

A photograph of an industrial facility, likely a refinery or petrochemical plant, at dusk. The scene is illuminated by artificial lights, highlighting various structures including tall distillation columns, large horizontal storage tanks, and a complex network of pipes. In the foreground, a large pipe runs diagonally across the frame. A lone worker in a dark uniform and hard hat stands on a gravel path in the middle ground. The background features a dark, silhouetted hill under a twilight sky with soft orange and blue hues.

# **Gulf Keystone Petroleum**

Corporate Presentation

May 2019

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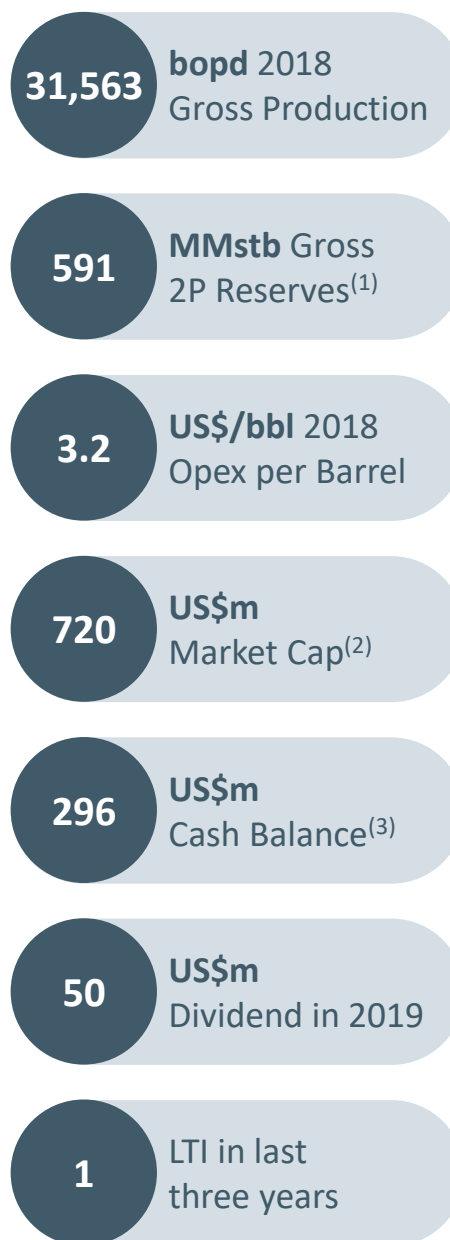
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# GKP at a glance...

- **Pure-play Kurdistan E&P with operatorship**
  - 80% WI in Shaikan Field
- **Vision to grow production 3.5x to 110,000 bopd**
  - FDP submitted in October 2018; not accepted by MNR
- **First expansion phase underway to 55,000 bopd**
- **Healthy balance sheet to deliver growth and pay first dividend this year**
- **Focus on safety, cost discipline, corporate governance & value optimisation**

## ..and in numbers



1) Source: ERC Equipoise. CPR volume estimates of 615 MMstb as at 31 December 2016, adjusted for 12.9 and 11.5 MMstb production in 2017 and 2018 respectively  
2) Market cap as at 15 May 2019. US\$/GBP = 1.29 3) Cash balance as at 27 March 2019





**1 Shaikan Overview & Development Vision**

**2 Financial Strategy**

**3 Outlook**

# Shaikan – A giant field with proven production track record

## Field overview

- Located c.60km north-west of Erbil at the north-west end of the Zagros Fold-belt
- One of the largest fields in Kurdistan by reserves and production
  - Cumulative production to date of over 60 MMstb
  - Steady production and pressure decline in line with reservoir understanding
- Significant growth potential
  - Material oil volumes in the Cretaceous, Jurassic and Triassic formations
  - Current production from Jurassic only
  - Staged approach to de-risk field long-term potential
- Low production costs – US\$3.2/bbl<sup>(2)</sup>
  - Scope to optimise as the field is further developed

## Key information (gross figures)

- **Gulf Keystone interest:** 80%
- **Partner:** MOL 20%
- **Discovered:** August 2009
- **Production start:** July 2013
- **2019 prod. guidance:** 32,000 – 38,000 bopd
- **1P reserves:** 207 MMstb<sup>(1)</sup>
- **2P reserves:** 591 MMstb<sup>(1)</sup>
- **2C resources:** 239 MMstb<sup>(1)</sup>
- **Petroleum cost pool:** c.US\$500m

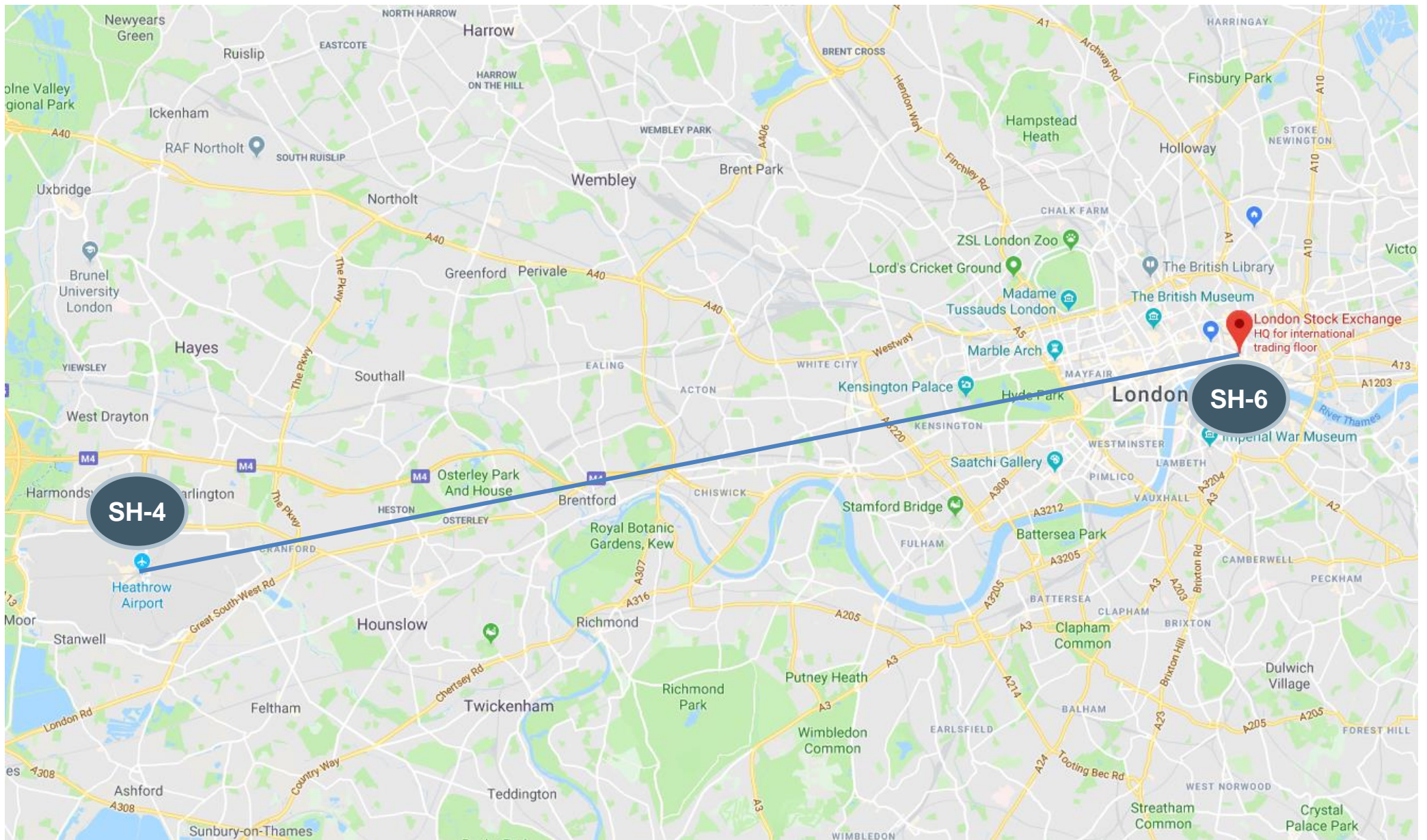


1) Source: ERC Equipoise. CPR volume estimates of 615 MMstb as at 31 December 2016, adjusted for 12.9 and 11.5 MMstb production in 2017 and 2018 respectively

2) Excludes capacity building charges, production bonus, DD&A, oil inventory movement and transportation costs

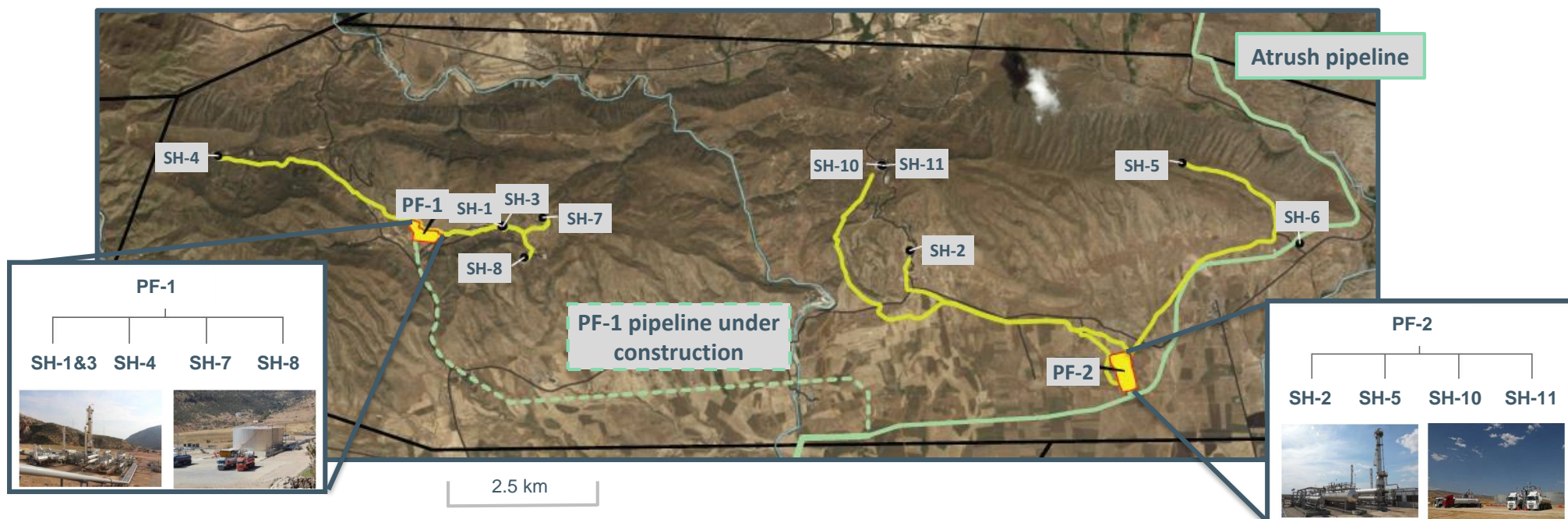


# Understanding the scale...





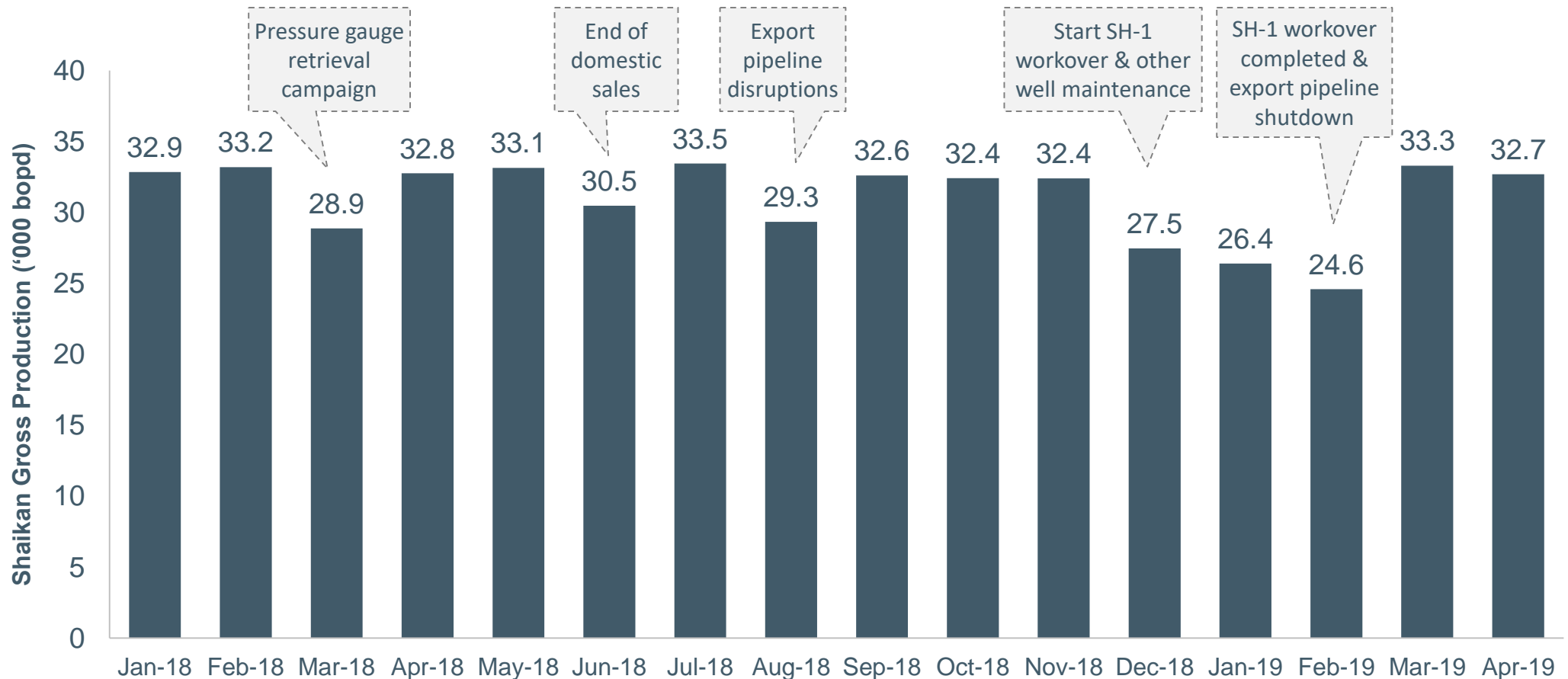
# Shaikan today – Infrastructure overview



- Two production facilities, each with a nameplate capacity of 20,000 bopd
- Nine production wells, without artificial lift
- Each PF with terminals to load road tankers; PF-2 equipped with temporary unloading facility
- PF-2 pipeline operational since July 2018 (export capacity of up to 35-40k bopd)
- PF-1 pipeline completion expected this summer

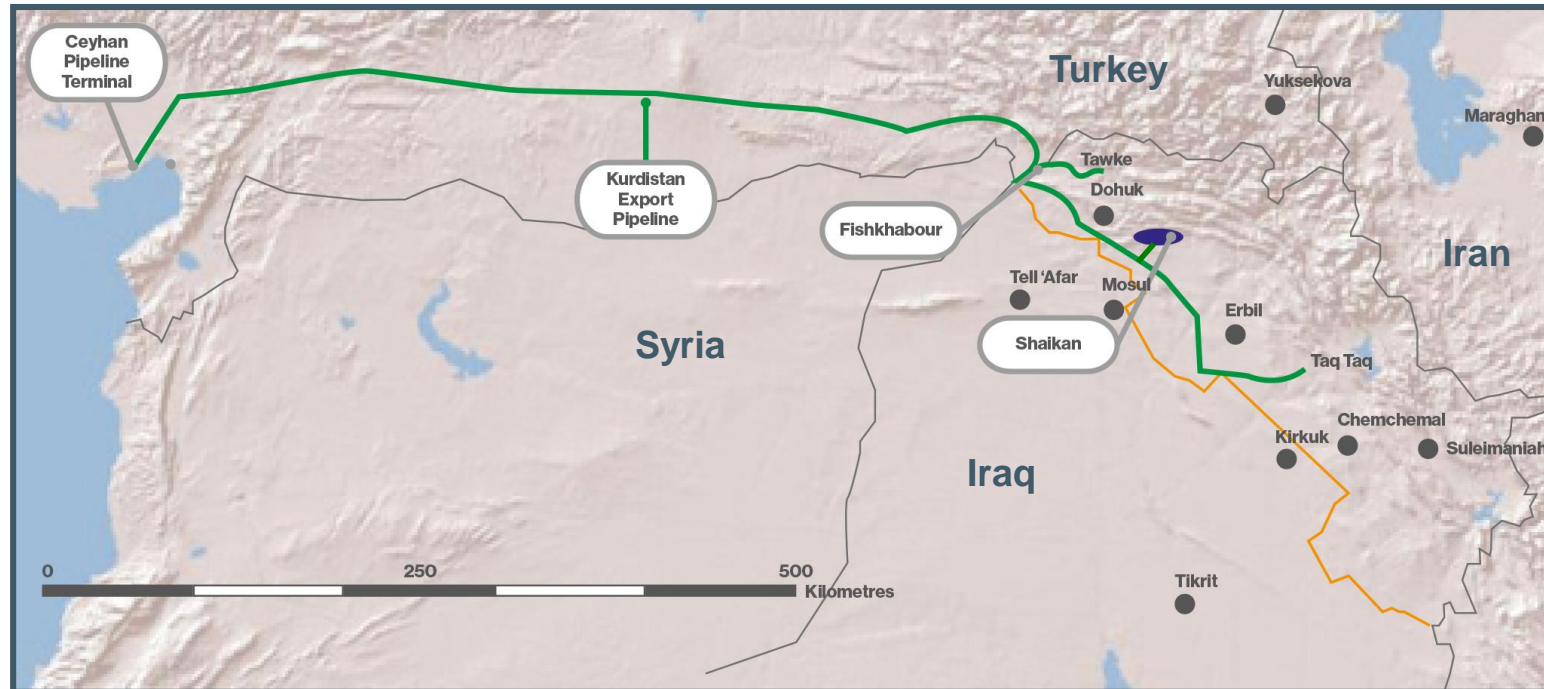
# Steady production

- Predictable performance from Jurassic reservoir
  - *Black oil, no signs of water or gas breakthrough*
- 2019 gross production guidance – 32,000-38,000 bopd





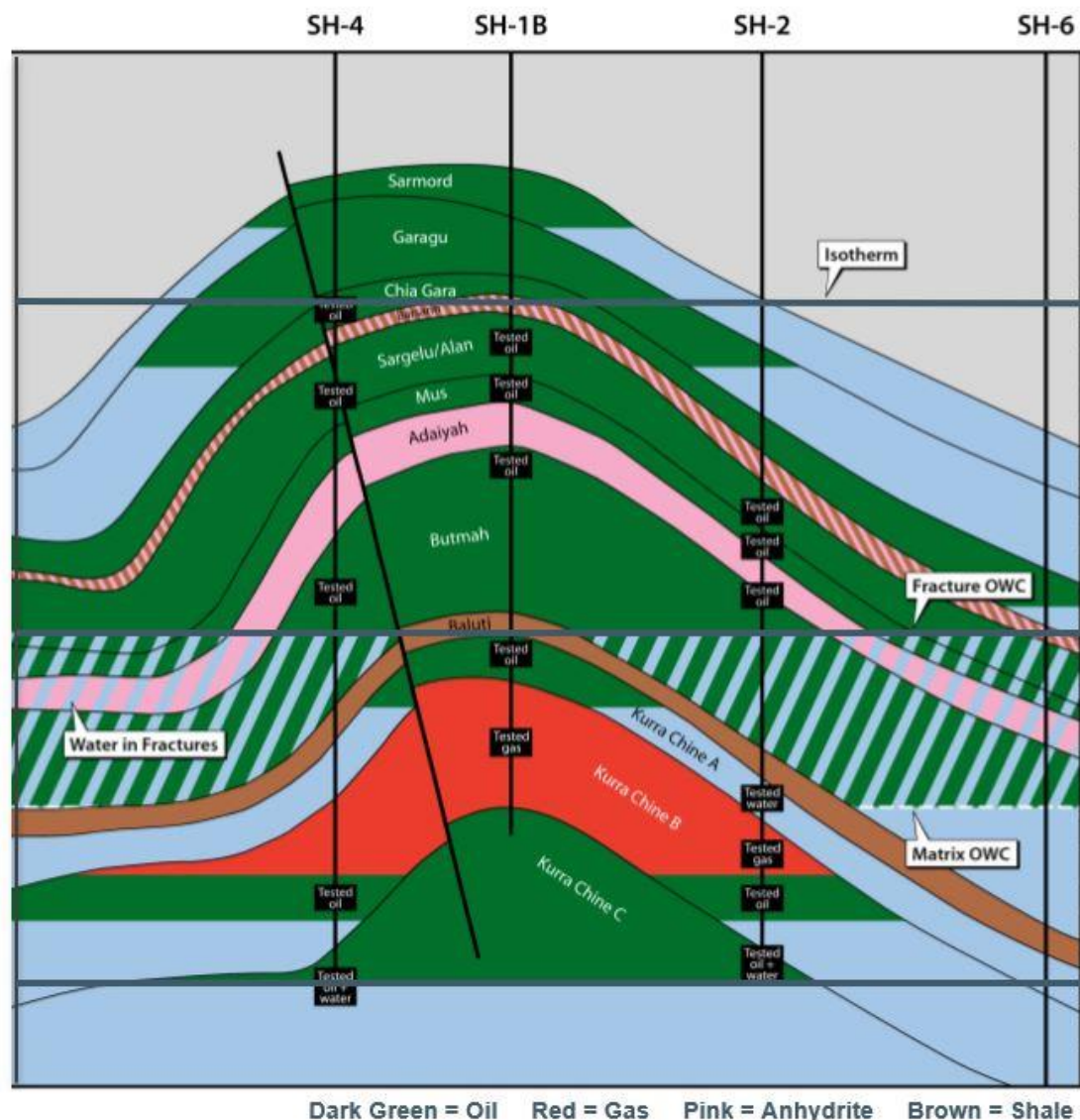
# Exports



- MNR currently controls marketing and exports
- Nearly all Shaikan production exported directly via tie-in at PF-2 into Kurdistan export pipeline as part of the Kurdish blend
  - Only c.3,000 bopd trucked c.120km to Fishkhabour
- PF-1 pipeline construction underway by KAR Group and completion anticipated this summer
- No pipeline ullage constraints anticipated

***Trucking to be eliminated this summer***

# Subsurface schematic



## Cretaceous

*Very heavy or bituminous oil*

*2P: 3 MMstb / 2C: 53 MMstb*

## Jurassic

*Heavy oil with 14 - 20° API*

*2P: 544 MMstb / 2C: 80 MMstb*

*Unusually high hydrocarbon column – c.950m*

## Triassic

*Light oil with 38-43° API and gas condensate*

*2P 44 MMstb*

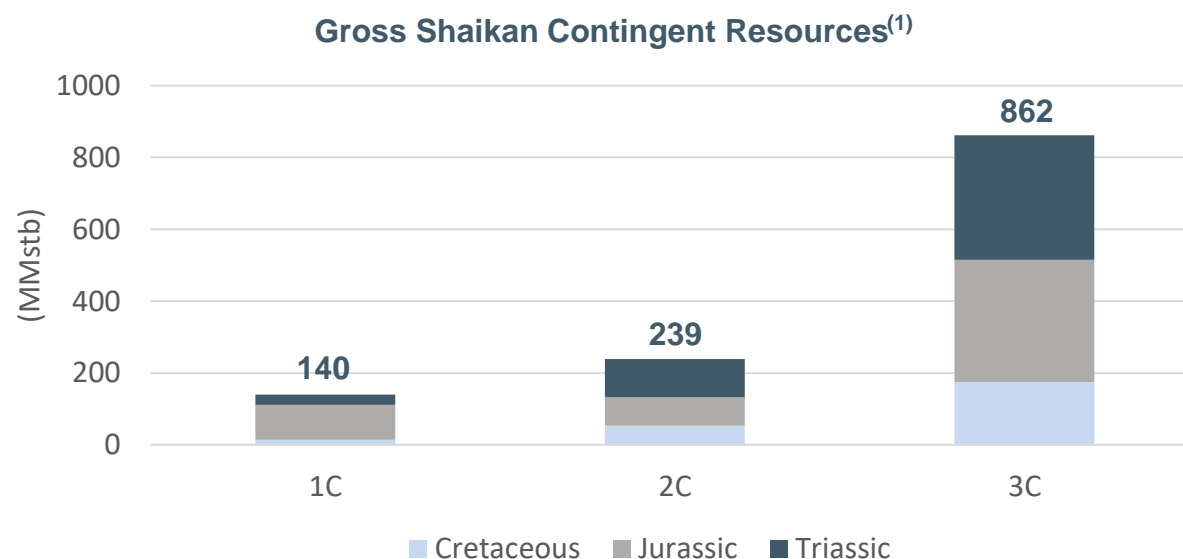
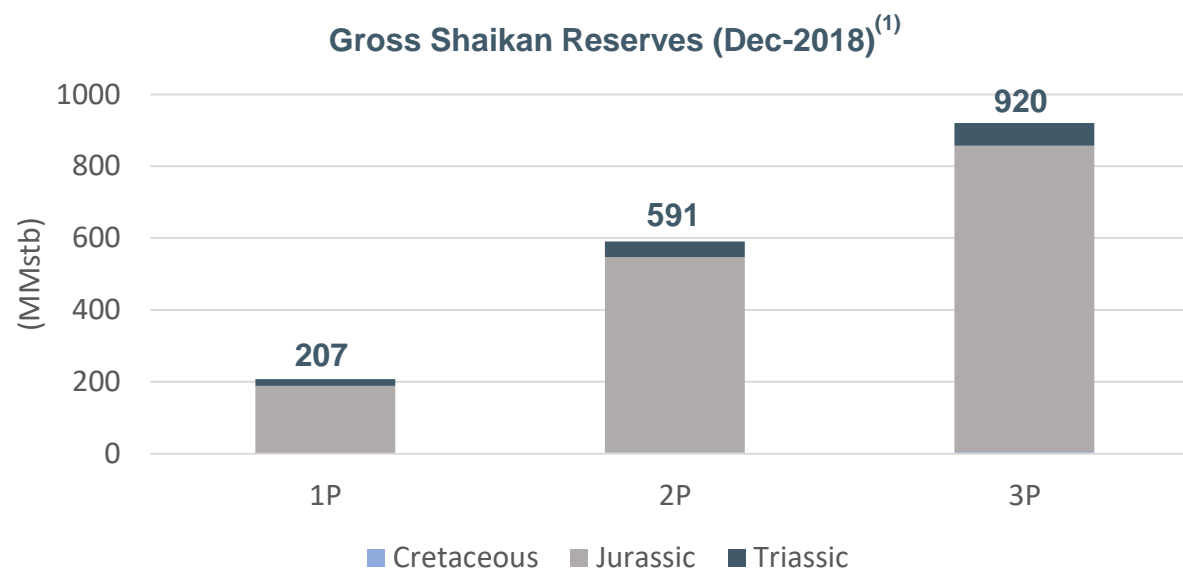
*2C 106 MMstb*



3 Shards

# Reserves and Resources

- In support of the FDP submitted in 2018, GKP completed:
  - New petrophysical and geological interpretations and a comprehensive fracture network modelling study
  - Review of updated well and facilities performance data
  - Production history to the end of 2018
  - Dynamic reservoir simulation modelling incorporating all of the above points
- On that basis, GKP's internal review of reserves indicates:
  - An upgrade in Proven (1P) reserves
  - No material changes to Probable reserves (2P) compared to previous work
- A revised CPR is expected to be released following FDP approval

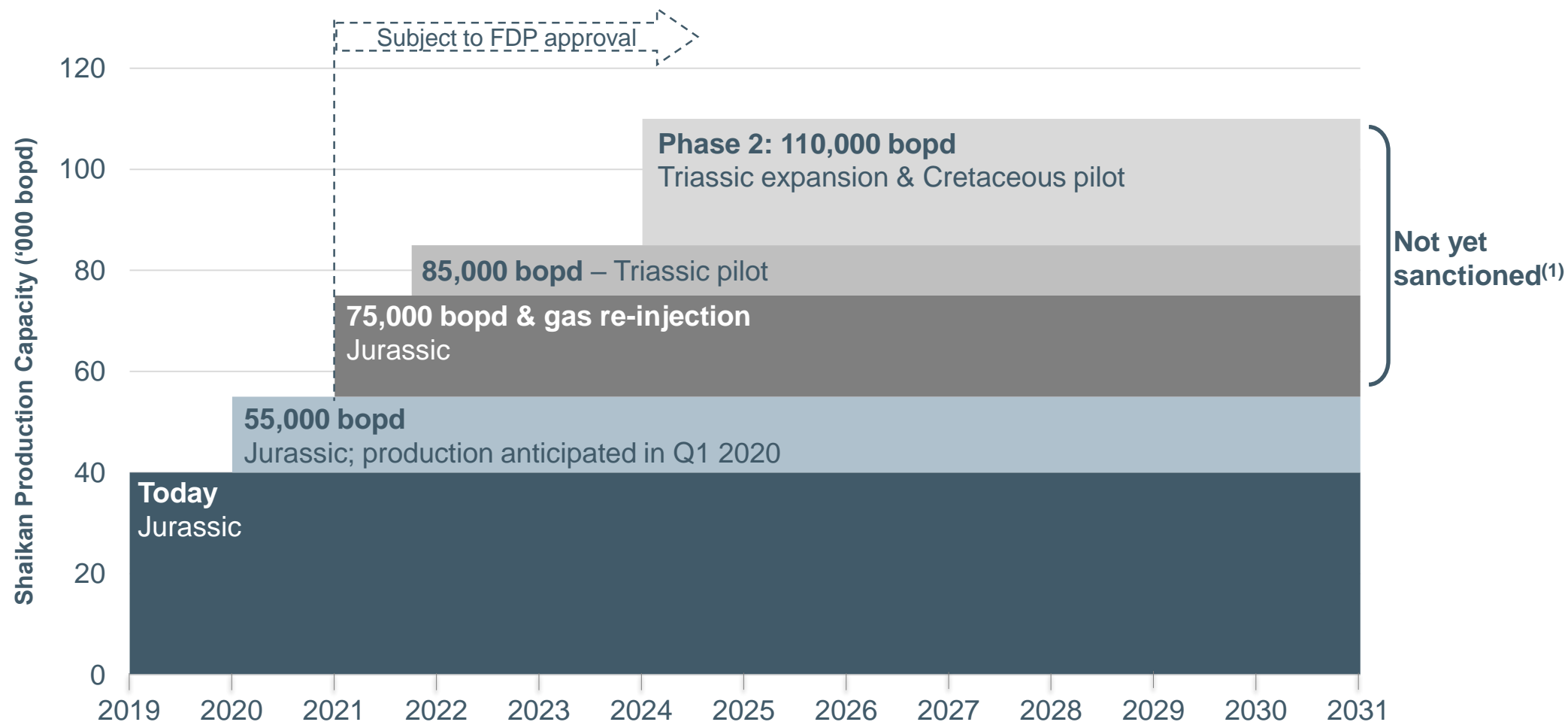


1) Source: ERC Equipoise. CPR 2P volume estimates of 615 MMstb as at 31 December 2016, adjusted for 12.9 and 11.5 MMstb Jurassic production in 2017 and 2018 respectively



# Shaikan Field Development Plan

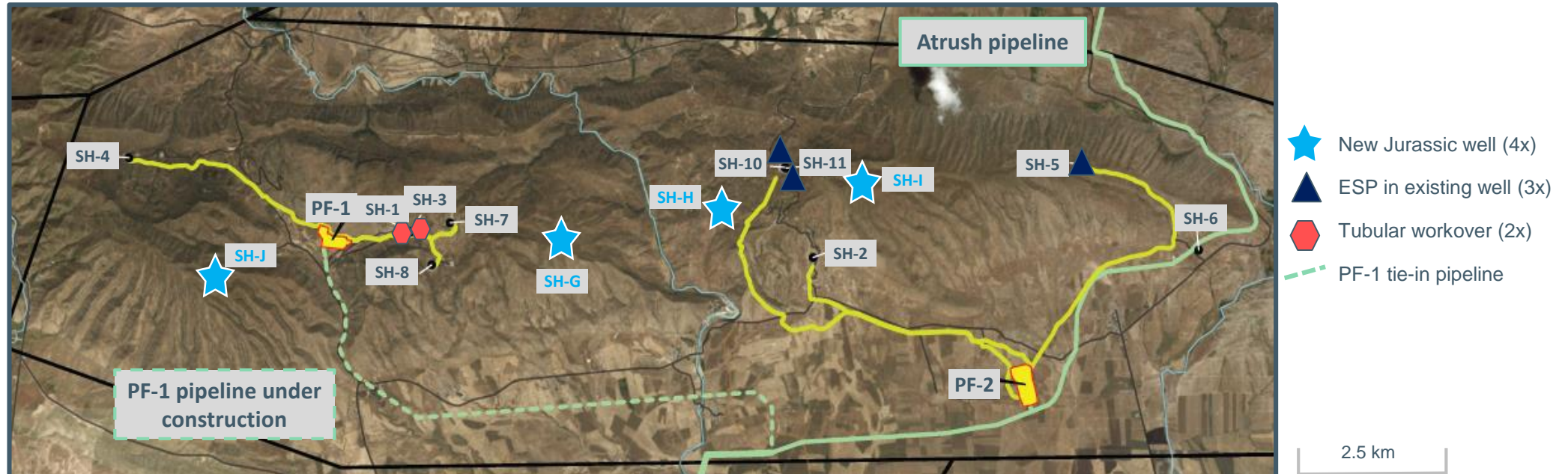
- Staged approach further de-risks long-term potential
- Revised FDP submitted for approval to the MNR in October 2018
- FDP not accepted by the MNR due to insufficient assurances on the elimination of flaring



1) Sanction timing of phases from 75,000 bopd & gas re-injection and beyond remain to be confirmed following FDP approval

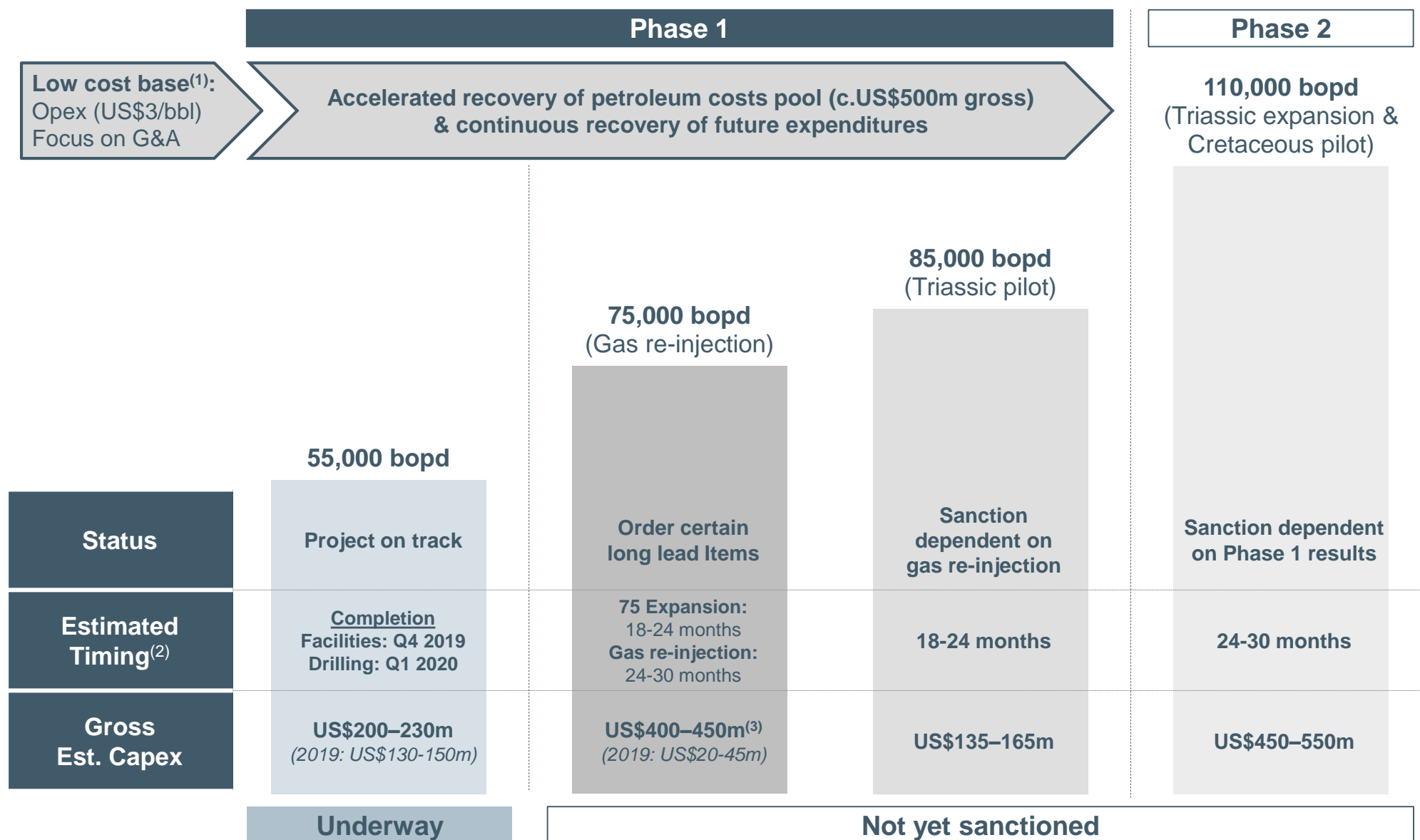
# 55,000 bopd expansion underway

- On track with facilities upgrade completion in 2019; well capacity in Q1 2020
  - Workover rig scheduled to complete SH-3 tubing workover then to start the ESP programme
  - Jurassic well (SH-H) – first in the drilling sequence



Note: Well locations, pipeline routes and licence boundary are approximate

# GKP fully funded for entire development



Note: All Capex estimates above assume 25% contingency.

1) Opex expected to stabilise at c.US\$3/bbl level in the mid- to long-term and G&A expected to remain around 2019 level thereafter

2) Timing for not yet sanctioned denotes estimated project duration once sanctioned

3) Low and high estimates do not match the sum of low and high estimates of the individual 75,000 bopd expansion (US\$150-175m) and gas re-injection (US\$225-300m) elements of the project due to compounding probability





**1 Shaikan Overview & Development Vision**

**2 Financial Strategy**

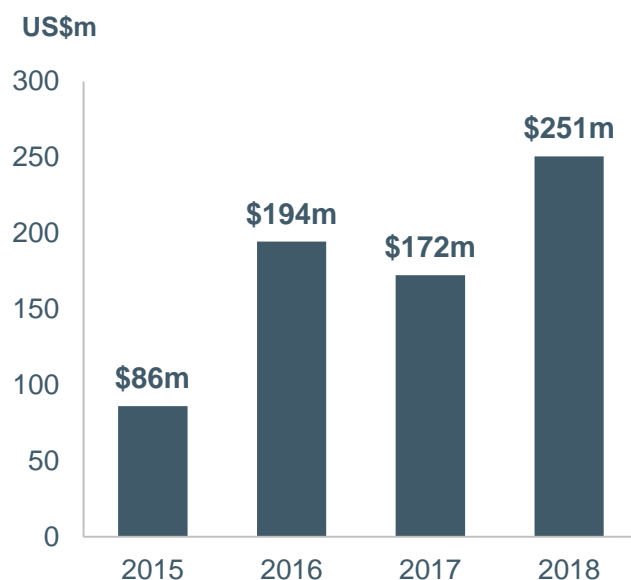
**3 Outlook**

# Record 2018 figures

- Driven by predictable production, robust oil price and focus on costs
- Continuous payments – positive impact of crude oil sales agreement

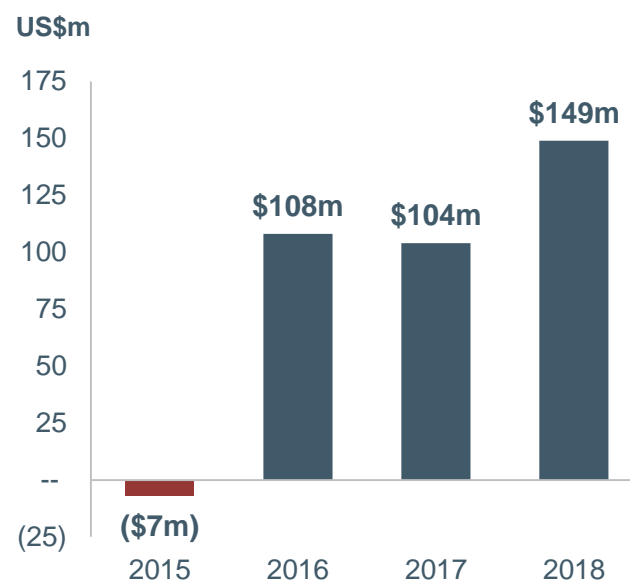
## Revenue

- Cash receipts on entitlement basis since the signature of crude oil sales agreement (effective Oct '17)
- US\$49/bbl realised price (2017: US\$35/bbl)
- Sustained production levels



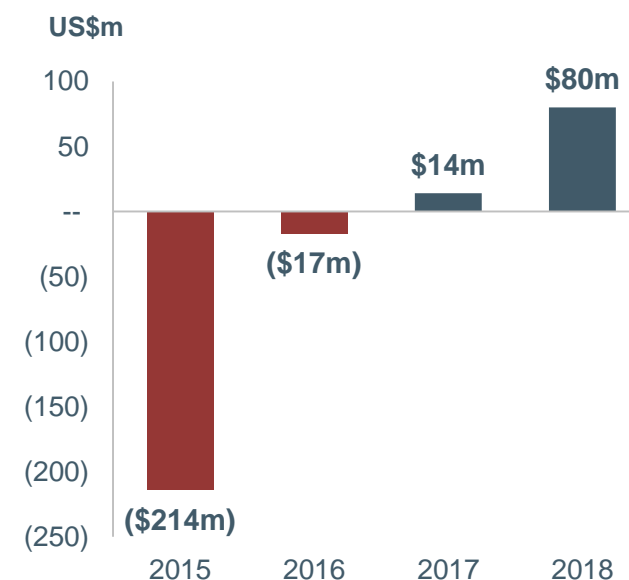
## EBITDA

- Prudent resource management and cost discipline



## Profit/(Loss) After Tax

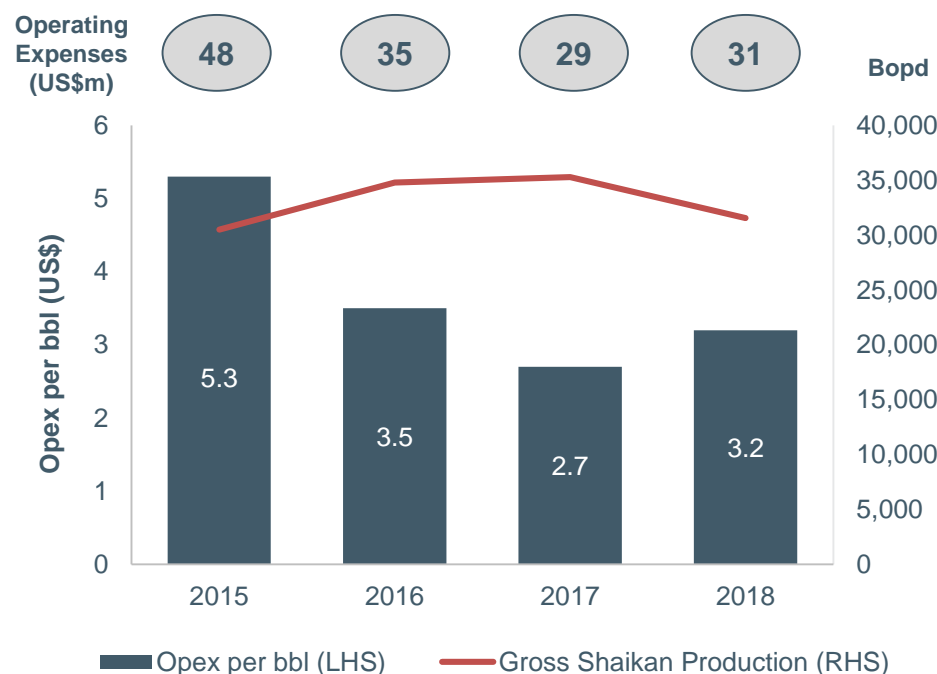
- US\$10m gains arising from the successful exit from Algerian operations



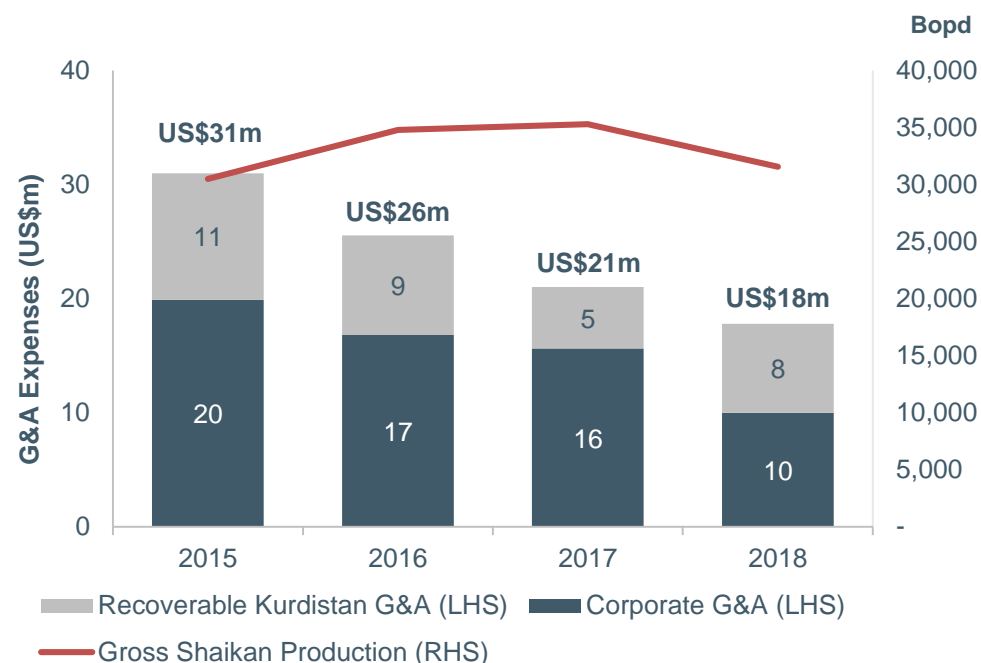
# Sustained cost optimisation

- Prudent resource management, cost saving initiatives and supply chain optimisation leading to sustainable cost reductions
- Operating expenses up in 2018 due to one-off maintenance projects and preparation for production ramp-up
- Corporate G&A down 37% / Recoverable Kurdistan G&A up by US\$3m ahead of operational ramp-up

## Operating Expenses<sup>(1)</sup>



## General & Administrative Expenses



<sup>1)</sup> Excludes capacity building charges, production bonus, DD&A, oil inventory movement and transportation costs



# Commercial status

## Crude Marketing & Export

- Enhanced predictability with crude oil sales agreement
- Majority of crude directly exported via pipeline at PF-2
  - Trucking to be eliminated this summer
  - c.US\$1/bbl reduction to discount to Brent (c.US\$22/bbl trucks to c.US\$21/bbl pipeline)

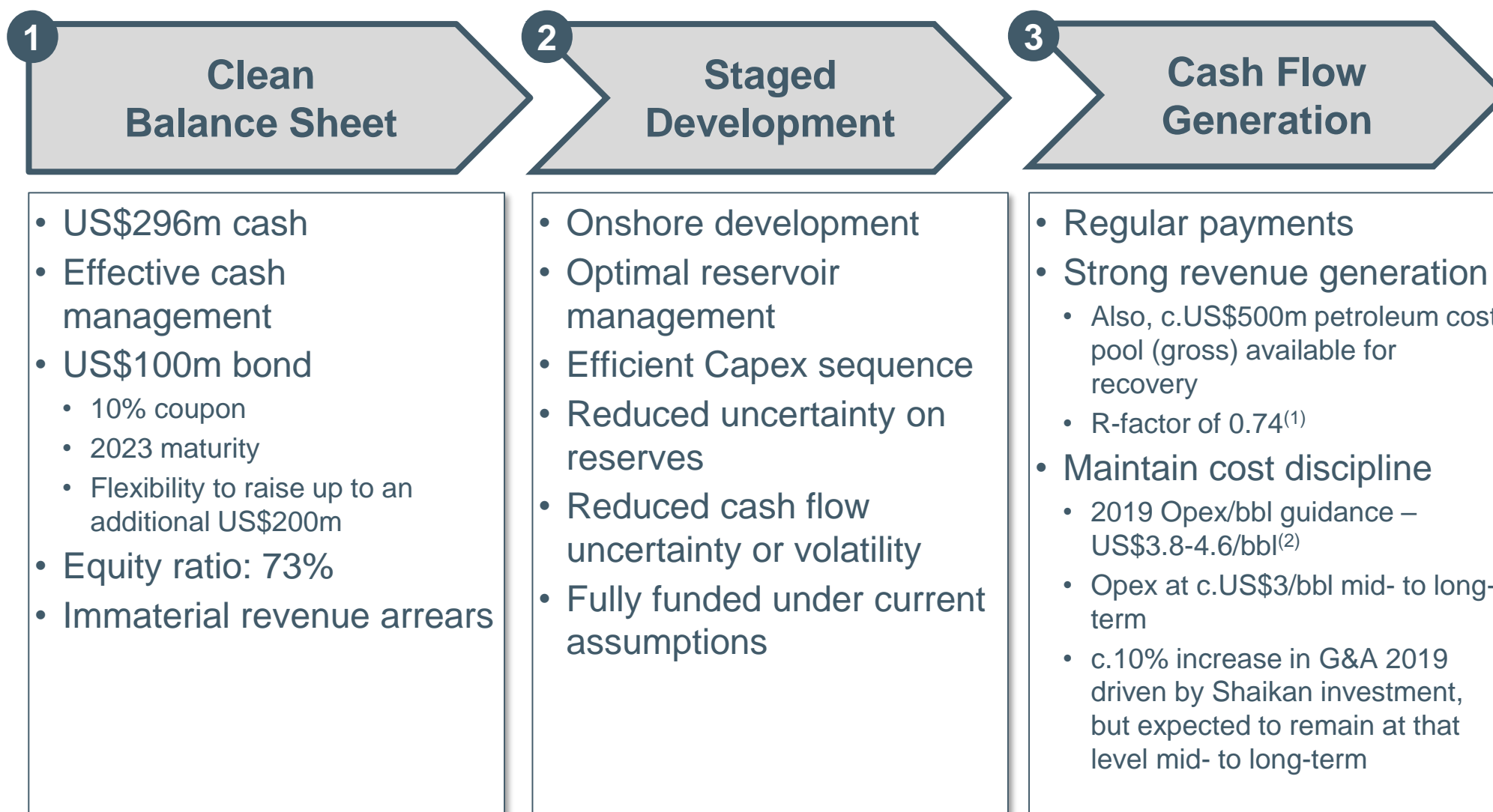
## FDP

- GKP hopeful that, along with MOL, an agreement will be reached with the MNR on the FDP
- As the parties progress this matter, investment on the ground continues as per initial phases of the Shaikan development

## PSC

- Today, PSC in place and valid with 80% working interest to GKP
- Should a new PSC amendment be concluded (with a carried interest to the KRG), GKP is confident that the revised fiscal terms are expected to be at least value neutral
- This matter has no reason to impede development progress, investment and increasing production from Shaikan, as evidenced by the ongoing activity and near-term production ramp-up to 55,000 bopd

# Financial strategy



***Adapt capital structure over time***

1) Cumulative revenue of c.US\$840m vs. cumulative costs of c.US\$1,140m as at 31 December 2018

2) Temporary increase from US\$3.2/bbl in 2018 due to a time lag between the incurrence of costs and the increase in production

# First dividend

- **GKP is pleased to announce its dividend policy**
  - An annual ordinary dividend of no less than US\$25m per financial year
  - In periods of strong cash flow generation, the Board may complement the ordinary dividend with further dividends while preserving its ability to grow the business
  - When setting the appropriate total dividend level in future periods, the Board will look at a range of factors, incl. oil price, balance sheet, investment plans, etc.
- **2019 dividend – total US\$50 million**
  - Ordinary annual dividend of US\$25m & supplemental dividend of US\$25m
  - Total dividend will be subject to approval at the AGM in June 2019
  - 1/3 payable after the AGM and the balance after the Company's half-year results

***The new dividend policy represents another major milestone crystallising returns to shareholders***



The background image shows an industrial site, likely an oil or gas processing plant. In the foreground, a worker wearing a blue uniform, a white hard hat, and safety glasses is walking on a concrete path. The worker is carrying two red toolboxes. To the left, there are large, horizontal pipes supported by metal structures. In the background, there are more industrial structures, including a tall tower and various pipes, set against a vast, flat landscape under a clear sky.

**1** Shaikan Overview & Development Vision

**2** Financial Strategy

**3** Outlook

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## Strategic objectives for next 3-5 years

**1**

**Platform for growth**

**2**

**Sustained financial health**

**3**

**Return capital to shareholders**

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# 2019 outlook

## Operational Excellence

- Safe operations
- Delivery of project milestones
- Continued cost control discipline

## Growth

- Deliver the 55,000 bopd expansion project
- Meet 2019 gross production guidance of 32,000-38,000 bopd
- Investing to define next phases: 75,000 bopd and beyond

## Shareholder Return

- First dividend: US\$50m this year



A silhouette of a worker wearing a hard hat and safety gear, standing on a metal platform or walkway of an industrial facility. The worker is positioned in the center-right of the frame, looking out towards the right. The background is a dramatic sunset sky with warm orange and yellow hues. In the foreground, there are large, dark industrial structures, including a large circular tank or drum on the left and various pipes and valves on the right. The overall scene conveys a sense of industrial operations during the end of the day.

# Thank you

More resources are available at:  
[www.gulfkeystone.com](http://www.gulfkeystone.com)

# Board of directors



**Jaap Huijskes**

*Non-Executive  
Chairman*



**Jón Ferrier**

*Chief Executive  
Officer*



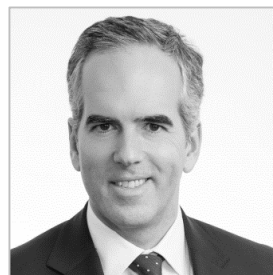
**Sami Zouari**

*Chief Financial  
Officer*



**Martin Angle**

*Senior Independent  
Director*



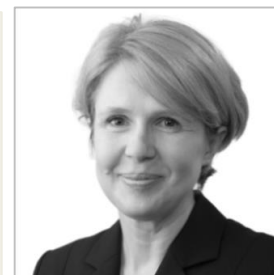
**Garrett Soden**

*Non-Executive  
Director*



**David Thomas**

*Non-Executive  
Director*



**Kimberley Wood**

*Non-Executive  
Director*

## **Joined in Nov 2017**

- Currently Non-Executive Director at Energie Beheer Nederland
- Previous E&P Director at OMV, responsible for all upstream activities
- Various roles at Shell, incl. Project Director for the Sakhalin II project and EVP for all of Shell's upstream projects

## **Joined in May 2015**

- Senior Vice President Business Development, Strategy & Commercial at Maersk Oil in Copenhagen
- Delivery of the US\$1bn Ebla Gas project in Syria
- Various roles at ConocoPhillips, Paladin Resources plc and Petro-Canada/Suncor
- MSc from Imperial College

## **Joined in Jan 2015**

- Regional Head of Corporate & Investment Banking for North Africa and the Middle East at BNP Paribas in London
- Head of MENA within the Energy & Commodity division at BNP Paribas in Paris
- Commercial Manager at Total EP Libya in Tripoli
- Economist for the Middle East Division at Total EP
- MA from Harvard University

## **Joined in Jul 2018**

- Non-Executive Director at Pennon Group
- Various senior positions with SG Warburg & Co. Ltd, Morgan Stanley, Dresdner Kleinwort Benson, Terra Firma Capital Partners as well as the Group Finance Director at TI Group plc
- Former Non-Executive Director at Savills plc (SID), National Exhibition Group (Chairman), Severstal, and Dubai International Capital

## **Joined in Oct 2016**

- Senior Executive / Board Member with Lundin Group, currently President & CEO of Africa Energy Corp.
- Non-Executive Director for Etrion, Panoro Energy ASA and Phoenix Global Res.
- Previous Chairman and CEO of RusForest AB
- CFO at Etrion and PetroFalcon
- Equity research at Lehman Brothers
- M&A at Salomon Brothers
- Former Senior Policy Advisor to U.S. Secretary of Energy

## **Joined in Oct 2016**

- Currently CEO at PICO Cheiron Group in Egypt
- COO Petroceltic International
- CEO of Melrose Resources
- President and COO of Centurion Energy
- Regional Vice President at Eni
- Group GM Operations at Lasmo
- Chief Reservoir Engineer at Conoco UK

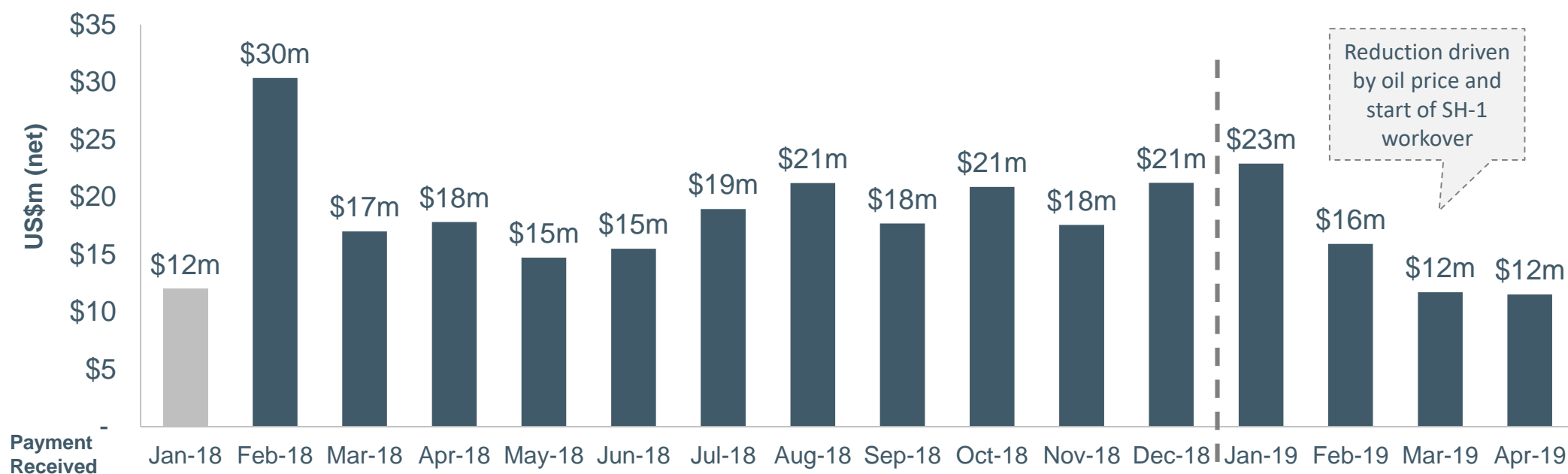
## **Joined in Oct 2018**

- Currently a Non-Executive Director of Africa Oil Corp. and Valeura Energy
- Recent Head of Oil and Gas for EMEA at Norton Rose Fulbright LLP and remains as a Senior Consultant and was Partner at Vinson & Elkins RLLP
- Previously served at Dewey & LeBoeuf LLP
- Member of the Advisory Board to the City of London Geological Forum



# Continuous payments strengthening balance sheet

- US\$225m net to GKP received in 2018; US\$62m received so far in 2019
  - Positive impact of crude oil sales agreement (renewed in February 2019 for 24 months)



Month of Production	Sep-17	Oct / Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19
Gross Prod. (kbopd)	33.3	34.5 / 31.1	33.4	32.9	33.2	28.9	32.8	33.1	30.5	33.5	29.3	32.6	32.4	32.4	27.5	26.4
Brent Price <sup>(1)</sup> (US\$/bbl)	\$56.2	\$57.5 / \$62.7	\$64.4	\$69.1	\$65.3	\$66.0	\$72.1	\$77.0	\$74.4	\$74.3	\$72.5	\$78.9	\$81.0	\$64.8	\$57.4	\$59.4

■ Pre Crude Oil Sales Agreement

■ Post Crude Oil Sales Agreement

1) Source: EIA monthly prices