



HORIZON PETROLEUM PLC

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

For the nine months ended May 31, 2014

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**HORIZON PETROLEUM PLC**  
**(formerly Acadia Resources Corp.)**  
Condensed Interim Statements of Financial Position  
(Expressed in Canadian dollars)  
(Unaudited)  
As at

	May 31, 2014	August 31, 2013
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 1,280,192	\$ 503,467
Receivables	11,615	6,020
Prepaid expenses	9,837	11,067
	<u>1,301,644</u>	<u>520,554</u>
Exploration and evaluation asset (note 9)	-	1
	<u>\$ 1,301,644</u>	<u>\$ 520,555</u>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities (note 6)	\$ 136,070	\$ 202,840
Shareholders' equity:		
Share capital (note 7)	13,978,838	12,258,433
Reserves (note 8)	392,838	137,921
Deficit	(13,206,102)	(12,078,639)
	<u>1,165,574</u>	<u>317,715</u>
	<u>\$ 1,301,644</u>	<u>\$ 520,555</u>

Corporate information (note 1)

See accompanying notes to the unaudited condensed interim financial statements.

**HORIZON PETROLEUM PLC**  
**(formerly Acadia Resources Corp.)**

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

	Three months May 31, 2014	Three months May 31, 2013	Nine months May 31, 2014	Nine months May 31, 2013
<b>Expenses:</b>				
Consulting fees	\$ 82,981	\$ -	\$ 176,631	\$ -
Directors' fees	48,182	4,105	105,527	4,105
Foreign exchange	1,464	-	12,727	-
Management fees	37,716	33,715	116,035	48,715
Office	10,631	1,600	31,351	1,892
Professional fees	60,683	42,271	229,285	64,165
Property investigation costs (note 5)	77,507	233,720	188,344	385,955
Shareholder communications	18,412	7,068	88,987	7,068
Share-based payments (note 8)	39,592	-	117,485	-
Transfer agent and regulatory fees	11,177	11,811	34,874	21,917
Travel and related costs	5,933	1,545	32,357	1,545
	(394,278)	(335,835)	(1,133,603)	(535,362)
<b>Other Item:</b>				
Interest income	4,194	-	6,140	-
<b>Loss and comprehensive loss for the period</b>	<b>\$ (390,084)</b>	<b>\$ (335,835)</b>	<b>\$ (1,127,463)</b>	<b>\$ (535,362)</b>
<b>Basic and diluted loss per common share</b>	<b>\$ (0.01)</b>	<b>\$ (0.02)</b>	<b>\$ (0.03)</b>	<b>\$ (0.03)</b>
<b>Weighted average number of common shares outstanding</b>	<b>44,129,654</b>	<b>15,912,982</b>	<b>35,338,445</b>	<b>15,912,982</b>

See accompanying notes to the unaudited condensed interim financial statements.

**HORIZON PETROLEUM PLC**  
**(formerly Acadia Resources Corp.)**  
Condensed Interim Statements of Cash Flows  
(Expressed in Canadian dollars)  
(Unaudited)  
Nine Months Ended May 31,

	2014	2013
Cash provided by (used in):		
Operating activities:		
Loss for the period	\$ (1,133,603)	\$ (535,362)
Item not affecting cash:		
Share-based payments	117,485	-
	(1,016,118)	(535,362)
Changes in non-cash working capital items:		
Receivables	(5,595)	52,076
Prepaid expenses	1,230	-
Accounts payable and accrued liabilities	(60,629)	109,434
	(1,081,112)	(373,852)
Financing activities:		
Shares issued for cash	2,000,000	-
Share issuance costs	(142,163)	-
	1,857,837	-
Change in cash and cash equivalents during the period	776,725	(373,852)
Cash and cash equivalents, beginning of period	503,467	604,537
Cash and cash equivalents, end of period	\$ 1,280,192	\$ 230,685

Supplemental disclosure with respect to cash flows:

- During the nine months ended May 31, 2014, the Company incurred non cash share issuance costs of \$137,432 (2013 - \$nil) relating to the valuation of warrants issued as finders' fees (Note 7).

See accompanying notes to the unaudited condensed interim financial statements.

**HORIZON PETROLEUM PLC**  
**(formerly Acadia Resources Corp.)**

Condensed Interim Statements of Changes in Equity  
(Expressed in Canadian dollars)  
(Unaudited)

	Number of shares	Share capital	Subscriptions received in advance	Reserves	Deficit	Total
Balance, August 31, 2012	15,912,987	\$ 11,709,901	\$ -	\$ 126,302	\$ (11,007,604)	\$ 828,599
Loss for the period	-	-	-	-	(535,362)	(535,362)
Subscriptions received in advance	-	-	150,000	-	-	150,000
<b>Balance, May 31, 2013</b>	<b>15,912,987</b>	<b>\$ 11,709,901</b>	<b>\$ 150,000</b>	<b>\$ 126,302</b>	<b>\$ (11,542,966)</b>	<b>\$ 443,237</b>
Balance, August 31, 2013	27,462,987	\$ 12,258,433	\$ -	\$ 137,921	\$ (12,078,639)	\$ 317,715
Loss for the period	-	-	-	-	(1,127,643)	(1,127,643)
Private placement	16,666,667	2,000,000	-	-	-	2,000,000
Share issuance costs	-	(279,595)	-	137,432	-	(142,163)
Share-based payments	-	-	-	117,485	-	117,485
<b>Balance, May 31, 2014</b>	<b>44,129,654</b>	<b>\$ 13,978,838</b>	<b>\$ -</b>	<b>\$ 392,838</b>	<b>\$ (13,206,102)</b>	<b>\$ 1,165,574</b>

See accompanying notes to the unaudited condensed interim financial statements.

**HORIZON PETROLEUM PLC**  
**(formerly Acadia Resources Corp.)**  
Notes to the Condensed Interim Financial Statements  
(Expressed in Canadian dollars)  
(Unaudited)  
Nine Months Ended May 31, 2014

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**1. Corporate information**

Horizon Petroleum Plc. (formerly Acadia Resources Corp.) (“Horizon” or the “Company”) was incorporated in British Columbia. During the nine months ended May 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, Channel Islands, JE1 1ES. During the year ended August 31, 2013, the Company completed a 1-new for 3-old share consolidation (note 7). All references to number of shares and per share amounts have been retroactively restated to reflect the consolidation.

During January, 2014, the Company completed a non-brokered private placement that raised gross proceeds of \$2,000,000 (note 7).

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

**2. Statement of compliance and basis of presentation**

(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 financial statements should be read in conjunction with the Company’s August 31, 2013 audited annual financial statements.

These unaudited condensed interim financial statements were authorized for issue by the Board of Directors on July 28, 2014.

(b) Basis of presentation:

These unaudited 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 the financial statements in compliance with International Financial Reporting Standards (“IFRS”) requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies.

**3. Significant accounting policies**

The preparation of the unaudited condensed interim financial statements requires 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 financial statements for the year ended August 31, 2013.

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

New accounting standards adopted:

The following standards, amendments and interpretations were adopted by the Company as of September 1, 2013. There were no material impacts on the financial statements as a result of the adoption of these standards, amendments and interpretations:

- (i) IFRS 10 *Consolidated Financial Statements*
- (ii) IFRS 11 *Joint Arrangements*
- (iii) IFRS 12 *Disclosures of Interests in Other Entities*
- (iv) IFRS 13 *Fair Value Measurement*

**5. Property investigation costs**

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

**6. Accounts payable and accrued liabilities**

Accounts payable and accrued liabilities are as follows:

	May 31, 2014	August 31, 2013
Trade payables	\$ 49,439	\$ 28,142
Due to related parties <sup>(1)</sup>	60,681	131,097
Accrued liabilities	25,950	43,601
	<b>\$ 136,070</b>	<b>\$ 202,840</b>

(1) This relates to accrued and unpaid compensation for directors and officers of the Company.

**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 nine months ended May 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 will enable 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%.

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Nine Months Ended May 31, 2014

**7. Share capital** (continued)

During the year ended August 31, 2013, the Company:

- Completed a 1-new for 3-old common share consolidation. All common share, warrant and stock option information presented in these unaudited condensed interim financial statements is on a post-consolidation basis.
- Issued 11,550,000 common shares for gross proceeds totaling \$577,500 pursuant to the completion of a private placement. In conjunction with the issuance of the shares, the Company incurred \$28,968 in share issuance costs.

**8. Reserves**

(a) Stock options:

Option plan:

The Company has a stock option plan covering the grant of options to its directors, officers, employees and consultants. 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 May 31, 2014, the Company had the following outstanding stock options:

	Number of options	Weighted average exercise price
Balance, August 31, 2012	200,000	\$ 0.315
Granted	1,714,000	0.15
Expired	(200,000)	0.315
<b>Balance, August 31, 2013 &amp; May 31, 2014</b>	<b>1,714,000</b>	<b>\$ 0.15</b>
Number of options currently exercisable	-	\$ -

The weighted average remaining contractual life for the share options outstanding as at May 31, 2014 is 9.18 years (August 31, 2013 – 9.93 years).

As at May 31, 2014, the Company had outstanding stock options enabling the holders to acquire common shares as follows:

Number of options	Exercise price	Expiry date
1,714,000	\$ 0.15	August 4, 2023

(b) Share-based payments:

No options were granted by the Company during the nine months ended May 31, 2014. For the nine months ended May 31, 2014, the share-based payment expense recognized was \$117,485 (2013 - \$Nil) as a result of the prior year options vesting over three years from the date of grant.



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Nine Months Ended May 31, 2014

**8. Reserves** (continued)

(c) Warrants:

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

	Number of warrants	Weighted average exercise price
Balance August 31, 2012	14,650,000	\$ 0.45
Expired	(1,316,696)	0.45
Balance, August 31, 2013	13,333,304	0.45
Issued	674,230	0.16
Cancelled	(2)	0.45
<b>Balance, May 31, 2014</b>	<b>14,007,532</b>	<b>\$ 0.44</b>

As at May 31, 2014, the Company had outstanding warrants enabling the holders to acquire common shares as follows:

Number of warrants	Exercise price	Expiry date
674,230	\$ 0.16	July 22, 2014*
13,333,302	0.45	March 16, 2016
<b>14,007,532</b>		

\*Subsequent to May 31, 2014, these warrants expired unexercised.

**9. Subsequent event**

Up to May 31, 2014, the Company had incurred net accumulated exploration costs totaling \$161,057 on the King property. During the year ended August 31, 2013, the Company wrote down the costs associated with the King property by \$161,056 to \$1 as the Company looked to apply its capital to oil and gas assets in Africa.

Subsequent to May 31, 2014, the Company did not make a required cash payment of \$70,000 or incur \$500,000 in cumulative exploration expenditures on the King property. As a result, the Company wrote off the remaining \$1 of cost during the nine months ended May 31, 2014.