

## Horn Petroleum 2013 Financial and Operating Results

VANCOUVER, BRITISH COLUMBIA--(Marketwired - March 26, 2014) - Horn Petroleum Corporation ("Horn" or the "Company") (TSX VENTURE:HRN) is pleased to announce its financial and operating results for the year ended December 31, 2013.

- During the year ended December 31, 2013, Horn increased its investment in intangible exploration assets by \$2.1 million. The majority of the costs incurred during 2013 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 December 31, 2013, the Company had cash of \$3.6 million and working capital of \$4.0 million as compared to cash of \$9.5 million and working capital of \$4.4 million at December 31, 2012.

Horn President and CEO, David Grellman, commented, "We remain very encouraged by the exploration potential of our Jurassic rift basins in Puntland. We have committed to the next exploration phase in both PSAs and plan to 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."

### 2013 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, 2013	December 31, 2012
Operating expenses		
Salaries and benefits	\$ -	\$ 250
Stock-based compensation	452	836
Management fees	875	901
Office and general	218	184
Donation	50	-
Professional fees	246	176
Stock exchange and filing fees	50	69
	1,891	2,416
Finance expense	48	-
Finance income	(4,144)	(5,395)
Net income and comprehensive income attributable to common shareholders	2,205	2,979
Net income per share		
Basic	\$ 0.02	\$ 0.03
Diluted	\$ 0.02	\$ 0.03
Weighted average number of shares outstanding for the		

purpose of calculating earnings per share

Basic	96,849,316	87,719,157
Diluted	96,876,320	87,919,279

Operating expenses decreased \$0.5 million for the year ended December 31, 2013 due mainly to a reduction in stock-based compensation expense and a reduction in salaries and benefits. The reduction in stock-based compensation expense is due a reduction in the remaining life of outstanding stock options and a significant decrease in the number of options granted in 2013 compared to 2012, of which one-third vest immediately. The reduction in salaries and benefits is due to a bonus payment to key management in the fourth quarter of 2012.

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

	December 31, 2013	December 31, 2012
Fair market value adjustment - warrants	\$ (4,135)	\$ (4,874)
Interest and other income	(9)	(65)
Foreign exchange (gain) loss	48	(456)
Finance Income	\$ (4,144)	\$ (5,395)
Finance expense	\$ 48	\$ -

The fair market value of the warrant liability decreased in 2013 and 2012 resulting in a gain in the statement of operations as a result of a decrease in the Company's share price, a decrease in the volatility of the Company's share price, a reduction in the remaining life of the warrant and a reduction in the number of warrants outstanding.

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, 2013	December 31, 2012
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 3,581	\$ 9,545
Accounts receivable	666	596
Prepaid expenses	69	109
	4,316	10,250
Long-term assets		
Intangible exploration assets	89,368	87,302
	89,368	87,302
Total assets	\$ 93,684	\$ 97,552
<b>LIABILITIES AND EQUITY ATTRIBUTABLE TO COMMON SHAREHOLDERS</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 236	\$ 2,741
Due to related party	115	-
Current portion of warrants	1	3,080
	352	5,821

Long-term liabilities		
Warrants	-	1,056
	-	1,056
Total liabilities	352	6,877
Equity attributable to common shareholders		
Share capital	86,494	86,494
Contributed surplus	2,973	2,521
Retained earnings	3,865	1,660
Total equity attributable to common shareholders	93,332	90,675
Total liabilities and equity attributable to common shareholders	\$ 93,684	\$ 97,552

The decrease in total assets from 2012 to 2013 is due to the funding of cash-based operating expenses and liabilities associated with the prior year's exploration program.

Consolidated Statement of Cash Flows  
(Thousands United States Dollars)

For the years ended	December 31, 2013	December 31, 2012
Cash flows provided by (used in):		
Operations:		
Net income for the year	\$ 2,205	\$ 2,979
Item not affecting cash:		
Stock-based compensation	452	836
Fair market value adjustment - warrants	(4,135)	(4,874)
Unrealized foreign exchange (gain) loss	48	(305)
Changes in non-cash operating working capital	46	(20)
	(1,384)	(1,384)
Investing:		
Intangible exploration expenditures	(2,066)	(34,261)
Changes in non-cash investing working capital	(2,581)	(738)
	(4,647)	(34,999)
Financing:		
Common shares and warrants issued, net of issuance costs	-	16,948
Advances from related party	1,037	1,491
Payments to related party	(922)	(1,918)
Repayment of an advance issued to a related party	-	1,488
	115	18,009
Effect of exchange rate changes on cash and cash equivalents denominated in foreign currency	(48)	305
Decrease in cash and cash equivalents	(5,964)	(18,069)
Cash and cash equivalents, beginning of the year	\$ 9,545	\$ 27,614
Cash and cash equivalents, end of the year	\$ 3,581	\$ 9,545
Supplementary information:		
Interest paid	Nil	Nil
Taxes paid	Nil	Nil

The decrease in cash in 2013 is mainly the result of intangible exploration expenditures, cash-based operating expenses and the settlement of accounts payable and accrued liabilities.

Consolidated Statement of Equity  
(Thousands United States Dollars)

	December 31, 2013	December 31, 2012
Share capital:		
Balance, beginning of year	\$ 86,494	\$ 75,782
Private placement, net of issue costs	-	8,941
Exercise of warrants	-	1,331
Exercise of options	-	440
Balance, end of year	86,494	86,494
Contributed surplus:		
Balance, beginning of year	\$ 2,521	\$ 646
Exercise of warrants	-	1,148
Stock-based compensation	452	836
Exercise of options	-	(109)
Balance, end of year	2,973	2,521
Earnings (deficit):		
Balance, beginning of year	\$ 1,660	\$ (1,319)
Net income for the year	2,205	2,979
Balance, end of year	3,865	1,660
Equity attributable to common shareholders	\$ 93,332	\$ 90,675

The Company's consolidated financial statements, notes to the financial statements, management's discussion and analysis for the year ended December 31, 2013 and the 2013 Annual Information Form have been filed on SEDAR ([www.sedar.com](http://www.sedar.com)) and are available on the Company's website ([www.hornpetroleum.com](http://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 by 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".*

ON BEHALF OF THE BOARD

David Grellman, President and CEO

#### 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

David Grellman, President and CEO

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