



HORIZON PETROLEUM PLC

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

For the three months ended November 30, 2014

## 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

	November 30, 2014	August 31, 2014
<b>Assets</b>		
Current assets:		
Cash and equivalents	\$ 700,878	\$ 1,008,699
Receivables	9,293	24,749
Prepaid expenses	4,565	7,591
	<u>\$ 714,736</u>	<u>\$ 1,041,039</u>

**Liabilities and Shareholders' Equity**

Current liabilities:

Accounts payable and accrued  
liabilities (notes 6)

\$ 138,441	\$ 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)

495,140	428,854
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Deficit

(13,897,683)	(13,550,732)
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<u>576,295</u>	<u>856,960</u>
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<u>\$ 714,736</u>	<u>\$ 1,041,039</u>
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Corporate information and going concern (note 1)

See accompanying notes to the unaudited condensed interim financial statements.

Approved by the Board:

"Yogeshwar Sharma"

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*Director*

"David Winter"

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*Director*

**HORIZON PETROLEUM PLC**

Condensed Interim Statements of Operations, Loss and Comprehensive Loss

(Expressed in Canadian dollars)

(Unaudited)

Three Months Ended November 30,

	2014	2013
Expenses:		
Consulting fees	\$ 17,509	\$ 39,934
Directors' fees	73,642	25,135
Foreign exchange loss	141	6,983
Management fees	71,874	42,006
Office	8,954	9,867
Professional fees	55,662	62,961
Property investigation costs (note 5)	37,548	51,703
Shareholder communications	-	22,263
Share-based payments (note 8)	66,286	39,162
Transfer agent and regulatory fees	10,025	3,868
Travel and related costs	7,708	7,027
	<u>(349,349)</u>	<u>(310,909)</u>
Other item:		
Interest income	2,398	-
Loss and comprehensive loss for the period	<u>\$ (346,951)</u>	<u>\$ (310,909)</u>
Basic and diluted loss per common share	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>
Basic and diluted weighted average number of common shares outstanding	<u>44,129,654</u>	<u>27,462,987</u>

See accompanying notes to the condensed interim financial statements.

**HORIZON PETROLEUM PLC**

Condensed Interim Statements of Cash Flows

(Expressed in Canadian dollars)

(Unaudited)

Three Months Ended November 30,

	2014	2013
Cash used in:		
Operating activities:		
Loss for the period	\$ (346,951)	\$ (310,909)
Item not affecting cash:		
Share-based payments	66,286	39,162
	(280,665)	(266,747)
Changes in non-cash working capital items:		
Receivables	15,456	2,004
Prepaid expenses	3,026	(139)
Accounts payable and accrued liabilities	(45,638)	(78,086)
Decrease in cash during the period	(307,821)	(347,968)
Cash and equivalents, beginning of period	1,008,699	503,467
Cash and equivalents, end of period	\$ 700,878	\$ 155,499

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	-	-	-	(310,909)	(310,909)
Share-based payments	-	-	39,162	-	39,162
Balance, November 30j, 2013	27,462,987	\$ 12,258,433	\$ 177,083	\$ (12,389,548)	\$ 45,968
Balance, August 31, 2014	44,129,654	\$ 13,978,838	\$ 428,854	\$ (13,550,732)	\$ 856,960
Loss for the period	-	-	-	(346,951)	(346,951)
Share-based payments	-	-	66,286	-	66,286
Balance, November 30, 2014	44,129,654	\$ 13,978,838	\$ 495,140	\$ (13,897,683)	\$ 576,295

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 Three Months Ended November 30, 2014

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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 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 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 three months ended November 30, 2014, the Company used cash from operations of \$307,821 (2013 - \$347,968). At November 30, 2014, the Company's cash and equivalents balance was \$700,878 (August 31, 2014 - \$1,008,699) and working capital was \$576,295 (August 31, 2014 - \$858,960).

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.

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

## **HORIZON PETROLEUM PLC**

Notes to the Condensed Interim Financial Statements

(Expressed in Canadian dollars)

(Unaudited)

For the Three Months Ended November 30, 2014

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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 the 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 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 standards 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

### **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:

	November 30, 2014	August 31, 2014
Accounts payable	\$ 22,859	\$ 29,332
Due to related parties	93,082	100,272
Accrued liabilities	22,500	54,475
	<b>\$ 138,441</b>	<b>\$ 184,079</b>

## HORIZON PETROLEUM PLC

Notes to the Condensed Interim Financial Statements

(Expressed in Canadian dollars)

(Unaudited)

For the Three Months Ended November 30, 2014

### 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 three months ended November 30, 2014, the Company:

- Announced a non-brokered private placement for aggregate proceeds of up to \$800,000, through the distribution of units at \$0.05 per unit; each unit consisting of one common share and ½ share purchase warrant with each whole warrant exercisable at \$0.075 per share for 24 months.

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 10). 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 November 30, 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
Balance, August 31, 2013	1,714,000	0.15
Cancelled	(50,000)	0.15
Balance, August 31, 2014 and November 30, 2014	1,664,000	\$ 0.15
Number of options currently exercisable	554,667	\$ 0.15

The weighted average remaining contractual life for the share options outstanding as at November 30, 2014 is 3.10 years (August 31, 2014 – 8.93 years).

**HORIZON PETROLEUM PLC**

Notes to the Condensed Interim Financial Statements

(Expressed in Canadian dollars)

(Unaudited)

For the Three Months Ended November 30, 2014

**8. Reserves (continued)**

## (a) Stock options (continued):

As at November 30, 2014, 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
1,092,000	0.15	February 2, 2015

## (b) Share-based payments:

For the three months ended November 30, 2014, the share-based payments expense recognized was \$66,286 (2013 - \$39,162). 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 November 30, 2014	13,333,302	\$ 0.16(i)

(i) Subsequent to the three months ended November 30, 2014, the Company received TSX Venture Exchange approval to have certain of its outstanding share purchase warrants re-priced. There are 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 November 30, 2014, 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		