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23 January 2025

Gulf Keystone Petroleum Ltd. (LSE: GKP)
("Gulf Keystone", "GKP", "the Group" or "the Company")

Operational & Corporate Update

Gulf Keystone, a leading independent operator and producer in the Kurdistan Region of Iraq ("Kurdistan"), today provides an operational and corporate update. The information contained in this announcement has not been audited and may be subject to further review.

Jon Harris, Gulf Keystone's Chief Executive Officer, said:

"Local sales have remained strong since our previous market update in December 2024, with 2025 year to date gross average production of c.47,900 bopd. If current demand persists in the local market, our disciplined and flexible work programme, combined with our stable low costs, should enable us to deliver gross average production in the range of 40,000 to 45,000 bopd in 2025 and generate material free cash flow, underpinning our ongoing commitment to return excess cash to shareholders. At the same time, we continue to proactively engage with government stakeholders to unlock an exports restart solution."

Operational

- Zero Lost Time Incidents ("LTIs") for over two years, with more than 3.4 million working hours since the last LTI, underlining the Company's continued commitment to high standards of safety
- 2024 gross average production of 40,689 bopd, an 86% increase versus the prior year (2023: 21,891 bopd)
 - Reflects a full year of local sales in 2024 following the impact of the suspension of pipeline exports in 2023
 - Despite temporary disruptions to truck availability during regional holidays and elections and the impact of the planned PF-1 shutdown in November, strong underlying local market demand from Q2 2024 onwards enabled the return to production at full well capacity in several months
 - Average realised price for 2024 sales of c. 27/bbl, with prices stabilising in a range of c. 27- 28/bbl in H2 2024
- 2025 year to 21 January gross average production of c.47,900 bopd:
 - Continued strong local market demand and robust prices since the beginning of the year

Financial

- 2024 revenue of 151 million, 22% higher relative to the prior year (2023: 124 million)
- Rigorous focus on capital and cost discipline in 2024 while maintaining and enhancing production capacity:
 - 2024 net capex of 18 million (2023: 58 million) in line with guidance, primarily reflecting safety critical upgrades at PF-1, maintenance and production optimisation expenditures
 - 2024 operating costs of 52 million (2023: 36 million), with gross Opex per barrel reducing to 4.4/bbl (2023: 5.6/bbl), reflecting higher production
 - 2024 other G&A of 11 million (2023: 11 million)
 - 2024 monthly average capex and costs, including net capital expenditure, operating costs and other G&A, below 7 million, in line with guidance
- Free cash flow enabled the Company to restart shareholder distributions while maintaining a robust balance sheet:
 - 45 million of shareholder distributions in 2024 consisting of 35 million of dividends and 10 million of share purchases completed under the buyback programme launched in May 2024
 - 2024 year-end cash balance of 102 million (31 December 2023: 82 million) and no debt

Outlook

- The near-term local sales outlook is strong, although visibility remains limited beyond the Company's monthly contract renewals with buyers
- Should local market demand persist at current levels, 2025 gross average production is expected to be in the range of 40,000 to 45,000 bopd
 - Reflects the Company's assumptions around plant downtime associated with the planned PF-2 shutdown, the estimated impact of regional holidays on truck availability and field declines of 6-10% per year
 - Should there be any significant unforeseen disruptions to local market demand or the restart of pipeline exports, the Company will update its production expectations as necessary
- Estimated 2025 net capex of 25- 30 million, reflecting disciplined and flexible work programme focused on safety, reliability and maintaining the capacity of existing wells:
 - c. 20 million: Safety upgrades at PF-2 and maintenance, scheduled for Q4 2025 and expected to require the shut-in of the facility for c.3 weeks, similar to PF-1 in 2024
 - 5- 10 million: Production optimisation programme consisting of low cost, quick payback well interventions
 - Exploring a range of additional plant initiatives to enhance production, including water handling, with planned reviews later in 2025 based on the Company's liquidity position and operating environment
- Stable low costs, with expected operating costs of 50- 55 million and other G&A below 10 million in 2025
- The Company remains committed to returning excess cash to shareholders via dividends and / or share buybacks, subject to the liquidity needs of the business and the operating environment
 - Following launch on 8 October 2024, the Company's current share buyback programme of up to 10 million remains ongoing, running to the earlier of its completion or the 2024 Full Year Results on 20 March 2025
 - As announced previously, the Board plans to review the Company's capacity to declare an interim dividend on a semi-annual basis around its Full Year and Half Year Results, with the next review taking place in March 2025
- Gulf Keystone continues to proactively engage with government stakeholders regarding a solution to enable the restart of Kurdistan crude exports through the Iraq-Turkey Pipeline

- Monitoring the progress of a potential amendment to the Iraqi 2023-2025 Budget Law regarding compensation for Kurdistan's oil production and transportation costs
- While Iraqi Parliament approval of the amendment could be an important step towards the resumption of exports, a number of key details remain outstanding regarding payment surety for future oil exports, the repayment of outstanding receivables and the preservation of current contract economics
- Gulf Keystone remains ready to engage with the Government of Iraq and Kurdistan Regional Government to clarify key terms and finalise written agreements prior to resuming oil exports

Investor presentation

Jon Harris, CEO, is presenting today at Pareto Securities' 20th annual E&P Independents Conference. The presentation slides will be made available on the Company's website:

<https://www.gulfkeystone.com/investors/presentations/>

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Notes to Editors:

Gulf Keystone Petroleum Ltd. (LSE: GKP) is a leading independent operator and producer in the Kurdistan Region of Iraq. Further information on Gulf Keystone is available on its website www.gulfkeystone.com

Disclaimer

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