Africa Energy Corp.

Horn Petroleum 2012 Financial and Operating Results

HORN PETROLEUM 2012 FINANCIAL AND OPERATING RESULTS

VANCOUVER, BRITISH COLUMBIA--(Marketwire - March 26, 2013) - Horn Petroleum Corporation (TSX VENTURE:HRN)("Horn" or the "Company") is pleased to announce its financial and operating results for the year ended December 31, 2012.

- During the year ended December 31, 2012, Horn increased its investment in intangible exploration assets by $34.3 million. The majority of the costs incurred during 2012 related to drilling the Shabeel-1 and Shabeel North-1 exploration wells in the Dharoor Valley block. The remaining expenditures are PSA related expenditures and general and administrative costs. The Company and its Partners fulfilled the initial exploration period work commitments under the Dharoor Valley and Nugaal Valley PSAs with the drilling of the Shabeel wells.
- While the Company was disappointed that the first two exploration wells in Puntland (Somalia) did not flow oil, the Company remains highly encouraged that all of the critical elements exist for oil accumulations. Horn recently completed demobilization of the drilling rig and associated equipment and both well sites have been restored to original condition.
- Horn and its partners have entered into the next exploration period in both the Dharoor Valley and Nugaal Valley PSA's which each carry a commitment to drill one exploration well in each block by October 2015.
- Efforts are now 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 recent drilling at the Shabeel-1 and Shabeel North-1 locations.
- As at December 31, 2012, the Company had cash of $9.5 million and working capital of $4.4 million as compared to cash of $27.6 million and working capital of $25.9 million at December 31, 2011. The Company's liquidity and capital resource position has been reduced during 2012 primarily due to expenditures incurred on the drilling of the Shabeel-1 and Shabeel North-1 exploration wells offset partially by the non-brokered private placement which raised CAD$15.0 million in June 2012.
- Horn continues to investigate potential joint venture partnerships and also is reviewing new venture opportunities in the region.

Horn President and CEO, David Grellman, commented, "We remain very encouraged by the exploratio n potential of our Jurassic rift basins in Puntland. We have committed to the next exploration phase in both PSAs and plan to aggressively explore both areas to confirm this potential. We are also optimistic that the political progress in Somalia will continue and allow oil and gas exploration in the region to expand."

2012 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, 2012*	*December 31, 2011*
Operating expenses		
Salaries and benefits	*$ 250*	*$ -*
Stock-based compensation	*836*	*646*
Management fees	*901*	*258*
Office and general	*184*	*56*
Donation	*-*	*408*
Professional fees	*176*	*492*
Stock exchange and filing fees	*69*	*45*
	2,416	*1,905*
Loss on reverse acquisition	*-*	*4,579*
Finance expense	*-*	*1,152*
Finance income	*(5,395)*	*(6,538)*
Net income (loss) and comprehensive income (loss)	*2,979*	*(1,098)*

Net income (loss) per share attributable to common shareholders				
Basic	*$*	*0.03*	*$*	*(0.05)*
Diluted	*$*	*0.03*	*$*	*(0.05)*
Weighted average number of shares outstanding for the purpose of calculating earnings per share				
Basic		*87,719,157*		*21,150,002*
Diluted		*87,919,279*		*21,195,275*

Operating expenses increased $0.5 million for the year ended December 31, 2012. The Company paid a $0.3 million bonus payment to key management in 2012. Stock option expenses increased due to stock options granted in the fourth quarter of 2012. The management fee increased in 2012 due to a full year of management services provided by AOC in 2012 versus just over three months of management services provided by AOC in 2011. In 2011, the Company made a $0.4 million donation to the Lundin Foundation, a registered Canadian non-profit organization that provides grants and risk capital to organizations dedicated to alleviating poverty in developing countries. Professional fees associated with the Horn Transaction in 2011 resulted in higher professional fees in 2011.

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

		December 31, 2012		*December 31, 2011*
Fair market value adjustment - warrants	*$*	*(4,874)*	*$*	*(6,488)*
Interest and other income		*(65)*		*(50)*
Foreign exchange (gain) loss		*(456)*		*1,152*
Financial Income	*$*	*(5,395)*	*$*	*(6,538)*
Financial expense	*$*	*-*	*$*	*1,152*

At December 31, 2012, 53.4 million warrants were outstanding. The Company incurred a $4.9 million gain on the revaluation of warrants during the year ended December 31, 2012 due to a significant decrease in the share price of during the year.

The foreign exchange gains and losses are the direct result of changes in the value of the Canadian dollar in comparison to the US dollar. The Company's cash holdings are primarily in US and Canadian currency.

Consolidated Balance Sheets
(Thousands United States Dollars)

		December 31, 2012		*December 31, 2011*
ASSETS				
Current assets				
Cash and cash equivalents	*$*	*9,545*	*$*	*27,614*
Accounts receivable		*596*		*256*
Prepaid expenses		*109*		*20*
Due from related party		*-*		*1,488*
		10,250		*29,378*
Long-term assets				
Intangible exploration assets		*87,302*		*53,041*
		87,302		*53,041*
Total assets	*$*	*97,552*	*$*	*82,419*
LIABILITIES AND EQUITY ATTRIBUTABLE TO COMMON SHAREHOLDERS				
Current liabilities				

Accounts payable and accrued liabilities	*$ 2,741*	*$ 3,118*
Due to related party	*-*	*379*
Current portion of warrants	*3,080*	*-*
	5,821	*3,497*
Long-term liabilities		
Warrants	*1,056*	*3,813*
	1,056	*3,813*
Total liabilities	*6,877*	*7,310*
Equity attributable to common shareholders		
Share capital	*86,494*	*75,782*
Contributed surplus	*2,521*	*646*
Retained earnings (deficit)	*1,660*	*(1,319)*
Total equity attributable to common shareholders	*90,675*	*75,109*
Total liabilities and equity attributable to common shareholders	*$ 97,552*	*$ 82,419*

The increase in total assets from 2011 to 2012 is the result of intangible exploration expenditures during the year relating to the drilling of Shabeel-1 and Shabeel North-1 exploration wells. The decrease in net working capital from 2011 to 2012 is due to intangible exploration expenditures during 2012, offset partially by the CAD$15.0 million non-brokered private placement which was completed in June 2012.

Consolidated Statement of Cash Flows

(Thousands United States Dollars)

For the years ended	*December 31, 2012*	*December 31, 2011*
Cash flows provided by (used in):		
Operations:		
Net income (loss) for the year	*$ 2,979*	*$ (1,098)*
Item not affecting cash:		
Stock-based compensation	*836*	*646*
Loss on reverse acquisition	*-*	*4,579*
Fair market value adjustment - warrants	*(4,874)*	*(6,488)*
Unrealized foreign exchange (gain) loss	*(305)*	*467*
Changes in non-cash operating working capital	*(20)*	*1*
	(1,384)	*(1,893)*
Investing:		
Intangible exploration expenditures	*(34,261)*	*(14,198)*
Cash received on business acquisitions	*-*	*40,506*
Changes in non-cash investing working capital	*(738)*	*3,246*
	(34,999)	*29,554*
Financing:		
Common shares and warrants issued, net of issuance costs	*16,948*	*-*
Advances from related party	*1,491*	*8,846*
Payments to related party	*(1,918)*	*(8,842)*
Repayment of an advance issued to a related party	*1,488*	*-*
	18,009	*4*
Effect of exchange rate changes on cash and cash equivalents denominated in foreign currency	*305*	*(467)*
Increase (decrease) in cash and cash equivalents	*(18,069)*	*27,198*

Cash and cash equivalents, beginning of the year	*$ 27,614*	*$ 416*
Cash and cash equivalents, end of the year	*$ 9,545*	*$ 27,614*
Supplementary information:		
Interest paid	*Nil*	*Nil*
Taxes paid	*Nil*	*Nil*

The decrease in cash in 2012 is mainly the result of intangible exploration expenditures and operating expenses offset partially by funds raised on the non-brokered private placement completed in June 2012.

Consolidated Statement of Equity
(United States Dollars)

	December 31, 2012	December 31, 2011
Share capital:		
Balance, beginning of year	$ 75,782	$ 12
Adjustment to remove Canmex shares	-	(12)
Denovo shares outstanding post consolidation	-	34,605
Issued to Africa Oil Corp pursuant to Agreement	-	41,177
Private placement, net of issue costs	8,941	-
Exercise of warrants	1,331	-
Exercise of options	440	-
Balance, end of year	86,494	75,782
Contributed surplus:		
Balance, beginning of year	$ 646	$ -
Excercise of warrants	1,148	-
Stock-based compensation	836	646
Exercise of options	(109)	-
Balance, end of year	2,521	646
Earnings (deficit):		
Balance, beginning of year	$ (1,319)	$ (221)
Net income (loss) for the year	2,979	(1,098)
Balance, end of year	1,660	(1,319)
Equity attributable to common shareholders	$ 90,675	$ 75,109

The Company's consolidated financial statements, notes to the financial statements, management's discussion and analysis for the year ended December 31, 2012 and the 2011 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 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 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 Corporation 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

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