

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other appropriate independent financial adviser authorised under the Financial Services and Markets Act 2000, as amended if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

Applications have been made to the UK Listing Authority and the London Stock Exchange for all of the New Common Shares to be admitted to the standard segment of the Official List and to trading on the London Stock Exchange's Main Market for listed securities, respectively. Admission to trading on the Main Market constitutes admission to trading on a UK regulated market. It is expected that admission will become effective and that dealings for normal settlement in the New Common Shares will commence on or around 14 October 2016.

This document comprises a supplementary prospectus for the purposes of Article 3 of the European Union Directive 2003/71/EC, as amended by the EU Directive 2010/73/EU, (the "**Supplementary Prospectus**") relating to Gulf Keystone Petroleum Limited and has been prepared in accordance with the Prospectus Rules of the Financial Conduct Authority made under Section 73A of the FSMA. This document is supplemental to and must be read in conjunction with the prospectus published by the Company on 31 August 2016 (the "**Original Prospectus**"). Save as disclosed in this Supplementary Prospectus, there have been no significant new factors, material mistakes or inaccuracies relating to the information contained in the Original Prospectus.

The Company and each of the Directors, accept responsibility for the information contained in this document. To the best of the knowledge of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

GULF KEYSTONE PETROLEUM LIMITED

**GULF KEYSTONE
PETROLEUM LTD.**



*(Incorporated and registered in Bermuda under the Companies Act (Bermuda)
with Registered No. 31165)*

Supplementary Prospectus in connection with the

Proposed Restructuring

Scheme of Arrangement in respect of the Debt Equitisation and Notes Reinstatement

**Proposed Open Offer of up to 2,294,295,672 New Common Shares at 0.8314 pence
per New Common Share to raise up to US\$25 million**

Perella Weinberg Partners UK LLP

Financial Adviser

Save where otherwise stated, terms defined in the Original Prospectus have the same meaning when used in this Supplementary Prospectus. A copy of this Supplementary Prospectus has been filed with the FCA and has been made available to the public as required by section 3.2 of the Prospectus Rules.

If you have sold or otherwise transferred all of your Existing Common Shares, please forward this Supplementary Prospectus at once to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee. However, this Supplementary Prospectus should not be forwarded or transmitted in or into any jurisdiction in which such act would constitute a violation of the relevant laws or regulations of such jurisdiction. If you have sold or transferred only part of your holding of Existing Common

Shares, you should retain this Supplementary Prospectus and consult the bank, stockbroker or other agent through whom the sale or transfer was effected.

The whole of the text of this Supplementary Prospectus, the Original Prospectus and each of the documents incorporated herein and therein by reference should be read in their entirety by any Shareholder and any other person contemplating a subscription of New Common Shares under the Open Offer. In particular, your attention is drawn to the letter of recommendation from the Chairman of Gulf Keystone which is set out in Part 1 of the Original Prospectus: “*Letter from the Chairman to Shareholders*” and you should read the section entitled “*Risk Factors*” of the Original Prospectus for a discussion of certain risks and other factors that should be considered when deciding what action to take in relation to the Open Offer and whether or not to subscribe for New Common Shares.

Notice to US Investors

Neither the New Common Shares nor the Open Offer Entitlements have been approved or disapproved by the US Securities and Exchange Commission, any other federal or state securities commission in the United States or any US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the New Common Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

Notice to Overseas Investors

This Supplementary Prospectus and any other documents issued by the Company in connection with this document, the Restructuring and/or Admission do not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, New Common Shares by any person in any jurisdiction in which such an offer or solicitation is unlawful.

Subject to certain exceptions, this document and any other documents issued by the Company in connection with this document, the Restructuring and/or Admission do not constitute an offer of the New Common Shares to any person with a registered address, or who is resident or located, in the United States or any Excluded Territory. The New Common Shares have not been, and will not be, registered or qualified under the relevant laws of any state, province or territory of the United States or any Excluded Jurisdiction, and the Company is not a “reporting issuer”, as such term is defined under applicable Canadian securities laws. Accordingly, subject to certain exceptions, the New Common Shares may not be offered or sold in any Excluded Territory or to, or for the account or benefit of, any resident of any Excluded Territory. In addition, the New Common Shares may not be offered, sold, resold, taken up, transferred, delivered or distributed, directly or indirectly, into, in or within the United States, or for the account or benefit of, any resident of the United States, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

All Overseas Shareholders and any other person (including, without limitation, a nominee, custodian or trustee) who has a contractual or other legal obligation to forward this document or any other documents issued by the Company in connection with this document, the Restructuring and/or Admission to a jurisdiction outside Ireland and the United Kingdom, should read paragraph 6 of Part 11 of the Original Prospectus: “*Terms and Conditions of the Open Offer*”.

Perella Weinberg Partners UK LLP (“**Perella Weinberg Partners**”), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting as financial advisor to the Company and no one else in relation to the Restructuring and the arrangements referred to in this document. Perella Weinberg Partners will not regard any other person (whether or not a recipient of this document) as its client in relation to the Restructuring and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Perella Weinberg Partners or for providing any advice in relation to the Restructuring, the contents of this document or any transaction or arrangement referred to herein. No liability whatsoever is accepted by Perella Weinberg Partners for the accuracy of any information or opinions contained in this document or for the omission of any material information, for which it is not responsible.

Any reproduction or distribution of this document, in whole or in part, and any disclosure of its contents or use of any information contained in or incorporated by reference into this document for any purpose other than in considering an investment in the Common Shares is prohibited. By accepting delivery of this document, each recipient agrees to the foregoing.

This document constitutes a Supplementary Prospectus required under Prospectus Rules 3.4.1 and 3.4.2 and is being published to note the following information which the Company regards as significant new factors relating to the information included in the Original Prospectus.

1. Interim report and accounts for the period ending 30 June 2016.

On 22 September 2016 the Company published its interim report and accounts for the six months ended 30 June 2016 (the “**Interim Report**”) which also consolidates the results of its subsidiary undertakings, which are collectively referred to throughout such document as the ‘Group’. By virtue of this document, the relevant parts of the Interim Report set out below are incorporated into, and form part of, the Original Prospectus.

Only information in the parts of the Interim Report identified below is incorporated into and forms part of this document. Information in other parts of the Interim Report is either covered elsewhere in the Original Prospectus or is not relevant to an investor’s assessment of the assets and liabilities, financial position, profit and losses and prospects of the Group.

Supplements to the summary

As a result of the publication of the Interim Report the summary document which forms part of the Original Prospectus is hereby supplemented as follows:

B.7	Selected historical key financial information	<p>The tables below sets out summary financial information of the Group for the six months ended 30 June 2016 which has been extracted without material adjustment from the Interim Report incorporated by reference into this document:</p> <p>Condensed Consolidated Income Statement for the six months ended 30 June 2016</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="text-align: right; vertical-align: bottom;">Six months ended 30 June 2016 Unaudited \$'000</th> </tr> </thead> <tbody> <tr> <td colspan="2">Continuing operations</td> </tr> <tr> <td>Revenue</td> <td style="text-align: right;">102,068</td> </tr> <tr> <td>Cost of sales</td> <td style="text-align: right;">(76,221)</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">25,847</td> </tr> <tr> <td colspan="2">Gross profit/(loss)</td> </tr> <tr> <td>Other operating expenses</td> <td></td> </tr> <tr> <td>Impairment loss</td> <td style="text-align: right;">(40,000)</td> </tr> <tr> <td>General and administrative expenses</td> <td style="text-align: right;">(14,791)</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">(28,944)</td> </tr> <tr> <td colspan="2">Loss from operations</td> </tr> <tr> <td>Interest revenue</td> <td style="text-align: right;">46</td> </tr> <tr> <td>Other gains and losses</td> <td style="text-align: right;">4,962</td> </tr> <tr> <td>Finance costs</td> <td style="text-align: right;">(35,684)</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">(59,620)</td> </tr> <tr> <td colspan="2">Loss before tax</td> </tr> <tr> <td>Tax expense</td> <td style="text-align: right;">(254)</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">(59,874)</td> </tr> <tr> <td colspan="2">Loss per share (cents)</td> </tr> <tr> <td>Basic</td> <td style="text-align: right;">(6.21)</td> </tr> <tr> <td>Diluted</td> <td style="text-align: right;">(6.21)</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">(6.21)</td> </tr> </tbody> </table>		Six months ended 30 June 2016 Unaudited \$'000	Continuing operations		Revenue	102,068	Cost of sales	(76,221)		25,847	Gross profit/(loss)		Other operating expenses		Impairment loss	(40,000)	General and administrative expenses	(14,791)		(28,944)	Loss from operations		Interest revenue	46	Other gains and losses	4,962	Finance costs	(35,684)		(59,620)	Loss before tax		Tax expense	(254)		(59,874)	Loss per share (cents)		Basic	(6.21)	Diluted	(6.21)		(6.21)
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Condensed Consolidated Statement of Comprehensive Income
for the six months ended 30 June 2016

	Six months ended 30 June 2016 Unaudited \$'000
Loss for the period	(59,874)
Items that may be reclassified subsequently to profit or loss:	
Exchange differences on translation of foreign operations	(1,648)
	<hr/>
Total comprehensive loss for the period	(61,522)
	<hr/> <hr/>

Condensed Consolidated Cash Flow Statement
for the six months ended 30 June 2016

	Six months ended 30 June 2016 Unaudited \$'000
Net cash generated/(used) in operating activities	46,914
Net cash used in investing activities	(15,655)
Net cash generated by financing activities	—
	<hr/>
Cash and cash equivalents at end of the period	74,749
	<hr/> <hr/>

Condensed Consolidated Balance Sheet

as at 30 June 2016

	30 June 2016 Unaudited S'000
Non-current assets	
Intangible assets	251,748
Property, plant and equipment	525,761
Deferred tax asset	199
	<u>777,708</u>
Current assets	
Inventories	18,410
Trade and other receivables	13,553
Cash and cash equivalents	74,749
	<u>106,712</u>
Total assets	<u><u>884,420</u></u>
Current liabilities	
Trade and other payables	(114,513)
Provisions	(7,457)
Other borrowings	(239,795)
	<u>(361,765)</u>
Non-current liabilities	
Convertible bonds	(314,253)
Provisions	(23,445)
	<u>(337,698)</u>
Total liabilities	<u><u>(699,463)</u></u>
Net assets	<u><u>184,957</u></u>
Equity	
Share capital	9,781
Share premium account	834,619
Share option reserve	47,697
Convertible bonds reserve	7,359
Exchange translation reserve	(3,046)
Accumulated losses	(711,453)
	<u>184,957</u>
Total equity	<u><u>184,957</u></u>

There has been no significant change to the financial condition and operating results of the Group since 30 June 2016, the date on which the last financial information on the Group was published.

Historical financial information

Historical financial information relating to the Group is included in the Interim Report as set out in the table below and is expressly incorporated by reference into this document and the Original Prospectus. The documents incorporated by reference can be obtained from the Company's website www.gulfkeystone.com. Only information in the parts of the Interim Report identified below is incorporated into and forms part of this document. Information in other parts of the Interim Report is either covered elsewhere in the Original Prospectus or is not relevant to an investor's assessment of the assets and liabilities, financial position, profit and losses and prospects of the Group.

Condensed Consolidated Balance Sheet

as at 30 June 2016

	30 June 2016
	Unaudited
	\$'000
Non-current assets	
Intangible assets	251,748
Property, plant and equipment	525,761
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Accumulated losses	(711,453)
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Total equity	184,957
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Selected financial information

The selected financial information set forth below as at and for the period ending 30 June 2016 has been extracted without material adjustment from the information referred to in the above section.

Condensed Consolidated Income Statement

for the six months ended 30 June 2016

	Six months ended 30 June 2016 Unaudited \$'000
Continuing operations	
Revenue	102,068
Cost of sales	(76,221)
	<hr/>
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for the six months ended 30 June 2016

	Six months ended 30 June 2016 Unaudited \$'000
Net cash generated/(used) in operating activities	46,914
Net cash used in investing activities	(15,655)
Net cash generated by financing activities	—
Cash and cash equivalents at end of the period	74,749

Operating and financial review

A description of the Group's performance in the 6 months ended 30 June 2016 is set out in the sections headed Chairman's and Chief Executive Officer's Statement and Financial Review in the Interim Report which was published on the Group's website www.gulfkeystone.com on 22 September 2016.

Significant change

There has been no significant change to the financial condition and operating results of the Group since 30 June 2016, the date on which the last financial information on the Group was published.

2. Directors and Senior Management

Mr Tony Peart retired from his position as the Company's Legal and Commercial Director after 8 years with Gulf Keystone effective 6 September 2016.

Documents available for inspection

In addition to those documents set out in paragraph 21 of Part 17 of the Original Prospectus "*Additional Information*" copies of the Supplementary Prospectus and the Interim Report are available on the Company's website www.gulfkeystone.com and are available for inspection during normal business hours on any Business Day at the Offices of Memery Crystal LLP for the period of 12 months following Admission.

Withdrawal Rights

In accordance with section 87Q(4) of FSMA, where a supplementary prospectus has been published and, prior to the publication, a person agreed to buy or subscribe for transferable securities to which it relates, he may withdraw his acceptance before the end of the period of two working days beginning with the first working day after the date on which the supplementary prospectus was published.

Qualifying Shareholders wishing to exercise or direct the exercise of statutory withdrawal rights pursuant to section 87Q(4) of the FSMA after the publication of this Supplementary Prospectus must do so by lodging a written notice of withdrawal (which shall include a notice sent by electronic mail) which must include the full name and address of the person wishing to exercise statutory withdrawal and, if such person is a CREST member, the CREST participant ID and the CREST member account ID of such CREST member with Computershare Investor Services Plc, Corporate Actions Projects, Bristol BS99 6AH or email to withdraw@computershare.co.uk so as to be received by no later than 5:00pm on 26 September 2016.

Notice of withdrawal given by any other means or which is deposited with or received by Computershare after expiry of such period will not constitute a valid withdrawal, save to the extent required by statute. In such event, Shareholders are advised to seek independent legal advice.

Miscellaneous

To the extent that there is any inconsistency between any statement in or incorporated by reference in this Supplementary Prospectus and any other statement in or incorporated by reference in the Original Prospectus, the statements in or incorporated by reference in this Supplementary Prospectus will prevail.

Save as disclosed in this Supplementary Prospectus, no other significant new factor, material mistake or inaccuracy relating to information included in the Original Prospectus has arisen or been noted, as the case may be, since the publication of the Original Prospectus.

Perella Weinberg Partners has given and not withdrawn its consent to the issue of this document with references to its name being included in the form and context in which it appears.

22 September 2016.

