Africa Energy Corp.

Horn Petroleum Third Quarter of 2013 Financial and Operating Results

HORN PETROLEUM THIRD QUARTER OF 2013 FINANCIAL AND OPERATING RESULTS

VANCOUVER, BRITISH COLUMBIA--(Marketwired - Nov. 22, 2013) - Horn Petroleum Corporation (TSX VENTURE:HRN) ("Horn" or the "Company") is pleased to announce its financial and operating results for the three and nine months ended September 30, 2013.

- During the nine months ended September 30, 2013, Horn increased its investment in intangible exploration assets by $1.9 million. The majority of the costs incurred during the first nine months of 2013 related to Production Sharing Agreement ("PSA") related expenditures and general and administrative costs.
- Efforts are currently 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 most recent drilling at the Shabeel-1 and Shabeel North-1 well locations. 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 September 30, 2013, the Company had cash of $4.5 million and working capital of $4.5 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 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."

Third Quarter 2013 Financial and Operating Highlights
Consolidated Statement of Net Income (Loss) and Comprehensive Income (Loss)
(Thousands of United States Dollars)

	Three months ended September 30, 2013	Three months ended September 30, 2012	Nine months ended September 30, 2013	Nine months ended September 30, 2012
Operating expenses				
Stock-based compensation	$ 128	$ 185	$ 398	$ 553
Management fees	215	225	660	674
Office and general	62	72	158	162
Professional fees	48	18	90	101
Stock exchange and filing fees	4	13	47	63
	457	513	1,353	1,553
Finance expense	-	-	40	-
Finance income	(281)	(23,049)	(4,107)	(8,978)
Net income (loss) and comprehensive income (loss) attributable to common shareholders	(176)	22,536	2,714	7,425
Net income (loss) per share				
Basic	$ 0.00	$ 0.23	$ 0.03	$ 0.09
Diluted	$ 0.00	$ 0.23	$ 0.03	$ 0.09
Weighted average number of shares outstanding for the purpose of calculating earnings per share				
Basic	96,849,316	97,047,684	96,849,316	84,609,519
Diluted	96,849,316	97,060,483	96,872,691	84,851,947

Operating expenses decreased $0.1 million and $0.2 million for the three and nine months ended September 30, 2013, respectively, due mainly to a reduction in stock-based compensation expense. The reduction in stock-based compensation expense can be attributed to a reduction in the remaining life of the stock options.

Financial income and expense for the three and nine months ended September 30, 2013 and 2012 is made up of the following items:

	Three months ended September 30, 2013	Three months ended September 30, 2012	Nine months ended September 30, 2013	Nine months ended September 30, 2012
Fair market value adjustment - warrants	$ (268)	$ (22,947)	$ (4,098)	$ (8,443)
Interest and other income	(2)	(15)	(9)	(61)
Foreign exchange (gain) loss	(11)	(87)	40	(474)
Financial income	$ (281)	$ (23,049)	$ (4,107)	$ (8,978)
Financial expense	$ -	$ -	$ 40	$ -

The fair market value of the warrant liability decreased in the first nine months of 2013 resulting in a gain in the statement of operations as a result of a decrease in the volatility of the Company's share price combined with a reduction in the remaining life of the stock options.

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)

	September 30, 2013	December 31, 2012
ASSETS		
Current assets		
Cash and cash equivalents	$ 4,475	$ 9,545
Accounts receivable	237	596
Prepaid expenses	12	109
	4,724	10,250
Long-term assets		
Intangible exploration assets	89,249	87,302
	89,249	87,302
Total assets	$ 93,973	$ 97,552
LIABILITIES AND EQUITY ATTRIBUTABLE TO COMMON SHAREHOLDERS		
Current liabilities		
Accounts payable and accrued liabilities	$ 109	$ 2,741
Due to related party	39	-
Current portion of warrants	38	3,080
	186	5,821
Long-term liabilities		
Warrants	-	1,056
	-	1,056
Total liabilities	186	6,877
Equity attributable to common shareholders		
Share capital	86,494	86,494
Contributed surplus	2,919	2,521
Retained earnings	4,374	1,660

Total equity attributable to common shareholders	93,787	90,675
Total liabilities and equity attributable to common shareholders	$ 93,973	$ 97,552

The decrease in total assets from December 31, 2012 to September 30, 2013 is the result of a decrease in cash and cash equivalents which is due to operating expenditures and the settlement of accounts payables and accrued liabilities. The increase in net working capital from December 31, 2012 to September 30, 2013 is mainly due to the $3.0 million decrease in current portion of warrant liabilities resulting from the revaluation of warrant liability.

Consolidated Statement of Cash Flows
(Thousands United States Dollars)

	Three months ended September 30, 2013	Three months ended September 30, 2012	Nine months ended September 30, 2013	Nine months ended September 30, 2012
Cash flows provided by (used in):				
Operations:				
Net income (loss) for the period	$ (176)	$ 22,536	$ 2,714	$ 7,425
Item not affecting cash:				
Stock-based compensation	128	185	398	553
Fair market value adjustment - warrants	(268)	(22,947)	(4,098)	(8,443)
Unrealized foreign exchange (gain) loss	(11)	38	40	(323)
Changes in non-cash operating working capital	(15)	(43)	44	(78)
	(342)	(231)	(902)	(866)
Investing:				
Intangible exploration expenditures	(243)	(8,996)	(1,947)	(29,986)
Changes in non-cash investing working capital	(426)	(184)	(2,220)	639
	(669)	(9,180)	(4,167)	(29,347)
Financing:				
Common shares issued	-	175	-	16,948
Advances from related party	266	219	731	755
Payments to related party	(227)	(87)	(692)	(853)
Repayment of an advance issued to a related party	-	-	-	1,488
	39	307	39	18,338
Effect of exchange rate changes on cash and cash equivalents denominated in foreign currency	11	(38)	(40)	323
Increase (decrease) in cash and cash equivalents	(961)	(9,142)	(5,070)	(11,552)
Cash and cash equivalents, beginning of the period	$ 5,436	$ 25,203	$ 9,545	$ 27,613
Cash and cash equivalents, end of the period	$ 4,475	$ 16,061	$ 4,475	$ 16,061
Supplementary information:				
Interest paid	Nil	Nil	Nil	Nil
Income taxes paid	Nil	Nil	Nil	Nil

The decrease in cash in three and nine months ended September 30, 2013 is mainly the result of intangible exploration expenditures, operating expenses and the settlement of accounts payable and accrued liabilities.

Consolidated Statement of Equity
(United States Dollars)

	September 30, 2013	September 30, 2012

Share capital:				
Balance, beginning of period	$	86,494	$	75,782
Private placement, net of issue costs		-		8,941
Exercise of warrants		-		1,331
Exercise of options		-		440
Balance, end of period		86,494		86,494
Contributed surplus:				
Balance, beginning of period	$	2,521	$	646
Exercise of warrants		-		1,148
Stock-based compensation		398		553
Exercise of options		-		(110)
Balance, end of period		2,919		2,237
Earnings (deficit):				
Balance, beginning of period	$	1,660	$	(1,319)
Net income (loss) for the period		2,714		7,425
Balance, end of period		4,374		6,106
Equity attributable to common shareholders	$	93,787	$	94,837

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, 2013 and the 2012 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 has been in discussions with potential joint venture partners and also is reviewing new venture opportunities in the region. 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. 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 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".

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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