

ASSIGNMENT AND NOVATION AGREEMENT

This Assignment and Novation Agreement made and entered into on the 30th day of October, 2007 between the following parties:

KALEGRAN Ltd., a company incorporated and existing under the laws of Cyprus with its address at 11 Florinis Street, CITY FORUM 7th floor, 1065 Nicosia, Cyprus (hereinafter referred to as "*Assignor*") and

GULF KEYSTONE PETROLEUM INTERNATIONAL LIMITED, a company established and existing under the laws of Bermuda, whose registered office is at Milner House, 18 Parliament Street, P.O. Box HM 1561, Hamilton HM FX, Bermuda (hereinafter referred to as "*Assignee*").

WHEREAS,

- (a) A Production Sharing Contract (hereafter "*Contract*") in respect of Petroleum Operations relating to **Block Akri-Bijeel** in Kurdistan was executed on October .. 2007 between the Kurdistan Regional Government of Iraq (hereafter "*GOVERNMENT*"), represented by the Minister of Natural Resources,
- (b) Assignee holds a hundred percent (100 %) working interest under and in the Contract;
- (c) Assignee wishes to assign a twenty percent (20%) Participating Interest out of its hundred percent (100%) Participating Interest under and in the Contract (the "*Transferred Interest*") to Assignee and Assignee wishes to take such assignment;
- (d) The Parties wish to seek the consent of the Government to be granted for the proposed assignment of the Transferred Interest as required by Article 39 of the Contract;

NOW THEREFORE, in consideration of the mutual covenants set out in this Assignment Agreement, the Parties agree that:

- 1) In consideration of mutual covenants Assignor hereby transfers, assigns and conveys to Assignee and Assignee hereby takes and accepts the Transferred Interest under the Contract including all rights, obligations and liabilities arising therefrom on or after the assignment date.
- 2) With effect from the Assignment Date, Assignee hereby agrees to take and accept the assignment granted above and agrees to be bound by all obligations and covenants contained in the Contract and to perform all obligations relating to the Transferred Interest under the Contract in accordance with all of the terms, provisions, conditions and limitations of the Contract.
- 3) As a result of the foregoing the Parties shall from the assignment date own and be entitled to the percentage Participating Interest under the Contract and proportionate undivided interests in the joint operations, namely:

Kalegran Ltd.	80.00 % (Operator)
Gulf	20.00 %

[Handwritten signatures]

- 4) Assignee hereby represents and warrants that it is financially and technically capable of fulfilling its duties and obligations under the Contract.
- 5) Assignee agrees to provide a necessary guarantee to the Government that is required to cover the Minimum Exploration Work obligation equal to its Participating Interest at the execution of this Agreement, and the guarantee provided by Assignor shall be decreased accordingly.
- 6) The Parties agree to promptly execute and deliver any documents or instruments required to effectuate or to give further assurance for confirming the assignment, acceptance and assumption herein described and the amendments hereby required.
- 7) This Agreement for Assignment shall be governed by and shall be given effect to under the laws of England.

IN WITNESS WHEREOF the Parties have executed this Assignment Agreement as of the day, month and year hereinabove first written.

For and on behalf of Assignor:

For and on behalf of Assignee:

KALEGRAN Limited

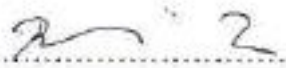
Gulf Keystone Petroleum International Limited

Name: DR. EDUARDO GONZALEZ

Name:

Title: Director ATTORNEY-IN-FACT

Title:

Signature: 

Signature: 

Name: JA. PEDROUC PARRAS

Signature: 

ATTORNEY-IN-FACT

