GKP

GULF KEYSTONE PETROLEUM

2023 Half Year Results

31 August 2023

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2023 Half Year Results highlights & current performance

H1-2023 impacted by exports suspension & payment delays	▪ Production 48% lower due to ITP[1] closure ▪ $151m overdue receivables from KRG[2] ▪ Reduced profitability and cash generation
Rapid response to preserve liquidity	▪ Rigorous focus on safety maintained ▪ Suspended all expansion activity and reduced headcount ▪ Cancelled 2022 final dividend ▪ c.$6m H2 monthly cost run rate[3]
Increasing local sales enabling us to cover cost run rate	▪ Increased gross average sales to c.23,100 bopd in 19-29 August & targeting higher ▪ Current sales enable GKP to cover monthly costs and manage accounts payable
Moving towards exports & payments resumption	▪ Believe exports suspension temporary and KRG payments will resume ▪ Continue to engage with KRG & other stakeholders as an industry

Days without Lost Time Incident
>225

H1 2023 gross average production
23,256 bopd

H1 2023 Adjusted EBITDA
$34 million

Net capex (Q2 '23 vs Q1 '23)
-67%

Operating costs (Q2 '23 vs Q1 '23)
-36%

Local sales since 19 July
>530,000 bbl

Gross average sales (19-29 August)
c.23,100 bopd

Cash balance (30-Aug-23)
$82m

(1) Iraq-Turkey Pipeline
(2) Net to GKP on the basis of the KBT pricing mechanism for oil sales in the period October 2022 and March 2023
(3) Includes average monthly net capital expenditures, operating costs and other G&A

Operational Review

Overview of current operating environment

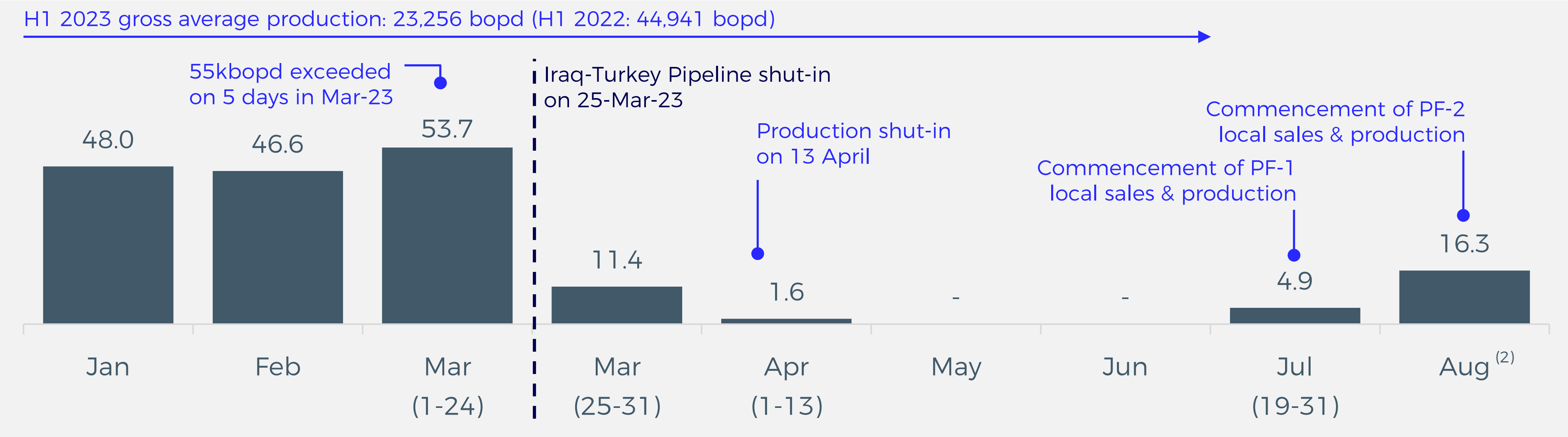
KRG exports	▪ Iraq-Turkey Pipeline shut-in on 25 March, following ICC[(1)] award to Iraq ▪ Negotiations active between the KRG, Iraq and Turkey regarding restart ▪ No official timeline announced
KRG payments	▪ Outstanding receivables for Oct-22 to Mar-23 total $151 million net to GKP[(2)] ▪ KRG and Iraq continue to discuss the implementation of the 2023-2025 Iraqi Budget and the creation of an Iraqi Oil & Gas Law ▪ KRG has assured GKP and other IOCs of contract sanctity ▪ KRG has track record of ultimately paying & honouring receivables
Local market	▪ Increasing demand from local buyers in absence of export route ▪ Average realised prices for Shaikan crude of around $30/bbl, in line with market ▪ Advance payments for sales eliminate credit risk ▪ Sales volumes and pricing remain difficult to predict
GKP response	▪ Rapid response to preserve liquidity ▪ Started local sales in July following emergence of demand for Shaikan crude ▪ GKP and APIKUR engaging with KRG and other stakeholders to emphasise importance of IOC payments and contractual rights

(1) International Chamber of Commerce
(2) On the basis of the KBT pricing mechanism

2023 operational activity

Rapid shift from profitable production growth to liquidity preservation & local sales

2023 gross average production / sales ('000 bopd)[(1)]



Response to suspension of exports

- Suspended all expansion activity, including drilling and facilities development
- Reduced expat headcount and local workforce hours, while maintaining capability for exports restart & increasing local sales

Local sales & production restart

- Production & trucking operations restarted at PF-1 in July and at PF-2 in August
- Gross average sales of c.23,100 bopd in 19-29 August and targeting further increases
- In absence of adequate sales volumes, options identified to further reduce monthly run rate up to $2m

(1) All figures refer to sales, excluding for the period from 25 March to 13 April, when GKP produced into storage
(2) As at 29 August 2023

Local sales in pictures

Smooth transition from pipeline to trucking operations at PF-1 and PF-2

GKP & the Shaikan Field

Upside potential with improvements in operating environment

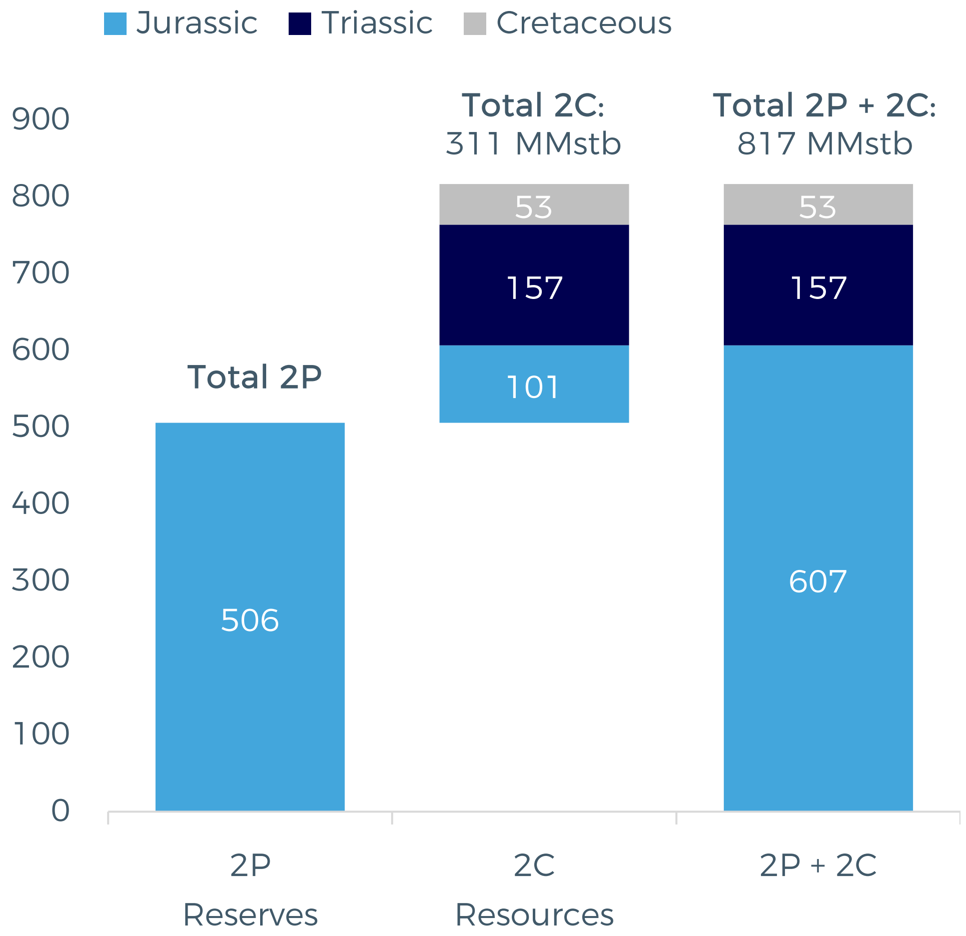
Large, long-life asset confirmed by 2022 Competent Person's Report

Leading low-cost producer

Track record of profitable production growth

Demonstrated commitment to shareholder distributions

Shaikan Field Reserves & Resources (Gross)
(31-Dec-22)(1)



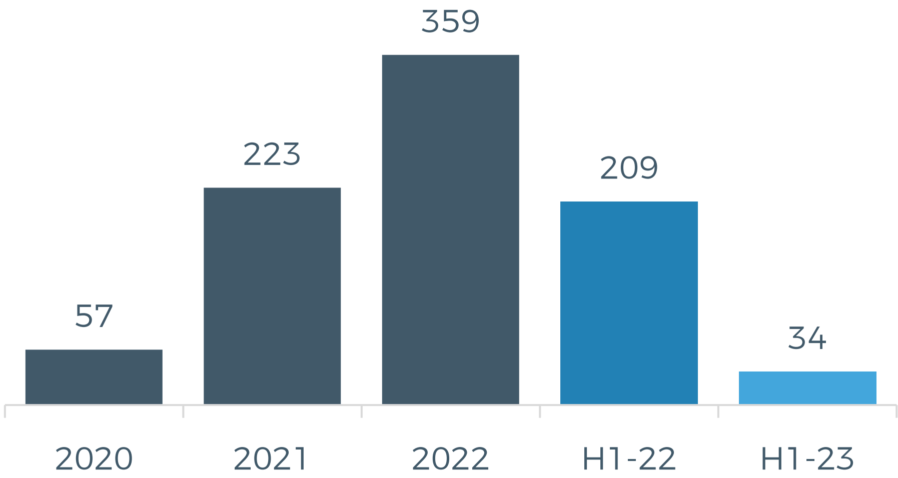
(1) Based on ERC Equipoise 2022 Competent Person's Report as at 31 December 2022

Financial Review

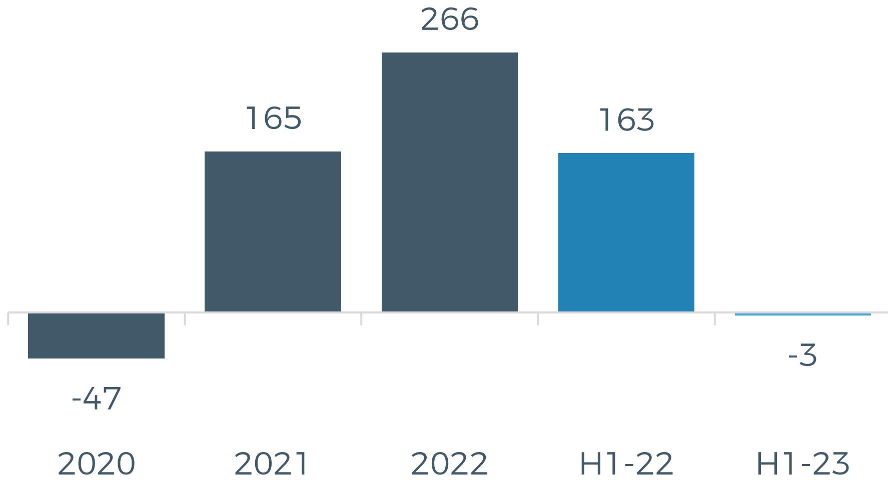
Financial performance

Material impact in H1 2023 from exports suspension & KRG payment delays

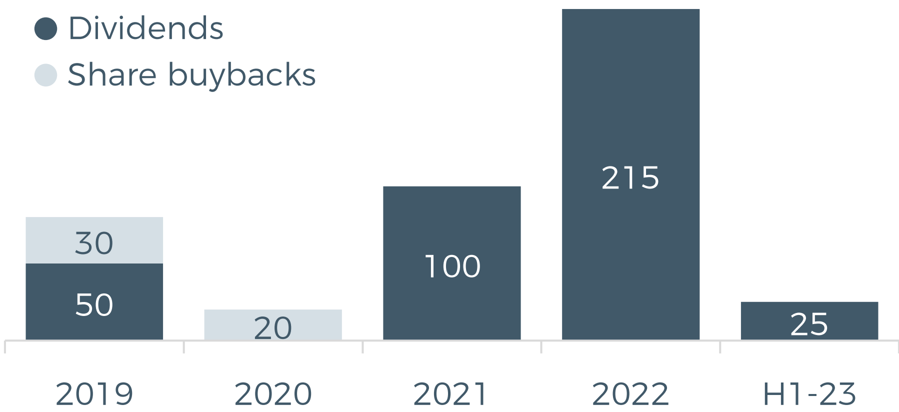
Adjusted EBITDA ($m)



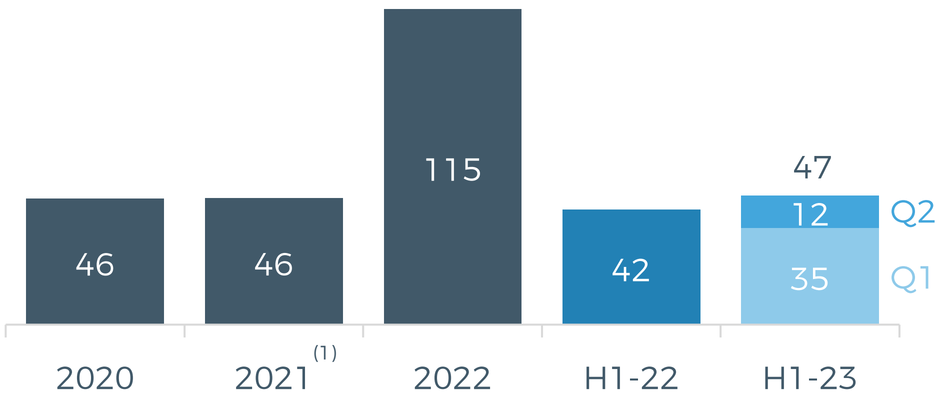
Profit/(loss) after tax ($m)



Shareholder distributions ($m)



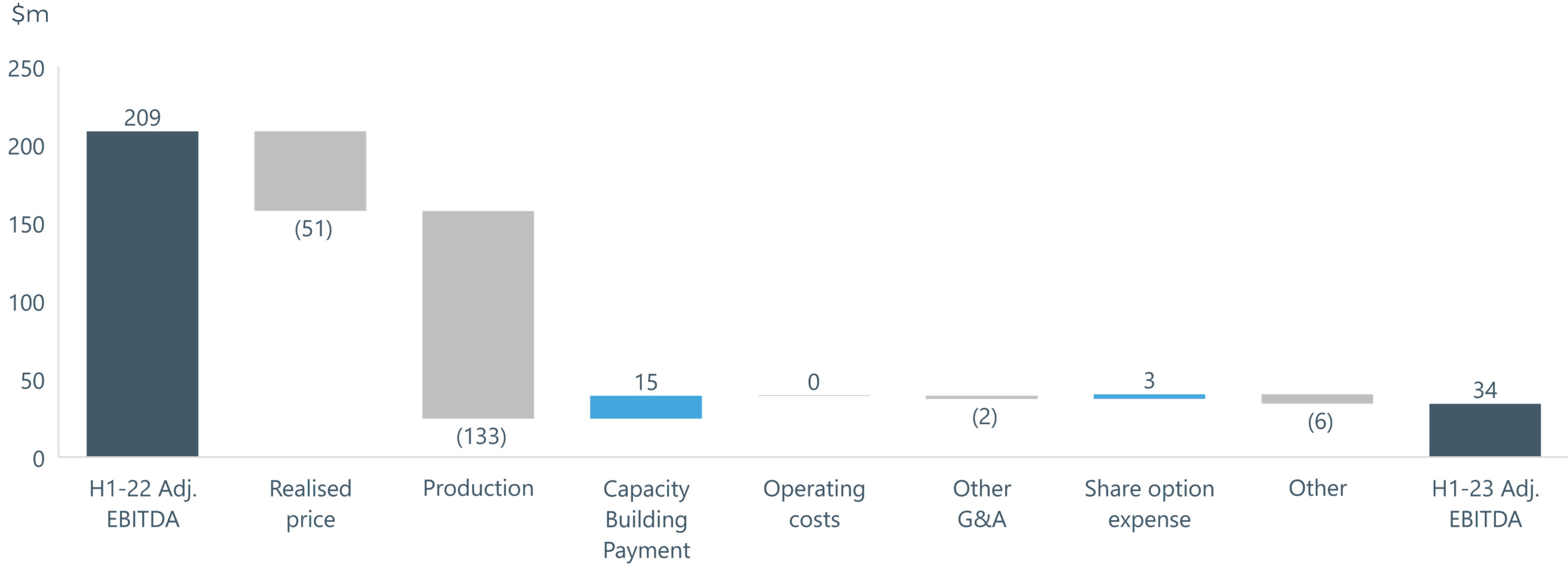
Net Capex ($m)



(1) 2021 restated as the definition of net capital expenditure was amended to no longer exclude the increase/decrease of drilling and other equipment

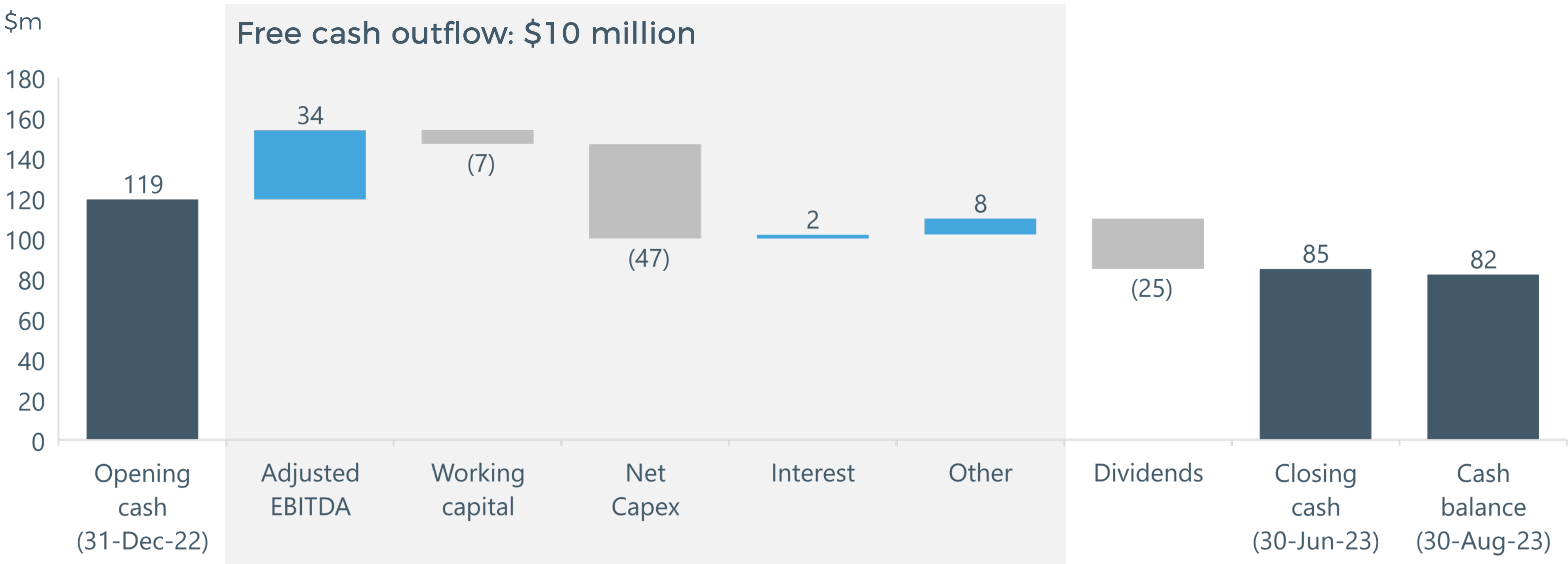
Adjusted EBITDA

84% decrease reflecting exports suspension & lower realised prices in Q1 2023



- 48% decrease in gross average production to 23,256 bopd following ITP closure in March
- Average realised price for Q1 sales prior to suspension of $51.3/bbl, down $32.2/bbl due to lower Dated Brent prices and a higher discount

Cash flow

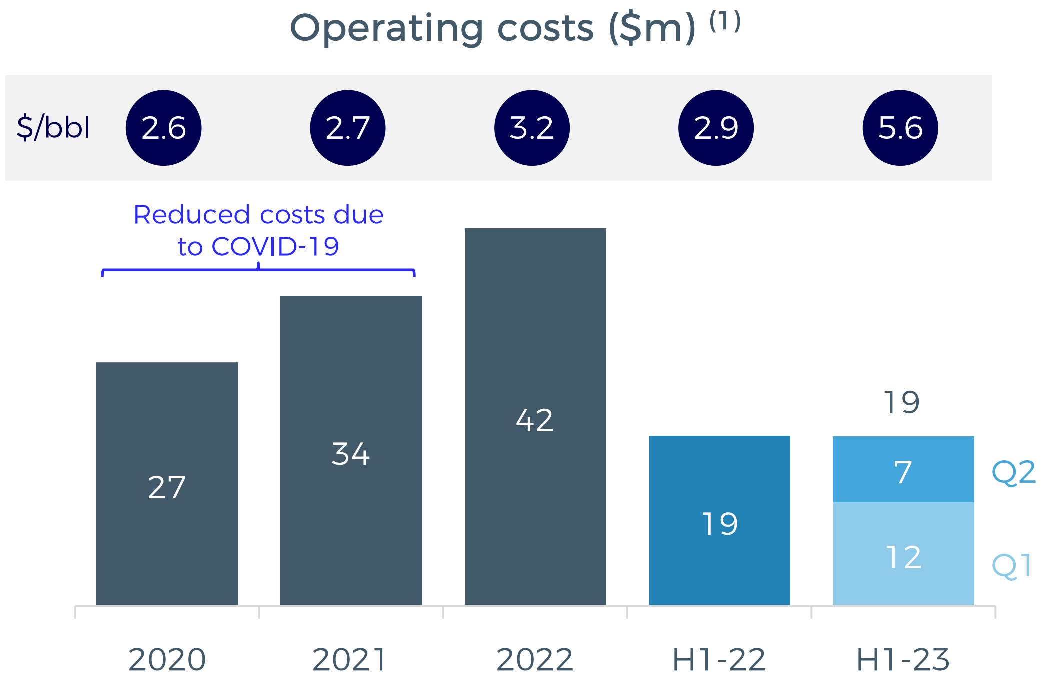


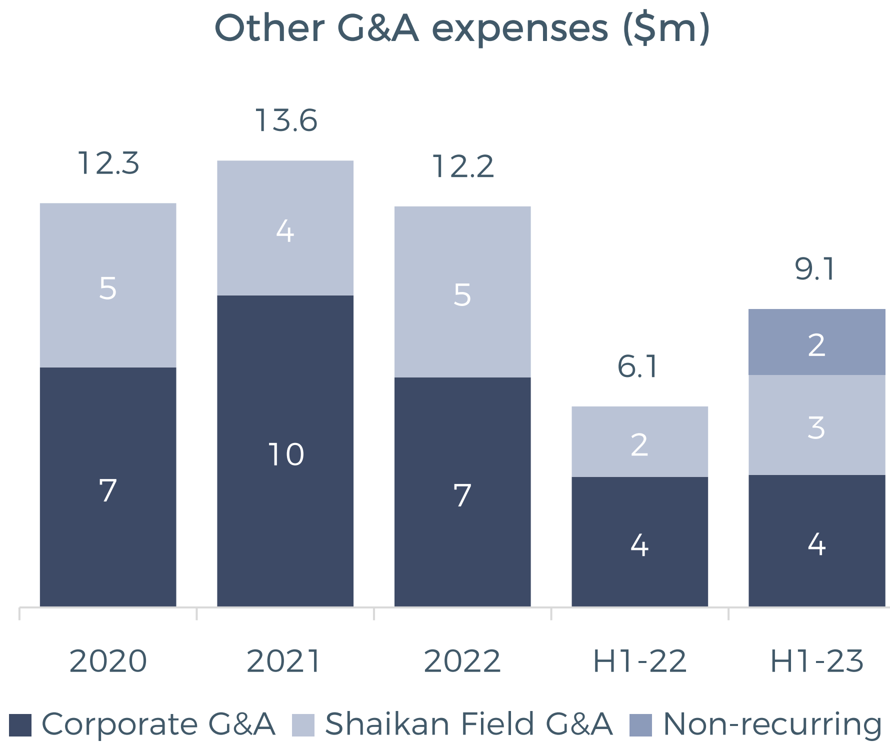
- Free cash outflow reflects decrease in Adjusted EBITDA & delays to KRG payments
- Q2 net capex reduced 67% versus Q1 following suspension of all expansion activity
- $25 million interim dividend paid in March prior to cancellation of final 2022 dividend to preserve liquidity
- 30 August cash balance reflects local sales since 19 July; includes GKP's entitlement and $8 million related to buyer advance payments collected by GKP

GKP

Operating costs & other G&A

Continued focus on reducing costs across the business





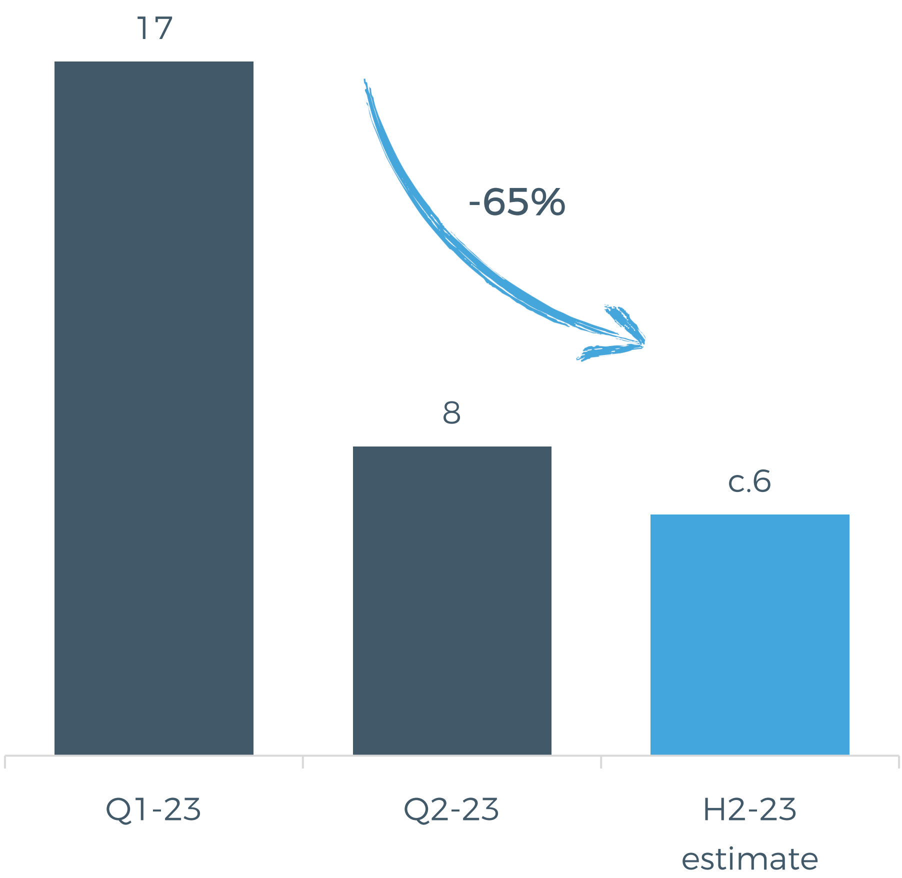
- Cost reductions in Q2 2023 following increased activity in Q1 2023
  - Q2 2023 operating costs down 36% versus Q1 2023 driven by production shut-in & non-essential maintenance deferral
  - Other G&A flat vs H1 2022 excluding non-recurring corporate costs of $2.1m and increase in non-cash depreciation and amortisation of $0.9m

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

GKP

Swift response to preserve & bolster liquidity

Average monthly net capex & cost run rate ($m)(1)



- Reduced H2 2023 net capex, opex and G&A to average monthly run rate of c.$6m
  - 65% reduction vs Q1 2023 run rate
  - 2023 capex guidance: $60-$65m (previously $70-$75m)
    - Estimated <$15m capex remaining in H2 2023
- Current local sales sufficient to cover run rate & manage accounts payable
  - Average realised price of c.$30/bbl
  - Current GKP entitlement of 36%
- While Shaikan crude demand promising, will take further actions if sustainable local sales do not materialise
  - Options identified to reduce monthly costs by up to $2m, potentially delaying timely return to full production
- Continue to pursue further cost reductions, inventory sales and consider other sources of liquidity as necessary

(1) Includes average monthly net capital expenditures, operating costs and other G&A

Outlook

Outlook

Focusing on what we can control to preserve liquidity

Focus on liquidity preservation	▪ Continued focus on cost reduction, accounts payable management and inventory sales ▪ c.$6m H2 2023 monthly cost run rate[(1)] – <$15m net capex remaining in H2 2023 ▪ Further liquidity actions without adequate sales
Increasing local sales cover cost run rate	▪ Gross average sales of c.23,100 bopd 19-29 August ▪ Striving to increase local sales to capitalise on indications of strong demand for Shaikan crude – Local market remains unpredictable ▪ Current local sales cover monthly costs and provide flexibility to manage accounts payable
Moving towards exports restart & payment normalisation	▪ Believe exports will resume following political agreement, with discussions ongoing ▪ Continued negotiations regarding Iraqi Budget implementation and creation of Oil & Gas Law ▪ KRG confirmed commitment to contract sanctity ▪ GKP and APIKUR continue to engage with KRG & other stakeholders

(1) Including net capital expenditures, operating costs and other G&A

Appendix

Key historical financials

	Q1 2023	HY 2023	HY 2022	FY 2022	FY 2021	FY 2020	FY 2019
Gross production (bopd)	46,228	23,256	44,941	44,202	43,440	36,625	32,883
Dated Brent ($/bbl)[(1)]	81.2	NA	107.6	101.4	70.8	42.0	64.6
Realised price ($/bbl)	51.3	NA	83.5	74.1	49.7	20.9	42.9
Discount to Brent ($/bbl)	29.9	NA	24.1	27.2	21.2	21.1	21.7
Revenue ($m)	79.6	79.6	263.6	460.1	301.4	108.4	206.7
Operating costs ($m)	11.5	18.9	18.9	41.9	34.4	27.4	37.4
Gross Opex ($/bbl)	3.5	5.6	2.9	3.2	2.7	2.6	3.9
Adjusted EBITDA ($m)	58.6	34.2	208.6	358.5	222.7	56.7	122.5
Profit/(loss) after tax ($m)	32.1	(2.9)	162.8	266.1	164.6	(47.3)	43.5
Net Capex ($m)[(2)]	35.3	47.0	41.8	114.9	46.2	45.9	90.0
Free cash flow ($m)	10.8	(9.9)	177.3	266.5	122.2	(22.9)	(25.6)
Net cash ($m)	105.4	84.9	131.8	119.5	69.9	47.8	90.8

(1) Weighted average sales volume price. Q1 2023 reflects sales to the date of pipeline suspension on 25 March 2023
(2) 2021 restated as the definition of net capital expenditure was amended to no longer exclude the increase/decrease of drilling and other equipment

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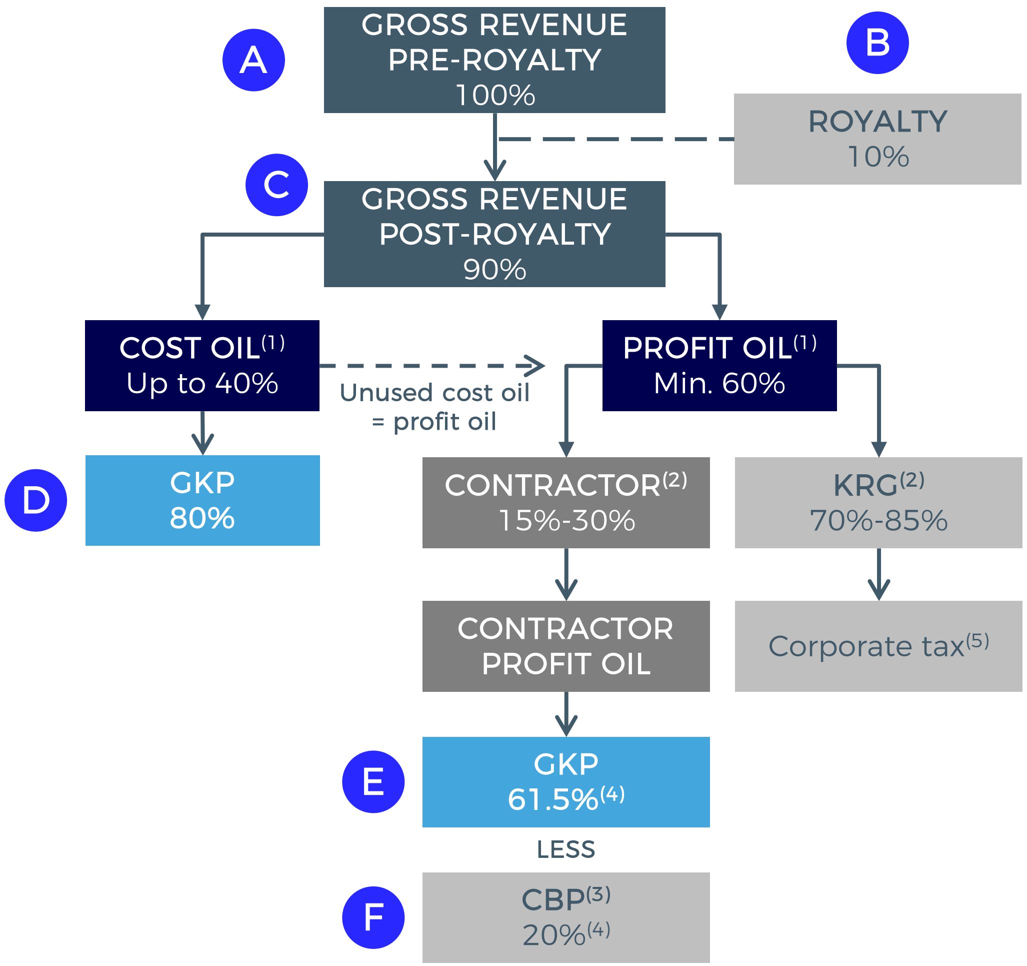
Shaikan Field fiscal terms

As at 30 June 2023

Shaikan Field fiscal take waterfall



Calculating GKP entitlement

Stage	%	Notes	
Gross revenue pre-royalty	100	Gross production x realised price (Dated Brent less quality discount & transport costs)	A
LESS: Royalty	(10)	10% KRG royalty	B
Gross revenue post-royalty	90	Gross revenue to partners (Contractor & KRG)	C
GKP cost oil	28.8	Gross revenue post-royalty x 40%[1] x 80% GKP paying interest	D
GKP profit oil	9.1	Gross revenue post-royalty x 60% x 27.3%[2] x 61.5%[4] GKP working interest	E
GKP net revenue pre-CBP	37.9	GKP cost oil + GKP profit oil ("Revenue" in GKP financial statements)	
LESS: CBP	(1.8)	20%[4] of GKP profit oil, expensed in cost of sales in GKP financial statements	F
GKP net revenue post-CBP	36.1	Cash received	

1) *Monthly cost recovery at max. of 40% of net revenue given gross cost pool of $224m at 30-Jun-23 (vs $213m at 31-Dec-22), subject to potential cost audit by KRG*
2) *R-factor of 1.18 as at 30-Jun-23: current Profit Oil split at 27.3% for Shaikan Contractor (GKP and MOL) and 72.7% for Kurdistan Regional Government ("KRG")*
3) *Capacity Building Payments expense to KRG: defined as 20%[4] of GKP profit oil*
4) *During PSC negotiations with the Ministry of Natural Resources, it was tentatively agreed that the Shaikan Contractor would provide the KRG a 20% carried working interest in the Production Sharing Contract ("PSC"). This would result in a reduction of GKP's working interest from 80% to 61.5% and, to compensate for such decrease, a reduction in the Capacity Building Payments expense from 40% to 20%. While the PSC has not been formally amended, it was agreed that GKP would invoice the KRG for oil sales based on the proposed revised terms from October 2017*
5) *Income tax arising from the Company's activities under its PSC is settled by the KRG on behalf of the Company*

Thank you
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