

A photograph of an industrial facility, likely a refinery or petrochemical plant, situated in a hilly, arid landscape. The facility features several tall, vertical distillation columns with yellow ladders and platforms. Numerous large, horizontal storage tanks and a complex network of pipes are visible. The background shows rolling hills under a clear sky. A dark blue semi-transparent box is overlaid on the bottom left of the image, containing white text.

Gulf Keystone Petroleum

March 2018

Corporate Presentation

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Gulf Keystone Today

- Predictable asset with robust production
- Recent progress on commercial negotiations with new crude oil sales agreement
- Regular payments for over two years leading to positive free cash flow
- No additional external funding required to increase production capacity to 55k bopd
- Safe and reliable operations

Gulf Keystone Summary

Capital structure overview

US\$m⁽¹⁾

Share price – 13-Mar-18 (p)	118.0p
Number of shares (million)	229.4

Market capitalisation **\$379**

Total debt⁽²⁾ 100

Cash⁽³⁾ (157)

Enterprise value **\$322**

Shaikan – Reserves & resources summary (net)

	MMbbl	EV/bbl
1P	134	\$2.4
2P	356	\$0.9
2P + 2C	495	\$0.7

Shaikan – Production summary (gross)

kbopd

2017 FY actual	35.3
2018 guidance	27.0 – 32.0

Shaikan production facility (PF-1)



Priorities

- Safe and reliable production
- Achieving commercial and contractual clarity (incl. PSC)
- Development focus on delivering growth potential of Shaikan beyond the current 40k bopd production capacity
- Focus; no plans to acquire new acreage or enter new countries, no exploration commitments
- Corporate governance and transparency

Source: Company reports; ERC Equipose (Apr-17)

(1) Based on GBPUSD rate of 1.40

(2) Flexibility of pay interest in kind until October 2018

(3) Cash position as at 22 January 2018

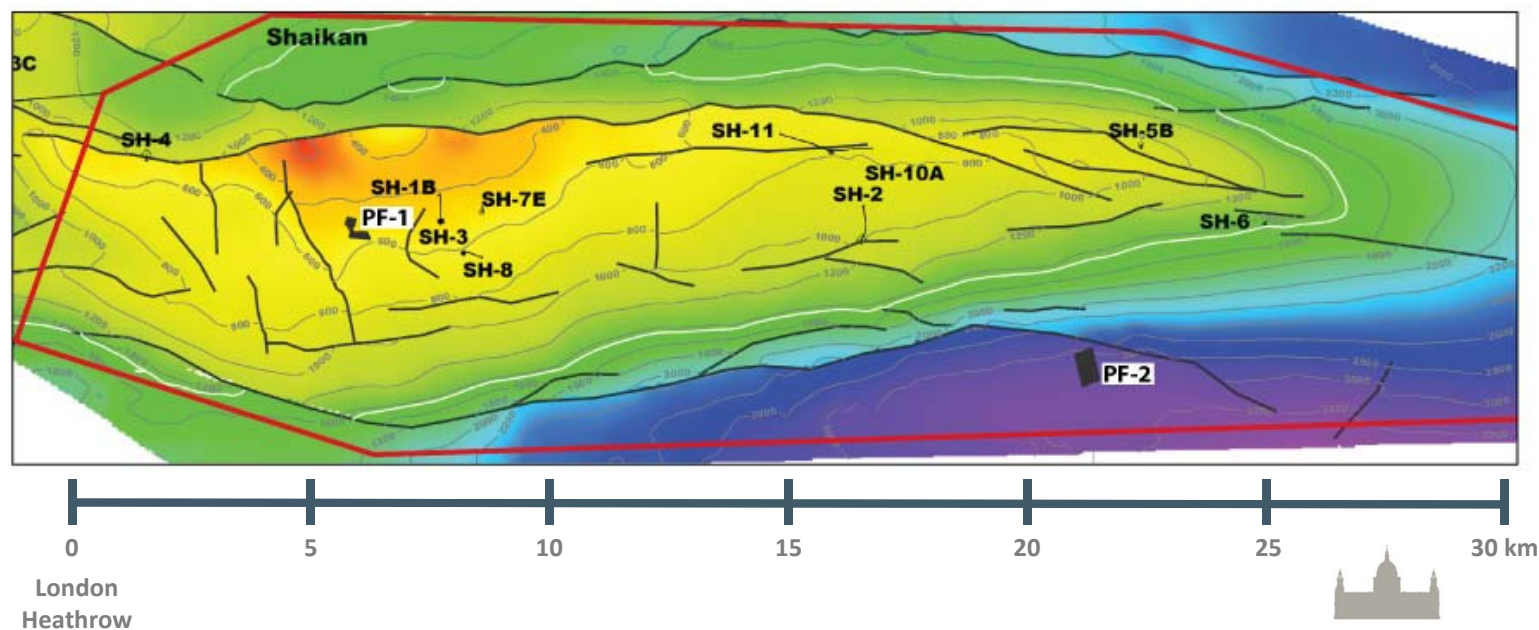


Shaikan Overview & Operations Highlights

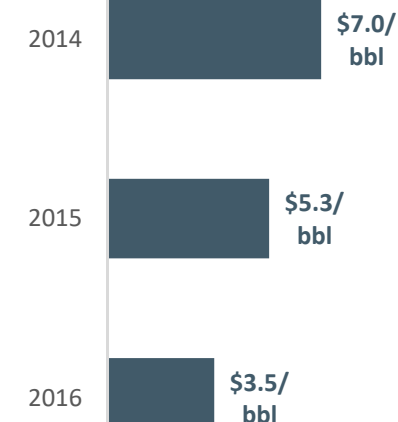
Shaikan Field Overview

- Located c.60km north of Erbil, the Shaikan field (operated by GKP – 80% WI) is one of the largest fields in Kurdistan – by reserves and production
- Discovered in 2009, commercial production commenced in July 2013 and over 45 MMbbl have been produced to date
- Steady production rate – continues to be dry oil with no breakthrough of aquifer water or gas
- Low production costs by global standards – with scope to reduce as the field is further developed

Field structure



Gross production costs



A Differentiated Sub-Surface Story

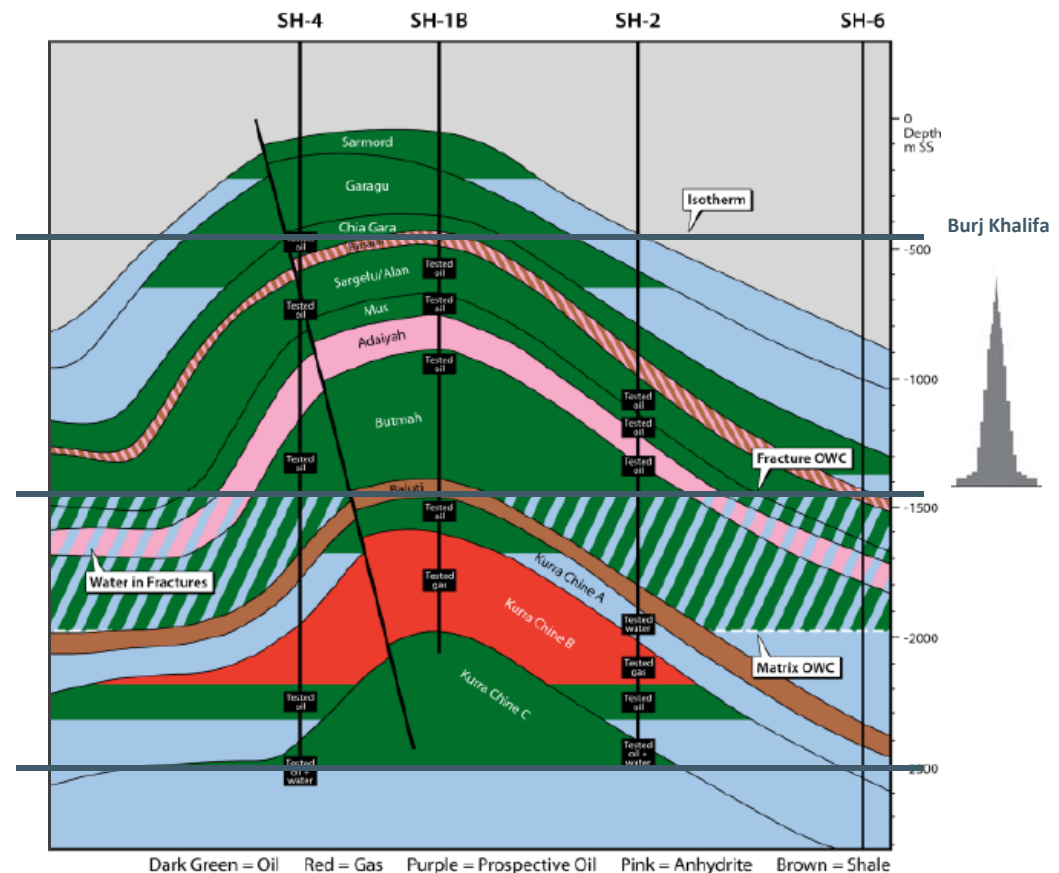
- The field contains heavy oil in fractured Jurassic carbonates (c.1,000m column) and lighter oil in fractured Triassic carbonates below
- Dynamic data acquired so far suggest that aquifer influx is limited, compared to other fields in Kurdistan. The recovery from the field is expected to be primarily dominated by processes associated with pressure depletion, supported by a gas cap expansion
- The reservoir performance is stable, with pressure decline and production history matching which support our static geological model
- Substantial reserves and resources base – 615 MMbbl 2P reserves (gross) and 239 MMbbl 2C resources (gross)

Illustrative cross section through Shaikan

Cretaceous
Heavy oil
2P: 3 MMbbl / 2C: 53 MMbbl

Jurassic
c.1,000m oil column with gravity ranging from 18° API at the top to 11° API at the bottom
2P: 568 MMbbl / 2C: 80 MMbbl

Triassic
Light oil with 38-43 ° API and gas condensate
2P: 44 MMbbl / 2C: 106 MMbbl



Staged, Risk-Managed, Modular Approach

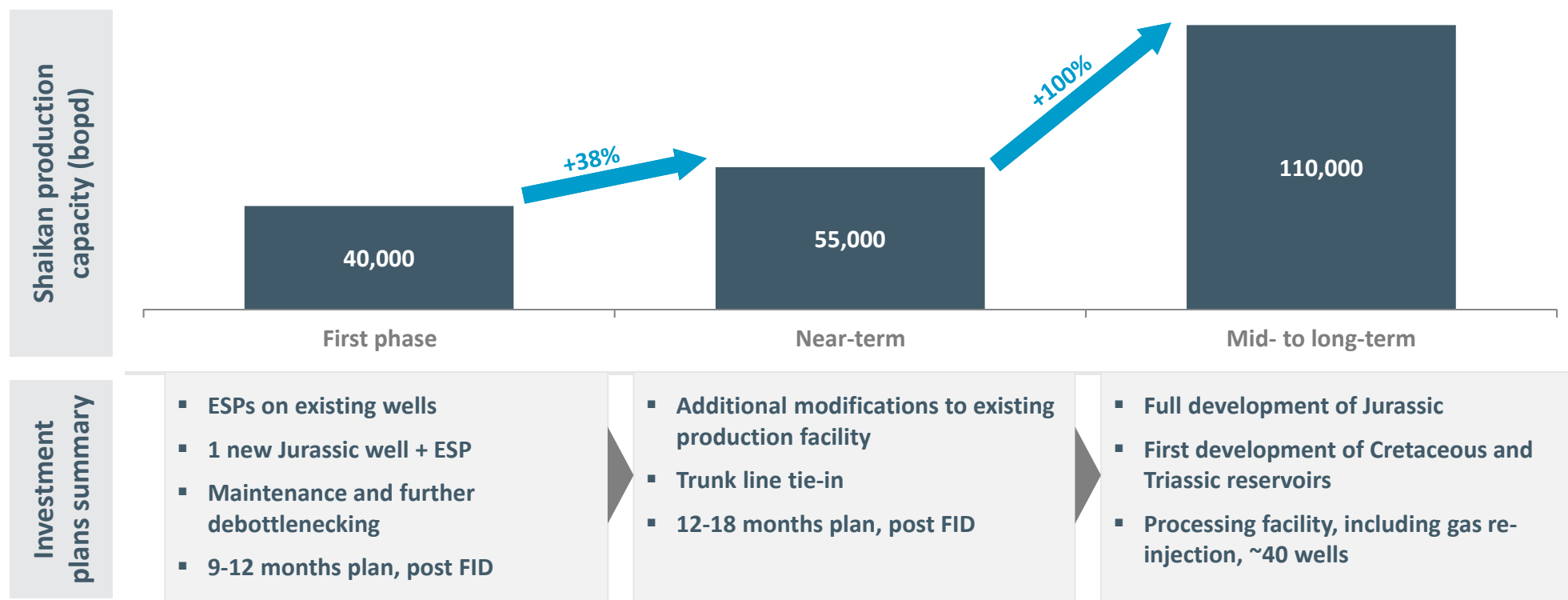
- Focus remains on value

Stage 1 - Maintain production level in line with current production capacity at 40,000 bopd

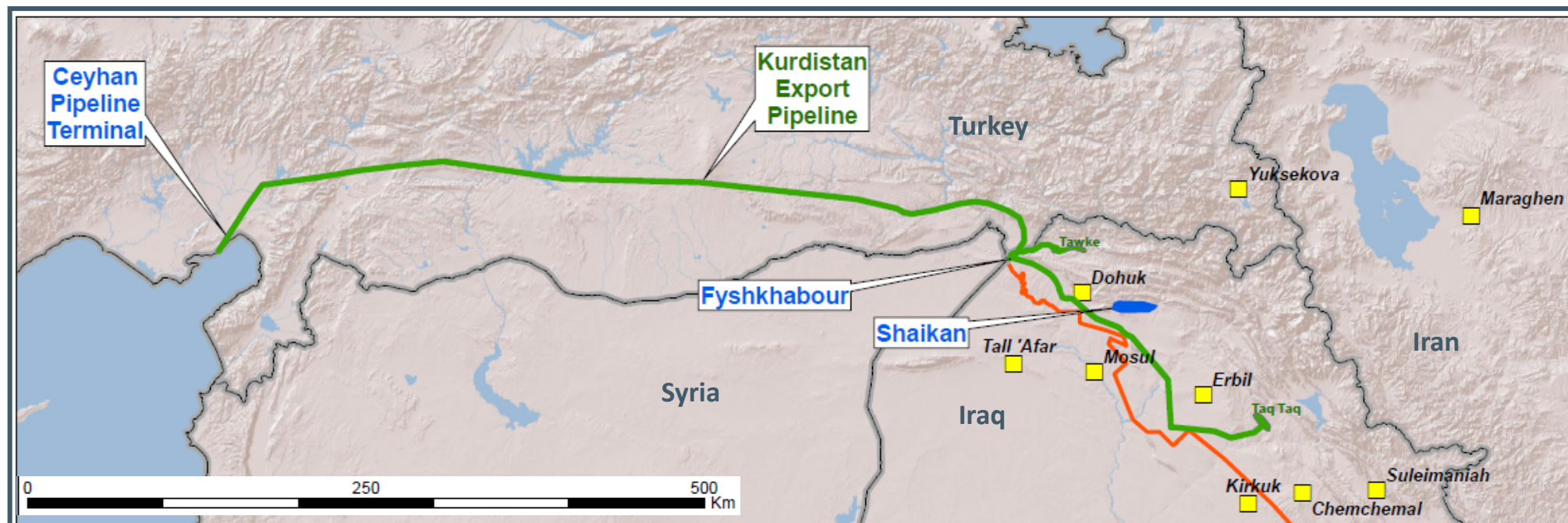
Stage 2 - Grow to 55,000 bopd in the near-term

Stage 3 - Full-field development plan in the mid- to long-term

- Continuous optimisation of these programmes; 40k & 55k bopd plans funded with existing cash balance and operating cash flow



Access to Market



- The KRG's MNR currently control all marketing and crude exports from Kurdistan
- In September 2015 GKP, at the request of the MNR, commenced trucking Shaikan crude oil to the Turkish border for injection into the export pipeline to Ceyhan in Turkey. Under this export route, the oil was sold as part of the Kurdish blend
- From February to November 2017, the MNR exported the Shaikan oil by trucks to Turkey on a temporary basis
- In November 2017, the MNR resumed exporting the majority of Shaikan crude via the export pipeline to Ceyhan as part of the Kurdish blend ; the remainder is sold domestically
- In January 2018, a crude oil sales agreement was signed with the KRG where Shaikan crude will be sold at Brent minus c.\$22/bbl for quality and all transportation costs



Financial Review

Financial Highlights

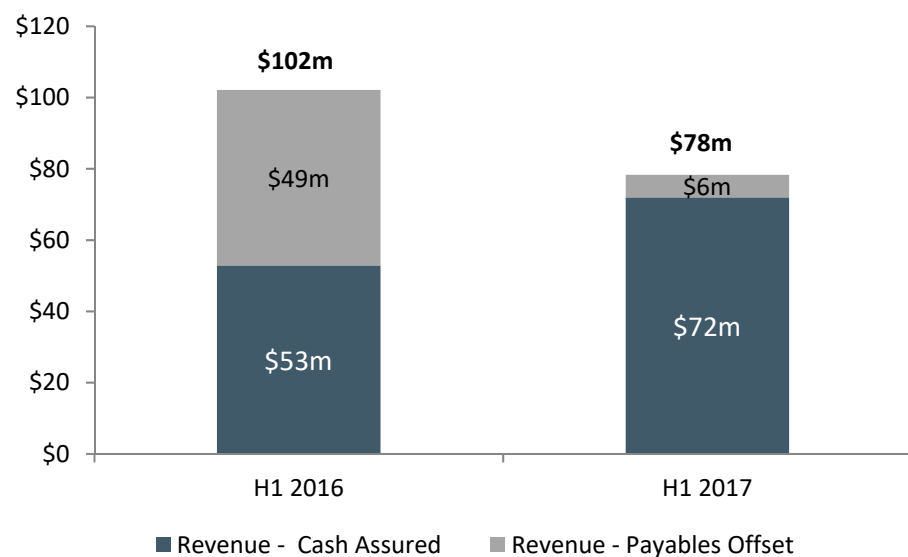
- **Healthy financial position**
 - Free cash flow positive through H1 2017
 - Eleven payments from the MNR of \$15m gross (\$12m net to GKP) in 2017
 - \$157m in cash and cash equivalents as at 22 January 2018
 - \$100m Reinstated Notes
 - Two coupon cash payments made in 2017

- **Focus on prudent resource management and cost saving initiatives**
 - Reduction in gross operating cost per barrel to \$3/bbl (H1 2016: \$4/bbl)
 - Reduction in G&A costs to \$9.7m (H1 2016: \$15.7m)

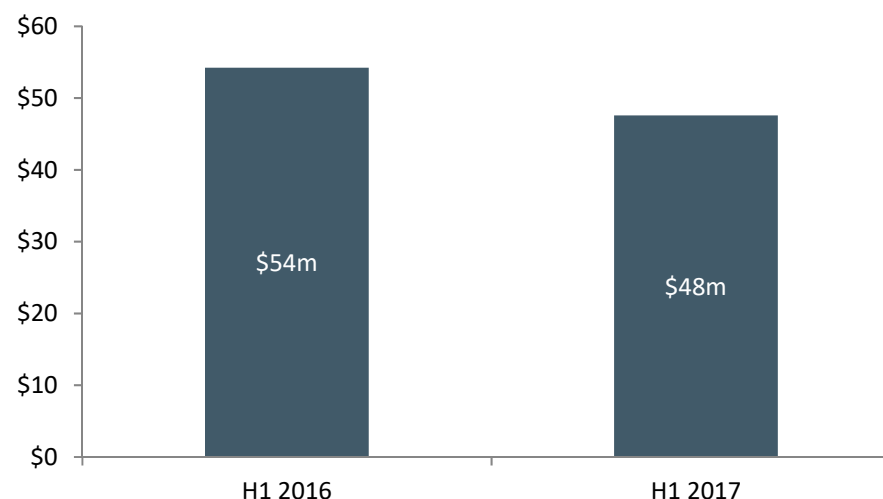
H1 2017 Revenue and EBITDA

- \$78.3m revenue (H1 2016: \$102.1m)
 - \$72.0m of revenue accounted for on a cash assured basis (H1 2016: \$52.9m)
 - \$6.3m of payables to the MNR offset against revenue arrears (H1 2016: \$49.2m)
- Estimated realised sales price: c.\$32/bbl⁽¹⁾
 - Brent c.\$52/bbl less c.\$20/bbl for Shaikan quality discount and midstream costs
- \$21.3m cost of sales excl. DD&A (H1 2016: \$32.5m)
- \$9.4m G&A excl. DD&A (H1 2016: \$15.4m)

Revenue (\$m)



EBITDA (\$m)



(1) Subject to audit and reconciliation



Conclusion

Focus for 2018

1 Operations

2 Meet guidance (27-32k bopd gross)

3 Achieve commercial and contractual clarity

4 Finalise investment plans

5 Manage cost base



Appendices

Reserves and Resources Summary

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

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

Source: ERC Equipoise – CPR August 2016 and confirmation letter dated April 2017

(1) 58% WI subject to the ratification of the agreement with MNR dated 16 March 2016

Shaikan Arrears

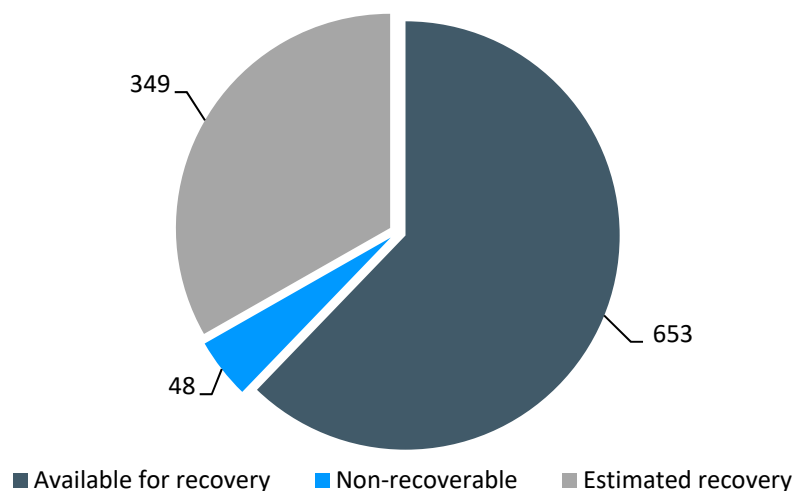
Net position to GKP as at: (\$m)	31 December 2016	30 June 2017
Revenue Arrears (unrecognised)	\$25m	\$33m
MNR Government Participation Option (back costs)	\$71m	\$76m

- Manageable level of arrears
- Prudent accounting approach (off balance sheet)
- All values are subject to audit and reconciliation

Shaikan Cost Recovery

- R-Factor: 0.5, leading to a maximum share of profit oil to Contractors (30%)

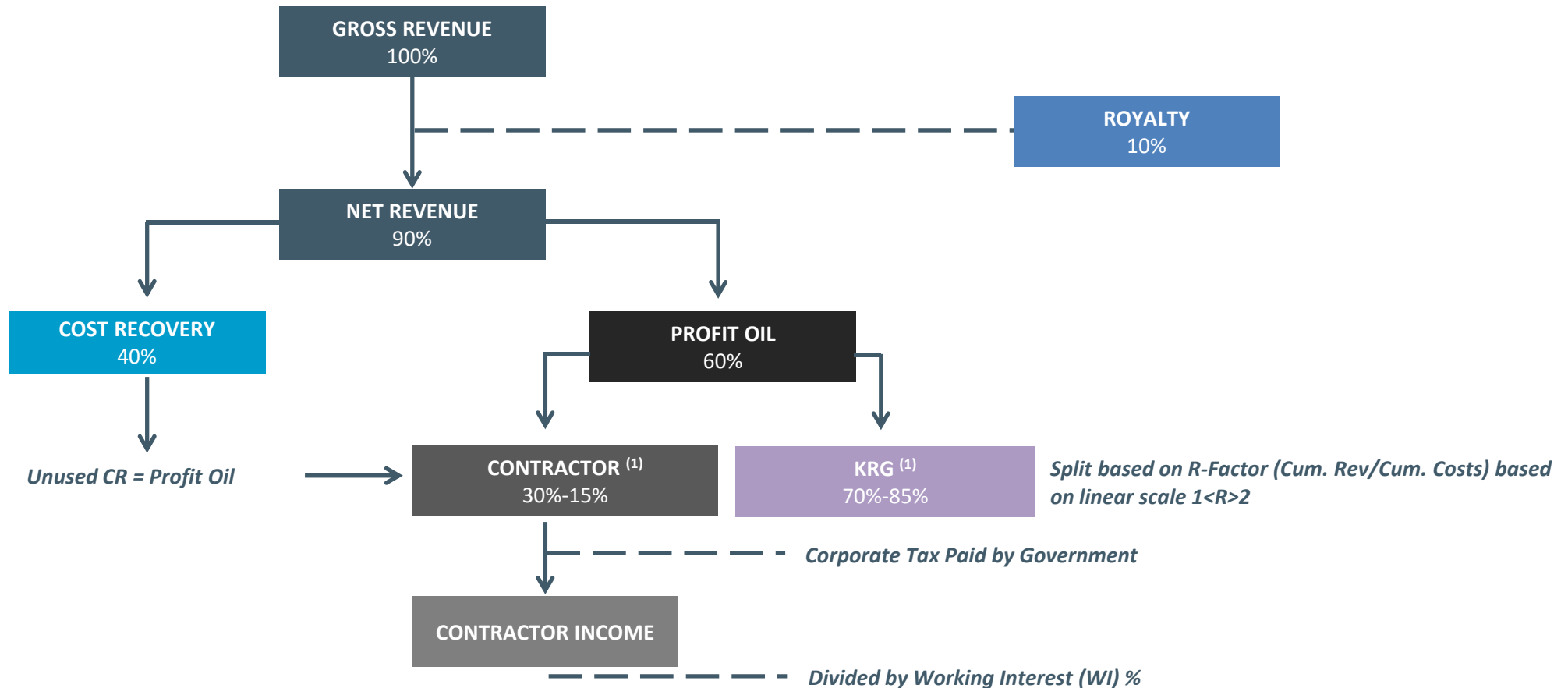
Recovery of Shaikan Cost Petroleum
30 June 2017 (\$m)



Shaikan Cost Pool ⁽¹⁾ (\$m)	30 June 2017
Gross Costs	\$1,050m
Recoverable Costs Pool	\$1,002m
<i>o/w Recovered Costs Estimate</i>	<i>\$349m</i>

(1) Subject to audit and reconciliation

Shaikan Production Sharing Contract Summary



(1) KRG entitled to a capacity building payment representing 40% of GKPI / TKI profit oil
(to be reduced to 30% subject to the finalisation of the Second Shaikan PSC Amendment pursuant to the 16 March 2016 Bilateral Agreement between GKP and the MNR)