



GULF KEYSTONE PETROLEUM

# Pareto E&P Independents Conference

26 April 2022

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# Introducing Gulf Keystone Petroleum

## Overview

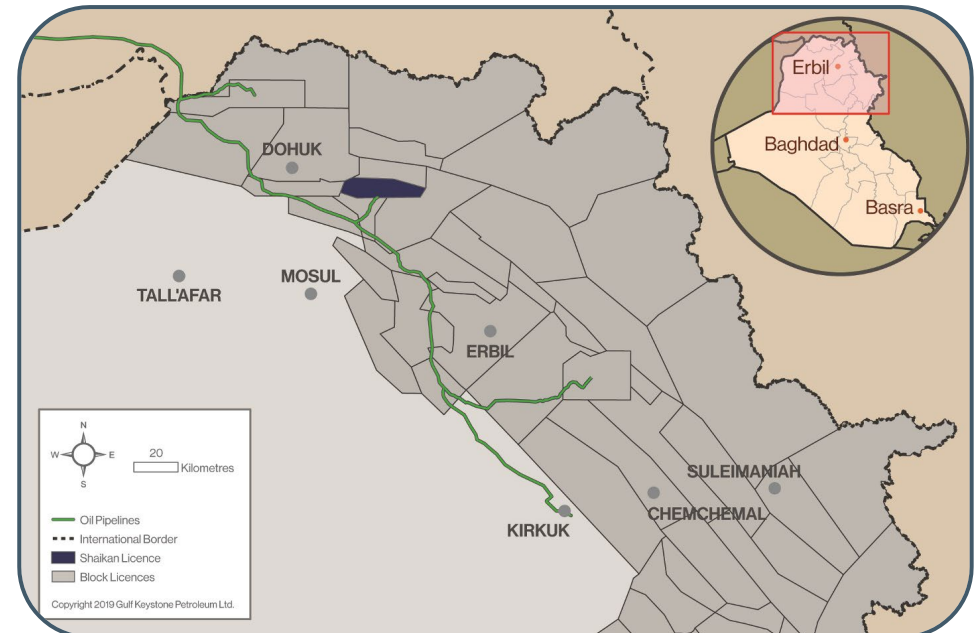
- Pure-play Kurdistan E&P
- Operator of Shaikan Field (80% WI)
- \$100m Nordic bond (due July 2023)
- ~\$680m market cap<sup>(1)</sup>; UK listing

## Our investment case

- Long life asset with proven track record of low-cost production
- Balancing sustainable growth with shareholder returns
- Robust financial position
- Safety & sustainability underpin our business

## The Shaikan Field

- One of the largest fields in Kurdistan by reserves & production
- Estimated 489 MMstb gross 2P reserves<sup>(2)</sup>
- 2021 gross average production of 43,440 bopd, with significant growth potential



1) Market cap as of 22 April 2022 closing price

2) 2P gross reserves are estimated to be 489 MMstb at 31 December 2021, based on the 2020 Competent Person's Report adjusted for 2021 production



# ESG

## Safety & sustainability underpin our business

### 2021 performance highlights

- Approved sustainability strategy & roadmap
- Focused on continuous HSE improvement; 0 LTIs for >185 days as at 26-Apr-22
- Submitted draft FDP, including Gas Management Plan to target >50% reduction in emissions intensity by 2025
- >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

**MSCI**



**A**

- 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

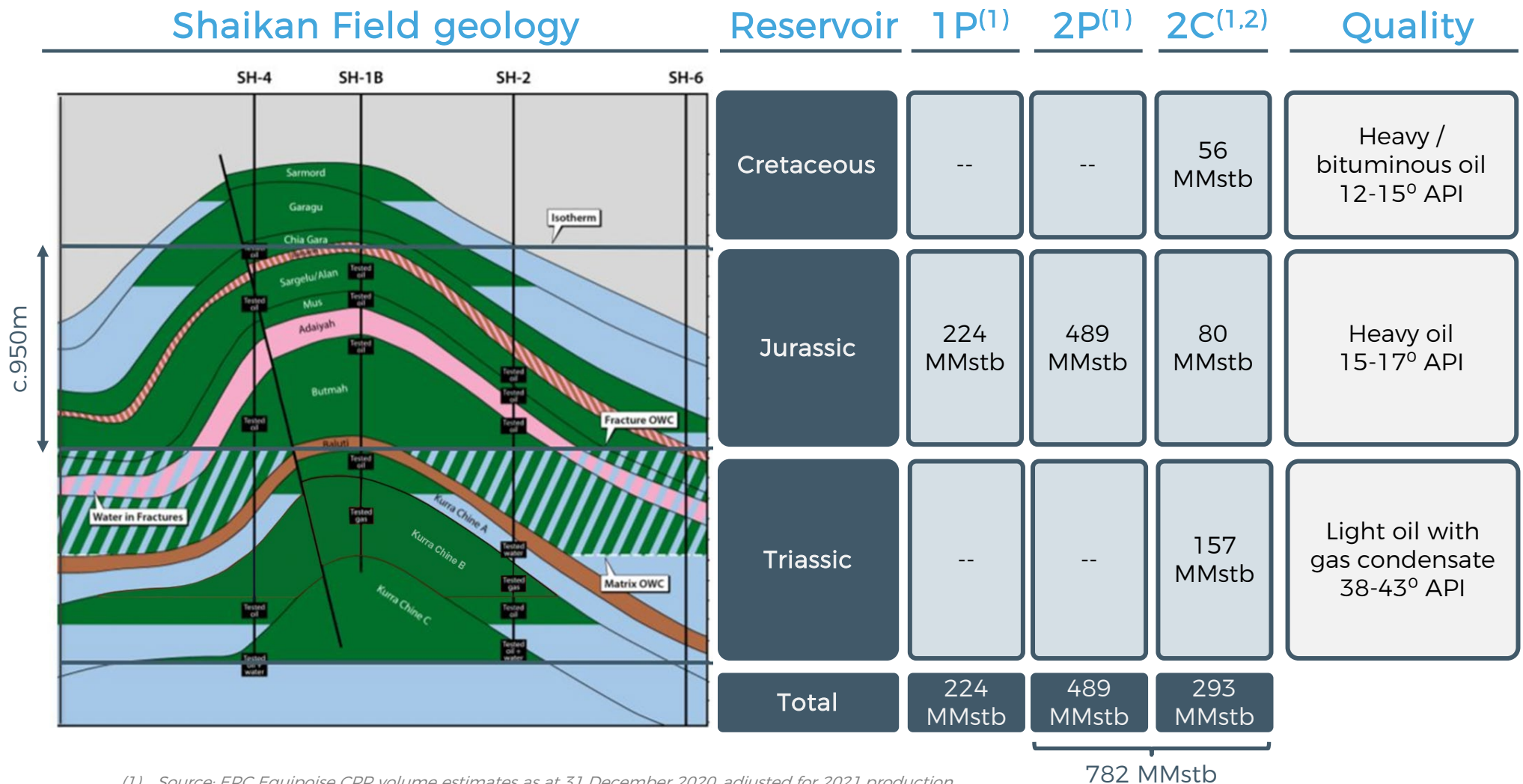


# Recent management safety site visit



# Long-life asset with significant growth potential

- 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

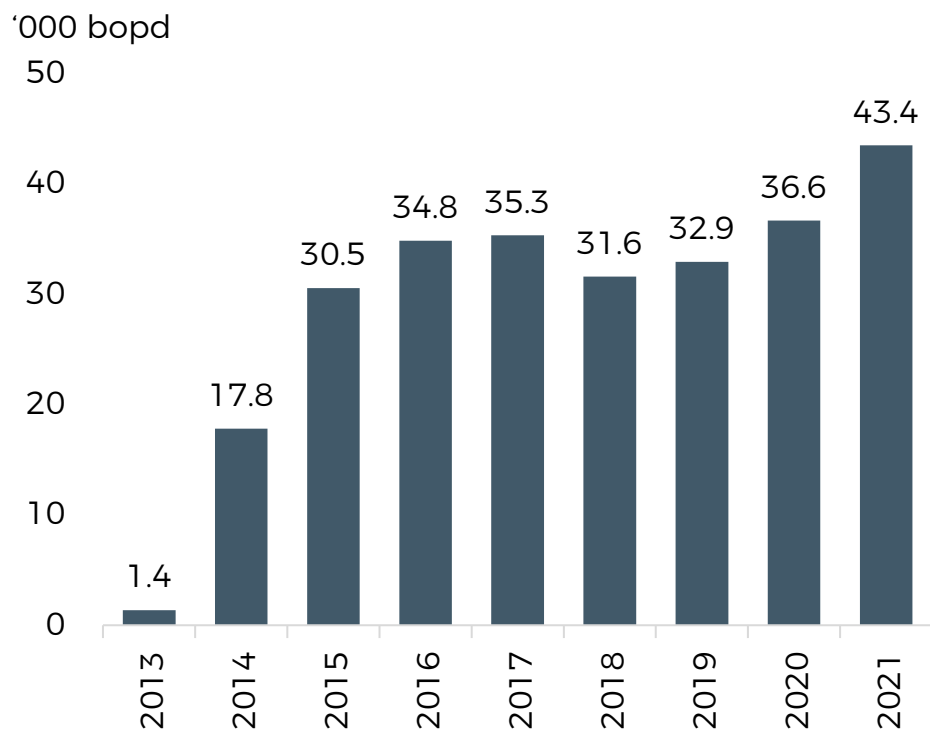
(2) Contingent resources volumes are classified as such because there is technical and commercial risk involved with their extraction. In particular, there may be a chance that accumulations containing contingent resources will not achieve commercial maturity. The 2C (best estimate) contingent resources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



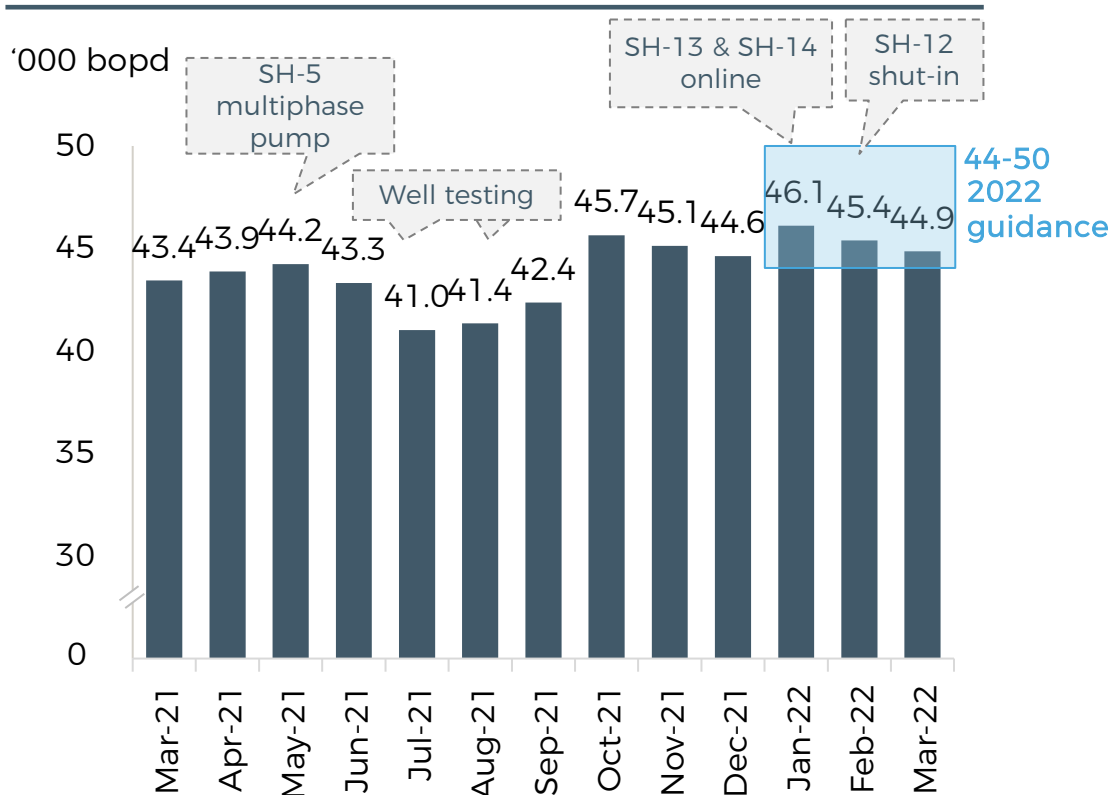
# Production track record & performance

- PSC awarded 2007, first commercial production in 2013
- >100 MMstb production to date from Jurassic reservoir
- 2021 gross average production of 43,440 bopd, towards upper end of guidance
- 2022 YTD gross average production, as at 28-Mar-22, of c.45,500 bopd

## Production track record



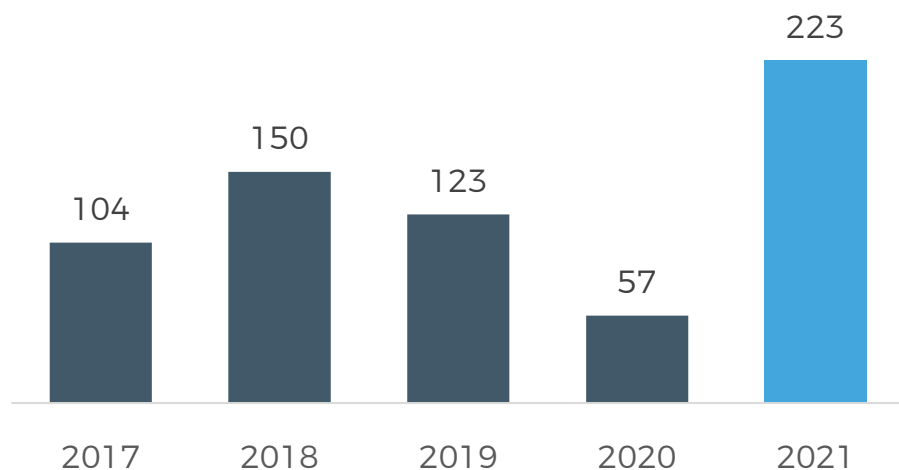
## Recent production performance



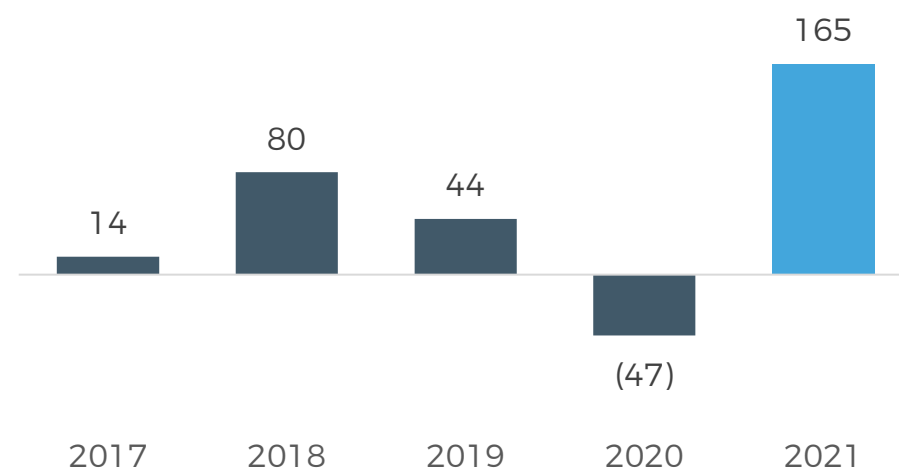
# Historic financial performance highlights

2017 to 2021

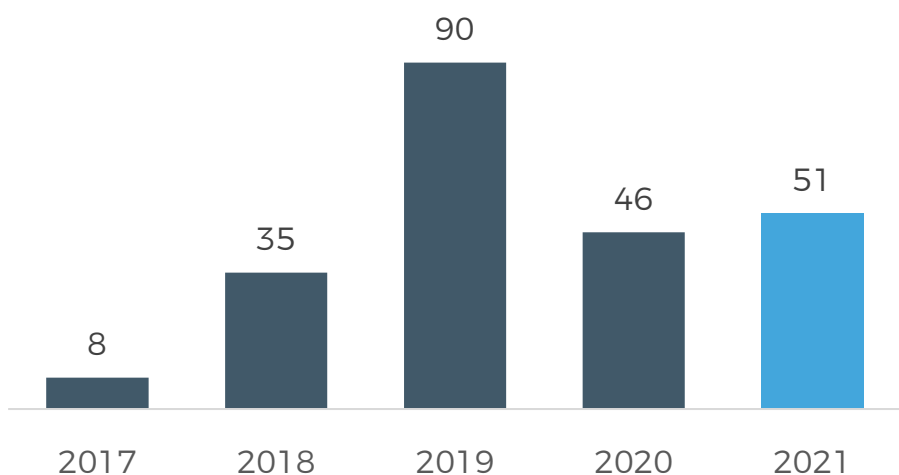
## Adjusted EBITDA (\$m)



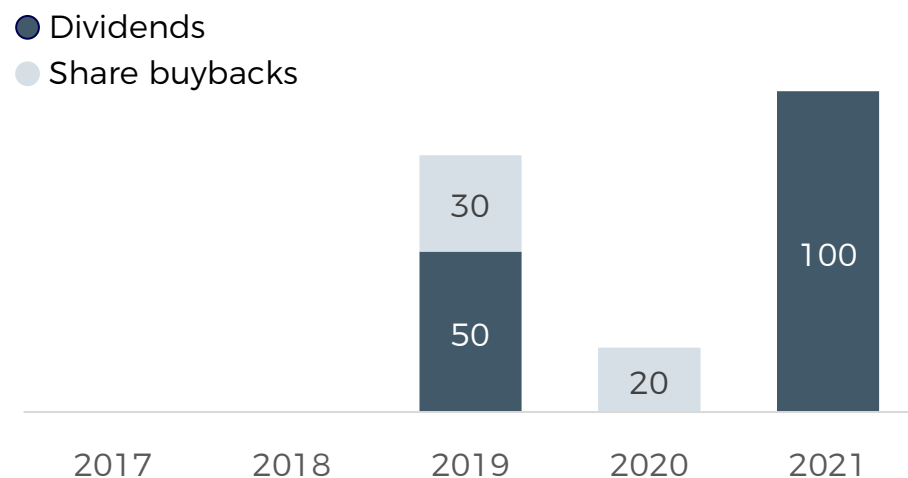
## Profit/(loss) after tax (\$m)



## Net Capex (\$m)



## Shareholder distributions (\$m)

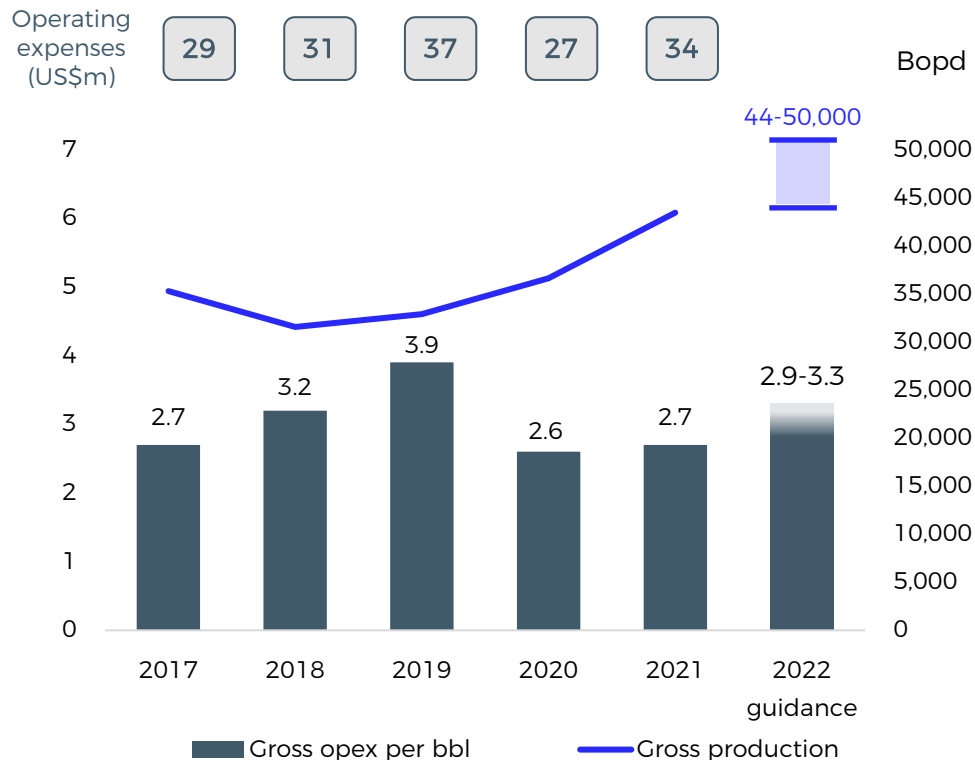




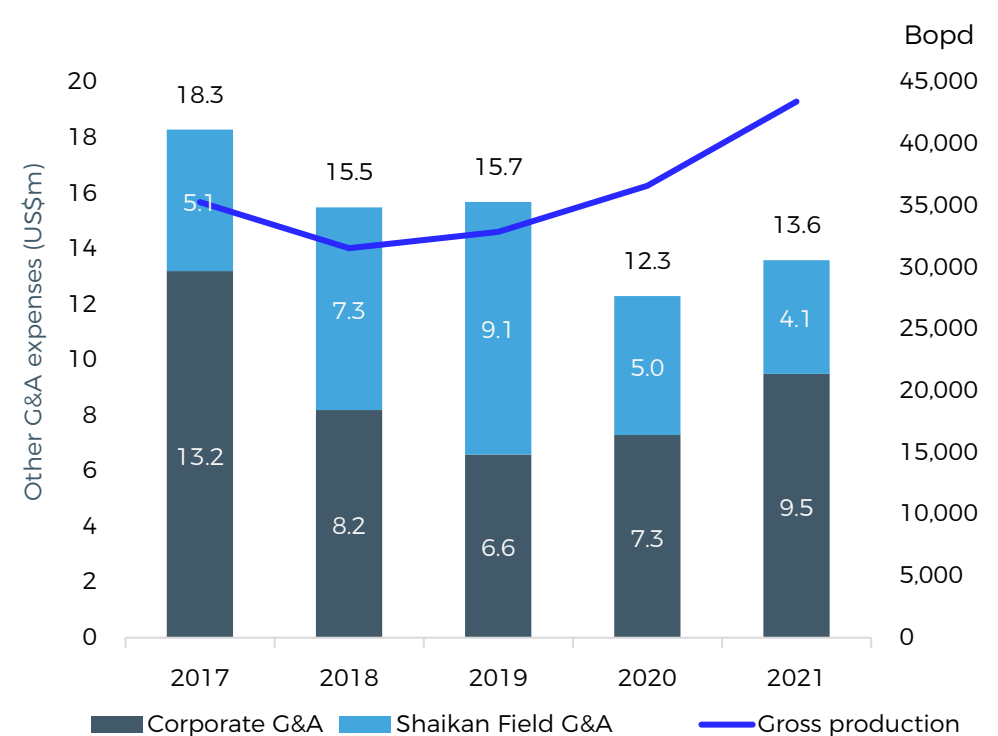
# Continuing focus on strict cost control

- 4% increase in gross Opex to \$2.7/bbl in 2021
- 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 in 2021 driven by increasing operational activity

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



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

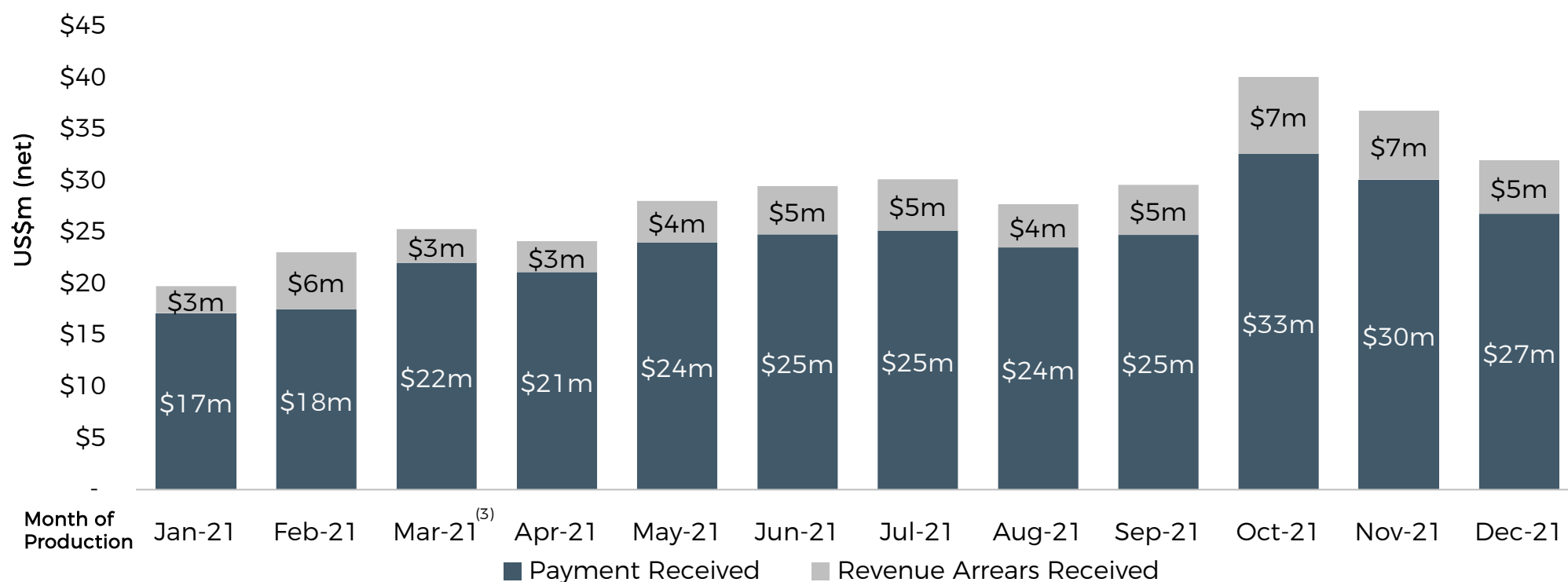


1) Excludes capacity building payments, production bonus, DD&A, working capital movements and transportation costs

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 \$138 million net received in 2022 for Sep-21 to Dec-21 invoices
- Outstanding arrears net \$17 million; 77% collected to date



Gross Prod. (kbopd)	44.4	41.6	43.4	43.9	44.2	43.3	41.1	41.4	42.4	45.7	45.1	44.6
Brent Price <sup>(2)</sup> (US\$/bbl)	\$54.8	\$62.3	\$65.4	\$64.8	\$68.5	\$73.2	\$75.2	\$70.8	\$74.5	\$83.5	\$81.1	\$74.2

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

# 2022 work programme

- 2022 net Capex guidance of \$85-\$95 million
- Targeting start-up of SH-15 in Q2 2022
- 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



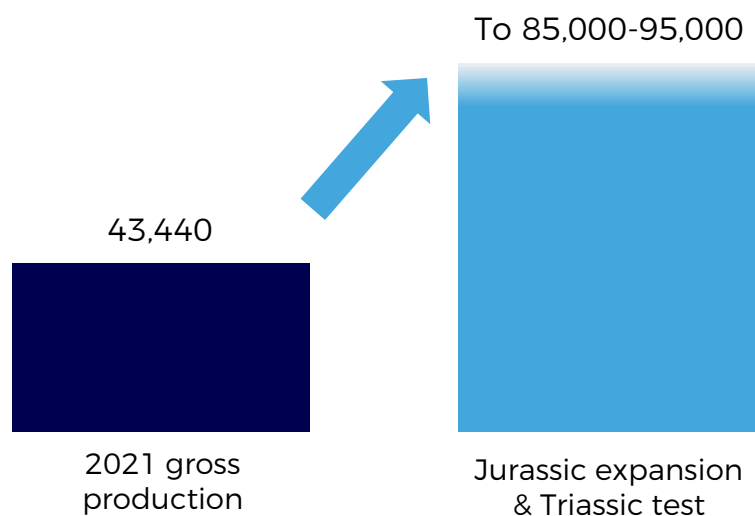


# Draft Field Development Plan

Drive profitable production growth while more than halving carbon intensity

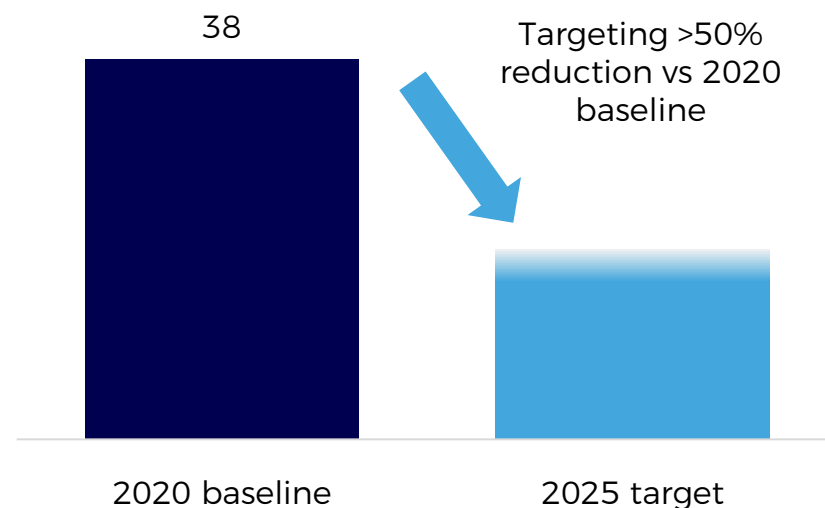
- Expected components of Phase 1 of draft FDP:
  - Expand Jurassic gross production plateau up to 85,000 bopd
  - Test Triassic reservoir, targeting gross production plateau of up to 10,000 bopd
  - Gas Management Plan (“GMP”) to eliminate routine flaring by reinjecting associated gas
- Vision to further 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

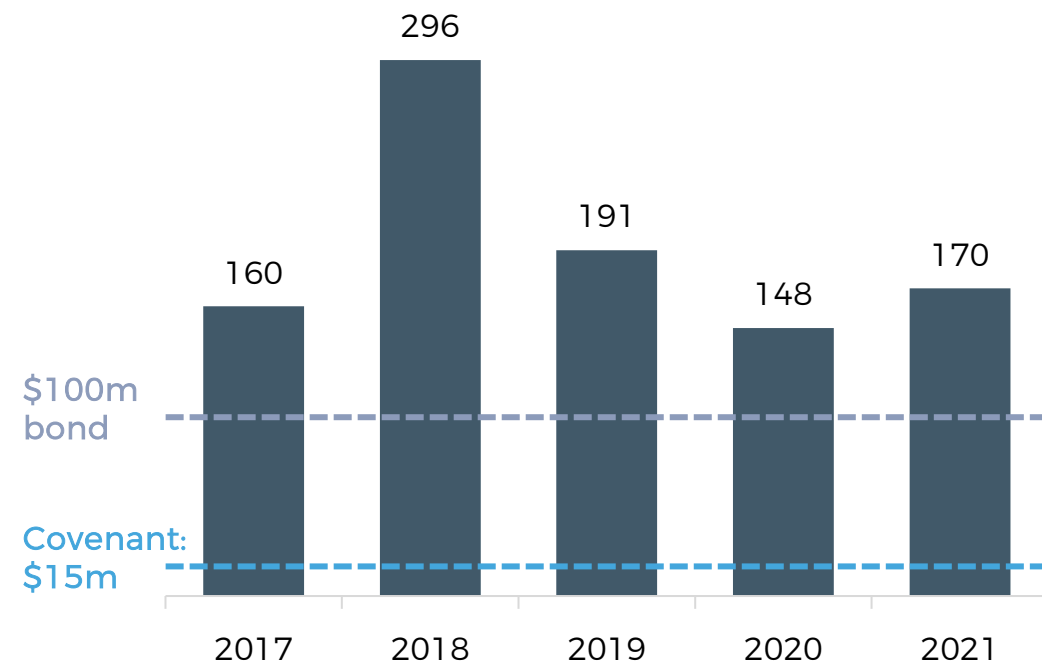
Total estimated Phase 1 gross Capex: \$800-\$925 million

# Robust balance sheet

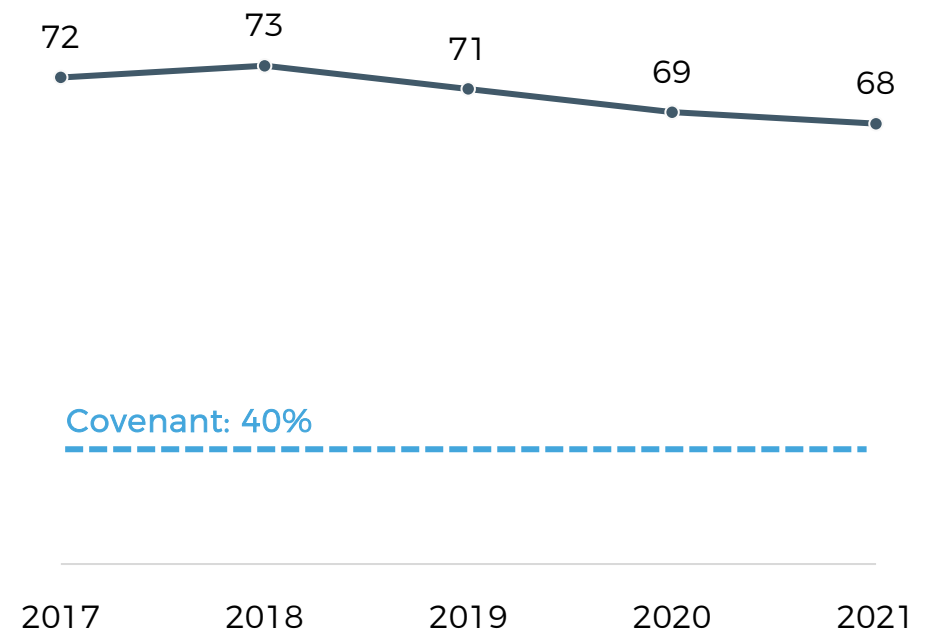
Balance sheet strength provides resilience and downside protection

- 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> (%)

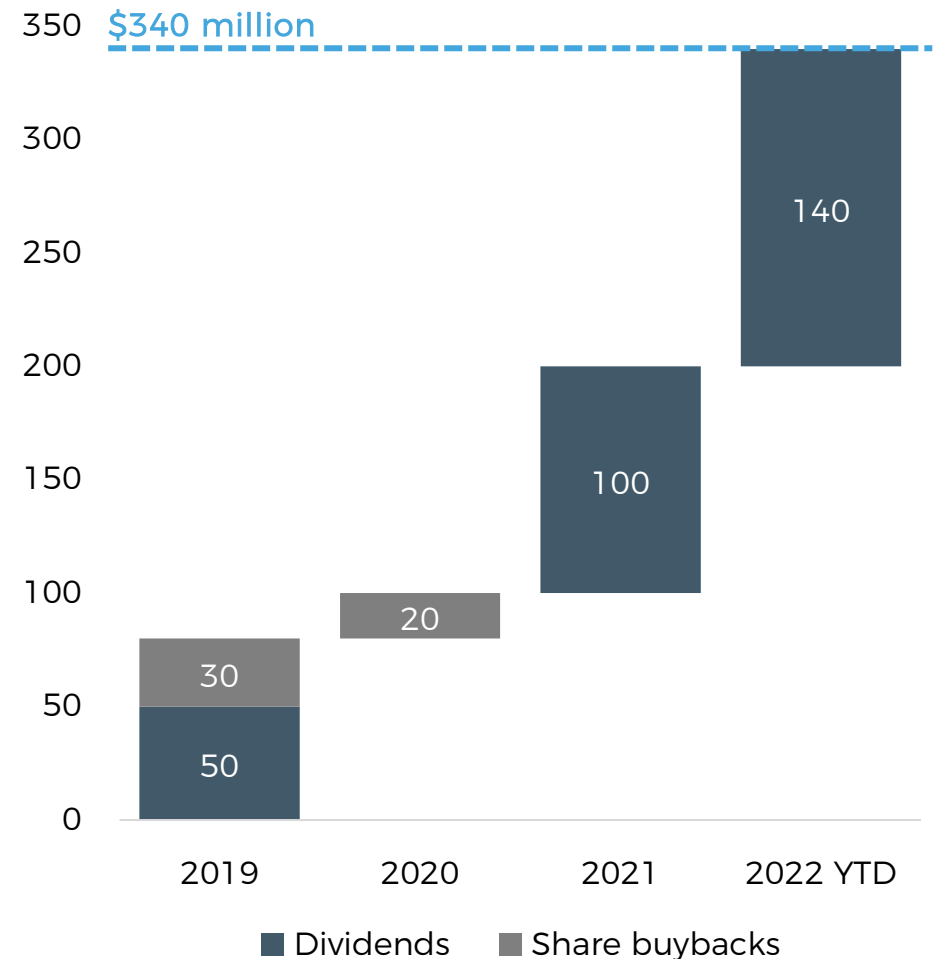


# Shareholder distributions

Balancing investment in sustainable growth with shareholder returns

- \$90 million dividends declared on 30 March 2022:
  - \$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.20%<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





# Why invest in Gulf Keystone Petroleum?

Long life asset with  
proven track record of  
low-cost production

Balancing sustainable  
growth with  
shareholder returns

Robust  
financial position

Safety & sustainability  
underpin our business