

## Horn Petroleum First Quarter of 2013 Financial and Operating Results

### HORN PETROLEUM FIRST QUARTER OF 2013 FINANCIAL AND OPERATING RESULTS

VANCOUVER, BRITISH COLUMBIA--(Marketwired - May 28, 2013) - Horn Petroleum Corporation (TSX VENTURE:HRN)("Horn" or the "Company") is pleased to announce its financial and operating results for the three months ended March 31, 2013.

- During the three months ended March 31, 2013, Horn increased its investment in intangible exploration assets by \$1.3 million. The majority of the costs incurred during the first three 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 recent drilling at the Shabeel-1 and Shabeel North-1 well locations.
- As at March 31, 2013, the Company had cash of \$6.9 million and working capital of \$5.9 million as compared to cash of \$9.5 million and working capital of \$4.4 million at December 31, 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 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."

#### First Quarter 2013 Financial and Operating Highlights

Consolidated Statement of Net Income (Loss) and Comprehensive Income (Loss)  
(Thousands of United States Dollars)

	Three months ended March 31, 2013	Three months ended March 31, 2012
Operating expenses		
Stock-based compensation	130	178
Management fees	224	224
Office and general	45	34
Professional fees	16	41
Stock exchange and filing fees	16	15
	431	492
Finance expense	26	27,399
Finance income	(3,637)	(289)
Net income (loss) and comprehensive income (loss) attributable to common shareholders	3,180	(27,602)
Net income (loss) per share		
Basic	\$ 0.03	\$ (0.36)
Diluted	\$ 0.03	\$ (0.36)
Weighted average number of shares outstanding for the purpose of calculating earnings per share		
Basic	96,849,316	75,658,202
Diluted	96,849,316	75,682,152

Operating expenses decreased \$0.1 million for the three months ended March 31, 2013 due mainly to a reduction in stock option expenses. The reduction in stock option expenses can be attributed to a reduction in the remaining life of the stock options.

Financial income and expense for the three months ended March 31, 2013 and 2012 is made up of the following items:

	March 31, 2013	March 31, 2012
Fair market value adjustment - warrants	\$ (3,633)	\$ 27,399
Interest and other income	(4)	(36)
Foreign exchange (gain) loss	26	(253)
Financial income	\$ (3,637)	\$ (289)
Financial expense	\$ 26	\$ 27,399

At March 31, 2013, 53.4 million warrants were outstanding. The Company recorded a \$3.6 million gain on the revaluation of warrants for the three months ended March 31, 2013 due to a reduction in the volatility of the shares of Horn combined with a reduction in the remaining life of the warrants.

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)

	March 31, 2013	December 31, 2012
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 6,871	\$ 9,545
Accounts receivable	177	596
Prepaid expenses	70	109
	7,118	10,250
Long-term assets		
Intangible exploration assets	88,615	87,302
	88,615	87,302
Total assets	\$ 95,733	\$ 97,552
<b>LIABILITIES AND EQUITY ATTRIBUTABLE TO COMMON SHAREHOLDERS</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 1,245	\$ 2,741
Current portion of warrants	11	3,080
	1,256	5,821
Long-term liabilities		
Warrants	492	1,056
	492	1,056
Total liabilities	1,748	6,877

Equity attributable to common shareholders

Share capital	86,494	86,494
Contributed surplus	2,651	2,521
Retained earnings	4,840	1,660
Total equity attributable to common shareholders	93,985	90,675
Total liabilities and equity attributable to common shareholders	\$ 95,733	\$ 97,552

The decrease in total assets from December 31, 2012 to March 31, 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 March 31, 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	March 31, 2013	March 31, 2012
Cash flows provided by (used in):		
Operations:		
Net income (loss) for the period	\$ 3,180	\$ (27,602)
Item not affecting cash:		
Stock-based compensation	130	178
Fair market value adjustment - warrants	(3,633)	27,399
Unrealized foreign exchange (gain) loss	26	(426)
Changes in non-cash operating working capital	20	(58)
	(277)	(509)
Investing:		
Intangible exploration expenditures	(1,313)	(7,467)
Changes in non-cash investing working capital	(1,058)	(277)
	(2,371)	(7,744)
Financing:		
Common shares issued	-	25
Advances from related party	244	328
Payments to related party	(244)	(632)
Repayment of an advance issued to a related party	-	1,488
	-	1,209
Effect of exchange rate changes on cash and cash equivalents denominated in foreign currency	(26)	426
Decrease in cash and cash equivalents	(2,674)	(6,618)
Cash and cash equivalents, beginning of the period	\$ 9,545	\$ 27,614
Cash and cash equivalents, end of the period	\$ 6,871	\$ 20,996
Supplementary information:		
Interest paid	Nil	Nil
Income taxes paid	Nil	Nil

The decrease in cash in three months ended March 31, 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)

	March 31, 2013	March 31, 2012
Share capital:		
Balance, beginning of period	\$ 86,494	\$ 75,782
Exercise of warrants	-	48
Exercise of options	-	16
Balance, end of period	86,494	75,846
Contributed surplus:		
Balance, beginning of period	\$ 2,521	\$ 646
Stock-based compensation	130	178
Balance, end of period	2,651	824
Earnings (deficit):		
Balance, beginning of period	\$ 1,660	\$ (1,319)
Net income (loss) for the period	3,180	(27,602)
Balance, end of period	4,840	(28,921)
Equity attributable to common shareholders	\$ 93,985	\$ 47,749

The Company's consolidated financial statements, notes to the financial statements, management's discussion and analysis for the three months ended March 31, 2013 and the 2012 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 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.

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.*

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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