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HORIZON PETROLEUM AND PMI RESOURCES ENTER INTO LETTER OF INTENT FOR ASSIGNMENT OF HYDROCARBON LICENSES IN FRANCE, PLUS INVESTMENT INTO HORIZON BY PMI

Horizon Petroleum Ltd. (the “Company” or “Horizon”) (TSXV: HPL) and PMI Resources Ltd. (“PMI”) (TSXV: PMI) are pleased to report that the Companies have entered into a non-binding Letter of Intent (the “**LOI**”), dated December 21, 2016, under which PMI will assign to Horizon its two Luxembourg subsidiaries which hold a 100% working interest in two hydrocarbons licenses in southwest France known as Ledeuix and Ger, and consisting of approximately 171,520 acres (the “**Assignment**”).

Furthermore, under the LOI, PMI has agreed to invest \$1.5 million (CDN) into Horizon, by way of a private placement of shares in the capital of Horizon (“**Shares**”) at \$0.02 per share. Officers and directors intend to also invest into Horizon, along with certain key shareholders and others, for up to a further \$1.8 million. As such, the private placement will be for up to \$3.3 million (the “**Private Placement**”).

Due to the insider participation (the “**Insider Participation**”) in the Private Placement, it is considered a related party transaction within the meaning of Multilateral Instrument 61-101 (“**MI 61-101**”). Horizon considers such Insider Participation exempt from the need to obtain minority shareholder approval and a formal valuation, as required by MI 61-101, and intends to rely on the exemptions from the valuation and minority shareholder approval requirements of MI 61-101 contained in Sections 5.5(a) and 5.7(1)(a) of MI 61-101 in respect of such Insider Participation.

Assuming there is full uptake on the Private Placement, upon completion of the Private Placement, Horizon will have approximately 215,369,654 Shares outstanding prior to any consolidation. PMI will hold 75,000,000 Shares, which represents 34.82% of the Shares of Horizon. Since this will create a “control block”, according to the regulations of the TSX Venture Exchange (the “**TSXV**”), the Company will be seeking shareholder consents for the issuance of these Private Placement Shares as required by Section 1.12 of Policy 4.1 of the TSXV Corporate Governance Policies. It is expected that the Company will require the purchasers of such new shares and such shareholders providing consent to the Private Placement, to covenant to vote for an intended consolidation of the Shares at the next annual general meeting of the shareholders of Horizon, under a ratio to be determined.

Concurrent with the investment by PMI into the Company, PMI has the right to appoint one member to the Board of Directors of Horizon (the “**Appointment**”).

The Ledeuix and Ger licenses are located in the Aquitaine Basin of south-west France. The basin contains the largest natural gas fields in France, Lacq and Meillon, which combined have produced 11 TCF of gas to date. Hydrocarbons were sourced from the Lower Jurassic aged shales and marls, and have migrated into Jurassic and Cretaceous aged fractured carbonate reservoirs contained in folded thrust sheets of the Pyrenean fold belt..

Both PMI licenses have progressed through their first exploration period, and the acreage numbers reflect their post-relinquishment status.

Eleven wells have been drilled in the Ledeuix permit, with two of those wells testing hydrocarbons. Saucedo-1 drilled in 1978 by Esso was a gas discovery flowing an average 9 MMscf/d over 19 days. It was placed on production 1981 - 1985 and again in 1988 to 1993. The well produced a cumulative 1.85 BCF of gas from Lower Cretaceous and Jurassic-aged naturally fractured carbonate reservoirs between 4,200 and 5,410 meters below sea level. Reservoir engineering analysis has indicated significant wellbore damage, caused by overweight drilling fluids and poor completion practices which could have resulted in poor well performance.

GLJ Petroleum Consultants assessed the resource potential of the Saucedo gas discovery in the Ledeuix permit as of June 30, 2014 for PMI. The report was completed in accordance with NI 51-101 at the time. As the assessment was prior to NI 51-101 amendments (July 1, 2015) and section 2 Resources Other Than Reserves (ROTR) of COGE Handbook Vol.2, the information regarding GLJ's assessment will be updated and Horizon will disclose in a subsequent news release, details of the updated assessment once available.

A number of leads have been identified in different thrust sheets that have similar characteristics to the Saucedo gas discovery at shallower depths that provide significant upside potential.

The Ger license has significant exploration potential but with higher geological risk. The license carries an outstanding commitment to abandon the Ossun 2D well drilled by PMI. PMI's original estimated cost of abandonment is approximately \$2.512 million. Management believes that the costs could be lower and will provide an update once a new estimate is obtained.

The Ledeuix permit presents an opportunity to appraise and potentially develop an in-place gas resource in a basin with ample existing gas infrastructure, providing gas into an attractive gas market. Management and Directors of Horizon have expertise and experience in appraising, developing and monetizing naturally fractured reservoirs around the world with a number of oil and gas companies. Horizon's strategy will be to leverage that experience to develop and monetize similar gas resources in Europe. Several European countries contain significant undeveloped gas resources that could provide gas into attractive gas markets. The scale of the resources is such that they are immaterial to the large independents and major oil and gas companies but highly material to junior independents that have the technical and operating expertise and experience. The PMI transaction represents the first step in executing this strategy and Management has identified a number of potential follow-on opportunities with significant undeveloped gas resources in attractive gas markets.

The LOI provides for exclusivity under which PMI agree to not solicit other parties, to acquire or joint venture the hydrocarbons licenses in France, until January 31, 2017. PMI and Horizon have agreed to work towards completing a Definitive Agreement by this January 31, 2017, date.

The Private Placement, the Appointment and completion of the Assignment is subject to regulatory and shareholder approval, including TSXV review and approval in accordance with its Policies

About Horizon Petroleum Ltd.

Calgary-based Horizon is focused on the appraisal and development of oil & gas reserves internationally. The Management and Board of Horizon consist of oil & gas professionals with significant international experience.

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Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

This press release contains "forward-looking statements" or "forward-looking information" (collectively referred to herein as "forward-looking statements") within the meaning of applicable securities legislation. Such forward-looking statements include, without limitation, forecasts, estimates, expectations and objectives for future operations that are subject to a number of assumptions, risks and uncertainties, many of which are beyond the control of Horizon. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential" and similar expressions, or that events or conditions "will", "would", "may", "could" or "should" occur or be achieved. This press release contains forward-looking statements pertaining to, among other things, the completion of the Private Placement, the Appointment, the Assignment as well as any future development activities or changes to the estimated abandonment liability.

Forward-looking information is based on current expectations, estimates and projections that involve a number of risks, which could cause actual results to vary and in some instances to differ materially from those anticipated by Horizon and described in the forward-looking information contained in this press release.

Although Horizon believes that the material factors, expectations and assumptions expressed in such forward-looking statements are reasonable based on information available to it on the date such statements were made, no assurances can be given as to future results, levels of activity and achievements and such statements are not guarantees of future performance.