



# Gulf Keystone Petroleum

12-13 September 2018

Pareto Conference

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# 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
  - \$735m<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 10 September 2018. US\$/GBP = 1.30

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

# Half Year 2018 Highlights

- **Strong financial performance**

- Record profit after tax of \$26.7m (H1 2017: \$0.7m)
- Regular payments – \$147m cash receipts YTD
- Continuous disciplined cost control – \$3.0 per barrel Opex

- **Commercial milestones**

- Return to investment at Shaikan – expansion to 55,000 bopd underway and on schedule
- Revised FDP drafted and being finalised prior to submission later in 2018
- Amendment to Shaikan PSC – anticipated conclusion in Q4 2018

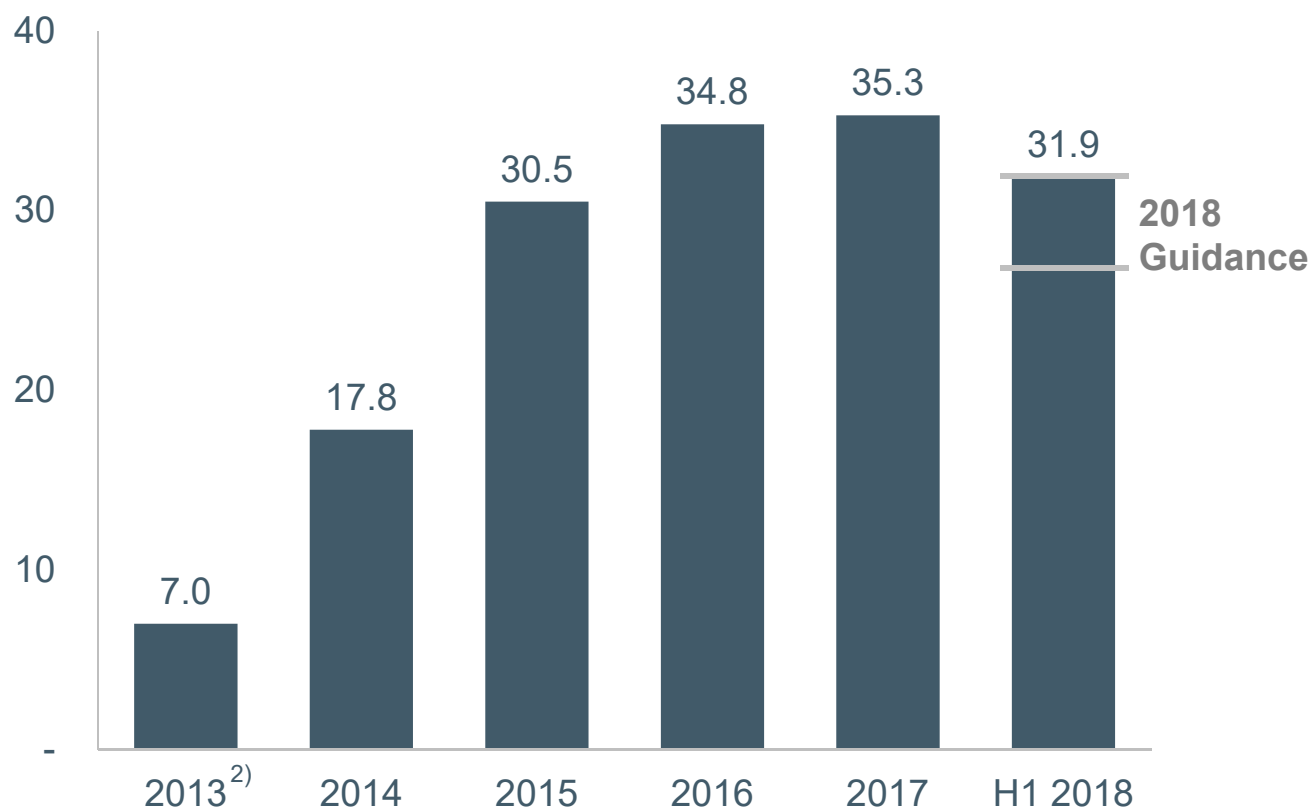
- **Corporate**

- Completed \$100m bond issue in July 2018 – offering well received and oversubscribed
- Board: Jaap Huijskes appointed Chairman and Martin Angle joined as SID

# A high-performing asset with a strong HSSE track record

- Production on track to meet annual guidance
  - YTD<sup>1)</sup>: 31,743 bopd
  - Plant uptime: over 99%
- Cumulative production exceeded 50 MMbbl in June 2018
- Steady production and pressure decline in line with reservoir understanding
- Strong safety performance
  - 1 LTI in 3 years
- PF-2 pipeline connection completed in July 2018

Shaikan gross production ('000 bopd)



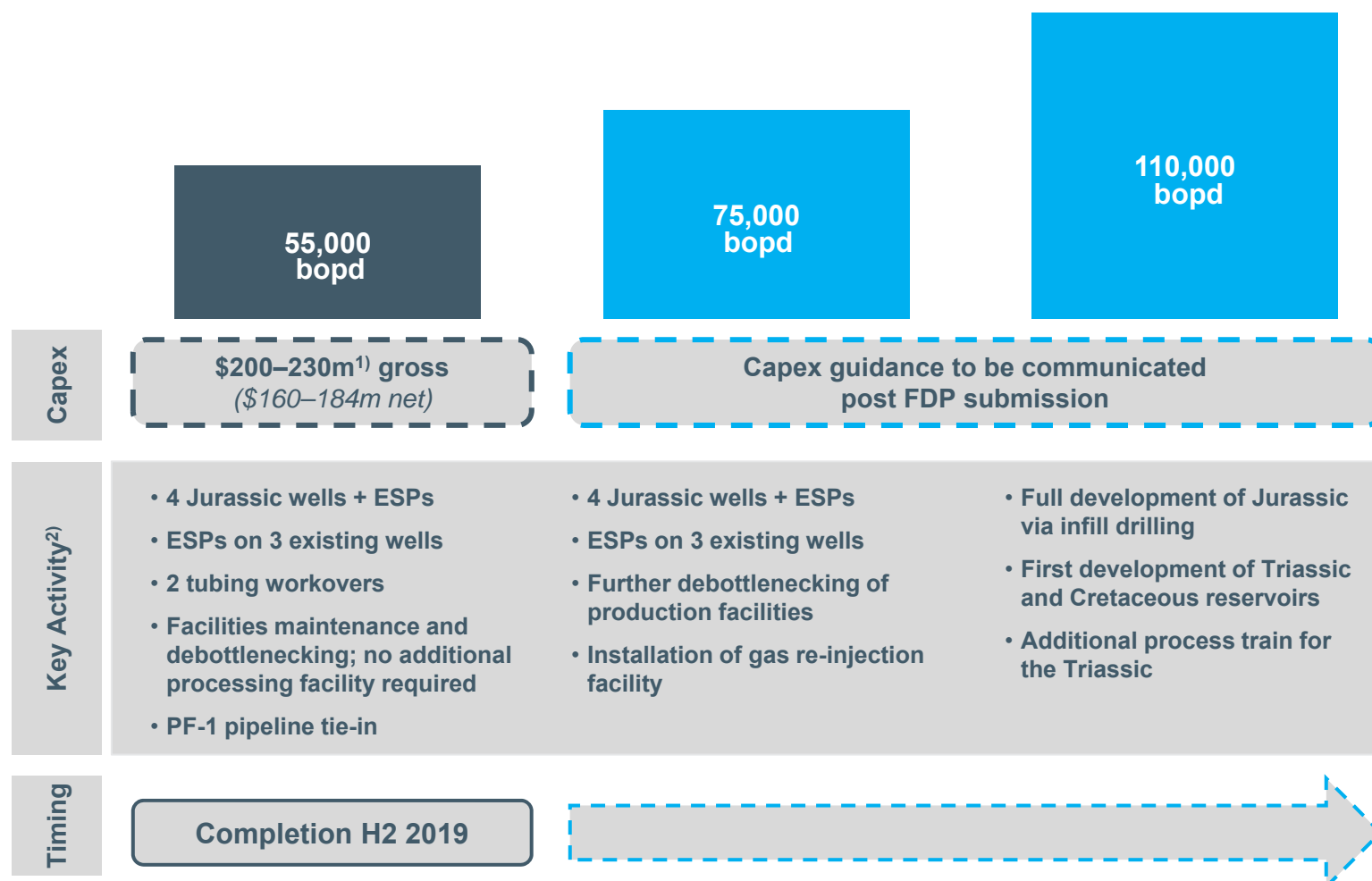
1) From 1 January 2018 to 31 August 2018

2) 2013 production figure for December only

# 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

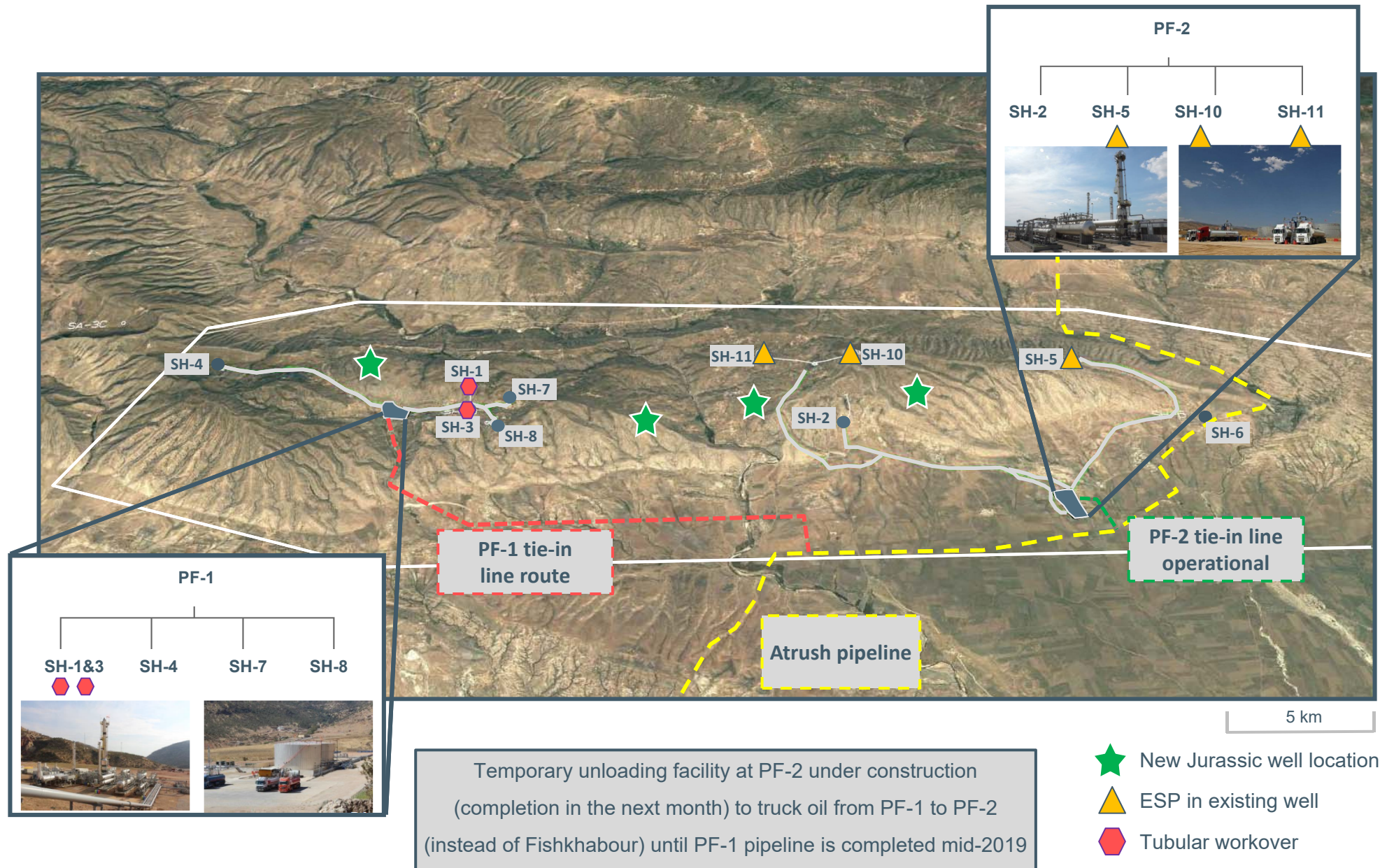


<sup>1)</sup> \$91m gross capex budgeted in 2018 with the remainder to be spent in 2019. Increase from previous \$175-215m guidance driven by expansion of scope for tubing workovers and PF-1 pipeline

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



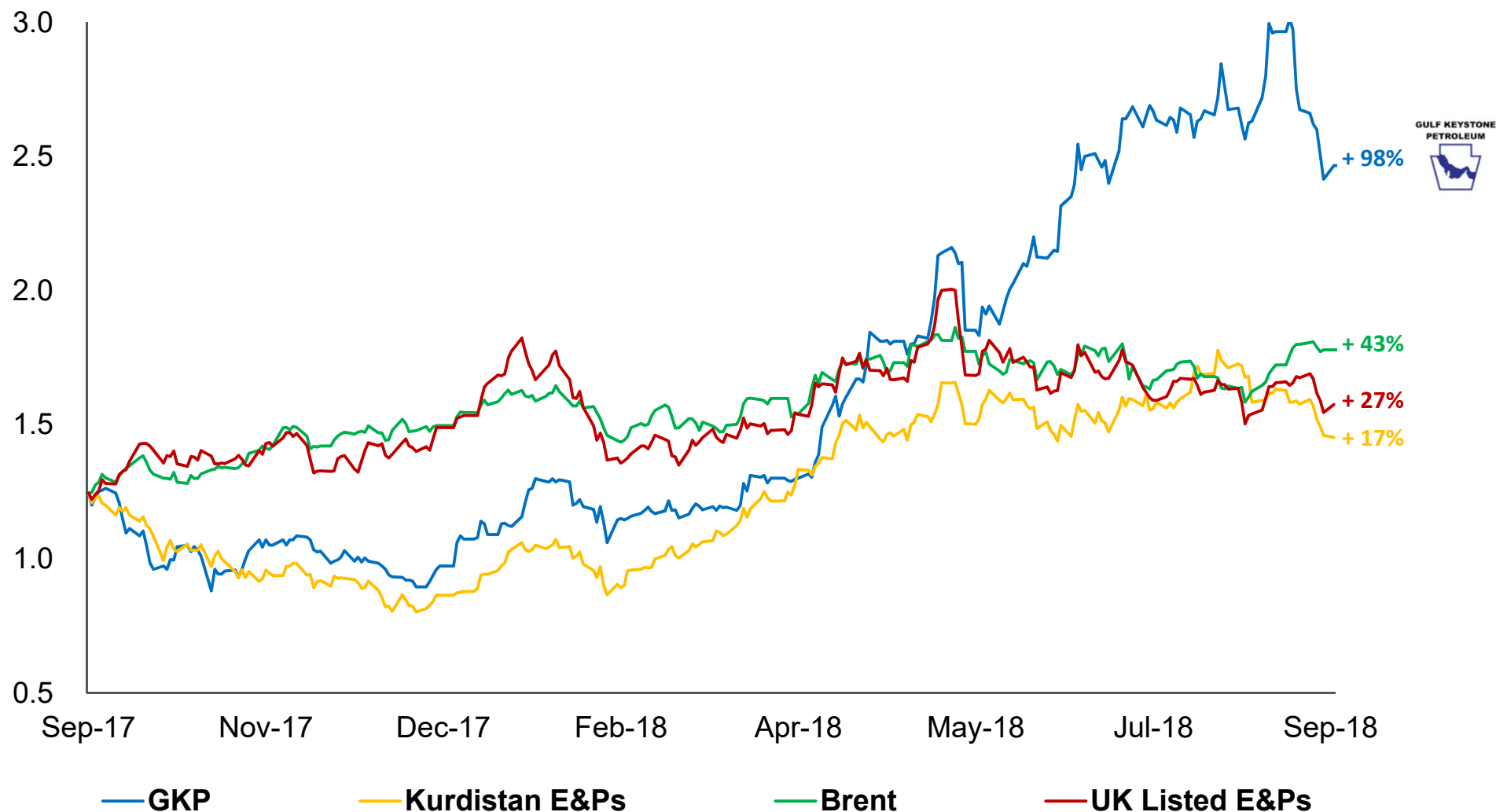
# Shaikan 55,000 bopd expansion project



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

# GKP has outperformed E&P peers

Share Price (Rebased to GKP (GBP/share))



Note: Market data as at 10 September 2018 (performance in local currencies). UK listed E&Ps is a market cap weighted index of Cairn, EnQuest, Ophir, Premier Oil, Soco and Tullow Oil.  
Kurdistan E&Ps is a market cap weighted index of DNO, Genel, ShaMaran and Oryx  
Source: FactSet



# Converging P/NAV valuation with peers

P / NAV Evolution (LTM)



# 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

A photograph of an industrial facility, likely a refinery or chemical plant, situated in a hilly, arid landscape. The facility features several tall, vertical distillation columns with yellow ladders and platforms. Numerous horizontal storage tanks and a complex network of pipes are visible. The background shows rolling hills under a clear sky. In the foreground, a large horizontal pipe runs across the frame.

# Questions?

Thank you

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