

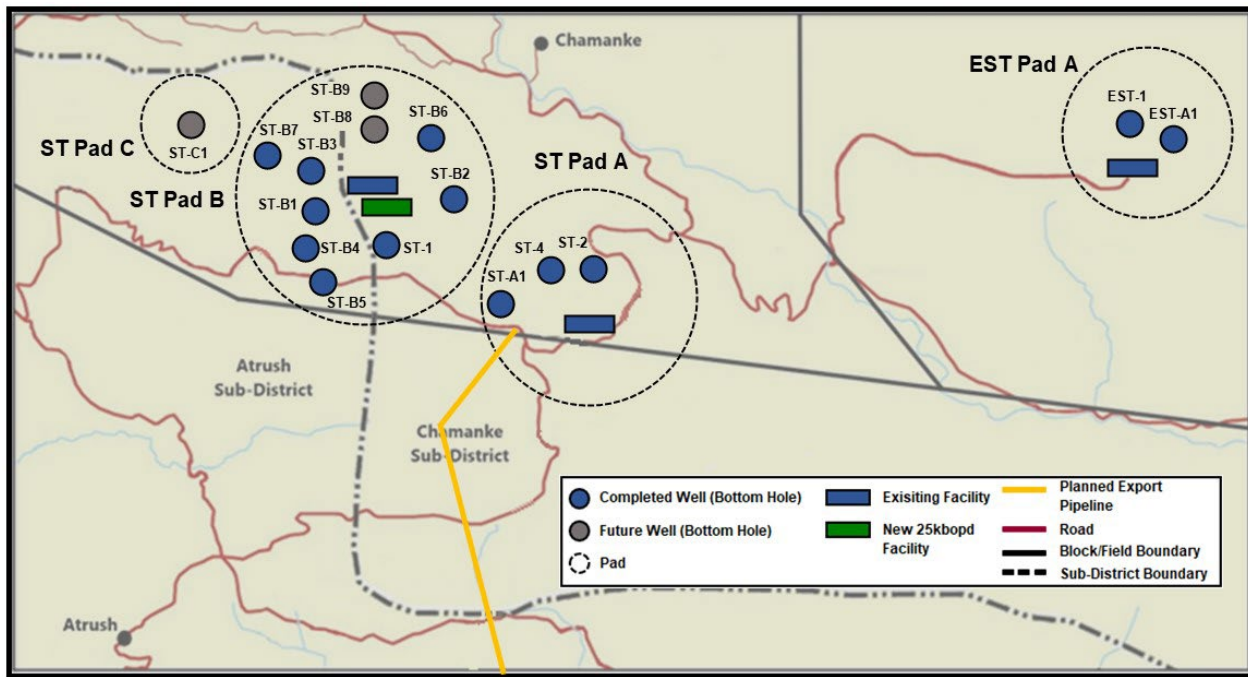
HKN Energy Ltd.

Operational & Corporate Update

HKN Energy Ltd. (“HKN”) presents an operating and financial update for the six months ended 30 June 2022. HKN holds a 62% PSC interest in the Sarsang Block in northern Kurdistan.

Highlights

- Revenue during 1H 2022 increased 80% from 1H 2021 due to a 74% increase in realized oil price and a 3% increase in oil sales volumes.
- 1H 2022 production averaged 29.7k bopd compared to 28.9k bopd in 1H 2021; Sarsang cumulative production reached 47.6 million barrels as of 30 June 2022.
- HKN received cash proceeds from oil sales of \$178.0 million during 1H 2022, with an additional \$33.6 million received in July 2022. During 1H 2022, we have received payments for oil sales an average of 80 days after invoice. Our current Oil Sales Agreement with the Kurdistan Regional Government (“KRG”) has a stated 60-day payment term.
- During 2022, the KRG began adjusting the sales price for HKN's oil exports to account for increased costs to access and transport oil through the Iraq Turkey Pipeline. As a result, HKN's cash receipts for oil sales have been 2-3% lower than amounts invoiced to the KRG. HKN remains in discussions with the KRG on appropriate transportation differentials to be incorporated into its crude oil sales price.
- Cash balance plus short-term U.S. Treasury investments on 30 June 2022 was \$292.4 million, including restricted cash of \$10.7 million.
- Total investment since 2007 by HKN and its co-venturers exceeds \$1.9 billion.
 - Approximately \$4 billion contributed to the region’s GDP over 15 years.
 - 59,000 local jobs supported in 2021.
- The 3D seismic acquisition project covering the western part of Swara Tika commenced in February 2022 and is planned to conclude in Q3 2022. We are evaluating the timing of the 3D seismic program on East Swara Tika.



Summary of Results – HKN Energy Ltd.

		Q2 2022 (unaudited)	Q2 2021 (unaudited)	1H 2022 (unaudited)	1H 2021 (unaudited)
Production (gross)	Bopd	29,800	29,964	29,719	28,934
Production (net) ⁽¹⁾	Bopd	18,476	18,577	18,426	17,939
Revenue	USDm	\$ 112,734	\$ 65,525	\$ 211,720	\$ 117,805
Operating cash flow	USDm	\$ 116,844	\$ 49,074	\$ 164,800	\$ 72,974
Capex ⁽²⁾	USDm	\$ (24,635)	\$ (14,604)	\$ (49,635)	\$ (27,153)
Free cash flow ⁽³⁾	USDm	\$ 92,209	\$ 34,470	\$ 115,165	\$ 45,821
Cash (incl. restricted) at 30 June	USDm	\$ 175,135	\$ 138,858	\$ 175,135	\$ 138,858
Short Term Investments at 30 June	USDm	\$ 117,217	\$ -	\$ 117,217	\$ -
Restricted cash at 30 June	USDm	\$ 10,683	\$ 7,213	\$ 10,683	\$ 7,213
Debt at 30 June ⁽⁴⁾	USDm	\$ 149,000	\$ 149,000	\$ 149,000	\$ 149,000

Notes:

- (1) Net based on 62% PSC interest.
- (2) Capex is shown on a cash basis.
- (3) 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.
- (4) 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.
- HKN reiterates its 2022 gross production guidance for the Sarsang block:
 - 27k-30k bopd until first oil from the new 25k facility.
 - 45k-50k bopd following commissioning and optimization of the new 25k facility.
 - The EST-A1 well recommenced production in August 2022; we are currently optimizing production from the East Swara Tika facility.
- The new 25k bopd facility on Swara Tika remains on target for first oil in September 2022.
 - Over the next 30+ days we will commission the facility, tie-in 5 previously drilled wells, conduct flow testing and then optimize production rates.
 - Total project cost of approximately \$110 million (net to HKN) with 79% spent to date.
 - Export pipeline tie-in remains on track to align with completion of the 25k bopd facility.
- We spudded the ST B8 well in the beginning of August and we expect to drill the additional ST B9 well immediately thereafter; these 2 wells will help maintain production plateau at both pad B production facilities.
- We are lowering our 2022 CAPEX guidance to \$140 – \$150 million (net to HKN) as we expect to defer at least a portion of the East Swara Tika 3D seismic acquisition to 2023.
- In August 2022 HKN declared and paid a \$150 million dividend. HKN remained in a net-cash position following payment of the dividend.

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

		Q2 2022 (unaudited)
Cash (incl. restricted) at 30 June	USDm	\$ 14,848
Restricted cash at 30 June	USDm	\$ 12,000
Debt at 30 June ⁽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.
- HKN Energy III Ltd. received \$101.6 million of dividends from HKN Energy in August.

Inquiries:

Kristy Macktinger

+1-817-224-6349

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.