

Form 51-102F3
Material Change Report

Section 7.1 of National Instrument 51-102
Continuous Disclosure Obligations

Item 1 Name and Address of Company

Horizon Petroleum Ltd.
Suite 1500, 700 4th Ave. SW
Calgary, AB
T2P 3J4

Item 2 Dates of Material Change

September 19, 2017.

Item 3 News Release

The Company filed a News Release dated September 19, 2017, with the TSX Venture Exchange, and the British Columbia and Alberta Securities Commission on SEDAR. The Company disseminated the News Release through Business Wire on September 19, 2017.

Item 4 Summary of Material Change

Horizon Petroleum Ltd. (“Horizon”) (TSXV: HPL) reported that further to its press releases dated June 23, 2017, and July 26, 2017, it has entered into a series of definitive agreements (the “Agreements”) with Dublin-based San Leon Energy plc (“SLE”) regarding the purchase from wholly-owned subsidiaries of SLE and other SLE-controlled entities, of 100% interests in 2 oil & gas concessions in the Republic of Poland known as Cieszyn and Bielsko-Biala (the “Primary Concessions”), plus 100% working interests in 2 additional oil & gas concessions in Poland known as Prusice and Kotlarka, and another concession which is under application (together the “Secondary Concessions”).

Item 5 Full Description of Material Change

Horizon Petroleum Ltd. (“Horizon”) (TSXV: HPL) reported that further to its press releases dated June 23, 2017, and July 26, 2017, it has entered into a series of definitive agreements (the “Agreements”) with Dublin-based San Leon Energy plc (“SLE”) regarding the purchase from wholly-owned subsidiaries of SLE and other SLE-controlled entities, of 100% interests in 2 oil & gas concessions in the Republic of Poland known as Cieszyn and Bielsko-Biala (the “Primary Concessions”), plus 100% working interests in 2 additional oil & gas concessions in Poland known as Prusice and Kotlarka, and another concession which is under application (together the “Secondary Concessions”). These concessions cover 3,030km² and lie within the prolific Rotliegendes Basin and Carpathian Foldbelt, where Horizon intends to target undeveloped conventional natural gas discoveries. Gas infrastructure in these regions is quite extensive, and gas pricing is attractive; prices on the Poland Power Exchange (TGE) during 2017 have been in the range of US\$4.50-\$5.50 per mcf (thousand cubic feet).

The acquisition of the 5 concessions in Poland is a further step in Horizon’s strategy to target, acquire, develop and monetize conventional gas resources in Europe. The scale of the resources is such that they are highly material to junior independents such as Horizon which have the technical and operating expertise and experience to develop the geologically complex reservoirs.

Purchase Price

Horizon previously paid a non-refundable deposit of US\$100,000 and advanced a loan of US\$100,000 (the “Horizon Loan”), as part of this transaction.

The consideration for the acquisition of the Primary Concessions is:

1. US\$1,000,000 in cash, less the US\$100,000 Horizon Loan, for a net cash payment of US\$900,000.
2. C\$1,000,000 in common shares in the capital of Horizon (“Horizon Shares”), based on Horizon meeting specific issuance terms. The Horizon Shares are to be issued at the lesser of a) C\$0.20 per share, b) the lowest price per share at which Horizon completes an equity placement for a minimum of C\$1 million, up to but not including the date of closing of the acquisition (the “Completion Date”), and c) the volume weighted average price per Horizon Share for the period of 10 trading days immediately prior to the Completion Date. If Horizon is unable to meet the specific issuance terms by the Completion Date, it will be required to pay to SLE the equivalent value of the Horizon Shares in cash.
3. A 6% net profits interest.

The consideration for the acquisition of the Secondary Concessions is €10,000 per concession, plus a 6% net profits interest.

Bielsko-Biala (Lachowice) Concession

Located within the Carpathian thrust – fold belt in southern Poland, the Bielsko – Biala Concession occupies an area of 805km² (~200,000 acres). In 1984, the Polish Oil & Gas Company (POGC) drilled the Lachowice-1 well in the southern part of the concession and encountered 184m of Devonian gas bearing carbonates (no water column). By the mid 1990s, a further seven wells had been drilled on the highly compartmentalised structure and of the five that penetrated the naturally fractured carbonates and sandstones of Devonian age, all encountered gas columns and gas shows.

The Lachowice field is at a late stage of the appraisal/early stage of the development life cycle. Lachowice-1, Lachowice-7 and Stryzawa-2K are the primary wells of interest on the field and, despite being essentially vertical in their design, showed test rates of up to 5.8mmcf/d in 1986, 8.9mmcf/d in 1995, and 2.5mmcf/d in 1997, respectively (90-95% methane); each of these wells was drilled and tested by POGC, with reservoir depths of 3,000-4,000 metres.

Some years after completion the wells were re-tested and despite not being remediated or acidised, they still flowed economic rates even though through sub-optimal completions (cemented and perforated liners) for a naturally fractured formation. These later cased-hole tests were on Lachowice-1 by Schlumberger in 1996 (~2.6mmcsf.d) and on Lachowice-7 (~3.0mmcsfg/d) by Apache in 1999.

A range of scaleable development options exist for Lachowice, from re-entry of the existing suspended well (Lachowice 7) through to a programme of multiple highly inclined wells and/or sidetracks. Horizon is targeting first production from Lachowice by the second half of 2018. Pipeline infrastructure, with ample capacity, is situated within about 10-km of the Lachowice gas discovery.

Cieszyn Concession

Neighbouring the Bielsko-Biala concession, the Cieszyn concession occupies a 325km² area (~80,000 acres) of the Carpathian thrust – fold belt in southern Poland. This concession has seen significant historic exploration and whilst prospectivity exists at both Palaeozoic and Tertiary levels, much of the activity has focussed on the relatively shallow (400 - 800m) Miocene aged sands trapped in thrust belt structures.

Numerous gas discoveries in the Miocene aged reservoirs have been made in and around the concession (Debowiec-Slaski, Kowale, Pogorz gas fields) and along trend in the Czech Republic (Horni Zukov, Bruzovice-Frydek, Pribor, Choryne gas fields). The quality of seismic imaging, and low exploration well cost, presents an attractive opportunity to define a future work programme to fully evaluate this concession.

The play fairway of Tertiary aged reservoirs trends eastwards into the northern part of the Bielsko-Biala concession. This is a significantly under-explored region, compared to Cieszyn, and can be the focus of future exploration programmes on the identification and testing of seismic amplitude anomalies in the prolific shallow Miocene aged formations.

Kotlarka and Prusice (plus new application) Concessions

Occupying 1900km² (470,000 acres) within the prolific and proven Permian aged Rotliegendes Basin in SW Poland, these three concessions lie on trend with some of the biggest and most productive gas fields in Poland. Over 3 TCF (trillion cubic feet) of natural gas has been developed in the sandstones of the Rotliegendes Formation and the carbonates of the Zechstein Formation. An extensive gas production and pipeline infrastructure network with ample capacity has been built in the Basin. Nearby gas fields include the Zuchlow (850 BCF, or billion cubic feet), Zalecze (760 BCF), Rawicz (92 BCF), Borzecin (188 BCF), Bogdaj – Uciechow (635 BCF), and Wierzchowice (422 BCF) fields.

These concessions offer Permian exploration potential with newer seismic surveys required to help delineate numerous undeveloped discoveries/abandoned fields on the concessions themselves (including the Radzadz W, Henrykowice W and Dobrzen natural gas discoveries). The opportunity to test and evaluate newer/revised drilling practices that are widely employed in the Rotliegendes Basin in the Netherlands and Germany could assist in enhancing the reservoir productivity and improve ultimate recovery.

Closing Conditions

Closing of the acquisition of the Primary Concessions plus the Secondary Concessions is subject to a number of conditions, including certain approvals by the government in Poland, as well as the approval of the TSX Venture Exchange (the “TSXV”). Acquisition of the Secondary Concessions is further subject to the closing of the acquisition of the Primary Concessions. In its due diligence process, Horizon has reviewed testing and drilling performed on or around the Primary and Secondary Concessions; however, a formal resource report is not available at this time and Horizon intends to secure such a report as part of the TSXV approval process.

Item 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

Not Applicable.

Item 8 Executive Officer

Dr. David Winter, CEO
(403) 619-2957

Item 9 Date of Report

September 19, 2017.