



# 2020 Full Year Results

31 March 2021

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# 2020 highlights

Safely delivered record production and maintained strong financial position in challenging conditions

- **Continued strong safety performance – no LTI in over 450 days**
  - Protecting health and safety of staff is our first priority
- **Committed to partnering with local communities**
  - Continued investment and COVID-19 support
- **Exceeded revised production guidance**
  - Record average annual production of 36,625 bopd, up 11% from 2019
  - Low-cost Q4 projects drove record January 2021 production of 44,405 bopd
- **CPR reconfirmed c.800 MMstb gross 2P reserves + 2C resources**
- **Maintained strong balance sheet and reinstating dividend**
  - Declared dividend of US\$25 million



# Committed to ESG

Strengthening the sustainability of our business is a strategic priority

## Environment

- Commitment to reduce Scope 1 and 2 CO<sub>2</sub>e emissions intensity by 50% by 2025
- Commencing TCFD reporting
- High standards and improving waste management



## Social

- Help where most needed with long lasting impact
- Investment in local communities:
  - Emergency services supplies
  - Local employment
  - Maximum utilisation of local companies
- Employee development



## Governance

- Re-envisioned purpose, values and culture shaping ethos
- Board oversight
- Effective monitoring and control to ensure ethical and responsible operations
- Compliant with UK Corporate Governance Code



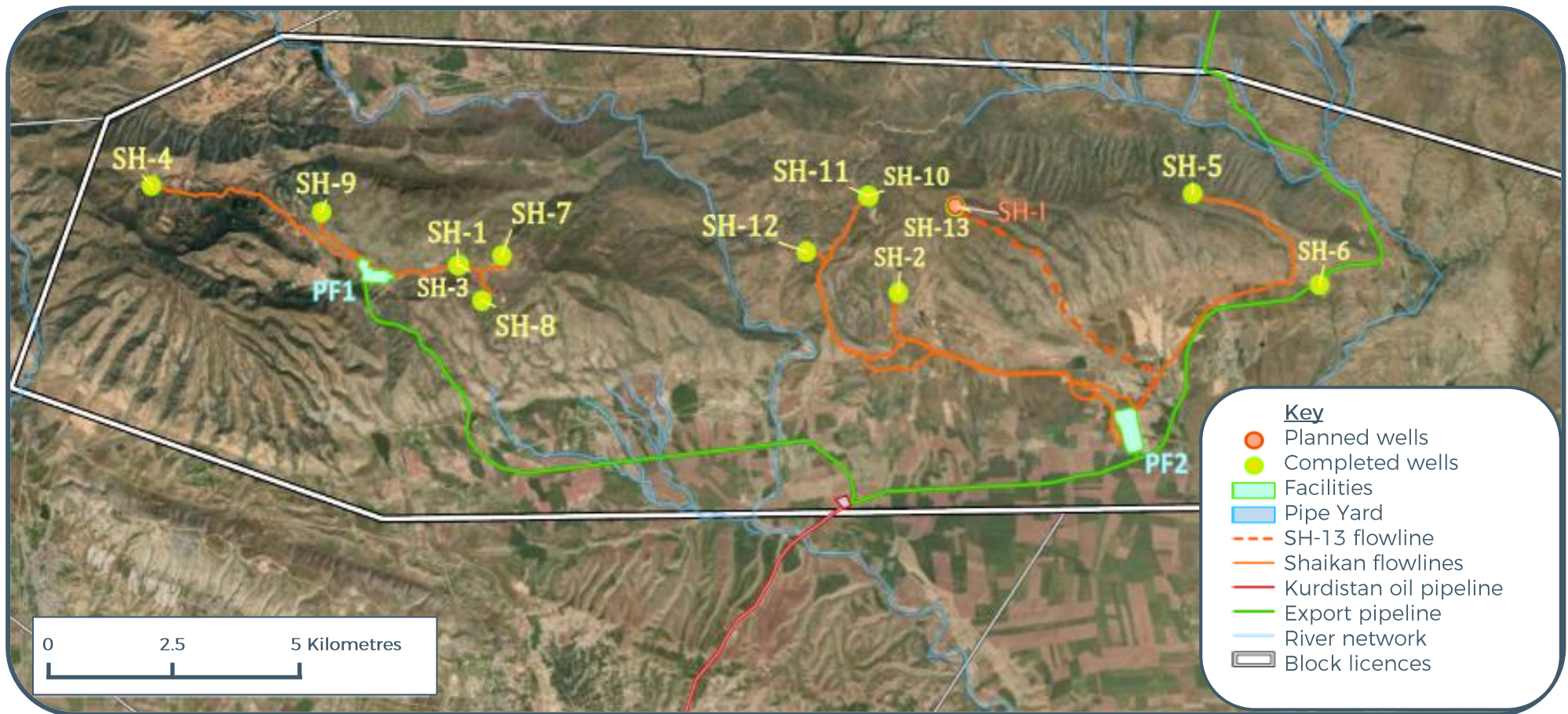


# Operational Review



# Shaikan Field map

Continued development momentum despite COVID-19 challenges



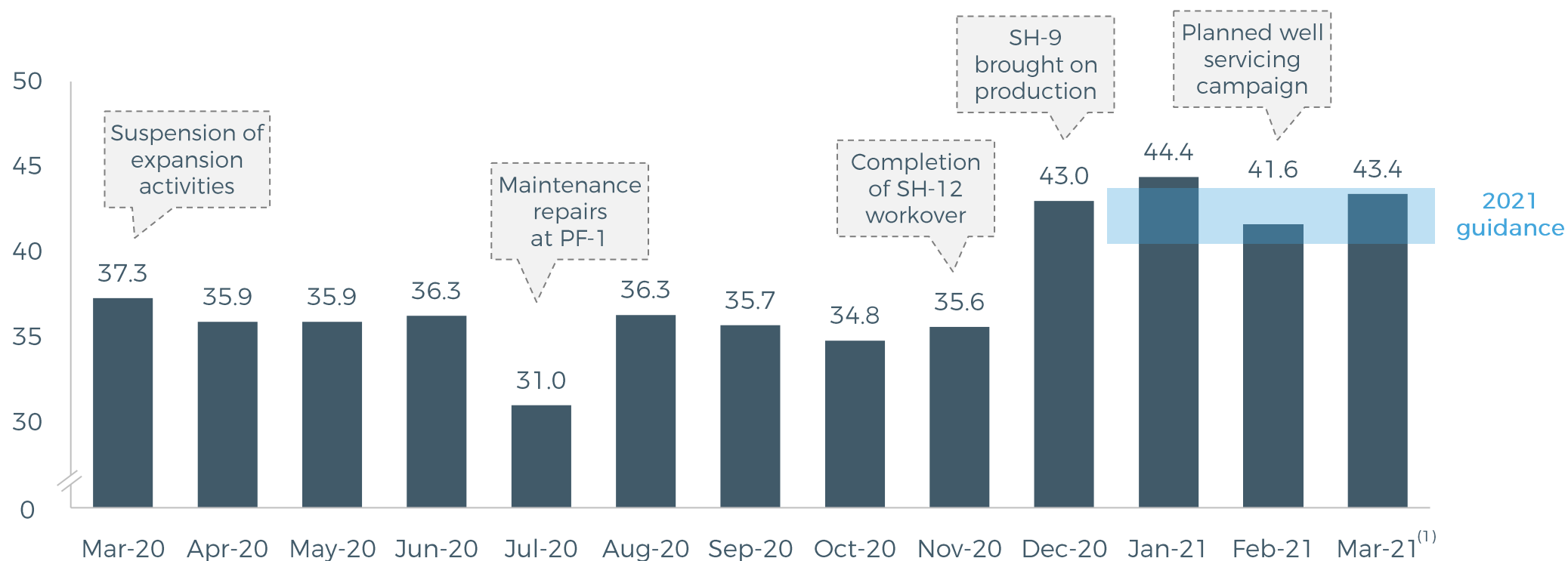
- Suspended 55,000 bopd expansion due to COVID-19 in March 2020
- Low-cost opportunities for <US\$3 million boosted production by c.9,000 bopd
  - SH-9 hook-up, SH-12 re-completion & PF-1 further debottlenecking

# Strong reliable production operations

Plant availability remained high throughout 2020

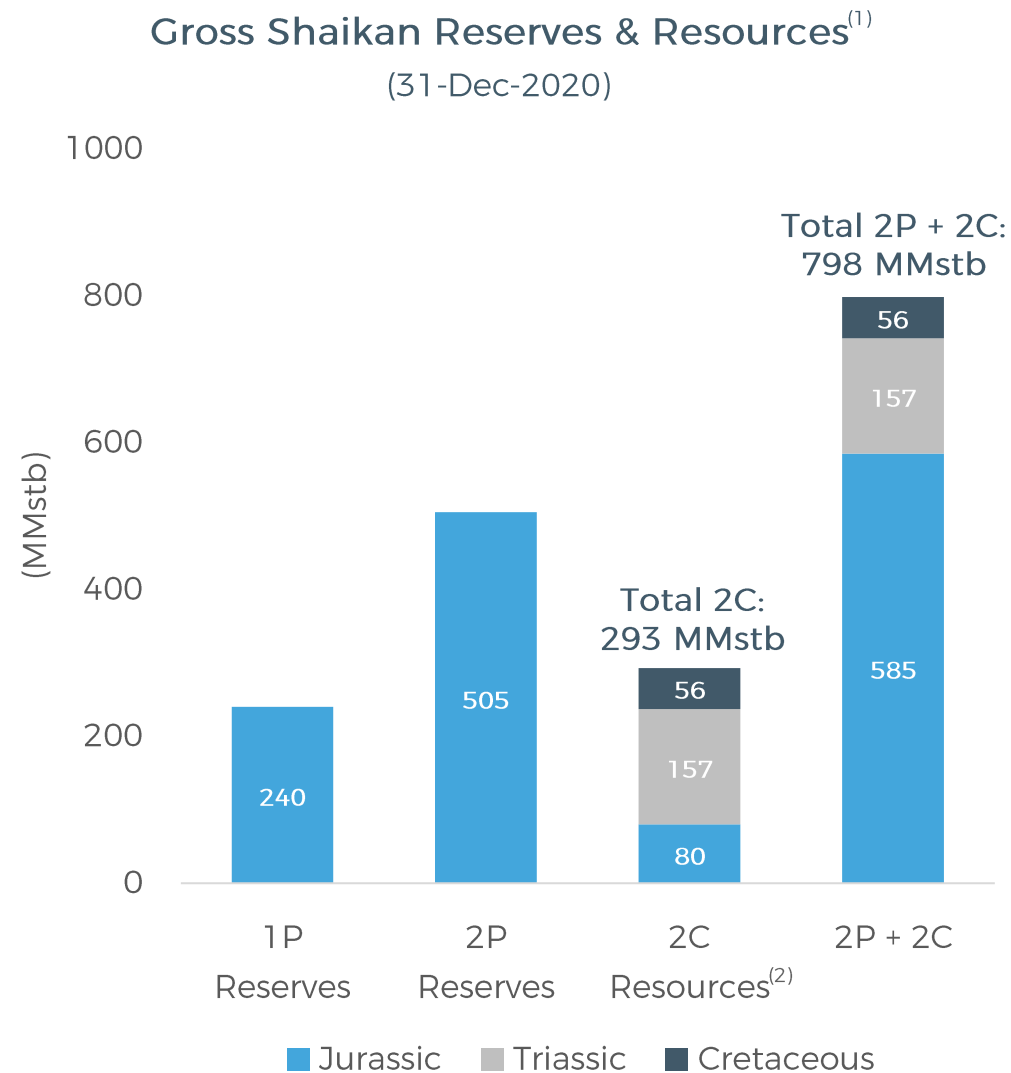
- Exceeded 2020 guidance with record average annual production: 36,625 bopd
- Record average monthly production achieved in January 2021: 44,405 bopd
- On track to deliver 2021 guidance: 40 – 44,000 bopd

## Shaikan gross production ('000 bopd)



# Updated reserves and resources

## 2020 CPR reaffirms significant potential of Shaikan Field



- CPR supports GKP's internal view of the Shaikan geological model
  - Significant incremental information since last CPR in June 2016
  - Updated development plan, new wells, production data and further technical analysis
- Gross 2P + 2C c.800 MMstb
- >500 MMstb gross 2P reserves
- Gross 1P reserves 240 MMstb
  - Up 33% from 2019<sup>(3)</sup>

1) Source: ERC Equipoise CPR volume estimates as at 31 December 2020

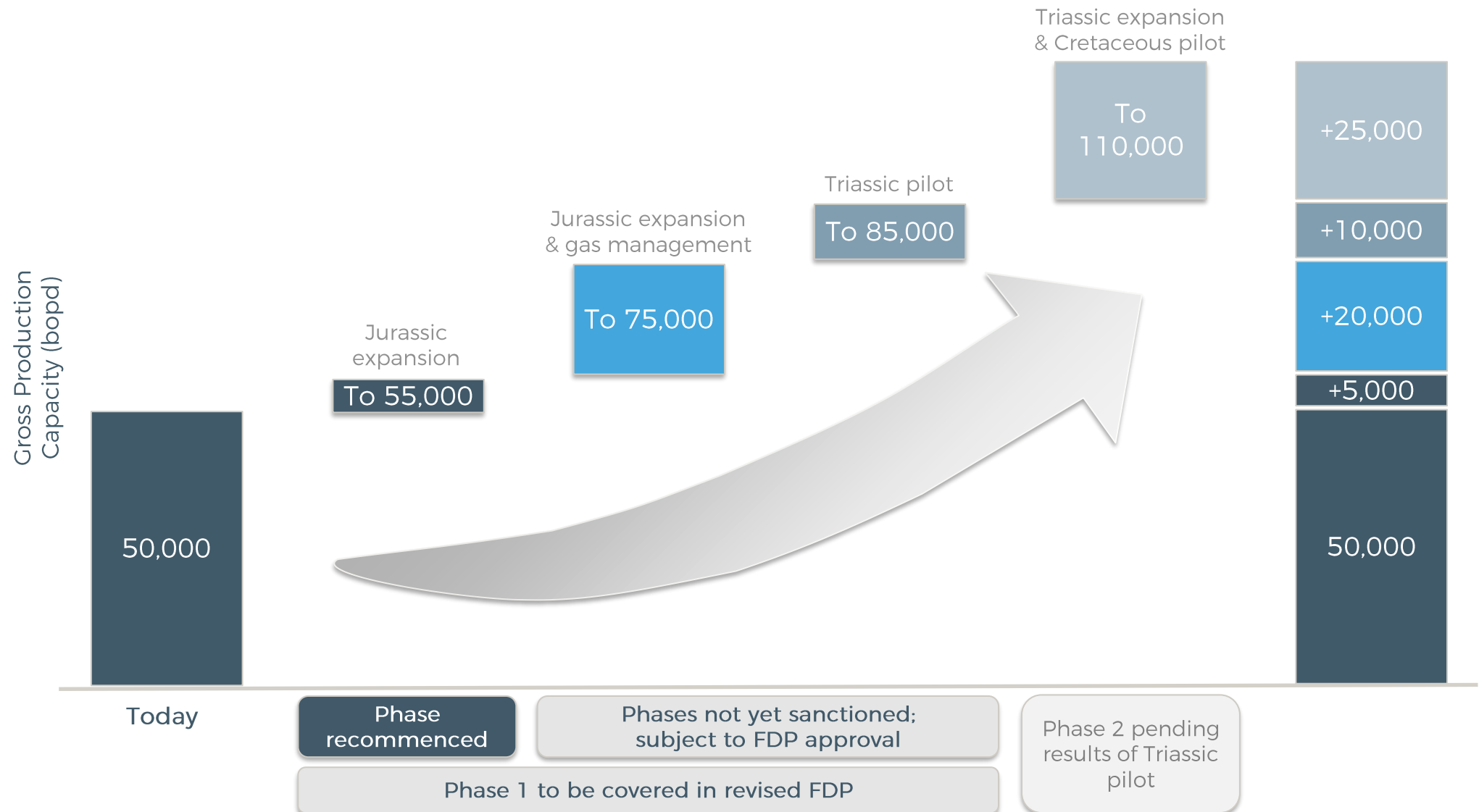
2) Contingent resources volumes are classified as such because there is technical and commercial risk involved with their extraction. In particular, there may be a chance that accumulations containing contingent resources will not achieve commercial maturity. The 2C (best estimate) contingent resources presented are not risked for chance of development.

3) After adjusting for 2020 production



# Vision to develop Shaikan

Phased approach provides flexibility to time capital investment



# Resumption of 55,000 bopd programme

Drilling targeted restart in Q3 2021

- Production increase towards 55,000 bopd (gross) expected in Q1 2022
- Key activities:
  - Complete SH-13
  - Drill SH-I from same well pad
  - Install ESPs in two existing wells
  - Complete PF-2 debottlenecking
- Project Capex:
  - US\$40-45 million net





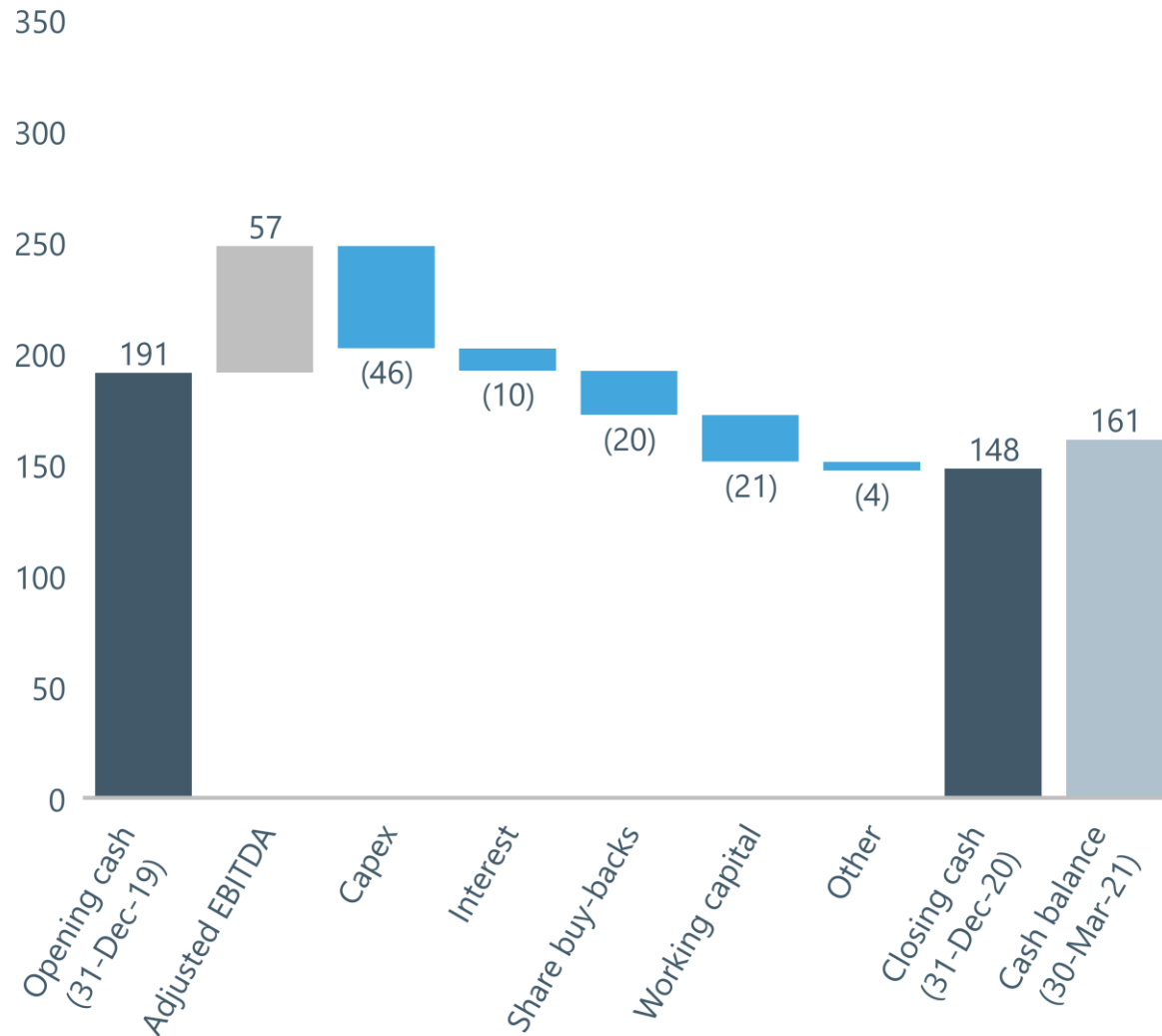
# Financial Review



# Cash flow

Prudent cash flow management through the cycle to conserve cash

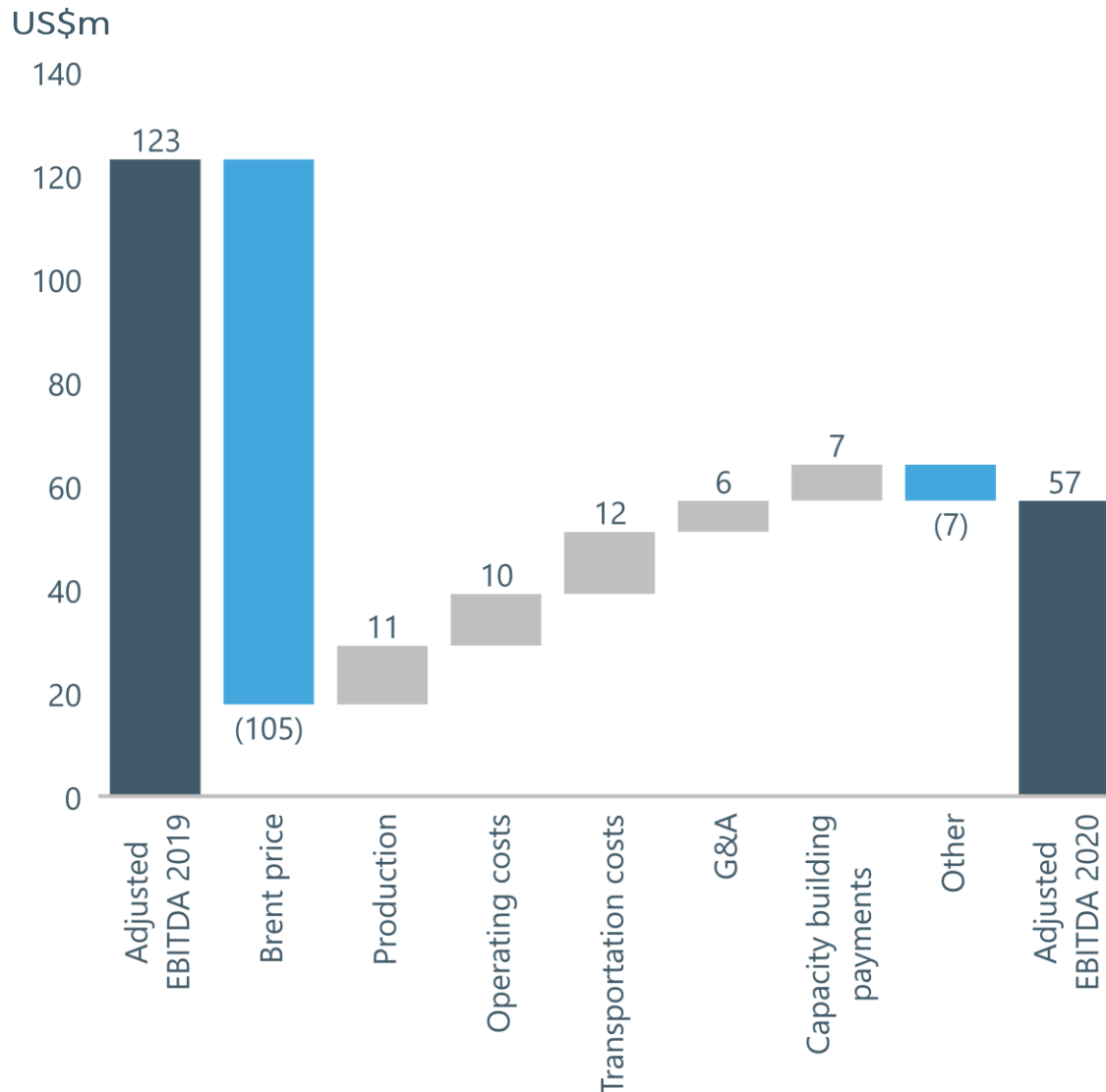
US\$m



- Adjusted EBITDA down over 50% driven by oil price decline
- c.50% Capex reduction from 2019
- Strong cash balance provides significant flexibility
- Latest cash balance benefits from increased production and oil prices in 2021

# Adjusted EBITDA

Decisive action mitigated oil price decline and preserved liquidity



- 35% decline in Brent oil price to US\$42/bbl impacted revenue
- 11% increase in gross average production to 36,625 bopd slightly mitigated Brent impact
- Delivered Opex and G&A cost savings targets
- Full year benefit of exporting production by pipeline

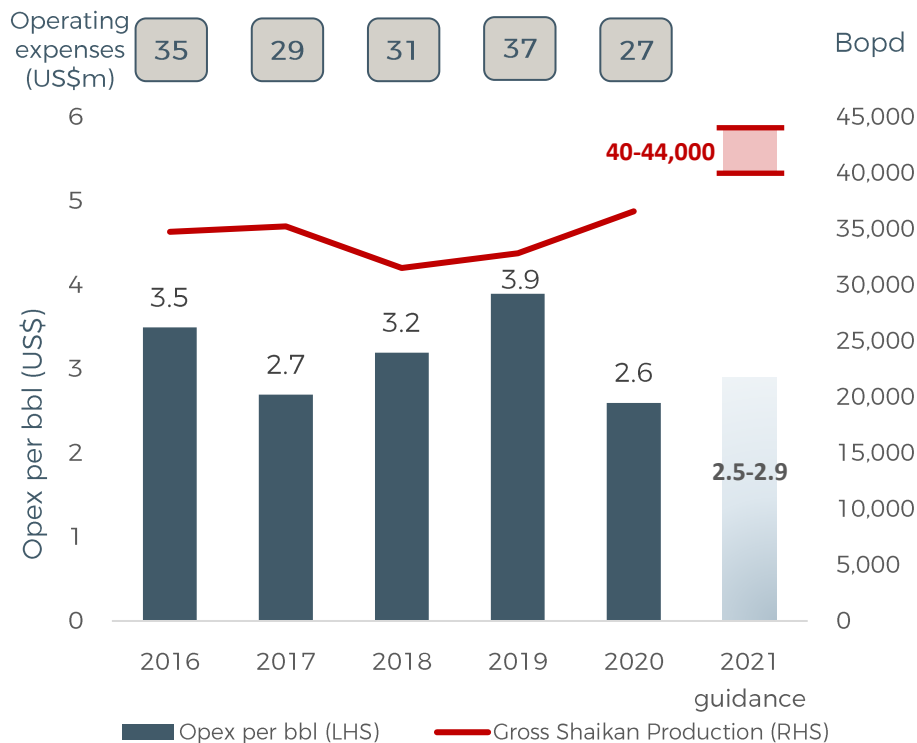
# Sharp focus on capital discipline

## Top quartile cost performance

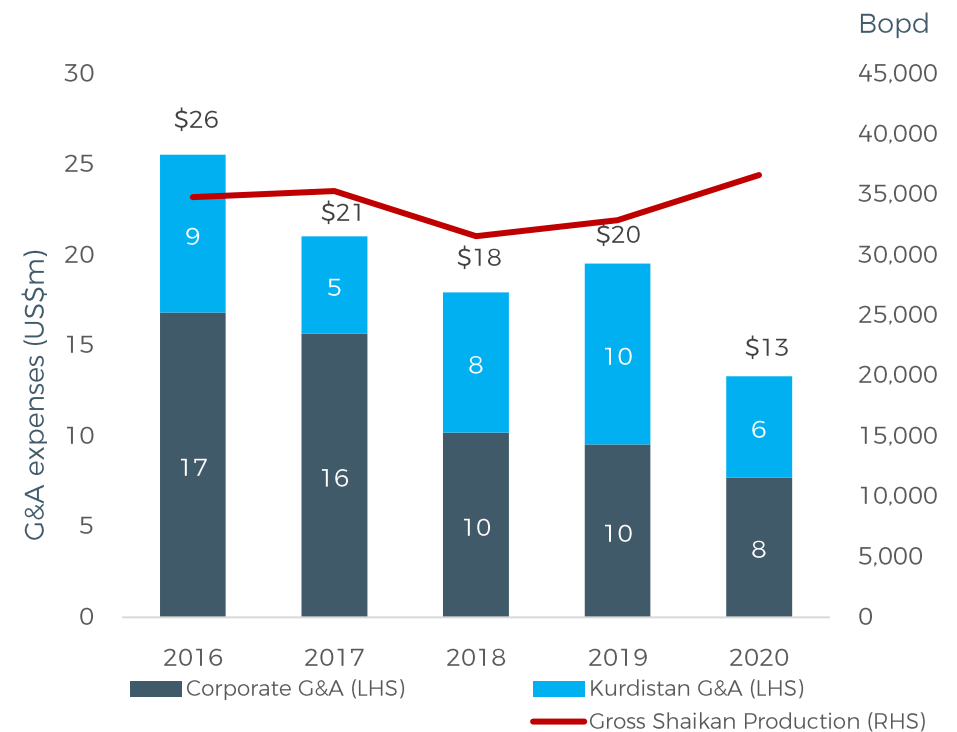
### Delivered 2020 cost reduction targets

- ✓ Opex US\$2.6/bbl
- ✓ Opex + G&A savings > 20% compared to 2019
- ✓ Opex + G&A savings > 30% run rate
- ✓ Net Capex US\$46 million

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



### General & administrative expenses

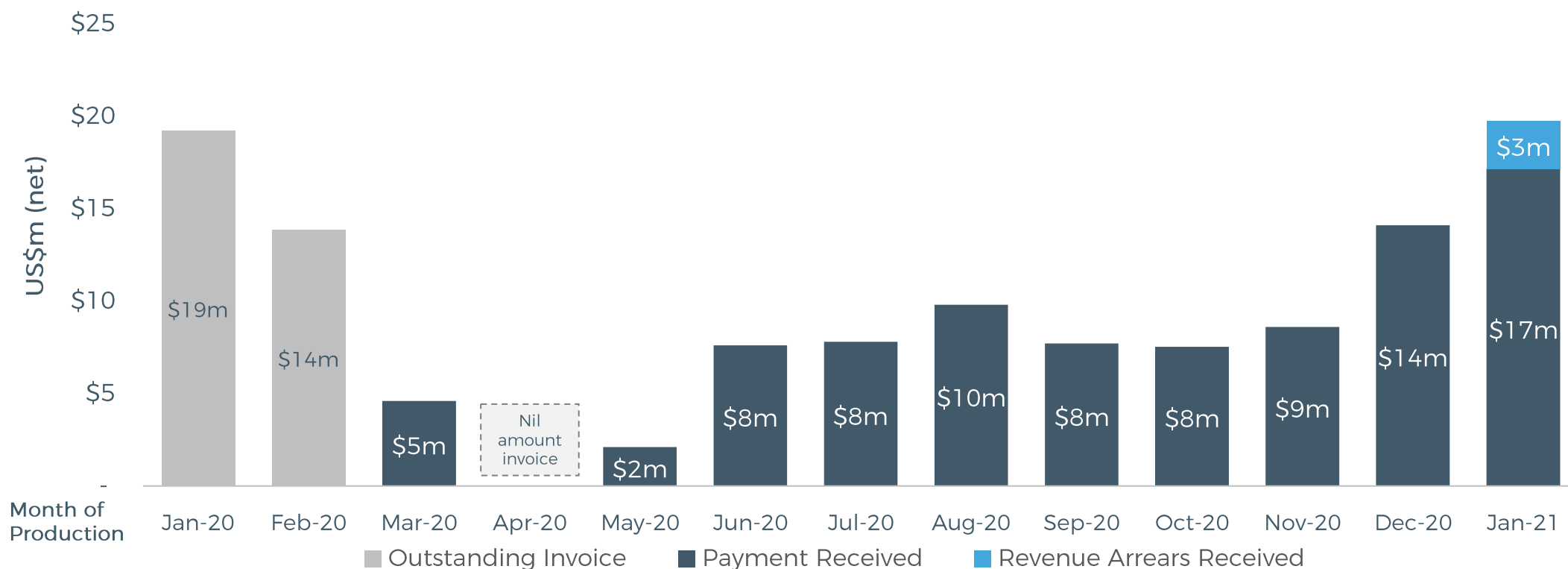




# Crude oil payments

## KRG re-establishing track-record of predictable payments

- Consistent monthly oil sales receipts since March 2020
- Received first repayment of Nov-19 to Feb-20 arrears invoices
  - Remaining arrears balance ~US\$71 million (net)



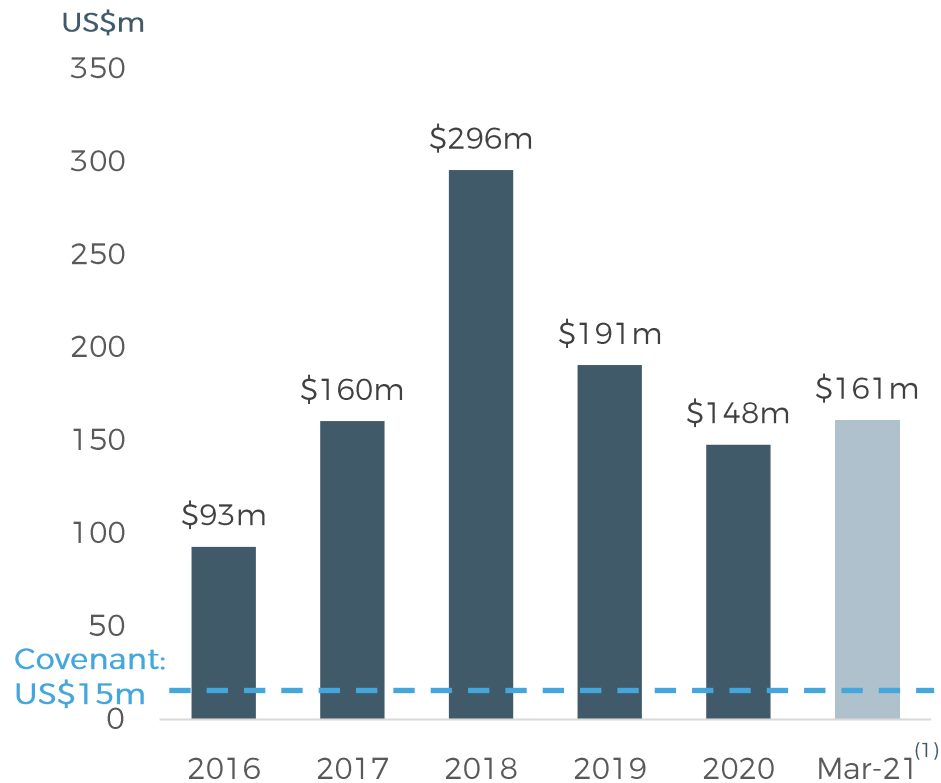
Gross Prod. (kbopd)	39.7	38.0	37.3	35.9	35.9	36.3	31.0	36.3	35.7	34.8	35.6	43.0	44.4
Brent Price <sup>(1)</sup> (US\$/bbl)	\$63.7	\$55.7	\$32.0	\$18.4	\$29.4	\$40.3	\$43.2	\$44.7	\$40.9	\$40.2	\$42.7	\$50.0	\$54.8

# Strong balance sheet

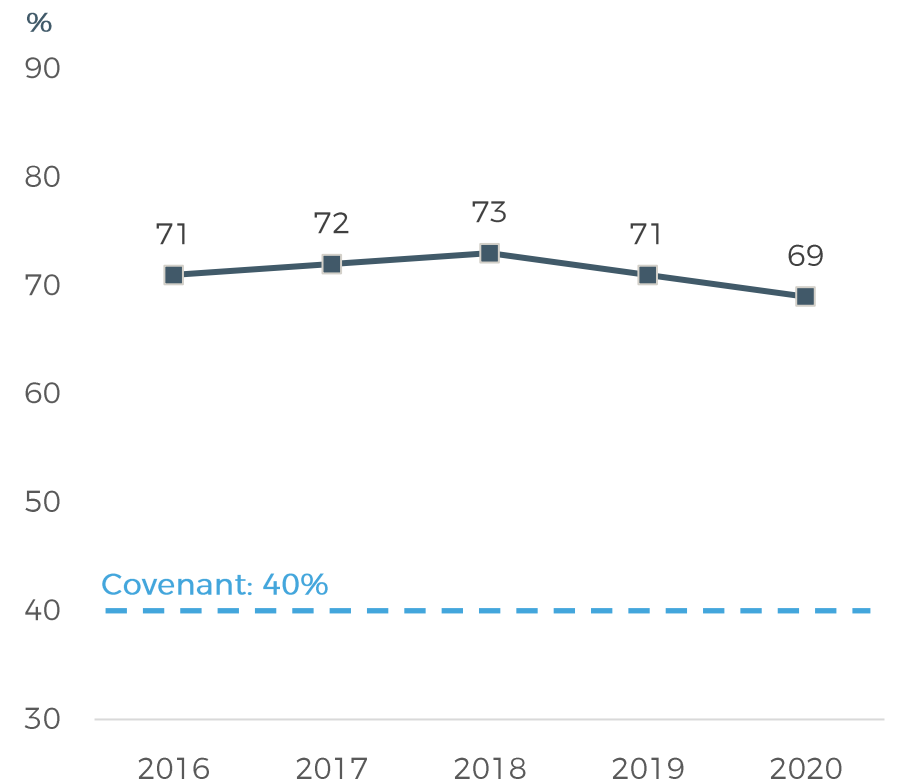
Robust financial profile resilient through the economic cycle

- Limited capital commitments and low-cost structure
- 60% of production for Q2 21 hedged at US\$35/bbl and Q3 21 at US\$40/bbl
  - Full upside retained
- US\$100 million bond maturity July 2023; significant covenant headroom

## Cash balance



## Equity ratio



# Return to shareholder distributions

Reinstating annual dividend of at least US\$25 million

- Committed to balance of development growth and distributions
- Over 2019 and Q1 2020, distributed US\$99 million to shareholders
  - US\$49 million dividends
  - US\$50 share buy-backs
- Annual dividend suspended in 2020 to preserve liquidity
- Recently resumed 55,000 bopd expansion programme
- Reinstating annual dividend of at least US\$25 million
  - Declared dividend of US\$25m – subject to approval at June AGM
  - Future shareholder distributions dependent on oil price, investment plans, etc.
- With continuing strong oil prices, potential opportunities to consider further distributions to shareholders this year





Outlook

# Outlook

Realise long-term Shaikan potential with shareholder distributions



## Sustainable approach

ESG principles embedded in GKP's ethos  
Target to more than halve CO<sub>2</sub> emissions



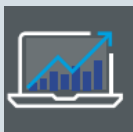
## Achieve 2021 guidance

Gross production: 40,000 – 44,000 bopd  
Net Capex: US\$55 – 65 million  
Opex: US\$2.5 – 2.9/bbl



## Deliver growth

55,000 bopd expansion programme  
Increase production towards 55,000 bopd in Q1 2022



## Maintain strong financial position

Reinstatement of annual dividend  
US\$25 million – subject to shareholder approval at June AGM

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



# Board of Directors



**Jaap Huijskes**

*Non-Executive  
Chairman*

**Joined: 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



**Jon Harris**

*Chief Executive  
Officer*

**Joined: Jan 2021**

- >30 years of experience in international oil and gas
- Previously Executive VP at SASOL Ltd.
- Various international roles, including Executive VP Technical & General Manager Production Operations at BG Group
- Master of Engineering from University of Leeds



**Ian Weatherdon**

*Chief Financial  
Officer*

**Joined: Jan 2020**

- >30 years of experience in international oil and gas
- Previously CFO at Sino Gas & Energy Holdings
- Various executive roles at Talisman Energy
- B. Comm from the University of Calgary and Canadian Chartered Accountant

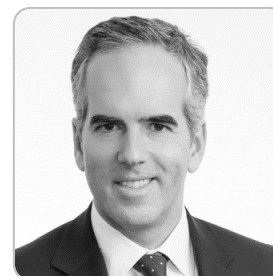


**Martin Angle**

*Deputy Chairman and  
Senior Independent  
Director*

**Joined: Jul 2018**

- Deputy Chairman & SID at Spire Healthcare plc and adviser to Institute of Arab and Islamic Studies at University of Exeter
- Previously a Board member of Pennon Group, Savills plc, National Exhibition Group, Severstal and Dubai International Capital
- Chartered Accountant



**Garrett Soden**

*Non-Executive  
Director*

**Joined: Jul 2020**

- President and CEO of Africa Energy Corp.
- Non-Executive Director at Harbour Energy and Panoro Energy ASA
- BSc from London School of Economics and MBA from Columbia Business School



**David Thomas**

*Non-Executive  
Director*

**Joined: Oct 2016**

- Currently CEO at Cheiron in Egypt
- Previous roles held: CEO of Melrose Resources; President and COO of Centurion Energy; Regional Vice President roles with Eni; Group GM Operation at Lasmo; and Reservoir Engineer at Conoco
- MSc in Engineering from Imperial College



**Kimberley Wood**

*Non-Executive  
Director*

**Joined: Oct 2018**

- Currently a Non-Executive Director of Energean plc, Africa Oil Corp. and Valeura Energy Inc
- Recent Head of Oil and Gas for EMEA at Norton Rose Fulbright LLP and remains as a Senior Consultant
- European Regional Forum Liaison Officer for the Oil & Gas Law Committee of the International Bar Association (IBA)

# Key historical financials

	FY 2020	FY 2019	FY 2018	FY 2017
Gross production (bopd)	36,625	32,883	31,563	35,298
Brent (US\$/bbl)	42.0	64.6	71.3	54.1
Discount (US\$/bbl)	21.1	21.7	22.3	20.3
Realised price (US\$/bbl)	20.9	42.9	49.0	34.6
Revenue (US\$m)	108.4	206.7	250.6	172.4
Adjusted EBITDA (US\$m)	56.7	122.5	150.1	104.3
(Loss)/profit after tax (US\$m)	(47.3)	43.5	79.9	14.1
Capital investment (US\$m)	45.9	90.0	35.4	8.1
Net cash (US\$m)	43.4	86.4	191.2	58.5
Equity ratio (%)	69	71	73	72
Gross Opex (US\$/bbl)	2.6	3.9	3.2	2.7