

HKN Energy Ltd.



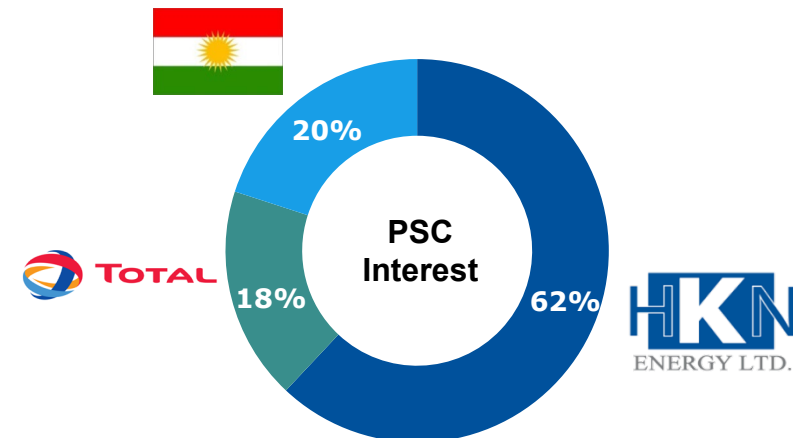
8 September 2020

Fearnleys E&P Credit Webinar



HKN is a Leading Kurdistan E&P Company

- Operator of Sarsang Block in Northern Kurdistan since 2007
- Swara Tika (ST) & East Swara Tika (EST) - distinct producing fields, each with three independent Triassic reservoirs and possible Cretaceous & Jurassic upside
- 380MMstb of gross 2P reserves in Triassic reservoirs
- High quality light oil (API 36-40) with low sulfur sells at a premium price compared to our Kurdistan peers
- Highest priority remains on safety
- Strong support from private US shareholder, Ross Perot, Jr.



2020 Highlights

26.4MMbbl

Cumulative production (gross) as of 30 June 2020

\$54.7 million⁽¹⁾

Payments received thru June 2020 for oil sales (\$53.4 million Revenue)

22.9k bopd

Production (gross), decrease from Q4 2019 due to shut in of EST facility

\$23.2 million

1H 2020 EBITDA

\$80.6 million⁽¹⁾

Cash balance at 30 June 2020 excluding \$6.7 million in restricted cash

\$37.5 million

1st disbursement on \$49 million DFC loan

\$607.1 million

Cost recovery balance at 30 June 2020

\$68.6 million

Receivable balance on oil sales including reimbursement of transportation costs for November 2019 – February 2020

(1) \$19.3 million in payments received since June 30, 2020.

2020 Operating Highlights

• Production

- Final facility ownership transition in 1H 2020; HKN now owns and operates all 3 production facilities on the Sarsang block
- Current production rate at ST of ~25k bopd

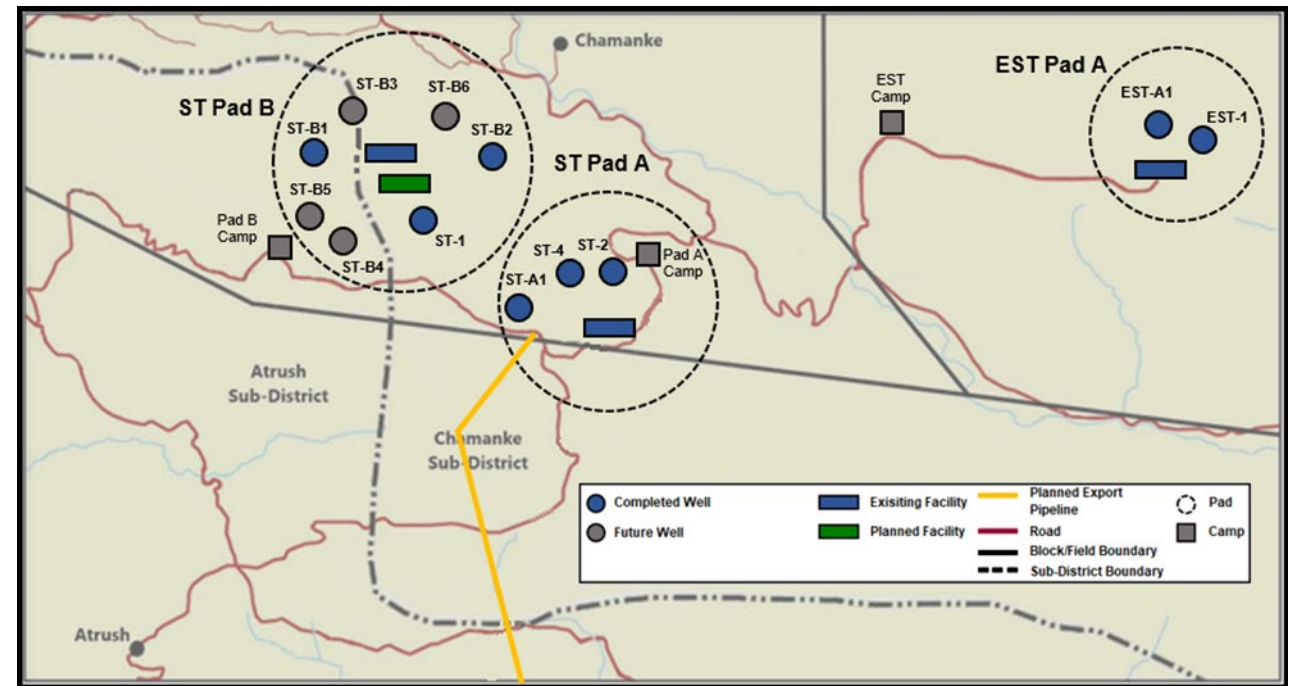
• Drilling

- Drilled & completed ST-B2; currently producing ~6k bopd
- ST-A1 well completed in Q1 2020
 - Tie-in of well deferred until Q1 2021
 - ST-A1 will fill the remaining capacity on ST Pad A of ~2k bopd
- Drilling on ST-B3 was halted back in March after reaching a safe stage and casing set directly above producing reservoirs

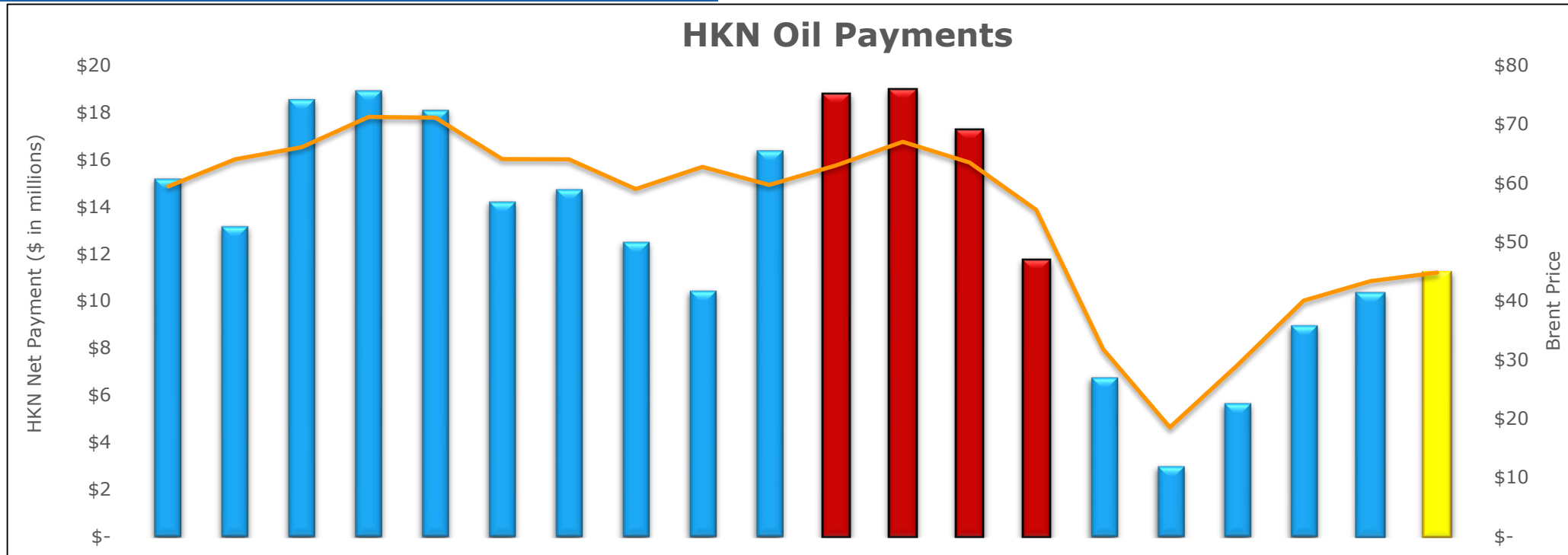
• Facilities

- EST facility
 - February landslide damaged flowline to EST-A1
 - COVID-19 restrictions caused delay in repairs and restriction on personnel movement resulted in temporary shut in of facility
 - Repairs to the flowline commenced this summer and EST expected to be back online by end of year with restrictions easing
- Pad B 25k bopd facility
 - Limited capex spent since March
 - HKN and EPC contractor continue to finalize plans to keep progressing the construction while limiting short-term capex

Illustration of Sarsang block infrastructure

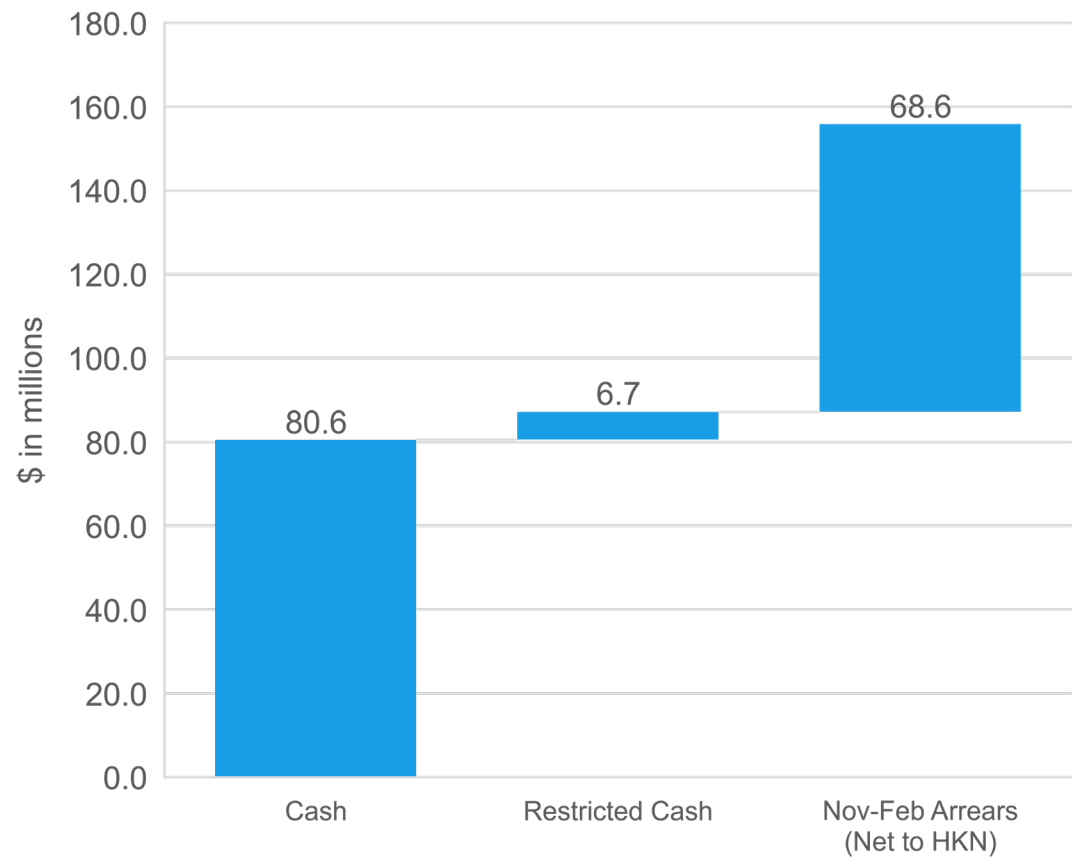


Oil Sales Payments



Strong Balance Sheet

Cash & A/R at June 30, 2020



U.S. International Development Finance Corporation (“DFC”) Loan

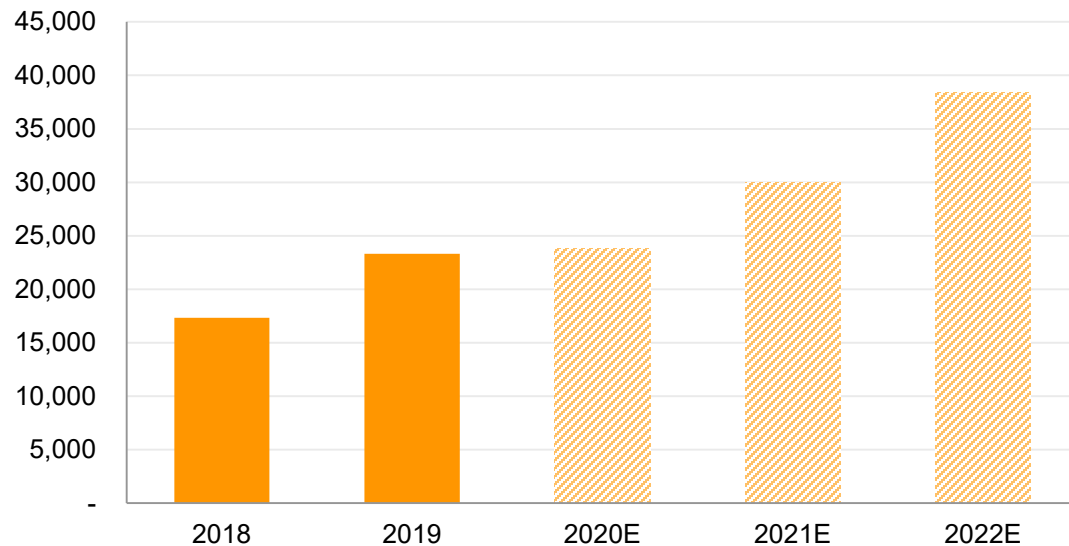
- Closed in early May with 1st disbursement in late May
- Strong signal of support by the US government for Iraq’s energy sector
- Loan provides financing for HKN’s ongoing project to build a new 25k bopd facility for the Swara Tika field
- Key terms
 - \$49 million loan (1st disbursement in May of \$37.5 million)
 - May 15, 2029 loan maturity
 - Interest only quarterly payments until August 15, 2022 when amortization payments begin
 - Interest rate on first disbursement of 6.86%

Note: Debt as of June 30, 2020: \$100 million Bond (matures March 2024) and \$37.5 million DFC loan (matures May 2029).

Operational Outlook

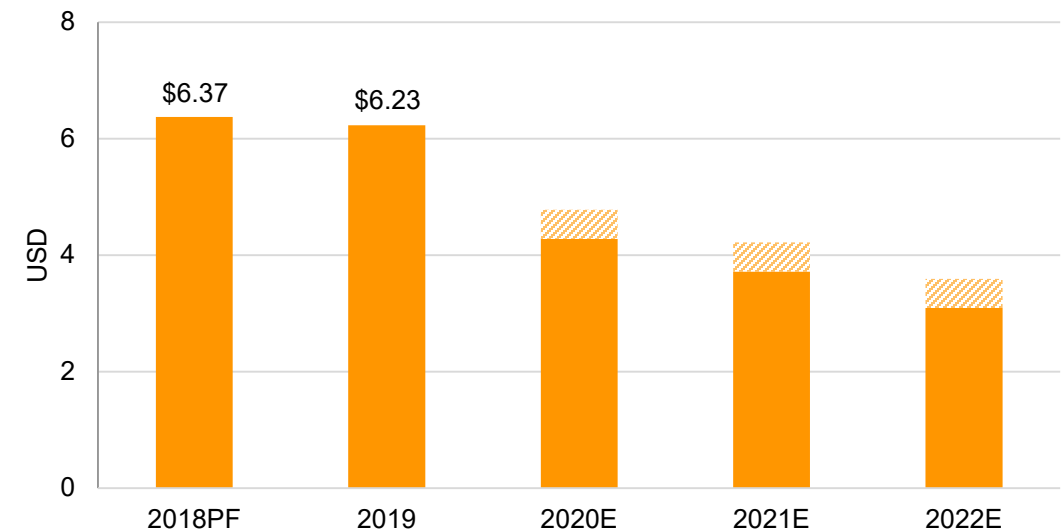
- Production guidance of 21k-24k bopd (gross) for 2020 with new 25k bopd facility online in 2022
- Increasing capex guidance of \$40-\$60 million for 2020 to \$55-\$70 million with resumption of capital program focused on incremental production and facility construction

Average gross production (bopd)



Ramping production to over 50k bopd in 2022

OPEX/bbl



1H 2020 - \$5.68/bbl

Near-term Priorities





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