

27 May 2021

HKN Energy III, Ltd.

Successful completion of Kerogen share purchase, bond issuance and restructuring

HKN Energy III Ltd. (HKN III) closed today on the purchase of Kerogen Investments No.7 Limited's (Kerogen) interest in HKN Holding Ltd. (HKN Holding) for consideration of \$80 million upfront and earn-out payments of up to \$120 million.

HKN III also successfully completed the issuance of a new \$100 million senior unsecured bond with maturity in May 2025. The new bond will have a fixed coupon of 12% per annum. The bond proceeds, along with a \$10 million equity injection, were used to finance the \$80 million upfront payment to Kerogen, and to fund a debt service reserve account with 24 months of interest cost for the bond.

Following the Kerogen acquisition and a restructuring of the remaining interests in HKN Holding, HKN III now owns 100% of the A shares and ~67.7% of the economic interest in HKN Energy. HKN Energy is not impacted by these transactions and continues to hold a 62% operated interest in the Sarsang PSC.

Russell Freeman, HKN Energy CEO commented: "Kerogen has been an outstanding investor and partner for HKN over the last 7 years. We are pleased to reach an agreement that allows Kerogen to exit in their desired timeframe and provides additional upside exposure for HKN moving forward."

