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21st June 2007

GULF KEYSTONE PETROLEUM LTD
("Gulf Keystone" or the "Company")

Notice of termination of Amalgamation with RAK Petroleum

Gulf Keystone announces that the Implementation Agreement between Gulf Keystone and RAK Petroleum will terminate at 5pm tonight. This termination has been triggered automatically under the terms of the Implementation Agreement, due to the occurrence of a termination event. On 4th June 2007, the Minister conditionally approved the proposed Amalgamation and confirmed it to be a change of control of Gulf Keystone. However, this approval was conditional upon a fee, of US\$10 million, being paid by RAK Petroleum to the Algerian Treasury. This fee is in excess of the agreed threshold set out in the Implementation Agreement, of one per cent. of the Total Consideration, and the letter did not constitute a Minister's Confirmation as defined in the Implementation Agreement. The Company has today received notice from RAK Petroleum that it will not elect to waive the termination event which leads to termination of the Implementation Agreement in accordance with its express terms at 5pm this evening.

Gulf Keystone will now continue to pursue its future independently of RAK Petroleum.

Unless otherwise stated, defined terms used in this Announcement shall have the same meaning as those used in the Circular posted to Gulf Keystone Shareholders on 13 April 2007.

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