



Gulf Keystone Petroleum

19 September, 2017

Half Year 2017 Results

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H1 2017 Highlights: Jón Ferrier, CEO

Half Year 2017 Highlights

- **Safe and reliable operations – no lost time incidents**
- **Achieved average daily production of 36,664 bopd (+11% vs. H1 2016)**
- **Ready to invest subject to achieving contractual and commercial clarity – ongoing constructive dialogue with the MNR**
- **Received \$60m net from the KRG in H1 – though disappointing on payment timing vs. other leading exporters**
- **GKP is in good health financially – free cash flow positive and strong balance sheet**



Operational Review: Stuart Catterall, COO

Operational Highlights

- **No lost time incidents – with plant uptime over 99%**
- **Average H1 daily gross production of 36,664 bopd**
 - **On track to meet 32,000-38,000 bopd FY guidance (c.35,350 bopd so far in Q3)**
- **Cumulative production from Shaikan exceeds 40 MMstb – allowing for an enhanced understanding of the reservoir**
- **Shaikan-8 back on production since March – adding c.1,800 bopd**
- **New crude export route since February – zero impact on production and financially neutral to the Company**
- **ERC Equipoise verified remaining 2P gross reserves at 615 MMstb⁽¹⁾**
- **Ongoing optimisation of Shaikan development programmes**

(1) As at 31 December 2016

Staged, Risk-Managed, Modular Approach

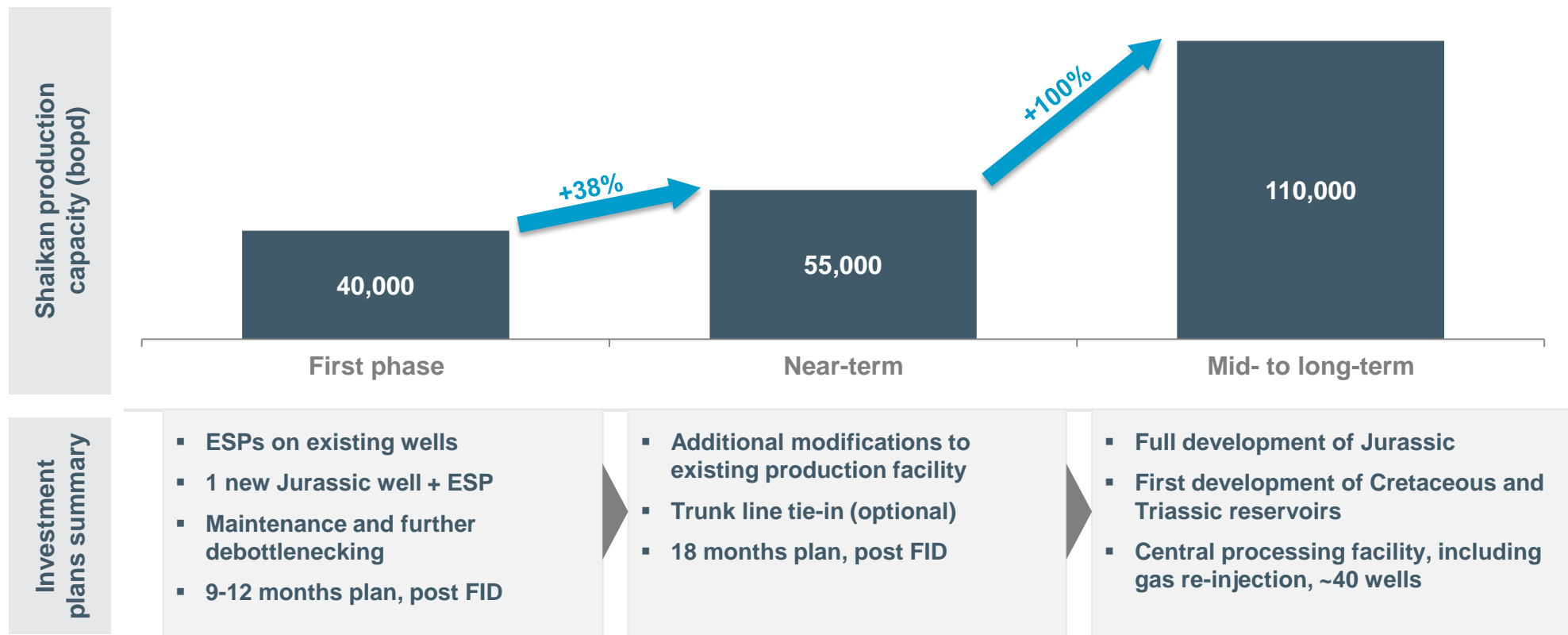
- **Focus on value**

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**





Financial Review: Sami Zouari, CFO

Financial Highlights

- **Healthy financial position**
 - Free cash flow positive through H1 2017
 - Five payments from the MNR of \$15m gross (\$12m net to GKP) during H1
 - \$118.8m in cash and cash equivalents as at 30 June 2017 (\$133.8m as at 18 September 2017)
 - \$100.0m Reinstated Notes
 - Coupon payment of \$5.1m made in April 2017

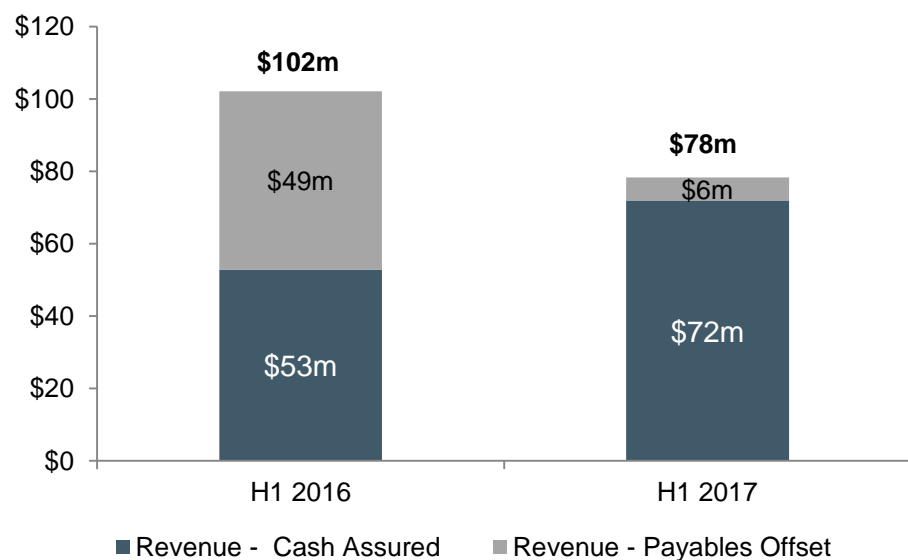
- **Focus on prudent resource management and cost saving initiatives**
 - Reduction in gross operating cost per barrel to \$3/bbl (H1 2016: \$4/bbl)
 - Reduction in G&A costs to \$9.7m (H1 2016: \$15.7m)

- **Profit after tax \$0.7m (H1 2016: loss \$232.6m)**

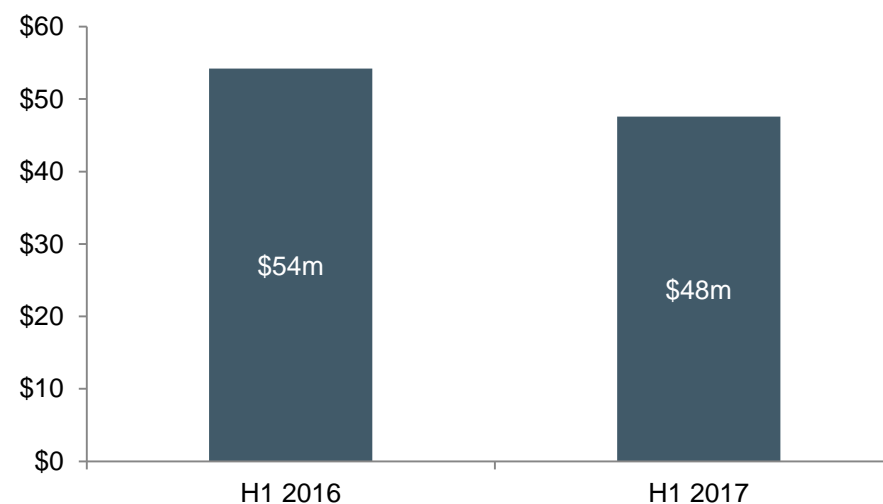
Revenue and EBITDA

- **\$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)



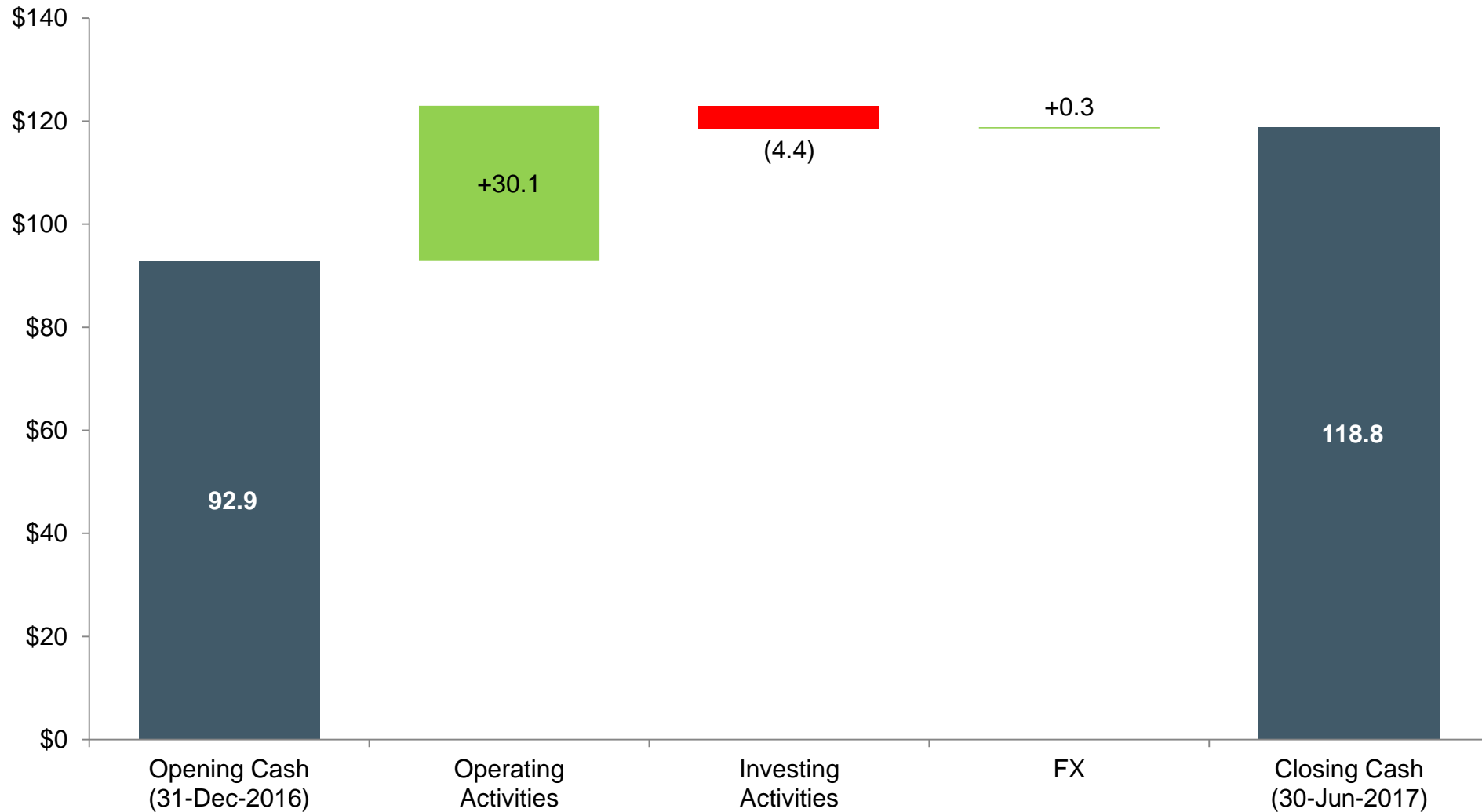
EBITDA (\$m)



(1) Subject to audit and reconciliation

Free Cash Flow Positive

H1 2017 Cash Flow (\$m)





Conclusion

Outlook

1 Maintaining safe, reliable operations

2 Meeting production guidance for 2017

3 Achieving commercial clarity (incl. PSC)

4 Significant organic growth opportunity in Kurdistan

5 Continuing to prudently manage cost base



Appendices

Shaikan Arrears

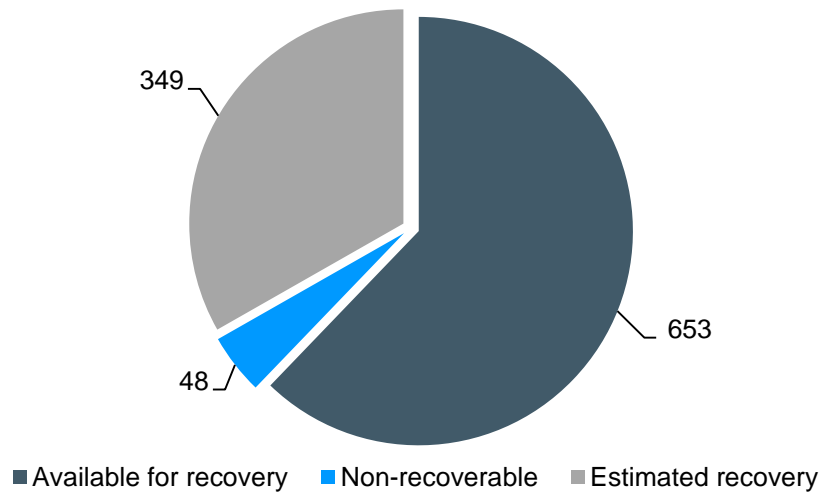
Net position to GKP as at: (\$m)	31 December 2016	30 June 2017
Revenue Arrears (unrecognised)	\$25m	\$33m
MNR Government Participation Option (back costs)	\$71m	\$76m

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

(1) Subject to audit and reconciliation

Thank you

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www.gulfkeystone.com

