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Horizon Petroleum Announces NI51-101 Reserves and Resources Report for Poland Acquisition, Proposed Development Plan and C\$5 Million Financing

Calgary, Alberta, June 13, 2018 - Horizon Petroleum Ltd. (the “Company” or “Horizon”) (TSXV: HPL) is pleased to report the results of a recent independent reserve and resource evaluation (“Reserves Report”) on the Lachowice conventional natural gas field in the Bielsko-Biala concession in southern Poland, which Horizon has agreed to acquire from San Leon Energy plc (“San Leon”), as part of the previously announced acquisition of concessions by Horizon on September 19, 2017 (the “Acquisition”). The Reserves Report was prepared in compliance with the standards set out in National Instrument 51-101 of the Canadian Securities Administrators and the Canadian Oil and Gas Evaluation Handbook (COGEH).

The Company is also pleased to provide an update on its planned development of the Lachowice field and announce an associated financing of up to C\$5 million to complete the Acquisition and progress development of the field.

Highlights

- Probable Undeveloped Reserves (2P) of 36 Bcfe (6.0 MMBoe) valued at US\$98 million (NPV10 BTAX)
- Risked Best Estimate Contingent Resources (2C) of 171 Bcfe (28.5 MMBoe) valued at US\$398 million (NPV10 BTAX)
 - Unrisked Best Estimate Contingent Resources (2C) of 249 Bcfe (41.4 MMBoe)
- Risked Best Estimate Prospective Resources of 123 Bcfe (20.6 MMBoe)
 - Unrisked Best Estimate Prospective Resources of 487 Bcfe (81.2 MMBoe)
- Phased development plan, consisting of a new vertical well to be drilled in the first half of 2019, targeting facility-constrained natural gas sales of 3.0 MMcf/d by late 2019
 - Two horizontal or highly deviated wells to be drilled in mid-2020, increasing production to 17.5 MMcf/d by late 2020
 - Drilling to continue, with production increases to over 30 MMcf/d thereafter
- Proposed private placement of up to C\$5 million to close the Acquisition and progress development of the field

Discussion of Reserves and Resources

The Acquisition consists of a 100% interest in four conventional oil & natural gas concessions in Poland known as Bielsko-Biala, Cieszyn, Kotlarka, Prusice, and a fifth concession that is under application, Buchowice. The purchase price is US\$1 million in cash (US\$900,000 payable at closing, US\$100,000 was previously paid), C\$1 million in Horizon shares, and a 6% Net Profit Interest (“NPI”). Closing of the Acquisition is subject to a number of conditions, including certain approvals by the government in Poland, as well as the final approval of the TSX Venture Exchange (the “TSXV”). The closing of the Acquisition of the concessions from San Leon is expected to occur in mid-2018.

APEX Global Engineering Inc. (“APEX”) prepared the Reserves Report with an effective date of January 31, 2018. APEX assigned the Probable Reserves and Contingent and Prospective Resources to the Lachowice field, which at 10,561 acres represents approximately 1.5% of the total lands to be held 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	804.6	198,821
- Lachowice field	42.7	10,561
Buchowice (under application)	927.0	229,067
Cieszyn	325.8	80,507
Kotlarka	212.4	52,473
Prucise	758.1	187,331
Total Acreage	3,028	748,198

Tables 2, 3 and 4 below summarize APEX’s estimates of Horizon’s conventional natural gas reserves and resources, subject to closing the San Leon acquisition. 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, operating and capital expenses, but before any attributable income taxes. Table 5 summarizes the commodity pricing used in the economic evaluations.

Table 2: Probable Reserves in Lachowice Field

Probable Reserves	PIIP ¹	Recoverable Sales	Before Income Taxes (US\$MM), Discounted at				
			0%	5%	10%	15%	20%
Conventional Natural Gas (Bcf)	49	34.4					
Condensate (MBbl)	344	261.7					
Total Bcfe	51.2	36.0	263	153	98	67	48
Total MMBoe	8.5	6.0					

Note 1: There is no certainty that it will be commercially viable to produce any portion of the reserves.

Table 3: Contingent Resources – Development Unclarified in Lachowice Field

Contingent Resources - Development Unclarified	Discovered PIIP ²			Unrisked Contingent Resources - Dev. Unclarified			Chance of Dev. (%)	Risky Contingent Resource (2C) - Dev. Unclarified	Before Income Taxes (US\$MM), Discounted at				
	1C	2C	3C	1C	2C	3C			0%	5%	10%	15%	20%
Conventional Natural Gas (Bcf)	309	422	583	169	238	339	68.6%	163.5					
Condensate (MBbl)	2,276	3,110	4,298	1,248	1,756	2,499	68.6%	1,206.2					
Total Bcfe	323	441	609	177	249	354	68.6%	170.7	1,341	688	398	249	165
Total MMBoe	53.8	73.5	101.5	29.5	41.5	59.0	68.6%	28.5					

Note 2: There is no certainty that it will be commercially viable to produce any portion of the resources.

Table 4: Prospective Resources in Lachowice Field

Prospective Resources	Undiscovered PIIP ³			Unrisked Prospective Resources			Chance of Dev. (%)	Average Chance of Disc. (%)	Risky Prospective Resources - Best Estimate
	Low	Best	High	Low	Best	High			
Conventional Natural Gas (Bcf)	544	778	1133	329	466	673	68.6%	36.9%	118.0
Condensate (MBbl)	4,007	5,448	7,933	2,501	3,547	5,121	68.6%	36.9%	897.8
Total Bcfe	568	811	1181	344	487	704	68.6%	36.9%	123.4
Total MMBoe	94.6	135.2	196.8	57.3	81.2	117.3	68.6%	36.9%	20.6

Note 3: There is no certainty that any portion of these 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	APEX Commodity Price Forecasts		
	Natural Gas		Condensate
	(US\$/MMBTU)	(US\$/Mcf)	(US\$/Bbl)
2019	7.56	8.08	67.00
2020	7.56	8.08	72.00
2021	7.56	8.08	76.50
2022	7.71	8.25	78.03
2023	7.87	8.42	79.59
2024	8.02	8.59	81.18
2025	8.18	8.76	82.81
2026	8.35	8.95	84.46
2027	8.51	9.12	86.15
2028	2% thereafter		

NOTES:

Natural gas transportation at 0.20 US\$/Mcf included

Natural gas heating modifier at 109.56%

Condensate price is based on Sproule forecast (Jan. 31, 2018)

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 3,000-4,000 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.

Following receipt of the Reserves Report, Horizon is currently in the process of finalizing its development plan. In general, it is currently anticipated that the development plan would begin with a new vertical well offsetting the Lachowice-7 location. Provided Horizon successfully closes the Acquisition, it is targeting to drill and test the well in the first half of 2019, with first production to occur by late 2019, with natural gas sales initially facilities constrained at approximately 3.0 MMcfe/d. The wells will produce natural gas under primary drive via the natural fractures and the matrix porosity within the reservoir. The project is considered pre-development and is expected to cost approximately US\$7.5 million to first production. In a previous press release dated September 19, 2017, Horizon had stated it was targeting first production from the Lachowice field by the second half of 2018. The regulatory process has proceeded slower than anticipated, and therefore the conversion of the concessions to the new Polish concession laws, and approvals related to Horizon taking operatorship of the concessions, has taken longer than expected. It is Horizon's understanding that the Polish government is currently considering these concessions, and the conversion and approvals are expected within the next six months.

A new horizontal or highly deviated well and a horizontal or highly deviated re-entry of the new vertical well (targeting >300m natural gas column) would be drilled in mid-2020, increasing production to 17.5 MMcfe/d at a new processing facility expected to be operational in late 2020. Drilling would continue with production increases to over 30 MMcfe/d thereafter. Operating netbacks are expected to be approximately US\$6.80 per Mcfe, based on current pricing. Timing of the development is subject to regulatory approvals, and Horizon has initiated efforts to begin and fast-track the regulatory process.

Other Assets - France

In France, the government passed a law on December 30, 2017 preventing new oil and natural gas licences to be issued, and all production on existing permits to cease by 2040. The Company has allowed its Ger licence to expire and has applied for a three-year extension on its Ledeuix licence. To the Company's knowledge, other companies operating in France have received extensions, and as such the Company has no reason to believe that it will not receive approval on the extension in 12-18

months. Currently, as there is no clarity on timing to first production, the Company will initiate the seismic and drilling applications but reduce all expenditures in France to minimum levels.

C\$5 Million Financing

Horizon proposes to raise up to C\$5 million through a private placement, issuing up to 100,000,000 common shares at a price of \$0.05 per share. The net proceeds are to be used to close the Acquisition, prepare the assets for development and for general corporate purposes. Horizon has entered into an engagement agreement with Gneiss Energy Limited, a London, United Kingdom based energy-focused advisory practice, for the purposes of raising new equity in Europe. In addition, Horizon will raise additional funds from Canadian and certain UK investors on a non-brokered basis.

Horizon is currently examining options for improving the Company's trading liquidity, access to new equity capital in Europe and profile alongside its international E&P peers. As part of these deliberations, Horizon may consider listing on another exchange, such as the London Stock Exchange. In the event the Company decides to undertake an additional listing, it expects to execute a plan within the next 6-12 months.

About Horizon Petroleum Ltd.

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.

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Advisories

Oil and Gas Advisories

The reserve and resource estimates contained in this press release have been prepared in accordance with NI 51-101, is dated as of January 31, 2018 and prepared by APEX.

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; (x) 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 entries. Table 6 below outlines the positive and negative factors which may be relevant to the Resource Report assumptions and estimates.

Table 6:

Positive Factors	Negative Factors
The Federal Government is familiar with the oil and gas industry	No gas plant near the play - a new gas plant is included in CAPEX
Federal government is supporting international investments into their oil and gas industry	No sales pipeline near the play - a new natural gas sales lines is included in CAPEX
Significant resources	No current sales contract
High and stable natural gas prices	Approval timelines may delay the project
Low royalties	Local resistance to drilling and/or production facilities may delay the project
Well understood approval process	Changing political landscape
The local community is familiar with natural gas production and processing and is generally well accepted	Access to capital to spend CAPEX
The development project is located in a farming area, away from major urban centers	Drilling and completion risks
	Limited production rate and reserves in place

Boe means a barrel of oil equivalent on the basis of 6 Mcf of natural gas to 1 barrel of oil equivalent. **Mcf** 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
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, anticipated potential of the Acquisition, the closing and timing of the Acquisition, the timing of the remaining regulatory approvals to close the Acquisition, the closing and timing of closing of the Financing, the use of proceeds from the Financing, decisions regarding additional listings, production guidance, capital program and allocation thereof, future production, development and drilling plans, well economics, future cost reductions, potential growth, the extension of the Ledoux licence and the current operating plans with respect to the Company's assets in Franceas 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 and differentials, exchange rates, interest rates, applicable royalty rates and tax laws; future production rates and estimates of operating costs; performance of future wells; reserve and resource volumes; anticipated timing and results of capital expenditures; the success obtained in drilling new wells; the sufficiency of budgeted capital expenditures in carrying out planned activities; the timing, location and extent of future drilling operations; the state of the economy and the exploration and production business; results of operations; performance; business prospects and opportunities; the availability and cost of financing, labour and services; the impact of increasing competition; the ability to efficiently integrate assets and employees acquired through acquisitions, including the Acquisition, the ability to market natural gas successfully and 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.

Operating netbacks are determined by deducting royalties, net profit interest, production expenses and selling expenses from oil and gas revenue. Operating netbacks are per mcfe measures used in operational and capital allocation decisions.

The assumptions used to generate the netback (US\$/Mcfe) in this press release are as follows:

Daily Production ⁽¹⁾	17.65 MMcfe/d
Commodity Revenue ⁽²⁾	US\$4.57 MM
Royalties and 6% NPI	US\$ 0.57 MM
Operating Cost ⁽¹⁾	US\$ 0.28 MM
Operating Netbacks	<u>US\$6.82/Mcfe</u>

(1) Daily production and operating costs are management's best estimate of the production and operating costs from the anticipated wells and is based on all of the assumptions outlined in the above paragraphs;

(2) Based on Lachowice Natural Gas Price = US\$8.63/mcf, Condensate Price = US\$72.00/Bbl, CAD/USD = 0.778

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.