

Horn Petroleum First Quarter of 2014 Financial and Operating Results and the Appointment of James Phillips as President and CEO

VANCOUVER, BRITISH COLUMBIA--(Marketwired - May 14, 2014) - Horn Petroleum Corporation ("Horn" or the "Company") (TSX VENTURE:HRN) is pleased to announce its financial and operating results for the three months ended March 31, 2014 and the appointment of James Phillips as President and CEO.

- The Company is pleased to announce that James Phillips has been appointed by the Board as President and CEO of Horn with immediate effect. The current President and CEO, David Grellman, will continue his role as VP Operations for Africa Oil Corp. ("Africa Oil") and will focus on the ongoing Kenya exploration program. Jim has held several positions with Africa Oil including Vice President of Exploration, Chief Operating Officer, and was up until now, the Vice President of Business Development for both Africa Oil and Horn. Before joining Africa Oil, Jim was the Geneva-based Vice President Exploration for Africa and Middle East for Lundin Petroleum AB ("Lundin Petroleum"). In this position, he was instrumental in securing an exploration portfolio in Kenya, Ethiopia, and Somalia, which would later become the foundation for Africa Oil and Horn's current acreage holdings. Jim has been based in East Africa (Addis Ababa, Ethiopia and Nairobi, Kenya) for the last 7 years and has amassed 30 years of experience in the oil and gas exploration business. Of these 30 years of experience, ten years have been directed towards East African business development and new venture exploration. In addition to his previous experience with Lundin Petroleum, Jim also had key positions at Shell Oil Company and Occidental Petroleum Corporation ("Occidental Petroleum"). At Occidental Petroleum, Jim's foreign assignments included key management roles in Southeast Asia, South America, and Sub-Saharan Africa New Ventures, with overseas postings in both Oman and Pakistan. Jim is a graduate of the University of California, Berkeley and San Diego State University where he obtained BS and MS degrees, both in Geology.
- During the three months ended March 31, 2014, Horn increased its investment in intangible exploration assets by \$0.6 million. The majority of the costs incurred during the first three months of 2014 related to Production Sharing Agreement ("PSA") related expenditures and general and administrative costs.
- The Company continues to assess the operating environment in each of the Dharoor Valley and Nugaal Valley exploration areas from logistical, community and security perspectives. These assessments will provide critical information required to plan operations in the Company's exploration areas.
- The Company actively engages with a range of governments and organizations, domestic and international to progress planned exploration activities.
- Efforts are focused on making preparations for a seismic acquisition campaign in the Dharoor Valley area which will include a regional seismic reconnaissance grid in the previously unexplored eastern portion of the basin as well as prospect specific seismic to delineate a drilling candidate in the western portion of the basin where an active petroleum system was confirmed by the drilling of the Shabeel-1 and Shabeel North-1 wells. The Company continues to pursue efforts to drill an exploration well in the Nugaal Valley block and is working with the Puntland government to move this project forward.
- Horn continues to actively pursue new venture opportunities.
- Horn continues to investigate potential joint venture partnerships for its Dharoor Valley and Nugaal Valley exploration areas.
- As at March 31, 2014, the Company had cash of \$3.4 million and working capital of \$3.0 million as compared to cash of \$3.6 million and working capital of \$4.0 million at December 31, 2013.
- The Company's Board of Directors has approved the grant of 2,184,000 incentive stock options to certain directors, officers and other eligible persons of the Company. The options will have a three year term, vesting provisions consistent with the existing outstanding options, and will have an exercise price that will be equal to the closing trading price of the Company's shares on the TSX Venture Exchange on Thursday, May 15, 2014.

Horn Executive Chairman Keith Hill commented, "We are very pleased to welcome Jim as President and CEO of Horn. He brings a wealth of experience in new ventures and was a key architect in developing the highly successful Africa Oil portfolio. I would also like to thank David Grellman for his efforts and contribution to Horn, in particular his key role in drilling two exploration wells in Puntland safely and on budget in a very difficult operating environment. I look forward to working together in the future with David on Africa Oil projects."

First Quarter 2014 Financial and Operating Highlights

Consolidated Statement of Net Income (Loss) and Comprehensive Income (Loss)

(Thousands of United States Dollars)

(Unaudited)

	Three months ended March 31, 2014	Three months ended March 31, 2013
Operating expenses		
Stock-based compensation	\$ 27	\$ 130
Management fees	206	224
Office and general	43	45
Professional fees	73	16
Stock exchange and filing fees	12	16
	361	431
Finance expense	12	26
Finance income	(1)	(3,637)
Net income (loss) and comprehensive income (loss) attributable to common shareholders	(372)	3,180
Net income per share		
Basic	\$ 0.00	\$ 0.03
Diluted	\$ 0.00	\$ 0.03
Weighted average number of shares outstanding for the purpose of calculating earnings per share		
Basic	96,849,316	96,849,316
Diluted	96,849,316	96,849,316

Operating expenses decreased \$0.1 million for the three months ended March 31, 2014 compared to the same period in 2013 due mainly to a reduction in stock-based compensation expense. The reduction in stock-based compensation expense is due a reduction in the remaining life of outstanding stock options.

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

(Thousands United States Dollars)
(Unaudited)

	March 31, 2014	March 31, 2013
Fair market value adjustment - warrants	\$ 5	\$ (3,633)
Interest and other income	(1)	(4)
Foreign exchange loss	7	26
Finance Income	\$ (1)	\$ (3,637)
Finance expense	\$ 12	\$ 26

Consolidated Balance Sheets
(Thousands United States Dollars)
(Unaudited)

	March 31, 2014	December 31, 2013
ASSETS		
Current assets		
Cash and cash equivalents	\$ 3,423	\$ 3,581
Accounts receivable	94	666
Prepaid expenses	50	69
	3,567	4,316
Long-term assets		

Intangible exploration assets	89,986	89,368
	89,986	89,368
Total assets	\$ 93,553	\$ 93,684
LIABILITIES AND EQUITY ATTRIBUTABLE TO COMMON SHAREHOLDERS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 396	\$ 236
Due to related party	164	115
Current portion of warrants	6	1
	566	352
Total liabilities	566	352
Equity attributable to common shareholders		
Share capital	86,494	86,494
Contributed surplus	3,000	2,973
Retained earnings	3,493	3,865
Total equity attributable to common shareholders	92,987	93,332
Total liabilities and equity attributable to common shareholders	\$ 93,553	\$ 93,684

The decrease in total assets from March 31, 2014 to December 31, 2013 is due to the funding of cash-based operating expenses.

Consolidated Statement of Cash Flows
(Thousands United States Dollars)
(Unaudited)

Three months ended	March 31, 2014	March 31, 2013
Cash flows provided by (used in):		
Operations:		
Net income (loss) for the period	\$ (372)	\$ 3,180
Item not affecting cash:		
Stock-based compensation	27	130
Fair market value adjustment - warrants	5	(3,633)
Unrealized foreign exchange loss	7	26
Changes in non-cash operating working capital	48	20
	(285)	(277)
Investing:		
Intangible exploration expenditures	(618)	(1,313)
Changes in non-cash investing working capital	703	(1,058)
	85	(2,371)
Financing:		
Advances from related party	255	244
Payments to related party	(206)	(244)
	49	-
Effect of exchange rate changes on cash and cash equivalents denominated in foreign currency	(7)	(26)

Decrease in cash and cash equivalents		(158)		(2,674)
Cash and cash equivalents, beginning of the period	\$	3,581	\$	9,545
Cash and cash equivalents, end of the period	\$	3,423	\$	6,871
Supplementary information:				
Interest paid		Nil		Nil
Taxes paid		Nil		Nil

The decrease in cash in the three months ended March 31, 2014 is mainly the result of intangible exploration expenditures and cash-based operating expenses.

Consolidated Statement of Equity
(Thousands United States Dollars)
(Unaudited)

		March 31, 2014		March 31, 2013
Share capital:				
Balance, beginning of period	\$	86,494	\$	86,494
Balance, end of period		86,494		86,494
Contributed surplus:				
Balance, beginning of period	\$	2,973	\$	2,521
Stock-based compensation		27		130
Balance, end of period		3,000		2,651
Earnings:				
Balance, beginning of period	\$	3,865	\$	1,660
Net income (loss) for the period		(372))	3,180
Balance, end of period		3,493		4,840
Equity attributable to common shareholders	\$	92,987	\$	93,985

The Company's consolidated financial statements, notes to the financial statements, management's discussion and analysis for the three months ended March 31, 2014 and the 2013 Annual Information Form have been filed on SEDAR (www.sedar.com) and are available on the Company's website (www.hornpetroleum.com).

Outlook

Based on the encouragement provided by the Shabeel wells, the Company and its partners entered the next exploration period in both the Dharoor Valley and Nugaal Valley PSAs which carry a commitment to drill one well in each block within an additional three year term ending October 2015. The current operational plan is to contract a seismic crew to acquire additional data in the Dharoor Valley block and to hold discussions with the Puntland Government regarding advancement of drill ready prospects in the Nugaal Valley block. The focus of the Dharoor Valley block seismic program will be to delineate new structural prospects for the upcoming drilling campaign.

Horn has been in discussions with potential joint venture partners and is actively pursuing new venture opportunities. Somalia is going through an unprecedented period in its history with a real opportunity for all stakeholders to assist in the rebuilding of the country. The first internationally recognized Federal government took power in 2012 following over 20 years of transitional or no government. In Puntland, a new President was voted into power in January 2014 and the transfer took place peacefully. The Company actively engages with a range of governments and organizations, domestic and international, around how Somalia can best develop a stable Federal state including the institutions and systems it needs to properly manage its natural resources.

Horn holds a 60% working interest in the Dharoor and Nugaal Valley blocks and is the operator. The other

partners in the blocks are Range Resources (20%) and Red Emperor (20%). Africa Oil Corp. holds an approximate 45% equity interest in Horn.

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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