

## **HKN, Inc.**

### **POLICY ON ETHICS AND PROFESSIONAL STANDARDS**

The Board of Directors (the “Board”) of HKN, Inc. and each of its consolidated subsidiaries (collectively, “HKN” or the “Company”) has established this Policy on Ethics and Professional Standards to apply to the Company’s directors, officers and employees when conducting the Company’s business and in performing their day-to-day duties. The Policy is designed to promote: honest and ethical conduct; accurate, timely and understandable financial statements in the OTC Marketplace filings and internal communications; compliance with applicable laws, rules and regulations and to avoid conflicts of interest.

The Company encourages its directors, officers and employees to refer to this Policy to ensure that they are acting within both the letter and spirit of the Policy. This Policy reflects minimum standards of conduct that the Company expects from its directors, officers and employees and does not affect all other legal and contractual obligations that may apply.

#### **Ethical Behavior**

The Company expects its directors, officers and employees to exercise reasonable judgment when conducting the Company’s business. Moreover, each director, officer and employee is expected to conduct his or her affairs in uncompromising honesty and integrity and to adhere to the highest moral and ethical standards in carrying out their duties on behalf of the Company.

#### **Conflicts of Interest**

The Company expects its directors, officers and employees to avoid engaging in activities that conflict with, are reasonably likely to conflict with, or would on a reasonable basis allow the perception of a conflict with, the best interests of the Company and its stockholders. The directors, officers and employees of the Company should avoid the acceptance of gifts of any significant value in those cases where any such gift is being made in order to influence actions by such individuals with respect to the Company’s business or where acceptance of such gift gives the appearance of a conflict of interest. Any personal activities or interests of each director, officer or employee that would negatively influence his or her judgment, decisions or actions to a material extent and all circumstances that may be perceived as a conflict of interest must be disclosed to the Company’s Corporate Secretary and/or the Board’s Audit Committee for review and clearance. Prompt and full disclosure is required to identify and resolve any potential or actual conflict of interest or problem.

#### **Compliance with Laws, Rules and Regulations**

The Company seeks to conduct its business in compliance with both the letter and the spirit of all applicable laws, rules and regulations. No director, officer or employee shall engage in any unlawful activity in conducting the Company’s business or in performing his or her day-to-day duties, nor shall any director, officer or employee instruct others to do so. Any perceived or

actual noncompliance with laws, rules or regulations should be reported to the Company's Corporate Secretary as soon as possible for handling.

### **Accuracy of Records and Quality of Disclosures**

The Company believes that it is essential to its continued and future business success that all of its books, records, financial reports, operations reports, results and all related internal and external communications contain accurate and reliable information at all times. All of the Company's books, records, reports of its operations, reserve details, accounts and financial statements must be maintained in reasonable detail, must promptly, completely and accurately reflect the Company's assets, liabilities and transactions and must conform both to applicable legal requirements and to the Company's system of internal controls. Any inaccuracy or material misstatement in, or the omission of any information necessary to make statements not misleading in any of the Company's OTC filings, press releases, internal communications, presentations and other disclosures should be reported immediately to the Company's Chief Financial Officer and/or the Audit Committee.

### **Communication Alternatives**

Any director, officer or employee may communicate any questions, comments or report any concerns regarding or arising out of this Policy at any time as indicated above or to:

- His or her immediate supervisor.
- The Company's Corporate Secretary or Chief Financial Officer.
- The Company's President & Chief Executive Officer.
- The Company's Audit Committee.

The officers and employees of the Company must not use these reporting channels in bad faith or in a false or frivolous manner.