HORIZON PETROLEUM LTD.
(formerly Horizon Petroleum PLC)

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

For the three and nine months ended May 31, 2016

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 unaudited condensed interim financial statements of Horizon Petroleum Ltd. (formerly 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 unaudited 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 LTD.
(formerly Horizon Petroleum PLC)

Condensed Interim Statements of Financial Position
(Expressed in Canadian dollars)
Unaudited
As at

	May 31, 2016	August 31, 2015
		(Audited)
Assets		
Current assets:		
Cash and equivalents	$ 260	$ 243,273
Receivables	16,993	8,049
Prepaid expenses	5,990	8,734
	23,243	260,056
Deferred acquisition costs (Note 13)	47,892	-
	$ 71,135	$ 260,056
Liabilities and Shareholders' Equity (Deficiency)		
Current liabilities:		
Accounts payable and accrued liabilities (notes 6 & 10)	$ 268,987	$ 197,138
Promissory notes payable (note 10)	90,000	-
Loan payable (note 10)	25,000	-
	383,987	197,138
Shareholders' equity (deficiency):		
Share capital (note 7)	14,079,594	13,927,594
Reserves (note 8)	478,925	451,619
Warrants (note 8)	51,244	51,244
Deficit	(14,922,615)	(14,367,539)
	(312,852)	62,918
	$ 71,135	$ 260,056

Corporate information and going concern (note 1)
Significant transaction (note 13)

Approved by the Board:

"Yogeshwar Sharma"
Director – Yogeshwar Sharma

"David Winter"
Director - David Winter

See accompanying notes to the condensed interim financial statements.

HORIZON PETROLEUM LTD.
(formerly Horizon Petroleum PLC)
Condensed Interim Statements of Operations, Loss and Comprehensive Loss
(Expressed in Canadian dollars)
(Unaudited)

	Three months May 31, 2016	Three months May 31, 2015	Nine months May 31, 2016	Nine months May 31, 2015
Expenses:				
Consulting fees	$ -	$ -	$ -	$ 1,509
Directors' fees	26,606	48,548	40,165	166,352
Foreign exchange loss (gain)	(16,906)	58	(17,134)	(125)
Management fees	20,000	30,000	80,000	148,874
Office	8,416	7,668	15,039	28,719
Professional fees	44,172	34,000	124,515	109,723
Property investigation costs (note 5)	30,000	38,292	172,818	121,321
Rent	11,859	15,043	43,664	37,623
Shareholder communications	7,297	-	29,070	700
Share-based payments (note 8)	2,426	6,005	27,306	78,165
Transfer agent and regulatory fees	17,409	11,554	34,930	33,024
Travel and related costs	775	2,629	1,911	24,025
	(152,054)	(193,797)	(552,284)	(748,910)
Other Items:				
Interest income	-	1,280	87	5,230
Interest expense (note 10)	(2,250)	-	(2,705)	-
	(2,250)	1,280	(2,792)	5,230
Loss and comprehensive loss for the period	$ (154,304)	$ (192,517)	$ (555,076)	$ (743,680)
Basic and diluted loss per common share	$ (0.00)	$ (0.00)	$ (0.01)	$ (0.01)
Weighted average number of common shares outstanding	44,327,915	44,129,654	44,196,467	44,129,654

See accompanying notes to the condensed interim financial statements.

HORIZON PETROLEUM LTD.
(formerly Horizon Petroleum PLC)

Condensed Interim Statements of Cash Flows
(Expressed in Canadian dollars)
(Unaudited)
Nine Months ended May 31,

	2016	2015
Cash provided by (used in):		
Operating activities		
Loss for the period	$ (555,076)	$ (743,680)
Items not affecting cash:		
Share-based payments	27,306	78,165
	(527,770)	(665,515)
Receivables	(8,944)	16,251
Prepaid expenses	2,744	7,099
Accounts payable and accrued liabilities	175,957	32,639
	(358,013)	(609,526)
Financing activities		
Promissory notes payable	90,000	-
Loan payable	25,000	-
	115,000	-
Decrease in cash and equivalents during the period	(243,013)	(609,526)
Cash and equivalents, beginning of period	243,273	1,008,699
Cash and equivalents, end of period	$ 260	$ 399,173

During the nine months ended May 31, 2016, the Company issued 3,040,000 common shares to settle debts totaling $152,000.

There were no non-cash investing and financing transactions during the nine months ended May 31, 2015.

See accompanying notes to the condensed interim financial statements.

HORIZON PETROLEUM LTD.
(formerly Horizon Petroleum PLC)
Condensed Interim Statements of Changes in Equity (Deficit)
(Expressed in Canadian dollars)
(Unaudited)

	Number of shares	Share capital	Warrants	Reserves	Deficit	Total
Balance, August 31, 2014	44,129,654	$ 10,381,825	$ -	$ 428,854	$ (13,550,732)	$ 856,960
Loss for the period	-	-	-	-	(743,680)	(743,680)
Share-based payments	-	-	-	78,165	-	78,165
Balance, May 31, 2015	44,129,654	$ 13,978,838	$ -	$ 507,019	$ (14,294,412)	$ 191,445
Balance, August 31, 2015	44,129,654	$ 13,927,594	$ 51,244	$ 451,619	$ (14,367,539)	$ 62,918
Shares-for-debt	3,040,000	152,000	-	-	-	152,000
Loss for the period	-	-	-	-	(555,076)	(555,076)
Share-based payments	-	-	-	27,306	-	27,306
Balance, May 31, 2016	47,169,654	$ 14,079,594	$ 51,244	$ 478,925	$ (14,922,615)	$ (312,852)

See accompanying notes to the condensed interim financial statements.

1. Corporate information and Going Concern

Horizon Petroleum Ltd. ("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. During the nine months ended May 31, 2016, the Company changed its domicile again from Jersey, Channel Islands to Alberta, Canada. Consequently, the Company changed its name from Horizon Petroleum PLC to Horizon Petroleum Ltd.. 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 490 – 700 4th Ave S, Calgary, Alberta, T2P 3J4.

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 financial statements do not include adjustments that would have been required if going concern were not an appropriate basis for preparation of these financial statements.

The Company has incurred losses since inception and is currently not generating any revenues aside from interest income. For the nine months ended May 31, 2016, the Company used cash in operating activities of $358,013 (2015 - $609,526) and received $90,000 cash from the issuance of promissory notes and $25,000 pursuant to a loan. At May 31, 2016, the Company's cash and equivalents balance was $206 (August 31, 2015 - $243,273) and its working capital deficiency was $360,744 (August 31, 2015 – working capital position of $8,918).

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 unaudited 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 or other sources, and there are no assurances that such financing will be obtained.

During the nine months ended May 31, 2016, the Company entered into an agreement with a privately-held, Calgary-based company, pursuant to which the Company will, subject to certain conditions, acquire all of its issued and outstanding common shares in exchange for 55,373,072 pre-consolidated shares of the Company at a deemed value of $0.05 per share by way of a plan of arrangement under the *Business Corporations Act* (Alberta). Prior to completion of this transaction, the Company expects to complete a non-brokered private placement of an aggregate of not less than $1,200,000 and up to $2,000,000. (See note 13).

2. Basis of presentation and statement of compliance

These unaudited condensed interim financial statements were authorized for issue on July 29, 2016 by the directors of the Company.

These unaudited condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee.

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

These unaudited condensed interim financial statements do not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the audited annual financial statements of the Company for the year ended August 31, 2015.

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 these 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, 2015.

4. Adoption of new accounting standards

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.

5. Property investigation costs

During the nine months ended May 31, 2016, the Company entered into an agreement with a significant international resource company to farm in to an offshore exploration block in West Africa. Under the agreement, the Company and the partner had agreed to the primary terms under which the Company could earn a 50% working interest in the block, and which would have been contained within a definitive agreement to be entered into between the Company and the partner. During the nine months ended May 31, 2016, this agreement was terminated by both parties thereto.

During the nine months ended May 31, 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 note 13).

All property investigation costs are related to the investigation of oil and gas opportunities in countries within Africa. Property investigation costs, comprised of consulting fees totaling $90,000, legal fees of $53,365 and travel and related costs totaling $29,453, are expensed as incurred until the Company acquires an exploration and evaluation asset, at which time related costs will then be capitalized.

(Expressed in Canadian dollars)

6. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are as follows:

		May 31, 2016		August 31, 2015
Accounts payable	$	198,958	$	13,802
Due to related parties (Note 9)		59,805		148,836
Accrued liabilities		10,224		34,500
	$	268,987	$	197,138

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, 2015, no share transactions occurred.

During the nine months ended May 31, 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.

As at May 31, 2016, there are 47,169,654 common shares issued and outstanding.

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 May 31, 2016, the Company had the following outstanding stock options:

	Number of options	Weighted average exercise price
Balance, August 31, 2014	1,664,000	$ 0.15
Forfeited	(1,092,000)	0.25
Balance, August 31, 2015	572,000	0.15
Granted	3,700,000	0.10
Balance, May 31, 2016	4,272,000	0.11
Number of options currently exercisable	381,333	$ 0.15

(Expressed in Canadian dollars)

8. Reserves (continued)

(a) Stock options:

Option plan:

The weighted average remaining contractual life for the share options outstanding as at May 31, 2016 is 6.64 years (August 31, 2015 – 7.93 years).

As at May 31, 2016, 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
3,700,000	0.10	December 4, 2022
4,200,000		

During the nine months ended May 31, 2016, the Company granted 3,700,000 stock options to certain directors and officers of the Company with an exercise price of $0.10 per share, expiring December 4, 2022. These stock options vest as to 1/3 on December 4, 2016, 1/3 on December 4, 2017 and the final 1/3 on December 4, 2018.

(b) Share-based payments:

During the nine months ended May 31, 2016, the Company granted 3,700,000 (2015 – Nil) stock options. The fair value of the options granted during the period is $138,414 (2015 - $Nil), based on the Black-Scholes option pricing model. For the nine months ended May 31, 2016, the share-based payments expense recognized was $27,306 (2015 - $78,165).

The following assumptions were used for the Black-Scholes option pricing model:

	2016
Risk-free interest rate	1.14%
Expected life of options	7 years
Annualized volatility	153%
Dividend rate	0.00%
Forfeiture rate	0.00%

(c) Warrants:

No warrants were issued during the nine months ended May 31, 2016 and, as at May 31, 2016, the Company had no warrants outstanding.

(Expressed in Canadian dollars)

9. 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 former Corporate Secretary.

(6) Includes $90,000 (2015 - $69,920) 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 - $37,623) 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 (Note 10).

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.

10. Loans payable

Promissory notes payable
During the nine months ended May 31, 2016, the Company received $90,000 from the issuance of promissory notes to three related parties. The promissory notes bear interest at 10% per annum with maturity dates between July 28, 2016 and October 2, 2016. As at May 31, 2016, the Company has accrued interest totalling $2,705 (August 31, 2015 - $Nil).

Loan payable
During May 2016, the Company received $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.

11. 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; and
- 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 and equivalents, 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 equivalents, and accounts receivable. The Company limits the exposure to credit risk by only investing its cash and equivalents 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 equivalents and receivables 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.

11. Financial instruments and risk management (continued)

Foreign currency

The Company is exposed to foreign currency risk as some of its cash and equivalents 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	$ 24	3,072	$ 4,065
Total financial assets		$ 24		$ 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. The Company's cash and equivalents is currently invested in business accounts which are available on demand by the Company for its programs. 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.

12. 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 other mineral 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 future property acquisitions, if and when it is required.

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

12. Capital management (continued)

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 future exploration and development efforts, the Company does not pay dividends. Notwithstanding the risks described in note 1 of these unaudited condensed interim financial statements, the Company expects to continue to raise funds, from time to time, to continue meeting its capital management objectives.

13. Significant transaction

During April, 2016, the Company 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.

The Company has amended the terms of its proposed private placement. Prior to completion of this transaction with Iskander, the Company will complete a private placement for an aggregate of up to 40 million units at a price of $0.05 per unit for aggregate proceeds of up to $2,000,000. Each unit will consist of one common share and one share purchase warrant, with each warrant being exercisable into one common share at a price of $0.075 per share, and good for a term of two years. Subscribers in the private placement will include, amongst others, the new management team, board of directors, and existing shareholders of Horizon and Iskander. The completion of the private placement is expected to occur on or about August 31, 2016. The common shares that are expected to be issued pursuant to the private placement will be subject to a mandatory four-month hold period. Finders' fees in the amount of 6% in cash and 6% in finders' warrants may be payable on a portion of the private placement.

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.

13. Significant transaction (continued)

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 and have been recorded as deferred acquisition costs on the statement of financial position.