HORIZON PETROLEUM LTD.
(formerly "Horizon Petroleum PLC.")
Management's Discussion and Analysis

Three and Nine Months Ended May 31, 2016

This management's discussion and analysis of financial position and results of operations ("MD&A"), prepared as of July 29, 2016, provides an analysis of the operations and financial results of Horizon Petroleum Ltd. (formerly Horizon Petroleum PLC) ("Horizon" or the "Company") for the nine months ended May 31, 2016, and should be read in conjunction with the Company's unaudited condensed interim financial statements for the nine months ended May 31, 2016. Those 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. This MD&A should also be read in conjunction with the Company's audited annual financial statements for the year ended August 31, 2015 and the related notes thereto. 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 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.

This MD&A contains forward-looking statements that involve risks and uncertainties. Such information, although considered to be reasonable by the Company's management at the time of preparation, may prove to be inaccurate and actual results may differ materially from those anticipated in the statements made.

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

The Company trades on the TSX Venture Exchange under the symbol "HPL".

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.

In order to continue as a going concern and to meet its corporate objectives, which primarily consists of investigating new potential oil and gas properties in Africa, 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 the state of international debt, equity and commodity markets as well as investor perceptions and expectations.

The Company's unaudited condensed interim financial statements for the nine months ended May 31, 2016 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 those annual 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 or other sources, and there are no assurances that such financing will be obtained. As at the date of this report, the Company entered into promissory notes with certain insiders of the Company for a total of $90,000 and a loan agreement for a total of $25,000.

Significant Transaction

On April 20, 2016, the Company announced that it has entered into an arrangement agreement (the “Arrangement Agreement”) with privately-held, Calgary-based Iskander Energy Corporation (“Iskander”), pursuant to which the Company will, subject to certain conditions, acquire all of the issued and outstanding common shares of IEC (“IEC Shares”) in exchange for 55,373,072 pre-consolidated shares of the Company at a deemed value of $0.05 per share (the “Transaction”) by way of a plan of arrangement (“Plan of Arrangement”) under the *Business Corporations Act* (Alberta) (“ABCA”).

Prior to completion of the Transaction, the Company will complete a non-brokered private placement of an aggregate of not less than $1,200,000 and up to $2,000,000 (the “Private Placement”) at a price of $0.05 per pre-consolidated share. Finders’ fees may be payable on a portion of the Private Placement. Concurrent with the completion of the Transaction, and as a step of the Plan of Arrangement, it is expected that the Company will, subject to shareholder and regulatory approval, amalgamate with IEC, change its name to Scion Energy Corp (“Scion”) and that each currently outstanding common share of the Company and of IEC will be exchanged for common shares of the new amalgamated company, effectively consolidating the common shares of the Company (“Company Shares”) on a 6-old-for-1-new basis.

The requisite approvals of the shareholders of Horizon Petroleum Ltd. and the shareholders of Iskander Energy Corp. necessary for completion of the plan of arrangement were obtained at the annual and special meeting of holders of common shares of the Company and at the special meeting of holders of common shares of Iskander, both held on July 21, 2016. The Court of Queen's Bench of Alberta has also granted final approval for the arrangement.

Completion of the Transaction is subject to approval of the TSX Venture Exchange (the “TSX-V”).

Scion Energy will focus on oil and gas development and production opportunities in the Black Sea Region and in Africa.

IEC holds exploration and production permits in Bulgaria, Georgia and Ukraine. IEC also holds 3 licenses in the Ukraine, which are on standby due to current security issues in that country.

In Georgia, IEC’s production comes from its 90%-owned Satskhenisi PSA Permit.

In Bulgaria, IEC holds a 50% interest in the (net) 943 km2 (approx. 233,000 acres) Gradishte block and the (net) 10 km2 (approx. 2,500 acres) Kilifarevo block.

Assuming the completion of the private placement for $2,000,000, Scion will have approximately 142,542,726 shares outstanding prior to the consolidation, and 23,757,121 shares outstanding after the 6 old-for-1new consolidation.

During the nine months ended May 31, 2016, the Company incurred costs associated with this transaction totaling $47,892.

Overview

The Company had been focused on oil and gas exploration and development in Africa.

During the nine months ended May 31, 2016, the Company entered into and then terminated an agreement with a significant international resource company to farm in to an offshore exploration block in West Africa.

The Company has now changed its focus away from Africa and has, during April, 2016, entered into an agreement to acquire all of the issued and outstanding common shares of a privately-held, Alberta-based company which holds exploration and production permits in Bulgaria, Georgia and Ukraine as well as three licenses in the Ukraine(See Significant Transaction section above).

On April 5, 2016, the Company changed its domicile from Jersey, Channel Islands to Alberta, Canada. Consequently, the Company changed its name from Horizon Petroleum PLC to Horizon Petroleum Ltd.

Promissory Notes

As at the date of this report, the Company has received a total of $90,000 for the issuance of promissory notes to related parties which bear interest at 10% per annum and mature between July 28, 2016 and October 2, 2016.

Loan Payable

During May 2016, the Company received proceeds totaling $25,000 pursuant to a loan payable. The loan bears interest at the rate of 10% per annum and has no stated terms of repayment.

Shares-for-Debt

During May 2016, the Company issued 3,040,000 common shares to three directors of the Company at a deemed price of $0.05 per share pursuant to the settlement of debt totaling $152,000.

Result of Operations

Three months ended May 31, 2016

During the three months ended May 31, 2016 (the “current period”), the Company incurred a loss of $154,304 compared to a loss of $192,517 during the three months ended May 31, 2015 (the “comparative period”). The significant changes during the current period compared to the comparative period are as follows:

Professional fees increased to $44,172 during the current period, from $34,000 during the comparative period. The main reasons for the increase is a result of legal fees incurred during the current period in connection with the Company’s change in domicile and with a prospectus document that was being contemplated.

The Company incurred property investigation costs of $30,000 during the current period, comprised of consulting fees of $30,000, compared to $38,292 incurred during the comparative period. The property investigation costs for both periods related to the Company’s search for oil and gas properties within Africa.

During the current period, the Company incurred management fees of $20,000 compared to $30,000 incurred during the comparative period. Commencing January 1, 2016, monthly management fees were reduced from $10,000 to $8,000.

During the current period, the Company recorded a foreign exchange gain of $16,906 which was mainly attributable to a more favourable exchange rate on payables denominated in Great British pounds.

Nine months ended May 31, 2016

During the nine months ended May 31, 2016 (the “current nine-month period”), the Company incurred a loss of $555,076 compared to a loss of $743,680 during the nine months ended May 31, 2015 (the “comparative nine-month period”). The significant changes during the current nine-month period compared to the comparative nine-month period are as follows:

Management fees of $80,000 were paid or accrued during the current nine-month period compared to $148,874 during the comparative nine-month period. Management fees were significantly higher during the comparative nine-month period as a result of the Company paying $61,874 (including $36,970 of severance) to its former CEO who resigned during November 2014.

The Company incurred property investigation costs of $172,818 during the current nine-month period, comprised of consulting fees of $90,000, legal fees of $53,365 and travel costs totaling $29,453, compared to $121,321 incurred during the comparative nine-month period. The property investigation costs for both periods related to the Company's search for oil and gas properties within Africa.

Quarterly Information

	Three Months Ended May 31, 2016	Three Months Ended February 29, 2016	Three Months Ended November 30, 2015	Three Months Ended August 31, 2015
Total assets	$ 71,135	$ 28,315	$ 107,826	$ 260,056
Working capital (deficiency)	(360,744)	(312,973)	(117,908)	(42,313)
Loss and comprehensive loss for the period	(154,304)	(197,414)	(183,200)	(73,127)
Loss per share (basic and diluted)	(0.00)	(0.01)	(0.00)	(0.00)

	Three Months Ended May 31, 2015	Three Months Ended February 28, 2015	Three Months Ended Nov 30, 2014	Three Months Ended August 31, 2014
Total assets	$ 408,163	$ 562,242	$ 714,736	$ 1,041,039
Working capital	191,445	377,957	576,295	856,960
Loss and comprehensive loss for the period	(192,517)	(204,242)	(346,921)	(344,630)
Loss per share (basic and diluted)	(0.00)	(0.00)	(0.01)	(0.01)

Fiscal 2016

During the third quarter of fiscal 2016, the Company entered into an arrangement agreement (the "Arrangement Agreement") with privately-held, Calgary-based Iskander Energy Corporation ("IEC"), pursuant to which the Company will, subject to certain conditions, acquire all of the issued and outstanding common shares of IEC ("IEC Shares") in exchange for 55,373,072 pre-consolidated shares of the Company at a deemed value of $0.05 per share (the "Transaction") by way of a plan of arrangement ("Plan of Arrangement") under the *Business Corporations Act* (Alberta) ("ABCA"). (See Significant Transaction section above).

During the first and second quarters of fiscal 2016, the Company continued to look for viable oil and gas properties located in Africa and for additional equity funding. See overview section above.

Fiscal 2015

During each of the second, third and fourth quarters of fiscal 2015, the Company continued to look for viable oil and gas properties located in Africa and for additional equity funding.

During the first quarter of fiscal 2015, the Company changed certain management and directors. As a result of the change in management and directors, additional payments were made to those who are no longer with the Company in accordance with their resignation agreements. The transactions led to increases in Directors' fees, professional fees, management fees, and share-based payments expense.

Fiscal 2014

During the fourth quarter of fiscal 2014, the Company recorded a loss and comprehensive loss of $344,630 compared to a loss and comprehensive loss of $390,084 recorded during the prior quarter. The primary reasons for the decrease in loss related to 1) a decrease in consulting fees of $29,366 as a result of the Company no longer receiving consulting services from certain vendors; 2) a decrease in property investigation costs of $12,334 as a result of the Company stepping back and reassessing its activities in Nigeria; and 3) a decrease in shareholder communications costs of $18,246 as a result of less activity to disseminate to its shareholders. The decreases were offset by an increase in travel costs of $17,997.

Liquidity and Capital Resources

The Company had a working capital deficiency of $360,744 and cash and equivalents on hand of $260 as at May 31, 2016. This compares to a working capital position of $62,918 and cash and equivalents on hand of $243,273 as at August 31, 2015.

On April 20, 2016, the Company announced a significant transaction that includes a proposed non-brokered private placement of an aggregate of not less than $1,200,000 and up to $2,000,000 at a price of $0.05 per pre-consolidated share. (See Significant Transaction section above).

Related Party Transactions

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

		May 31, 2016		May 31, 2015
Executive compensation (1) to (7)	$	197,000	$	271,476
Non-executive directors' fees (8)		40,165		170,475
Rent (9)		43,664		37,623
Interest (10)		2,705		-
Share-based payments		27,306		78,165
	$	310,840	$	520,116

(1) Includes $Nil (2015 - $61,874) in management fees paid or accrued to the Company's former CEO (resigned November, 2014).

(2) Includes $80,000 (2015 - $70,000) in management fees paid or accrued to the Company's former interim CEO (resigned November, 2015).

(3) Includes $Nil (2015 - $33,074) in professional fees paid or accrued to the Company's former CFO.

(4) Includes $27,000 (2015 - $21,000) in professional fees paid or accrued to the Company's current CFO.

(5) Includes $160 (2015 - $19,731) in professional fees paid or accrued to the Company's Corporate Secretary. (subsequent to February 29, 2016, the Corporate secretary resigned).

(6) Includes $90,000 (2015 - $39,920) in property investigation costs paid or accrued to the current CEO of the Company (appointed November, 2015).

(7) Includes $Nil (2015 - $11,250) in directors' fees paid or accrued to executive directors and former executive directors of the Company.

(8) Includes $40,165 (2015 - $110,600) in directors' fees paid or accrued to non-executive directors and former non-executive directors of the Company.

(9) Includes $43,664 (2015 - $37623) in rent paid or accrued to a company with three directors of the Company in common.

(10) Includes $2,705 (2015 - $Nil) in interest expense paid or accrued to directors of the Company (see Promissory Notes section above).

Included in accounts payable and accrued liabilities at May 31, 2016 is $59,973 (August 31, 2015 - $148,836) owing to related parties, all in respect of the above transactions. All related party transactions were conducted on arm's length terms.

Off Balance Sheet Arrangements

The Company has no off Balance Sheet arrangements as at the date of this report.

Contingent Liabilities

The Company has no Contingent Liabilities as at May 31, 2016 or as at the date of this report.

Financial Instruments and Risk Management

IFRS 7, Financial Instruments: Disclosures ("IFRS 7") establishes a fair value hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

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

The Company does not have any financial instruments recognized at fair value. The carrying values of cash, receivables, and accounts payable and accrued liabilities 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:

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 accounts receivable. 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 accounts receivable represents the Company's maximum exposure to credit risk.

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 Company's interest bearing financial assets are comprised of cash, which bear interest at fixed or variable rates. The Company is not exposed to material interest rate risk.

Foreign currency

The Company is exposed to foreign currency risk as some of its cash and accounts payable and accrued liabilities are held in US Dollars (USD). 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 cash and cash equivalents is as follows:

	May 31, 2016			August 31, 2015		
	Amount in Foreign currency		Amount in CAD dollars	Amount in Foreign currency		Amount in CAD dollars
United States dollars:						
Cash and cash equivalents	18	$	49	3,072	$	4,065
Total financial assets		$	49		$	4,065

The exposure of the Company's accounts payable and accrued liabilities is as follows:

	May 31, 2016			August 31, 2015		
	Amount in Foreign currency		Amount in CAD dollars	Amount in Foreign currency		Amount in CAD dollars
United States dollars:						
Accounts payable and accrued liabilities	3,500	$	4,571	88,212	$	116,722
Great British Pounds:						
Accounts payable and accrued liabilities	28,842		44,118	5,257		10,712
Total financial liabilities		$	48,689		$	127,434

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 and equivalents. As at May 31, 2016, the Company had cash and equivalents of $260 to settle current liabilities of $383,987. Based on current period expenditures, the Company will require further findings to cover its expected cash requirements for the next twelve months.

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 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 gas properties, if and when it is required.

In the management of capital, the Company includes shareholders' equity and loans and borrowings in the definition of capital. The Company is not exposed to externally imposed capital requirements.

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.

In order to maximize ongoing exploration and future development efforts, the Company does not pay dividends. Notwithstanding the risks described in note 1 of the accompanying unaudited condensed interim financial statements for the nine months ended May 31, 2016, the Company expects to continue to raise funds, from time to time, to continue meeting its capital management objectives.

New accounting standards, amendments and interpretations:

On September 1, 2015, the Company adopted the IFRS 7 (Amendment): Standard amended to clarity requirements for mandatory effective dates and transition disclosures. There were no adjustments required on the adoption of this amendment.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

Current Share Data

As of July 29, 2016, the Company has:

a) 47,169,654 common shares issued and outstanding;

b) No share purchase warrants outstanding; and

c) 572,000 stock options outstanding with an exercise price of $0.15 per share, expiring on August 4, 2023 and 3,700,000 stock options outstanding with an exercise price of $0.10 per share, expiring on December 4, 2022.

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

Risk, Uncertainties and Outlook

As a company active in the mineral resource acquisition and exploration industry, the Company is exposed to a number of risks, including the financial risks associated with the fact that it has no operating cash flow and may need to access the capital markets to finance its activities.

The Company is reliant upon its existing management, and if the services of such personnel were withdrawn for any reason, this could have a material adverse impact on the Company's operating activities.

There is intense competition within the resource industry to acquire properties of merit, and the Company competes with other companies possessing greater technical and financial resources than itself. Even if desirable properties are secured, there can be no assurances that the Company will be able to execute its exploration programs on its proposed schedules and within its cost estimates, whether due to weather conditions in the areas where it operates, increasingly stringent environmental regulations and other permitting restrictions, or other factors related to exploring in areas that lack infrastructure, such as the availability of essential supplies and services.

The Company's future exploration activities may require permits from various governmental agencies charged with administrating laws and regulations governing exploration, labor standards, occupational health and safety, control of toxic substances, waste disposal, land use, environmental protection and other matters. Failure to comply with laws, regulations and permit conditions could result in fines and/or stop work orders, costs for conducting remedial actions and other expenses. In addition, legislation changes to existing laws and regulations could result in significant additional costs to comply with the revised terms and could also result in delays in executing planned programs pending compliance with those terms.

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.

Cautionary Statement on Forward Looking Information

This MD&A may contain forward-looking statements that involve risks and uncertainties. When used in this Management Discussion and Analysis, the words “believe,” “anticipates,” “expects” and similar expressions are intended to identify such forward looking statements. The Issuer’s actual results may differ significantly from the results discussed in the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The Issuer undertakes no obligation to publicly release the results of any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.