

Horn Petroleum Third Quarter of 2014 Financial and Operating Results

VANCOUVER, BRITISH COLUMBIA--(Marketwired - Nov. 12, 2014) - Horn Petroleum Corporation ("Horn" or the "Company") (TSX VENTURE:HRN) is pleased to announce its financial and operating results for the three and nine months ended September 30, 2014.

- As at September 30, 2014, the Company had cash of \$2.2 million and working capital of \$1.8 million as compared to cash of \$3.6 million and working capital of \$4.0 million at December 31, 2013.
- During the nine months ended September 30, 2014, Horn increased its investment in intangible exploration assets by \$1.1 million. The majority of the costs incurred during the first nine months of 2014 related to Production Sharing Agreement ("PSA") related expenditures and general and administrative costs.
- There have been some significant political changes in both Somalia and the Regional State of Puntland over the last couple of years that are shaping the climate in which the Company operates. At the Federal level, the new Somali Government took power in August 2012 as the first permanent central government in the country since 1991. While internationally recognized and supported, it is still fragile and faces many challenges both politically and security wise. In January 2014, a new President of Puntland was voted in and the transfer of power took place peacefully. Management is working closely with him and his emerging new government to take forward a range of key issues that impact our operations.
- Key amongst these are the legitimacy of oil concession contracts issued by former and present central Somali governments and the Regional States (Puntland and Somaliland), many of which cover overlapping territory; and the border dispute between Somalia (including Puntland) and Somaliland (which overlaps a proportion of our Nugaal block).
- The Company continues to assess the operating environment in each block from logistical, community and security perspectives. These assessments provide critical information required to plan operations in the Company's exploration areas.
- A decision to move ahead with exploration activities will not be made until adequate resolution of the current political and operational issues is achieved. Once satisfied, the Company will consider 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 most recent drilling at the Shabeel-1 and Shabeel North-1 locations. The Company has also identified a suitable location to drill an exploration well in the Nugaal Valley block.
- 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 September 30, 2014, the Company has no remaining warrants outstanding.

Horn President and CEO, Jim Phillips, commented, "We continue to actively pursue new venture opportunities and we are continuing to work with a range of governments to progress planned exploration activities in Puntland."

Third Quarter 2014 Financial and Operating Highlights

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

(Thousands of United States Dollars)

(Unaudited)

<i>Three months ended</i>	<i>Three months ended</i>	<i>Nine months ended</i>	<i>Nine months ended</i>
<i>September 30, 2014</i>	<i>September 30, 2013</i>	<i>September 30, 2014</i>	<i>September 30, 2013</i>

Operating expenses

<i>Salaries and benefits</i>	\$ 102	\$ -	\$ 102	\$ -
<i>Stock-based compensation</i>	74	128	285	398
<i>Management fees</i>	208	215	619	660
<i>Office and general</i>	18	62	151	158
<i>Professional fees</i>	32	48	145	90
<i>Stock exchange and filing fees</i>	2	4	35	47
	436	457	1,337	1,353
<i>Finance expense</i>	8	-	11	40
<i>Finance income</i>	(1)	(281)	(3)	(4,107)
<i>Net income (loss) and comprehensive income (loss) attributable to commonshareholders</i>	(443)	(176)	(1,345)	2,714
<i>Net income (loss) per share</i>				
<i>Basic</i>	\$ 0.00	\$ 0.00	\$ (0.01)	\$ 0.03
<i>Diluted</i>	\$ 0.00	\$ 0.00	\$ (0.01)	\$ 0.03

Weighted average number of shares outstanding for the purpose of calculating earnings per share

<i>Basic</i>	96,849,316	96,849,316	96,849,316	96,849,316
<i>Diluted</i>	96,849,316	96,849,316	96,849,316	96,872,691

Operating expenses were relatively consistent for the three and nine months ended September 30, 2014 compared to the same period in 2013. 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 and general office 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)
(Unaudited)

	<i>Three months ended September 30, 2014</i>	<i>Three months ended September 30, 2013</i>	<i>Nine months ended September 30, 2014</i>	<i>Nine months ended September 30, 2013</i>
<i>Fair market value adjustment - warrants</i>	\$ -	\$ (268)	\$ (1)	\$ (4,098)
<i>Interest and other income</i>	(1)	(2)	(2)	(9)
<i>Foreign exchange gain (loss)</i>	8	(11)	11	40
<i>Finance Income</i>	\$ (1)	\$ (281)	\$ (3)	\$ (4,107)
<i>Finance expense</i>	\$ 8	\$ -	\$ 11	\$ 40

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

September 30,
2014

December 31,
2013

ASSETS

Current assets

Cash and cash equivalents	\$ 2,196	\$ 3,581
Accounts receivable	88	666
Prepaid expenses	13	69
	2,297	4,316

Long-term assets

Intangible exploration assets	90,457	89,368
	90,457	89,368

Total assets \$ 92,754 \$ 93,684

LIABILITIES AND EQUITY ATTRIBUTABLE TO COMMON SHAREHOLDERS

Current liabilities

Accounts payable and accrued liabilities	\$ 452	\$ 236
Due to related party	30	115
Current portion of warrants	-	1
	482	352

Total liabilities 482 352

Equity attributable to common shareholders

Share capital	86,494	86,494
Contributed surplus	3,258	2,973
Retained earnings	2,520	3,865

Total equity attributable to common shareholders 92,272 93,332

Total liabilities and equity attributable to common shareholders \$ 92,754 \$ 93,684

The decrease in total assets from December 31, 2013 to September 30, 2014 is primarily due to the funding of cash-based operating expenses.

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

Three months ended September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2014	Nine months ended September 30, 2013
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Cash flows provided by
(used in):

Operations:

Net income (loss) for the period	\$ (443)	\$ (176)	\$ (1,345)	\$ 2,714
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Item not affecting cash:				
Stock-based compensation	74	128	285	398
Fair market value adjustment - warrants	-	(268)	(1)	(4,098)
Unrealized foreign exchange loss	8	(11)	11	40
Changes in non-cash operating working capital	49	(15)	33	44
	(312)	(342)	(1,017)	(902)
Investing:				
Intangible exploration expenditures	(211)	(243)	(1,089)	(1,947)
Changes in non-cash investing working capital	81	(426)	817	(2,220)
	(130)	(669)	(272)	(4,167)
Financing:				
Advances from related party	255	266	752	731
Payments to related party	(237)	(227)	(837)	(692)
	18	39	(85)	39
Effect of exchange rate changes on cash and cash equivalents denominated in foreign currency	(8)	11	(11)	(40)
Decrease in cash and cash equivalents	(432)	(961)	(1,385)	(5,070)
Cash and cash equivalents, beginning of the period	\$ 2,628	\$ 5,436	\$ 3,581	\$ 9,545
Cash and cash equivalents, end of the period	\$ 2,196	\$ 4,475	\$ 2,196	\$ 4,475
Supplementary information:				
Interest paid	Nil	Nil	Nil	Nil
Taxes paid	Nil	Nil	Nil	Nil

The decrease in cash in the three and nine months ended September 30, 2014 is mainly the result of intangible exploration expenditures and cash-based operating expenses.

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

September 30, 2014 September 30, 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		285		398
Balance, end of period		3,258		2,919

Earnings:

Balance, beginning of period	\$	3,865	\$	1,660
Net income (loss) for the period		(1,345)		2,714
Balance, end of period		2,520		4,374

Equity attributable to common shareholders	\$	92,272	\$	93,787
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The Company's consolidated financial statements, notes to the financial statements, management's discussion and analysis for the three and nine months ended September 30, 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

There have been some significant political changes in both Somalia and the Regional State of Puntland over the last couple of years that are shaping the climate in which the Company operates. At the Federal level, the new Somali Government took power in August 2012 as the first permanent central government in the country since 1991. While internationally recognized and supported, it is still fragile and faces many challenges both politically and security wise. In January 2014, a new President of Puntland was voted in and the transfer of power took place peacefully. Management is working closely with him and his emerging new government to take forward a range of key issues that impact our operations.

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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

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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