HKN ENERGY III, LTD.

Consolidated Financial Statements

December 31, 2023 and 2022

(With Independent Auditors’ Report Thereon)

KPMG LLP
Suite 1400
2323 Ross Avenue
Dallas, TX 75201-2721

Independent Auditors' Report

Board of Directors
HKN Energy III Ltd:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of HKN Energy III Ltd and its subsidiaries (the Company), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity, and cash flows for each of the fiscal years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for each of the fiscal years then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS as issued by the IASB, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise significant doubt about the Company's ability to continue as a going concern for one year after the date that the consolidated financial statements are authorized for issuance.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise significant doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. Exhibit 1 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

KPMG LLP

Dallas, Texas
March 22, 2024

HKN ENERGY III, LTD.

Consolidated Statements of Financial Position

December 31, 2023 and 2022

In thousands of US dollar

	Note	December 31, 2023	December 31, 2022
ASSETS			
Non-current assets			
Property and equipment - oil properties (net)	**6**	431,964	467,842
Other property and equipment (net)	**7**	3,135	4,186
Total non-current assets		**435,099**	**472,028**
Current assets			
Inventory	**8**	17,706	19,069
Prepaid expenses		705	851
Trade and other receivables (net)	**9**	174,469	182,439
Affiliate receivables	**20**	973	314
Short-term investments	**10**	-	6,667
Cash and cash equivalents	**11**	132,031	121,306
Restricted cash	**11**	20,805	22,595
Total current assets		**346,689**	**353,241**
TOTAL ASSETS		**781,788**	**825,269**
EQUITY AND LIABILITIES			
Equity			
Share capital		1	1
Additional paid-in capital		149,381	149,381
Retained earnings		115,370	94,508
Equity attributable to HKN Energy III, Ltd.		**264,752**	**243,890**
Noncontrolling interest		173,495	185,593
Total equity		**438,247**	**429,483**
Non-current liabilities			
Debt (net of issuance costs and fees)	**14**	125,464	235,893
Share acquisition liability	**15**	41,309	52,794
Lease liabilities	**16**	131	131
Decommissioning provisions	**17**	16,417	15,225
Total non-current liabilities		**183,321**	**304,043**
Current liabilities			
Trade and other payables	**13**	53,095	69,052
Distributions payable	**12**	3,226	-
Debt (net of issuance costs and fees)	**14**	76,001	7,000
Share acquisition liability	**15**	27,774	15,405
Current lease liabilities	**16**	124	286
Total current liabilities		**160,220**	**91,743**
Total liabilities		**343,541**	**395,786**
TOTAL EQUITY AND LIABILITIES		**781,788**	**825,269**

See accompanying Notes to the Consolidated Financial Statements

HKN ENERGY III, LTD.

Consolidated Statements of Comprehensive Income

Years ended December 31, 2023 and 2022

In thousands of US dollar

	Note	2023	2022
Continuing operations			
Revenue	3	203,326	414,001
Operating expenses		37,476	57,165
Oil transportation expenses		4,537	9,180
Depletion, depreciation and amortization		82,060	90,986
Cost of sales	4	124,073	157,331
Impairment of trade receivables	9	6,793	9,559
Gross profit		**72,460**	**247,111**
General and administrative expenses	5	17,092	19,707
Profit from operating activities		**55,368**	**227,404**
Finance income	14	8,448	2,138
Finance expenses	14	(26,324)	(26,615)
Finance expense - change in share acquisition liability	15	(884)	(14,933)
Other expense		(87)	(112)
Total profit		**36,521**	**187,882**
Other comprehensive expense			
Unrealized gain on short-term investments	10	112	15
Reclassification adjustment for gain on short-term investments to finance income	10	(127)	-
Total other comprehensive income (expense)		**(15)**	**15**
Total comprehensive income		**36,506**	**187,897**
Less: Profit attributable to noncontrolling interest		(15,649)	(69,527)
Less: Other comprehensive income attributable to noncontrolling interest		5	(5)
Total comprehensive income attributable to HKN Energy III, Ltd.		**20,862**	**118,365**

See accompanying Notes to the Consolidated Financial Statements

HKN ENERGY III, LTD.

Consolidated Cash Flow Statements

Years ended December 31, 2023 and 2022

In thousands of US dollar

	Note	2023	2022
OPERATING ACTIVITIES			
Profit		36,521	187,882
Adjustments to add non-cash items:			
Depreciation, depletion and amortization	**6, 7, 17**	82,060	90,986
Finance income and expense	**14**	17,876	24,477
Impairment of trade receivables	**9**	6,793	9,559
Spare parts inventory expensed		617	-
Finance expense - change in share acquisition liability	**15**	884	14,933
Changes in working capital and provisions:			
Trade and other receivables	**9**	1,508	(57,562)
Affiliate receivables	**20**	(659)	(192)
Prepaid expenses		146	(229)
Trade and other payables	**13**	(5,727)	6,594
Cash generated from operations		**140,019**	**276,448**
Interest received	**14**	6,429	2,035
Interest paid	**14**	(26,175)	(26,347)
Net cash from operating activities		**120,273**	**252,136**
INVESTING ACTIVITIES			
Payments for property and equipment	**6, 7, 8**	(52,113)	(123,887)
Purchases of short-term investments	**10**	-	(117,680)
Maturity of short-term investments	**10**	6,779	-
Net cash used in investing activities		**(45,334)**	**(241,567)**
FINANCING ACTIVITIES			
Repayments of debt	**14**	(7,000)	(3,500)
Repurchase of company bonds	**14**	(34,189)	-
Payments of share acquisition liability	**15**	-	(46,869)
Payments of lease liabilities	**16**	(299)	(295)
Shareholders' distributions	**12**	(24,516)	(21,759)
Net cash used in financing activities		**(66,004)**	**(72,423)**
Net increase (decrease) in cash and cash equivalents, and restricted cash		**8,935**	**(61,854)**
Cash and cash equivalents, and restricted cash at beginning of the period		143,901	205,755
Cash and cash equivalents, and restricted cash at end of the period	**11**	**152,836**	**143,901**
Restricted cash	**11**	20,805	22,595
Noncash capital expenditures in liabilities at period end		5,334	14,372

See accompanying Notes to the Consolidated Financial Statements

HKN ENERGY III, LTD.

Consolidated Statements of Changes in Equity

Years ended December 31, 2023 and 2022

In thousands of US dollar

	Note	Share capital	Additional paid-in capital	Retained earnings	Equity attributable to HKN Energy III, LTD.	Noncontrolling interest	Total equity
Total equity as of January 1, 2022		**1**	**149,381**	**46,446**	**195,828**	**178,238**	**374,066**
Profit for the period	**12**	-	-	118,355	118,355	69,527	**187,882**
Unrealized gain on short-term investments	**10**	-	-	10	10	5	**15**
Total comprehensive income		**-**	**-**	**118,365**	**118,365**	**69,532**	**187,897**
Shareholders' distributions	**12**	-	-	(70,303)	(70,303)	(62,177)	**(132,480)**
Total equity as of December 31, 2022		**1**	**149,381**	**94,508**	**243,890**	**185,593**	**429,483**
Total equity as of January 1, 2023		**1**	**149,381**	**94,508**	**243,890**	**185,593**	**429,483**
Profit for the period	**12**	-	-	20,872	20,872	15,649	**36,521**
Unrealized gain on short-term investments	**10**	-	-	76	76	36	**112**
Reclassification adjustment for gain on short-term investments to finance income	**10**	-	-	(86)	(86)	(41)	**(127)**
Total comprehensive income		**-**	**-**	**20,862**	**20,862**	**15,644**	**36,506**
Shareholders' distributions	**12**	-	-	-	-	(27,742)	**(27,742)**
Total equity as of December 31, 2023		**1**	**149,381**	**115,370**	**264,752**	**173,495**	**438,247**

At December 31, 2023 and 2022, there were 200,000 common shares authorized at a $0.01 par value, with 100,000 common shares issued and outstanding. As of December 31, 2023 and 2022, the Company held no treasury shares.

See accompanying Notes to the Consolidated Financial Statements

(1) Formation and Nature of Operations

HKN Energy III, Ltd. (HKN III or the Company) is incorporated in the Cayman Islands and was formed on April 22, 2021. The registered office is at Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

HKN III was created as part of a restructuring of the ownership of HKN Energy Ltd. (HKN Energy). Prior to the reorganization, HKN Holding Ltd. was the owner of HKN Energy's Class A common shares, representing an approximately 68% ownership interest in HKN Energy. The principal activity of HKN Energy is the exploration, development, and production of oil in the Kurdistan Region of Iraq (KRI).

Management has accounted for the reorganization as a combination of entities under common control, as the combining entities are ultimately controlled by the same party both before and after the combination.

Reorganization details and results

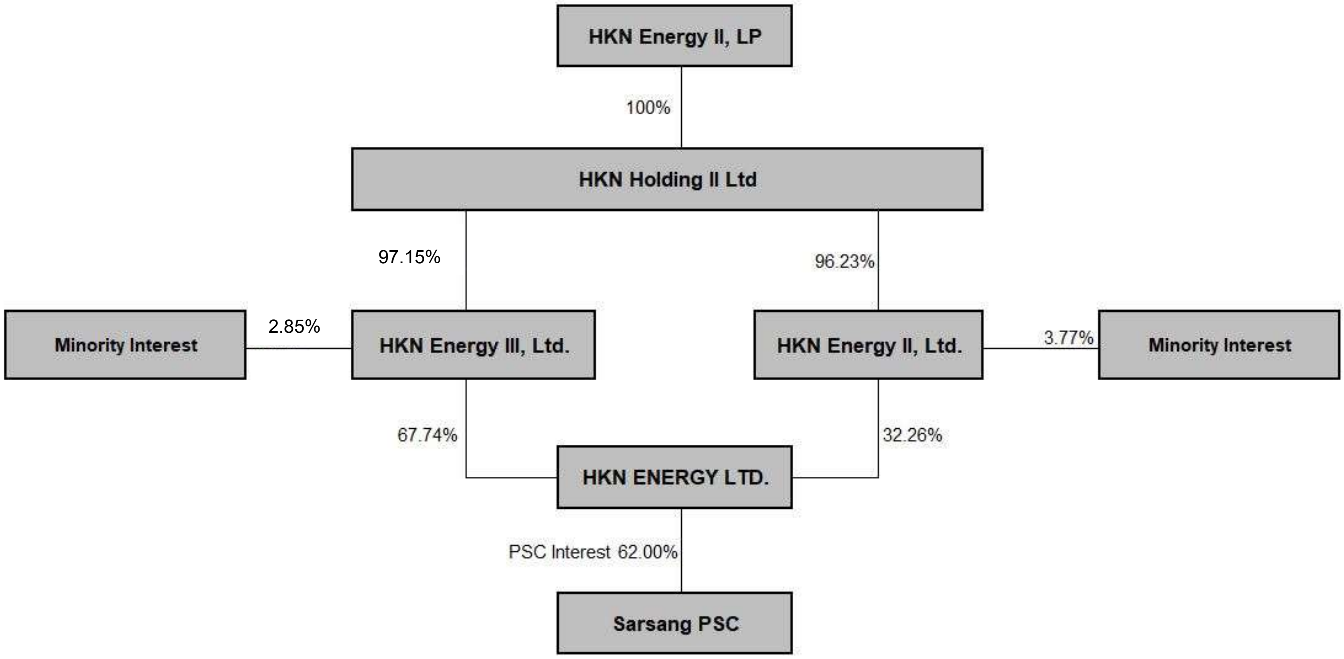
Through a series of transaction steps consummated on May 27, 2021, HKN III acquired 100% of the class A shares of HKN Energy, representing an approximately 68% (voting and economic) ownership in HKN Energy. The 32% noncontrolling interest in HKN Energy is owned, before and after the reorgnization, by HKN Energy II, Ltd.

To effectuate such transactions, HKN III performed the following:

- Received a $10 million capital contribution from parent company HKN Holding II (UK);
- Issued $100.0 million in bonds (see further discussion in note 14);
- Acquired the noncontrolling interest previously held in HKN Holding Ltd. by Kerogen Capital No. 7 Limited (Kerogen) for $80.0 million in cash, deferred payments of $95.0 million, and contingent deferred payments of up to $25.0 million (see further discussion in note 15);
- Received 100% of the equity ownership in HKN Holding Ltd. from its parent company, HKN Holding (UK) II, Ltd.

As a result of these transactions, HKN Holding Ltd. was merged into HKN III and then dissolved. HKN III now owns the Class A shares of HKN Energy and the dividend stream from those shares will be used to pay its outstanding obligations and return capital to its shareholders.

A graph of the HKN III ownership structure is presented below for reference:



HKN Energy Nature of Operations

In November 2007, HKN Energy entered into a Production Sharing Contract (PSC) with the Kurdistan Regional Government (KRG) for the Sarsang block in the northern KRI. A joint operating agreement (JOA) between HKN Energy and Shamaran Sarsang A/S (Shamaran) governs joint operations in the Sarsang block. Under the Sarsang PSC, HKN Energy and Shamaran (together, the Contractor entities) bear the risks and costs of exploration, development, and production activities at their respective working interest percentages. HKN Energy has a working and production sharing interest (PSC interest) of 77.5% and 62%, respectively, and Shamaran has a working and PSC interest of 22.5% and 18%, respectively. The remaining 20% of the production sharing interest per the PSC is retained by the KRG. Proceeds from the sale of crude oil are distributed among the contractor entities and the KRG as follows:

(a) The KRG is entitled to royalties of 10% of production from the Contract Area, in cash or in kind. The remaining production is referred to as available crude oil or available gas,

(b) Each contractor entity is entitled to recover costs incurred in the conduct of petroleum operations in the amount of their working interest applied to 43% of all available production,

(c) Each contractor entity's share of remaining petroleum revenues (profit petroleum) is equal to the amount of their PSC interest applied to a range of 15% to 35%, based upon an "R" factor where "R" equals cumulative revenues divided by cumulative costs,

(d) Each contractor entity is required to pay 20% of their profit petroleum entitlement to the KRG as a capacity building fund payment.

The Company's revenue entitlement percentage of Sarsang block crude oil sales proceeds for the years ended December 31, 2023 and 2022 was 38.9%.

The Company faces specific risks related to HKN Energy doing business in the KRI as a result of the historical, legal, and financial position of the KRG and its relationships with the Federal Government of Iraq and other neighboring countries. These include, but are not limited to, the following risks and uncertainties.

- The Iraq-Turkey pipeline was shut in on March 25, 2023, following reports of a favorable ruling for Iraq in its arbitration case against Turkey which dates to 2014. The pipeline remains closed as officials in Iraq and Turkey work through political and logistical issues for a restart of exports of crude oil from the KRI. Since the closure of the Iraq-Turkey pipeline, all of HKN's crude oil sales have been made to local refineries in the KRI under short-term contracts.

- In 2012, the then Federal Minister of Oil (MoO) filed suit against the KRG, claiming the KRG's Oil and Gas Law is unconstitutional. The Iraq Federal Supreme Court (FSC) handed down a majority judgment on February 15, 2022 that purported to deem the oil and gas law regulating the oil industry in the KRI unconstitutional. The Company was not a party to that court action. Following the FSC ruling, the KRG issued a statement stating that the ruling was 'unjust, unconstitutional, and violates the rights and constitutional authorities of the Kurdistan Region', also stating that it 'will take all constitutional, legal, and judicial measures to protect and preserve all contracts made in the oil and gas sector.' The Company also notes reports of decisions made in absentia on July 4, 2022 in the Baghdad Commercial Court against the Company and several International Oil and Gas companies (IOCs) operating in the KRI. Any such decision was made without the Company having formal legal representation. Despite the reported July 4 decisions, the Company has not been formally notified or served with any judgment – a requirement under Iraqi law. Without being served or formally notified of any judgment, the Company has no comment on the contents of any purported judgment. The PSC that the Company is a party to was signed with the KRG and is governed by English law with an arbitration provision calling for any dispute regarding the validity of the PSC to be heard before a panel of arbitrators governed by the London Court of International Arbitration. The Company continues to monitor the situation closely. The Company cannot currently estimate the potential implications, if any, of the FSC ruling but it could materially impact future operations and financial results.

(2) Summary of Significant Accounting Policies

(a) Statement of Compliance

The consolidated financial statements for the years ended December 31, 2023 and 2022 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the International Accounting Standards Board (IASB). The consolidated financial statements were authorized for issuance by management on March 22, 2024.

(b) Basis of Accounting

The consolidated financial statements have been prepared under the historical cost basis. The principal accounting policies adopted are set out below.

The Company consolidates the financial results of HKN Energy as a result of its controlling interest in HKN Energy.

(c) Going Concern

The Company regularly evaluates its financial position, cash flow forecasts and its compliance with financial covenants through financial modeling and assessing the model outputs from multiple scenarios with different oil price, production, expenditure and cash receipt variables. The Company has unrestricted cash balances totaling $132.0 million at December 31, 2023 and is significantly above the minimum requirements with regard to equity ratio and minimum liquidity covenant. The Company's financial forecasts and models incorporating downside cases with regard to oil prices and cash receipts show sufficient financial resources to continue as a Going Concern for the foreseeable future.

(d) Joint Arrangements

The Company is engaged in oil exploration, development and production through an unincorporated joint arrangement, which is classified as a joint operation in accordance with IFRS 11 *Joint Arrangements*. In its financial statements, the Company accounts for its share of the related revenues in accordance with the distribution of oil sales proceeds required under the Sarsang PSC (see note 1). The Company accounts for its share of the expenses, assets and liabilities based on its working interest, which reflects the Company's contractual rights under the arrangement. In addition, where the Company acts as operator to the joint operation, the gross liabilities and receivables (including amounts due to or from non-operating partner) of the joint operation are included in the Company's statement of financial position (see notes 9 and 13).

(e) Use of Judgments and Estimates

In preparing these consolidated financial statements, management has made judgments and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

(i) Judgments

The following are the critical judgments, apart from those involving estimations (which are presented separately below), that management has made that have the most significant effect on the amounts recognized in the consolidated financial statements.

Revenue Recognition

The recognition of revenue is considered to be a key accounting judgment. In order for a contract to exist and be in the scope of IFRS 15, it has to be probable that the Company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. The assessment of whether collection of consideration from the KRG is probable is based on management's evaluation of the reliability of the KRG's payments to the IOCs operating in the KRI.

See further information regarding revenue recognition in note 2(g).

(ii) Assumptions and Estimation Uncertainties

Information about assumptions and estimation uncertainties at December 31, 2023 and 2022 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following areas:

Impairment of oil properties

In line with the Company's accounting policy on impairment (see note 2(j)), management performs an impairment indicator evaluation at the end of each reporting period. If external or internal indicators of impairment are identified, management performs an impairment review of the Company's oil properties. The key assumptions used in the impairment review are subject to change based on market trends and economic conditions.

The Company's sole cash generating unit at December 31, 2023 and 2022 was its ownership in HKN Energy. HKN Energy's sole cash generating unit at December 31, 2023 and 2022 was the Sarsang block with a carrying value of $432.0 million and $467.8 million, respectively. The Company performed an impairment indicator evaluation as of December 31, 2023 and December 31, 2022 considering relevant factors such as global oil prices, expected future production and potential changes to future development plans. Given the current operating environment, the Company has assessed the assets for impairment based on forecasted future cash flows, which indicated no impairment as of December 31, 2023. No impairment indicators arose for the reporting period ended December 31, 2022.

Expected Credit Loss

As of December 31, 2023, the Company has outstanding receivables owed from the KRG, dating to periods before the Iraq-Turkey pipeline closure. In accordance with IFRS 9 *Financial Instruments,* management has compared the carrying value of these receivables with the present value of the estimated future cash flows based on a discount rate of 12.04% and expected timing of repayment. The expected credit loss (ECL) has been recorded as impairment expense in the accompanying statement of comprehensive income. See note 9 for further discussion.

(f) Foreign Currencies

For the purpose of the financial statements, the results and the financial position of the Company are expressed in US dollar, which is the functional currency of the Company, and the presentation currency for the financial statements.

Transactions in foreign currencies are recorded at the rates of exchange prevailing on the dates of the transactions. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position date. Gains and losses arising on retranslation are included in the statement of comprehensive income for the year.

(g) Revenue Recognition

IFRS 15 applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers. A contract exists and is in the scope of IFRS 15 when the contract is legally enforceable and certain criteria, including collectability, are met. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

As disclosed in note 2(e)(i), management assesses whether collection of the consideration that the Company expects to be entitled to is probable based on its evaluation of the reliability of the KRG's payments to the IOCs operating in the KRI. The Company recognizes revenue according to the sales method, which is based on the volumes sold at the delivery point agreed to in the sales contract.

Since the closure of the Iraq-Turkey pipeline, the contractors' entitlement of crude oil is sold entirely to local refineries at the delivery point agreed to in the sales contract. The transaction price is defined per the contract and the consideration for deliveries in a given month is specifically allocated to the delivery of crude oil in that month. The Company recognizes revenue at the delivery point, when the purchaser obtains control of the product, and its performance obligation is satisfied.

The Company records revenue in the month production is delivered based upon actual production deliveries and known pricing. As such, for the years ended December 31, 2023 and 2022, there was no revenue recognized in the reporting period related to performance obligations satisfied in prior reporting periods.

Performance obligations under the Company's contract are typically satisfied at a point-in-time through delivery of each unit (barrel) of oil. Once performance obligations have been satisfied, payment is considered unconditional. Accordingly, the Company's contracts do not give rise to contract assets or liabilities. There is no significant financing component to the Company's revenue contract.

(h) Property and Equipment – Oil Properties

The Company follows the successful efforts method of accounting for exploration and evaluation (E&E) costs. HKN Energy transferred all E&E costs associated with successful discovery of commercial reserves to Property and Equipment – Oil Properties upon entering the development phase of the

Sarsang PSC in 2014. As of December 31, 2023 and for all periods presented, the Company's oil properties are in the development phase.

All costs associated with the development of oil fields are capitalized and included in Property and equipment – oil properties on the accompanying statements of financial position. For accounting purposes, an oil field is considered to enter the development phase when the technical feasibility and commercial viability of extracting oil from the field are demonstrable. Property is recognized at historical cost and adjusted for accumulated depletion and impairment charges. The carrying amount of oil properties as stated in the accompanying statements of financial position represents the cost less accumulated depletion and impairment charges.

Development and production assets represent the cost of developing commercial reserves discovered and bringing them into production, together with the E&E expenditures incurred in finding commercial reserves transferred from intangible E&E assets as outlined above.

Geological and Geophysical Costs

All geological and geophysical expenses were capitalized within Oil Properties during 2023 and 2022, as the Company was in the development phase of the Sarsang PSC.

Capitalized Interest

The Company capitalizes interest expense related to debt incurred to finance the construction of qualifying assets prior to the assets being placed in service. A qualifying asset is an asset that takes more than one year to be ready for its intended use. The Company uses a weighted average interest rate (annual interest expense on debt divided by total principal balance) to determine the amount of interest to be capitalized.

Depletion of Oil Properties

Producing assets are depleted generally on a PSC-wide basis using the unit-of-production basis of accounting which uses the ratio of oil production in the period to the remaining commercial reserves plus the production in the period. Under the unit of production method, depletion of oil producing assets commences upon initial commercial production. Costs used in the calculation comprise the carrying value of the field, and any further anticipated costs to develop such reserves.

Commercial reserves are proven (1P) reserves.

(i) Other Property and Equipment

Other property and equipment, which consist of containers, automobiles, leasehold improvements, office furniture, and other equipment not associated with the exploration, development, and production of oil reserves, are recognized at cost and depreciated on a straight line basis over the estimated useful lives. The carrying amount of other property and equipment as stated in the accompanying consolidated statements of financial position represents the cost less accumulated depreciation charges and any accumulated impairment losses.

The estimated useful lives are as follows:

Containers	7 Years
Automobiles	5 Years
Leasehold improvements	1-6 Years
Office furniture	5 Years
Other equipment	3-5 Years

Gain or loss arising from the derecognition of other property and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item and recognized in other operating income/expenses in the statement of comprehensive income.

(j) Impairment of Non-Financial Assets

The carrying amounts of the Company's oil assets and other property and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs of disposal. For value in use, the estimated future cash flows arising from the Company's future plans for the asset are discounted to their present value using a pre-tax discount rate that reflects market assessments of the time value of money and the risks specific to the asset. For fair value less costs of disposal, an estimation is made of the fair value of consideration that would be received to sell an asset less associated selling costs.

Assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (cash generating unit). The Company has one cash generating unit (HKN Energy's ownership of the Sarsang block), therefore has one asset grouping for impairment purposes.

The estimated recoverable amount is then compared to the carrying value of the asset. Where the estimated recoverable amount is lower than the carrying value of the asset, an impairment loss is recognized. Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(k) Inventory

Inventory consists of amounts paid toward ownership of well equipment, parts, and supplies, which the Company plans to use in its ongoing exploration and development activities in the KRI and which are carried at the lower of cost and realizable value.

(l) Financial Instruments

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

Financial assets and liabilities are recognized on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instruments.

(i) Cash and cash equivalents, and restricted cash

Cash and cash equivalents include cash in hand, deposits held on call with banks, other short-term highly liquid investments including US Treasury bills with maturities of 3 months or less and the Company's share of cash held in joint operations. Restricted cash represents cash balances held in debt service reserve accounts pursuant to the Company's debt agreements (see note 14).

(ii) Trade and other receivables

The majority of trade and other receivables are due from the KRG and local purchasers for oil sales, and from co-venturers, both of which are recorded at invoiced amounts and do not bear interest. Trade and other receivables are subsequently measured at amortized cost, less any impairment.

The Company recognizes loss allowances for expected credit losses (ECLs) on financial assets measured at amortized cost. For accounts receivable, the Company applies a simplified approach in calculating ECLs and recognizes a loss allowance based on lifetime ECLs at each reporting date. The carrying amount of these assets in the consolidated statements of financial position is stated net of any loss allowance.

The Company considers that the carrying amount of trade receivable approximates their fair value.

(iii) Short Term Investments

Short-term investments are measured at fair value through other comprehensive income. These investments include US Treasury bills and notes with maturities greater than 3 months but within one year from the date of purchase.

(iv) Trade and other payables

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost. The Company considers that the carrying amount of trade payables approximates their fair value.

(v) Interest-bearing liabilities

All interest-bearing liabilities are recognized initially at fair value, net of any discount in issuance and transaction costs incurred. Liabilities are subsequently carried at amortized cost. Fees paid on the establishment of loan facilities are recognized as debt issuance costs when the drawdown of the loan occurs. Any difference between the proceeds (net of debt issuance costs) and the redemption value is recognized as interest expense (finance costs) in the statement of comprehensive income using the effective interest method.

(vi) Derivative financial instruments

HKN Energy from time to time enters into derivative financial instruments in order to manage its exposure to oil price risk. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss. These instruments have not been designated as hedging instruments.

The Company did not have any derivatives for the years ended December 31, 2023 and 2022.

(vii) Offsetting

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(viii) Kerogen share acquisition liability

The Kerogen share acquisition liability represents a financial liability measured at amortized cost. Finance expense is calculated based upon the effective interest method. The amortized cost of the financial liability is adjusted in the period of change to reflect changes in the timing or amount of estimated cash flows, with a corresponding recognition of income or expense in the consolidated statement of comprehensive income.

(m) Fair Value Measurements

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

(n) Provisions

Provisions are recognized when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the Company’s best estimate of the expenditure required to settle the obligation at the statement of financial position date and are discounted to present value where the effect is material. At December 31, 2023 and 2022, the Company had only made provision for decommissioning costs.

Decommissioning

Provision is made for the cost of decommissioning assets at the time when the obligation to decommission arises. Such provision represents the estimated discounted liability for costs which are expected to be incurred in removing production facilities and site restoration at the end of the producing life of each field. A corresponding cost is capitalized to oil properties and subsequently depreciated as part of the capital costs of the production facilities. Any change in the present value of the estimated expenditure attributable to changes in the estimates of the cash flow or the current estimate of the discount rate used are reflected as an adjustment to the provision. The accretion of the discounted liability is included in Depletion, Depreciation and Amortization within Cost of Sales in the consolidated statement of comprehensive income.

Decommissioning provisions are recognized at the present value of expected future cash flows, discounted using a pre-tax discount rate. The discount rate is updated at each statement of financial position date, if necessary, and reflects the risks inherent in the asset.

(o) Leases

IFRS 16 outlines the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Upon commencement of a lease, the lessee recognizes a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term (right-of-use asset or RoU asset). Lessees are required to separately recognize interest expense on the lease liability and depreciation expense on the RoU asset.

The RoU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The RoU asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if the rate cannot be readily determined, the Company’s incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently measured at amortized cost by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index rate, or if there is a change in the Company’s estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases or low value items, and instead recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As of December 31, 2023, the Company’s accompanying statement of financial position includes RoU assets, net of accumulated depreciation, of $8.2 million ($10.5 million assets net of $2.5 million depreciation included in oil properties and $1.4 million assets net of $1.2 million depreciation included in other property and equipment) and lease liabilities of $0.2 million ($0.1 million current and $0.1 million non-current). As of December 31, 2022, the Company’s accompanying consolidated statement of financial position includes RoU assets, net of accumulated depreciation, of $8.8 million ($10.5 million assets net of $2.1 million depreciation included in oil properties and $1.3 million assets net of $0.9 million depreciation included in other property and equipment) and lease liabilities of $0.4 million ($0.3 million current and $0.1 million non-current).

(p) Taxes

The income tax basis results of realized operations of the Company are included in the United States federal income tax returns of the individual shareholders. Due to the nature of the Company's activities and its organization as a Cayman company limited by shares, state income taxes are generally not imposed on the Company. As such, no provision or credit for federal or state income taxes is recorded in the accompanying financial statements. The Company's tax returns and the amount of allocable income or loss are subject to examination by United States taxing authorities.

HKN Energy files an annual tax return with the KRG that has resulted in no tax liability owed to the KRG through the date of this report.

Under the terms of the Sarsang PSC, payment of any corporate income tax assessed in the KRI is to be paid by the KRG for the account of the Company and its co-venturer from the KRG's share of profit petroleum.

(q) Standards Issued but Not Applicable or Not Yet Effective

The following new and amended standards are effective for annual periods beginning on 1 January 2023 and earlier application is permitted; however, the Company has not adopted the new or amended standards in preparing these financial statements as they are not applicable for 2022 or 2023.

- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts
- Disclosure of Accounting Policies (Amendments to IAS 1)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12)

The following new and amended standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements, as the Company does not expect them to have a significant impact on the Company's financial statements or does not expect them to be applicable to the Company when they become effective.

- Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
- General Requirements for Disclosure of Sustainability-related Financial Information (IFRS S1) and Climate-related Disclosures (IFRS S2)
- Lack of Exchangeability – Amendments to IAS 21

(3) Revenue

In thousands of US dollar	**2023**	**2022**
Revenue		
Oil sales……	203,326	414,001
	203,326	**414,001**

Historically, the Company has sold 100% of its production volumes to the KRG. Since the closure of the Iraq-Turkey pipeline on March 25, 2023, the Company has sold crude oil to local purchasers in the KRI under short-term contracts. During the year ended December 31, 2023, $81.3 million of oil sales revenue was attributable to the KRG and $122.0 million was attributable to local purchasers.

(4) Cost of Sales

In thousands of US dollar	**2023**	**2022**
Cost of Sales		
Operating expenses……	37,476	41,665
Production bonus……	-	15,500
Total operating expenses……	37,476	57,165
Depletion, depreciation and amortization……	82,060	90,986
Transportation costs……	4,537	9,180
	124,073	**157,331**

Operating expenses include expenses related to the production of oil including operating and maintenance of facilities and well intervention activities.

Depletion, depreciation and amortization includes unit of production depletion of oil properties (see note 2(h)), straight-line depreciation of other property and equipment (see note 2(i)), accretion expense on decommissioning provision (see note 2(n)), and depreciation of RoU assets recognized under IFRS 16 *Leases* (see note 2(o)).

Transportation costs include trucking and unloading expenses related to delivery of the Company's proportionate share of entitled oil production to the sales location and is incurred prior to the delivery point.

(5) General and Administrative Expenses

In thousands of US dollar	**2023**	**2022**
General and administrative expenses		
Personnel costs	9,215	10,947
Legal and consulting	2,782	3,304
Office and apartment rent, security and supplies	3,360	3,829
Travel costs	649	787
Other general and administrative expenses	1,086	840
	17,092	**19,707**

Personnel costs of $9.2 million and $10.9 million in 2023 and 2022, respectively, include salaries, bonuses, employer's payroll tax expenses, deferred compensation, and other miscellaneous costs.

(6) Property and Equipment – Oil Properties

In thousands of US dollar	**December 31, 2023**	**December 31, 2022**
Oil assets		
Beginning balance	780,898	659,265
Additions	43,382	114,436
Capitalized interest	-	1,385
Decommissioning provision additions	598	5,812
Balance at period end	**824,878**	**780,898**
Accumulated depletion and impairment		
Beginning balance	(313,056)	(224,037)
Depletion charge	(79,361)	(88,522)
Depreciation of RoU assets	(497)	(497)
Balance at period end	**(392,914)**	**(313,056)**
Carrying value - oil assets		
Beginning balance	467,842	435,228
Balance at period end	431,964	467,842

The carrying value of oil assets at December 31, 2023 and 2022 is comprised of property, plant and equipment relating to the Sarsang block and has a carrying value of $432.0 million and $467.8 million, respectively.

Oil properties additions during 2023 and 2022 primarily include costs for the drilling, stimulation and completion of wells and the equipment and construction of production facilities.

For the year ended December 31, 2022, $1.4 million of interest expense was capitalized within oil properties in relation to debt incurred to finance the construction of PP&E assets (see discussion of accounting policy in note 2(h)). The Company used a weighted average interest rate (annual interest expense on debt divided by total principal balance) to determine the amount of interest to be capitalized. In 2023, the Company no longer capitalized interest once the assets were placed in service.

For each of the reporting periods presented, the depletion charges and depreciation of RoU assets have been included in Depletion, Depreciation and Amortization within Cost of Sales on the accompanying statements of comprehensive income (see note 4). The carrying values of oil properties are depreciated on a PSC-wide basis using the unit-of-production basis. RoU assets are depreciated on a straight-line basis over the lifetime of their underlying asset.

For details of the key assumptions and judgments underlying the impairment assessment, refer to note 2(e) – Use of Judgments and Estimates.

(7) Other Property and Equipment

In thousands of US dollar	December 31, 2023	December 31, 2022
Acquisition cost		
Beginning balance	12,234	10,572
Additions	439	1,662
RoU asset additions/remeasurement	118	-
Balance at period end	**12,791**	**12,234**
Accumulated depreciation and impairment		
Beginning balance	(8,048)	(6,555)
Depreciation charge	(1,353)	(1,242)
Depreciation of RoU Assets	(255)	(251)
Balance at period end	**(9,656)**	**(8,048)**
Carrying value		
Beginning balance	4,186	4,017
Balance at period end	3,135	4,186

Additions to Other Property and Equipment include assets such as containers, housing, computers, and other equipment not directly associated with the exploration and development of the Sarsang block. Assets in Other Property and Equipment are depreciated on a straight-line basis.

(8) Inventory

In thousands of US dollar	December 31, 2023	December 31, 2022
Inventory		
Warehouse stocks and materials	17,706	19,069
	17,706	**19,069**

Inventory consists of amounts paid toward ownership of well equipment, parts, and supplies, which the Company plans to use in its ongoing development activities in the Sarsang Block in the KRI and which are carried at recoverable cost. $4.7 million and $9.2 million of additions to inventory were included in purchases of property and equipment on the accompanying consolidated statements of cash flows for the years ended December 31, 2023 and 2022, respectively.

(9) Trade and Other Receivables

In thousands of US dollar	December 31, 2023	December 31, 2022
Trade and other receivables		
Receivables from oil sales	173,141	183,835
Receivables from transportation costs	3,556	5,995
Receivables from co-venturer	4,078	4,827
Other receivables	487	116
	181,262	**194,773**
Less impairment allowance	-	(12,334)
Less expected credit loss allowance	(6,793)	-
	174,469	**182,439**

Receivables from oil sales: The majority of accounts receivable are from oil sales to the KRG of $130.5 million and to local purchasers for December oil sales of $42.6 million. With the exception of September 2022 through March 2023, the Company markets oil on behalf of its co-venturer, and as such also carries the co-venturer's receivable on the accompanying statements of financial position. A corresponding payable of $9.7 million and $9.5 million at December 31, 2023 and 2022, respectively, was recorded in revenues payable within trade and other payables (see note 13).

Receivables from transportation costs: Prior to the Iraq-Turkey pipeline shutdown, the Company incurred transportation and oil unloading expenses to deliver oil produced from its wellsite facilities to the sales location, which is an injection facility linked to the KRG export pipeline. The KRG's share of this cost proportionate to their entitled production as participant to the PSC is recorded as a receivable.

Receivables from co-venturer: The Company's co-venturer is billed monthly for their portion of forecasted capital spending in advance, with amounts due from or owed to the co-venturer from the previous month netted against the current funding request. At December 31, 2023 and 2022, the amount of receivables due from the Company's co-venturer exceeded the amount of cash advances paid, resulting in a net receivable position of $4.1 million and $4.8 million, respectively, included within trade and other receivables on the accompanying consolidated statements of financial position.

Other receivables: Other receivables at December 31, 2023 and 2022 consisted primarily of interest receivable on cash invested in money market accounts.

Impairment allowance: At December 31, 2022, a $12.3 million impairment allowance was recorded due to a price adjustment implemented by the KRG that was not in accordance with the effective sales contract. This impairment allowance and associated receivable was written off in 2023 as management believes collection of these receivables is highly unlikely.

Expected credit loss allowance: An impairment allowance related to expected credit loss of $6.8 million was recorded at December 31, 2023 to account for the change in the present value of receivables owed from the KRG. As the Company was not marketing oil on behalf of its co-venturer for all amounts owed by the KRG, the $6.8 million allowance represents the Company's net share of the expected credit loss. The Company expects to fully recover the receivable balance of $134.1 million, but the terms of recovery are not determined. An explanation of the assumptions and estimates in assessing the net present value of the oil sales receivables are provided in note 2(e)(ii).

All accounts receivable are recorded at invoiced amounts and do not bear interest.

(10) Short Term Investments

In May 2022, HKN Energy purchased US Treasury bills and notes with maturities within one year from the date of purchase, which were recorded as short-term investments on the accompanying consolidated statements of financial position. In August 2022, the Company distributed $110.7 million in short-term investments to its shareholders. As the Company had distributed a portion of these securities and could have distributed the remainder of these securities to shareholders rather than holding to maturity, in accordance with IFRS 9 *Financial Instruments*, the securities were measured at fair value with the change in fair value presented as unrealized gain on short-term investments within other comprehensive income on the accompanying consolidated statements of comprehensive income. In May 2023, the US Treasury bills and notes reached maturity. The realized gain has been recorded within finance income on the accompanying statements of comprehensive income.

In thousands of US dollar	**December 31, 2023**	**December 31, 2022**
Short-term investments		
Beginning balance	6,667	-
Maturity of 1-year US Treasury securities	(6,779)	117,680
Distribution of 1-year US Treasury securities	-	(110,721)
Realized gain on securities matured	127	(307)
Change in fair value of securities	(15)	15
Balance at period end	**-**	**6,667**

(11) Cash and Cash Equivalents and Restricted Cash

In thousands of US dollar	**December 31, 2023**	**December 31, 2022**
Cash and cash equivalents		
Cash in bank accounts and on hand	2,057	733
Cash in money market investment accounts	90,026	24,787
Cash equivalents (US Treasury Securities with 3 month maturity)	39,948	95,786
	132,031	**121,306**
Restricted cash		
Restricted cash	20,805	22,595
	20,805	**22,595**

See note 14 for information on the restricted cash balance.

In 2023 and 2022, the Company purchased US Treasury bills with original maturities of three months or less. These securities had a fair value of $39.9 million and $95.8 million at December 31, 2023 and 2022, respectively, and are included as cash and cash equivalents on the accompanying consolidated statement of financial position. The change in fair value at the end of each reporting period is recorded as finance income or finance expense on the accompanying consolidated statement of comprehensive income.

(12) Shareholders' Equity

(a) Share Transactions

During the year ended December 31, 2023, HKN Energy III Ltd. (unconsolidated) received a total of $51.5 million in cash distributions from HKN Energy Ltd. $6.8 million in distributions from HKN Energy Ltd. were declared but not yet paid as of December 31, 2023 and were recorded as distributions receivable in the accompanying statement of financial position. There were no other share transactions during the period ended December 31, 2023.

During the year ended December 31, 2022, HKN Energy III Ltd. (unconsolidated) received a total of $130.6 million in distributions from HKN Energy Ltd. in the form of cash and short-term investments. HKN Energy III Ltd. (unconsolidated) made a total of $70.3 million in distributions to its common shareholder in the form of cash and short-term investments during the year ended December 31, 2022.

(b) Noncontrolling Interest

The Company has a noncontrolling interest representing the equity of HKN Energy II Ltd.'s ownership interest in the Class B shares of HKN Energy (approximately 32% ownership of HKN Energy Ltd.). HKN III and HKN Energy II Ltd. have the same parent entity, HKN Holding II (UK) Ltd. The comprehensive income attributable to the noncontrolling interest represents the HKN Energy comprehensive income for the period multiplied by HKN Energy II Ltd.'s approximately 32% ownership interest of HKN Energy. For the year ended December 31, 2023 and 2022, comprehensive income attributable to the noncontrolling interest was $15.6 million and $69.5 million, respectively. HKN Energy II Ltd. made a total of $11.6 million in cash distributions to its common shareholders during the year ended December 31, 2023 and a total of $62.2 million in distributions to its common shareholders in the form of cash and short-term investments during the year ended December 31, 2022.

(13) Trade and Other Payables

In thousands of US dollar	**December 31, 2023**	**December 31, 2022**
Trade and other payables		
Accounts payable	13,927	24,773
Revenues payable	9,736	9,452
Transportation payable	321	2,598
Accrued expenses		
Compensation payable	3,921	6,324
Accrued interest	3,828	5,020
PSC obligations	20,741	20,399
Other accrued expenses	621	486
	53,095	**69,052**

Accounts payable comprise invoices due to suppliers and are normally settled within 30 days. Compensation payable consists primarily of bonuses payable, which are settled subsequent to the date of the financial statements. Accrued interest relates to debt payable (see note 14). Other accrued expenses primarily include payables to related affiliates for general and administrative services (see note 20).

(14) Debt and Finance Income/Expenses

On May 26, 2021, the Company closed on a four-year unsecured Nordic bond of $100 million with semi-annual interest payments at a coupon rate of 12%. The bond matures on May 26, 2025. For the year ended December 31, 2023, the Company repurchased and retired Nordic bonds with a par value of $4.9 million. Per the bond terms the Company has funded an account with the Debt Service Reserve Requirement, which equals 24 months of interest due on the bond. The Company is to use the funds in this account to pay interest on the bond as it becomes due. Therefore, the Company had $12.2 million in a debt service reserve for the bond included as restricted cash on the accompanying consolidated statement of financial position at December 31, 2023.

On May 5, 2020, HKN Energy closed on a nine-year loan of $49 million from the United States International Development Finance Corporation (DFC). The loan matures on May 15, 2029. HKN Energy received the first installment payout of $37.5 million on May 27, 2020. The first installment bears interest at a rate of 6.86% (5.75% stated interest rate plus a 1.11% rate necessary to fund the loan through the marketing of the lender's certificates of participation). HKN Energy received the second and final installment payout of $11.5 million on January 27, 2021. The second installment bears interest at a rate of 6.55% (5.75% stated interest rate plus a 0.80% rate necessary to fund the loan through the marketing of the lender's certificates of participation).

Per the loan terms, HKN Energy must establish an account and keep it funded up to the Debt Service Reserve Requirement, which equals amounts due on the loan for the immediately succeeding six months. Therefore, HKN Energy had $4.8 million in a debt service reserve for the loan included as restricted cash on the accompanying consolidated statement of financial position at December 31, 2023.

On March 6, 2019, HKN Energy closed on a five-year unsecured Nordic bond of $100 million with semi-annual interest payments at a coupon rate of 11%. The bond was scheduled to mature on March 6, 2024 but was voluntarily redeemed on January 23, 2024 (see note 21). For the year ended December 31, 2023, HKN Energy repurchased and retired Nordic bonds with a par value of $30.9 million. Per the bond terms, the bond should be on a pari passu basis with any additional debt HKN Energy secures. Therefore, as a result of HKN Energy securing the loan discussed above, HKN Energy had $3.8 million (six months of interest) in a debt service reserve for the bond included as restricted cash on the accompanying consolidated statement of financial position at December 31, 2023.

At December 31, 2023 and 2022, total current and non-current debt, net of debt issuance costs and fees, consisted of the following:

In thousands of US dollar	At December 31, 2023		
	HKN Energy	**HKN III**	**Total**
Debt, net of issuance costs and fees - current			
Debt payable - current	76,100	-	**76,100**
Debt issuance fees	(2,500)	-	**(2,500)**
Debt issuance costs	(463)	-	**(463)**
Amortization of debt issuance costs and fees	2,864	-	**2,864**
	76,001	**-**	**76,001**
Debt, net of issuance costs and fees - non-current			
Debt payable	31,500	95,150	**126,650**
Debt issuance fees	(441)	(2,000)	**(2,441)**
Debt issuance costs	(773)	(181)	**(954)**
Amortization of debt issuance costs and fees	755	1,454	**2,209**
	31,041	**94,423**	**125,464**

In thousands of US dollar	At December 31, 2022		
	HKN Energy	HKN III	Total
Debt, net of issuance costs and fees - current			
Debt payable - current	7,000	-	**7,000**
	7,000	**-**	**7,000**
Debt, net of issuance costs and fees - non-current			
Debt payable	138,500	100,000	**238,500**
Debt issuance fees	(2,941)	(2,000)	**(4,941)**
Debt issuance costs	(1,236)	(181)	**(1,417)**
Amortization of debt issuance costs and fees	2,843	908	**3,751**
	137,166	**98,727**	**235,893**

The following table provides a summary of the Company's principal payments on debt instruments by year they are due:

In thousands of US dollar	
2024	76,100
2025	102,150
2026	7,000
Thereafter	17,500
	202,750

At December 31, 2023 and 2022, accrued interest of $3.8 million and $5.0 million, respectively, was included within Trade and Other Payables on the accompanying consolidated statement of financial position (see note 13). For the years ended December 31, 2023 and 2022, finance income and finance expense consisted of the following:

In thousands of US dollar	2023	2022
Finance income		
Interest income	3,585	1,493
Interest income from US Treasury securities	2,844	542
Realized gain on short-term investments	127	-
Gain on early extinguishment of debt	1,561	-
Change in interest receivable	331	103
	8,448	**2,138**
Finance expense		
Cash payments for interest	(26,175)	(26,347)
Realized loss on short-term investments	-	(307)
Change in interest accrual	1,192	30
Amortization of debt issuance costs and fees	(1,322)	(1,349)
Interest expense on leases	(19)	(27)
Transfer to capitalized interest	-	1,385
	(26,324)	**(26,615)**
Finance expense - change in share acquisition liability	**(884)**	**(14,933)**

(15) Kerogen share acquisition liability

As discussed in note 1, the Company purchased Kerogen's interest in HKN Holding Ltd. on May 27, 2021. The consideration for the sale consisted of a cash consideration of $80.0 million, as well as a $95.0 million Earn-Out Consideration and a $25.0 million Oil Price Contingent Earn-Out Consideration. The Kerogen share acquisition liability represents a financial liability measured at amortized cost. Finance expense is calculated based upon the effective interest method. The amortized cost of the financial liability is adjusted in the period of change to reflect changes in the timing or amount of estimated cash flows, with a corresponding recognition of income or expense in the consolidated statement of comprehensive income.

(a) Earn-Out Consideration

Starting at the end of the third quarter of 2022, the Company was required to pay Kerogen an amount equal to 20% of HKN Energy's total oil sales for the quarter, in respect of HKN Energy's Class A shares participating interest share of crude oil (approximately 68%). The Company shall not make any quarterly payment unless the Company has sufficient funds to meet its obligations to pay any interest or principal amount on bonds, to keep its debt service reserves fully funded, and meet any general and administrative costs in the ordinary course of business. If the Company is not able to pay the full quarterly Earn-Out payment after meeting its aforementioned obligations, the shortfall shall be added to the following quarterly Earn-Out payment due. Additionally, no quarterly Earn-Out payment will be due unless HKN Energy has received payment from the KRG for the corresponding oil sales amount used to calculate the quarterly Earn-Out payment. In this case, the Company will make a proportional payment of the quarterly Earn-Out payment to Kerogen, pro-rata to the portion of the oil sales amount actually paid for by the KRG. The Company will continue to make these quarterly Earn-Out payments to Kerogen until the full $95.0 million Earn-Out Consideration has been paid.

(b) Oil Price Contingent Earn-Out Consideration

The Company is required to pay Kerogen an amount of up to $25.0 million of earn-out consideration contingent upon the price of oil during the Contingent Payment Accrual Period, which is defined as the eight quarters starting from July 1, 2021 and ending June 30, 2023, and paid to Kerogen as earn-out in accordance with the Earn-Out Consideration payment schedule discussed above. The oil price contingent earn-out consideration was fully earned as of the third quarter of 2022.

As of December 31, 2023 and 2022, the Company has accrued a share acquisition liability of $69.1 million ($27.8 million current and $41.3 million non-current) and $68.2 million ($15.4 million current and $52.8 million non-current), respectively, related to the Kerogen share acquisition liability. The change in the Kerogen share acquisition liability of $0.9 million for the period ended December 31, 2023 has been recorded as finance income in the consolidated statement of comprehensive income. As of December 31, 2023, the Company made a total of $46.9 million in payments toward deferred consideration to Kerogen.

In thousands of US dollar	**December 31, 2023**	**December 31, 2022**
Share acquisition liability		
Beginning balance	68,199	100,135
Change in share acquisition liability	884	14,933
Payments to Kerogen	-	(46,869)
Balance at period end	**69,083**	**68,199**
Current portion (within one year)	27,774	15,405
Non-current portion (beyond one year)	41,309	52,794
	69,083	**68,199**

As of December 31, 2023, the Company forecasts the share acquisition liability to be paid out to Kerogen through 2025; however, the timing of payment is subject to future changes based upon the amount of revenue and timing of cash receipts.

(16) Lease Liabilities

As of December 31, 2023, current lease liabilities of $0.1 million and non-current lease liabilities of $0.1 million are included on the accompanying statement of financial position. These lease liabilities are related to the fixed rent component of office space leases. As of December 31, 2022, current lease liabilities of $0.3 million and non-current lease liabilities of $0.1 million are included on the accompanying consolidated statement of financial position. These lease liabilities are related to the fixed rent component of office space leases.

In thousands of US dollar	**2023**	**2022**
Lease liabilities		
Beginning balance	417	685
Remeasurement of lease liability	118	-
Lease payments	(299)	(295)
Interest expense	19	27
Balance at period end	**255**	**417**
Current portion (within one year)	124	286
Non-current portion (two to five years)	131	131
	255	**417**

The identified lease liabilities have no significant impact on the Company's financing or debt covenants. The Company does not have any residual value guarantees. Extension options are included in the lease liability when, based on management's judgment, it is reasonably certain that an extension will be exercised. The Company also has short-term apartment and office leases. Some office leases include a variable rent component. Total payments for short-term leases and the variable rent component of office leases were $0.7 million and $0.8 million for the years ended December 31, 2023 and 2022, respectively, and were recognized within general and administrative expenses.

In thousands of US dollar	**2023**	**2022**
Lease maturity analysis		
Year 1	-	164
Year 2	255	253
Year 3	-	-
Year 4	-	-
Year 5	-	-
	255	**417**
Amounts payable under leases		
Within one year	135	299
Two to five years	134	135
	269	**434**
Less future interest charges	(14)	(17)
Less future remeasurement of lease liability	-	-
Net present value of lease obligations	**255**	**417**

(17) Decommissioning Provisions

In thousands of US dollar	**2023**	**2022**
Decommissioning provisions		
Beginning balance	15,225	8,939
Additions	598	5,812
Accretion expense	594	474
Balance at period end	**16,417**	**15,225**

Provision for decommissioning costs is made in full when the Company has an obligation associated with future plugging and abandonment costs on its oil properties. The amount recognized is the present value of the estimated future expenditure. An amount equivalent to the discounted initial provision for decommissioning costs is capitalized and amortized over the life of the underlying asset on a unit of production basis over proven reserves. Any change in the present value of the estimated expenditure is reflected as an adjustment to the provision and the oil asset.

(18) Financial Instruments – Fair Value and Risk Management

In thousands of US dollar	December 31, 2023	December 31, 2022
Financial assets		
Cash and cash equivalents	132,031	121,306
Restricted cash	20,805	22,595
Trade and other receivables	174,469	182,439
Affiliate receivables	973	314
Short-term investments	-	6,667
	328,278	**333,321**
Financial liabilities		
Trade and other payables	53,095	69,052
Distributions payable	3,226	-
Current and non-current share acquisition liability	69,083	68,199
Current and non-current debt - bonds	153,260	194,293
Current and non-current debt - loans	38,500	45,500
	317,164	**377,044**

Fair values of financial assets, trade and other payables, and distributions payable:

The Company considers that the carrying value of its financial assets excluding short-term investments and the carrying value of its trade and other payables and distributions payable approximates their fair values due to the short-term maturity of these instruments. Short-term investments (see note 10) are marked to fair value using quoted prices that are classified as Level 1 in the fair value hierarchy at the end of each reporting period.

Fair values of debt:

The Company obtained quoted prices for the HKN Energy $69.1 million bond and HKN III $95.2 million bond (see note 14), noting that the bonds were trading at 100.000 percent of par and 88.450 percent of par, respectively at December 31, 2023. Therefore, the fair value of the HKN Energy and HKN III bonds approximated $69.1 million and $84.2 million, respectively, at December 31, 2023. The bonds were trading at 97.293 percent of par and 97.000 percent of par, respectively, at December 31, 2022. Therefore, the fair value of the HKN Energy and HKN III bonds approximated $97.3 million and $97.0 million, respectively, at December 31, 2022. The Company considers the carrying value of the HKN Energy DFC loan (see note 14) to approximate fair value at December 31, 2023 and 2022 as there is no quoted price available for the DFC loan. The fair values of the Company's debt are estimated based upon observable inputs that are classified as Level 2 in the fair value hierarchy.

Capital risk management:

The Company manages its capital to ensure that the entity will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The capital structure of the Company consists of cash, cash equivalents, debt, and equity attributable to equity holders of the Company. Equity comprises issued capital, reserves and accumulated earnings as disclosed in the statement of changes in equity.

Capital structure:

The Company's management reviews the capital structure on a regular basis and will make adjustments in light of changes in economic conditions. As part of this review, management considers the cost of capital and the risks associated with each class of capital.

Financial risk management objectives:

The Company's management monitors and manages the financial risks relating to the operations of the Company. These financial risks include market risk (including commodity price, currency and fair value interest rate risk), credit risk, liquidity risk and cash flow interest rate risk.

As of December 31, 2023 and 2022, the Company does not have any derivative financial instruments.

The Company currently has no currency risk or other hedges against financial risks as the benefit of entering into such agreements is not considered to be significant enough to outweigh the significant cost and administrative burden associated with such hedging contracts. The Company does not use derivative financial instruments for speculative purposes.

The risks are closely reviewed by management on a regular basis and steps are taken where necessary to ensure these risks are minimized.

Market risk:

The Company's activities expose it primarily to the financial risks of changes in oil prices.

The Company's success is dependent on the price of oil, as the price the Company receives for the oil it produces heavily influences the revenue, profitability, cash flow available for capital expenditures, access to capital, and future rate of growth. Oil is a commodity and, therefore, oil prices are subject to wide fluctuations in response to relatively minor changes in supply and demand. Historically, the market for oil has been volatile and will likely continue to be volatile in the future. During 2023 and 2022, the average sales price of oil was approximately $48.17 per Bbl and $87.92 per Bbl, respectively. At December 31, 2023, a 10% change in average sales price per barrel of oil would result in a $20.3 million variance in total profit.

There have been no changes to the Company's exposure to other market risks or any changes to the manner in which the Company manages and measures the risk. The risks are monitored by management on a regular basis.

The Company conducts and manages its business predominantly in US dollars, the operating currency of the industry in which it operates.

A small portion of cash balances are held in Iraqi Dinar, the currency of the country in which the Company operates, to meet immediate operating and administrative expenses or to comply with local currency regulations. Additionally, some administrative costs are paid in British Pound. Fluctuations of these currencies do not pose a significant risk to the Company.

At December 31, 2023, a 10% weakening or strengthening of the US dollar against the other currencies in which the Company's monetary assets and monetary liabilities are denominated would not have a material effect on the Company's net current assets or profit before tax.

Interest rate risk management:

The Company's policy on interest rate management is agreed at the management level and is reviewed on an ongoing basis. The current policy is to maintain a certain amount of funds in the form of cash for short-term liabilities and have the rest on relatively short-term deposits, usually between one and three months, to maximize returns and accessibility.

Based on the exposure to the interest rates for cash and cash equivalents at the statement of financial position date, a 0.5% increase or decrease in interest rates would not have a material impact on the Company's profit for the year or the previous year. A rate of 0.5% is used as it represents management's assessment of a reasonable change in interest rates.

Credit risk management:

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. At December 31, 2023 and 2022, the maximum exposure to credit risk from trade receivables outstanding was $169.9 million and $177.5 million, respectively, representing receivables for oil sales and transportation. Non-payment of receivables by the KRG poses a material risk to the Company.

Liquidity risk management:

Liquidity risk refers to the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Ultimate responsibility for liquidity risk management rests with the Company's management. It is the Company's policy to finance its business by means of internally generated funds and external capital. In common with many exploration companies, the Company raises finance for its exploration and appraisal activities in discrete tranches to finance its activities for limited periods. The Company seeks to raise further funding as and when required. The Company is committed to ensuring it has sufficient liquidity to meet its obligations as they come due. At December 31, 2023, the Company had cash and cash equivalents of $132.0 million.

(19) Commitments and Contingencies

The Company is not currently a party to any litigation that it believes would have a materially adverse effect on the Group's business, financial condition, results of operations, or liquidity, other than the matter previously described in note 1.

HKN Energy and its co-venturer have certain commitments defined by the PSC that are contingent upon the timing and length of the exploration, development, and production periods. These include Contractor obligations of $0.3 million due in each year (unpaid amounts are accrued as PSC obligations within trade and other payables) and total aggregate payments of up to $37.5 million due upon meeting four defined thresholds during the development phase of the PSC, of which $2.5 million and $5 million were paid by the Contractor to the KRG in 2014 and 2018, respectively. The third defined production threshold of 25 million barrels of crude oil was met in April 2020, and the required $10 million was offset against the outstanding oil sales receivables from the KRG. HKN Energy's working interest share of the $2.5 million and $5 million production bonuses paid, as well as the $10 million production bonus offset against receivables, were expensed for the periods during which payments were made. The fourth defined production threshold was reached in September 2022 when production from the contract area reached a cumulative amount of 50 million barrels of crude oil. The $20 million owed by the Contractor to the KRG remains accrued as of December 31, 2023 within trade and other payables in the accompanying statement of financial position (see note 13). The Company's $15.5 million share of the $20 million accrued was expensed in September 2022. The production bonuses represent an outflow of HKN Energy's resources as an economic benefit to the KRG, rather than as an exchange for a service, and are therefore accounted for in accordance with

IFRIC 21 *Levies* which requires that the obligation be recognized on the date at which the production milestone is reached.

In addition, 20% of HKN Energy's profit petroleum is committed to a capacity building fund as set forth in the PSC. This value is retained by the KRG as a portion of its entitled production and is not included in HKN revenues or expenses.

The Company projects to have cash flows sufficient to satisfy the Company's obligations for the twelve months from the date the consolidated financial statements were authorized to be issued.

(20) Related Party Transactions

On a periodic basis, net amounts due to and from affiliates under common control are settled through cash payments and cash receipts from affiliates. During 2023 and 2022, the Company paid general and administrative expenses of $1.5 million and $1.2 million, respectively, to related entities for management and administrative services provided to the Company, and rent. At December 31, 2023 and 2022, there was a net related party receivable outstanding of $1.0 million and $0.3 million, respectively, as affiliate receivables on the accompanying consolidated statement of financial position.

Key management personnel compensation during 2023 and 2022 comprised the following:

In thousands of US dollar	**2023**	**2022**
Short-term employee benefits.........	6,250	5,325
Post-employment benefits.............	141	126
	6,391	**5,451**

(21) Subsequent Events

On January 23, 2024, HKN Energy Ltd. exercised its right to voluntarily redeem all of its outstanding bonds at a price equal to 100% of the nominal amount, for a total of $60.9 million.

On January 2, 2024, the Company received a $6.8 million cash distribution from HKN Energy Ltd that was declared and recorded as of December 31, 2023.

On February 28, 2024, the Company received a $6.8 million cash distribution from HKN Energy Ltd.

The Company has evaluated subsequent events through the date on which the consolidated financial statements were authorized for issuance by management and determined that there are no other items to disclose.

EXHIBIT 1

HKN ENERGY III, LTD.

Consolidated Statement of Financial Position

December 31, 2023

In thousands of US dollar

	HKN Energy III, Ltd. Unconsolidated	HKN Energy, Ltd.	Eliminations	HKN Energy III, Ltd. Consolidated
	December 31, 2023	December 31, 2023	December 31, 2023	December 31, 2023
ASSETS				
Non-current assets				
Property and equipment - oil properties (net)	-	431,964	-	431,964
Other property and equipment (net)	-	3,135	-	3,135
Investment in equity affiliate	364,413	-	(364,413)	-
Total non-current assets	**364,413**	**435,099**	**(364,413)**	**435,099**
Current assets				
Inventory	-	17,706	-	17,706
Prepaid expenses	7	698	-	705
Trade and other receivables (net)	108	174,361	-	174,469
Distributions receivable	6,774	-	(6,774)	-
Affiliate receivables	-	973	-	973
Cash and cash equivalents	45,868	86,163	-	132,031
Restricted cash	12,166	8,639	-	20,805
Total current assets	**64,923**	**288,540**	**(6,774)**	**346,689**
TOTAL ASSETS	**429,336**	**723,639**	**(371,187)**	**781,788**
EQUITY AND LIABILITIES				
Equity				
Share capital	1	1	(1)	1
Additional paid-in capital	149,381	539,937	(539,937)	149,381
Retained earnings	115,370	(2,030)	2,030	115,370
Equity attributable to HKN Energy III, Ltd.	**264,752**	**537,908**	**(537,908)**	**264,752**
Noncontrolling interest	-	-	173,495	173,495
Total equity	**264,752**	**537,908**	**(364,413)**	**438,247**
Non-current liabilities				
Debt (net of issuance costs and fees)	94,423	31,041	-	125,464
Share acquisition liability	41,309	-	-	41,309
Lease liabilities	-	131	-	131
Decommissioning provisions	-	16,417	-	16,417
Total non-current liabilities	**135,732**	**47,589**	**-**	**183,321**
Current liabilities				
Trade and other payables	1,078	52,017	-	53,095
Distributions payable	-	10,000	(6,774)	3,226
Debt (net of issuance costs and fees)	-	76,001	-	76,001
Share acquisition liability	27,774	-	-	27,774
Lease liabilities	-	124	-	124
Total current liabilities	**28,852**	**138,142**	**(6,774)**	**160,220**
Total liabilities	**164,584**	**185,731**	**(6,774)**	**343,541**
TOTAL EQUITY AND LIABILITIES	**429,336**	**723,639**	**(371,187)**	**781,788**

EXHIBIT 1

HKN ENERGY III, LTD.

Consolidated Statement of Comprehensive Income

Year ended December 31, 2023

In thousands of US dollar

	HKN Energy III, Ltd. Unconsolidated	HKN Energy, Ltd.	Eliminations	HKN Energy III, Ltd. Consolidated
	2023	**2023**	**2023**	**2023**
Continuing operations				
Revenue	-	203,326	-	203,326
Operating expenses	-	37,476	-	37,476
Oil transportation expenses	-	4,537	-	4,537
Depletion, depreciation and amortization	-	82,060	-	82,060
Cost of sales	-	124,073	-	124,073
Impairment of trade receivables	-	6,793	-	6,793
Gross profit	**-**	**72,460**	**-**	**72,460**
General and administrative expenses	145	16,947	-	17,092
Profit of equity affiliate	32,858	-	(32,858)	-
Profit from operating activities	**32,713**	**55,513**	**(32,858)**	**55,368**
Finance income	1,568	6,880	-	8,448
Finance expenses	(12,524)	(13,800)	-	(26,324)
Finance expense - change in share acquisition liability	(884)	-	-	(884)
Other expense	(1)	(86)	-	(87)
Total profit	**20,872**	**48,507**	**(32,858)**	**36,521**
Other comprehensive expense				
Unrealized gain on short-term investments	76	112	(76)	112
Reclassification adjustment for gain on short-term investments to finance income	(86)	(127)	86	(127)
Total other comprehensive income (expense)	**(10)**	**(15)**	**10**	**(15)**
Total comprehensive income	**20,862**	**48,492**	**(32,848)**	**36,506**
Less: Profit attributable to noncontrolling interest	-	-	(15,649)	(15,649)
Less: Other comprehensive income attributable to noncontrolling interest	-	-	5	5
Total comprehensive income attributable to HKN Energy III, Ltd.	**20,862**	**48,492**	**(48,492)**	**20,862**

EXHIBIT 1

HKN ENERGY III, LTD.

Unconsolidated Cash Flow Statement

Year ended December 31, 2023

In thousands of US dollar

	2023
OPERATING ACTIVITIES	
Profit	20,872
Adjustments to add non-cash items:	
Finance income and expenses	10,956
Finance expense - change in share acquisition liability	884
Income of equity affiliates	(32,858)
Changes in working capital and provisions:	
Affiliate receivables	(52)
Trade and other payables	(12)
Cash used in operations	**(210)**
Distributions received	51,484
Interest received	978
Interest paid	(12,034)
Net cash from operating activities	**40,218**
FINANCING ACTIVITIES	
Repurchase of company bonds	(4,343)
Net cash used in financing activities	**(4,343)**
Net increase in cash and cash equivalents, and restricted cash	**35,875**
Cash and cash equivalents, and restricted cash at beginning of the period	22,159
Cash and cash equivalents, and restricted cash at end of the period	**58,034**
Restricted cash	12,166

EXHIBIT 1

HKN ENERGY III, LTD.

Unconsolidated Statement of Changes in Equity

Year ended December 31, 2023

In thousands of US dollar

	Share capital	Additional paid-in capital	Retained earnings	Equity attributable to HKN Energy III, LTD.	Total equity
Total equity as of January 1, 2023	**1**	**149,381**	**94,508**	**243,890**	**243,890**
Profit for the period	-	-	20,872	20,872	**20,872**
Unrealized gain on short-term investments	-	-	76	76	**76**
Reclassification adjustment for gain on short-term investments to finance income	-	-	(86)	(86)	**(86)**
Total comprehensive income	**-**	**-**	**20,862**	**20,862**	**20,862**
Shareholders' distributions	-	-	-	-	**-**
Total equity as of December 31, 2023	**1**	**149,381**	**115,370**	**264,752**	**264,752**

At December 31, 2023, there were 200,000 common shares authorized at a $0.01 par value, with 100,000 common shares issued and outstanding. As of December 31, 2023, the Company held no treasury shares.