HORIZON PETROLEUM PLC.

Management’s Discussion and Analysis

Year Ended August 31, 2015

This management’s discussion and analysis of financial position and results of operations (“MD&A”), prepared as of December 23, 2015, provides an analysis of the operations and financial results of Horizon Petroleum Plc. (“Horizon” or the “Company”) for the year ended August 31, 2015, and should be read in conjunction with the audited financial statements for the year ended August 31, 2015. Those audited financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”). 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 discussion 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”.

Changes to Management & the Board of Directors

Dr. David Winter has agreed to assume the role of president and chief executive officer of the Company, replacing David R. Robinson, the Company’s interim chief executive officer. Mr. Robinson will continue in his role of vice-president, business development, of the Company.

Dr. Winter has over 28 years of international oil and gas industry experience in Latin America, the Middle East, North Africa, southeast Asia and North America. He is a co-founder and director of privately held Miramar Hydrocarbons Ltd. (“Miramar”), as well as a co-founder and director of Canacol Energy Ltd., a publicly traded oil and gas company listed on both the Toronto and Colombia stock exchanges. Prior to founding Miramar, Dr. Winter was founder, CEO and president of Excelsior Energy Ltd., a Canadian publicly traded company focused on exploration and appraisal activities in Canada's oil sands. Dr. Winter acquired his extensive international oil and gas experience from senior management roles at Calvalley Petroleum, where he was senior vice-president, exploration and production, and at Alberta Energy Company, where he was vice-president, international exploration. He has also held senior management and technical positions with Canadian Occidental, Sun Oil and BP. Dr. Winter holds a BSc (honours), MSc and PhD in geology.

Overview

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

Subsequent to August 31, 2015, the Company has 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. Additional equity funds will be required to complete this transaction.

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.

Selected Annual Information

	2015	2014	2013
Loss for the year	$ (982,385)	$ (1,472,093)	$ (1,071,035)
Loss per share	(0.02)	(0.04)	(0.06)
Total assets	260,056	1,041,039	520,555
Total liabilities	302,369	184,079	202,840

Result of Operations

During the year ended August 31, 2015 (the "current year"), the Company incurred a loss of $877,154 compared to a loss of $1,472,093 during the year ended August 31, 2014 (the "comparative year"). The significant changes during the current year compared to the comparative year are as follows:

Consulting fees of $17,509 were incurred during the current year which decreased from $230,246 during the comparative year. During the fourth quarter of the year ended August 31, 2013, the Company entered into consulting agreements with a former director of the Company (agreement terminated July 2014) and with the Company's former interim chief executive officer, for subsurface evaluations ($65,945) and business development services ($96,000), respectively. During the current year, the former interim chief financial officer began receiving management fees.

Directors' fees of $107,776 were incurred during the current year which decreased from $159,048 incurred during the comparative year. The decrease was mainly a result of the fact that directors' fees totaling $88,119, accrued to December 31, 2014 to three current directors of the Company, were forgiven by those three directors during the current year.

Management fees of $161,784 were incurred during the current year compared to $152,599 during the comparative year. The increase was a result of the Company paying or accruing fees to its former CEO the amount of US$11,000 per month through the comparative year, whereas the interim CEO was paid $10,000 per month during the current year, commencing November 2014.

Professional fees incurred during the current year totaled $149,587 compared to $286,782 during the comparative year. The decrease was mainly a result of the Company paying or accruing $110,921 (US$96,000) for services provided by the former CFO in the prior year, compared to $60,074 to the prior CFO and current CFO combined in the current year. The decrease was also a result of the cessation of having the Company's interim financial statements being reviewed by the Company's auditor.

The Company incurred property investigation costs of $183,318 during the current year, compared to $253,517 during the comparative year. The property investigation costs for both periods related to the Company's search for oil and gas properties within Africa.

Shareholder communications expense of $700 was incurred during the current year compared to $89,153 during the comparative year. The decrease was a result of the Company curtailing shareholder communications activities so as to reduce corporate spending.

Fourth Quarter Results

During the three months ended August 31, 2015, the Company incurred a loss of $73,127 compared to a loss of $192,517 during the three months ended May 31, 2015.

Expenses incurred during the fourth quarter of fiscal 2015 were consistent with those incurred during the previous quarter except that the Company recovered previously-accrued directors' fees totaling $88,119 during the fourth quarter.

Quarterly Information

	Three Months Ended August 31, 2015	Three Months Ended May 31, 2015	Three Months Ended February 28, 2015	Three Months Ended Nov 30, 2014
Total assets	$ 260,056	$ 408,163	$ 562,242	$ 714,736
Working capital (deficiency)	(42,313)	191,445	377,957	576,295
Loss and comprehensive loss for the period	(73,127)	(192,517)	(204,242)	(346,921)
Loss per share (basic and diluted)	(0.00)	(0.00)	(0.01)	(0.01)

	Three Months Ended August 31, 2015	Three Months Ended May 31, 2015	Three Months Ended February 28, 2015	Three Months Ended Nov 30, 2014
Total assets	$ 1,041,039	$ 1,301,644	$ 1,699,475	$ 170,722
Working capital	856,960	1,165,574	1,525,627	45,967
Loss and comprehensive loss for the period	(344,630)	(390,084)	(426,470)	(310,909)
Loss per share (basic and diluted)	(0.01)	(0.01)	(0.01)	(0.02)

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.
During the third quarter of fiscal 2014, the Company entered into a consulting agreement during February 2014, for $12,500 per month for a three-month period.

During the second quarter of fiscal 2014, the Company recorded an increase in professional fees of $42,680, mainly a result of an accrual of $25,000 for legal work on the Company's activities in Nigeria.

During the first quarter of fiscal 2014, the Company recorded an increase in share-based payments expense to $39,162 from $11,619. The increase in share-based payments expense relates to a greater time period of vesting as the options were only granted in August 2013.

Liquidity and Capital Resources

The Company had working capital of $62,918 and cash and equivalents on hand of $243,273 as at August 31, 2015. This compares to a working capital position of $856,960 and cash on hand of $1,008,699 as at August 31, 2014.

In addition, subsequent to August 31, 2015, 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.

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 or that such financing will be on terms advantageous to the Company. Factors that could affect the availability of financing include the progress and exploration results of the mineral properties, the state of international debt, equity and commodity markets, and investor perceptions and expectations.

The Company's audited financial statements for the year ended August 31, 2015 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.

Related Party Transactions

During the year ended August 31, 2015, the Company:

- Paid or accrued management fees of $61,874 (US$55,000) (2014 – $145,099 (US$132,000)) to the Company's former CEO (resigned November, 2014);
- Paid or accrued management fees of $100,000 (2014 - $Nil) to the Company's former interim CEO (resigned November, 2015);
- Paid or accrued professional fees of $33,074 (US$32,000) (2014 - $110,921 (US$96,000) to the Company's former CFO;
- Paid or accrued professional fees of $30,000 (2014 - $Nil) to the Company's current CFO;
- Paid or accrued property investigation costs of $99,920 (2014 - $Nil) to the current CEO of the Company (appointed November, 2015);

- Paid or accrued directors' fees of $11,250 (US$10,000) (2014 – $26,457 (US$24,000)) to an executive director and a former executive director of the Company;
- Paid or accrued consulting fees of $16,000 (2014 - $65,944 (US$60,000)) to a director of the Company;
- Paid or accrued directors' fees of $96,526 (2014 - $132,591) to non-executive directors and former non-executive directors of the Company; and
- Paid or accrued professional fees of $18,892 (2014 - $37,705) and share issuance costs of $Nil (2014 - $13,453) to Owen Bird, a law firm of which the new corporate secretary of the Company is a partner.
- Paid or accrued rent of $69,776 (2014 - $Nil) to a company with two directors of the Company in common.

Included in accounts payable and accrued liabilities at August 31, 2015 is $148,836 (2014 - $100,272) owing to related parties, all in respect of the above transactions.

Key Management Personnel Compensation

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

	August 31, 2015	August 31, 2014
Executive compensation	$ 371,010	$ 431,225
Non-executive directors' fees	96,526	108,445
Rent	69,776	-
Share-based payments	13,214	114,153
	$ 550,526	$ 653,823

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 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:

	August 31, 2015		August 31, 2014	
	Amount in Foreign currency	Amount in CAD dollars	Amount in Foreign currency	Amount in CAD dollars
United States dollars:				
Cash and cash equivalents	3,072	$ 4,065	6,167	$ 6,707
Total financial assets		$ 4,065		$ 6,707

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

	August 31, 2015		August 31, 2014	
	Amount in Foreign currency	Amount in CAD dollars	Amount in Foreign currency	Amount in CAD dollars
United States dollars:				$ 82,163
Accounts payable and accrued liabilities	88,212	$ 116,442	75,545	
Great British Pounds:	5,257	10,712	2,395	4,323
Accounts payable and accrued liabilities				
Total financial liabilities		$ 127,154		$ 86,486

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 that it will have sufficient capital in order to meet short term business requirements, after taking into account cash flows from operations and the Company's holdings of cash and cash equivalents. The Company's cash and cash equivalents are currently invested in business accounts which are available on demand by the Company for its programs. As at August 31, 2015, the Company had cash and cash equivalents of $243,273 to settle liabilities of $197,138. Please also see Notes 1 and 17 to the Company's audited financial statements for the year ended August 31, 2015.

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 financial statements, 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 July 1, 2014, the Company adopted the "Amendment to IAS 32 Financial Instruments: Presentation". 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.

The Company has not early adopted these standards and is currently assessing the impact these standards will have on its financial statements:

i) IFRS 7 (Amendment): Standard amended to clarity requirements for mandatory effective dates and transition disclosures, effective for annual periods beginning on or after January 1, 2015; and

ii) IFRS 9: New standard that replaced IAS 39 for classification and measurement of financial assets, effective for annual periods beginning on or after January 1, 2018.

iii) IFRS 11: On May 6, 2014 the IASB issued *Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11).* The amendments apply prospectively for annual periods beginning on or after January 1, 2016. Earlier application is permitted. The amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitute a business. The Company intends to adopt the amendments to IFRS 11 in its financial statements for the annual period beginning on January 1, 2016. The extent of the impact of adoption of the amendments has not yet been determined.

iv) IFRS 15: On May 28, 2014 the IASB issued IFRS 15 *Revenue from Contracts with Customers*. The new standard is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The Company intends to adopt IFRS 15 in its financial statements for the annual period beginning on January 1, 2018. The Company does not expect the standard to have a material impact on the financial statements.

Current Share Data

Subsequent to August 31, 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.

As of December 23, 2015, the Company has:

a) 44,129,654 common shares issued and outstanding;

b) 12,811,053 share purchase warrants outstanding with an exercise price of $0.15 per share and 522,249 share purchase warrants outstanding with an exercise price of $0.45 per share, all expiring on March 16, 2016; and

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