junior exploration company; and the operations are not sufficiently established such that it can mitigate the risks associated with itsplanned activities.

Substantial Capital Requirements: Liquidity

The Company will require significant amounts of new capital to carry out any oil and natural gas property acquisitions, exploration and development activities. Failure to obtain such financing on a timely basis could cause the Company to forfeit its interest in certain properties, miss certain business opportunities and reduce or terminate its operations. There can be no assurance that debt or equity financing or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes, or if debt or equity financing is available, that it will be on terms the Company deems acceptable. Moreover, future activities may require the Company to alter its capitalization significantly. The Company's inability to access sufficient capital for its operations could have a material adverse effect on the business, financial condition and results of operations.

The Company may be required to issue securities on terms less favourable than made to current shareholders in order to raise sufficient capital to fund its business plan in a timely manner. Any future transaction involving the issuance of Common Shares or securities convertible into Common Shares will result in dilution, possibly substantial, to existing Shareholders.

Dependence on Key Personnel

The Company's success is currently dependent on the services of its directors and officers; and in the future may be dependent upon key employees. The experience of these individuals is a key factor to its future success and growth. The Company does not have and may not acquire any key man insurance policies and therefore there is a risk that the death or departure of any member of management would have a material adverse effect on its business. Investors who are not prepared to rely on existing management should not invest in the Company securities.

Conflicts of Interest

There are potential conflicts of interest to which the Company's directors and officers may be subject in connection with its operations. Some directors and officers may be, or may become, engaged in other ventures in the oil and natural gas industry in which the Company would not have an interest, and situations might arise where proposed directors and officers will be in direct conflict with the Company. Conflicts of interest will be governed by the procedures established by applicable corporate laws.

Management of Growth

Should the Company be successful in the development of the Bielska-Biala concessions, and in identifying and acquiring any further interests in a material oil and natural gas project or projects, the Company may be subject to growth-related risks, capacity constraints and pressure on its internal systems and controls, particularly given the early stage of development and limited number of management personnel.

The Company's ability to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability to deal with this growth could have a material adverse impact on its business, operations and prospects.

Issuance of Debt

From time to time, the Company may enter into transactions to acquire the assets or shares of other corporations. These transactions may be financed wholly or partially with debt, which may temporarily increase the Company's debt levels above industry standards. The level of indebtedness from time to time could impair its abilityto obtain additional financing in the future, on a timely basis, to take advantage of business opportunities that may arise.

Volatile Stock Price

The price of the Common Shares is expected to be highly volatile and will be drastically affected by the success of exploration and development results as well as global commodities markets. The Company cannot predict the results of future activities nor of commodity pricing.

Dividends

The Company has not paid any dividends and is unlikely to pay dividends in the immediate or foreseeable future. The future payment of dividends will be dependent upon realizing revenues, generating net income, the financial requirements to finance future growth, the overall financial condition, and other factors which the Board may consider appropriate in the circumstances. There is no assurance the Company will ever be in a position to pay dividends, or that the same will be paid even if net income was available for distribution.

Oil and Natural Gas Property Risks

Acquisition Risks

The Company currently has interests in Poland in connection with the Poland Transaction. There are further, though limited, potential acquisition, exploration, exploitation, development and production opportunities. Management will continue to evaluate prospects on an ongoing basis. The Company's long-term commercial success will depend on its ability to acquire, develop and commercially exploit natural gas reserves in Poland and Europe. No assurance can be given that the Company will be able to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, it may determine that current markets, terms of acquisition and participationor pricing conditions make such acquisitions or participations uneconomic.

Exploration, Exploitation, Development and Production Risks

Oil and natural gas exploration, exploitation and development involves a high degree of risk and there is no assurance that expenditures made on the Company's future exploration, exploitation and development activities will result in new discoveries of oil or natural gas in commercial quantities.

It is difficult to project the costs of implementing drilling programs due to the inherent uncertainties of drilling in the gas bearing reservoirs at the Lachowice gas field and also in unknown formations. The costs associated with encountering various drilling conditions such as over-pressured zones and tools lost in the hole, and changes in drilling plans and locations as a result of prior wells or additional seismic data and interpretations thereof are difficult to predict.

Future oil and natural gas exploration, exploitation and development may involve unprofitable efforts, not only from any non-producing wells, but from wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental approvals or consents, shut-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical conditions.

While close well-supervision and effective maintenance operations can contribute to maximizing production rates over time, production delays and declines from normal field operating conditions cannot be eliminated and can be expected to adversely affect revenue and cash-flow levels to varying degrees.

In addition, oil and natural gas operations are subject to the usual risks including encountering unexpected formations or pressures, premature declines of reservoir pressures, blow-outs, cratering, sour natural gas releases, fires and spills. Losses resulting from the occurrence of any of these risks could have a materially adverse effect on future results of operations, liquidity and financial condition.

No Assurance of Title

Title to or rights in oil and natural gas properties may involve certain inherent risks due to, among other things, problems arising from complex and historical title holdings, unregistered claims and changing governmental rules and policies. Although we will conduct reasonable investigations with respect to the validity of ownership, there can be no assurance that it will hold good and marketable title to any of its concessions or future acquired properties.

Licensing and Permitting Delays

The Company’s operations will require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out the exploration and development of its projects in a timely manner or at all.

Disruptions in Production

Other factors affecting the exploration and development of oil and natural gas properties that could affect future profitability include: (i) expiration or termination of leases, permits or licenses, (ii) changes in market prices for commodities or suspension of deliveries; (iii) future litigation; (iv) the timing and amount of insurance recoveries; (v) work stoppages or other labour difficulties; (vi) worker vacation schedules and related maintenance activities; and (vii) changes in the market and general economic conditions. Weather conditions, equipment replacement or repair, fires, amounts of natural materials and other geological conditions can have a significant impact on operating results.

Shortages of Equipment and Access Restrictions

Exploration and development activities are dependent on the availability of drilling and related equipment in the particular areas where such activities will be conducted. Demand for a limited supply of equipment or access restrictions may adversely affect the availability of such equipment and may delay exploration and development activities, which could in turn adversely affect the Company’s continued operations.

Industry Risks

The Company's ability to execute projects and market oil and natural gas will depend upon numerous factors beyond the Company's control, including:

- the availability of processing capacity;
- the availability and proximity of pipeline capacity;
- the supply of and demand for oil and natural gas;
- commodity prices;
- the availability of alternative fuel sources;
- the effects of inclement weather;
- the availability of drilling and related equipment;
- unexpected cost increases;
- currency fluctuations;
- greenhouse gas regulations;
- the availability and productivity of skilled labour; and
- regulation of the oil and natural gas industry by various levels of government and governmental agencies.

Because of these factors, the Company may be unable to execute projects on time, on budget or at all, and may notbe able to effectively market the oil and natural gas that it hopes to produce.

Environmental Concerns

All phases of the oil and natural business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of federal, provincial and local laws and regulations.

Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with oil and natural gas operations. Compliance with such legislation can require significant expenditures, and a breach of applicable environmental legislation may result in the imposition of fines and penalties, some of which may be material.

Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of oil, natural or other pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require the Company to incur costs to remedy such discharge. No assurance can be given that environmental laws or agricultural or other land use requirements will not result in a curtailment of future production and operations or a material increase in operating costs, gas development and exploration activities or otherwise adversely affect the Company's financial condition, results of operation or future prospects.

In certain areas where the Company may operate, spills, releases and other environmental and safety issues can occur as a result of sabotage and damage to wells and pipelines. Depending on the cause and severity of an environmental incident, our reputation may also be adversely affected, which could limit our ability to obtain permits and implement future plans.

Our future operations will be subject to various Polish and European Union environmental laws. The Company intends to conduct its oil and gas activities in an environmentally responsible manner and in accordance with all applicable laws.

There can be no assurance that any new environmental laws, regulations, or stricter enforcement policies, once implemented, will not oblige the Company to incur significant expenses and undertake significant investments in such respect which could have a material adverse effect upon the Company's business, financial condition and results of operations.

Climate Change Legislation

Governments around the world have become increasingly focused on addressing the impacts of global climate change, particularly in the reduction of gases with the potential to contribute to greenhouse gas levels in the atmosphere. The oil and natural gas industry is subject to stringent environmental regulations in Poland and Europe. The political climate is leading to new programs for environmental laws and regulations, particularly in relation to the reductions of emissions and emissions intensities and there is a risk that any such programs, laws and regulations, if proposes and enacted, will contain emission reduction targets that may result in operating restrictions and/or compliance costs to avoid a breach of applicable legislation.

Governments climate change policies are emerging and evolving at the regional, national and international levels in Poland and Europe. Political and economic events may significantly affect the scope and timing of climate change measures that are ultimately implemented. The implementation of such climate change strategies by the government in Poland or any country the Company may operate in the future for reducing greenhouse gas emissions could have a material impact on the future operations and financial condition of the Company. Furthermore, concerns about climate change have resulted in a number of concerned parties opposing the continued exploitation and development of hydrocarbons. Given the evolving nature of the climate change debate and the resulting potential changes to climate change and environmental legislation, it is not possible to predict the impact of such changes on the Company, its future operations, its financial condition and its ability to raise capital or other financing and its future cost of capital.

Public Health Crises

A regional, national or international outbreak of a contagious disease, such as Covid-19, could have an adverse effect on local, regional and potentially global economies that may adversely impact the demand and prices for oil and gas. A public health crisis could also impact the Company's ability to conduct operations and may result in temporary shortages of personel to the extent that the Company's work force is impacted. Such an impact could have a material adverse effect on the Company's business, financial condition, organization, results of operations and future cash flows.

Governmental Regulation

The oil and natural gas business is subject to regulation and intervention by governments in such matters as the awarding of exploration and production interests, the imposition of specific drilling obligations, environmental protection controls, control over the development and abandonment of fields (including restrictions on production) and possible expropriation or cancellation of contract rights and property interests, as well as with respect to prices, taxes, export quotas, royalties and the exportation of oil and natural gas. Such regulations may be changed from time to time in response to economic or political conditions. The implementation of new regulations or the modification of existing regulations affecting the oil and natural gas industry could reduce demand for oil and natural gas, increase the Company's costs and have a material adverse effect on the Company and its business.

Competition

The oil and natural industry is highly competitive. The Company actively competes for oil and natural gas rights and lands, reserve acquisitions, exploration, exploitation and development leases, licenses and concessions and skilled industry personnel with a substantial number of other oil and natural gas companies, many of which have significantly greater financial and other resources. As such the Company cannot guarantee that it will be able to access the personnel required with the appropriate expertise and experience.

Board of Directors Audit, Governance and Environmental and Climate Change Disclosures

Attached to this amended Management's Discussion and Analysis as Schedule "1" is a summary of corporate governance practices as required by National Instrument 58-101 – *Disclosure of Corporate Governance Practices*.

Attached to this amended Management's Discussion and Analysis as Schedule "2" is disclosure of audit committee information as required by National Instrument 52-110 – *Audit Committees.*

The Company has not yet approved any Environment Policies as it is does not operate any assets at the present time. Our future operations will be subject to various Polish and European Union environmental laws. The Company intends to conduct its oil and gas activities in an environmentally responsible manner and in accordance with all applicable laws and will put in place the appropriate environmental and climate change policies before operations commence.

Current Share Data

As of August 23, 2021, and the Company had:

a) 59,857,176 common shares issued and outstanding;

b) 43,333 stock options outstanding with an exercise price of $0.90 per share, expiring on August 4, 2023, 341,665 stock options outstanding with an exercise price of $0.60 per share, expiring on December 4, 2022, 991,667 stock options outstanding with an exercise price of $0.07 per share, expiring on November 5, 2022, 108,333 stock options outstanding with an exercise price of $0.09 per share, expiring on November 8, 2022.

Additional information is available on SEDAR at www.sedar.com

Subsequent Events

On December 21, 2020, the Company received a loan in the amount of $75,000. The loan bears interest at 10% and matures on December 21, 2021. The loan is secured against the assets of the Company.

Critical Accounting Estimates

Horizon's financial and operating results contain estimates made by management in the following areas:

- Capital expenditures may be based on estimates regarding projects at various stages of evaluation, the total costs of which have not been invoiced to the Company;
- Expenses may be based on items have not been invoiced;
- Decommissioning obligations are based on estimates of future costs and the timing of expenditures;
- The recoverable value of capital assets is based on estimates that the Company expects to realize in the future; and
- Share-based compensation is based on estimates of the future volatility of the Company's common shares, among other factors.

Management's assumptions are based on factors that, in management's opinion, are relevant and Appropriate. Management's assumptions may change over time as operating conditions change.

Decommissioning Obligations

The Company recognizes the liability for the decommissioning associated with the abandonment of petroleum and natural gas wells, related facilities, the removal of equipment, and the restoration of land to its original condition. The fair value of the Company's obligation is recorded in the period a well or related property is drilled, constructed or acquired. Fair value is estimated using the present value of the estimated future cash outflows to abandon the assets at the Company's risk-free interest rate based on the expected timing of such cash outflows. Future costs and their expected timing are estimates that are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates could be material in future periods.

Share-based Compensation

Share-based compensation is a non-cash expense calculated in respect of options and warrants granted. The calculation is based on the estimated fair value of the options and warrants at the time granted and is recognized as an expense over the respective vesting periods. The fair value of options is estimated using the Black-Scholes pricing model based on estimates and assumption for the expected life, volatility, risk-free interest rate, forfeiture rate, and dividend yield. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates could be material in future periods.

Accounting standards, amendments and interpretations:

IAS 1 – Presentation of Financial Statements ("IAS 1") and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8") were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments were effective for annual reporting periods beginning on or after January 1, 2020. The adoption of this IFRS had no material effect on the consolidated financial statements.

IFRS 3 – Business Combinations ("IFRS 3") was amended in October 2018 to clarify the definition of a business. This amended definition states that a business must include inputs and a process and clarified that the process must be substantive and the inputs and process must together significantly contribute to operating outputs. In addition it narrows the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs and added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets. The amendments were effective for annual reporting periods beginning on or after January 1, 2020. The adoption of this IFRS had no material effect on the consolidated financial statements.

Recent accounting pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after September 1, 2020. Many are not applicable or do not have a significant impact to the Company and have been excluded. Management is currently evaluating the potential impact of these pronouncements on the Company's consolidated financial statements.

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023.

IFRS 10 – Consolidated Financial Statements ("IFRS 10") and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28") were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however early adoption will be permitted.

IAS 16 – Property, Plant and Equipment ("IAS 16") was amended. The amendments introduce new guidance, such that the proceeds from selling items before the related property, plant and equipment is available for its intended use can no longer be deducted from the cost. Instead, such proceeds are to be recognized in profit or loss, together with the costs of producing those items. The amendments are effective for annual periods beginning on January 1, 2022.

Disclaimer

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. It should be read in conjunction with all other disclosure document provided by the Company, which can be accessed www.sedar.com. No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein.

SCHEDULE "A:

Form 58-101F2
HORIZON PETROLEUM LTD.
(the "Corporation")

Corporate Governance Disclosure
(Venture Issuers)

1. Board of Directors

Corporate governance refers to the policies and structure of the board of directors of a company, whose members are elected by and are accountable to the shareholders of the company. Corporate governance encourages establishing a reasonable degree of independence of the board of directors from executive management and the adoption of policies to ensure the board of directors recognizes the principles of good management. The board of directors of the Corporation (the "**Board**") is committed to sound corporate governance practices, as such practices are both in the interests of shareholders and help to contribute to effective and efficient decision-making.

Directors are considered to be independent if they have no direct or indirect material relationship with the Corporation. A "material relationship" is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director's independent judgment.

The Company's Board facilitates its exercise of independent judgement in carrying out its responsibilities by carefully examining issues and consulting with outside counsel and other advisors in appropriate circumstances. The Board requires management to provide complete and accurate information with respect to the Company's activities and to provide relevant information concerning the industry in which we operate in order to identify and manage risks. The Board is responsible for monitoring the Company's officers, who in turn are responsible for the maintenance of internal controls and management information systems.

Currently, the Board has three independent members, being Yogeshwar Sharma, Charle Gamba and Henry Wilson. The non-independent member is David Winter by virtue of his role as an officer of the Corporation.

2. Directorships

The following table sets forth the Company's Board of Directors who currently hold directorships in other reporting issuers:

Name of Director	Other Issuer
Charle Gamba	Canacol Energy Ltd. Pieridae Energy Ltd.
David A. Winter	Canacol Energy Ltd.

Henry Wilson	The Stanley Gibbons Group plc

3. **Orientation and Continuing Education**

Each new director is given an outline of the nature of the Company's business, its corporate strategy and our current issues. New directors are also required to meet with management to discuss and better understand the Company's business and are given the opportunity to meet with its 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. The Company continually reviews the latest securities rules and policies and are 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 directors either by way of director or committee meetings or by direct communications from management to the directors.

4. **Ethical Business Conduct**

The Board has found that the fiduciary duties placed on individual directors by the governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual directors' 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 Company's best interests. Further, the Company's auditor has full and unrestricted access to the Audit Committee at all times to discuss the audit of the financial statements and any related findings as to the integrity of the financial reporting process.

5. **Nomination of Directors**

The Board does not have a nominating committee, and these functions are currently performed by the Board as a whole. As a result of the Corporation's size, its stage of development and the limited number of individuals on the Board, the Board considers a nominating committee to be inappropriate at this time.

6. **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 the Company's 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 the Company's success in achieving its objectives.

Given the Corporation's current status and financial position, neither the Corporation's executive officers nor its directors receive any compensation or remuneration from the Corporation at this time."]

7. Other Board Committees

The Board has no other committees other than a Reserves Committee.

8. 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.

SCHEDULE "B"

Form 52-110F2

HORIZON PETROLEUM LTD.
(the "Corporation")

Disclosure by Venture Issuers

1. The Audit Committee's Charter

The text of the Corporation's audit committee's (the "**Audit Committee**") charter is attached hereto as Schedule "A".

2. Composition of the Audit Committee

The following are the members of the Audit Committee:

Harry Wilson	Independent[(1)]	Financially literate[(1)]
Yogeshwar Sharma	Independent[(1)]	Financially literate[(1)]
Charle Gamba	Independent[(1)]	Financially literate[(1)]

Note:

1. As defined in NI 52-110 – *Audit Committees* ("**NI 52-110**").

3. Relevant Education and Experience

Harry Wilson has over 40 years of business experience, initially in the oil industry but successively in a wide range of business sectors. He has been founder, CEO and Chairman of a number of independent oil companies and led public listings for five companies including Dragon Oil Plc and Eland Oil & Gas Plc. He has been an executive and non-executive director of listed companies in the UK and abroad and has built up an extensive range of London and international contacts in investment, broking and advisory communities. Mr. Wilson received a BSc in physics from Manchester University in 1973. Following graduation, he spent 17 years in various roles at British Petroleum and attended the Executive Programme at the INSEAD Business School in France in 1985.

Yogeshwar Sharma has over 40 years of broad international oil and gas industry experience. He is the co-founder of LSE-listed Hardy Oil and Gas plc, and served as its CEO until May 2012. Prior to founding Hardy, Yogeshwar worked at Elf International as the Manager of Reservoir Engineering and also served as an External Examiner at the Heriot Watt University in Edinburgh. He is a Registered Professional Engineer in Alberta and a member of the Society of Applied and Industrial Mathematics. Mr. Sharma graduated from the University of Alberta with a BSc in Mechanical Engineering.

Charle Gamba has been the Chief Executive Officer and President of Canacol Energy Ltd. since October 2008. He is a senior executive with almost 30 years working experience in the US and international upstream oil and gas industry. Charle served as a Vice President of Exploration at Occidental Oil & Gas Company from 2001 to 2008. In his seven years with Occidental, he worked in Ecuador, Qatar, Colombia, and the United States in a variety of technical management roles. Charle started his professional career as a geologist with Imperial Oil in Calgary in 1994.

4. Audit Committee Oversight

At no time since the commencement of our most recently completed financial year was a recommendation of the Committee to nominate or compensate an external auditor not adopted by the Board of Directors (the "**Board**").

5. Reliance on Certain Exemptions

Other than as disclosed herein, at no time since the commencement of our most recently completed financial year have we relied on the exemption in Section 2.4 of NI 52-110 *(De Minimis Non-audit Services),* or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

The Corporation, as a venture issuer, is relying on the exemption provided in section 6.1 of NI 52-110, which provides that a venture issuer is not required to comply with Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

6. Pre-Approval Policies and Procedures

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

7. External Auditor Service Fees (By Category)

Aggregate fees paid to the Auditor during the financial years ended August 31, 2020 and 2019 were as follows:

Type of Fees	Year ended August 31, 2019 ($)	Year ended August 31, 2020 ($)
Audit Fees	72,429.27	9,847.1
Audit-Related Fees	-	-
Tax Fees	-	-
All Other Fees	-	-
Total	**72,429.27**	**9,847.1**

Notes:

1. Audit related fees include fees charged for assurance and related services reasonably related to the performance of an audit, and not included under "Audit Fees".
2. Tax fees include fees charged (or estimated charges) for tax compliance, tax advice and tax planning services.
3. All other fees include fees for services other than disclosed in any other row above.

SCHEDULE "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 themeeting 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 compensationrelated 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:
    a. 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

b. 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 statementsand 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 onthe 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 Companyof 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 theCommittee.
23. Review and assess the adequacy of this Charter annually and recommend any proposed changes to the Board of Directors for approval.

<u>Authority</u>

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.