

25 February 2022

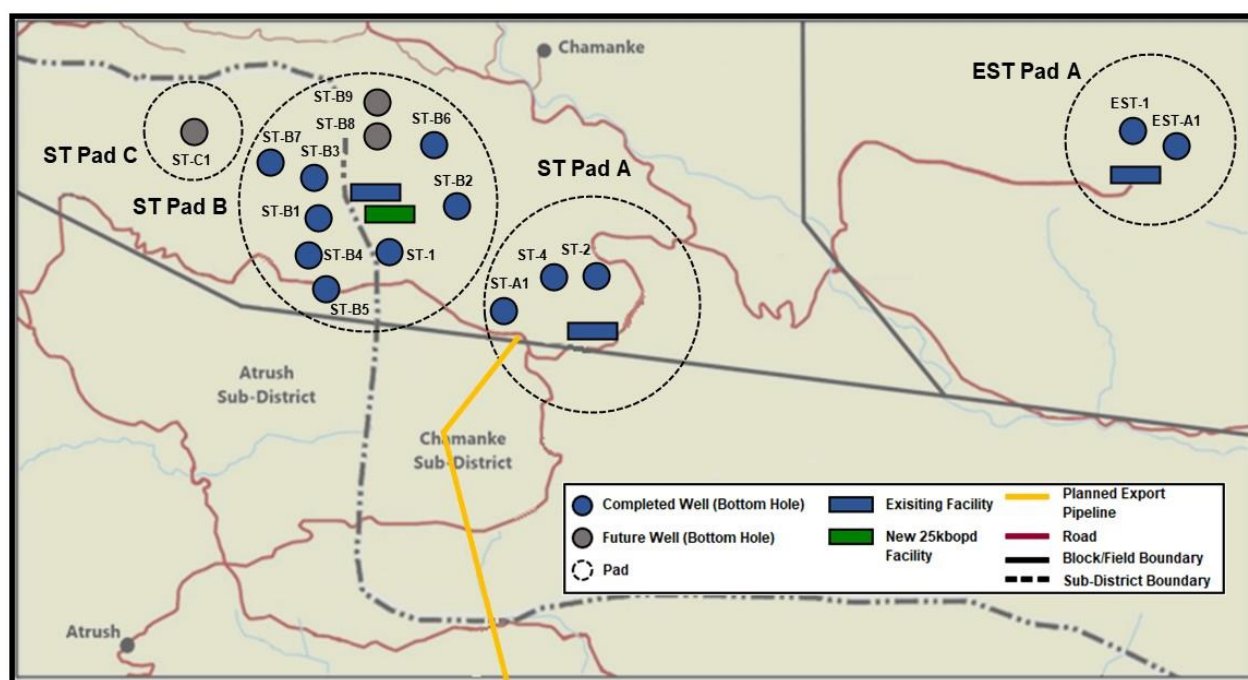
HKN Energy Ltd.

Operational & Corporate Update

HKN Energy Ltd. (“HKN”) presents an operating and financial update for the year ended 31 December 2021. HKN holds a 62% PSC interest in the Sarsang Block in northern Kurdistan.

Highlights

- Revenue during 2021 increased 121% from 2020 due to an 83% increase in realized oil price and a 21% increase in oil sales volumes.
- HKN received cash proceeds from oil sales of \$206.5 million during 2021 with an additional \$28.7 million in cash received in January 2022.
- We also received payments on the arrears balance for oil sales between November 2019 and February 2020 of \$25.3 million with an additional \$5.0 million received since 31 December.
 - After the above payments, the arrears balance was \$18.6 million.
- 2021 production increased by 21% from 2020.
 - We achieved a record average daily production of 30.0k bopd in 2021.
 - Sarsang cumulative production reached 42.2 million barrels as of 31 December 2021.
 - Our Brent break-even price is approximately \$24/barrel to cover OPEX, G&A, transportation, discount to Brent and interest costs.
- EBITDA in 2021 was \$215.6 million, a 270% increase from 2020 due to the increase in revenue, a decrease in G&A, and a 2020 production bonus payment of \$7.5 million which did not recur in 2021.
- Cash balance at 31 December 2021 was \$184.8 million, including restricted cash of \$7.2 million.
- We have drilled and completed all 5 wells in the 2021 Pad B drilling program (ST B3 through ST B7 on map below).
 - We are currently in the final stages of the stimulation and testing program for these 5 wells and estimate that they can deliver approximately 20k bopd once tied in to the new 25k bopd facility.
 - We plan to drill 2 additional wells from Pad B (ST B8 and ST B9) in the summer of 2022 to provide additional well capacity to fill the new facility during the first 2 years of production.
 - We also plan to drill a well on the more westerly Pad C (ST C1) during 2022; ST C1 results and data will be used to confirm plans to drill several expected infill wells from the western side of Swara Tika to maintain plateau production for the block.
- The 3D seismic acquisition project covering the western part of Swara Tika commenced in February 2022 and is planned to conclude in Q3 2022.



Summary of Results – HKN Energy Ltd.⁽¹⁾

| | | Q4 2021 (unaudited) | Q4 2020 (unaudited) | FY 2021 (unaudited) | FY 2020 (audited) |
|--|------|---------------------------|---------------------------|---------------------------|-------------------------|
| Production (gross) | Bopd | 31,311 | 28,698 | 29,965 | 24,659 |
| Production (net) ⁽²⁾ | Bopd | 19,413 | 17,793 | 18,578 | 15,288 |
| Revenue | USDm | \$ 81,268 | \$ 38,463 | \$ 271,869 | \$ 122,813 |
| EBITDA ⁽³⁾ | USDm | \$ 66,850 | \$ 23,884 | \$ 215,631 | \$ 58,305 |
| OPEX/bbl | USD | \$ 3.60 | \$ 4.05 | \$ 3.92 | \$ 4.40 |
| Operating cash flow | USDm | \$ 71,431 | \$ 15,475 | \$ 180,676 | \$ 54,788 |
| Capex ⁽⁴⁾ | USDm | \$ (26,817) | \$ (11,611) | \$ (79,770) | \$ (68,697) |
| Free cash flow ⁽⁵⁾ | USDm | \$ 44,614 | \$ 3,863 | \$ 100,906 | \$ (13,909) |
| Cash (incl. restricted) at 31 December | USDm | \$ 184,791 | \$ 90,098 | \$ 184,791 | \$ 90,098 |
| Restricted cash at 31 December | USDm | \$ 7,163 | \$ 6,789 | \$ 7,163 | \$ 6,789 |
| Debt at 31 December ⁽⁶⁾ | USDm | \$ 149,000 | \$ 137,500 | \$ 149,000 | \$ 137,500 |

Notes:

- (1) HKN Energy Ltd. transitioned from US GAAP to IFRS reporting beginning with the June 30, 2021 financial statements. The adoption of IFRS is effective January 1, 2019. Some financial figures include adjustments from previously released information. Please refer to the IFRS audited financial statements for December 31, 2020 and the IFRS unaudited financial statements for June 30, 2021 for additional details. These financial statements are available at hknenergy.com.
- (2) Net based on 62% PSC interest.

- (3) EBITDA is Net income/(loss) adjusted to add back interest, depletion, depreciation and amortization expenses and loss on derivatives.
- (4) Capex is shown on a cash basis.
- (5) Free Cash Flow is net cash generated from operating activities less cash outflow for capital expenditure. Free Cash Flow is before debt costs and dividends.
- (6) Face value of debt.

Outlook

- We continue to closely monitor the business environment including timeliness of oil sales payments and are prepared to look aggressively at CAPEX reductions if we lose confidence in collecting future payments. This approach could have a negative impact on future production but reflects our prioritization of capital preservation.
- 2022 production guidance as follows:
 - 27k-30k bopd until first oil from the new 25k facility.
 - 45k-50k bopd following commissioning of the new 25k facility.
 - We expect a 3-month commissioning period for the new facility to reach full production.
- The new 25k bopd facility on Swara Tika remains on target for first oil estimated in Q3 2022.
 - All critical packages are now on site and progress on construction has been good.
 - Construction and commissioning manpower has increased in early 2022; we have also agreed limited incentive payments for the EPC contractor if first oil is achieved prior to mid-September 2022.
 - Total project cost of approximately \$100-105 million (net to HKN) with 68% spent to date.
- Export pipeline tie-in remains on track to align with completion of the 25k bopd facility.
- We are increasing our 2022 CAPEX guidance to \$140 – 160 million (net to HKN) due primarily to drilling the wells described in the Highlights section of this update.

Supplemental Information for unconsolidated HKN Energy III, Ltd.⁽¹⁾

| | | FY 2021 (unaudited) |
|--|------|------------------------------------|
| Cash (incl. restricted) at 31 December | USDm | \$ 20,964 |
| Restricted cash at 31 December | USDm | \$ 18,000 |
| Debt at 31 December ⁽²⁾ | USDm | \$ 100,000 |

Notes:

- (1) For legal organizational chart please refer to <https://www.hknenergy.com/investors/legal-organizational-chart/>
- (2) Face value of debt.

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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.

EBITDA is a supplemental non-GAAP financial measure. We believe EBITDA and similar measures are useful to investors because they are frequently used by analysts and investors to evaluate companies in the oil and gas sector. Because these measures exclude some, but not all, items that affect net income, these measures as presented by us may not be comparable to similarly titled measures of other companies.

HKN Energy Ltd.
Unaudited Financials

HKN ENERGY LTD.

Statements of Financial Position

December 31, 2021 and 2020

In thousands of US dollar

(Unaudited)

| | <u>December 31, 2021</u> | <u>December 31, 2020</u> |
|---|------------------------------|------------------------------|
| ASSETS | | |
| Non-current assets | | |
| Property and equipment - oil properties (net) | 435,228 | 401,475 |
| Other property and equipment (net) | 4,017 | 4,527 |
| Trade and other receivables | - | 27,900 |
| Total non-current assets | <u>439,245</u> | <u>433,902</u> |
| Current assets | | |
| Inventory | 9,505 | 14,013 |
| Prepaid expenses | 615 | 358 |
| Trade and other receivables | 137,108 | 63,455 |
| Intercompany receivables | 122 | 75 |
| Cash and cash equivalents | 177,628 | 83,309 |
| Restricted cash | 7,163 | 6,789 |
| Total current assets | <u>332,141</u> | <u>167,999</u> |
| TOTAL ASSETS | <u>771,386</u> | <u>601,901</u> |
| EQUITY AND LIABILITIES | | |
| Equity | | |
| Share capital | 1 | 1 |
| Additional paid-in capital | 539,937 | 540,198 |
| Retained earnings (accumulated deficit) | 12,678 | (125,564) |
| Total equity | <u>552,616</u> | <u>414,635</u> |
| Non-current liabilities | | |
| Trade and other payables | - | 6,277 |
| Debt (net of issuance costs and fees) | 143,362 | 134,553 |
| Lease liabilities | 416 | 686 |
| Decommissioning provisions | 8,939 | 6,316 |
| Total non-current liabilities | <u>152,717</u> | <u>147,832</u> |
| Current liabilities | | |
| Trade and other payables | 62,284 | 35,745 |
| Debt | 3,500 | - |
| Lease liabilities | 269 | 3,689 |
| Total current liabilities | <u>66,053</u> | <u>39,434</u> |
| Total liabilities | <u>218,770</u> | <u>187,266</u> |
| TOTAL EQUITY AND LIABILITIES | <u>771,386</u> | <u>601,901</u> |

HKN ENERGY LTD.

Statements of Comprehensive Income (Loss)

Years ended December 31, 2021 and 2020

In thousands of US dollar

(Unaudited)

| | <u>2021</u> | <u>2020</u> |
|--|-----------------------|------------------------|
| Continuing operations | | |
| Revenue | 271,869 | 122,813 |
| Operating expenses | 33,248 | 38,524 |
| Oil transportation expenses | 6,566 | 4,635 |
| Depletion, depreciation and amortization | 63,612 | 54,924 |
| Cost of sales | 103,426 | 98,083 |
| Gross profit | <u>168,443</u> | <u>24,730</u> |
| General and administrative expenses | 16,345 | 21,284 |
| Profit from operating activities | <u>152,098</u> | <u>3,446</u> |
| Finance income | 34 | 282 |
| Finance expenses | (13,811) | (12,734) |
| Realized loss on derivatives | - | (1,953) |
| Other expense | (79) | (65) |
| Total comprehensive income (loss) | <u>138,242</u> | <u>(11,024)</u> |

HKN ENERGY LTD.

Cash Flow Statements

Years ended December 31, 2021 and 2020

In thousands of US dollar

(Unaudited)

| | <u>2021</u> | <u>2020</u> |
|--|-----------------|-----------------|
| OPERATING ACTIVITIES | | |
| Profit/(loss) before income tax | 138,242 | (11,024) |
| Adjustments to add non-cash items: | | |
| Depreciation, depletion and amortization | 63,612 | 54,924 |
| Finance income and expenses | 13,777 | 12,452 |
| Changes in working capital and provisions: | | |
| Trade and other receivables | (50,189) | (1,747) |
| Intercompany receivables | (47) | (41) |
| Prepaid expenses | (257) | 858 |
| Trade and other payables | 15,538 | (634) |
| Cash from operating activities | <u>180,676</u> | <u>54,788</u> |
| Interest received | 32 | 394 |
| Interest paid | (14,226) | (12,205) |
| Net cash from operating activities | <u>166,482</u> | <u>42,977</u> |
| | | |
| INVESTING ACTIVITIES | | |
| Purchases of property and equipment | (79,770) | (68,697) |
| Net cash used in investing activities | <u>(79,770)</u> | <u>(68,697)</u> |
| | | |
| FINANCING ACTIVITIES | | |
| Proceeds from debt, net of fees | 11,500 | 37,059 |
| Debt issuance costs | - | (992) |
| Payments of lease liabilities | (3,258) | (3,320) |
| Distributions | (261) | - |
| Net cash from financing activities | <u>7,981</u> | <u>32,747</u> |
| | | |
| Net increase in cash and cash equivalents, and restricted cash | <u>94,693</u> | <u>7,027</u> |
| Cash and cash equivalents, and restricted cash at beginning of the period | 90,098 | 83,071 |
| Cash and cash equivalents, and restricted cash at end of the period | <u>184,791</u> | <u>90,098</u> |
| | | |
| Of which restricted cash | 7,163 | 6,789 |

HKN ENERGY LTD.

Statements of Changes in Equity

Years ended December 31, 2021 and 2020

In thousands of US dollar

(Unaudited)

| | Share capital | Additional paid-in capital | Retained earnings (accumulated deficit) | Total equity |
|---|---------------|----------------------------|--|-----------------|
| Total equity as of January 1, 2020 | 1 | 540,198 | (114,540) | 425,659 |
| Loss for the period allocated to Class A shareholders | - | - | (7,469) | (7,469) |
| Loss for the period allocated to Class B shareholders | - | - | (3,555) | (3,555) |
| Total comprehensive loss | - | - | (11,024) | (11,024) |
| Total equity as of December 31, 2020 | 1 | 540,198 | (125,564) | 414,635 |
| Total equity as of January 1, 2021 | 1 | 540,198 | (125,564) | 414,635 |
| Distribution | - | (261) | - | (261) |
| Profit for the period allocated to Class A shareholders | - | - | 93,654 | 93,654 |
| Profit for the period allocated to Class B shareholders | - | - | 44,588 | 44,588 |
| Total comprehensive income | - | - | 138,242 | 138,242 |
| Total equity as of December 31, 2021 | 1 | 539,937 | 12,678 | 552,616 |

At December 31, 2021 and 2020, there were 5,000,000 common shares authorized at a \$0.01 par value, with 33,250 Class A shares and 15,830 Class B shares issued and outstanding. As of December 31, 2021, the Company held no treasury shares.

HKN Energy III, Ltd.
Unaudited Financials

HKN ENERGY III, LTD.

Consolidated Statement of Financial Position

December 31, 2021

In thousands of US dollar

(Unaudited)

**December 31,
2021****ASSETS****Non-current assets**

| | |
|---|----------------|
| Property and equipment - oil properties (net) | 435,228 |
| Other property and equipment (net) | 4,017 |
| Total non-current assets | 439,245 |

Current assets

| | |
|-----------------------------|----------------|
| Inventory | 9,505 |
| Prepaid expenses | 622 |
| Trade and other receivables | 137,108 |
| Intercompany receivables | 122 |
| Cash and cash equivalents | 180,592 |
| Restricted cash | 25,163 |
| Total current assets | 353,112 |

TOTAL ASSETS**792,357****EQUITY AND LIABILITIES****Equity**

| | |
|--|----------------|
| Share capital | 1 |
| Additional paid-in capital | 149,381 |
| Retained earnings | 46,446 |
| Equity attributable to HKN Energy III, Ltd. | 195,828 |

| | |
|-------------------------|---------|
| Noncontrolling interest | 178,238 |
|-------------------------|---------|

Total equity **374,066****Non-current liabilities**

| | |
|---------------------------------------|----------------|
| Debt (net of issuance costs and fees) | 241,544 |
| Share acquisition liability | 87,700 |
| Lease liabilities | 416 |
| Decommissioning provisions | 8,939 |
| Total non-current liabilities | 338,599 |

Current liabilities

| | |
|----------------------------------|---------------|
| Trade and other payables | 63,488 |
| Debt | 3,500 |
| Share acquisition liability | 12,435 |
| Current lease liabilities | 269 |
| Total current liabilities | 79,692 |

Total liabilities**418,291****TOTAL EQUITY AND LIABILITIES****792,357**

HKN ENERGY III, LTD.

Consolidated Statement of Comprehensive Income

Period from May 27, 2021 to December 31, 2021

In thousands of US dollar

(Unaudited)

2021**Continuing operations**

| | |
|--|-----------------------|
| Revenue | 180,533 |
| Operating expenses | 19,256 |
| Oil transportation expenses | 3,755 |
| Depletion, depreciation and amortization | 40,604 |
| Cost of sales | <u>63,615</u> |
| Gross profit | <u>116,918</u> |
| General and administrative expenses | 11,336 |
| Profit from operating activities | <u>105,582</u> |
| Finance income | 22 |
| Finance expenses | (16,170) |
| Change in fair value of share acquisition liability | (11,306) |
| Other expense | (55) |
| Total comprehensive income | <u>78,073</u> |
| Less: Comprehensive income attributable to noncontrolling interest | <u>(31,627)</u> |
| Total comprehensive income attributable to HKN Energy III, Ltd. | <u>46,446</u> |

HKN ENERGY III, LTD.

Consolidated Cash Flow Statement

Period from May 27, 2021 to December 31, 2021

In thousands of US dollar

(Unaudited)

2021

OPERATING ACTIVITIES

| | |
|---|----------------|
| Profit before income tax | 78,073 |
| Adjustments to add non-cash items: | |
| Depreciation, depletion and amortization | 40,604 |
| Finance income and expense | 16,148 |
| Change in fair value of share acquisition liability | 11,306 |
| Changes in working capital and provisions: | |
| Trade and other receivables | (23,584) |
| Intercompany receivables | 378 |
| Prepaid expenses | (20) |
| Trade and other payables | 3,590 |
| Cash generated from operations | 126,495 |
| Interest received | 20 |
| Interest paid | (13,213) |
| Net cash from operating activities | 113,302 |

INVESTING ACTIVITIES

| | |
|--|-----------------|
| Purchases of property and equipment | (57,060) |
| Purchase of HKN Holding Ltd. convertible preferred shares | (80,000) |
| Cash acquired in acquisition of controlling interest in HKN Energy, Ltd. | 123,699 |
| Net cash from investing activities | (13,361) |

FINANCING ACTIVITIES

| | |
|---|----------------|
| Proceeds from debt net of fees | 98,000 |
| Debt issuance costs | (181) |
| Payments of lease liabilities | (1,744) |
| Contributions | 10,000 |
| Distributions | (261) |
| Net cash from financing activities | 105,814 |

| | |
|--|----------------|
| Net increase in cash and cash equivalents, and restricted cash | 205,755 |
| Cash and cash equivalents, and restricted cash at beginning of the period | - |
| Cash and cash equivalents, and restricted cash at end of the period | 205,755 |

Of which restricted cash 25,163

HKN ENERGY III, LTD.

Consolidated Statement of Changes in Equity

Period from May 27, 2021 to December 31, 2021

In thousands of US dollar

(Unaudited)

| | Share capital | Additional paid-in capital | Retained earnings | Equity attributable to HKN Energy III, LTD. | Noncontrolling interest | Total equity |
|--|---------------|----------------------------|-------------------|---|-------------------------|----------------|
| Total equity as of May 26, 2021 | - | - | - | - | - | - |
| Profit for the period | - | - | 46,446 | 46,446 | 31,627 | 78,073 |
| Total comprehensive income | - | - | 46,446 | 46,446 | 31,627 | 78,073 |
| Capital contributions | - | 10,000 | - | 10,000 | - | 10,000 |
| Capital distributions | - | (177) | - | (177) | (84) | (261) |
| Contribution of HKN Holding, Ltd. shares | - | 139,558 | - | 139,558 | - | 139,558 |
| Noncontrolling interest in consolidated subsidiary, HKN Energy Ltd | - | - | - | - | 146,695 | 146,695 |
| Issuance of common shares | 1 | - | - | 1 | - | 1 |
| Total transactions with shareholders | 1 | 149,381 | - | 149,382 | 146,611 | 295,993 |
| Total equity as of December 31, 2021 | 1 | 149,381 | 46,446 | 195,828 | 178,238 | 374,066 |

At December 31, 2021, there were 200,000 common shares authorized at a \$0.01 par value, with 100,000 common shares issued and outstanding. As of December 31, 2021, the Company held no treasury shares.

HKN ENERGY III, LTD.

Consolidated Statement of Financial Position

December 31, 2021

In thousands of US dollar

(Unaudited)

| | HKN Energy III, Ltd. Unconsolidated | HKN Energy, Ltd. | Eliminations | HKN Energy III, Ltd. Consolidated |
|--|---|----------------------|----------------------|--------------------------------------|
| | December 31, 2021 | December 31, 2021 | December 31, 2021 | December 31, 2021 |
| ASSETS | | | | |
| Non-current assets | | | | |
| Property and equipment - oil properties (net) | - | 435,228 | - | 435,228 |
| Other property and equipment (net) | - | 4,017 | - | 4,017 |
| Investment in equity affiliate | 374,378 | - | (374,378) | - |
| Total non-current assets | 374,378 | 439,245 | (374,378) | 439,245 |
| Current assets | | | | |
| Inventory | - | 9,505 | - | 9,505 |
| Prepaid expenses | 7 | 615 | - | 622 |
| Trade and other receivables | - | 137,108 | - | 137,108 |
| Intercompany receivables | - | 122 | - | 122 |
| Cash and cash equivalents | 2,964 | 177,628 | - | 180,592 |
| Restricted cash | 18,000 | 7,163 | - | 25,163 |
| Total current assets | 20,971 | 332,141 | - | 353,112 |
| TOTAL ASSETS | 395,349 | 771,386 | (374,378) | 792,357 |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| Share capital | 1 | 1 | (1) | 1 |
| Additional paid-in capital | 149,381 | 539,937 | (539,937) | 149,381 |
| Retained earnings (accumulated deficit) | 46,446 | 12,678 | (12,678) | 46,446 |
| Equity attributable to HKN Energy III, Ltd. | 195,828 | 552,616 | (552,616) | 195,828 |
| Noncontrolling interest | - | - | 178,238 | 178,238 |
| Total equity | 195,828 | 552,616 | (374,378) | 374,066 |
| Non-current liabilities | | | | |
| Debt (net of issuance costs and fees) | 98,182 | 143,362 | - | 241,544 |
| Share acquisition liability | 87,700 | - | - | 87,700 |
| Lease liabilities | - | 416 | - | 416 |
| Decommissioning provisions | - | 8,939 | - | 8,939 |
| Total non-current liabilities | 185,882 | 152,717 | - | 338,599 |
| Current liabilities | | | | |
| Trade and other payables | 1,204 | 62,284 | - | 63,488 |
| Debt | - | 3,500 | - | 3,500 |
| Share acquisition liability | 12,435 | - | - | 12,435 |
| Current lease liabilities | - | 269 | - | 269 |
| Total current liabilities | 13,639 | 66,053 | - | 79,692 |
| Total liabilities | 199,521 | 218,770 | - | 418,291 |
| TOTAL EQUITY AND LIABILITIES | 395,349 | 771,386 | (374,378) | 792,357 |

HKN ENERGY III, LTD.

Consolidated Statement of Comprehensive Income

Period from May 27, 2021 to December 31, 2021

In thousands of US dollar

(Unaudited)

| | HKN Energy III, Ltd. Unconsolidated | HKN Energy, Ltd. | Eliminations | HKN Energy III, Ltd. Consolidated |
|--|--|-----------------------------|---------------------|--|
| | 2021 | 2021 | 2021 | 2021 |
| Continuing operations | | | | |
| Revenue | - | 180,533 | - | 180,533 |
| Operating expenses | - | 19,256 | - | 19,256 |
| Oil transportation expenses | - | 3,755 | - | 3,755 |
| Depletion, depreciation and amortization | - | 40,604 | - | 40,604 |
| Cost of sales | - | 63,615 | - | 63,615 |
| Gross profit | - | 116,918 | - | 116,918 |
| General and administrative expenses | 1,181 | 10,155 | - | 11,336 |
| Profit of equity affiliate | 66,431 | - | (66,431) | - |
| Profit from operating activities | 65,250 | 106,763 | (66,431) | 105,582 |
| Finance income | - | 22 | - | 22 |
| Finance expenses | (7,497) | (8,673) | - | (16,170) |
| Change in fair value of share acquisition liability | (11,306) | - | - | (11,306) |
| Other expense | (1) | (54) | - | (55) |
| Total comprehensive income | 46,446 | 98,058 | (66,431) | 78,073 |
| Less: Comprehensive income attributable to noncontrolling interest | - | - | (31,627) | (31,627) |
| Total comprehensive income attributable to HKN Energy III, Ltd. | 46,446 | 98,058 | (98,058) | 46,446 |

HKN ENERGY III, LTD.

Unconsolidated Cash Flow Statement

Period from May 27, 2021 to December 31, 2021

In thousands of US dollar

(Unaudited)

2021

OPERATING ACTIVITIES

| | |
|---|----------------|
| Profit before income tax | 46,446 |
| Adjustments to add non-cash items: | |
| Finance expense | 7,497 |
| Change in fair value of share acquisition liability | 11,306 |
| Income of equity affiliates | (66,431) |
| Changes in working capital and provisions: | |
| Prepaid expenses | (7) |
| Trade and other payables | 70 |
| Cash generated from operations | (1,119) |
| Interest paid | (6,001) |
| Net cash from operating activities | (7,120) |

INVESTING ACTIVITIES

| | |
|--|-----------------|
| Acquisition of controlling interest in HKN Energy, Ltd. | (80,000) |
| Cash acquired in acquisition of controlling interest in HKN Energy, Ltd. | 265 |
| Net cash from investing activities | (79,735) |

FINANCING ACTIVITIES

| | |
|---|----------------|
| Proceeds from debt net of fees | 98,000 |
| Debt issuance costs | (181) |
| Contributions | 10,000 |
| Net cash from financing activities | 107,819 |

Net increase in cash and cash equivalents, and restricted cash **20,964**

Cash and cash equivalents, and restricted cash at beginning of the period -

Cash and cash equivalents, and restricted cash at end of the period **20,964**

Of which restricted cash 18,000

HKN ENERGY III, LTD.

Unconsolidated Statement of Changes in Equity

Period from May 27, 2021 to December 31, 2021

In thousands of US dollar

(Unaudited)

| | Share capital | Additional paid- in capital | Retained earnings | Equity attributable to HKN Energy III, LTD. | Total equity |
|--|---------------|--------------------------------|----------------------|--|----------------|
| Total equity as of May 26, 2021 | - | - | - | - | - |
| Profit for the period | - | - | 46,446 | 46,446 | 46,446 |
| Total comprehensive income | - | - | 46,446 | 46,446 | 46,446 |
| Capital contributions | - | 10,000 | - | 10,000 | 10,000 |
| Capital distributions of subsidiary | - | (177) | - | (177) | (177) |
| Contribution of HKN Holding, Ltd. shares | - | 139,558 | - | 139,558 | 139,558 |
| Noncontrolling interest in consolidated subsidiary, HKN Energy Ltd | - | - | - | - | - |
| Issuance of common shares | 1 | - | - | 1 | 1 |
| Total transactions with shareholders | 1 | 149,381 | - | 149,382 | 149,382 |
| Total equity as of December 31, 2021 | 1 | 149,381 | 46,446 | 195,828 | 195,828 |

At December 31, 2021, there were 200,000 common shares authorized at a \$0.01 par value, with 100,000 common shares issued and outstanding. As of December 31, 2021, the Company held no treasury shares.