



HORIZON PETROLEUM PLC

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

For the three months ended November 30, 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 unaudited 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 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 PLC

Condensed Interim Statements of Operations, Loss and Comprehensive Loss

(Expressed in Canadian dollars)

(Unaudited)

Three Months ended November 30,

	2015	2014
Expenses:		
Consulting fees	\$ -	\$ 17,509
Directors' fees	43,560	73,642
Foreign exchange loss	1,686	141
Management fees	30,000	71,874
Office	5,405	8,954
Professional fees	22,552	55,662
Property investigation costs (note 5)	47,189	37,548
Rent	19,753	-
Shareholder communications	4,354	-
Share-based payments (note 8)	2,374	66,286
Transfer agent and regulatory fees	5,278	10,025
Travel and related costs	1,136	7,708
	(183,287)	(349,349)
Other item:		
Interest income	87	2,398
Loss and comprehensive loss for the period	\$ (183,200)	\$ (346,951)
Basic and diluted loss per common share	\$ (0.00)	\$ (0.01)
Basic and diluted weighted average number of common shares outstanding	44,129,654	44,129,654

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,

	2015	2014
Cash provided by (used in):		
Operating activities:		
Loss for the period	\$ (183,200)	\$ (346,951)
Item not affecting cash:		
Share-based payments	2,374	66,286
Receivables	(1,756)	15,456
Prepaid expenses	(13,553)	3,026
Accounts payable and accrued liabilities	28,596	(45,638)
Decrease in cash and equivalents during the period	(167,539)	(307,821)
Cash and equivalents, beginning of period	243,273	1,008,699
Cash and equivalents, end of period	\$ 75,734	\$ 700,878

Supplemental disclosure with respect to cash flows (note 9)

See accompanying notes to the condensed interim financial statements.

HORIZON PETROLEUM PLC

Consolidated Interim Statements of Changes in Equity (Deficit)

(Expressed in Canadian dollars)

(Unaudited)

Three Months ended November 30, 2015

	Number of shares	Share capital	Warrants	Reserves	Deficit	Total
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	\$ (13,987,683)	\$ 576,295
Balance, August 31, 2015	44,129,654	\$ 13,927,594	\$ 51,244	\$ 451,619	\$ (14,367,539)	\$ 62,918
Loss for the period	-	-	-	-	(183,200)	(183,200)
Share-based payments	-	-	-	2,374	-	2,374
Balance, November 30, 2015	44,129,654	\$ 13,927,594	\$ 51,244	\$ 453,993	\$ (14,550,739)	\$ (117,908)

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, 2015

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 is currently in the process of changing its domicile from Jersey, Channel Islands to Alberta, Canada. This Continuation was approved by the Company’s shareholders at its AGM held May 5, 2015.

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 three months ended November 30, 2015, the Company used cash from operating activities of \$167,539 (2014 - \$307,821). At November 30, 2015, the Company’s cash and equivalents balance was \$75,734 (August 31, 2015 - \$243,273) and its working capital deficiency was \$117,908 (August 31, 2015 – working capital position \$62,918).

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 (see note 13 regarding a proposed \$2 million financing).

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

2. Basis of presentation and statement of compliance

These unaudited condensed interim financial statements were authorized for issue on January 28, 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.

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 annual financial statements of the Company for the year ended August 31, 2015.

HORIZON PETROLEUM PLC

Notes to the Condensed Interim Financial Statements

(Expressed in Canadian dollars)

(Unaudited)

For the Three Months Ended November 30, 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 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, 2015.

4. Adoption of new accounting standards

On September 1, 2015, the Company adopted the IFRS 7 (Amendment): Standard amended to clarify 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

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 \$30,000 and travel and related costs totaling \$17,189, are expensed as incurred until the Company acquires an exploration and evaluation asset, at which time related costs will then be capitalized.

6. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are as follows:

	November 30, 2015	August 31, 2015
Accounts payable	\$ 12,468	\$ 13,802
Due to related parties (Note 10)	193,266	148,836
Accrued liabilities	20,000	34,500
	<u>\$ 225,734</u>	<u>\$ 197,138</u>

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 and the three months ended November 30, 2015, no share transactions occurred.

HORIZON PETROLEUM PLC

Notes to the Condensed Interim Financial Statements

(Expressed in Canadian dollars)

(Unaudited)

For the Three Months Ended November 30, 2015

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, 2015, 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)	0.15
Balance, August 31, 2015 and November 30, 2015	572,000	\$ 0.15
Number of options currently exercisable	381,333	\$ 0.15

The weighted average remaining contractual life for the share options outstanding as at November 30, 2015 is 7.68 years (August 31, 2015 – 7.93 years).

As at November 30, 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

Subsequent to November 30, 2015, 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:

No stock options were granted during the year ended August 31, 2015 or during the three months ended November 30, 2015.

During the three months ended November 30, 2015, the share-based payments expense recognized was \$2,374 (2014 - \$66,286). This expense relates to options granted in a prior period.

HORIZON PETROLEUM PLC

Notes to the Condensed Interim Financial Statements

(Expressed in Canadian dollars)

(Unaudited)

For the Three Months Ended November 30, 2015

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, 2013	13,333,302	\$ 0.16
Issued	674,230	0.16
Expired	(674,230)	0.16
Balance, August 31, 2014 and 2015 and November 30, 2015	13,333,302	\$ 0.16

As at November 30, 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		

During the year ended August 31, 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 (this excludes 522,249 warrants held by insiders). The re-priced warrants were also 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. The fair value of the re-priced warrants of \$51,244 was determined using the Black-Scholes option-pricing model with the following assumptions: expected life 1.29 years; volatility – 141.9%; dividend rate – nil; risk free interest rate – 1.01%. The increase in fair value due to re-pricing was recognized within equity.

9. Supplemental disclosure with respect to cash flows

There were no non-cash investing and financing transactions during the three months ended November 30, 2015 or during the three months ended November 30, 2014.

HORIZON PETROLEUM PLC

Notes to the Condensed Interim Financial Statements

(Expressed in Canadian dollars)

(Unaudited)

For the Three Months Ended November 30, 2015

10. Related party transactions

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

	November 30, 2015	November 30, 2014
Executive compensation ^{(1) to (7)}	\$ 69,000	\$ 150,349
Non-executive directors' fees ⁽⁸⁾	43,560	57,824
Rent ⁽⁹⁾	19,753	-
Share-based payments	1,079	50,198
	\$ 133,392	\$ 258,371

- (1) Includes \$Nil (2014 - \$61,874) in management fees paid or accrued to the Company's former CEO (resigned November, 2014).
- (2) Includes \$30,000 (2014 - \$10,000) in management fees and \$Nil (2014 - \$16,000) in consulting fees paid or accrued to the Company's former interim CEO (resigned November, 2015).
- (3) Includes \$Nil (2014 - \$33,074) in professional fees paid or accrued to the Company's former CFO.
- (4) Includes \$9,000 (2014 - \$3,000) in professional fees paid or accrued to the Company's current CFO.
- (5) Includes \$Nil (2014 - \$5,231) in professional fees paid or accrued to the Company's current Corporate Secretary.
- (6) Includes \$30,000 (2014 - \$9,920) in property investigation costs paid or accrued to the current CEO of the Company (appointed November, 2015).
- (7) Includes \$Nil (2014 - \$11,250) in directors' fees paid or accrued to executive directors and former executive directors of the Company.
- (8) Includes \$43,560 (2014 - \$57,824) in directors' fees paid or accrued to non-executive directors and former non-executive directors of the Company.
- (9) Includes \$19,753 (2014 - \$Nil) in rent paid or accrued to a company with three directors of the Company in common.

Included in accounts payable and accrued liabilities at November 30, 2015 is \$193,266 (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.

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).

HORIZON PETROLEUM PLC

Notes to the Condensed Interim Financial Statements

(Expressed in Canadian dollars)

(Unaudited)

For the Three Months Ended November 30, 2015

11. Financial instruments and risk management (continued)

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.

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:

	<u>November 30, 2015</u>		<u>August 31, 2015</u>	
	Amount in Foreign currency	Amount in CAD dollars	Amount in foreign currency	Amount in CAD dollars
United States dollars:				
Cash and cash equivalents	3,054	\$ 4,082	3,072	\$ 4,065
Total financial assets		\$ 4,082		\$ 4,065

HORIZON PETROLEUM PLC

Notes to the Condensed Interim Financial Statements

(Expressed in Canadian dollars)

(Unaudited)

For the Three Months Ended November 30, 2015

11. Financial instruments and risk management (continued)

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

	November 30, 2015		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	121,212	\$ 161,741	88,212	\$ 116,722
Great British Pounds:				
Accounts payable and accrued liabilities	1,212	2,435	5,257	10,712
Total financial liabilities		\$ 164,176		\$ 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 November 30, 2015, the Company had cash and equivalents of \$75,734 to settle current liabilities of \$225,734. Based on current period expenditures, the Company will require further financings 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.

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 financial statements, the Company expects to continue to raise funds, from time to time, to continue meeting its capital management objectives.

HORIZON PETROLEUM PLC

Notes to the Condensed Interim Financial Statements

(Expressed in Canadian dollars)

(Unaudited)

For the Three Months Ended November 30, 2015

13. Significant events

During the three months ended November 30, 2015, the Company entered into a letter 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 have agreed to the primary terms under which the Company can earn a 50% working interest in the block, and which will be contained within a definitive agreement to be entered into between the Company and the partner.

Furthermore, the Company announced its intention to undertake a non-brokered private placement for aggregate gross proceeds of up to \$2,000,000, through the distribution of units at \$0.05 per unit; each unit consisting of one share plus one-half warrant with each whole warrant exercisable at \$0.075 per share for 24 months. The private placement will be subscribed for by management, board members and family, plus consultants, close associates and others. Due to market conditions, the Company has requested and received an extension from the TSX Venture Exchange for the closing of this private placement. The Company anticipates closing the private placement on or before February 24, 2016.