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## **Horizon Petroleum Ltd.**

Suite 490, 700 4<sup>th</sup> Ave. S.W., Calgary, AB, T2P 3J4  
[www.horizon-petroleum.com](http://www.horizon-petroleum.com)

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### **HORIZON PETROLEUM ANNOUNCES RECAPITALIZATION TRANSACTION TO CREATE A NEW INTERNATIONAL OIL & GAS COMPANY**

**Horizon Petroleum Ltd.** (“**Horizon**” or the “**Company**”) (TSXV: HPL) is pleased to announce that it has entered into an arrangement agreement (the “**Arrangement Agreement**”) with privately-held, Calgary-based Iskander Energy Corporation (“**IEC**”), pursuant to which Horizon 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 Horizon 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, Horizon will complete a non-brokered private placement of an aggregate of not less than \$1.2 million and up to \$2 million (the “**Private Placement**”) at a price of \$0.05 per pre-consolidated share. 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 Horizon share and IEC share will be exchanged for shares of the new amalgamated company, effectively consolidating the common shares of Horizon (“**Horizon Shares**”) on a 6:1 basis. Completion of the Transaction is subject to customary closing conditions, including approval of the TSX Venture Exchange (the “**TSXV**”) and court approval.

#### **Approvals**

The Transaction will require the approval of, among others, the holders of at least 66 $\frac{2}{3}$ % of the Horizon Shares present in person or represented by proxy at a special meeting of Horizon shareholders (the “**Horizon Meeting**”) to be called to consider the Transaction. The Transaction is also subject to obtaining the approval of the holders of at least 66 $\frac{2}{3}$ % of the IEC Shares at a special meeting of IEC shareholders (the “**IEC Meeting**”) to be called to consider the Transaction. Further information regarding the Transaction will be contained in a joint information circular that Horizon and IEC will prepare, file and mail in due course to their respective shareholders in connection with the Horizon Meeting and the IEC Meeting. It is expected that the Horizon Meeting and the IEC Meeting will take place in June, with closing of the Transaction expected to occur shortly thereafter. Complete details of the Transaction are set out in the Arrangement Agreement, which will be filed by Horizon on SEDAR.

### **Recommendation of the Boards of Directors**

The board of directors of Horizon has unanimously approved the Transaction and unanimously determined that the Transaction is in the best interests of Horizon. The directors and officers, and certain key shareholders of Horizon, representing in aggregate approximately 28.3% of the issued and outstanding Horizon Shares (on a non-diluted basis) have agreed to vote their Horizon Shares in favour of the Transaction at the Horizon Meeting.

The board of directors of IEC has unanimously approved the Transaction and unanimously determined that the Transaction is in the best interests of IEC. The directors and officers of IEC, representing in aggregate approximately 38% of the issued and outstanding Iskander Shares (on a non-diluted basis) have agreed to vote their IEC Shares in favour of the Transaction at the IEC Meeting. Additionally, certain directors, management and shareholders owning IEC Shares equal to or greater than 5% of the issued and outstanding IEC Shares, representing in aggregate 68% of the IEC Shares, have agreed to a hold period on their shares, whereby 50% of their shares will be restricted from trading for a period of 4 months from the closing of the Transaction, and the remaining 50% of their shares will be restricted from trading for a period of 8 months from the closing of the Transaction.

Under the terms of the Arrangement Agreement, each of Horizon and IEC shall not solicit or initiate any inquiries or discussions regarding any other business combination, subject to the fiduciary duty of the Horizon or IEC board of directors, respectively, in the event that an unsolicited superior proposal is received by either Horizon or IEC.

### **Corporate Strategy**

Scion will focus on oil and gas development and production opportunities in the Black Sea Region and Africa to provide near term reserve, production and cash flow growth.

IEC holds exploration and production permits in Bulgaria, Georgia and Ukraine. Scion's initial focus is to appraise and develop excellent gas development opportunities with significant exploration upside on IEC's Gradishte and Kilifarevo exploration permits in Bulgaria. 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. The wells within Satskhenisi are relatively shallow (700 – 2,300m) and the oil is light (38 deg API) and sweet, and sells at the plant gate for a price of Brent minus US\$12 per barrel (to account for marketing and transportation). IEC has identified a number of light oil and gas development opportunities which it is in the process of evaluating.

In Bulgaria, IEC holds a 50% interest in the (net) 943 km<sup>2</sup> (approx. 233,000 acres) Gradishte block and the (net) 10 km<sup>2</sup> (approx. 2,500 acres) Kilifarevo block, with the opportunity to access and exploit conventional play types. Both permits have wells that have historically tested in excess of 1mmscf/d of natural gas. The Gradishte Permit is contiguous and on trend with multiple oil and gas/condensate producing fields immediately to the northwest. The Government of Bulgaria granted a standstill agreement to IEC, effective June 2013 and expiring June 2016 and likely until the current fracking moratorium is lifted, thereby deferring IEC's work commitments. IEC intends to negotiate a new production-focused work plan to exploit previous gas discoveries through conventional means (i.e. without fracking). There is extensive pipeline infrastructure that runs east-west through the Gradishte block as well as a local industrial market located within the Permit boundary. Gas prices in Bulgaria are currently approximately \$5.5/mcf. IEC's estimates of resources are preliminary in nature and require successful modern production tests and state-approved development plans to become classified as reserves.

Upon completion of the Transaction, the Company plans to focus on development of the existing asset base of IEC, as well as pursue acquisition and development of other high quality assets in the region with existing or near-term production potential. The Company also plans on advancing its potential farmin opportunity in Cameroon, West Africa, as previously reported by Horizon on November 9, 2015 and December 23, 2015.

### **New Management Team**

The resulting issuer will have a new management team and board of directors. The management team will be led by Dr. David Winter, as President and Chief Executive Officer, Roger McMechan as Chief Operating Officer and Darren Moulds as Chief Financial Officer. Upon closing of the Transaction, the board of directors will be comprised of Michael Hibberd (Chairman), Michael Florence, Dr. Charle Gamba, Yogeshwar Sharma, Luis Vazquez and Dr. David Winter.

The new management team and board has a proven track record of creating value for shareholders, both domestically and international. The new management team and board is a combination of existing management and board of Horizon, and new members joining from IEC. Biographies on the new management team are set forth below.

#### *Dr. David Winter - President and Chief Executive Officer, Director*

David has over 27 years of international oil and gas industry experience in Latin America, the Middle East, North Africa, South East Asia and North America. He is also 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. David is also a founder and director of privately-held Miramar Hydrocarbons, which operates in Argentina. Prior to founding Miramar, David was Founder, CEO & President of Excelsior Energy Limited, a Canadian publicly traded company focused on exploration and appraisal activities in Canada's oilsands which was sold to Athabasca Oil Company in October 2010 for \$144 million. David 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. David holds a BSc (Hons), MSc and PhD in Geology.

#### *Roger McMechan - Chief Operating Officer*

Roger has over 30 years of diverse experience in executive and operational roles managing domestic and international oil and gas operations for Petro Canada, Burlington Resources, Winstar Resources and Iskander Energy. His current position is Chief Executive Officer and Director, Iskander Energy Corp. Operational experiences include: drilling and completions; production; 2D and 3D seismic; contract negotiations and new country start-up. In addition to Canada, country specific experience includes Algeria, Tunisia, Georgia, Ukraine, Bulgaria, Hungary, Romania and Poland where he has designed and implemented drilling, seismic, completions, new oil/gas production facilities and workover operations working directly with local partners and state regulatory agencies. Roger has a BSc in Mechanical Engineering from the University of Waterloo.

#### *Darren Moulds, Chief Financial Officer*

Darren is a Certified Public Accountant (CPA IL) with 16 years of accounting, finance and tax experience within public practice and the oil and gas industry. He began his career in the audit and assurance practice with PricewaterhouseCoopers in Calgary, Houston and St. Louis and then entered the oil and gas industry in 2005 with Dana Gas (formerly Centurion Energy) as a Financial Controller. In 2008 he joined Africa

Oil Corp as CFO to oversee exploration activities in Kenya, Ethiopia and Somalia and in 2009 joined Forbes Group as CFO responsible for the financial management of various companies: Longford Energy Inc., Sagres Energy Inc., Exile Resources Inc., Brookwater Ventures Inc., Stetson Oil and Gas, and Vast Exploration. He has gained experience in capital markets, securing investments and completing various M&A transactions.

*Michael J. Hibberd – Proposed Chairman, and Director*

Michael has extensive international energy project planning and capital markets experience. He has been President and CEO of MJH Services Inc., a corporate finance advisory firm, since 1995. Prior to 1995 he spent almost 13 years in Corporate Finance at ScotiaMcLeod (Senior Vice President and Director). He is currently Chairman of Canacol Energy Ltd. and Greenfields Petroleum Corporation. He is also Vice-Chairman of Sunshine Oilsands Ltd. and serves on the boards of directors of Montana Exploration Corp., Pan Orient Energy Corp. and PetroFrontier Corp.

*Michael Florence - Director*

Michael graduated from the University of Toronto with a Bachelor of Commerce degree in 1958 and obtained his Chartered Accountant designation in 1961. He worked with the firm of Wm Eisenberg & Company Chartered Accountants from 1958 to 1989, becoming a partner in 1964. From 1989 to 2013, Michael was president of Sherfam Inc., the parent company of Apotex Inc., the largest generic drug company in Canada. Michael is currently semi-retired and involved in real estate development.

*Dr. Charle Gamba - Director*

Charle has been the Chief Executive Officer and President of Canacol Energy Ltd., since October 2008. He is a senior executive with almost 20 years working experience in the US and international upstream oil and gas industry. Charle served as a Vice President of Exploration at Occidental Oil & Gas Company from 2001 to 2008. In his seven years with Occidental, he worked in Ecuador, Qatar, Colombia, and the United States in a variety of technical management roles. Charle started his professional career as a geologist with Imperial Oil in Calgary in 1994.

*Yogeshwar Sharma - Director*

Yogeshwar has over 40 years of broad international oil and gas industry experience. He is the co-founder of LSE-listed Hardy Oil and Gas plc, and served as its CEO until May 2012. Prior to founding Hardy, Yogeshwar worked at Elf International as the Manager of Reservoir Engineering and also served as an External Examiner at the Heriot Watt University in Edinburgh. He is a Registered Professional Engineer in Alberta and a member of the Society of Applied and Industrial Mathematics. Mr. Sharma graduated from the University of Alberta with a BSc in Mechanical Engineering.

*Luis Vazquez - Director*

Luis is founder and Chairman of Grupo Diavaz, and has served in these roles since 1982. Grupo Diavaz is a leading oilfield services conglomerate as well as an oil and gas exploration and production company in Mexico. He is Chairman of the Mexico Chapter of the World Energy Council, and Chairman, Mexican Natural Gas Association. Luis was formerly a director of TransAlta Corporation, and is an adviser to several national and international companies, all of them connected with the energy industry. He holds a BSc in chemical engineering from the Ryerson Polytechnical Institute in Toronto.

## **Private Placement**

Prior to completion of the Transaction, the Company will complete a private placement of an aggregate of not less than \$1.2 million and up to \$2 million at a price of \$0.05 per pre-consolidated share. Subscribers in the Private Placement will include, amongst others, the new management team, board of directors and existing shareholders of Horizon and IEC. The completion of the Private Placement is expected to occur on or about May 15, 2016; it is expected that the Private Placement will be completed in tranches. The Horizon Shares issued pursuant to the Private Placement will be subject to a mandatory 4-month hold period. Finder's fees may be payable on a portion of the Private Placement.

## **Shares for Debt Transaction**

Prior to completion of the Transaction, Horizon plans on issuing up to 3,040,000 Horizon Shares at a deemed value of \$0.05 per share, in settlement of approximately \$152,000 owed to certain directors of Horizon for serving on the Horizon board of directors (the "**Shares for Debt Transaction**"). No new control person will be created as a result of the Shares for Debt Transaction. The Shares for Debt Transaction will be subject to approval of the TSXV.

Assuming the Shares for Debt Transaction, and the completion of the private placement for \$2 million, Scion will have approximately 142,542,726 shares outstanding prior to the consolidation, and 23,757,121 shares outstanding after the 6-for-1 consolidation.

## **About Horizon Petroleum plc**

Calgary-based Horizon is focused on the appraisal and development of oil & gas reserves internationally. The management and board of Horizon consists of seasoned oil & gas professionals, with significant international experience.

## **For further information, please contact:**

### **Dr. David Winter**

President & CEO

+1 403 619-2957

[david.winter@horizon-petroleum.com](mailto:david.winter@horizon-petroleum.com)

### **Roger McMechan**

Proposed COO

+1 403 870 1653

[rmechan@iskanderenergy.com](mailto:rmechan@iskanderenergy.com)

### **David R. Robinson**

VP Business Development

+1 403 399 9047

[david.robinson@horizon-petroleum.com](mailto:david.robinson@horizon-petroleum.com)

## **Forward-looking Statements**

*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 and IEC. 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 following: the approval and completion of the Transaction; the amalgamation of Horizon and IEC and the formation of Scion; the exchange of Horizon Shares and IEC Shares for shares of the amalgamated company; the composition of the board of directors and officers of Scion following completion of the Transaction; voting recommendations from the board of directors of Horizon and IEC; production from IEC production permit in the Republic of Georgia; farm-in opportunities in Georgia; quality and performance of gas development opportunities on IEC exploration permits in Bulgaria; the timing and impact of the expiry of the Government of Bulgaria standstill agreement granted to IEC; negotiations by IEC of a new production-focused work plan; the direction of Horizon as a company and its future operations; subscribers for the Private Placement; timing of completion of the Private Placement; the number and value of Horizon Shares to be issued under the Shares for Debt Transaction; approvals for the Transaction, including court and regulatory approvals and timing of the Horizon Meeting and IEC Meeting.*

*Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by Horizon and IEC as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The estimates and assumptions of Horizon and IEC contained in this press release, which may prove to be incorrect include the ability of Horizon to receive all required regulatory approvals, the ability of Horizon and IEC to obtain the required level of shareholder approval for the Transaction, the ability of Horizon and IEC to satisfy the conditions to the Transaction, the absence of material adverse changes to Horizon and IEC prior to closing; the anticipated benefits of the Transaction and successfully integrating Horizon and IEC as a single entity following closing; ability of Horizon to complete the Private Placement; commodity prices and interest rate and exchange rate fluctuations.*

*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 IEC and described in the forward-looking information contained in this press release. Undue reliance should not be placed on forward-looking information. The material risk factors include, but are not limited to: failure of Horizon and IEC to obtain necessary shareholder, regulatory, court, TSXV and other third party approvals, failure to realize anticipated synergies, the ability of the parties to satisfy, in a timely manner, the other conditions to the closing of the Transaction; the uncertainty of estimates and projections relating to production and reserves; fluctuations in commodity prices; the imprecision of reserve estimates and estimates of recoverable quantities of oil, natural gas and liquids; the possibility that government policies or laws may change or governmental approvals may be delayed or withheld; changes in tax laws; changes in royalty rates; and Scion's ability to implement its business strategy. Readers are cautioned that the foregoing list of risk factors is not exhaustive. Failure to obtain the necessary approvals, or the failure of Horizon and IEC to otherwise satisfy the conditions of the Transaction, may result in the Transaction not being completed on the proposed terms, or at all.*

*Although Horizon and IEC believe 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. Horizon and IEC's actual results may differ materially from those expressed or implied in forward-looking statements and readers should not place undue importance or reliance on the forward-looking statements. Statements including forward-looking statements are made as of the date they are given and, except as required by applicable securities laws, Horizon and IEC disclaim any intention or obligation to publically update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.*

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*solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.*

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