

A wide-angle photograph of an industrial facility, likely a refinery or petrochemical plant, set against a backdrop of arid, hilly terrain. The facility features several tall, vertical distillation columns with yellow safety railings and ladders. Numerous large, horizontal storage tanks are visible, connected by a complex network of pipes and structural steel. In the foreground, a large, horizontal pipe runs across the frame. The ground is dry and dusty, with some sparse vegetation on the hills in the background. The sky is clear with a few wispy clouds.

# Gulf Keystone Petroleum

Corporate Presentation

September 2018

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**Appendix**

# A leading Kurdistan independent oil & gas company

*GKP is the only pure-play Kurdistan player with operatorship*

## Introduction to Gulf Keystone Petroleum

- Kurdistan focused independent E&P company
  - Listed on the main board of the London Stock Exchange
  - \$875m<sup>1)</sup> market cap
- 80% working interest<sup>2)</sup> and operatorship of Shaikan, one of the largest fields in Kurdistan
  - Net 2P reserves of 349 MMstb<sup>4)</sup> and 2C of 138 MMstb
- Significant growth potential at Shaikan
  - Targeting a 38% increase of nameplate production capacity from 40,000 to 55,000 bopd during H2 2019
  - Further development of Jurassic with ramp-up to 75,000 bopd; then full field up to 110,000 bopd, including Triassic
- Strong balance sheet –\$140m<sup>5)</sup> net cash
  - Cash and cash equivalents of \$240m<sup>5)</sup>
  - \$100m of bond debt outstanding

## Shaikan key information



- **Gulf Keystone interest:** 80% (58%<sup>2)</sup>)
- **Partner:** MOL 20%
- **Discovered:** August 2009
- **Production start:** July 2013
- **2018 prod. guidance:** 27– 32 kbopd gross
- **2P reserves:** 615 MMstb<sup>3)</sup> gross
- **2C resources:** 239 MMstb<sup>3)</sup> gross
- **Costs to date:** >\$1.0bn gross

## Shaikan field<sup>6)</sup>



- Licence
- Shaikan discovery
- Existing well
- Development area

1) Market cap as at 25 September 2018. US\$/GBP = 1.32

2) Working interest subject to reduction post government back-in following implementation of 2<sup>nd</sup> Shaikan PSC amendment

3) Source: ERC Equipose CPR. Volume estimates as at 31 December 2016 (12.9 MMstb production in 2017)

4) Net reserves adjusted for 2017 actual production and calculated on diluted working interest of 58% as per CPR

5) Cash position as at 7 September 2018

6) Well locations and license boundary on the map are approximate

# Experienced management team

*Renewed, fit-for-purpose and cohesive team to deliver the potential of Shaikan*

## Senior management team profiles



**Jón Ferrier**  
CEO

- Joined in May 2015
- Previous Senior Vice President in Maersk oil
- Senior leadership positions in a number of 'blue chip' oil & gas companies
- MSc at Imperial College



**Sami Zouari**  
CFO

- Joined in January 2015
- Regional Head of Corporate & Investment Banking for North Africa and Middle East at BNP Paribas
- Multiple positions in Total
- Master's at Harvard and BA at Columbia University



**Stuart Catterall**  
COO

- Joined in January 2017
- Independent consultant for PA Resources, EnQuest and Petroceltic
- Senior leadership roles with Amerada Hess, BHP Billiton and Celtique Energy
- MSc at Imperial College



**Bertrand Demont**  
Country Manager  
Kurdistan

- Joined in September 2017
- 18 years experience within the oil & gas sector
- Isarene Project Director at Petroceltic
- Previous roles at Hess, BHP Billiton and Total



**Gabriel Papineau-Legrès**  
Commercial Director

- Joined in September 2016
- 10 years of experience in upstream oil & gas
- Private equity at Lime Rock
- Investment banking at Merrill Lynch and Perella Weinberg



**Alasdair Robinson**  
Legal Director &  
Company Secretary

- Joined in June 2017
- Previously at Melrose Resources and Petroceltic
- 8 years corporate finance with Noble
- Qualified solicitor and notary public, MBA graduate

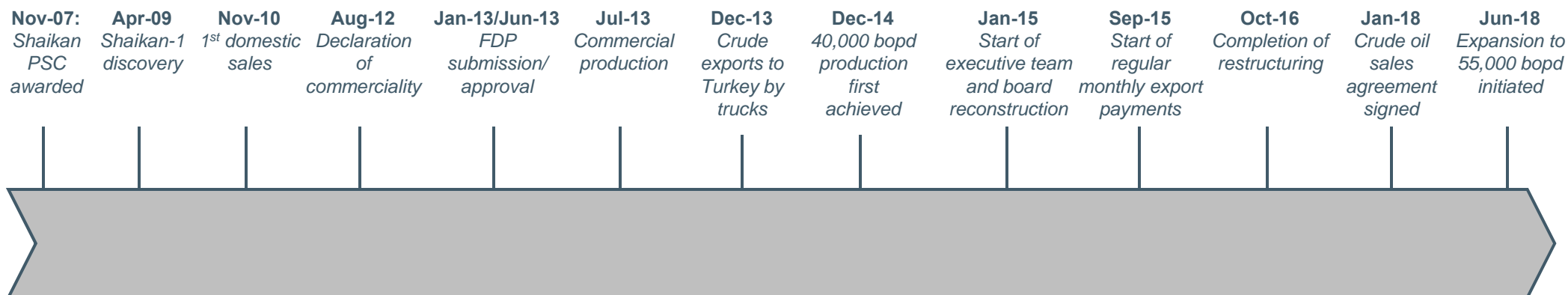
## Management team with proven track record

- Highly experienced management team
  - Strong team with extensive and complementary skill sets and expertise (technical, commercial and financial) to deliver the next phases of growth
  - Extensive regional (MENA) experience
  - Background from blue-chip IOCs including: ConocoPhillips, Total, Maersk Oil, Hess and other companies
- Focus on proper corporate governance; close collaboration between board of directors and senior management to execute company strategy
- Continuous cost optimisation (both opex and G&A)
- Strong in-country operational team with track record of project delivery

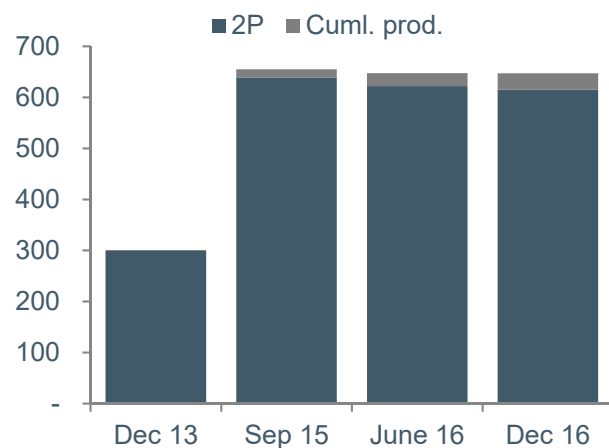
## Organisation dedicated to operate Shaikan

- Total of ca.300 personnel including national staff, expats and contractors in the Kurdistan Region of Iraq
  - ca.280 based in Kurdistan
- Outstanding HSSE performance – 1 LTI in 3 years
- High plant uptime (99%) achieved consistently

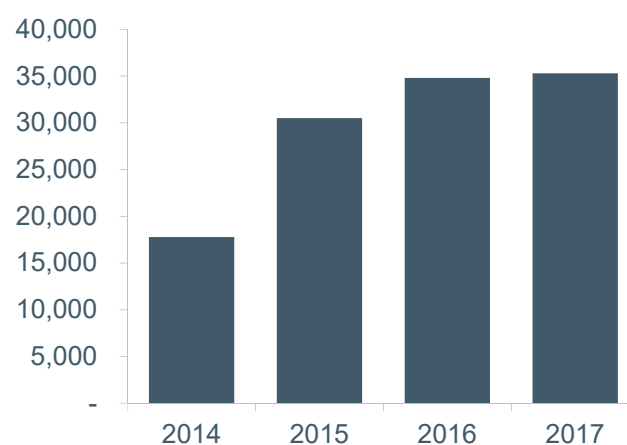
# The Gulf Keystone history in Kurdistan



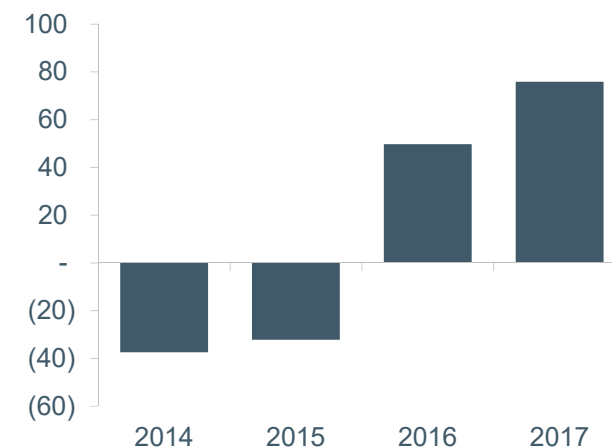
Shaikan gross 2P reserves (MMstb)



Shaikan gross production (bopd)



GKP net operating cash flow (US\$m)

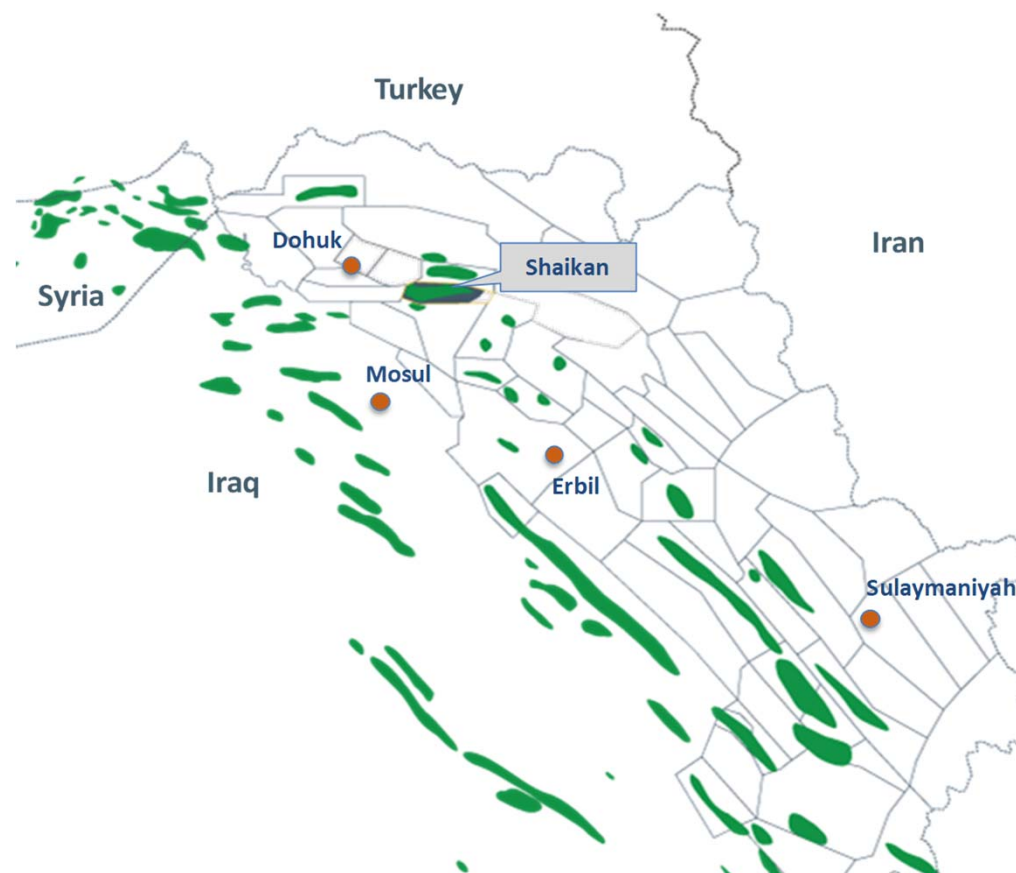


# Kurdistan – a proven oil region

## Highly prolific oil province

- Kurdistan is the only semi-autonomous, constitutionally recognised, political region in Iraq
- Relatively young oil & gas industry – first PSCs awarded in 2004
- Accessible to international oil companies – including super-majors ExxonMobil, Chevron and Total
- Significant proven reserves with world class conventional resource potential
- Kurdish crude oil blend exported via pipeline to the Mediterranean coast (Ceyhan, Turkey)
  - Oil exports account for almost all of Kurdistan's budget revenues
- Regular monthly export payments to the international E&P companies from September 2015

## Overview of Kurdistan Region of Iraq





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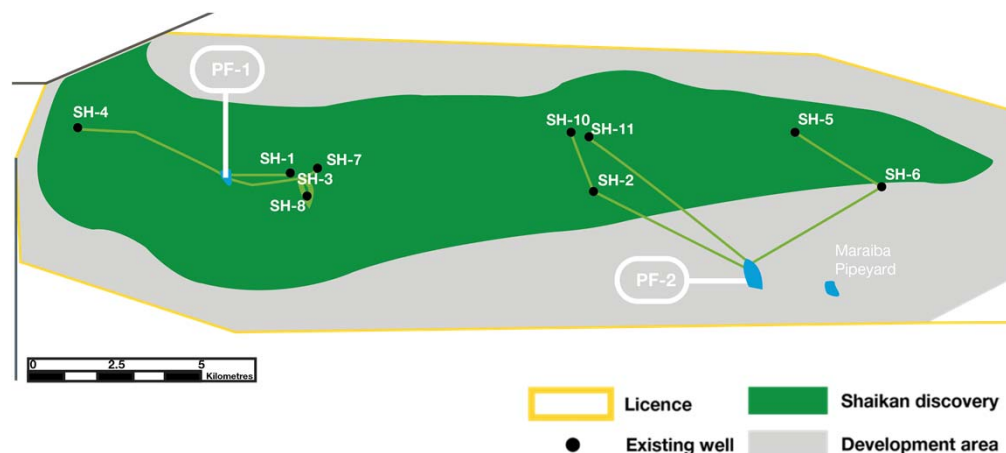
**Appendix**

# Shaikan – A large field with proven production track record

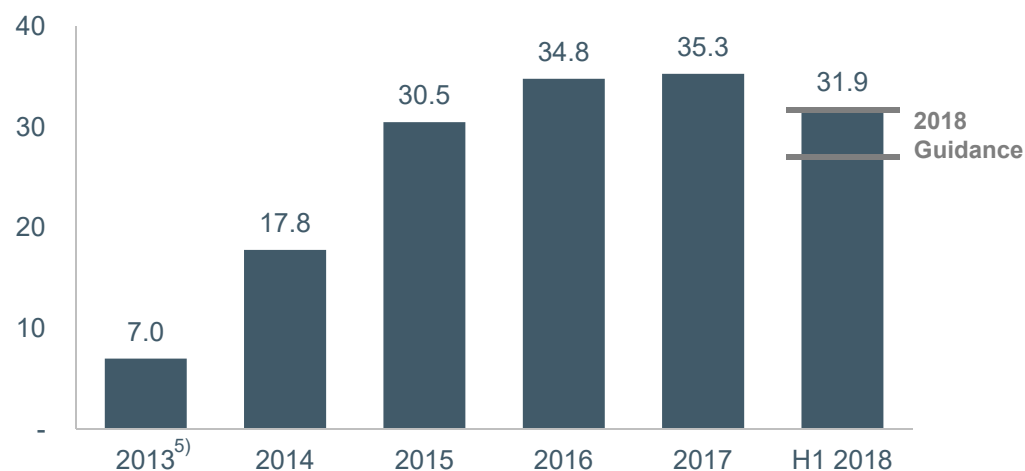
## Overview

- Located ca.60km north-west of Erbil, the Shaikan Field is an anticline sitting at the north-west end of the Zagros Fold-belt
- One of the largest fields in Kurdistan by reserves and production
  - Gross 2P reserves: 615 MMstb<sup>1)</sup>
  - Field extends 30km (east to west) & 10km (north to south)
  - Cumulative production to date over 50 MMstb
  - Steady production and pressure decline in line with reservoir understanding – no breakthrough of gas or formation water
- Production on track to meet annual guidance
  - YTD<sup>2)</sup>: 31,743 bopd
  - Plant uptime: over 99%
- Currently developed with nine production wells and two production facilities with a combined capacity of 40,000 bopd
- PF-2 pipeline connection completed in July 2018

## Field map<sup>4)</sup>



## Gross production ('000 bopd)



1) Source: ERC Equipose. Gross volume estimates as at 31 December 2016 (12.9 MMstb production in 2017)

2) From 1 January 2018 to 31 August 2018

3) Working interest subject to reduction post government back-in following implementation of 2<sup>nd</sup> Shaikan PSC amendment. See further details on slide 19

4) Well locations and license boundary on the map are approximate

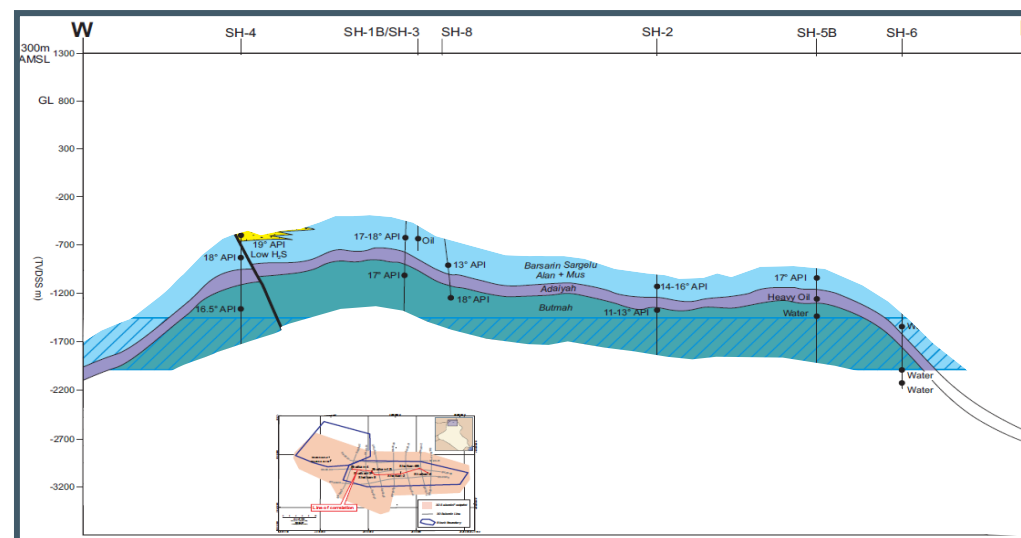
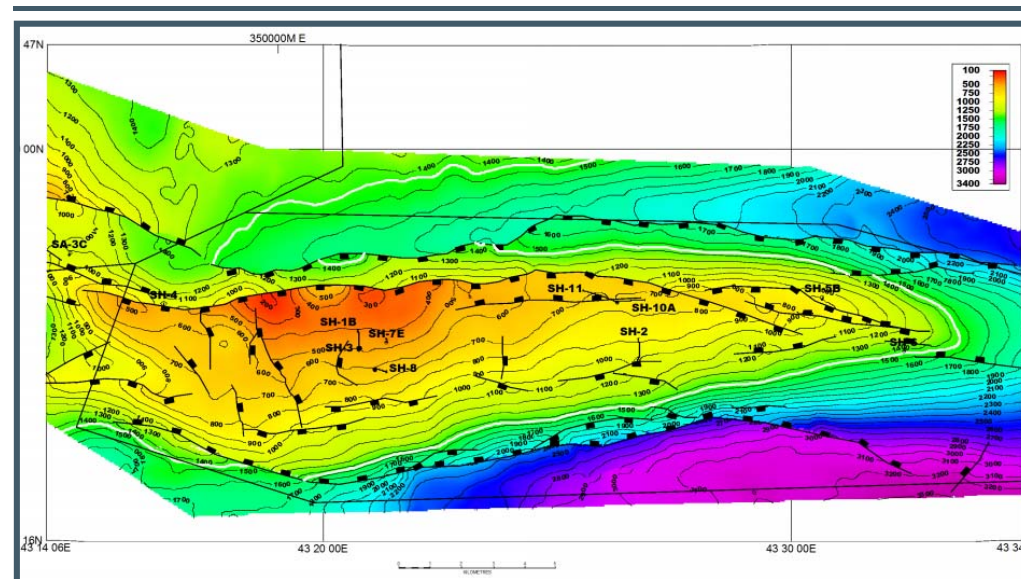
5) 2013 production metric for December only

# Shaikan subsurface

*Discovered and producing reservoirs: Jurassic*

- All production currently from fractured Jurassic carbonates reservoirs
  - Over 50 MMstb produced to date
- Areal extent of the Jurassic reservoirs of ca.135 sq. km
- Substantial oil column – ca.1,000m
  - Gravity ranging from 18° API at the top to 11° API at the bottom
- Jurassic alone represents a giant resource base:
  - 2P 568 MMstb<sup>1)</sup>
  - 2C 80 MMstb<sup>1)</sup>
  - STOIP: 5.5 billion barrels<sup>1)</sup>
- Dynamic data acquired to date suggest that aquifer influx is limited, compared to other fields in Kurdistan
- Recovery from the field is expected to be primarily dominated by processes associated with pressure depletion, supported by a gas cap expansion
- Production and reservoir pressure data continue to support GKP's geological model and understanding of the field

## Structural map and section of Jurassic reservoirs

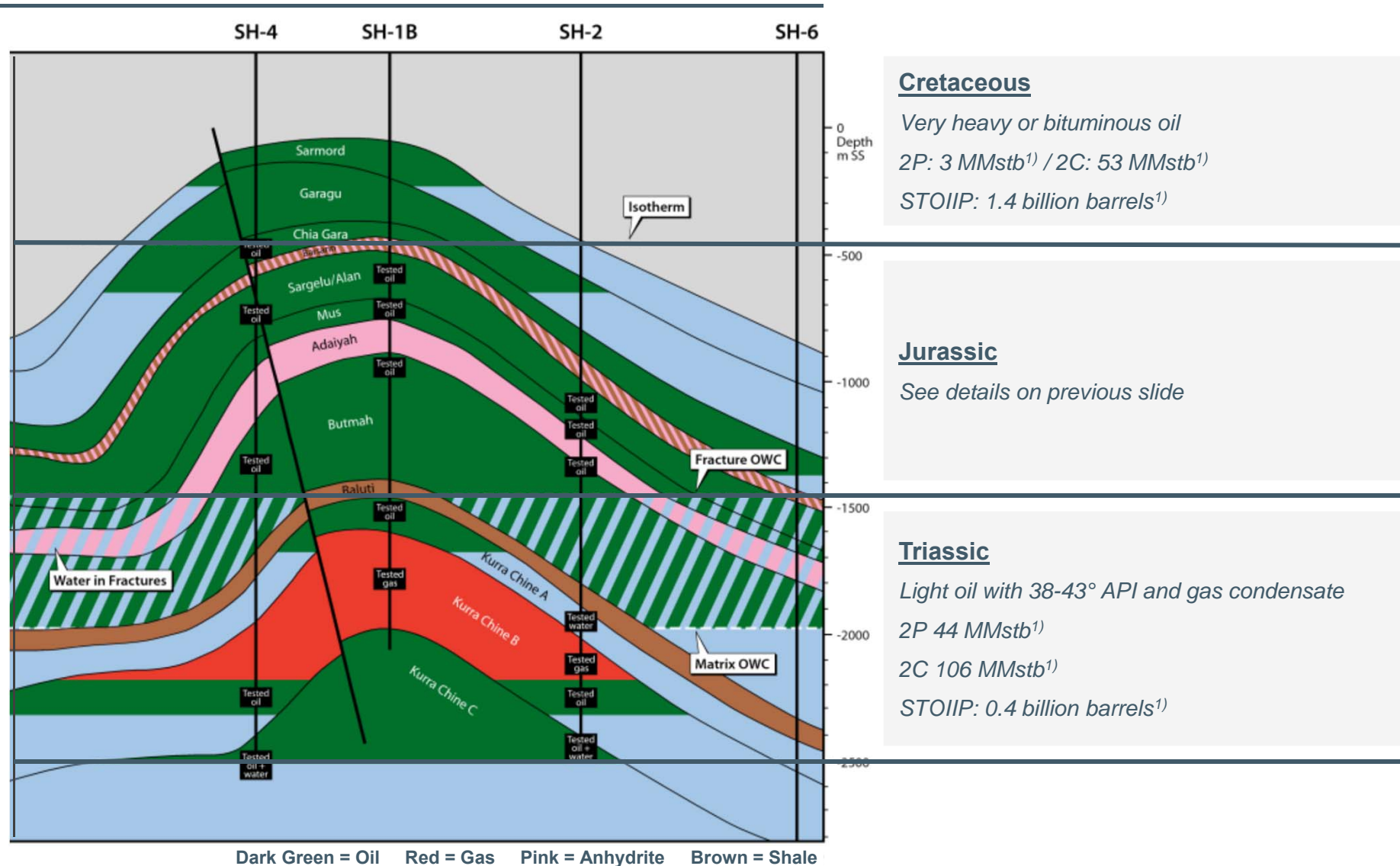


<sup>1)</sup> Source: ERC Equipose. Gross volume estimates as at 31 December 2016 (12.9 MMstb production in 2017)

# Shaikan subsurface (cont'd)

Upside from other reservoirs: Triassic & Cretaceous

## Illustrative Shaikan cross section

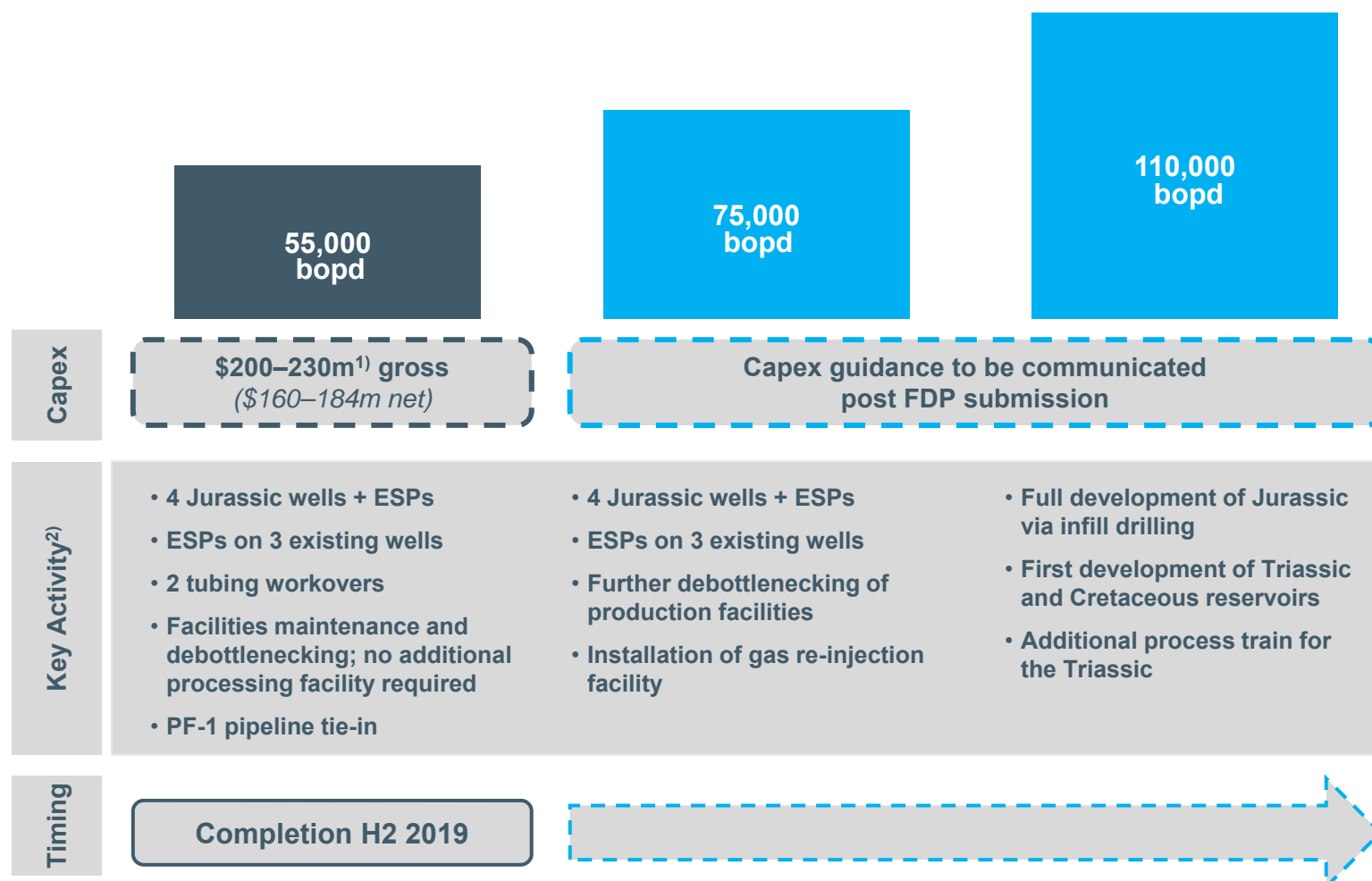


<sup>1)</sup> Source: ERC Equipoise. Gross volume estimates as at 31 December 2016

# Expansion to 55,000 bopd underway

*Realising the potential of Shaikan with a phased, risk-managed approach*

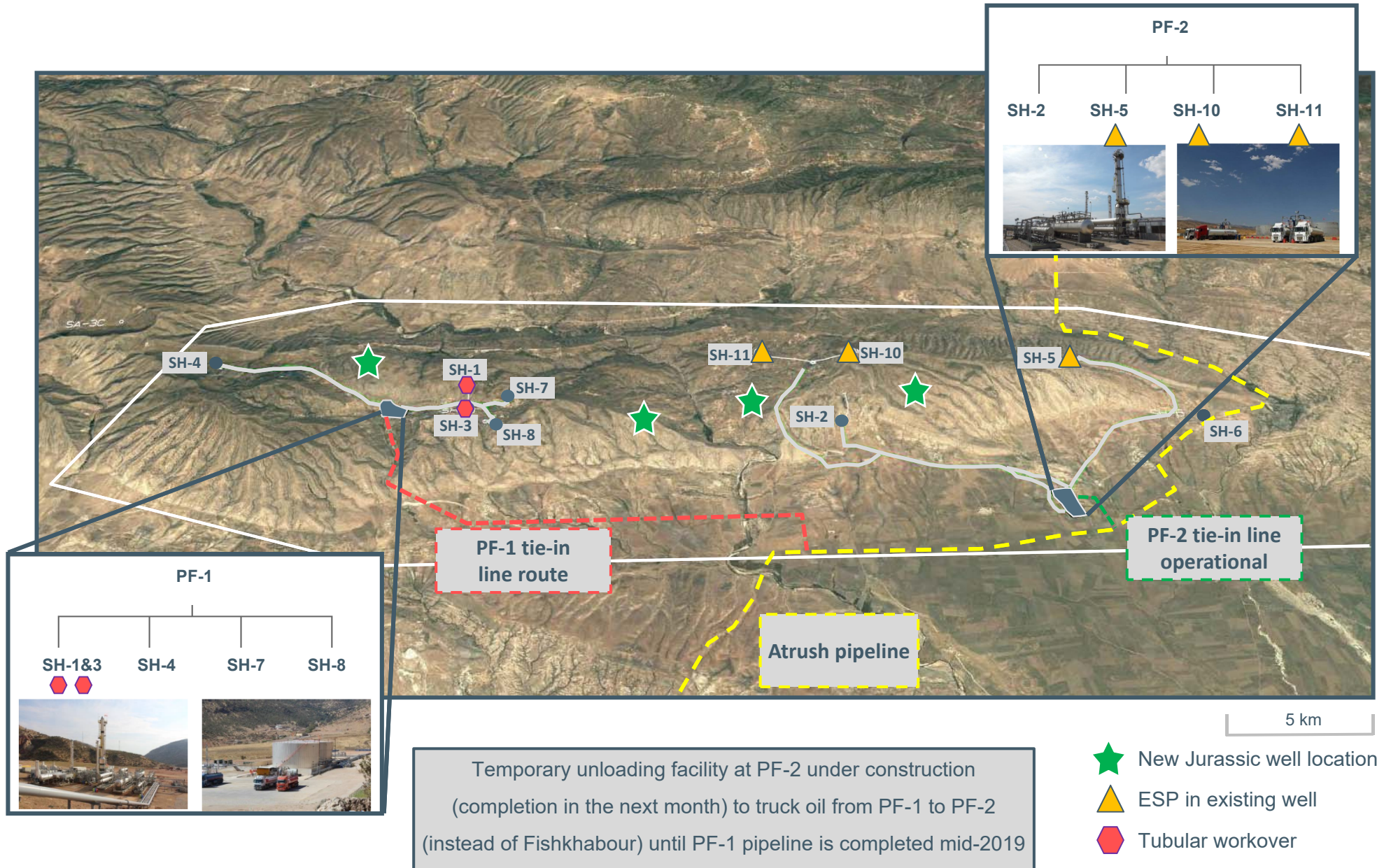
- PF-1 pipeline tie-in initiated
- Phased approach de-risks and progressively unlocks value
- On track to increase Shaikan production to 55,000 bopd gross in H2 2019
- Significant work this year to further optimise the FDP
- Revised FDP has been drafted and is being finalised prior to submission later in 2018



<sup>1)</sup> \$91m gross capex budgeted in 2018 with the remainder to be spent in 2019. Increase from previous \$175-215m guidance driven by expansion of scope for tubing workovers and PF-1 pipeline

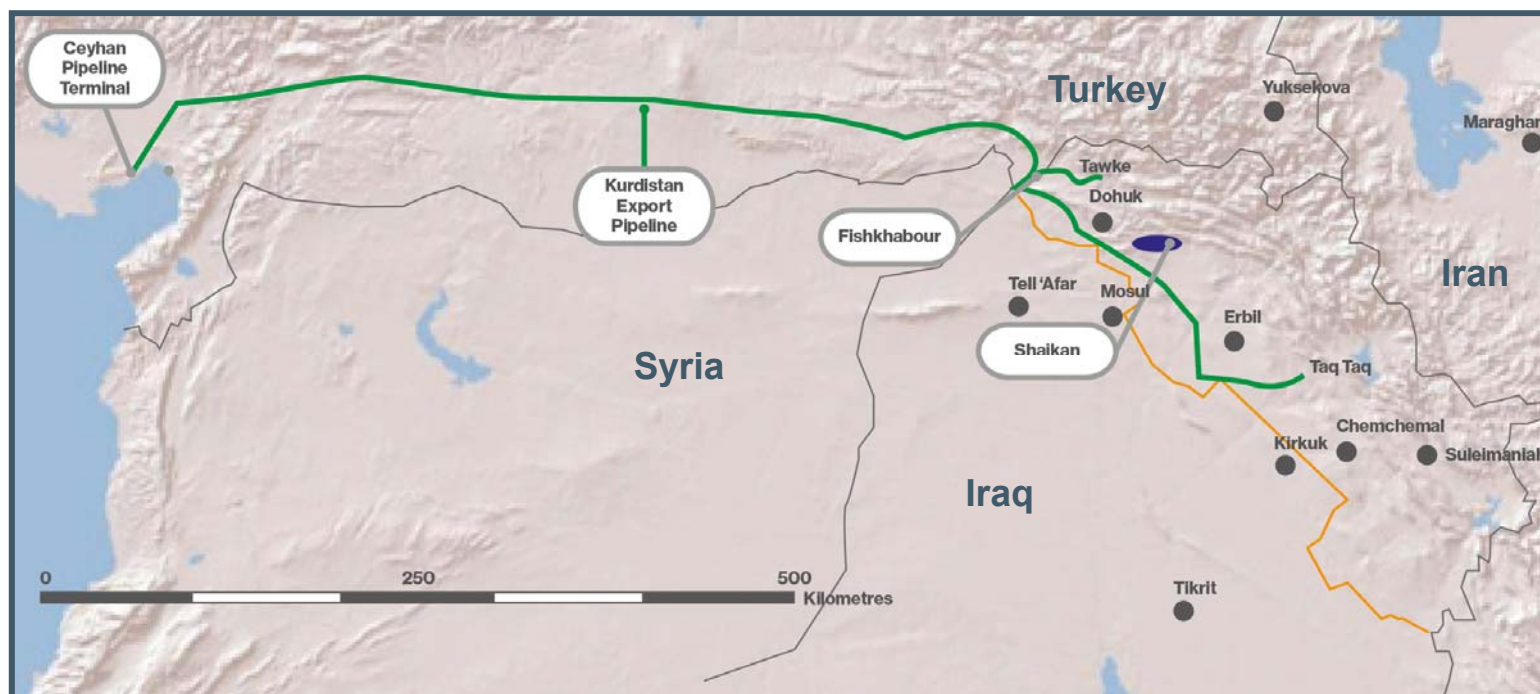
<sup>2)</sup> Investment plans beyond the 55,000 bopd expansion project subject to KRG's MNR and MOL approval

# Shaikan 55,000 bopd expansion project



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

# Export route and crude marketing



- The KRG's MNR currently controls all marketing and crude exports from Kurdistan
- In January 2018, the Crude Oil Sales Agreement was signed with the KRG – a key milestone for GKP
  - Under the agreement, which is in line with the agreements of other producers in the region, KRG will purchase all exported Shaikan crude at Brent minus ca.\$22/bbl reflecting quality adjustments and full transportation costs
- Today, ca.45% of Shaikan production export directly via pipeline from PF-2. The remainder is trucked ca.120km to Fishkhabour where it is injected in the KEP to Ceyhan as part of the Kurdish blend
  - In the next month, trucking to Fishkhabour expected to cease with the construction of a temporary unloading facility at PF-2 to inject PF-1 crude directly in the KEP
- Work has started on PF-1 pipeline construction and completion anticipated mid-2019



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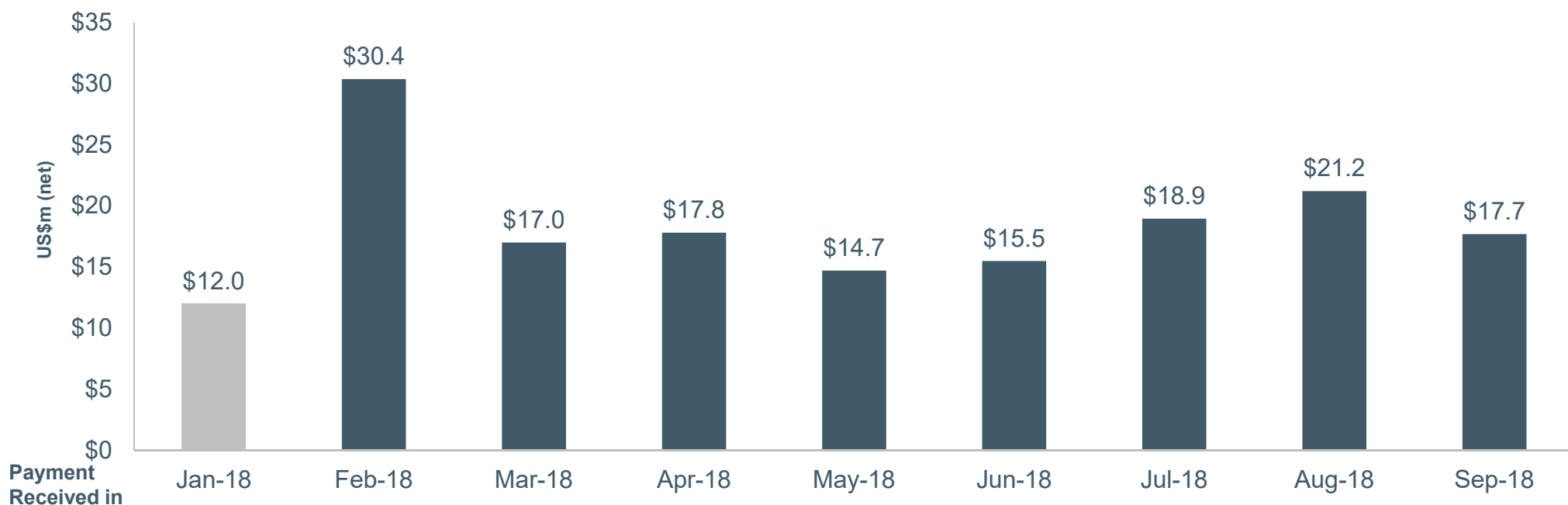
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# Continuous payments from September 2015

- \$107m net to GKP received in H1 2018 (\$165m net YTD)



Month of Production	Sept-17	Oct / Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18
Gross Prod. (kbopd)	33.3	34.5 / 31.1	33.4	32.9	33.2	28.9	32.8	33.1	30.5
Brent Price <sup>1)</sup> (\$/bbl)	\$56.2	\$57.5 / \$62.7	\$64.4	\$69.1	\$65.3	\$66.0	\$72.1	\$77.0	\$74.4

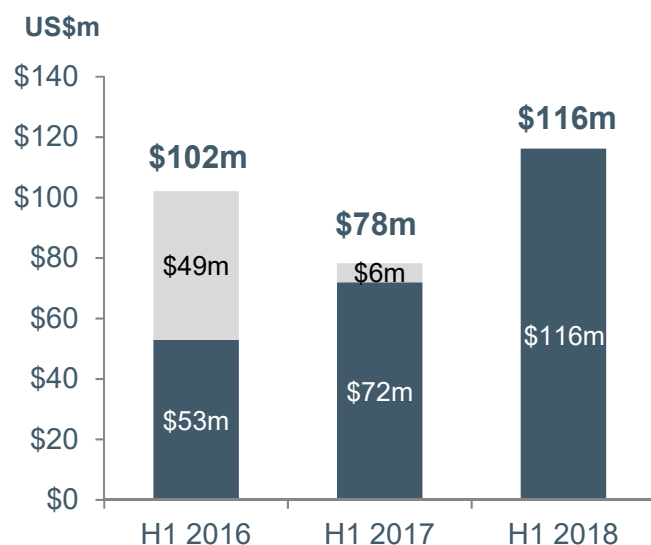
■ Pre signed Crude Oil Sales Agreement ■ Post signed Crude Oil Sales Agreement

1) Source: EIA monthly prices

# Half Year 2018 financial highlights

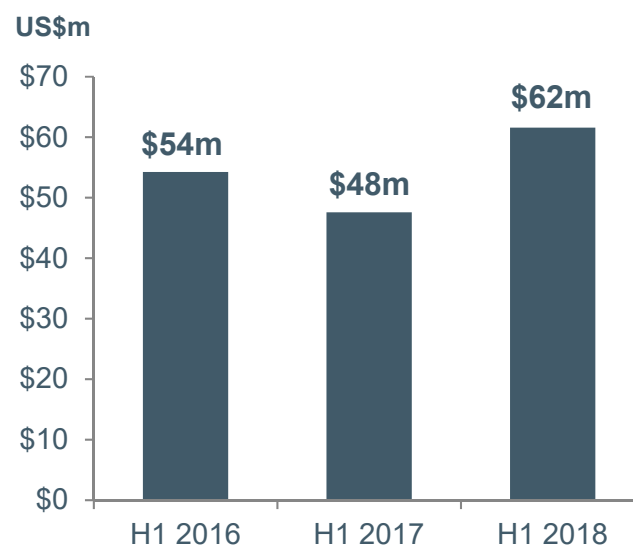
- Record figures for GKP in H1 2018
- Revenue, EBITDA and profit driven by production, robust oil price
- Signing of the Crude Oil Sales Agreement in January 2018

## Revenue

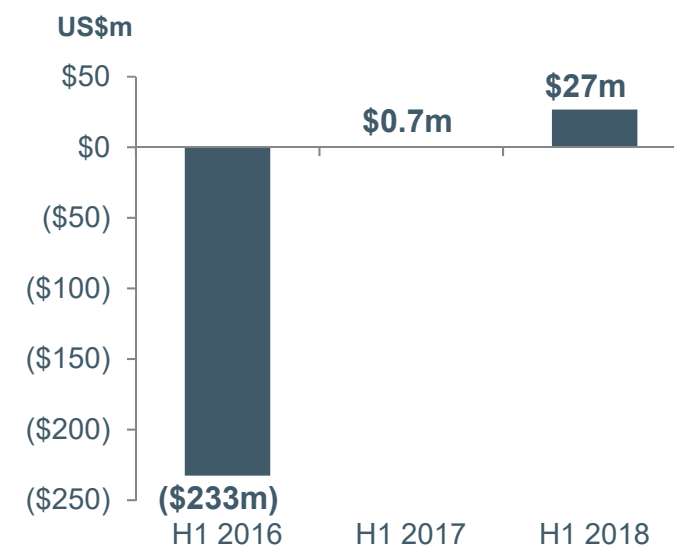


■ Revenue - Cash Assured ■ Revenue - Payables Offset

## EBITDA



## Profit/(Loss) After Tax

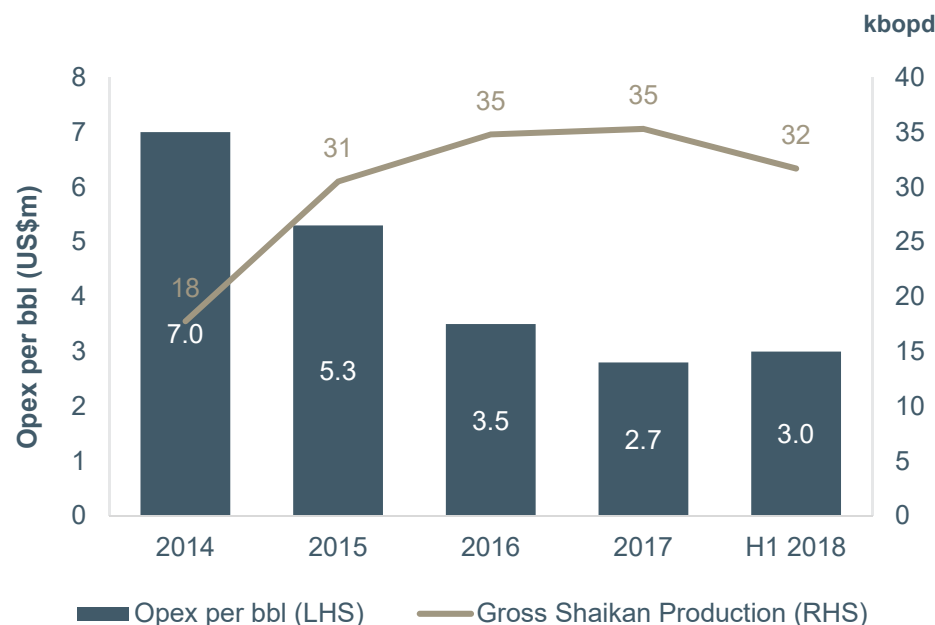


# Disciplined cost control

- Opex remained stable – in line with 2017
- Opex per barrel slightly increased due to lower production
- G&A continued to decrease: \$2.0m reduction vs. H1 2017 (\$9.7m)

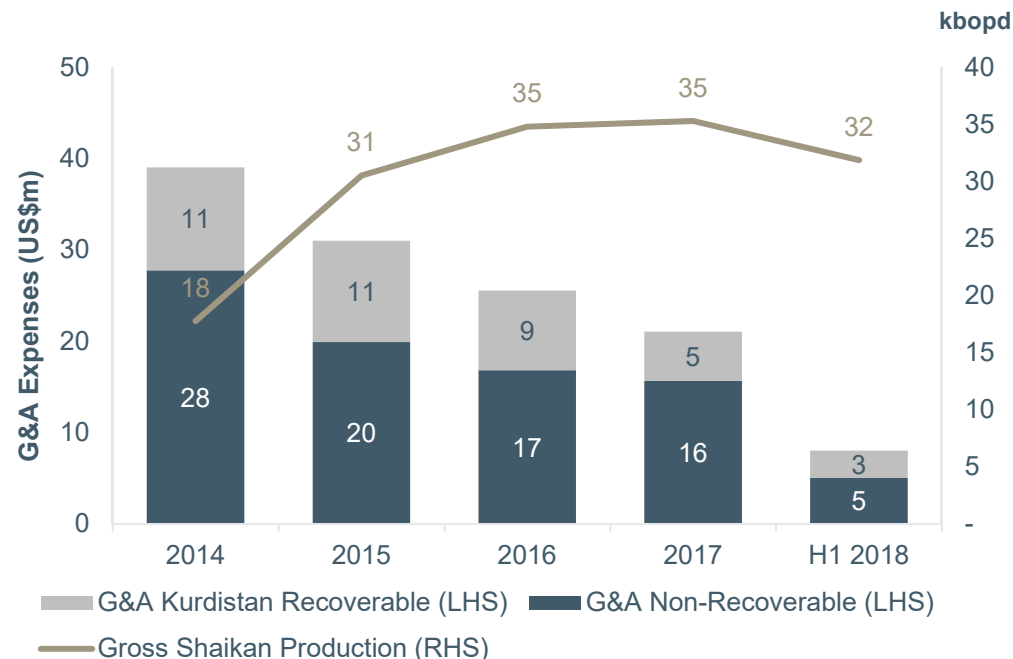
## Operating Expenses<sup>1)</sup>

US\$m	37	48	35	28	14
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## General & Administrative Expenses

US\$m	39	31	26	21	8
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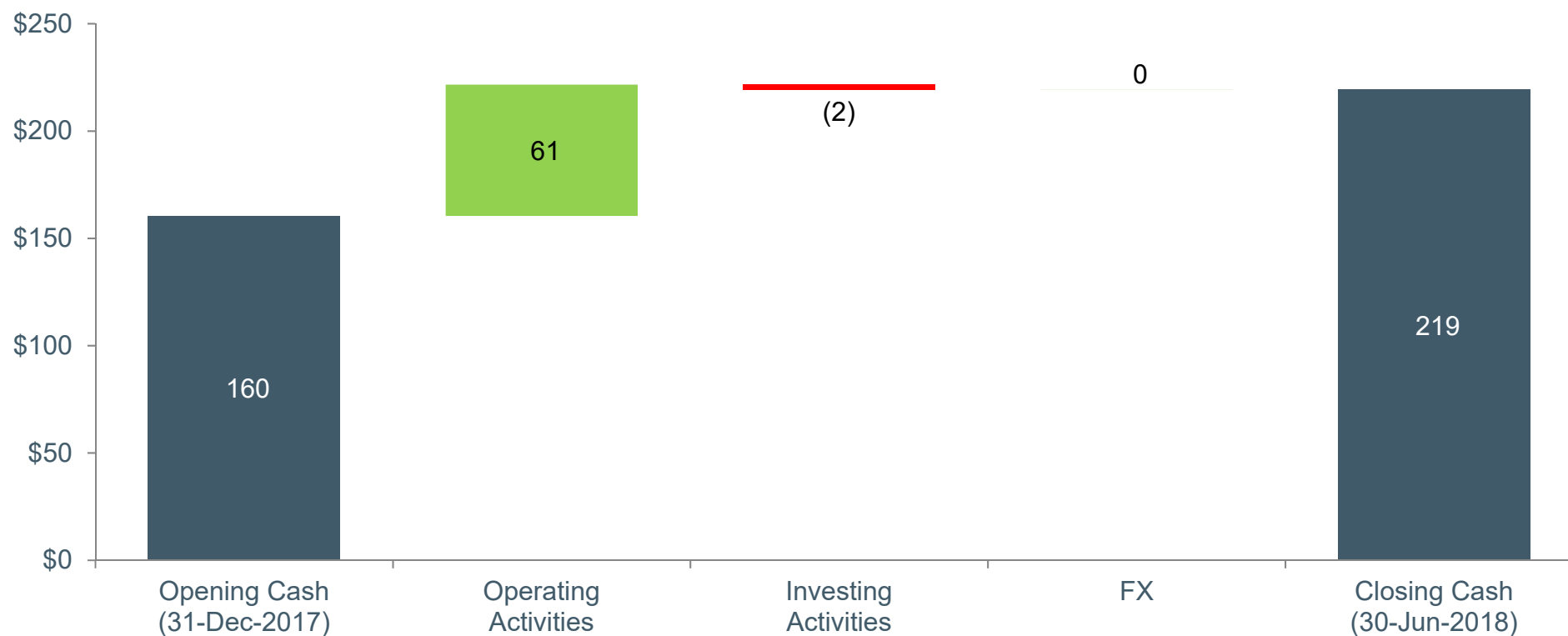


1) Excludes capacity building charges, production bonus and transportation costs

# Free cash flow positive

- Healthy cash balance (\$240m at 7 September 2018)
- Refinanced \$100m bond in July 2018 with standard terms – 10% coupon, 5-year maturity

## H1 2018 Cash Flow (\$m)



# Gulf Keystone today

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## Operator of Shaikan – a large field with proven track record

- Gross 2P + 2C resource base of 854 MMstb<sup>1)</sup> with year-to-date gross production of 31,743 bopd – on track to meet 2018 guidance (27,000 to 32,000 bopd)
- Predictable reservoir performance: steady production (underpinned by safe and reliable operations), pressure decline in line with reservoir model and no breakthrough of gas or formation water to date
- Low cost and low execution risk project initiated for expansion of nameplate production capacity to 55,000 bopd (+38%) in H2 2019 – longer term potential of up to 110,000 bopd

2

## Commercial Stability

- Landmark Crude Oil Sales Agreement signed in January 2018 – transparent invoicing, commercial protection and on par with peers
- Regular payments – \$447m (net to GKP) received from September 2015
- The stable payment cycle and uninterrupted exports have continued post the Kurdistan referendum vote in September 2017

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## Strong cash flow and solid balance sheet

- Strong cash flow driven by steady production, high plant uptime, regular KRG payment cycle, continuous reduction of operating and G&A costs, substantial cost oil position and higher oil price
- New era of profitability with after-tax profit posted in 2017 for the first time since entry to Kurdistan
- Interest bearing debt of \$100m with a cash position of \$240m

1) Source: ERC Equipose. Gross volume estimates as at 31 December 2016: 2P 615 MMstb (12.9 MMstb production in 2017) and 2C 239 MMstb

# Outlook

- **Operational Excellence**

- Safe operations
- Meeting 2018 gross production guidance of 27,000-32,000 bopd
- Delivering on project milestones
- Continued disciplined cost control

- **Production Growth**

- Deliver the expansion project: Jurassic drilling campaign, workovers, facilities debottlenecking, PF-1 tie-in line – construction work underway and on track to increase production to 55,000 bopd in H2 2019
- Finalise investment plans and submit revised FDP later in 2018

- **Commercial Clarity**

- PSC amendment (expected Q4 2018)
- Capital management strategy will be communicated after submission of the revised FDP and PSC amendment



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# Reserves and resources summary

Shaikan Reserves						
Formation	Gross Field Oil Reserves (MMstb)			GKP net (WI 58%) <sup>1)</sup> Reserves (MMstb)		
	1P	2P	3P	1P	2P	3P
Cretaceous	1	3	4	1	2	2
Jurassic	212	568	877	123	329	508
Triassic	18	44	63	10	25	37
<b>Shaikan – Total</b>	<b>231</b>	<b>615</b>	<b>944</b>	<b>134</b>	<b>356</b>	<b>547</b>

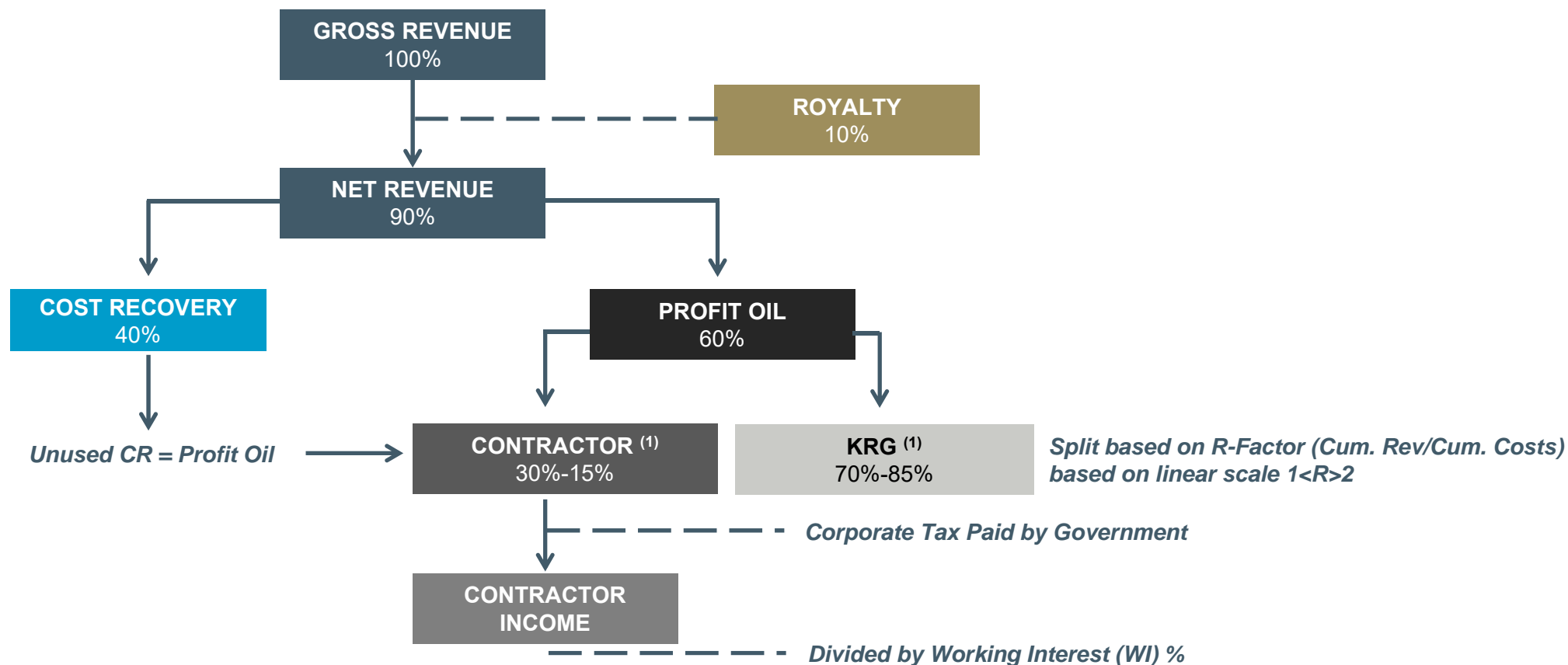
Shaikan Contingent Resources						
Formation	Gross Field Oil Resources (MMstb)			GKP net (WI 58%) <sup>1)</sup> Resources (MMstb)		
	1C	2C	3C	1C	2C	3C
Cretaceous	14	53	175	8	31	102
Jurassic	97	80	340	56	46	197
Triassic	29	106	347	17	61	201
<b>Shaikan – Total</b>	<b>140</b>	<b>239</b>	<b>862</b>	<b>81</b>	<b>138</b>	<b>500</b>

Source: ERC Equipoise – CPR August 2016 and confirmation letter dated April 2017. Volume estimates as at 31 December 2016 (12.9 MMstb gross production in 2017)

1) 58% diluted working interest as presented in CPR, subject to the ratification of previously disclosed PSC terms in March 2016

# Shaikan PSC

## Summary of terms Shaikan Production Sharing Contract



1) Under the Shaikan PSC, the KRG is entitled to a capacity building payment representing 40% of GKP profit oil, albeit it is subject to change following the execution of the 2<sup>nd</sup> PSC Amendment.



# Gulf Keystone Petroleum

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