

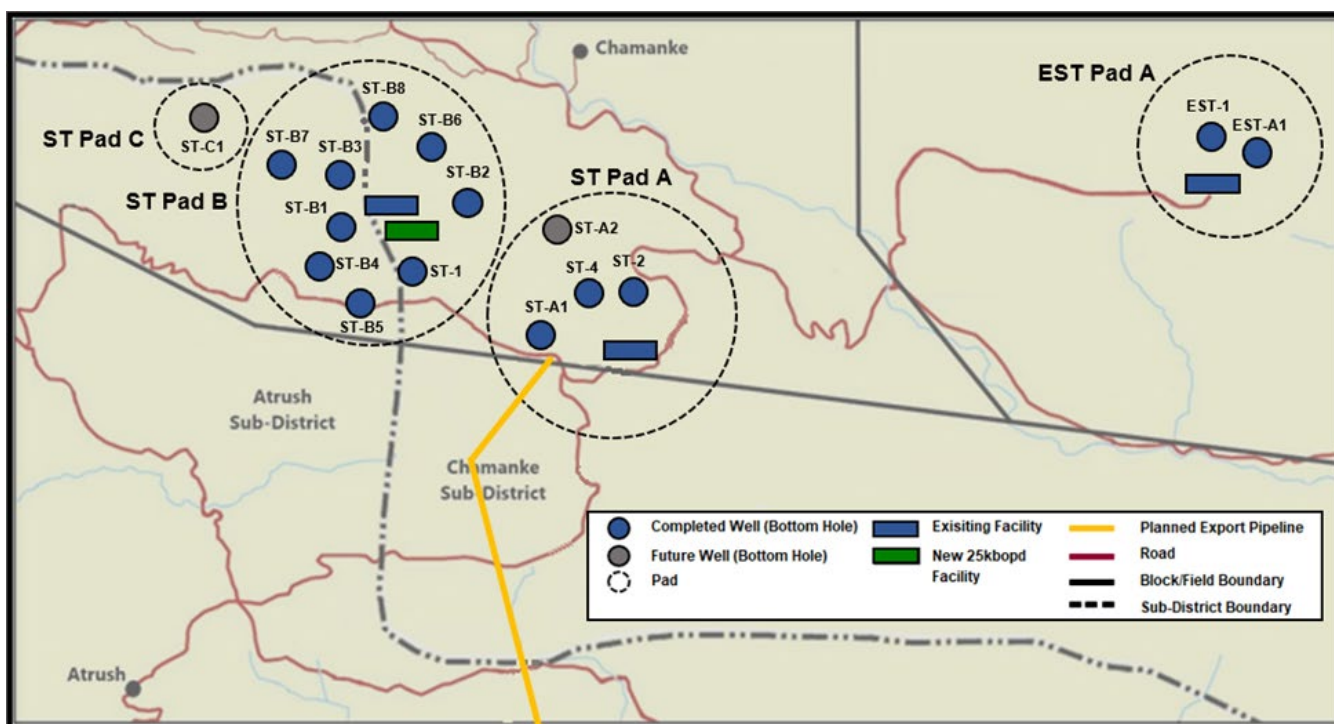
## HKN Energy Ltd.

### Operational & Corporate Update

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

#### Highlights

- Revenue increased 61% during the first nine months of 2022 and 32% for the third quarter 2022 from comparable periods in 2021. The increase is due primarily to an increase in realized oil price.
- Gross Production in 2022 was in line with prior year, averaging 29.8k bopd in the first nine months of 2022 and 30.1k bopd for the third quarter 2022.
- The new 25k bopd facility on Swara Tika achieved first oil in September 2022 and is currently producing approximately 18k bopd.
  - 5 wells drilled during 2021 and 2022 have been tied-in to the new facility and we are currently optimizing well productivity to reach full production capacity.
  - We drilled and completed the ST B8 well in August, which will add production to the new 25k bopd facility in late March 2023. Initial testing indicates potential production of over 5k bopd from the Kurra Chine B reservoir.
  - Work on additional facility enhancements, including the amine system (which allows HKN to utilize natural gas as fuel) and water handling, will continue through 2023.
- HKN received 8 payments for oil sales during the first nine months of 2022, with total cash proceeds of \$248.5 million (net to HKN). We have received payments for oil sales an average of 77 days after invoice during 2022.
- HKN amended its oil sales agreement with the KRG effective September 1, 2022.
  - The amended agreement sets the price for Sarsang crude with reference to the market price realized by the KRG for the Kurdistan blend (KBT), rather than the Dated Brent price.
  - Sarsang crude will earn a premium to KBT due to higher API and lower sulfur.
  - The amendment also establishes terms for export via pipeline directly from the Sarsang Block boundary. This will ultimately allow for the export of over 90% of Sarsang crude entirely through pipelines and significantly reduce the use of trucks for oil transport.
- Cash balance plus short-term U.S. Treasury investments on 30 September 2022 was \$142.8 million, including restricted cash of \$10.6 million. Payment for June oil sales of \$39.4 million (net to HKN) was received in October.
- The 3D seismic acquisition program covering the western half of Swara Tika concluded in Q3 2022 and we are currently processing and evaluating the acquired data.
- In August 2022 HKN declared and paid \$168 million in dividends.



### Summary of Results – HKN Energy Ltd.

		Q3 2022 (unaudited)	Q3 2021 (unaudited)	9 Months Ended 2022 (unaudited)	9 Months Ended 2021 (unaudited)
Production (gross)	Bopd	30,058	30,649	29,834	29,512
Production (net) <sup>(1)</sup>	Bopd	18,636	19,003	18,497	18,297
Revenue	USDm	\$ 96,075	\$ 72,796	\$ 307,795	\$ 190,601
Operating cash flow	USDm	\$ 58,234	\$ 36,271	\$ 223,034	\$ 109,245
Capex <sup>(2)</sup>	USDm	\$ (32,336)	\$ (25,800)	\$ (81,971)	\$ (52,953)
Free cash flow <sup>(3)</sup>	USDm	\$ 25,898	\$ 10,471	\$ 141,063	\$ 56,292
Cash (incl. restricted) at 30 September	USDm	\$ 136,182	\$ 141,072	\$ 136,182	\$ 141,072
Short Term Investments at 30 September	USDm	\$ 6,616	\$ -	\$ 6,616	\$ -
Restricted cash at 30 September	USDm	\$ 10,574	\$ 7,163	\$ 10,574	\$ 7,163
Debt at 30 September <sup>(4)</sup>	USDm	\$ 147,250	\$ 149,000	\$ 147,250	\$ 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 and excludes the purchase of short-term investments.
- (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 gross production guidance for the Sarsang block:
  - 42k – 47k bopd during Q4 2022.
  - 45k – 50k bopd in 2023.
- HKN began exporting oil through the pipeline at the Sarsang block boundary in October 2022. Production from two additional Swara Tika facilities expected to tie-in to pipeline in Q2 2023.
- We expect 2022 Capex spending between \$125-\$135 million (net to HKN), which is lower than previous guidance.
- Capex for 2023 is expected in the range of \$90-\$110 million (net to HKN).

## Supplemental Information for unconsolidated HKN Energy III, Ltd.<sup>(1)</sup>

		<b>9 Months Ended 2022 (unaudited)</b>
Cash (incl. restricted) at 30 September	USDm	\$ 28,007
Restricted cash at 30 September	USDm	\$ 18,000
Debt at 30 September <sup>(2)</sup>	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.

- In August 2022 HKN Energy III, Ltd. paid \$60.3 million in dividends to shareholders.
- Also in August, HKN Energy III, Ltd. paid \$40.2 million to Kerogen. Future payments to Kerogen of \$79.8 million are contingent upon the terms defined in the share purchase agreement, including, but not limited to, receipt of oil sales payments from the KRG.

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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.*