

**20 April 2020**

**HKN Energy, Ltd.**

HKN Energy, Ltd. (“HKN”) released today its audited financial statements for 2019. HKN holds a 62% PSC interest in the Sarsang Block in northern Kurdistan.

Operational and Financial highlights for 2019 were previously communicated on 22 February 2020. HKN provided a further update on 26 March 2020 on operational impacts due to COVID-19.

**Payment Update**

HKN confirms receipt of two payments from the Kurdistan Regional Government (“KRG”) during April. On 1 April we received \$17.0 million net for crude oil sales during October 2019, and on 16 April we received \$7.2 million net for crude oil sales during March 2020.

These payments are consistent with recent proposals sent by the KRG to international oil companies operating in the Kurdistan Region of Iraq. Under the KRG proposals:

- The KRG committed to settling monthly sales invoices for crude oil by the fifteenth day of the following month, beginning with crude oil sales for the month of March 2020;
- Payment of invoices relating to oil sales from November 2019 to February 2020 will be deferred, interest free, for at least nine months;
- Should the oil price recover to around \$50/bbl, a payment plan to recover the deferred invoices will be agreed;
- The KRG has offered to reduce selected transportation and security related costs, and to allow for the offset of future production bonuses and outstanding security invoices against the balance of the deferred oil sales payments.

HKN’s net receivable for oil sales from November 2019 to February 2020 is \$68.5 million. We anticipate reaching a production milestone in the next two months which will trigger a production bonus of \$7.75 million (net to HKN).

We intend to continue discussions with the KRG with a goal of finding a mutually agreeable mechanism for payment of overdue oil sales invoices.

Over the last 4 weeks, HKN has continued to execute on the CAPEX reduction actions previously disclosed. We have also taken steps to reduce OPEX and G&A costs, including a substantial reduction in headcount.

HKN’s cash balance as of 20 April 2020 is \$72 million.

**Enquiries:**

Kristy Macktinger

+1-817-224-6339

[InvestorRelations@hknenergy.com](mailto:InvestorRelations@hknenergy.com)

**Disclaimer**

*This announcement contains certain forward-looking statements that are subject to the usual risk factors and uncertainties associated with the oil & gas exploration and production business. As the expectations reflected herein are believed to be reasonable in light of the information available to Company at this time, the actual outcome may be materially different due to factors beyond the Company's control or within the Company's control where, for example, the Company decides on a change of plan or strategy. For these reasons, no reliance may be placed on the figures contained in such forward looking statements.*