2 September 2021

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

2021 Half Year Results Announcement

Gulf Keystone, a leading independent operator and producer in the Kurdistan Region of Iraq, today announces its results for the half year ended 30 June 2021.

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

"I am pleased to report strong operational and financial performance in the first half of 2021, despite the continuing challenges of the COVID-19 pandemic. Our leverage to the recovery in oil prices, combined with safe and reliable production towards the top end of our guidance range and a continued sharp focus on costs, has resulted in significant cash flow generation. With continued strong production performance from the Shaikan Field, we are tightening the 2021 production guidance range to 42,000 – 44,000 bopd.

We continue to deliver against our commitment to balance investment in growth and returns to shareholders. Today, we are pleased to declare an interim dividend for 2021 of $50 million, bringing total dividends this year to $100 million.

The early restart of the drilling campaign in June enables us to maintain production growth momentum and to drill an additional well, SH-G, in 2021 after completion of SH-14, the final well in the 55,000 bopd investment programme. SH-14 is expected to come onstream in Q4 2021, while we expect SH-G to come onstream in Q1 2022.

We continue to work closely with the MNR and our partner on the preparation of the Shaikan FDP and expect to submit the FDP to the MNR in Q4 2021 for approval."

Highlights to 30 June 2021 and post reporting period

Operational

- Remain focused on safe and reliable operations with No Lost Time Incident ("LTI") recorded for over 600 days and no recordable incidents for around 550 days
- Continuing to manage the challenges presented by COVID-19 to protect the health of staff and contractors
- Strong average gross 2021 production to 31 August 2021 of c.42,900 bopd, up 18% from the corresponding period in 2020 and towards the top end of 2021 guidance; gross production on 31 August 2021 was 42,842 bopd
- Drilling activities progressing well following early restart in June; SH-13 expected to come onstream imminently; drilling of SH-14 underway with completion and hook-up expected in Q4 2021
- Capitalising on early restart of drilling and opportunity to maintain a continuous drilling programme, planning to spud SH-G in Q4 2021, after completion of SH-14. SH-G is expected to commence production in Q1 2022
- SH-G, the first well after the 55,000 bopd expansion programme, is an opportunity to maintain growth and momentum while we prepare the Shaikan Field Development Plan ("FDP")
- Completed debottlenecking of PF-2, increasing total field processing capacity to c.57,500 bopd

Financial

- H1 2021 revenue up 162% to $130.7 million (H1 2020: $49.9m) contributing to a return to profit after tax of $64.8 million (H1 2020: $33.1 million loss)
- Adjusted H1 2021 EBITDA of $93.8 million, more than triple $27.5 million in H1 2020, driven by the Company's strong leverage to the recovery in oil prices, increase in production and low-cost base:
  - Realised price up 129% to $43.7/bbl (H1 2020: $19.1/bbl)
  - H1 2021 gross average production up 17% to 43,516 bopd (H1 2020: 37,159 bopd)

- H1 2021 gross Opex per barrel of $2.4/bbl, below 2021 guidance range of $2.5-$2.9/bbl
- Net Capex of $14.1 million (H1 2020: $38.5 million), with the restart of the 55,000 bopd expansion programme
- Total dividends of $50 million paid to date, including an annual dividend of $25 million and a special dividend of $25 million
- Robust cash balance of $177.4 million at 1 September 2021

Outlook

- Tightening 2021 average gross production guidance range from 40,000 – 44,000 bopd to 42,000 – 44,000 bopd
- Maintaining 2021 gross Opex per barrel guidance of $2.5 to $2.9/bbl
- The addition of SH-G increases 2021 net Capex guidance from $55-$65 million to $75-$85 million
- With continued constructive engagement with the Ministry of Natural Resources ("MNR") and the Company's partner Kalegran B.V. (a subsidiary of MOL Hungarian Oil & Gas plc) ("MOL"), Gulf Keystone is expecting to submit an FDP in Q4 2021 to the MNR for approval
    - The FDP includes the continued ramp-up of Jurassic oil production, appraisal of the Triassic reservoir and a Gas Management Plan
    - We continue to optimise the scope, schedule and cost of the FDP
- Developing Gulf Keystone's sustainability strategy, with the primary environmental focus on more than halving CO_2 per barrel by 2025 by eliminating flaring
- In line with the Company's strategy of balancing investment in growth and returns to shareholders, Gulf Keystone is pleased to declare an interim dividend for 2021. The 2021 interim dividend is $50 million to be paid on 8 October 2021 based on a record date of 24 September 2021
- Following payment of the interim dividend, the Company will have distributed $100 million of dividends in 2021
- With continuing strong oil prices and cash flow generation, there may be opportunities to consider further distributions to shareholders and to optimise the capital structure

Investor & analyst presentation

Gulf Keystone's management team will be presenting the Company's 2021 Half Year Results at 10:00am (BST) today via live audio webcast:

https://webcasting.brrmedia.co.uk/broadcast/60e86de51ba1724bfa9a0d87

This announcement contains inside information for the purposes of the UK Market Abuse Regime.

Enquiries:

Gulf Keystone: Aaron Clark, Head of Investor Relations	**+44 (0) 20 7514 1400** aclark@gulfkeystone.com
Celicourt Communications: Mark Antelme Jimmy Lea	**+ 44 (0) 20 8434 2754** GKP@Celicourt.uk

or visit: www.gulfkeystone.com

Notes to Editors:

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

Disclaimer

This announcement contains certain forward-looking statements that are subject to the risks and uncertainties associated with the oil & gas exploration and production business. These statements are made by the Company and its Directors in good faith based on the information available to them up to the time of their approval of this announcement but such statements should be treated with caution due to inherent risks and uncertainties, including both economic and business factors and/or factors beyond the Company's control or within the Company's control where, for example, the Company decides on a change of plan or strategy. This announcement has been prepared solely to provide additional information to shareholders to assess the Group's strategies and the potential for those strategies to succeed. This announcement should not be relied on by any other party or for any other purpose.

CEO Statement

The first half of 2021 has been characterised by a significant recovery in spot and forward oil prices as economies around the world have begun the early stage of their recoveries, even while the course and eventual conclusion of the COVID-19 pandemic remains uncertain. Against this more favourable economic backdrop, Gulf Keystone has delivered strong operational and financial performance, and demonstrated our commitment of balancing shareholder returns with investment in growth.

The foundation of our performance remains our strong health, safety, security and environment ("HSSE") culture. Our focus on HSSE has been more critical than ever with the restart of expansion activities. I'm pleased to report today that we have now had over 600 LTI free days. That said, we are not being complacent, and all of Gulf Keystone's people are continuing to live and breathe the target of zero personal and process safety incidents.

We continue to implement measures to protect our workforce and operations from COVID-19. While we still face challenges on the ground because of the pandemic, we continue to manage them well, and we have limited the impact of COVID-19 on our operations to date.

Year-to-date to 31 August 2021, we have delivered safe and reliable production towards the upper end of our 2021 guidance, with gross average production of c.42,900 bopd, up 18% from the corresponding period in 2020. Gross production on 31 August 2021 was 42,842 bopd. To date, we have produced around 92 million stock tank barrels ("MMstb") from the Shaikan Field and have c.500 million barrels of gross 2P reserves yet to produce.

In June, we were able to successfully restart drilling activities, two months ahead of schedule, and have made good progress since then executing the programme. Following the completion of SH-13, the drilling rig was moved on the same well pad to drill SH-I (now SH-14). We expect SH-13 to come onstream imminently and expect completion and hook-up of SH-14 to take place in Q4 this year. We continue to expect gross production to increase towards 55,000 bopd in Q4 2021.

The early restart of drilling enables us to drill an additional well in 2021 after completion of SH-14, the final well in the 55,000 bopd investment programme. We expect the new well, SH-G, to spud later this year and come online in Q1 2022. SH-G is an excellent opportunity to maintain growth and momentum in developing our world-class resource base while we finalise the FDP.

Since the appointment of the new Minister of Natural Resources at the beginning of 2021, GKP and MOL have been meeting frequently with the MNR to progress the preparation of the FDP. Engagement has been constructive, and we are expecting to submit the FDP in Q4 2021 to the MNR for approval.

Gulf Keystone's leverage to the recovery in oil price, combined with safe and reliable production towards the upper end of the 2021 guidance range and our low-cost structure, has enabled us to more than triple Adjusted EBITDA year-on-year to $93.8 million. We continue to balance investment in growth and returns to shareholders, with total dividends of $100 million to be distributed this year following the declaration of a $50 million interim dividend for 2021, announced today. With continuing strong oil prices and cash flow generation, there may be opportunities to consider further distributions to shareholders and to optimise the capital structure.

Looking ahead to the remainder of the year, we are tightening our 2021 average gross production guidance range to between 42,000 – 44,000 bopd. We are maintaining our gross Opex per barrel guidance of $2.5 to $2.9/bbl, while we are increasing our net Capex guidance from $55-$65 million to $75-$85 million to reflect the addition of SH-G.

After almost eight months in the CEO role, I'm delighted with the performance of the Company and the energy and commitment of our people. It is thanks to their passion and resilience that Gulf Keystone has hit the ground running in 2021 following the challenges of 2020 created by the COVID-19 pandemic and the oil price crash. I am excited about finalising the FDP to provide visibility around the significant potential of the Shaikan Field and I am confident that by executing our strategy and striving for the highest operational and financial delivery in a sustainable way we will create significant value for all our stakeholders.

Jon Harris
Chief Executive Officer

Operational Review

Gulf Keystone's strong operational performance has continued into the first half of 2021. We have maintained safe and reliable production towards the upper end of 2021 guidance, successfully restarted the 55,000 bopd investment programme ahead of schedule, maintained momentum by approving the drilling of SH-G, and advanced the preparation of the FDP, with expected submission to the MNR later this year.

All of our operational activity is underpinned by our rigorous focus on safety. We have had over 600 LTI free days and around 550 recordable incident free days. We have taken extra precautions as drilling activities have restarted by ensuring all drilling and operational staff on site received appropriate training and safety refresher courses at the beginning of the campaign. The emphasis remains on steady, careful progress.

Similarly, we have continued to manage the impact of COVID-19 on our operations. As in other countries, the COVID-19 pandemic remains a challenge in the Kurdistan Region of Iraq and we continue to take measures, such as testing and quarantine, to protect our staff and contractors across our field operations and offices.

In the period to 31 August 2021, gross average production was c.42,900 bopd, up 18% from the corresponding period in 2020. Gross production on 31 August 2021 was 42,842 bopd. Average year-to-date production is towards the top end of guidance, with record monthly production in January of more than 44,400 bopd. As a result, we are tightening our 2021 average gross production guidance from 40,000 to 44,000 bopd to between 42,000 to 44,000 bopd.

Following a hiatus due to the sharp decline in oil prices and COVID-19 pandemic, we successfully restarted drilling activities in June 2021, two months ahead of schedule. Following the restart, SH-13 was completed as planned, and the well is expected to come onstream imminently. SH-14, which is adjacent to SH-13 on the same well pad, is expected to be completed and hooked up in Q4 2021. The installation of two electric submersible pumps in two existing wells is currently expected to follow.

The early restart of drilling activities has given us the opportunity to complete the 55,000 bopd programme and then immediately drill the next well in the sequence, SH-G. SH-G will be located around 2 km to the east of SH-7 and will be tied into PF-1. SH-G is currently expected to come on-stream in Q1 2022.

In addition to the drilling campaign, we have just completed the debottlenecking of PF-2, increasing the total processing capacity of PF-1 and PF-2 to c.57,500 bopd. SH-13 and SH-14 will be tied into PF-2.

Our strong operational performance has been accompanied by progress in preparing the FDP, as we seek to develop and produce Shaikan Field's significant reserves and resources. With continuing constructive engagement with the MNR and our partner MOL, we expect to submit the FDP in Q4 2021 to the MNR for approval. The FDP currently includes the continued ramp-up of Jurassic oil production, appraisal of the Triassic reservoir and a Gas Management Plan. Gulf Keystone is targeting to more than halve Scope 1 and 2 CO_2 emissions per barrel by eliminating flaring. We are continuing to work with the MNR to optimise scope, schedule and cost.

Finally, we continue to progress the development of Gulf Keystone's sustainability strategy. This work will build on our high environmental, social and governance ("ESG") standards by defining a corporate strategy, aligned to internationally recognised frameworks, to drive further improvements in performance, underpinned by targets and transparent disclosure.

Stuart Catterall
Chief Operating Officer

Financial Review

Key financial highlights

		Six months ended 30 June 2021	Six months ended 30 June 2020	Year ended 31 December 2020
Gross average production[1]	bopd	43,516	37,159	36,625
Realised price[1]	$/bbl	43.7	19.1	20.9
Revenue	$m	130.7	49.9	108.4
- Oil sales	$m	133.4	49.9	108.4
- Hedging costs	$m	(2.7)	-	-
Operating costs	$m	(15.0)	(14.2)	(27.4)
Gross operating costs per barrel[1]	$/bbl	(2.4)	(2.6)	(2.6)
Share option (expense)/credit	$m	(6.5)	0.1	(1.2)
Other general and administrative expenses	$m	(5.4)	(5.5)	(12.3)
- Incurred in relation to Shaikan Field	$m	(2.1)	(2.8)	(5.0)
- Corporate G&A	$m	(3.3)	(2.7)	(7.3)
Adjusted EBITDA[1]	$m	93.8	27.5	56.7
Profit/(loss) after tax	$m	64.8	(33.1)	(47.3)
Basic earnings/(loss) per share	cents	30.52	(15.64)	(22.45)
Revenue receipts[1,2]	$m	106.4	52.1	101.1
Net capital expenditure[1]	$m	14.1	38.5	45.9
Net cash[1]	$m	85.1	39.2	43.4
Net increase/(decrease) in cash and cash equivalents	$m	41.7	(47.2)	(43.0)

1. Gross average production, realised price, gross operating costs per barrel, Adjusted EBITDA, net capital expenditure, revenue receipts and net cash are either non-financial or non-IFRS measures and, where necessary, are explained in the Non-IFRS measures section.
2. Revenue receipts include the recovery of overdue November 2019 - February 2020 invoices.

Gulf Keystone continues to maintain a sharp focus on capital discipline. In H1 2021, with the benefit of all-time high Adjusted EBITDA resulting from leverage to strengthening oil prices, increased oil production and cost reductions, GKP reinstated an annual dividend of at least $25.0 million and declared a special dividend of $25.0 million. The dividends were paid in July and August, respectively. The Company is pleased today to announce an interim dividend of $50.0 million for 2021. The Company continues to progress its drilling activities and the preparation of the FDP and remains committed to striking a balance between investments in growth and distributions to shareholders.

Adjusted EBITDA

In H1 2021, Adjusted EBITDA increased significantly to $93.8 million (H1 2020: $27.5 million).

Average production in H1 2020 was 43,516 bopd, up 17% from H1 2020 and the highest half-yearly rate from the Shaikan Field to date. With GKP's leverage to the strengthening of Brent oil prices from an average of $40.1/bbl in H1 2020 to $64.8/bbl in H1 2021, the realised price per barrel more than doubled in the period to $43.7/bbl resulting in an increase in revenue from $49.9 million in H1 2020 to $130.7 million in H1 2021.

The Company continues to maintain strict control over its cost base. Gross operating costs per barrel decreased by 8% from $2.6 in the same period last year to $2.4, which is just under the 2021 guidance range of $2.5 to $2.9/bbl. Operating costs were $0.8 million higher in the period primarily due to the execution of deferred maintenance activity and costs associated with the increased production.

H1 2021 Other G&A expenses were in line with the same period last year. Share option expense in the period increased by $6.6 million principally due to tax settlements being made in cash, instead of selling additional shares, on the exercise of the Value Creation Plan share options by former Directors.

Cash flow

Cash increased during the first half of 2021 by $41.7 million, from $147.8 million to $189.5 million. The Company has Notes outstanding with a principal balance of $100.0 million (FY20: $100.0 million) that mature in July 2023 resulting in net cash of $85.1 million at 30 June 2021.

During H1 2021, the Company generated cash from operating activities of $77.8 million up from $24.2 million in H1 2020 due principally to the increase in Adjusted EBITDA.

The Company continued to receive regular payments for its oil sales in the period, although the Kurdistan Regional Government ("KRG") advised IOCs that the monthly payment terms would increase from 30 to 60 days starting with payments related to March 2021. During the period, the KRG commenced repayment of the net $73.3 million outstanding for November 2019 – February 2020 oil sales. A total of $14.5 million was received in respect of overdue invoices in the reporting period and a further $4.0 million was received up to the date of this report, resulting in a current outstanding amount of net $54.8 million. The repayments related to January and February were calculated based on 50% of the difference between average monthly dated Brent price and $50/bbl multiplied by the gross Shaikan crude sold in a month. The KRG advised IOCs that since the dated Brent price had remained consistently well above $50/bbl, the 50% difference would be changed to 20% from March 2021 and onwards. The Company continues to engage with the KRG regarding its proposed amendment to payment terms.

With the improvement in oil prices and continuous payments from the KRG, GKP restarted its 55,000 bopd expansion programme. During the period, GKP invested net capital expenditures of $14.1 million (H1 2020: $38.5 million; FY 2020: $45.9 million) with most of the work programme investment planned for H2 2021. Capital was invested in completing the SH-13 well, facilities debottlenecking activities, flowlines and studies.

During the period, the Company reinstated the annual dividend policy of at least $25.0 million, declared a $25.0 million ordinary dividend for 2020 and also declared a $25.0 million special dividend. Towards the end of period, the Company transferred $25.0 million to the share registrar to pay the ordinary dividend on 2 July 2021. The special dividend was paid on 6 August. Today, we are pleased to declare an interim dividend of 50.0 million for 2021, which is to be paid on 8 October 2021, based on a record date of 24 September 2021, in line with our strategy of balancing investment in growth and returns to shareholders.

The Group performed a cash flow and liquidity analysis based on which 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 financial statements.

Profit after tax

Profit after tax increased to $64.8 million (H1 2020: $33.1 million loss). The increase in Adjusted EBITDA was the main contributor together with lower depreciation, depletion and amortisation ("DD&A") expense of $28.2 million (H1 2020: $41.8 million) and trade receivables impairment reversal of $5.0 million (H1 2020: $12.8 million charge).

In 2021, the Company issued a revised Competent Person's Report from its reserves auditor, ERC Equipoise Limited, with updated Shaikan 2P reserves estimates at 31 December 2020. The use of the report's updated 2P reserves, entitlement production and future development costs resulted in a decrease in the DD&A per barrel rate, which was applied prospectively from 1 January 2021.

The trade receivables impairment reversal represents a reduction in the expected credit losses ("ECL") provision related to past due trade receivables from the KRG for November 2019 to February 2020 invoices (30 June 2021: $3.2 million; 30 June 2020: $14.2 million; 31 December 2020: $8.2 million). The reduction in the provision is driven by the decrease in the past due receivables balance and the acceleration of the expected recovery of the remaining balance due to improvements in forward Brent oil prices.

Outlook

Given strong production performance, we are pleased to tighten the 2021 average gross production guidance range from 40,000 - 44,000 bopd to 42,000 - 44,000 bopd. We maintain our gross Opex per barrel target at $2.50 - $2.90 as an increase in operating costs is expected in H2 2021 due to additional maintenance activities and costs associated with the ramp up of production.

Given the drilling programme restarted earlier than expected, after the completion of drilling SH-14, the final well in the 55,000 bopd expansion programme, the Company plans to drill SH-G to maintain production growth momentum. As a result of the addition of SH-G, net Capex for the year is expected to increase from $55-65 million to $75-85 million.

The Company has a strong balance sheet with cash and cash equivalents of $177.4 million at 1 September 2021. We are pleased to have declared an aggregate of $100.0 million of dividends this year, a clear testament to the cash generating potential of the Shaikan Field and in keeping with our commitment to continue to balance investment in growth and distributions to shareholders.

Ian Weatherdon
Chief Financial Officer

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, in presentations to the Board 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 financial non-IFRS measures and a description of how they are calculated is set out below. Additionally, a reconciliation of the financial 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 gross operating costs per bbl.

	Six months ended 30 June 2021 $'000	Six months ended 30 June 2020 $'000	Year ended 31 December 2020 $'000
Gross production (MMbbls)	**7.9**	6.8	13.4
Gross operating costs ($ million)[1]	**19.1**	17.7	34.2
Gross operating costs per barrel ($ per bbl)	**2.4**	2.6	2.6

[1]Gross operating costs equate to operating costs (see note 5) 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 income tax (expense)/credit, finance costs, finance revenue, depreciation and amortisation and impairment of receivables.

	Six months ended 30 June 2021 $'000	Six months ended 30 June 2020 $'000	Year ended 31 December 2020 $'000
Profit/(loss) after tax	**64.8**	(33.1)	(47.3)
Finance costs	**5.7**	5.7	14.1
Finance revenue	**(0.4)**	(1.0)	(1.3)
Tax expense	**(0.0)**	0.5	0.3
Depreciation of oil & gas assets	**28.2**	41.8	82.8
Other depreciation and amortisation	**0.5**	0.8	1.3
Impairment of receivables	**(5.0)**	12.8	6.8
Adjusted EBITDA	**93.8**	27.5	56.7

Net capital expenditure

Net capital expenditure is the value of the Group's additions to oil and gas assets excluding any movements in decommissioning assets.

	Six months ended 30 June 2021 $'000	Six months ended 30 June 2020 $'000	Year ended 31 December 2020 $'000
Additions to oil & gas assets (note 11)	**14.1**	38.5	45.9
Net capital expenditure	**14.1**	38.5	45.9

Net cash

Net Cash is a useful indicator of the Group's indebtedness and 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 and cash equivalents less current and non-current borrowings and non-cash adjustments. Non-cash adjustments include unamortised arrangement fees and other adjustments.

	Six months ended 30 June 2021 $'000	Six months ended 30 June 2020 $'000	Year ended 31 December 2020 $'000
Cash and cash equivalents	**189.5**	143.6	147.8
Outstanding Notes (note 14)	**(98.9)**	(98.4)	(98.6)
Unamortised issue costs	**(1.1)**	(1.6)	(1.4)
Accrued interest (note 13)	**(4.4)**	(4.4)	(4.4)
Net cash	**85.1**	39.2	43.4

Principal risks and uncertainties

The Board determines and reviews the key risks for the Group on a regular basis. The principal risks, and how the Group seeks to mitigate them, for the second half of the year are consistent with those detailed in the management of principal risks and uncertainties section of the 2020 Annual Report and Accounts. The principal risks are listed below:

Strategic	**Operational**	**Financial**
Political, social and economic instability	Health, Safety, Security and Environment risks	Liquidity and funding capability
Disputes regarding title or exploration and production rights	Gas flaring	Oil revenue payment mechanism
Business conduct and anti-corruption	Security	Commodity prices
Export route availability	Field delivery risk	
Stakeholder misalignment	Reserves	
Climate change and sustainability		
Global pandemic (e.g. COVID-19)		
Cyber security		

The Board continues to actively monitor the effect of COVID-19 on the macro environment and the Group's operations. The primary risks associated with COVID-19 are considered separately and are also embedded within the existing principal risks, including HSSE, Field delivery risk, Liquidity and funding capability and Commodity prices.

Responsibility statement

The Directors confirm that to the best of their knowledge:

a) the condensed set of financial statements has been prepared in accordance with UK-adopted IAS 34 'Interim Financial Reporting';

b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events and their impact during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

c) the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

By order of the Board

Jon Harris
Chief Executive Officer
1 September 2021

Independent review report to Gulf Keystone Petroleum Ltd

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2021 which comprises the condensed consolidated income statement, 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 related notes 1 to 17. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with United Kingdom adopted International Financial Reporting Standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with United Kingdom adopted International Accounting Standard 34, "Interim Financial Reporting".

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2021 is not prepared, in all material respects, in accordance with United Kingdom adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Use of our report

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review 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 company, for our review work, for this report, or for the conclusions we have formed.

Deloitte LLP
Statutory Auditor
London, United Kingdom
1 September 2021

Condensed consolidated income statement
For the six months ended 30 June 2021

	Notes	**Six months ended 30 June 2021 Unaudited $'000**	Six months ended 30 June 2020 Unaudited $'000	Year ended 31 December 2020 Audited $'000
Revenue	4	**130,713**	49,878	108,449
Cost of sales	5	**(53,516)**	(60,245)	(121,507)
Impairment reversal/(charge) on trade receivables	12	**5,034**	(12,791)	(6,776)
Gross profit/(loss)		**82,231**	(23,158)	(19,834)
Share option related (expense)/credit	6	**(6,533)**	100	(1,235)
Other general and administrative expenses		**(5,411)**	(5,528)	(12,312)
Profit/(loss) from operations		**70,287**	(28,586)	(33,381)
Finance revenue		**400**	997	1,278
Finance costs		**(5,674)**	(5,707)	(14,087)
Foreign exchange (losses)/gains		**(235)**	697	(841)
Profit/(loss) before tax		**64,778**	(32,599)	(47,031)
Tax credit/(expense)	7	**(24)**	(538)	(311)
Profit/(loss) after tax		**64,754**	(33,137)	(47,342)
Profit/(loss) per share (cents)				
Basic	8	**30.52**	(15.64)	(22.45)
Diluted	8	**28.87**	(15.64)	(22.45)

Condensed consolidated statement of comprehensive income
For the six months ended 30 June 2021

	Six months ended 30 June 2021 Unaudited $'000	Six months ended 30 June 2020 Unaudited $'000	Year ended 31 December 2020 Audited $'000
Profit/(loss) for the period	**64,754**	(33,137)	(47,342)
Items that may be reclassified subsequently to profit or loss:			
Fair value losses arising in the period	**(2,013)**	-	(1,732)
Cumulative losses arising on hedging instruments reclassified to revenue	**2,710**	-	-
Exchange differences on translation of foreign operations	**279**	(1,099)	707
Total comprehensive income/(expense) for the period	**65,730**	(34,236)	(48,367)

Condensed consolidated balance sheet
As at 30 June 2021

	Notes	**30 June 2021 Unaudited $'000**	30 June 2020 Unaudited $'000	31 December 2020 Audited $'000
Non-current assets				
Intangible assets	10	**2,234**	462	933
Property, plant and equipment	11	**362,914**	406,747	374,702
Trade receivables	12	**12,641**	72,213	59,096
Deferred tax asset		**500**	345	617
		378,289	479,767	435,348
Current assets				
Inventories		**35,547**	34,768	36,527
Trade and other receivables	12	**111,628**	13,322	37,832
Derivative financial instruments		**8**	-	977
Cash and cash equivalents		**189,543**	143,579	147,826
		336,726	191,669	223,162
Total assets		**715,015**	671,436	658,510
Current liabilities				
Trade and other payables	13	**(81,518)**	(72,553)	(69,123)
Dividends payable		**(25,000)**	-	-
		(106,518)	(72,553)	(69,123)
Non-current liabilities				
Trade and other payables	13	**(1,022)**	(2,096)	(1,058)
Other borrowings	14	**(98,872)**	(98,407)	(98,633)
Provisions		**(38,839)**	(31,668)	(35,671)
		(138,733)	(132,171)	(135,362)
Total liabilities		**(245,251)**	(204,724)	(204,485)
Net assets		**469,764**	466,712	454,025
Equity				
Share capital	15	**213,731**	229,430	211,371
Share premium account	15	**792,914**	871,675	842,914
Treasury Shares		**-**	(49,812)	(2,592)
Cost of hedging reserve		**(1,035)**	-	(1,732)
Exchange translation reserve		**(2,235)**	(4,320)	(2,514)
Accumulated losses		**(533,611)**	(580,261)	(593,422)
Total equity		**469,764**	466,712	454,025

Condensed consolidated statement of changes in equity
For the six months ended 30 June 2021

	Share capital $'000	Share premium account $'000	Treasury shares $'000	Cost of hedging reserve $'000	Exchange translation reserve $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 January 2020 (audited)	229,430	871,675	(29,749)	-	(3,221)	(548,216)	519,919
Net loss for the period	-	-	-	-	-	(33,137)	(33,137)
Other comprehensive loss for the period	-	-	-	-	(1,099)	-	(1,099)
Total comprehensive loss for the period	-	-	-	-	(1,099)	(33,137)	(34,236)
Share buy-back	-	-	(20,165)	-	-	-	(20,165)
Employee share schemes	-	-	-	-	-	1,194	1,194
Share options exercised	-	-	102	-	-	(102)	-
Balance at 30 June 2020 (unaudited)	**229,430**	**871,675**	**(49,812)**	**-**	**(4,320)**	**(580,261)**	**466,712**
Net loss for the period	-	-	-	-	-	(14,205)	(14,205)
Cash flow hedge – fair value movements	-	-	-	(1,732)	-	-	(1,732)
Exchange difference of translation of foreign operations	-	-	-	-	1,806	-	1,806
Total comprehensive (loss)/income for the period	-	-	-	(1,732)	1,806	(14,205)	(14,131)
Share cancellation	(18,059)	(28,761)	46,820	-	-	-	-
Employee share schemes	-	-	-	-	-	1,443	1,443
Share options exercised	-	-	400	-	-	(399)	1
Balance at 31 December 2020 (audited)	**211,371**	**842,914**	**(2,592)**	**(1,732)**	**(2,514)**	**(593,422)**	**454,025**
Net profit for the period	-	-	-	-	-	64,754	64,754
Cash flow hedge – fair value movements	-	-	-	697	-	-	697
Exchange difference of translation of foreign operations	-	-	-	-	279	-	279
Total comprehensive (loss)/income for the period	**-**	**-**	**-**	**697**	**279**	**64,754**	**65,730**
Dividends	-	(50,000)	-	-	-	-	(50,000)
Share issues	2,360	-	-	-	-	(2,360)	-
Employee share schemes	-	-	-	-	-	9	9
Share options exercised	-	-	2,592	-	-	(2,592)	-
Balance at 30 June 2021 (unaudited)	**213,731**	**792,914**	**-**	**(1,035)**	**(2,235)**	**(533,611)**	**469,764**

Condensed consolidated cash flow statement
for the six months ended 30 June 2021

	Note	**Six months ended 30 June 2021 Unaudited $'000**	Six months ended 30 June 2020 Unaudited $'000	Year ended 31 December 2020 Audited $'000
Operating activities				
Cash generated in operations	9	**83,487**	28,082	50,873
Interest received		**400**	1,288	1,278
Interest paid		**(5,000)**	(5,121)	(10,000)
Payment of put option premium		**(1,043)**	-	(5,371)
Net cash generated in operating activities		**77,844**	24,249	36,780
Investing activities				
Purchase of intangible assets		**(1,245)**	(7)	(458)
Purchase of property, plant and equipment		**(9,454)**	(50,109)	(57,899)
Net cash used in investing activities		**(10,699)**	(50,116)	(58,357)
Financing activities				
Payment of dividends		**(25,000)**	-	-
Share buy-back		**-**	(20,165)	(20,164)
Payment in lieu of options exercised		**-**	(330)	-
Payment of leases		**(431)**	(718)	(1,317)
Net cash used in financing activities		**(25,431)**	(21,213)	(21,481)
Net increase/(decrease) in cash and cash equivalents		**41,714**	(47,080)	(43,058)
Cash and cash equivalents at beginning of period		**147,826**	190,762	190,762
Effect of foreign exchange rate changes		**3**	(103)	122
Cash and cash equivalents at end of the period being bank balances and cash on hand		**189,543**	143,579	147,826

1. General information

The Company is incorporated in Bermuda (registered address: Cedar House, 3rd Floor, 41 Cedar Avenue, Hamilton 12, Bermuda). The Company's common shares are listed on the Official List of the United Kingdom Listing Authority and are traded on the London Stock Exchange's Main Market for listed securities. 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.

2. Summary of significant accounting policies

The Annual Report and Accounts of the Group are prepared in accordance with United Kingdom adopted International Financial Reporting Standards. The condensed set of financial statements included in this half yearly financial report have been prepared in accordance with United Kingdom adopted International Accounting Standard 34 'Interim Financial Reporting' and the Disclosure and Transparency Rules (DTR) of the Financial Conduct Authority (FCA) in the United Kingdom as applicable to interim financial reporting.

The condensed set of financial statements included in this half yearly financial report have been prepared on a going concern basis as the Directors consider that the Group has adequate resources to continue operating for the foreseeable future.

The accounting policies adopted in the 2021 half-yearly financial report are the same as those adopted in the 2020 Annual Report and Accounts, other than the implementation of new IFRS reporting standards.

The financial information for the year ended 31 December 2020 does not constitute the Group's financial statements for that year but is derived from those Accounts. The auditor's report on these Accounts was unqualified and did not include a reference to any matters to which the auditor drew attention by way of emphasis of matter.

Adoption of new and revised accounting standards

As of 1 January 2021, a number of accounting standard amendments and interpretations became effective, as noted in the 2020 Annual Report and Accounts (pages 114 and 115). The adoption of these amendments and interpretations has not had a material impact on the financial statements of the Group for the six months ended 30 June 2021.

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 CEO Statement, Operational Review and Financial Review, which includes the financial position of the Group at the period end and its cash flows and liquidity position.

As at 1 September 2021, the Group had $177.4 million of cash. The Group continues to closely monitor and manage its liquidity. Cash forecasts are regularly produced, and sensitivities run for different scenarios including, but not limited to, the impact of COVID-19, commodity prices, different production rates from the Shaikan block, cost contingencies, disruptions to revenue receipts, etc. The Group's forecasts, taking into account the applicable risks and the stress test scenarios, show that it has sufficient financial resources for the 12 months from the date of approval of the 2021 half year financial statements.

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 2021 half year financial statements.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the directors are 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 accounting judgements and key sources of estimation uncertainty remain consistent with those disclosed in the 2020 Annual Report and Accounts.

Critical accounting judgement

Revenue
The recognition of revenue 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. However, as the payment mechanism for sales to the export market continues to develop within the Kurdistan Region of Iraq, the Group considers revenue can only be reliably measured when the cash receipt is assured. The assessment of whether cash receipts are assured is based on management's evaluation of the reliability of the Ministry of Natural Resources' (the "MNR") payments to the IOCs operating in the Kurdistan Region of Iraq. The Group also recognised payables to the MNR that were offset against amounts receivable from the MNR for previously unrecognised revenue in line with the terms of the Shaikan Production Sharing Contract (the "PSC").

The judgement is not to recognise revenue in excess of the sum of the cash receipt that is assured and the amount of payables to the MNR that can be offset against amounts due for previously unrecognised revenue in line with the terms of the Shaikan PSC, even though the Group may be entitled to additional revenue under the terms of the Shaikan PSC. Any future agreements between the Company and the Kurdistan Regional Government ("KRG") might change the amounts of revenue recognised.

Key sources of estimation uncertainty
The key assumptions concerning the future, and other key sources of estimation uncertainty that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities, are discussed below.

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, estimated production volumes, the cost of development and production, post-tax discount rates that reflect the current market assessment of the time value of money and risks specific to the asset, commercial reserves and inflation. The key assumptions are subject to change based on 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. The Group's sole CGU at 30 June 2021 was the Shaikan Field with a carrying value of $360.5 million.

The Group performed a full impairment indicator evaluation for the H1 2021 and concluded that no impairment indicators arose.

The key areas of estimation in assessing the potential impairment indicators are as follows:

- Commodity prices are based on latest internal forecasts, benchmarked with external sources of information to ensure they are within the range of available market and analyst forecasts;

$/bbl - real	**2021**	**2022 onwards**
30 June 2021 – base case	$69	$55
30 June 2021 – stress case	$45	$50
31 December 2020 – base case	$50	$55
31 December 2020 – stress case	$45	$50

- 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 15%, unchanged from 31 December 2020;
- operating costs and capital expenditure that are based on financial budgets and internal management forecasts. Costs assumptions incorporate management experience and expectations, as well as the nature and location of the operation and the risks associated therewith. There were no indicators that costs will increase in comparison to 31 December 2020 impairment assessment;
- no adverse changes were noted for commercial reserves and production profiles; and
- timing of revenue receipts changed from 30 to 60 days following the month of sale, however, this is a minor change and is not considered to be an indicator of impairment.

3. Geographical information

The Group's non-current assets excluding deferred tax assets and other financial assets by geographical location are detailed below:

	Six months ended 30 June 2021 Unaudited $'000	Six months ended 30 June 2020 Unaudited $'000	Year ended 31 December 2020 Audited $'000
Kurdistan	**361,921**	407,017	369,761
United Kingdom	**3,227**	192	1,910
	365,148	407,209	371,671

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 explorations, appraisal and production, in a single geographical location, the Kurdistan Region of Iraq. As a result, the financial information of the single segment is 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.

Information about major customers

Included in oil sales are $133.4 million, which arose from sales to the KRG (H1 2020: $49.9 million; FY 2020: $108.4 million).

4. Revenue

	Six months ended 30 June 2021 Unaudited $'000	Six months ended 30 June 2020 Unaudited $'000	Year ended 31 December 2020 Audited $'000
Oil sales	**133,423**	49,878	108,449
Put option hedging losses reclassified to revenue	**(2,710)**	-	-
	130,713	49,878	108,449

The Group accounting policy for revenue recognition is set out in its 2020 Annual Report, with revenue recognised on a cash-assured basis.

During the six months period ended 30 June 2021, the cash-assured values recognised as oil sales was $133.4 million (H1 2020: $49.9 million; FY 2020: $108.4 million). The oil sales price was calculated using the monthly dated Brent price less an average discount of $21.2 (H1 2020: $21.1; FY 2020: $21.1) per barrel for quality and pipeline tariffs.

In November 2020, the Company purchased put options effectively establishing a floor price of $35/bbl on approximately 60% of its H1 2021 production. The cost of the put option was $2.7 million and it expired on 30 June 2021. The put option was designated as an accounting hedge for the period prior to expiry, at which point the associated hedging losses that had previously been deferred within the hedging reserve were reclassified to revenue.

In February 2021 the Company purchased a put option establishing a floor price of $40/bbl on approximately 60% of its Q3 2021 production. This put option has also been designated as an accounting hedge with the hedging losses incurred as of 30 June 2021 of $1.0 million deferred within the hedging reserve. The cost of the option will be reclassified to revenue in 2H 2021 upon the expiry of the option.

5. Cost of Sales

	Six months ended 30 June 2021 Unaudited $'000	Six months ended 30 June 2020 Unaudited $'000	Year ended 31 December 2020 Audited $'000
Operating costs	**15,033**	14,215	27,401
Capacity building payments	**10,288**	3,846	8,362
Changes in inventory valuation and other write-offs	**(52)**	411	2,923
Depreciation of oil and gas assets	**28,223**	41,773	82,797
Depreciation of operational assets	**24**	-	24
	53,516	60,245	121,507

A unit-of-production method has been used to calculate the depreciation, depletion and amortisation ("DD&A") charge for oil and gas assets. This is based on full entitlement production, commercial reserves and capital costs for Shaikan. Commercial reserves are proven and probable ("2P") reserves, estimated using standard recognised evaluation techniques. In 2021, the Group received a Competent Person's Report from ERC Equipoise Limited with 2P reserves estimates at 31 December 2020. The use of the report's entitlement production, commercial reserves and capital costs for Shaikan resulted in a significant decrease in the DD&A per barrel rate, which was applied prospectively from 1 January 2021.

6. Share option related expense/(credit)

	Six months ended 30 June 2021 Unaudited $'000	Six months ended 30 June 2020 Unaudited $'000	Year ended 31 December 2020 Audited $'000
Share-based payment expense	**902**	1,098	2,440
Payments related to share options exercised	**4,060**	-	-
Share-based payment related provision for taxes	**1,571**	(1,198)	(1,205)
	6,533	(100)	1,235

On the exercise of the Value Creation Plan share options by former Directors, tax settlements were made in cash instead of selling additional shares. This and payment of dividends accumulated during the vesting period are the main components of the payments related to share options exercised.

7. Taxation

	Six months ended 30 June 2021 Unaudited $'000	Six months ended 30 June 2020 Unaudited $'000	Year ended 31 December 2020 Audited $'000
Corporation tax credit/(expense)	**103**	(90)	(90)
Deferred tax credit/(expense)	**(127)**	(448)	(221)
	(24)	(538)	(311)

8. Profit/(loss) per share

The calculation of the basic and diluted profit/(loss) per share is based on the following data:

	Six months ended 30 June 2021 Unaudited	Six months ended 30 June 2020 Unaudited	Year ended 31 December 2020 Audited
Profit/(loss) after tax for the purposes of basic and diluted loss per share ($'000)	**64,754**	(33,137)	(47,342)
Number of shares ('000s):			
Basic weighted average number of ordinary shares	**212,138**	211,934	210,893
Basic EPS (cents)	**30.52**	(15.64)	(22.45)

The Group followed the steps specified by IAS 33 in determining whether outstanding share options are dilutive or anti-dilutive.

8. Profit/(loss) per share (continued)

Reconciliation of dilutive shares:

	Six months ended 30 June 2021 Unaudited	Six months ended 30 June 2020 Unaudited	Year ended 31 December 2020 Audited
Number of shares ('000s):			
Basic weighted average number of ordinary shares	**212,138**	211,934	210,893
Effect of dilutive potential ordinary shares	**12,119**	-	-
Diluted number of ordinary shares outstanding	**224,257**	211,934	210,893
Diluted EPS (cents)	**28.87**	(15.64)	(22.45)

Weighted average number of ordinary shares excludes shares held by Employee Benefit Trustee ("EBT") and the Exit Event Trustee of 0.1 million (H1 2020: 0.1 million; FY 2020: 0.1 million). On 30 June 2020 and 31 December 2020, weighted average number of shares also excluded shares held in treasury (H1 2021: nil, H1 2020: 19.1 million, FY 2020: 1.0 million).

The dilutive number of ordinary shares relates to outstanding share options and is calculated on the assumption of conversion of all potentially dilutive ordinary shares. As the company reported a loss for the six months ending 30 June 2020 and for the year ended 31 December 2020, the exercise of the outstanding share options would have reduced the reported loss per share and, therefore, these share options were anti-dilutive.

9. Reconciliation of profit from operations to net cash generated in operating activities

	Six months ended 30 June 2021 Unaudited $'000	Six months ended 30 June 2020 Unaudited $'000	Year ended 31 December 2020 Audited $'000
Profit/(loss) from operations	**70,287**	(28,586)	(33,381)
Adjustments for:			
Depreciation of property, plant and equipment (including right of use assets)	**28,737**	42,570	84,119
Amortisation of intangible assets	**1**	6	3
Share-based payment expense	**9**	1,098	2,440
Lease modification	**154**	-	(97)
(Credit)/expense due to change in impairment of receivables provision	**(5,034)**	12,791	6,776
Put option hedging losses reclassified to revenue	**2,710**	-	-
Decrease/(increase) in inventories	**980**	(3,728)	(5,487)
Decrease/(increase) in receivables	**(22,260)**	2,574	(523)
(Decrease)/increase in payables	**7,903**	1,357	(2,977)
Net cash generated in operating activities	**83,487**	28,082	50,873

10. Intangible assets

	Computer software $'000
Period ended 30 June 2020	
Opening net book value	454
Additions	15
Amortisation charge	(1)
Foreign currency translation differences	(6)
Net book value at 30 June 2020	**462**
Cost	1,351
Accumulated depreciation	(889)
Net book value at 30 June 2020	**462**
Period ended 31 December 2020	
Additions	451
Amortisation charge	(3)
Foreign currency translation differences	23
Net book value at 31 December 2020	**933**
Cost	1,980
Accumulated depreciation	(1,047)
Net book value at 31 December 2020	**933**
Period ended 30 June 2021	
Opening net book value	933
Additions	1,292
Amortisation charge	(1)
Foreign currency translation differences	10
Net book value at 30 June 2021	**2,234**
Cost	3,282
Accumulated depreciation	(1,048)
Net book value at 30 June 2021	**2,234**

The amortisation charge for computer software has been included in general and administrative expenses.

11. Property, plant and equipment

	Oil and Gas Assets $'000	Fixtures and Equipment $'000	Right of use Assets $'000	Total $'000
Period ended 30 June 2020				
Opening net book value	403,696	1,310	2,596	407,602
Additions	38,541	56	1,640	40,237
Disposals at cost	-	(492)	-	(492)
Revisions to decommissioning asset	1,491	-	-	1,491
Depreciation charge	(41,773)	(112)	(685)	(42,570)
Depreciation on disposals	-	492	-	492
Foreign currency translation differences	-	(13)	-	(13)
Net book value at 30 June 2020	**401,955**	**1,241**	**3,551**	**406,747**
Cost	736,640	6,442	5,132	748,214
Accumulated depreciation	(334,685)	(5,201)	(1,581)	(341,467)
Net book value at 30 June 2020	**401,955**	**1,241**	**3,551**	**406,747**
Period ended 31 December 2020				
Additions	7,313	99	81	7,493
Revisions to decommissioning asset	3,609	-	-	3,609
Lease modifications	-	-	(1,623)	(1,623)
Depreciation charge	(41,024)	(166)	(359)	(41,549)
Foreign currency translation differences	-	13	12	25
Net book value at 31 December 2020	**371,853**	**1,187**	**1,662**	**374,702**
Cost	747,562	7,160	3,602	758,324
Accumulated depreciation	(375,709)	(5,973)	(1,940)	(383,622)
Net book value at 31 December 2020	**371,853**	**1,187**	**1,662**	**374,702**
Period ended 30 June 2021				
Opening net book value	371,853	1,187	1,662	374,702
Additions	14,084	139	-	14,223
Disposals at cost	-	-	(1,064)	(1,064)
Revision to decommissioning asset	2,814	-	-	2,814
Lease modification	-	-	(107)	(107)
Depreciation charge	(28,223)	(168)	(346)	(28,737)
Depreciation on disposals	-	-	1,064	1,064
Foreign currency translation differences	-	-	19	19
Closing net book value	**360,528**	**1,158**	**1,228**	**362,914**
At 30 June 2021				
Cost	764,460	7,299	2,450	774,209
Accumulated depreciation	(403,932)	(6,141)	(1,222)	(411,295)
Net book value	**360,528**	**1,158**	**1,228**	**362,914**

The additions to the Shaikan asset amounting to $14.1 million during the period include the costs of completing SH-13, facilities debottlenecking activities, flowlines and studies. The increase in the decommissioning asset represents further decommissioning obligations that arose on capital projects.

12. Trade and other receivables

Non-current receivables

	30 June 2021 Unaudited $'000	30 June 2020 Unaudited $'000	31 December 2020 Audited $'000
Trade receivables - non-current	**12,641**	72,213	59,096

Current receivables

	30 June 2021 Unaudited $'000	30 June 2020 Unaudited $'000	31 December 2020 Audited $'000
Trade receivables - current	**106,788**	7,961	34,021
Other receivables	**4,036**	4,725	2,963
Prepayments and accrued income	**804**	636	848
	111,628	13,322	37,832

Reconciliation of trade receivables

	30 June 2021 Unaudited $'000	30 June 2020 Unaudited $'000	31 December 2020 Audited $'000
Gross carrying amount	**122,580**	94,375	101,302
Less: impairment allowance	**(3,151)**	(14,200)	(8,185)
Carrying value at 30 June 2021	**119,429**	80,175	93,117

Trade receivables comprise invoiced amounts due from the KRG for crude oil sales totalling $113.5 million (H1 2020: $85.3 million; FY 2020: $92.2 million) and a share of Shaikan revenue arrears the Group purchased from MOL in 2018 amounting to $9.1 million (H1 2020: $9.1 million; FY 2020: $9.1 million). The amount due from the KRG includes past due trade receivables of $62.2 million[1] (H1 2020: $77.3 million; FY 2020: $77.3 million) related to November 2019 to February 2020 invoices. While the Group expects to recover the full nominal value of the outstanding invoices and MOL receivable, the ECL on the overdue receivable balance of $3.2 million was provided against the receivables balance in line with the requirements of IFRS 9 resulting in a credit to income of $5.0 million in the reporting period (H1 2020: $12.8 million expense; FY 2020: $6.8 million expense).

In May 2021, the Company received a letter from the KRG proposing an amendment to the 30-day payment terms, starting with the March 2021 production invoice. The KRG stated that payment will be 60 days after submission of each invoice. The KRG also stated that from March 2021 the monthly repayment mechanism of past due trade receivables will change from the previously agreed 50% to 20% of the difference between average dated Brent price and $50/bbl, multiplied by the gross Shaikan crude oil volumes sold. The Company continues to engage with the KRG regarding its proposed amendment to payment terms.

ECL sensitivities

No material changes to the Group's profit before tax arise when considering reasonably possible changes to the estimates which are used to calculate the ECL impairment allowance.

[1] The past due trade receivables amount excludes the associated capacity building payments due to the KRG which reduce the net amount due to GKP to $58.9 million.

12. Trade and other receivables (continued)

Other receivables
Included within Other receivables is an amount of $0.5 million (H1 2020: $0.4 million; FY 2020 $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 30 June 2021 (H1 2020: nil; FY 2020: nil). No impairments of other receivables have been recognised during the first half of the year (H1 2020: nil; FY 2020: nil).

13. Trade and other payables

Current liabilities

	30 June 2021 Unaudited $'000	30 June 2020 Unaudited $'000 Restated	31 December 2020 Audited $'000
Trade payables	**1,448**	5,218	2,212
Accrued expenditures	**19,828**	14,857	14,481
Other payables	**59,854**	50,827	51,612
Finance lease obligations	**388**	1,561	718
Taxation payable	**-**	90	100
	81,518	72,553	69,123

The Group changed the presentation of current liabilities in 2020 and the H1 2020 balances have been restated accordingly.

Accrued expenditures include $4.4 million interest payable as at 30 June 2021 (H1 2020: $4.4 million, FY 2020: $4.4 million) (note 14).

Other payables include $51.0 million (H1 2020: $44.7 million, FY 2020: $46.5 million) of amounts payable to the KRG that are expected to be offset against revenue due from the KRG related to pre-October 2017 oil sales, which have not yet been recognised in the financial statements.

Non-current liabilities

	30 June 2021 Unaudited $'000	30 June 2020 Unaudited $'000	31 December 2020 Audited $'000
Non-current finance lease liability	**1,022**	2,096	1,058

14. Long-term borrowings

In July 2018, the Company completed the private placement of a 5-year senior unsecured $100 million bond (the "Notes"). The unsecured Notes are guaranteed by Gulf Keystone Petroleum International Limited and Gulf Keystone Petroleum (UK) Limited, two of the Company's subsidiaries, and the key terms are summarised as follows:

- maturity date is 25 July 2023;
- at any time prior to maturity, the New Notes are redeemable in part, or full, with a prepayment penalty;
- the interest rate is 10% per annum with semi-annual payment dates; and
- the Company is permitted to raise up to $200 million of additional indebtedness at any time on market terms to fund capital and operating expenditure, subject to certain requirements.

The liabilities associated with Notes are presented in the following tables:

	30 June 2021 Unaudited $'000	30 June 2020 Unaudited $'000	31 December 2020 Audited $'000
Liability at the beginning of the period	**102,993**	102,553	102,553
Interest charged during the period	**5,238**	5,215	10,440
Interest paid during the period	**(5,000)**	(5,000)	(10,000)
Liability at the end of period	**103,231**	102,768	102,993

Liability component reporting in:

	30 June 2021 Unaudited $'000	30 June 2020 Unaudited $'000	31 December 2020 Audited $'000
Current liabilities (note 13)	**4,359**	4,361	4,360
Non-current liabilities	**98,872**	98,407	98,633
	103,231	102,768	102,993

The Notes are traded on the Norwegian Stock Exchange and the fair value at the prevailing market price as at the close of business on the reporting date was:

	Market price	**30 June 2021 $'000**
Notes	**104.38**	104,375

As of 30 June 2021, the Group's remaining contractual liability comprising principal and interest based on undiscounted cash flows at the maturity date of the Notes is as follows:

	30 June 2021 Unaudited $'000	30 June 2020 Unaudited $'000	31 December 2020 Audited $'000
Within one year	**10,000**	10,000	10,000
Within two to five years	**110,639**	120,639	115,639
	120,639	130,639	125,639

15. Share capital

	Common shares			
	No. of shares	Amount	Share capital	Share premium
	000	$'000	$'000	$'000
Issued and fully paid				
Balance 1 January 2021 (audited)	211,371	1,054,285	211,371	842,914
Share issue	2,360	2,360	2,360	
Dividend				(50,000)
Balance 30 June 2021 (unaudited)	**213,731**	**1,056,645**	**213,731**	**792,914**

The dividend of $50.0 million consists of an ordinary dividend of $25.0 million and a special dividend of $25.0 million, as approved at the June 2021 Annual General Meeting. The ordinary dividend was remitted for distribution as at the balance sheet date and the special dividend was paid to shareholders on 6 August 2021.

16. Contingent liabilities
The Group has a contingent liability of $27.3 million (H1 2020 and FY 2020: $27.3 million) in relation to the proceeds from the sale of test production in the period prior to the approval of the Shaikan Field Development Plan ("FDP") in July 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 (GKP and MOL), 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 currently involved in negotiations to resolve this matter. The Group has received external legal advice and does not consider that a probable material payment is payable to the KRG. This contingent liability forms part of the ongoing Shaikan PSC amendment negotiations and it is likely that it will be settled as part of those negotiations.

17. Subsequent events
The Company has declared an interim dividend of $50.0 million to be paid on 8 October 2021 based on a record date of 24 September 2021.

GLOSSARY (See also the glossary in the 2020 Annual Report and Accounts)

2P	proved plus probable reserves
bbl	barrel
bopd	barrels of oil per day
CGU	cash-generating unit
COVID-19	Coronavirus
Crude Oil Sales Agreement	the Shaikan crude oil export sales agreement valid between 1 January 2019 and 30 June 2021
DD&A	depreciation, depletion and amortisation
EBT	employee benefit trust
ECL	expected credit losses
ESG	environmental, social and governance
FDP	Field Development Plan
G&A	general and administrative
GKP	Gulf Keystone Petroleum Limited
Group	Gulf Keystone Petroleum Limited and its subsidiaries
HSSE	health, safety, security and environment
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
IOC	International oil companies
KRG	Kurdistan Regional Government
LTI	lost time incident

MMstb	million stock tank barrels
MNR	Ministry of Natural Resources of the Kurdistan Regional Government
MOL	Kalegran B.V. (a subsidiary of MOL Hungarian Oil & Gas plc)
Notes	the $100 million unsecured, guaranteed notes issued on 25 July 2018 by GKP with a maturity date of 25 July 2023
PF-1	Production Facility 1
PF-2	Production Facility 2
PSC	production sharing contract
Shaikan PSC	the Production Sharing Contract for the Shaikan block between the Kurdistan Regional Government of Iraq and Gulf Keystone Petroleum International Limited and Texas Keystone Inc. and Kalegran Limited (a subsidiary of MOL) signed on 6 November 2007 as amended by subsequent agreements