



HORN PETROLEUM CORPORATION

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ANNUAL INFORMATION FORM

For the Year
Ended December 31, 2014

February 26, 2015

TABLE OF CONTENTS

GLOSSARY OF TERMS.....	1
CURRENCY.....	4
ACCOUNTING POLICIES AND FINANCIAL INFORMATION.....	4
CONVERSION TABLE.....	4
ABBREVIATIONS.....	4
PRESENTATION OF OIL AND GAS INFORMATION.....	4
FORWARD LOOKING STATEMENTS.....	5
ITEM 1 INTRODUCTION.....	7
Incorporation by Reference and Date of Information.....	7
ITEM 2 CORPORATE STRUCTURE.....	7
Incorporation and Registered Office.....	7
Inter-Corporate Relationships.....	8
ITEM 3 GENERAL DEVELOPMENT OF THE BUSINESS.....	8
History.....	8
ITEM 4 NARRATIVE DESCRIPTION OF THE BUSINESS.....	10
Overview of Farmout and Joint Venture Agreements.....	12
Production Sharing Contracts Overview.....	12
Risk Factors.....	15
Environment and Social Policies.....	21
ITEM 5 CAPITAL STRUCTURE and DIVIDENDS.....	21
ITEM 6 MARKET FOR SECURITIES.....	22
Trading Price and Volume.....	22
ITEM 7 ESCROWED SECURITIES.....	22
ITEM 8 DIRECTORS and OFFICERS.....	23
Name, Address and Occupation.....	23
Security Holdings.....	25
Cease Trade Orders, Bankruptcies, Penalties and Sanctions.....	25
ITEM 9 LEGAL PROCEEDINGS and REGULATORY ACTIONS.....	26
ITEM 10 INTEREST OF MANAGEMENT and OTHERS IN MATERIAL TRANSACTIONS.....	26
ITEM 11 TRANSFER AGENT.....	26
ITEM 12 MATERIAL CONTRACTS.....	27
ITEM 13 NAMES and INTERESTS OF EXPERTS.....	27
ITEM 14 ADDITIONAL INFORMATION.....	28

SCHEDULE A – Form NI 51-101F1, Statement of Reserves Data and Other Oil and Gas Information

SCHEDULE B – Form NI 51-101F3, Report of Management and Directors on Oil and Gas Disclosure

GLOSSARY OF TERMS

“ABCA”	means the <i>Business Corporations Act</i> (Alberta), as amended.
“AOC” or “Africa Oil”	means Africa Oil Corp.
“BCBCA”	means the <i>Business Corporations Act</i> (British Columbia), as amended.
“Canmex”	means Canmex Holdings (Bermuda) I Ltd.
“Canmex II”	means Canmex Holdings (Bermuda) II Ltd.
“Canmex Shares”	means all of the issued and outstanding shares in the capital of Canmex.
“Consideration Shares”	means the 27,777,778 Denovo Shares issued by Denovo to AOC, after giving effect to the Consolidation, at a deemed issue price of \$0.90 per share as consideration for the Canmex Shares.
“Consolidation”	means the consolidation of the issued and outstanding Denovo Shares on the basis of 0.65 post-Consolidation common share for every one (1) pre-Consolidation common share.
“Contractor Group”	means the parties, including joint venture partners, that hold a working interest in a PSA or a PSC.
“CPC”	means a corporation that: <ul style="list-style-type: none">(a) has been incorporated or organized in a jurisdiction in Canada; and(b) has filed and obtained a receipt for a final CPC prospectus from one or more of the securities regulatory authorities in compliance with the CPC Policy.
“CPC Escrow Agreement”	means the Exchange Form 2F <i>CPC Escrow Agreement</i> for Tier 2 issuers dated July 16, 2010 among the Company, the Escrow Agent and certain shareholders, pursuant to which the CPC Escrowed Securities are held in escrow.
“CPC Escrowed Securities”	means 747,500 Denovo Shares subject to escrow under the CPC Escrow Agreement.
“CPC Policy”	means Exchange Policy 2.4 <i>Capital Pool Companies</i> .
“Denovo”	means Denovo Capital Corp.
“Denovo Shares”	means all of the issued and outstanding shares in the capital of Denovo.
“Denovo Units”	means the units issued on the conversion of the Subscription Receipts. Each Denovo Unit was comprised of one Horn Share and one Horn Warrant.
“Dharoor Valley Exploration Area”	means the area that is the subject of the Dharoor Valley PSA.
“Dharoor Valley PSA”	means the production sharing agreement in respect of the Dharoor Valley Exploration Area made January 17, 2007 among Canmex II, the Government of Puntland and Range Resources Ltd., as amended by amending agreements made November 25, 2009, January 16, 2011 and by a letter agreement dated July 12, 2011, under which Canmex II holds a 60% participating interest in the Dharoor Valley Exploration Area.
“Escrow Agent”	means Computershare Trust Company of Canada.
“Escrowed Proceeds”	means the CAD\$40,981,195 of proceeds from the Subscription Receipt Placement which were held in escrow with the Escrow Agent pending the satisfaction of the Release Conditions.

“Horn” or “Company”	means Horn Petroleum Corporation.
“Horn Shares”	means all of the issued and outstanding shares in the share capital of Horn.
“Horn Warrants”	mean the 45,535,195 share purchase warrants issued that are convertible into Company Shares on a one for one basis at an exercise price of CAD\$1.50 for two years after the issuance of the Denovo Units or September 20, 2013, subject to accelerated expiry if, commencing on that date that is four months from the closing of the Subscription Receipt Placement, the closing price of the Horn Shares on the Exchange is greater than CAD\$2.00 for a period of 30 consecutive trading days.
“Letter of Intent”	means the letter of intent dated May 11, 2010 between Denovo and AOC, together with the extensions dated June 28, 2011, July 28, 2011 and August 5, 2011.
“Lion Energy”	means Lion Energy Corp.
“Lion Energy Farmout Agreement”	means the farmout agreement made August 19, 2009 between, among others, Canmex II and Lion Energy in respect of, amongst others, the Puntland PSAs.
“Lion Energy Farmout Amendment”	means the amendment to the Lion Energy Farmout Agreement made July 29, 2010.
“Nugaal Valley Exploration Area”	means the area that is the subject of the Nugaal Valley PSA.
“Nugaal Valley PSA”	means the production sharing agreement in respect of the Nugaal Valley Exploration Area made January 17, 2007 among Canmex II, the Government of Puntland and Range Resources Ltd., as amended by amending agreements made November 25, 2009, January 16, 2011 and by a letter agreement dated July 12, 2011, under which Canmex II holds a 60% participating interest in the Nugaal Valley Exploration Area.
“Puntland Oil”	means Puntland Oil Pty Ltd.
“Puntland PSAs”	means the Dharoor Valley PSA and the Nugaal Valley PSA.
“Qualifying Transaction”	means the exchange of shares between AOC and Denovo whereby Denovo acquired the Canmex Shares from AOC in consideration for the issuance of the Consideration Shares, all in accordance with the terms of the Share Exchange Agreement.
“QT Escrow Agreement”	means the Exchange Form 5D Escrow Agreement (Value Securities) dated September 20, 2011 among the Company, the Escrow Agent and AOC, pursuant to which the QT Escrowed Securities are held in escrow.
“QT Escrowed Securities”	means the 27,777,778 Consideration Shares that were subject to escrow under the QT Escrow Agreement.
“Range”	means Range Resources Ltd.
“Release Conditions”	means the conditions precedent to the release of the Escrowed Proceeds.
“Red Emperor”	means Red Emperor Resources NL.
“Red Emperor Farmout Agreement”	means the farmout agreement made August 12, 2010 between, among others, Canmex II and Red Emperor, in respect of the Puntland PSAs.
“Red Emperor Farmout Amendment”	means the amendment to the Red Emperor Farmout Agreement made March 23, 2011.
“SEDAR”	means the System for Electronic Document Analysis and Retrieval.
“Share Exchange”	means the share exchange agreement entered into on August 11, 2011 between Denovo

Agreement	and AOC relating to the Qualifying Transaction.
“Subscription Receipt Placement”	means the private placement of 45,535,195 Subscription Receipts which was completed on August 2, 2011.
“Subscription Receipts”	means the 45,535,195 Subscription Receipts of the Company issued on August 2, 2011. Each Subscription Receipt entitled the holder to receive, without payment of any additional consideration or further action, one Denovo Unit, upon satisfaction of the Release Conditions.
“Transfer Agent”	means Computershare Trust Company of Canada.
“TSX-V” or “Exchange”	means the TSX Venture Exchange.

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CURRENCY

The Company's functional and reporting currency is the United States dollar. All currency amounts in this AIF are expressed in United States dollars, unless otherwise indicated. The Bank of Canada exchange rates for the purchase of one United States dollar with Canadian dollars for the specified year ends are as follows:

Bank of Canada Noon Exchange Rate: USD\$/CAD\$	Year Ended December 31		
	2012	2013	2014
	0.9949	1.0636	1.1601

ACCOUNTING POLICIES AND FINANCIAL INFORMATION

Financial information contained in this AIF is presented in accordance with accounting principles generally accepted in Canada.

CONVERSION TABLE

The following table sets forth certain conversions between Standard Imperial Units and the International System of Units (or metric units).

To Convert From	To	Multiply By
Mcf	Cubic meters	28.174
Cubic meters	Cubic feet	35.315
Bbls	Cubic meters	0.159
Cubic meters	Bbls	6.289
Feet	Meters	0.305
Meters	Feet	3.281
Miles	Kilometers	1.609
Kilometers	Miles	0.621
Acres	Hectares	0.405
Hectares	Acres	2.471
Gigajoules	MMbtu	0.950
MMbtu	Gigajoules	1.0526

ABBREVIATIONS

Oil and Natural Gas Liquids		Natural Gas	
Bbls	Barrels of crude oil	Mcf	Thousand cubic feet of natural gas
Bbls/d	Barrels of crude oil per day	MMcf	Million cubic feet of natural gas
Boe	Barrels of oil equivalent	Bcf	Billion cubic feet of natural gas
Boe/d	Barrels of oil equivalent per day	Mcfd	Thousand cubic feet of natural gas per day
Mbbl	Thousands of barrels of crude oil	Mcfe	Thousand cubic feet of gas equivalent
NGLs	Natural gas liquids	MMbtu	Million British Thermal Units

Note: The calculations of barrels of oil equivalent (boe) and thousand cubic feet of gas equivalent (Mcfe) are based on the standard of 6Mcf: 1 bbl when converting natural gas to oil and 1 bbl: 6 Mcf when converting oil to natural gas. Boe and Mcfe may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf: 1 bbl or a Mcfe conversion ratio of 1 bbl: 6 Mcf is based on an energy equivalent conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

PRESENTATION OF OIL AND GAS INFORMATION

All oil and gas information contained in this AIF has been prepared and presented in accordance with NI 51-101. The actual oil and gas resources may be greater or less than any estimates provided herein.

FORWARD LOOKING STATEMENTS

Certain statements in this document are “forward-looking statements”. Forward-looking statements are statements that are not historical fact and are generally identified by words such as “believes”, “anticipates”, “expects”, “estimates”, “pending”, “intends”, “plans”, “will”, “would have” or similar words suggesting future outcomes. By their nature, forward-looking statements and information involve assumptions, inherent risks and uncertainties, many of which are difficult to predict, and are usually beyond the control of management, that could cause actual results to be materially different from those expressed by these forward-looking statements and information. Risks and uncertainties include, but are not limited to, risk with respect to general economic conditions, regulations and taxes, civil unrest, corporate restructuring and related costs, capital and operating expenses, pricing and availability of financing and currency exchange rate fluctuations. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements.

The Company does not undertake to update or re-issue the forward-looking statements and information that may be contained herein, whether as a result of new information, future events or otherwise.

Any statements regarding the following are forward-looking statements:

- expected closing dates for the completion of proposed transactions;
- planned exploration activity including both expected drilling and geological and geophysical related activities;
- anticipated future financing requirements;
- future crude oil, natural gas or chemical prices;
- future sources of funding for our capital program;
- availability of potential farmout partners;
- government or other regulatory consent for exploration, development, farmout, or acquisition activities;
- future production levels;
- future capital expenditures and their allocation to exploration and development activities;
- future earnings;
- future asset acquisitions or dispositions;
- future debt levels;
- availability of committed credit facilities;
- possible commerciality;
- development plans or capacity expansions;
- future ability to execute dispositions of assets or businesses;
- future sources of liquidity, cash flows and their uses;
- future drilling of new wells;
- ultimate recoverability of current and long-term assets;
- ultimate recoverability of reserves or resources;
- expected finding and development costs;
- expected operating costs;
- estimates on a per share basis;
- future foreign currency exchange rates;
- future market interest rates;
- future expenditures and future allowances relating to environmental matters;
- dates by which certain areas will be explored or developed or will come on stream or reach expected operating capacity; and
- changes in any of the foregoing.

Statements relating to “reserves” or “resources” are forward-looking statements, as they involve the implied assessment, based on estimates and assumptions that the reserves and resources described exist in the quantities predicted or estimated, and can be profitably produced in the future.

The forward-looking statements are subject to known and unknown risks and uncertainties and other factors which may cause actual results, levels of activity and achievements to differ materially from those expressed or implied by such statements. Such factors include, among others:

- market prices for oil and gas and chemical products;
- our ability to explore, develop, produce and transport crude oil and natural gas to markets;
- ultimate effectiveness of design or design modification to facilities;
- the results of exploration and development drilling and related activities;
- short term well test results on exploration and appraisal wells do not necessarily indicated the long term performance or ultimate recovery that may be expected from a well;
- volatility in energy trading markets;
- foreign-currency exchange rates;
- economic conditions in the countries and regions in which we carry on business;
- governmental actions including changes to taxes or royalties, changes in environmental and other laws and regulations;
- renegotiations of contracts;
- results of litigation, arbitration or regulatory proceedings;
- political uncertainty, including actions by terrorists, insurgent or other groups, or other armed conflict; and
- internal conflicts within states or regions.

The impact of any one risk, uncertainty or factor on a particular forward-looking statement is not determinable with certainty as these factors are interdependent, and management's future course of action would depend on our assessment of all information at that time. Although we believe that the expectations conveyed by the forward-looking statements are reasonable based on information available to us on the date such forward-looking statements were made, no assurances can be given as to future results, levels of activity and achievements.

Undue reliance should not be placed on the statements contained herein, which are made as of the date hereof and, except as required by law, we undertake no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained herein are expressly qualified by this cautionary statement.

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ITEM 1 INTRODUCTION

INCORPORATION BY REFERENCE AND DATE OF INFORMATION

Specifically incorporated by reference and forming a part of this AIF are the Company's material change reports from January 1, 2014 to the date of this AIF, copies of which have been filed with the Canadian Securities Administrators in each of the Provinces of British Columbia, Alberta and Ontario and can be found on the SEDAR website at www.sedar.com under the Company's profile.

All information contained in this AIF is as of December 31, 2014, unless otherwise indicated.

ITEM 2 CORPORATE STRUCTURE

INCORPORATION AND REGISTERED OFFICE

The Company was incorporated on April 27, 2010 pursuant to the provisions of the ABCA under the name "Denovo Capital Corp.". On July 14, 2010, the Company amended its articles to remove the restrictions against the transfer of securities.

On September 20, 2011, the Company effected a consolidation of its issued and outstanding Common Shares on the basis of 0.65 post-Consolidation Denovo Shares for every one (1) pre-Consolidation Denovo Shares; (ii) changed its name to "Horn Petroleum Corporation"; and (iii) continued from the Province of Alberta into the Province of British Columbia pursuant to the provisions of the BCBCA.

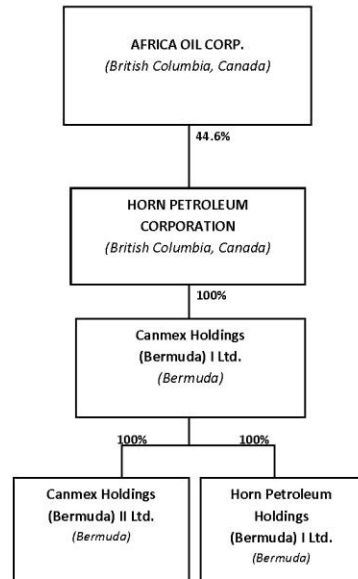
Horn's registered and records office is located at Suite 2600 Oceanic Plaza, 1066 West Hastings Street, Vancouver, British Columbia, V6E 3X1. The Company's corporate office is located at 2000 – 885 West Georgia Street, Vancouver, B.C. V6C 3E8. The Company also has an office located at 1750, 300 – 5th Avenue, SW, Calgary, AB, Canada T2P 3C4.

On June 3, 2013, the shareholders of the Company passed a special resolution authorizing an alteration of the Company's articles to include advance notice provisions for the nomination of directors.

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INTER-CORPORATE RELATIONSHIPS

As at the date of this AIF, Africa Oil Corp. owned 44.6% of Horn. The material subsidiaries owned by Horn, as at the date of this AIF, are as set out in the following organizational chart:



ITEM 3 GENERAL DEVELOPMENT OF THE BUSINESS

The following describes the development of Horn's business over the last three completed financial years.

FISCAL YEAR ENDED DECEMBER 31, 2012

The Shabeel-1 prospect was spud in January, 2012. The Company drilled the Shabeel-1 exploration well to a total depth of 3,470 meters before ending in metamorphic basement. The well encountered significant oil and gas shows in the Upper Cretaceous Jesomma sandstones and the Jurassic and Triassic sandstones deeper in the wellbore, but failed to encounter Lower Cretaceous sandstone reservoirs that were considered a primary objective. Petrophysical analysis indicated that potential hydrocarbon pay zones in the Jurassic and Triassic sandstones were thin and did not warrant further testing. The well was suspended pending further consideration of the Jesomma sandstone section.

In February 2012, the Company, together with its partners, entered into amending agreements with the Government of Puntland, represented by the Puntland Petroleum and Mineral Agency, in respect of the Puntland PSAs. Under the PSAs, as amended, the First Exploration Period expiry date was further extended by the Puntland Government to October 17, 2012

in order to provide sufficient time to evaluate drilling results. (See “Production Sharing Contracts Overview - Dharoor and Nugaal Blocks, Puntland (Somalia)” for further details.)

In June of 2012, the Company completed a non-brokered private placement issuing an aggregate of 18.75 million units at a price of CAD\$0.80 per unit for gross proceeds of CAD\$15.0 million. Each unit is comprised of one common share and one-half of a share purchase warrant. Each whole warrant is exercisable over a period of two years at a price of CAD\$1.20 per share. In the event that Horn’s common shares close above CAD\$1.50 for a period of 30 consecutive days, a forced exercise provision will come into effect. A finder’s fee was paid, consisting of the issuance of an aggregate of 342,500 units and the payment of \$0.1 million in cash. All securities issued under the private placement are subject to a statutory hold period which expired on October 9, 2012. AOC acquired 4,315,000 of the units issued for gross proceeds of \$3.5 million.

In May of 2012, following results of the Shabeel-1 well, which provided evidence for a working petroleum system, the Sakson drilling rig was relocated 3.5 kilometers north of the Shabeel-1 well to test an adjacent structural trap, Shabeel North-1. The Shabeel North-1 exploration well was spud in June 2012 and encountered oil and gas shows in the Upper Cretaceous Jesomma sandstone section from 1,905 meters to 2,095 meters, similar to those encountered in the Shabeel-1 exploration well. An open-hole drill stem test was performed but failed to flow hydrocarbons. Although the test was unsuccessful, the Company and its partners were encouraged by the positive evidence of oil shows and the presence of good quality reservoirs and decided to deepen the well in order to evaluate the potential of the Lower Cretaceous, Jurassic and Triassic sections. The Shabeel North-1 well reached a total depth of 3,945 meters and encountered metamorphic basement at a depth of 3,919 meters. The well penetrated 149 meters of interbedded sands and shales of the Triassic Adigrat Formation with no oil or gas shows and only minor porosity exhibited on electric logs. Accordingly, the well has been plugged and abandoned.

As the Upper Cretaceous Jesomma sands in Shabeel North-1, which exhibited porosity and hydrocarbon shows but produced only fresh water on a drill stem test, were similar to the Jesomma sands encountered in the previously drilled Shabeel-1 well in respect of log response and oil and gas shows, the Company and its partners determined that additional testing of these zones in the previously drilled Shabeel-1 well was not warranted. In August of 2012, this well was also plugged and abandoned. The Company has demobilized the drilling rig and associated equipment.

Based on the encouragement provided by the Shabeel-1 and Shabeel North-1, the Company and its partners entered into the next exploration period in both the Dharoor Valley and Nugaal Valley PSAs which each carry a commitment to drill one exploration well in each block within an additional three year term ending October 2015.

FISCAL YEAR ENDED DECEMBER 31, 2013

Puntland

The Company continued to evaluate the encouraging results of the two wells drilled in 2012 on the Dharoor Valley block which proved all the critical elements exist for oil accumulations, namely a working petroleum system, good quality reservoirs and thick seal rocks. Our work performed during 2013 could be categorized into three main areas; technical, operational and political.

Technical

Efforts were focused on making preparations for a seismic acquisition campaign in the Dharoor Valley area which included 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 identified a suitable location to drill an exploration well in the Nugaal Valley block. However, given certain operational and political issues identified below, a decision to move ahead on this was not taken as there was no adequate resolution achieved.

Operational

The Company assessed the operating environment in each block from logistical, community and security perspectives. These assessments provided critical information required to plan operations in the Company’s exploration areas.

Political

There was some significant political changes in both Somalia and the Regional State of Puntland over the last couple of years that shaped 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 was considered fragile and faced 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 worked closely with the new President of Puntland and his emerging new government to take forward a range of key issues that impact our operations. Key amongst these were 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 Somali (including Puntland) and Somaliland (which overlaps a proportion of our Nugaal block).

FISCAL YEAR ENDED DECEMBER 31, 2014

Puntland

The Company continued to play an active and productive role in discussions with all key stakeholders; the Federal, Puntland and Somaliland governments and international partners. Through this engagement, the Company attempted to facilitate discussions and help to drive the debate forward in a way that would bring clarity to contracts and allow operational activity to proceed.

SUBSEQUENT TO DECEMBER 31, 2014

In early 2015, the Company informed the Government of Puntland (Somalia) that the Company would be downsizing its office in Bosaso, Puntland and would refrain from any operational activity and associated expenditures until the political situation improves in Somalia. Given the considerable efforts taken by the Company to date in Puntland (Somalia), the Company has requested a two year extension to the current exploration period from the Puntland Government to allow time for the ongoing political challenges to be resolved. The Company has elected during the fourth quarter of 2014 to record a non-cash impairment charge related to its assets in Puntland.

Horn has been actively pursuing new venture opportunities across the African continent.

ITEM 4 NARRATIVE DESCRIPTION OF THE BUSINESS

SUMMARY

Horn's strategy and long range plan is to increase shareholder value through the acquisition and exploration of oil and gas assets, located in under-explored geographic areas, in the early phase of the upstream oil and gas life-cycle. The Company is focused on high-impact exploration opportunities. The Company secured a portfolio of oil and gas assets in Puntland, Somalia, which provided shareholders with exposure to multiple identified prospects and leads located in an under-explored petroleum system. Despite its recent downsizing in Puntland, and once ongoing political challenges are resolved, Horn's mission is to de-risk this portfolio of oil and gas prospects and leads, while generating additional prospects and leads, through continuous oil and gas exploration activities. Horn aims to continue to identify highly prospective exploration targets in geologically favorable settings. In general, Horn will continue its portfolio approach to exploring oil and gas opportunities with the goal of increasing shareholder value. The Company will consider acquisition and merger opportunities with a focus on Africa and the Middle East.

The board of directors of Horn may, in its discretion, approve asset or corporate acquisitions or investments that do not conform to the guidelines discussed above based upon the board's consideration of the qualitative and quantitative aspects of the subject properties, including risk profile, technical upside, resource potential, reserve life and asset quality.

SPECIALIZED SKILL AND KNOWLEDGE

The Company relies on specialized skills and knowledge to gather, interpret and process geological and geophysical data, design, drill and complete wells, and numerous additional activities required to explore for, and potentially produce, oil and natural gas. The Company has employed a strategy of contracting with AOC for the provision of management and administrative services, as well as contracting consultants and other service providers to provide the specialized skills and knowledge to undertake its oil and natural gas operations efficiently and effectively.

COMPETITIVE CONDITIONS

The petroleum industry is immensely competitive in all of its phases. Horn competes with other participants in the search for, and the acquisition of, oil and natural gas interests located in East Africa. Horn's competitors include other resource companies which may have greater financial resources, staff and facilities than those of the Company. Competitive factors which may come into play in the future include the distribution and marketing of oil and natural gas, pricing, and methods of improving reliability of delivery.

ECONOMIC DEPENDENCE

The Company is heavily dependent upon the results obtained under agreements, including production sharing agreements, joint venture agreements and farmout agreements that it has entered into for the exploration and extraction of hydrocarbons.

GENERAL

Horn is an independent international upstream oil and gas exploration company with oil and gas interests in Puntland (Somalia). The Company's wholly owned subsidiary, Canmex II, holds interests in Puntland (Somalia), as follows:

Concession	Area (km ²) ⁽¹⁾	Partnership Interests
Dharoor	14,384	Horn (Operator) 60% Range 20% Red Emperor 20%
Nugaal	21,784	Horn (Operator) 60% Range 20% Red Emperor 20%

(1) This represents the concession area subsequent to the relinquishments required to date under the Puntland PSAs (see "Production Sharing Contracts Overview – Dharoor and Nugaal Valley Blocks, Puntland (Somalia)").

OVERVIEW OF FARMOUT AND JOINT VENTURE AGREEMENTS

The following narrative provides an overview of the Company's farmout and joint venture agreements:

Joint Venture with Range

Under the joint venture agreement with Range, relating to the Dharoor Valley and Nugaal Valley exploration blocks, the Company was obligated to solely fund \$22.8 million of joint venture costs on each of the blocks (\$45.5 million in total for both blocks) during the initial exploration period, in exchange for an 80% working interest in each PSA. The Company has fulfilled its sole funding obligation related to the Dharoor Valley and Nugaal Valley blocks, and as a result, Range is obligated to pay its 20% participating interest share of ongoing exploration costs related to each block. Upon commencement of commercial production, \$3.5 million will be payable to Range.

Lion Energy Farmout Agreement and Lion Energy Farmout Amendment

Pursuant to the terms of the Lion Energy Farmout Agreement, completed during August 2009, Canmex II agreed to transfer to Lion Energy a 15% participating interest in each of the Puntland PSAs. In consideration for such interests, Lion Energy agreed to pay a disproportionate share of costs associated with the planned work programs to be carried out in the subject areas and to deposit certain funds in escrow, as security for its payment obligations. Ministerial approval of the Lion Energy Farmout Agreement was obtained from the Puntland Government on December 8, 2010. Exchange approval of the Lion Energy Farmout Agreement was received on March 15, 2010.

On June 21, 2011 AOC completed the acquisition of all of the issued and outstanding common shares of Lion Energy and caused Lion Energy to transfer its 15% interest in the Puntland PSAs to Canmex II.

Red Emperor Farmout Agreement and Red Emperor Farmout Amendment

On June 15, 2010, Canmex II entered into the Red Emperor Farmout Agreement under which Puntland Oil, a wholly owned subsidiary of Red Emperor, agreed to acquire a 10% participating interest in each of the Puntland PSAs, with an option to increase its participating interest in both of the Puntland PSAs to 20%. The option was exercised by Puntland Oil on October 21, 2010. In consideration for the 20% participating interest, Puntland Oil agreed to pay 30% of all drilling costs associated with the drilling of two wells under the Puntland PSAs, being one exploration well under each of the production sharing agreements, or, if AOC chooses, two wells in the Dharoor Valley Exploration Area, in each case for the initial \$25 million of gross costs. Thereafter, Puntland Oil shall be responsible for its proportionate share of such costs. Also pursuant to the Red Emperor Farmout Agreement, Red Emperor entered into an escrow agreement under which it deposited \$2 million into an escrow account, to be offset against the last \$2 million cash call made by AOC in respect of the work programs for the exploration areas, based on approved budgets. Completion of the Red Emperor Farmout Agreement was subject to the approval of the Government of Puntland, which was received in January 2011.

On March 24, 2011 Canmex II and Red Emperor entered into the Red Emperor Farmout Amendment under which Red Emperor acknowledged that it had made the election to increase the interests assigned to it in the Puntland PSAs from a 10% participating interest to a 20% participating interest. In addition, Red Emperor's initial obligation in respect of the initial exploration well drilled pursuant to the Nugaal Valley PSA, or the second exploration well drilled pursuant to the Dharoor Valley PSA, as applicable, was reduced to 20% of pre-spud costs. Red Emperor was also granted the option of electing to maintain its 20% participating interest in the Puntland PSAs, after reviewing certain data relating to the first exploration well, by paying 30% of future drilling costs. If Red Emperor did not exercise its option, it would forfeit all of its interest in both the Nugaal Valley PSA and the Dharoor Valley PSA.

Production Sharing Contracts Overview - Dharoor and Nugaal Valley Blocks, Puntland (Somalia) (60% working interest)

The Puntland PSAs were amended on three occasions in order to extend the initial exploration period. These amendments extended the initial exploration expiry date to October 17, 2012. In consideration of these extensions of the initial exploration period, Canmex II relinquished 50% (and in the case of the Nugaal Valley PSA, in excess of 50%) of the original

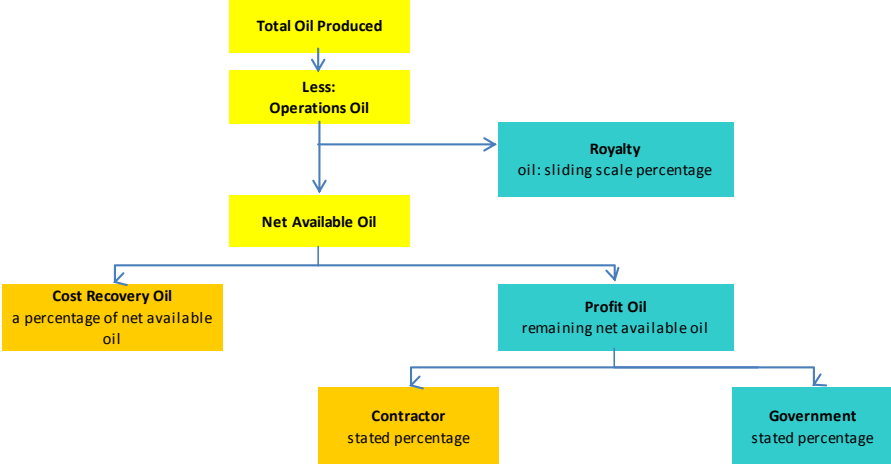
contract area and agreed to pay a \$1 million bonus within 30 days of a commercial discovery in each of the production blocks. Further, Canmex II agreed to certain enhanced abandonment and environmental safety measures and made payments to the Puntland government in the aggregate amount of \$1,550,000 for development of infrastructure.

With the completion of drilling Shabeel-1 and Shabeel North-1 exploration wells in 2012, the Company and its partners have fulfilled the minimum work obligations of the initial exploration period under both of the Dharoor Valley and Nugaal Valley PSAs and have entered the second exploration period in each PSA which expire in October 2015. The minimum work obligations required during the second exploration period include an exploration well in each block with minimum exploration expenditures of \$5.0 million in each block. Given the considerable efforts taken by the Company to date in Puntland (Somalia), the Company has requested a two year extension to the current exploration period from the Puntland Government to allow time for the ongoing political challenges to be resolved.

Under the Puntland PSAs, at the end of the second exploration period, Canmex II shall relinquish the remainder of the original agreement area not then converted into a development area or for which approval for conversion into a development area is pending.

A development and production period commences once the Canmex II has made a commercial discovery and a development plan is adopted. The development and production period is 20 years with a possible 5 year extension.

The following diagram illustrates the allocation of production under the terms of the Dharoor and Nugaal Valley Block PSCs:



Of the “Total Oil Produced”, “Operations Oil” is available to the Contractor Group for operational needs for the work performed under the PSA. The remaining oil is subject to a royalty, payable to the Government of Puntland, based on the following sliding scale:

Production	Royalty
Up to and including 25,000 Barrels ⁽¹⁾ of Monthly Average Daily Net Production ⁽¹⁾ (“MADNP”)	4%
Production which exceeds 25,000 Barrels of MADNP, up to and including 50,000 Barrels of MADNP	5%
Production which exceeds 50,000 Barrels of MADNP, up to and including 75,000 Barrels of MADNP	7%
Production which exceeds 75,000 Barrels of MADNP up to and including 100,000 Barrels of MADNP	9%
Production which exceed 100,000 Barrels of MADNP	10%

Notes:

- (1) “Barrel” consists of 42 US gallons measuring a liquid at a temperature of sixty degrees Fahrenheit (60° F) and atmospheric pressure of 14.7 PSIA.
- (2) “Monthly Average Daily Net Production” means the total volume in Barrels of crude oil produced and saved from the block and not used in petroleum operations during any month, divided by the number of days in such month.

Up to 70% of the “Net Available Oil” is available for cost recovery with the remainder allocated to “Profit Oil”. Costs subject to cost recovery include all costs and expenditures incurred by the Contractor Group for exploration, development, production and decommissioning operations, as well as any other applicable costs and expenditures incurred directly or indirectly with these activities. Profit Oil is taken and disposed of separately by the Government (50%) and Canmex II, on its own behalf and on behalf of its partners (50%).

Disclosure of Reserves Data and Other Oil and Gas Information

For further information, please refer to Horn’s Statement of Reserves Data and Other Oil and Gas Information for fiscal year ended December 31, 2014 (Form NI 51-101F1) and the Report of Management and Directors on Oil and Gas Disclosure (Form NI 51-101F3), filed under the Company’s profile on the SEDAR website at www.sedar.com, copies of which are attached hereto as Schedules A and B, respectively.

Readers are also referred to a report prepared for Denovo by Petrotech Engineering Ltd. and dated August 11, 2011 entitled “Evaluation of the Interests of Denovo Capital Corp. in two Production Sharing Contracts in Dharoor Valley and Nugaal Valley Blocks, Somalia”. A copy of this report has been filed on SEDAR under Horn’s profile.

RISK FACTORS

The Company's operations are subject to various risks and uncertainties, including, but not limited to, those listed below.

INTERNATIONAL OPERATION RISK

The Company participates in oil and gas projects located in Puntland (Somalia), an emerging market. Oil and gas exploration, development and production activities in emerging markets, are subject to significant political and economic uncertainties which may adversely affect the Company's operations. Uncertainties include, but are not limited to, the risk of war, terrorism, expropriation, civil unrest, nationalization, renegotiation or nullification of existing or future concessions and contracts, the imposition of international sanctions, a change in crude oil or natural gas pricing policies, a change in taxation policies, and the imposition of currency controls. These uncertainties, all of which are beyond the Company's control, could have a material adverse effect on the Company's business, prospects and results of operations. In addition, if legal disputes arise related to oil and gas concessions acquired by the Company, the Company could be subject to the jurisdiction of courts other than those of Canada. The Company's recourse may be very limited in the event of a breach by a government or government authority of an agreement governing a concession in which the Company acquires an interest. The Company may require licenses or permits from various governmental authorities to carry out future exploration, development and production activities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits when required.

INTERNATIONAL BOUNDARY DISPUTES

Due to ongoing political disputes, the geographic boundaries separating Somalia from its neighbors and dividing the various semiautonomous regions of Somalia (including Puntland) are not universally agreed within Somalia or by the international community.

Somaliland has disputed its border with the Republic of Somalia (including the Regional State of Puntland) since May 1991 when Somaliland unilaterally declared its independence. Its claim is based on the fact that it is the successor state to the British Somaliland protectorate that united with the Republic of Somalia in July 1960. However neither the Republic of Somalia, nor the wider international community, has recognized their claim to independence, nor the associated depiction of their borders.

Despite this position, the Somaliland government has written on a number of occasions (including September 2007 and February 2012) to formally inform the Company of its claim of sovereignty. Elements of this territorial claim overlap oil concessions granted to the Company by the Puntland government in the Nugaal Valley basin.

An added complication developed in 2012 when the Sool, Sanaag and Cayn (SSC) region of Somalia established the Khatumo State administration. SSC leaders declared this an autonomous state that exists in the aforementioned disputed zone between Somalia/Puntland and Somaliland. The SSC rejects all Somaliland claims to the area and see themselves as the legitimate representatives of the local communities within a Federal State of Somalia.

POLITICAL INSTABILITY

The Company is highly exposed to significant political risk in Somalia and the Puntland Regional State. Whilst the political and security situation in Somalia has seen some major advancement over the last two years, the country as a whole is still characterized by strong internal political tension that can easily escalate into violence.

The election of an internationally recognized Federal Government of Somalia in August 2012 (the first permanent central government in the country since the start of the civil war in 1991) was a notable achievement. This has led to a range of additional political improvements including recognition by the UN and other key international governments. However the structures and systems of government are still fragile and emerging.

In January 2014 the Regional State of Puntland underwent its own Presidential election that led to the relatively peaceful transition of power to a new President. This democratic step was again hailed by the international community as a sign of the progress taking place in the country.

DIFFERENT LEGAL SYSTEM AND LITIGATION

The Puntland (Somalia) legal system differs in various degrees from that of Canada. Rules, regulations and legal principles may differ both relating to matters of substantive law and in respect of such matters as court procedure and enforcement. Almost all material production and exploration rights and related contracts of the Company will be subject to the national or local laws of Somalia or Puntland. This means that the Company's ability to exercise or enforce its rights and obligations will differ from what would have been the case if such rights and obligations were subject to Canadian law and jurisdiction.

The Company's operations are, to a large extent, subject to various complex laws and regulations as well as detailed provisions in concessions, licenses and agreements that often involve several parties. If the Company would become involved in legal disputes in order to defend or enforce any of its rights or obligations under such concessions, licenses, agreements or otherwise, such disputes or related litigation may be costly, time consuming and the outcome may be highly uncertain. Even if the Company would ultimately prevail, such disputes and litigation may still have a substantially negative effect on the Company and its operations

UNCERTAINTY OF TITLE

Although the Company conducts title reviews prior to acquiring an interest in a concession, such reviews do not guarantee or certify that an unforeseen defect in the chain of title will not arise that may call into question the Company's interest in the concession. Any uncertainty with respect to one or more of the Company's concession interests could have a material adverse effect on the Company's business, prospects and results of operations. In light of the boundary disputes and the dynamic political environment at both the federal and regional levels within Somalia, the constitutional and legal basis surrounding mineral and oil and gas rights is often disputed between the various levels of government and semi-autonomous states. The Federal Government of Somalia, elected in 2012, and the various regional governments have yet to mutually agree on a legislative framework surrounding the granting of exploration rights and administering exploration activities.

COMPETING CLAIMS FROM CONOCOPHILLIPS

By a letter dated November 16, 2007 AOC was advised by ConocoPhillips, which entity had previously engaged in oil and gas exploration in Somalia, that it was claiming a continued interest in certain parts of the concessions that comprise the blocks in which Canmex II holds its interest. ConocoPhillips stated that it had acquired its interest from the Somali Democratic Republic (a name given to Somalia in 1969 by the communist regime of President Barre), that its interests have not been terminated by the Somali Democratic Republic, and that they have not been relinquished by ConocoPhillips. The letter stated ConocoPhillips disagreement with any suggestion that its interests had lapsed. No further correspondence has been received by either the Company or AOC since 2007.

The Company does not recognize the interest of ConocoPhillips and disputes ConocoPhillip's position in respect of this matter. However, if ConocoPhillips chooses to pursue its claims, the outcome of a dispute or lawsuit cannot be predicted with any certainty.

INTERNAL ORGANIZATION AND CONTROL BLOCK

AOC beneficially owns 44.6% of the Horn Shares, which effectively gives it total control over certain major decisions on which the Company's shareholders may vote, which may discourage an acquisition of the Company. The interests of AOC may differ from the interests of the Company's shareholders. As a result, AOC has the right and ability to control virtually all corporate actions requiring shareholder approval, irrespective of how the Company's shareholders may vote, including the following actions:

- electing or defeating the election of the Company's directors;
- preventing an amendment of the Company's charter documents or by-laws;
- effecting or preventing a merger, sale of assets or other corporate transaction; and
- controlling the outcome of any other matter submitted to the shareholders for vote.

AOC's shareholdings in the Company may also discourage a potential acquirer from seeking to acquire Horn Shares or otherwise attempting to obtain control of the Company, which in turn could reduce Company's stock price or prevent its shareholders from realizing a premium over the Company's stock price on the Exchange.

FINANCIAL STATEMENTS PREPARED ON A GOING CONCERN BASIS

The Company's financial statements have been prepared on a going concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. Horn's operations to date have been primarily financed by inter-company loans from its parent. Horn's future operations are dependent upon the identification and successful completion of equity or debt financing, the achievement of profitable operations or partial divestiture and farmout agreements. There can be no assurances that the Company will be successful in completing an equity or debt financing, or a partial divestiture or farmout arrangement, or in achieving profitability. The consolidated financial statements do not give effect to any adjustments relating to the carrying values and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern.

SHARED OWNERSHIP AND DEPENDENCY ON PARTNERS

The Company's operations are, to a significant degree, conducted together with one or more partners through contractual arrangements. In such instances, the Company may be dependent on, or affected by, the due performance of its partners. If a partner fails to perform, the Company may, among other things, risk losing rights or revenues or incur additional obligations or costs in order to itself perform in place of its partners. The Company and its partners may also, from time to time, have different opinions on how to conduct certain operations or on what their respective rights and obligations are under a certain agreement. If a dispute were to arise with one or more partners relating to a project, such dispute may have significant negative effects on the Company's operations relating to such project.

RISKS RELATING TO CONCESSIONS, LICENSES AND CONTRACTS

The Company's operations are based on a relatively limited number of concession agreements, licenses and contracts. The rights and obligations under such concessions, licenses and contracts may be subject to interpretation and could also be affected by, among other things, matters outside the control of the Company. In case of a dispute, it cannot be certain that the view of the Company would prevail or that the Company otherwise could effectively enforce its rights which, in turn, could have significantly negative effects on the Company. Also, if the Company or any of its partners were deemed not to have complied with their duties or obligations under a concession, license or contract, the Company's rights under such concessions, licenses or contracts may be relinquished in whole or in part.

COMPETITION

The petroleum industry is intensely competitive in all aspects including the acquisition of oil and gas interests, the marketing of oil and natural gas, and acquiring or gaining access to necessary drilling and other equipment and supplies. The Company competes with numerous other companies in the search for and acquisition of such prospects and in attracting skilled personnel. The Company's competitors include oil companies which have greater financial resources, staff and facilities than those of the Company and its partners. The Company's ability to discover reserves in the future will depend on its ability to successfully explore its present properties, to select and acquire suitable producing properties or prospects on which to conduct future exploration and to respond in a cost-effective manner to economic and competitive factors that affect the distribution and marketing of oil and natural gas. The Company's ability to successfully bid on and acquire additional property rights, to discover reserves, to participate in drilling opportunities and to identify and enter into commercial arrangements with customers will be dependent upon developing and maintaining close working relationships with its future industry partners and joint operators and its ability to select and evaluate suitable properties and to consummate transactions in a highly competitive environment.

Oil and natural gas producers are also facing increased competition from alternative forms of energy, fuel and related products that could have a material adverse effect on the Company's business, prospects and results of operations.

RISKS INHERENT IN OIL AND GAS EXPLORATION AND DEVELOPMENT

Oil and gas operations involve many risks which, even a combination of experience, knowledge and careful evaluation may not be able to overcome. The long-term commercial success of the Company depends on its ability to find, acquire, develop and commercially produce oil and natural gas reserves. No assurance can be given that the Company will be able to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, the Company may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participations uneconomic. There is no assurance that expenditures made on future exploration by the Company will result in discoveries of oil or natural gas in commercial quantities or that commercial quantities of oil and natural gas will be discovered or acquired by the Company. It is difficult to project the costs of implementing an exploratory drilling program due to the inherent uncertainties of drilling in unknown formations, the costs associated with encountering various drilling conditions such as over pressured zones and tools lost in the hole, and changes in drilling plans and locations as a result of prior exploratory wells or additional seismic data and interpretations thereof.

Future oil and gas exploration may involve unprofitable efforts, not only from dry wells, but from wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental approvals or consents, shut-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical conditions. While close well supervision and effective maintenance operations can contribute to maximizing production rates over time, production delays and declines from normal field operating conditions cannot be eliminated and can be expected to adversely affect revenue and cash flow levels to varying degrees.

The Company's business is subject to all of the risks and hazards inherent in businesses involved in the exploration for, and the acquisition, development, production and marketing of, oil and natural gas, many of which cannot be overcome even with a combination of experience and knowledge and careful evaluation. The risks and hazards typically associated with oil and gas operations include fire, explosion, blowouts, sour gas releases, pipeline ruptures and oil spills, each of which could result in substantial damage to oil and natural gas wells, production facilities, other property, the environment or personal injury.

CAPITAL REQUIREMENTS

To finance its future acquisition, exploration, development and operating costs, the Company may require financing from external sources, including from the issuance of new shares, issuance of debt or execution of working interest farm-out agreements.. There can be no assurance that such financing will be available to the Company or, if available, that it will be offered on terms acceptable to the Company. If additional financing is raised through the issuance of equity or convertible debt securities, control of the Company may change and the interests of shareholders in the net assets of the Company may be diluted. If unable to secure financing on acceptable terms, the Company may have to cancel or postpone certain of its planned exploration and development activities which may ultimately lead to the Company's inability to fulfil the minimum work obligations under the terms of its various PSAs. Availability of capital will also directly impact the Company's ability to take advantage of acquisition opportunities.

ENVIRONMENTAL REGULATION

Drilling for and production, handling, transporting and disposing of oil and gas and petroleum by-products are subject to extensive regulation under national and local environmental laws, including those of Puntland (Somalia). Environmental regulations may impose, among other things, restrictions, liabilities and obligations in connection with water and air pollution control, waste management, permitting requirements and restrictions on operations in environmentally sensitive areas. Environmental protection requirements have not, to date, had a significant effect on the capital expenditures, results of operations and competitive position of the Company. However, environmental regulations are expected to become more stringent in the future and costs associated with compliance are expected to increase. Any penalties or other sanctions imposed on the Company for non-compliance with environmental regulations could have a material adverse effect on the Company's business, prospects and results of operations.

AVAILABILITY OF EQUIPMENT AND PERSONNEL

The Company's oil and natural gas exploration and development activities will be dependent on the availability of drilling and related equipment and qualified staff in the particular areas where such activities are or will be conducted. The Company proposes to lease all the drilling rigs required for its exploration and development activities. There are significant logistical obstacles associated with transporting such drilling rigs to and through Puntland (Somalia). Shortages of such equipment or personnel may affect the availability of such equipment to the Company and may delay the Company's exploration and development activities and result in lower production.

RELIANCE ON OPERATORS OR KEY PERSONNEL

There are significant logistical and safety obstacles associated with placing key personnel in Puntland (Somalia). The loss of the services of such key personnel could have a material adverse effect on the Company's business, prospects and results of operations. The Company does not propose to obtain key person insurance in respect of the lives of any key personnel. In addition, competition for qualified personnel in the oil and gas industry is intense and there can be no assurance that the Company will be able to attract and retain the skilled personnel necessary for operation and development of its business. Success of the Company is largely dependent upon the performance of its management and key personnel.

PRICES, MARKETS AND MARKETING OF CRUDE OIL AND NATURAL GAS

Oil and natural gas are commodities whose prices are determined based on world demand, supply and other factors, all of which are beyond the control of the Company. World prices for oil and natural gas have fluctuated widely in recent years. Any material decline in prices could have an adverse affect on the Company's business and prospects.

EARLY STAGE OF DEVELOPMENT

The Company has conducted oil and gas exploration activities for a relatively short period. There is limited financial, operational and other information available with which to evaluate the prospects of the Company. There can be no assurance that the Company's operations will be profitable in the future or will generate sufficient cash flow to satisfy its working capital requirements.

RISKS RELATING TO INFRASTRUCTURE

The Company is dependent on available, or to be constructed, functioning infrastructure relating to the properties on which it operates such as roads, power and water supplies, pipelines and gathering systems. If any infrastructure or systems failures occur or do not meet the requirements of the Company, the Company's operations may be significantly hampered which could result in delayed, postponed or cancelled exploration and development activities, lower production and sales and/or higher costs. In the areas in which the Company operates, very little infrastructure of any sort that is commonly associated with petroleum operations is in existence.

CURRENT GLOBAL FINANCIAL CONDITIONS

Global financial conditions have always been subject to volatility. Access to public financing has been negatively impacted by sovereign debt concerns in Europe and the United States, as well as concerns over global growth rates and conditions. These factors may impact the ability of the Company to obtain equity or debt financing in the future, and, if obtained, on terms favourable to the Company. Increased levels of volatility and market turmoil can adversely impact the Company's operations and the value and the price of the common shares could be adversely affected.

FOREIGN CURRENCY EXCHANGE RATE RISK

The Company is exposed to changes in foreign exchange rates as expenses in international subsidiaries, oil and gas expenditures, or financial instruments may fluctuate due to changes in rates. The Company's exposure is partially offset by sourcing capital projects and expenditures in US dollars. Horn had no forward exchange contracts in place as at December 31, 2014.

LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Liquidity describes a company's ability to access cash. Companies operating in the upstream oil and gas industry, during the exploration phase, require sufficient cash in order to fulfill their work commitments in accordance with contractual obligations and to be able to potentially acquire strategic oil and gas assets.

The Company will potentially issue debt or equity and enter into farmout agreements with joint venture partners to ensure the Company has sufficient available funds to meet current and foreseeable financial requirements. The Company actively monitors its liquidity to ensure that its cash flows and working capital are adequate to support these financial obligations and the Company's capital programs. The Company will also adjust the pace of its exploration activities to manage its liquidity position.

CREDIT RISK

Credit risk is the risk of loss if counterparties do not fulfill their contractual obligations. The majority of our credit exposure relates to amounts due from our joint venture partners. The risk of the Company's joint venture partners defaulting on their obligations per their respective joint operating and farmout agreements is mitigated as there are contractual provisions allowing the Company to default joint venture partners who are non-performing and reacquire any previous farmed out working interests.

CONFLICT OF INTERESTS

Certain of the proposed directors of the Company are also directors or officers of other companies, including oil and gas companies, the interests of which may, in certain circumstances, come into conflict with those of the Company. Those officers and directors will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies and, as a result of these and other activities, such directors and officers of the Company may become subject to conflicts of interest.

The BCBCA provides that in the event that a director has a material interest in a contract or proposed contract or agreement that is material to the issuer, the director must disclose his interest in such contract or agreement and refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA.

LIMITATION OF LEGAL REMEDIES

Securities legislation in certain of the provinces and territories of Canada provides purchasers with various rights and remedies when a reporting issuer's continuous disclosure contains a misrepresentation and ongoing rights to bring actions for civil liability for secondary market disclosure. Under the legislation, the directors would be liable for a misrepresentation. It may be difficult for investors to collect from the directors resident outside Canada on judgments obtained in courts in Canada predicated on the purchaser's statutory rights and on other civil liability provisions of Canadian securities legislation.

SELLING OFF OF SHARES

To the extent that any issued and outstanding Company Shares are sold into the market, there may be an oversupply of shares and an undersupply of purchasers. If this occurs the market price for the Company Shares may decline significantly and investors may be unable to sell their shares at a profit, or at all.

INDUSTRY REGULATORY

Existing regulations in the oil industry, and changes to such regulations, may present regulatory and economic barriers to the purchase and use of certain products, which may significantly reduce the Company's revenues.

ENVIRONMENTAL CONSIDERATIONS AND SOCIAL POLICIES

Environmental Considerations

The Company's oil and gas operations are located in regions where there are numerous environmental regulations including restrictions on where and when oil and gas operations can occur, regulations on the release of substances into groundwater, atmosphere and surface land and the potential routing of pipelines or location of production facilities. All such regulations are strictly followed. The Company could potentially be liable for contamination on properties acquired and it attempts to mitigate the risk of inheriting environmental liabilities when conducting due diligence on these acquisition opportunities. Breach of environmental regulations in any of the regions in which the Company operates could result in restrictions or cessation of operations and the imposition of fines and penalties. See also "Risk Factors."

Social Policies

The objective of Horn's corporate responsibility strategy is to address the challenge of sustainability – delivering value to its shareholders, providing economic and social benefits to communities while concurrently minimizing its environmental footprint. The Company views its commitment to corporate responsibility as a strategic advantage that enables it to access and effectively manage new business opportunities. Horn is committed to providing a safe, healthy, and transparent environment for employment, production, and sharing of the economic benefits that flow from its regional presence.

Horn is committed to building a legitimate 'social license to operate' in the communities and countries in which it operates. The Company sees this as an essential foundation for its business activity. Horn will therefore enter into dialogue and engagement with key stakeholders, conducted in the spirit of transparency and good faith, at all stages of company activities. Horn also has contractual obligations to support community development initiatives under its PSAs. Through ongoing stakeholder engagement led by Corporate Affairs Officers in country teams, supported by dedicated community liaison and community development officers in each of its exploration theatres, initiatives reflecting local priorities are identified and supported across three key areas: community infrastructure, sustainable livelihoods and economic development. Horn contributes to and works closely with the Lundin Foundation on many of these issues.

The Lundin Foundation is a registered Canadian non-profit organization that provides grants and risk capital to organizations dedicated to alleviating poverty in developing countries. While the Company is legally committed to certain in-country expenditures on community development projects under the terms of our PSAs, the Company's approach has always been that community and economic development funding is a required investment. The Company's engagement with the Lundin Foundation is a key component of the Company's wider Corporate Social Responsibility strategy in East Africa. The contribution is a long-term investment that underpins the essential good corporate responsibility that the Company believes is required in developing, new resource rich countries in which the Company operates.

ITEM 5 CAPITAL STRUCTURE AND DIVIDENDS

The Company's common shares entitle the holders thereof to receive notice of and to attend at all meetings of shareholders, with each share entitling the holder to one vote on any resolution to be passed at such shareholders' meeting. The holders of common shares are also entitled to dividends if, as and when declared by the Board of Directors of the Company. Upon the liquidation, dissolution or winding up of the Company, the holders of the common shares are entitled to receive the remaining assets of the Company available for distribution to the shareholders.

As of December 31, 2014, the Company had an aggregate of 96,849,316 common shares issued and outstanding. The Company has unlimited authorized capital of common shares without par value of which 96,849,316 common shares were issued and outstanding as fully paid and non-assessable as at February 26, 2015.

DIVIDENDS

There are no restrictions which prevent the Company from paying dividends. Horn has not paid dividends to date on its common shares and has no plans to pay dividends in the near future. Any decision to pay dividends in the future will be based on the Company's earnings and financial requirements and other factors which its board of directors may consider appropriate in the circumstances.

ITEM 6 MARKET FOR SECURITIES

TRADING PRICE AND VOLUME

Common Shares

The common shares of the Company trade on the Exchange under the trading symbol “HRN”

The following table sets out the price range for and trading volume of the common shares on the Exchange, on a monthly basis, for the period between January 1, 2014 and December 31, 2014, as reported by the Exchange:

Month	High (CAD\$)	Low (CAD\$)	Volume
January 2014	0.22	0.185	1,034,953
February 2014	0.22	0.185	589,794
March 2014	0.46	0.19	7,022,385
April 2014	0.345	0.125	2,986,572
May 2014	0.325	0.265	1,818,934
June 2014	0.30	0.18	945,509
July 2014	0.265	0.20	1,256,284
August 2014	0.22	0.18	1,062,746
September 2014	0.22	0.13	1,277,788
October 2014	0.185	0.10	1,379,991
November 2014	0.20	0.115	938,764
December 2014	0.16	0.09	1,019,753

PRIOR SALES

On June 8, 2012, the Company completed a non-brokered private placement issuing an aggregate of 18.75 million units at a price of CAD\$0.80 per unit for gross proceeds of CAD\$15.0 million. Each unit is comprised of one common share and one-half of a share purchase warrant, for a total of 9,375,000 whole warrants. Each whole warrant is exercisable over a period of two years at a price of CAD\$1.20 per share. In the event that Horn’s common shares close above CAD\$1.50 for a period of 30 consecutive days, a forced exercise provision will come into effect.

On June 11, 2012, 312,500 units were issued at a price of CAD\$0.80 per unit as payment of a finders’ fee. Each unit is comprised of one common share and one-half of a share purchase warrant, for a total of 156,248 whole warrants. Each whole warrant is exercisable over a period of two years at a price of CAD\$1.20 per share. In the event that Horn’s common shares close above CAD\$1.50 for a period of 30 consecutive days, a forced exercise provision will come into effect.

On June 18, 2012, a further 30,000 units were issued at a price of CAD\$0.80 per unit as an additional finders’ fee payment. Each unit is comprised of one common share and one-half of a share purchase warrant, for a total of 15,000 whole warrants. Each whole warrant is exercisable over a period of two years at a price of CAD\$1.20 per share. In the event that Horn’s common shares close above CAD\$1.50 for a period of 30 consecutive days, a forced exercise provision will come into effect.

ITEM 7 ESCROWED SECURITIES

CPC Escrow Securities

In accordance with the CPC Policy, all shares (the “CPC Escrowed Securities”) held by certain principals of Denovo prior to Denovo’s initial public offering were subject to escrow under the terms of the CPC Escrow Agreement. Upon completion of the Qualifying Transaction, 10% of the CPC Escrowed Securities were released. The remaining CPC Escrowed Securities were released in six equal tranches of 15% every six months thereafter until all CPC Escrow Securities were released in September 2014.

QT Escrow Securities

On September 20, 2011, the 27,777,778 Consideration Shares were subject to the terms of the QT Escrow Agreement.

On September 22, 2011, 10% of the QT Escrowed Securities were released. An additional 15% of the QT Escrowed Securities were released every six months thereafter until all of the QT Escrowed Securities were released in September 2014.

The following table sets out the name and municipality of residence of the security holder, the number of common shares of the Company released from escrow from January 1 to December 31, 2014, and the percentage that number represented of the of the issued and outstanding of common shares as at December 31, 2014:

Name and Municipality of Residence of Securityholder	Designation of Class	Number of Securities Held in Escrow	Percentage of Class
Ionic Securities Ltd. Vancouver, BC ⁽¹⁾	Common	195,000	0.2%
A. Murray Sinclair Vancouver, BC	Common	9,750	0.01%
Michael D. Winn Vancouver, BC	Common	9,750	0.01%
Michael Atkinson Vancouver, BC	Common	9,750	0.01%
Africa Oil Corp. Vancouver, BC	Common	8,333,332	8.6%
Total		8,557,582	8.84%

(1) Ionic Securities Ltd. is wholly owned by A. Murray Sinclair and Brian E. Bayley.

The Escrow Agent for the CPC Escrow Securities and the QT Escrowed Securities was Computershare Trust Company of Canada, 510 Burrard Street, Vancouver, British Columbia.

ITEM 8 DIRECTORS AND OFFICERS

NAME, ADDRESS AND OCCUPATION

The table below states the names, province or state and country of residence of each of the directors and executive officers of the Company, the principal occupations in which each has been engaged during the last five years, and the periods during which each has served as a director or executive officer.

Name, province or state and country of residence	Position(s) Held in the Company	Principal Occupation During the Past Five Years
Keith C. Hill Ontario, Canada	Director and Chairman since September 20, 2011	Currently President and Chief Executive Officer of Africa Oil Corp., Chairman of ShaMaran Petroleum Corp., and Petro Vista Energy Corp.; director of BlackPearl Resources Ltd.; director of Tyner Resources Ltd.; director of TAG Oil Ltd.; formerly President and Chief Executive Officer of Pearl Exploration and Production Ltd. (now BlackPearl Resources Ltd.), Valkryies Petroleum Corp. and Bayou Bend Petroleum (now ShaMaran Petroleum Corp.).
Ian Gibbs British Columbia, Canada	Director since September 20, 2011	Currently Chief Financial Officer of Africa Oil Corp., a director of Lundin Gold Inc. (formerly "Fortress Minerals Corp."), and Petro Vista Energy Corp. He is also the former Chief Financial Officer of Valkryies Petroleum Corp., Tanganyika Oil Company Ltd. and ShaMaran Petroleum Corp. (formerly, Bayou Bend Petroleum Ltd.).
Wojtek Wodzicki British Columbia, Canada	Director since September 20, 2011	Currently President and Chief Executive Officer of NGE Resources Inc.; director of Newstrike Capital Inc.; formerly President and Chief Executive Officer of Sanu Resources Ltd.; VP Strategic Partnerships, Lundin Mining Corporation; General Manager of Exploration, Teck Cominco Ltd. and director of Lara Exploration.
Randy Neely Alberta, Canada	Director since September 20, 2011	Currently the Chief Financial Officer of TransGlobe Energy Corporation; formerly the Chief Financial Officer of Zodiac Exploration Corp. and Chief Financial Officer of Pearl Exploration and Production Ltd..
James Phillips Nairobi, Kenya	President and Chief Executive Officer since May 2014	Vice President Business Development and formerly the Vice President Operations of Africa Oil Corp.; former Manager Exploration Operations for Occidental Oil and Gas since 2005.
Mark Dingley Addis Ababa, Ethiopia	Chief Operating Officer since May 1, 2013	Vice President Operations of Africa Oil Corp., formerly the Vice President, Middle East Operations, General Manager, Peru, Manager, Corporate Security & Surface Risk, and Manager, Government Affairs & Deputy General Manager, Sudan for Talisman Energy Inc.
Jeromie Kufflick Alberta, Canada	Chief Financial Officer since September 20, 2011	Currently the Controller for Africa Oil Corp. since March 2010; former Controller for Trican Well Service Ltd. from September 2007 to March 2010.

Each director of the Company holds office until the next annual general meeting or until his successor is duly elected or appointed, unless his office is earlier vacated in accordance with the articles of the Company or he becomes disqualified to act as a director.

There are currently four standing committees of the Board; namely, the Audit Committee, the Compensation Committee, the Corporate Governance and Nominating Committee and the Reserves Committee. The following table identifies the members of each of these Committees:

Audit Committee	Compensation Committee	Corporate Governance and Nominating Committee	Reserves Committee
Randy Neely (Chair)	Randy Neely (Chair)	Wojtek Wodzicki (Chair)	Wojtek Wodzicki (Chair)
Ian Gibbs	Wojtek Wodzicki	Keith C. Hill	Keith C. Hill
Wojtek Wodzicki	Ian Gibbs	Randy Neely	Randy Neely

SECURITY HOLDINGS

As at December 31, 2014, the directors and executive officers of the Company, as a group, did not own any common shares of the Company, either directly or indirectly or exercise control or direction over any common shares of the Company.

CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

CEASE TRADE ORDERS

No director or officer or person holding a sufficient number of securities of the Company to affect materially the control of the Company, is, or within the past ten years before the date of this Annual Information Form has been, a director or officer of any other issuer that, while such person was acting in that capacity: (i) was the subject of a cease trade or similar order, or an order that denied the other issuer access to any exemptions under Canadian securities legislation, for a period of more than 30 consecutive days; (ii) was subject to an event that resulted in such an order after the person ceased to be a director or officer; (iii) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver-manager or trustee appointed to hold its assets; or (iv) was subject to such bankruptcy proceedings within a year of that person ceasing to act in that capacity.

PERSONAL BANKRUPTCIES

During the ten years preceding the date of this AIF, no director, officer or shareholder holding a sufficient number of shares of the Company to affect materially the control of the Company, or a personal holding company of any such person, has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceeding, arrangement or compromise with creditors or had a receiver, receiver-manager or trustee appointed to hold his or her assets.

The foregoing information, not being within the knowledge of the Company, has been furnished by the respective directors, officers and any control shareholder of the Company individually.

PENALTIES OR SANCTIONS

No director or officer of the Company, or shareholder holding a sufficient number of shares of the Company to materially affect control of the Company, has been the subject of any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority, or been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in making an investment decision.

CONFLICTS OF INTEREST

The Company's directors and officers may serve as directors or officers of other companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation, or the terms of such participation. From time to time, several companies may participate in the acquisition, exploration and development of natural resource properties, thereby allowing for their participation in larger programs, the involvement in a greater number of programs or a reduction in financial exposure in respect of any one program. It may

also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. In accordance with the laws of Canada, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and the financial position at that time.

The directors and officers of the Company are aware of the existence of laws governing the accountability of directors and officers for corporate opportunity and requiring disclosure by the directors of conflicts of interest and the Company will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors and officers. All such conflicts will be disclosed by such directors or officers in accordance with the Business Corporations Act (*British Columbia*) and they will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law. Other than as disclosed above, the directors and officers of the Company are not aware of any such conflicts of interest in any existing or contemplated contracts with or transactions involving the Company.

ITEM 9 LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Legal Proceedings

Neither the Company nor its material subsidiaries and material properties are currently subject to any material legal proceedings or regulatory actions.

Regulatory Actions

No penalties or sanctions were imposed by a court relating to securities legislation or by a securities regulatory authority during the Company's recently completed financial year, nor were there any other penalties or sanctions imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decision, nor were any settlement agreements entered into before a court relating to securities legislation or with a securities regulatory authority during the Company's recently completed financial year.

ITEM 10 INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director or executive director of the Company, or person or company that beneficially owns, directly or indirectly, or exercises control or direction over, more than 10% of the Company's common shares, nor any associate or affiliate of any such person, has any material interest, direct or indirect, in any transaction within the three most recently completed financial years of the Company, or during the current financial year, that has materially affected or will materially affect the Company, other than as described below.

AOC currently holds 44.6% of the outstanding shares of the Company. There is also a management services arrangement between the Company and AOC in which the management of AOC is responsible for the operating decisions of the Company. As such, AOC is deemed to control the Company.

ITEM 11 TRANSFER AGENT

The transfer agent and registrar for the common shares of the Company in Canada is Computershare Trust Company of Canada, 510 Burrard Street, Vancouver, British Columbia.

ITEM 12 MATERIAL CONTRACTS

The Company has not, within the last financial year, entered into any material contracts, nor are there any material contracts entered into before the last financial year that are still in effect, except for:

- (i) Contracts entered into in the ordinary course of business; and
- (ii) Production Sharing Agreement made January 17, 2007 among The Government of Puntland, Canmex II and Range in respect of the Dharoor Valley Exploration Area;
- (iii) Production Sharing Agreement made January 17, 2007 among The Government of Puntland, Canmex II and Range in respect of the Nugaal Valley Exploration Area;
- (iv) Amending Agreement made November 25, 2009 among The Government of Puntland, Canmex II and Range in respect of the Dharoor Valley Exploration Area;
- (v) Amending Agreement made November 25, 2009 among The Government of Puntland, Canmex II and Range in respect of the Nugaal Valley Exploration Area;
- (vi) Second Amending Agreement made January 16, 2011 among The Government of Puntland, Canmex II, Range, Lion Energy Puntland (Dharoor) N.V. in respect of the Dharoor Valley Exploration Area;
- (vii) Second Amending Agreement made January 16, 2011 among The Government of Puntland, Canmex II, Range, Lion Energy Puntland (Nogal) N.V. in respect of the Nugaal Valley Exploration Area;
- (viii) Letter Agreement from Puntland Petroleum and Minerals Agency dated July 12, 2011;
- (ix) Operating Agreement made January 17, 2007 between Canmex II and Range in respect of the Dharoor Valley Exploration Area;
- (x) Operating Agreement made January 17, 2007 between Canmex II and Range in respect of the Nugaal Valley Exploration Area;
- (xi) Venture Agreement made March 4, 2007 between Canmex II and Range in respect of the Dharoor Valley Exploration Area;
- (xii) Venture Agreement made March 4, 2007 between Canmex II and Range in respect of the Nugaal Valley Exploration Area;
- (xiii) Farmout Agreement made August 19, 2009 among Canmex II, Africa Oil Kenya BV, AOC and Raytec Metals Corp. in respect of, among others, the Dharoor Valley Exploration Area and the Nugaal Valley Exploration Area;
- (xiv) Amending Agreement made July 29, 2010 among Canmex II, Africa Oil Kenya BV, AOC and Lion in respect of the Dharoor Valley Exploration Area and the Nugaal Valley Exploration Area;
- (xv) Farmout Agreement made August 12, 2010 among Canmex II, AOC, Red Emperor and Puntland Oil in respect of the Dharoor Valley Exploration Area and the Nugaal Valley Exploration Area;
- (xvi) Amending Agreement made March 2011 among Canmex II, Africa Oil Kenya BV, AOC and Lion in respect of the Dharoor Valley Exploration Area and the Nugaal Valley Exploration Area;
- (xvii) . Assignment Agreement made June 24, 2011 between Canmex II and Lion Energy Puntland (Dharoor) N.V. in respect of the assignment of a 15% interest in the Dharoor Valley PSA;
- (xviii) Assignment Agreement made June 24, 2011 between Canmex II and Lion Energy Puntland (Nugaal) N.V. in respect of the assignment of a 15% interest in the Nugaal Valley PSA; and
- (xix) Sponsorship Agreement made August 29, 2011 among the Sponsor, the Issuer, AOC and Canmex.

ITEM 13 NAMES AND INTERESTS OF EXPERTS

There is no person or company whose profession or business gives authority to a statement made by such person or company and who is named as having prepared or certified a statement, report or valuation described or included in a filing, or referred to in a filing made under NI 51-102 by the Company during the current financial year other than Petrotech Engineering Ltd., the author of the Company's technical report entitled "Evaluation of the Interests of Denovo Capital Corp. in two Production Sharing Contracts in Dharoor Valley and Nugaal Valley Blocks, Somalia" dated August 11, 2011, and PricewaterhouseCoopers LLP, Horn's auditors. None of the designated professionals, as such term is defined in NI 51-102, of Petrotech Engineering Ltd. have any registered or beneficial interests, direct or indirect, in any securities or property of Horn or of Horn's associates or affiliates either at the time they prepared the statement, report or valuation prepared by it, at any time thereafter or to be received by them. PricewaterhouseCoopers LLP, the Company's auditors, are independent in accordance with the auditor's rules of professional conduct in Canada.

In addition, none of the aforementioned persons or companies, nor any director, officer or employee of any of the aforementioned persons or companies, is or is expected to be elected, appointed or employed as a director, officer or employee of Horn or any associate or affiliate of Horn.

ITEM 14 ADDITIONAL INFORMATION

Additional information relating to the Company may be found on the Company's SEDAR profile at www.sedar.com .

In particular, additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, options to purchase securities and interests of insiders in material transactions, where applicable, is contained in the Company's information circular for its most recent annual meeting of securityholders that involved the election of directors.

Additional financial information is provided in the Company's audited consolidated financial statements and corresponding MD&A as at and for the year ended December 31, 2014.

HORN PETROLEUM CORPORATION

(the “Reporting Issuer” or, “Horn” or the “Company”)

**FORM NI 51-101F1
STATEMENT OF RESERVES DATA AND
OTHER OIL AND GAS INFORMATION
For fiscal year ended December 31, 2014**

(This is the form referred to in item 1 of National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities (“NI 51-101”). Terms for which a meaning is given in NI 51-101 have the same meaning in this Form 51-101F1.)

TABLE OF CONTENTS

PART 1	DATE OF STATEMENT	Page 1
PART 2	DISCLOSURE OF RESERVES DATA	None – not included
PART 3	PRICING ASSUMPTIONS	None – not included
PART 4	CHANGES IN RESERVES AND FUTURE NET REVENUE	None – not included
PART 5	ADDITIONAL INFORMATION RELATING TO RESERVES DATA	None – not included
PART 6	OTHER OIL AND GAS INFORMATION	Page 1
Form 51-101F2	Report on Reserves Data by Independent Qualified Reserves Evaluator or Auditor	Not required – no reserves
Form 51-101F3	Report of Management and Directors on Oil and Gas Disclosure	Filed separately

PART 1 DATE OF STATEMENT

Item 1.1 Relevant Dates

1. The date of this report and statement is: February 26, 2015
2. The Effective Date of information provided in this statement is as of the Company’s most recently completed fiscal year ended: December 31, 2014.

PART 6 OTHER OIL AND GAS INFORMATION

Item 6.1 Oil and Gas Properties and Wells

On September 20, 2011, Horn completed the acquisition of all of the issued and outstanding shares of Canmex Holdings (Bermuda) I Ltd. (“Canmex”) (the “Transaction”) under the applicable policies of the TSX Venture Exchange (the “TSX-V”). Canmex holds a 60% interest in the Dharoor Valley and Nugaal Valley Production Sharing Agreements (“PSA”s) with 36,168 km² (gross) of acreage within the Puntland State of Somalia. The Nugaal and Dharoor Valley blocks offer the potential to explore in basins that are believed to be analogues of the proven and productive Marib-Shawba and Sayun-Masila Basins of Yemen.

Horn has completed a significant seismic program and has completed drilling the first two oil exploration wells drilled in Somalia for over 20 years.

Item 6.2 Properties with No Attributed Reserves

The Company's working interest at December 31, 2014, the Effective Date of this report, in the various concessions is outlined in the table below together with the gross and net acreage of each:

Region	Production Sharing Contracts	Current Working Interest	Gross Acreage	Net Acreage
			(km ²)	(km ²)
Puntland, Somalia	Dharoor Valley	60%	14,384	8,630
	Nugaal Valley	60%	21,784	13,070

¹ Net Working Interests are subject to back-in rights, if any, of respective governments.

The principal work commitments, timing of completion and minimum expenditures to be incurred during the current exploration period of each of the respective Production Sharing Contracts are listed in the following tables:

Region	Concession	Exploration Period and Expiry	Work Commitments	Minimum Expenditures	Relinquishments of Gross Acreage required during 2014
				(Gross)	
				(US\$)	
Puntland, Somalia	Dharoor Valley	Second Exploration Phase – October 2015	Geological fieldwork Acquisition of high surface resolution geochemical survey Reprocessing of prior 2D seismic (up to an aggregate of 1000 line km) Review and interpretation of all geophysical and geological data Drill one exploration well.	5.0 million	None
	Nugaal Valley	Second Exploration Phase – October 2015	Geological fieldwork Acquisition of high surface resolution geochemical survey Reprocessing of prior 2D seismic (up to an aggregate of 1000 line km) Review and interpretation of all geophysical and geological data Drill one exploration well.	5.0 million	None

In 2014, the Company informed the Government of Puntland (Somalia) that the Company will be downsizing its office in Bosaso, Puntland and will refrain from any operational activity and associated expenditures until the political situation improves in Somalia. Given the considerable efforts taken by the Company to date in Puntland (Somalia), the Company has requested a two year extension to the current exploration period from the Puntland Government to allow time for the ongoing political challenges to be resolved.

Item 6.3 Forward Contracts

The Company is not party to any agreements relating to the transportation or marketing of oil and gas.

Item 6.4 Abandonment and Reclamation Costs

The Company will continue to estimate its liability for abandonment and reclamation costs as exploration and development activities continue. To date, all abandonment and reclamation costs have been expensed as incurred given the limited investment in above surface facilities.

Item 6.5 Tax Horizon

The Company was not required to pay income taxes during 2014. Given the Company is in the exploration stage and does not currently have reserves, no reasonable estimate may be made as to when the Company will be required to pay income taxes in the future.

Item 6.6 Costs Incurred

The Company incurred \$1.2 million net exploration costs in relation to Puntland (Somalia) during 2014 on the Dharoor Valley and Nugaal Valley exploration areas which were operated by the Company.

Item 6.7 Exploration and Development Activities

The Company has been focused on activities that will enable it to execute exploration activities aimed at fulfilling work commitments as outlined in the table included in Item 6.2 above.

In 2014, the Company continued incorporating well results and revised subsurface mapping to rank remaining prospects in the Dharoor Block. The Company is encouraged by the shows seen in the Shabeel-1 and Shabeel-2 wells and focused exploration efforts in the northern and eastern portions of the block where undrilled structures are still prospective. In addition, the Company reviewed plans for acquiring more seismic data in the 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. The Company also reviewed options for acquiring high-resolution airborne gravity survey in advance of a renewed seismic acquisition campaign.

Following the drilling program that included the Shabeel-1 and Shabeel North-1 wells, the Company continued laboratory analysis of drilling samples. Certain intervals of interest within the wells were reviewed and prioritized for cuttings analyses for reservoir characteristics and fluid properties. Cuttings samples from the Shabeel-1 and Shabeel North-1 wells were evaluated and analyzed for Total Organic Carbon (TOC) measurements and for source rock maturity. These and other data are still under review, as are remaining prospectivity in both blocks.

As part of ongoing regional geologic analysis, the Company continued geologic work to address the regional correlation of strata in Dharoor Rift with Yemeni stratigraphic units, and to correlate potential for source rocks in the Dharoor and Nugaal Rifts, which have the potential for hydrocarbon generation. The Company also continued work to identify and rank prospects with the highest chance of trap integrity.

In 2014, the Company informed the Government of Puntland (Somalia) that the Company would be downsizing its office in Bosaso, Puntland and would refrain from any operational activity and associated expenditures until the political situation improves in Somalia. Given the considerable efforts taken by the Company to date in Puntland (Somalia), the Company has requested a two year extension to the current exploration period from the Puntland Government to allow time for the ongoing political challenges to be resolved.

Item 6.8 Production Estimates

The Company is unable to estimate production or future net revenue from its oil and gas activities as of December 31, 2014.

Item 6.9 Production History

The Company had no oil and gas production history as of December 31, 2014.

FORM 51-101F3

Report of Management and Directors on Oil and Gas Disclosure

(This is the form referred to in item 3 of section 2.1 of National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities ("NI 51-101"). Terms to which a meaning is ascribed in NI 51-101 have the same meaning in this form.¹)

Report of Management and Directors on Reserves Data and Other Information

Management of **Horn Petroleum Corporation** (the "Company") is responsible for the preparation and disclosure of information with respect to the Company's oil and gas activities in accordance with securities regulatory requirements. The Company is a reporting issuer involved in oil and gas activities pursuant to NI 51-101; however, as at December 31, 2014, the Company did not have any reserves or related future net revenue from reserves. As a result, no reserves data for the Company has been disclosed as of December 31, 2014.

The Company has not commissioned an independent qualified reserves evaluator to evaluate the Company's reserves data as the Company has no reserves at this time and no report of an independent qualified reserves evaluator will be disclosed by the Company for the period from January 1, 2014 to December 31, 2014.

The Board of Directors of the Company has reviewed the position of the Company as of December 31, 2014 and has determined that, as of that date, the Company has no reserves data.

The Board of Directors has reviewed the Company's procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management of the Company. The Board of Directors has approved:

- (a) the content and filing with securities regulatory authorities of Form 51-101F1 containing information detailing the Company's oil and gas activities;
- (b) the Company not filing Form 51-101F2, which is the report of the independent qualified reserves evaluator on the reserves data because the Company has no reserves; and
- (c) the content and filing of this report.

/s/James Phillips
James Phillips, President & Chief Executive Officer

/s/Jeromie Kufflick
Jeromie Kufflick, Chief Financial Officer

/s/Randy Neely
Randy Neely, Director

/s/Wojtek Wodzicki
Wojtek Wodzicki, Director

Date: February 26, 2015

¹ For the convenience of readers, CSA Staff Notice 51-324 *Glossary to NI 51-101 Standards of Disclosure for Oil and Gas Activities* sets out the meanings of terms that are printed in italics in sections 1 and 2 of this Form or in *NI 51-101, Form 51-101F1, Form 51-101F2* or Companion Policy 51-101CP.