

ASSIGNMENT, NOVATION, AND FIRST AMENDMENT AGREEMENT

relating to

the assignment of an interest under, and amendments to, the Production Sharing Contract relating to the
Ain Sifni Block

between

THE KURDISTAN REGIONAL GOVERNMENT OF IRAQ

and

**HUNT OIL MIDDLE EAST LIMITED (PREVIOUSLY KNOWN AS HUNT OIL COMPANY OF
THE KURDISTAN REGION)**

and

IMPULSE ENERGY CORPORATION

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ASSIGNMENT, NOVATION, AND FIRST AMENDMENT AGREEMENT

This agreement (the “**Agreement**”) is entered into as of 26 July 2011 (the “**Agreement Date**”) between:

- (1) **THE KURDISTAN REGIONAL GOVERNMENT OF IRAQ** (the “**Government**”);
- (2) **HUNT OIL MIDDLE EAST LIMITED** (previously known as **HUNT OIL COMPANY OF THE KURDISTAN REGION**), a company established and existing under the laws of the Cayman Islands, whose registered office is at 1900 North Akard Street, Dallas, Texas 75201 U.S.A. (“**Hunt Oil**”); and
- (3) **IMPULSE ENERGY CORPORATION**, a company established and existing under the laws of the British Virgin Islands, whose registered office is at Palm Grove House, PO Box 3190, Road Town, Tortula, British Virgin Islands (“**Impulse**”);

(each a “**Party**” and collectively, the “**Parties**”).

RECITALS

- (A) The Government, Hunt Oil and Impulse are parties to a Production Sharing Contract dated 8 September 2007 in respect of the Ain Sifni Block in the Kurdistan Region of Iraq (the “**Contract**”).
- (B) Hunt Oil has provided the Government with a letter of representations and warranties (the “**Letter of Representations and Warranties**”) dated on the Agreement Date and guarantee in favour of the Government in respect of Hunt’s payment obligations under the Contract, dated on the Agreement Date (the “**Hunt Guarantee**”). The Government and Hunt Oil have, on the Agreement Date, entered into a Termination Agreement in respect of an indemnity in respect of Government authorisations (the “**Termination Agreement**”).
- (C) Impulse wishes to assign and novate the entirety of its participating interest in the Contract, and all of its rights, duties, obligations and liabilities under and in the Contract (hereinafter the “**Assigned Interest**”) to Hunt Oil, and Hunt Oil wishes to accept such rights, duties, obligations and liabilities under and in the Contract insofar as they relate to the Assigned Interest. The Government is willing to consent to such assignment and novation by execution of this Agreement. As a result of the assignment and novation, Hunt Oil will, in accordance with this Agreement and the Contract, hold the entire interest of the Contractor.
- (D) The Parties wish, effective from the Agreement Date, to change the Contract Area existing prior to the Agreement Date to remove the Jebel Kand area and to add the Maqlub area.
- (E) The Parties wish to amend the Contract to provide for the Government to hold the Government Interest from the Effective Date as a carried interest and include an Option of

Third Party Participation to enable the Government to nominate the Third Party Interest Holder, which option may be exercised at any time from the Agreement Date up to and including 31 March 2012.

- (F) The Parties further wish to amend the Contract to obligate Hunt Oil and future holders of all or part of the participating interest held by Hunt Oil at the Effective Date, and future holders of all or any participating interest in the Contract (except in respect of the Government Interest and where the Government is the holder of the Third Party Interest), to pay capacity building payments to the Government. Hunt Oil is willing to agree to charge its participating interest with the capacity building payment obligations, and the Parties are willing to agree to the appropriate amendments to the Contract.
- (G) The Government will deposit all capacity building payments into a segregated account for use solely to support and finance infrastructure and capacity building projects in the Kurdistan Region.
- (H) The Parties further wish to confirm that the First Sub-Period of the Exploration Period is extended until 31 March 2012.
- (I) The Parties wish to confirm that the Government has received and approved a Joint Operating Agreement in accordance with the terms of the Contract.
- (J) The Parties wish to make such further amendments to the Contract as may be appropriate.
- (K) The Parties affirm their ongoing commitment and adherence to the Principles and Criteria of the Extractive Industries Transparency Initiative (EITI).

1. DEFINITIONS AND INTERPRETATION

- 1.1** Unless otherwise defined herein (including the recitals) capitalised terms have the meanings ascribed to them in the Contract (before amendment by this Agreement). As used in this Agreement:

“**Agreement**” is defined in the preamble.

“**Agreement Date**” is defined in the preamble.

“**Assigned Interest**” is defined in Recital (C).

“**Contract**” is defined in Recital (A).

“**Government**” is defined in the preamble.

“**Hunt Oil**” is defined in the preamble.

“**Hunt Guarantee**” is defined in Recital (B).

“**Impulse**” is defined in the preamble.

“**Letter of Representations and Warranties**” is defined in Recital (B).

“**Other Agreements**” is defined in clause 5.3.

“**Party**” and “**Parties**” are defined in the preamble.

“**Termination Agreement**” is defined in Recital (B).

“**Third Party**” is defined in Clause 5.2.

- 1.2 The descriptive headings in this Agreement are for convenience only, do not constitute a part of this Agreement, and do not affect the construction or interpretation of this Agreement. A reference to a “Clause” is a reference to a clause of this Agreement.

2. ASSIGNMENT AND NOVATION

- 2.1 With effect from the Agreement Date, Impulse assigns and novates its Assigned Interest and all of its rights and obligations arising on or after the Agreement Date under the Contract to Hunt Oil on and subject to the terms of this Agreement, and Hunt Oil hereby accepts such assignment of the Assigned Interest and such rights and obligations on and subject to the terms of this Agreement.
- 2.2 Hunt Oil is, as a consequence of the assignment of the Assigned Interest to Hunt Oil and the amendments to the Contract, the sole Contractor Entity, and Impulse is no longer a Contractor Entity under the Contract.
- 2.3 Hunt Oil shall perform all of its obligations under the Contract, as amended by this Agreement, as the sole Contractor Entity, whether such obligations arose or arise on, before, or after the Agreement Date, as if Hunt Oil had been the sole Contractor Entity on and from the Effective Date.
- 2.4 It is hereby agreed that the Contract shall continue in full force and effect and that, as and from the Agreement Date, its terms have only changed to the extent set out in this Agreement.

3. AMENDMENTS TO CONTRACT

- 3.1 The Contract is amended as provided in this Clause 3.

Recitals

- 3.2 The portion of the first paragraph of the Contract, following the word “BETWEEN” setting out the parties shall be deleted and restated as follows:

“The **KURDISTAN REGIONAL GOVERNMENT OF IRAQ** (the “**GOVERNMENT**”);

AND

HUNT OIL MIDDLE EAST LIMITED, a company established and existing under the laws of the Cayman Islands, whose registered office is at 1900 North Akard Street, Dallas, Texas 75201 U.S.A. ("**Hunt Oil**");

(hereafter individually referred to as a "**Party**" and collectively as the "**Parties**")."

- 3.3 The recitals are amended by adding a new paragraph (E):

"(E) This Contract was amended pursuant to the First Amendment Agreement between the Parties and Impulse Energy Corporation dated 26 July 2011."

Definitions

- 3.4 In Article 1.1, the definitions of "**CONTRACTOR**" and "**CONTRACTOR Entity**" are deleted in their entirety and restated as follows:

"**CONTRACTOR** means, individually, each **CONTRACTOR Entity** and, jointly, all **CONTRACTOR Entities**.

CONTRACTOR Entity means, as at any time of determination, a Party to this Contract other than the **GOVERNMENT** (in any capacity, including its capacity as the Public Company and its capacity as the Third Party Interest Holder). Neither the Government nor any holder of the Government Interest is ever a **CONTRACTOR Entity**. At any time when there is only one entity constituting the **CONTRACTOR**, any reference to "the entities constituting the **CONTRACTOR**" or the "**CONTRACTOR Entities**" or similar reference, shall be construed as "the entity constituting the **CONTRACTOR**". As of the Effective Date, Hunt Oil is the only **CONTRACTOR Entity** and owns an undivided interest in the Contract in the following percentage:

Hunt Oil	sixty per cent (60%)
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A **CONTRACTOR Entity**'s undivided interest in the liabilities, rights and obligations of the **CONTRACTOR** shall be the undivided interest of such **CONTRACTOR Entity** (expressed as a percentage of the total interests of all **CONTRACTOR Entities**) in the right and obligations derived from the **CONTRACTOR**'s interest in the Contract.

The balance of the interest in the Contract, being forty per cent (40%), is the Government Interest of twenty per cent (20%), which is a carried interest in the **CONTRACTOR**'s entitlement to Profit Petroleum in accordance with Articles 4.1 to 4.12, and the Third Party Interest of twenty per cent (20%), which, at the Effective Date, is held by the **GOVERNMENT** but for which the **CONTRACTOR** bears the liabilities as defined in Articles 4.13 to 4.28.

3.5 New definitions are added in Article 1.1, in the appropriate alphabetical order, as follows:

“Contractor’s Statement of Estimated Petroleum Costs is defined in Article 4.19.

Cretaceous means the Shiranish formation of the Cretaceous age, in all or in part.

First Sub-Period is defined in Article 6.2(a).

Hunt Oil is defined in the preamble.

Notice of Intended TPI Assignment is defined in Article 4.18(a).

Option of Third Party Participation is defined in Article 4.17.

Second Sub-Period is defined in Article 6.2(b).

Simrit-1 Well is defined in Article 10.2(e).

Third Party Interest is defined in Article 4.13.

Third Party Interest Holder is defined in Article 4.14.

TPI Assignment Confirmation Notice is defined in Article 4.18(b).

TPI Conversion Date is defined in Article 4.24.”

3.6 In Article 1.1, the definitions “First Commercial Declaration Date”, “First Exploration Well”, “Option to Participate”, and “Second Exploration Wells” are deleted.

3.7 In Article 1.1, the definition of “Contract” is deleted in its entirety and restated:

“Contract means this production sharing contract, including its Annexes A, B and C that are an integral part hereof, as well as any extension, renewal, substitution or amendment of this production sharing contract that may be agreed in writing in accordance with Article 43.7 by the persons who are Parties at the time of such amendment.”

3.8 In Article 1.1, the definition of “Joint Operating Agreement” is deleted in its entirety and restated:

“Joint Operating Agreement means the agreement executed by the **CONTRACTOR** Entities for the purpose of establishing their rights and obligations, inter se, as holders of the participating interest, which agreement shall be: (a) consistent with prudent international petroleum industry practice, and (b) consistent with the provisions of this Contract.”

Contract Area

- 3.9 Article 3 of the Contract is deleted in its entirety and restated:

“The Contract Area covers the Ain Sifni Block, as detailed and indicated on the map attached in Annex A. The total area of the Contract Area may be reduced only in accordance with the provisions of this Contract.”

- 3.10 The Parties agree that the seismic operations conducted by the **CONTRACTOR** on lands that were included in the Contract Area from 8 September 2007 until the Agreement Date and lands that were included in the area known as “Baeshiqa” from 8 September 2007 until the Agreement Date, shall for all purposes be treated as Petroleum Operations under the Contract and, without limiting the foregoing, costs incurred with respect to such activities shall be treated as Petroleum Costs and Articles 30 and 31 of the Contract shall apply to such Petroleum Operations. The recoverable cost of such Petroleum Operations was Two Million Two Hundred Fifty-Nine Thousand Six Hundred Thirty-Eight Dollars and Six Cents (US\$2,259,638.06). The Parties agree that for the purpose of determining the areas to be relinquished under Article 7.1(b) of the Contract, the “initial Contract Area” shall be the Contract Area on the Agreement Date.

- 3.11 Annex A to the Contract is deleted in its entirety and restated as provided in Annex I attached to this Agreement.

Government Interest, Third Party Option and Related Provisions

- 3.12 Article 4 is deleted in its entirety and restated:

“ARTICLE 4 – GOVERNMENT PARTICIPATION; THIRD PARTY INTEREST

Government Interest

- 4.1 The **GOVERNMENT** has a carried interest of twenty per cent (20%) in the **CONTRACTOR**'s entitlement to Profit Petroleum in accordance with Article 26 (the “**Government Interest**”), as more fully defined in Articles 4.2 to 4.5.
- 4.2 The **GOVERNMENT** or any other holder of all or any part of the Government Interest is not, in such capacity, a **CONTRACTOR** Entity. The **GOVERNMENT** or any other holder of the Government Interest, whether in whole or in part, has no obligation or liability to the **CONTRACTOR** to contribute any share of Petroleum Costs or any other liability or obligation of a **CONTRACTOR** Entity or to the **CONTRACTOR** or any **CONTRACTOR** Entity and has no corresponding entitlement to Cost Petroleum.
- 4.3 Subject to Article 4.4, a holder of all or any part of the Government Interest is not, if that is its only capacity under this Contract, entitled to any notices

under this Contract or entitled to provide any consents, except as specifically provided otherwise, but has rights and obligations under Article 42.

- 4.4 Any term of this Contract may be waived or amended without the consent of a holder of a Government Interest (in such capacity), unless such waiver or amendment would change any right or obligation of a holder of a Government Interest.
- 4.5 Persons, other than the **GOVERNMENT** or a Public Company, that are holders of all or part of the Government Interest, are jointly and severally obligated to pay the Production Bonuses in accordance with Articles 32.3 and 32.4. If the **GOVERNMENT** or a Public Company, as a holder of the Government Interest, fails to pay all or any part of such Production Bonuses: (i) the failure will not constitute a default by the **CONTRACTOR**, (ii) the **GOVERNMENT** will have no remedies against the **CONTRACTOR** as a consequence thereof, and (iii) the **GOVERNMENT** will not be entitled to terminate this Contract or any **CONTRACTOR** Entity's interests hereunder.

The capacity of a holder of the Government Interest, as it may arise pursuant to the provisions of this Contract, shall in no event impair the rights of the **CONTRACTOR** to seek to settle a dispute or to refer such dispute to arbitration or expert determination in accordance with the provisions of Article 42.

- 4.6 The provisions of Article 39 do not apply with respect to any assignment by any holder of a Government Interest of all or any part of its Government Interest. The assignment of the Government Interest is governed by this Article 4. A permitted assignee of a holder of the Government Interest will have, in respect of the assigned Government Interest, the same rights and obligations as the holder of the Government Interest prior to the assignment.
- 4.7 The **GOVERNMENT** may at any time designate a Public Company as the holder of all or any part of the Government Interest without the consent of, or prior notice to, any other Party. The Public Company will be deemed a Party to this Contract only in respect of its Government Interest, but will not be required to sign any formal assignment or accession agreement except as required by the **GOVERNMENT**. The **GOVERNMENT** and the Public Company will provide the **CONTRACTOR** with a notice notifying the **CONTRACTOR** of such designation by the **GOVERNMENT** to a Public Company, and the **CONTRACTOR** shall be entitled to rely on such notice for all purposes under this Contract.

- 4.8 Only for the purposes of article 37 of the Kurdistan Region Oil and Gas Law, whenever and to the extent the Government Interest is held by a Public Company, the Government Interest shall be deemed held by the **GOVERNMENT**. The **GOVERNMENT** incurs no liabilities or obligations (directly, indirectly, or implicitly) to any other Party as a consequence of such deemed ownership, and the **GOVERNMENT** will not be deemed to guarantee any obligation of the Public Company or any holder of all any part of the Government Interest.
- 4.9 Subject to Article 4.12, the **GOVERNMENT** may at any time assign all or part of its Government Interest to a Person that is not a Public Company without the consent of any other Party. Such assignee will be deemed a Party to this Contract only in respect of its Government Interest, but will not be required to sign any formal assignment or accession agreement unless otherwise required by the **GOVERNMENT**. The **GOVERNMENT** and the assignee will provide the **CONTRACTOR** with such a notice, jointly signed by each, notifying the **CONTRACTOR** of such assignment by the **GOVERNMENT**, and the **CONTRACTOR** shall be entitled to rely on such notice for all purposes under this Contract.
- 4.10 Subject to Article 4.12, a Public Company may assign part or all of its Government Interest to another Public Company, to the **GOVERNMENT**, or to any other Person without the consent of, or prior notice to, any other Party, but may not make any assignment without the prior consent of the **GOVERNMENT**, and any such assignment may only be made in accordance with any assignment and novation or other agreements and conditions required by the **GOVERNMENT**. Any assignment by a Public Company of all or part of its Government Interest to another Public Company or any other Person without the prior consent of the **GOVERNMENT** or not in accordance with the requirements of the **GOVERNMENT** will be void. The Public Company or the **GOVERNMENT** shall promptly notify the **CONTRACTOR** of any assignments of the Government Interest held by such Public Company, and the **CONTRACTOR** will be entitled to rely on such notice for all purposes under this Contract.
- 4.11 Subject to Article 4.12, a holder of all or part of the Government Interest which is not the **GOVERNMENT** or a Public Company may assign part or all of its Government Interest to any other Person without the consent of, or prior notice to, any other Party. Such holder shall not make any assignments without prior notice to and the consent of the **GOVERNMENT** and in accordance with any assignment and novation or other agreements and conditions required by the **GOVERNMENT**. Any assignment by such holder without the prior consent of the **GOVERNMENT** or not in accordance with the requirements of the

GOVERNMENT will be void. The assignor and the assignee shall jointly and promptly notify the **CONTRACTOR** of any assignments of the Government Interest pursuant to this Article 4.11, and the **CONTRACTOR** will be entitled to rely on such notice for all purposes under this Contract.

- 4.12 Nothing under this Contract prohibits a **CONTRACTOR** Entity at any time from offering to acquire and/or acquiring all or any part of the Government Interest from any Person that is a holder of such Government Interest. If at any time any holder of all or any part of the Government Interest (including the **GOVERNMENT** and a Public Company) intends to offer to sell all or part of its Government Interest to any Person that is not a Public Company or the **GOVERNMENT**, the applicable holder of the Government Interest shall timely notify the **CONTRACTOR** of the availability of the Government Interest. No **CONTRACTOR** Entity has any preemption or similar priority rights in respect of the Government Interest, and the holder is not required to sell and assign to a **CONTRACTOR** Entity.

Third Party Interest

- 4.13 The "**Third Party Interest**" is an undivided interest of twenty per cent (20%) in the Contract, with all of the rights, obligations and liabilities of a **CONTRACTOR** Entity except as otherwise provided for in Articles 4.13 through 4.28.
- 4.14 A holder of all or any part of the Third Party Interest is a "**Third Party Interest Holder**".
- 4.15 The initial Third Party Interest Holder is the **GOVERNMENT**.
- 4.16 To the extent the **GOVERNMENT** is a Third Party Interest Holder the **GOVERNMENT** will have no liabilities or obligations as a Third Party Interest Holder arising under or related to the Contract (including any obligation to pay Petroleum Costs, Production Bonuses and Capacity Building Payments and any implied liabilities or obligations) and the **CONTRACTOR** shall bear the liabilities and obligations of the **GOVERNMENT** as Third Party Interest Holder, including any obligation to pay Petroleum Costs, Production Bonuses and Capacity Building Payments. The **CONTRACTOR** shall undertake all work required by the Contract. To the extent the **GOVERNMENT** assigns the Third Party Interest to a third party and that third party reimburses **CONTRACTOR** for its pro rata share of Petroleum Costs from the Effective Date, such third party shall be entitled to recover amounts paid as Petroleum Costs.
- 4.17 Until the TPI Conversion Date (as defined in Article 4.24), the **GOVERNMENT** may assign and novate all or any part of the Third Party

Interest to one or more Persons without the prior consent of any other Party and in accordance with Articles 4.18 to 4.23, provided that no assignee may have, after giving effect to the assignment together with any other interests it holds as a **CONTRACTOR** Entity, less than five percent (5%) participating interest in the Contract (such rights being the "**Option of Third Party Participation**"). Each Party assigns to the **GOVERNMENT** all of its rights to provide any consents to such assignment and novation, and each Party is deemed to have consented to each nomination and assignment by the **GOVERNMENT** in accordance with Articles 4.18 through 4.23 to the extent required under Applicable Law to effect the **GOVERNMENT's** assignment and novation. The provisions of Articles 39.1, 39.2 and 39.3 do not apply to assignment by the **GOVERNMENT** of all or any part of its Third Party Interest.

4.18 The **GOVERNMENT** may assign and novate all or part of its Third Party Interest, only by providing the **CONTRACTOR** with:

- (a) a notice (each such notice a "**Notice of Intended TPI Assignment**") to the **CONTRACTOR** which specifies: (i) each Person the **GOVERNMENT** intends to assign and novate all or part of the **GOVERNMENT's** Third Party Interest, and (ii) the amount of the **GOVERNMENT's** Third Party Interest to be assigned to each such Person; and
- (b) not less than thirty (30) days after the date of the Notice of Intended TPI Assignment, a notice (each such notice a "**TPI Assignment Confirmation Notice**"), signed by each proposed assignee and the **GOVERNMENT**, confirming: (i) the assignment and novation as set forth in the Notice of Intended TPI Assignment, (ii) each assignee's acceptance of the assignment and novation, including the amount of the **GOVERNMENT's** Third Party Interest assigned to it, (iii) each assignee's undertaking to perform its obligations as a **CONTRACTOR** Entity in accordance with this Contract, (iv) each assignee's payment obligations under Article 4.21(c), and (v) each assignee's acceptance of a direct right of action against it by the other **CONTRACTOR** Entities for breach of its payment obligations under the arbitration agreement set forth in this Contract.

4.19 Upon receipt of a Notice of Intended TPI Assignment, the **CONTRACTOR** shall, as soon as practical, provide the **GOVERNMENT** and each of the nominated assignees with the **CONTRACTOR's** statement of estimated Petroleum Costs (each a "**Contractor's Statement of Estimated Petroleum Costs**") incurred as of a cost determination date established by the **CONTRACTOR** which date must be as near as practicable (with regard

to securing accurate and complete accounting information) to the date of the Notice of Intended TPI Assignment. The Contractor's Statement of Estimated Petroleum Costs will be subject to the audit rights of the Parties, including the proposed assignees, and to equitable adjustment in accordance with Article 4.23. Each Contractor's Statement of Estimated Petroleum Costs must set forth: (i) the total Petroleum Costs as of the cost estimation date, (ii) the Petroleum Costs that would be allocable to each proposed assignee based on the Third Party Interest to be assigned to it, (iii) Petroleum Costs incurred after the Effective Date, (iv) the amount of such Petroleum Costs incurred after the Effective Date which is attributable to the Third Party Interest, (v) the amount of such Petroleum Costs incurred after the Effective Date which has been paid by each **CONTRACTOR** Entity, and (vi) the amount of such Petroleum Costs incurred after the Effective Date that have not been paid by each **CONTRACTOR** Entity (whether or not then due and owing) and the proportion of such amount that would be allocable and payable by each proposed assignee based on the Third Party Interest to be assigned to it. Each **CONTRACTOR** Entity shall also provide its wire instructions for the purpose of receiving payments pursuant to Article 4.21(c).

4.20 If the **CONTRACTOR** is unable to provide such a Contractor's Statement of Estimated Petroleum Costs within twenty (20) days after receipt of a Notice of TPI Assignment, or such later date as the **GOVERNMENT** may agree, then the **CONTRACTOR** Entities will not be entitled to payment as provided in Article 4.21(c), without prejudice to the assignee's general obligations to pay its share of Petroleum Costs under any Joint Operating Agreement.

4.21 As of the date of the TPI Assignment Confirmation Notice:

- (a) the **GOVERNMENT's** Third Party Interest will be deemed automatically assigned and novated to each assignee in accordance with TPI Assignment Confirmation Notice;
- (b) each assignee of the **GOVERNMENT's** Third Party Interest identified in the TPI Assignment Confirmation Notice will: (i) be a Party to this Contract and (ii) have all the rights and obligations of a **CONTRACTOR** Entity as of the Effective Date to the extent of its assigned Third Party Interest;
- (c) each assignee will be obligated to pay to each **CONTRACTOR** Entity within sixty (60) days after the date of the TPI Assignment Confirmation Notice, by way of cleared funds to the bank accounts nominated by the **CONTRACTOR** Entities, an amount equal to Petroleum Costs incurred by the **CONTRACTOR** from the

Effective Date which are allocable to such assignee's assigned Third Party Interest and payable to each **CONTRACTOR** Entity as set forth in the Statement of Estimated Petroleum Costs plus an additional Two Million Five Hundred Thousand Dollars (US\$2,500,000); and

- (d) where a Joint Operating Agreement exists which has been approved by the **GOVERNMENT**, the Third Party Interest Holder is obligated to accede to the Joint Operating Agreement within thirty (30) days following the date of the TPI Assignment Confirmation Notice without any material changes to the terms thereof not agreed by the other **CONTRACTOR** Entities party thereto.

- 4.22 Each **CONTRACTOR** Entity shall promptly take all actions requested by the **GOVERNMENT** to give effect to the assignment and novations of the **GOVERNMENT's** Third Party Interest as set forth in a TPI Assignment Confirmation Notice. If the **GOVERNMENT** determines or an assignee requires that an agreement or other documentation signed by the **GOVERNMENT** and each **CONTRACTOR** Entity or other Party is desirable to evidence the **GOVERNMENT's** assignment and novation, each such Party shall promptly execute such documentation within ten (10) days of receipt thereof. If a Party fails to deliver such signed agreement or other documentation in the form required by the **GOVERNMENT** within ten (10) days of receipt thereof, then such Party irrevocably constitutes and appoints the **GOVERNMENT** (or any other Person which at any time during the term of the Contract may be nominated by the **GOVERNMENT**) to act alone, and with full power of substitution, as to such Party's true and lawful attorney and agent, with full power and authority in its name, place and stead to execute, file and record when as and where required, any and all of such documentation and hereby ratifies such execution, recording and filing. The power of attorney granted by this Article 4.22 is irrevocable and will survive the insolvency, dissolution, winding-up or bankruptcy of such Party and extends to bind such Party's trustees, administrators, successors and assigns. Each such Party waives any and all defences which may be available to contest, negate or disaffirm the action of the **GOVERNMENT** taken under such power of attorney, provided that the terms of any such documentation do not increase or change any right or obligation of such Party under this Contract, except as required to reflect the additional interests of the Third Party Interest Holder. Each **CONTRACTOR** Entity shall ensure that the authorising resolutions of its board or shareholders, as applicable, specifically authorises the provision of the power of attorney set forth in this Article 4.22, and shall provide a certified copy of such resolutions on or before the date such **CONTRACTOR** Entity becomes a Party.

- 4.23 Except as provided in the next sentence, the payment obligations of each assignee of the **GOVERNMENT's** Third Party Interest, and the **CONTRACTOR's** statement of estimated Petroleum Costs, will be subject to applicable audit rights and be subject to being equitably decreased based on the results of such audits and to being equitably increased to the extent actual Petroleum Costs exceed the Petroleum Costs included in Contractor's Statement of Estimated Petroleum Costs. If an assignee fails to make any payments to the **GOVERNMENT** or a **CONTRACTOR** Entity as contemplated by this Article 4 in connection with an assignment of a Third Party Interest, or if such assignee fails to accede to a Joint Operating Agreement as provided herein, the **GOVERNMENT** will be entitled, on not less than thirty (30) days' prior notice, to cancel the assignment of the Third Party Interest to such assignee, with effect from the date of the TPI Confirmation Notice, and such assignee waives and releases and indemnifies the **GOVERNMENT** and each other Party from any claims, losses, demands, or expenses with respect thereto.

Government TPI Conversion

- 4.24 The provisions of Articles 4.24 through 4.27 only apply if the **GOVERNMENT** is a Third Party Interest Holder at 12.01 am (Erbil time) 1 April 2012 (the "**TPI Conversion Date**"), and only apply in respect of the Third Party Interest held by the **GOVERNMENT** as of the TPI Conversion Date.
- 4.25 The right of the **GOVERNMENT** to assign its Third Party Interest will expire on the TPI Conversion Date.
- 4.26 The **GOVERNMENT's** Third Party Interest as of the TPI Conversion Date is deemed automatically assigned in its entirety, pro rata, as of the TPI Conversion Date, to each of the **CONTRACTOR** Entities on the TPI Conversion Date (but not including any assignees of the **GOVERNMENT's** Third Party Interest in accordance with Articles 4.13 through 4.23). As of the TPI Conversion Date, each such **CONTRACTOR** Entity will have such additional Third Party Interest with all the rights, duties, obligations and liabilities under this Contract in respect of such Third Party Interest from the Effective Date.
- 4.27 The provisions of Articles 39.1, 39.2 and 39.3 do not apply to the deemed assignments as set forth in Article 4.26. The **GOVERNMENT** and each **CONTRACTOR** Entity is deemed to have: (i) consented to the assignment and novation of the **GOVERNMENT's** Third Party Interest to the extent required under Applicable Law to effect the automatic assignment and novation contemplated by Article 4.26, and (ii) agreed to the assumption of all rights, liabilities, and obligations associated therewith.

Joint Operating Agreement

4.28 The **CONTRACTOR** Entities, or any of them, shall not enter into any Joint Operating Agreement in respect of this Contract except if the terms of such Joint Operating Agreement have been approved by the **GOVERNMENT**, are in compliance with Applicable Laws of the Kurdistan Region as of the date of the approval by the **GOVERNMENT**, and does not require the affirmative vote of **CONTRACTOR** Entities holding more than sixty per cent (60%) of the participating interest in the Contract for any decision of any operating committee established under such Joint Operating Agreement.

3.13 In Article 39.5, the words "Option to Participate" are deleted and replaced with "Option of Third Party Participation".

3.14 Article 39.6 is deleted in its entirety and restated:

"The **GOVERNMENT** may not at any time transfer any or all of its rights and obligations under this Contract to any Person, including to a Public Company or any other company or entity, except in accordance with Article 4 and Articles 32.7 through 32.16. For purposes of clarity, Articles 39.1 and 39.2 do not apply to holders of the Government Interest in respect of the Government Interest in their capacity as such. The consent of any holder of the Government Interest (in such capacity) is not required for any assignment by a **CONTRACTOR** Entity."

Exploration Period

3.15 Article 6.2 is deleted in its entirety and restated:

"The Exploration Period shall be subdivided in two (2) sub-periods as follows:

- (a) an initial sub-period (the "**First Sub-Period**") commencing on the Effective Date and terminating on the 31 March 2012; and
- (b) a second sub-period of two (2) years commencing on 1 April 2012 and terminating on 1 April 2014 (the "**Second Sub-Period**"),

each a "**Sub-Period**" and collectively the "**Sub-Periods**."

It is understood that the right of the **CONTRACTOR** to accede to the next Sub-Period shall be subject to fulfilment of the Minimum Exploration Obligations or minimum work obligations applicable to the previous Sub-Period."

3.16 Article 6.4 is deleted in its entirety and restated:

“If the **CONTRACTOR** decides not to enter into the Second Sub-Period, it shall notify the **GOVERNMENT** at least thirty (30) days prior to the expiry of the First Sub-Period, and the Exploration Period shall expire at the end of the First Sub-Period.”

3.17 Article 6.5 is deleted in its entirety and restated:

“If the **CONTRACTOR** has fulfilled its Minimum Exploration Obligations for the Second Sub-Period of the Exploration Period but considers that additional work is required prior:

- (a) to deciding to submit an Appraisal Work Program and Budget as provided under Article 12.2 in respect of a Discovery, or
- (b) to deciding to declare a Discovery as a Commercial Discovery in accordance with Article 12.6(a) or 14.5(a), which additional work may include the preparation and/or execution of an Appraisal Work Program and Budget as provided under Article 12.2 and/or Gas Marketing Operations,

then the **CONTRACTOR** will automatically be entitled to an extension of the Second Sub-Period to 8 September 2014. The **CONTRACTOR**'s notification of its intention to exercise such extension and its duration shall be submitted in writing to the **GOVERNMENT** at least thirty (30) days prior to the end of the Second Sub-Period.”

3.18 Article 6.6 is deleted in its entirety.

3.19 In Article 6.8, the word “extensions” is deleted and replaced with “extension”.

3.20 In Article 6.9:

- (a) the words “within the maximum” are deleted and replaced with “during the”;
- (b) the words “of seven (7) Contract Years (as provided in Article 6.2)” are deleted; and
- (c) the words “(notwithstanding the maximum period provided in Article 6.2)” are deleted.

3.21 In Article 6.12, the reference to “6.10” is deleted and replaced with “6.9” and the reference to “6.11” is deleted and replaced with “6.10”.

- 3.22 In Article 6, existing Articles 6.7 through 6.13 are renumbered 6.6 through 6.12, respectively.

Minimum Exploration Work Obligations

- 3.23 Article 10.2(d) is amended by deleting “, committing for this purpose a minimum financial amount of Three Million Five Hundred Thousand Dollars (US\$3,500,000)”.

- 3.24 Article 10.2(e) is deleted in its entirety and restated:

“(c) drill two (2) Exploration Wells (the first of which was completed prior to the date of the First Amendment Agreement and is known as the “**Simrit-1 Well**”).

The **CONTRACTOR** shall be obligated to use the Simrit-1 Well to evaluate the Cretaceous formation by 31 December 2011; provided that if the **CONTRACTOR** is unable to evaluate the Cretaceous formation, it will have until the end of the First Sub-Period to re-drill the Simrit-1 Well to allow for the testing of such formation.”

- 3.25 A new Article 10.2(f) is added as follows:

“(f) from the Agreement Date (as defined in the First Amendment Agreement), commit at least Sixteen Million Dollars (US\$16,000,000) in performing the work described in this Article 10.2.”

- 3.26 Article 10.3 is deleted in its entirety and restated:

“During the Second Sub-Period, the **CONTRACTOR** shall:

- (a) acquire, process and interpret one hundred twenty-five (125) square kilometres of three dimensional seismic data, committing for this purpose a minimum financial amount of Four Million Dollars (US\$4,000,000); and
- (b) drill one (1) Exploration Well, committing for this purpose a minimum financial amount of Ten Million Dollars (US\$10,000,000).”

- 3.27 In Article 10.4:

- (a) in paragraph (c), in the first paragraph, after “Management Committee” the words “except for the Simrit-1 Well, which shall be drilled to the Cretaceous,” are added.

- (b) in paragraph (c), in the last paragraph, after “Management Committee” the words “except for the Simrit-1 Well, which shall be deemed to have been drilled to the Cretaceous,” are added.

- 3.28 In Article 1.1, the definition of “Minimum Financial Commitment” is deleted in its entirety and restated as follows:

“Minimum Financial Commitment means:

- (a) in respect of the First Sub-Period, the amount set out in Article 10.2(f); and
- (b) in respect of the Second Sub-Period, the total of the amounts set out in Articles 10.3(a) and 10.3(b).”

Capacity Building Payments

- 3.29 New definitions are added in Article 1.1, in the appropriate alphabetical order, as follows:

“**Annual Reconciliation Statement** is defined in Article 32.7(c).

Capacity Building Bonus means either the Initial Capacity Building Bonus or the Second Capacity Building Bonus, as appropriate.

Capacity Building Account means a segregated bank account with a reputable bank in the name of, and maintained by, the **GOVERNMENT**, the sole purpose of which is to support and finance certain infrastructure and capacity building projects to be identified by the **GOVERNMENT** in its sole discretion in the Kurdistan Region.

Capacity Building Payment means the obligation of the **CONTRACTOR** to pay an amount equal to the Capacity Building Value.

Capacity Building Payment Instalments means each obligation of the **CONTRACTOR** to pay an amount equal to the Capacity Building Value as provided by Articles 32.7 through 32.16.

Capacity Building Payment Monthly Statement is defined in Article 32.7(a).

Capacity Building Value means, in respect of any period of determination, an amount in Dollars equal to the value, established in accordance with Article 27, of twenty per cent (20%) of the **CONTRACTOR**’s share of Profit Petroleum. The **CONTRACTOR**’s share of Profit Petroleum does not include the Profit Petroleum attributable to the Government Interest.

First Amendment Agreement means the Assignment, Novation, and First Amendment Agreement between the **GOVERNMENT**, Hunt Oil and Impulse Energy Corporation dated 26 July 2011.

Government Buyer is defined in Article 32.7(b)(1).

Initial Capacity Building Bonus is defined in Article 32.2.1.

Loss or Expense is defined in Article 32.12(c).

Rights Sale means a sale, assignment, or other disposal of the **GOVERNMENT's** rights to receive Capacity Building Payment Instalments from the **CONTRACTOR**, whether for a lump sum payment or in instalment payments, and whether the purchaser assumes all payment risk and all risk as to the amount of Capacity Building Payment Instalments, or otherwise.

Second Capacity Building Bonus is defined in Article 32.2.2.

Signature Bonus is defined in Article 32.17.

3.30 In Article 16.14, after the words in the first sentence "The **GOVERNMENT** and" the following is inserted: ", subject to Articles 32.10(a) and (b)."

3.31 In Article 26.9, the following sentence is added to the end of the Article:

"Notwithstanding the other provisions of this Article 26.9, where the **CONTRACTOR** is in breach of any of its obligations in respect of the payment of Capacity Building Payment Instalments under Articles 32.7 through 32.16, the **GOVERNMENT** will have the rights set forth in Articles 32.10 through 32.11."

3.32 Articles 27.1 and 27.2, and Paragraphs 7 and 8 of Annex B, are amended by replacing the word "Quarter" in each instance in each Article and Paragraph, with the word "Month"; and in Paragraph 7.2 of Annex B, the words "twenty-one (21)" are deleted and replaced by "ten (10)".

3.33 Article 27.4 is deleted in its entirety and restated:

"By the tenth (10th) day of each Month, the **CONTRACTOR** shall provide a statement to the **GOVERNMENT** showing the **CONTRACTOR's** calculations of the value of Petroleum produced and sold from the Contract Area for the previous Month. Such statement shall include the following information:

- (a) quantities of Crude Oil sold by the **CONTRACTOR** Entities during the preceding Month constituting Arm's Length Sales together with corresponding sale prices;
- (b) quantities of Crude Oil sold by the **CONTRACTOR** Entities during the preceding Month that do not fall in the category referred to in paragraph (a) above, together with sale prices applied during such Month;

- (c) inventory in storage belonging to the **CONTRACTOR** Entities at the beginning and at the end of the Month; and
- (d) quantities of Natural Gas sold by the **CONTRACTOR** Entities and the **GOVERNMENT** together with sale prices realised.

Concurrently with the delivery of the monthly statement, the **CONTRACTOR** shall deliver the Capacity Building Payment Monthly Statement to the **GOVERNMENT** as provided in Article 32.7(a)."

- 3.34** In Article 29.1, after the words "shall be in Dollars and shall", the following words are added:

"except as provided in the next sentence and Articles 32.7 through 32.16,";

and the following sentence is added at the end of Article 29.1:

"The right of offset provided in this Article 29.1 will not apply in respect of the obligation of the **CONTRACTOR** to make Capacity Building Payments as further provided in Articles 32.7 through 32.16."

- 3.35** In Article 32, Articles 32.1 and 32.2 are deleted in their entirety and restated:

"Signature Bonus

32.1 The **GOVERNMENT** required the **CONTRACTOR**, as a condition of entering into the Contract, to pay to the **GOVERNMENT** a signature bonus of Two Million Dollars (US \$2,000,000) ("**Signature Bonus**") and the **GOVERNMENT** confirms timely receipt of the Signature Bonus.

Capacity Building Bonus

32.2 32.2.1 The **GOVERNMENT** required the **CONTRACTOR**, as a condition of entering into the Contract, to pay to the **GOVERNMENT** a Capacity Building Bonus of Two Million Dollars (US \$2,000,000) ("**Initial Capacity Building Bonus**") and the **GOVERNMENT** confirms timely receipt of the Initial Capacity Building Bonus.

32.2.2 A Capacity Building Bonus of Ten Million Dollars (US\$ 10,000,000) ("**Second Capacity Building Bonus**") shall be payable to the **GOVERNMENT** by the **CONTRACTOR** within thirty (30) days of the Agreement Date (as defined in the First Amendment Agreement)."

- 3.36** New Articles 32.7 through 32.16 are added as follows:

"Capacity Building Payments

32.7 In respect of the Capacity Building Payment Instalments:

- (a) on or before the tenth (10th) day of each Month in the Development Period, the **CONTRACTOR** shall provide to the **GOVERNMENT**, together with the monthly production statement prepared by the **CONTRACTOR** in accordance with Article 27.4 and Paragraph 6.1 of Annex B, and the monthly valuation statement in accordance with Article 25 and Paragraph 7.1 of Annex B, a statement (the "**Capacity Building Payment Monthly Statement**") setting out the **CONTRACTOR**'s calculation of the Capacity Building Value for the preceding Month. In each Capacity Building Payment Monthly Statement the **CONTRACTOR** shall detail each item taken into account in making its calculation of the amounts due from the **CONTRACTOR**, the quantities of Profit Petroleum produced during the Month covered by such Capacity Building Payment Monthly Statement, the volumes of such production sold, the Capacity Building Value attributed to such sales, and the Capacity Building Payment Instalments required to be paid with respect thereto by the **CONTRACTOR**;
- (b) on the same date on which the **CONTRACTOR** provides the Capacity Building Payment Monthly Statement to the **GOVERNMENT** in accordance with Article 32.7(a), the **CONTRACTOR** shall pay (except as provided in the next sentence) the Capacity Building Payment Instalment shown as owed by the **CONTRACTOR** in the Capacity Building Payment Monthly Statement. If:
- (1) the **CONTRACTOR** has sold the **CONTRACTOR**'s Profit Petroleum to (i) the **GOVERNMENT** or a Public Company (or a company or an entity owned and controlled, directly or indirectly, by a Public Company or the **GOVERNMENT**), (ii) the State Oil Marketing Organisation (SOMO) or (iii) any entity owned and controlled by the Government of Iraq (each a "**Government Buyer**"); and if
 - (2) any Government Buyer has not paid the **CONTRACTOR** for the Petroleum lifted by such Government Buyer, then:
 - (3) the **CONTRACTOR** is only obligated to pay the Capacity Building Payment if, and to the extent the **CONTRACTOR** receives payment from such Government Buyer.

The preceding sentence does not apply with respect to, and to the extent of sales of the **CONTRACTOR**'s Profit Petroleum to any other counterparties;

- (c) within thirty (30) calendar days following the date on which the **CONTRACTOR** delivered the Final End-of-Year Statement to the **GOVERNMENT** for each Calendar Year in accordance with Article 26.13 and Paragraph 10 of Annex B, and based on the information in such Final End-of-Year Statement, the **CONTRACTOR** shall provide to the **GOVERNMENT** a written reconciliation of the aggregate amount of the Capacity Building Value and the aggregate payments of the Capacity Building Payment Instalments during such Calendar Year period (the "**Annual Reconciliation Statement**");
- (d) if the results of an Annual Reconciliation Statement show that the **CONTRACTOR** has, in the aggregate over the Calendar Year period covered by the Annual Reconciliation Statement, made Capacity Building Payment Instalments in an amount less than the aggregate Capacity Building Value during such Calendar Year period, the **CONTRACTOR** shall pay (subject to the same exception as provided in the second and third sentences of Article 32.7(b)) the amount of the underpayment as shown in the Annual Reconciliation Statement within thirty (30) calendar days following the same date the **CONTRACTOR** delivered the Annual Reconciliation Statement to the **GOVERNMENT**;
- (e) if the results of an Annual Reconciliation Statement show that the **CONTRACTOR** has, in the aggregate over the Calendar Year period covered by the Annual Reconciliation Statement, made Capacity Building Payment Instalments in excess of the Capacity Building Value during such Calendar Year period, and if and to the extent the **GOVERNMENT** has agreed with the **CONTRACTOR** in respect of the amount of such overpayment, the **CONTRACTOR** may deduct such overpayment to the extent that the **GOVERNMENT** has agreed with the amount of such overpayment from the next following payments of Capacity Building Payment Instalments. In no event will the **CONTRACTOR** be entitled to deduct from any one Capacity Building Payment Instalment more than fifteen per cent (15%) of the amount that, but for the deduction, would be payable from such Capacity Building Payment Instalment. The right of set-off against Capacity Building Payment Instalments will be the **CONTRACTOR**'s only remedy in respect of any overpayment, and the **GOVERNMENT** will have no obligation to make any

reimbursement or other compensating payments to the **CONTRACTOR**;

- (f) if the **CONTRACTOR** fails to pay all or part of a Capacity Building Payment when due, the **CONTRACTOR** shall pay interest on the unpaid amount at an annual rate of LIBOR plus two per cent (2%) compounded monthly from and including the date the payment was due to, but not including, the date paid; and
- (g) if any Capacity Building Payment is due to be paid to the **GOVERNMENT** on a day that is either not a banking day in either the place where the Capacity Building Account is maintained, or the location of the financial institution through which the **CONTRACTOR** will make such payment, then the Capacity Building Payment will be due on the next following banking day. A “banking day” is a day (other than a Saturday, Sunday, or public holiday) on which banks are open for general business in the specified locations.

Capacity Building Account

- 32.8 The **GOVERNMENT** shall:
 - (a) establish and maintain the Capacity Building Account; and
 - (b) deposit all Capacity Building Payments and the Second Capacity Building Bonus received by the **GOVERNMENT** into the Capacity Building Account.

Rights Sale

- 32.9 The **GOVERNMENT** may enter into a Rights Sale without the consent of the **CONTRACTOR** or any **CONTRACTOR** Entity.

Breach; Indemnity

- 32.10 (a) If the **CONTRACTOR** fails to pay a Capacity Building Payment in full when due, the **GOVERNMENT** will, notwithstanding any other provision of this Contract, any lifting agreement, any sales or marketing agreement, or any other agreement, automatically be entitled, on not less than sixty (60) days prior notice to the **CONTRACTOR** in the case of the first default, and not less than thirty (30) days in the case of any subsequent default to:

- (1) lift, at the Delivery Point or at such other point as the **GOVERNMENT** may decide, up to twenty per cent (20%) of the **CONTRACTOR**'s Profit Petroleum; and
 - (2) continue to lift up to twenty per cent (20%) of the **CONTRACTOR**'s Profit Petroleum for the remainder of the Development Period.
 - (b) The **CONTRACTOR** will have a single cure period of thirty (30) days only in respect of its first default. If the **CONTRACTOR** is in default for the first time, and pays the defaulted Capacity Building Payments in full plus interest in accordance with Article 32.7(f) in such thirty (30) day period, the **GOVERNMENT** shall not exercise its lifting rights under this Article 32.10. In the case of any subsequent default by the **CONTRACTOR**, the **GOVERNMENT** may exercise its right to lift whether or not the **CONTRACTOR** cures its default in the thirty (30) day notice period.
- 32.11 The lifting rights of the **GOVERNMENT** pursuant to Article 32.10 are exercisable by way of set-off, without first resort to legal process, and without any liability or claims of the **CONTRACTOR**, the Operator, or any other Person, and regardless of any provisions of any lifting agreement or provision of a joint operating agreement or any other agreement to which the **CONTRACTOR** or any **CONTRACTOR** Entity is a party. The **CONTRACTOR** shall ensure that all agreements in respect of the lifting or sale of Petroleum reflect the **GOVERNMENT**'s priority rights as set forth in Article 32.10 and this Article 32.11.
- 32.12
- (a) The **CONTRACTOR** shall indemnify the **GOVERNMENT** from any Loss or Expense (as defined in Article 32.12(c), below) that may in any way arise from the exercise by the **GOVERNMENT** of its rights in respect of the **CONTRACTOR** under Article 32.7(b) and (f) and Articles 32.10 and 32.11.
 - (b) The **GOVERNMENT** will retain control over the defence of, and any resolution or settlement relating to, such Loss or Expense. The **CONTRACTOR** shall cooperate with the **GOVERNMENT** and provide reasonable assistance in defending any claims against the **GOVERNMENT**.
 - (c) "**Loss or Expense**" means any liability, loss, claim, settlement payment, cost and expense, interest, award, judgment, damages (including punitive damages), diminution in value, fees or other charge and, to the extent permitted by applicable law, any court

filing fee, court cost, arbitration fee or cost, witness fee, and each other fee and cost of investigating and defending or asserting a claim for indemnification, including attorneys' fees, other professionals' fees, and disbursements; but does not include consequential damages. A claim set forth in a notice from the **GOVERNMENT** to the **CONTRACTOR** will be conclusively deemed a Loss or Expense if the **CONTRACTOR** fails to dispute the **GOVERNMENT's** liability by the end of a thirty (30) day period following the effective date of delivery of the notice from the **GOVERNMENT**. The **CONTRACTOR** shall promptly pay the deemed Loss or Expense on demand.

- 32.13 The **GOVERNMENT's** rights under Articles 32.10 through 32.12 are not exclusive and are without prejudice to the **GOVERNMENT's** termination rights under Article 45.

Payments; No Set-off or Deduction

- 32.14 Except as provided in Article 32.7(e) and notwithstanding any provision in this Contract to the contrary, the **CONTRACTOR** shall pay all Capacity Building Payments without (and free and clear of any deduction for) set-off or counterclaim.
- 32.15 The **CONTRACTOR** acknowledges and accepts that a fundamental principle of Articles 32.7 through 32.16 is that the **CONTRACTOR** must pay the Capacity Building Payments owed by it as and when required. Accordingly, in respect of its obligations under Articles 32.7 through 32.16 only and except as provided in Article 32.7(e), the **CONTRACTOR** hereby waives any right to raise by way of set off, or invoke as a defence to its obligations to pay Capacity Building Payments pursuant to Articles 32.7 through 32.16, whether in law or equity, any failure by the **GOVERNMENT**, the **CONTRACTOR** or any **CONTRACTOR** Entity to pay amounts due and owing under the Contract or any alleged claim that the **CONTRACTOR** may have against the **GOVERNMENT**, the Operator, a **CONTRACTOR** Entity, or any other Person, whether such claim arises under or relates to this Contract or otherwise.
- 32.16 The **CONTRACTOR** shall make Capacity Building Payments to the **GOVERNMENT** by wire transfer of immediately available funds in Dollars in accordance with wire instructions provided by the **GOVERNMENT**. The making of any payments by the **CONTRACTOR** under Articles 32.7 through 32.16, or the acceptance or use of any payments by the **GOVERNMENT**, does not impair the rights of the **CONTRACTOR** or the **GOVERNMENT** under Article 15. Any dispute between the **GOVERNMENT** and the **CONTRACTOR** in respect of the

calculation of each of the Capacity Building Value and the Capacity Building Payment due with respect thereto is subject to Article 15.9.”

- 3.37 In Article 32.6, after the word “bonus”, the words “or payment” are added.
- 3.38 In Article 39.2, the first word, “Each”, is deleted and replaced with “Except as provided in Articles 32.7 through 32.16, each”.
- 3.39 In Article 41, the following is added at the end of the Article:

“Notwithstanding the foregoing, this Article 41 will not apply to the **GOVERNMENT** in respect of any claim or proceeding arising out of or related to the exercise of rights by the **GOVERNMENT** as set forth in Articles 32.7 through 32.16, in respect of which the **GOVERNMENT** expressly reserves all sovereign immunities.”

- 3.40 In Article 42.1, the following sentence is added at the end of the first sentence:

“This Article 42.1 does not apply to any Dispute arising out of, or relating to, the exercise of rights by the **GOVERNMENT**, as set forth in Article 32.10, which Disputes shall be subject to the exclusive jurisdiction of the courts of the Kurdistan Region located in Erbil.”

- 3.41 In Article 45.6, after “31,” is added “32.5,”.

- 3.42 In Article 46.3(c), add the words “or its Affiliates” after the word “Party”, the word “law” is replaced with the word “Law” and the following words are added at the end “and including any Law applicable to a Party or its Affiliates that would prevent that Party or its Affiliates from having a business or contractual relationship with a particular person or entity or result in that Party or its Affiliates being subject to fines or other penalties.”

- 3.43 The following further amendments are made in the Accounting Procedure:

- (a) in Paragraph 3.1.9 of Annex B, the words “with the exception of Taxes described in Article 31.2) and bonus payments” are deleted and replaced with “with the exception of Taxes described in Article 31.2, bonus payments, Capacity Building Payments, and any other payments”;
- (b) in Paragraphs 4.4 and 13.3.2(h) of Annex B, after the word “bonuses” in each instance, “, Capacity Building Payments, or other payments” is added;
- (c) in Paragraph 13.3.1(c) of Annex B after the second reference to “Article 26” insert “except volumes of Profit Petroleum which are allocated to other Persons under Article 4 or Article 32”.

- 3.44 The heading for Article 32 is deleted and restated:

"ARTICLE 32 - BONUSES; CAPACITY BUILDING PAYMENTS".

- 3.45 In Article 44.1, the existing notice provisions for Hunt Oil and Impulse under the heading "To each **CONTRACTOR** Entity:" are deleted in their entirety and the following notice provision is added:

"Hunt Oil Middle East Limited
Attention: Senior Vice President – International Exploration
Email: tcwikla@huntoil.com
Address:
1900 North Akard Street
Dallas, Texas 75201 USA"

- 3.46 Article 43.8 is deleted in its entirety and restated:

"This Contract constitutes the entire agreement of the Parties and supersedes any and all prior understandings or agreements in respect of the subject matter of this Contract."

- 3.47 A new Article 2.9 is added:

"Each **CONTRACTOR** Entity shall at all times comply, and from and after the Agreement Date include a provision in each contract entered into with its Subcontractors a provision requiring that each Subcontractor complies, with the Kurdistan Region Oil and Gas Law and all other applicable Law. No provision of this Contract will: (a) excuse the **CONTRACTOR** or a **CONTRACTOR** Entity or any Subcontractor from compliance with applicable Law, or (b) impair any right or privilege of the **GOVERNMENT** under applicable Law."

4. REPRESENTATIONS

- 4.1 Hunt makes the representations and warranties it makes in the Letter of Representations and Warranties.

- 4.2 Impulse represents that:

4.2.1 its entry into and performance of this Agreement by it have been authorised by all necessary company action;

4.2.2 this Agreement constitutes a valid, legal, and binding agreement of it;

- 4.2.3** it has received all authorisations and consents required under the law, under which it is organised that are or will be necessary for the entry into and performance by it, and the validity and enforceability against it, of this Agreement;
- 4.2.4** except as provided in the next sentence, there is no law or agreement to which it is a party that conflicts with or prevents entry into, delivery, and performance by it of, or calls into question the validity, legality and enforceability against it of, this Agreement. No representation is made in respect of the laws of the Kurdistan Region or Iraq;
- 4.2.5** it is not a party to any administrative or judicial proceeding, litigation, or arbitration that could affect the validity or enforceability of this Agreement as to it; and
- 4.2.6** neither it nor any of its Affiliates has made, offered, or authorised (and has not agreed to make and does not expect will be made), with respect to the matters which are the subject of this Agreement or the Contract, any payment, gift, promise or other advantage, whether directly or through any other Person, to or for the use or benefit of any public official (*i.e.*, any person holding a legislative, administrative or judicial office, including any person employed by or acting on behalf of the Government) or any political party or political party official or candidate for office, where such payment, gift, promise or advantage violates (i) the laws of the Kurdistan Region or of Iraq, (ii) the laws of the place of its incorporation or its principal place of business, or (iii) the principles described in the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, signed in Paris on 17 December 1997, which entered into force on 15 February 1999, and the Convention's Commentaries. No part of its participating interest in the Contract under (including any profits it may derive in respect of) the Contract is held (or to be held pursuant to this Agreement) or payable to, directly or indirectly, to or for the benefit (directly or indirectly) of any public official or any political party or political party official or candidate for office of the Kurdistan Region or Iraq.

5. RELEASE

- 5.1** As of the Effective Date, Impulse releases each other Party, its respective employees, agents, owners, Affiliates and attorneys from any obligations, liabilities, rights, titles or interests in, relating to, arising out of or in any way connected with the Contract or this Agreement.

6. GENERAL PROVISIONS

- 6.1** Articles 36 (Information and Confidentiality), 39 (Assignment and Change of Control), 41 (Waiver of Sovereign Immunity), 42.1 (Negotiation, Mediation and Arbitration), and 44 (Notices) of the Contract, as amended, shall apply to this Agreement.

- 6.2 This Agreement does not create any right under the Contracts (Rights of Third Parties) Act 1999 that is enforceable by any Person who is not a Party (a "**Third Party**"). The Parties may rescind or vary the terms of this Agreement without notice to or the consent of any Third Party.
- 6.3 This Agreement, together with the Letter of Representations and Warranties, the Hunt Guarantee, the Termination Agreement dated as of the date of this Agreement and the Contract (the "**Other Agreements**") constitutes the final, complete and exclusive expression of the Parties' agreement on the matters contained in this Agreement. All prior and contemporaneous negotiations and agreements between the Parties on the matters contained in this Agreement and the Other Agreements are expressly superseded by this Agreement and the Other Agreements. The provisions of this Agreement may not be explained, supplemented or qualified through evidence of trade usage or a prior course of dealings. In entering into this Agreement, neither Party has relied upon any statement, representation, warranty or agreement of the other party except for those expressly contained in this Agreement and the Other Agreements. There are no conditions precedent to the effectiveness of this Agreement, other than those expressly stated in this Agreement.
- 6.4 Each Party shall timely exercise all commercially reasonable endeavours to take, or cause to be taken, all actions necessary or desirable to consummate and make effective the transactions this Agreement contemplates.
- 6.5 The Parties may amend this Agreement only by a written agreement of the Parties that identifies itself as an amendment to this Agreement. The Parties may waive any provision in this Agreement only by a writing executed by the Party against whom the waiver is sought to be enforced. Any amendment, waiver, or consent signed by the Minister of Natural Resources is binding on the Government. No failure or delay in exercising any right or remedy, or in requiring the satisfaction of any condition, under this Agreement by a Party, and no act, omission or course of dealing between any of the Parties, will operate as a waiver or estoppel of any right, remedy, or condition. A waiver made in writing on one occasion will be effective only in that instance and only for the purpose stated. A waiver once given is not to be construed as a waiver on any future occasion. No waiver or amendment in respect of this Agreement will constitute a waiver or amendment of any other agreement between the Parties.
- 6.6 The Parties may execute this Agreement in counterparts, each of which constitutes an original, and all of which, collectively, constitute only one agreement. The signatures of all of the Parties need not appear on the same counterpart, and delivery of an executed counterpart signature page by facsimile or electronic scan is as effective as executing and delivering this Agreement in the presence of the other Parties. This Agreement is effective upon delivery of one executed counterpart from each Party to the other Parties. In proving this Agreement, a Party must produce or account only for the executed counterpart of the Party to be charged.
- 6.7 If this Agreement is reasonably proven to have been obtained in violation of Kurdistan Region Law or the laws of Iraq concerning corruption, this Agreement shall be deemed void *ab initio*.

- 6.8** This Agreement (and any non-contractual obligations arising out of or in connection with it) is governed by English law.

[Signature page follows.]

For and on behalf of **Hunt Oil Middle East Limited:**

Signature: 
Title: Vice President
Name: Ken Topolinsky

For and on behalf of **Impulse Energy Corporation:**

Signature:.....
Title:.....
Name:.....

For and on behalf of the **Kurdistan Regional Government of Iraq:**

Prime Minister
Kurdistan Regional Government
On behalf of the Regional Council for the Oil and
Gas Affairs of the Kurdistan Region – Iraq

Minister of Natural Resources
Kurdistan Regional Government
On behalf of the Ministry of Natural
Resources in the Kurdistan Region

Signature:.....
Barham Salih

Signature:.....
Ashti Hawrami

[Signature page to the Ain Sifni Assignment, Novation, and First Amendment Agreement.]

For and on behalf of Hunt Oil Middle East Limited:

Signature.....

Title:

Name:.....

For and on behalf of Impulse Energy Corporation:

Signature: .....

Title: CEO.....

Name: MARCEL DAUD.....

For and on behalf of the Kurdistan Regional Government of Iraq:

Prime Minister

Minister of Natural Resources

Kurdistan Regional Government

Kurdistan Regional Government

On behalf of the Regional Council for the Oil and Gas Affairs of the Kurdistan Region - Iraq

On behalf of the Ministry of Natural Resources in the Kurdistan Region

Signature:.....

Signature:.....

Barham Salih

Ashti Hawrami

[Signature page to the Ain Sifni Assignment, Novation, and First Amendment Agreement.]

For and on behalf of **Hunt Oil Middle East Limited:**

Signature.....

Title:

Name:.....

For and on behalf of **Impulse Energy Corporation:**

Signature.....

Title:

Name:.....

Signature.....

Title:

Name:.....

For and on behalf of **the Kurdistan Regional Government of Iraq:**

Prime Minister

Kurdistan Regional Government

On behalf of the Regional Council for the Oil and Gas Affairs of the Kurdistan Region – Iraq

Signature:.....

Barham Salih

Minister of Natural Resources

Kurdistan Regional Government

On behalf of the Ministry of Natural Resources in the Kurdistan Region

Signature:.....

Ashti Hawrami

[Signature page to the Ain Sifni Assignment, Novation, and First Amendment Agreement.]

Annex 1

ANNEX A – Contract Area

Map showing coordinates of Ain Sifni corner points

