



**Annual report
and accounts
2023**

About us

Gulf Keystone is the operator of the Shaikan Field, one of the largest oil fields in the Kurdistan Region of Iraq.

Our purpose

GKP is a responsible energy company developing natural resources for the benefit of all our stakeholders, delivering social and economic benefits by working safely and sustainably with integrity and respect.

2023 timeline

February:

Kurdistan and Shaikan Field exports suspended for c.24 hours following earthquakes in Turkey.

SH-17 brought online under budget and ahead of schedule.

March:

Payment of \$25 million interim dividend.

Iraq-Turkey Pipeline closure and suspension of Shaikan Field exports.

April:

Full shut-in of Shaikan Field following production at curtailed rates into storage.

GKP suspends all expansion activity and targets cost reductions to preserve liquidity.

May:

Cancellation of final 2022 ordinary dividend of \$25 million to preserve liquidity. As the operating environment and the Company's liquidity position improve, we will keep under review our capability to reinstate distributions.

June:

Drilling rig released following completion and hook-up of SH-18.

Appointment of Martin Angle as Non-Executive Chairman following retirement of Jaap Huijskes at 2023 AGM.

2023 full-year highlights

21,891 bopd

(2022: 44,202 bopd)

gross annual average production

➤ See Gross production KPI on page 23

23,331 bopd

gross average sales between the initiation of local sales on 19 July and 31 December 2023

458 MMstb

(31 December 2022: 506 MMstb)

internal estimate of gross 2P reserves as at 31 December 2023

\$50.1 million

(2022: \$359 million)

Adjusted EBITDA

➤ See Adjusted EBITDA KPI on page 22

\$11.5 million

(2022 profit after tax: \$266 million)

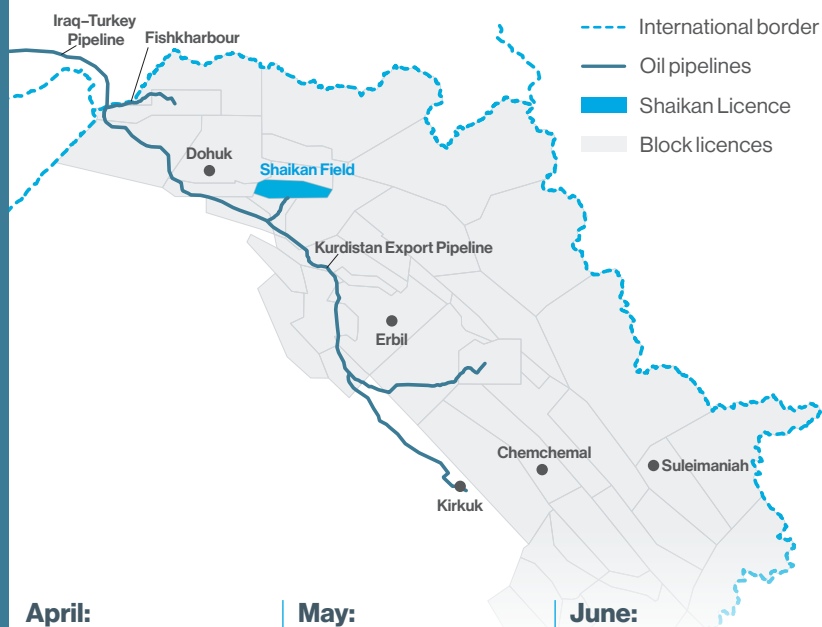
loss after tax

\$81.7 million

(31 December 2022: \$119.5 million)

cash at 31 December 2023

➤ See Net cash KPI on page 23



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July:

Commencement of Shaikan crude oil sales to local market following extensive buyer due diligence.

Net capital expenditures, operating costs and G&A monthly run rate lowered to less than \$6 million for H2 2023.

October:

Strong gross average sales volumes of 37,173 bopd, with sales and production surpassing 40,000 bopd on several days.

December:

Confirmed target to maintain net capital expenditures, operating costs and G&A monthly run rate at or below c.\$6 million into 2024.

Exited year with \$82 million of cash and no debt, demonstrating benefit of expenditure discipline and management of accounts payable.

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Our investment case

Resilient and cash flow generative in current local sales environment while attractive fundamentals underpin upside potential with the restart of exports and normalisation of payments

Large, long-life asset



- Operator of the Shaikan Field, one of the largest fields in Kurdistan
- Estimated gross 2P reserves of 458 MMstb at year end 2023⁽¹⁾
- Significant growth potential, with estimated 2P gross reserves-to-production ratio of 28 years⁽²⁾

Leading low-cost producer and robust financial position



- Low-cost operator, with top quartile operating and G&A costs relative to peers in 2019-2022, underpinning cash flow generation⁽³⁾
- Consistent track record of maintaining a net cash balance sheet, with cost reductions and current local sales enabling us to cover our monthly expenditures and improve our liquidity position as we push for the restart of exports

28 years

Estimated 2P gross reserves-to-production ratio



\$86 million

Cash balance as at 20 March 2024



(1) Internal estimate of gross 2P reserves as at 31 December 2023 (see "Operational review" section on pages 8 and 9 for more detail).

(2) Internally estimated gross 2P reserves of 458 MMstb as at 31 December 2023/2022 gross average production of 44,202 bopd, the last full year of export sales prior to the suspension of exports in March 2023.

(3) Benchmarked against international and Kurdistan peer group for 2019-2022 period.

Track record of production growth



- Growth in gross average production from 31,563 bopd in 2018 to 49,165 bopd in the period from 1 January to 24 March 2023 prior to the Iraq-Turkey Pipeline closure, equating to an 11% compound annual growth rate (“CAGR”)
- Strategic focus on delivering profitable, cash generative production, underpinned by capital discipline and flexibility
- Retaining operational capability to respond to local sales demand and the restart of exports

Proven commitment to shareholder returns



- Returned \$440 million to shareholders between 2019 and Q1 2023 through dividends and buybacks
- We continue to believe the distribution of excess cash by way of dividends or share buybacks is important to reward shareholders. While the Company’s ordinary dividend policy was suspended in May 2023 to preserve liquidity, we will keep under review our capability to reinstate distributions as the operating environment and Company’s liquidity position improve
- Capital discipline, the continued recovery of previous costs and a return to selling Shaikan Field crude at international oil prices could enable significant free cash flow generation following the restart of exports and normalisation of payments

124 MMstb

Oil produced from the Shaikan Field since first commercial production in 2013⁽¹⁾



\$440 million

Dividends and buybacks between 2019 and Q1 2023



(1) As at 19 March 2024.

Chairman's statement



GKP has demonstrated resilience and has a strong team in place to navigate through the current challenges.

Martin Angle
Non-Executive Chairman

I'm pleased to be writing to you for the first time as Non-Executive Chairman of Gulf Keystone Petroleum following my appointment at the Annual General Meeting in June 2023. It was a privilege to take on the role after almost five years on GKP's Board of Directors. I joined the Company as Senior Independent Director in July 2018 before also becoming Deputy Chairman from June 2019. During that time, I was fortunate to work closely with Jaap Huijskes, who I succeeded as Chairman. Jaap oversaw a period of significant value creation for our shareholders and Kurdistan and provided strong leadership during periods of significant volatility, in particular the COVID-19 pandemic.

My first few months as Chairman have been characterised by a challenging operational and economic environment for the Company. The closure of the Iraq-Turkey Pipeline ("ITP") and suspension of Kurdistan exports on 25 March 2023 compounded the impact of increasing delays to payments from the Kurdistan Regional Government ("KRG"), prompting the Company to take decisive action to protect its balance sheet. In adapting to this new environment, the management team have demonstrated considerable agility and commitment in transitioning the Company away from Shaikan crude being exported by pipeline, with continued execution of the development programme, to establishing sales of crude to local buyers with 24-hour truck loading operations, whilst maintaining a sustained focus on liquidity preservation. This has enabled the Company to more than cover its reduced monthly expenditures with local pre-paid sales revenue.

I and the rest of GKP's Board have spent significant time since the ITP closure analysing the geopolitical environment and the pathway to a potential exports restart solution. It is our continued belief that crude exports from the Kurdistan Region are of vital economic importance to both Kurdistan and Federal Iraq. While it remains uncertain when exports will restart, progress has been made in negotiations between the KRG and the Federal Government of Iraq towards a solution and the Company has proactively made its voice heard along with other companies operating in the region. The Company remains focused on protecting shareholder interests by ensuring that current Production Sharing Contract economics are preserved, clarity is provided around the payment mechanism for future exports and a pathway to the repayment of the Company's outstanding receivables is defined.

The Company has a strong team in place to navigate through the current challenges. Collectively they have many years of experience working in Kurdistan and other emerging market environments. They also have significant technical expertise in fractured carbonate reservoirs. The Board has been pleased to see the reservoir performing in line with expectations, enabling the ramp up of production in recent weeks to respond to the current strong demand in the local market. This has confirmed the Company's decision to maintain the operational flexibility required to increase local sales quickly and retain the optionality to restart exports at full capacity when required.

We were pleased to welcome Julien Balkany to the Board in July 2023 as a non-independent Non-Executive Director representing funds managed by Lansdowne Partners Austria GmbH, replacing Garrett Soden. We are also looking forward to welcoming Gabriel Papineau-Legrès as he succeeds Ian Weatherdon as Chief Financial Officer following his retirement at the 2024 AGM in June. On behalf of the Board, I would like to thank Ian for his substantial contribution over the past four years.

We are currently looking to recruit two new Non-Executive Directors to meet the UK Corporate Governance Code and UK Listing Rules requirements in respect of independence, gender and ethnic diversity, to broaden the operational and technical experience of the Board, and to replace Kimberley Wood as current Senior Independent Director following her previously announced intention to stand down from the Board because of her time commitments to an executive role she has recently taken on elsewhere. This recruitment process began in early 2023 but was suspended, until late in the year, following the ITP closure given the then prevailing, uncertain geopolitical and trading background and the Company's necessary focus on short-term liquidity.

The Board continued to engage with the Company's shareholders in 2023 and welcomes ongoing interaction and feedback with all investors. We would like to thank all of the Company's shareholders for their continued support. The Company has demonstrated resilience and continues to take prudent actions to protect the balance sheet, ensuring that it is well positioned to unlock the Shaikan Field's significant value when pipeline exports restart and the operating environment improves.

Martin Angle

Non-Executive Chairman

20 March 2024

Chief Executive Officer's review



We are resilient and cash flow generative in the current environment with an opportunity to unlock significant upside ahead.

Jon Harris
Chief Executive Officer

GKP's operational and financial performance in 2023 was materially impacted by the suspension of Kurdistan exports and delays to KRG oil sales payments. Our actions to reduce capital expenditures and costs and safely transition our operations to trucking and local sales have enabled us to protect our business as we continue to engage with government stakeholders for an exports restart solution.

The unexpected closure of the Iraq-Turkey Pipeline ("ITP") on 25 March 2023 was the consequence of a long-running International Chamber of Commerce arbitration case between Iraq and Turkey being awarded in Iraq's favour. With no route to market, we shut-in the Shaikan Field on 13 April following curtailed production into storage and moved swiftly to suspend the drilling and development project that had driven gross production to highs of over 55,000 bopd on several days in March. Following the payment of a \$25 million interim dividend prior to the ITP closure, we suspended the ordinary annual dividend. By taking decisive action, we were able to reduce monthly capex and costs to below \$6 million in the second half of the year. Despite the significant disruption to our organisation, we have maintained our focus on safe operations, with 430 days without a Lost Time Incident to date.

In July 2023, we started sales of Shaikan Field crude via truck to the local downstream market. While volumes have fluctuated and realised prices have been at steep discounts to Brent, all crude has been paid for in advance by buyers and demand has been sufficient for us to more than cover our monthly costs and significantly reduce accounts payable balances. Gross average sales were 23,331 bopd in the second half of 2023 from commencement on 19 July 2023. The local market has been stronger in 2024, driven by increased demand for certain refined products and the easing of seasonal logistic challenges. Gross average sales in the year to 19 March 2024 have been c.33,300 bopd, with gross average sales in March to date of c.43,000 bopd. Realised prices are currently c.\$25/bbl, in line with local market pricing.

We continue to minimise our capital expenditures and costs, with our aggregate monthly run rate expected to remain at or below c.\$6 million in 2024. We continue to focus on maximising local sales to cover our costs and strengthen our balance sheet. While we continue to expect variable local sales demand in 2024, we see strong near-term demand. At current local sales levels we are cash generative, with our current low gross production breakeven of c.22,200 bopd providing downside protection.

While there remains no defined timeline, we are actively engaging with government stakeholders to push for the restart of pipeline exports. Kurdistan production, historically around 400,000 bopd, is integral to funding the Iraqi Budget and represents a material source of global oil supply. The re-establishment of a constructive environment for international investors is also important to encourage foreign direct investment for both Kurdistan and Iraq. Negotiations are ongoing between the KRG and Federal Government of Iraq and the path forward appears to be linked to amending the Iraqi Budget to integrate a more accurate reflection of the production and transportation costs associated with the Kurdistan industry. We believe progress has been made but continue to seek clarity, along with other International Oil Companies, on how the industry will be compensated for future exports and when outstanding receivables will be repaid, of which GKP is owed \$151 million net. We continue to strongly emphasise that the current economics in our Production Sharing Contract must be preserved and have received contract sanctity assurances from the KRG.

With the resumption of exports and normalisation of payments, we would consider incremental field investment to realise Shaikan's potential. We also continue to believe the return of excess cash by way of dividends or share buybacks is important to reward shareholders and we will keep under review our capability to reinstate distributions as the operating environment and Company's liquidity position improves. While we are resilient and cash generative at current local sales levels, we see the potential for significant free cash flow generation once an exports restart solution has been achieved, enabled by capital discipline, the continued recovery of previous costs and a return to selling Shaikan Field crude at international oil prices, which could more than double current realised prices.

Given delays experienced in the development of the Shaikan Field, current internal estimates show an 8% reduction in gross 2P reserves at year end 2023 to 458 MMstb after adjusting for 2023 production, as explained in the Operational review. Nonetheless, the Shaikan Field remains a large, underdeveloped asset, with more than enough barrels to underpin strong production growth in our licence period. Our current reserves-to-production ratio of around 28 years, based on estimated gross 2P reserves and our last year of full production in 2022, underlines this fact.

As ever, I want to thank the entire team at GKP for their unwavering commitment who have adapted well to the many changes we have experienced. I continue to believe the normalisation of our operating environment and opportunity to create significant value for our stakeholders is ahead of us.

I want to extend my thanks to Ian Weatherdon, GKP's Chief Financial Officer, who will be retiring in the summer following the 2024 AGM. Ian has been instrumental in guiding the Company through the COVID-19 pandemic and the past year and has also overseen a period of industry-leading returns, strong production growth and the strengthening of our balance sheet through the retirement of our \$100 million bond in 2022. As previously announced, he will be succeeded by Gabriel Papineau-Legrís, currently Chief Commercial Officer, who has been pivotal to GKP's success over the past seven years.

Jon Harris

Chief Executive Officer

20 March 2024

Operational review



2023 was a year of significant operational transition for GKP.

John Hulme
Chief Operating Officer

2023 was a year of significant operational transition for Gulf Keystone. From progressing the Jurassic reservoir expansion project and moving towards sanction of the Shaikan Field Development Plan, we were forced to completely change the direction of the business following the closure of the Iraq-Turkey Pipeline (“ITP”) in March 2023 and, after over three months of shut-in, switch from pipeline exports to trucking operations in the second half of the year.

Despite these changes, we maintained a rigorous focus on safety. While we unfortunately experienced a Lost Time Incident (“LTI”) in January 2023 during drilling operations, we have been operating since then for 430 days without an LTI. Given the ever-changing environment, the team has performed exceptionally, and with 24-hour truck loading operations running at both production facilities in recent weeks, often in difficult weather conditions, we remain focused on extending this record.

2023 gross average production was 21,891 bopd, 50% lower year-on-year (2022: 44,202 bopd), primarily reflecting the shut-in of Shaikan Field production from 13 April to 19 July 2023 prior to the commencement of local sales, which were at a lower level than compared to when the Company was exporting.

Prior to the ITP closure gross production averaged 49,165 bopd, including five days in excess of 55,000 bopd, as we progressed the Jurassic expansion project, ramped up production from SH-16 and started up SH-17. Following the ITP closure on 25 March 2023, production continued at curtailed rates into storage prior to a full shut-in on 13 April 2023.

As it became apparent that pipeline exports were unlikely to resume in the short term, we suspended all expansion activity. Following the completion of SH-18, we released our drilling rig and suspended well workover activity. We also halted all production facilities expansion activity, including the installation of water handling, as well as the preparation of future well pads and flowlines. Regrettably, we also had to take action to reduce the size of the organisation. Our expat workforce was reduced by over 60% and around half of our local workforce were placed on reduced working hours prior to the start-up of local sales.

On 19 July 2023, we commenced local sales from PF-1 and started sales from PF-2 in August, with gross average sales from 19 July to 31 December 2023 of 23,331 bopd. Volumes increased steadily from July to October as we signed up new buyers following an extensive due diligence process. Lower levels of demand and volumes followed in November and December as other producers in the region ramped up supply, local refineries became constrained and winter weather impacted trucking logistics and dampened appetite for certain refined products.

Volumes have rebounded since the beginning of 2024, with gross average sales in the year to 19 March 2024 of c.33,300 bopd and gross average sales in March 2024 to date of c.43,000 bopd. Subject to local sales demand and considering our limited capital programme, we see the current gross production potential of the Shaikan Field as between 43,000 and 45,000 bopd. As ever, we continue to manage natural field declines, estimated at between 6-10% per annum, and the productivity of wells to avoid traces of water. We see robust local sales demand in the near term and are focused on maintaining our current strong performance.

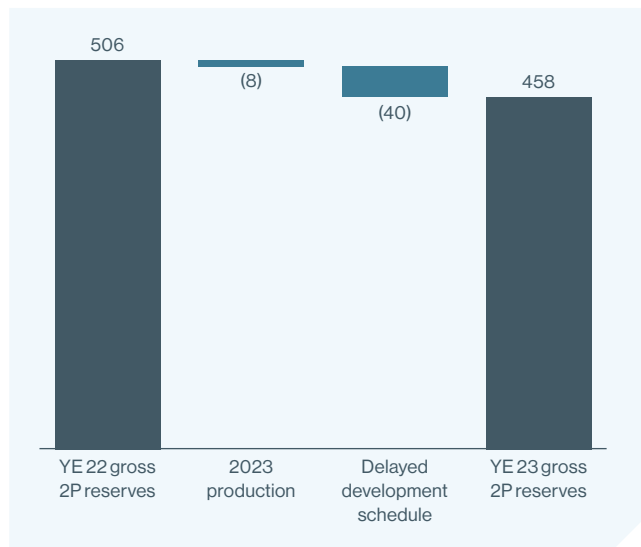
Shaikan Field estimated reserves

A few days prior to the ITP closure in March 2023, the Company published the 2022 Competent Person’s Report (“2022 CPR”), an independent third-party evaluation of the Shaikan Field’s reserves and resources prepared by ERC Equipoise (“ERCE”), as at 31 December 2022. The CPR confirmed the Shaikan Field as a large, long-life asset, with 817 MMstb of estimated gross reserves and resources, including 506 MMstb of estimated gross 2P reserves.

We have seen no degradation to the reservoir from the extended shut-in of production in 2023 and the Field is performing in line with our expectations. However, we do not expect to consider a return to development of the Shaikan Field until exports have restarted and we have confidence in payments and the commercial environment.

To assess the impact of the production shut-in and suspension of expansion activity on gross 2P reserves, we have prepared internal estimates that incorporate an estimated return to facilities expansion, including water handling, in 2025 and development drilling in H1 2026. This timeline is subject to an improvement in the operating environment and restart of Kurdistan exports, which for modelling purposes we assume occurs in Q4 2024, and incorporates several months of preparatory and planning work in advance of development activities.

**Shaikan estimated gross 2P reserves (MMstb)
(2023 internal estimate vs 2022 CPR)**



Adjusting year-end 2022 gross 2P reserves of 506 MMstb for 2023 production of 8 MMstb, we estimate that the development delay has reduced gross 2P reserves by 40 MMstb or 8% to 458 MMstb at 31 December 2023, as recoverable volumes are pushed beyond the end of the licence period in 2043. Based on 2022 gross average production of 44,202 bopd, the last full year of export sales prior to the ITP closure, the revised estimate of gross 2P reserves-to-production ratio is around 28 years, underpinning the case for further investment.

We expect to commission an updated Competent Person’s Report, including a comprehensive independent assessment of 1P and 2P reserves and 2C resources, at the appropriate time once the operating environment has normalised.

Sustainability strategy

We remain committed to building a more sustainable business. Our sustainability strategy is focused on reducing emissions and protecting the local environment, maintaining high standards of safety, ensuring a great place to work for our people, generating significant economic value for Kurdistan and doing business the right way with outstanding levels of governance and ethical behaviour.

In 2023, progress against our strategy, in particular our focus on reducing emissions, was impacted by the suspension of exports and reduction in investment and costs across the business. While our scope 1 emissions in the year were 51% lower due to the decrease in Shaikan Field production, the Gas Management Plan, which is an important component of the Shaikan Field Development Plan, has been delayed. We have also paused the assessment and development of a number of other decarbonisation projects, including an initiative to eliminate methane venting from our storage tanks. As a result, our previous emissions reduction targets, including reducing our scope 1 emissions intensity by >50% by 2025 against a 2020 baseline, have been suspended.

We remain committed to significantly reducing our emissions and will review and reinstate our targets when we have more clarity on the outlook. In the meantime, we are in the early stages of exploring alternative options to the Gas Management Plan, with a focus on optimising scope, implementation timing and cost. We are also prioritising our list of additional decarbonisation opportunities so we are ready to progress at the appropriate time.

Looking to the future, we remain committed to executing our sustainability strategy and improving our performance. In the short term, we are acting within the constraints of the current environment to extend our excellent safety performance, assess more effective ways to decarbonise our business, make GKP a better place to work for our employees and contractors and direct as much support as possible to local communities and people. With the restart of exports and the re-establishment of a more constructive investment environment for International Oil Companies, we will be able to return to investment, reinvigorate our progress towards a more sustainable business and unlock significant value for all stakeholders.

John Hulme
Chief Operating Officer

20 March 2024

Financial review



We remain focused on minimising costs while maintaining operational capability to maximise local sales and fully capitalise on the restart of exports.

Ian Weatherdon
Chief Financial Officer

While GKP started the year with production and development momentum, the Company's financial performance in 2023 was significantly impacted by the suspension of Kurdistan crude exports on 25 March 2023 and continued delays to KRG payments. To protect our balance sheet, we took decisive action to preserve liquidity by reducing net capital expenditures, operating costs and Other G&A expenses to a monthly run rate of less than \$6 million in the second half of the year. With the commencement of local sales in July, we have been able to more than cover our monthly expenditures while significantly reducing outstanding accounts payable. Looking ahead, we remain focused on minimising costs while maintaining operational capability to maximise local sales and fully capitalise on the restart of Kurdistan exports.

Key financial highlights

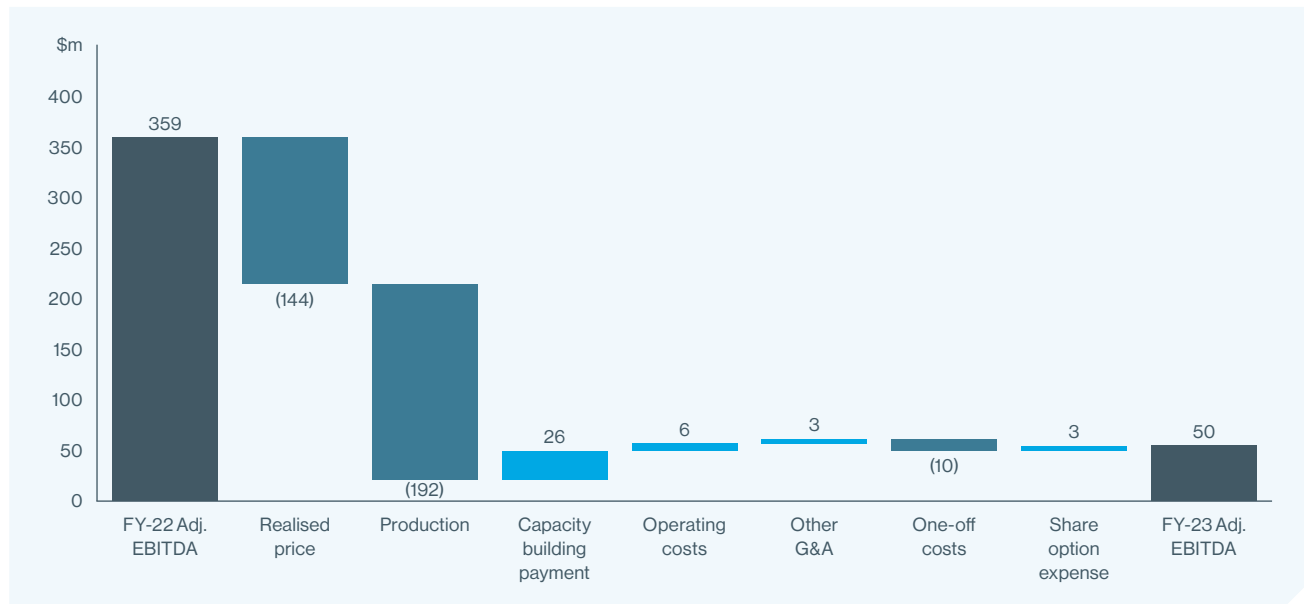
		Six months ended 30 June 2023	Six months ended 31 December 2023	Year ended 31 December 2023	Year ended 31 December 2022
Gross average production ⁽¹⁾	bopd	23,256	20,549	21,891	44,202
Dated Brent ⁽²⁾	\$/bbl	81.2	85.3	82.6	101.4
Realised price	\$/bbl	51.3	30.0	40.9	74.1
Discount to Dated Brent	\$/bbl	29.9	55.3	41.7	27.2
Revenue	\$m	79.6	44.0	123.5	460.1
Operating costs	\$m	18.9	17.2	36.1	41.9
Gross operating costs per barrel ⁽¹⁾	\$/bbl	5.6	5.7	5.6	3.2
Other general and administrative expenses	\$m	9.1	1.3	10.5	12.2
Share option expense	\$m	8.4	2.4	10.8	13.8
Adjusted EBITDA ⁽¹⁾	\$m	34.2	17.9	50.1	358.5
Profit/(loss) after tax	\$m	(2.9)	(8.6)	(11.5)	266.1
Basic earnings/(loss) per share	cents	(1.3)	(3.9)	(5.3)	123.5
Revenue and arrears receipts ⁽¹⁾⁽³⁾	\$m	65.7	43.5	109.2	450.4
Net capital expenditure ⁽¹⁾	\$m	47.0	11.2	58.2	114.9
Free cash flow ⁽¹⁾	\$m	(9.9)	(3.2)	(13.1)	266.5
Dividends	\$m	25	—	25	215
Cash and cash equivalents	\$m	84.9	81.7	81.7	119.5

(1) Gross average production, realised price, gross operating costs per barrel, Adjusted EBITDA, revenue and arrears receipts, net capital expenditure and free cash flow are either non-financial or non-IFRS measures and, where necessary, are explained in the summary of non-IFRS measures.

(2) For the period six months ended 31 December 2023, a simple average Dated Brent price is provided as a comparator for realised price. Realised prices for local sales are currently driven by supply and demand dynamics in the local market, with no direct link to Dated Brent. For prior periods, Dated Brent reflects the weighted average price used for export sales.

(3) Arrears receipts relate to historic receivables settled in H1 2022; all receipts in 2023 were for current invoices.

Adjusted EBITDA



Adjusted EBITDA declined to \$50.1 million (2022: \$358.5 million), driven by the impact on production from the suspension of exports and lower realised prices from local sales in H2 2023.

Gross average production was 21,891 bopd, 50% lower year-on-year (2022: 44,202 bopd) reflecting the shut-in of Shaikan Field production from 13 April to 19 July prior to the commencement of local sales, which were at lower levels than export sales.

Revenue decreased to \$123.5 million (2022: \$460.1 million), reflecting no revenue in the second quarter and lower local sales volumes and realised prices in the second half of the year. Production in the second half of the year was sold to local buyers at an average realised price of \$30/bbl, well below historical discounts to Dated Brent. Realised prices for local sales are currently driven by supply and demand dynamics in the local market, with no direct link to Dated Brent.

The Company took decisive action to reduce expenses following the suspension of Kurdistan crude exports.

Operating costs of \$36.1 million were 14% lower year-on-year (2022: \$41.9 million), reflecting the shut-in of production for more than three months and cost-saving initiatives. The increase in gross operating costs per barrel to \$5.6/bbl in the year (2022: \$3.2/bbl) reflected the halving of annual production. The Company expects unit costs will decrease with increased local sales or the resumption of pipeline exports.

Despite non-recurring corporate costs of \$2.1 million in the first half of 2023, Other G&A has decreased by \$1.7 million in 2023 to \$10.5 million due principally to costs savings and the Remuneration Committee's decision at the end of the year to not pay a bonus to staff.

After the shut-in of the Iraq-Turkey Pipeline, GKP significantly reduced contractual commitments related to expansion activities and monetised certain drilling inventory with the suspension of the continuous drilling programme. As a result, the Company incurred a one-off expense of \$9.6 million, included in cost of sales, related to the cancellation and suspension of contracts and loss on sale and write-down of inventory held for sale. \$4.1 million of the expense was non-cash.

Share option related expense in the year of \$10.8 million primarily reflected the vesting of the 2020 LTIP award, most of which was non-cash. The 22% decrease versus the prior period (2022: \$13.8 million) reflected the final vesting of the Value Creation Plan ("VCP") in 2022.

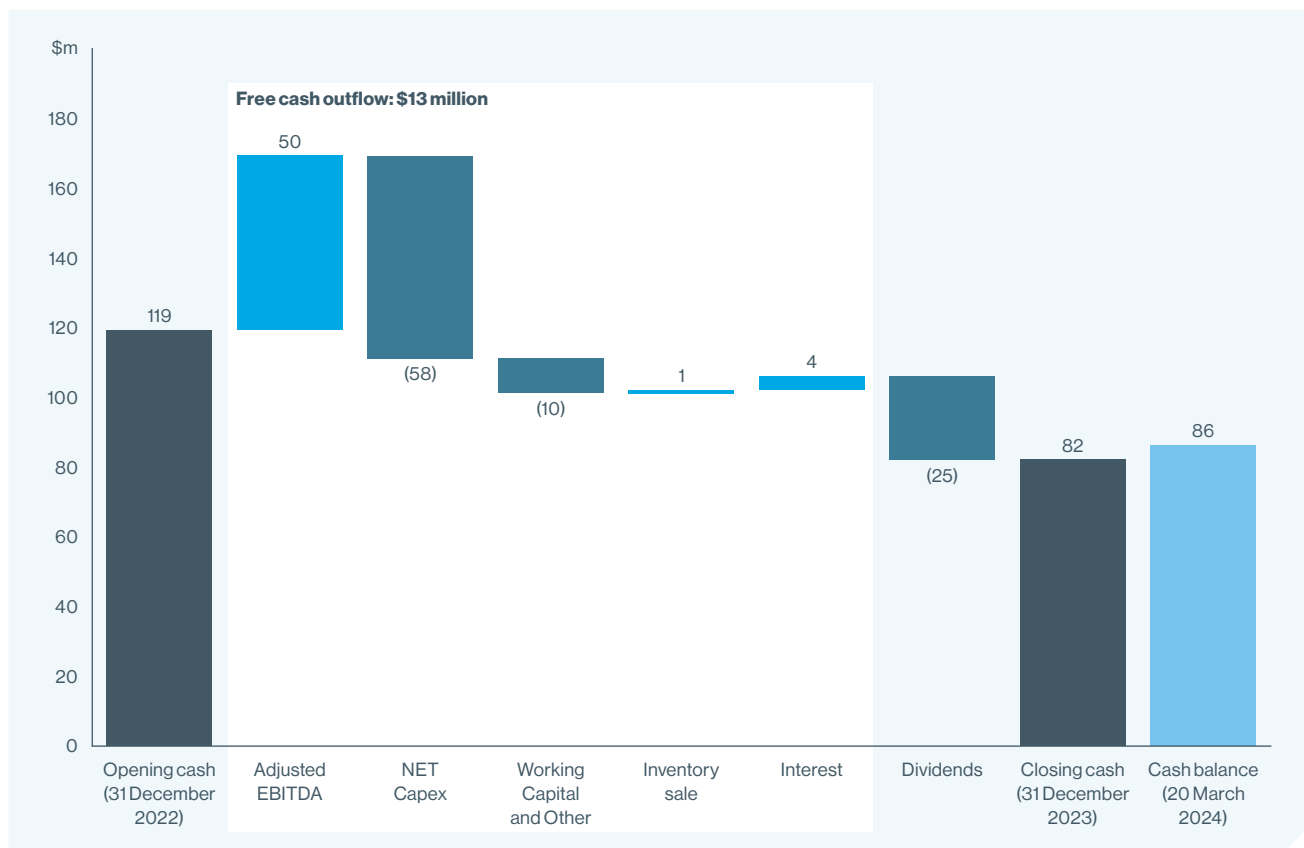
Profit/(loss) after tax

The Company generated a loss after tax of \$11.5 million (2022: profit after tax of \$266.1 million), including an increase in the expected credit loss provision of \$21.4 million (2022: \$2.0 million) on overdue receivables from the KRG for the months of October 2022 to March 2023 totalling \$151 million, net of capacity building payments, on the basis of the KBT pricing mechanism. The Company continues to expect to recover the full value of overdue receivables.

Financial review

continued

Cash flows



In 2023, GKP's revenue receipts were \$109.2 million (2022: \$450.4 million). Prior to the suspension of exports, \$65.7 million was received from the KRG related to invoices for crude sold in August and September 2022, received in January and March 2023 respectively. In H2 2023, \$43.5 million was generated from local sales, with advance payments received for all crude.

Net capital expenditure in the year was \$58.2 million (2022: \$114.9 million), primarily reflecting works related to the suspended Jurassic reservoir expansion project, including the completion of SH-17 and SH-18, well workovers, well pad preparation, long lead items and the expansion of production facilities. Net Capex decreased 76% to \$11.2 million in H2 2023 relative to H1 2023, reflecting the focus on safety-critical works and recurring capex only.

The Company paid a \$25 million interim dividend at the beginning of March 2023. Following the suspension of exports, the Board cancelled the proposed final 2022 ordinary annual dividend of \$25 million to preserve liquidity.

The reduction in net Capex, combined with reductions to operating costs and Other G&A, enabled the Company to reduce monthly expenditures to below \$6 million in H2 2023. Cash generated by local sales in the period more than covered expenditures while providing flexibility to reduce accounts payable, comprised of trade payables and accrued expenditures, to \$26.0 million as at 31 December 2023 (30 June 2023: \$48.1 million).

The free cash outflow in the year of \$13.1 million (2022: free cash flow of \$266.5 million), combined with the payment of the interim dividend of \$25 million, resulted in a reduction of GKP's cash balance from \$119.5 million at 31 December 2022 to \$81.7 million at 31 December 2023.

The Group performed a cash flow and liquidity analysis, including the current uncertainty over the timing of the pipeline reopening and settlement of outstanding amounts due from the KRG, and the fact that the outlook for local sales volumes and pricing cannot be predicted, based on which the Directors have a reasonable expectation that the Group has adequate resources to continue to operate for 12 months. Therefore, the going concern basis of accounting is used to prepare the financial statements.

Net entitlement

The Company shares Shaikan Field revenues with the KRG and our partner MOL, based on the terms of the Shaikan Production Sharing Contract. GKP's net entitlement includes the recovery of our investment in the Shaikan Field through cost oil and a share of the profits through profit oil, less a capacity building payment owed to the KRG. The Company's net entitlement of gross Shaikan Field sales was 36% in 2023 and as at 31 December 2023.

The unrecovered cost oil and R-factor are used to calculate monthly cost oil and profit oil entitlements, respectively, owed to the Company from crude oil sales. As at 31 December 2023, there was \$224 million of gross unrecovered cost oil, subject to potential cost audit by the KRG. The R-factor, calculated as cumulative gross revenue receipts of \$2,219 million divided by cumulative gross costs of \$1,878 million, was 1.18.

Outlook

To date in 2024, gross average sales volumes have averaged c.33,300 bopd at an average realised price of c.\$25/bbl, enabling us to cover our monthly capex and costs and pay all overdue invoices, resulting in a roughly halving of accounts payable of \$26 million that were outstanding at year end.

Looking ahead to the remainder of 2024, the Company remains focused on maximising local sales and minimising costs to further improve our liquidity position.

We expect to maintain the aggregate net Capex, operating costs and Other G&A monthly run rate at or below c.\$6 million in 2024 and continue to review further cost reduction opportunities. Estimated 2024 net Capex of c.\$20 million comprises safety-critical upgrades and production maintenance expenditures, while gross Opex per barrel guidance remains suspended. We continue to retain the operational capability to maximise local sales and capitalise on a resumption of exports.

We continue to believe the distribution of excess cash by way of dividends or share buybacks is important to reward shareholders. As the operating environment and the Company's liquidity position improve, we will keep under review our capability to reinstate distributions.

Ian Weatherdon

Chief Financial Officer

20 March 2024

Our asset

The Shaikan Field is a long-life asset, with a proven track record of low-cost production and significant growth potential.



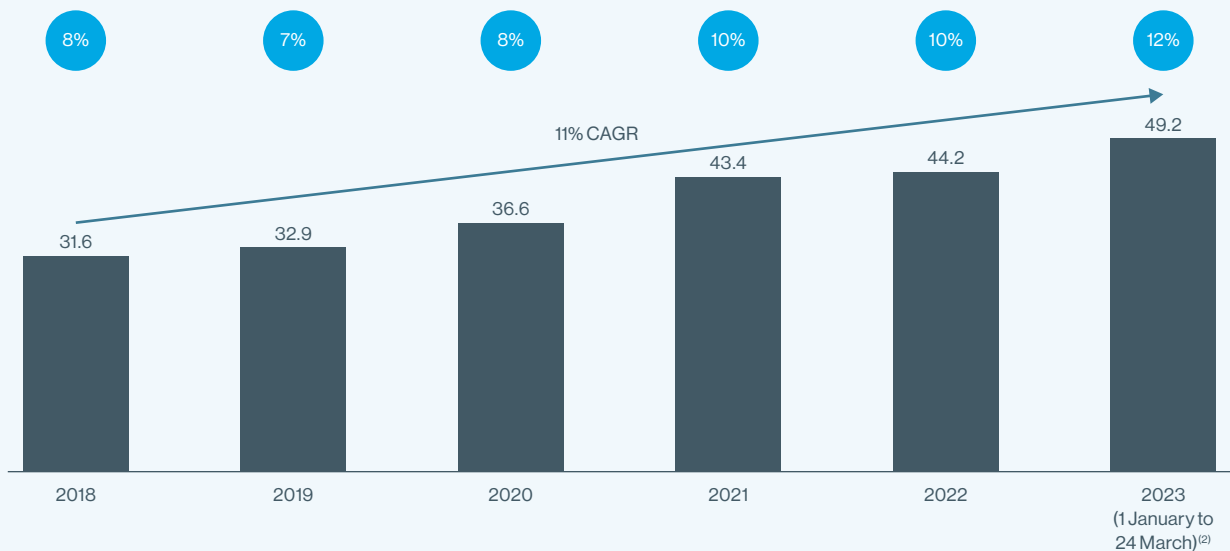
Overview

The Shaikan Field is one of the largest oil fields in the Kurdistan Region of Iraq by reserves and production, with an internally estimated gross 2P reserves of 458 MMstb at year end 2023. Shaikan accounted for around 12% of total crude production from the region in Q1 2023 prior to the suspension of Kurdistan exports on 25 March 2023. Located about 60 kilometres north-west of Erbil, the largest city in Kurdistan, and at the north-west end of the Zagros Fold-belt, the field spans an area of approximately 280 square kilometres.

Gulf Keystone is operator of the Shaikan Field with an 80% working interest. The remaining 20% is held by our partner MOL. The Shaikan Field Production Sharing Contract (“PSC”) was awarded in 2007 by the KRG, with oil discovered in 2009 by the SH-1 well and first commercial production achieved in July 2013. Since then, over 124 MMstb of oil has been produced, as at 19 March 2024. The Company has a track record of delivering profitable growth, with gross average production increasing from 31,563 bopd in 2018 to 49,165 bopd in the period from 1 January and 24 March 2023 prior to the Iraq-Turkey Pipeline closure, equating to an 11% compound annual growth rate (“CAGR”).

Shaikan Field production growth and as % of KRG production ('000 bopd)⁽¹⁾

% of total KRG production



(1) Source: Company data and Deloitte reviews of Kurdistan Regional Government of Iraq's oil production, export, consumption and revenue (KRG production defined as "total exported and consumed").

(2) Up to the Iraq-Turkey Pipeline shut-in on 25 March 2023.

Reservoir geology

The Shaikan Field consists of three fractured carbonate reservoirs, the Cretaceous, the Jurassic and the Triassic, with the Cretaceous being the shallowest and the Triassic the deepest. Crude oil in the Cretaceous and Jurassic reservoirs is relatively heavy, with the Cretaceous bituminous oil between 12-15° API and the Jurassic heavy oil ranging from API of 15-17°.

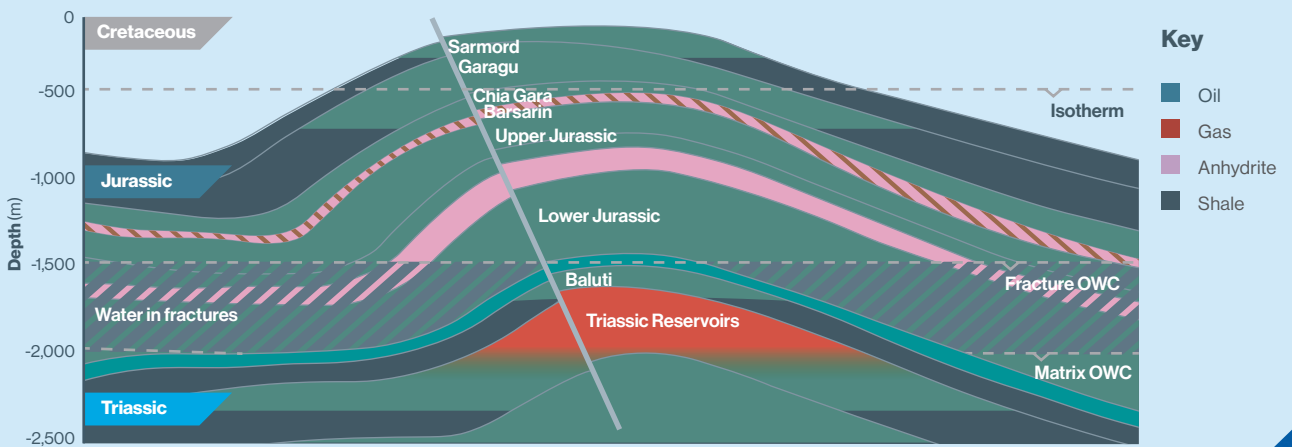
The Triassic reservoir contains light oil with gas condensate of between 38-43° API. Shaikan Field production to date has been entirely from the Jurassic reservoir.

Shaikan Field estimated reserves

The Company estimates gross 2P reserves of 458 MMstb at 31 December 2023. Our internal estimates account for the impact of the production shut-in and suspension of expansion activity in 2023. While we have seen no degradation to the reservoir, and the field is performing in line with our expectations, our estimates incorporate a delay in return to development drilling, pushing recoverable volumes beyond the end of the licence period in 2043 and leading to an 8% reduction in gross 2P reserves at year end 2023. See the "Operational review" section for more detail.

Based on 2022 gross average production of 44,202 bopd, the last full year of export sales prior to the ITP closure, estimated gross 2P reserves-to-production ratio is around 28 years, underpinning the case for further investment. We expect to commission an updated Competent Person's Report, including a comprehensive independent assessment of 1P and 2P reserves and 2C resources, at the appropriate time once the operating environment has normalised.

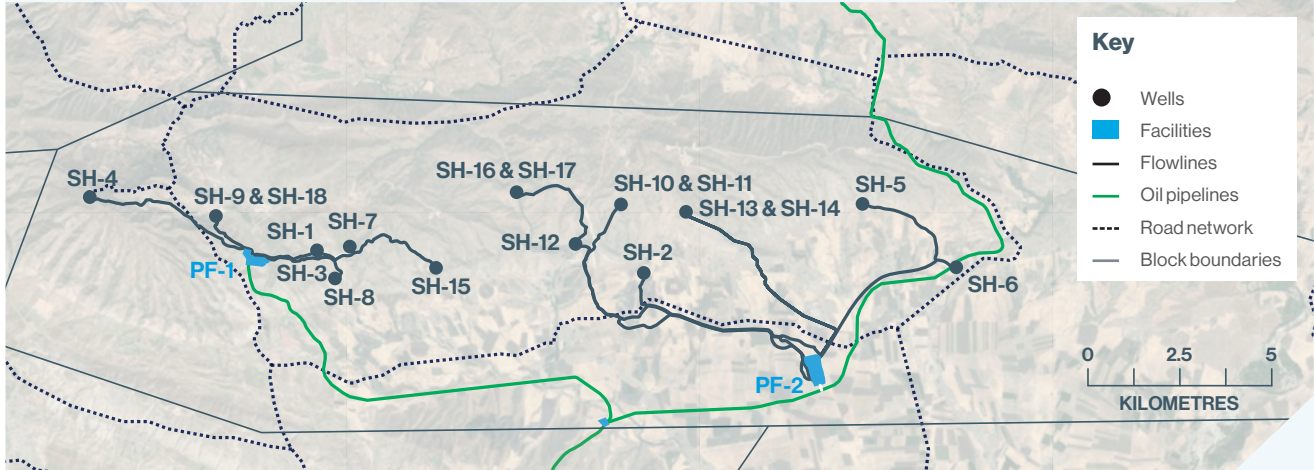
Shaikan Field reservoir geology



Our asset

continued

Shaikan Field map



Infrastructure

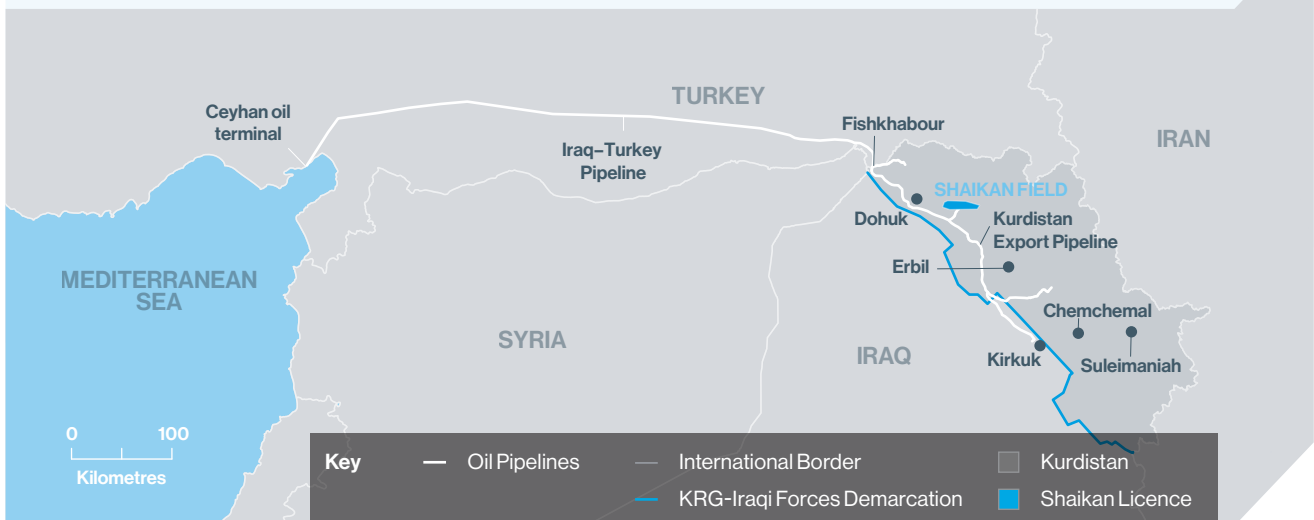
The Shaikan Field consists of 17 production wells connected to two production facilities, PF-1 and PF-2. In Q1 2023, SH-17 was drilled and completed, while SH-18, the last well to be drilled prior to the suspension of Kurdistan exports, was made available for start-up in Q2 2023. Total facilities processing capacity is currently around 60,000 bopd.

Route to market

Over the last few years, the KRG was responsible for marketing and exporting production from the Shaikan Field, transporting crude via pipeline to the Ceyhan oil terminal in Turkey to be sold along with exports from the various other oil fields in Kurdistan. This changed in 2023 following the closure of the Iraq-Turkey Pipeline and suspension of Kurdistan exports on 25 March, the unexpected consequence of a long-standing International Chamber of Commerce arbitration between Iraq and Turkey being awarded in Iraq's favour. As a result of this development, it is expected the Federal Government of Iraq ("FGI") will control the marketing of Kurdistan's crude oil once pipeline exports resume.

Since July 2023, the Company, along with other International Oil Companies ("IOCs") in the region, has been able to sell its crude to local buyers.

Pipeline export map



Sales to date have primarily been via truck, with trucking operations last used in 2019, although we also transported crude to a local refinery via pipeline for a short period in the second half of 2023. Gross average sales from 19 July to 31 December 2023 were 23,331 bopd while increasing local demand in 2024 year to date has driven a rebound in sales volumes, with gross average sales between 1 January and 19 March 2024 of c.33,300 bopd.

The local market, which is regulated by the KRG, consists of a number of small refineries and topping plants in Kurdistan, who process Shaikan crude into products, such as naphtha, heavy fuel oil and bitumen. While sales are paid for in advance, realised prices have been at steep discounts to Brent, reflecting local supply and demand dynamics, with current prices as at the date of this report of c.\$25/bbl. As described in the Financial review on pages 10 to 13, local sales have enabled the Company to cover its monthly capital expenditures and costs and use excess cash generation to strengthen its balance sheet by significantly reducing its accounts payable balance.

Looking ahead, while the timing of a restart of pipeline exports remains unclear, the Company continues to actively engage with government stakeholders to push for a solution. As part of these discussions, we continue to emphasise the importance of payment surety for future oil exports, the repayment of our outstanding receivables and the preservation of current contract economics.

Field development and investment

Prior to the suspension of exports, the Company had been progressing towards approval of the Shaikan Field Development Plan ("FDP"), our vision to drive profitable production growth, enhance the sustainability and longevity of the Company's capacity for shareholder distributions and transform the emissions footprint of our operations. Specifically, we were previously focused on increasing gross production to 85,000-95,000 bopd through the expansion of the Jurassic reservoir and test of the Triassic reservoir.

We were also progressing, subject to securing external financing, sanction of a Gas Management Plan, focused on eliminating almost all routine flaring and more than halving our scope 1 carbon intensity.

With the agreement of the MNR ahead of FDP approval, the Company had been progressing the expansion of the Jurassic reservoir to drive near-term production and cash flow growth, resulting in record production highs of above 55,000 bopd on several days in March 2023. Nonetheless, we had been proceeding with caution in light of increasing KRG payment delays, with our flexible capital programme under review. Following the suspension of exports, the Company moved quickly to suspend all expansion activity to preserve liquidity, winding down our drilling programme, well pad preparation and activity to expand our production facilities, including the installation of water handling. As part of this, progress towards sanction and implementation of the FDP, including the Gas Management Plan, was paused.

Looking ahead, in the near term we remain focused on maximising local sales, minimising our costs and improving our liquidity position, with estimated 2024 net Capex of \$20 million comprising safety-critical upgrades and production maintenance expenditures. With the resumption of exports and normalisation of KRG payments, we will consider incremental field investment to realise Shaikan's potential and return to previous production levels.



Business model

Our purpose: GKP is a responsible energy company developing natural resources for the benefit of all our stakeholders, delivering social and economic benefits by working safely and sustainably with integrity and respect.

Inputs

Responsibility

Committed to a rigorous focus on safety, minimising our environmental impact and generating economic value for Kurdistan.

Governance

Outstanding governance, ethical conduct and compliance are the foundation of GKP's business.

Long life asset

We are operator of one of the largest fields in Kurdistan with an established production track record and significant growth potential.

Low cost

We are a leading low-cost operator relative to Kurdistan and international peers.

Expertise

Our teams bring together years of experience operating in Kurdistan and other emerging market environments as well as significant technical expertise in understanding fractured carbonate reservoirs.

Discipline

Our strategy is to balance profitable production growth with the return of excess cash to shareholders while maintaining a robust balance sheet. We remain focused on minimising costs and improving our liquidity position while Kurdistan exports remain suspended.

Our core activities



Produce

[Read more](#) on pages 14 to 17.

Gulf Keystone has a proven track record of delivering production growth from the Shaikan Field. Since first commercial production in 2013, GKP has produced over 124 MMstb, with gross average production growing from 31,563 bopd in 2018 to 49,165 bopd in the period from 1 January and 24 March 2023 prior to the Iraq-Turkey Pipeline closure, equating to an 11% compound annual growth rate ("CAGR"). While pipeline exports remain suspended, we are currently producing and selling to the local market. Gross average sales in 2024 year to 19 March of c.33,300 bopd have enabled us to continue to cover our monthly expenditures and further strengthen our balance sheet.

Our strategic objectives



Safety and sustainability



Value creation



Capital discipline and cost focus



Robust financial position

Zero LTIs
for 430 days⁽¹⁾

458 MMstb
estimated gross 2P reserves⁽²⁾

28 years
estimated gross 2P reserves-to-production ratio⁽³⁾

86%
of GKP's workforce in Kurdistan are local nationals⁽⁴⁾

\$86m
cash as at 20 March 2024 with no outstanding debt

(1) As at 20 March 2024.

(2) Internal estimate of gross 2P reserves as at 31 December 2023 (see "Operational review" section on pages 8 and 9 for more detail).

(3) Internally estimated gross 2P reserves of 458 MMstb as at 31 December 2023 / 2022 gross average production of 44,202 bopd, the last full year of export sales prior to the suspension of exports in March 2023.

(4) As at 31 December 2023.

Underpinned by our values and culture

1. Safety

2. Social responsibility

3. Trust through open communication



Develop

[Read more](#) on pages 14 to 17.

The Shaikan Field is one of the largest oil fields in Kurdistan by reserves and production, with significant growth potential. Based on internally estimated gross 2P reserves at 2023 year end and 2022 gross average production of 44,202 bopd, our gross reserves-to-production ratio is around 28 years, demonstrating the significant development potential. With the restart of exports and normalisation of payments, we would consider a return to disciplined, incremental investment to drive profitable production growth.

ESG focus

We are committed to building a more sustainable business

Sustainability report: pages 28 to 45

TCFD report: pages 46 to 56

Strong governance framework

Governance report: pages 76 to 86

Outputs

Investors

Gulf Keystone has a track record of balancing investment in profitable growth with sustainable shareholder returns, while maintaining a robust balance sheet and prudent liquidity levels. In the period from 2019 to Q1 2023, the Company distributed \$440 million to shareholders in the form of dividends and buybacks. We continue to believe the distribution of excess cash by way of dividends or share buybacks is important to reward shareholders. As the operating environment and Company's liquidity position improve, we will keep under review our capability to reinstate distributions.

Kurdistan

Kurdistan is part of Gulf Keystone's DNA. Through our ongoing operations and by creating local jobs, investing in the local supply chain and supporting local communities, Gulf Keystone makes a significant contribution to Kurdistan's oil and gas industry, society and economy. Since entry into the region in 2007, the Company and its partners have invested around \$2.9 billion gross in the exploration, development and production of crude oil, \$1.8 billion of which has been spent on the Shaikan Field.

Communities

Gulf Keystone takes pride in its engagement with local communities and through regular engagement and investment, has a strong relationship with the areas local to Shaikan. The Company is a significant employer in Kurdistan and has a high staff localisation ratio, with many employees hired from neighbouring villages. It is committed to local workforce development through jobs, training and career opportunities.

Workforce

Gulf Keystone's workforce is integral to the Company's ability to deliver its strategy. To support our staff, we foster a safe, diverse and inclusive working environment that enables our people to thrive and develop.

Host government and partner

The Company continues to work with its host government, the KRG, and partner, MOL, to generate value from the Shaikan Field. In 2023, \$143.1 million net was generated for the government, primarily from production entitlements, royalties and capacity building payments. Revenues were significantly impacted by the closure of the Iraq-Turkey Pipeline, partially offset by the commencement of sales to local buyers in H2 2023. We believe there is enormous potential economic value to be unlocked for both Kurdistan and Iraq through the restart of exports and the re-establishment of a constructive investment environment for International Oil Companies and investors.

Strategy and objectives

Our strategy is to create value for all stakeholders by balancing investment in profitable production growth with sustainable shareholder returns, while maintaining a robust balance sheet and prudent liquidity levels. Our focus on safety and sustainability and strong corporate governance underpins our strategy.

As a result of the suspension of Kurdistan exports and delays to KRG payments, in 2023 the Company's focus shifted entirely to the tactical imperative of preserving liquidity and transitioning our operations to local sales. Looking ahead, we remain focused on safety, strengthening our balance sheet by minimising costs and driving local sales, while pushing for the resumption of exports and normalisation of payments.

Our strategic objectives are as follows:



Safety and sustainability

Strategic objective

The Group is committed to building a more sustainable business with a focus on safety, our environmental impact, our people and generating economic and social value for Kurdistan and our local communities, underpinned by strong corporate governance and compliance.

2023 performance

- One Lost Time Incident ("LTI") and two recordable incidents in 2023, one of which related to the LTI in January 2023; since then, no further LTIs have occurred for 430 days as at the date of this report, despite the transition to trucking operations in the year
- While total scope 1 emissions were 51% lower due to the decrease in Shaikan Field production, progress towards sanctioning the Gas Management Plan and other decarbonisation opportunities was suspended
- Local proportion of workforce remained high, accounting for 86% at 31 December 2023
- 72% reduction in revenues generated for the KRG to \$143.1 million relative to 2022, driven by the reduction in production and realised local sales prices in the year
- 100% workforce compliance with GKP's Code of Business Conduct certification process, which was rolled out at the beginning of 2023
- Significant due diligence executed on local buyers prior to the commencement of local sales

2024 focus

- Continue to target zero harm to people across our operations by extending our current record of zero LTI days and avoiding recordable incidents
- Deliver capital programme that is focused on safety-critical works and maintenance
- Explore alternative options to the Gas Management Plan to optimise scope, implementation timing and cost; review and prioritise list of additional decarbonisation opportunities
- Deliver local community project budget and explore opportunities to increase investment with strength of local sales or the restart of exports and normalisation of payments
- Within constraints of the current environment, retain and develop workforce capability needed to return to exports while embedding a culture underpinned by our values
- Maintain robust governance and compliance and high standards of ethical conduct

Link to key performance measures

- Safety performance (TRIR)



Value creation

Strategic objective

Balance investment in profitable production growth with sustainable distributions to shareholders. While Kurdistan exports remain suspended, we are focused on minimising costs and improving our liquidity position.

2023 performance

- Increased gross average production to 49,165 bopd in the period 1 January to 24 March 2023 prior to the closure of the Iraq-Turkey Pipeline; following the shut-in of the Field, commenced local sales in July 2023, with gross average sales of 23,331 between 19 July and 31 December 2023
- Prior to the suspension of dividends, paid a \$25 million interim dividend in March 2023, increasing cumulative distributions paid since 2019 to \$440 million

2024 focus

- Continue to engage with key government stakeholders to secure a solution for the restart of exports
- Maximise local sales to at least cover monthly costs while continuing to improve our liquidity position
- Following the return to pipeline exports and regular payments, consider return to disciplined and incremental investment in profitable production growth
- As the operating environment and the Company's liquidity position improve, keep under review our capability to reinstate distributions

Link to key performance measures

- Gross production (bopd)
- Adjusted EBITDA (\$m)

Successful delivery of our strategic objectives is underpinned by a robust and rigorous risk management process.

Capital discipline and cost focus

Strategic objective

Prudent, disciplined and proactive management of capital expenditures and underlying cost base.

2023 performance

- Transitioned rapidly from advancing development of the Jurassic reservoir to suspending all expansion activity and reducing costs
- Aggregate net Capex, operating costs and Other G&A monthly run rate reduced to below \$6 million in H2 2023
- Net capital expenditure of \$58.2 million, significantly reduced relative to guidance at the beginning of the year of \$160-\$175 million
- Operating costs of \$36.1 million, with the 14% reduction vs 2022 reflecting the shut-in of production for more than three months and cost-saving initiatives
- Despite non-recurring corporate costs of \$2.1 million in the first half of 2023, Other G&A expenses reduced to \$10.5 million, reflecting cost savings and the Remuneration Committee's decision at the end of the year to not pay a bonus

2024 focus

- Maintain aggregate net Capex, operating costs and Other G&A monthly run rate at or below c.\$6 million
- Continue to focus on minimising costs while retaining operational capability to respond to local sales demand and the restart of exports

Link to key performance measures

- Net capital expenditure (\$m)
- Operating costs (\$m)
- Other G&A expenses (\$m)

Robust financial position

Strategic objective

Maintain a robust balance sheet and prudent liquidity levels to fund and execute strategy and to manage commodity cycle and operating in Kurdistan.

2023 performance

- Adjusted EBITDA of \$50.1 million, driven by the impact on production from the suspension of exports and lower realised prices from local sales in H2 2023
- By sharply reducing capex and costs, commencing local sales and proactively managing accounts payable, limited decrease in free cash outflow to \$13.1 million
- Cash balance of \$81.7 million at 31 December 2023 (31 March 2023: \$105.4 million)

2024 focus

- Continue to closely manage and improve, to the extent possible, our liquidity position by maximising local sales and minimising expenditures
- Continue to engage with the KRG regarding repayment of overdue receivables for the months of October 2022 to March 2023 totalling \$151 million, net of capacity building payments, on the basis of the KBT pricing mechanism

Link to key performance measures

- Adjusted EBITDA (\$m)
- Net cash (\$m)

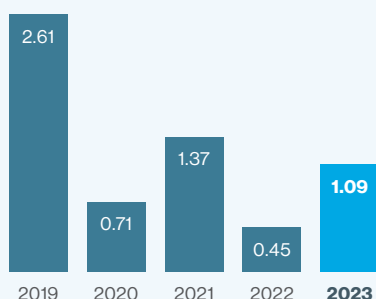
Key performance indicators

Gulf Keystone sets performance measures and assesses progress against these targets on a regular basis.

Strategic priorities key:



-  Safety and sustainability
-  Value creation
-  Capital discipline and cost focus
-  Robust financial position

Safety performance (TRIR)⁽¹⁾



Why we measure this

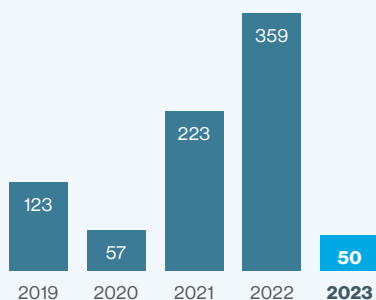
- The Company is committed to safe and reliable operations
- Safety performance and improvements in safety management are measured using several metrics, including TRIR
- We require employees and contractors to work in a safe and responsible manner and provide them with the training and equipment to do so

-  **Strategic priorities**
-  ⁽²⁾ **Link to remuneration**

Performance

- TRIR increased in 2023 due to one Lost Time Incident and two recordable incidents in the year, one of which related to the LTI
- The Lost Time Incident and associated recordable incident were the result of an accident during drilling operations in January 2023; the second recordable incident was a minor injury related to the closing of a car bonnet in April 2023
- Since the Lost Time Incident, we have been operating without a further incident for 430 days, as at 20 March 2024

Adjusted EBITDA (\$m)



Why we measure this

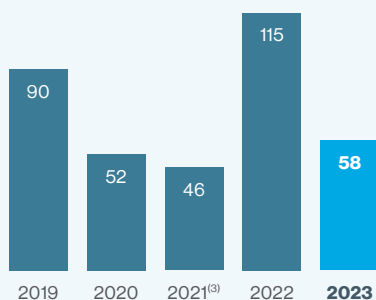
- Indicator of the Group's cash generation to fund expenditures and return capital to shareholders

-    **Strategic priorities**
-  **Link to remuneration**

Performance

- Decrease versus 2022 driven by the impact on production from the suspension of exports and lower local sales volumes and realised prices in H2 2023
- Reduction partly offset by cost-saving initiatives

Net capital expenditure (\$m)



Why we measure this

- Net capital expenditure includes the Company's net expenditure on oil asset investments
- Net capital expenditure is incurred with a focus on capital discipline and flexibility to drive profitable production growth and to meet the requirements of the Shaikan Production Sharing Contract

-   **Strategic priorities**
-  ⁽²⁾ **Link to remuneration**

Performance

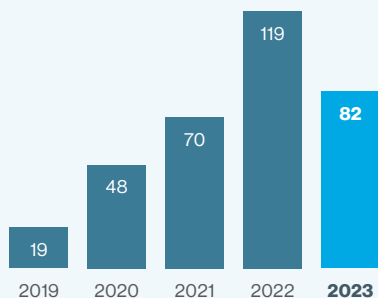
- Expenditure in the year primarily reflected activity related to the suspended Jurassic reservoir expansion project, including the completion of SH-17 and SH-18, well workovers, well pad preparation, long lead items and the expansion of production facilities
- Net Capex decreased 76% to \$11.2 million in H2 2023 relative to H1 2023 reflecting a focus on safety-critical works and recurring capex only

(1) Total Recordable Incident Rate.

(2) See corporate KPIs table on page 105 of the Remuneration Committee report.

(3) 2021 restated after the definition of net capital expenditure was amended to no longer exclude the increase/decrease of drilling and other equipment.

Net cash (\$m)



Why we measure this

- Maintaining a robust balance sheet and prudent liquidity management provides the flexibility to fund our strategy of balancing investment in profitable growth and shareholder returns, while providing a cushion to manage through declines in oil price and risks associated with operating in Kurdistan. While Kurdistan exports remain suspended, we are focused on maximising local sales to cover our costs and improve our liquidity position

📈 **Strategic priorities**

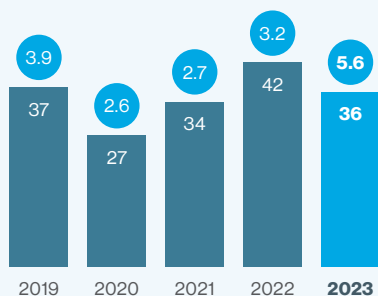
🔗 **Link to remuneration**

Performance

- Decrease in 2023 driven by a free cash outflow of \$13.1 million and the payment of a \$25 million interim dividend in March 2023 prior to the suspension of Kurdistan exports
- Decisive action to reduce capital expenditures and costs combined with the ramp-up of local sales from July 2023 enabled the Company to cover its monthly costs in H2 2023 and reduce its accounts payable balance

Operating costs (\$m)

● Gross Opex per barrel (\$/bbl)



Why we measure this

- The Company monitors operating costs to ensure they remain in line with the budget
- Costs are carefully controlled with a focus on remaining a low-cost operator

📈 **Strategic priorities**

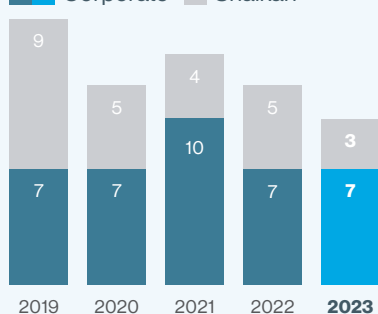
🔗 ⁽¹⁾ **Link to remuneration**

Performance

- 14% decrease in operating costs versus 2022 reflected the shut-in of production for more than three months and cost-saving initiatives
- The increase in gross operating costs per barrel to \$5.6/bbl in the year reflected the halving of annual production
- The Company expects unit costs will decrease as production levels increase

Other G&A expenses (\$m)

■ Corporate ■ Shaikan



Why we measure this

- A key metric for the Company is to control G&A expenses, including business, corporate and support costs
- Performance is measured relative to budget and the ability to identify and implement cost reductions

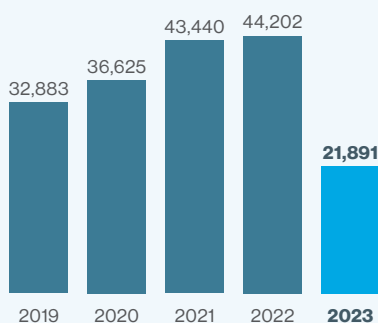
📈 **Strategic priorities**

🔗 ⁽¹⁾ **Link to remuneration**

Performance

- 2023 Other G&A expenses reduced to \$10.5 million (2022: \$12.2 million) principally due to cost savings and no bonus payments to staff, partially offset by non-recurring corporate costs of \$2.1 million in H1 2023

Gross production (bopd)



Why we measure this

- Indicator of our revenue generation potential
- Measure of progress towards driving profitable production growth

📈 **Strategic priorities**

🔗 ⁽¹⁾ **Link to remuneration**

Performance

- 50% decrease relative to 2022 due to the shut-in of Shaikan Field production from 13 April to 19 July prior to the commencement of local sales, which were at lower levels than export sales
- Gross average production from 1 January to 24 March 2023 was 49,165 bopd and 53,682 bopd in March 2023 to the same date, including five days in excess of 55,000 bopd
- On 19 July 2023, local sales commenced from PF-1 and from PF-2 in August, with gross average sales from 19 July to 31 December 2023 of 23,331 bopd

(1) See corporate KPIs table on page 105 of the Remuneration Committee report.

Stakeholder engagement

Engagement with our stakeholders is critical to Gulf Keystone's success.

Statement by the Directors in performance of their statutory duties in accordance with section 172(1) of the Companies Act 2006

The Board of Directors of Gulf Keystone Petroleum Limited consider, both individually and together, that they have acted in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to its stakeholders and matters set out in s172 of the Companies Act 2006 ("section 172")) in the decisions taken during the year ended 31 December 2023.

In doing so, the Directors have taken account of the likely long-term consequences of the key strategic decisions made in the year (see summary below), the interests of Gulf Keystone's employees, the Company's business relationships with its host government, local sales market and suppliers and the impact of the Company's operations on its local communities and the environment.

The Directors have also acted with regard to the desirability of Gulf Keystone maintaining a reputation for high standards of business conduct and ethics, and the need to act fairly as between members of the Company.

When formulating the Company's strategy, the Directors consider the longer-term and broader consequences and implications of its business on key stakeholders and factors relating to climate change. The need to be a responsible energy company is embedded in Gulf Keystone's corporate purpose and is the focus of the Company's sustainability strategy. Further detail is available in the Company's Sustainability report on pages 28 to 45 and TCFD report on pages 46 to 56.

As part of GKP's commitment to effective stakeholder engagement, and in accordance with section 172, the Company sets out on pages 25 to 27 its key stakeholder groups and corresponding approach to engagement with them. GKP's stakeholder engagement strategies are tailored for each of these key audiences to continue a mutually beneficial dialogue with those who are invested in, or impacted by, the Company's operations.

Summary of 2023 key strategic decisions

The Board made a number of key strategic decisions in the year related to the Company's response to preserve liquidity and transition to local sales and trucking operations following the suspension of Kurdistan exports on 25 March 2023.

To preserve liquidity, the Company:

- suspended all expansion activity and wound down contracts, including pausing progress towards the sanction and implementation of the Shaikan Field Development Plan and Gas Management Plan. As a result, the Company's scope 1 emissions intensity reduction target was suspended;
- significantly reduced the expatriate workforce and placed local staff on reduced working hours prior to the commencement of local sales;
- eliminated bonus payments for all staff and temporarily deferred Director salaries and fees;
- significantly reduced its support for local community projects;
- proactively managed accounts payable by agreeing payment plans with suppliers; and
- cancelled the 2022 final ordinary dividend.

To transition to local sales, the Company:

- reconfigured its operations for trucking;
- conducted extensive due diligence on local buyers; and
- agreed local sales contracts with the approval of the Ministry of Natural Resources ("MNR").

In addition to these decisions, GKP proactively engaged with the MNR, KRG and other government stakeholders regarding the restart of exports and repayment of outstanding oil sales receivables.

In making these decisions, the Board considered their impact on the Company's stakeholders, as detailed on pages 24 to 27.



Investors

Key engagement topics

- Geopolitical and economic environment
- Timeline for exports restart
- Local sales market
- Operational and financial performance
- Balance sheet and liquidity
- Capital allocation
- Financing strategy
- Risk management
- Shareholder distributions; and
- Sustainability strategy and addressing climate-related risks and opportunities

How we engaged in 2023

- Active and ongoing investor relations programme engaging with shareholders, prospective equity investors and sell-side analysts
- Clear and timely investor communications, including the London Stock Exchange's Regulatory News Service
- Investor updates focused on the evolving geopolitical and operational environment following the suspension of Kurdistan exports and the Company's response to preserve liquidity and commence local sales

- Virtual AGM held with open invitation to all shareholders with the ability to submit questions electronically
- Engagement with shareholders prior to AGM to encourage voting turnout
- Consultation with major shareholders in response to voting on certain resolutions at the AGM

Why we engage

- Maintain flexibility to access equity and debt funding
- Our investors have valid views on strategic, financial and operational decision making which we must take into account

Host government

Key engagement topics

- Crude oil sales marketing, payments and pricing
- Commercial arrangements
- Shaikan Field performance
- Shaikan Field Development Plan
- Health and safety
- Community investment strategy and plans
- Environmental matters

How we engaged in 2023

- Regular meetings and correspondence with senior KRG and MNR officials
- Engagement regarding pipeline exports and a restart solution
- Engagement regarding participation in the local sales market, including buyer selection and related due diligence; contracting and commercial terms, and approvals for transporting crude via truck and internal pipeline infrastructure
- Engagement regarding delays to payments and overdue invoices
- Generated revenues from the Shaikan Field for the government, comprising production entitlements, royalties and capacity building payments

Why we engage

- We work closely with our host government, the KRG, to ensure alignment on: developing and producing resources for the benefit of all stakeholders; business and operational strategy; commercial terms regarding the sale of Shaikan crude oil; and our licence to operate under the Shaikan PSC
- The KRG is responsible for managing Kurdistan's oil and gas industry, including marketing and exporting all crude from the Shaikan Field and regulating the market for local sales, including the approval of buyers and transportation of crude within Kurdistan

Local communities

Key engagement topics

- Health, safety and security
- Local employment
- Development of local staff and contractors
- Major incident prevention
- Local community projects
- Protection of the environment

How we engaged in 2023

- Active and ongoing engagement with local communities
- Support and funding for local community initiatives, albeit impacted by our focus on liquidity preservation following the suspension of Kurdistan exports
- Proactive staff localisation policy
- Proactive use of local suppliers and service companies

Why we engage

- The support of local communities is essential for the mutually beneficial development and operation of the Shaikan Field
- GKP is an important employer in the local communities

Stakeholder engagement

continued

Workforce

Key engagement topics

- Health, safety and security
- Gulf Keystone’s purpose, values and culture
- Gulf Keystone’s Code of Business Conduct
- Company strategy and operational progress
- Geopolitical, security and economic environment, in particular the timeline for the restart of exports, the local sales market and decreased access to US dollars in country resulting from Central Bank of Iraq initiatives
- Learning and development
- Diversity and inclusion
- Remuneration and benefits
- Sustainability and climate-related risks and opportunities

How we engaged in 2023

- Following the suspension of Kurdistan exports, the Company took decisive action to preserve liquidity. This regrettably meant having to reduce the size of the organisation and cancellation of bonus payments. However, this was countered through a step-up in workforce engagement and payment of a small recognition payment
- Regular health and safety briefings across the Company
- Ongoing initiatives to support mental and physical wellbeing
- Regular digital and in-person communication, including town hall meetings
- Engagement regarding policies and procedures, including Code of Business Conduct training and compliance, security and cybersecurity

- Engagement and initiatives to improve diversity and inclusion
- Learning and development programmes
- Initiatives to deepen workforce understanding of and involvement in sustainability strategy and addressing climate-related risks and opportunities

Why we engage

- The health and safety, understanding of the business, key performance goals and their role in the delivery, development, diversity and retention of GKP’s workforce is essential to the Company’s success and execution of its strategy

Joint venture partner

Key engagement topics

- Health, safety and security
- Local community engagement
- Long-term asset strategy
- Shaikan Field performance
- Shaikan Field development
- Work programme and budget
- Commercial arrangements
- Crude oil sales payments
- Sustainability strategy and addressing climate-related risks and opportunities

How we engaged in 2023

- Regular multi-disciplinary meetings and dialogue
- Local sales strategies and contract negotiations
- Approval of work programmes and budgets

Why we engage

- Partner alignment is critical for the development and operation of the Shaikan Field



Suppliers and contractors

Key engagement topics

- Health, safety and security
- Fair and transparent contracting processes
- Long-term partnerships
- Collaborative approach
- Fair payment terms
- Local community involvement
- Consistency of application of business ethics practices
- Development of a Human Rights and Modern Slavery Policy as part of the Code of Business Conduct

How we engaged in 2023

- Regular engagement on health, safety and security to ensure compliance with GKP policies and procedures
- Rigorous contracting processes strictly in accordance with the MNR set tendering processes for all suppliers, resulting in broad participation
- Regular communication with all suppliers and the MNR Tender Committee

- Unwound or suspended contracts
- Established accounts payable payment plans in response to the suspension of Kurdistan exports; accounts payable have been significantly reduced since the commencement of local sales in H2 2023 and since the beginning of 2024, all overdue invoices have been paid

Why we engage

- The support and performance of suppliers and contractors enables the Company to deliver against its strategy

Environment

Key engagement topics

- Addressing climate-related risks and opportunities, with the Company's disclosure fully compliant with all of the Task Force on Climate-related Financial Disclosures ("TCFD") recommendations
- Gas Management Plan and other decarbonisation projects underpinning GKP's ambition to transform its emissions footprint
- Protection of air quality to conform to Kurdish standards
- Facility impact management, including approval from the Ministry of Natural Resources for environmental and social impact assessments

How we engaged in 2023

- GKP's disclosures for fiscal year 2023 are fully compliant with all 11 recommendations of the TCFD framework as well as the additional disclosure recommendations specific to oil and gas companies
- Continued to focus on minimising our impact on the local environment, in particular by monitoring air quality, managing water and waste management and assessing and managing the impact of our facilities
- While we remain committed to significantly reducing our emissions, we were forced to suspend our progress towards implementing the Gas Management Plan and other decarbonisation projects. In 2024, we are focused on exploring alternative options to the Gas Management Plan and prioritising our list of additional decarbonisation opportunities so we are ready to progress at the appropriate time

Why we engage

- In order to maintain our licence to operate, we are focused on emissions reduction, addressing climate-related risks and opportunities, and minimising our impact on the environment, while ensuring our disclosures are fully compliant with the TCFD recommendations
- The Company's impact on the environment continues to be a key consideration



Sustainability report



Despite the recent challenging operational environment and our focus on preserving liquidity, we remain committed to building a more sustainable business.

Jon Harris
Chief Executive Officer

CEO's introduction

At Gulf Keystone, we are committed to building a more sustainable business. As a responsible energy company and an employer of over 400 people in Kurdistan and the UK, we view sustainability as critical to our licence to operate and ability to create value for all GKP stakeholders. Our strategy, which is outlined in detail on page 29, is focused on reducing our emissions and minimising our impact on the local environment, maintaining high standards of safety, building a great place to work for our people, generating significant economic value for Kurdistan and doing business the right way with outstanding levels of governance and ethical behaviour.

Since the publication of our inaugural sustainability report in 2019, we have made good progress in developing our strategy and embedding a focus on sustainability into the organisation. In that time, we have developed and agreed the scope of a Gas Management Plan as we aspire to significantly reduce the scope 1 emissions intensity of our operations and published our first fully compliant TCFD report in 2022, with our TCFD disclosures for 2023 remaining compliant. We have maintained a rigorous focus on safety, with only three Lost Time Incidents ("LTIs") and no fatalities between 2019 and 2023, despite over 8.8 million working hours and over 65 MMstb produced. We have also generated over \$1.3 billion for Kurdistan in oil revenues between 2019 and 2023 as well as realising a broader positive impact for the regional economy through high levels of local employment, substantial levels of purchasing and contracting with local suppliers and ongoing support for the 25 local communities in proximity to our operations. This builds on the much larger economic contribution to Kurdistan since our entry into the region in 2007, during which time we have participated in licences where around \$2.9 billion has been invested in the exploration, development and production of crude oil, supporting the rapid development of the Kurdistan oil and gas industry.

We have historically been able to execute our sustainability strategy against the backdrop of a changeable operating and economic environment, which has always been a feature of this part of the world. Unfortunately in 2023, the suspension of Kurdistan crude oil exports and continued delays to KRG payments had a material impact on our efforts. To protect the business and our balance sheet, we were forced to significantly reduce capital expenditures and costs. These actions impacted our sustainability strategy and performance in 2023.

While our scope 1 emissions in the year were 51% lower due to the decrease in Shaikan Field production, our decision to suspend investment activity until pipeline exports restart and clarity is established on the payments and commercial environment means the Gas Management Plan is now expected to be delayed. We have also had to pause our efforts to assess and develop a number of other decarbonisation projects, including an initiative to eliminate methane venting from our storage tanks. We are using the time to explore alternative options to the GMP to optimise scope, implementation timing and cost as well as prioritise our list of other decarbonisation projects. We plan to review progress towards these projects and the reinstatement of related emissions reduction targets once there is greater clarity on the investment environment.

From a safety perspective, while we had one LTI at the beginning of 2023 related to drilling, I am pleased that since then we have had no further LTIs, taking LTI-free days to 430, as at the date of this report. This performance underlines our ongoing rigorous focus on safety, despite the significant operational transition experienced during 2023, as we moved from executing a large-scale expansion programme to the shut-in of production and the subsequent restart of trucking operations.

Local sales have put the business on a firmer footing in the absence of pipeline exports, with cash flow since commencement in July 2023 covering our monthly expenditures. Nevertheless, we regrettably had to make significant changes to the organisation to reduce our cost base to where it is today. These actions also impacted our employee training programmes and our support for local communities in the year.

Throughout 2023, we maintained a strong focus on governance and compliance. We spent a significant amount of time performing due diligence on buyers to start local sales. The whole organisation remains committed to the GKP Code of Conduct, with all staff signing their 2023 annual compliance certificate.

Looking to the future, we remain committed to executing our sustainability strategy and improving our performance. In the short term, we are acting within the constraints of the current environment to extend our excellent safety performance, assess more effective ways to decarbonise our business, make GKP a better place to work for our employees and contractors and direct as much support as possible to local communities and people. With the restart of exports and the re-establishment of a more constructive investment environment for International Oil Companies, we will be able to return to investment, reinvigorate our progress towards a more sustainable business and unlock significant economic value for all stakeholders.

Jon Harris
Chief Executive Officer
 20 March 2024

Our sustainability strategy:

Environment

Strategic priorities

- Address climate-related risks and opportunities
- Protect air quality and the local environment

Material factors

- GHG and other emissions
- Air quality
- Facility impact management
- Water management and withdrawal
- Waste management
- Soil and land remediation

Key current targets

- Minimise our impact on the environment

SDG alignment

11 SUSTAINABLE CITIES AND COMMUNITIES

13 CLIMATE ACTION

15 LIFE ON LAND

Social

Strategic priorities

- Workforce health and safety
- Recruit, nurture, develop and retain talent
- Enhance diversity and inclusion
- Support our local communities
- Generate economic value for Kurdistan

Material factors

- Health, safety and wellbeing
- Learning and development
- Diversity and inclusion
- Local employment
- Local supply chain purchasing and contracting
- Community engagement and investment
- Shaikan Field revenues generated for the KRG

Key current targets

- Zero harm to staff, contractors and local communities

SDG alignment

4 QUALITY EDUCATION

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

Governance

Strategic priorities

- Robust corporate governance and compliance
- High standards of business ethics

Material factors

- Board oversight effectiveness
- Internal controls and policies efficiency and effectiveness
- Risk management
- Anti-bribery and corruption initiatives
- Code of Business Conduct compliance

Key current targets

- Effective governance and compliance
- Annual workforce compliance with Code of Business Conduct

SDG alignment

8 DECENT WORK AND ECONOMIC GROWTH

Sustainability report

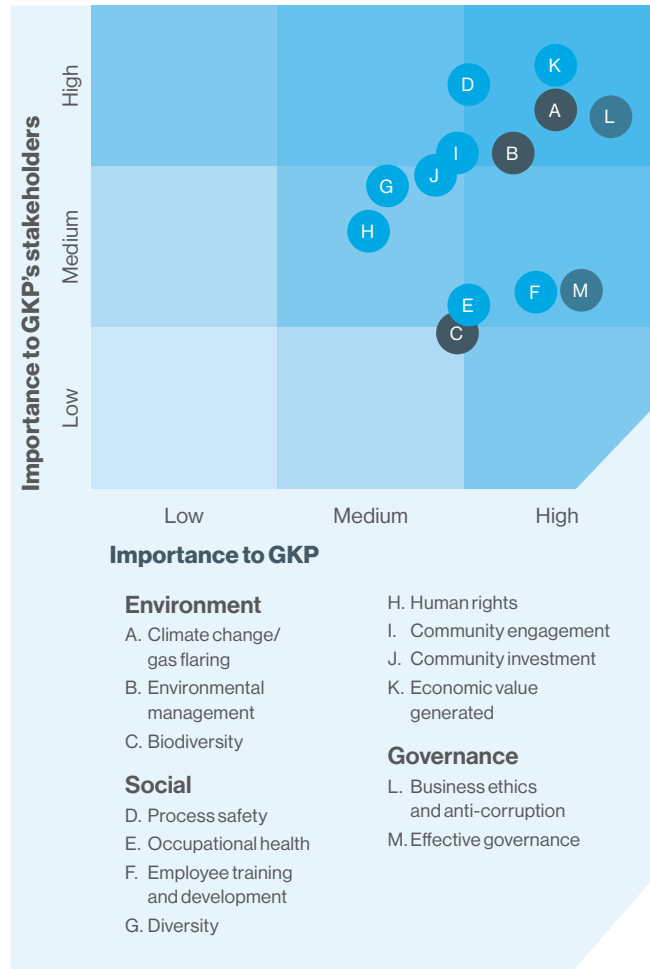
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Material ESG factors

We have conducted a materiality assessment to identify the ESG factors that are most relevant to Gulf Keystone and its stakeholders. The process involved direct engagement with internal and external stakeholders to identify the ESG factors they consider to be most important, as well as a review of the sustainability landscape, which included a review of relevant external standards (including Sustainability Accounting Standards Board (“SASB”), Global Reporting Initiative (“GRI”), United Nations Global Compact (“UNGC”), United Nations Sustainable Development Goals (“SDGs”), etc), a detailed peer benchmark and review of internal activities. The outcomes of this process and the key material ESG factors identified can be found in the materiality matrix on the right.

We review the material factors and their importance on an annual basis and update the matrix if required. In the latest review conducted in 2023, we increased the importance of biodiversity to the Company, reflecting management consideration of emerging regulation on biodiversity, in particular the Taskforce on Nature-related Financial Disclosures recommendations. We also increased the importance of occupational health to align with our ranking of process safety.

The material factors and metrics in our 2023 Sustainability report draw on current standards and frameworks for sustainability information disclosure, including the Task Force on Climate-related Financial Disclosures (“TCFD”) recommendations, Streamlined Energy and Carbon Reporting (“SECR”), SASB, International Petroleum Industry Environmental Conservation Association (“IPIECA”) and GHG Protocol.



Environment

Our focus

We recognise the need to develop and produce from the Shaikan Field in a way that minimises our impact on the local environment and addresses climate-related risks and opportunities. For GKP, this means monitoring our emissions footprint and taking steps to reduce the carbon intensity of our operational activities, maintaining compliance with TCFD recommendations for our reporting, protecting air quality around our operations and managing the impact of our facilities on the local environment.

SDG alignment



SDG 11: Sustainable cities and communities

By targeting emissions reduction, protecting air quality and managing our water and waste, we are focused on minimising the impact of our activities on the communities that surround our operations.



SDG 13: Climate action

Our long-standing ambition to reduce the carbon intensity of our operations is aligned with taking climate action for a sustainable future.



SDG 15: Life on land

Through our robust facilities impact management programme, we ensure that any land we operate on is carefully assessed via detailed environmental and social impact assessments to protect and preserve life on land.

Target

Minimise our impact on the environment.

Key performance highlights

Material factor	Indicator	Unit	2021	2022 ⁽¹⁾	2023 ⁽¹⁾
GHG emissions⁽³⁾	Total scope 1 emissions	ktCO ₂ e	640	739	365
	Scope 1 emissions – Flaring	ktCO ₂ e	557	654	306
	Scope 1 emissions – Venting	ktCO ₂ e	20	21	10
	Scope 1 – Fugitive	ktCO ₂ e	5	5	4
	Scope 1 – Combustion of petrol and diesel	ktCO ₂ e	9	9	15
	Scope 1 – Combustion of fuel gas	ktCO ₂ e	49	50	31
	Total CH ₄ emissions ⁽²⁾	ktCO ₂ e	51	57	28
	Total scope 1 emissions intensity	kgCO ₂ e per barrel	50.5	57.2	57.1
	Total scope 3 emissions	ktCO ₂ e	6,505	6,654	3,297
Other emissions⁽³⁾	Total SO ₂ emissions	ktSO ₂	82	87	41
Energy consumption⁽⁴⁾	Total energy consumption	kWh	1,705,839	1,688,110	1,514,197
	UK	kWh	38,752	50,366	50,052
	Kurdistan Region of Iraq	kWh	1,667,088	1,637,744	1,464,145
Water management⁽³⁾	Total water withdrawn	m ³	88,432	80,628	74,799
Waste management	Recycled solid non-hazardous waste	% of total waste	86	92	95
	Recycled solid hazardous waste	% of total waste	28	86	49
	Recycled liquid non-hazardous waste	% of total waste	100	100	100
	Recycled liquid hazardous waste ⁽⁵⁾	% of total waste	100	100	100

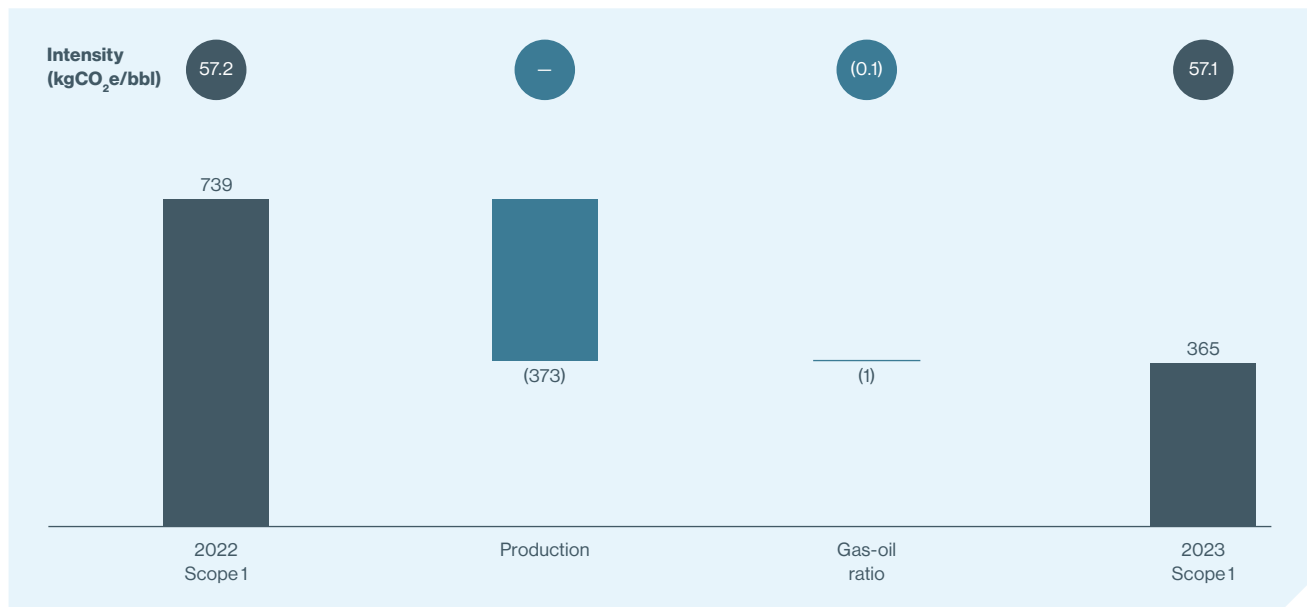
References

- (1) Scope 1 and 3 emissions for 2022 and 2023 have been independently verified by EcoAct, aligned with the ISO 14064-3:2019 standard with specification and guidance for the verification and validation of greenhouse gas statements.
- (2) Methane emissions also included in scope 1 – Flaring, Venting and Fugitive.
- (3) All GHG emissions, other emissions, energy consumption and water management metrics based on GKP's 80% working interest in the Shaikan Production Sharing Contract.
- (4) Calculated in line with Streamlined Energy and Carbon Reporting ("SECR").
- (5) 2023 liquid hazardous recycling rate subject to ongoing contractor audit.

Sustainability report

continued

Environment continued



Monitoring our emissions performance

We closely monitor our emissions footprint and report scope 1 and scope 3 emissions on an annual basis using the equity share approach. Scope 2 emissions are not relevant as emissions from the Company’s power generators are reported as part of scope 1. Since 2022, our reporting has been independently verified by a third-party organisation, EcoAct, according to the ISO 14064-3:2019 standard.

Scope 1 emissions

The Company’s scope 1 emissions are primarily related to the flaring of associated gas that accompanies production. Shaikan Field wells produce variable amounts of gas and, consequently, higher production from wells with higher gas-oil ratios drives higher scope 1 emissions (and vice versa). Our long-standing ambition has been to eliminate almost all routine flaring through the implementation of a Gas Management Plan (see “decarbonisation opportunities”).

In 2023, scope 1 emissions of 365 ktCO₂e were 51% lower relative to the previous year (2022: 739 ktCO₂e). The movement was primarily driven by the 50% decrease in production related to the suspension of Kurdistan exports. A very small proportion of the decrease was related to the minor reduction in scope 1 intensity to 57.1 kgCO₂e per barrel (2022: 57.2 kgCO₂e per barrel), reflecting the gas-oil ratio of the producing well mix in the year.

Scope 3 emissions

We commenced reporting of scope 3 emissions for 2022 to ensure full compliance with TCFD recommendations. Scope 3 emissions are indirect emissions that occur in our value chain.

As an energy company, categories 10 and 11 are the most material for us, as most oil and gas emissions are generated from the processing or use of sold products.

Categories 13-15, related to downstream leased assets, franchises and financial investments, are not relevant to the Company and not reported. Total scope 3 emissions and categories 1-12 are outlined below.

2023 scope 3 emissions were 50% lower versus the prior year, primarily driven by lower production as per the similar decrease in scope 1 emissions.

Scope 3 emissions, categories 1-12

Cat	Category	Note	2021 (ktCO ₂ e)	2022 (ktCO ₂ e)	2023 (ktCO ₂ e)
1	Purchased goods and services	Relevant, reported	1	1	0
2	Capital goods	Relevant, reported	4	30	24
3	Fuel and energy	Relevant, reported	3	9	8
4	Upstream transportation and distribution	Relevant, reported	0	2	1
5	Waste generated in operations	Relevant, reported	0	1	0
6	Business travel	Relevant, reported	3	3	2
7	Employee commuting	Relevant, reported	0	0	0
8	Upstream leased assets	Relevant, reported	0	1	1
9	Downstream transportation and distribution	Relevant, reported	84	86	30
10	Processing of sold products	Relevant, reported	738	751	372
11	Use of sold products	Relevant, reported	5,516	5,613	2,780
12	End-of-life treatment of sold products	Relevant, reported	155	158	78
Total scope 3			6,505	6,654	3,297

Decarbonisation opportunities

It remains our ambition to significantly reduce our scope 1 emissions intensity to increase the sustainability of our operations, address climate-related risks and opportunities and maintain our licence to operate in Kurdistan. As part of the Shaikan Field Development Plan, we had been intending to implement a Gas Management Plan to eliminate almost all routine flaring. Subject to timely sanction and implementation of the project, including securing external financing, we were targeting to reduce our scope 1 emissions intensity by >50% by 2025, compared to an original 2020 baseline of 38 kgCO₂e. In addition, we had also been exploring a number of other decarbonisation opportunities and progressing as a priority a project to eliminate methane emissions from our storage tanks in 2024.

Following the closure of the Iraq-Turkey Pipeline and suspension of Kurdistan exports on 25 March 2023, the Company moved swiftly to preserve liquidity, suspending all expansion activity, including investment in decarbonisation opportunities. A return to investment will require a resumption of exports and confidence in the commercial and payments environment. As it is not clear at the current time when this will be, the Company's emissions reduction targets have been suspended.

We remain committed to significantly reducing our emissions and will review and reinstate our targets when we have more clarity on the outlook. In the meantime, we are in the early stages of exploring alternative options to the Gas Management Plan, with a focus on optimising scope, implementation timing and cost. We are also prioritising our list of additional decarbonisation opportunities so we are ready to progress at the appropriate time.

Further information regarding our focus on emissions reduction, the Gas Management Plan and our other decarbonisation opportunities can be found in the Strategy section of our TCFD report on pages 46 to 56.

Sustainability report

continued

Environment continued

Protecting air quality

We maintain a robust air quality monitoring programme to protect our local communities. We monitor air quality in a variety of ways, including stationary field monitoring, diffusion tubes, handheld Photo-ionisation Detectors (“PIDs”) and gas surveys. Air quality data is reported to Kurdistan’s Ministry of Natural Resources on a monthly basis to ensure ongoing compliance. In 2023, our annual average emissions of SO₂, NO₂, O₃ and H₂S measured by diffusion tubes were within Kurdish regulatory limits.

1. Stationary field monitoring

GKP operates four Scintinal SL-50 air quality monitoring stations which measure a broad range of air quality parameters, including H₂S, SO₂, CO, CO₂, methane, VOC, NO_x, PM2.5 and PM10 levels. Meteorological data, such as wind speed and direction, is also captured.

2. Diffusion tubes

We deploy diffusion tubes at PF-1, PF-2 and seven villages located close to our production facilities. Tubes are deployed for around a month at a time and measure SO₂, NO₂, O₃, H₂S and VOC, as well as BTEX (Benzene, Toluene, Ethylbenzene and Xylene) at both production facilities.

3. Handheld Photo-ionisation Detector (“PID”)

GKP uses handheld PIDs to monitor photo-ionisation which can detect more than 400 gaseous pollutants in the air. This enables us to put in place actions to identify, prioritise and target specific pollutants should they occur.

4. Gas surveys

From time to time we conduct gas surveys of the Shaikan Field to identify any natural gas seeps at surface level and provide insights into the underlying geology. Past surveys have been conducted using hydrogen sulphide (H₂S), methane (CH₄) and sulphur dioxide (SO₂) detectors deployed from a vehicle, together with sensors deployed from a drone to cover inaccessible areas. More recently we have used satellite monitoring, which also provides valuable data on biodiversity, land use, hydrology and topography.

Minimising our impact on the local environment

Facility impact management

We undertake detailed facility impact management studies prior to commencing any site work. Before facilities or access roads are built, flowlines installed or wells drilled, GKP conducts a thorough environmental and social impact assessment (“ESIA”) as part of our project design phase.

In 2023 two ESIA’s were conducted related to the Shaikan Field Development Plan and the expansion of PF-1 and PF-2, with all work completed prior to the suspension of Kurdistan exports in March 2023. MNR certificates were received for both ESIA’s.

Specific measures to minimise the impact of Gulf Keystone facilities on the environment include:

1. effective site selection: including safe location of well pads, clear access roads and flowlines as far as possible away from environmentally sensitive targets, such as human habitations and places of ecological and cultural significance. GKP maximises the use of existing field infrastructure and conducts detailed studies for site selection;
2. adequate waste management: with a strong focus on waste reduction, reuse and recycling;
3. implementing civil engineering designs that prevent or minimise any impacts on natural hydrology, drainage systems and erosion patterns; maximising the use and reuse of local fill material from the area of land disturbance; ensuring potentially hazardous materials are contained on site (including drainage systems that capture contaminated run-off from accidental spills and leaks) and enhancing future site restoration plans;
4. efficient equipment specification, maintenance and operational control: to prioritise equipment that is fuel efficient, well maintained, and controlling operations to mitigate environmental impacts;
5. clear operational management control: to ensure the right documentation is in place to deliver operational activity in line with a given project’s environment, social and safety objectives; ensuring the requirements of GKP’s health and safety and environmental management systems are met; and ensuring the recommendations of the development environmental management plan are adhered to; and



6. preparedness for unplanned events: to embed effective emergency response and contingency plans, that are resourced and rehearsed to mitigate any unforeseen events that could have a significant environmental or social impact.

Soil remediation

We aim to avoid any instances of contaminated soil, surface water and groundwater resulting from our operations, in particular drilling, to prevent any risks to public health and safety or our impact on the environment. As part of our standard procedure, all waste drilling cuttings and fluids are managed in line with Kurdistan legislation and international standards. We also ensure that any pits that are excavated next to well pads to hold drilling fluid are remediated after any drilling operations are completed.

Waste management

Gulf Keystone maintains high standards of waste management in the Shaikan Field and our offices. We sort our waste into four categories:

- liquid hazardous waste: includes waste crude oil, contaminated water and drilling fluids;
- liquid non-hazardous waste: includes uncontaminated water and cooking oil;
- solid hazardous waste: includes drilling cuttings, metal containers, chemicals and medical waste; and
- solid non-hazardous waste: includes food waste, packaging, glass and metals.

All waste generated at GKP operational sites is transported to a centralised Waste Management Area, where it is separated by our in-house Waste Management Team. Waste that can be recycled or reused is then transported to specialist recycling companies. All our waste management suppliers are approved by the Ministry of Natural Resources.

95% of our solid non-hazardous waste was recycled in 2023, a small increase on 2022. The decrease in our solid hazardous waste recycling rate from 85% to 49% primarily reflects the suspension of our drilling programme following the closure of the Iraq-Turkey Pipeline, meaning the majority of the drilling cuttings produced in 2023 were stored in well pad pits. As in 2022, a large amount of the drilling cuttings recycled in 2023 were used to produce roadside concrete barriers.

We recycled 100% of our liquid non-hazardous waste in 2023. While 100% of our liquid hazardous waste was collected by a specialist recycling contractor, the recycling rate is subject to an ongoing audit of the company.

Water management

With our operations situated in a region that is prone to drought, having a strong water and wastewater management process in place is a key consideration – not only for our own business but for our land and local communities.

The majority of our water use, measured as water withdrawn, is associated with our drilling activities. The remainder is used for operational requirements and as drinking water in our production facilities. Water withdrawn of 74,799 m³ in 2023 (2022: 80,628 m³) primary reflected the drilling and completion of two wells, SH-17 and SH-18, prior to the suspension of expansion activity, as well as water used at our production facilities.

Wastewater management

Our sewage wastewater is continuously treated in sewage treatment units, with samples taken from the inlet and outlet streams to ensure the units are operating efficiently and that the quality of the effluent meets WHO guidelines.

Any wastewater from drilling activities with oil traces is collected and transported via vacuum trucks to an MNR-approved refinery that specialises in recycling oil and lubricants of different grades from waste containing oil and/or hydrocarbons.



Sustainability report

continued

Social

Our focus

Our contribution to Kurdistan's social and economic development is critical to our licence to operate and our long-term future success. Throughout our corporate history, we have been committed to creating significant local economic value by employing local people, supporting local suppliers and generating revenues for our host government from the Shaikan Field. We regularly engage with and invest in our local communities, as we continue to strengthen the relationships we have built over 16 years working in Kurdistan. We also continue to focus on making GKP a great place to work, embedding a culture underpinned by our corporate values.

SDG alignment



SDG 4: Quality education

Projects focused on education and skills development are a key strategic focus of our local community engagement programme (see page 43).



SDG 5: Gender equality

We are focused on increasing the number of women who work for GKP and empowering female leaders through our Global Women's Network (see page 40).



SDG 8: Decent work and economic growth

We have a track record of generating economic value for Kurdistan, creating local jobs and developing our people, supporting regional suppliers and generating revenues for the region through production from the Shaikan Field (see page 41).

Target

Zero harm to staff, contractors and local communities

Key performance highlights

Material factor	Indicator	Unit	2021	2022	2023
Health, safety and wellbeing	Total Recordable Incident Rate ("TRIR")	Incidents per million man-hours	1.37	0.45	1.09
	Lost Time Incident Rate ("LTIR")	Incidents per million man-hours	0.68	0	0.54
Gender diversity	Proportion of female staff in workforce (as at 31 December)	%	9	14	16
	Proportion of female staff in Kurdistan (as at 31 December)	%	7	12	14
	Proportion of female staff in UK (as at 31 December)	%	30	38	37
Generating economic value in Kurdistan	Proportion of local staff in workforce (as at 31 December)	%	74	74	86
	Local supplier purchasing and contracting (80% WI) ⁽¹⁾	\$m	49	64	30
	Proportion of total purchasing and contracting with local suppliers ⁽¹⁾	%	58	35	36
	Payments to host government ⁽²⁾ (80% WI)	\$m	335.8	514.9	143.1
Local community projects	Total value of contributions to local communities (80% WI)	\$	640,000	833,500	7,500

References

(1) Purchasing and contracting data prior to 2023 reflects amounts contracted but not necessarily spent in the year with local suppliers, used as a proxy for actual expenditure. 2023 purchasing and contracting figures reflect actual expenditures in the year. The Company plans to publish actual expenditures in future years.

(2) See the Report on Payments to Governments for 2023 on page 149 for full disclosure.

Health, safety and wellbeing

The health, safety and wellbeing of our workforce and local communities is a priority. Safety is one of GKP’s six core values and integrated across all organisational levels and operational activities. We believe that no job is so urgent or important that it cannot be done safely, which is why we are committed to zero harm across all our business activities.

Health, safety, environment and quality governance

Health, safety, environment and quality (“HSEQ”) governance is a core responsibility for our executive team. Led by our Chief Executive Officer (“CEO”), the Board oversees our HSEQ strategy and receives regular updates on our performance via the Safety and Sustainability Committee. The Executive Committee addresses health and safety via ongoing operational meetings which include senior management meetings.

Our Chief Operating Officer (“COO”) holds weekly health, safety and sustainability meetings with GKP’s Head of Safety and Sustainability to ensure that our HSEQ Action Plan, HSEQ-related metrics and daily actions are appropriately addressed. This includes upholding the principles and expectations outlined in Gulf Keystone’s Health, Safety, Security, Environment and Community Policy and our Code of Business Conduct.

Our 2023 HSEQ Plan

Our annual HSEQ Plan outlines GKP’s roadmap for improving HSEQ performance and measuring HSEQ metrics throughout the year. The annual HSEQ Plan is put forward by our COO to the Executive Committee at the start of the year for approval and is endorsed by the Safety and Sustainability Committee before being rolled out.

In 2023, the HSEQ Plan included actions to embed further improvements to the HSEQ Management System, to continue to enhance process safety, provide ongoing training and embed improvements to our air quality monitoring programme. We also conducted an extensive project with our IT department to digitise various HSEQ tools. This included the implementation of digitised observation cards and a digital incident investigation and reporting system. It also comprised the development of an HSEQ dashboard on the Company intranet, a clinic management system and a Personal Protective Equipment management system.

As at 31 December 2023, we achieved a 98.8% completion rate of the Plan, including minor modifications made to the actions set out at the beginning of the year as a result of the suspension of Kurdistan exports.

Life Saving Rules

Embedded into our approach to safety are Gulf Keystone’s Life Saving Rules. These are based on the International Association of Oil & Gas Producers’ Life Saving Rules and provide all our people and contractors with practical life saving guidance required in the field. The nine Core Rules and 11 Supplementary Rules are regularly discussed and reinforced at safety briefings, highlighted in various places around our facilities and are reviewed on an ongoing basis to ensure they remain front-of-mind for all our staff.

GKP Life Saving Rules

Core Rules	Supplementary
<div style="display: flex; justify-content: space-between; align-items: center;"> <div style="display: flex; gap: 10px;"> <div style="text-align: center;">1 </div> <div style="text-align: center;">2 </div> <div style="text-align: center;">3 </div> <div style="text-align: center;">4 </div> </div> <div style="background-color: #005596; color: white; padding: 10px; text-align: center; width: 60%;">Personal Safety</div> </div>	<div style="display: flex; justify-content: space-between; align-items: center;"> <div style="text-align: center;">10 </div> <div style="text-align: center;">11 </div> <div style="text-align: center;">12 </div> <div style="text-align: center;">13 </div> <div style="text-align: center;">14 </div> </div>
<div style="display: flex; justify-content: space-between; align-items: center;"> <div style="display: flex; gap: 10px;"> <div style="text-align: center;">5 </div> <div style="text-align: center;">6 </div> <div style="text-align: center;">7 </div> </div> <div style="background-color: #005596; color: white; padding: 10px; text-align: center; width: 60%;">Driving</div> </div>	
	<div style="display: flex; justify-content: space-between; align-items: center;"> <div style="text-align: center;">15 </div> <div style="text-align: center;">16 </div> <div style="text-align: center;">17 </div> <div style="text-align: center;">18 </div> </div>
<div style="display: flex; justify-content: space-between; align-items: center;"> <div style="display: flex; gap: 10px;"> <div style="text-align: center;">8 </div> <div style="text-align: center;">9 </div> </div> <div style="background-color: #005596; color: white; padding: 10px; text-align: center; width: 60%;">Control of Work</div> </div>	<div style="display: flex; justify-content: space-between; align-items: center;"> <div style="text-align: center;">19 </div> <div style="text-align: center;">20 </div> </div>

Sustainability report

continued

Social continued

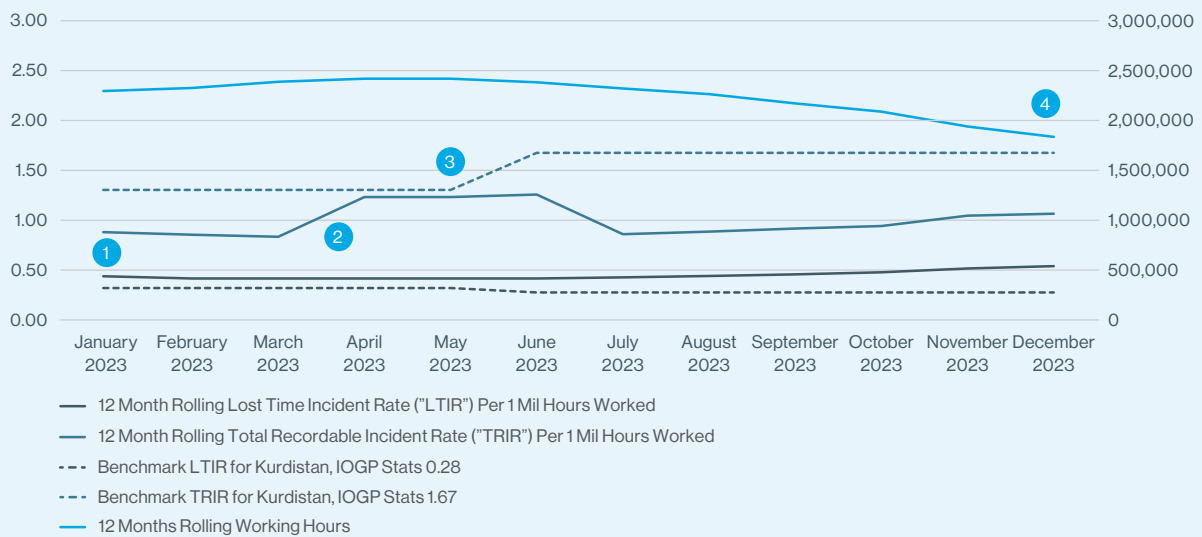
Health, safety and wellbeing continued

2023 health and safety performance

2023 was a year of significant operational change, in which the Company transitioned from driving profitable production growth to shutting in production and terminating all drilling and expansion activity following the suspension of exports in March. Trucking operations were started in July, which were last used in 2019.

Despite the pressure on GKP's teams to quickly adapt to the new environment, a rigorous focus on safety was maintained. Following the disappointing Lost Time Incident in January 2023 related to drilling operations, a year of zero LTIs was achieved on 14 January 2024 and 430 LTI-free days have been recorded as at 20 March 2024. Two recordable incidents occurred in 2023, including the LTI in January and a minor injury related to the closing of a car bonnet in April.

2023 LTIR and TRIR versus working hours



- 1 January 2023: Recordable incident and LTI related to same accident.
- 2 April 2023: Second recordable incident.
- 3 June 2023: IOGP publishes new benchmark data.
- 4 Decrease in 12-month rolling working hours reflects suspension of all expansion activity following the closure of the Iraq-Turkey Pipeline.

Emergency response planning

We have long-standing tiered emergency response plans in place on our sites, which are regularly tested through a combination of drills and response exercises covering different operational and security-related scenarios. In 2023, several desktop sessions, refresher training and field drills were conducted with the incident and emergency management teams.

Our people

Our team of over 400 staff and contractors in Kurdistan and the UK are the lifeblood of our organisation. To support them, we are focused on fostering a safe, diverse and inclusive working environment that enables our people to thrive and develop their careers. We are also deeply committed to enhancing employment opportunities for local people in Kurdistan and we place a strong emphasis on hiring directly from our local communities in the Shaikan Field.

Our purpose and values

As a purpose-driven business, GKP exists to develop natural resources for the benefit of all stakeholders by delivering social and economic benefits by working safely and sustainably with integrity and respect.

Our culture is underpinned by six core values which provide the building blocks for how we operate and get things done as a team.

It is by embodying these values that we can deliver our purpose and meet our strategic objectives.

To ensure we live these values every day, we hold regular meetings, briefing sessions, town hall sessions, as well as “coffee chats” and surveys, to give our people the opportunity to share their views, listen to our progress and understand our shared direction.

GKP’s values

 Safety	Safety comes first. No job is so urgent or important that it cannot be done safely.
 Social responsibility	We are committed to meeting high standards of corporate citizenship by protecting the wellbeing of our employees, by safeguarding the environment and by creating a long-standing, positive impact on the communities where we do business.
 Trust through open communication	We understand the importance of listening and open communication with employees, our business partners, stakeholders and shareholders – our success depends on everyone. We encourage an environment of open and continuous communication and build our relationships on trust.
 Innovation and excellence	We are committed to a high-performance culture and to ensure sustained long-term value for not only our external stakeholders but also our employees through learning, mentoring and career development.
 Integrity and respect	Doing the right thing. We are always guided by the highest standards of ethical conduct, integrity and fairness. Respect is: ensuring diversity and equal opportunities in the business with our partners, stakeholders and contractors, and seeking to conduct our business openly and to mutual benefit of all.
 Teamwork	Positive and constructive collaboration and relationships between all employees is vital to deliver outstanding performance in everything we do.

Sustainability report

continued

Social continued

Our people continued

2023 in review and the year ahead

2023 was a challenging year for the Company and our workforce. Following the suspension of Kurdistan exports in March 2023, the Company moved quickly to preserve liquidity and reduce costs. This regrettably meant having to reduce the size of the organisation. Our expat workforce was reduced by over 60% and half of our local workforce were placed on reduced working hours prior to the commencement of local sales in July. All training and development activities were paused and the performance bonus for the year was eliminated for all staff.

Following the initiation of local sales in July 2023 and the restart of labour-intensive trucking operations, we have been able to reinstate full working hours for our local staff as we maintain operational capability across both production facilities to increase sales and swiftly restart exports. We were also pleased to pay our staff a small recognition payment for the year to acknowledge their hard work during volatile and stressful circumstances. Since the exports suspension, we have been focused on providing regular internal communication to navigate our people through the changes in the operating and economic environment and collect feedback on what we could be doing better.

Looking to 2024, we are continuing to preserve liquidity and minimise costs in the absence of pipeline exports and normalisation of KRG payments. Nonetheless, we are doing what we can to retain and develop the workforce capability we need to return to exports while continuing to embed a culture underpinned by our values and a focus on employee wellbeing, diversity and inclusion.

Diversity and inclusion

At Gulf Keystone, we seek to create a strong culture in which the principles of diversity and inclusion are promoted across the business. As detailed in our Diversity and Equal Opportunities Policy, we treat all people fairly, equally and without prejudice irrespective of their gender, sex, age, race, disability, sexual orientation or any other attributes.

We work hard to build an inclusive culture that creates a strong sense of belonging and purpose. We believe our individual differences and unique cultural perspectives add value to our expertise and enable us to find innovative solutions to solve challenges. As at 31 December 2023, our workforce was comprised of 20 different nationalities.

We also recognise we operate in an industry with low rates of female participation. As a result, we make a concerted effort to attract and retain female talent, improve the balance of our workforce and to create opportunities for the development and promotion of women into senior leadership roles. GKP's Global Women's Network, established in 2022, focuses on driving professional development and advocacy for women across the organisation. In 2023, the proportion of women in our workforce increased further to 16% (2022: 14%).

Learning and development

We are committed to attracting, retaining and developing talented individuals. To achieve this, we provide training and development programmes for all our employees to help build the skills we need for today while also supporting them with their long-term career ambitions. While all programmes were paused following the suspension of exports in March 2023, we intend to reinstate them once the operating environment improves.

Management Development Programme

Aimed at supporting senior leaders in the business to develop skills for effective management.

Oil & Gas Mini MBA

Focused on providing staff early in the careers with a better understanding of the international and local E&P industry, the basics of petroleum geology and project lifecycles and the skills needed to make critical decisions.

Coaching & Mentoring Programme

Workshop programme designed to equip managers and supervisors with some of the basic skills, knowledge and confidence to coach and mentor individual team members.

Situational Leadership Programme

Enabling GKP leaders to give their direct reports the right amount of direction and support for each task they face at the exact time they need it.

English and Kurdish language training

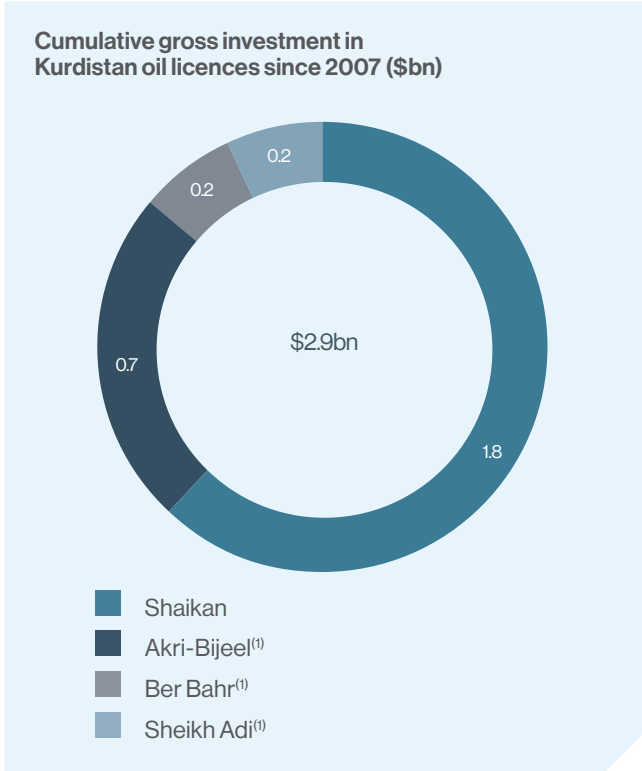
Focused on building further cohesion among our teams in the UK, Erbil and the Shaikan Field.



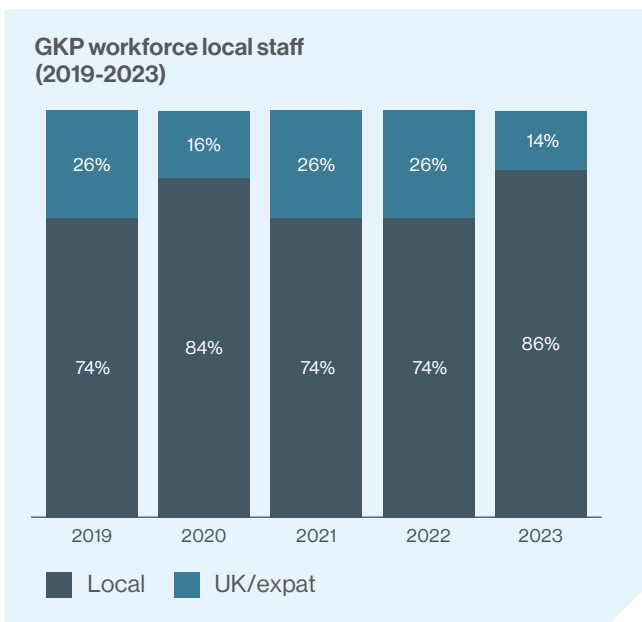
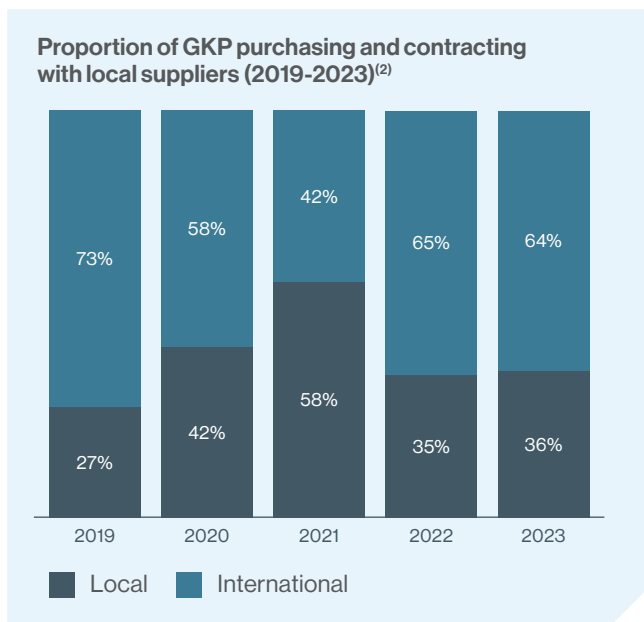
Case study: GKP’s economic and social contribution to Kurdistan

Since our entry into Kurdistan in 2007, we have created significant economic value for the region. To date, we have invested with our partners around \$2.9 billion gross in the exploration, development and production of crude oil, \$1.8 billion of which has been spent in the Shaikan Field and \$1.1 billion across three other licences which have since been relinquished. GKP and other International Oil Companies (“IOCs”) have funded all at-risk capital to develop the region’s industry, which has been enabled by the mutually beneficial risk and reward structure of the Production Sharing Contract.

Over the past five years, 40% on average of our purchasing and contracting has been with local companies. We are also committed to the employment of local people, who in recent years have consistently accounted for between 74-86% of our total workforce.



(1) Licences since relinquished.



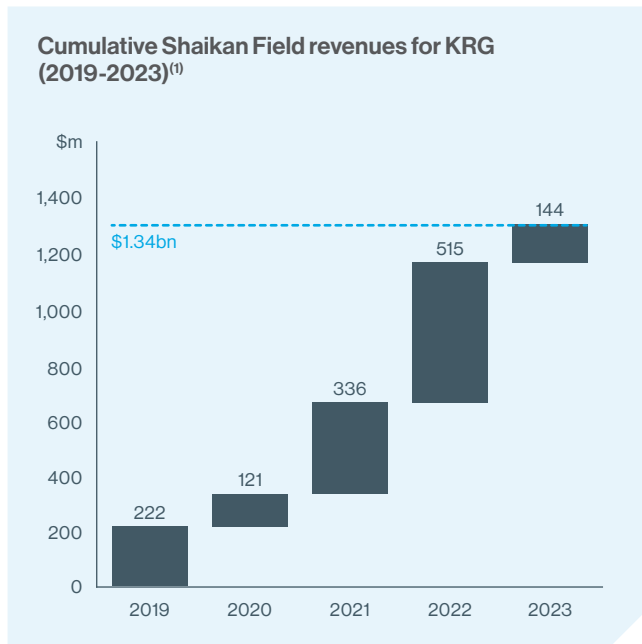
(2) Purchasing and contracting data prior to 2023 reflects amounts contracted but not necessarily spent in the year with local suppliers, used as a proxy for actual expenditure. 2023 purchasing and contracting figures reflect actual expenditures in the year. The Company plans to publish actual expenditures in future years.

Sustainability report

continued

Social continued

Case study: GKP's economic and social contribution to Kurdistan continued



(1) Based on "Payments to host government" data.

Our investment, as well as the size of the Shaikan Field and its track record of profitable production growth, have made us a key participant in the rapid development of the Kurdistan oil industry. The Shaikan Field alone has generated over \$1.3 billion of revenues for the Kurdistan Regional Government in the last five years.

At the beginning of 2023, we had been progressing a large expansion programme targeting profitable production growth from the Jurassic reservoir. At the same time, we had been advancing towards key project sanction milestones of the Shaikan Field Development Plan. The full plan would have seen increased investment in the Shaikan Field and wider economy. Unfortunately, all expansion activity was suspended shortly after the closure of the Iraq-Turkey Pipeline on 25 March 2023 as we moved to reduce costs and preserve liquidity. Combined with the loss of export revenues and the suspension of investment plans by other International Oil Companies, the event has had a large impact on both Kurdistan and Federal Iraq's economies.

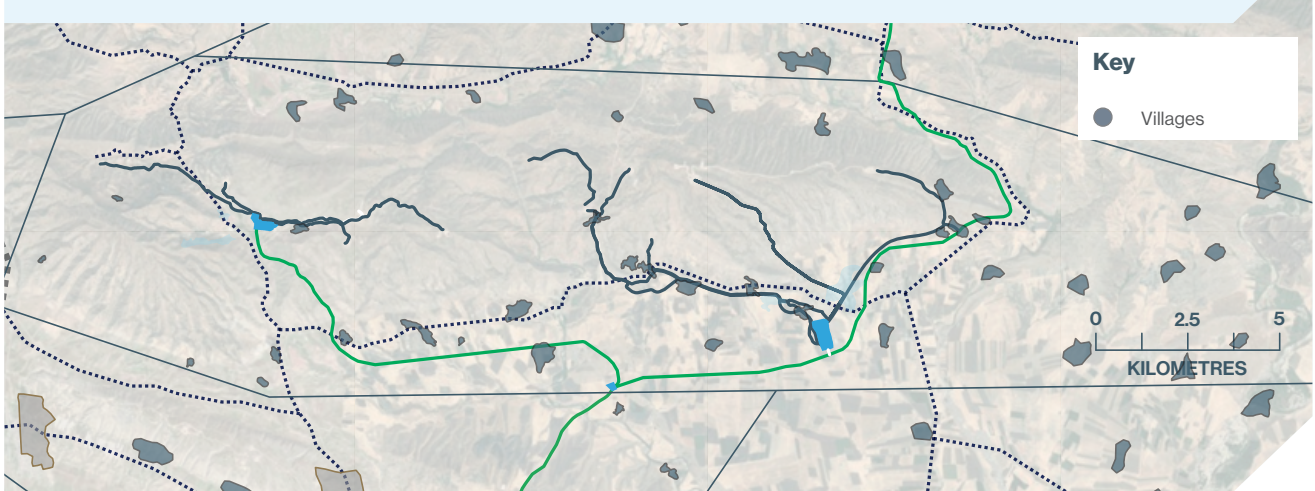
Looking ahead, there is significant potential economic value to be unlocked for both Kurdistan and Iraq through the restart of exports and the re-establishment of a constructive investment environment for International Oil Companies and investors. Billions of dollars of revenues would begin flowing again into the economy, while the significant further investment needed to maintain and grow Kurdistan's oil production would benefit local suppliers and people. We continue to work as a company and industry to push for a solution.



Local community engagement

Our relationships with local communities are critical to our licence to operate. There are over 25 villages in the Shaikan area close to our operations; by listening and responding to their needs and by supporting valuable community initiatives, we have been able to make a lasting impact.

Map: Shaikan Field villages



We work in close collaboration with our local communities to identify programmes that promote economic growth, social development and shared prosperity. Our community focus is split into three core areas. Firstly, we support regional agriculture – the second largest sector of Kurdistan’s economy after oil and gas. Secondly, we support local education and enterprise projects. And thirdly, we support Good Neighbour projects that provide vital community infrastructure, such as power and water.

GKP’s support for local community projects in 2023 was significantly impacted by the suspension of exports and our subsequent response to preserve liquidity.

Despite the limited budget, we were able to make a difference to the lives of our communities in 2023. In addition, projects we have funded in the past, such as an olive oil extraction plant and hydroponic fodder facilities, continued to provide benefits. We are pleased in 2024 to be planning a more meaningful contribution of \$100,000, focused on delivering some critical projects. A summary of our 2023 and 2024 contributions is provided below.

Hydroponic fodder facilities (Agriculture)

In 2023, we were pleased to support the opening of two additional hydroponic fodder facilities in villages close to the Shaikan Field, having been the first IOC in the region to open such a facility in 2022. Hydroponic farming enables plants and crops to be grown without soil, which is very valuable in an area that is often impacted by drought. With a little water and power that is part generated by solar panels, the facilities can produce up to one tonne of fodder per day, which is enough to feed around 500 sheep, goats and other local livestock. In 2023, around 360 tonnes of fodder were produced for local farmers from the three facilities.

Livestock support (Agriculture)

We also support local farmers with the tools and infrastructure they need to take care of their livestock. A vital initiative has been the provision of dip pools for sheep and goats, which enable farmers to eliminate external parasites. Pools constructed previously in 2019 and 2020 helped prevent outbreaks of haemorrhagic fever in 2023. In 2024, we are planning to fund and build an additional pool.

Sustainability report

continued

Social continued

Local community engagement continued

Olive oil extraction and trees (Agriculture)

We have previously provided local farmers with thousands of olive trees to provide a productive method of sequestration for the area. As well as providing year-round greenery, the olives can be converted into olive oil via an extractor donated by GKP in 2021. In 2023, the extractor processed over 115 tonnes of extra virgin olive oil from local trees, supporting farmer livelihoods.

In 2024, we are planning to fund a new bottling machine for the extractor to improve productivity, as well as a machine enabling the creation of charcoal briquettes from the waste olive skins and pips. We will also deliver over 4,000 additional high oil content olive trees.

Community infrastructure (Good Neighbour)

We have an extensive track record of supporting our local communities to fund and develop vital infrastructure via our Good Neighbour projects programme. Requests we receive from villages typically relate to the provision of new water pipes, tanks, wells and filtration systems as well as power lines and generators.

In 2023, with the restart of local sales via trucking, we provided speed bumps, zebra crossings and traffic signs to protect children travelling to local schools in the Shaikan area.



Governance

Our focus

Outstanding governance, ethical conduct and compliance are the foundation of GKP’s business and underpin our purpose as a responsible energy company. We have taken significant steps to establish robust oversight and management of our sustainability strategy and climate-related risks and opportunities. We also continue to embed a focus on ethical conduct and compliance at all levels of the organisation.

Key performance highlights

(All dates as at 31 December of each year)

Material factor	Indicator	Unit	2021	2022	2023
Board oversight	Proportion of independent Directors on Board ⁽¹⁾	%	57%	63%	57%
	Proportion of independent Directors on Nomination Committee	%	100%	100%	100%
	Proportion of independent Directors on Audit and Risk Committee	%	100%	100%	100%
	Proportion of independent Directors on Remuneration Committee	%	100%	100%	100%
	Proportion of female Directors on Board	%	14%	25%	29%
	Director Board meeting attendance	%	100%	100%	100%

(1) Includes independent Non-Executive Chairman.

Board and management oversight of GKP’s sustainability strategy

GKP’s Board meets regularly to consider and discuss the Company’s strategy, policies, major capital expenditure and all aspects of the Company’s activities and business operations. This includes active involvement and ultimate accountability for matters relating to safety, sustainability and climate change through oversight of GKP’s sustainability strategy.

The Safety and Sustainability Committee has primary responsibility for ensuring appropriate systems are in place to manage health, safety, security and environmental risks, including climate-related risks and opportunities, as well as implementing and monitoring appropriate safety and sustainability-related governance processes across the Company. This includes the development of relevant KPIs and making recommendations of improvement where appropriate. The Safety and Sustainability Committee meets four times per year and reports all matters discussed into the Board.

All significant decisions affecting sustainability matters and climate-related risks and opportunities are considered by the Board upon the recommendations of the Safety and Sustainability Committee.

Gulf Keystone’s Chief Operating Officer (“COO”) is executive sponsor for sustainability and climate-related risks and opportunities and has an open and regular dialogue with the Safety and Sustainability Committee. He is supported by the HSE and Sustainability team, headed up by Gulf Keystone’s Head of HSE and Sustainability, who is in turn supported by a dedicated Sustainability Manager. The COO, Safety and Sustainability team and other members of the Executive Committee and senior management team are part of the Sustainability Panel, which has the mandate of facilitating the execution of GKP’s sustainability strategy.

Further information on the Board’s role and responsibilities, as well as the oversight and management of climate-related risks and

SDG alignment



SDG 8: Decent work and economic growth

We are passionate about generating economic value for Kurdistan, creating local jobs, supporting regional suppliers and generating revenues for the region through production from the Shaikan Field (see page 41).

Targets

Effective governance and compliance

Annual workforce compliance with Code of Business Conduct

opportunities in the organisation, can be found in the Corporate governance report on pages 76 to 86 and in our TCFD report on pages 46 to 56.

Ethics and compliance

We are committed to operating as a responsible business that upholds the highest standards of ethics and compliance wherever and however we operate. Failure to do so could put our licence to operate at risk and result in significant legal and financial losses.

Anti-bribery and corruption

We operate a zero-tolerance approach to bribery and corruption. It is essential that the Company maintains transparent relationships free from corruption with our host government, suppliers, contractors and local communities. This protects our reputation and our licence to operate, as well as the ability to access funding and operate effectively. To monitor our activity, we operate an independent whistleblowing service in the event any employee wishes to raise a concern, either online or over the phone, anonymously and without fear of reprimand.

With the reintroduction of crude sales to local buyers in July 2023, in addition to GKP’s existing controls, a detailed due diligence process was implemented that must be completed prior to any crude sales with a new buyer.

Code of Business Conduct

To reinforce our commitment to ethics, GKP’s Code of Business Conduct (“COBC”) contains an overview of our policies and procedures relating to anti-bribery and corruption, conflicts of interest, competition and anti-trust, data and information security, diversity, harassment, human rights, modern slavery and HSEQ. All GKP staff receive mandatory annual training on the COBC at the beginning of each year, following which they are required to sign a certificate, confirming their compliance for the past and coming year. 100% of GKP’s workforce completed the Code of Business Conduct certification process in 2023.

Task Force on Climate-related Financial Disclosures (“TCFD”) report

We recognise the need to develop and produce from the Shaikan Field in a way that minimises our impact on the local environment and addresses climate-related risks and opportunities.

GKP has taken significant steps in recent years to develop a sustainability strategy, with a focus on minimising the Company’s environmental footprint, while addressing climate-related risks and opportunities. 2020 represented GKP’s first disclosure to address the TCFD recommendations and since then the Company has focused its efforts on enhancing its disclosures, with the climate-related financial disclosures in the 2022 annual report fully compliant with TCFD’s recommended disclosures.

Gulf Keystone’s climate-related financial disclosures made in the 2023 annual report are fully compliant with all 11 of the TCFD’s recommended disclosures described in “Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures” published in October 2021, in line with the Financial Conduct Authority’s LR9.8.6 requirement. The Company’s disclosures are also compliant with the TCFD’s additional recommendations for the oil and gas industry outlined in the same publication mentioned above, including reporting of scope 1 emissions by source, presented on page 31 of the Sustainability report. Full compliance with TCFD demonstrates GKP’s commitment to addressing climate-related risks and opportunities, with the four pillars of TCFD embedded into our business and strategy.

TCFD Pillar 1 – Governance

GKP’s Board is responsible for the Company’s sustainability strategy and governance, and its focus on addressing climate-related risks and opportunities. The Board is supported, as appropriate, by its Board Committees. The sustainability strategy is integral to GKP’s overall strategy and ability to create long-term value for its shareholders and other stakeholders.

Board members meet at least four times per year with members of GKP’s Executive Committee and senior management to consider a wide range of climate-related risks and opportunities and to facilitate the sustainability strategy’s success.

The broader workforce and organisation are empowered to support the sustainability strategy through regular communication and GKP’s Sustainability Champions initiative, which brings together representatives from each of the Company’s business departments to support GKP’s sustainability strategy, including addressing climate-related risks and opportunities. In 2024, the Sustainability Academy was established to improve our workforce’s understanding of sustainability issues through training and learning initiatives.

Board and Board Committees



a) Describe the Board's oversight of climate-related risks and opportunities

The Board

The Board carries out robust assessments of GKP's principal and emerging risks, including those related to climate change, as maintained in the Company's Sustainability and Climate Risk Register. The Company's sustainability strategy, including climate-related risks and opportunities, is the responsibility of the Board, with specific issues and responsibilities related to the strategy delegated to the appropriate Board Committees. The Board has significant oil and gas industry experience and expertise and continues to develop its knowledge and expertise on climate-related matters.

In 2023, the Board met ten times and discussed climate-related risks and opportunities on five occasions. Meetings were attended by Board Directors, as well as other members of the Executive Committee.

Throughout the year, the Board considered climate-related risks and opportunities when reviewing GKP's strategy, capital allocation, budgeting and risk management. A particular theme of the Board's discussions was the impact of the suspension of exports on climate-related issues. Specific topics were as follows:

- impact of the suspension of exports on the sanction and implementation of the Gas Management Plan and other decarbonisation projects;
- early discussions regarding potential alternatives to the Gas Management Plan to improve the scope and cost of the project;
- impact of the suspension of exports on the Company's scope 1 and 3 emissions;
- review of the Company's Sustainability and Climate Risk Register at least twice a year; and
- analysis of market trends related to climate change, including upcoming changes to global climate-related regulation.

As part of the discussions, the Board reviewed reports from relevant Board Committees on specific topics, in particular from the Safety and Sustainability and Audit and Risk Committees.

Further detail on the role and responsibilities of the Board is available in the Corporate governance report on pages 77 to 86.

Safety and Sustainability Committee

The Safety and Sustainability Committee is responsible for ensuring that appropriate systems and resources are in place to manage the Company's commitment to safety and sustainability, including the management of climate-related risks and opportunities. The Committee, supported by the Technical Committee, monitors and oversees progress of climate-related goals and targets.

In 2023, the Safety and Sustainability Committee met four times and discussed climate-related risks and opportunities at all four meetings.

The below topics were discussed:

- impact of the suspension of exports on the sanction and implementation of the Gas Management Plan and other decarbonisation projects;
- early discussions regarding potential alternatives to the Gas Management Plan to improve the scope and cost of the project
- impact of the suspension of exports on the Company's scope 1 and 3 emissions, including the transition from pipeline exports to local sales and trucking operations;
- review of climate-related data reported by GKP and Kurdistan peer companies;
- the Company's Sustainability and Climate Risk Register;
- analysis of market trends related to climate change, including upcoming changes to global climate-related regulation; and
- oversight of GKP's commitment to maintain full compliance with TCFD recommendations.

Further detail on the role and responsibilities of the Safety and Sustainability Committee is available in the Safety and Sustainability Committee report on pages 94 and 95.

Audit and Risk Committee

The Audit and Risk Committee is responsible for overseeing GKP's financial reporting, internal risk management and control functions, internal audit requirements and the appointment and oversight of the Company's internal (as appropriate) and external auditor. This responsibility includes oversight of the identification and mitigation of climate-related risks, including physical and transition risks defined by TCFD, as maintained in the Company's Sustainability and Climate Risk Register. The Committee reviews key risks from the Company's risk registers, including the Company's Sustainability and Climate Risk Register, on an annual basis, following which a risk report is provided to the Board. The Committee also ensures that there is appropriate disclosure on climate-related risks and opportunities within the Company's financial reporting.

The Safety and Sustainability Committee is responsible for providing regular verbal and written updates on climate-related matters to the Audit and Risk Committee.

Further detail on the role and responsibilities of the Audit and Risk Committee is available in the Audit and Risk Committee report on pages 89 to 93.

Remuneration Committee

The Remuneration Committee determines GKP's remuneration policy for Executive Directors, Executive Committee members and employees, which includes sustainability and climate-related metrics. Further information on how the Board, upon the recommendation of the Remuneration Committee, embeds climate-related metrics and targets into its remuneration policy can be found on page 55 of the TCFD report.

Further detail on the role and responsibilities of the Remuneration Committee is available in the Remuneration Committee report on pages 97 to 111.

Task Force on Climate-related Financial Disclosures (“TCFD”) report continued

TCFD Pillar 1 – Governance continued

a) Describe the Board’s oversight of climate-related risks and opportunities continued

Nomination Committee

The Nomination Committee is responsible for the identification and nomination of Directors for vacancies on the Board and other Board Committees, as and when they arise.

The Board and Nomination Committee aim to ensure that for future appointments to the Board, there is an appropriate balance of skills and experience that continues to align with GKP’s overall business objectives, which include a focus on addressing climate-related risks and opportunities.

Further detail on the role and responsibilities of the Nomination Committee is available in the Nomination Committee report on pages 87 to 88.

Technical Committee

The Technical Committee provides support and guidance for the Shaikan Field operations and development planning and project execution activities. Within this, it oversees GKP’s produced gas management strategy and other carbon reduction opportunities.

Further detail on the role and responsibilities of the Technical Committee is available in the Technical Committee report on page 96.

b) Describe management’s role in assessing and managing climate-related risks and opportunities

Executive Committee and senior management

GKP’s Executive Committee, comprised of the CEO, CFO, Chief Operating Officer, Chief Commercial Officer, Chief Legal Officer and Company Secretary and Chief HR Officer, is responsible for managing climate-related risks and opportunities on a day-to-day basis and for executing GKP’s sustainability strategy. The CEO and CFO are Executive Directors.

The Chief Operating Officer (“COO”), John Hulme, is executive sponsor for the sustainability strategy and climate-related risks and opportunities. He reports directly to the Chief Executive Officer and is responsible for updating the Safety and Sustainability Committee and the Board on the sustainability strategy and climate-related risks and opportunities. The COO has weekly meetings with heads of departments, including the Head of Safety and Sustainability, to discuss climate-related issues and updates.

The Head of Safety and Sustainability shares updates and decisions with the wider Safety and Sustainability team and reports regularly to the Executive Committee and senior management team on sustainability and climate-related issues.

The GKP Sustainability Panel

In 2022, the GKP Sustainability Panel was created, with the mandate of facilitating the execution of GKP’s sustainability strategy, ensuring that the Company has the necessary resources and systems in place to oversee, manage and monitor sustainability issues, including climate-related risks and opportunities, and uniting and coordinating all Company managers and employees whose responsibilities include sustainability and climate-related issues.

The Sustainability Panel meets on a quarterly basis. Meetings in 2023 reviewed, among other things, updates to the Company’s Sustainability and Climate Risk Register, progress in developing and advancing the Company’s Climate Change Opportunities Register and maintaining full compliance with the TCFD recommendations. The panel also discussed emerging climate change regulation including the first two IFRS Sustainability Disclosure Standards, IFRS S1 and IFRS S2, the UK’s Transition Plan Taskforce (“TPT”) Disclosure Framework and the Taskforce on Nature-related Financial Disclosures (“TNFD”).

The permanent members of the Sustainability Panel include the Executive Committee, the Safety and Sustainability team, the Company’s Country Manager, the Head of Investor Relations and Corporate Communications, the Group Financial Controller and the Group Financial Planning & Analysis Manager. Other senior management members and employees are invited to attend and contribute, as appropriate.

TCFD Pillar 2 – Strategy

a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term

GKP assesses climate-related risks and opportunities for its business and strategy across three distinct time periods: short term, medium term and long term. These are based on the time periods in which we would expect a potential financial impact on the Company to materialise and are bounded by the duration of the Shaikan Field licence, which is set to expire in 2043, assuming extensions permitted under the Production Sharing Contract.

- Short term (2024 to 2026)
- Medium term (2027 to 2031)
- Long term (2032 to 2043)

Given that 100% of GKP's revenues are generated from a single oil asset, the Shaikan Field, in the Kurdistan Region of Iraq, all of GKP's climate-related risks and opportunities are deemed to be related to a single sector and geography.

Climate-related risks

GKP's Board and management team have identified a number of transition and physical climate-related risks, which are maintained in the Company's Sustainability and Climate Risk Register and regularly reviewed and updated by the management team and Board.

For each risk, the Company determines the relevant time horizon(s), assesses the potential financial impact on the Company and describes the Company's strategic response and resilience. Risks are categorised as either transition or physical: transition risks relate to policy and legal, market conditions, reputation and technology; physical risks can be event driven (acute) or longer-term shifts (chronic) in climate patterns.

Materiality of climate-related risks

To assess the potential financial impact and materiality of climate-related risks, the Company uses a risk matrix to determine expected probability and impact, considering the key financial and non-financial metrics that could be affected. Further detail on the Company's identification, assessment and management of climate-related risks is available on pages 54 and 55, Pillar 3 – Risk Management.

As the operator of a single oil-producing asset, the most material risk to the Company's strategy and valuation is the oil price. Carbon prices, which are not currently in place in Kurdistan, could also have a material impact, if implemented. As a result, GKP believes that climate-related risks connected to the transition to a lower carbon economy could have a material financial impact on the Company. The qualitative assessment of climate-related transition risks is summarised in the table on pages 49 and 50 and the Company has carried out scenario analysis on oil price and carbon price, described on page 52 to assess the potential impact on its strategy and valuation.

Regarding physical risks of climate change, the Company has identified potential chronic and acute risks, including extreme changes in weather patterns, extreme weather events and rising mean temperatures. However, these risks are not currently deemed to be material to our strategy and valuation, given the design of GKP's facilities, operational processes and focus on asset integrity to mitigate these risks. There has been no discernible financial impact from climate-related physical risks in recent years.

The impact of climate-related risks on our supply chain is currently not considered to be material.

Climate-related transition risks

Type of risk	Potential financial impacts	Our strategic response
<p>Transition Market</p> <p>Risk description Decreased oil demand and oil prices</p> <p>Time horizon SML</p>	<ul style="list-style-type: none"> • Decreased revenue from lower crude sales • Decreased profitability and cash generation from lower realised prices • Impairment and early retirement of existing assets 	<ul style="list-style-type: none"> • Maintain low production costs to enable profitable production at lower realised prices • Develop flexible capital programmes that can be quickly adapted to changing market conditions • Maintain a robust balance sheet and prudent liquidity levels
<p>Transition Market</p> <p>Risk description Unable to secure financing due to increasing lender focus on emissions and climate change</p> <p>Time horizon SML</p>	<ul style="list-style-type: none"> • Inability to fund development projects and other capital allocation priorities 	<ul style="list-style-type: none"> • Proactively engage with existing and potential shareholders and lenders • Monitor the Nordic Bond market, where GKP has previously secured debt financing • Explore alternative sources of financing, including those linked to addressing climate change and emissions reduction

Key:

S = Short term, M = Medium term, L = Long term

Task Force on Climate-related Financial Disclosures (“TCFD”) report continued

TCFD Pillar 2 – Strategy continued

a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term continued

Climate-related transition risks continued

Type of risk	Potential financial impacts	Our strategic response
<p>Transition Market</p> <p>Risk description Increased cost of raw materials, equipment and technology</p> <p>Time horizon ML</p>	<ul style="list-style-type: none"> Increased operational expenditure due to changing input costs (e.g. fuel costs) Increased capital expenditure due to changing input costs (e.g. production and drilling equipment, decarbonisation technology) Decreased profitability and cash generation 	<ul style="list-style-type: none"> Monitor raw material costs Actively engage with supply chain to secure the best possible prices and reduce price volatility through negotiation of multi-year contracts Develop flexible capital programmes that can be quickly adapted to changing market conditions Maintain a robust balance sheet and prudent liquidity levels
<p>Transition Policy and Legal</p> <p>Risk description Introduction of carbon pricing/taxation Introduction of new regulations Exposure to litigation</p> <p>Time horizon SML</p>	<ul style="list-style-type: none"> Decreased revenue from lower crude sales Decreased profitability and cash generation from lower realised prices Increased costs from complying with new regulation and from litigation/fines Impairment and early retirement of existing assets 	<ul style="list-style-type: none"> Implement decarbonisation projects, principally the Gas Management Plan, to reduce carbon emissions and potential impact of carbon prices/taxes Maintain low production costs to enable profitable production at lower realised prices Develop flexible capital programmes that can be quickly adapted to changing market conditions Maintain robust balance sheet and prudent liquidity levels Monitor and comply with existing and emerging regulation, where applicable
<p>Transition Technology</p> <p>Risk description Substitution of crude oil with lower emission products and technologies</p> <p>Time horizon ML</p>	<ul style="list-style-type: none"> Decreased revenue and profitability Impairment and early retirement of existing assets Increased expenditures 	<ul style="list-style-type: none"> Implement decarbonisation projects, principally the Gas Management Plan, to reduce carbon emissions Maintain low production costs to enable profitable production at lower realised prices Develop flexible capital programmes that can be quickly adapted to changing market conditions Maintain a robust balance sheet and prudent liquidity levels
<p>Transition Reputation</p> <p>Risk description Negative public perception of oil and gas industry</p> <p>Time horizon ML</p>	<ul style="list-style-type: none"> Reduced access to talent Increased hiring and employment costs Increased staff turnover rate 	<ul style="list-style-type: none"> Proactively communicate GKP’s sustainability strategy and focus on addressing climate risk to all stakeholders Implement initiatives to attract, retain and develop talent Monitor relevant data regarding employment trends in the UK and Kurdistan

Key:

S = Short term, M = Medium term, L = Long term

Climate-related opportunities

GKP's climate-related opportunities comprise decarbonisation projects to reduce the Company's scope 1 emissions. The Company's primary opportunity is the Gas Management Plan, as well as a number of potential smaller projects.

The Company has identified several potential benefits from these opportunities:

- By lowering emissions, the Gas Management Plan and other decarbonisation projects would reduce the financial impact on the Company from the potential introduction of carbon prices, thereby increasing the Company's resilience to transition-related risks, as described in the scenario analysis in Pillar 2c on pages 52 and 53.
- While the Gas Management Plan and other decarbonisation projects would likely not produce any revenue, their costs would be recoverable through production under the terms of the Shaikan PSC.
- Lower carbon intensity production could improve the sustainability credentials of the Company with its stakeholders, including investors, lenders and employees, and could potentially increase access to capital.

Following the closure of the Iraq-Turkey Pipeline and suspension of Kurdistan crude exports on 25 March 2023, the Company moved to preserve liquidity, suspending all expansion activity. This included our progression towards the sanction and implementation of the Gas Management Plan and the ongoing assessment and development of other decarbonisation projects. While we remain committed to pursuing climate-related opportunities and significantly reducing our emissions, a return to investment will require a resumption of exports and confidence in the commercial and payment environment.

The Gas Management Plan

GKP's primary climate-related opportunity is the Gas Management Plan ("GMP"), a component of the Shaikan Field Development Plan.

Based on the most recently submitted scope to the Ministry of Natural Resources, the GMP will eliminate almost all routine flaring at the Company's production facilities by processing and reinjecting associated gas. Some of the processed gas will also be used for power generation at the production facilities, displacing the use of diesel. Once online, the project is expected to transform GKP's carbon footprint, more than halving scope 1 emissions intensity versus the original 2020 baseline of 38 kgCO₂e per barrel.

As noted above, we have paused progression towards sanction while the investment environment remains unclear. Nonetheless, we are taking the opportunity to explore alternative options to the Gas Management Plan, with a focus on changing the project radically, and therefore the impact on implementation timing and cost.

Additional decarbonisation projects

GKP has developed a list of other potential decarbonisation projects, with the objective of further reducing GKP's scope 1 emissions during the life of the Shaikan Field beyond the reduction targeted by the GMP. Potential options include eliminating methane emissions from the venting of our production facility storage tanks, improving heat recovery in oil processing and replacing operational power demand with cleaner fuel sources, such as gas or solar.

All work to progress these projects has been paused for the time being to preserve liquidity. This includes the methane venting project which we had previously prioritised to bring online in 2024. We intend to resume this activity following the resumption of exports and renewed confidence in the commercial and payments environment. In the meantime, we are reviewing and prioritising the project list so we are ready to proceed with the most effective initiatives at the appropriate time.

b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning

As an energy company, we recognise the importance of incorporating climate-related risks and opportunities into our strategy and financial planning. This includes assessing the potential impact of climate-related risks and opportunities on our production of crude oil and broader operations, our use of global and regional supply chains and our access to and allocation of capital. We do not currently invest in research and development.

We incorporate climate-related risks and opportunities into our strategy and financial planning by:

- Assessing in our Sustainability and Climate Risk Register the potential operational and financial impact of climate-related transition and physical risks on our business and identifying strategic responses to mitigate their impact, as described in section 2a on pages 49 to 51.
- Developing our Climate Change Opportunities Register to capitalise on climate-related opportunities that could benefit the Company, as described in section 2a on pages 49 to 51.
- Using scenario analysis to assess both the resilience of our strategy and business to material climate-related risks and the mitigating benefits of climate-related opportunities, primarily the Gas Management Plan, as described in section 2c on pages 52 to 53.

Task Force on Climate-related Financial Disclosures (“TCFD”) report continued

TCFD Pillar 2 – Strategy continued

c) Describe the resilience of the organisation’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

To assess the resilience of our strategy to a transition to a lower carbon economy and the climate-related transition risks identified in section 2a on pages 49 to 51, GKP has updated a scenario analysis exploring the impact on the Company’s internal base case net present value from two scenarios published by the International Energy Agency (“IEA”) in its 2023 World Energy Outlook, both associated with a rise in global average temperatures of less than 2°C in 2100. The scenarios include:

1. Announced Pledges Scenario (“APS”); and
2. Net Zero Emissions by 2050 (“NZE”).

The IEA scenarios reflect different potential government, industry and consumer responses to rising global demand for energy, resulting in different trajectories for oil demand, oil prices and carbon prices, which, as the operator of a single oil-producing asset, are key determinants for the Company’s future cash generation and value. Both scenarios cover the combined period identified by our short, medium and long-term time horizons on page 49 (from 2024 to 2043, the end of the Shaikan licence period).

We have applied the scenario assumptions in our valuation model to test the resilience of our strategy, with the same assumptions also used as the foundation for impairment testing, referenced on page 134.

The IEA scenarios have been chosen by the Company for their independence, high degree of acceptance in the global oil and gas industry among corporates and investors, annual updates to forecasts and adjustment of carbon prices for emerging markets, such as Iraq. The relevance of the IEA scenarios to the Company will continue to be assessed for future updates of the analysis.

Announced Pledges Scenario (“APS”)

The Announced Pledges Scenario assumes that governments will meet, in full and on time, the climate-related commitments they have made, including longer-term net zero emissions targets and pledges in Nationally Determined Contributions (“NDCs”). This leads to a global temperature rise of 1.7°C in 2100.

Global oil demand in the scenario is assumed to decrease from around 97 mb/d in 2022 to approximately 93 mb/d in 2030, followed by a more than 40% decline to around 55 mb/d in 2050, with passenger cars, road freight and industry responsible for the largest reduction. Oil prices (real 2022) are expected to remain reasonably strong at \$74/bbl in 2030, with declines to \$60/bbl by 2050.

No carbon prices are assumed to be in place in the scenario until 2031, in line with the IEA’s assumptions for emerging market and developing economies without net zero emissions pledges (which currently includes Iraq). From 2031, the scenario assumes carbon prices (real 2022) are implemented, increasing from \$2 tCO₂ in 2031 to \$26 tCO₂ by the end of the Shaikan licence period in 2043.

Net Zero Emissions by 2050 (“NZE”)

This scenario depicts a pathway for the global energy sector to reach net zero energy-related CO₂ emissions by 2050 by deploying a wide portfolio of clean energy technologies. According to the IEA, it recognises that achieving net zero energy sector CO₂ emissions by 2050 depends on fair and effective global cooperation, with advanced economies taking the lead and reaching net zero emissions earlier in the NZE scenario than emerging market and developing economies. This limits global warming to 1.5°C in 2050 and leads to a global temperature fall to 1.4°C by 2100.

Global oil demand in the scenario is assumed to radically change, dropping by 2.5% each year on average between 2022 and 2030 to around 78 mb/d, and by more than 5.5% each year from 2030 to around 24 mb/d in 2050. The oil price (real 2022) is increasingly set by the operating cost of the marginal project, falling to around \$42/bbl real in 2030 and to \$25/bbl by 2050.

Carbon prices (real 2022) are assumed to be in place from 2025, even in emerging market and developing economies without net zero emissions pledges, with real prices rising from \$4 tCO₂ in 2025 to \$25 tCO₂ in 2030 and to \$114 tCO₂ by the end of the Shaikan licence period in 2043.

Modelling assumptions and key drivers of value

In both the Company’s base case and the IEA scenarios, present value is driven by:

- oil price assumptions; for modelling purposes, all scenarios assume the restart of exports in Q4 2024 and return to sales at the Brent price adjusted for a quality and transportation discount;
- carbon price assumptions; the Company conservatively applies the full carbon prices in the APS and NZE scenarios, even though 1) IEA oil prices already incorporate carbon prices and 2) it is not clear what average carbon intensity per barrel of production the IEA assumes above which carbon prices would be applied;
- the production profile estimated from the Shaikan Field and the timing of start-up of the Gas Management Plan, which reduces emissions and lowers any exposure to carbon prices. Both are driven by the timing of the Company’s future investment programme and implementation of the Shaikan Field Development Plan; and
- the weighted average cost of capital used to discount future cash flows.

Due to the Company's current focus on preserving liquidity following the suspension of Kurdistan exports and ongoing uncertainty regarding the future investment outlook, the Company's base case and both IEA scenarios incorporate an estimated return to development drilling in H1 2026, with the Gas Management Plan only assumed to be operational in 2028. These assumptions are for modelling purposes and do not reflect any firm commitment by the Company.

In the APS scenario, net present value increases by 25% versus the Company's base case, primarily due to the more conservative oil price deck used in our internal financial planning assumptions, offset by the introduction of carbon pricing in the IEA scenario from 2031.

In the NZE scenario, net present value declines by 48% versus our base case. This is primarily driven by the sharply lower oil price deck versus our base case.

Value is also impacted by the introduction of carbon prices from 2025. While the GMP acts as a material mitigant against carbon prices, assumed start-up in 2028, as described in the modelling assumptions section above, means full exposure from 2025-2027. The combination of these factors, as well as the assumed delay to the development drilling and impact on production, means that the NZE scenario would lead to an impairment to the current carrying value of our assets.

However, if the Company's assumed future average carbon intensity per barrel of production is in fact at or below the undisclosed IEA carbon intensity per barrel of production, there would be no impairment.

If the oil and carbon price assumptions in the NZE scenario were to materialise, we would take steps to review our strategy and adapt our capital programme at the time. However, this currently seems unlikely given the continued outlook for oil prices and demand and the current levels of investment in clean energy. There has also been no indication that any plans exist for the introduction of carbon prices in Kurdistan or Federal Iraq in the near term. From a strategic perspective, until Kurdistan exports resume and our confidence in the commercial and payments environment is renewed, the Company will continue to minimise capital expenditures and costs to preserve liquidity.

The short-term period as identified in our scenario analysis is captured under the assessment period covered by the going concern and viability statement. The base case oil price used in these assessments up to the end of 2026 is lower than the NZE, the most conservative climate-related scenario, and therefore we believe that any further adverse oil price due to the impact of transition to a lower carbon economy is not material on going concern and viability.

TCFD Pillar 3 – Risk Management

a) Describe the organisation's processes for identifying and assessing climate-related risks

Risk identification

GKP's identification of climate-related risks combines a bottom-up approach, carried out by GKP's Safety and Sustainability team in collaboration with the Company's heads of departments, with top-down oversight from GKP's Executive Committee and Board, who hold ultimate responsibility for risk management.

Risks are identified initially by the Safety and Sustainability team with reference to existing and emerging regulatory requirements and guidelines, including those provided by TCFD, the International Energy Agency ("IEA"), the European Bank for Reconstruction and Development ("EBRD"), International Sustainability Standards Board ("ISSB"), International Petroleum Industry Environmental Conservation Association ("IPIECA") and the US Environmental Protection Agency ("EPA").

The risks are then discussed with relevant heads of department to agree relevance to GKP. Once agreed, risks are added to the Sustainability and Climate Risk Register, as described below, and reviewed by the Executive Committee, before being submitted to the Audit and Risk Committee and the Board. At the end of 2023, the Company had identified 12 climate-related risks. Material risks are outlined on pages 49 and 50 of Pillar 2 – Strategy.

Risk assessment

The Company maintains a separate Sustainability and Climate Risk Register, acknowledging the increasing importance of climate change to the Company's stakeholders and the need to manage climate-related risks in a more structured and comprehensive way.

Each risk contained in the Sustainability and Climate Risk Register is assessed based on the Company's risk matrix, which is used to assess the materiality of the Company's risks across all risk registers.

The relevance of climate-related risks is described in the Management of principal risks and uncertainties section on page 57 of the annual report.

GKP's risk matrix defines a rating, from "Lowest" to "Severe", for each risk according to probability of occurrence and severity of impact. To define severity, the Company considers the impact of the risk according to a number of dimensions and both financial and non-financial metrics, such as safety, environmental damage, annual production loss, financial loss, market impact, social impact and reputation and regulatory action, among others. To determine probability, the Company considers the frequency of past occurrences and an assessment of future potential occurrences. The Company's Chief Financial Officer leads a process whereby the heads of department and senior managers complete an assessment of each risk, which are then reviewed in detail by the Executive Committee.

In addition to determining severity and probability, the Sustainability and Climate Risk Register categorises risks as either transition or physical and identifies the most applicable time horizon, in accordance with TCFD requirements. The register also determines appropriate prevention and mitigation actions and assigns a risk owner to manage the risk with oversight from the Company's Executive Committee.

As described in Pillar 2 – Strategy, the Company believes that climate-related risks connected to the transition to a lower carbon economy could have a material financial impact on the Company. Physical risks of climate change are not currently expected to be material to our strategy and valuation.

Task Force on Climate-related Financial Disclosures (“TCFD”) report continued

TCFD Pillar 3 – Risk Management continued

b) Describe the organisation’s processes for managing climate-related risks

The Company’s Executive Committee is responsible for the overall management of the Sustainability and Climate Risk Register. The Risk Register is reviewed at least two times a year by the Audit and Risk Committee and the Board.

Each climate-related risk is allocated a risk owner and actions are identified to either prevent or mitigate the risk, as described in the climate related risk tables on pages 49 and 50.

c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation’s overall risk management

The approach implemented by GKP to identify, assess and manage climate-related risks is consistent with the Company’s overall risk management framework and processes applied to other business risks:

- the Sustainability and Climate Risk Register is one of several detailed risk registers maintained by heads of department and other appropriate senior managers, who identify, manage and rank risks. The process is supported by the Safety and Sustainability team and led by the CFO;
- the Executive Committee has oversight of all risk registers. All risks, including climate-related risks, are assigned an executive risk owner; and
- the Audit and Risk Committee reviews all risks that have been determined as material.

Further information on the Company’s management of principal and emerging risks can be found on pages 57 to 71.

Integration of climate-related risk management into overall risk framework

Board responsible for overall system of internal control and risk management			
Board			
Audit and Risk Committee reviews all risks, including material risks			
Audit and Risk Committee			
Risk registers reviewed by Executive Committee and risks assigned an executive owner			
Executive Committee			
Risks identified, ranked and managed by heads of department			
Sustainability and Climate Risk Register	Operational Risk Register	Corporate Risk Register	Finance Risk Register
Information Technology Risk Register	Operational Technology Risk Register	Fraud Risk Register	Project Risk Register

TCFD Pillar 4 – Metrics and Targets

a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process

GKP assesses climate-related risks and opportunities using a number of metrics. These metrics, which encompass GHG and other emissions and quantification of financial impact, are summarised as follows.

Type	Metric	Unit	Page
GHG emissions	<ul style="list-style-type: none"> Scope 1 GHG emissions, categorised by source according to the TCFD recommendations for oil and gas companies: <ul style="list-style-type: none"> flaring; venting; fugitive; and combustion of petrol, diesel and fuel gas. Methane emissions (also reported under scope 1 Flaring, Venting and Fugitive emissions); Scope 3 GHG emissions, categories 1-12. 	ktCO ₂ e	Page 31 Sustainability report
	Scope 1 GHG emissions intensity	kgCO ₂ e/bbl	Page 33 Sustainability report
			Page 32 Sustainability report
Financial impact	Dated Brent price	\$/bbl	Page 52 Pillar 2 – Strategy
	Carbon price	\$/tCO ₂	Page 52 Pillar 2 – Strategy
	Change in net present value	\$m	Page 53 Pillar 2 – Strategy

GKP recognises the importance of accurate and comprehensive data to ensure the Company can make appropriate strategic and risk management decisions. Our scope 1 and 3 emissions disclosures for 2022 and 2023 are independently verified by a third-party organisation, EcoAct, according to the ISO 14064-3:2019 standard.

The Group embeds metrics and targets related to climate change in its Executive Director and employee remuneration.

2023 metrics and targets

In 2023, the bonus plan included a KPI of 20% related to safety and sustainability, of which 8% was related to climate-related risks and opportunities. The KPI included objectives related to a project focused on eliminating methane venting from our oil storage tanks and the approval of the FDP, including the Gas Management Plan.

The suspension of exports and subsequent actions by the Company to preserve liquidity meant that all expansion activity, including progress towards sanction of the Gas Management Plan and elimination of methane venting, was suspended. As a result, the KPIs set at the beginning of the year were dropped and no bonus was recommended by the Remuneration Committee.

2024 metrics and targets

In 2024, the bonus plan includes a KPI of 20% related to safety and sustainability, of which 8% is related to climate-related risks and opportunities. Objectives include prioritising the list of additional decarbonisation opportunities and investigating and progressing alternatives to the Gas Management Plan, as described on page 51, Pillar 2.

Long Term Incentive Plan (“LTIP”)

For the 2024 LTIP award, the Remuneration Committee considered incorporating an ESG metric to make up no more than 20% of the total award. However, the Committee determined that prior to the sanction of the Gas Management Plan, and further progress on the Company's other decarbonisation opportunities, it was not possible at this stage to set sufficiently robust targets. The Committee agreed to consider the matter again for the 2025 LTIP award.

Further information is available in the Remuneration Committee report on pages 97 to 111.

Task Force on Climate-related Financial Disclosures (“TCFD”) report continued

TCFD Pillar 4 – Metrics and Targets continued

b) Disclose scope 1, scope 2 and, if appropriate, scope 3 greenhouse gas (“GHG”) emissions, and the related risks

GKP discloses scope 1 and scope 3 emissions in its Sustainability report on pages 31 and 33.

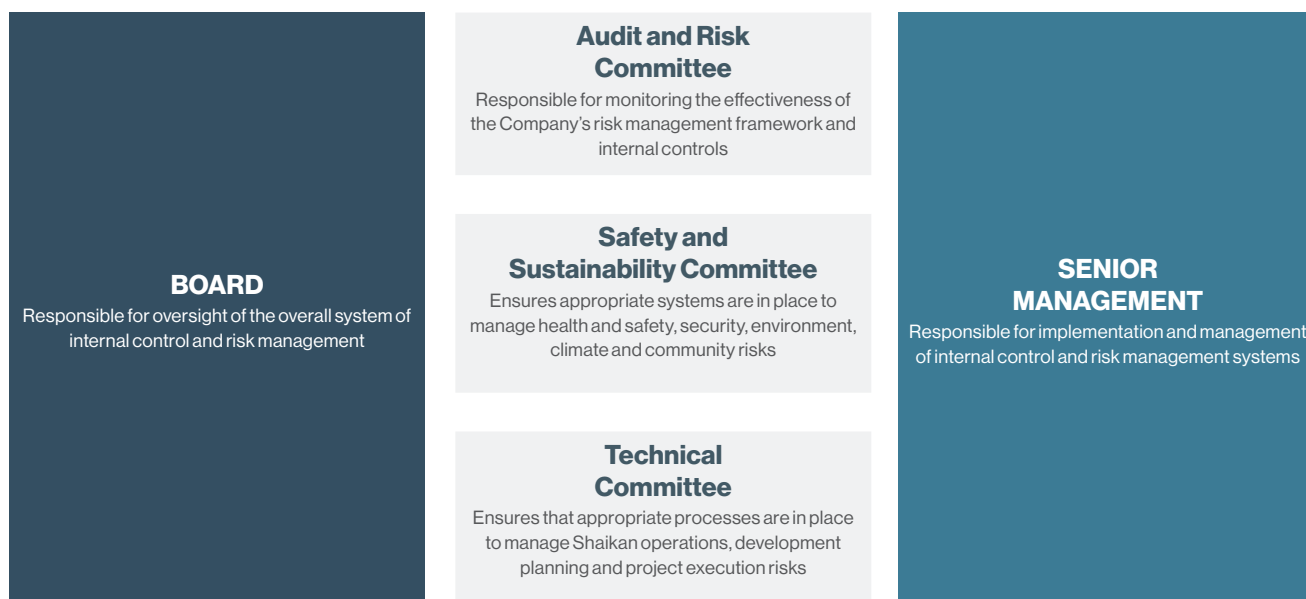
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets

It remains our ambition to significantly reduce our scope 1 emissions intensity to increase the sustainability of our operations, address climate-related risks and opportunities and maintain our licence to operate in Kurdistan. As part of the Shaikan Field Development Plan, we had been intending to implement a Gas Management Plan to eliminate almost all routine flaring. Subject to timely sanction and implementation of the project, including securing external financing, we were targeting to reduce our scope 1 emissions intensity by >50% by 2025, compared to an original 2020 baseline of 38 kgCO₂e. In addition, we had also been exploring a number of other decarbonisation opportunities and progressing as a priority a project to eliminate methane emissions from our storage tanks in 2024.

Following the closure of the Iraq-Turkey Pipeline and suspension of Kurdistan exports on 25 March 2023, the Company moved swiftly to preserve liquidity, suspending all expansion activity, including investment in decarbonisation opportunities. A return to investment will require a resumption of exports and confidence in the commercial and payments environment. As it is not clear at the current time when this will be, the Company’s emissions reduction targets have been suspended.

We remain committed to significantly reducing our emissions and will reinstate our targets when we have more clarity on the outlook. In the meantime, we are in the early stages of exploring alternative options to the Gas Management Plan, with a focus on optimising scope, implementation timing and cost. We are also prioritising our list of additional decarbonisation opportunities so we are ready to progress the most effective initiatives at the appropriate time.

Management of principal risks and uncertainties



Risk assessment framework

The Board regularly considers the Group's principal and emerging risks and reviews reports from the Audit and Risk, Safety and Sustainability and Technical Committees.

The Group considers potential emerging risks and maintains risk registers that incorporate strategic, sustainability and climate, commercial, financial, operations, projects, information technology and operational technology risks. The risk registers include clear definitions of the risk, potential impact, mitigating controls the Group has in place to reduce the impact or probability of the risk to an acceptable level, and potential further actions to further mitigate the impact or probability of the risk. Risks in the registers are included in the Company's risk matrix, which is used to assess the materiality of the Company's risks across all risk registers based on estimated impact and probability. The Company invites specialist advisers to complete independent assessments and, as appropriate, attend meetings with the Board and management to provide an assessment of particular risks which may affect the Company, such as climate, geopolitical, security and cyber security risks, thus enabling the Company to understand and plan for the mitigation of these risks.

The risk register is reviewed and challenged by senior management on a regular basis following consultation with owners of the risks and external consultants, as appropriate.

The Audit and Risk Committee regularly reviews the status of the Group's key risks and reviews the effectiveness of the internal control and risk management systems to ensure risks are appropriately identified, monitored and reported to the Board and are aligned with the Group's strategy.

The Safety and Sustainability Committee is primarily responsible for ensuring that appropriate systems are in place to manage health, safety, security and environmental risks, including climate-related risks, that is one of our principal risks, as well as corporate social responsibility.






The Technical Committee regularly reviews the Group's principal operational risks. It supports ongoing production operations and the Company's Shaikan development planning and project execution activities and ensures that appropriate processes are in place to manage project execution risks.

The Board monitors the Company's risk management and internal control systems by means of reports from the various committees and direct consideration of risk within the Board meeting agenda.

Management of principal risks and uncertainties continued

Principal risks

The Board has carried out a robust assessment of the principal and emerging risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity, recognising the Company remains dependent on its interest in a single asset, the Shaikan Field, located in the Kurdistan Region of Iraq. The following table indicates the principal risks the Group faces after considering mitigations. For each risk, the Group determines whether the level of risk, considering severity and probability, has changed in the year. The list is not exhaustive nor in priority order and may change.

Strategic		
Key risk factor	Potential impact	Mitigation
<p>Political, social and economic instability</p> <p>Risk owner: CEO</p> <p>Kurdistan and Iraq as a whole and the neighbouring region have a history of political, social and economic instability which continues to represent a risk to the Group, its operations and its personnel.</p> <p>Uncertainty may arise from changes in the KRG leadership or changes in the continued administration of the Shaikan licence by the KRG.</p> <p>Link to strategic priorities</p> <p>   </p> <p>Change in year</p> <p></p>	<p>There has been a history of tension between the political parties in the Kurdistan Region of Iraq and with the Federal Government of Iraq (“FGI”). The impact of the Federal Supreme Court ruling in February 2022, the ITP arbitration award and subsequent closure of the pipeline in March 2023, and the increased dependency of the Kurdistan Region of Iraq for budget transfers from the FGI that have not yet been clearly defined, have served to increase tensions and geopolitical risk.</p> <p>Any changes in the administration of the Shaikan licence or changes in government could generate uncertainty and may cause a material adverse impact to the Group, including changes in PSC terms.</p> <p>Other consequences of political, social and economic instability may include unrest or armed conflict, limits on production (including restrictions related to OPEC actions) or cost recovery, import and export restrictions, restrictions on pipeline exports, local sales constraints, price controls, uncertainty over payment mechanisms for export sales, imposition of additional costs and taxes, tax increases and other retroactive tax claims, revocation of licence to operate, expropriation of property, cancellation of contract rights and an increase in regulatory burdens and fiscal pressures on the KRG.</p>	<p>The Group engages in continuous dialogue with advisers and the KRG.</p> <p>The Group is a founding member of the Association of the Petroleum Industry of Kurdistan (“APIKUR”) that serves as a joint voice to advocate for and represent the common interests of its members.</p> <p>The Group acts as a responsible operator and adheres to the terms and requirements of the PSC, and holds regular, minuted meetings with the MNR.</p> <p>Given the lack of exports and delay in KRG payments, the Group has paused field development, including the Gas Management Plan, and finalisation of the FDP. The Group maintains an active dialogue with the Ministry of Natural Resources (“MNR”) and provides updates on production, local sales and planned work programmes and budgets.</p> <p>The Board closely monitors future spending plans, maintaining flexibility and phasing expenditures to ensure that an adequate cash balance and other potential sources of liquidity are identified and maintained to enable the Company to manage potential future uncertainties.</p>

Key

Strategic priorities



Safety and sustainability



Value creation



Capital discipline and cost focus



Robust financial position

Change in year



Increased level of risk





Similar level of risk



Decreased level of risk








New risk

Strategic continued		
Key risk factor	Potential impact	Mitigation
<p>Export route availability</p> <p>Risk owner: CCO</p> <p>Risks associated with the availability and accessibility of infrastructure allowing the Group to sell oil to export markets, and changes to export route forced on the Group which affect profitability.</p> <p>Link to strategic priorities</p> <p></p> <p>Change in year</p> <p></p>	<p>In March 2023, the International Chamber of Commerce in Paris awarded in Iraq's favour in the first of two long-running arbitration cases dating back to 2014 that claimed Turkey had violated the terms of a 1973 bilateral agreement by allowing the KRG to export crude oil through the pipeline without the FGI's consent. This arbitral award covered 2013 to 2017. The second arbitration, covering 2018 up to 2024 is still pending. The timing of the second arbitration decision and any potential award are unknown. On 25 March 2023, the Kurdistan Pipeline Company notified the Company that the ITP had been shut-in at Turkey's request. Despite ongoing political negotiations, the pipeline remains closed at the date of this report.</p> <p>Loss of revenue or reduction in profitability. The Group relies on the international pipeline between Fishkhabour (in Kurdistan) and Ceyhan (in Turkey) and the Kurdistan Export Pipeline for delivery of crude oil to international markets. Beyond the arbitration ruling and regional politics, the pipeline may be subject to interruption for a variety of reasons, including, but not limited to, technical, maintenance, repairs, damage (for example earthquake, military operations or terrorism), theft, smuggling or sanctions.</p> <p>The Shaikan Lifting Agreement between the Group and MNR that provided access to the Kurdistan Export Pipeline expired on 31 August 2022 and has not yet been extended as negotiations are ongoing related to the resumption of crude oil exports and payment of exports, including outstanding arrears.</p> <p>Based on our understanding, the agreement between the Turkish Government and the Federal Government of Iraq covering the Turkish export pipeline, dating from 1973, expires in July 2026, with a potential five-year extension period depending upon the status of renegotiation or formal termination. Any potential negotiations around the extension or renegotiation of the agreement are currently unknown.</p>	<p>While the Company waits for the reopening of the crude oil export pipeline and resumption of KRG payments, it has re-started crude oil sales to local buyers that truck the crude oil from the Company's facilities. The Group is aiming to at least cover monthly expenditures; however, the predictability of future local sales remains uncertain.</p> <p>The Company is targeting to enter into a new Shaikan Lifting Agreement. The timing to conclude such negotiations is currently unknown.</p>

Management of principal risks and uncertainties continued

Strategic continued

Key risk factor	Potential impact	Mitigation
<p>Stakeholder misalignment</p> <p>Risk owner: CEO</p> <p>The Group's long-term strategy and plans may not be fully aligned with all stakeholder groups due to the diverse nature of the stakeholders (including, but not limited to, shareholders, bondholders, the KRG, the MNR, the FGI, joint venture partners and local communities).</p> <p>Link to strategic priorities</p> <p>   </p> <p>Change in year</p> <p></p>	<p>Ineffective or poorly executed strategy may lead to loss of investor confidence and reduction in the Company's share price or credit quality, which reduces the Group's ability to access finance and increases vulnerability to a takeover.</p> <p>Misalignment between the KRG, FGI and IOCs may impact the Company's ability to sell crude oil locally and to the international market, receive payments on a timely basis for oil sales including recovery of outstanding arrears, and develop and realise the full potential of the Shaikan Field.</p> <p>Misalignment with our joint venture partner, the KRG or the MNR may result in delays or modifications to the development project, potentially impacting economic returns.</p> <p>Delays in FDP approval may impact Shaikan Management Committee timely approval of budgets, increasing cost recovery risk.</p> <p>The inability to finalise commercial negotiations with the MNR confirming either no changes are required to the existing PSC or that the PSC will be amended could potentially negatively impact profitability and stakeholder value.</p> <p>Amount of recoverable costs may be challenged and reduced, adversely impacting profit and cash generation from operating activities.</p> <p>Local community opposition may lead to project delays, inability to gain land lease extensions, significant security risk to our employees and contractors or, in extreme cases, loss of licence to operate.</p>	<p>The Group maintains regular dialogue with the Group's investor base and releases all key developments to the market through the London Stock Exchange's Regulatory News Service.</p> <p>The Group, along with APIKUR as appropriate, continues to engage with KRG officials to pursue a solution that provides PSC contract clarity, facilitates the restart of pipeline exports and normalises payments, including repayment of arrears.</p> <p>Once exports resume and oil sales payments have normalised, the Group expects to review and update the FDP, re-engage with the MNR towards project sanction and complete commercial negotiations to finalise lifting agreement terms. Commercial negotiations are expected to take into account revenue and contractual arrangements. While the overarching objective is to at least maintain the value of the current contract, there is a risk that may not be achievable.</p> <p>Shaikan Management Committee meetings including representatives of the MNR, MOL and GKP are held periodically to discuss issues and ensure alignment. Key decisions from meetings are formally documented.</p> <p>The Company strictly adheres to MNR-approved tendering processes and regularly updates the MNR on field operations and development progress, mitigating the potential impact of budget approval delays and cost recovery challenges.</p> <p>Strong community relations are vital to our ability to achieve local support for new projects. Gulf Keystone strives to be a good corporate citizen and fosters its reputation through strong and positive relationships with the governments and communities where we do business.</p> <p>The Group continues to collaborate with local and government stakeholders and has a CSR strategy to complement its existing community welfare initiatives.</p>

Key

Strategic priorities



Safety and sustainability



Value creation



Capital discipline and cost focus



Robust financial position

Change in year



Increased level of risk






Similar level of risk






Decreased level of risk



New risk

Strategic continued		
Key risk factor	Potential impact	Mitigation
<p>Disputes regarding title or exploration and production rights</p> <p>Risk owner: CEO</p> <p>The Iraqi government disputes the validity of the PSCs granted by the KRG.</p> <p>Link to strategic priorities</p> <p> </p> <p>Change in year</p> <p></p>	<p>If the validity of the PSCs was successfully challenged, the Group could be required by the KRG or FGI to either accept terms that are materially less favourable than the current PSC or relinquish the PSC.</p> <p>In February 2022, a majority decision of the Iraqi Supreme Court ruled that the Kurdistan Region of Iraq Oil and Gas Law (“KROGL”) was unconstitutional. The ruling also provides that the Iraqi Ministry of Oil may pursue annulment of Production Sharing Contracts issued by the Kurdish Regional Government (“KRG”). The KRG responded that “it will take all constitutional, legal and judicial measures to protect and preserve all contracts made in the oil and gas sector”.</p> <p>The Company learned from media reports that in proceedings brought by the Iraqi Ministry of Oil against various IOCs, on 23 October 2022, the Baghdad Commercial Court issued decisions to nullify the Production Sharing Contracts in absentia against Gulf Keystone and two other IOCs. Gulf Keystone did not have legal representation in the Court as the Group was not actually served with a notice of the court case. Media has also reported similar judgments issued against several other IOCs. The KRG continues to affirm that KROGL is validly constituted and the PSCs issued are valid and in full force and effect.</p> <p>Further to the Federal Supreme Court ruling and recent federal budget provisions, the FGI has assumed control of marketing Kurdistan’s crude oil pipeline exports as per Article 12 of the Iraq Budget 2023. The FGI has stated that existing Kurdistan PSCs may be unconstitutional, thus potentially requiring contractual amendments before crude oil export payments are made to International Oil Companies, although the KRG has robustly defended its rights under the constitution and KROGL. Through APIKUR, the Company has stipulated its conditions to considering a contract amendment, including a tripartite agreement amongst the FGI, KRG and IOCs, payment surety for past and future exports and preservation of contractual protections and commercial terms.</p> <p>In addition to the potential validity of the PSC, the rulings may impact the KRG’s ability to export crude oil or negotiate KBT selling prices, the Company’s ability to contract service contractors that also do business in Federal Iraq and other parties.</p>	<p>This is an industry-wide risk faced by all International Oil Companies operating in the Kurdistan Region of Iraq.</p> <p>The Group, along with APIKUR as appropriate, continues to engage with KRG and FGI officials to pursue a solution that provides PSC contract clarity, facilitates the restart of pipeline exports and normalises payments, including repayment of arrears.</p> <p>The Group also continues to consult with external legal counsel and other advisers on the matter.</p>

Management of principal risks and uncertainties continued

Strategic continued		
Key risk factor	Potential impact	Mitigation
<p>Business conduct and anti-corruption</p> <p>Risk owner: Anti-Bribery Officer</p> <p>Due to the nature of the industry sector and the region in which the Group operates, it is exposed to the risk that the Group, or parties acting on its behalf, breach relevant laws, including anti-bribery and corruption laws.</p> <p>The reintroduction of local crude oil sales has increased exposure to counterparty risks associated with potential crude oil buyers.</p> <p>Link to strategic priorities</p> <p></p> <p>Change in year</p> <p></p>	<p>Violation of anti-bribery, sanctions or corruption regulations by the Group, or those acting on its behalf, may result in a criminal case against Gulf Keystone and/or its employees which may lead to reputational damage, monetary losses, fines, imprisonment of staff and revocation of licence to operate.</p>	<p>The Chief Legal Officer and Company Secretary is the Anti-Bribery Officer for the Group and reports directly to the Audit and Risk Committee and Board.</p> <p>The Group has a Code of Business Conduct and various policies, including anti-bribery and corruption, whistleblowing and prevention of tax evasion, and has implemented training programmes to ensure understanding and promote ethical behaviours and compliance.</p> <p>All employees, agents and other associated persons are made fully aware of the Group's policies and procedures regarding ethical behaviour, business conduct and transparency. All Directors, staff and contractors are required to certify compliance with policies on an annual basis.</p> <p>The Group has robust controls around contracting, payment approvals and the non-facilitation of tax evasion.</p> <p>With the reintroduction of crude sales to local buyers, in addition to the Group's existing controls, a detailed due diligence process was implemented that must be completed prior to any crude oil sales with a new buyer. A comprehensive report is prepared on each potential buyer using diligence from a number of sources, both local and international. An adverse report will lead to a new buyer being declined.</p>
<p>Risk of economic sanctions impacting the Group</p> <p>Risk owner: Chief Legal Officer and Company Secretary</p> <p>The imposition of foreign economic sanctions impacts the ability of the Group to operate, or to produce, transport or market crude oil.</p> <p>Link to strategic priorities</p> <p></p> <p>Robust financial position</p> <p>Change in year</p> <p></p>	<p>In the event foreign economic sanctions (be it country, sectoral or specific) are made on Russian, Iranian or other owned companies, this could have an impact on GKP's ability to operate, or to produce, transport or market crude oil.</p> <p>Specifically, GKP may not be able to trade with local buyers of crude in the event they have any association with sanctioned entities or countries.</p>	<p>The Group continues to monitor the current economic sanctions imposed on a country, sectoral and specific basis and takes professional advice relating to this. The Group monitors the potential sanctions-related risks affecting all suppliers and stakeholders.</p> <p>The Group implemented robust procedures to manage potential exposure to sanctions resulting from selling crude oil to certain local companies. All potential crude oil buyers must satisfy the requirements of a detailed due diligence process. Also, all crude sales are conducted pursuant to contracts that include appropriate representations and protections.</p>

Key

Strategic priorities



Safety and sustainability



Value creation



Capital discipline and cost focus



Robust financial position

Change in year



Increased level of risk



Similar level of risk





Decreased level of risk






New risk

Strategic continued

Key risk factor	Potential impact	Mitigation
<p>Climate change</p> <p>Risk owner: CEO</p> <p>Climate change is a material global issue and Group risk. Climate-related transition risks may have a significant effect on the long-term viability of the Group.</p> <p>Link to strategic priorities</p>  <p>Change in year</p> 	<p>The transition to a low carbon economy may lead to a decline in oil demand resulting in lower oil prices, lower revenue, decreased profitability, increased capital and operational costs including costs relating to decarbonisation projects, impairment and early retirement of existing assets, flaring emissions or carbon taxes, reduced access to or increased cost of funding and insurance, disruptions to the supply chain, interruptions to production, increasing challenges and cost to attract and retain talent, increased exposure to litigation and climate activism, and increased compliance and monitoring costs related to new regulatory frameworks.</p> <p>The Group may also be impacted by physical risks due to climate change, including increasing frequency and magnitude of extreme weather events impacting operations, production efficiency losses, disruptions to the supply chain and weakened international cooperation.</p> <p>Additionally, conflicting stakeholder expectations and/or a lower oil price may lead to an inability of the Group to develop the asset.</p>	<p>The ability to achieve the Group's ambition of reducing emissions intensity and eliminating almost all routine flaring is dependent on sanction of the FDP and implementation of the Gas Management Plan with our partner MOL and the MNR. To preserve liquidity, the Group has suspended capital investment on the FDP and Gas Management Plan until crude oil exports resume and KRG payments normalise, including arrears. However, the Group continues to explore alternative options to the Gas Management Plan to optimise scope, implementation timing and cost as well as prioritise our list of other decarbonisation projects.</p> <p>The Company has formulated its sustainability strategy and an ESG implementation roadmap with key actions to mitigate climate change risk has been approved by the Board.</p> <p>The Group's bonus plan includes KPIs related to climate-related risks and opportunities and full compliance with the TCFD's recommendations and other relevant regulations and standards.</p> <p>A specific Sustainability and Climate Risk Register closely tracks and reviews existing and evolving risks along with identified mitigation actions.</p> <p>The Group continuously monitors air quality and its management of waste, water and wastewater, soil remediation and the impact of its facilities as part of its commitment to minimise impact on the environment and local communities.</p> <p>Maintain low production costs and monitor raw material costs to enable profitable production at lower realised prices and a robust balance sheet and prudent liquidity levels to fund required technology and decarbonisation projects. Actively engage with supply chain to secure required technology at the best possible price. Develop flexible capital programmes that can be quickly adapted to changing market conditions.</p> <p>Monitor relevant data regarding employment trends in the UK and Kurdistan. Implement initiatives to attract, retain and develop talent.</p> <p>Monitor weather and regularly review and update health and safety procedures and working patterns to adapt to changes in weather patterns. Maintain and practise crisis management and business continuity protocols to protect workforce and assets from extreme weather events.</p>

Management of principal risks and uncertainties continued

Strategic continued

Key risk factor	Potential impact	Mitigation
<p>Organisation and talent</p> <p>Risk owner: CHRO</p> <p>The Group may fail to retain, attract and develop talent, impacting its capability and capacity to safely execute the strategy and business plans.</p> <p>Link to strategic priorities</p> <p> </p> <p>Change in year</p> <p></p>	<p>Current geopolitical challenges and the inherent uncertainty associated with operating in Kurdistan may make it difficult to retain, develop and attract talent.</p> <p>The transition to a future less reliant on fossil fuels may impact the Group's ability to attract talent, especially younger talent, to manage the impact of an ageing workforce.</p> <p>The COVID-19 pandemic has changed expectations of the workforce, particularly remote working opportunities.</p>	<p>Annual targets are established to embed a culture that supports engagement, wellbeing, diversity, inclusion and ethical business conduct.</p> <p>Annual performance management process with clear links to corporate and individual goals encourages and rewards high performance.</p> <p>A clearly defined succession planning process has been established for key positions to proactively manage career progression, localisation of expatriate positions and development needs. Training programmes are implemented to meet identified development needs.</p> <p>The Group offers and maintains a competitive compensation and benefits plan, including hybrid working options, that are designed to attract and retain talent, while motivating short, medium and long-term high performance. Industry benchmarking exercises are completed periodically to ensure the plans remain competitive.</p> <p>While circumstances did not permit paying bonuses for the year ended 31 December 2023, recognition payments were made to all employees (excluding Executive Directors) to recognise their hard work and dedication in difficult circumstances. The recognition payments were, in aggregate, significantly less than the annual bonus.</p> <p>Considering the current challenging circumstances, retention arrangements have been implemented to stabilise management.</p> <p>Regular staff communications in the form of town halls, including staff surveys with action plans to facilitate interactions, understanding and engagement.</p> <p>Staff wellbeing initiatives implemented based on employee feedback and survey results.</p> <p>Code of Business Conduct and annual training, clearly outlining how we conduct business, safeguard our assets and work together to create a positive work environment.</p>

Key

Strategic priorities



Safety and sustainability



Value creation



Capital discipline and cost focus



Robust financial position

Change in year



Increased level of risk



Similar level of risk



Decreased level of risk






New risk

Strategic continued

Key risk factor	Potential impact	Mitigation
<p>Cybersecurity</p> <p>Risk owner: CFO</p> <p>The Group is reliant on information technology systems, software and cloud computing, exposing it to the potential impacts of malicious cyber attacks.</p> <p>Link to strategic priorities</p> <p></p> <p>Change in year</p> <p></p>	<p>A cyber security breach could disrupt our operational and development activities, expose the Company to ransomware demands, put employees at risk, or result in the disclosure of confidential information, which could adversely affect the share price, damage our reputation and create significant financial and legal exposure for the Group.</p> <p>As a result of rising tensions in the Middle East there could be an increase in the frequency and severity of cyber attacks.</p>	<p>The Group has implemented a Cybersecurity Strategy Group which oversees the strategy and roadmap to continuously identify and remediate system vulnerabilities.</p> <p>The Group has developed focused information and operational technology cyber risk registers to facilitate identification, management and mitigation of potential risks.</p> <p>The Group has contracted a recognised Managed Security Services Provider that employs several tools to manage cyber security risks on an ongoing basis, including third-party monitoring, vulnerabilities management, red team tests, dark web monitoring, endpoints and perimeter security and ongoing cyber security awareness training.</p> <p>The Group continues to invest in staff and software to monitor, maintain and regularly upgrade its systems, processes and network.</p> <p>The Group is enrolled on the Early Warning Service carried out by the UK National Cyber Security Centre.</p>

Management of principal risks and uncertainties continued

Operational

Key risk factor	Potential impact	Mitigation
<p>Health, safety and environment (“HSE”) risks</p> <p>Risk owner: COO</p> <p>The Group, its staff and contractors and local communities may be exposed to specific risks in relation to HSE matters.</p> <p>Identified risk areas include, but are not limited to, H₂S leaks at the production facilities, loss of containment, road traffic accidents and other accidents at production facilities and well sites.</p> <p>Link to strategic priorities</p> <p> </p> <p>Change in year</p> <p></p>	<p>Consequences may include accidents resulting in loss of life or injury, significant pollution of the local environment, destruction of facilities, disruption to business activities, risk of litigation and reputational damage with an associated financial loss.</p>	<p>The Board has established a Safety and Sustainability Committee to ensure that the Company has a robust HSSE strategy with clear lines of accountability and commitment throughout the organisation.</p> <p>The Company has established a sustainability strategy and is implementing the Board-approved ESG roadmap. In addition, the Company has developed specific risk registers and action plans to proactively identify and manage risks.</p> <p>The Group has comprehensive HSE and operations management procedures, including emergency and incident response plans. The Company establishes an annual HSE Plan to continuously improve its HSE performance (see “Key performance indicators” section on pages 22 and 23). In 2023, continued safety improvements were made to the Company’s production facilities.</p> <p>All staff undergo training as part of the Code of Business Conduct compliance. In addition, “safety moments” are held at every town hall and senior management meetings.</p> <p>Following the transition from pipeline to trucking operations in 2023, additional safety measures were put in place, including training and managing increased traffic around the Group’s facilities and local communities.</p>

Key

Strategic priorities



Safety and sustainability



Value creation



Capital discipline and cost focus



Robust financial position

Change in year



Increased level of risk







Similar level of risk





Decreased level of risk



New risk

Operational continued		
Key risk factor	Potential impact	Mitigation
<p>Gas flaring</p> <p>Risk owner: COO</p> <p>GKP currently relies on flaring as a disposal method for the gas produced as a by-product of its oil production, which creates an environmental impact. There is a risk that the Group does not achieve its target of reducing scope 1 CO₂e emissions per barrel by more than 50%, which has been deferred due to the shut-in of the ITP and KRG payment delays.</p> <p>Link to strategic priorities</p> <p></p> <p>Change in year</p> <p></p>	<p>The KRG may enforce a ban on gas flaring and/or introduce a financial penalty or other sanctions for gas flaring, resulting in reduction or cessation of production or a less favourable Shaikan asset valuation.</p>	<p>The Group maintains active dialogue with the MNR to ensure that it complies with the existing emissions regulations.</p> <p>Harmful gas emissions are closely monitored by the HSE department, with any variances outside normal levels investigated and reported to executive management and the MNR. In 2023, our annual average emissions of SO₂, NO₂, O₃ and H₂S measured by diffusion tubes were within Kurdish regulatory limits.</p> <p>The ability to achieve a reduction of routine flaring is dependent on the resumption of crude exports and normalisation of KRG payments, and then the approval of the FDP, finalisation of tendering of the Gas Management Plan with our partner MOL and the MNR and its subsequent implementation, and financing.</p> <p>The Group is exploring alternative options to the Gas Management Plan to optimise scope, implementation timing and cost.</p>
<p>Security</p> <p>Risk owner: COO</p> <p>The Group is exposed to security risks by virtue of the location of its operations. These include the threat of terrorist attack, military action and local protests and unrest at Gulf Keystone sites.</p> <p>Link to strategic priorities</p> <p></p> <p>Change in year</p> <p></p>	<p>Political unrest, armed conflict in Iraq and in the Middle East, or other security issues may lead to loss of life or injury to personnel, personnel evacuations, disruption to operations, costs to repair facilities, increased costs of doing business due to increased security and reduced staff retention, reputational damage with the associated financial loss and loss of investor confidence.</p> <p>There can be no assurance that the Group will be able to obtain or maintain effective security over any of the Group's assets or personnel.</p>	<p>The Board has established a Safety and Sustainability Committee to ensure that the Company has a robust HSSE strategy with clear lines of accountability and commitment throughout the organisation.</p> <p>In addition to ongoing internal security monitoring, the Company periodically completes external security reviews and implements improvements.</p> <p>The wells and facilities are protected by external security consultants and local government forces who work closely with the Group's internal security team.</p> <p>The Company retains external security advisers who prepare detailed risk assessments, security procedures and contingency plans which can be activated when threats arise.</p> <p>Local communities are an essential source of intelligence about the nature, severity and likelihood of any threat. The Group ensures it maintains good relations with the local population and considers the impact of all decisions on them.</p>

Management of principal risks and uncertainties continued

Operational <small>continued</small>		
Key risk factor	Potential impact	Mitigation
<p>Reserves</p> <p>Risk owner: COO</p> <p>Recoverable reserves decrease below existing stated levels, affecting the revenue and economic viability of the field.</p> <p>Potential changes to the PSC may impact the Group's ability to report reserves and resources in line with existing reserves reports.</p> <p>Link to strategic priorities</p> <p></p> <p>Change in year</p> <p></p>	<p>The last independent third-party evaluation of the Company's reserves was completed as at 31 December 2022 by ERCE. Due to the suspension of expansion activity and lack of clarity around when the export pipeline will reopen and KRG payments will normalise, uncertainty exists as to when development activity will recommence, which will be required to fully realise GKP's reserves base. As a result, while the Company has prepared an internal estimate of 2P reserves at 31 December 2023, it is difficult to estimate current reserves and resources.</p> <p>Due to natural uncertainty in the volumes of hydrocarbons in place and the proportion of those hydrocarbons that might be recoverable, the actual reserves may be lower than our most likely forecast.</p> <p>Any PSC amendment may impact the Group's ability to book reserves and resources.</p>	<p>The Company bases its reserve estimates on the existing PSC and its development plans. There are currently no plans to change the PSC (negotiations may be required as per risk "Disputes regarding title or exploration and production rights" above). The development plans use an assumption regarding the restart of exports and arrears to recommence development activity and finalise the FDP. These will be optimised when the actual dates and payments are known.</p> <p>The Group bases its forecasts and investment planning on a range of possible outcomes that include a low-side case.</p> <p>Seismic, fracture and structural models continue to be updated as wells are drilled in order to better understand the subsurface and optimise future well locations.</p>

Key

Strategic priorities



Safety and sustainability



Value creation



Capital discipline and cost focus



Robust financial position

Change in year



Increased level of risk



Similar level of risk





Decreased level of risk







New risk

Operational continued

Key risk factor	Potential impact	Mitigation
<p>Field delivery risk</p> <p>Risk owner: COO</p> <p>While expenditures have been minimised to preserve liquidity, with the resumption of crude oil exports and normalisation of KRG payments, the Company plans to consider increasing investment to realise the potential of the Shaikan Field. Once reinvestment restarts, there is a risk the Company does not achieve its updated investment case and economic and production returns do not match expectations. The delay to implementing some of the development plans (such as water handling) may increase the risk of not being able to deliver production targets due to the need to shut-in/choke back wells to deal with any produced water.</p> <p>The major identified risks are the following:</p> <ul style="list-style-type: none"> • loss of a well due to water or gas breakthrough, pressure decline or mechanical failure; • damage to wells during drilling and loss of drill fluids; • well locations are sub-optimal; and • cost overruns. <p>Link to strategic priorities</p>  <p>Change in year</p> 	<p>Failure to control development and production risks may manifest as project delays, cost overruns, high production costs, early field decommissioning and, ultimately, lower than expected reserves.</p> <p>Water breakthrough in advance of the installation of appropriate water-handling facilities may result in damage to the production facilities, and reduced well production and temporary well shut-ins resulting in failure to meet production targets.</p> <p>Gas breakthrough in volumes exceeding the limit of the gas processing capacity could result in reduced oil production and shutting-in the well with gas breakthrough.</p> <p>Drilling operations issues might result in cost overruns and project delays, and possibly even the termination of drilling operations.</p>	<p>Technical and financial approvals are required for all material projects and for all dedicated project teams.</p> <p>All projects are closely monitored to ensure the project delivers against plan, which enables actions to be taken to maintain progress, and minimise budget overruns.</p> <p>All wells are monitored to ensure early detection of, and reaction to, any abnormalities. Zones within wells which are producing water may be isolated while other zones in the well are brought on production. Wells are regularly tested to look for any changes in gas/oil ratio and to provide an early warning of any gas breakthrough.</p> <p>Reservoir modelling, including data acquired from well production and pressure measurements and the results from new wells, is carried out to improve our understanding and forecasting of this event. Our current analysis does not show inclement water breakthrough in advance of the scheduled installation of water handling and desalting facilities.</p> <p>Design of future development wells takes account of modelling to optimally locate the producing interval at a depth to minimise the risk of early gas and water breakthrough.</p>

Management of principal risks and uncertainties continued

Financial		
Key risk factor	Potential impact	Mitigation
<p>Liquidity and funding capability</p> <p>Risk owner: CFO</p> <p>The Group has insufficient working capital to meet short-term operational requirements or has insufficient funding in place to eventually pursue the full Shaikan development programme. The risk to short-term liquidity has been exacerbated by the ITP shut-in and delayed KRG payments.</p> <p>The Group's business in Kurdistan is substantially conducted in United States dollars. Recent initiatives by the Central Bank of Iraq ("CBI") have resulted in decreased access to United States dollars in Iraq and a gap between the official and unofficial foreign exchange rates. Further restrictions may impact the Group's access to United States dollars and increase the cost of foreign exchange conversions.</p> <p>Link to strategic priorities</p> <p>  </p> <p>Change in year</p> <p></p>	<p>Lack of liquidity may result in the Group not being able to function as a going concern and being unable to meet its operational and contractual commitments.</p> <p>Lack of funding may result in the Group's inability to fully achieve its strategy, failure to reach the stated field plateau, failure to service its debt, as appropriate, and inability to deliver a return to investors.</p> <p>Lack of capital discipline and operational cost focus may result in significant unplanned cash outflows and inadequate liquidity.</p> <p>Uncertainty remains around future CBI regulations and initiatives that may impact the local supply of United States dollars and ultimately the Group. If oil sales receipts are denominated in Iraqi dinars, it is currently uncertain how such amounts will be converted to United States dollars. Also, to the extent the Group is required to purchase Iraqi dinars to make local payments in Iraqi dinars, it could experience an increase in the United States dollar equivalent cost of local payments.</p>	<p>The Group targets to maintain a minimum level of cash to manage potential downside risks.</p> <p>The Company is currently debt free.</p> <p>The Company prepares detailed short-term and medium-term liquidity forecasts to clearly understand and proactively manage cash flows and commitments.</p> <p>The Board and management ensure that the planning process is robust. The Group's business plan is regularly reviewed and revisited by the Board to ensure that it reflects any changes to internal or external factors.</p> <p>Business planning and corporate performance management processes are used to control spend. These processes involve the review of multiple scenarios to assess a possible range of outcomes.</p> <p>The Group is closely monitoring the potential impact of CBI initiatives that may impact the local supply of United States dollars and consulting with advisers.</p> <p>The Group invests capital in phases and has a flexible capital programme, enabling it to quickly adjust levels of spending to adapt to changes in market circumstances and timeliness of KRG payments.</p> <p>The Group intends to further consider and review potential financing options to execute the GMP, once a decision has been taken to restart capital investment in the field.</p>

Key

Strategic priorities



Safety and sustainability



Value creation



Capital discipline and cost focus



Robust financial position

Change in year



Increased level of risk




Similar level of risk



Decreased level of risk



New risk

Financial continued		
Key risk factor	Potential impact	Mitigation
<p>Oil revenue payment mechanism</p> <p>Risk owner: CFO</p> <p>There is uncertainty relating to the revenue payment mechanism for oil in Kurdistan.</p> <p>There can be no assurance that PSC operators will be paid on a timely basis or will receive their full contractual entitlement.</p> <p>Link to strategic priorities</p> <p></p> <p>Change in year</p> <p></p>	<p>The shut-in of the ITP and lack of revenue payments from the KRG has adversely impacted the Group's ability to develop and invest in the asset. Such impact has been partially mitigated by the restart of local crude oil sales. To the extent the Company experiences decreased local sales, its ability to operate efficiently and to make necessary working capital payments may be adversely impacted. Irregular receipts of revenue payments may damage investor confidence in the Group and the region and make any fundraising difficult.</p> <p>Changes in the terms of the Shaikan Lifting Agreement may have an unfavourable effect on revenue.</p>	<p>The Group, along with APIKUR as appropriate, continue to engage with KRG and FGI officials to pursue a solution that provides commercial and PSC contractual clarity, facilitates the restart of pipeline exports and normalises payments, including repayment of arrears.</p> <p>Local buyers are required to pay for crude oil in advance, thus eliminating counterparty credit risk.</p> <p>The Company continues to reiterate to the KRG its expectation that all overdue payments for October 2022 to March 2023 crude oil sales are paid in full. As at 20 March 2024 the value of overdue invoices was \$151.7 million net to GKP on the basis of the KBT pricing mechanism.</p> <p>Leading up to the resumption of pipeline exports, the Company is expecting to negotiate with the MNR a Shaikan Lifting Agreement. The timing to conclude such negotiations is currently unknown.</p>
<p>Commodity prices</p> <p>Risk owner: CFO</p> <p>A material decline in oil prices may adversely affect the Group's cash flows, asset valuations, production operations or result in delays to the Shaikan development.</p> <p>Low oil prices may adversely impact the KRG's ability to meet its payment obligations towards the region's producers.</p> <p>Link to strategic priorities</p> <p></p> <p>Change in year</p> <p></p>	<p>With the shut-in of the ITP pipeline, the Company has been selling crude oil locally at significantly reduced prices relative to the international market.</p> <p>The Group's revenues, profitability and future rate of growth will depend substantially on prevailing oil prices, which can be volatile and subject to fluctuation.</p> <p>A sustained low oil price environment could have an adverse effect on the Group's liquidity and ability to develop the asset. In addition, it may lead to a reduction in the Group's commercial reserves and an impairment of its asset.</p>	<p>The Group's cash forecast and commitments are constantly monitored and it maintains surplus cash and a flexible expenditure programme to manage uncertainty.</p> <p>In establishing the annual work programme and budget, the Group considers a range of forward oil curves and sales volumes to assess the potential impact on cash flows and liquidity. Commodity prices are monitored on an ongoing basis.</p> <p>The Group monitors and, where possible, reduces costs while maintaining safe operations.</p> <p>As appropriate, the Board considers hedging, taking into account macro-economic and corporate considerations.</p>

Viability statement

In accordance with the UK Corporate Governance Code, the Directors have carefully assessed the Group's viability and prospects over a longer period than the 12 months required by the going concern provision. The Board assesses the business over a number of time horizons for different reasons, including the following:

- a) annual Corporate Budget (i.e. 2024);
- b) medium-term Corporate Budget; and
- c) life-of-field plan used to produce an internal view of the value of the Company.

The Board concluded that a three-year period most appropriately reflects the underlying prospects and viability of the Group for the following reasons:

- a) the Group expects a return to development during this timeframe following the assumed restart of Kurdistan exports; and
- b) should the risks and uncertainties identified by the Group on pages 57 to 71 have an impact on the Group, it is reasonable to believe that many will occur within this period.

Notwithstanding, the Group will continue to monitor the business over all time horizons noted above.

The Directors' viability assessment has been made with reference to the Group's strategy and business model, as detailed on pages 18 to 21, and to the risks, uncertainties and available mitigating action plans, as detailed on pages 57 to 71.

The Group conducted an annual planning process which consisted of the review of the Group's strategy and performance, preparation of a work plan and budget and review of risks, uncertainties and opportunities over the three-year assessment period.

The Directors reviewed the Group's cash flow projections which were prepared using the following base assumptions:

- restart of Kurdistan exports Q4 2024;
- local oil sales Q1-Q3 2024;
- local oil sales average price of \$25/bbl;
- export sales average Brent prices (nominal) of \$83/bbl in 2024, \$80/bbl in 2025, \$77/bbl in 2026 and \$77/bbl in 2027;
- discount to Brent on export sales of up to \$27/bbl;
- Jurassic development investment commences in 2025;
- Gas Management Plan investment commences in 2026;
- latest cost assumptions for the Jurassic development and Gas Management Plan;
- production profiles in line with internal estimates;
- regular revenue receipts;
- while the Group continues to believe that the full amount of KRG invoices outstanding for the period October 2022 – March 2023 will be recovered, the cash flow projections exclude recoveries;
- as explained in note 14 of the financial statements, although the Group has recognised current liabilities of around \$75 million payable to the KRG, it does not expect these will be cash settled;
- Gas Management Plan internally funded; and
- no financial impact resulting from climate change risks.

The assessment demonstrated that the Group is in a reasonable financial position, with an adequate cash balance and ability to meet liabilities as they fall due.

Further, the Directors have considered the financial and operational impact of severe but plausible scenarios that could threaten GKP's viability. This was done through modelling the individual and combined effects of various risks and uncertainties in order to establish the Group's ability to meet its working capital requirements. Additionally, the Directors considered possible mitigating actions. The modelled stress scenarios and potential mitigating actions considered are as follows:

Stress test scenarios	Downside assumptions	Mitigating actions	Reference to principal risks and uncertainties ⁽¹⁾
<ul style="list-style-type: none"> • Low oil price environment • Oil revenue payment interruptions • Delays to the development programme • Decreasing reservoir productivity • Inability to access export pipeline • Extended period of local sales 	<ul style="list-style-type: none"> • Brent price reduction to \$55/bbl flat real • Revenue receipts interruptions • Reduced production • Cost increases 	<ul style="list-style-type: none"> • Deferrals and reductions in capital expenditure • Further optimisation of the development programme • Further rationalisation of the operational cost base • Continued local oil sales • Debt finance GMP 	<ul style="list-style-type: none"> • Political, social and economic instability • Disputes regarding title or exploration and production rights • Export route availability • Risk of economic sanctions impacting Group • Oil revenue payment mechanism • Stakeholder misalignment • Climate change • Commodity prices • Field delivery risk • Reserves • Liquidity and funding capability

(1) Principal risks which were not specifically modelled were either considered not likely to have an impact within the viability period or their financial effect was covered within the overall downside economic risks implicit within the stress testing.

The Company previously reported that the Iraqi Federal Supreme Court ("FSC") in February 2022 had ruled that the Kurdistan Oil and Gas Law ("KROGL") was unconstitutional and that the Iraqi Ministry of Oil had then commenced proceedings in the Baghdad Commercial Court against International Oil Companies ("IOCs"), including Gulf Keystone, operating in the Kurdistan Region of Iraq seeking to nullify the Production Sharing Contracts ("PSCs") issued under the KROGL. The Company understands that the Baghdad Commercial Court has issued adverse judgments against many of the IOCs, including Gulf Keystone, in absentia. However, these judgments were never formally served. The KRG continues to affirm that KROGL is validly constituted and the PSCs issued are valid and in full force and effect. While the ruling has to date not impacted our business, it is not possible to determine quantitatively potential future implications.

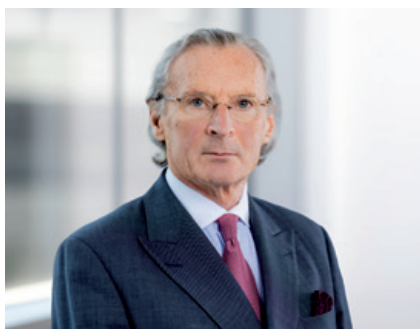
The Iraq Turkey Pipeline ("ITP") was shut down on 25 March 2023 following the International Chamber of Commerce in Paris arbitration ruling in favour of Iraq over Turkey. The Group continues to believe this shut-in is temporary but despite ongoing discussions on its reopening, it remains closed with no timeline on the resumption of exports through the pipeline. Currently, after completing an extensive due diligence review, the Group is selling to local buyers at discounted prices and such buyers are required to pay for all purchases in advance. Future local sales volumes remain unpredictable.

The Group notes that Iraqi budget discussions are ongoing and concern remains that the monthly proposed budget transfers from Iraq to Kurdistan may not be sufficient to cover monthly PSC contractual entitlements and repayment of outstanding arrears of \$151 million related to the period October 2022 to March 2023.

Based upon the Directors' robust assessment of the principal risks facing the Group, the stress test scenarios and possible mitigating actions, as described above, the Directors have a reasonable expectation that the Group will be able to continue to operate and meet its liabilities as they fall due over the three-year viability assessment period.

In the event the stress test scenario assumptions are more severe than the Directors reasonably considered as severe but plausible, including potential adverse implications of the Iraqi Federal Supreme Court ruling, the cessation of both local and exports sales, budget transfers from Iraq to Kurdistan that are less than PSC contractual entitlements and the impact of potential Turkish Government and Federal Government of Iraq renegotiations of the Turkish export pipeline agreement that we understand expires in July 2026 if either party provides a termination notice one year prior to the expiry date (otherwise it is automatically extended for five years), significant changes to the Group's operational and development plans, including a further curtailment of activities and reductions in staff, amongst other things, may be required and there could be an impact on the Group's viability.

Board of Directors



Martin Angle
Non-Executive Chairman

Appointed: July 2018

Skills and experience: Martin Angle was appointed as Chairman in June 2023 having been Senior Independent Non-Executive Director since joining the Board in July 2018.

Martin has had a distinguished executive career holding senior positions in investment banking, industry and private equity. He has served as a Non-Executive Director on a number of boards both in the UK and overseas, including Pennon Group, where he chaired the

Remuneration Committee, Savills plc (Senior Independent Director), National Exhibition Group (Chairman) and Dubai International Capital.

Martin is currently Deputy Chairman and Senior Independent Director of Spire Healthcare plc, a Non-Executive Director of Ocean Biomedical Inc. (USA) and is a Hon. Professor in the College of Social Sciences and International Studies, University of Exeter. He is a Chartered Accountant and holds a BSc (Hons) in Physics from the University of Warwick.



Jon Harris
Chief Executive Officer

Appointed: January 2021

Skills and experience: Jon Harris joined Gulf Keystone in January 2021 as Chief Executive Officer.

Jon has over 30 years' experience in the oil and gas industry and joined GKP from SASOL Limited, an integrated energy and chemicals company based in South Africa, where he was Executive Vice President, Upstream.

Prior to this, he spent 25 years with BG Group in various international roles, including Executive Vice President Technical and General Manager Production Operations, as well as senior management assignments in the United States, Trinidad and Tobago and Egypt.

Jon received a Masters of Engineering from the University of Leeds, UK. He is a Non-Executive Director of PetroTal Corp.



Ian Weatherdon
Chief Financial Officer

Appointed: January 2020

Skills and experience: Ian Weatherdon joined Gulf Keystone in January 2020 as Chief Financial Officer.

Ian has over 30 years' experience in the international oil and gas industry. Prior to joining GKP, he was CFO of Sino Gas & Energy Holdings, an energy company focused on developing natural gas assets in China. Previously, he held various executive roles at Talisman Energy Inc., the Canadian exploration and production

company, which was acquired by Repsol, including: Vice President of Finance & Planning for the Asia-Pacific region, CFO of Equión Energía Limited, a Colombian joint venture between Talisman and Ecopetrol SA, and Vice President of Investor Relations.

Ian has a Bachelor of Commerce from the University of Calgary and is a Canadian Chartered Accountant.



Kimberley Wood
Non-Executive Director
and Senior Independent Director

Appointed: October 2018

Skills and experience: Kimberley Wood was appointed as an independent Non-Executive Director of Gulf Keystone in October 2018 and Senior Independent Director and Deputy Chair in June 2023.

Kimberley is a legal professional with over 20 years' experience and a specialist in the energy sector. She was Head of Oil and Gas for Europe and Middle East at Norton Rose Fulbright LLP and remains a Senior Consultant for the firm.

She is currently General Counsel of Storegga Limited.

Kimberley is also an independent Non-Executive Director of Energean plc and Africa Oil Corp.



David Thomas
Non-Executive Director

Appointed: October 2016

Skills and experience: David Thomas was appointed as an independent Non-Executive Director of Gulf Keystone in October 2016.

David is an experienced oil and gas professional with 40 years in the industry. He started his career as a Petroleum Engineer working for Conoco in the North Sea and Dubai. Subsequently, he joined Lasmo where he became Group GM Operations and, following the company's

acquisition, held three international regional Vice President roles with Eni. David's subsequent Board directorships have included positions as President and COO of Centurion Energy and CEO of Melrose Resources. In 2015 he briefly served on a caretaker Board at Afren and is currently the CEO of Cheiron in Egypt.

David has a BSc in Mining Engineering from Nottingham University and an MSc in Petroleum Engineering from Imperial College.



Wanda Mwaura
Non-Executive Director

Appointed: July 2022

Skills and experience: Wanda Mwaura was appointed as an independent Non-Executive Director of Gulf Keystone in July 2022.

Wanda has over 25 years' experience in the financial services sector with extensive experience in both executive and non-executive roles, including audit committee membership. She is a qualified accountant and was previously a partner in Ernst & Young (Bermuda) and the

Chief Accounting Officer at PartnerRe. Wanda is now a Non-Executive Director of International General Insurance Holdings Limited and a number of private companies, including Clarien Bank Limited, as well as Executive Director for the Bermuda Public Accountability Board.

Wanda has a Bachelor of Commerce degree from Dalhousie University, Nova Scotia and is a member of the Chartered Professional Accountants of Bermuda, where she resides.



Julien Balkany
Non-Executive Director

Appointed: July 2023

Skills and experience: Julien Balkany was appointed as a non-independent Non-Executive Director representing funds managed by Lansdowne Partners Austria GmbH in July 2023.

Julien has extensive experience as an investor and board member in the international oil and gas industry. He is currently Managing Partner of Nanes-Balkany Partners, a group of investment funds that focuses on the oil and gas industry, which he co-founded in

2007. Since 2014, he has been Chairman of the Norwegian oil and gas exploration and production company Panoro Energy ASA. He has also been a Non-Executive Director of several other private and publicly listed oil and gas companies including Norwegian Energy Company (Noreco), Gasfrac Energy Services, Toreador Resources, and Amromco Energy.

Julien began his career as an oil and gas investment banker and studied at the Institute of Political Studies (Strasbourg) and at UC Berkeley.

Corporate governance report



We remain committed to the highest standards of corporate governance, ethics and integrity and believe this is a core value to enable GKP to deliver sustainable success for our stakeholders.

Martin Angle
Non-Executive Chairman

Dear Shareholder,

Strong governance is a central tenet of the way we do our business. It is essential that the Company has the appropriate culture, systems, policies, integrity and ethics in place to enable it to deliver sustainable success for our stakeholders. In addition to having a comprehensive governance and policy framework in place, the highest priority is given to fostering a culture of safety, governance, sustainability, environmental, social and ethical considerations, underpinned by the Company's core purpose and values which are regularly communicated to all staff. The Company voluntarily complies with the UK Corporate Governance Code.

In promoting the long-term sustainable success of the Company, the Board encourages a transparent and open culture to ensure effective contributions from all Directors, management and the wider workforce. Communication is key to this and we continue to maintain and enhance this aspect of our culture as we interact with our staff and other stakeholders. "Town hall" meetings are held, and an open forum for questions and discussion is encouraged.

In 2023 and also in early 2024, the Board completed an externally facilitated evaluation of its performance and governance. This evaluation concluded that the Board as a whole considered the overall governance and associated processes of the Company to be strong, with only a small number of enhancements proposed to improve the overall effectiveness. Each matter raised was addressed and then brought back to the Board. These are more fully described in the report of the Nomination Committee.

The Company maintains an absolute zero-tolerance approach to bribery and corruption and reinforces this through specific training of all staff and contractors. Strong ethics are an integral part of the way we do business. All employees must abide by the Code of Business Conduct which incorporates a wide range of policies and standards in respect of governance, ethics, workplace behaviours and integrity. All staff and contractors also have to undertake compulsory training in this and certify that they have, and will, comply.

Martin Angle
Non-Executive Chairman

20 March 2024

Introduction

It is the duty of the Board of Directors that it must act in a manner, in good faith, which will be most likely to promote the success of the Company for the benefit of its members as a whole and taking account of the likely consequences of any decision in the long term. The maintenance of high standards of governance is integral to this, and the Board sets the tone for the highest ethical compliance. The Board aims to create a culture which demands the same commitment and performance from all employees and contractors in all business activities. The governance processes applied across the Group are set out below and in the individual Committee reports.

The Board accepts responsibility for oversight of management who prepares the annual report and accounts and considers the annual report and accounts, taken as a whole, to be fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Board leadership and purpose

The Board is accountable to shareholders and other stakeholders for the creation of a sustainable, long-term business. The Board oversees a robust governance framework with clear procedures, lines of responsibility and delegated authorities to ensure that the Company's strategy and values are implemented, and key risks identified, assessed and managed effectively. The Board also engages with the Company's stakeholders on an ongoing basis to ensure their long-term interests are understood and preserved. This includes investors, the host government and local communities, staff and contractors, business partners and suppliers. It is recognised that the nature of the Company's business requires specific expertise at Board level and this is regularly reviewed to ensure it is appropriate.

Key oversight responsibilities of the Board include:

- health and safety;
- ethical compliance, including whistleblowing;
- environmental and social governance;
- strategy development and objectives;
- operational and technical review;
- financial performance, structure and capital management;
- corporate planning and KPIs;
- stakeholder and workforce engagement;
- shareholder value;
- legal compliance and strategy;
- people, culture and values;
- risk management;
- Board development and effectiveness; and
- governance and regulatory compliance.

When considering these responsibilities, the Chairman encourages an open, respectful and collaborative working environment where all Directors voice their opinions and contribute to constructive debate.

Division of responsibilities

The Board is led by the Chairman, who promotes a culture of openness and debate and is responsible for the leadership of the Board and its overall effectiveness. The Chairman also facilitates constructive Board relations and the effective contribution of all Non-Executive and Executive Directors, and ensures that Directors receive accurate, timely and clear information. The Chairman is supported on the Board by three independent Non-Executive Directors, one of whom is the Senior Independent Director, a further Non-Executive Director who is a non-independent shareholder representative, and the CEO and CFO. The CEO is responsible for operational management, and the development and implementation of strategy in conjunction with the senior leadership team. The Chief Legal Officer attends Board and Committee meetings as Secretary to ensure corporate governance and regulatory compliance.

The Company has a formal register of "Matters Reserved for the Board" which is reviewed and approved on a regular basis, and there is a clear separation of responsibilities between the Board and management. Some matters may be delegated to the Board Committees: the Safety and Sustainability Committee; the Technical Committee; the Audit and Risk Committee; the Remuneration Committee; and the Nomination Committee. Each Board Committee has terms of reference in place which are reviewed and approved on a regular basis.

The Board is satisfied that the Committees and the individual Directors have sufficient time and resources to carry out their duties effectively and anticipate that will continue to be the case during 2024. The Company maintains an ongoing review of the external commitments of its Directors. During the year, the Senior Independent Director, Kimberley Wood, accepted a full-time executive role with another company. In light of this, it was agreed that Ms Wood would resign as a Director of GKP upon a suitable replacement being recruited. This recruitment process is ongoing.

The Executive Committee comprises the CEO, CFO, Chief Operations Officer, Chief Commercial Officer, Chief Legal Officer and Chief HR Officer. They meet on a regular basis, at least weekly, to discuss significant management matters. The senior leadership team, comprising functional heads of departments and the Executive Committee, also meets on a regular basis to discuss management matters.

Corporate governance report

continued

Composition, succession and evaluation

The Nomination Committee is primarily responsible for reviewing the composition and balance of the Board, and for recommending any new appointments to the Board and Committees. Appointments and succession planning are based on merit and in accordance with the Company's Diversity Policy.

During the year the following changes to the Board were made:

- Mr Jaap Huijskes retired as Chairman in June 2023. He was replaced by the existing Senior Independent Director, Martin Angle. At this point, existing Non-Executive Director, Kimberley Wood, was appointed Senior Independent Director.
- Mr Garrett Soden resigned as a non-independent Non-Executive Director in June 2023. He was replaced by Julien Balkany in July 2023.

The Company currently has the following Board appointment processes in place:

- Kimberley Wood will resign from the Board upon a suitable replacement being recruited.
- A process is ongoing to recruit an ethnically and gender diverse candidate with operational and technical experience.
- Ian Weatherdon, CFO, will retire at the AGM in June 2024. He will be replaced by Gabriel Papineau-Legriss, Chief Commercial Officer.

All Directors are subject to annual re-election by shareholders in accordance with the Company's Bye-Laws and the Code.

A formal, externally facilitated Board and Committee evaluation takes place at least every three years, the last one being in early 2024, and further details of which are set out on page 88.

Audit, risk and internal control

The Audit and Risk Committee is primarily responsible for ensuring that the financial performance of the Company is measured and reported, in conjunction with the Company's auditors. This Committee will also review and report on the risk identification, mitigation and management, identifying specific "deep dives" on particular risks, as appropriate. It is recognised that risk management is of crucial importance to a company of the profile of Gulf Keystone. The risk process is therefore placed as an integral part of the Company's strategy formulation and execution.

The Board acknowledges that it must have in place a sound system of internal control to safeguard the assets and value of the business and to ensure reliability of financial information. In this respect, a regular review is undertaken by the Audit and Risk Committee to consider the adequacy of and whether enhancements to current internal control systems are necessary.

Remuneration

The Remuneration Committee is primarily responsible for devising and monitoring the Company's remuneration policies to ensure that they are consistent with corporate governance guidelines and the Company's objectives, and it is assisted by external remuneration consultants, Mercer. A detailed report of all remuneration matters is contained in the Directors' remuneration report. The Company's Remuneration Policy was formally approved by shareholders at the Annual General Meeting in 2023.

Adherence with the UK Corporate Governance Code

Although the Company is not subject to the UK Corporate Governance Code 2018 ("the Code") on account of its standard listing on the London Stock Exchange, the Company has voluntarily agreed to adhere to the Code so far as practicable. We firmly believe that this voluntary adherence establishes a solid basis from which to conduct Board and managerial decision-making acting in the best interests of the Company and its stakeholders. A copy of the Code is available on the website of the Financial Reporting Council ("FRC") on www.frc.org.uk.

As at the date of this report, the Board considers that the Company has applied all of the principles and complied with all of the provisions of the Code, except for the following matters, using the provision references set out in the July 2018 version of the Code:

Provision 5 – There is no formal workforce engagement scheme in place. The Company’s existing remuneration arrangements have been reviewed by the Board in conjunction with its external remuneration advisers, Mercer. It was concluded that GKP had a very transparent culture with regular staff engagement initiatives and an open reporting line which encouraged staff participation. Such initiatives include regular “town hall” meetings, off-site strategy sessions by department, grade and location, and regular internal communications including through the Company’s intranet. Taking these existing arrangements, and the size and nature of the business, into account, it was considered that it was an unnecessary step to formalise this into a formal workforce engagement scheme. The Board will keep these arrangements under review, taking into account GKP’s size and legal and regulatory requirements in its locations. With respect to the remuneration of the wider workforce, this is benchmarked and reported to the Remuneration Committee, although the determination of workforce remuneration is a matter for management. The Remuneration Committee, which has responsibility for the remuneration of the

Executive Committee, will take into account the remuneration of the wider workforce to ensure alignment with the Executive Committee.

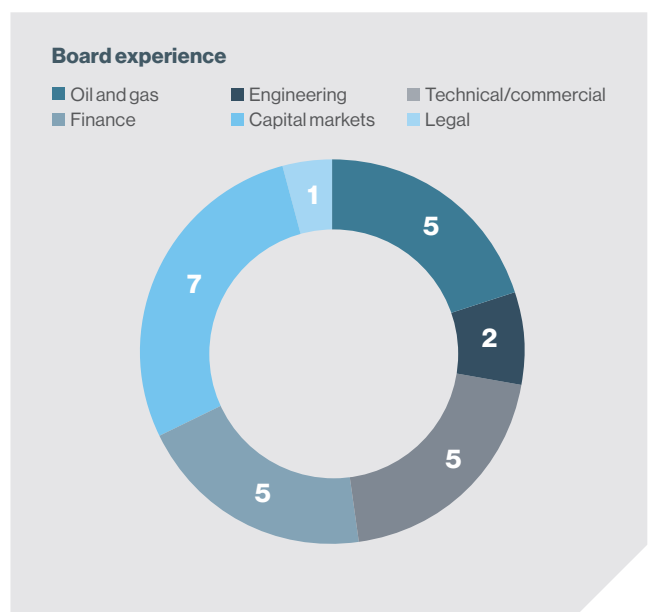
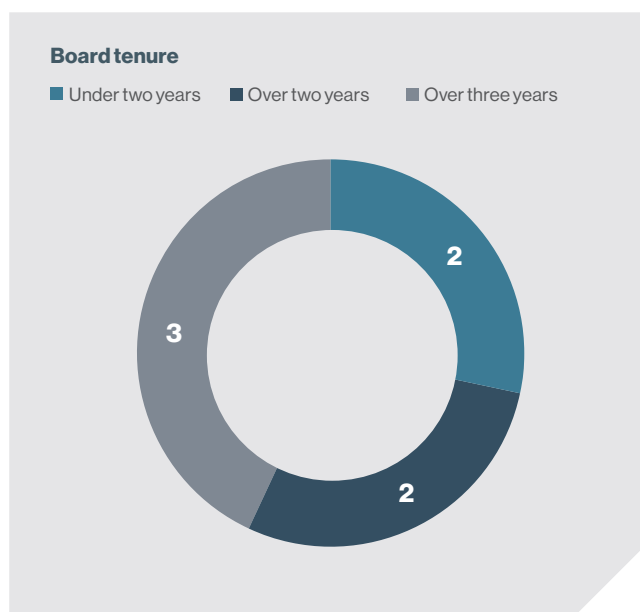
The information contained in this report, and elsewhere in this annual report and accounts, describes the manner in which Gulf Keystone has applied the principles of governance set out in the Code and complied with individual Code provisions.

The Board

The composition of the Board is a key constituent of the Company’s corporate governance. As an international energy company, Gulf Keystone’s business carries a diverse range of risks and it is important that these are covered by the skills and knowledge of the Board. For each Board appointment a number of factors will be considered, including skills, experience, diversity and ability. This is replicated in senior management positions and in the Company’s succession planning.

As at the date of this report, the Directors of the Company are:

Name	Role	Date of appointment	Date of last re-election
Jon Harris	CEO	18 January 2021	16 June 2023
Ian Weatherdon	CFO	13 January 2020	16 June 2023
David Thomas	Non-Executive Director	13 October 2016	16 June 2023
Martin Angle	Non-Executive Chairman	16 July 2018	16 June 2023
Kimberley Wood	Senior Independent Director	1 October 2018	16 June 2023
Julien Balkany	Non-Executive Director	3 July 2023	—
Wanda Mwaura	Non-Executive Director	1 July 2022	16 June 2023



Corporate governance report

continued

Board composition, independence and diversity

As at the date of this report, the Board is comprised of two Executive Directors and five Non-Executive Directors (including the Chairman). In accordance with Code Provision 9, the Chairman was independent on appointment. The Company regards the other Non-Executive Directors as independent according to Code Provision 10, except for Julien Balkany who is representing funds managed by Lansdowne Partners Austria GmbH.

In 2023, a new Listing Rule was introduced by the Financial Conduct Authority which states:

- a. at least 40% of the Board must comprise of women;
- b. at least one of the senior Board positions (Chair, CEO, Senior Independent Director or CFO) must be held by a woman; and
- c. at least one member of the Board must be from a minority ethnic background (which is defined by reference to categories recommended by the Office for National Statistics (“ONS”)) excluding those listed, by the ONS, as coming from a White ethnic background.

As a standard listed company, the new rule applies to GKP.

GKP does not currently comply with matters a. and c. above. However, it should be noted that:

1. The Company was running a comprehensive Board recruitment programme with a view to complying in early 2023. However, with the sudden closing of the ITP on 25 March 2023 and suspension of all Shaikan Field sales, as well as continued delays to KRG payment of previous oil sales, recruitment at all levels was immediately put on hold to preserve cash. As part of this, an extensive redundancy programme was implemented. In addition, in June 2023, the Company’s independent non-executive Chairman, Jaap Huijskes, retired as planned.
2. Since the second half of 2023, local sales have been implemented. This has helped to stabilise the Company’s liquidity, although revenue is still considerably lower than it was prior to the ITP closure. In late 2023, the Company reinstigated its Board recruitment process and is currently in the advanced stages of selecting at least one additional independent Non-Executive Director with operational and technical skills. It is also expected that such candidate(s) will be ethnically and gender diverse.
3. Furthermore, Kimberley Wood has indicated her intention to resign from the Board following her decision to take an executive role with another company. A separate Board recruitment process is underway to replace Ms Wood. Ms Wood is an energy lawyer who is Senior Independent Director and Chair of the Remuneration Committee, as well as a member of the Audit and Risk and Safety and Sustainability Committees. It is anticipated that the new candidate will replace Ms Wood in some or all of these positions.

Following conclusion of these processes, it is anticipated that GKP will fulfil the UK Corporate Governance Code and UK Listing Rules requirements in respect of Board independence and Board diversity (ethnic and gender). However, as at the date of this report, GKP is non-compliant.

The independence of each of the other Non-Executive Directors is considered upon appointment, at each Board evaluation and at any other time a Director’s circumstances change in a way that warrants reconsideration, and by their ongoing actions.

The Board considers whether the Non-Executive Director is independent of management and any business or other relationship that could materially interfere with the exercise of objective and independent judgement by the Director or the Director’s ability to act in the best interests of all stakeholders. In particular, the Board has considered any positions which the Non-Executive Director holds, or held, in companies with which Gulf Keystone has commercial relationships. None of the Non-Executive Directors participate in share compensation schemes, including the Company Share Options Plan and executive bonus schemes.

The Company’s Executive and Non-Executive Directors are recruited from a variety of backgrounds and bring different experience and perspectives, ensuring that the Company’s Directors have capacity and capability to meet the needs of the business.

The Company places high importance on having diverse Board composition to enable robust consideration and challenge of the strategies proposed by the Executive Directors. The balance of skill diversity of the Board is specifically considered at the annual Board evaluation and by the Nomination Committee.

The experience provided by the Board covers, amongst other things, financial/capital markets, legal, commercial, technical (including petroleum engineering, geology, operations and HSE) and project management. The Company actively considers Board composition on a regular basis to ensure the Board has the necessary balance of skills, experience, knowledge, independence and diversity to discharge its duties.

Board appointments are undertaken through a formal, rigorous and transparent procedure run by external search consultants.

Julien Balkany was appointed to the Board as a non-independent Non-Executive Director on 3 July 2023, representing Lansdowne Partners Austria GmbH. No external search process was undertaken due to the nature of the appointment.

The Company has in place a Diversity Policy which applies across the Company, including at Board level, and seeks to ensure that there is no discrimination within the Company on the basis of gender, sexual orientation, ethnicity, age, disability or other minority. It is recognised that diversity is a key element for the Board, and that diversity extends to a number of different facets.

The operation of this policy is monitored on a continual basis and a report is prepared for each scheduled Board meeting which sets out the breakdown of staff according to various diversity metrics. This includes the gender balance of those considered to be senior management. The implementation of the Diversity Policy has resulted in enhanced awareness throughout the organisation of the benefits of a diverse workforce. The Diversity Policy will be strictly adhered to in the recruitment process for any Board position. The current gender balance of the Board is five males and two females. Further information on diversity at Board and executive management level can be found on page 81.

Board and executive diversity data

The Company is reporting its Board and executive management diversity data as at 31 December 2023 in accordance with the new UK Listing Rules disclosure requirements and the Company's progress in meeting the new UK Listing Rules Board diversity targets. This should be read in conjunction with the explanations detailed earlier in this report with respect to current Board recruitment processes and ongoing changes in the Board composition.

As at 31 December 2023, the Board comprised 29% women. One of the four senior positions on the Board, being the Senior Independent Director, is held by a woman, and there were no Directors from an ethnic minority background. The Board is committed to meet the UK Listing Rules targets and will continue to keep its progress under review.

Gender representation: Board and executive management as at 31 December 2023	Number of Board members	Percentage of the Board	Number of senior positions (CEO, CFO, Chairman and SID)	Number in executive management	Percentage of executive management
Men	5	71	3	5	83
Women	2	29	1	1	17
Other categories/not specified/prefer not to say	—	—	—	—	—

Ethnic background: Board and executive management as at 31 December 2023	Number of Board members	Percentage of the Board	Number of senior positions (CEO, CFO, Chairman and SID)	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)	7	100	4	6	100
Mixed/Multiple ethnic groups/Asian/Asian British/Black African/Caribbean/Black British/Other ethnic group, including Arab/Not specified/prefer not to say	—	—	—	—	—

Executive management for these purposes is the Executive Committee (the most senior executive body below the Board) and the Company Secretary, excluding administrative and support staff, as defined by the UK Listing Rules.

Gender and ethnicity data relating to the Board and senior management team was collected by the Company's Human Resources department.

Board induction

New Directors receive a full and appropriate induction on joining the Board. This includes meetings with functional heads of department, other Board members and the Company's principal advisers as appropriate. A comprehensive induction pack is also prepared which includes historical Board and Committee papers and minutes, Company compliance policies (for example the Anti-Bribery Policy), organisational structure charts, relevant legal, insurance and regulatory information.

The Company will also provide training on a periodic basis to the Directors on relevant matters. All Directors undergo Code of Business Conduct training on the same cycle as staff, with the latest such cycle having been completed in March 2024.

The role of the Board

The Board leads the Company in the delivery of its strategic goals, generating long-term sustainable success whilst putting in place and respecting the necessary controls within which the Company must operate to ensure appropriate assessment and management of risk and respect for the environment. The Board establishes the Company's purpose, values and strategy, and ensures that these are aligned with its culture. This is brought into the Company's training on the Code of Business Conduct to ensure they are appropriately embedded within the organisation.

The Board has a formal schedule of matters specifically reserved to it for decision-making on certain aspects of the business which is approved on an annual basis. They cover the key strategic, financial and operational issues facing the Group and include:

- the Group's strategic aims and objectives;
- annual operating and capital expenditure budgets;
- changes to the Group's capital, management or control structures;
- dividend policy and dividend recommendation;
- half-yearly reports, final results, annual report and accounts;
- the overall system of internal control and risk management;
- major capital projects, corporate actions and investment;
- acquisitions and disposals; and
- changes to the structure, size and composition of the Board.

A Delegation of Authority is reviewed by the Board on a regular basis to ensure there are appropriate controls in place for management decisions. In addition, terms of reference are set and approved for each of the Board sub-committees; these are available on the Company's website. The Board and its Committees have access to the advice and services of the Chief Legal Officer and Company Secretary and, if necessary, the Board and its individual Directors have the ability to seek external expert advice at the expense of the Company.

Board and Committee meetings are attended by members of the senior management team upon invitation. At each Board meeting any attendees are required to declare any conflicts of interest they may have, including in relation to significant shareholdings. The Board will ensure that the influence of third parties will not compromise or override independent judgement.

Corporate governance report

continued

Division of responsibilities between Non-Executive Chairman and Chief Executive Officer

The Company maintains a clear division of responsibilities between the independent Non-Executive Chairman and the Chief Executive Officer. The Non-Executive Chairman is responsible for leading the Board in an ethical manner and for guiding the Directors in the development of the Company's strategy. The Non-Executive Chairman chairs the Board meetings and oversees implementation of the Board's decisions.

On occasions, the Non-Executive Chairman will meet with key shareholders and stakeholders to articulate the Company's strategy and seek their feedback.

In running the Board, the Non-Executive Chairman is responsible for creating an environment that facilitates robust and constructive challenge whilst promoting a culture of openness and debate. In creating this environment, the Non-Executive Chairman encourages open communications and aims to ensure that the Non-Executive Directors' challenges and suggestions are considered dispassionately and on their merits. The Non-Executive Chairman is responsible for setting the Board's agenda and ensuring that adequate time is available for discussion of all agenda items including strategic issues.

The Chief Executive Officer is responsible for the overall management of the business, delivering successful achievement of the Company's KPIs and providing leadership to the management team and staff whilst communicating and fostering the underlying culture and principles of the Company to all staff and stakeholders.

The role of the Senior Independent Director ("SID")

Kimberley Wood was appointed as SID on 16 June 2023. The SID is responsible for assisting the Non-Executive Chairman with effective communications with shareholders and is available to shareholders should there be any concern which could not be resolved through

the normal channels of the Non-Executive Chairman, Executive Directors or the Investor Relations team. The SID is available to meet shareholders if they have specific concerns. The SID also ensures that there is a clear division of responsibility between the Non-Executive Chairman and Chief Executive Officer and, as necessary, acts as a conduit between the Board's Non-Executive Directors, its Chairman and the Executive Directors. Kimberley Wood also acts as Deputy Non-Executive Chairman of the Board. The Board is satisfied that the SID demonstrates complete independence in the role.

As detailed above, a recruitment process is ongoing to replace Ms Wood following her decision to take an executive role with another company. This will include the appointment of a new SID.

Board meetings and attendance

Board meetings are held on a regular basis and no decision of any consequence is made other than by the Directors. A total of ten scheduled Board meetings were held during the year ended 31 December 2023. In addition to those scheduled meetings, the Board held a further eight informal update meetings. These meetings were attended by all Directors and, if appropriate, senior management, with discussions being minuted. No formal decisions were made at these informal meetings.

The Directors' attendance record at the scheduled Board meetings and Board Committee meetings for the year ended 31 December 2023 is shown in the table below. For Board and Board Committee meetings, attendance is expressed as the number of meetings that each Director attended followed by the number of meetings held for the period she/he was a Director during the year. The number of meetings attended by each Director is shown out of the total number she/he was eligible to attend.

Name	Full Board meetings	Audit and Risk Committee	Remuneration Committee	Nomination Committee	Safety and Sustainability Committee	Technical Committee
Jaap Huijskes ⁽¹⁾	5/5			3/3	1/2	2/2
Martin Angle	10/10	3/3	6/6	5/5		
Garrett Soden ⁽¹⁾	5/5					
David Thomas ⁽⁴⁾	10/10	0/0	6/6	1/1	4/4	3/3
Kimberley Wood	10/10	6/6	6/6	5/5	4/4	
Jon Harris	10/10				3/4	3/3
Ian Weatherdon	10/10					
Wanda Mwaura	10/10	6/6				
Julien Balkany ⁽²⁾	4/4					
John Hulme ⁽³⁾					4/4	3/3
Gabriel Papineau-Legris ⁽³⁾						3/3

(1) Retired on 16 June 2023.

(2) Appointed to the Board on 3 July 2023.

(3) John Hulme and Gabriel Papineau-Legris are members of the Executive Committee but not the Board. The Board considers they offer valuable expertise to the Committees they are members of.

(4) Appointed to the Audit and Risk Committee on 14 March 2024.

In advance of the Board meeting, meetings of the Audit and Risk, Nomination and Remuneration Committees may be held as appropriate. Meetings of the Technical Committee and Safety and Sustainability Committee will generally be held in advance of the Board meeting. The formal agenda for the Board meeting will be determined by the Non-Executive Chairman following consultation with the Chief Executive Officer and the Chief Legal Officer.

Current Board Committees

Audit and Risk	Remuneration	Nomination
Wanda Mwaura (Chair) Kimberley Wood David Thomas	Kimberley Wood (Chair) David Thomas Martin Angle	Martin Angle (Chair) Kimberley Wood David Thomas
Safety and Sustainability	Technical	
David Thomas (Chair) Kimberley Wood Jon Harris John Hulme	David Thomas (Chair) Jon Harris Gabriel Papineau-Legris John Hulme	

The Board Committees

The Company has five Board Committees: the Audit and Risk Committee, the Remuneration Committee, the Nomination Committee, the Safety and Sustainability Committee and the Technical Committee. Each Board Committee has specific written terms of reference issued by the Board and adopted by the relevant Committee, updated on a regular basis and published in the corporate governance section of the Company's website www.gulfkeystone.com.

All Committee Chairs report orally on the proceedings of their Committees at the meetings of the Board. Where appropriate, the Committee Chairs also make recommendations to the Board in accordance with their relevant terms of reference. In addition, the minutes and papers of the Committee meetings are distributed to all Board members in advance of Committee meetings.

To ensure Directors are kept up to date on developing issues and to support the overall effectiveness of the Board and its Committees, the Non-Executive Chairman and Committee Chairs communicate regularly with the Chief Executive Officer and other executive management.

Alasdair Robinson, the Company's Chief Legal Officer, acts as Company Secretary to each Committee.

The key governance mandates of the Board's five main Committees are shown on the following pages.

Audit and Risk Committee

As at 31 December 2023, the Audit and Risk Committee comprised two Non-Executive Directors, both of whom are considered to be independent. The members were: Wanda Mwaura (Chair) and Kimberley Wood. David Thomas was appointed to the Committee on 14 March 2024.

The Committee members have been selected to provide the wide range of financial and commercial expertise necessary to fulfil the Committee's duties. The Board considers that the Committee has experience to be recent and relevant for the purposes of the Code and the members of the Committee as a whole have competence relevant to the sector in which the Company operates; in particular, Wanda Mwaura is a qualified accountant. This Committee meets at least three times per year. During the year ended 31 December 2023, the Committee met six times.

The terms of reference of the Audit and Risk Committee are documented and agreed by the Board and are available in the corporate governance section of Gulf Keystone's corporate website: www.gulfkeystone.com. The terms of reference are reviewed regularly and were last updated in December 2023.

The Audit and Risk Committee report is set out on pages 89 to 93.

Nomination Committee

As at 31 December 2023, the Nomination Committee comprised three Non-Executive Directors, who are considered to be independent, including the Non-Executive Chairman of the Board. The members were: Martin Angle (Chair), Kimberley Wood and David Thomas.

The Nomination Committee met on five occasions during the year on a formal basis. The terms of reference of the Nomination Committee are documented and agreed by the Board and are available in the corporate governance section of Gulf Keystone's corporate website: www.gulfkeystone.com. The terms of reference are reviewed regularly and were last updated in March 2023.

The Nomination Committee report is set out on pages 87 and 88.

Remuneration Committee

As at 31 December 2023, the Remuneration Committee comprised three Non-Executive Directors: Kimberley Wood (Chair), David Thomas and Martin Angle.

This Committee, which meets at least twice per year, is responsible for making recommendations to the Board concerning the compensation of the Executive Directors and the Non-Executive Chairman, as well as the level and structure of remuneration for senior management.

The Committee is also responsible for the determination of the Group's Remuneration Policy. The Remuneration Committee met on six occasions during the year.

The terms of reference for the Remuneration Committee are available in the corporate governance section of Gulf Keystone's corporate website: www.gulfkeystone.com. The terms of reference are reviewed regularly and were last updated in March 2023.

The Remuneration Committee report is set out on pages 97 to 111.

Corporate governance report

continued

The Board Committees continued

Safety and Sustainability Committee

As at 31 December 2023, the Safety and Sustainability Committee comprised two Non-Executive Directors, one Executive Director and the Chief Operating Officer, being David Thomas (Chair), Kimberley Wood, Jon Harris (CEO) and John Hulme (COO).

The Committee was formed in June 2020 in succession to the HSE and CSR Committee. It aims to meet four times a year and met four times during 2023. The primary function of the Committee is to oversee the development of the Group's policies and guidelines for the management of ESG, including evaluating HSE and social risks, evaluate the effectiveness of these policies and their ability to ensure compliance with applicable legal and regulatory requirements, overseeing the quality and integrity of reporting to external stakeholders concerning safety and sustainability, and reviewing the results of any independent audits of the Group's performance in regard to safety and sustainability making recommendations, where appropriate, to the Board concerning the same. The Committee also reviews ESG and safety performance and examines specific safety issues as requested by the Board and will also review all governance matters which are relevant to the work of the Committee. The Committee provides visible leadership on HSE matters through site visits to the production facilities and drilling sites as well as aiming to hold a Committee meeting once a year in Erbil at the field facilities.

The terms of reference of the Safety and Sustainability Committee are documented and agreed by the Board and are available in the corporate governance section of Gulf Keystone's corporate website: www.gulfkeystone.com. The terms of reference are reviewed regularly and were last updated in September 2023.

The Safety and Sustainability Committee report is set out on pages 94 and 95.

Technical Committee

As at 31 December 2023, the Technical Committee comprised David Thomas (Chair), Jon Harris (CEO), John Hulme (COO) and Gabriel Papineau-Legris (CCO).

The Committee's main remit is to support the Company's Shaikan development planning and project execution activities. The Committee also has the following specific objectives:

- provide assurance that development plans are in line with the Company's strategy and have been optimised;
- review and recommend to the Board approval of Shaikan Field reserves and resources estimates and revisions;
- ensure that the Company has the appropriate resources and project management systems in place to successfully execute development projects on time and within budget;
- provide the Board with assurance that the key project execution risks have been identified and that the required risk management processes and mitigation measures are in place;
- provide oversight, where appropriate, for any material contract tendering exercises; and
- review and recommend for executive approval any information relating to the Shaikan FDP and reserves and resources estimates for public release.

The Committee met three times in 2023. The terms of reference of the Technical Committee are documented and agreed by the Board and are available in the corporate governance section of Gulf Keystone's corporate website: www.gulfkeystone.com. The terms of reference are reviewed regularly and were last updated in March 2021.

The Technical Committee report is set out on page 96.

Information and support

The Company is committed to supplying the Board and its Committees with full and timely information, including detailed financial, operational and corporate information, to enable Directors and Committee members to discharge their responsibilities. The Committees are provided with sufficient resources to undertake their duties. All Directors have access to the advice of senior management and, where appropriate, the services of other employees and the Company Secretary and Chief Legal Officer for all governance and regulatory matters. Independent professional advice is also available to Directors in appropriate circumstances, at the Company's expense. Board members also keep up to date with developments in relevant law, regulation and best practice to maintain their skills and knowledge.

Relevant analysis and reports are prepared by management prior to all Board and Committee meetings, allowing the Board to effectively address all of the items on the relevant meeting's agenda. Documents and reports are provided to the Board in a timely manner allowing for sufficient time to review the information prior to the meeting and raise questions where necessary. Management discusses the detail and format of Board reports on an ongoing basis to ensure the Board is appropriately informed of all relevant information.

Business ethics

The Company adopts a zero-tolerance approach to bribery and corruption and has adopted a number of measures and procedures to ensure ongoing compliance with relevant anti-bribery laws. An Anti-Bribery Policy is in place which is regularly reviewed and updated by the Board. This policy also includes provisions on conflicts of interest and the Criminal Finances Act. Training is undertaken on a regular basis through the annual Code of Business Conduct training programme. A number of procedures underlie the Code, including the maintenance of registers covering, for example, gifts and hospitality. The latest compliance training cycle was completed in March 2024.

An external whistleblowing service, Navex Global, is maintained in order to provide a mechanism whereby staff and contractors may make anonymous reports, if necessary, which is designed to encourage staff to "speak up". In the event any reports are received through this service, the matter is brought to the attention of the Board and a full review is undertaken on the allegations. The Board will then determine whether there is a need for a further independent investigation of such matters and for follow-up action.

Workforce engagement and Company culture

The Company has noted the provisions contained in the Code with respect to workforce engagement. In the context of the size of the Company, the Board does not intend to appoint either a Director from the workforce or a designated Non-Executive Director to ensure engagement with the workforce. However, the Company does run a system of regular "town hall" events across its offices and production facilities which enable an open forum for discussion with its workforce. The workforce receive updates on recent developments relating to the Company and have the opportunity to ask questions of management through interactive sessions and meetings. This matter is reviewed on a regular basis by management and, where appropriate, its advisers. The current conclusion is that the Company is not of a sufficiently complex nature to warrant the need for additional levels of workforce engagement processes and the Board will keep this assessment under review.

The Company has embedded six fundamental principles in the organisation which cover its purpose, values and culture. These are:

Safety

- Safety comes first. No job is so urgent or important that it cannot be done safely.

Social responsibility

- Gulf Keystone's relationship with, and contribution to, society has been critical to the development of the Company as it stands today and is fundamental for its future success. We are committed to meeting high standards of corporate citizenship by protecting the wellbeing of our employees, by safeguarding the environment and by creating a long-standing, positive impact on the communities where we do business.

Trust through open communication

- We understand the importance of listening and open communication with employees, our business partners, stakeholders and shareholders; our success depends on everyone. We encourage an environment of open and continuous communication and build our relationships on trust.

Teamwork

- Positive and constructive collaboration and relationships between all employees is vital to deliver outstanding performance in everything we do.

Innovation and excellence

- We are committed to a high-performance culture and to ensure sustained long-term value for not only our external stakeholders but also our employees through learning, mentoring and career development.

Integrity and respect

- Doing the right thing. We are always guided by the highest standards of ethical conduct, integrity and fairness. Respect is: ensuring diversity and equal opportunities in the business; with our partners, stakeholders and contractors seeking to conduct our business openly for the mutual benefit of all.

The principles are referred to on an ongoing basis through internal communications and meetings, and are displayed prominently throughout all Company offices, and even on Company mouse mats and screensavers. In addition, the principles are incorporated into the annual training which staff and contractors take on the Code of Business Conduct. All staff and contractors are required to adhere to the principles.

Risk management and internal control

The Board acknowledges its responsibility for establishing and monitoring the Group's systems of risk management and internal control. While the systems of internal control cannot provide absolute assurance against material misstatement or loss, the Group's systems are designed to provide the Directors with a high level of assurance that material emerging and principal risks are identified on a timely basis and dealt with appropriately. The Board annually reviews the effectiveness of the systems of risk management and internal control and considers the significant business risks and the control environment. This is carried out by management and reported to the Audit and Risk Committee which assesses and tests the conclusions, including the need for an internal audit function. The Audit and Risk Committee will then report on the matter to the Board. Having conducted its review in

2023, the Board is satisfied that effective controls are in place and that risks have been identified and mitigated as appropriate.

The Group is subject to a variety of risks, which derive from the nature of the oil and gas exploration, development and production business and relate to the countries in which it conducts its activities. The key procedures that have been established and which are designed to provide effective control are as follows:

- regular meetings between executive management and the Board to discuss all issues affecting the Group;
- detailed analysis of risk reviews undertaken at Audit and Risk Committee meetings (strategic, financial, ESG, IT and cyber, fraud risks) and Technical Committee meetings (operational and project risks);
- a clearly defined framework for investment appraisal with Board approval required as appropriate;
- regular analysis and reporting on the Company's risk register; and
- reviews of the Company's risk management systems, controls and culture by external advisers.

The Board also believes that the ability to work in partnership with the host government is a critical ingredient in managing risk successfully.

The Directors have derived assurance over the control environment from the following internal and external controls during 2023:

- implementation of policies and procedures for key business activities;
- an appropriate organisational structure;
- specific delegations of authority for all financial and other transactions;
- segregation of duties where appropriate and cost effective;
- management and financial reporting, including KPIs;
- reports from the Group Audit and Risk, Safety and Sustainability, and Technical Committees; and
- reports from the Group's external auditor on matters identified during their audit.

The above procedures and controls have been in place in respect of the Group for the 2023 accounting period and up to the date of approval of the annual report and accounts. There were no significant weaknesses or material failings in the risk management and internal control system identified in any of the above reviews and reports. Further details on the Company's emerging and principal risks and procedures in place and how these are managed and mitigated are contained on pages 57 to 71.

Relations with investors and stakeholders

Regular communications with the Company's institutional and retail equity investors, as well as bondholders, are given high priority by the Board. The Non-Executive Chairman, Senior Independent Director, Chief Executive Officer, Chief Financial Officer and the Head of Investor Relations and Corporate Communications are the Company's principal spokespersons, engaging with investors, analysts, the press and other interested parties. Communication is undertaken through site visits, shareholder presentations, attendance and presentations at industry conferences, one-on-one meetings, conference calls and other written and oral mediums. Throughout 2023, the Group held a number of investor presentations which are available to view on the Group's website.

The Company is committed to maintaining this constructive dialogue with all its investors and will continue to provide regular updates on its operations and corporate developments.

Corporate governance report

continued

Relations with investors and stakeholders continued

The Company has an established practice of issuing regulatory announcements on the Group's operations and/or any new price-sensitive information. The Group's website, www.gulfkeystone.com, which is regularly updated, contains a wide range of information on the Group, including a dedicated investor section where investors can find the Company's share price, financial information, regulatory announcements, investor presentations and corporate webcasts with the Group's management.

A list of the Company's significant shareholders as at the date of this report can be found in the Directors' report and on the Group's website, at www.gulfkeystone.com.

The Company also seeks to engage with its wider stakeholders on a regular basis. This includes, for example, the Ministry of Natural Resources in Kurdistan, the Company's joint venture partner, MOL Group, residents local to the Company's operations, suppliers, contractors and employees.

Additional information

The Company has provided the additional information required by the UK Financial Conduct Authority's Disclosure Guidance and Transparency Rules of the Listing Rules (and specifically the requirements of DTR 7.2.6 in respect of directors' interests in shares; appointment and replacement of directors; powers of the directors; restrictions on voting rights; and rights regarding control of the Company) in the Directors' report.

Annual General Meeting

At the Company's Annual General Meeting ("AGM") held on 16 June 2023, all resolutions were successfully passed. However, resolutions 7 and 8, being the re-election of the Company's Chief Financial Officer, and the approval of the Directors' remuneration report, failed to attain the support of 80% of the shareholders who voted. Substantially all the votes against resolutions 7 and 8 were from two shareholders in each case. In accordance with Provision 4 of the 2018 UK Corporate Governance Code, the Board consulted with the shareholders and, as part of this exercise, also consulted with the Company's other major shareholders. There was no change to the feedback received following the 2022 AGM. The Company also received feedback from other major shareholders, all of which were supportive of resolutions 7 and 8. The Board has carefully considered all feedback and has addressed issues, to the extent possible or necessary. The Company reported on this matter through posting an explanation on its website on 13 December 2023 in accordance with the Code. As previously stated, the Chief Financial Officer will be retiring with effect from the end of the Company's AGM in 2024. Aside from those retiring, the Board is recommending the reappointment of all other Directors.

The 2024 AGM will be held on 21 June 2024. The Notice of AGM accompanies this annual report and accounts and sets out the business to be considered at the meeting. The Board uses the AGM to communicate with private and institutional investors and welcomes their participation. The 2024 AGM will be hosted in Dublin, Ireland and shareholders are able to attend by video conference. Both the annual report and accounts and Notice of AGM are available on the Company's website.

Martin Angle

Non-Executive Chairman

20 March 2024

Nomination Committee report



Martin Angle
Non-Executive Chairman

Matters discussed

January 2023

- Board composition
- Board evaluation

March 2023

- Board evaluation
- Non-Executive Director recruitment
- Terms of reference

June 2023

- Board composition
- Non-Executive Director recruitment (Julien Balkany)
- Committee membership

October 2023

- Board composition

December 2023

- Board and Executive Committee composition and succession
- Board evaluation
- Code of Business Conduct

Role

In accordance with its terms of reference, the Nomination Committee (the "Committee") is a committee of the Board of Directors of the Company which is primarily responsible for:

- reviewing the structure, size and composition of the Board and recommending changes;
- considering and recommending succession planning strategy for Executive and Non-Executive Directors and key senior management positions;
- identifying and nominating for the approval of the Board candidates to fill Board vacancies or new positions as and when they arise;
- reviewing the Company's policy on diversity and inclusion and the progress made in achieving the policy's objectives; and
- the Committee will lead an annual evaluation of the performance of the Board, its Committees, the Chairman and the individual Directors. The Committee will consider an externally facilitated approach to this at least every three years.

2023 membership and meeting attendance

	Member since	Nomination Committee
Jaap Huijskes ⁽¹⁾	6 Dec 2017	3/3
Martin Angle ⁽²⁾	16 Jul 2018	5/5
Kimberley Wood	3 Oct 2019	5/5
David Thomas ⁽³⁾	5 Oct 2023	1/1

(1) Jaap Huijskes retired as Chair and a member of the Committee following the AGM on 16 June 2023.

(2) Martin Angle was appointed as Chair of the Committee on 16 June 2023.

(3) David Thomas was appointed to the Committee on 5 October 2023.

Composition

The Nomination Committee currently comprises three independent Non-Executive Directors: Martin Angle (Chair), David Thomas and Kimberley Wood. Jaap Huijskes retired as Chair and a member of the Committee following the AGM on 16 June 2023. Martin Angle was appointed as Chair of the Committee on that date. David Thomas was appointed to the Committee on 5 October 2023.

The meetings may be attended by Alasdair Robinson (Chief Legal Officer and Secretary to the Committee), Clare Kinahan (Chief HR Officer), other Non-Executive and Executive Directors, and external advisers as appropriate.

Review of the Committee's activities

The Nomination Committee meets at least twice per year. During 2023, the Committee met formally on five occasions. In addition, a number of informal meetings took place to discuss matters relevant to the Committee, and on some occasions, matters of a Nomination Committee nature may be discussed in full Board meetings.

Some of the key matters considered by the Committee during the year ended 31 December 2023 were: considering the balance and composition of the Board and Committees; the recruitment of further independent Non-Executive Directors; succession planning for the Board and Executive Committee; Board Committee composition; and Board evaluation.

On 3 July 2023, Julien Balkany was appointed as a non-independent Non-Executive Director to the Board. Julien is a shareholder representative of Lansdowne Partners Austria and replaced Garrett Soden on the Board as its representative. Due to the nature of this appointment, there was no external search process undertaken.

Further information on Julien Balkany is detailed in the section on the Board of Directors on page 75.

Diversity

The Committee recognises the benefits of diversity across all areas of the Group and believes that a diverse Board is a positive factor in business success, brings a broader, more rounded perspective to decision-making, and makes the Board more effective. When recruiting, the Board endeavours to consider a wide and diverse talent pool whilst also taking into account the optimum make-up of the Board, including the benefits of differences in skills, industry experience, business model experience, gender, race, disability, age, nationality, background and other attributes that individuals may bring.

Nomination Committee report

continued

Diversity continued

In 2018, Gulf Keystone implemented a formal Diversity Policy throughout the organisation. The policy states that:

“The Company does not discriminate against workers or consultants on the basis of their gender, sexual orientation, marital or civil partner status, gender reassignment, race, colour, nationality, ethnic or national origin, religion or belief, disability or age. The Company will also seek to accommodate the religious observations and beliefs of all workers and consultants. The principle of non-discrimination and equality of opportunity applies equally to the treatment of former workers, visitors, clients, customers and suppliers by members of the Company’s current workforce.”

The Diversity Policy applies across all facets of the business, including administrative, management and supervisory functions, including at Board level. Diversity statistics are provided in each scheduled Board meeting showing the breakdown of senior management (and their direct reports) and staff by a number of metrics. These are reviewed in detail by the Board and the Committee.

In the event the statistics demonstrate a trend or weighting which is not in accordance with the Diversity Policy, this will be investigated and, if necessary, rectified. In the event an individual has concerns about matters of a diversity nature, the Company has in place a confidential third-party-managed whistleblowing service, which is described in more detail on page 84.

For the purposes of the UK Corporate Governance Code, the gender balance of senior management (being the Executive Committee and including the Company Secretary) and their direct reports is described on page 81.

Succession

During 2023, the Committee has continued to review succession planning and the active engagement and development of the Company’s staff. This included the consideration and development of succession planning for the Executive Directors and the Executive Committee, which takes into account the Diversity Policy and the need to foster a diverse pool of candidates. The Company has a structured training programme for executives which is included as part of their annual performance review.

In January 2023, the Committee and the Board considered the appointment of a Company Chairman to succeed Jaap Huijskes following his retirement at the 2023 AGM. Following discussion, and taking into account the best interests of the Company and its stakeholders as a whole, it was agreed that Martin Angle would step up from Senior Independent Director and Deputy Chairman to become Chairman following the conclusion of the AGM. Kimberley Wood would be appointed Senior Independent Director and Deputy Chair at this time.

It was recognised that both Mr Angle and Ms Wood have extensive knowledge of the Company, having been Directors since 2018, were well respected, and their appointments would ensure a smooth transition to a new Chair and Senior Independent Director. As a matter of process, the discussion was held primarily at Board level and Mr Huijskes, Mr Angle and Ms Wood were recused from these discussions as appropriate and did not participate in the decision-making process.

Process used for Board appointments

The Committee adopts a formal, rigorous and transparent procedure for the appointment of new Directors to the Board (aside from if the appointment involves a shareholder representative Director as described above).

In appointing Non-Executive Directors, the Board’s practice is to use external recruitment consultants appointed following a formal pitch process. A detailed job profile and engagement scope will be agreed with the selected recruitment consultant following a review of the balance and composition of the Board. New Directors are subject to a formal induction process covering all facets of the business including asset review, technical, operations, finance, legal, ESG and HR.

Board evaluation

The Company aims to undertake an externally facilitated Board evaluation process every three years. In early 2023, the Company undertook an externally facilitated evaluation with Evalu8 Limited (“Evalu8”). Evalu8 has no other connection with the Company or any individual Director and was selected following a review by the Committee of a number of potential suppliers taking into account the level of interaction by the external consultant, cost, and the experience of the Committee of such evaluations. The evaluation, which is questionnaire based rather than interview based, covered the following topics and covered the Board and all Board Committees, with all Board members participating through questionnaires and subsequent analysis and discussion of the results:

- composition, succession and evaluation;
- Board/Committee strategy and Company purpose;
- leadership;
- meetings, contributions and relationship with the Board;
- effectiveness;
- accountability;
- remuneration; and
- relations with shareholders.

The results of the review were considered by both the Committee and the Board. The review concluded that the Board as a whole considered the overall governance and associated processes of the Company were strong with only a small number of enhancements being proposed to improve overall effectiveness. These included:

- the need to enhance diversity in the composition of the Board and Committees;
- shareholder communications and relationships;
- remuneration process and assessment; and
- new UK governance requirements.

The Board is aware of the UK Corporate Governance Code and UK Listing Rules requirements with respect to the independence and the gender and ethnic diversity of the Board, as described on page 80 of the Corporate governance report.

There are no arrangements or understandings between any Director or executive officer and any other person pursuant to which any Director or executive officer was selected to serve, aside from the appointment of Julien Balkany as a shareholder representative of Lansdowne Partners Austria. There are no family relationships between the Directors.

Martin Angle

Chair of the Nomination Committee

20 March 2024

Audit and Risk Committee report



Wanda Mwaura

Chair of the Audit and Risk Committee

Matters discussed

March 2023 (first meeting)

- External audit and year-end financial results
- Risk review and disclosures including climate change and cyber security
- Controls review
- Auditor audit and non-audit fees
- Private session with the auditor

March 2023 (second meeting)

- 2022 annual report and financial statements
- Management representation letter

June 2023

- Auditor transition
- Auditor audit and non-audit fees
- Potential half-year financial reporting considerations

August 2023 (first meeting)

- 2023 half-year results
- Report from the external auditor on outcome of interim review including key judgements
- Cyber security review
- Cash management

August 2023 (second meeting)

- 2023 half-year results
- Management representation letter

December 2023

- BDO audit planning report
- Potential year-end financial reporting considerations
- Insurance update
- Risk review
- Cost recovery review
- Cyber review
- Auditor audit and non-audit fees
- Cash management
- Terms of reference

2023 membership and meeting attendance

	Member since	Audit and Risk Committee
Martin Angle ⁽¹⁾	16 Jul 2018	3/3
Kimberley Wood	12 Oct 2018	6/6
Wanda Mwaura ⁽²⁾	1 Jul 2022	6/6

(1) Martin Angle stepped down from the Committee on 16 June 2023 upon his appointment as Chairman of the Company.

(2) Appointed Chair of the Committee on 16 June 2023.

On 14 March 2024, David Thomas was appointed to the Committee.

Role

The Audit and Risk Committee is the committee of the Board of Directors that is primarily responsible for overseeing the financial reporting, internal risk management and control functions, the external and internal audit requirements, and for making recommendations to the Board in relation to the appointment of the Group's internal (if applicable) and external auditor.

In accordance with its terms of reference, the Committee, which reports its findings to the Board, is authorised to:

- monitor the integrity of the Group's financial statements and announcements, and significant financial accounting estimates and judgements;
- review the effectiveness of the Group's risk management framework and internal controls and risk management systems;
- consider and make recommendations with respect to the Group's risk appetite, and review, on behalf of the Board, the Group's risk profile;
- monitor and review the need for and, if appropriate, the effectiveness of, the Group's internal audit function;
- oversee the Company's corporate and operations technology functions, including cyber security controls and processes;
- advise the Board on the appointment of the external auditor and on the remuneration for both audit and non-audit work;
- discuss the nature and scope of the audit with the external auditor, and review the audit findings ahead of reporting to the Board; and
- assess the performance, independence and objectivity of the external auditor and any supply of non-audit services.

Composition

As at 31 December 2023 and the date of this report, the Committee comprised two Non-Executive Directors, both of whom are considered to be independent. The members of the Committee are Wanda Mwaura (Committee Chair) and Kimberley Wood. Following the 2023 AGM, Martin Angle was appointed as Chairman of the Company. He therefore stepped down from the Committee in accordance with Provision 24 of the UK Corporate Governance Code, with Ms Mwaura taking over as Committee Chair. David Thomas was appointed to the Committee on 14 March 2024.

The meetings are also typically attended by other Non-Executive Directors, Jon Harris (CEO), Ian Weatherdon (CFO), Michael Cameron (Group Financial Controller), Alasdair Robinson (Chief Legal Officer and Company Secretary), BDO LLP (external auditor) and, as appropriate, representatives from finance management and representatives from operations.

Audit and Risk Committee report

continued

Review of the Committee's activities

Six Audit and Risk Committee meetings were held in the financial year. Meetings are held at key times during the Group's reporting and audit calendar.

Matters discussed

During the year, the main focus of the Audit and Risk Committee has been to support and oversee the Group's ongoing monitoring, review and evaluation of its risk management systems and internal controls, ensure the robustness and integrity of the Group's financial reporting and assess the effectiveness of the external audit process.

The Committee has devoted significant time to reviewing those areas that are integral to the Group's core management and financial processes, as well as engaging regularly with management and the external auditor.

The Committee worked closely with the management team to ensure these recommendations were implemented in an efficient and timely manner. The Committee has been proactive in requesting information in order to fulfil its role. During the course of the year, the Committee has received sufficient information on a timely basis to enable it to discharge its duties effectively.

Significant issues considered by the Audit and Risk Committee in 2023

During 2023, BDO LLP was appointed by the Company as external auditor. BDO replaced Deloitte, which was nearing its maximum term, following a tender process.

The Committee assesses whether suitable accounting policies have been adopted and whether management have made appropriate estimates and judgements. The Committee reviews reports prepared by management that provide details on the main financial reporting judgements and estimates. The Committee also reviews reports by the external auditor on the full-year and half-year results of the Group that highlight any issues identified by the auditor and provide further insights into the judgements and estimates used by management.

2023 was a challenging year for the Company from a financial perspective due to the closing of the ITP and consequent cessation of oil exports and KRG payments. However, local sales resulted in revenue and cash flow to enable the Company to continue as a going concern. The Company constantly reviewed its liquidity and ensured that all appropriate scenarios and accounting policies were reviewed on an ongoing basis.

The significant issues considered in the year are detailed below:

Significant issue	How the issue was addressed by the Committee
<p>Revenue recognition: In order to recognise revenue, management must be able to measure reliably the economic benefit to be received and the costs associated with the sale and it must be probable that the Group will receive the economic benefits.</p> <p>In 2023, the Group has continued to recognise revenue in line with IFRS 15 Revenue from Contracts with Customers. For the period from 1 January 2023 to 25 March 2023, the Company sold its entitlement share of production to the KRG through the ITP. Since 1 September 2022, there has been no lifting agreement in place with the KRG and it has been necessary to assess whether this impacts revenue recognition. The key judgement for revenue recognition is considering whether the accounting policy remains appropriate and whether under this policy it is reasonable to recognise the invoices for the months where no lifting agreement is in place and remain unpaid.</p> <p>On 19 July 2023, the Company commenced sales to local buyers with delivery taking place when crude oil was loaded into trucks. Volumes were sold at negotiated contract prices in line with the local market, with advance payments received in accordance with Production Sharing Contract entitlements.</p>	<p>The Committee considered whether recognition of revenue in relation to oil sales was appropriate. The Committee discussed the key judgements with management and reviewed the information provided. The Committee also had discussions with the external auditor in respect of the Group's accounting policy.</p> <p>The Committee considered, for the period of pipeline export sales from 1 January to 25 March 2023, the accounting treatment of the MNR's proposed pricing mechanism for Shaikan oil sales that changed the reference price from Dated Brent to the Kurdistan Blend ("KBT") effective 1 September 2022. Consistent with the accounting treatment adopted for the year ended 31 December 2022, the Committee agreed that the Group should continue to recognise revenue in accordance with the terms set out in the MNR's proposed pricing mechanism (see Summary of material accounting policies, Sales revenue).</p> <p>For the period from 19 July 2023, the Committee reviewed and agreed that revenue should be recognised in accordance with the contractual terms for sales to local buyers. Any advance payments for which crude oil had not been delivered to the buyer at the reporting date should be recognised as deferred revenue.</p>
<p>Impairment and carrying value of oil and gas assets: An assessment of any impairment and carrying value of the Group's assets is required under International Financial Reporting Standards (IAS 36 Impairment of Assets). This assessment involves management making a number of judgements and assumptions including identifying indicators of impairment and estimating future oil prices, production profiles, the timing of revenue receipts, development timing, costs, cost recovery, potential climate change transition risks impacts, inflation and discount rates.</p>	<p>The Committee considered reports from management and reviewed the impairment indicator assessment. The Committee agreed that the shut-in of the ITP in March 2023 was an indicator of potential impairment and that a full evaluation should be completed. The Committee was satisfied that the base case was reasonable, which was derived from the 31 December 2023 Brent oil price forward curve and market participants' consensus, an assumed development plan and timing of revenue receipts subject to the timing of pipeline reopening and an increase in the discount rate from 15% to 16%. The Committee also reviewed a range of scenarios and the expected cash flow approach applied to potential delays in reopening the ITP. The Committee agreed with management's conclusion that no impairment write-down was required and reviewed associated financial statement disclosures.</p> <p>The Committee also reviewed climate change scenarios. The International Energy Agency's ("IEA") most recently Announced Pledges Scenario ("APS") and Net Zero Emissions ("NZE") climate scenario oil prices and carbon taxes were used to evaluate the potential impact of the principal climate change transition risks. The Committee agreed with management's conclusion that under the APS and NZE scenarios there was no impairment. However, it was acknowledged that while the sensitivity to conservatively include IEA carbon pricing on all production resulted in no impairment under the APS scenario, under the NZE scenario, there could be a potential impairment if the Group's carbon intensity per barrel of production was greater than that assumed by the IEA, which they have not disclosed.</p>

Audit and Risk Committee report

continued

Significant issues considered by the Audit and Risk Committee in 2023 continued

Significant issue	How the issue was addressed by the Committee
<p>Going concern and viability statement: The appropriateness of preparing the Group financial statements for the year on a going concern basis and the preparation of the long-term viability statement.</p>	<p>The Committee considered reports and analysis prepared by management, taking into account the external auditor's review of these papers and their observations. The analysis involved stress testing the assumptions and in particular reviewing the potential impact arising from the uncertainty over the timing of the pipeline reopening and settlement of outstanding amounts due from the KRG, and the fact that the outlook for local sales volumes and pricing is considered difficult to predict. The Committee reviewed the mitigating actions available and concluded that management's recommendation to prepare the financial statements on a going concern basis was appropriate.</p> <p>Given the ongoing uncertainty around pipeline reopening along with the timing of KRG payments and volatility of local sales volumes, the Committee considered whether a material uncertainty existed at the date of signing that could cast doubt on the ability of the Company to continue as a going concern. The Committee concluded no material uncertainty exists having taken due consideration of cash balances, projected cash inflows and outflows and mitigating actions available to reduce the cost base in the event of reduced local sales volumes or delays to KRG payments after reopening of the pipeline.</p> <p>The Committee reviewed the assessment of the principal risks facing the Group, the stress test scenarios and possible mitigating actions over the three-year viability statement period. Based on this review, the Committee approved the disclosure included under the long-term viability statement.</p>
<p>Valuation of KRG receivable (expected credit loss): An assessment was undertaken to assess the valuation of the receivable balance due from the KRG at year end taking into account both relevant macro-economic factors and requirements under accounting standards.</p>	<p>Under International Financial Reporting Standards, the Company is required to assess the likelihood of default by a counterparty. To assess the reasonableness of the expected credit loss provision, the Committee reviewed management's methodology and key variables, including when the pipeline is anticipated to reopen and the estimated duration for the KRG to repay the balance outstanding. Based on this review, the Committee agreed that the expected credit loss provisions had been appropriately calculated.</p> <p>The Committee also reviewed management's disclosure that the outstanding balance is expected to be fully recovered and agreed there is a reasonable basis for such disclosure.</p>

Internal audit

The Audit and Risk Committee has oversight responsibilities for the internal audit function. During the year, the Committee considered the appropriateness of the appointment of an internal auditor; however, this process was put on hold following the closing of the ITP and consequent primary focus on liquidity management and costs.

The Committee undertakes detailed analysis of higher-risk internal procedures and controls on a periodic basis, recent examples being cyber security, payments, inventory and supply chain management. In addition, specialist advisers are engaged, where necessary, to review key controls in high-risk areas to ensure that internal assurance is achieved. The lack of an internal audit function has not had any impact on the work of the external auditor.

External auditor

The Audit and Risk Committee is responsible for reviewing the effectiveness of the external audit process taking into consideration relevant professional and regulatory requirements and the Group's policy on external audit, including ensuring that the auditor remains objective and independent. To fulfil its responsibility regarding independence, the Committee considered:

- the external auditor's plan for the current year, noting the role of the audit partner who signs the audit report and who, in accordance with professional rules, has not held office for more than five years, and any changes in the key audit staff;
- the overall extent of non-audit services provided by the external auditor, in addition to its case-by-case approval of the provision of non-audit services by the external auditor;
- the external auditor's written confirmation of independence to the Audit and Risk Committee; and
- the past service of the external auditor, albeit it was only appointed in 2023.

Audit transition

In light of applicable law and regulation, the Group's external audit was tendered in 2022, resulting in a decision to appoint BDO LLP as the Group's auditor from 2023. BDO shadowed Deloitte through the audit for the financial year ended 31 December 2022 before formally taking over in 2023.

Effectiveness of external auditor

To assess the effectiveness of the external audit process, the auditor is asked on an annual basis to describe the steps that they have taken to ensure objectivity and independence, including where the auditor provides non-audit services. Gulf Keystone monitors the auditor's performance, behaviour and effectiveness during the exercise of their duties, which informs the Committee's decision to recommend reappointment on an annual basis. The external auditor's fulfilment of the agreed audit plan and any variations from the plan and the robustness and perceptiveness of the auditor in its assessment of the key accounting and audit judgements are also considered when making a judgement on auditor effectiveness. The Committee monitored the efficiency of the audit process and the performance of the auditor and was satisfied that the audit process was effective.

Non-audit services

As a safeguard to help to avoid the objectivity and independence of the external auditor becoming compromised, the Committee has a formal policy governing the supply of non-audit services by the external auditor. The policy is consistent with the regulations set out in the Financial Reporting Council's Revised Audit & Assurance Ethical Standard 2019. The Group engages external advisers to provide non-audit services based on cost and the skills and experience required for the work. The Group may engage the external auditor to provide a limited range of non-audit services where this is the most effective and efficient way of procuring such services, provided that the Group is satisfied that the auditor's objectivity and independence will not be compromised as a result.

In 2023, BDO LLP provided non-audit services to the Group related to the interim review of half-year results and other assurance services related to the Company's joint operating agreement with its partner, MOL. BDO were appointed to provide non-audit services due to the synergies of performing the engagement alongside the services already performed as the Group's statutory auditor.

A breakdown of the fees paid to the external auditor in respect of audit and non-audit work is included in note 4 to the consolidated financial statements. The ratio of non-audit fees to audit fees was 21%.

The Committee considered the potential threats that engagement of BDO LLP to perform non-audit services may pose to auditor independence. BDO LLP ensured that necessary safeguards were put in place to reduce the independence threats to an acceptable level. The Committee was satisfied that, given the nature of the work and the safeguards in place, the provision of non-audit services did not undermine auditor objectivity and independence.

Committee evaluation

In 2023, an externally facilitated review of the Audit and Risk Committee's performance and effectiveness was completed which did not raise any substantive issues concerning the performance of the Committee. This was conducted alongside a full Board and Committee evaluation.

Wanda Mwaura

Chair of the Audit and Risk Committee

20 March 2024

Safety and Sustainability Committee report



David Thomas
Chair of the Safety and Sustainability Committee

Committee activities during 2023

The Committee seeks to meet formally four times a year. During 2023 it met on four occasions (in March, June, September and November). The Committee has a number of standing agenda items which are considered at each meeting and will supplement these with specific agenda items as necessary. In 2023, the topics considered included:

- HSE performance and statistics, including a detailed review of any incidents which have occurred and lessons learned;
- ESG strategy plan formulation and implementation, including production of the Group's Sustainability report;
- progress for the year against the Health, Safety and Environmental ("HSE") improvement plan;
- security review and risk assessment;
- the formulation, approval and delivery of the Group's annual CSR plan and initiatives, including review of key initiatives;
- the Group's strategy on climate change and the reduction of GHG emissions, including the formulation of specific targets relating thereto;
- compliance with TCFD requirements;
- review of the Group's GHG emissions data to improve the accuracy and scope of reporting;
- governance review;
- analysis of market and industry trends related to climate change; and
- HSE operational planning for key field activities (for example, well operations).

Role

The role of the Safety and Sustainability Committee is to monitor the development and implementation of the Group's health and safety, environmental, social responsibility and ESG governance policies and to ensure that appropriate management systems and processes are in place to minimise any HSE risks associated with the Group's activities, including the impact of the Group's operations on GHG emissions and on local communities.

2023 membership and meeting attendance

	Member since	Safety and Sustainability Committee
David Thomas	8 Dec 2016	4/4
Jaap Huijskes ⁽¹⁾	6 Dec 2017	1/2
Kimberley Wood	11 Oct 2018	4/4
Jon Harris	26 Jan 2021	3/4
John Hulme ⁽²⁾	23 Jun 2022	4/4

(1) Resigned on 16 June 2023.

(2) John Hulme, COO, is a member of the Executive Committee but not a Board member.

The Committee's activities form an integral part of the Group's HSE governance process, which includes the following key elements: Board and management site visits, external and internal audits, third-party inspections, Permit to Work audits, regulatory inspections, safety walkabouts and ensuring visible safety leadership.

The Group has robust governance processes in place to ensure that the appropriate framework exists to ensure that all matters of an ESG nature are appropriately considered and actioned, and these are reviewed at each meeting.

The Safety and Sustainability Committee has written terms of reference which were last updated in September 2023. A copy of the terms of reference is available on the Company's website. In accordance with its terms of reference, the Committee is authorised to:

- oversee the development of policies and guidelines for the management of all risks relating to safety, sustainability and ESG, incorporating health, safety, security and environmental and social risks within the Group's operations;
- oversee the quality of safety and ESG (incorporating health, safety, security, environment and corporate social responsibility) policies, processes, governance, management and the methods to create appropriate behaviours and decisions, including relevant key performance indicators;
- review health and safety performance to assess the effectiveness of health and safety programmes and to make recommendations for improvement, where appropriate;
- review, and if appropriate approve, specific corporate social responsibility projects within the agreed budgeted level approved by the Board;
- evaluate the effectiveness of the Group's policies and systems for identifying and managing health, safety, security, environmental and social risks within the Group's operations;
- assess the policies and systems within the Group for ensuring compliance with applicable legal and regulatory requirements;
- assess the performance of the Group with regard to the impact of health, safety, security, environmental and social decisions and impact of actions upon employees, communities and other stakeholders. It shall also assess the impact of such decisions and actions on the reputation of the Group and make recommendations to the Board on areas for improvement;
- working in conjunction with the Technical Committee, the Board of Directors, and management as appropriate, specifically consider the level of greenhouse gas emissions ("GHG") generated by the Company, and review challenging and achievable targets to reduce these;

- on behalf of the Board, receive reports from management concerning all fatalities and serious accidents within the Group and actions taken by management as a result of such fatalities or serious accidents;
- evaluate and oversee, on behalf of the Board, the quality and integrity of any reporting to external stakeholders concerning safety, sustainability and ESG issues;
- review the results of any independent audits of the Group's performance in regard to safety, sustainability or ESG matters, review any strategies and action plans developed by management in response to issues raised and, where appropriate, make recommendations to the Board concerning the same; and
- consider the position of the Group with respect to international best practice for safety, sustainability and ESG and emerging legal requirements including relevant corporate governance developments.

Composition

As at 31 December 2023, the Safety and Sustainability Committee comprised two of the independent Non-Executive Directors, David Thomas (Chair) and Kimberley Wood, the CEO, Jon Harris, and the COO, John Hulme. Jaap Huijskes stepped down from the Committee upon his retirement as independent non-executive Chairman of the Company on 16 June 2023. The Company's Head of HSE and Sustainability, Patrick Bersebach, the CSR Manager, Sirwan Dara, and the Security Manager, Serdar Abdullah, also attend meetings, along with other management and staff members as required. Alasdair Robinson acts as Secretary to the Committee, and also reports on governance at each meeting.

Governance

The Company endeavours to ensure that no harm comes to people as a result of its operations and that any effect on the environment is minimised. It also looks to have a beneficial long-term impact on the communities located in the vicinity of the Shaikan Field. The Group aims to ensure that all employees and contractors understand that working safely is the absolute priority and that they are responsible for their own safety and the safety of those around them.

The importance of these areas to the Group is demonstrated by the priority given to them at all levels in the organisation, from the daily toolbox talks in the Shaikan Field through to the regular weekly senior management meetings, and Safety and Sustainability Committee and Board meetings. At Board meetings, a formal report is provided on these matters to the Directors by the COO and the Safety and Sustainability Committee Chair.

Sustainability

Recognising the importance of sustainability to both society and business organisations, the Company has included a detailed Sustainability report in the annual report and accounts; please refer to pages 28 to 45.

This sets out the Company's culture as it relates to sustainability issues, the management processes which it has in place, and focuses on a number of the environmental and social initiatives which have been launched and implemented over the past few years. In addition, the report includes key environmental and safety performance statistics.

The Company previously engaged Deloitte to act as the Company's ESG advisers. Working with Deloitte, the Company developed a detailed ESG strategy roadmap which will be implemented as the Company strives to meet its emission reduction targets. In 2023 the Company was fully compliant with its TCFD reporting requirements.

Health and safety

During 2023, the Committee monitored and supported the Company's 2023 HSE Action Plan implementation and was pleased to see an overall achievement of 98.8% of plan objectives during the year. The Committee was encouraged by the level of incident or potential incident reporting which occurred during the year and the open reporting culture which has continued to be developed in the organisation. Unfortunately, there was one Lost Time Incident in early 2023; a full review was undertaken and lessons learned embedded in the Company's culture and processes. The Company also held emergency response simulation exercises during the year.

Security

For most of 2023, the security environment in Kurdistan remained stable, enabling Shaikan Field operations and staff travel and work patterns to continue unchanged. Following the escalation of the Israel-Hamas conflict in October, the security situation in Kurdistan worsened because of increased militia activity targeting Coalition forces within Kurdistan and Iraq and Iranian drone and missile activity in and around Erbil. In response we removed all non-essential expatriate personnel from Erbil and enabled flexible working from home arrangements for local employees. Shaikan Field operations continued unaffected, supported by standard security precautions. In early 2024, normal working practices resumed following an improvement in the security environment.

The Board and the Committee keep the security environment under constant review through specialist advice and local security experts. The Company has response plans in place which can be activated immediately if required.

Environment

During 2023, the Company took a proactive role in the implementation of a number of specific initiatives to minimise the environmental impact of the Company's operations. These are described more fully in the Sustainability report on pages 28 to 45. Following the closure of the Iraq Turkey Pipeline ("ITP") in March 2023, the Company had to suspend its proposed Gas Management Plan ("GMP") project, which was one of the Company's most significant initiatives to reduce emissions and eliminate almost all routine flaring. Consequently, the Company's target to more than halve its scope 1 emissions intensity by 2025 was suspended. The Company remains committed to significantly reducing its emissions and plans to reinstate its targets once there is more clarity on the investment outlook. See page 33 of the Sustainability report for further detail.

Corporate social responsibility

Since the formal CSR programme was initiated in 2017, the Company has continued to progress several social initiatives for the local communities surrounding the Shaikan Field, with a specific focus on sustainability. These are also more fully described in the Sustainability report. Regrettably, the Company had to suspend a number of initiatives following the closing of the ITP and the consequent focus on liquidity management. The Company is planning a more meaningful contribution of \$100,000 in 2024, focused on delivering a number of critical projects.

David Thomas

Chair of the Safety and Sustainability Committee

20 March 2024

Technical Committee report



David Thomas
Chair of the Safety and Sustainability Committee

Generally, the Committee plans to meet three to four times per annum, but adjusts the meeting timings to coincide with key decision points within the project development schedule or the release of significant new technical or reserves-related information.

The Committee is supported in its activities by key members of the London-based technical, commercial and finance teams and by the Erbil-based projects and operations teams. Members of these teams are regularly invited to participate in Committee meetings to provide input in relation to the Committee's deliberations.

Role

The Technical Committee was established in late 2016 to provide support and guidance for the Shaikan Field development planning and project execution activities and has the following specific objectives to:

- review the Company's production performance, and production guidance, including recommending the proposed production guidance to the Board;
- provide assurance that development plans are in line with the Company's strategy and have been optimised in the context of the current and forecast funding position;
- review subsurface analysis, well management plans, and drilling strategy;
- review and approve the Shaikan Field reserves and resources estimates and revisions;
- ensure that the Company has the appropriate resources and project management systems in place to successfully execute the development projects on time and within budget;
- provide the Board with assurance that the key operational and project execution risks have been identified and that the required risk management processes and mitigation measures are in place;
- provide a detailed review of the Company's Field Development Plan ("FDP") and process;

2023 membership and meeting attendance

	Member since	Technical Committee
David Thomas	8 Dec 2016	3/3
Jaap Huijskes ⁽¹⁾	6 Dec 2017	2/2
Jon Harris	26 Jan 2021	3/3
Gabriel Papineau-Legriss ⁽²⁾	8 Dec 2016	3/3
John Hulme ⁽²⁾	23 Jun 2022	3/3

(1) Resigned on 16 June 2023.

(2) Gabriel Papineau-Legriss (CCO) and John Hulme (COO) are both members of the Executive Committee but are not Board members.

- provide a detailed review of the Company's Gas Management Plan ("GMP") and strategy; and
- review and recommend for Board approval any information relating to the Shaikan FDP and reserves and resources estimates for public release.

Committee activities during 2023

The Committee met three times in 2023. In addition to standing agenda items, the following key matters were discussed:

- production planning and forecasting (including 2023 production guidance);
- 2023 Competent Person's Report;
- 2023 and 2024 work programme and budget;
- produced gas management strategy, including the GMP and alternative strategies;
- production enhancement and well management initiatives (including ESP installation programmes);
- field shut-down, local sales, and effects on production and well management;
- drilling strategy and progress;
- operational risk reviews;
- well workover options; and
- Shaikan subsurface re-mapping and re-modelling project.

The Company estimates gross 2P reserves of 458 MMstb at 31 December 2023. The Company's internal estimates account for the impact of the production shut-in and suspension of expansion activity in 2023 following the closure of the Iraq-Turkey Pipeline on 25 March 2023. Further detail on the Company's estimated reserves is available on page 8 of the Operational review.

David Thomas

Chair of the Technical Committee

20 March 2024

Remuneration Committee report



Kimberley Wood
Chair of the Remuneration Committee

Matters discussed by the Remuneration Committee in 2023

The Committee held six Committee meetings in 2023 and also met on an informal basis to discuss the following remuneration matters:

- reviewed and agreed 2022 bonus performance outcomes for executives and senior management and resulting bonus pay-outs;
- reviewed and approved 2020 LTIP pay-out, including treatment of dividends;
- reviewed metrics for the 2023 LTIP;
- conducted further review of the comparator peer group;
- reviewed and approved salary/fee deferment and subsequent reinstatement of Board remuneration;
- approved bonus KPIs for 2023;
- approved 2023 LTIP awards to all eligible participants and associated performance targets;
- reviewed and approved the Directors' remuneration report;
- reviewed and agreed that there would be no 2024 salary increases or 2023 annual bonuses for the wider workforce, other than a small recognition payment in light of the difficult year the Company has experienced; and
- approved the terms of reference of the Remuneration Committee.

Part one: Annual Statement from the Chair of the Committee

Dear Shareholder,

On behalf of the Remuneration Committee, I am pleased to present the Directors' remuneration report for the year ended 31 December 2023.

The work of the Remuneration Committee in 2023 was conducted against a backdrop of challenging circumstances with the suspension of Kurdistan crude exports following the closure of the Iraq-Turkey Pipeline in March and continued delays to KRG payments. As a result, the Board's focus shifted rapidly from driving profitable production growth to preserving liquidity, suspending all expansion activity and aggressively reducing expenditures across the business.

2023 membership and meeting attendance

	Member since	Remuneration Committee
Kimberley Wood (Chair)	12 Oct 2018	6/6
Martin Angle	16 Jul 2018	6/6
David Thomas	8 Dec 2016	6/6

The Board agreed to defer 20% of salaries and fees for its members from 1 July 2023 in order to help manage the Company's liquidity position. In December, the Board resolved that the deferred salaries and fees should be paid since the Company was able to meet its ongoing costs and its liquidity position had improved.

Performance and implementation of the Remuneration Policy in 2023

The Committee acknowledges that the Directors' remuneration report received less than 80% of votes in favour at the AGM in June 2023. The vast majority of the votes against were from two investors. The Company engaged with these investors to seek to understand their reasons for the negative votes and reported on this shareholder consultation in December 2023. The Board continually strives to ensure its remuneration policies support the Company's strategy and are in line with market practices and remains committed to soliciting input from shareholders.

Annual bonus

At the start of 2023 the Remuneration Committee set robust and challenging targets for the annual bonus scheme and ensured the right policies and practices were in place to attract, retain and motivate all employees. However, based on the exceptional events that followed the suspension of crude exports in March 2023 that continued beyond the end of 2023, most of the targets set by the Committee were no longer relevant. Given the context, the Committee considered it inappropriate for any annual bonus payments to be paid for 2023.

Long-term incentives

The final assessment and vesting of Gulf Keystone's 2021 LTIP award will take place in April 2024. All employees participate in the plan. The award is not currently expected to vest based on the latest assessment. The actual vesting amount will be disclosed via an RNS announcement and in the 2024 annual report.

The CEO and CFO received conditional awards of 515,351 and 317,303 options respectively over shares (equivalent to 200% and 150% of salary) on 28 March 2023. The awards are subject to both absolute and relative total shareholder return ("TSR") targets being met, each measure having a 50% weighting. As usual, the Remuneration Committee will have the discretion to review vesting outcomes to ensure a fair reflection of performance.

Instances of the exercise of discretion by the Remuneration Committee

No discretion was exercised by the Remuneration Committee outside the normal Remuneration Policy guidelines.

Remuneration across the workforce

GKP fosters an inclusive culture across the whole workforce which is reflected in our Remuneration Policy. Base salaries for all employees are benchmarked on a regular basis and targeted at median. The annual bonus plan is open to all employees, the outcome of which is linked to both corporate and individual targets.

Remuneration Committee report

continued

Performance and implementation of the Remuneration Policy in 2023

continued Remuneration across the workforce

The corporate targets are the same for all who participate. In addition, all permanent employees working for the Company at the time of grant received an award in 2023 under the 2014 LTIP plan which aligns their interests with the long-term success of GKP and to the structure of rewards available to Executive Directors.

The Committee and Board are given regular briefings on the pay, incentive and benefit arrangements for the wider workforce as well as receiving updates from the Chief HR Officer who attends all Committee meetings by invitation.

Summary of remuneration for Executive Directors in 2024

In light of the current business context there are no planned increases in salary for the CEO and CFO in 2024 or for the rest of the workforce. No increases were made to the CEO and CFO's annual bonus and LTIP entitlements.

Both the CEO and CFO will be eligible for a 2024 bonus, subject to Company and individual performance metrics. The Committee will review the Company's achievements, KPIs and performance targets and publish these in the 2024 Directors' remuneration report. The 2024 bonus measures incorporate targets on safety, security and sustainability (including environment and emissions-related targets); value creation (oil sales optimisation, arrears recovery and strategy); financial and people, culture and values initiatives. Further information is set out on page 111 of the Directors' remuneration report.

The CEO and CFO are entitled to participate in the LTIP where performance-based shares are granted up to a maximum of 200% and 150% of salary, respectively, in line with policy. The 2024 LTIP award will have performance conditions based on absolute and relative TSR. The Committee is considering incorporating an ESG metric for 2025 and will consult with shareholders over the course of the year. The LTIP scheme rules will also be updated and renewed at the 2024 AGM, after reaching its ten-year limit.

Board changes in 2024

On 5 February 2024 we announced the retirement of our CFO, Ian Weatherdon, who will not be standing for re-election at the 2024 AGM. Since joining the Company, Ian has played a key role in building high-performing teams whilst overseeing industry-leading returns to shareholders during a period of strong production growth and elevated oil prices and maintaining a strong balance sheet which has underpinned the Company's resilience since the pipeline closure. Full details of his remuneration arrangements following loss of office (in line with the Remuneration Policy) will be disclosed in the 2024 annual report.

Gabriel Papineau-Legriss, GKP's Chief Commercial Officer, will be appointed CFO and Executive Director after the AGM. He will be eligible for a salary of £350,000 and a pension contribution of 10% of salary, which is aligned to GKP's UK workforce. He will be eligible for a 2024 bonus and a grant under the 2024 LTIP in line with the Remuneration Policy. Gabriel's base salary represents a reduction against the outgoing CFO but remains in line with market competitive rates. Further details of the new CFO's package can be found on page 111 of the Directors' remuneration report.

Recognition and retention payments

To recognise the hard work and dedication of all employees (excluding Executive Directors) during these unprecedented times, the Committee has approved recognition payments. Additionally, given the current challenging circumstances of the Company, the Committee

approved retention arrangements for a number of employees to stabilise management which the Board considered to be in the best interests of the Company. The Committee is therefore proposing to pay a one-off payment to our CEO on the same basis as other retention arrangements. The award will be limited to 100% of salary, is payable in January 2025 and will be subject to malus and clawback provisions and other conditions. This proposed amendment to the Remuneration Policy will be subject to shareholder approval at the 2024 AGM.

Basis of preparation of the report

As GKP is not incorporated in the UK, it is not subject to UK company law or the UK Corporate Governance Code. However, the Company's Byelaws require it to comply with the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (the "2013 Regulations"). The Directors' remuneration report has been prepared in accordance with such 2013 Regulations as amended.

As a responsible corporate citizen, GKP is committed to following best practice, maintaining high corporate governance standards and the principles enshrined in the UK Corporate Governance Code (the "Code") which are taken into account to the extent they are considered appropriate for the Company. As GKP only has 23 employees in the UK, not all elements of the Code or certain 2018 changes to the 2013 Regulations, including the CEO pay ratio, are relevant or applicable. As noted above, the Committee has regard to wider workforce reward but considers that a ratio calculation would not be meaningful with such a small UK workforce.

2024 AGM

At the 2024 AGM, our Directors' remuneration report (pages 97 to 111) will be the subject of an advisory vote and shareholders will be asked to vote on an amendment to the Remuneration Policy to allow for the one-off retention payment of our CEO, in accordance with the 2013 Regulations. There will also be a vote to approve new Rules for the LTIP since the previous Rules are due to expire. The Rules have been updated to reflect developments in best practice – a summary is included in the Notice of AGM and the Rules themselves will be available for inspection on the Company's website once the Notice of AGM is issued. We believe the new Rules to be in line with current industry standards.

The Committee believes the remuneration outcomes for 2023 reflect an appropriate outcome taking into account the global context, the difficult trading and operational conditions and shareholder experience during this period. We hope and trust that shareholders will recognise this as a continuation of our strategy for reward and also recognise the efforts we have taken to retain key staff during this period. On behalf of the Remuneration Committee, I would like to thank all shareholders for their continued support and hope that you will vote in favour of the resolution contained within the report at the AGM on 21 June 2024.

Finally, this will be my last remuneration report as Chair of the Remuneration Committee. As announced on 5 February 2024, I will be resigning from the Board at the 2024 AGM, having taken an executive role elsewhere. The Nomination Committee is currently recruiting for my replacement.

Yours sincerely,

Kimberley Wood

Chair of the Remuneration Committee

20 March 2024

Part two: Directors’ Remuneration Policy

Introduction

Part two provides an overview of the Directors’ Remuneration Policy. It describes the elements of remuneration and summarises the approach the Remuneration Committee will adopt in certain circumstances, such as the exercise of discretion, the recruitment of new Directors and the making of any payments for loss of office. The current Policy was approved by shareholders at the 2022 AGM.

Purpose and role of the Remuneration Committee

The Remuneration Committee determines and agrees with the Board the overall Remuneration Policy for the Executive Directors and Executive Committee members. Within the terms of the agreed policy, key responsibilities of the Committee include:

- determining and agreeing with the Board the framework and broad policy for the remuneration of the Company’s Executive Directors and setting remuneration for the Non-Executive Chairman of the Board, the Executive Directors and the Executive Committee (being those individuals considered to be Persons Discharging Managerial Responsibilities (“PDMR”));
- when setting the Remuneration Policy, reviewing and having regard to remuneration and related policies across the Group and the wider workforce, aligning incentives and rewards with culture and the overall strategy of the Company. When conducting its last major review of the Remuneration Policy, the Committee took into account simplicity, clarity, risk management, predictability and proportionality, as well as alignment to culture, as part of the process;
- reviewing the design of all share incentive plans for approval by the Board and shareholders. For any such plans, determining each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to the Executive Directors and members of the Executive Committee and the performance targets to be used;
- agreeing pension arrangements, service agreements and termination payments for Executive Directors and members of the Executive Committee and ensuring that any termination payments are fair to the individual and the Company; and
- overseeing any major changes in employee benefits structures throughout the Company and/or the Group and giving advice on any such changes.

The Remuneration Committee also reviews and approves overall remuneration levels for employees below the level of the Executive Committee but does not set individual remuneration levels for such individuals. This oversight role allows the Committee to consider pay policies and employment conditions throughout the Company when designing packages for the Executive Directors and other key employees, and the alignment of incentives and rewards with culture. The Committee considers the general level of increases applied to basic pay across the Company when reviewing Executive Directors’ base salaries.

The Remuneration Committee operates within written terms of reference agreed by the Board. These are reviewed periodically to ensure that the Committee remains up to date with best practices appropriate to GKP, its strategy and the business and regulatory environment in which it operates. Terms of reference are in place and reviewed annually, the latest version being in March 2024. They are available on the Company’s website.

To recognise the hard work and dedication of all employees (excluding Executive Directors) during these unprecedented times, the Committee has approved recognition payments. Additionally, given the current challenging circumstances of the Company, the Committee approved retention arrangements for a number of employees to stabilise management which the Board considered to be in the best interests of the Company. The Committee is therefore proposing to amend the Directors’ Remuneration Policy to allow a one-off payment to our CEO on the same basis as other retention arrangements. The award will be limited to 100% of salary, is payable in January 2025 and will be subject to malus and clawback provisions.

This is the only proposed amendment to the Remuneration Policy, which is otherwise unchanged.

The amendment of the Remuneration Policy to be approved by shareholders at the 2024 AGM is set out below:

Remuneration element	Structure and opportunity	What has changed since last Policy
Retention payment	One-off award made in cash. CEO is eligible for an award payable in January 2025 only of up to 100% of salary. Award is subject to malus and clawback provisions.	Introduced for 2024 only

Remuneration Committee report

continued

Remuneration Policy table

The Company's Directors' Remuneration Policy is described in the following table.

Remuneration element	Link to strategy	Operation	Opportunity	Remuneration Committee discretion
Base salary	Essential to attract and retain key executives.	Reviewed annually based on: <ul style="list-style-type: none"> • role, experience and individual performance; • pay awards elsewhere in the Group; • external market; and • general economic environment. 	Policy is to benchmark to the relevant market median. Normally, salary increases for Executive Directors will be in line with the average employee increase.	The Committee retains discretion to: <ul style="list-style-type: none"> • select the appropriate market comparator group; and • increase salaries above the general employee average; in general, this would be to reflect significant additional responsibilities.
Benefits	Helps attract and retain key executives.	Directors may be entitled to a car allowance, private medical insurance, death in service benefit and income protection in line with the wider workforce.	Benefit levels reflect those typically available to senior managers within GKP.	If a Director is recruited from or required to move overseas, the Committee may provide additional benefits tailored to the circumstances (e.g. relocation expenses). If additional benefits are introduced for the wider workforce, the Committee reserves the right to extend these to Executive Directors on equivalent terms.
Pension	Helps executives provide for retirement and aids retention.	Up to 10% of salary; may be provided as a cash allowance. Pension allowances are not included in base salary for annual bonus or other executive rewards.	10% of base salary for Executive Directors, aligned to rates applicable to the UK workforce.	The Committee may agree with an Executive Director that the cash allowance will be paid into a pension arrangement at no additional cost.
Annual bonus	Rewards achievement of annual key performance indicators.	Targets and weightings are set annually; performance is measured over a single year. Bonus awards are determined after the year end based on achievement of targets. Clawback provisions apply.	Maximum bonus opportunity is 125% of annual salary for the CEO and 100% for other Executive Directors.	The Committee may, in exceptional circumstances, change performance measures and targets and their respective weightings part way through a performance year, if there is a significant event which causes the Committee to believe the original measures, weightings and targets are no longer appropriate. Discretion may also be exercised if the Committee believes the bonus outcome is not a fair and accurate reflection of business performance. Safety is of central importance to the business and the Committee may reduce bonus awards if there is a serious safety event.

Remuneration element	Link to strategy	Operation	Opportunity	Remuneration Committee discretion
<p>LTIP</p>	<p>Incentivises executives to deliver key financial targets over the longer term, with particular focus on shareholder return.</p> <p>Helps retain key executives.</p>	<p>Awards are usually granted annually to participants, but grants may be made at other times, such as on recruitment or promotion of an executive.</p> <p>Awards are in the form of nil-cost share options, nominal-cost share options or conditional shares. In special circumstances they may be cash-settled.</p> <p>Awards normally vest after three years to the extent that performance targets can be based on a combination of share price, financial, operational and strategic metrics as determined by the Committee. At least 60% of the award will be based on absolute and/or relative TSR.</p> <p>A payment equal to the value of dividends which would have accrued on vested awards may be made following the release of awards to participants, either in the form of cash or as additional shares.</p> <p>It is the Company's practice to make awards under an LTIP to all employees of the Company as appropriate in a range of values based on seniority.</p> <p>Specific malus and clawback provisions apply (see page 102).</p> <p>For LTIPs granted from 2023, once vested, the shares received (net of tax) must be held for at least a two-year period before they can be sold (subject to the shareholding requirements).</p>	<p>When eligible, the maximum value of the shares subject to award to the CEO is 200% of annual salary and for the CFO it is 150% of salary.</p> <p>At threshold performance up to 30% of the award vests. The threshold amount has been reduced to 25% for LTIPs granted from 2023.</p>	<p>The Committee may, in exceptional circumstances, change the performance measures and targets and their respective weightings part way through a performance period, if there is a significant event which causes the Committee to believe the original measures, weightings and targets are no longer appropriate. The new measures and targets will be no more or less difficult than those they replace.</p> <p>Discretion may also be exercised if the Committee believes the LTIP outcome is not a fair and accurate reflection of business performance.</p> <p>Safety is of central importance to the business and the Committee may reduce or eliminate LTIP awards if there is a serious safety event.</p> <p>The Committee also has discretion in determining when awards are granted, the form of the award and those eligible within the constraints of the LTIP rules.</p>
<p>Shareholding requirements</p>	<p>Aligns the interests of executives and shareholders.</p>	<p>Formal requirements apply to Executive Directors. Participation in long-term incentives may be scaled back or withheld if the requirements are not met or maintained.</p>	<p>At least 200% of salary holding required for all Executive Directors. Post-exit: Executive Directors are required to retain the lower of actual shares held and shares equal to 200% of salary for two years post-exit in respect of shares which vest related to grants of LTIPs from 2023.</p>	<p>The Committee has discretion to change the shareholding requirements – in particular where compassionate circumstances apply.</p>

Remuneration Committee report

continued

Malus and clawback

These provisions allow the Committee in certain circumstances (such as gross misconduct, a material misstatement of the Group financial statements or decisions taken outside of the Group's risk appetite) the discretion to:

- reduce bonus pay-outs;
- cancel entitlement of bonus;
- prevent or reduce vesting of the LTIP; and/or
- allow the Company to claim back up to 100% of an award which has vested/been paid.

Remuneration scenarios for Executive Directors based on policy

The charts below provide an illustration of the potential future reward opportunities for the CEO and CFO, and the potential split between the different elements of remuneration under four different performance scenarios: "Minimum", "On-target", "Maximum" and "Maximum (including 50% share price appreciation on long-term incentive awards)".

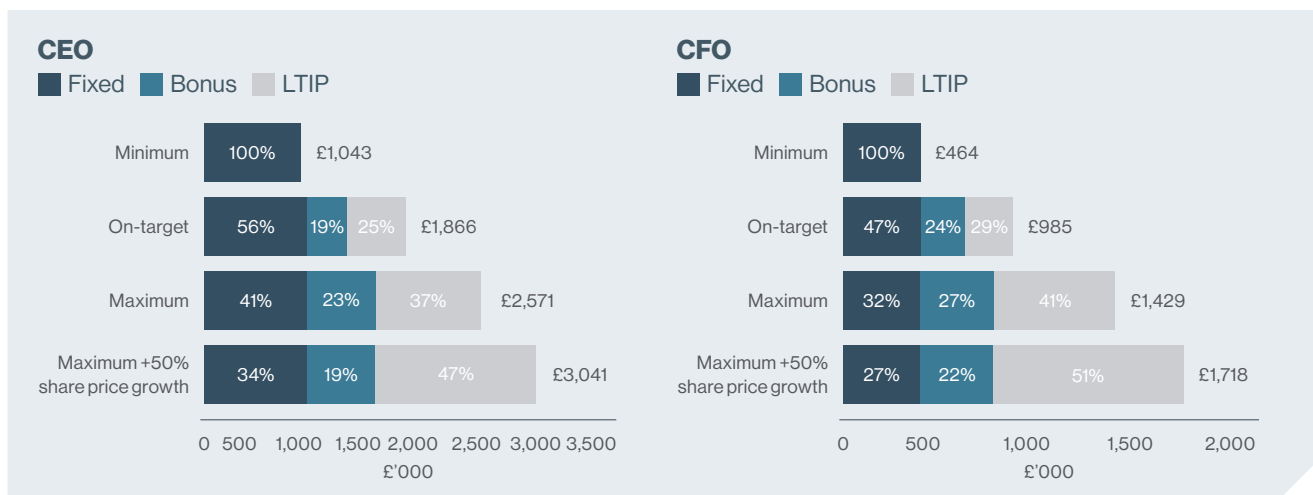
Potential reward opportunities are based on GKP's Remuneration Policy, applied to the 2023 base salaries and pension opportunities. The annual bonus and LTIP are based on the maximum opportunities as set out under the Remuneration Policy. Please note the LTIP awards granted in a year do not normally vest until the third anniversary of the date of grant and the projected values in the second and third scenarios are based on the face value at award rather than vesting (i.e. the scenarios exclude the impact of any share price movement over the period).

The exception to this is the final scenario which, in line with the requirements of the Companies (Miscellaneous Reporting) Regulations 2018, illustrates the maximum outcome assuming 50% share price appreciation for the purpose of LTIP value.

The "Minimum" scenario reflects base salary, retention payment, pension and benefits (i.e. fixed remuneration) which are the only elements of the executives' remuneration packages not linked to performance.

The "On-target" scenario reflects fixed remuneration as above, plus annual bonus pay-out of 60% of maximum (75% of salary for the CEO and 60% of salary for the CFO) and LTIP at 50% of maximum award (100% and 75% of salary for the CEO and CFO respectively).

The "Maximum" scenario is shown on two bases: excluding and including the impact of share price appreciation on the value of LTIP outcomes. In both cases, the scenario includes fixed remuneration and full pay-out of all incentives, with the final scenario also including the impact of a 50% increase in GKP's share price on the value of the LTIP.



Executive Directors' recruitment policy

Remuneration packages for future Executive Directors will be aligned to the Policy described, including a maximum annual bonus opportunity of 125% of salary for the CEO and 100% of salary for any other Executive Director and an annual LTIP grant of up to 200% of salary for the CEO and 150% of salary for the CFO or any other Executive Director. Relocation packages are assessed on their individual merits. It is not the Company's policy ordinarily to buy out executives from pre-existing incentive arrangements, but the Committee will consider compensating a new Executive Director for the loss of incentives awarded by a previous employer, if it believes such compensation is warranted taking into account the terms of the award forfeited. We seek to avoid paying more than necessary to secure a candidate and will have regard to current Remuneration Policy, shareholder guidance and market practice when formulating remuneration for a new Executive Director.

Where an existing employee is promoted to the Board, the Policy described above will apply from the date of promotion, and there will be no retrospective application. Existing remuneration, including incentives, will continue, even if inconsistent with the above Policy, until such time as they expire or vest. Pension contributions from the date of promotion will be aligned with that of the wider workforce.

Terms of the Executive Directors' service contracts

Executive Directors are engaged on rolling service contracts, which provide for 12 months' written notice of termination from the CEO and six months' notice from other Executive Directors, with the same notice periods required from the Company.

In exceptional circumstances, the Committee may agree to a longer notice period initially, reducing to 12 or six months, as appropriate, after one year.

Non-Executive Directors' letters of appointment

Non-Executive Directors are engaged by letters of appointment terminable on one month's written notice from either the individual or the Company.

The Non-Executive Chairman and Non-Executive Directors receive an annual fee paid in monthly instalments. The fee for the Non-Executive Chairman is set by the Remuneration Committee and the fees for the Non-Executive Directors are approved by the Board, on the recommendation of the Non-Executive Chairman and Executive Directors.

Fees are set at a level required to attract and retain individuals with the necessary experience to advise and assist with establishing the Company's strategy and monitoring its progress towards the successful implementation of that strategy. Fees are reviewed regularly to ensure they keep pace with market practice and the demands of the role.

Reasonable expenses incurred by the Non-Executive Chairman and the Non-Executive Directors in the performance of their duties (including travel and accommodation benefits) may be reimbursed or paid for directly by the Company, as appropriate.

Each Non-Executive Director receives a basic fee. Additional fees are paid to the Non-Executive Chairman of the Board and the Chairs of the Board Committees. In the event that the Board requires the formation of an additional Board Committee, fees for the Chair (and, where relevant, membership) of such Committee will be determined by the Board at the time. Non-Executive Directors do not participate in any of the Company's benefits or incentive plans.

Inspection of documents and re-election of Directors

Directors' service contracts and appointment letters will be available for inspection prior to and during the 2024 AGM.

All Directors are required to stand for re-election annually in accordance with the Company's Byelaws.

Remuneration Committee report

continued

Termination payment policy

Any compensation payment made to an Executive Director for termination of employment will be determined with reference to the terms of the individual's service agreement and the rules of any incentive plan in which the individual is a participant. Those rules will differentiate between "good" and "bad" leavers. The Company's default policy is summarised in the table below, with Committee discretion to determine an alternative treatment as necessary:

Service contracts do not contain liquidated damages clauses. There is no provision in an Executive Director's service agreement providing for compensation for loss of office or employment that occurs because of a change of control. However, on a change in control the following will normally happen:

- the cash element of any bonus will be paid, at the discretion of the Remuneration Committee, on the date of the change of control. The amount paid will be pro-rata and based on performance to date. The deferred element of the bonus will become exercisable on a change of control and will vest; and
- the vesting of LTIP awards will be accelerated: the number of shares that vest will be determined by the Remuneration Committee taking account of the Company's performance since the grant date and the proportion of the normal vesting period which has elapsed.

The Remuneration Committee reserves the right to make additional payments, where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement or compromise of any claim arising in connection with the termination of an Executive Director's office or employment.

When deciding on the amount of any payment for loss of office, the Remuneration Committee will seek to minimise the cost to the Company to the extent permitted by the circumstances of the particular case.

Remuneration element	Policy summary
Salary and benefits	<p>A payment equivalent to monthly salary as if the executive had continued to be employed throughout the contractual notice period. A lump sum may be paid in lieu of notice. Benefits will cease on termination of employment.</p> <p>The Committee will determine such mitigation as it considers fair and reasonable in the individual circumstances.</p>
Annual bonus	<p>The Committee may make such payment as it deems appropriate taking into account the period up to the date on which employment ceases and the level of performance achieved up to that date.</p> <p>If the individual is deemed to be a "bad" leaver (for example, if dismissed owing to misconduct), no bonus is payable for the year in which their employment terminates.</p>
2014 LTIP	<p>For "good" leavers whose employment ceases owing to ill-health, the award shall vest in full on the normal vesting date.</p> <p>For "good" leavers who leave owing to death, the award shall vest in full immediately.</p> <p>Awards granted to a "bad" leaver lapse on cessation of employment.</p>

External appointments

The Executive Directors may accept external appointments with the prior approval of the Board provided that such appointments do not prejudice the individual's ability to fulfil their duties to the Company and the Group, as a whole. Whether any related fees are retained by the individual or remitted to the Company is considered on a case-by-case basis.

Considerations of shareholder views

When determining remuneration, the Remuneration Committee takes into account the guidelines of representative investor bodies, proxy advisers and shareholder views. The Committee is always open to feedback from shareholders on remuneration policy and arrangements and updates major shareholders on any changes.

Part three: Annual Report on Remuneration

Introduction

This part of the report is subject to an advisory vote at the AGM on 21 June 2024. GKP’s auditor has reported on those sections (highlighted below) which the Regulations require to be audited.

Remuneration Committee membership during 2023

The terms of reference of the Remuneration Committee, reviewed annually, are available on the Company’s website. As of 31 December 2023, the Remuneration Committee comprised three independent Non-Executive Directors, all of whom had served on the Committee for the full financial year. Martin Angle, the Chair of the Board, was considered independent when appointed.

- Kimberley Wood (Chair);
- Martin Angle; and
- David Thomas.

The members had no personal financial interest in the decisions made by the Remuneration Committee. There were no conflicts of interest arising from cross-directorships and no involvement in the Company’s day-to-day operations.

The Chair of the Committee may ask non-Committee members to attend meetings, including other Board members and members of the senior management team, including the Chief Human Resources Officer. The Chief Legal Officer acts as Secretary to the Committee. No individuals are involved in decisions relating to their own remuneration. Details of the Committee’s principal activities during the year ended 31 December 2023 and attendance of Committee members is included on page 97.




Advisers

The Remuneration Committee is informed of key developments and best practice in the field of remuneration and obtains advice from independent external consultants, when required, on individual remuneration packages and executive remuneration practices in general. After a competitive tender process, Mercer Limited (“Mercer”) was appointed as remuneration consultant from January 2020 onwards.

Services provided to the Remuneration Committee by Mercer during 2023 included the provision of advice on the Company’s equity plans and executive remuneration levels; corporate governance support and best practice advice to the Remuneration Committee on the drafting of the Directors’ remuneration report; and other ad-hoc projects. Fees paid to Mercer for services provided to the Committee during the financial year were £82,350. Mercer has no connections with the Company other than an agreement for the provision of market data for the wider workforce and no personal relationships with individual Directors.

Mercer is a signatory to the Remuneration Consultants’ Code of Conduct (www.remunerationconsultantsgroup.com) which requires its advice be objective and impartial.

Alignment of the Remuneration Policy to purpose and strategy

Our purpose	
GKP is a responsible energy company developing natural resources for the benefit of all our stakeholders, delivering social and economic benefits by working safely and sustainably with integrity and respect.	
Strategic priorities for 2024:	Relevant incentive metrics:
 Safety and sustainability	<ul style="list-style-type: none"> • Safety performance • Loss of containment • Emissions reduction • Security and cybersecurity • HSE Plan • ESG roadmap • People, culture, values Read more on page 20
 Value creation	<ul style="list-style-type: none"> • Optimisation of oil sales payments and arrears recovery • Strategy • Shareholder distribution Read more on page 20
 Capital discipline, cost focus and robust financial position	<ul style="list-style-type: none"> • Liquidity management • Cash balance • Operating efficiency • Budget discipline Read more on page 21

Remuneration Committee report

continued

Statement of shareholder voting

The following table shows the results of votes on the 2022 Directors' remuneration report at the 2023 AGM held on 16 June 2023.

	Votes for	Votes against	Total votes cast (excluding withheld)	Votes withheld
Directors' remuneration report for year to 31 December 2022	64,058,721 (59.66%)	43,311,067 (40.34%)	107,369,788	24,398
2022 Remuneration Policy	110,834,274 (99.11%)	993,689 (0.89%)	111,829,963	107,978

Single total figure of remuneration table for the year (audited)

2023	Salary/fees £'000	Pension £'000	Benefits £'000	Annual bonus £'000	Other £'000	LTIP ⁽¹⁾ £'000	Total fixed remuneration £'000	Total variable remuneration £'000	
Executive Directors									
Jon Harris	470	47	56	—	—	—	573	573	—
Ian Weatherdon	386	39	40	—	—	—	465	465	—
Non-Executive Directors									
Martin Angle	136	—	—	—	—	—	136	136	—
Jaap Huijskes ⁽³⁾	81	—	—	—	—	—	81	81	—
Garrett Soden ⁽³⁾	30	—	—	—	—	—	30	30	—
David Thomas	84	—	—	—	—	—	84	84	—
Kimberley Wood	80	—	—	—	—	—	80	80	—
Wanda Mwaura ⁽²⁾	83	—	—	—	—	—	83	83	—
Julien Balkany ⁽³⁾	32	—	—	—	—	—	32	32	—
Total	1,382	86	95	—	—	—	1,563	1,563	—

(1) LTIP is based on an estimate of the 2021 LTIP which is not currently expected to vest. Final vesting will be disclosed in the relevant RNS and updated in the 2024 annual report.

(2) Wanda Mwaura's fee is denominated in USD.

(3) Prorated to date of resignation/joining.

2022	Salary/fees £'000	Pension £'000	Benefits £'000	Annual bonus £'000	Other £'000	LTIP ⁽¹⁾ £'000	Total fixed remuneration £'000	Total variable remuneration £'000	
Executive Directors									
Jon Harris	440	44	34	412	—	—	930	518	412
Ian Weatherdon	364	36	39	263	—	1,684	2,386	439	1,947
Non-Executive Directors									
Martin Angle	84	—	—	—	—	—	84	84	—
Jaap Huijskes	160	—	—	—	—	—	160	160	—
Garrett Soden	60	—	—	—	—	—	60	60	—
David Thomas	80	—	—	—	—	—	80	80	—
Kimberley Wood	70	—	—	—	—	—	70	70	—
Wanda Mwaura ⁽²⁾	39	—	—	—	—	—	39	39	—
Total	1,297	80	73	675	—	1,684	3,809	1,450	2,359

(1) LTIP is based on a share price of £1.358 on 28 April 2023 and includes dividends of £804,557.

(2) Wanda Mwaura joined the Board on 1 July 2022 and her fee is denominated in USD.

Historical CEO pay⁽¹⁾

	2017 £'000	2018 £'000	2019 £'000	2020 £'000	2021 £'000	2022 £'000	2023 £'000
Single figure remuneration	768	973	824	552	857	930	573
Bonus percentage of maximum payable	50%	76%	50%	0%	81%	75%	0%
Vested LTIP awards as percentage of maximum	0%	0%	0%	0%	0%	0%	0%

(1) Historical CEO pay has been assessed from 1 January 2017 following the completion of a balance sheet restructuring in 2016.

Percentage change in Director remuneration

The following table shows the percentage change in the remuneration of the Directors between the years ended 31 December 2020 and 31 December 2023 and the average percentage change for the remuneration in the Group as a whole excluding the CEO.

	2020			2021			2022			2023		
	Salary /fees	Benefits	Annual bonus	Salary /fees	Benefits	Annual bonus	Salary /fees	Benefits	Annual bonus	Salary /fees	Benefits	Annual bonus
Executive Directors												
Jon Harris ⁽¹⁾	N/A	N/A	N/A	N/A	N/A	N/A	0%	67%	5%	7%	38%	(100%)
Ian Weatherdon ⁽²⁾	N/A	N/A	N/A	0%	60%	N/A	0%	37%	(11%)	6%	2%	(100%)
Non-Executive Directors												
Martin Angle	0%	0%	N/A	(11%)	0%	N/A	(6%)	0%	N/A	5%	0%	N/A
Jaap Huijskes ⁽³⁾	0%	0%	N/A	(11%)	0%	N/A	0%	0%	N/A	0%	0%	N/A
Garrett Soden ⁽⁴⁾	(14%)	0%	N/A	(14%)	0%	N/A	0%	0%	N/A	0%	0%	N/A
David Thomas	0%	0%	N/A	(11%)	0%	N/A	0%	0%	N/A	5%	0%	N/A
Kimberley Wood	0%	0%	N/A	(13%)	0%	N/A	0%	0%	N/A	6%	0%	N/A
Wanda Mwaura ⁽⁵⁾	N/A	N/A	N/A	N/A	N/A	N/A	0%	0%	N/A	0%	0%	N/A
Julien Balkany ⁽⁶⁾	N/A	N/A	N/A	N/A	N/A	N/A	0%	0%	N/A	0%	0%	N/A
Group percentage change ⁽⁷⁾	6%	0%	(23%)	7%	57%	97%	9%	5%	22%	5%	0%	(15%)

(1) Jon Harris joined the Company in January 2021.

(2) Ian Weatherdon did not receive a bonus for 2020.

(3) Jaap Huijskes resigned from the Board effective 16 June 2023.

(4) Garrett Soden resigned from the Board effective 16 June 2023.

(5) Wanda Mwaura joined the Board effective 1 July 2022.

(6) Julien Balkany joined the Board effective 3 July 2023.

(7) The Group has been applied as the benchmark above given this is a more meaningful comparison than the Company.

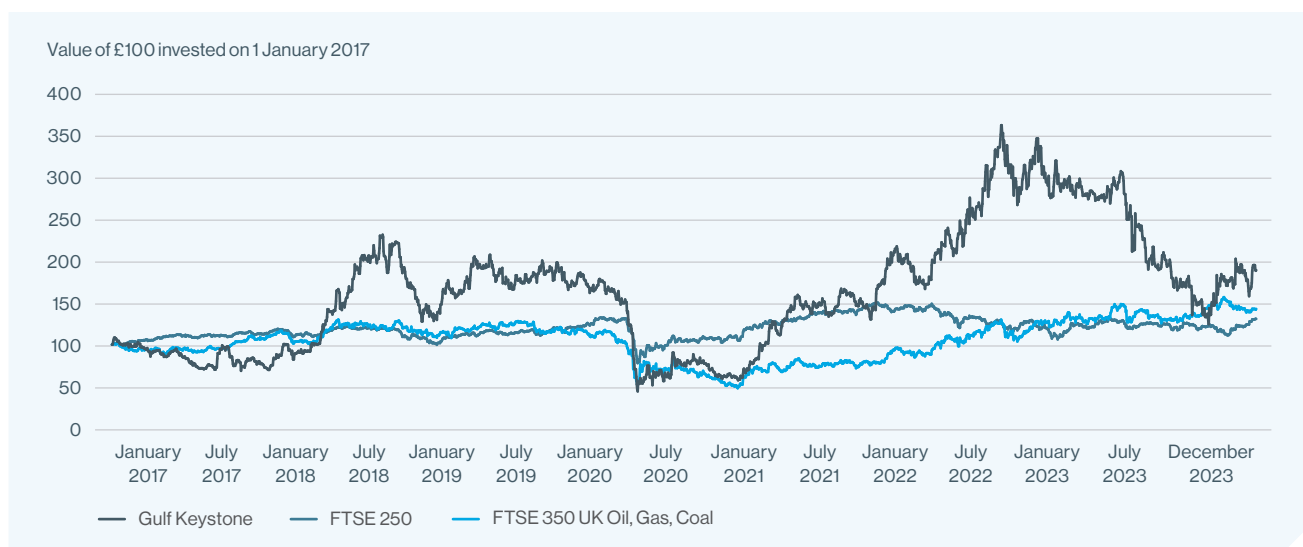
Remuneration Committee report

continued

TSR performance

The following charts compare the change in value of a £100 investment in the Company and in both the FTSE 250 Index and the FTSE Oil & Gas Producers Index. The TSR performance has been assessed from 1 January 2017 due to a major repricing which would distort the graph below occurring in 2016 following the completion of a balance sheet restructuring:

Total shareholder return ("TSR") from 1 January 2017 to 31 December 2023



Relative importance of spend on pay

	2023 \$'000	2022 \$'000	Percentage change
Total employee pay ⁽¹⁾	50,699	54,062	(6%)
Profit after tax	(11,500)	266,094	(104%)
Gross operating costs ⁽²⁾	45,103	52,344	(14%)
Shareholder distributions ⁽³⁾	24,813	214,789	(88%)

(1) Staff costs are shown gross before amounts recharged to operations.

(2) Gross operating costs are deemed to be a fair measure of the Company's operational expenditure and are also reported as part of the non-IFRS measure of gross operating costs per barrel in the Company's financial statements.

(3) Shareholder distributions comprise payment of dividends

Implementation of the Directors' Remuneration Policy in 2023

Executive Directors' base salary provision

Effective January 2023, the CEO received an increase in salary for 2023 of 6.8% to £470,000. The CFO received an increase in salary for 2023 of 6% to £385,840. The salary review budget for all other employees, including senior managers, was 7% of payroll for 2023.

Annual bonus plan (audited)

At the start of 2023 the Remuneration Committee set robust and challenging targets for the annual bonus scheme and ensured the right policies and practices were in place to attract, retain and motivate all employees. However, based on the exceptional events that followed the suspension of crude exports in March 2023 that continued beyond the end of 2023, most of the targets set by the Committee were no longer relevant. Given the context, the Committee considered it inappropriate for any annual bonus payments to be paid for 2023.

2021 LTIP vesting (audited)

The 2021 awards under the 2014 LTIP are due to vest on 31 March 2024; performance has been estimated up to 29 February 2024 for the three-year performance. The 2021 award is based on relative TSR (50%) and absolute TSR (50%). A summary of the estimated performance outcome is detailed below:

Performance measure	Weighting	Threshold performance (30% vesting)	Maximum performance (100% vesting)	Performance outcome	Vesting outcome
Absolute TSR	50%	8% p.a. compound	12% p.a. compound	-1.3% p.a.	Nil
Relative TSR	50%	Median vs. peer group	Upper quartile vs. peer group	Below median upper quartile	Nil

	No. of shares granted in 2021	Estimated vesting %	Estimated number of shares vesting	Estimated value of shares vesting £	Estimated value of dividends £	Estimated total award value £	Estimated value attributable to share price growth £
Jon Harris	470,325	0%	Nil	Nil	Nil	Nil	n/a
Ian Weatherdon	305,711	0%	Nil	Nil	Nil	Nil	n/a

Vesting has been estimated at 0% based on performance up to 29 February 2024. Performance is assessed using one-month average returns up to the start and end of the performance period.

Based on the assumptions above, the 2021 award is not expected to vest. The actual level of vesting and any gains from increases in the share price will be disclosed in next year's Directors' remuneration report.

2020 LTIP vesting (audited)

The 2020 awards under the 2014 LTIP vested on 28 April 2023. A summary of the final performance outcome is detailed below. (The 2022 annual report and accounts included an estimate of vesting and value.)

Performance measure	Weighting	Threshold performance (30% vesting)	Maximum performance (100% vesting)	Performance outcome	Vesting outcome
Absolute TSR	50%	8% p.a. compound	12% p.a. compound	56.3% p.a.	100%
Relative TSR	50%	Median vs. peer group	Upper quartile vs. peer group	Between median and upper quartile	76.5%

The overall vesting of the 2020 award was 88.2% which was in line with the estimate disclosed previously. Ian Weatherdon received 647,567 shares and a proportional amount in shares for the dividends due. The value on the vesting date was lower than the estimate disclosed in the 2022 annual report and accounts which was based on the three-month average share price to 17 February 2023.

	No. of shares granted in 2020	Vesting %	Number of shares vesting	Value of shares vesting at 135.8p per share £	Value of dividends at 124.243p per share £	Total award value £	Value attributable to share price growth £
Ian Weatherdon	733,871	88.24%	647,567	879,396	804,557	1,683,953	397,606

Pension provision for Executive Directors (audited)

In lieu of a pension provision, both the CEO and CFO received a taxable cash allowance equivalent to 10% of base salary, which is in line with the workforce.

Benefits (audited)

Benefits received by the CEO and CFO included car allowance, private medical insurance, death in service and income protection insurance totalling £55,445 and £39,943 respectively.

Remuneration Committee report

continued

LTIP awards granted in 2023 (audited)

The CEO and CFO received awards of 515,351 and 317,303 shares respectively, equivalent to 200% and 150% of salary each, on 1 April 2023. The awards are subject to both absolute and relative total shareholder return ("TSR") targets being met over a period of three years, each measure having a 50% weighting.

The relative TSR peer group for the 2023 LTIP is:

Africa Oil	DNO	International Petroleum	ShaMaran Petroleum
Apache Corporation	Energie Oil & Gas	Kosmos Energy	TAQA
Capricorn Energy	EnQuest	Pharos Energy	Vaalco
Canadian Natural Resources	Genel Energy	SDX Energy	Tullow Oil
DANA Gas	Harbour Energy		

Other payments to past Directors and for loss of office (audited)

No payments were made to past Directors or for loss of office.

Statement of Directors' shareholdings and share interests (audited)

Executive Directors are required to build and maintain a shareholding in the Company of at least 200% of salary within five years of appointment. The net value of vested but unexercised share awards are included for this purpose and individuals have five years in which to acquire the required levels. Participation in long-term incentive schemes may be scaled back or withheld if the requirements are not met or maintained. The Remuneration Policy set out on pages 99 to 104 includes post-exit guidelines.

Directors' shareholdings and share interests as at 31 December 2023 were as follows:

	Shareholding requirement as a % of salary	Beneficially owned shares	Vested but unexercised scheme interests	Unvested scheme interests subject to performance conditions ⁽²⁾	Unvested scheme interests not subject to performance conditions	Total conditional and unconditional interest in shares
Executive Directors						
Jon Harris	200%	30,000	—	1,325,444	128,699	1,484,143
Ian Weatherdon	200%	679,047	—	833,825	87,327	1,600,199
Non-Executive Directors						
David Thomas	—	—	—	—	—	—
Jaap Huijskes	—	—	—	—	—	—
Martin Angle	—	—	—	—	—	—
Kimberley Wood	—	—	—	—	—	—
Garrett Soden ⁽³⁾	—	70,000	—	—	—	70,000
Wanda Mwaura	—	—	—	—	—	—
Julien Balkany	—	—	—	—	—	—
Total	—	779,047	—	2,159,269	216,026⁽¹⁾	3,154,342

(1) Shares equivalent to 30% of the 2021 and 2022 bonus.

(2) Includes shares issued under the 2020, 2021 and 2022 LTIP awards.

(3) Shareholding at time of resignation on 16 June 2023.

Implementation of the Directors' Remuneration Policy in 2024

Base salaries and benefits

In light of the current business context, the Remuneration Committee decided not to award the CEO and the CFO increases in salary. This was the case for all other employees.

The new CFO will be appointed on a salary of £350,000 p.a. in June 2024 and will receive other benefits in line with the Remuneration Policy.

Annual bonus

Payments under the executive annual bonus scheme will be determined based on performance against a range of KPIs.

Historically, the same Company KPIs have been used for both the executive and employee bonus plans for which all Company employees are eligible. For 2024, we will again run the plans consistently and operate on the principle that Executive Directors will be treated no more favourably than other employees.

The scorecard that will be used is as follows. Targets are commercially sensitive and will be disclosed in the 2024 annual report and accounts.

Category	KPI	Weighting
Safety and sustainability	HSE improvement, safety performance measures (TRIFR), loss of containment, ESG roadmap implementation, emissions reduction, security and cybersecurity	20%
Value creation	Optimisation of oil sales, payments and arrears recovery Strategy	35%
Financial	Budget discipline Cash balance Liquidity management	30%
People, culture, values	Build workforce capability Embed a culture that supports engagement, wellbeing, diversity, inclusion and ethical business conduct	15%

LTIP

Jon Harris will be eligible to receive an LTIP grant of up to 200% of base salary and the incoming CFO will be eligible to receive an LTIP grant of up to 150% of base salary, which are expected to be granted after the 2024 AGM and the approval of the new LTIP scheme rules. Ian Weatherdon will not be eligible for an LTIP grant in 2024 following his announced retirement. The following three-year TSR performance conditions are expected to be attached to the vesting of the award.

Performance measure	Weighting	Threshold performance (25% vesting)	Maximum performance (100% vesting)
Absolute TSR	50%	8% p.a. compound	12% p.a. compound
Relative TSR	50%	Median vs. peer group	Upper quartile vs. peer group

Linear interpolation will be used for performance between threshold and maximum. There will be no payment for the relevant tranche where performance is below threshold.

Relative TSR will be compared to that achieved over the same period against listed companies selected by the Remuneration Committee on the basis of their relevance and comparability. The peer group will be confirmed in the Notice of AGM and in next year's Directors' remuneration report.

Any awards under the LTIP made after the 2024 AGM will be based on the Remuneration Policy set out on pages 99 and 104.

The Remuneration Committee has the discretion to review vesting outcomes to ensure a fair reflection of performance. In making this assessment, the Committee will consider, amongst other factors, the underlying performance of the Company over the period including operational milestones, production levels, safety, individual performance and the broader experience of stakeholders over the period. In 2023, the Remuneration Committee approved a minor administrative change to the LTIP rules with respect to aligning the rules with the Market Abuse Regulation, specifically regarding the definition of a "Proscribed Period".

As noted above, to recognise the hard work and dedication of all employees (excluding Executive Directors) during these unprecedented times, the Committee has approved recognition payments. Additionally, given the current challenging circumstances of the Company, the Committee approved retention arrangements for a number of employees to stabilise management which the Board considered to be in the best interests of the Company. The Committee is therefore proposing to pay a one-off payment to the Company's CEO on the same basis as other retention arrangements. The award will be limited to 100% of salary, is payable in January 2025 and will be subject to malus and clawback provisions and other conditions. The proposal will be subject to a shareholder vote at the 2024 AGM.

Further details will be provided in next year's Directors' remuneration report.

Non-Executive Directors

No changes in fees are proposed for the Chair and Non-Executive Director fees in 2024.

This Directors' remuneration report was approved by the Board on 20 March 2024 and signed on its behalf by:

Kimberley Wood

Chair of the Remuneration Committee

20 March 2024

Directors' report

The Directors are pleased to present their report on the affairs of the Company, together with the consolidated financial statements of the Company and auditor's report, for the year ended 31 December 2023. A review of the business is set out in the preceding sections of this annual report and accounts, including the Chairman's statement, Chief Executive Officer's review, Financial review and Operational review, which are incorporated into this report by reference. The Corporate governance report also forms part of this report.

Results and dividends

The Company's financial results for the year ended 31 December 2023 are set out in the consolidated financial statements.

The Company made a loss after taxation for the year of \$11.5 million (2022: \$266.1 million profit). During 2023, an interim dividend of \$25 million was paid; however, the annual dividend payment was suspended following the sudden closure of the ITP in March 2023. We continue to believe the distribution of excess cash by way of dividends or share buybacks is important to reward shareholders. As the operating environment and Company's liquidity position improve, the Board will review distributions and reinstating a dividend policy.

Capital structure

Full details of the authorised and issued share capital, together with movements in the Company's issued share capital during the year, are shown in note 19 to the consolidated financial statements. The business is financed by means of internally generated cash flow and, as appropriate, debt and external share capital.

Share rights and restrictions

There are no specific restrictions on the size of a holding or on the transfer of common shares, both of which are governed by the general provisions of the Company's Byelaws and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's common shares that may result in restrictions on the transfer of securities or on voting rights. No person has any special rights of control over the Company's share capital and all issued common shares are fully paid.

Significant shareholdings

As at 29 February 2024, being the date of the most recent analysis of the Company's share register, the Company discloses the following significant shareholdings:

Shareholder	Number of common shares	Percentage of issued shared capital
Lansdowne Partners Austria GmbH	32,549,217	14.6
Stichting Value Partners Family Office	24,747,713	11.1
Interactive Investor	15,397,278	6.9
Hargreaves Lansdown Stockbrokers Ltd.	15,079,968	6.8
Ophorst Van Marwijk Kooy Vermogensbeheer N.V.	11,599,662	5.2
Mr Gertjan Koomen	10,068,552	4.5
Halifax Stockbrokers	7,758,497	3.5
Dimensional Fund Advisors LP	7,554,601	3.4
Barclays Stockbrokers	6,578,868	3.0
Acadian Asset Management LLC	5,635,195	2.5

Details of the employee share schemes are set out in note 23 to the consolidated financial statements and details of the Directors' awards are included in the Remuneration Committee report.

Voting rights and Byelaw amendments

The Company's Byelaws may only be revoked or amended by the shareholders of the Company by a resolution passed by a majority of not less than three-quarters of such shareholders as vote in person or, where proxies are allowed, by proxy at a general meeting.

Resolutions put to the vote of any general meeting are decided on a show of hands unless a poll is demanded in accordance with the Company's Byelaws.

The Company's Byelaws are available on the Company's website at www.gulfkeystone.com.

Directors

With regard to the appointment and replacement of Directors, the Company is governed by its Byelaws, the Companies Act (Bermuda) and related legislation. All of the Directors are required to stand for re-election by the shareholders each year at the AGM.

Directors' indemnities

The Company has made qualifying third-party indemnity provisions for the benefit of its Directors during the year and these remain in force at the date of this report.

Directors' interests in shares

As at 31 December 2023, the following Directors who held office had interest in the common shares of the Company⁽¹⁾:

- Jon Harris (Chief Executive Officer) – 30,000 common shares; and
- Ian Weatherdon (Chief Financial Officer) – 679,047 common shares.

At the date of this report, the Employee Benefit Trust ("EBT") held 0.2 million (2022: 0.4 million) common shares of the Company.

- (1) Includes common shares held directly, by family members and through the Gulf Keystone EBT which are held subject to the discretion of the EBT Trustee.

The Company's share register analysis was provided by Investor Insight, based on information available at the time of publication.

Political donations

No political donations were made and no political expenditure was incurred during the year.

Employee and stakeholder engagement

Details of the Company's engagement with employees and external stakeholders are described in the Sustainability report on pages 28 to 45 and in our Stakeholder engagement report and Section 172 statement on page 24.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Chairman's statement, the Chief Executive Officer's review, the Operational review and the Management of principal risks and uncertainties. The financial position of the Group at the year end and its cash flows and liquidity position are included in the Financial review.

As at 20 March 2024 the Group had \$86 million of cash and no debt. The Group continues to closely monitor and manage its liquidity. Cash forecasts are regularly produced and sensitivities are run for different scenarios including, but not limited to, changes in sales volumes, commodity price fluctuations, timing of export pipeline restart, delays to revenue receipts and cost optimisations. The Group remains focused on taking appropriate actions to preserve its liquidity position.

As a result of closure of the ITP, the Group significantly reduced expenditures to preserve liquidity. In the current year, further consideration has been given to the impact on the Group's working capital position due to a potential decline in local sales, and potential delays in KRG revenue receipts once the ITP has been reopened:

- local sales: The Group commenced local sales on 19 July 2023 with payments from buyers required in advance following extensive due diligence. In 2023 the Group received \$43.5 million related to local sales. Local sales volumes have fluctuated and remain difficult to predict; and
- export sales: While political negotiations and commercial negotiations are ongoing between the Government of Iraq and the KRG, the timing of reopening the ITP and payment mechanism remain uncertain.

The Directors believe an agreement will ultimately be reached to reopen the ITP, and we reasonably expect that overdue balances will be paid and receipts from the KRG will return to a more regular basis. However, a reduction in local sales or reopening of the pipeline with a deferral of revenue receipts could result in liquidity pressures within the 12-month going concern period.

The Directors have considered sensitivities, including local sales volumes and potential delays in KRG revenue receipts once the ITP reopens, to assess the impact on the Group's liquidity position and believe sufficient mitigating actions are available to withstand such impacts within the 12-month going concern period. Specifically, the Directors considered stress tests that included no further local sales or KRG revenue receipts and confirmed that cost reduction opportunities exist to ensure that the Group can continue to discharge its liabilities for a period of at least 12 months.

As explained in note 14, although the Group has recognised current liabilities of around \$75 million payable to the KRG, it does not expect these will be cash settled.

Overall, the Group's forecasts, taking into account the applicable risks, stress test scenarios and potential mitigating actions, show that it has sufficient financial resources for the 12 months from the date of approval of the 2023 annual report and accounts.

Based on the analysis performed, the Directors have a reasonable expectation that the Group has adequate resources to continue to operate for the foreseeable future. Thus the going concern basis of accounting is used to prepare the annual consolidated financial statements.

Significant agreements – change of control

There are a number of agreements that take effect, alter or terminate upon a change of control of the Group, including the Shaikan PSC and employee share plans. The Directors are not aware of any agreements between the Group and its Directors or employees that provide for compensation for loss of office or employment that occurs because of a takeover bid.

Auditor

Each of the persons who is a Director at the date of approval of this annual report and accounts confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Group's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

In line with best practice, the Company conducted a competitive tender process to appoint a new auditor as Deloitte LLP, the Company's previous auditor, was approaching the 20-year maximum term. The Company appointed BDO LLP as auditor for the financial year commencing 1 January 2023.

On behalf of the Board

Jon Harris

Chief Executive Officer

20 March 2024

Directors' responsibilities statement

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with UK-adopted International Accounting Standards ("IAS"). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss for the Group for that period. Under IAS 1 the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Bermuda Companies Act 1981. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with United Kingdom adopted International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the Strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

This responsibility statement was approved by the Board of Directors on 20 March 2024 and is signed on its behalf by:

Jon Harris

Chief Executive Officer

20 March 2024

Ian Weatherdon

Chief Financial Officer

20 March 2024

Independent auditor's report

to the members of Gulf Keystone Petroleum Limited

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's affairs as at 31 December 2023 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards; and
- the financial statements have been prepared in accordance with the requirements of the Bermuda Companies Act 1981.

We have audited the financial statements of Gulf Keystone Petroleum Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2023 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the Audit & Risk committee.

Independence

We remain independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Group.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group's ability to continue to adopt the going concern basis of accounting has been included in the key audit matters section below.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to Group's voluntary reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

Coverage	100% of Group profit before tax	
	100% of Group revenue	
	100% of Group total assets	
Key audit matters		2023
	Carrying value of oil and gas assets	✓
	Recoverability of receivables & expected credit loss	✓
	Going concern	✓
Materiality	Group financial statements as a whole	
	\$6.9m based on 1% of Total assets	

Independent auditor's report continued

to the members of Gulf Keystone Petroleum Limited

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

We determined that there were three significant components comprising the Parent Company, Gulf Keystone Petroleum International Limited and Gulf Keystone Petroleum (UK) Limited. These components together with its Group consolidation were subject to a full scope audit.

All of the audit work was conducted by the group audit team.

Climate change

Our work on the assessment of potential impacts on climate-related risks on the Group's operations and financial statements included:

- Enquiries and challenge of management and Audit & Risk committee to understand the actions they have taken to identify climate-related risks and their potential impacts on the financial statements and adequately disclose climate-related risks within the annual report;
- Our own qualitative risk assessment taking into consideration the sector in which the Group operates and how climate change affects this particular sector; and
- Review of the minutes of Board and Audit & Risk Committee meetings and other papers related to climate change and performed a risk assessment as to how the impact of the Group's commitment as set out in Group's TCFD disclosures within the Strategic Report may affect the financial statements and our audit.

We challenged the extent to which climate-related considerations, including the expected cash flows from the initiatives and commitments have been reflected, where appropriate, in management's going concern assessment and viability assessment and in management's judgements and estimates in relation to carrying value of oil and gas assets.

We also assessed the consistency of management's disclosures included as 'Other Information' on pages 46 to 56 with the financial statements and with our knowledge obtained from the audit.

Based on our risk assessment procedures, we considered the Carrying value of oil and gas assets Key Audit Matter to be materially impacted by climate-related risks and related commitments. The explanation of and our audit response to this climate-related risk is included in the related key audit matter below.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Carrying value of oil and gas assets

(refer to material accounting policy information and note 10)

Key audit matter

The Directors are required to perform an assessment of oil and gas assets (being the Shaikan Field in Kurdistan) for indicators of impairment at each reporting date. If an indicator of impairment is identified the Directors are required to assess the recoverable amount of the oil and gas assets.

The Directors concluded that the shutdown of the Iraq-Turkey pipeline ("ITP") in March 2023, following the ITP Arbitration ruling, was a potential impairment indicator and therefore prepared a full impairment assessment, including a valuation model which is based on the best estimates of future cash flows. The Directors also analysed various scenarios and ran sensitivities versus their base case assumptions. The Directors' impairment assessment indicated that the carrying value of the oil and gas assets recognised in the financial statements as at 31 December 2023 was appropriate and therefore no impairment charge was recorded.

The calculation of the recoverable amount requires judgement in estimating future oil prices, the discount rate to apply, production profiles based on the latest reserves estimates and the best estimate of future expenditure to be incurred.

The impact of climate change on the Shaikan asset was also considered, including the potential impact on future oil prices (including possible changes in demand), carbon taxes, and access to funding, which each have a potential impact on Directors' future investment decisions.

Given the significance of the assets in the context of the Group's consolidated statement of financial position and the significant judgement and estimation involved in the calculating the recoverable amounts, we considered the carrying value of oil and gas assets, including the related disclosures, to be a key audit matter.

How the scope of our audit addressed the key audit matter

Our audit work included the following procedures:

- Obtaining the Directors' valuation model, assessing key assumptions and challenging the appropriateness of estimates with reference to empirical data and external evidence where available with specific emphasis on the following assumptions: resources and reserves, timeframe for the pipeline reopening, timing of settlement of receivables, oil prices, local and export sales volumes, production levels, and operating and development costs assumed;
- Evaluating Directors' assumption about pipeline reopening date and ability to operate the Shaikan field for the remainder of its licence including assessing the likelihood of an enforcement of the Iraqi Supreme Court ruling through inquiries of the Group's internal legal counsel which will impact the underlying forecast;
- Benchmarking oil price assumptions applied in the model against historic figures achieved for local sales and independently sourced broker consensus pricing ranges for export sales;
- Comparing forecasted production and expenditure levels per the valuation model with actual historical production and the estimates set out in the latest draft of the Field Development Plan ("FDP");
- Comparing the 2P reserves included in the models to Reserve Statements prepared by the Group's external reserve engineers (ERCE) and assessing their independence, objectivity and competence. We had meetings with the external reserve engineers as part of this process to understand the scope and significant judgments and estimates applied.
- Checking the consistency of the reserves and resources in the models with the Directors' bridging analysis to the latest ERCE report completed at 31 December 2022;
- Involving our internal valuations experts to assess the appropriateness of the discount rates applied and to determine an independent range for the discount rates, assessing whether the independent range is reflective of the current risks associated with the Oil and gas assets, and comparing that to the rate applied by Directors for the purpose of the impairment assessment;
- Assessing the sensitivity analysis performed on the key assumptions in the valuation model to assess the impact of downside changes in assumptions on the carrying value of the assets;
- Assessing the mechanical accuracy of the valuation model by involving our internal modelling experts to check the integrity of the model and arithmetic accuracy.
- Assessing the potential impact of climate change including the impact on headroom of a reduced oil price, the potential impact of the introduction of a carbon tax in Kurdistan;
- Obtaining Director's latest risk registers, including their climate risk register, to inform our independent risk assessment around impairment;
- Comparing the timing and expenditure levels for the gas management plan ("GMP") included the valuation model and compared the latest draft of the FDP;
- Engaging our internal technical specialists to aid the audit team's challenge of the appropriateness and completeness of Director's climate-related assumptions and associated disclosures; and
- Assessing the disclosures in relation to the carrying value of oil and gas assets in the financial statements including key assumptions and sensitivity of the carrying value to reasonable changes in such assumptions to check they were in accordance with the requirements of the relevant accounting standard.

Key observations:

Based on the procedures performed we did not identify any issues relating to the Directors' impairment assessment including the assumptions applied, the conclusion that no impairment of the Shaikan asset is required and the related disclosures made.

Independent auditor's report continued

to the members of Gulf Keystone Petroleum Limited

An overview of the scope of our audit continued

Key audit matters continued

	Key audit matter	How the scope of our audit addressed the key audit matter
Recoverability of receivables & expected credit loss (refer to material accounting policy information and note 13)	<p>As at 31 December 2023, the Group has overdue receivables of \$171m (31 December 2022: \$161m) due from the KRG.</p> <p>There has been a delay in settlement of outstanding receivables with the KRG. At the year end, no amounts had been received in respect of October 2022 to March 2023 oil deliveries.</p> <p>Due to the uncertainty in respect of the pipeline reopening the significant judgement and estimation involved in the assessment of recoverability of receivables, the valuation of the expected credit loss ("ECL") and the appropriateness of the assumptions used notably the timing of payments, probability of default and loss given default, we consider this to be a key audit matter including the related disclosures.</p>	<p>We have performed the following procedures:</p> <ul style="list-style-type: none"> Evaluating Directors' assessment of recoverability of receivables and considering the assessment against publicly available information; Challenging Directors' assessment of recoverability through inquiry and discussion; Assessing the accounting treatment had been applied in line with the requirements of IFRS 9; Evaluating Directors' ECL assessment and challenging the assumptions used in the calculation, such as possible scenarios and their probabilities of occurrence and timing of repayment receipts; Involving our internal valuations experts to help us to assess the appropriateness of methodology and economic parameters applied such as probability of default rate and loss given default through benchmarking of the assumptions employed against market based rates of defaults, and recalculating the provision; Considering if the scenarios applied by Directors including the expected pipeline reopening date are reasonable, appropriate, and consistent with assessments performed elsewhere (Going Concern and Impairment); and Assessing the adequacy and the appropriateness of the receivables disclosures in the financial statements. <p>Key observations: Based on our analysis, we have not identified any issues relating to the appropriateness of the ECL model applied and relevant disclosures.</p>
Going concern (refer to material accounting policy information)	<p>The shutdown of the Iraq Turkey Pipeline in March 2023 has significantly impacted the business as all of the export sales have been stopped since the shutdown and no payments have been received from the Ministry of Natural Resources ("MNR") in relation to their outstanding debt.</p> <p>As at the date of this report the pipeline remains shut. Local sales have commenced in July 2023 allowing the Group to raise some cash to cover costs. A number of cash saving measures have been introduced by the Group, for example release of contractors and management of payables, allowing the Group to stretch their cash position.</p> <p>The Directors therefore have made a number of judgements and estimates around the Group's cash flows and liquidity position for at least 12 months from the date of approval of the financial statements running sensitivities for different scenarios: changes in sales volumes, commodity price fluctuations, timing of export pipeline restart, delays to revenue receipts and cost optimisations. Because of the significance of this matter we considered it to be a key audit matter.</p>	<p>We have performed the following procedures:</p> <ul style="list-style-type: none"> Obtaining Directors' base cash flow forecasts, challenging and assessing the underlying assumptions (including the pipeline reopening, timing for payment of cash receipts, oil prices, local and export sales volumes, production levels, operating and development costs) which have been approved by the Board focussing on the appropriateness of estimates with reference to empirical data and external evidence, where possible; Checking for consistency against the cash flows forecasts included within the impairment model; Considering the implications of any events described in going concern assumptions on liquidity headroom and assessing the sensitivities and reverse stress testing analysis run by the Directors; Testing the integrity of the forecast models and assessed consistency of the formulae used in the model; Evaluating the Directors' plans for potential mitigating actions in relation to the going concern assessment including deferring planned capital expenditures, reducing operating and general and administrative expenses, and managing supplier payment timing, including whether such plans are feasible in the circumstances; and Assessing the adequacy and the appropriateness of the going concern disclosures in the financial statements. <p>Key observations: See the Conclusions relating to going concern section above</p>

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

Group financial statements	
Materiality	2023 \$6.9m
Basis for determining materiality	1% of total assets
Rationale for the benchmark applied	We consider an asset based measure to be the most appropriate due to profitability being unstable as oil sales were suspended for a period of time during the year and therefore the continued value of the Group's assets versus the performance in the year is considered to be of key importance to a user of the financial statements.
Performance materiality	\$4.5m
Basis for determining performance materiality	65% of materiality
Rationale for the percentage applied for performance materiality	In setting performance materiality we considered the nature of activities, the expected total value of known and likely misstatements and the fact that it is first year audit for us.

Component materiality

For the purposes of our Group audit opinion, we set materiality for each significant component of the Group based on a percentage of between 7% and 74% of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from \$473,000 to \$5,114,000. In the audit of each component, we further applied performance materiality levels of 75% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit & Risk Committee that we would report to them all individual audit differences in excess of \$138,600. We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditor's report continued

to the members of Gulf Keystone Petroleum Limited

Corporate governance statement

As the Group has voluntarily adopted the UK Corporate Governance Code 2018 we are required to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

Going concern and longer-term viability	<ul style="list-style-type: none"> The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on pages 128 and 129; and The Directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on pages 72 and 73.
Other Code provisions	<ul style="list-style-type: none"> Directors' statement on fair, balanced and understandable set out on page 114; Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 57; The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 57; and The section describing the work of the Audit & Risk Committee set out on pages 89 to 93.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management, members of the Board, Audit & Risk Committee and in-house legal counsel;
- Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations; and
- Our understanding of the legal and regulatory frameworks that are applicable to the Group.

We considered the significant laws and regulations to be the applicable accounting framework (UK adopted international accounting standards), Bermuda Companies Act 1981, the UK Listing Rules.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the health and safety legislation, licensing and environmental regulations in both Kurdistan and Iraq.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit;
- Review of legal expenditure accounts to understand the nature of expenditure incurred;
- Reviewing the licences to assess the extent to which the Group was in compliance with the conditions of the licence and considering Directors' assessment of the impact of instances of non-compliance where applicable; and
- Consideration of the potential implications of the Iraqi Supreme Court ruling and the Iraq Turkey Pipeline Arbitration ruling.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management, members of the Board, Audit & Risk Committee and those responsible for whistleblowing regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Involvement of forensic specialists in the audit to assess the fraud risks and design of relevant audit procedures;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls and revenue recognition.

Our procedures in respect of the above included:

- Performing an assessment of the Group's IT and the wider control environment and as part of this work we obtained an understanding of the design and implementation of IT access controls;
- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates made by management for bias (refer to key audit matters above); and
- Testing all revenue transactions to supporting documentation, including recalculation of revenue monthly entitlement for the oil sales in line with the Shaikan PSC and the draft lifting agreement. We obtained all local sales agreements and the draft lifting agreement and vouched all cash receipts. We evaluated key terms and assessed the appropriateness of revenue recognition policies against the relevant accounting standards.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Matt Crane (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

London, UK

20 March 2024

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Non-IFRS measures

The Group uses certain measures to assess the financial performance of its business. Some of these measures are termed “non-IFRS measures” because they exclude amounts that are included in, or include amounts that are excluded from, the most directly comparable measure calculated and presented in accordance with IFRS, or are calculated using financial measures that are not calculated in accordance with IFRS. These non-IFRS measures include financial measures such as operating costs and non-financial measures such as gross average production.

The Group uses such measures to measure and monitor operating performance and liquidity, and as a basis for strategic planning and forecasting. The Directors believe that these and similar measures are used widely by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity.

The non-IFRS measures may not be comparable to other similarly titled measures used by other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of the Group’s operating results as reported under IFRS. An explanation of the relevance of each of the non-IFRS measures and a description of how they are calculated is set out below. Additionally, a reconciliation of the non-IFRS measures to the most directly comparable measures calculated and presented in accordance with IFRS and a discussion of their limitations is set out below, where applicable. The Group does not regard these non-IFRS measures as a substitute for, or superior to, the equivalent measures calculated and presented in accordance with IFRS or those calculated using financial measures that are calculated in accordance with IFRS.

Gross operating costs per barrel

Gross operating costs are divided by gross production to arrive at operating costs per barrel.

	2023	2022
Gross production (MMbbls)	8.0	16.1
Gross operating costs (\$ million) ⁽¹⁾	45.1	52.3
Gross operating costs per barrel (\$ per bbl)	5.6	3.2

(1) Gross operating costs equate to operating costs (see note 3 to the consolidated financial statements) adjusted for the Group’s 80% working interest in the Shaikan Field.

Adjusted EBITDA

Adjusted EBITDA is a useful indicator of the Group’s profitability, which excludes the impact of costs attributable to tax (expense)/credit, finance costs, finance revenue, depreciation, amortisation and impairment of receivables.

	2023 \$ million	2022 \$ million
(Loss)/profit after tax	(11.5)	266.1
Finance costs	1.8	9.7
Finance revenue	(3.8)	(0.6)
Tax (charge)/credit	0.1	(0.3)
Depreciation of oil and gas assets	39.5	80.2
Depreciation of other PPE assets and amortisation of intangibles	2.6	1.4
Impairment of receivables	21.4	2.0
Adjusted EBITDA	50.1	358.5

Net cash

Net cash is a useful indicator of the Group's financial flexibility because it indicates the level of cash and cash equivalents less cash borrowings within the Group's business. Net cash is defined as cash less borrowings.

	2023 \$ million	2022 \$ million
Cash	81.7	119.5
Borrowings	—	—
Net cash	81.7	119.5

The Company was debt free at 31 December 2023 and 31 December 2022.

Net capital expenditure

Net capital expenditure is the value of the Group's additions to oil and gas assets excluding the change in value of the decommissioning asset or any asset impairment.

	2023 \$ million	2022 \$ million
Net capital expenditure (note 10 to the consolidated financial statements)	58.2	114.9

Free cash flow

Free cash flow represents the Group's cash flows, before any dividends, share buybacks and notes redemption, including related fees.

	2023 \$ million	2022 \$ million
Net cash generated from operating activities	51.3	374.3
Net cash used in investing activities	(63.9)	(107.4)
Payment of leases	(0.5)	(0.4)
Free cash flow	(13.1)	266.5

Consolidated income statement

For the year ended 31 December 2023

	Notes	2023 \$'000	2022 \$'000
Revenue	2	123,514	460,113
Cost of sales	3	(93,953)	(158,651)
Increase of expected credit loss provision on trade receivables	13	(21,378)	(1,960)
Gross profit		8,183	299,502
Other general and administrative expenses	4	(10,466)	(12,202)
Share option related expenses	5	(10,760)	(13,756)
(Loss)/profit from operations		(13,043)	273,544
Finance income	7	3,803	648
Finance costs	7	(1,765)	(9,655)
Foreign exchange (loss)/gain		(384)	1,232
(Loss)/profit before tax		(11,389)	265,769
Tax (charge)/credit	8	(111)	325
(Loss)/profit after tax for the year		(11,500)	266,094
(Loss)/profit per share (cents)			
Basic	9	(5.28)	123.52
Diluted	9	(5.28)	118.62

Consolidated statement of comprehensive income

For the year ended 31 December 2023

	2023 \$'000	2022 \$'000
(Loss)/profit after tax for the year	(11,500)	266,094
Items that may be reclassified to the income statement in subsequent periods:		
Exchange gain/(loss) on translation of foreign operations	952	(1,950)
Total comprehensive (loss)/income for the year	(10,548)	264,144

Consolidated balance sheet

As at 31 December 2023

	Notes	31 December 2023 \$'000	31 December 2022 \$'000
Non-current assets			
Trade receivables	13	140,218	—
Intangible assets		2,813	4,307
Property, plant and equipment	10	445,842	436,443
Deferred tax asset	17	1,545	1,576
		590,418	442,326
Current assets			
Inventories	12	9,901	6,372
Trade and other receivables	13	15,118	176,203
Cash		81,709	119,456
		106,728	302,031
Total assets		697,146	744,357
Current liabilities			
Trade and other payables	14	(109,394)	(128,561)
Deferred income	14	(5,164)	—
		(114,558)	(128,561)
Non-current liabilities			
Trade and other payables	14	(39)	(325)
Provisions	16	(35,312)	(42,546)
		(35,351)	(42,871)
Total liabilities		(149,909)	(171,432)
Net assets		547,237	572,925
Equity			
Share capital	19	222,443	216,247
Share premium	19	503,312	528,125
Exchange translation reserve		(3,766)	(4,718)
Accumulated losses		(174,752)	(166,729)
Total equity		547,237	572,925

The financial statements were approved by the Board of Directors and authorised for issue on 20 March 2024 and signed on its behalf by:

Jon Harris
Chief Executive Officer

Ian Weatherdon
Chief Financial Officer

Consolidated statement of changes in equity

For the year ended 31 December 2023

	Notes	Attributable to equity holders of the Company				Total equity \$'000
		Share capital \$'000	Share premium \$'000	Exchange translation reserve \$'000	Accumulated losses \$'000	
Balance at 1 January 2022		213,731	742,914	(2,768)	(432,173)	521,704
Profit after tax for the year		—	—	—	266,094	266,094
Exchange difference on translation of foreign operations		—	—	(1,950)	—	(1,950)
Total comprehensive income for the year		—	—	(1,950)	266,094	264,144
Dividends paid	24	—	(214,789)	—	—	(214,789)
Employee share schemes	23	—	—	—	1,866	1,866
Share issues	19	2,516	—	—	(2,516)	—
Balance at 31 December 2022		216,247	528,125	(4,718)	(166,729)	572,925
Loss after tax for the year		—	—	—	(11,500)	(11,500)
Exchange difference on translation of foreign operations		—	—	952	—	952
Total comprehensive loss for the year		—	—	952	(11,500)	(10,548)
Dividends paid	24	—	(24,813)	—	—	(24,813)
Employee share schemes	23	—	—	—	9,673	9,673
Share issues	19	6,196	—	—	(6,196)	—
Balance at 31 December 2023		222,443	503,312	(3,766)	(174,752)	547,237

Consolidated cash flow statement

For the year ended 31 December 2023

	Notes	2023 \$'000	2022 \$'000
Operating activities			
Cash generated from operations	20	47,520	383,846
Interest received	7	3,803	648
Interest paid	15	—	(10,194)
Net cash generated from operating activities		51,323	374,300
Investing activities			
Purchase of intangible assets		—	(2,074)
Purchase of property, plant and equipment	20	(65,386)	(105,291)
Sale of drilling stock		1,449	—
Net cash used in investing activities		(63,937)	(107,365)
Financing activities			
Payment of dividends	24	(24,813)	(214,789)
Payment of leases	21	(503)	(458)
Notes redemption	15	—	(100,000)
Notes repayment fee	15	—	(2,000)
Net cash used in financing activities		(25,316)	(317,247)
Net decrease in cash			
Cash at beginning of year		119,456	169,866
Effect of foreign exchange rate changes		183	(98)
Cash at end of the year being bank balances and cash on hand		81,709	119,456

Summary of material accounting policies

General information

Gulf Keystone Petroleum Limited (the "Company") is domiciled and incorporated in Bermuda (registered address: Cedar House, 3rd Floor, 41 Cedar Avenue, Hamilton, HM12, Bermuda); together with its subsidiaries it forms the "Group". On 25 March 2014, the Company's common shares were admitted, with a standard listing, to the Official List of the United Kingdom Listing Authority ("UKLA") and to trading on the London Stock Exchange's Main Market for listed securities. Previously, the Company was quoted on Alternative Investment Market, a market operated by the London Stock Exchange. The Company serves as the holding company for the Group, which is engaged in oil and gas exploration, development and production, operating in the Kurdistan Region of Iraq.

Amendments to International Financial Reporting Standards ("IFRS") that are mandatorily effective for the current year

In the current year, the Group has applied a number of amendments to IFRS issued by the International Accounting Standards Board ("IASB") that are mandatorily effective for an accounting period that begins on or after 1 January 2023.

The following new accounting standards, amendments to existing standards and interpretations are effective on 1 January 2023: IFRS 17 Insurance Contracts, Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2), Definition of Accounting Estimates (Amendments to IAS 8), Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12), Initial Application of IFRS 17 and IFRS 9 – Comparative Information (Amendment to IFRS 17). These standards do not and are not expected to have a material impact on the Company's results or financial statement disclosures in the current or future reporting periods.

New and revised IFRSs issued but not yet effective

At the date of approval of these financial statements, the Group has not applied the following new and revised IFRSs that have been issued but are not yet effective by United Kingdom adopted International Accounting Standards:

IFRS S1	General Requirements for Disclosure of Sustainability-related Financial Information
IFRS S2	Climate-related Disclosures
Amendments to IAS 1	Classification of Liabilities as Current or Non-current; Classification of Liabilities as Current or Non-current – Deferral of Effective Date; Non-current Liabilities with Covenants
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 7 and IFRS 7	Qualitative and quantitative information about supplier finance arrangements
Amendments to IAS 21	Lack of Exchangeability: when a currency is exchangeable and how to determine the exchange rate when it is not
Amendments to the SASB standards	Amendments to the SASB standards to enhance their international applicability without substantially altering industries, topics or metrics

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

Statement of compliance

The financial statements have been prepared in accordance with United Kingdom adopted International Accounting Standards.

Basis of accounting

The financial statements have been prepared using the going concern basis of accounting and under the historical cost basis except for the valuation of hydrocarbon inventory which has been measured at net realisable value and the valuation of certain financial instruments which have been measured at fair value. Equity-settled share-based payments are recognised at fair value at the date of grant and are not subsequently revalued. The principal accounting policies adopted are set out below.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Chairman's statement, the Chief Executive Officer's review, the Operational review and the Management of principal risks and uncertainties. The financial position of the Group at the year end and its cash flows and liquidity position are included in the Financial review.

As at 20 March 2024 the Group had \$86 million of cash and no debt. The Group continues to closely monitor and manage its liquidity. Cash forecasts are regularly produced and sensitivities are run for different scenarios including, but not limited, to changes in sales volumes, commodity price fluctuations, timing of export pipeline restart, delays to revenue receipts and cost optimisations. The Group remains focused on taking appropriate actions to preserve its liquidity position.

As a result of closure of the ITP, the Group significantly reduced expenditures to preserve liquidity. In the current year, further consideration has been given to the impact on the Group's working capital position due to a potential decline in local sales, and potential delays in KRG revenue receipts once the ITP has been reopened:

- Local sales: The Group commenced local sales on 19 July 2023 with payments from buyers required in advance following extensive due diligence. In 2023 the Group received \$43.5 million related to local sales. Local sales volumes have fluctuated and remain difficult to predict; and
- Export sales: While political negotiations and commercial negotiations are ongoing between the Government of Iraq and the KRG, the timing of reopening the ITP and payment mechanism remain uncertain.

The Directors believe an agreement will ultimately be reached to reopen the ITP, and we reasonably expect that overdue balances will be paid and receipts from the KRG will return to a more regular basis. However, a reduction in local sales or reopening of the pipeline with a deferral of revenue receipts could result in liquidity pressures within the 12-month going concern period.

The Directors have considered sensitivities, including local sales volumes and potential delays in KRG revenue receipts once the ITP reopens, to assess the impact on the Group's liquidity position and believe sufficient mitigating actions are available to withstand such impacts within the 12-month going concern period. Specifically, the Directors considered stress tests that included no further local sales or KRG revenue receipts and confirmed that cost reduction opportunities exist to ensure that the Group can continue to discharge its liabilities for a period of at least 12-months.

As explained in Note 14, although the Group has recognised current liabilities of around \$75 million payable to the KRG, it does not expect these will be cash settled.

Overall, the Group's forecasts, taking into account the applicable risks, stress test scenarios and potential mitigating actions, show that it has sufficient financial resources for the 12 months from the date of approval of the 2023 annual report and accounts.

Based on the analysis performed, the Directors have a reasonable expectation that the Group has adequate resources to continue to operate for the foreseeable future. Thus the going concern basis of accounting is used to prepare the annual consolidated financial statements.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and enterprises controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity, so as to obtain benefits from its activities.

Joint arrangements

The Group is engaged in oil and gas exploration, development and production through unincorporated joint arrangements; these are classified as joint operations in accordance with IFRS 11. The Group accounts for its share of the results and net assets of these joint operations. Where the Group acts as Operator of the joint operation, the gross liabilities and receivables (including amounts due to or from non-operating partners) of the joint operation are included in the Group's balance sheet.

Sales revenue

The recognition of revenue is considered to be a key accounting judgement.

Revenue is earned based on the entitlement mechanism under the terms of the Shaikan Production Sharing Contract ("PSC"). Entitlement has two components: cost oil, which is the mechanism by which the Company recovers its costs incurred, and profit oil, which is the mechanism through which profits are shared between the Company, its partner and the Kurdistan Regional Government ("KRG"). The Company is liable for capacity building payments calculated as a proportion of profit oil entitlement. Entitlement from cost oil and profit oil are reported as revenue, and capacity building payments are included in cost of sales.

Prior to the shut-in of the Iraq-Turkey Pipeline ("ITP") on 25 March 2023, all oil was sold by the Shaikan Contractor (the Company and Kalegran BV, a subsidiary of MOL Hungarian Oil & Gas Plc, ("MOL")) to the KRG, who in turn resold the oil. The selling price was determined in accordance with the principles of the crude oil lifting agreement. On 19 July 2023, the Shaikan Contractor commenced sales to the local market by restarting trucking operations. The selling price is determined in accordance with crude sales agreements with local customers.

Under IFRS 15: Revenue from contracts with customers, GKP considers that control of crude oil is transferred from the Shaikan Contractor to the KRG or local buyer at the delivery point as defined in the lifting agreement or crude sales agreement; at this point the Shaikan Contractor is due economic benefits which can be reliably measured and are probable to be received.

For sales up to the shut-in of the ITP on 25 March 2023, the delivery point was the export pipeline and the consideration was variable and is dependent upon the monthly average oil market price with deductions for quality and transportation fees, with other fees and royalties due as determined by commercial agreements; revenue was reported net of these deductions. For sales to the local market from 19 July 2023, the delivery point is the point at which crude oil is loaded into the buyers' nominated trucks. The consideration is determined by reference to the crude sales agreement, with other fees and royalties due as determined by commercial agreements; revenue is reported net of these deductions.

Summary of material accounting policies continued

Sales revenue continued

Effective September 1, 2022, the KRG proposed a new pricing mechanism for crude oil export sales, which continued in the year until 25 March 2023 when the ITP was shut-in. Under the new pricing mechanism, the realised export sales price for a month was based on the average market price realised by the KRG for the Kurdistan blend (KBT) sold at Ceyhan, Turkey, as advised by the KRG. The change in the benchmark market price from dated Brent to KBT has not been agreed and no lifting agreement has been in place since 1 September 2022. Nonetheless, the Shaikan Contractor continued production and the KRG accepted delivery of oil at the delivery points. GKP considers that the control of crude oil was transferred at the delivery points despite no commercial agreement being in place and as such has recognised revenue, for the period until 25 March 2023, based on the proposed new pricing terms. A summary of the currently estimated financial impact of the proposed change in pricing mechanism is detailed in note 2 to the consolidated financial statements.

Income tax arising from the Company's activities under its PSC is settled by the KRG on behalf of the Company. Since the Company is not able to measure the amount of income tax that has been paid on its behalf the notional income tax amounts have not been included in revenue or in the tax charge.

Finance revenue

Finance income is recognised on an accruals basis, by reference to the principal outstanding and at the effective rate of interest applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Intangible assets

Intangible assets include computer software and are measured at cost and amortised over their expected useful economic lives of three years.

Property, plant and equipment ("PPE")

Oil and gas assets

Development and production assets

Development and production assets are accumulated on a field-by-field basis and represent the costs of acquisition and developing the commercial reserves discovered and bringing them into production, together with the exploration and evaluation expenditure incurred in finding commercial reserves, directly attributable overheads and costs for future restoration and decommissioning. These costs are capitalised as part of PPE and depreciated based on the Group's depreciation of oil and gas assets policy.

The net book values of producing assets are depreciated generally on a field-by-field basis using the unit of production ("UOP") basis which uses the ratio of oil and gas production in the period to the remaining commercial reserves plus the production in the period. Costs used in the calculation comprise the net book value of the field and estimated future development expenditures required to produce those reserves.

Commercial reserves are proven and probable ("2P") reserves which are estimated using standard recognised evaluation techniques. The reserves estimate used in the depreciation, depletion and amortisation ("DD&A") calculation in 2023 was based on the December 2022 Competent Person's Report ("CPR") reserves report completed by ERC Equipoise as at 31 December 2022.

Other property, plant and equipment

Other property, plant and equipment are principally equipment used in the field which are separately identifiable to development and production assets, and typically have a shorter useful economic life. Assets are carried at cost, less any accumulated depreciation and accumulated impairment losses. Costs include purchase price, construction and installation costs.

These assets are expensed on a straight-line basis over their estimated useful lives of three-years from the date they are put in use.

Fixtures and equipment

Fixtures and equipment assets are stated at cost less accumulated depreciation and any accumulated impairment losses. These assets are expensed on a straight-line basis over their estimated useful lives of five-years from the date they are available for use.

Impairment of PPE and intangible non-current assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset, or group of assets, is estimated in order to determine the extent of the impairment loss (if any).

For assets which do not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell ("FVLCTS") and value in use. In assessing FVLCTS and value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Any impairment identified is immediately recognised as an expense. Conversely, any reversal of an impairment is immediately recognised as income.

Borrowing costs

Borrowing costs directly relating to the acquisition or construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised and added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

Taxation

Tax expense or credit represents the sum of tax currently payable or recoverable and deferred tax.

Tax currently payable or recoverable is based on taxable profit or loss for the year. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

As described in the revenue accounting policy section above, it is not possible to calculate the amount of notional tax in relation to any tax liabilities settled on behalf of the Group by the KRG.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and does not give rise to equal taxable and deductible temporary differences.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part assets to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also recognised in equity.

Foreign currencies

The individual financial statements of each company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and the financial position of the Group are expressed in US dollars, which is the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in the income statement for the year.

On consolidation, the assets and liabilities of the Group's foreign operations which use functional currencies other than US dollars are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity in the Group's translation reserve. On the disposal of a foreign operation, such translation differences are reclassified to profit or loss.

Inventories

Inventories, except for hydrocarbon inventories, are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method. Hydrocarbon inventories are recorded at net realisable value with changes in the value of hydrocarbon inventories being adjusted through cost of sales.

Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group has become a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables are measured at amortised cost using the effective interest method less any impairment.

Cash

Cash comprises cash on hand and demand deposits that are not subject to a risk of changes in value other than foreign exchange gain or loss.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group recognises lifetime expected credit losses for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated based on observed market data and convention, existing market conditions and forward-looking estimates at the end of each reporting period.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Summary of material accounting policies continued

Financial instruments continued

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs, which are charged to share premium.

Borrowings

Interest-bearing loans and overdrafts are recorded at the fair value of proceeds received, net of transaction costs. Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the year in which they arise. The liability is carried at amortised cost using the effective interest rate method until maturity.

Trade payables

Trade payables are stated at amortised cost.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event which it is probable will result in an outflow of economic benefits that can be reliably estimated.

Decommissioning provision

Provision for decommissioning is recognised in full when there is an obligation to restore the site to its original condition. The amount recognised is the present value of the estimated future expenditure for restoring the sites of drilled wells and related facilities to their original status. A corresponding amount equivalent to the provision is also recognised as part of the cost of the related oil and gas asset. The amount recognised is reassessed each year in accordance with local conditions and requirements. Any change in the present value of the estimated expenditure is dealt with prospectively. The unwinding of the discount is included as a finance cost.

Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 24. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserve.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At each balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is re-measured, with any changes in fair value recognised in profit or loss for the period. Details regarding the determination of the fair value of cash-settled share-based transactions are set out in note 24.

Leases

The Group assesses whether a contract contains a lease at inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability in the consolidated balance sheet for all lease arrangements longer than twelve months, where it is the lessee and has control of the asset. For all other leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the future lease payments from the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, the company specific incremental borrowing rate.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The lease liability is recognised in creditors as current or non-current liabilities depending on underlying lease terms.

The right-of-use assets are initially recognised on the balance sheet at cost, which comprises the amount of the initial measurement of the corresponding lease liability, adjusted for any lease payments made at or prior to the commencement date of the lease and any lease incentive received.

For short-term leases (periods less than 12 months) and leases of low value, the Group has opted to recognise lease expense on a straight-line basis.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the accounting policies described above, the Group is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

PSC entitlement: Revenue and capacity building payments

The recognition of revenue, particularly the recognition of revenue from pipeline exports, is considered to be a key accounting judgement. The Group began commercial production from the Shaikan Field in July 2013 and historically made sales to both the domestic and export markets. The Group considers that revenue can be reliably measured as it passes the delivery point into the export pipeline or truck, as appropriate. The critical accounting judgement applied in preparing the 2023 financial statements is that it is appropriate to recognise export revenue for deliveries from 1 January to 25 March 2023 based on the proposed new pricing mechanism, notwithstanding that there is no signed lifting agreement for that period and the pricing mechanism has not yet been agreed. Further details of this judgement are provided in the sales revenue accounting policy above. In making this judgement, consideration was given to the fact that the Group received payment for September 2022 deliveries at an amount that was consistent with the proposed new pricing terms; no further receipts for the period of pipeline exports from 1 October 2022 to 25 March 2023 have been received.

A summary of the currently estimated financial impact of the proposed change in pricing mechanism is detailed in Note 2.

Any future agreements between the Company and the KRG might change the amounts of revenue recognised.

During past PSC negotiations with the Ministry of Natural Resources ("MNR"), it was tentatively agreed that the Shaikan Contractor would provide the KRG a 20% carried working interest in the PSC. This would result in a reduction of GKP's working interest from 80% to 61.5%. To compensate for such decrease, capacity building payments expense would be reduced to 20% of profit petroleum. 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. The financial statements reflect the proposed revised working interest of 61.5%. Relative to the PSC terms, the proposed revised invoicing terms result in a decrease in both revenue and cost of sales and on a net basis are slightly positive for the Company.

As part of earlier PSC negotiations, on 16 March 2016, GKP signed a bilateral agreement with the MNR (the "Bilateral Agreement"). The Bilateral Agreement included a reduction in the Group's capacity building payment from 40% to 30% of profit petroleum. Subsequent to signing the Bilateral Agreement, further negotiations resulted in the capacity building payment rate being reduced from 30% to 20%, which has formed the basis for all oil sales invoices to date as noted above. Since PSC negotiations have not been finalised, GKP has included a non-cash payable for the difference between the capacity building rate of 20% and 30%, which is recognised in cost of sales and other payables.

The Company expects to confirm with the MNR whether to proceed with a formal amendment to the PSC to reflect current invoice terms.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Expected credit loss ("ECL")

The recoverability of receivables is a key accounting judgement. The difference between the nominal value of receivables and the expected value of receivables after allowing for counterparty default risk gives the ECL. In making this judgement, management has estimated the timing of the receipt of receivables which will be dependent upon uncertain future events, in particular the expected timing of the re-opening of the ITP. Management have considered scenarios for recovering receivables and assigned probabilities to these scenarios. A weighted average has been applied to receipt profiles, upon which a counterparty default allowance has been applied to derive the ECL. This ECL is offset against current and non-current receivable amounts as appropriate within the balance sheet with the change in the receivable balance during the period recognised in the income statement.

Decommissioning provision

Decommissioning provisions are estimated based upon the obligations and costs to be incurred in accordance with the PSC at the end of field life in 2043. There is uncertainty in the decommissioning estimate due to factors including potential changes to the cost of activities, potential emergence of new techniques or changes to best practice. The Company commissioned ERC Equipose to perform an assessment of the Company's estimate of the current value of such obligations and costs at 31 December 2023 (2022: internal estimate). Management have increased these costs by estimated compound interest rates, to future value in 2043, and reduced to present value by an estimated discount rate (note 16), there is also uncertainty regarding the inflation and discount rates used.

Carrying value of producing assets

In line with the Group's accounting policy on impairment, management performs an impairment review of the Group's oil and gas assets at least annually with reference to indicators as set out in IAS 36. The Group assesses its group of assets, called a cash-generating unit ("CGU"), for impairment, if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Where indicators are present, management calculates the recoverable amount using key estimates such as future oil prices, PSC commercial terms, cost recovery, estimated production volumes, the timing of revenue receipts and field development activities, the cost of development and production, potential climate change transition risk impacts, pre-tax discount rate that incorporate risks specific to the asset and inflation. The key assumptions are subject to change based on geopolitical factors, market trends and economic conditions. Where the CGU's recoverable amount is lower than the carrying amount, the CGU is considered impaired and is written down to its recoverable amount.

Summary of material accounting policies continued

Key sources of estimation uncertainty continued

Carrying value of producing assets continued

The Group's sole CGU at 31 December 2023 was the Shaikan Field with a carrying value, being Oil and Gas assets less capitalised decommissioning provision, of \$408.0 million (2022: \$391.0 million). The Group performed an impairment trigger assessment and concluded that the shutdown of the Iraq Turkey Pipeline ("ITP") in March 2023 following the ITP Arbitration ruling was a potential indicator of impairment. Accordingly, an impairment evaluation was completed, and it was concluded that no impairment write-down was required.

In accordance with accounting standards, the impairment assessment was prepared based on available information combined with management estimates as at 31 December 2023. This includes a number of key assumptions, some of which have a high degree of uncertainty. The key areas of estimation in assessing the potential impairment indicators are as follows:

- While the date of the re-opening of the ITP remains uncertain, the impairment calculation base case assumes that local sales contracts, whilst short-term in nature, will continue until the ITP reopens and exports resume in October 2024. Given the reopening date remains uncertain, we have applied sensitivities of up to a further two-year delay in the re-opening of the ITP and no impairment was identified except under the Net Zero Emissions climate scenario as described below;
- The Group's netback oil price was based on the forward curve and market participants' consensus, including banks, analysts and independent reserves evaluators, as at 31 December 2023 for the period 2024 to 2029 with inflation of 2.25% per annum thereafter, less transportation costs and quality adjustments. Prices at 31 December 2022 were based on the dated Brent forward curve as at December 2022 for the period 2023 to 2028 with inflation of 2% per annum thereafter, less transportation and quality adjustments. The stress case reflects a 10% reduction in base case oil prices;

Scenario (\$/bbl – nominal)	2023	2024	2025	2026	2027	2028	2029
31 December 2023 – base case	n/a	83.0	80.0	77.0	77.0	77.0	80.0
31 December 2023 – stress case	n/a	74.7	72.0	69.3	69.3	69.3	72.0
31 December 2022 – base case	83.4	78.2	74.5	71.7	69.6	68.1	69.5
31 December 2022 – stress case	75.1	70.4	67.1	64.5	62.6	61.3	62.5

- Cost assumptions used in the assessment were based on an updated Jurassic development plan commencing in 2025 and the estimated cost of a Gas Management Plan with investment commencing in 2026. Further development remains contingent upon the reopening of the ITP and normalisation of KRG payments. Cost assumptions incorporated management's experience and expectations, including the nature and location of the operations and the associated risks. The impact of near-term inflationary pressures were also considered and no impairment was identified;
- The Group continues to develop its assessment of the potential impacts of climate change and the associated risks of the transition to a low-carbon future. Our ambition to reduce scope one per barrel CO₂ emissions by at least 50% versus the original 2020 baseline of 38 kgCO₂e per barrel is dependent on the timing of sanction and implementation of the Gas Management Plan. The International Energy Agency's ("IEA") most recent Announced Pledges Scenario ("APS") and Net Zero Emissions ("NZE") climate scenario oil prices and carbon taxes were used to evaluate the potential impact of the principal climate change transition risks. The APS scenario assumes that governments will meet, in full and on time, all of the climate-related commitments that they have announced, including longer term net zero emissions targets and pledges in Nationally Determined Contributions ("NDCs") to reduce national emissions and adapt to the impacts of climate change leading to a global temperature rise of 1.7°C in 2100. NZE is the normative scenario pathway to the stabilisation of global average temperatures at 1.5°C above pre-industrial levels. Under the APS and NZE scenarios there was no impairment. However, while the IEA oil price assumptions incorporate carbon prices, it has not disclosed the assumed average carbon intensity per barrel of production. Therefore, the Group has performed a sensitivity to conservatively include IEA carbon pricing on all production which results in no impairment under the APS scenario. Under the NZE scenario, there was a potential impairment; however, if the Group's assumed future average carbon intensity per barrel of production is in fact at or below the undisclosed IEA carbon intensity per barrel of production, there would have been no impairment;
- Discount rates that are adjusted to reflect risks specific to the Shaikan Field and the Kurdistan Region of Iraq. The post-tax nominal discount rate was estimated to be 16% (2022: 15%). The impact of an increase in discount rate to 20% was considered as a sensitivity to reflect potential increased geopolitical risks and no impairment was identified;
- Commercial reserves and production profiles used are based on internal estimates; and
- Timing of revenue receipts.

Notes to the consolidated financial statements

1. Geographical information

The Chief Operating Decision Maker, as per the definition in IFRS 8, is considered to be the Board of Directors. The Group operates in a single segment, that of oil and gas exploration, development and production, in a single geographical location, the Kurdistan Region of Iraq ("KRI"); 100% (2022: 99%) of the group's non-current assets, excluding deferred tax assets and other financial assets, are located in the KRI. The financial information of the single segment is materially the same as set out in the condensed consolidated statement of comprehensive income, the condensed consolidated balance sheet, the condensed consolidated statement of changes in equity, the condensed consolidated cash flow statement and the related notes.

2. Revenue

	2023 \$'000	2022 \$'000
Oil sales via export pipeline	78,955	460,113
Local oil sales	44,559	—
	123,514	460,113

The Group's accounting policy for revenue recognition is set out in the 'Summary of significant accounting policies', with revenue recognised upon crude oil passing the delivery points, either being entry into pipeline or delivered into trucks.

Oil sales via export pipeline (until 25 March 2023)

The International Court of Arbitration in Paris ruled on the long running ITP arbitration case in Iraq's favour, which led to the shut-in of the ITP on 25 March 2023. Negotiations are ongoing to reopen the pipeline.

Since 1 September 2022, there has been no lifting agreement in place between the Shaikan Contractor and the KRG. The KRG proposed a new pricing mechanism based upon the average monthly Kurdistan blend ("KBT") sales price realised by the KRG at Ceyhan; formerly the pricing mechanism was based upon Dated Brent. The Company has not accepted the proposed contract modification and continued, until suspension of the export pipeline, to invoice the KRG for oil sales based on the pre-1 September 2022 pricing formula. Considering the uncertainty with respect to the variable consideration within the pricing mechanism, the Company has concluded that it is an appropriate judgement to recognise revenue based on the proposed contract modification for the period to the pipeline shutdown on 25 March 2023.

Export sales covering the period from 1 January to 25 March 2023 were based upon the monthly Kurdistan blend ("KBT") price. The realised price in this period was \$51.3/bbl (2022: full year \$84.3/bbl).

The revenue impact of using the proposed KBT pricing mechanism instead of Dated Brent for the year is estimated to be a reduction of \$12.0 million (2022: \$23.4 million). Taking into account the associated reduction in capacity building payments results in a total reduction of profit after tax for the year of \$11.4 million (2022: \$21.7 million). Any difference between the proposed and final pricing mechanism will be reflected in future periods.

Local oil sales (from 19 July 2023)

In July 2023, GKP began selling oil to local buyers at negotiated prices. The realised price achieved in 2023 was \$30/bbl (2022: not applicable). Local buyers pay GKP in advance of receipt of oil; such amounts are recognised as deferred income (see note 14).

Information about major customers

In 2023, 68% (2022: 100%) of oil sales were made to the KRG. Additionally, 31% of revenue (2022: 0%) was attributable to three local customers comprising 10%, 10% and 11% of revenue individually.

Notes to the consolidated financial statements

continued

3. Cost of sales

	2023 \$'000	2022 \$'000
Operating costs	36,082	41,835
Capacity building payments	8,872	34,927
Change in oil inventory value	(75)	555
Depreciation of oil and gas assets and operational assets	39,470	80,225
Contract termination costs	5,525	—
Provision against inventory held for sale	2,627	—
Loss on disposal of drilling stock	1,452	—
Impairment of surplus drilling stock	—	1,109
	93,953	158,651

Capacity building payments have been recorded in line with the proposed pricing mechanism (see note 2); any difference between the proposed and final pricing mechanism will be reflected in future periods.

Further details on the depreciation of oil and gas assets and operational assets, as well as the recognition of capacity building payments, are set out in the Summary of significant accounting policies section.

For purposes of calculating the DD&A per barrel of production in 2023, a Competent Person's Report from ERC Equipoise Limited with 2P reserves estimates at 31 December 2022 was used in conjunction with the Group's economic forecasts to determine entitlement production, commercial reserves and capital costs for Shaikan.

Following ITP shut-in, GKP reacted quickly to preserve liquidity and significantly reduce expenditures. This led to the termination of certain contracts, drilling stock sales less than carrying value and a provision for inventory items held for sale.

4. Other general and administrative expenses

	2023 \$'000	2022 \$'000
Depreciation and amortisation	2,652	1,563
Auditor's remuneration (see below)	635	703
Other general and administrative costs	7,179	9,936
	10,466	12,202

Of the \$10.5 million (2022: \$12.2 million) of general and administrative expenses, \$3.4 million (2022: \$5.2 million) were incurred in relation to the Shaikan Field.

	2023 \$'000	2022 \$'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	474	430
Fees payable to the Company's auditor for other services to the Group – audit of the Company's subsidiaries pursuant to legislation	26	26
Total audit fees	500	456
Advisory services	—	112
Other assurance services (including a half year review)	135	135
Total fees	635	703

5. Share option related expense

	2023 \$'000	2022 \$'000
Share-based payment expense	9,673	3,266
Payments related to share options exercised	797	8,690
Share-based payment related provision for taxes	290	1,800
	10,760	13,756

The 2022 payments related to share options exercised includes the final year of the legacy Value Creation Plan ("VCP") share options awarded to former Directors. There will be no further awards under the plan.

6. Staff costs

The average number of employees and contractors (including Executive Directors) employed by the Group was 471 (2022: 460); the number of full-time equivalents of these workers was 303 (2022: 317), reflecting the increase in staff in 2022 to progress expansion activities and the decrease in staff after the ITP was shut-in on 25 March 2023.

	Average number of employees		Average number of full-time equivalents		Number of employees in December		Number of full-time equivalents in December	
	2023	2022	2023	2022	2023	2022	2023	2022
Kurdistan	438	421	272	280	379	472	247	312
United Kingdom	33	39	31	37	27	40	26	38
Total	471	460	303	317	406	512	273	350

Staff costs as follows are shown net of amounts recharged to joint operations:

	2023 \$'000	2022 \$'000
Wages and salaries	37,645	46,879
Social security costs	1,826	2,503
Pension costs	468	420
Share-based payment (see note 23)	10,760	4,260
	50,699	54,062

Staff costs include costs relating to contractors who are long-term workers in key positions and are included in PPE additions, cost of sales and other general and administrative expenditure depending on the nature of such costs. Staff costs are shown net of amounts recharged to joint operations.

7. Finance costs and finance income

	2023 \$'000	2022 \$'000
Notes interest expense (see note 15)	—	(5,833)
Unwinding of finance and arrangement fees (see note 15)	—	(879)
Notes repayment fee (see note 15)	—	(2,000)
Finance lease interest	(66)	(77)
Unwinding of discount on provisions (see note 16)	(1,699)	(866)
Total finance costs	(1,765)	(9,655)
Finance income	3,803	648
Net finance income/(costs)	2,038	(9,007)

Since redemption of \$100m notes on 2 August 2022, the Group has remained debt free (see note 15).

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8. Income tax

	2023 \$'000	2022 \$'000
Current year credit	—	216
Prior year adjustment	195	—
Deferred UK corporation tax (charge)/credit (see note 17)	(306)	109
Tax (charge)/credit attributable to the Company and its subsidiaries	(111)	325

The Group is not required to pay taxes in Bermuda on either income or capital gains. The Group has received an undertaking from the Minister of Finance in Bermuda exempting it from any such taxes at least until the year 2035.

In the KRI, the Group is subject to corporate income tax on its income from petroleum operations under the Kurdistan PSC. Under the Shaikan PSC, any corporate income tax arising from petroleum operations will be paid from the KRG's share of petroleum profits. Due to the uncertainty over the payment mechanism for oil sales in Kurdistan, it has not been possible to measure reliably the taxation due that has been paid on behalf of the Group by the KRG and therefore the notional tax amounts have not been included in revenue or in the tax charge. This is an accounting presentational issue and there is no taxation to be paid.

The annual UK corporation tax rate for the year ended 31 December 2023 was 19% on profits up to £50k tapered to 25% on profits above £250k (2022: flat rate of 19.0%).

Deferred tax is provided for due to the temporary differences, which give rise to such a balance in jurisdictions subject to income tax. All deferred tax arises in the UK.

9. Earnings per share

The calculation of the basic and diluted loss per share is based on the following data:

	2023	2022
(Loss)/profit after tax for basic and diluted per share calculations (\$'000)	(11,500)	266,094
Number of shares ('000s):		
Basic weighted average number of ordinary shares	217,992	215,420
Basic EPS (cents)	(5.28)	123.52

The Group followed the steps specified by IAS 33 in determining whether potential common shares are dilutive or anti-dilutive.

Reconciliation of dilutive shares:

	2023	2022
Number of shares ('000s)		
Basic weighted average number of ordinary shares outstanding	217,992	215,420
Effect of potential dilutive share options	—	8,909
Diluted number of ordinary shares outstanding	217,992	224,329
Diluted EPS (cents) ⁽¹⁾	(5.28)	118.62

(1) At the reporting date, the Company had 8,224k antidilutive (2022: 8,909k dilutive) ordinary shares relating to outstanding share options. EPS is calculated on the assumption of conversion of all potentially dilutive ordinary shares however, during a period where a company makes a loss, anti-dilutive shares are not included in the loss per share calculation as they would reduce the reported loss per share.

The weighted average number of ordinary shares in issue excludes shares held by Employee Benefit Trustee ("EBT").

10. Property, plant and equipment

	Oil and gas assets \$'000	Fixtures and equipment \$'000	Right of use assets \$'000	Total \$'000
Year ended 31 December 2022				
Opening net book value	402,094	1,033	1,078	404,205
Additions	114,909	1,595	—	116,504
Impairment of surplus drilling stocks	(1,109)	—	—	(1,109)
Revision to decommissioning asset	(2,161)	—	—	(2,161)
Depreciation charge	(80,177)	(359)	(347)	(80,883)
Foreign currency translation differences	—	(12)	(101)	(113)
Closing net book value	433,556	2,257	630	436,443
At 31 December 2022				
Cost	943,563	8,946	2,145	954,654
Accumulated depreciation	(510,007)	(6,689)	(1,515)	(518,211)
Net book value	433,556	2,257	630	436,443
Year ended 31 December 2023				
Opening net book value	433,556	2,257	630	436,443
Additions	58,240	453	86	58,779
Disposals' cost	—	—	(70)	(70)
Revision to decommissioning asset	(8,933)	—	—	(8,933)
Depreciation charge	(39,470)	(649)	(356)	(40,475)
Disposals' depreciation	—	—	66	66
Foreign currency translation differences	—	5	27	32
Closing net book value	443,393	2,066	383	445,842
At 31 December 2023				
Cost	992,870	9,404	2,188	1,004,462
Accumulated depreciation	(549,477)	(7,338)	(1,805)	(558,620)
Net book value	443,393	2,066	383	445,842

The net book value of oil and gas assets at 31 December 2023 is comprised of property, plant and equipment relating to the Shaikan block with a carrying value of \$443.4 million (2022: \$433.6 million).

The additions to the Shaikan asset amounting to \$58.2 million during the year include the costs of completing SH-17 and the drilling and completion of SH-18, well workovers, well pad preparation, long lead items and expansion of production facilities.

The decrease in the decommissioning asset represents the change in accounting estimates as detailed in note 16 partially offset by additional decommissioning liabilities arising from capital projects completed during the year.

The DD&A charge of \$39.5 million (2022: \$80.2 million) on oil and gas assets has been included within cost of sales (note 3). The depreciation charge of \$0.6 million (2022: \$0.4 million) on fixtures and equipment and \$0.4 million (2022: \$0.3 million) on right of use assets has been included in general and administrative expenses (note 4).

Right of use assets at 31 December 2023 of \$0.4 million (2022: \$0.6 million) consisted principally of buildings.

For details of the key assumptions and judgements underlying the impairment assessment, refer to the "Critical accounting estimates and judgements" section of the Summary of significant accounting policies.

Notes to the consolidated financial statements

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11. Group companies

Details of the Company's subsidiaries and joint operations at 31 December 2023 is as follows:

Name of subsidiary	Place of incorporation	Proportion of ownership interest	Principal activity
Gulf Keystone Petroleum (UK) Limited 6th Floor, New Fetter Place 8-10 New Fetter Lane London EC4A 1AZ	United Kingdom	100%	Management, support, geological, geophysical and engineering services
Gulf Keystone Petroleum International Limited Cedar House, 3rd Floor 41 Cedar Avenue Hamilton HM12 Bermuda	Bermuda	100%	Exploration, evaluation, development and production activities in Kurdistan

Name of joint operation	Location	Proportion of ownership interest	Principal activity
Shaikan	Kurdistan	80%	Production and development activities

12. Inventories

	2023 \$'000	2022 \$'000
Warehouse stocks and materials	6,900	6,074
Crude oil	374	298
Inventory held for sale	2,627	—
	9,901	6,372

13. Trade and other receivables

Non-current receivables

	2023 \$'000	2022 \$'000
Trade receivables – non-current	140,218	—

Non-current trade receivables relates to overdue amounts due from the KRG, after deducting the expected credit loss, that are expected to be received more than 12 months from the reporting date (see below).

Current receivables

	2023 \$'000	2022 \$'000
Trade receivables	6,350	158,032
Underlift	3,806	—
Other receivables	3,080	16,828
Prepayments and accrued income	1,882	1,343
Total current receivables	15,118	176,203
Total receivables	155,336	176,203

Underlift is the volumes owed to the Company by the KRG who lifted volumes in excess of their contractual entitlement in accordance with the PSC. The underlift is valued at the year-end sales price. The underlift was temporary and the Group lifted the volumes in 2024.

Reconciliation of Trade Receivables

	2023 \$'000	2022 \$'000
Gross carrying amount	171,026	161,112
Less: Impairment allowance	(24,458)	(3,080)
Carrying value at 31 December	146,568	158,032

Gross trade receivables of \$171.0 million (2022: \$161.1 million) are comprised of invoiced amounts due, based upon KBT pricing, from the KRG for crude oil sales totalling \$158.8 million (2022: \$148.9 million) related to October 2022 – March 2023 and a share of Shaikan amounts due from the KRG that the Group purchased from MOL amounting to \$12.2 million (2022: \$12.2 million). Trade receivables net of capacity building payments payable of \$7.7 million (2022: \$7.1 million) are \$151.1 million (2022: \$141.8 million).

While the Group expects to recover the full value of the outstanding invoices and purchased revenue arrears, an ECL of \$24.5 million (2022: \$3.1 million) was provided against the trade receivables balance in accordance with IFRS 9. During the year, a \$21.4 million charge was recognised due to the increase in the ECL provision (2022: \$2.0 million).

As detailed in the Summary of significant accounting policies and Note 2, the outstanding sales invoices from October 2022 – March 2023 receivable have been recognised based on a proposed pricing mechanism, which GKP has not accepted.

ECL sensitivities

Considering the receipt profile scenarios, the only variable expected to materially change profit before tax is the timing of receipt. If the pipeline reopening is delayed beyond October 2024 resulting in the receipt of past-due trade receivables being delayed by a further 12 months, then the ECL would increase by \$10.7 million. Conversely, if the repayment profile was brought forward by 6 months then the ECL would decrease by \$6.2 million.

The Group's profit before tax was not materially sensitive to a movement of $\pm 10\%$ in the default spread or recovery rate.

Other receivables

Other receivables includes an amount relating to advances to suppliers of \$0.4 million (FY 2022: \$11.5 million). \$0.4 million (FY 2022: \$10.6 million of the \$11.5 million) relates to advances for capital expenditure and is included within investing activities in the consolidated cash flow statement.

Also included within Other receivables is an amount of \$0.4 million (2022: \$0.4 million) being the deposits for leased assets which are receivable after more than one year. There are no receivables from related parties as at 31 December 2023 (2022: nil). No impairments of other receivables have been recognised during the year (2022: nil).

14. Current liabilities**Trade and other payables**

	2023 \$'000	2022 \$'000
Trade payables	11,953	3,499
Accrued expenditures	14,009	40,642
Amounts due to KRG not expected to be cash settled	74,703	70,740
Capacity building payment due to KRG on trade receivables	7,687	7,131
Other payables	683	6,164
Lease obligations	359	385
Total trade and other payables	109,394	128,561

Trade payables and accrued expenditures principally comprise amounts outstanding for trade purchases and ongoing costs and the Directors consider that carrying amounts approximate fair value.

Amounts due to KRG not expected to be cash settled of \$74.7 million (2022: \$70.7 million) include:

- \$37.7 million (2022: \$36.5 million) expected to be offset against oil sales to the KRG up to 2018, that have not been recognised in the financial statements as management consider that the criteria for revenue recognition have not been satisfied.
- \$37.0 million (2022: \$34.2 million) related to an accrual for the difference between the capacity building rate of 20%, as per the invoicing basis in effect since October 2017, and 30% as per the 2016 Bilateral Agreement. The working interest under the 2016 bilateral agreement is 80% whereas the invoicing basis is 61.5%. If the commercial position were to revert to the full terms of the executed amended PSC and the 2016 Bilateral Agreement, the Company would not expect to cash settle this balance as a more than offsetting increase in GKP's net entitlement is expected to result in revenue being due to GKP (see critical accounting judgements), the value of which is expected to exceed the accrued \$37.0 million.

Notes to the consolidated financial statements

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14. Current liabilities continued

Deferred income

At 31 December 2023, deferred income of \$5.2 million (2022: \$nil) relates to cash advances paid by local oil buyers in advance of lifting oil (See note 2).

Non-current liabilities

	2023 \$'000	2022 \$'000
Non-current lease liability (see note 21)	39	325

15. Long term borrowings

	2023 \$'000	2022 \$'000
Liability component at 1 January	—	103,482
Interest expense, including unwinding of finance & arrangement fees	—	8,712
Interest paid during the year	—	(10,194)
Principal repaid in year	—	(100,000)
Settlement of notes early repayment fee	—	(2,000)
Liability component at 31 December	—	—

On 2 August 2022 the Group redeemed the \$100m bond and paid a 2% early repayment fee.

16. Provisions

	2023 \$'000	2022 \$'000
Decommissioning provision		
At 1 January	42,546	43,841
New provisions and changes in estimates	(8,933)	(2,161)
Unwinding of discount	1,699	866
At 31 December	35,312	42,546

The \$8.9 million decrease in new provisions and changes in estimates (2022: \$2.2 million) comprises an increase relating to new drilling and facilities work of \$4.2 million (2022: \$7.6 million), offset by a reduction of \$13.1 million (2022: \$9.8 million) due to changes in inflation and discount rates. The provision for decommissioning is based on the net present value of the Group's estimated share of expenditure, inflated in line with the table below and discounted at 4.6% (2022: 3.8%), which may be incurred for the removal and decommissioning of the wells and facilities currently in place and restoration of the sites to their original state. Most expenditures are expected to take place towards the end of the PSC term in 2043.

Annual Inflation Assumption (%)	2023	2022
2023	n/a	5.00%
2024	2.25%	3.00%
2025	2.25%	2.75%
2026-2043	2.25%	2.75%

17. Deferred tax asset

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior reporting periods. The deferred tax assets arise in the United Kingdom.

	Accelerated tax depreciation \$'000	Share-based payments \$'000	Tax losses carried forward \$'000	Total \$'000
At 1 January 2022	(495)	1,049	831	1,385
(Charge)/credit to income statement	(139)	241	223	325
Exchange differences	62	(109)	(87)	(134)
At 31 December 2022	(572)	1,181	967	1,576
Credit/(charge) to income statement	882	(741)	(447)	(306)
Exchange differences	(17)	42	250	275
At 31 December 2023	293	482	770	1,545

18. Financial instruments

	2023 \$'000	2022 \$'000
Financial assets		
Cash	81,709	119,456
Receivables	152,709	162,990
	234,418	282,446
Financial liabilities		
Trade and other payables	109,433	128,886
	109,433	128,886

All financial liabilities, except for non-current lease liabilities (see note 14), are due to be settled within one year and are classified as current liabilities. All financial liabilities are recognised at amortised cost.

Fair values of financial assets and liabilities

With the exception of the receivables from the KRG which the Group expects to recover in full (see note 13), the Group considers the carrying value of all its financial assets and liabilities to be materially the same as their fair value.

The financial assets balance includes a \$24.5 million provision against trade receivables (2022: \$3.1 million) (see note 13). All financial assets, except derivatives designated as a hedge, are measured at amortised cost which is materially the same as fair value.

Capital Risk Management

The Group manages its capital to ensure that the entities within the Group will be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity structure. The capital structure of the Group consists of cash, cash equivalents, notes (in prior year) and equity attributable to equity holders of the parent. Equity comprises issued capital, reserves and accumulated losses as disclosed in note 20 and the Consolidated statement of changes in equity.

Capital Structure

The Company's Board of Directors reviews the capital structure on a regular basis and will make adjustments in light of changes in economic conditions. As part of this review, the Board considers the cost of capital and the risks associated with each class of capital.

Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in the Summary of significant accounting policies.

Financial Risk Management Objectives

The Group's management monitors and manages the financial risks relating to the operations of the Group. These financial risks include market risk (including commodity price, currency and fair value interest rate risk), credit risk, liquidity risk and cash flow interest rate risk.

As at year end, the Group did not hold any derivative assets to hedge against commodity price declines or any other financial risks. The Group does not use derivative financial instruments for speculative purposes.

The risks are closely reviewed by the Group's management under the oversight of the Board on a regular basis and, where appropriate, steps are taken to ensure these risks are minimised.

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18. Financial instruments continued

Market risk

The Group's activities expose it primarily to the financial risks of changes in oil prices, foreign currency exchange rates and changes in interest rates in relation to the Group's cash balances.

There have been no changes to the Group's exposure to other market risks. The risks are monitored by the Group's management under the oversight of the Board on a regular basis.

The Group conducts and manages its business predominantly in US dollars, the operating currency of the industry in which it operates. The Group also purchases the operating currencies of the countries in which it operates routinely on the spot market. Cash balances are held in other currencies to meet immediate operating and administrative expenses or to comply with local currency regulations.

At 31 December 2023, a 10% weakening or strengthening of the US dollar against the other currencies in which the Group's monetary assets and monetary liabilities are denominated would not have a material effect on the Group's net assets or profit.

Interest rate risk management

The Group's policy on interest rate management is agreed at the Board level and is reviewed on an ongoing basis. The current policy is to maintain a certain amount of funds in the form of cash for short-term liabilities and have the rest on short-term deposits to maximise returns and accessibility.

Based on the exposure to interest rates for cash at the balance sheet date, a 0.5% increase or decrease in interest rates would not have a material impact on the Group's profit.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at 31 December 2023, the maximum exposure to credit risk from a trade receivable outstanding from one customer is \$171.0 million (2022: \$161.1 million). Although the Group is confident in the recovery of the trade receivables balance, a provision of \$24.5 million (2022: \$3.1 million) was recognised against the trade receivables balance.

The credit risk on liquid funds is limited because the counterparties for a significant portion of the cash at the balance sheet date are banks with investment grade credit ratings assigned by international credit-rating agencies.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Group's management under the oversight of the Board of Directors. It is the Group's policy to finance its business by means of internally generated funds, external share capital and debt. The Group seeks to raise further funding as and when required.

19. Share capital

	2023 \$'000	2022 \$'000
Authorised		
Common shares of \$1 each	292,105	231,605
Non-voting shares of \$0.01 each	—	500
Preferred shares of \$1,000 each	—	20,000
Series A Preferred shares of \$1,000 each	—	40,000
	292,105	292,105

	Common shares			
	No. of shares '000	Share capital \$'000	Share premium \$'000	Total amount \$'000
Balance 1 January 2022	213,731	213,731	742,914	956,645
Dividends paid	—	—	(214,789)	(214,789)
Shares issued	2,516	2,516	—	2,516
Balance 31 December 2022	216,247	216,247	528,125	744,372
Dividends paid	—	—	(24,813)	(24,813)
Shares issued	6,196	6,196	—	6,196
Balance 31 December 2023	222,443	222,443	503,312	725,755

At 31 December 2023, a total of 0.2 million common shares at \$1 each were held by the EBT (2022: 0.4 million at \$1 each). These common shares were included within reserves.

Rights attached to share capital

The holders of the common shares have the following rights (subject to the other provisions of the Byelaws):

- (i) entitled to one vote per common share;
- (ii) entitled to receive notice of, and attend and vote at, general meetings of the Company;
- (iii) entitled to dividends or other distributions; and
- (iv) in the event of a winding-up or dissolution of the Company, whether voluntary or involuntary or for a reorganisation or otherwise or upon a distribution of capital, entitled to receive the amount of capital paid up on their common shares and to participate further in the surplus assets of the Company only after payment of the Series A Liquidation Value (as defined in the Byelaws) on the Series A Preferred Shares.

20. Cash flow reconciliation

	Notes	2023 \$'000	2022 \$'000
Cash flows from operating activities			
(Loss)/profit from operations		(13,043)	273,544
Adjustments for:			
Depreciation, depletion and amortisation of property, plant and equipment (including the right of use assets)		40,409	80,883
Amortisation of intangible assets		1,648	859
Increase of provision for impairment of trade receivables	13	21,378	1,960
Share-based payment expense	23	9,673	1,866
Provision against inventory held for sale	3	2,627	—
Impairment of PPE items	3	—	1,109
Operating cash flows before movements in working capital		62,692	360,221
Increase in inventories		(7,605)	(354)
Decrease/(Increase) in trade and other receivables		(10,741)	11,640
Increase in trade and other payables		3,107	12,339
Income taxes received		67	—
Cash generated from operations		47,520	383,846
Reconciliation of property, plant and equipment additions to cash flows from purchase of property, plant and equipment:			
		2023 \$'000	2022 \$'000
Associated cash flows			
Additions to property, plant and equipment		58,652	116,617
Movement in working capital		6,764	(11,214)
Non-cash movements			
Foreign exchange differences		(30)	(112)
Purchase of property, plant and equipment		65,386	105,291

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21. Lease Liabilities

During 2023, the total cash outflows relating to leased assets was \$0.5 million (2022: \$0.5 million); this amount is the total of capital repayments, interest charges and foreign exchange impact.

	2023 \$'000	2022 \$'000
Current liabilities (note 14)	359	385
Non-current liabilities (note 14)	39	325
	398	710
Lease liability maturity analysis		
Year 1	359	385
Year 2	19	325
Year 3	20	—
Amounts payable under leases		
Within one year	377	436
In the second to fifth year inclusive	42	339
	419	775
Less future interest charges	(21)	(65)
Net present value of lease obligations	398	710

22. Commitments

Exploration and development commitments

Additions to property, plant and equipment are generally funded with the cash flow generated from the Shaikan Field. As at 31 December 2023, gross capital commitments in relation to the Shaikan Field were estimated to be \$2.2 million (2022: \$41.9 million).

23. Share-based payments

	2023 \$'000	2022 \$'000
Total share options charge	9,673	3,266

The share options charge of \$9.6 million is comprised of \$9.1 million (2022: \$3.1 million) related to the LTIP plan and \$0.6 million (2022: nil) related to the deferred bonus plan.

See note 5 for other share option related expenses charged to the consolidated income statement.

Long Term Incentive Plan

The Gulf Keystone Petroleum 2014 Long Term Incentive Plan ("LTIP") is designed to reward members of staff through the grant of share options at a zero-exercise price, that vest three-years after grant, subject to the fulfilment of specified performance conditions. These performance conditions are 50% Total Shareholder Return ("TSR") over the vesting period and 50% of the Group's TSR relative to a bespoke group of comparators over the vesting period.

	2023 Number of share options '000	2022 Number of share options '000
Outstanding at 1 January	8,785	8,275
Granted during the year	6,295	2,278
Exercised during the year	(6,383)	(586)
Forfeited during the year	(693)	(1,182)
Outstanding at 31 December	8,004	8,785
Exercisable at 31 December	—	—

The weighted average share price at the date of exercise for share options exercised during the year was £1.17 (2022: £2.44).

The inputs into the calculation of fair values of the share options granted during the year are as follows:

	2023	2022
Weighted average share price	£1.07	£1.67
Weighted average exercise price	Nil	Nil
Expected volatility	52.5%	57.7%
Expected life	3 years	3 years
Risk-free rate	3.3%	1.4%
Expected dividend yield (on the basis dividends equivalents received)	Nil	Nil

The options outstanding at 31 December 2023 had a weighted average remaining contractual life of two years (2022: two years).

The aggregate of the estimated fair value of options granted in 2023 is \$4.6 million (2022: \$5.0 million).

Deferred Bonus Plan

At the Company's AGM in June 2019, shareholders approved the Deferred Bonus Plan. This provides for 30% of the annual bonus attributable to Executive Directors to be paid in the form of nil cost options that can be exercised any time after the three-year vesting period. There are no performance conditions other than the Executive Director must continue to be employed for this period (subject to certain limited exceptions).

	2023 Number of share options '000	2022 Number of share options '000
Outstanding at 1 January	218	113
Exercised during the year	(180)	—
Granted during the year	178	105
Outstanding at 31 December	216	218
Exercisable at 31 December	—	—

The weighted average share price at the date of exercise for share options exercised during the year was £1.37 (2022: not applicable).

During the year 177,832 options (2022: 104,968) were granted to employees under the Deferred Bonus Plan.

The options outstanding at 31 December 2023 had a weighted average remaining contractual life of two years.

Value Creation Plan ("VCP")

The VCP was approved by shareholders in December 2016. In 2022, certain nil cost share option awards vested in accordance with the VCP rules, with the Company achieving a TSR of at least 8% compound annual growth. There will be no further awards under the plan.

	2023 Number of share options '000	2022 Number of share options '000
Outstanding at 1 January	—	3,508
Exercised during the year	—	(3,508)
Outstanding at 31 December	—	—
Exercisable at 31 December	—	—

24. Dividends

During 2023, a total of \$25 million dividends (11.561 US cents per Common Share) were declared and paid to shareholders. In 2022, a total of \$215 million dividends were declared and paid to shareholders including an ordinary dividend of \$25 million (11.561 US cents per Common Share), a special dividend of \$50 million (23.12 US cents per Common Share) and interim dividends totalling \$140 million (65.27 US cents per Common Share).

To date in 2024, no dividends have been declared or paid.

Notes to the consolidated financial statements

continued

25. Related party transactions

The Company has a related party relationship with its subsidiaries and in the ordinary course of business, enters into various sales, purchase and service transactions with joint operations in which the Company has a material interest. These transactions are under terms that are no less favourable to the Group than those arranged with third parties.

Remuneration of Directors and Officers

The remuneration of the Directors and Officers who are considered to be key management personnel is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures. The Directors and Officers who served during the year ended 31 December 2023 were as follows:

- J Huijskes – Non-Executive Chairman (resigned June 2023)
- M Angle – prior Deputy Chairman who became Non-Executive Chairman June 2023
- K Wood – Non-Executive Director became Deputy Chair June 2023
- D Thomas – Non-Executive Director
- W Mwaura – Non-Executive Director
- J Balkany – Non-Executive Director (appointed July 2023)
- G Soden – Non-Executive Director (resigned June 2023)
- J Harris – Chief Executive Officer and Director
- I Weatherdon – Chief Financial Officer and Director
- G Papineau-Legrís – Chief Commercial Officer
- C Kinahan – Chief Human Resources Officer
- A Robinson – Chief Legal Officer and Company Secretary
- J Hulme – Chief Operating Officer

The values below are calculated in accordance with IAS 19 and IFRS 2.

	2023 \$'000	2022 \$'000
Short-term employee benefits	3,463	4,725
Share-based payment – options	4,065	1,499
	7,528	6,224

Further information about the remuneration of individual Directors is provided in the Directors' Emoluments section of the Remuneration Committee report.

26. Contingent Liabilities

The Group has a contingent liability of \$27.3 million (2022: \$27.3 million) in relation to the proceeds from the sale of test production in the period prior to the approval of the original Shaikan Field Development Plan ("FDP") in June 2013. The Shaikan PSC does not appear to address expressly any party's rights to this pre-FDP petroleum. The sales were made based on sales contracts with domestic offtakers which were approved by the KRG. The Group believes that the receipts from these sales of pre-FDP petroleum are for the account of the Contractor, rather than the KRG and accordingly recorded them as test revenue in prior years. However, the KRG has requested a repayment of these amounts and the Group is involved in negotiations to resolve this matter. The Group has received external legal advice and continues to maintain that pre-FDP petroleum receipts are for the account of the Contractor. This contingent liability forms part of the Shaikan PSC amendment negotiations and it is likely that it will be settled as part of those negotiations.

Report on Payments to Governments

for 2023

Introduction

This report sets out details of the payments made to governments by Gulf Keystone Petroleum Ltd and its subsidiary undertakings ("Gulf Keystone") for the year ended 31 December 2023 as required under Disclosure and Transparency Rule 4.3A issued by the UK's Financial Conduct Authority ("DTR 4.3A") and in accordance with The Reports on Payments to Governments Regulations 2014 (as amended in 2015) ("the UK Regulations") and our interpretation of the Industry Guidance on the UK Regulations issued by the International Association of Oil & Gas Producers. DTR 4.3A requires companies listed on a stock exchange in the UK and operating in the extractive industry to publicly disclose payments to governments in the countries where they undertake exploration, prospecting, discovery, development and extraction of minerals, oil, natural gas deposits or other materials.

Basis for preparation

Total payments below £86,000 made to a government are excluded from this report, as permitted under the UK Regulations.

All of the payments made in relation to the Shaikan Production Sharing Contract ("Shaikan PSC") in the Kurdistan Region of Iraq have been made to the Ministry of Natural Resources ("MNR") of the Kurdistan Regional Government ("KRG").

Production entitlements

Production entitlements are the host government's share of production during the reporting period from the Shaikan Field operated by Gulf Keystone. The figures reported have been produced on an entitlement basis, rather than on a liftings basis. Production entitlements are paid in-kind and the monetary value disclosed is derived from management's estimates based on the monthly oil sales invoices.

Royalties

Royalties represent royalties paid in-kind to governments during the year for the extraction of oil. The terms of the royalties are described within the Shaikan PSC. Royalties have been calculated on the same basis as production entitlements.

Licence fees and capacity building payments

These include licence fees, rental fees, entry fees, capacity building payments, security fees and other considerations for licences or concessions.

Summary of payments

	2023
Production entitlements in-kind ⁽¹⁾ (mboe ⁽²⁾)	2,658
Production entitlements in-kind ⁽¹⁾ (\$'000)	109,345
Royalties in-kind ⁽¹⁾ (mboe ⁽²⁾)	637
Royalties in-kind ^(1,2) (\$'000)	26,221
Licence fees and capacity building payments in-kind ⁽³⁾ (\$'000)	7,522
Total (mboe⁽²⁾)	3,295
Total (\$'000)	143,087

(1) Crude oil produced by Gulf Keystone into the Iraq Turkey Pipeline ("ITP") was sold by the KRG up until the suspension of pipeline exports on 25 March 2023. During this period all proceeds of sale were received by or on behalf of the KRG, out of which the KRG subsequently made payment for cost oil and profit oil to Gulf Keystone in accordance with the Shaikan Production Sharing Contract ("PSC"), in exchange for the crude oil delivered to the KRG. Under these arrangements, payments were made by or on behalf of the KRG to Gulf Keystone, rather than by Gulf Keystone to the KRG. For the purposes of the reporting requirements under the UK Regulations, Gulf Keystone is required to characterise the value of the KRG's production entitlements under the PSC (for which the KRG receives payment directly from the market) as a payment to the KRG. From 19 July 2023, crude oil produced by Gulf Keystone was sold to local buyers. The KRG received its share of profit oil in accordance with the PSC and sold the volumes directly to local buyers with the estimated value of such sales being included as a payment to the KRG.

(2) Thousand barrels of oil.

(3) For crude oil sales into the ITP from 1 January 2023 to 25 March 2023, capacity building payments were deducted from the monthly crude oil sales invoice amount payable to Gulf Keystone and no direct payment was made to the KRG. For local sales from 19 July 2023 to 31 December 2023, the KRG received capacity building volumes in kind, which they then sold to local buyers. The value of licence, rental and security fees has been accrued and is not expected to be paid, but rather offset against historic revenue due from the KRG, which have not yet been recognised in the financial statements.

Glossary

1P	proved reserves	ISAs (UK)	International Standards on Auditing (UK)
2C	best estimate of contingent resources	KPI	key performance indicator
2P	proved plus probable reserves	KRG	Kurdistan Regional Government
AGM	Annual General Meeting	LTi	Lost Time Incident
bbl	barrel	LTIP	Long-Term Incentive Plan
bopd	barrels of oil per day	LTIR	Lost Time Incident Rate
CAGR	Compound Annual Growth Rate	MMbbls	million barrels
Capex	capital expenditure	MMstb	million stock tank barrels
CGU	cash-generating unit	MNR	Ministry of Natural Resources of the Kurdistan Regional Government
COVID-19	Coronavirus	MOL	Kalegran B.V. (a subsidiary of MOL Hungarian Oil & Gas plc)
CPR	Competent Person's Report	OBM	oil-based mud
CSR	corporate social responsibility	OPEC	Organization of the Petroleum Exporting Countries
DD&A	depreciation, depletion and amortisation	Opex	operating costs
E&P	exploration and production	PDMR	Persons Discharging Managerial Responsibilities
EBITDA	earnings before interest, tax, depreciation and amortisation	PF-1	Shaikan Production Facility 1
EBT	employee benefit trust	PF-2	Shaikan Production Facility 2
ECL	expected credit losses	PID	photo-ionisation detector
ERCE	ERC Equipoise Ltd	PPE	property, plant and equipment
ERP	Enterprise Resource Planning	PSC	Production Sharing Contract
ESG	environmental, social and governance	SASB	Sustainability Accounting Standards Board
ESIA	environmental and social impact assessment	SDGs	The UN's Sustainable Development Goals
ESP	electric submersible pump	SECR	Streamlined Energy and Carbon Reporting
FDP	Field Development Plan	SH	Shaikan
FGI	Federal Government of Iraq	Shaikan PSC	PSC for the Shaikan block between the KRG, Gulf Keystone Petroleum International Limited, Texas Keystone, Inc and MOL signed on 6 November 2007 as amended by subsequent agreement
FVTPL	fair value through profit and loss	SID	Senior Independent Director
G&A	general and administrative	SRP	Staff Retention Plan
GHG	greenhouse gas	TCFD	Task Force on Climate-related Financial Disclosures
GKP	Gulf Keystone Petroleum Limited	TRIR	Total Recordable Incident Rate
GKPI	Gulf Keystone Petroleum International Limited	TSR	total shareholder return
GMP	Gas Management Plan	UKLA	United Kingdom Listing Authority
GRI	Global Reporting Initiative	VCP	Value Creation Plan
HSE	health, safety and environment	WEF	Water Environment Federation
IA	Investment Association	WHO	World Health Organization
IAS	International Accounting Standards	WI	working interest
IFRS	International Financial Reporting Standards	\$	US dollars
IOC	International Oil Companies		
IOGP	International Association of Oil & Gas Producers		
IPIECA	International Petroleum Industry Environmental Conservation Association		

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Ian Weatherdon

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Key shareholder engagements

25 January 2024

Pareto Securities' 19th Annual E&P Independents Conference, London

28 February 2024

SpareBank 1 Markets 2024 Energy Conference, Oslo

21 March 2024

2023 full-year results announcement

21 June 2024

AGM, via webcast

29 August 2024

2024 half-year results announcement



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