

Horn Petroleum 2014 Financial and Operating Results

VANCOUVER, BRITISH COLUMBIA--(Marketwired - Feb. 26, 2015) - Horn Petroleum Corporation ("Horn" or the "Company") (TSX VENTURE:HRN) announces its financial and operating results for the year ended December 31, 2014.

- As at December 31, 2014, the Company had cash of \$1.6 million and working capital of \$1.3 million as compared to cash of \$3.6 million and working capital of \$4.0 million at December 31, 2013.
- During the year ended December 31, 2014, Horn increased its investment in intangible exploration assets by \$1.2 million. The majority of the costs incurred during 2014 related to Production Sharing Agreement ("PSA") related expenditures and general and administrative costs.
- The Company continued to play an active and productive role in discussions with all key stakeholders; the Federal, Puntland and Somaliland governments and international partners. Through this engagement, the Company attempted to facilitate discussions and help to drive the debate forward in a way that would bring clarity to contracts and allow operational activity to proceed.
- In early 2015, the Company informed the Government of Puntland (Somalia) that the Company would be downsizing its office in Bosaso, Puntland and would refrain from any operational activity and associated expenditures until the political situation improves in Somalia. Given the considerable efforts taken by the Company to date in Puntland (Somalia), the Company has requested a two year extension to the current exploration period from the Puntland Government to allow time for the ongoing political challenges to be resolved. Accordingly, the Company has elected during the fourth quarter of 2014 to record a \$90.6 million non-cash impairment charge related to its assets in Puntland. As at December, 2014, intangible exploration assets related to these properties was nil.
- Horn is actively pursuing new venture opportunities across the African continent.
- In June 2014, 9,546,248 warrants entitling the holder to acquire one common share of the Company at a price of CAD\$1.20 expired unexercised. At December 31, 2014, the Company has no remaining warrants outstanding.

Horn President and CEO, Jim Phillips, commented, "We continue to actively pursue new venture opportunities. The current oil price environment is an opportunity rich period in the oil industry for acquisitions, mergers, farm-ins and directly negotiated deals with various African governments with limited competition."

2014 Financial and Operating Highlights

Consolidated Statement of Net Income (Loss) and Comprehensive Income (Loss) (Thousands of United States Dollars)

For the years ended	December 31, 2014	December 31, 2013
Operating expenses		
Salaries and benefits	\$ 203	\$ -
Stock-based compensation	327	452
Management fees	819	875
Office and general	164	218
Donation	-	50
Professional fees	210	246
Stock exchange and filing fees	38	50
Impairment of intangible exploration assets	90,570	-
	92,331	1,891
Finance expense	20	48
Finance income	(3)	(4,144)
Net income (loss) and comprehensive income (loss) attributable to common shareholders	(92,348)	2,205

Operating expenses increased \$90.4 million for the year ended December 31, 2014 compared to 2013 due mainly to the \$90.6 million impairment charge relating to the Company's PSA's in the Dharoor and Nugaal exploration areas in Puntland (Somalia). An increase in salary costs resulting from hiring a fully dedicated President and Chief Executive Officer earlier in the year was more than offset by a decrease in stock-based compensation expense, donations and office and general costs. The reduction in stock-based compensation is

due to a reduction in the remaining life of outstanding stock options and a reduction in the fair market value of recent options granted as determined using the Black-Scholes option pricing model.

Financial income and expense is made up of the following items:

(Thousands United States Dollars)

For the years ended	December 31, 2014	December 31, 2013
Fair market value adjustment - warrants	\$ (1)	\$ (4,135)
Interest and other income	(2)	(9)
Foreign exchange loss	20	48
Finance income	\$ (3)	\$ (4,144)
Finance expense	\$ 20	\$ 48

Consolidated Balance Sheets
(Thousands United States Dollars)

	December 31, 2014	December 31, 2013
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,605	\$ 3,581
Accounts receivable	104	666
Prepaid expenses	67	69
	1,776	4,316
Long-term assets		
Intangible exploration assets	-	89,368
	-	89,368
Total assets	\$ 1,776	\$ 93,684
LIABILITIES AND EQUITY ATTRIBUTABLE TO COMMON SHAREHOLDERS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 370	\$ 236
Due to related party	95	115
Current portion of warrants	-	1
	465	352
Total liabilities	465	352
Equity attributable to common shareholders		
Share capital	86,494	86,494
Contributed surplus	3,300	2,973
Retained earnings (deficit)	(88,483)	3,865
Total equity attributable to common shareholders	1,311	93,332
Total liabilities and equity attributable to common shareholders	\$ 1,776	\$ 93,684

The decrease in total assets from 2013 to 2014 is mainly to the \$90.6 million impairment charge relating to the Company's PSA's in the Dharoor and Nugaal exploration areas in Puntland (Somalia) and the funding of cash-based operating expenses.

Consolidated Statement of Cash Flows
(Thousands United States Dollars)

For the years ended	December 31, 2014	December 31, 2013
Cash flows provided by (used in):		
Operations:		

Net income (loss) for the year	\$ (92,348)	\$ 2,205
Item not affecting cash:		
Stock-based compensation	327	452
Impairment of intangible exploration assets	90,570	-
Fair market value adjustment - warrants	(1)	(4,135)
Unrealized foreign exchange loss	19	48
Changes in non-cash operating working capital	(12)	46
	(1,445)	(1,384)
Investing:		
Intangible exploration expenditures	(1,202)	(2,066)
Changes in non-cash investing working capital	710	(2,581)
	(492)	(4,647)
Financing:		
Advances from related party	1,017	1,037
Payments to related party	(1,037)	(922)
	(20)	115
Effect of exchange rate changes on cash and cash equivalents denominated in foreign currency	(19)	(48)
Decrease in cash and cash equivalents	(1,976)	(5,964)
Cash and cash equivalents, beginning of the year	\$ 3,581	\$ 9,545
Cash and cash equivalents, end of the year	\$ 1,605	\$ 3,581

The decrease in cash for the year ended December 31, 2014 is mainly the result of intangible exploration expenditures and cash-based operating expenses.

Consolidated Statement of Equity
(Thousands United States Dollars)

	December 31, 2014	December 31, 2013
Share capital:		
Balance, beginning of year	\$ 86,494	\$ 86,494
Balance, end of year	86,494	86,494
Contributed surplus:		
Balance, beginning of year	\$ 2,973	\$ 2,521
Stock-based compensation	327	452
Balance, end of year	3,300	2,973
Earnings (Deficit):		
Balance, beginning of year	\$ 3,865	\$ 1,660
Net income (loss) for the year	(92,348)	2,205
Balance, end of year	(88,483)	3,865
Equity attributable to common shareholders	\$ 1,311	\$ 93,332

The Company's consolidated financial statements, notes to the financial statements, management's discussion and analysis for the years ended December 31, 2014 and the 2014 Annual Information Form have been filed on SEDAR (www.sedar.com) and are available on the Company's website (www.hornpetroleum.com).

Outlook

The Company has informed the Government of Puntland (Somalia) that the Company will be significantly reducing its presence in Bosaso, Puntland and will refrain from any operational activity and associated expenditures pending a resolution of the political situation between the Regional Government of Puntland and the Federal Government of Somalia regarding the legitimacy of oil concession contracts. Given the considerable efforts taken by the Company to date in Puntland (Somalia), the Company has requested a two year extension to the current exploration period from the Government of Puntland to allow time for these political challenges to

be resolved.

The Company is actively pursuing new venture opportunities across the African continent.

Horn Petroleum Corporation is a Canadian oil and gas company with assets in Puntland, Somalia. The Corporation holds a 60% interest and operatorship in the Dharoor and Nugaal blocks encompassing a Jurassic Rift Basin on trend and analogous to the large oil fields in Yemen. The Corporation's shares are listed on the TSX Venture Exchange under the symbol "HRN".

FORWARD LOOKING INFORMATION

Certain statements made and information contained herein constitute "forward-looking information" (within the meaning of applicable Canadian securities legislation). Such statements and information (together, "forward looking statements") relate to future events or the Company's future performance, business prospects or opportunities. Forward-looking statements include, but are not limited to, statements with respect to estimates of reserves and or resources, future production levels, future capital expenditures and their allocation to exploration and development activities, future drilling and other exploration and development activities, ultimate recovery of reserves or resources and dates by which certain areas will be explored, developed or reach expected operating capacity, that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

All statements other than statements of historical fact may be forward-looking statements. Statements concerning proven and probable reserves and resource estimates may also be deemed to constitute forward-looking statements and reflect conclusions that are based on certain assumptions that the reserves and resources can be economically exploited. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions) are not statements of historical fact and may be "forward-looking statements". Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon. The Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required by applicable laws. These forward-looking statements involve risks and uncertainties relating to, among other things, changes in oil prices, results of exploration and development activities, uninsured risks, regulatory changes, defects in title, availability of materials and equipment, timeliness of government or other regulatory approvals, actual performance of facilities, availability of financing on reasonable terms, availability of third party service providers, equipment and processes relative to specifications and expectations and unanticipated environmental impacts on operations. Actual results may differ materially from those expressed or implied by such forward-looking statements.

ON BEHALF OF THE BOARD

Keith Hill, Executive Chairman

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