

**GULF KEYSTONE
PETROLEUM LTD.**



Gulf Keystone Petroleum

March 2017



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1. Introduction to Gulf Keystone Petroleum

Gulf Keystone – A leading independent E&P in the Kurdistan Region of Iraq

The Asset

- Focus on the Shaikan field, a material high-quality oil asset
- Significant organic production growth potential
- Robust underlying reserves – recently re-audited

The Company

- A fresh/experienced management team
- Right-sized balance sheet (net cash)
- Sufficient liquidity to undertake near-term investment plans

The Region

- Encouraging developments in regional geo-politics
- Post recent OPEC meeting, potential for the KRG's fiscal position to improve as oil prices recover
- Ability to maintain payments to IOCs will be enhanced

Key investment highlights

1

Well understood asset with visible production growth

- Gulf Keystone Petroleum (“GKP”) is a leading independent E&P in the Kurdistan Region of Iraq and the operator of the large Shaikan oil field – with 622 MMbbl 2P reserves and 239 MMbbl 2C resources (gross)
- Stable and predictable field performance with current production capacity of 40k bopd of low cost, heavy oil, all of which is exported to Ceyhan
- Option to increase to 55k bopd in the near-term and up to 110k bopd under the full FDP

2

New and enhanced management team

- The board of directors has been strengthened with the addition of relevant upstream expertise since early 2015, including the appointment of a new Chairman, CEO and CFO
- The recent additions to the board of directors and to senior management, including a COO, have enhanced technical, commercial and financial capabilities

3

Improving visibility on payment

- Regular payments to operators by the MNR since September 2015
- GKP has received cumulative gross payments of US\$142.5m in 2016 and US\$45.0m in 2017
- Sustained regular revenue receipts will continue to drive GKP’s investment decisions

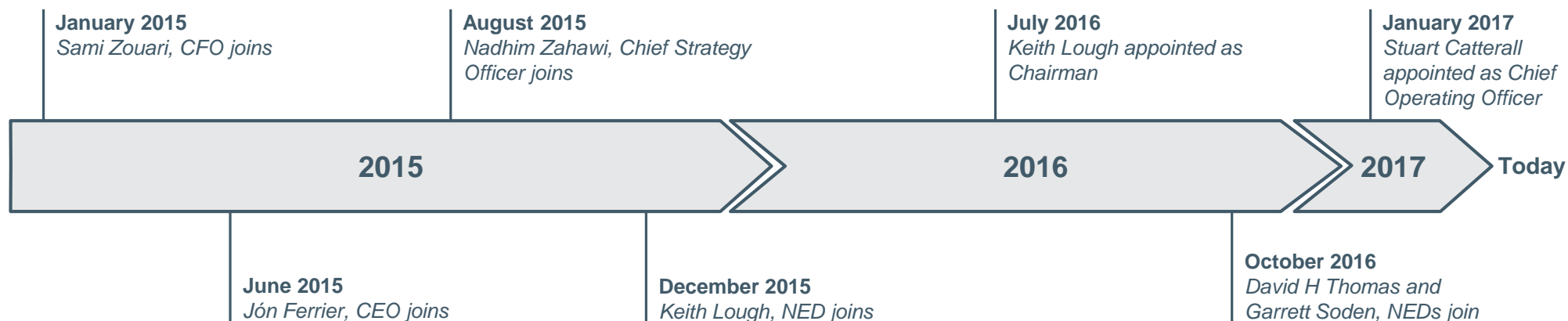
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Restructured balance sheet to support growth

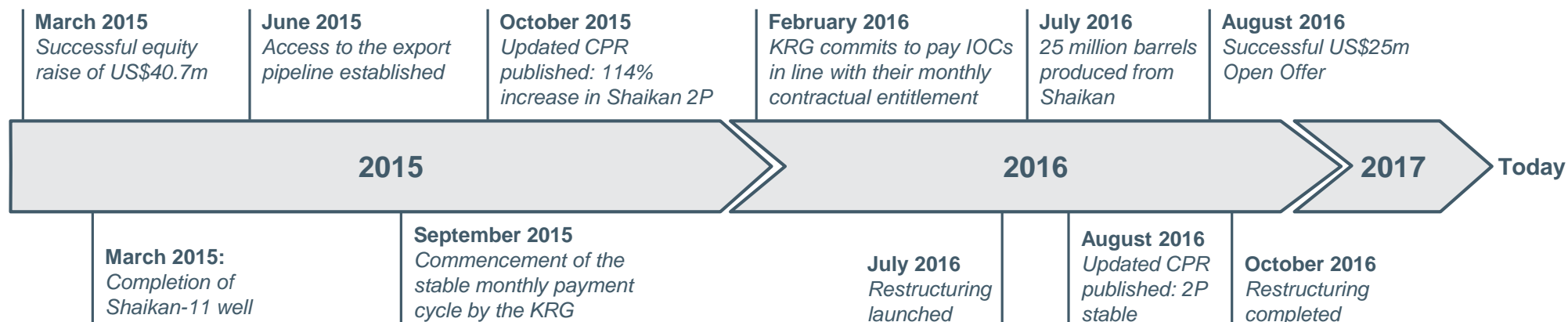
- GKP completed a landmark financial restructuring on 13th October 2016, providing a strong balance sheet to relaunch the company and pursue development of the Shaikan field
- Net cash position: US\$100m of debt (down from c.US\$601m) with US\$122m⁽¹⁾ of cash

Key milestones since January 2015

Governance & Management



Operations & Finance



Board of directors

- A strengthened board of directors and management with extensive skill sets and expertise (technical, commercial and financial) to drive Gulf Keystone through its next phase of growth, under proper corporate governance



Keith Lough

Non-Executive Chairman

Joined in December 2015

Experience:

- Non-Executive Director at Rockhopper Exploration, Cairn Energy, Papua Mining
- CFO at PetroKazakhstan
- CEO, Hutton Energy
- Founded Composite Energy
- CFO British Energy
- Senior financial and operational roles including Managing Director at LASMO



Jón Ferrier

Chief Executive Officer

Joined in June 2015

Experience :

- Senior Vice President Business Development, Strategy & Commercial at Maersk Oil in Copenhagen
- Delivery of the US\$1 Bn Ebla Gas project in Syria
- Previously served at ConocoPhillips, Paladin Resources and Petro-Canada/Suncor
- MSc at Imperial College



Sami Zouari

Chief Financial Officer

Joined in January 2015

Experience :

- Regional Head of Corporate & Investment Banking for North Africa, Iraq and Oman at BNP Paribas
- Head of MENA within the Energy & Commodity division of BNP Paribas in Paris
- Commercial Manager at Total EP Libya
- Economist for the Middle East Division at Total EP
- Master's at Harvard and BA at Columbia University



Philip Dimmock

Non-Executive Director

Joined in September 2013

Experience :

- Consultant and Chief Operating Officer at Equator Exploration
- Various roles at BP
- Chairman and Vice President of the International Division at Ranger Oil
- Executive Officer at UK Offshore Operators Association
- Non-Executive Director at Nautical Petroleum



David Thomas

Non-Executive Director

Joined in October 2016

Experience :

- Served on caretaker Board at Afren
- COO Petroceltic International
- CEO at Melrose Resources
- President and COO at Centurion Energy
- Regional Vice President at ENI
- Group General Manager Operations at LASMO
- Petroleum Engineer at Conoco UK



Garrett Soden

Non-Executive Director

Joined in October 2016

Experience :

- Senior Executive and Board member at Lundin Group
- Non-Executive Director at Etrion Corporation and Panoro Energy
- Chairman and CEO of RusForest
- CFO at Etrion and PetroFalcon
- Equity research at Lehman Brothers
- M&A at Salomon Brothers
- Senior Policy Advisor to U.S. Secretary of Energy

 Represents Executive Directors

Senior management team



Stuart Catterall

Chief Operating Officer

Joined in January 2017

Experience:

- Independent petroleum development and options consultant for PA Resources, EnQuest and Petroceltic
- Senior leadership roles with Amerada Hess, BHP Billion and Celtique Energy
- MSc at Imperial College



Umur Eminkahyagil

Country Manager
Kurdistan

Joined in March 2012

Experience:

- Vice President, MB Petroleum Services
- Expro Group - Malaysia, South East Asia and General Manager in Angola
- Reservoir engineering positions with Shell



Nadhim Zahawi

Chief Strategy Officer

Joined in August 2015

Experience:

- Conservative Member of Parliament
- Co-Founder and CEO, YouGov,
- European Marketing Director, Smith & Brooks
- A number of Advisory roles in the O&G sector



Gabriel Papineau-Legris

Commercial Director

Joined in Sept 2016

Experience:

- 10 years of experience in upstream oil & gas
- Private equity at Lime Rock Partners
- Investment banking at Perella Weinberg and Merrill Lynch



Marie Ross

Legal Director &
Company Secretary

Joined in Sept 2015

Experience:

- Legal Director, Corporate Services, Scottish Power
- Senior Management roles at Maven Capital Partners, Ogier Fiduciary Services (Guernsey)
- Company Secretary, Scottish Widows Group



Nadzeya Kernoha

Financial Controller

Joined in January 2012

Experience:

- First joined GKP as a Financial Accountant before being appointed as Financial Controller
- Qualified Chartered Accountant
- Energy and Resource Audit Practice, Deloitte UK

Gulf Keystone today

Capital structure overview

US\$m⁽¹⁾

Share price – 17-Mar-17 (p)	122.00p
Number of shares (million)	229.4
Market capitalisation	\$347.1
Total debt ⁽²⁾	100.0
Cash ⁽³⁾	(121.6)
Enterprise value	\$325.5
<i>Analysts' asset value⁽⁴⁾</i>	<i>896.1</i>

Reserves & resources summary (net)

	MMbbl	EV/bbl
1P	138	\$2.4
2P	360	\$0.9
2P + 2C	499	\$0.7

Production summary (gross)

kbopd

2016 FY actual	34.8
2016 guidance	31.0 – 35.0
2017 guidance	32.0 – 38.0

Shaikan production facility (PF-1)



Priorities

- **Safe and reliable production**
- **Development focus on delivering growth potential of Shaikan beyond the current 40k bopd production capacity**
- **Generate cash to fund near-term growth to 55k bopd production capacity**
- **Focus; no plans to acquire new acreage or enter new countries, no exploration commitments**
- **Corporate governance and transparency**

Source: Thomson Reuters; Bloomberg; company reports; ERC Equipose CPR (Aug-16)

(1) Based on GBPUSD rate of 1.24

(2) Flexibility of pay interest in kind until October 2018

(3) Cash position as at 9 March 2017

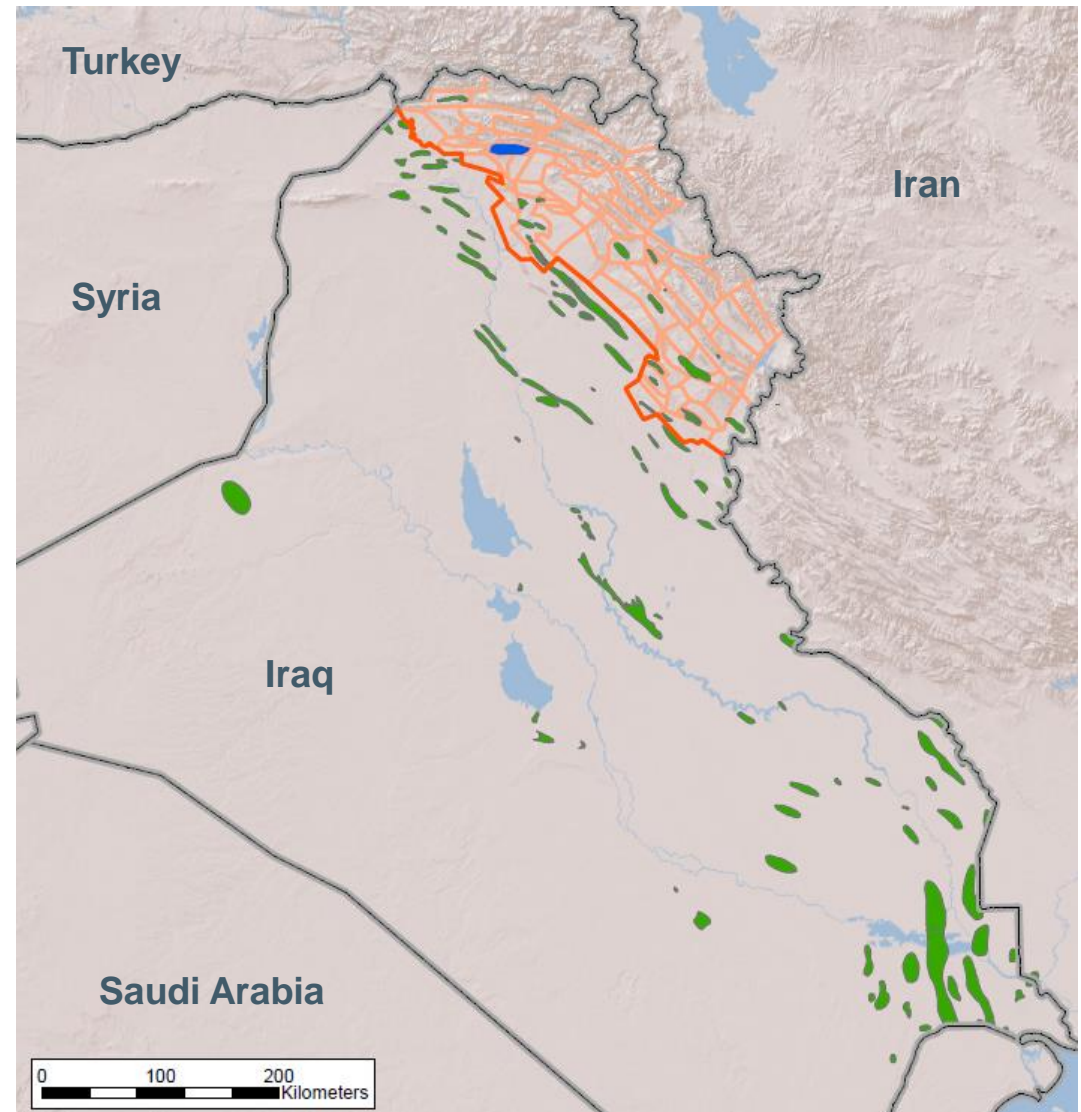
(4) Median NPV based on research reports from Canaccord (23-Feb-17), Cantor-Fitzgerald (28-Oct-16), Mirabaud (5-Aug-16) and Pareto (1-Aug-16)



2. Overview of Kurdistan

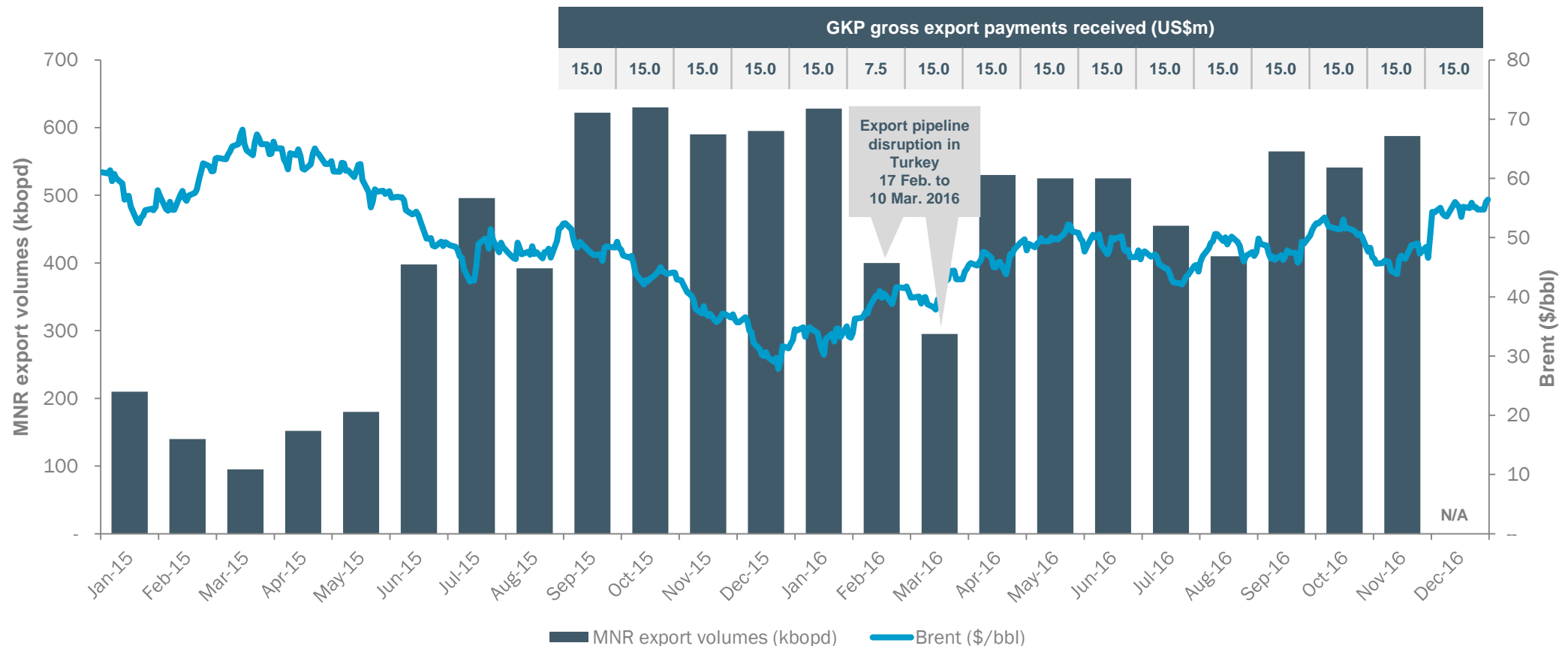
Kurdistan overview

- Kurdistan is the only semi-autonomous, constitutionally recognised, political region in Iraq
- Kurdistan's oil industry is at a relatively early stage of development – the first exploration Production Sharing Contracts (“PSC”) were awarded in 2004
- Oil exports account for the majority of Kurdistan's budget revenues
- Encouraging progress on reforms progressively ease budget pressure
- KRG's Ministry of Natural Resources (“MNR”) remains supportive to the private oil & gas industry to grow oil and gas production
- GKP has a strong professional relationship with the MNR



Sustainable Kurdish crude exports & steady history of payments

- Regular payments to operators by the MNR since September 2015
- Following the March 2016 Bilateral Agreement, the MNR has continuously paid flat US\$15m per month. GKP and the MNR continue to work towards agreeing the final form of the invoices for May to December 2016
- GKP has received cumulative gross payments of US\$142.5m in 2016 and US\$45.0m in 2017



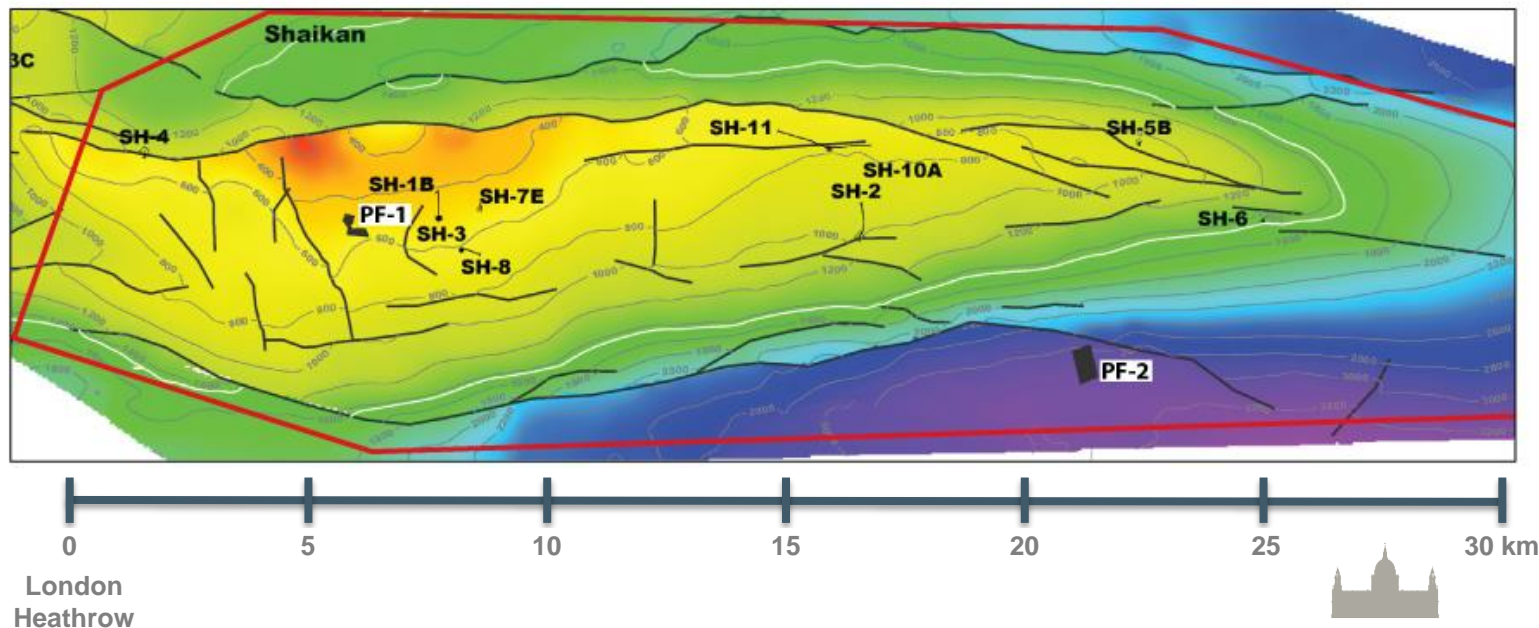


3. Shaikan overview

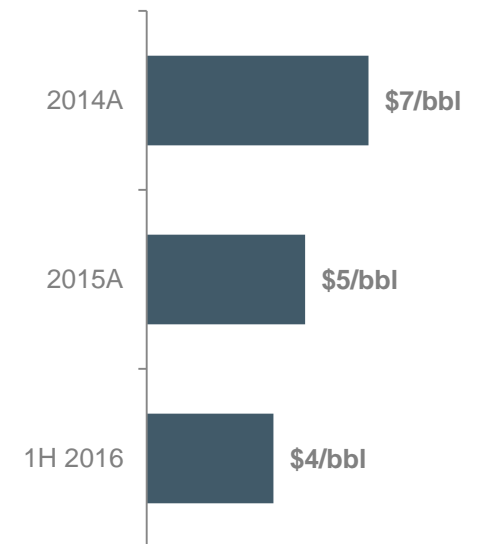
Shaikan field overview

- Located c.60km north of Erbil, the Shaikan field is one of the largest fields in Kurdistan – by reserves and production
- Discovered in 2009, commercial production commenced in July 2013 and over 34 MMbbl have been produced to date
- Steady production rate of 38k bopd – although some factors outside GKP's control (such as export pipeline restrictions, truck drivers strikes) may impact monthly average figures
- Near-term target to increase current production capacity of 40k bopd to 55k bopd, which can be financed with operating cash flow and existing cash balance
- Low production costs by global standards – with scope to reduce as the field is further developed

Field structure



Gross production costs



A differentiated sub-surface story

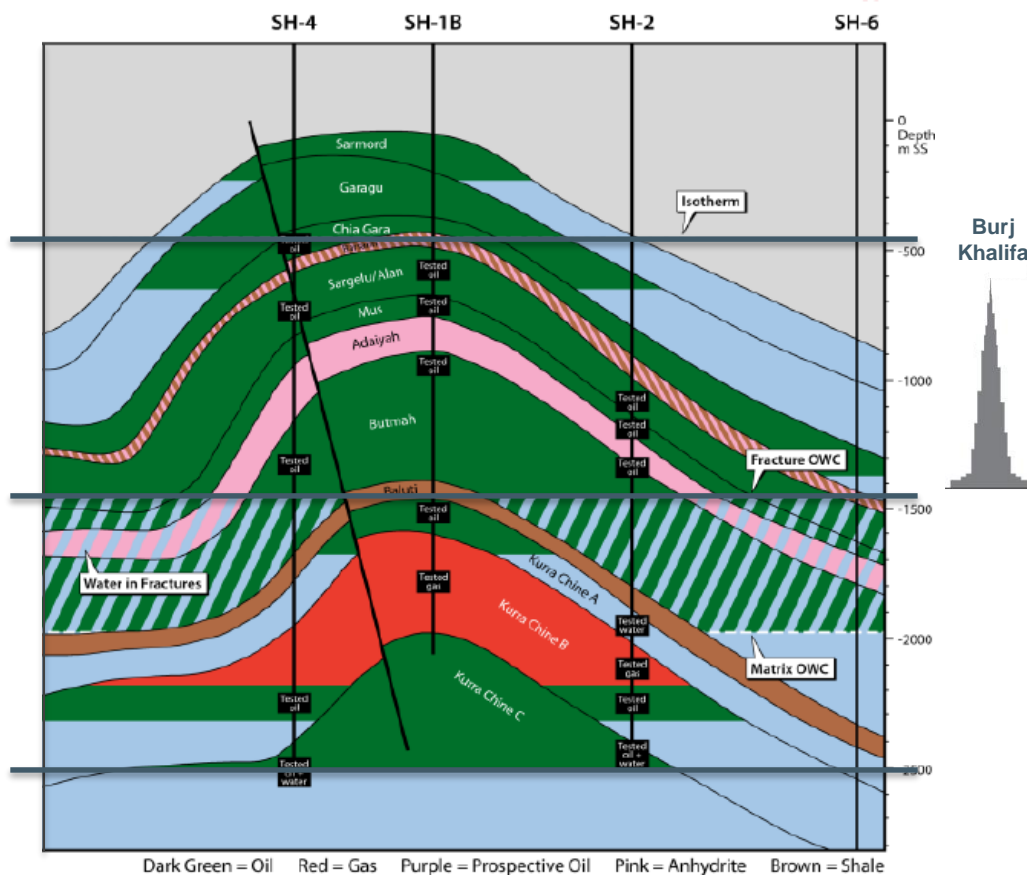
- The field contains heavy oil in fractured Jurassic carbonates (c.1,000m column) and lighter oil in fractured Triassic carbonates below
- Dynamic data acquired so far suggest that aquifer influx is limited, compared to other fields in Kurdistan. The recovery from the field is expected to be primarily dominated by processes associated with pressure depletion, supported by a gas cap expansion
- The reservoir performance is stable, with pressure decline in line with expectations
- Substantial reserves and resources base – 622 MMbbl 2P reserves (gross) and 239 MMbbl 2C resources (gross)

Illustrative cross section through Shaikan

Cretaceous
Heavy oil
<1% of 2P / 22% of 2C
STOIIP: 1.4 billion barrels

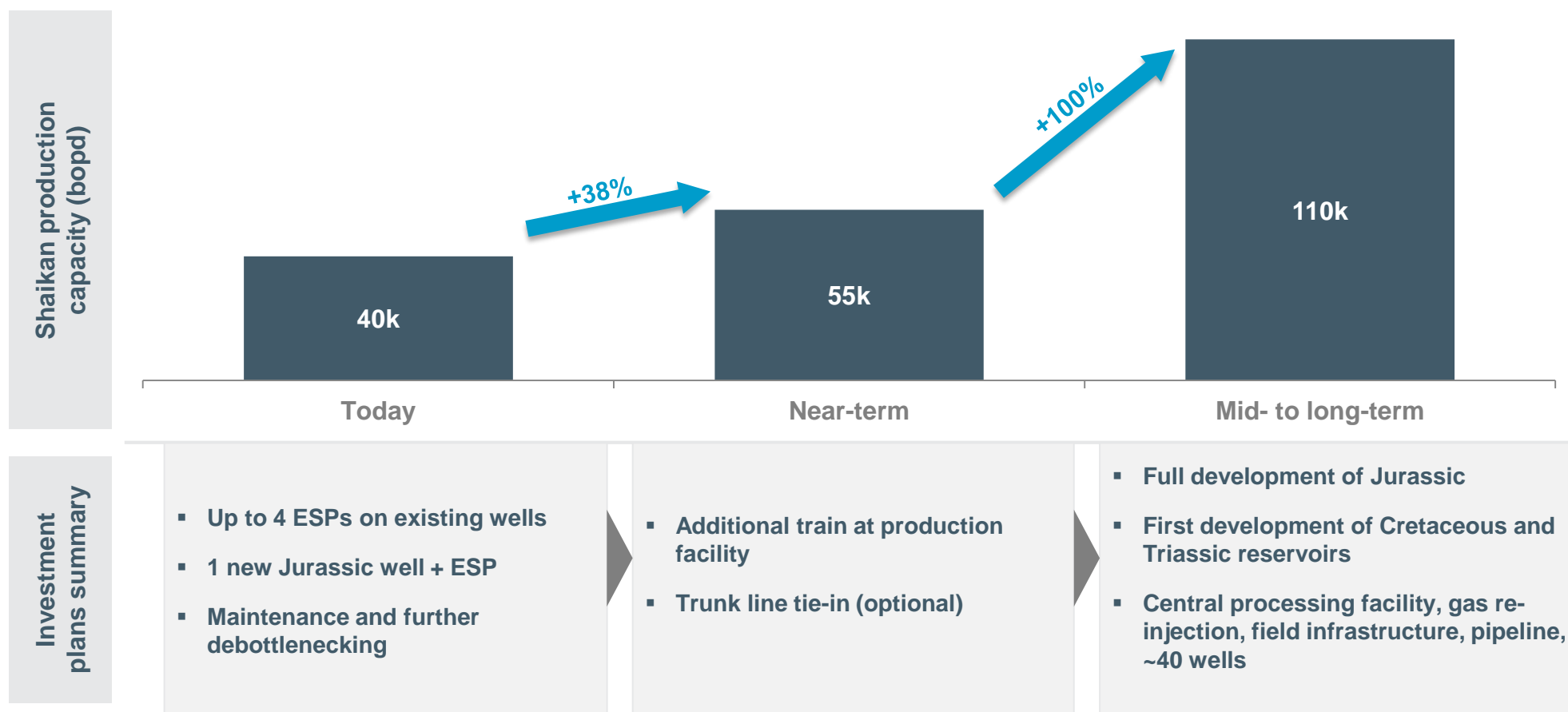
Jurassic
c.1,000m oil column with gravity ranging from 18° API at the top to 11° API at the bottom
92% of 2P / 33% of 2C
STOIIP: 5.5 billion barrels

Triassic
Light oil with 38-43 ° API and gas condensate
7% of 2P / 44% of 2C
STOIIP: 0.4 billion barrels

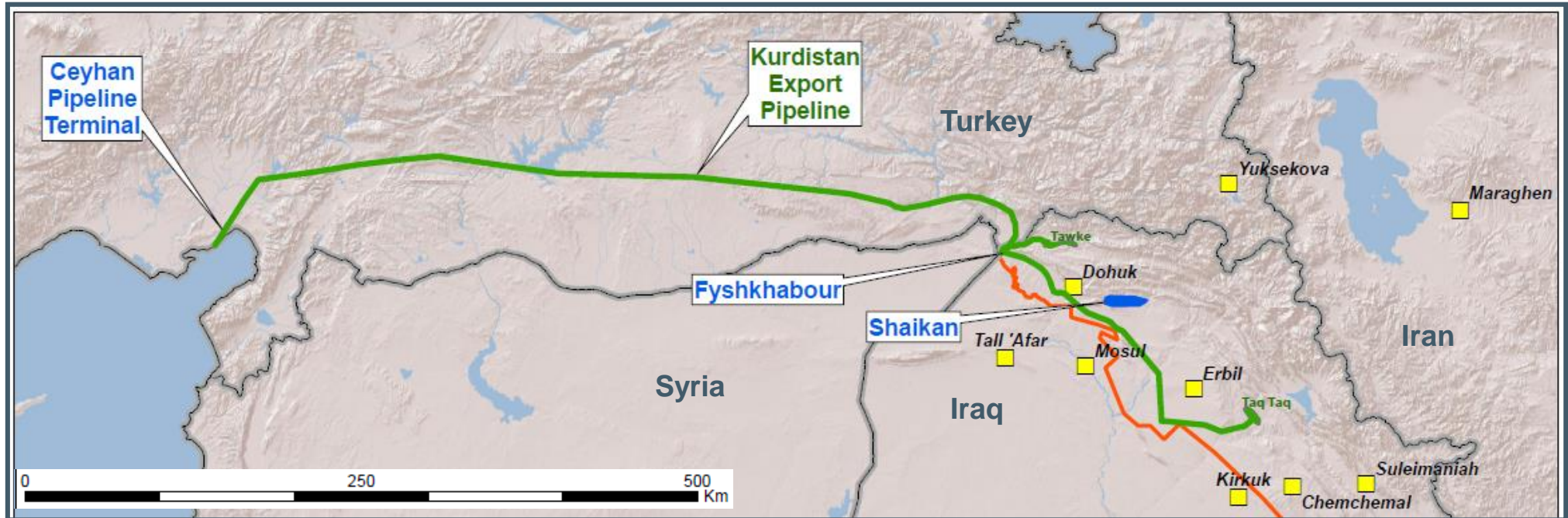


Clear path to growth

- Disciplined focus on Shaikan:
 - 1) Maintain production level in line with current production capacity at 40k bopd
 - 2) Grow to 55k bopd in the near-term
 - 3) Move into full field development plan with 110k bopd in the mid- to long-term
- Diversification into other licenses or jurisdictions is not an area of focus



Access to market

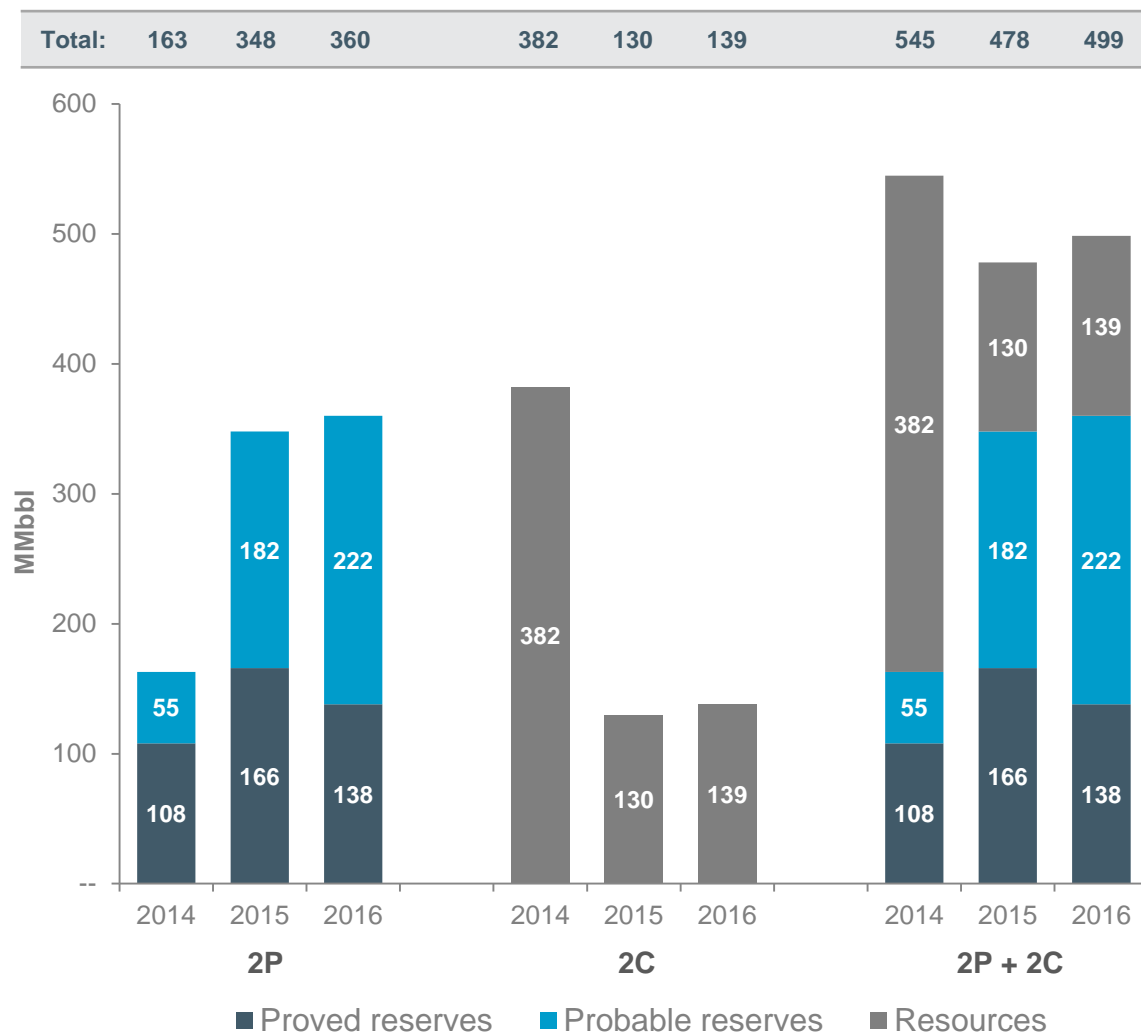


- The MNR currently control all marketing and crude exports from Kurdistan
- In September 2015 GKP, at the request of the MNR, commenced trucking Shaikan crude oil to the Turkish border for injection into the export pipeline to Ceyhan in Turkey. Under this export route, the oil was sold as part of the Kirkuk blend
- In February 2017, the MNR started exporting the Shaikan oil by trucks to Turkey on a temporary basis
 - Under the new arrangement, the MNR confirmed the economic benefit to GKP will be the same as the pipeline export route and it will continue to receive \$15m per month gross payment
- Trucking proved in the past to be a very reliable export mechanism

Reserves and resources

- Two CPR from ERCE released in less than a year confirmed reserves and GKP's understanding of the reservoir

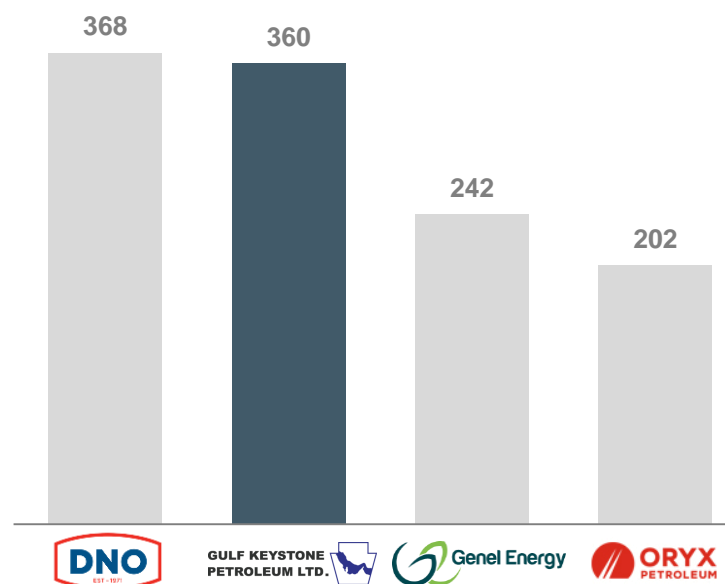
GKP reserves & resources evolution (MMbbl)



E&P peers – 2P reserves (MMboe)

Gulf Keystone's reserves and resources have been audited by ERCE

ERCE has conducted audits for a wide range of companies, including:





4. Financial review

Healthy balance sheet & supportive shareholder base

- Restructuring completed on 13th October 2016
- US\$601m of debt reduced to US\$100m
- Flexibility of pay interest in kind until October 2018
- US\$25m raised through Open Offer, underwritten by Capital Group
- Shareholders supportive of transaction

Shareholders

Shareholder	# shares ('000)	%
1 Taconic Capital Advisors	31,635	13.8%
2 Sothic Capital	29,238	12.7%
3 Lansdowne Partners	24,353	10.6%
4 Capital Group	19,593	8.5%
5 GLG	12,822	5.6%
6 Cowell & Lee	11,250	4.9%
Top 6 disclosed holdings	128,891	56.2%
Total	229,430	100.0%

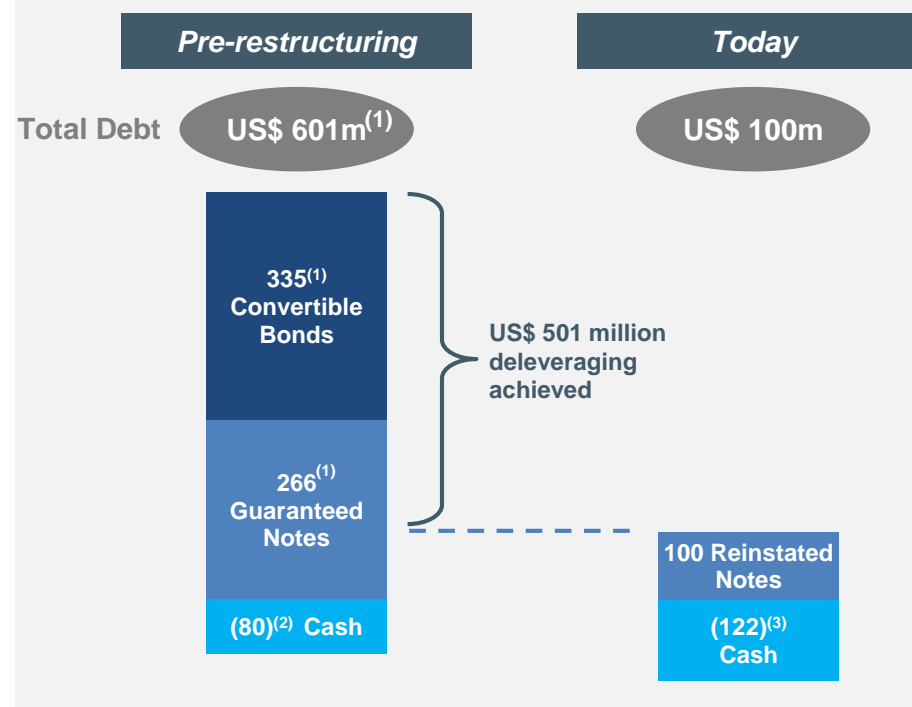
Source: Company

(1) Guaranteed Notes and Convertible Bonds claims include unpaid April coupons

(2) Cash position as at 29 September 2016

(3) Cash position as at 9 March 2017

Capital structure evolution through transaction (US\$ million)



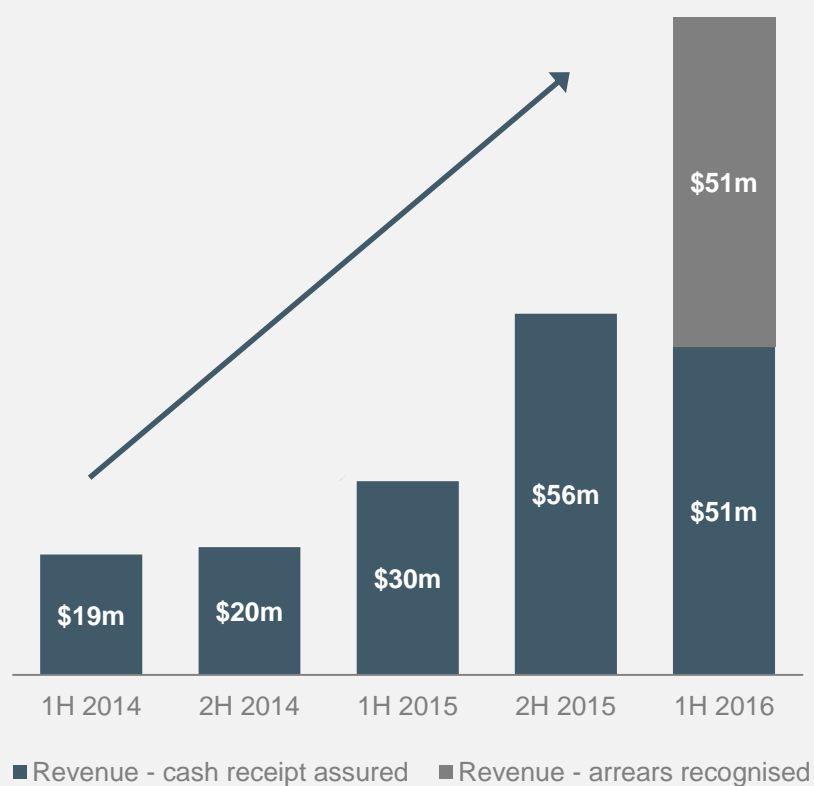
Equity ownership – Post-restructuring

Guaranteed Noteholders	65.5%
Convertible Bondholders	20.0%
Existing shareholders pre restructuring	4.5%
Existing shareholders subscribing to Open Offer	10.0%
Total	100.0%

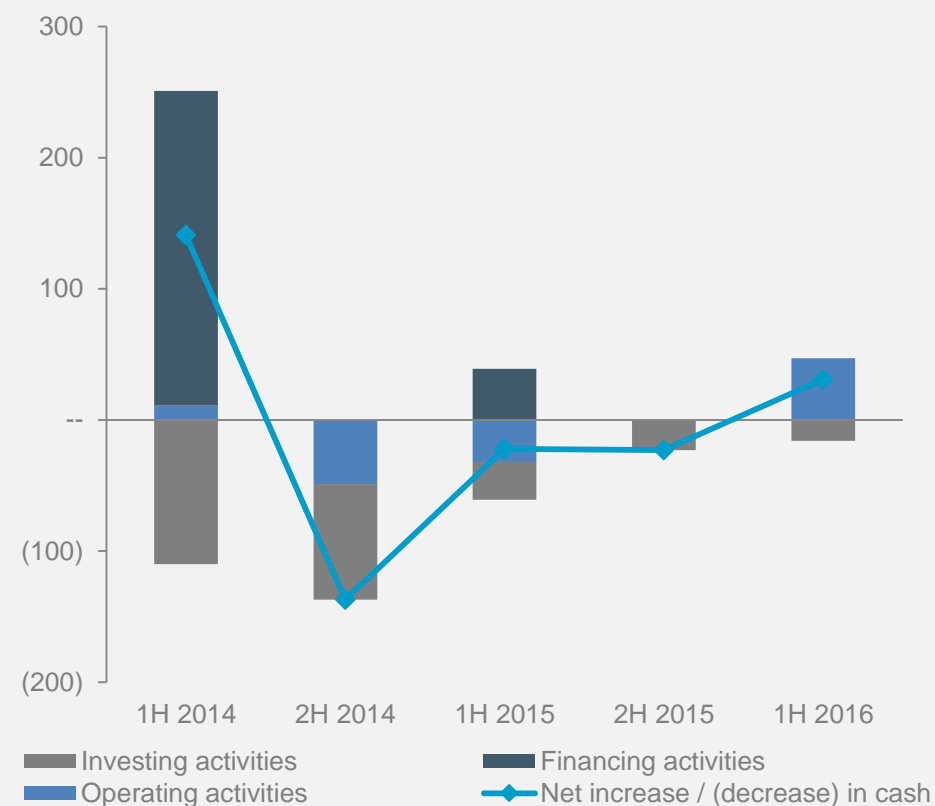
Historical revenue & cash flow

- Steadily increasing revenue driven by growing production (up 28% in 1H 2016 y-o-y)
- Excluding any financing activities, GKP has generated net positive cash flow in 1H 2016 for the first time
- Current cash balance of US\$122m⁽¹⁾

Net revenue (US\$m)



Net Increase / (Decrease) in Cash (US\$m)



(1) As at 9 March 2017

Shaikan arrears

Net position to GKP as at: (US\$m)	30 June 2016	31 December 2015	Comments
Net revenue arrears	\$28m ⁽¹⁾⁽²⁾	\$44m ⁽³⁾	\$10m gross (\$8m net) production bonus offset included as payables to the MNR
MNR Government Participation Option (back costs) ⁽⁴⁾	\$61m	\$75m	Receipt of \$22m top-ups offset by additional costs during the period

Note: All values are subject to audit and reconciliation

(1) Pre-2013 sales of US\$27.3m remain as contingent liability subject to final agreement with the MNR

(2) Net of payables outstanding to the MNR and excluding June 2016 and May 2016 revenue receivable

(3) Calculated as Gross Arrears of US\$93m minus Payables to the MNR of US\$49m as per 2015 year-end investor presentation

(4) Subject to the execution of the Second Shaikan Amendment implementing the terms of the Bilateral MNR Agreement



5. Conclusion

Summary and outlook

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1 Safety, reliable operations, no surprises

2 Work with MNR to achieve satisfactory commercial and contractual clarity

3 Grow Shaikan production; 40–55–110k bopd



Appendices

Reserves and economics summary

Gulf Keystone Asset Overview (58% WI)⁽¹⁾

Field	Formation	Gross Field Oil Reserves (MMbbl)			GKP WI Reserves/Resources (MMbbl)		
		1P	2P	3P	1P	2P	3P
Shaikan	Cretaceous	1	3	4	1	2	2
Shaikan	Jurassic	219	575	883	127	333	512
Shaikan	Triassic	18	44	63	10	25	37
Shaikan	Total	238	622	951	138	360	551

CPR Economics Summary

Reserves category	Economic Limit (year)	NPV net to GKP at 1 July 2016 (USD) at various discount rates				
		0%	5%	10%	15%	20%
1P	2029	812	501	306	180	99
2P	2043	3,067	1,759	1,089	708	477
3P	2043	4,615	2,374	1,364	849	559

Brent crude price assumptions	2016	2017	2018	2019	2020	2021	2022	2023+
Nominal (US\$/bbl)	46	54	63	69	74	78	79	+2.0% p.a.

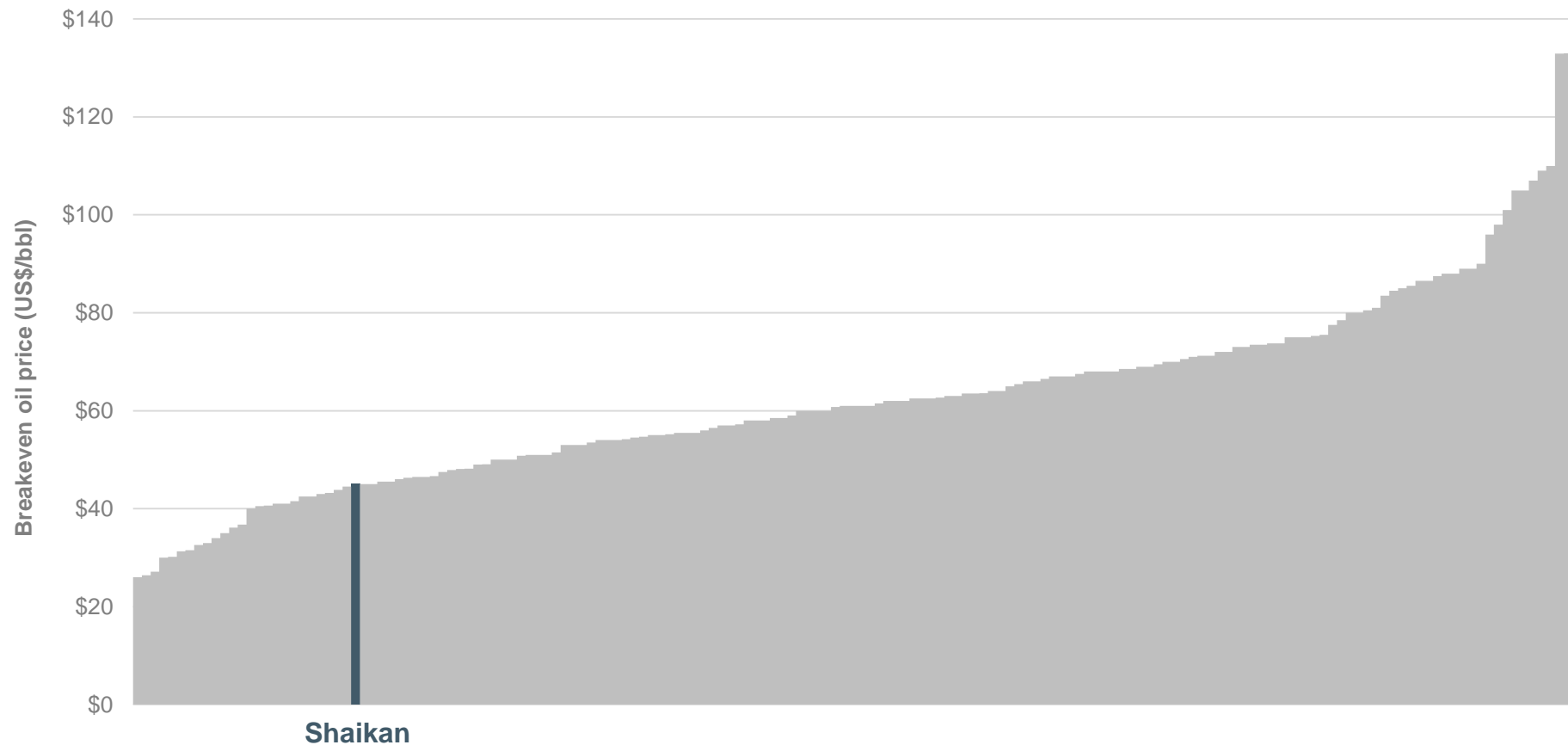
Refers to Base Case

(1) 58% WI subject to the ratification of the agreement with MNR dated 16 March 2016

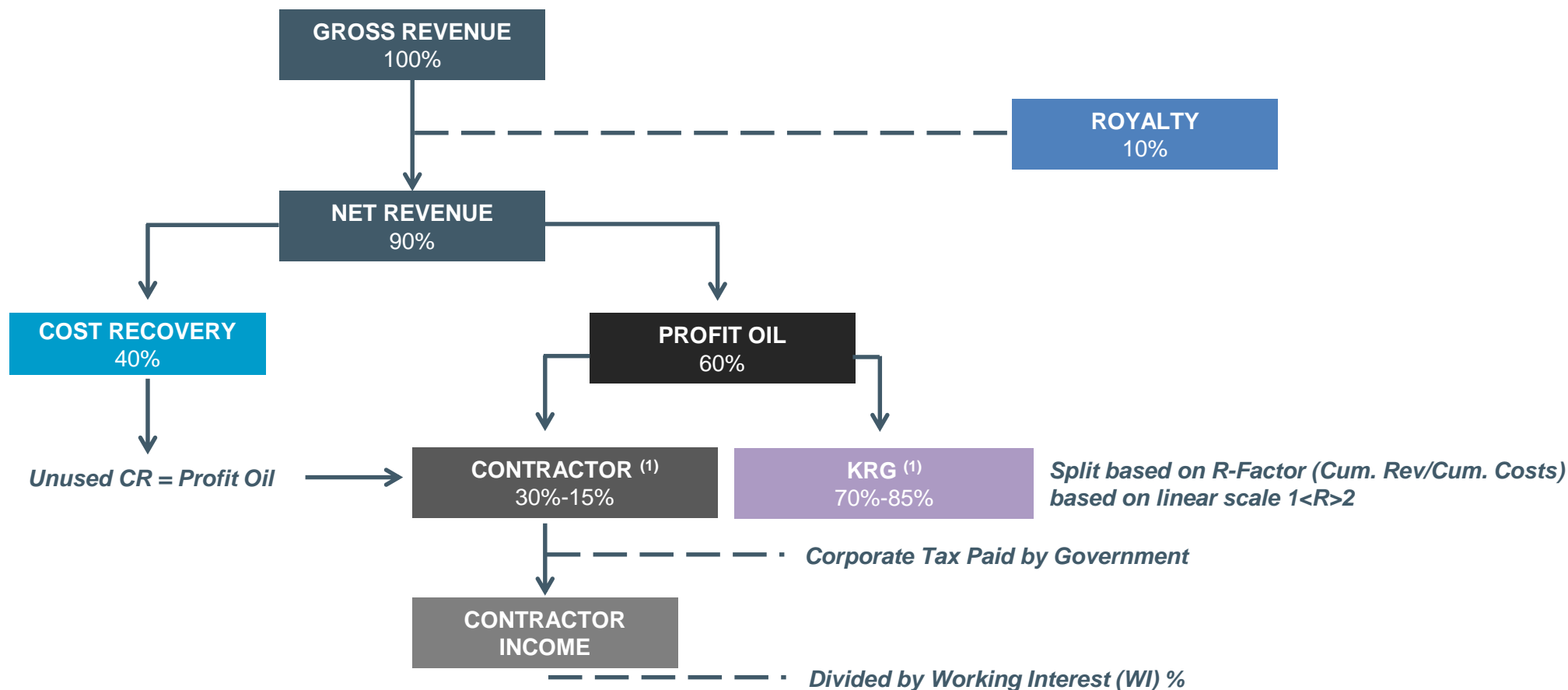
Source: ERC Equipoise – CPR August 2016

Robust economics in a low oil price environment

- Despite the heavy nature of the Shaikan crude, the field remains highly competitive and ranks in the top quartile of projects across the globe



Shaikan production sharing contract summary



(1) KRG entitled to a capacity building payment representing 40% of GKPI / TKI profit oil
(to be reduced to 30% subject to the finalisation of the Second Shaikan PSC Amendment pursuant to the 16 March 2016 Bilateral Agreement between GKP and the MNR)

Bilateral agreement with MNR – 16 March 2016

Subject to the finalisation and execution of the Second Shaikan Amendment, GKP and the MNR agreed to the following:

- Change GKP's capacity building charge from 40% to 30%
- Recognise the MNR's Shaikan Government Participation Option as a paying party
- Implement the provisions of the First Amendment to Shaikan PSC dated 1 August 2010
 - The 15% TPI interest to be split between the Government and Contractor Entities with the Government's 7.5% interest being fully carried
- 5% Texas Keystone ("TKI") interest to be formally assigned to GKP

Previous				Proforma ⁽¹⁾ As Per Bilateral Agreement			
	Undiluted working interest	Capacity building charge	Cost exposure		Diluted working interest	Capacity building charge	Cost exposure
GKP	80.0%	(40%)	80.0%	GKP	58.0%	(30.0%)	64.0%

(1) Subject to the finalisation of the Second Shaikan PSC Amendment

Thank you

More resources are available at:
www.gulfkeystone.com

