



HORIZON PETROLEUM PLC

Condensed Interim Financial Statements  
(Expressed in Canadian dollars)  
(Unaudited)

For the three and six months ended February 28, 2015

## NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4.3 (3) (a), if an auditor has not performed a review of the financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying condensed interim financial statements of Horizon Petroleum Plc. have been prepared by and are the responsibility of the Company's management and approved by the Board of Directors of the Company. The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

**HORIZON PETROLEUM PLC**

Condensed Interim Statements of Financial Position

(Expressed in Canadian dollars)

(Unaudited)

As at

	February 28, 2015	August 31, 2014
<b>Assets</b>		
Current assets:		
Cash and equivalents	\$ 555,760	\$ 1,008,699
Receivables	3,954	24,749
Prepaid expenses	2,528	7,591
	<u>\$ 562,242</u>	<u>\$ 1,041,039</u>

**Liabilities and Shareholders' Equity**

Current liabilities:

Accounts payable and accrued  
liabilities (notes 6)

\$ 184,285	\$ 184,079
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Shareholders' equity:

Share capital (note 7)

13,978,838	13,978,838
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Reserves (note 8)

501,014	428,854
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Deficit

(14,101,895)	(13,550,732)
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<u>377,957</u>	<u>856,960</u>
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<u>\$ 562,242</u>	<u>\$ 1,041,039</u>
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Corporate information and going concern (note 1)

Approved by the Board:

"Yogeshwar Sharma"

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Director

"David Winter"

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Director

See accompanying notes to the unaudited condensed interim financial statements.

**HORIZON PETROLEUM PLC**

Condensed Interim Statements of Operations, Loss and Comprehensive Loss  
(Expressed in Canadian dollars)  
(Unaudited)

	Three months February 28, 2015	Three months February 28, 2014	Six months February 28, 2015	Six months February 28, 2014
Expenses:				
Consulting fees	\$ -	\$ 53,716	\$ 17,509	\$ 93,650
Directors' fees	44,162	32,210	117,804	57,345
Foreign exchange	(324)	4,280	(183)	11,263
Management fees	30,000	36,313	101,874	78,319
Office	34,677	10,853	43,631	20,720
Professional fees	20,061	105,641	75,723	168,602
Property investigation costs (note 5)	45,481	75,190	83,029	126,893
Shareholder communications	700	32,256	700	54,519
Share-based payments (note 8)	5,874	38,731	72,160	77,893
Transfer agent and regulatory fees	11,445	19,829	21,470	23,697
Travel and related costs	13,688	19,397	21,396	26,424
	(205,764)	(428,416)	(555,113)	(739,625)
Other Item:				
Interest income	1,522	1,946	3,950	1,946
Loss and comprehensive loss for the period	\$ (204,242)	\$ (426,470)	\$ (551,163)	\$ (737,379)
Basic and diluted loss per common share	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.02)
Weighted average number of common shares outstanding	44,129,654	34,314,839	44,129,654	30,869,985

See accompanying notes to the condensed interim financial statements.

**HORIZON PETROLEUM PLC**

Condensed Interim Statements of Cash Flows

(Expressed in Canadian dollars)

(Unaudited)

Six Months Ended February 28,

	2015	2014
Cash provided by (used in):		
Operating activities:		
Loss for the period	\$ (551,163)	\$ (737,379)
Item not affecting cash:		
Share-based payments	72,160	77,893
	(479,003)	(659,486)
Changes in non-cash working capital items:		
Receivables	20,795	(1,700)
Prepaid expenses	5,063	5,578
Accounts payable and accrued liabilities	206	(28,993)
	(452,939)	(684,601)
Financing activities:		
Shares issued for cash	-	2,000,000
Share issuance costs	-	(132,601)
	-	1,867,399
Change in cash and equivalents during the period	(452,939)	1,182,798
Cash and equivalents, beginning of period	1,008,699	503,467
Cash and equivalents, end of period	\$ 555,760	\$ 1,686,265

See accompanying notes to the condensed interim financial statements.

**HORIZON PETROLEUM PLC**

## Condensed Interim Statements of Changes in Equity

(Expressed in Canadian dollars)

(Unaudited)

	Number of shares	Share capital	Reserves	Deficit	Total
Balance, August 31, 2013	27,462,987	\$ 12,258,433	\$ 137,921	\$ (12,087,639)	\$ 317,715
Loss for the period	-	-	-	(737,379)	(737,379)
Private placement	16,666,667	2,000,000	-	-	2,000,000
Share issuance costs	-	(270,033)	137,432	-	(132,601)
Share-based payments	-	-	77,893	-	77,893
Balance, February 28, 2014	44,129,654	\$ 13,988,400	\$ 353,246	\$ (12,816,018)	\$ 1,525,628
Balance, August 31, 2014	44,129,654	\$ 13,978,838	\$ 428,854	\$ (13,550,732)	\$ 856,960
Loss for the period	-	-	-	(551,163)	(551,163)
Share-based payments	-	-	72,160	-	72,160
Balance, February 28, 2015	44,129,654	\$ 13,978,838	\$ 501,014	\$ (14,101,895)	\$ 377,957

See accompanying notes to the condensed interim financial statements.

## **HORIZON PETROLEUM PLC**

Notes to the Condensed Interim Financial Statements

(Expressed in Canadian dollars)

(Unaudited)

For the Six Months Ended February 28, 2015

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### **1. Corporate information and Going Concern**

Horizon Petroleum Plc. ("Horizon" or the "Company") was incorporated in British Columbia. During the year ended August 31, 2014, the Company's domicile was officially changed to Jersey, Channel Islands. The principal business of the Company is the acquisition, exploration, and development of oil and gas properties.

The Company's registered office is located at Queensway House, Hilgrove Street, St Helier, Jersey, JE1 1E.

The Company has not generated revenues from operations. These unaudited condensed interim financial statements have been prepared assuming the Company will continue as a going concern which contemplates the ability of the Company to realize its assets and discharge its liabilities in the normal course of business. These unaudited condensed interim financial statements do not include adjustments that would have been required if going concern were not an appropriate basis for preparation of the financial statements.

The Company has incurred losses since inception and is currently not generating any revenues aside from interest income. For the six months ended February 28, 2015, the Company used cash from operations of \$452,939 (2014 - \$684,601). At February 28, 2015 the Company's cash and equivalents balance was \$555,760 (August 31, 2014 - \$1,008,699) and working capital was \$377,957 (August 31, 2014 - \$856,960).

These unaudited condensed interim financial statements have been 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 condensed interim financial statements may be necessary. When assessing the Company's ability to continue on a going concern basis, 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 (note 7) or other sources, and there are no assurances that such financing will be obtained.

The Company continues to evaluate several oil and gas exploration and development opportunities in Africa.

### **2. Basis of presentation and statement of compliance**

#### **(a) Statement of compliance:**

These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standards 34, Interim Financial Reporting and do not include all of the information required for full annual financial statements. These condensed interim financial statements should be read in conjunction with the Company's August 31, 2014 audited annual financial statements and notes thereto.

These unaudited condensed interim financial statements were authorized for issue by the Board of Directors on April 28, 2015.

## HORIZON PETROLEUM PLC

Notes to the Condensed Interim Financial Statements

(Expressed in Canadian dollars)

(Unaudited)

For the Six Months Ended February 28, 2015

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### 2. Basis of presentation and statement of compliance (continued)

(b) Basis of presentation:

These condensed interim financial statements have been prepared on a historical cost basis and are presented in Canadian dollars, which is also the Company's functional currency.

The preparation of these financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

### 3. Significant accounting policies

The preparation of these unaudited condensed interim financial statements required management to make estimates and judgments and to form assumptions that affect the reported amounts of assets and liabilities. Management's estimates and judgments are continually evaluated and are based on historical experience and other factors that management believes to be reasonable under the circumstances. Actual results may differ from these estimates. The significant accounting estimates and judgments applied in the preparation of the Company's unaudited condensed interim financial statements are consistent with those applied and disclosed in notes 3 and 4 to the Company's audited annual financial statements for the year ended August 31, 2014.

### 4. New accounting standards, amendments and interpretations

a) New accounting standard adopted:

The following standards, amendments and interpretations have been adopted by the Company as of September 1, 2014. There were no material impacts on the financial statements as a result of the adoption of these standards, amendments and interpretations:

(i) IFRIC21 Levies – recognition of a liability for a levy imposed by a government.

### 5. Property investigation costs

All property investigation costs are related to the investigation of oil and gas opportunities in countries within Africa.

### 6. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are as follows:

	February 28, 2015	August 31, 2014
Accounts payable	\$ 32,894	\$ 29,332
Due to related parties	148,891	100,272
Accrued liabilities	2,500	54,475
	<u>\$ 184,285</u>	<u>\$ 184,079</u>

## HORIZON PETROLEUM PLC

Notes to the Condensed Interim Financial Statements

(Expressed in Canadian dollars)

(Unaudited)

For the Six Months Ended February 28, 2015

### 7. Share capital

Authorized:

- Unlimited common shares without par value and an unlimited number of preferred shares without par value, all issued shares, consisting only of common shares that are fully paid.

During the year ended August 31, 2014, the Company:

- Issued 16,666,667 common shares for gross proceeds totaling \$2,000,000 pursuant to the completion of a private placement. In conjunction with the issuance of the shares, the Company incurred total share issuance costs of \$279,595, which included cash costs comprised of legal and filing fees of \$61,255 and finders' fees payments of \$80,908, as well as a non-cash cost of \$137,432 relating to the valuation of the issuance of 674,230 finders' warrants. Each finders' warrant enabled the holder to acquire one additional common share for \$0.16 per share up to July 22, 2014 (See Note 8). The fair value of the warrants was determined using the Black-Scholes option-pricing model with the following assumptions: expected life six months; volatility – 119%; dividend rate – nil; risk free interest rate – 1.01%.

### 8. Reserves

(a) Stock options:

Option plan:

The Company has a stock option plan covering the grant of options to its directors, officers and employees. A limit of 10% of the issued and outstanding common shares base can be issued in stock options without shareholder approval. The stock option plan provides that the options are for a maximum term of ten years and that the option exercise price shall be for not less than the market price on the grant date.

As at February 28, 2015, the Company had the following outstanding stock options:

	Number of options	Weighted average exercise price
Balance, August 31, 2013	1,714,000	\$ 0.15
Terminated	(50,000)	0.15
Balance, August 31, 2014	1,664,000	0.15
Terminated	(1,092,000)	0.15
Balance, February 28, 2015	572,000	\$ 0.15
Number of options currently exercisable	554,667	\$ 0.15

The weighted average remaining contractual life for the share options outstanding as at February 28, 2015 is 8.44 years (August 31, 2014 – 8.93 years).

**HORIZON PETROLEUM PLC**

Notes to the Condensed Interim Financial Statements

(Expressed in Canadian dollars)

(Unaudited)

For the Six Months Ended February 28, 2015

**8. Reserves (continued)**

## (a) Stock options (continued):

As at February 28, 2015, the Company had outstanding stock options enabling the holders to acquire common shares as follows:

Number of options	Exercise price	Expiry date
572,000	\$ 0.15	August 4, 2023

## (b) Share-based payments:

For the six months ended February 28, 2015, the share-based payments expense recognized was \$72,160 (2014 - \$77,893). This expense relates to options granted in a prior period.

## (c) Warrants:

Warrant transactions and the number of warrants are summarized as follows:

	Number of warrants	Weighted average exercise price
Balance, August 31, 2013	13,333,302	\$ 0.16(i)
Issued	674,230	0.16
Expired	(674,230)	0.16
Balance, August 31, 2014 and February 28, 2015	13,333,302	\$ 0.16(i)

(i) During the six months ended February 28, 2015, the Company received TSX Venture Exchange approval to re-price certain of its outstanding share purchase warrants. There were 13,333,302 warrants outstanding exercisable at \$0.45. The Company received approval to re-price 12,811,053 of those warrants to \$0.15 (thus excluding 522,249 warrants held by insiders). The Warrants have also been amended such that the exercise period can be reduced to 30 days if, for any ten consecutive trading days, the closing price of the Company's shares equals or exceeds \$0.19 per share.

As at February 28, 2015, the Company had outstanding warrants enabling the holders to acquire common shares as follows:

Number of warrants	Exercise price	Expiry date
12,811,053	\$ 0.15	March 16, 2016
<u>522,249</u>	0.45	March 16, 2016
13,333,302		