

HKN Energy LTD.



14 September 2022

Corporate Update Pareto Conference



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Corporate Overview



A Leading Kurdistan E&P Company

HKN Energy holds 62% operated interest in the Sarsang Block, Northern Kurdistan

Steady Triassic production of approximately 30k bopd since late 2020 primarily from Swara Tika field

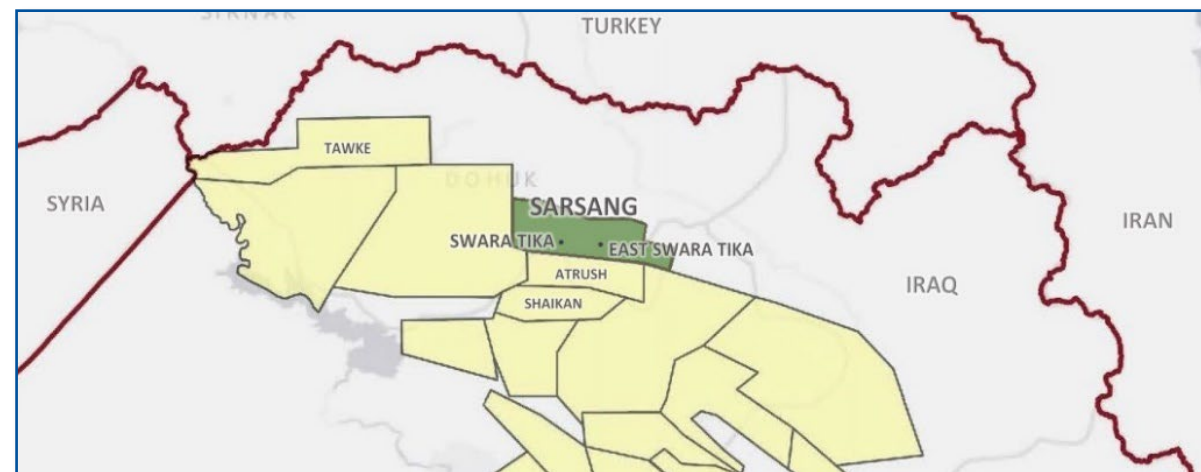
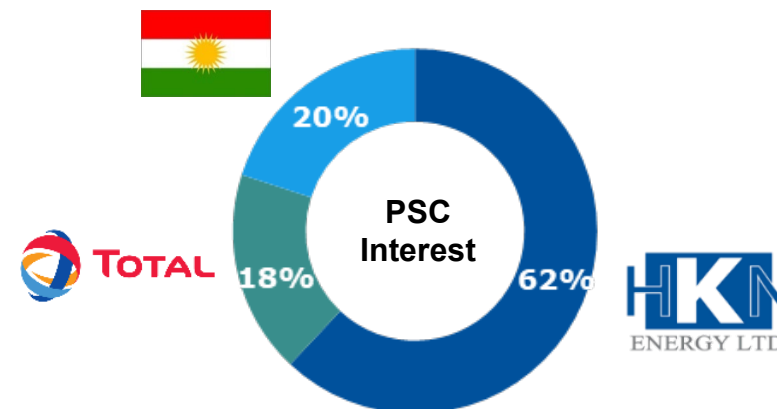
High quality crude of 37-39 API

First oil on new 25k bopd facility expected in September 2022

Further upside

- Development of Triassic in East Swara Tika Field
- Jurassic reservoir

Sarsang Block partners and location



Clear Strategy and Operational Flexibility

Maximize value creation for all stakeholders in the Sarsang block

- Maintain focus on Safety, Health and ESG
- Increase production from Swara Tika Triassic reservoirs to 50k bopd and maintain plateau
- Grow 2P reserves from East Swara Tika Triassic
- Evaluate Jurassic reservoir for future production
- Service debt, build cash reserves and return capital to investors
- Generate significant positive impact for Kurdistan and its communities

All investment decisions based on incremental value analysis

Ensuring Sustainability

Environmental responsibilities

- Best in class environmental monitoring program and water treatment approach
- New 25k facility and existing Pad B facility will replace diesel with associated gas for power needs
- HKN supports the KRG with gas management efforts

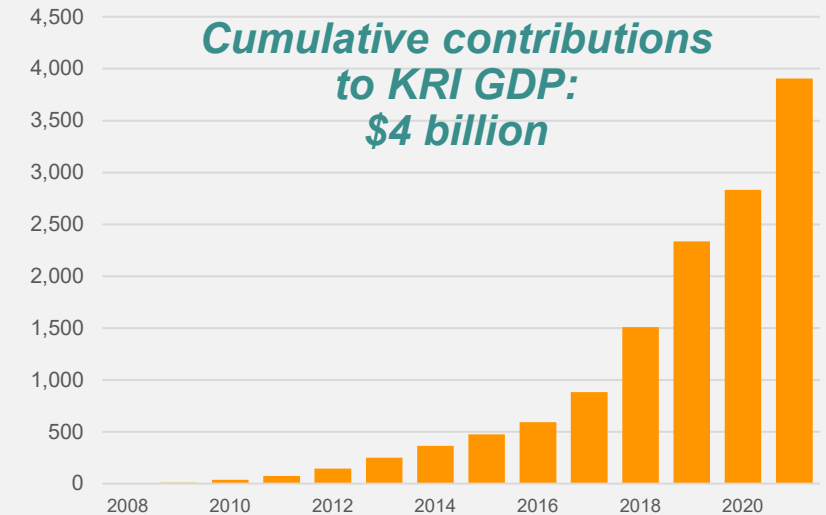
Social priorities

- \$4 billion contribution to Kurdistan GDP since 2007¹
- 59,000 local jobs supported by HKN in 2021¹
 - Includes schools, community centers, athletic fields, etc.

Governance focus

- Transparency, including reporting on government payments
- Business ethics and anti-corruption
 - In-person reviews of strict anti-corruption and due diligence policies
 - Increased training
- Formal sustainability reporting
 - 3rd party-evaluated quarterly reports in accordance with the International Finance Corporation's Sustainability Performance Standards

Total GDP contribution in Kurdistan region (\$m)



1) Based on external consultant economic impact analysis

Operational Results & Outlook



Operating Highlights – 2022

Overview

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

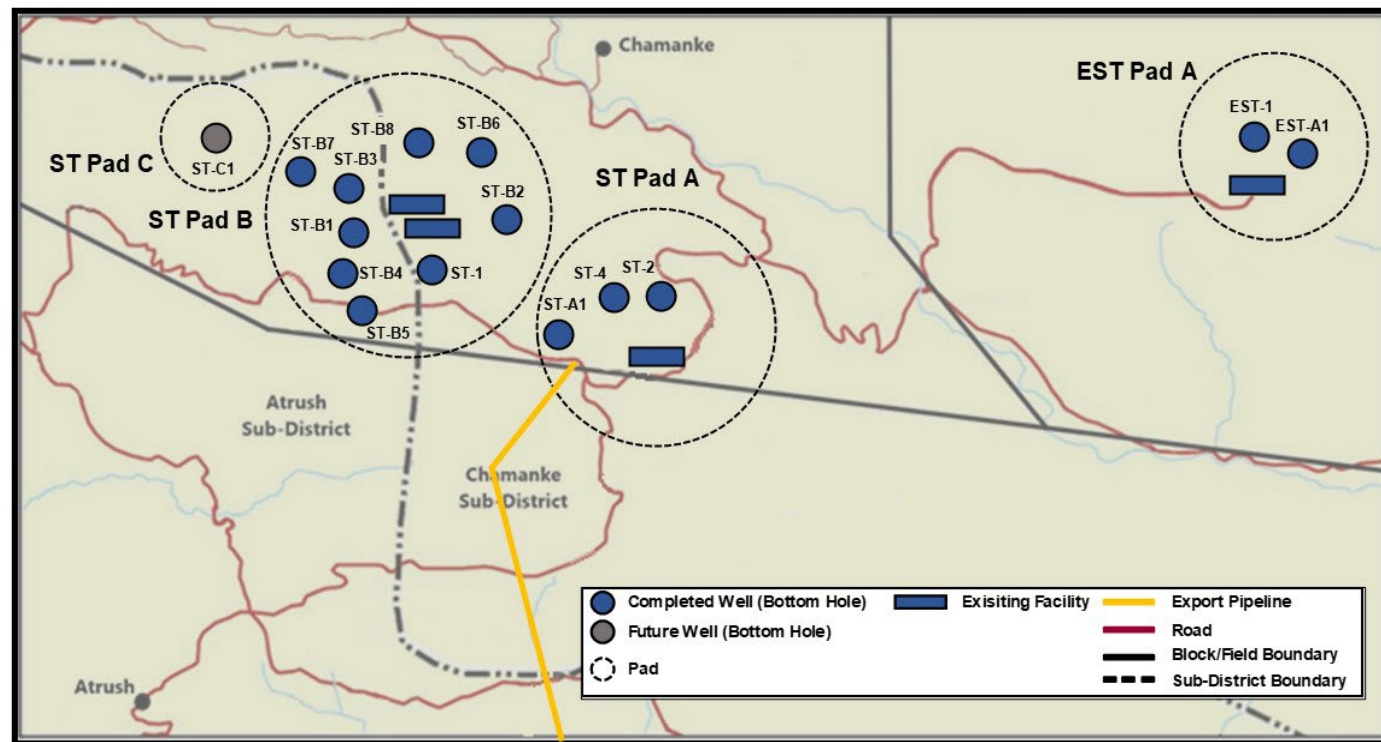
Drilling

- ST-B8 well drilled in August 2022; will be tied-in to existing B-Pad facility in early 2023

Facilities

- Primary focus on 25k bopd facility

Illustration of Sarsang block infrastructure



2022 1H
key
figures:

80%

Revenue Increase
from 1H 2021

\$25.3/bbl

Operating break-
even¹

1) Including OPEX, G&A, transportation, discount to Brent, interest.

Near-term Priority: Production Growth

Overview

Maintain stable production of 27 – 30k bopd prior to commissioning of 25k bopd facility

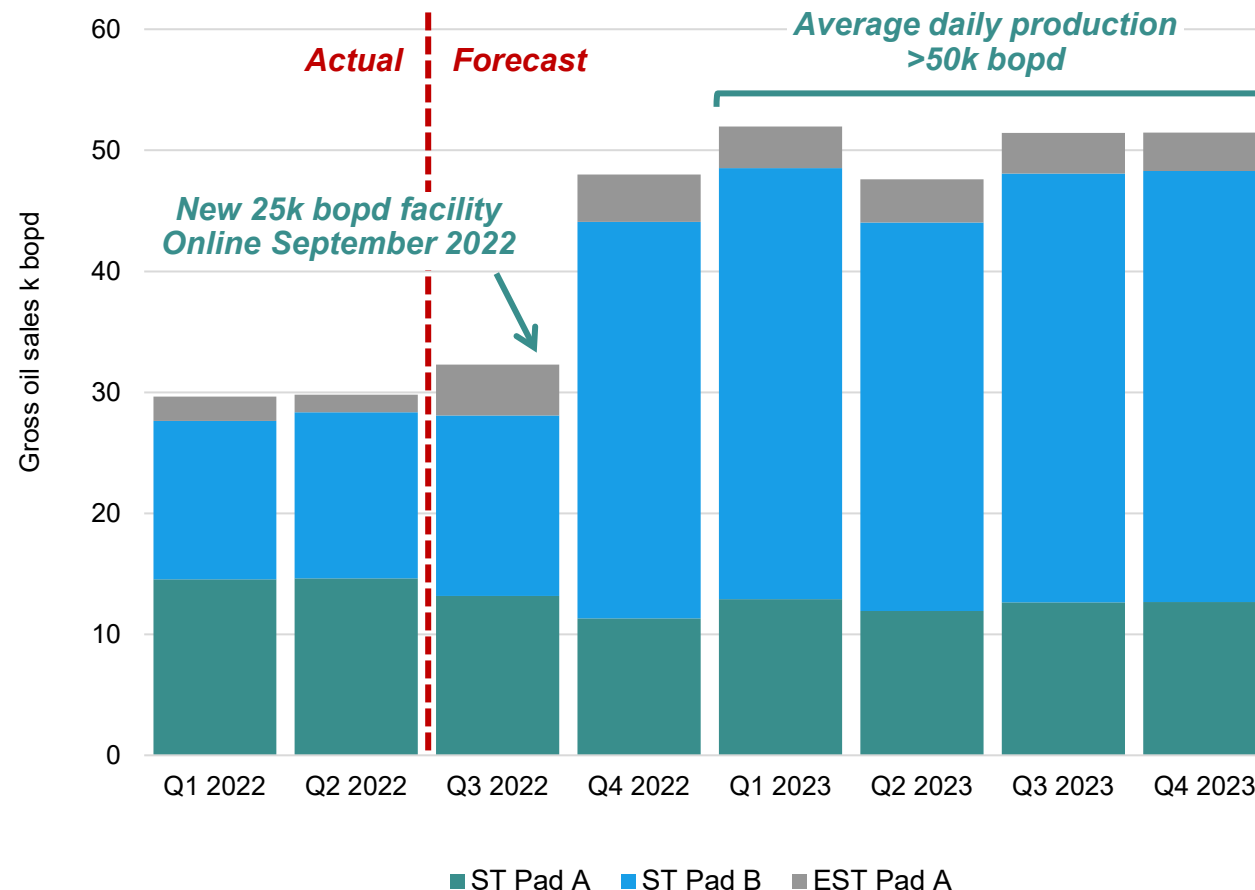
Produce 45k – 50k bopd following commissioning and optimization of 25k bopd facility in 2022

- Early 2023: Total of nine wells across both ST Pad B facilities, three wells on ST Pad A facility, and two wells on EST Pad A facility

Delay plans to drill ST C1 well on western half of Swara Tika

- Increased attention to above-ground uncertainties and risk
- Benefit from understanding performance of B pad wells in new facility
- Evaluating alternatives for production from C pad wells

Sarsang Production by Pad



Near-term Priority: New 25k bopd Facility

First Oil and Commissioning

- Ready for start-up audit completed successfully
- Facility commissioned and hydrocarbons introduced
- Safety systems and integrity of hydrocarbon envelope proven
- 5 previously drilled wells being tied-in to facility
- Working through start-up issues
- Production ramp-up expected over next 30+ days

Post-first oil facility upgrades already underway

- Use of amine system for fuel gas generation
- Tanker loading
- Enhanced export metering at pipeline



Value Creation Priorities

Near-term (2022)

- Optimize production in 2022
- Complete the ST Pad B 25k bopd facility by Q3 2022
- Connect to KRG pipeline
- Drill wells to increase production capacity at ST Pad B
- Acquire 3D seismic on western half of ST field
- Begin return of capital to equity investors

Mid-term (2023-2026)

- Maintain Swara Tika production plateau by keeping all 3 facilities full
- Improve operating efficiency and reduce OPEX at all production facilities
- Manage water treatment and disposal
- Advance gas handling solution
- Return capital to debt and equity investors
- Prepare development plan for EST
- Assess Jurassic reservoir

Long-term (2027+)

- Develop EST
- Evaluate additional prospective Triassic areas on block
- Develop Jurassic reservoir if commercially attractive
- Materially reduce CO₂ emissions

Mid-term and long-term priorities subject to change based on political and economic outlook.

Finance



HKN Energy Ltd. 1H 2022 Highlights

29.7k bopd

Production (gross), increase from 28.9k bopd in 1H 2021

47.6 MMbbl

Cumulative production (gross) as of 30 June 2022

\$164.8 million

1H 2022 Operating Cash Flow

\$178.0 million

Cash payments received in 1H 2022 for oil sales (\$211.7 million Revenue)

\$149.0 million

Total HKN Energy Ltd. Debt (Face Value)

\$292.4 million

Cash plus short-term U.S. Treasury investments as of 30 June 2022 (including restricted cash)

\$115.2 million

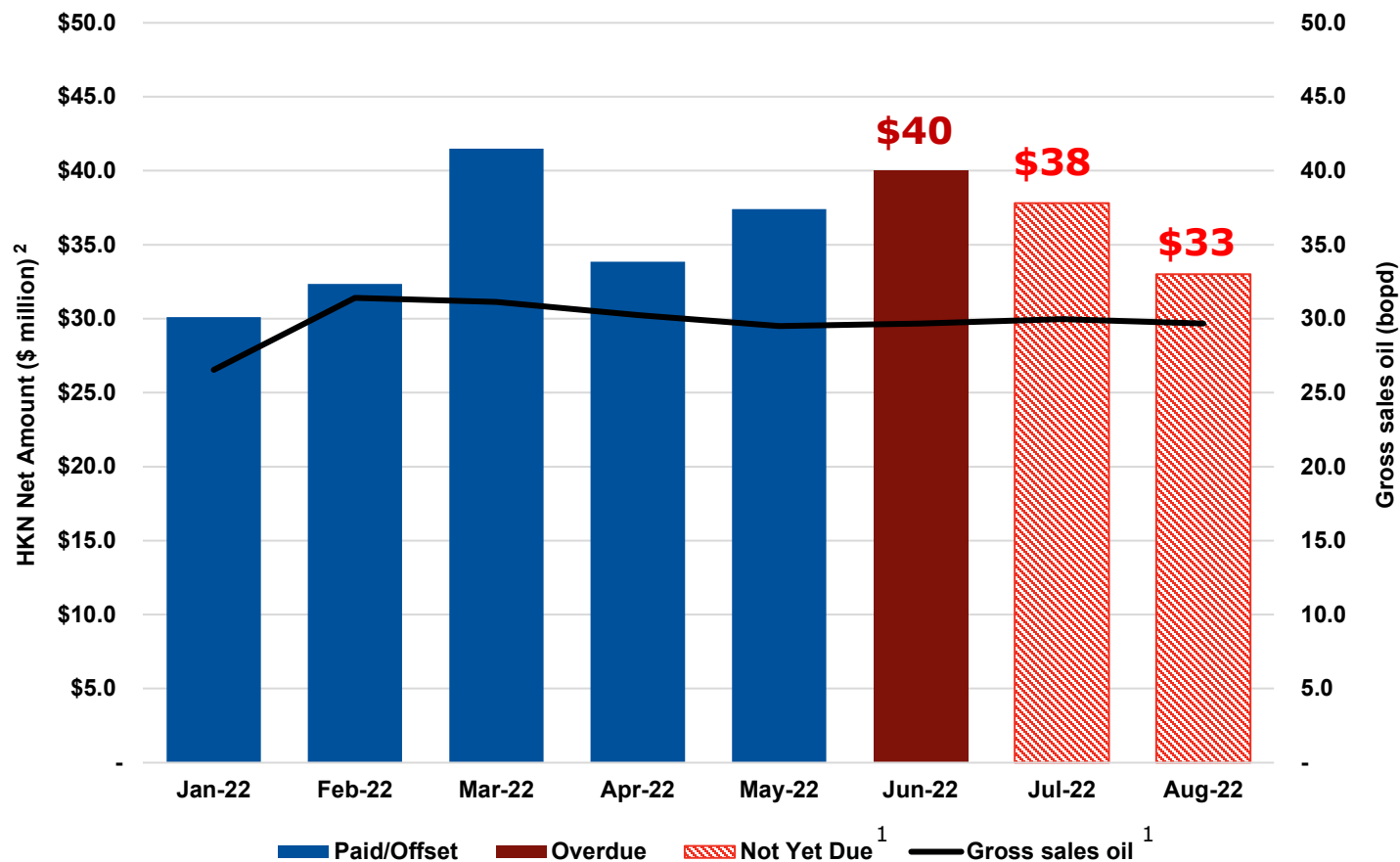
1H 2022 Free Cash Flow, increase from \$45.8 million in 1H 2022

\$489.1 million

Cost recovery balance at 30 June 2022

Oil Sales Payments and Receivables (2022)

- Oil is sold to the KRG
- During 1H 2022, HKN received payments for oil sales an average of 80 days after invoice. The current Oil Sales Agreement with the KRG has a stated 60-day payment term
- HKN has booked an allowance for Bad Debt Expense of \$9.1 million (net to HKN) as of 30 June
- Oil market challenges for KBT crude oil are likely to impact net realized price for foreseeable future

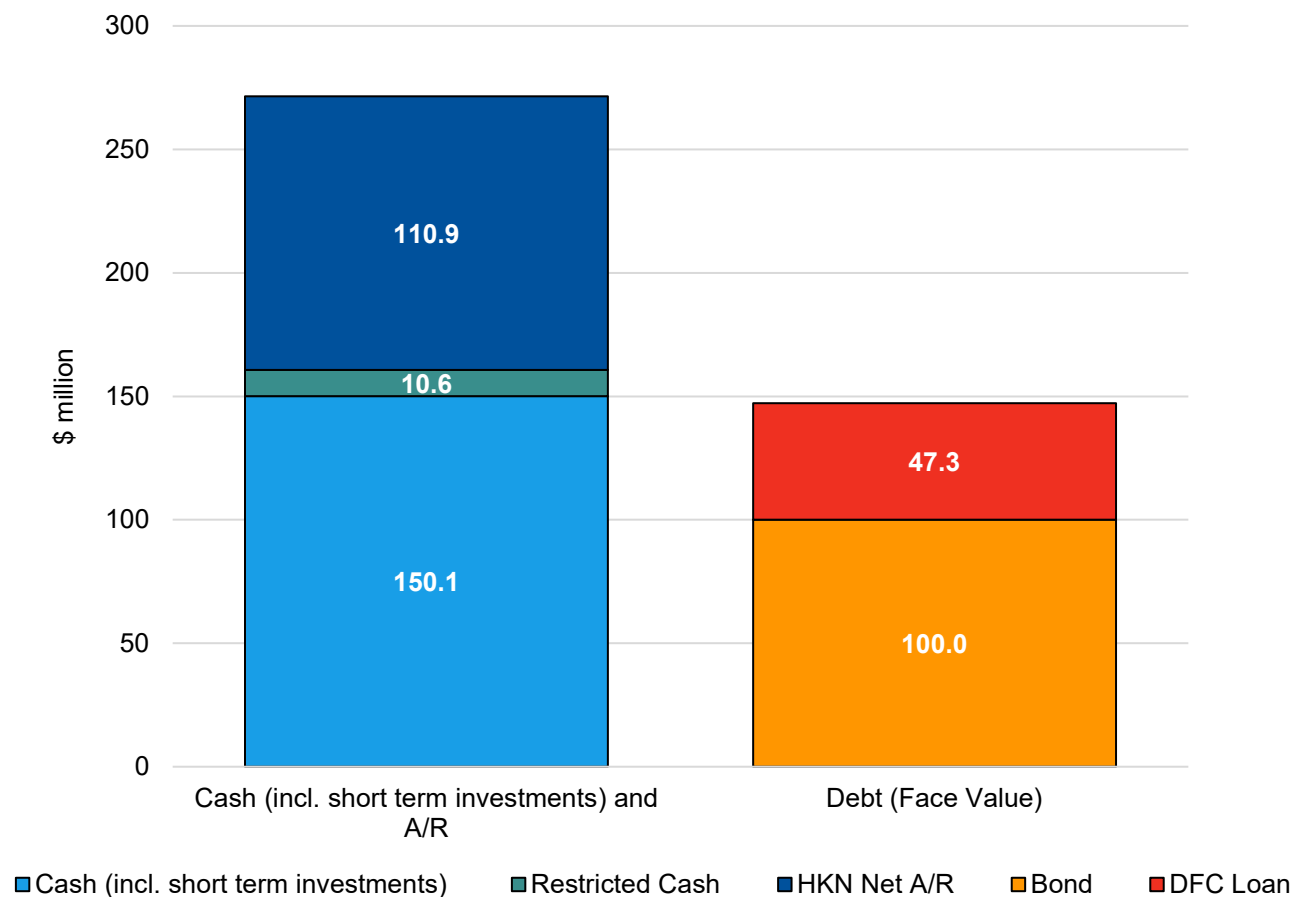


1) 60-day payment terms

2) Payments and amounts outstanding include transportation cost owed to HKN by the KRG

Strong Balance Sheet

Cash, A/R, & Debt as of 31 August 2022



DFC Loan (\$49 million)

- Matures May 2029
- First amortization payment of \$1.75MM in August 2022
- Blended interest rate of 6.79%

Bond (\$100 million)

- Matures March 2024
- Semi-annual interest payments
- Coupon rate 11%

Dividend of \$168 million declared and paid in August 2022

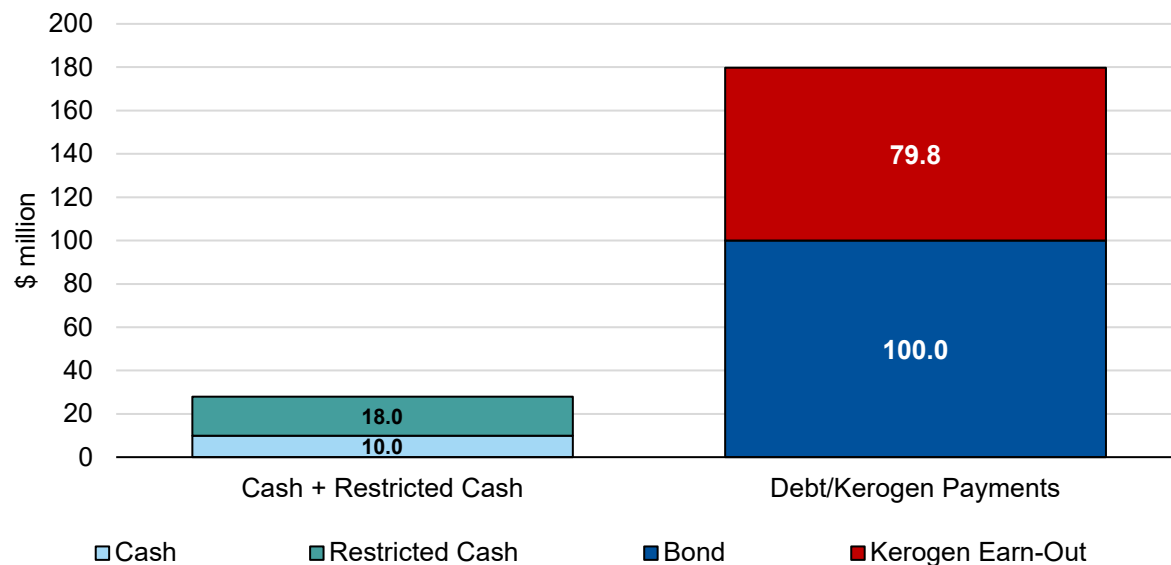
- HKN Energy Ltd maintained net cash position following payment of dividend
- Dividend paid to HKN Energy III Ltd (\$113.8MM) and HKN Energy II Ltd (\$54.2MM)

HKN Energy III



HKN Energy III Ltd.

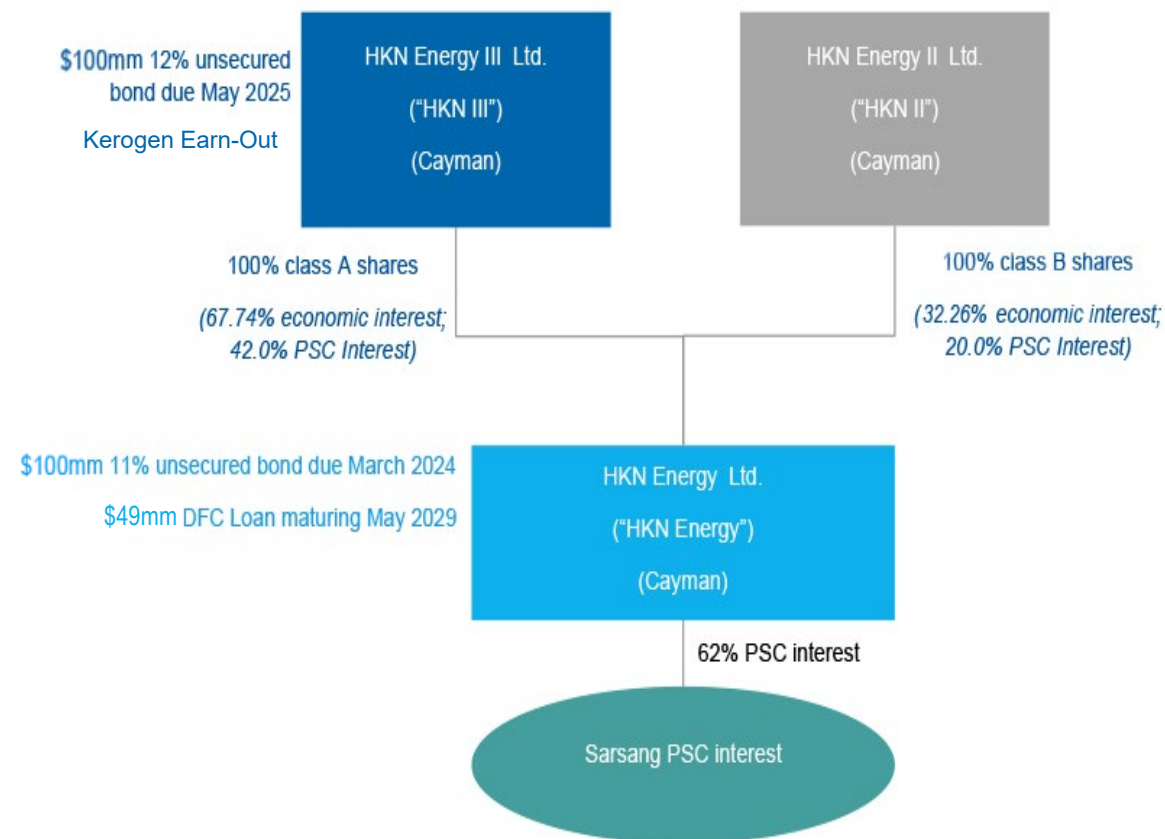
HKN III Cash & Obligations as of 8/31/2022



• Kerogen Payments

- Payments to Kerogen, including any accelerated payments, will be made only if debt service payments are current and DSRA requirements are met
- Payment obligations to Kerogen are contingent on continued receipt of payment from the KRG for oil sales
- \$40.2 million payment made to Kerogen in August of 2022
- \$60.3 million distribution made to shareholders in August of 2022

Simplified Corporate Structure



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