

STATEMENT ON GULF KEYSTONE PETROLEUM ON BEHALF OF M&G RECOVERY FUND

London, 7 July 2013 – The M&G Recovery Fund owns 5.1% of the shares of Gulf Keystone Petroleum Limited (“GKP”) and wishes to highlight to other shareholders its continuing concerns regarding the standards of corporate governance at the company. The separation of the roles of Chairman and Chief Executive is a step in the right direction but there remains much room for improvement.

M&G has discussed its concerns about corporate governance at GKP in recent weeks with two of the company’s non-executive directors. It is also seeking a meeting with new Chairman Simon Murray as soon as possible.

The £7.4 billion M&G Recovery Fund, a long-term investor acting on behalf of more than 100,000 private investors, wishes to improve corporate governance at GKP by effecting the appointment of independent directors to its Board. The fund also expects a strengthened Board to review the current level of directors’ remuneration which we consider excessive - for example, we note the payment to the Chief Executive of \$13.6 million, plus \$9.1m deferred cash, in respect of 2012 when the company declared a loss before tax of \$80 million.

M&G believes the true value of the company’s assets will not be reflected in its share price until there has been a substantial strengthening of GKP’s Board. The inclusion of independent directors on a properly balanced Board would represent the interests of all shareholders.

M&G has voted against the re-election of two existing directors and has voted in favour of the four independent candidates who were proposed two weeks ago for election as non-executive directors at GKP, namely:

John Bell
Jeremy Asher
Thomas Shull
Philip Dimmock

These potential directors have considerable experience of the oil and gas industry or publicly owned commercial entities. They are therefore well-placed to enhance the quality of governance. If elected, we would expect them to act independently and represent the interests of all shareholders.

It is disappointing that the company has not circulated to all shareholders full details of the proposed directors. Summary profiles of each proposed independent director are appended.

- Ends -

Notes to editors:

- M&G launched the UK's first unit trust in 1931 and has continued this history of innovation ever since.
- M&G offers investors a wide range of funds across equities, bonds, property and multi asset.

Issued by M&G Securities Limited which is authorised and regulated by the Financial Conduct Authority and provides investment products. The company's registered office is Laurence Pountney Hill, London EC4R 0HH. Registered in England No. 90776.

Appendix: Summary profiles of the four independent directors proposed to Gulf Keystone Petroleum on 19 June 2013 by M&G Recovery Fund

Jeremy Asher

Jeremy Asher is Chairman of Agile Energy Limited, a privately held energy investment company; Chairman of Tower Resources plc, an AIM-listed oil explorer; and a director of Pacific Drilling SA, an NYSE-listed operator of ultra-deepwater drill-ships, where he chairs the Nomination and Remuneration Committees. Until 2010, Jeremy was also Deputy Chairman of Gulf Keystone Petroleum Ltd, and chaired its Audit Committee. He is also a member of the London Business School's UK regional advisory board and the Engineering Advisory Board of Imperial Innovations, the commercial arm of Imperial College. Following several years as a management consultant, he was co-head of the global oil products trading business at Glencore AG and then acquired, developed and sold the 275,000 b/d Beta oil refinery at Wilhelmshaven in Germany. Between 1998 and 2001 he was CEO of PA Consulting Group, and since that time has been an investor and director in various public and private companies. He holds a BSc (Econ) from the LSE and an MBA from Harvard Business School.

John Bell

John Bell has been a senior oil executive for over 20 years, working on and delivering conventional and non-conventional upstream oil projects for major oil companies including BP, Statoil AS and Suncor Energy plc. Between 2008 and 2010, John headed BP's new multi-billion dollar developments in Egypt and, and between 2010 and 2012 he was managing director of Suncor Energy's exploration and production business in Syria, significantly increasing reserves and substantially improving IRR on these operations worth over \$1 billion, while also successfully negotiating additional licenses. Since 2012 he has been Chief Executive of Babylon Petroleum, a private-equity-backed exploration company with a focus on Iraq and Africa. He holds a B.Eng. Hons. from the University of Strathclyde, and attended the Executive Leadership Program at the Haas Business School at UC Berkeley.

Philip Dimmock

Philip Dimmock has over 40 years' experience in upstream oil and gas, both in the UK and internationally, and is currently a consultant to various oil and gas companies, including Equator Exploration Ltd where he was chief operating officer. Philip spent a significant part of his career at BP in a wide variety of senior positions including manager of the Forties oil field, and at Ranger Oil where he also held the post of vice president of the international division, and served as chairman. He has also been an executive officer of the UK Offshore Operators Association. Philip was a non executive Director of Nautical Petroleum plc until its acquisition by Cairn Energy in 2012. Between 2005 and 2012 he served as chairman of the Remuneration, Nomination and Strategy Committees and was a member of the Audit Committee. He holds an MA in Physics from the University of Oxford where he was an Open Scholar at Pembroke College.

Thomas Shull

Tom Shull is currently Chief Executive of the Army and Air Force Exchange Service (Exchange). The Exchange is the 47th largest retail organisation in the US with current revenue of \$10 billion and employing 43,000 civilians. It manages retail outlets on military installations in all 50 US states, 5 US Territories and more than 30 other countries, including 44 facilities operating in the Middle East. Tom had a distinguished career in the US Army, culminating in an active duty assignment as Military Assistant to Robert C. Macfarlane, Assistant to the President for National Security Affairs. Subsequently Tom built a highly successful business career as a turnaround specialist including as President of Barneys, New York and CEO and Chairman of other leading US consumer concerns. During this period he also co-founded and served as CEO of Meridian Ventures Inc where he advised numerous clients both in the retail sector and elsewhere. These included Mobil, whom he had advised on developing Caspian Sea pipeline strategies to monetise oil and gas in landlocked regions. From 2004 – 2010 he was also a director of NYSE-listed Zale Corporation, where he served on the Compensation Committee and was Chairman of the Audit Committee for three years.