



GULF KEYSTONE PETROLEUM

2021 Full Year Results

30 March 2022

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# 2021 Full Year Results highlights

- **Continued focus on safety & sustainability**

- One LTI in 2021 following >660 days LTI-free
- Approved sustainability strategy and roadmap

- **Strong operational & financial performance**

- 19% production increase & leverage to oil price recovery
- Strong profitability and free cash flow generation
- Continued cost and capital discipline

- **Balanced sustainable growth with shareholder returns**

- Brought SH-13 and SH-14 online; spudded SH-15 early 2022
- Submitted draft FDP, including Gas Management Plan
- Paid \$100 million of dividends in 2021; \$50 million paid YTD
- Declaring today additional \$90 million of dividends

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LTIs >160 days

43.4

'000 bopd  
2021 YTD gross  
production

~4x

increase in  
adjusted EBITDA

100

US\$m  
2021 dividends

50

US\$m  
Feb-22 dividend

90

US\$m  
dividends  
declared





## Operational Review

# ESG

## Safety & sustainability underpin our business

### 2021 performance highlights

- Approved sustainability strategy & roadmap
- Submitted draft FDP, including Gas Management Plan to target >50% reduction in emissions intensity by 2025
- Focused on continuous HSE improvement
- >875 local people employed directly by GKP and indirectly through contractors<sup>(1)</sup>
- 58% of 2021 purchasing & contracting with local suppliers (2020: 42%)
- Generated \$356 million for KRG from Shaikan Field<sup>(2)</sup>
- Supported local villages with economic & social development projects



- Upgraded to “A” from “BB” in 2021<sup>(3)</sup>
- Quantitative emissions target “key driver of upgrade”

### Our sustainability strategy priorities

E

- Address climate risk
- Minimise impact on environment

S

- Workforce health & safety
- Support and develop our people
- Enhance diversity and inclusion
- Generate economic value in Kurdistan
- Engage & invest in our communities

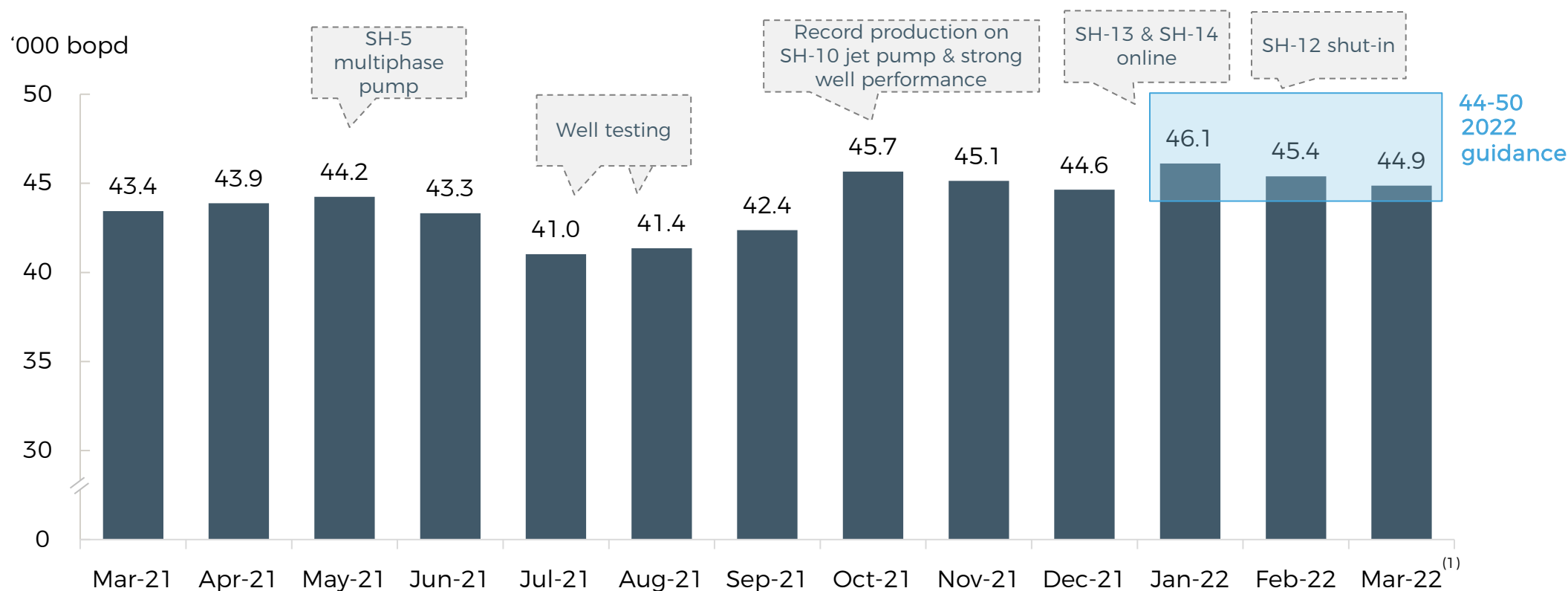
G

- Robust corporate governance and compliance
- Highest standards of business ethics

# Production performance

- 2021 gross average production of 43,440 bopd, towards upper end of guidance
- 2022 YTD<sup>(1)</sup> gross average production of c.45,500 bopd
- Remain focused on delivering 2022 gross production of 44,000-50,000 bopd

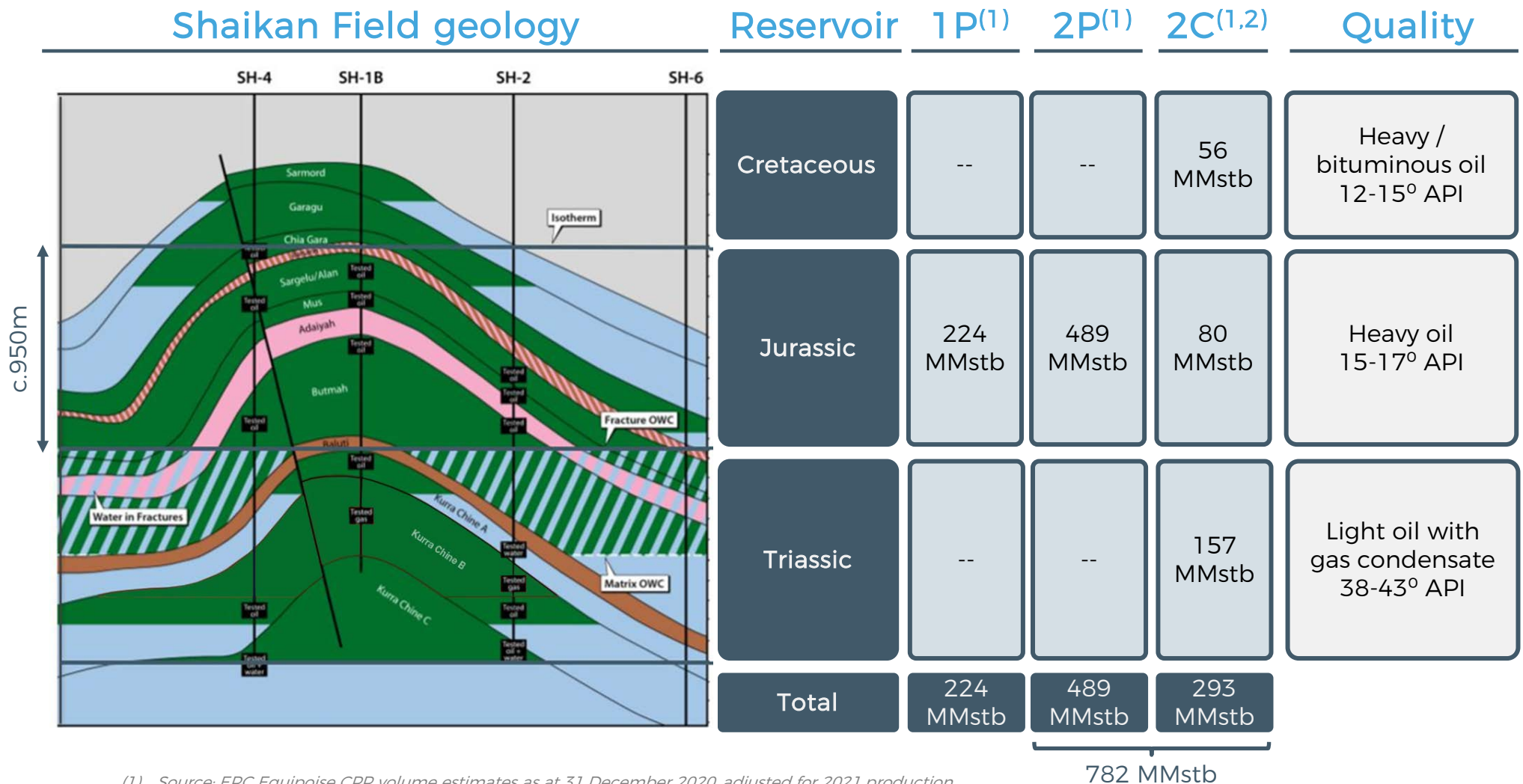
## Gross average production (Mar-21 – Mar-22)





# Long-life asset with significant growth potential

- >100 MMstb production to date from Jurassic reservoir
- Est. 2P reserves life index of ~30 years, assuming 2021 average production
- Focus on driving Jurassic production growth and testing Triassic reservoir

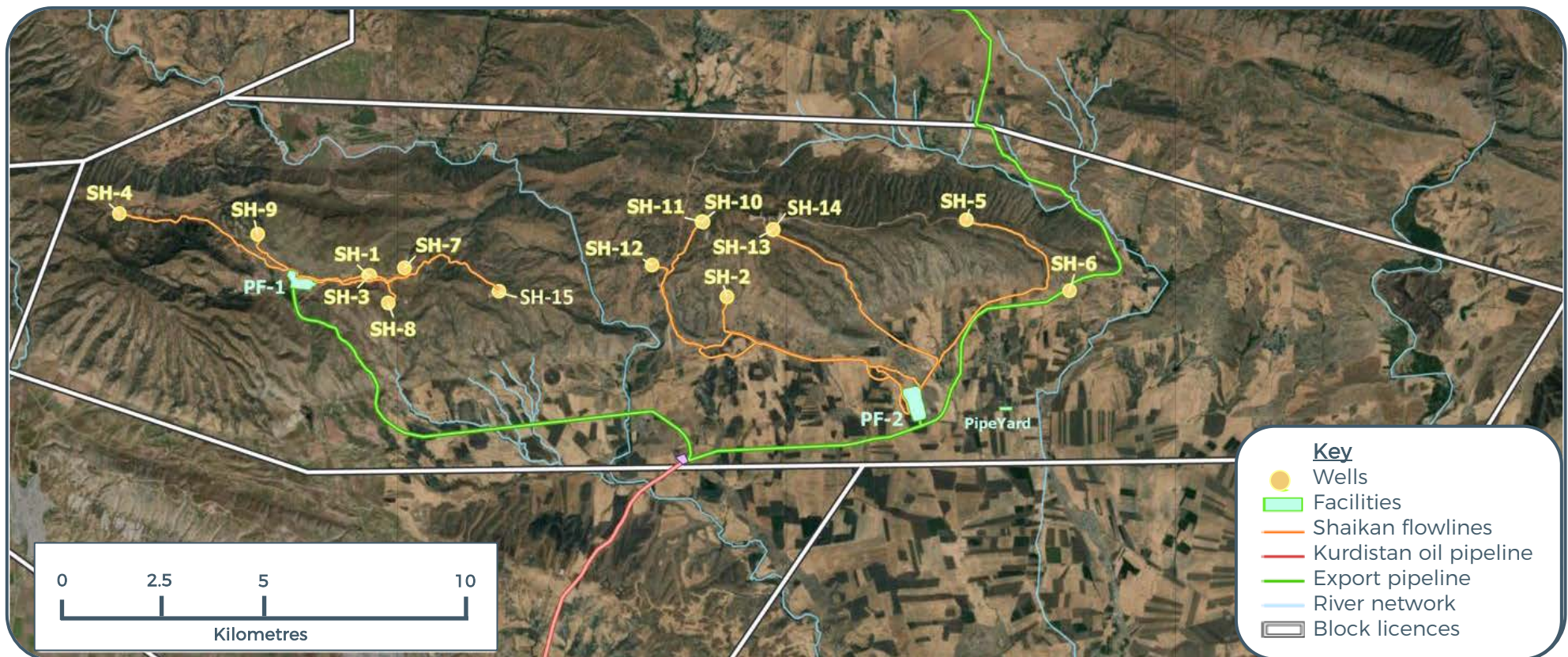


(1) Source: ERC Equipose CPR volume estimates as at 31 December 2020, adjusted for 2021 production

(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

# 2022 work programme

- 2022 net Capex guidance of \$85-\$95 million
- Drilling of SH-15 completed and awaiting hook-up; targeting start-up in Q2
- Well interventions and workovers to optimise production
- Executing activity that enables us to expedite the FDP following approval:
  - Preparation for expansion of production facilities to include water handling
  - Preparation for resumption of continuous drilling programme



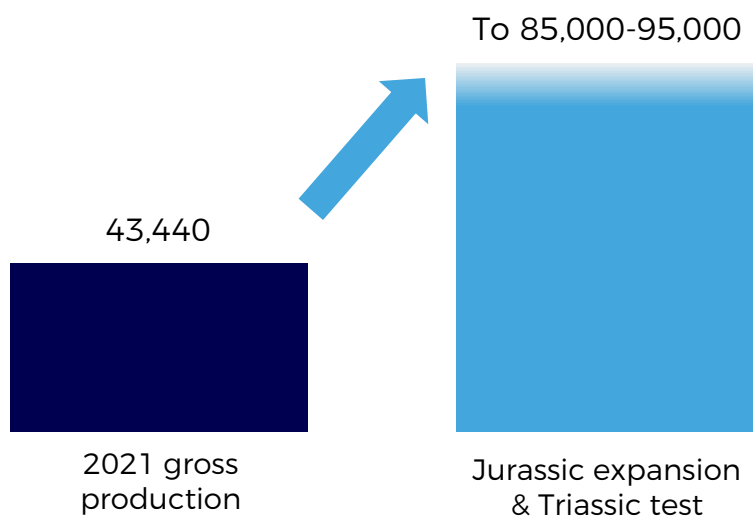


# Draft Field Development Plan

Drive profitable production growth while more than halving carbon intensity

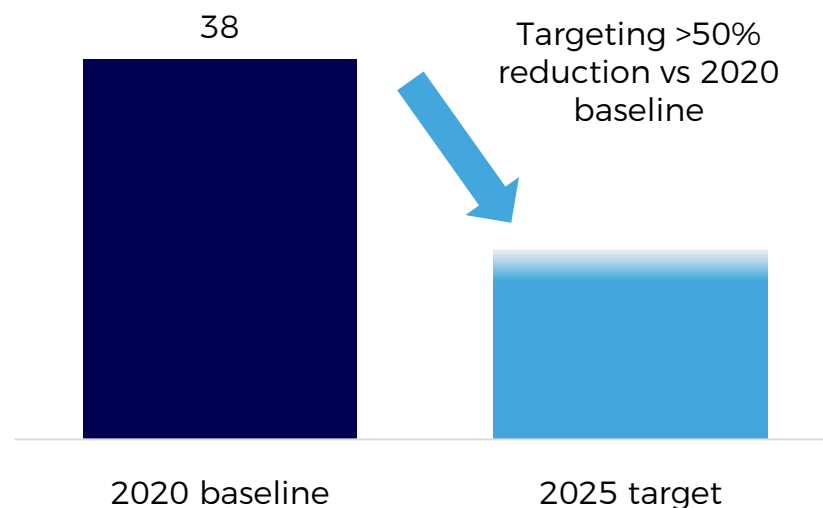
- Expected components of Phase 1 of draft FDP:
  - Expand Jurassic gross production plateau up to 85,000 bopd
  - Test Triassic reservoir, targeting gross production plateau of up to 10,000 bopd
  - Gas Management Plan (“GMP”) to eliminate routine flaring by reinjecting associated gas
- Vision to further increase production depending on Phase 1 outcome
- Final details & cost estimates may vary, timing of approval remains uncertain

Phase 1 gross production ramp up (bopd)



36-42 months from FDP approval

GMP carbon intensity<sup>(1)</sup> reduction (kg/bbl)



18-24 months from FDP approval

Total estimated Phase 1 gross Capex: \$800-\$925 million

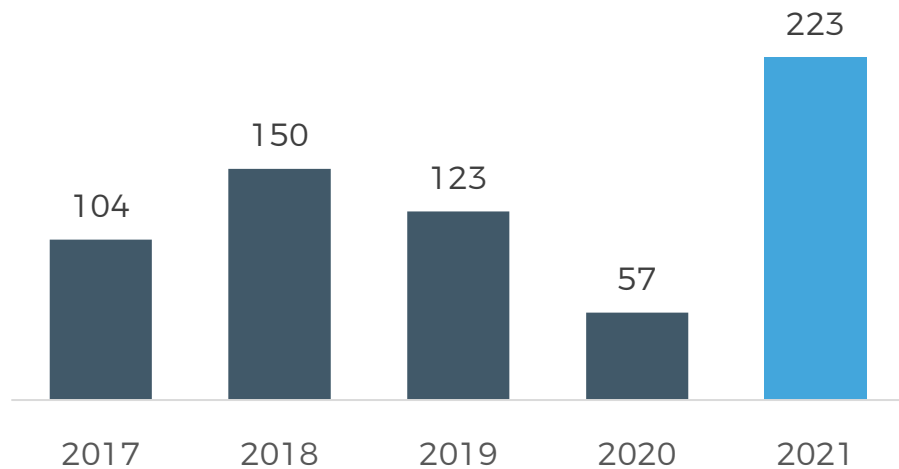


## Financial Review

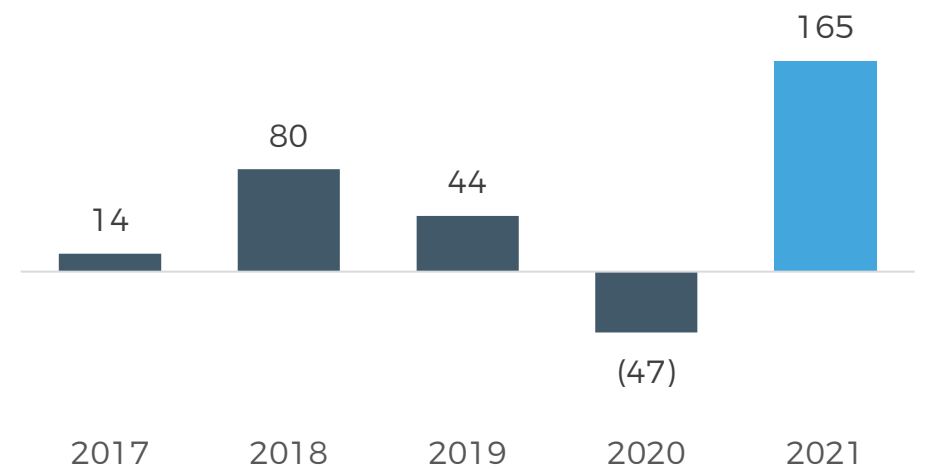
# Historic financial performance highlights

2017 to 2021

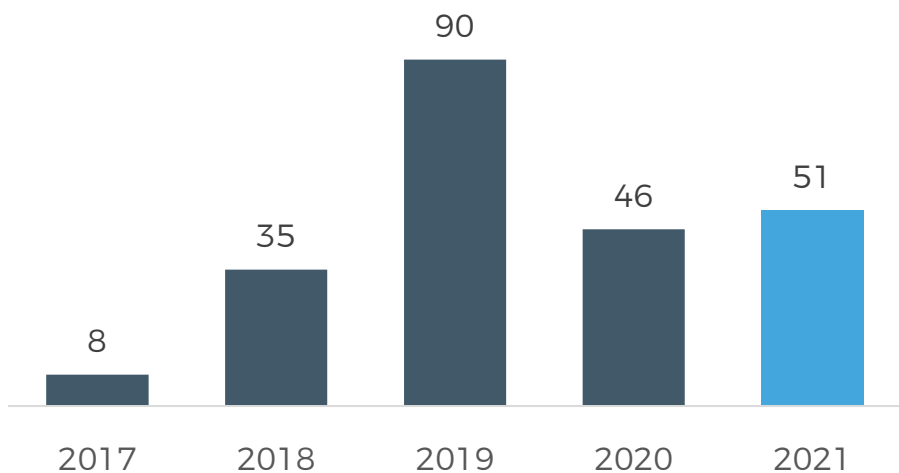
## Adjusted EBITDA (\$m)



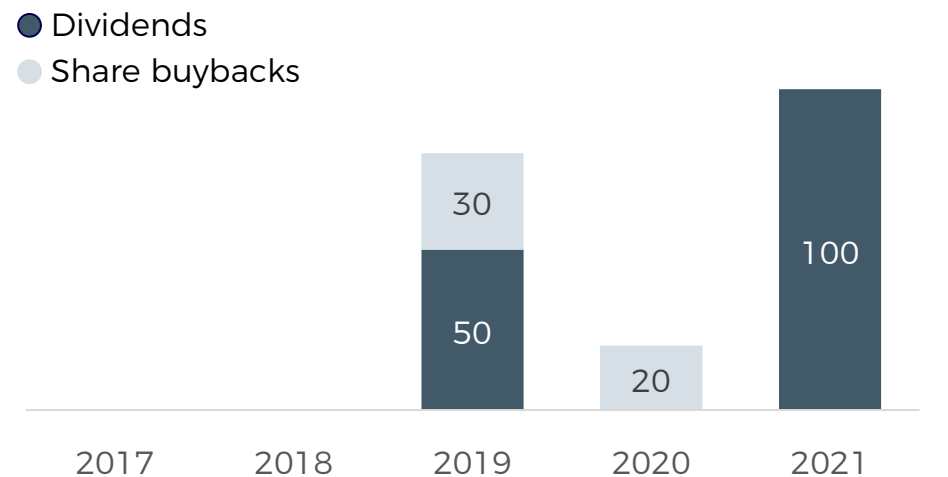
## Profit/(loss) after tax (\$m)



## Net Capex (\$m)



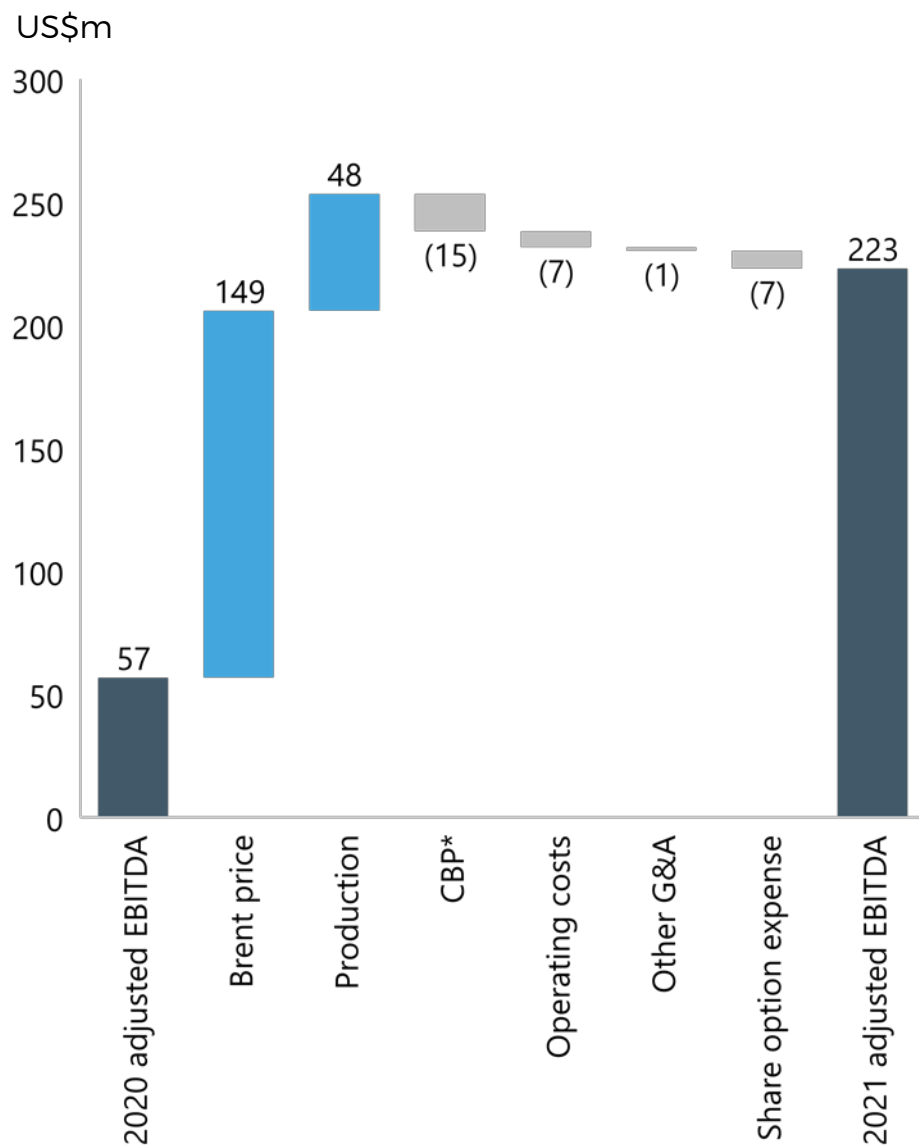
## Shareholder distributions (\$m)





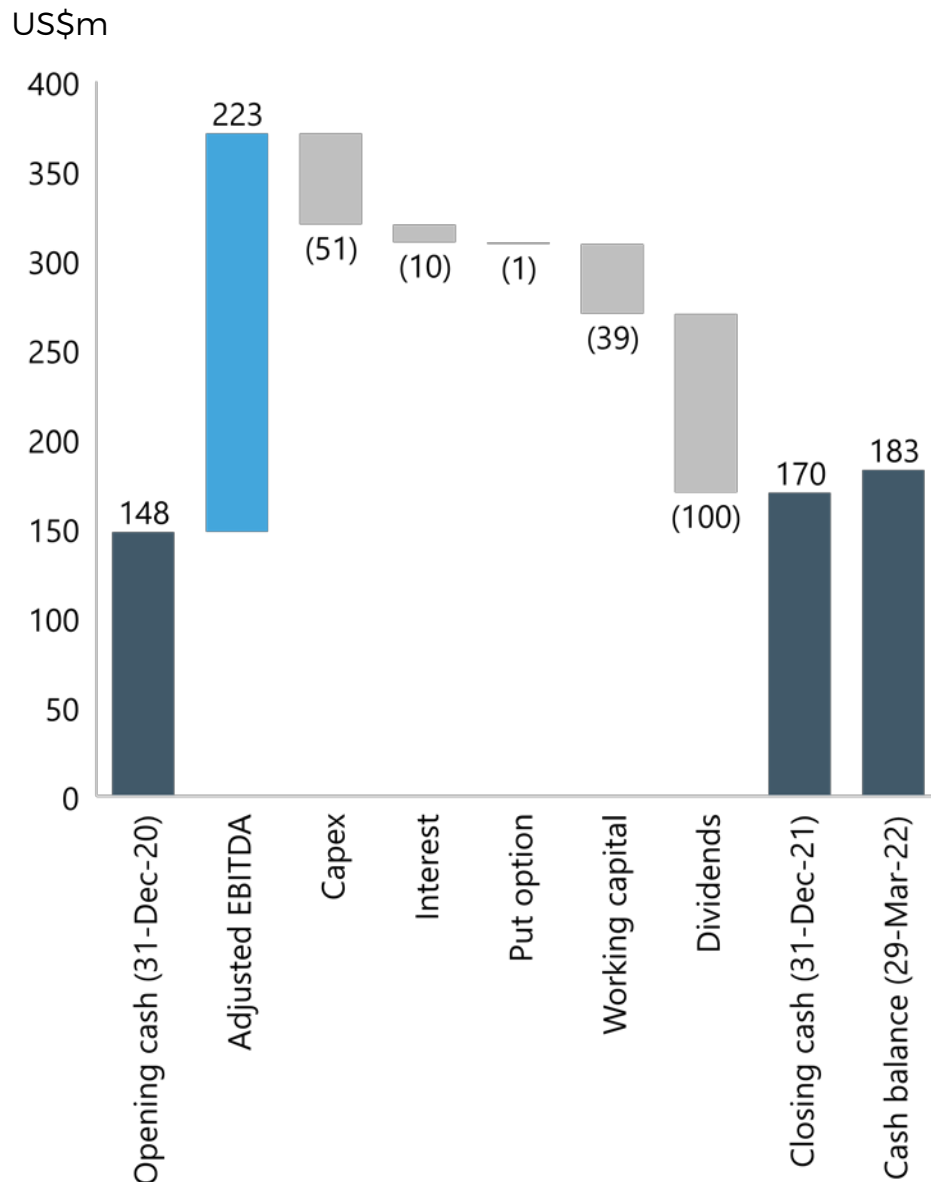
# Adjusted EBITDA

Production increase and leverage to oil price drove EBITDA expansion



- \$50/bbl realised price, up \$29/bbl
- 19% increase in gross average production to 43,440 bopd
- Gross Opex/bbl of \$2.7/bbl, in middle of \$2.5 - \$2.9/bbl guidance

# Cash flow



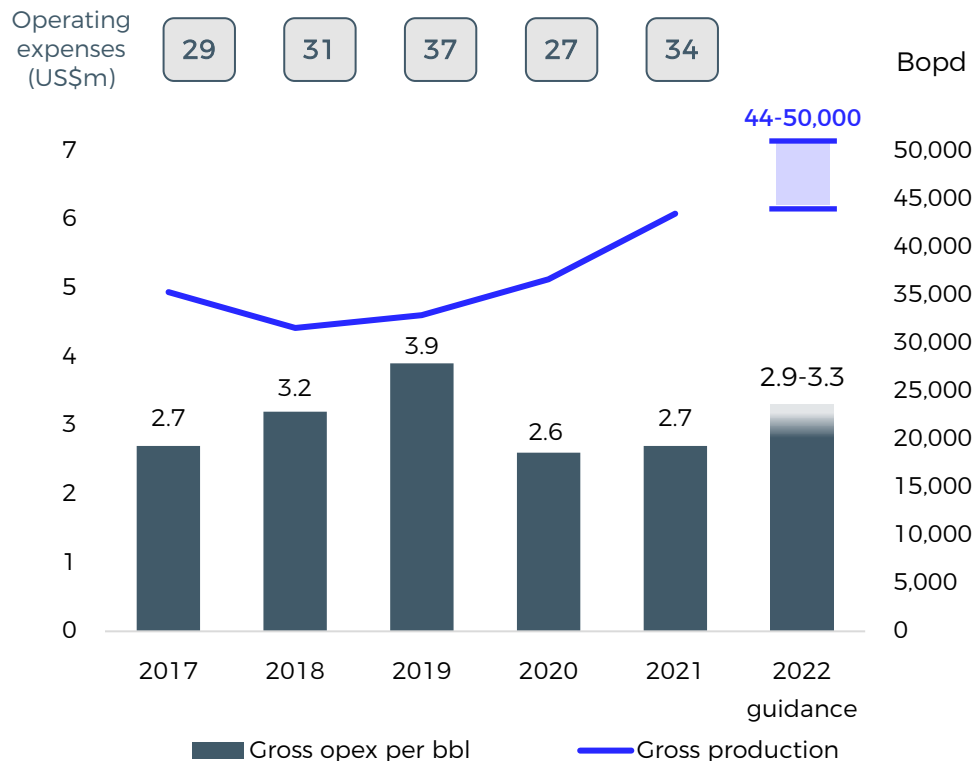
- ~4x increase in adjusted EBITDA
- Capex related to drilling activity and PF-2 debottlenecking
- Working capital driven by larger and delayed KRG payments, despite continued collection of arrears
- Free cash flow \$122 million
- \$100 million dividends

# Operating costs & other G&A

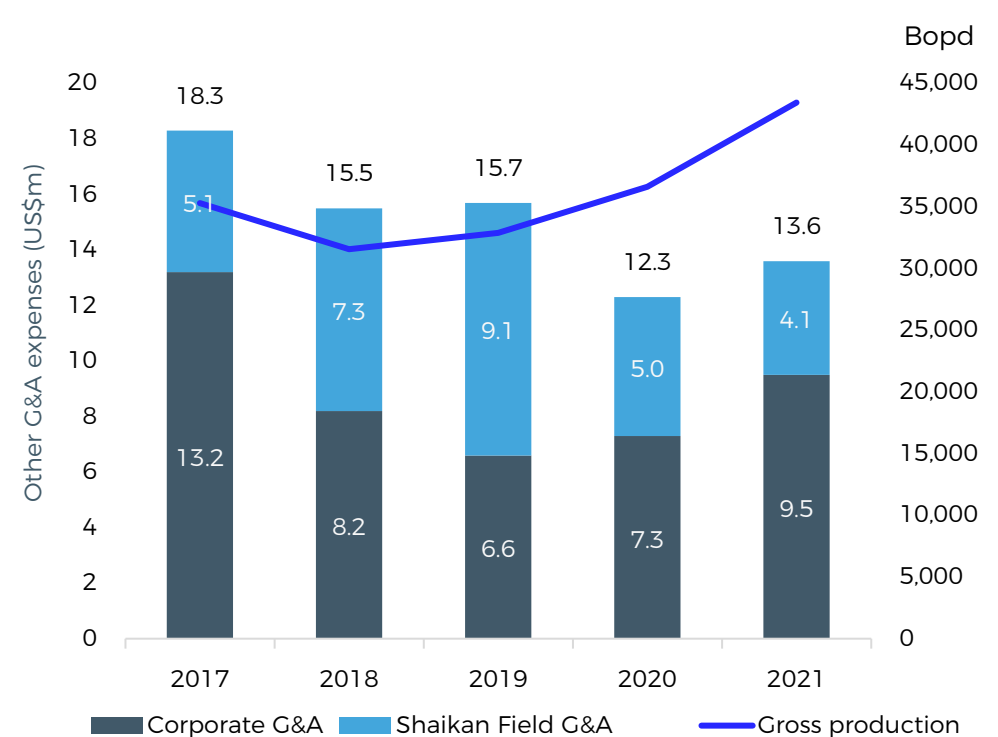
Continuing focus on strict cost control

- 4% increase in gross Opex to \$2.7/bbl
- 2022 gross Opex guidance of \$2.9-\$3.3/bbl, reflecting increased operational activity and catch-up of previously deferred work programmes
- Higher Other G&A expenses driven by increasing operational activity

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



## Other G&A expenses<sup>(2)</sup>



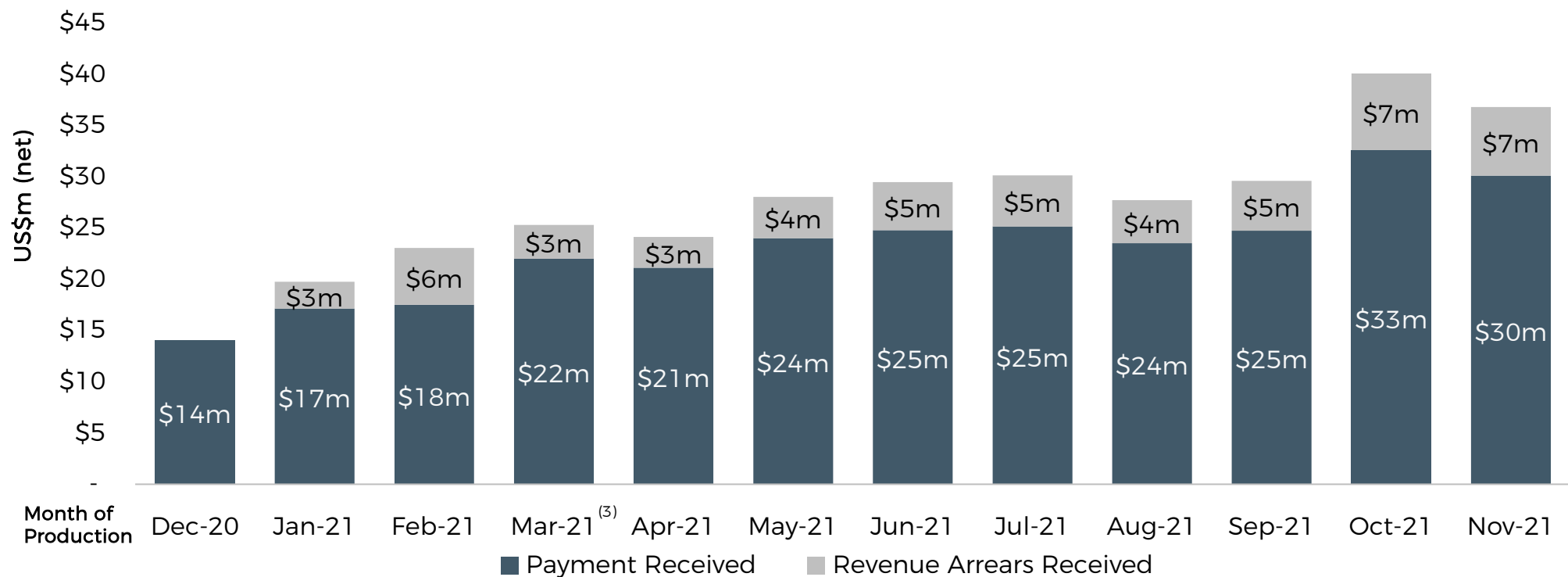
1) Excludes capacity building payments, production bonus, DD&A, working capital movements and transportation costs

2) Other general and administrative expenses excludes share option expense



# Crude oil payments

- \$222 million net received from KRG in 2021<sup>(1)</sup> for crude oil sales and arrears
- Additional \$106 million net received in 2022 for Sep-21 to Nov-21 invoices
- Outstanding arrears net \$22 million; 70% collected to date



Gross Prod. (kbopd)	43.0	44.4	41.6	43.4	43.9	44.2	43.3	41.1	41.4	42.4	45.7	45.1
Brent Price <sup>(2)</sup> (US\$/bbl)	\$50.0	\$54.8	\$62.3	\$65.4	\$64.8	\$68.5	\$73.2	\$75.2	\$70.8	\$74.5	\$83.5	\$81.1

1) Dec-20 – Aug-21 production month payments received in calendar year 2021

2) Source: EIA Brent spot prices

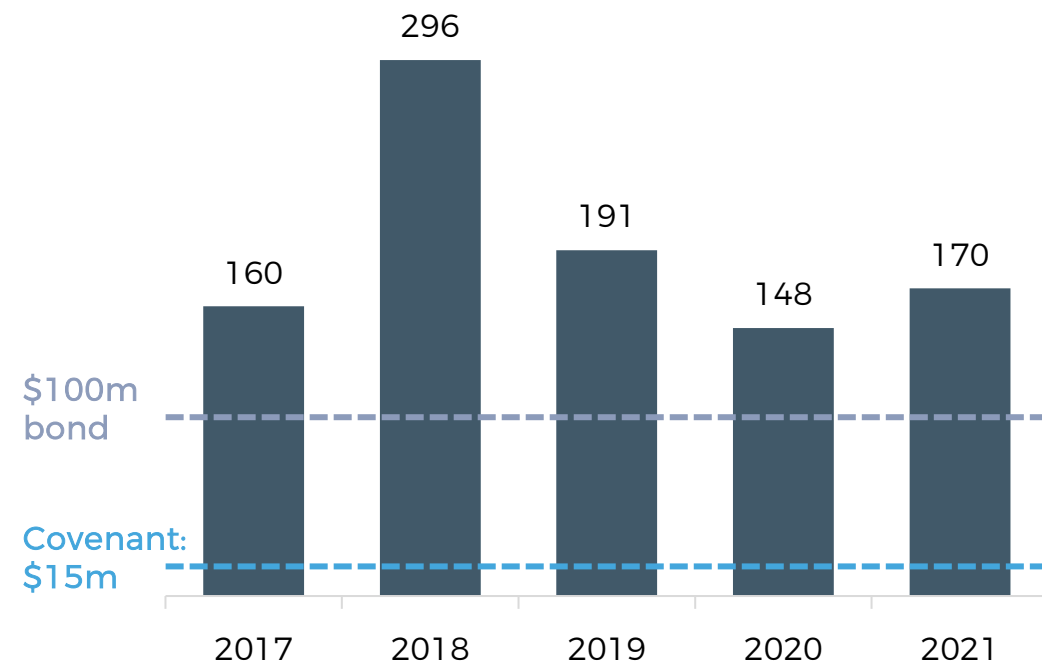
3) \$3.3 million net to GKP for the March 2021 arrears was received as part of the April 2021 arrears payment

# Robust balance sheet

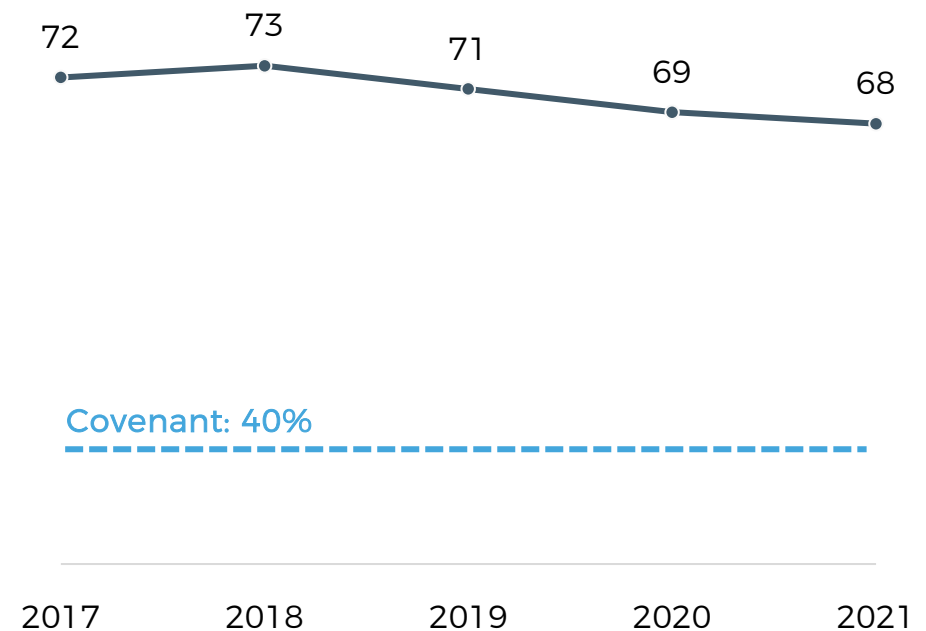
Balance sheet strength provides resilience and downside protection

- Capital discipline and low cost structure supports strong cash generation
- \$100 million bond maturity July 2023; significant covenant headroom
  - Cash balance consistently in excess of outstanding bond
- No current hedging programme

Cash balance<sup>(1)</sup> (\$m)



Equity ratio<sup>(1)</sup> (%)

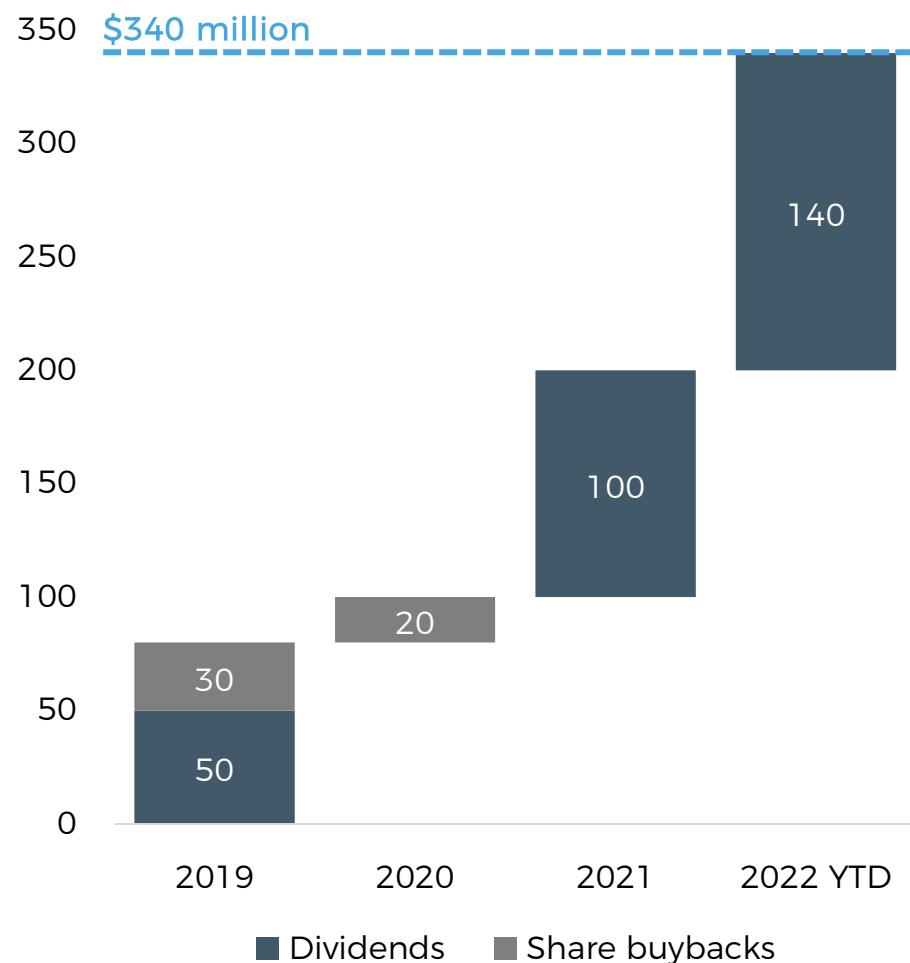


# Shareholder distributions

Balancing investment in sustainable growth with shareholder returns

- \$90 million dividends declared today:
  - \$25 million 2021 annual ordinary dividend subject to approval at AGM on 24 June 2022
  - \$65 million interim dividend payable in May 2022
  - 2022 proforma dividend yield of c.22%<sup>(1)</sup>
- \$340 million aggregate dividends & share buybacks declared to date
- Continuing strong cashflow provides flexibility for incremental distributions and capex

## Total declared dividends & buybacks







Outlook

# Outlook

## Achieve 2022 guidance

- Gross production: 44,000-50,000 bopd
- Net Capex: \$85-\$95 million
- Gross Opex/bbl: \$2.9-\$3.3/bbl

## Execute sustainability strategy

- Maintain rigorous focus on safety as operational activity increases
- Continue to generate significant economic value for Kurdistan
- Explore projects to reduce emissions intensity beyond 2025 target

## Drive sustainable growth

- Bring SH-15 online and execute well interventions and workovers
- Execute activity to expedite FDP following approval
- Continue to engage MNR to obtain FDP approval
- With progress on FDP, expect to resume drilling

## Balance growth with shareholder returns

- \$140 million dividends declared in 2022
- Continuing strong cashflow provides flexibility for incremental distributions and capex

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

# Appendix: Key historical financials

	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017
Gross production (bopd)	43,440	36,625	32,883	31,563	35,298
Dated Brent (US\$/bbl)	70.8	42.0	64.6	71.3	54.9
Discount (US\$/bbl)	21.2	21.1	21.7	22.3	20.3
Realised price (US\$/bbl)	49.7	20.9	42.9	49.0	34.6
Revenue (US\$m)	301.4	108.4	206.7	250.6	172.4
Gross Opex (US\$/bbl)	2.7	2.6	3.9	3.2	2.7
Adjusted EBITDA (US\$m)	222.7	56.7	122.5	150.1	104.3
Profit/(loss) after tax (US\$m)	164.6	(47.3)	43.5	79.9	14.1
Net Capex (US\$m)	50.8	45.9	90.0	35.4	8.1
Net cash (US\$m)	69.9	43.4	86.4	191.2	58.5
Equity ratio (%)	68	69	71	73	72