

HKN Energy Ltd.



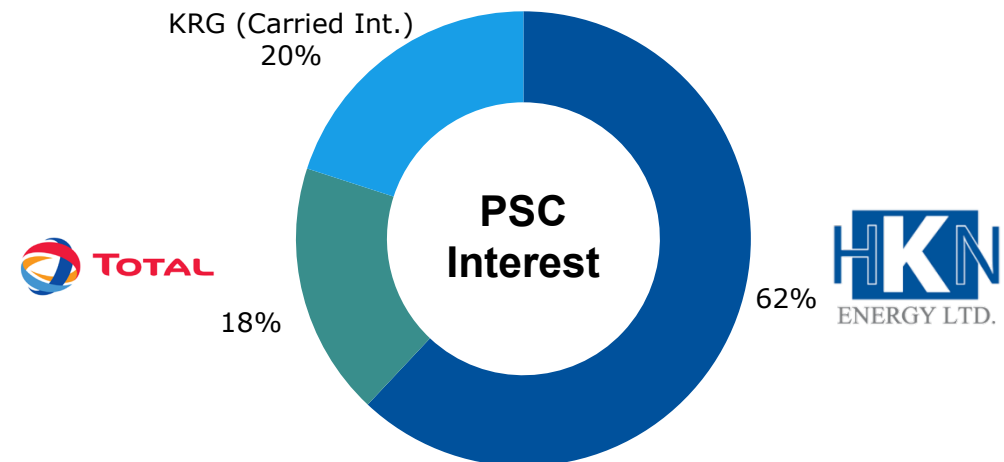
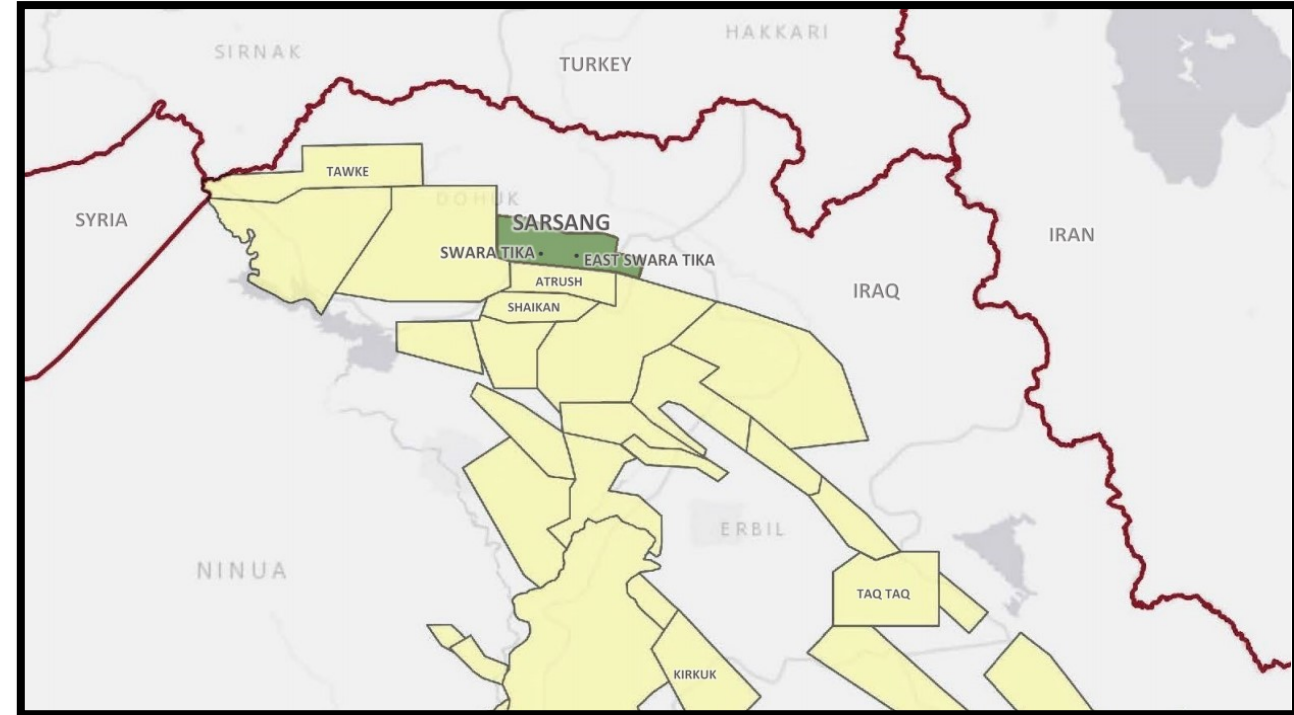
22 January 2020

Pareto Conference



HKN is a Leading Kurdistan E&P Company

- **Operator of Sarsang Block in Northern Kurdistan since 2007**
- **Two distinct producing fields, each with three independent Triassic reservoirs**
 - Swara Tika (ST)
 - East Swara Tika (EST)
- **380MMstb of gross 2P reserves in Triassic reservoirs**
- **Currently producing from 6 wells into 3 production facilities**
- **High quality light oil (API 36-40) with low sulfur sells for a premium price**
 - \$7.08/bbl discount to Brent in 2019 excluding trucking related expenses of \$2-3/bbl
- **Highest priority remains on safety**



2019 Highlights

22.3MMbbl

Cumulative production (gross) as of 31 December 2019

\$157 million⁽¹⁾

Payments received in 2019 for oil sales (\$190 million Revenue)

23.3k bopd

Production (gross), increased from ~17k bopd in 2018

30k bopd

Peak gross production in 2019

\$83 million⁽¹⁾

Cash balance at 31 December 2019

\$100 million

Nordic bond closed in Q1 2019

\$49 million

DFC (formerly OPIC) loan commitment letter executed in December

(1) KRG oil payment delay during last 2 months of 2019 impacted cash by \$23 million. \$13 million of delayed payments was collected in January 2020.

2019 Operating Highlights

• Production

- Transitioned operatorship of both ST facilities; EST transition planned for 2020

• Drilling

- Drilled & completed ST-B2
 - Tested Triassic KCC at +7,000 bopd and ~38 API
 - Upper Jurassic test successful at 1,850 bopd on ESP
- EST-A1 successfully completed in the Triassic KCB reservoir
- ST-A1 well spud in late November and completed this month
 - Drilling costs ~10% under budget

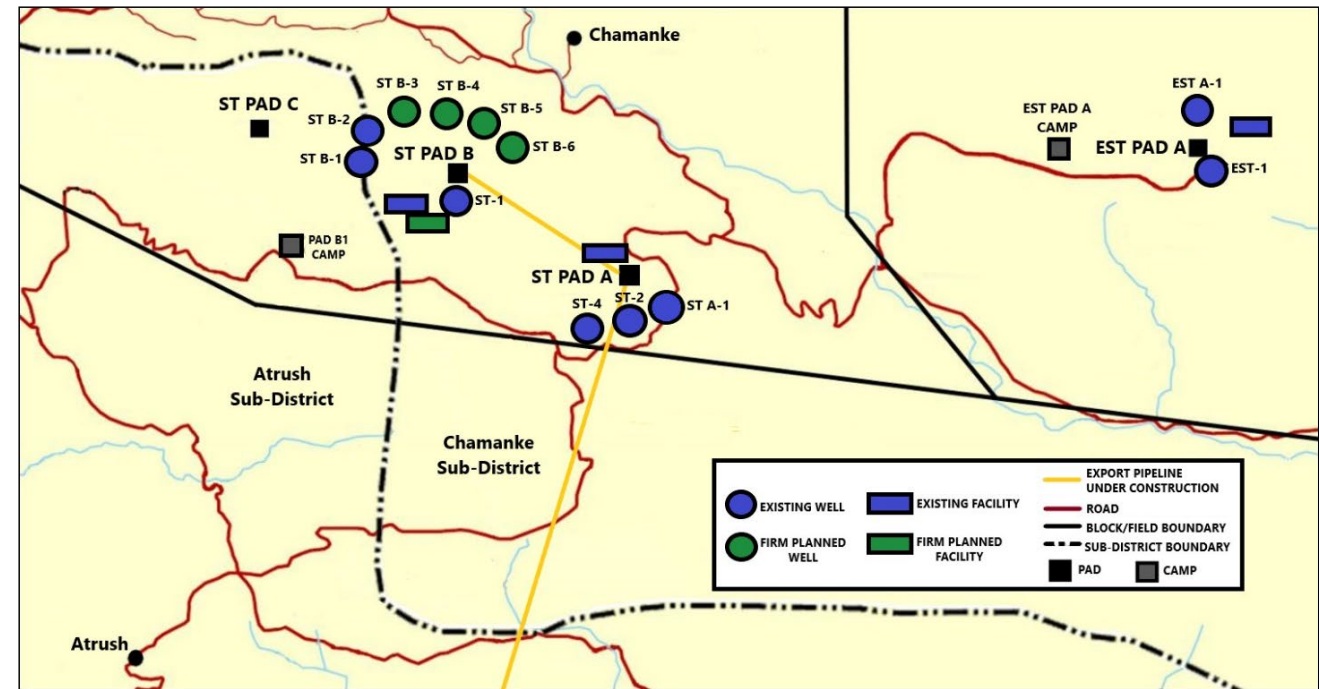
• Facilities

- Began construction of Pad B 25k bopd facility with one-third complete
- Facility upgrades underway – water and gas handling capabilities

• Seismic

- Acquired 3D seismic across approximately 50% of Swara Tika structure; processing will be completed in 2020

Illustration of Sarsang block infrastructure



Significant Value Creation Opportunities

2020-2021 (50,000+ bopd)

- Complete new 25k bopd facility by Q1 2021
- Drill 5 wells (1 completed January 2020)
- Efficiency improvements on existing facilities
- Reduce OPEX/bbl
- Process 3D seismic
- Advance gas handling solution
- Connect to KRG pipeline

Execute on approved FDP
funded by bond proceeds

LONG-TERM POTENTIAL (100,000+ bopd)

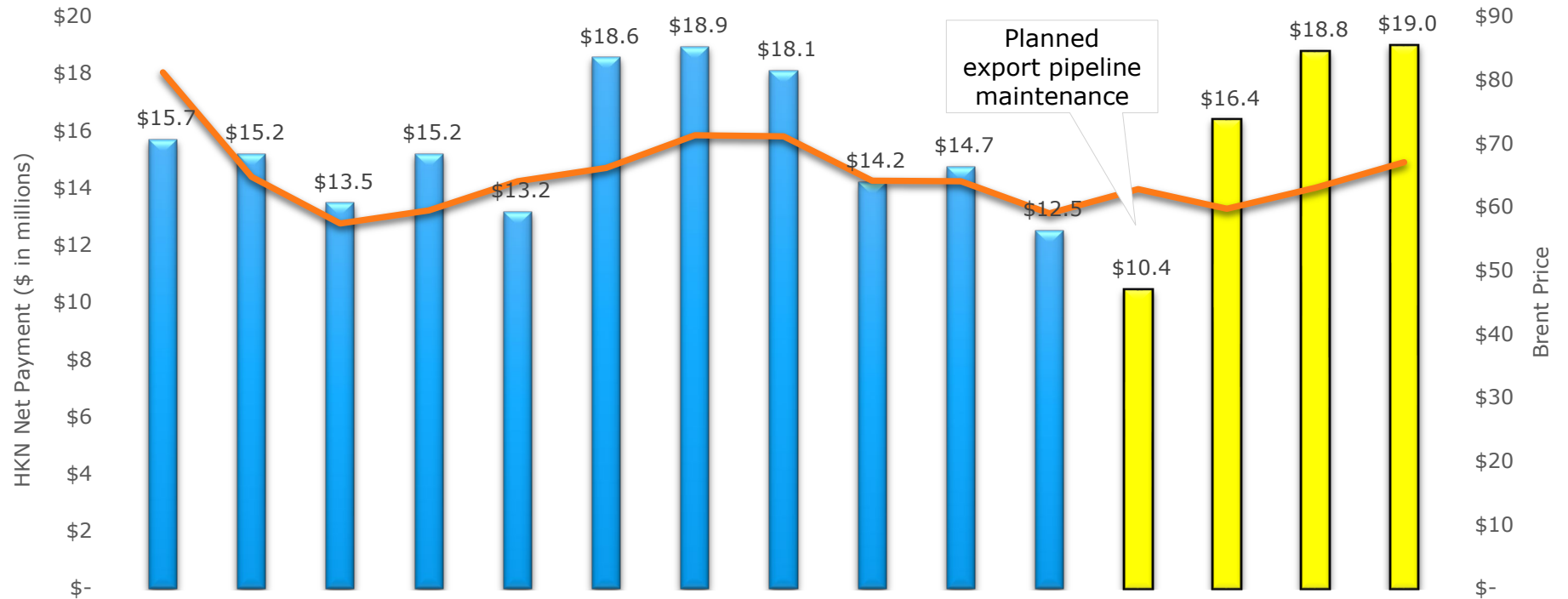
- East Swara Tika development
- Development of Jurassic and Lower Cretaceous
- Reservoir management / secondary recovery

Working to define scope,
alternatives and cost for
future development

Strong Balance Sheet

- \$83 million cash balance at 31 December 2019
- \$100 million bond closed in Q1 2019
- \$49 million DFC loan anticipated close by Q1 2020

HKN Oil Payments



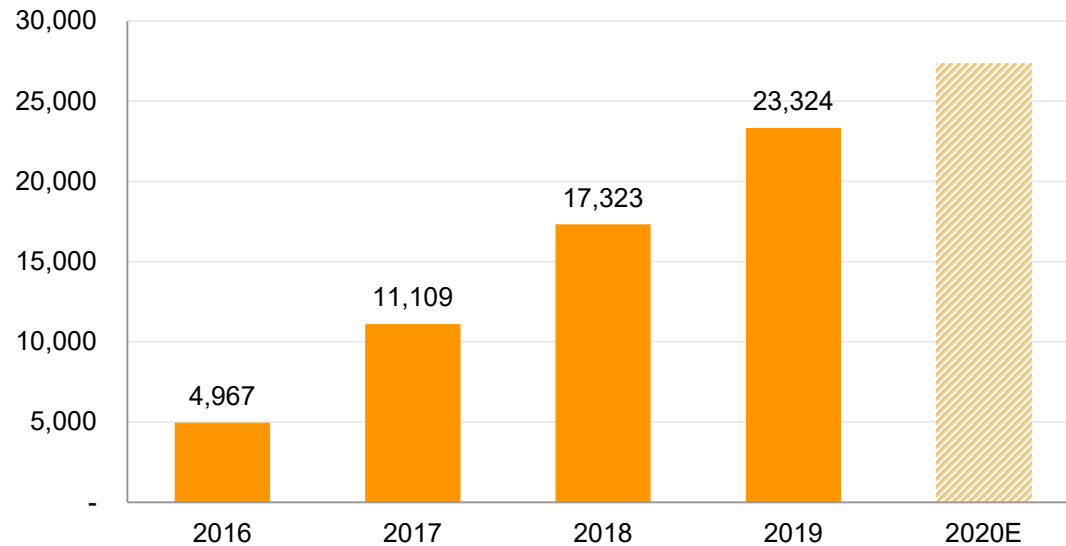
Payment Month	Jan-19	Feb-19	Mar-19	Apr-19	Jun-19	Jun-19	Aug-19	Aug-19	Sep-19	Oct-19	Jan-20				
Production Month	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
Gross Production (kbopd)	17.5	22.5	22.2	24.0	21.2	26.0	25.2	23.4	21.3	21.4	20.0	16.1	25.8	28.8	26.2

— Brent Price (prod. Month)
 ■ HKN Net Payment (Received)
 ■ HKN Net Payment

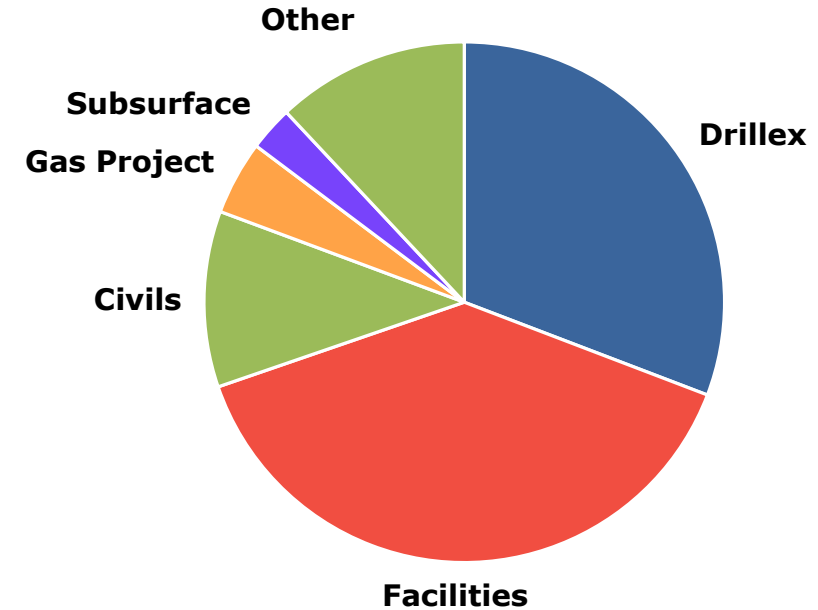
Operational Outlook

- Production guidance of 26k-29k bopd (gross) for 2020 with new 25k bopd facility online in Q1 2021
- Capex guidance of \$120-\$160 million for 2020 with capital program focused on facility construction and drilling program

Average gross production (bopd)



2020 development cost





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