

30 January 2024

HKN Energy Ltd.
Report on Payments to Governments for 2023

This report sets out details of the payments made to governments by HKN Energy Ltd ("HKN Energy") for the year ended 31 December 2023.

Governments

All of the payments made to the Kurdistan Region of Iraq ('KRI') have been made to the Ministry of Natural Resources of the Kurdistan Regional Government ('KRG').

Production entitlements

Production entitlements are the host government's share of production during the reporting period from projects operated by HKN Energy. Production entitlements are paid in-kind and the monetary value disclosed is derived from management's calculation of revenue from the field.

Royalties

Royalties represent royalties paid in-kind to governments during the year for the extraction of oil. The terms of the Royalties are described within the Sarsang Production Sharing Contract. Royalties have been calculated on the same barrels of oil as production entitlements.

PAYMENTS TO GOVERNMENTS - 2023	
Country	KRI ¹
Production entitlement (bbls)	4,320,181
Royalties in kind (bbls)	1,085,233
Total (bbls)	5,405,413
Value of Government Royalties (\$ million)	52.271
Value of Production entitlements (\$ million)	193.070
Capacity Building Payments (\$ million) ²	11.638
Taxes in-kind (\$ million)	-
License fees in-kind (\$ million) ³	0.265
Total (\$ million)	257.244

Notes:

- 1 For the purpose of this report, we have characterized the value of the KRG's production entitlements under the Sarsang PSC as a payment to the KRG.
- 2 The capacity building payments were paid in kind, as the value of the capacity building payments are paid alongside the KRG's production entitlement.
- 3 No cash payments for license fees were made by HKN Energy to the Kurdistan Regional Government. Instead, the value of these fees have been accrued for payment.