

## HKN Energy Ltd.

### Operational & Corporate Update

HKN Energy Ltd. (“HKN”) presents an operating and financial update for the nine months ended September 30, 2023. HKN holds a 62% PSC interest in the Sarsang Block in northern Kurdistan.

#### Kurdistan Update

- The Iraq-Turkey pipeline (ITP), which was shut in on March 25, 2023, remains closed.
  - Negotiations between the Government of Iraq (GOI) and the Kurdistan Regional Government (KRG) on commercial arrangements are ongoing, but no clear timeline exists to re-open the pipeline.
  - Association of the Petroleum Industry in Kurdistan (APIKUR), of which HKN is a member company, has engaged recently with the GOI and the KRG to ensure IOC commercial and legal expectations with respect to the resumption of pipeline exports are well understood.
  - HKN does not intend to resume pipeline exports without assurance of payment under our existing contract terms. As such, we still do not see a clear path for HKN to sell oil at world market prices in the near term.

#### Distributions and Bond Repurchases

- On August 21, 2023, HKN distributed \$30.0 million. No further distributions have been made.
- HKN repurchased and retired HKN Energy Nordic Bonds with a par value of \$30.9 million during August to November 2023.
- We have not repurchased any HKN Energy III, Ltd. Nordic Bonds which mature in May 2025.

#### Operational and Financial Update

- Sarsang gross production during Q3 2023 averaged just over 32k bopd.
  - Production from the East Swara Tika facility remains suspended.
  - Production from the Swara Tika Pad A facility resumed October 3 and production continues from the two Swara Tika Pad B facilities.
- Revenue decreased 53.5% for the third quarter of 2023 from the comparable period in 2022. The decrease reflects a 6.6% increase in production and a 56.4% decrease in realized oil price.
  - All oil sales during Q3 were to the local Kurdistan market.
  - Realized oil price in the third quarter of 2023 was \$38.95, compared to \$89.32 in the third quarter of 2022.
  - 126k barrels of oil (gross) remained in storage in offsite facilities as of September 30.
- CAPEX spend was \$46.3 million (net to HKN) in the first three quarters of 2023. Planned CAPEX for Q4 2023 is approximately \$10 million, net to HKN.

- \$190.7 million for oil sold to the KRG for the final three months of 2022 and the first three months of 2023 remains outstanding, and no repayment plan currently exists.
- Cash balance on October 31, 2023, was \$104.9 million, including restricted cash of \$9.4 million.
- We have cut OPEX and G&A spending aggressively and will continue to optimize our cost structure. The cost reductions include a 50% decrease in personnel since the end of March 2023.
- We are not able at this time to provide production or CAPEX guidance for 2024 given the uncertainties around timing for the resumption of crude oil exports and the vagaries of the local market for crude sales.

### Summary of Results – HKN Energy Ltd.

		Q3 2023 (unaudited)	Q3 2022 (unaudited)	9 Months Ended 2023 (unaudited)	9 Months Ended 2022 (unaudited)
Production (gross)	Bopd	32,028	30,058	26,862	29,834
Production (net) <sup>(1)</sup>	Bopd	19,857	18,636	16,655	18,497
Revenue	USDm	\$ 44,642	\$ 96,075	\$ 145,836	\$ 307,795
Operating cash flow	USDm	\$ 41,694	\$ 58,234	\$ 93,382	\$ 223,034
Capex	USDm	\$ (7,169)	\$ (32,336)	\$ (46,311)	\$ (81,971)
Free cash flow <sup>(2)</sup>	USDm	\$ 34,525	\$ 25,898	\$ 47,071	\$ 141,063
Cash (incl. restricted) at 30 September	USDm	\$ 108,303	\$ 136,182	\$ 108,303	\$ 136,182
Short Term Investments at 30 September	USDm	\$ -	\$ 6,616	\$ -	\$ 6,616
Restricted cash at 30 September	USDm	\$ 10,370	\$ 10,574	\$ 10,370	\$ 10,574
Debt at 30 September <sup>(3)</sup>	USDm	\$ 122,750	\$ 147,250	\$ 122,750	\$ 147,250

#### Notes:

- (1) Net based on 62% PSC interest.
- (2) 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.
- (3) Face value of debt.

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

		9 Months Ended 2023 (unaudited)	9 Months Ended 2022 (unaudited)
Cash (incl. restricted) at 30 September	USDm	\$ 40,887	\$ 28,007
Restricted cash at 30 September	USDm	\$ 12,057	\$ 18,000
Debt at 30 September <sup>(2)</sup>	USDm	\$ 100,000	\$ 100,000

### Notes:

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

### Inquiries:

Kristy Macktinger, +1-817-224-6349, [InvestorRelations@hknenergy.com](mailto: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.*