

THIS DOCUMENT AND THE ENCLOSED SHAREHOLDER LETTER ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take, you should seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant, fund manager or other independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended, "FSMA") if you are in the United Kingdom or, if not, from another appropriately authorised independent financial adviser who specialises in advising on the acquisition of shares and other securities.

If you have sold or otherwise transferred all of your registered holding of Ordinary Shares please immediately forward this document, together with the accompanying Shareholder Letter, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. If you have sold or otherwise transferred only part of your holding of Ordinary Shares, you should retain these documents and also contact the stockbroker, bank or other agent through whom the sale or transfer was effected as to the actions you should take.

The whole of this document should be read by Shareholders when deciding on what action to take in relation to the Resolutions. Your attention is drawn to the letter from the Senior Independent Director of the Company that is set out in Part I of this document.

GULFSANDS PETROLEUM PLC

(Incorporated and registered in England and Wales with registered number 05302880)

Approval of authority to allot Ordinary Shares to facilitate additional funding through a Placing and Amendment to the 2017 Secured Financing Facility

and

Notice of General Meeting

Capitalised terms in this document have the meaning ascribed to them in "Definitions" set out on pages 7 to 10 of this document.

References to times are to London, United Kingdom, time unless otherwise stated. References to dates and times in this document should be read as being subject to adjustment. Where appropriate, the Company will make an announcement giving details of any revised dates and/or times, but Shareholders may not receive any further written communication.

A notice of a General Meeting of Gulfsands Petroleum plc to be held at 11:00 a.m. on 28 November 2019 at the offices of Pinsent Masons LLP at 30 Crown Place, Earl Street, London EC2A 4ES is set out at the end of this document.

To be valid, Shareholders should complete the Proxy Voting procedure set out in the Shareholder Letter as soon as possible but in any event so as to be received not later than 11.00 a.m. (London time) on Tuesday 26 November 2019. Completing the Proxy Voting procedure set out in the Shareholder Letter will not preclude a Shareholder from attending speaking or voting in person at the General Meeting should they so wish.

IMPORTANT INFORMATION

The distribution of this document and/or the accompanying Shareholder Letter in jurisdictions other than the UK may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any of those restrictions. Any failure to comply with any of those restrictions may constitute a violation of the securities laws of any such jurisdiction.

The Company and the Directors accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and makes no omission likely to affect the import of such information.

In issuing this document, the Company is relying on the exemption from issuing a prospectus in section 86 and paragraph 9 of Schedule 11A of FSMA and on paragraphs 43, 48, 50A and 60 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended). Applications in respect of the Placing from persons not falling within such exemption will be rejected and the Placing contained in this document is not capable of acceptance by such persons.

This document should be read in its entirety and, in particular, your attention is drawn to the section headed "Risk Factors" in Part II of this document.

This document does not constitute or form part of any offer or invitation to buy, subscribe for, or sell Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. In particular, the New Ordinary Shares have not been, and will not be, registered under the United States Securities Act of 1933 as amended (the "Securities Act") or qualified for sale under the laws of any state of the United States of America or under the applicable laws of any of Canada, Australia, the Republic of South Africa or Japan and, subject to certain exceptions, may not be offered or sold in the United States of America or to, or for the account or benefit of, US persons (as such term is defined in Regulation S under the Securities Act) or to any national, resident or citizen of Canada, Australia, the Republic of South Africa or Japan.

No person has been authorised to give any information or to make any representation about the Company and about the matters the subject of this document other than those contained in this document. If any such information or representation is given or made then it must not be relied upon as having been so authorised. The delivery of this document shall not imply that no change has occurred in the Company's affairs since the date of issue of this document or that the information in this document is correct as at any time after the date of this document, save as shall be required to be updated by law or regulation.

The release, publication or distribution of this document and the accompanying Shareholder Letter in or into, jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this document comes who are not resident in the United Kingdom should inform themselves about, and observe, any applicable restrictions. Shareholders who are in any doubt regarding such matters should consult an appropriate independent adviser in the relevant jurisdiction without delay. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction. In particular, this document may not be distributed, directly or indirectly, in or into the United States of America, Canada, the Republic of South Africa, Australia or Japan. Overseas Shareholders and any person (including, without limitation, nominees and trustees), who have a contractual or other legal obligation to forward this document to a jurisdiction outside the UK should seek appropriate advice before taking any action.

This document includes "forward-looking statements" which include all statements other than statements of historical facts, including, without limitation, those regarding the Group's financial position, business strategy, plans and objectives of management for future operations, or any statements preceded by, followed by or that include the words "targets", "believes", "expects", "aims", "intends", "will", "may", "anticipates", "would", "could" or similar expressions or negatives thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company's control that could cause the actual results, performance or achievements of the Group to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future. These forward-looking statements speak only as at the date of this document. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based unless required to do so by applicable law.

If you have any questions relating to this document or the Shareholder Letter, you should call the Registrar's (Link Asset Services)'s helpline on 0871 664 0300. Calls cost 12p per minute plus your phone company's access charge. Calls outside the United Kingdom will be charged at the applicable international rate. If calling from outside the United Kingdom please call +44 371 664 0300. Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales. For legal reasons, the Registrar will not be able to provide advice on the merits of the Resolutions or offer any financial, legal or tax advice.

This document will be available for download from the Company's website: <http://www.gulfsands.com>

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PROPOSALS STATISTICS

Issue Price	5 pence
Number of Existing Ordinary Shares in issue as at the date of this document	519,995,785
Total estimated Outstanding Amount under the 2017 Facility Agreement*	£9,055,918.46
Total number of New Ordinary Shares to be issued**	263,118,369
- Number of New Ordinary Shares to be issued pursuant to the Placing	22,000,000
- <i>of which, number of New Ordinary Shares available via the General Placing</i>	<i>6,900,000</i>
- Number of New Ordinary Shares to be issued pursuant to the Conversion	20,000,000
- Number of New Ordinary Shares subject of potential future conversion pursuant to the terms of the Lender's Conversion Option	221,118,369
Pro-forma Enlarged Share Capital immediately following completion of the Placing, Conversion and Facility Amendment**	783,114,154
Pro-forma market capitalisation at Issue Price**	£39.2 million
New Ordinary Shares as a percentage of the Pro-forma Enlarged Share Capital**	33.6 per cent
Estimated gross proceeds of the Placing	£1.1 million
Estimated gross proceeds of the Additional Facility Tranches	£3.0 million

*Estimated Outstanding Amount as at 29 November 2019, the anticipated date of execution of the Facility Amendment.

**Assuming all the New Ordinary Shares are issued pursuant to the Placing, Conversion and the entire Outstanding Amount is converted to new Ordinary Shares pursuant to the Lenders' Conversion Option set out in paragraph 2(c) of Part 1 of this document (including in respect of Additional Facility Tranches). Does not include shares potentially issued under the Employee Restricted Share Plan.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Record Date for the Circular	6 November 2019
Publication of this Circular and the accompanying Shareholder Letter	11 November 2019
First day for return of Application Form indicating intention to participate in the General Placing via Asset Match	13 November 2019
Latest time and date for receipt of electronic votes via www.signalshares.com , completed Forms of Proxy and receipt of electronic proxy appointments via the CREST system for the General Meeting	11.00 a.m. on 26 November 2019
General Meeting	11.00 a.m. on 28 November 2019
Announcement of results of General Meeting	28 November 2019
Execution of the Facility Amendment	29 November 2019
Last day for return of Application Form indicating intention to participate in the General Placing via Asset Match	4.00 p.m. on 5 December 2019
Notification to successful Applicants to the General Placing via Asset Match	6 December 2019
Date of closing of Placing and deadline for payment of placing monies to the Company by successful Applicants	13 December 2019
Expected date for posting of share certificates/recording in Crest for the New Ordinary Shares in certificated form pursuant to the Placing	w/c 16 December 2019

Notes:

All references to times of day in this document are to London time.

Dates set out against events that are expected to occur after the expected date of the General Meeting assume that the General Meeting is not adjourned and that the Resolutions are passed at the General Meeting.

All of the above times and dates are subject to change at the Company's discretion. In the event of any change, where appropriate, the revised times and dates will be notified to Shareholders by an announcement.

DIRECTORS AND ADVISERS

Directors	James Ede-Golightly (Non-Executive Chairman) John Bell (Managing Director) Andrew James Morris (Finance Director) Joseph Darby (Senior Independent Non-Executive Director) Michael Kroupeev (Non-Executive Director) Richard Milne (Non-Executive Director)
Registered office	6th Floor 60 Gracechurch Street London EC3V 0HR United Kingdom
Solicitors to the Company	Pinsent Masons LLP 30 Crown Place Earl Street London EC2A 4ES United Kingdom
Auditor to the Company	BDO LLP 55 Baker Street London W1 7EU United Kingdom
Registrars	Link Asset Services 34 Beckenham Road Beckenham Kent BR3 4TU
Share Trading Facility	Asset Match Limited 1 Bow Lane London EC4M 9EE United Kingdom

DEFINITIONS

In this document and the accompanying Shareholder Letter the following words and expressions shall, except where the context requires otherwise, have the following meanings:

“2017 Secured Financing Facility”	the Single Currency Term Facility Agreement dated 15 February 2017 as amended on 20 March 2018 and 25 September 2018 and proposed to be amended pursuant to the Facility Amendment;
“Additional Facility Tranches”	the three additional tranches added as part of the Facility Amendment;
“AIM”	the market of that name operated by the London Stock Exchange plc;
“Applicant”	a Minority Shareholder or other person who lodges an Application Form under the General Placing;
“Application Form”	the application form to apply for General Placing Shares pursuant to the General Placing;
“Articles of Association”	the articles of association of the Company in force as at the date of this document;
“Asset Match”	Asset Match Limited, a firm authorised and regulated by the Financial Conduct Authority;
“Asset Match Platform”	the online platform operated by Asset Match with address www.assetmatch.com ;
“Board” or the “Directors”	the directors of the Company from time to time, who, as at the date of this document, comprise those directors of the Company (including the Non-Shareholder Directors) whose names are set out on page 6 of this document;
“Business Day”	any day upon which the London Stock Exchange is open for business;
“certificated” or “in certificated form”	where a security is not held in uncertificated form (i.e. not in CREST);
“Circular” or “document”	this circular, dated 11 November 2019
“Companies Act”	the UK Companies Act 2006 (as amended);
“Company” or “Gulfsands”	Gulfsands Petroleum plc, a company incorporated in England and Wales with registration number 05302880 whose registered office is at 6th Floor, 60 Gracechurch Street, London, United Kingdom, EC3V 0HR;
“Conversion”	the conversion of £1,000,000 of the Outstanding Amount to Ordinary Shares at the Issue Price, further details of which are set out in paragraph 2(c) of Part I;
“Conversion Shares”	the 200,000 new Ordinary Shares which are to be issued pursuant to the Conversion;

“CREST”	the relevant system (as defined in the CREST Regulations (as amended)) operated by Euroclear in accordance with which securities may be held or transferred in uncertificated form;
“CREST Proxy Instruction”	the means by which a Shareholder who holds Ordinary Shares in CREST may appoint a proxy;
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755);
“Enlarged Share Capital”	The pro-forma number of shares to be issued assuming all New Ordinary Shares are issued. This does not include any shares potentially issued under the Employee Restricted Share Plan;
“Euroclear”	Euroclear UK & Ireland Limited, the operator of CREST;
“Existing Ordinary Shares”	the Ordinary Shares in issue as at the date of this document being the entire issued share capital of the Company at the date of this document;
“Facility Amendment”	the amendment to the 2017 Secured Financing Facility further details of which are set out in paragraph 2(c) of Part I of this document;
“Form of Proxy”	the form of proxy for use by Shareholders in connection with the General Meetings which may be requested from the Registrars;
“FSMA”	the Financial Services and Markets Act 2000 (as amended);
“General Meeting”	the general meeting of the Company convened for 11:00 a.m. on 28 November 2019 pursuant to the GM Notice or any adjournment of such meeting;
“General Placing”	the placing by the Company of the General Placing Shares at the Issue Price on the terms and conditions set out in this Circular.
“General Placing Shares”	the 6.9 million new Ordinary Shares which are to be issued at the Issue Price pursuant to the General Placing;
“GM Notice”	the notice of the General Meeting which is set out in Part IV of this document;
“GPC”	General Petroleum Company of Syria;
“Group”	the Company and its subsidiary undertakings;
“Issue Price”	5 pence per New Ordinary Share;
“Lenders”	the Major Shareholders;
“Lenders’ Conversion Option”	the right of the Lenders pursuant to the Facility Amendment to convert the Outstanding Amount (including the Additional Facility Tranches) to Ordinary Shares at the Issue Price, further details of which are set out in paragraph 2(c) of Part I;
“Major Shareholders”	together Richard Griffiths, ME Investments and Waterford owning approximately 82.8 per cent of the Company’s issued share capital (as at 6 November 2019 being the last practicable date before the date of this document);

“ME Investments”	ME Investments Ltd of Les Echelons Court, Les Echelons, St Peter Port, Guernsey, GY1 1AR;
“Minority Shareholders”	those Shareholders who are not Major Shareholders;
“Non-Shareholder Directors”	means a director of the Company at the relevant time who is considered by the Board to be independent of the Major Shareholders and consequently, as at the date of this document each of John Bell, Andrew Morris, Joseph Darby and Richard Milne;
“Ordinary Shares”	the fully paid ordinary shares of par value £0.01 each in the capital of the Company;
“Outstanding Amount”	at any time, the aggregate amount of loans made by the Major Shareholders to the Company under the 2017 Secured Financing Facility together with the aggregate amount of any accrued fees and accrued interest.
“participant ID”	the identification code or membership number used in CREST to identify a particular CREST member or other CREST participant;
“Placing”	the placing by the Company of the Placing Shares including the General Placing, further details of which are set out in Paragraphs 2(c) and 5 of Part I of this document;
“Placing Shares”	the 22 million new Ordinary Shares which are to be issued at the Issue Price pursuant to the Placing;
“Proposals”	means together the Placing, the Conversion and the Facility Amendment (including the Lenders Conversion Option);
“Record Date”	the record date for receiving the Circular and Shareholder Letter with respect to the General Meeting;
“Registrars”	Link Asset Services, 34 Beckenham Road, Beckenham, Kent BR3 4TU;
“Resolutions”	the Resolutions to be proposed at the General Meeting, as set out in the GM Notice;
“Richard Griffiths”	Mr. Richard Griffiths and any entities controlled by him which hold Ordinary Shares (including Blake Holdings Limited);
“Shareholder Letter”	the letter to shareholders enclosed with this document for use by Shareholders in connection with the General Meeting or any adjournment of such meeting;
“Shareholders”	holders of Ordinary Shares;
“uncertificated” or “in uncertificated form”	recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which may be transferred by means of CREST;
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland;

“United States”	the United States of America, its territories and possessions, any state of the United States of America and the district of Columbia and all other areas subject to its jurisdiction;
“US\$” or “\$” or “USD” or “cents”	the lawful currency of the United States;
“Waterford”	Waterford Finance & Investment Limited of PO Box 308, 15/21 Commercial Arcade, St. Peter Port, Guernsey, GY1 3TA; and
“£” or “pence”	the lawful currency of the United Kingdom.

PART I

LETTER FROM THE SENIOR INDEPENDENT DIRECTOR OF GULFSANDS PETROLEUM PLC

Directors

James Ede-Golightly

(Non-Executive Chairman)

John Bell

*(Managing Director)**

Andrew James Morris

*(Finance Director)**

Joseph Darby

*(Senior Independent Non-Executive Director)**

Michael Kroupeev

(Non-Executive Director)

Richard Milne

*(Non-Executive Director)**

* Non-Shareholder Director

11 November 2019

To Shareholders and for information purposes only, the holders of options over Ordinary Shares

Dear Shareholder

Approval of authority to allot new Ordinary Shares to facilitate additional funding through a Placing and amendments to the 2017 Secured Financing Facility

and

Notice of General Meeting

1. Introduction

The Directors are pleased to see apparent progress being made in resolving the political situation in Syria and were particularly encouraged by the almost universal international support for the formation of the new Syrian Constitutional Committee which is seen as a major step forward in creating a new constitutional future for the country ahead of national elections planned for 2021. However, the outstanding issues in Idlib and the recent incursion into Syria by Turkish troops serve as a reminder that the transition out of conflict is still a work in progress.

The Directors believe that it is important that the Company now secures the financing required to fund the Group until the end of 2021 when the future of both the country and Company should be clearer.

The Major Shareholders, who have been the sole funders of the Company for more than the last three years, and who now own a combined 82.8% of the Group's equity (as well as being Lenders pursuant to the 2017 Secured Financing Facility), have indicated a willingness to continue to fund the Company through this period of uncertainty and zero revenue, with the provision of an additional £4.1 million. In exchange for this commitment they have proposed various amendments to the 2017 Secured Financing Facility, including formalising the conversion features thereof.

The Proposals involve the issuance, and commitment to issue, Ordinary Shares other than in accordance with the pre-emptive provisions of the Articles of Association, in excess of existing authorities and so requires approval of the Resolutions by not less than 75 per cent of the votes cast by the Shareholders (whether present in person or by proxy) at the General Meeting to be held at 11.00 a.m. (London time) on 28 November 2019 at the offices of Pinsent Masons LLP at 30 Crown Place, Earl Street, London EC2A 4ES.

The purpose of this document is to give further information about the proposed funding structure, proposed changes to the 2017 Secured Financing Facility and to explain why the Directors believe that it is in the best interests of the Company for Shareholders to vote in favour of the Resolutions.

2. Background and Reason for the Proposals

a) Financing History

In January 2016 the Company undertook an underwritten open offer to refinance the Group. This involved offering Ordinary Shares to all shareholders at 4 pence per Ordinary Share. Of this offering, less than 5% of the Ordinary Shares issued were taken up by Minority Shareholders.

In August 2016, the Company raised an additional approximately £1.5 million from the Major Shareholders by the placing of further Ordinary Shares at a price of 3.125 pence per Ordinary Share (the mid-market price at the time of issue).

In February 2017 further financing was required and the three Major Shareholders entered into the 2017 Secured Financing Facility, initially offering £4 million payable over five (5) tranches of £800,000 each and maturing in February 2020. This was extended with an additional £4 million (four (4) tranches of £1 million each) in March 2018, at which time the maturity of the 2017 Secured Financing Facility was also extended to February 2021.

The final tranche from this revised 2017 Secured Financing Facility was drawn down in July 2019 and is expected to fund the Group into early 2020. Consequently, the Company needs to secure additional funding in Q4 2019.

The current terms of the 2017 Secured Financing Facility are as follows:

- i. Interest on loans made (together with accrued fees and interest) runs at 7% per annum. A commitment fee of 1% per annum runs on any undrawn proportion of the 2017 Secured Financing Facility. All fees and interest accrue quarterly until maturity;
- ii. The Company may prepay the whole or any part (of at least £800,000) of the Outstanding Amount at any time subject to paying a 10% premium on the amount pre-paid;
- iii. If a significant equity raise takes place, the Lenders are entitled to be pre-paid on the terms noted above, provided the Lenders agree that the full amount to be pre-paid is used by the Lenders to subscribe for new Ordinary Shares in such equity raise at the issue price (the “**Offset Right**”);
- iv. The maturity date of the 2017 Secured Financing Facility is 23 February 2021, at which date all of the Outstanding Amount will be repayable in cash unless the Company has exercised its right to convert any outstanding sums into new Ordinary Shares. Pursuant to that right the Outstanding Amount to be repaid may be converted at the Company’s option into new Ordinary Shares of the Company at a price equal to the lower of:
 - a. (i) the 90 day average closing price at the time of repayment (and later amended to the 90-day average closing price as at the Company’s delisting date of 19 March 2018, being 5.085 pence); and
 - b. (ii) the lowest price at which the Company has raised equity capital during the life of the 2017 Secured Financing Facility.
- v. The 2017 Secured Financing Facility is secured:
 - a. by a mortgage over the shares of the Company’s direct subsidiary, Gulfsands Petroleum Limited;
 - b. by a charge over certain intercompany receivables of the Company;
 - c. by a charge over certain bank accounts of the Company (should the Lenders require such a charge to be created); and
 - d. through the issue of one ordinary share in the share capital of Gulfsands Petroleum Limited to the security trustee.
- vi. The articles of association of Gulfsands Petroleum Limited were amended when the 2017 Secured Financing Facility was first put in place to include certain reserved matters requiring unanimous shareholder consent, pre-emption provisions and compulsory transfer provisions. In addition to the right to enforce the security on an insolvency-related event of default, the Lenders have the right to convert Outstanding Amounts under the 2017 Secured Financing Facility into a direct equity holding in Gulfsands Petroleum Limited, at a fair price (from a financial point of view taking into account all relevant circumstances) to be determined by an expert at the time.

In April 2018, following approval by shareholders at a general meeting of the Company, the Company delisted its Ordinary Shares from trading on AIM. The closing AIM trading price per Ordinary Shares was 1.5 pence, giving a market capitalisation of around £7.8 million.

b) Funding requirements

Since being appointed in mid-2016, the current management team has focused on reducing the costs of running the business. The current anticipated cash usage is approximately US\$2.5 million (c£2 million) per annum which is a significant reduction from the period prior to the establishment of the 2017 Secured Financing Facility (cash usage in 2016 was around US\$7 million, and in 2015 was around US\$15.6 million). The Directors would like to secure funding for the Company through to the end of 2021 and so are seeking to raise financing of £4.1 million.

c) Funding Structure

The Major Shareholders have offered to provide the £4.1 million requested. In return for this commitment they have requested that the terms of the 2017 Secured Financing Facility be amended such that the pathway to conversion to Ordinary Shares be clarified and formalised.

The Company and Major Shareholders have agreed that this clarity is best achieved by amending the current Offset Right to become a formal conversion option for the Lenders at a price of 5 pence per Ordinary Share (the "**Lenders' Conversion Option**").

In return for the Lenders' Conversion Option, the Major Shareholders have also agreed to amend the 2017 Secured Financing Facility as follows:

- Interest of 7% will be eliminated from the date of amendment to maturity;
- Commitment fees of 1% will be eliminated from the date of amendment to maturity; and
- The maturity will be extended to 31 December 2021, so as to align with the timeframe for which the Company is funded.

These proposed changes have been documented as an amendment deed to the 2017 Secured Financing Facility (the "**Facility Amendment**").

The Directors are of the opinion that these amendments bring certainty to the Company and the Group regarding future dilution, funding and capital structure and the amendments, as a package, are in the best interests of all Shareholders.

The Directors are also of the view that should Minority Shareholders wish to participate in funding the Company for this important two-year period, they should be given an opportunity to do so.

Therefore, it has been agreed with the Major Shareholders that the £4.1 million should be structured as follows:

1. An immediate underwritten equity raise of approximately £1.1 million at 5 pence per Ordinary Share (the "**Placing**");
2. An immediate conversion by the Major Shareholders of £1 million of Outstanding Amount of the 2017 Secured Financing Facility at 5 pence per Ordinary Share (the "**Conversion**"); and
3. An amendment to the 2017 Secured Financing Facility to provide for an additional three tranches of £1 million each to be made available under the 2017 Secured Financing Facility (as amended) to be available for drawdown on 30 June 2020, 31 December 2020 and 30 June 2021 respectively (the "**Additional Facility Tranches**").

Waterford and Blake Holdings Limited, will subscribe for their pro-rata share of the £1.1 million Placing (being £410,000 and £345,000 respectively i.e. approximately 68.6% of the Placing in aggregate) and the remaining £345,000 of the Placing or 6,900,000 Ordinary Shares will be made available for general subscription via Asset Match (the "**General Placing**").

The allocation of Ordinary Shares to and among applicants pursuant to the General Placing will be at the sole discretion of the Directors and will be subject to certain conditions, including that an applicant will be required to subscribe for at least 100,000 Ordinary Shares (being a minimum subscription price of £5,000) in order to be eligible to participate in the General Placing.

ME Investments have committed that they will purchase any of the 6,900,000 unallocated General Placing Shares, thus acting as an effective underwriter.

3. Description and Current Status of the Business

The Company is an independent oil and gas exploration and production company, incorporated in the United Kingdom. The Group's focus is the Middle East region and its core asset is its interest in Block 26 in North East Syria, which is currently under force majeure as a result of EU Sanctions. It also has an interest in an oil and gas exploration project in Colombia, Llanos-50, which is currently suspended for environmental reasons.

More information about the group is available in prior years' Annual Reports which are available on the Company's website at www.gulfsands.com.

SYRIA - BLOCK 26

Gulfsands is the operator of the Block 26 PSC in Syria ("**Block 26**"), and holds a 50 percent working interest in the PSC along with Sinochem Yemen Holding Limited (50 percent working interest in the PSC), a company owned 100 percent by Sinochem Group of China. Sinochem Group is a Chinese conglomerate primarily engaged in the production and trading of chemicals and fertilizer and the exploration for and production of oil. Block 26 covers an area of 5,414km² in north east Syria and the PSC grants rights to explore, develop and produce hydrocarbons from all depths outside the pre-existing fields within the area and from the deeper stratigraphic levels below the pre-existing discovered fields.

As a consequence of the EU's imposition of sanctions in Syria which came into effect in early December 2011, a Notice of Force Majeure was served on GPC, the principal counterparty to the PSC, in accordance with the terms of the PSC for Block 26. The imposition of EU Sanctions and subsequently the promulgation of Cayman Islands' regulations reflecting in broad terms, the scope and legislative intent of the EU Sanctions, when taken together, has effectively prohibited Gulfsands' involvement in petroleum production operations in Syria and restricted its activities in relation to Block 26 since December 2011.

It should be noted that following the Company's service of its Notice of Force Majeure and various legal steps taken by GPC in Syria, GPC has assumed operational control and responsibility for the management of Dijla Petroleum Company ("**DPC**"), the legal entity established to undertake the management and control of petroleum production operations and related infrastructure on Block 26. Although Gulfsands is unable, due to these sanctions, to be actively involved in operations, the Block 26 assets appear, according to in-country sources, to be in good order, materially undamaged and operational. No revenue has been recognised or received by Gulfsands under the PSC since the declaration of Force Majeure.

Unless and until the combined framework of sanctions and regulations is lifted or otherwise modified so as to permit the Company's return to its prior involvement in those activities, the Company will be obliged to maintain its current position with respect to Block 26 PSC matters. The likelihood and timing of this is uncertain, and so it remains unclear as to when the Company can return to operations. Upon return, there are also uncertainties as to whether GPC will facilitate the resumption of operations or whether it would seek modifications to the status and terms that the Company previously enjoyed under the Block 26 PSC.

While no definite timeline can be substantiated, the Board continues to believe that the EU Sanctions will eventually be lifted and will continue to monitor all activity focused on resolving the situation in Syria and believes that its legal rights should be preserved upon its return to operations when circumstances allow.

- **Production and development:**

The Company holds a 50 percent interest in 25-year production licences for (i) Khurbet East Massive and Kurrachine Dolomite reservoirs; (ii) Yousefieh; and (iii) Khurbet East (Butmah reservoir). The licences run from 2008, 2010 and 2011 respectively and each licence has a possible extension, at the Contractor's option, of ten (10) years. The Company has also identified a discovery at Al Khairat, however commerciality has not yet been confirmed for the discovery.

Since December 2011, Gulfsands has received periodic updates from DPC on oil volumes produced from the Group's Syrian fields under DPC's operation. These updates have been received on an infrequent and irregular basis and it has not been possible for Gulfsands to verify the content of the information provided.

The Group has been updating its remaining recoverable resource volumes for these fields on at least an annual basis based on the information that has been received from DPC. In early 2017, the Company was informed by DPC that the Group's Syrian fields had returned to significant and regular production, with oil being produced from up to 13 production wells (10 Khurbet East, 3 Yousefieh). The average oil production rate from both fields combined between January 2017 and September 2019 appears to be around 18-20 thousand bopd, with a cumulative gross oil volume of approximately 18.5 million barrels of oil having been produced during that period from both fields (2017: 6.4 million barrels, 2018: 6.9 million barrels, 2019 to

30 September 2019: ~5.2 million barrels). The Group is unable to independently verify this production information from DPC and, while remaining compliant with EU Sanctions, continually seeks to gain additional information regarding the ongoing status of production operations at its Syrian fields. The status of this production under the terms of the PSC is unclear at this time and the Group has not recognised or received any revenue for this or indeed any production, post the imposition of EU Sanctions. It has however, updated its remaining recoverable resource volumes for these fields, based on this information.

Since the date of the first commercial oil production from the Block 26 area by the Group, cumulative oil production from the Group's fields is understood to have exceeded 44.1 million barrels by 30th September 2019, (2018: 38.9 million barrels), of which around 25.8 million barrels (2018: 20.6 million barrels) have apparently been produced since Force Majeure was declared and without the involvement of Gulfsands.

The Company continues to work on verifying this information and the status of this production under the terms of the PSC is unclear at this time. Gulfsands remains committed to full compliance with EU Sanctions and is focussed on maintaining its readiness to resume operational activities once Sanctions are lifted. This preparation has included significant internal technical work formalising and analysing existing data, to ensure that the Block 26 assets are fully understood such that the Group is in a position to initiate country re-entry and to recommence operations as soon as it is permitted to do so.

- **Exploration:**

The final exploration period of the PSC legally expired in August 2012, nine months after the declaration of Force Majeure. The Company believes it is well positioned to progress a significant exploration work programme and will make its case for the reinstatement of this lost time period to undertake such a programme at the time of re-entry. The Group has ensured that it remains compliant with all applicable sanctions in relation to Syria and intends to return to production and exploration activities as soon as permitted and conditions allow.

Reserves and Resources – 2019 Competent Persons Report

Gulfsands continues to believe that the Block 26 development and exploration assets have the significant potential for increased reserves, resources and production when circumstances allow a return to Syria.

Over the last two years, the Gulfsands team have undertaken significant internal work to prepare for its return to Syria when circumstances allow and in recent months, Oilfield Production Consultants ("OPC") have been commissioned to review, audit and validate this work, and prepare a Competent Persons Report ("CPR") for the Board. This exercise included a comprehensive review of Gulfsands Petroleum's Block 26 oil and gas exploration and production interests (Contingent Resources and Prospective Resources) in accordance with the definitions and guidelines set forth in the 2018 Petroleum Resources Management System ("PRMS") approved by the Society of Petroleum Engineers ("SPE").

OPC's CPR was prepared in accordance with the regulations and guidelines of the AIM Rules for Companies and European Securities and Markets Authority ("ESMA") for the European markets.

Given the Force Majeure status of the Block 26 assets, none of the oil and gas volumes are categorised as Reserves under the PRMS definitions, but instead are categorised as Contingent Resources (for existing discoveries) and Prospective Resources (for identified Prospects and Leads).

Details of the Contingent Resources and Prospective Resources, arising from the CPR are as follows:

Contingent Resources:

The following table is a summary of OPC's estimate of the oil and gas Contingent Resources attributable to Block 26 as of 1st January 2019. The figures are based on Gulfsands net 50% working interest ownership:

	1C	2C	3C
Total Oil (MMstb)	52.1	80.9	112.4
Total Gas (Bscf)	19.5	36.4	55.1
Total Contingent Resources (MMboe)	55.3	86.9	121.6

Prospective Resources (Unrisked):

The following table is a summary of OPC's estimate of the oil and gas Prospective Resources (Unrisked) attributable to Block 26 as of 1st January 2019. The figures are based on Gulfsands net 50% working interest ownership:

	Low	Mid	High
Total Oil (MMstb)	154	320	542
Total Gas (Bscf)	878	1,356	1,947
Total Resources (MMboe)	300	546	867

Prospective Resources (Risky):

The following table is a summary of OPC's estimate of the oil and gas Prospective Resources (Risky) attributable to Block 26 as of 1st January 2019. The figures are based on Gulfsands net 50% working interest ownership:

	Risky HCIP (MMboe)	Risky Prospective Resources (MMboe)
Total	419	134

Economic Evaluation

OPC also undertook an economic evaluation of the Block 26 project, though of course, this evaluation did not take into account any of the above-ground risks associated with the assets, which are explained more fully in Part II – Risk Factors.

Any valuation is sensitive to input assumptions including discount rates used, preservation of current PSC terms, oil price assumptions, timing of resumption of operations, and anticipated capex and opex costs including cost inflation. The OPC Economic Evaluation considered these factors, including related sensitivities.

This sensitivity analysis indicated a central range of Expected Monetary Value (“EMV”) of the Block 26 assets, including both Contingent and Prospective Resources, of US\$1 billion - US\$1.5 billion (net share to Gulfsands).

When considering whether or not to participate in the Placing, Shareholders and Applicants should review in detail the Risk Factors section of this letter as well as those disclosed in the 2018 Annual Report and Accounts.

Shareholders should not consider any economic evaluation numbers as an indication of the current value of the Block 26 asset. Due to the unknown duration of EU Sanctions in force against Syria and uncertainty over the eventual outcome of events in the country, any valuation attributed to the investment is highly subjective and there are a wide range of possible fair value measurements all of which are subject to material change and uncertainty.

COLOMBIA: LLANOS – 50

Gulfsands is the operator and holds a 100% working interest of the Llanos-50 Block in Colombia (LLA-50). The LLA-50 Block was awarded as part of the Ronda 2012 national licensing round. The Block covers approximately 514 km² and, as explained further in the 2018 Annual Report, there remains an outstanding work commitment on the LLA-50 Block of one well and 108 km of 2D seismic with an estimated cost of US\$15.2 million.

In 2017/2018 Medidas de Manejo Ambiental (“MMA”) and Environmental Impact Assessment (“EIA”) environmental work was performed and identified relevant environmental issues and restrictions which impact the ability to execute the seismic and drilling programme on the block. The Llanos-50 licence was due to expire in May 2018 but, in order to provide enough time to explore alternative ways forward for the LLA-50 licence that satisfy all stakeholders, it was agreed with ANH that the licence should be put into suspension prior to expiry.

These environmental issues were recently confirmed by Corporinoquia, the local environmental agency, who declared the planned seismic programme to be non-viable. The Company has now submitted a formal request to relinquish the licence to the ANH and is in dialogue with the ANH regarding the mutual termination of the LLA-50 licence. There is no certainty that this issue will be resolved in a satisfactory fashion.

OTHER EXPIRED ASSETS

Gulfsands has no other active projects following the expiry of its Moulay Bouchta Petroleum Agreement in Morocco and Chorbane licence on Tunisia, both in 2017. Both these contracts were held in dedicated subsidiaries and the administrative process to close these subsidiaries is ongoing. No parent company guarantees exist in respect of either the contracts or those subsidiaries although all material liabilities have been accrued and/or disclosed in the 2018 Annual Report.

4. Use of proceeds

The proceeds from the Placing and the Additional Facility Tranches will be around £4.1 million. These proceeds will fund the Company's ongoing working capital requirements and based on current expectations are expected to fund the Company through to the end of 2021.

5. Details of the General Placing via Asset Match

As explained in paragraph 2(c), the General Placing Shares will be made available for subscription by Minority Shareholders and other prospective shareholders ("**Applicants**") at the Issue Price to raise approximately £345,000 in aggregate. Applicants will be able to offer to subscribe for General Placing Shares via the Asset Match Platform and the procedure for an Applicant to subscribe for Ordinary Shares as part of the General Placing is as follows:

- Application Forms together with copies of all documents related to the Proposals will be made available from 12 November 2019 on the website of Asset Match: www.assetmatch.com;
- Applicants will be able to download, sign and return Application Forms to Asset Match indicating their offer to participate in the General Placing, subject to the minimum participation condition set out below;
- Applicants will be able to return Application Forms to gulfsands@assetmatch.com up until 4pm on 5 December 2019;
- Asset Match will provide an order book for the Board to review along with Application Forms received;
- The Board will determine, at its sole discretion, the allocation of General Placing Shares to Applicants;
- Conditional upon passing of the Resolutions and Asset Match giving notice to the successful Applicant(s) by email, the Application Forms will become irrevocable and binding on the Applicants;
- Payment of the subscription funds must be received from each successful Applicant, by the Company, by close of business on 13 December 2019; and
- the Placing Shares will then be allotted on 16 December 2019 and the dispatch of definitive share certificates or CREST entries to the successful Applicants will occur during week commencing 16 December 2019.

If you have any queries on the proposed process, please call Asset Match on +44 (0)20 7248 2788 or by email to gulfsands@assetmatch.com.

A minimum subscription of 100,000 Ordinary Shares (being a minimum subscription price of £5,000) is required from an Applicant in order to be eligible to participate in the General Placing.

Allocations, including any pro-rating that may be applied, will be at the sole discretion of the Board of Directors and will be determined after all Application Forms with an offer to subscribe in the General Placing have been received. Applicants may not be able to participate to the fullest extent desired.

6. Taxation

Shareholders and Applicants are strongly advised to consult their professional advisers about their own personal tax position arising in connection with the Placing.

7. **Expected Timetable of Events**

The timetable of the events relating to the Proposals is set out on page 5 of this document. Details regarding the time, date and location of the General Meeting in particular are set out in paragraph 8 of this Part I.

8. **General Meeting**

The General Meeting will be held at 11:00 a.m. (London time) on 28 November 2019 at the offices of Pinsent Masons LLP at 30 Crown Place, Earl Street, London EC2A 4ES at which the Resolutions will be proposed. Please note that the summary and explanation set out below is not the full text of the Resolutions and Shareholders should review the full text of the Resolutions before voting.

Note that the Resolutions will provide authorities to the Directors which replace existing authorities that were provided at the 2019 Annual General Meeting.

A summary of the Resolutions which will be proposed at the General Meeting, is as follows:

Resolution 1 is proposed as an ordinary resolution, to authorise the Directors to allot the New Ordinary Shares pursuant to the Proposals and, to be passed, more than half of the votes cast must be in favour of the resolution; and

Resolution 2 is proposed as a special resolution to authorise the Directors, under section 570(1) of the Companies Act, to allot the New Ordinary Shares pursuant to the Proposals on a non-pre-emptive basis and, to be passed, at least three quarters of the votes cast must be in favour of the resolution.

9. **Irrevocable Undertakings for the General Meeting**

The Company has received irrevocable undertakings from the Major Shareholders to vote, or procure a vote, in favour of the Resolutions in respect of all Ordinary Shares held by each of them (or in which they are currently interested) on the date of the General Meeting. They have further committed that they will not sell any Ordinary Shares between the date of this document and the date of the General Meeting. As at 6 November 2019 (being the last practicable date before publication of this document) the Major Shareholders collectively held 430,526,873 Ordinary shares in aggregate, representing approximately 82.8 per cent of the issued share capital of the Company.

In addition, Waterford and Blake Holdings Limited have signed irrevocable commitments to participate in the Placing described in paragraph 2(c) above and ME Investments has signed an irrevocable agreement to purchase any General Placing Shares which have not been allocated to other Applicants.

The Major Shareholders have also made irrevocable commitments to execute the Facility Amendment following approval of the Resolutions at the General Meeting.

10. **Action to be taken regarding the General Meeting**

The Company no longer provides Shareholders with hard copy proxy voting forms. Therefore, you will find enclosed with this document a Shareholder Letter advising on how to vote electronically for the General Meeting or any adjournment of the General Meeting. Instructions can also be found in note 2 of the notes to the Notice of General Meeting set out on page 27. Whether or not you propose to attend the General Meeting in person, you are requested to complete a voting instruction as soon as possible but, in any event, to be received no later than 11:00 a.m. on 26 November 2019. Submission of a voting instruction will not preclude you from attending and voting at the General Meeting in person if you so wish.

Unless your voting instruction is received by the relevant date and time specified above, it will be invalid

11. **Overseas Shareholders**

The distribution of this document, the Shareholder Letter to persons who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, or which are corporations, partnerships or other entities created or organised under the laws of countries other than the UK or to persons who are nominees of or

custodians, trustees or guardians for citizens, residents in or nationals of, countries other than the UK may be affected by the laws or regulatory requirements of the relevant jurisdictions.

Accordingly, any persons into whose possession this document comes should inform themselves about and observe any applicable restrictions or requirements. No action has been taken by the Company that would permit possession or distribution of this document in any jurisdiction where action for that purpose is required. Any failure to comply with such restrictions or requirements may constitute a violation of the securities laws of any such jurisdiction.

12. Recommendation

The Directors believe that the passing of the Resolutions, and the Proposals that they facilitate, is in the best interests of the Company and Shareholders. Accordingly the Directors unanimously recommend Shareholders to vote in favour of the Resolutions.

The Proposals are conditional, inter alia, upon the passing of the Resolutions at the General Meeting. Shareholders should be aware that if the Resolutions are not approved at the General Meeting, the Proposals may not proceed as set out in this Circular and accordingly the Company will not receive the full amount of the desired proceeds.

Yours faithfully

Joe Darby
Senior Independent Non-Executive Director

PART II

RISK FACTORS

Shareholders should be aware that an investment in the Company is highly speculative and involves a high degree of risk. Before making any investment decision, prospective investors should carefully consider all the information contained in this document including, in particular, the risk factors described below, which are not presented in any order of priority and may not be exhaustive.

It should be noted that the factors listed below are not exhaustive and do not necessarily comprise all of the risks to which the Group is or may be exposed or all those associated with an investment in the Company. In particular, the Company's performance is likely to be affected by changes in market and/or economic conditions, political, judicial, and administrative factors and in legal, accounting, regulatory and tax requirements in the areas in which it operates and holds its major assets. There may be additional risks and uncertainties which may also have an adverse effect upon the Group.

If any of the risks referred to in this Part II crystallise, the Group's business, financial condition, results or future operations could be materially adversely affected. In such case, the price of Ordinary Shares could decline and investors may lose all or part of their investment.

An investment in the Company may not be suitable for all recipients of this document.

Applicants are advised to consult an independent financial adviser duly authorised under FSMA who specialises in advising on the acquisition of shares and other securities before making a decision to invest.

Specific Risks Relating to the Group's operations in Syria

The Group's core assets are in Syria and are currently under Force Majeure. Given the political situation in Syria, these assets are subject to significant risks. The Board considers that the principal risks and uncertainties facing the business at this time include the following:

EU Sanctions

There is no indication that the EU Sanctions will be lifted in the immediate future which would allow a lifting of Force Majeure such that Gulfsands can return to operations. Such a lifting would also be required to assist with the provision of an offtake market for oil and gas produced from Block 26.

Gulfsands cannot return to operations until EU Sanctions are lifted and any delay to lifting of EU Sanctions may have a significant impact on the value of the Company's assets and in particular on its Contingent Resources.

Sanctity of the Block 26 contract

The Directors are of the opinion that the Block 26 Petroleum Sharing Contract and related Production Licences, remain valid and in full force, despite having declared Force Majeure. The Company also assumes that it will receive an extension of the licence period to take account of the period of Force Majeure. However, it is not possible at this stage to predict how the Syrian authorities will interpret the contractual position relating to the Company's interests, if and when EU Sanctions are lifted, and activity resumes. Any variation of PSC terms, could have a significant impact on the valuation of the Company's assets.

Legal Framework and Uncertainty

In the event of a dispute arising in connection with its foreign operations, including Syria, Gulfsands may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of the courts in its home or preferred jurisdiction. Furthermore, Gulfsands may have difficulty or may be unable to enforce awards or judgments obtained in relevant courts or tribunals against foreign entities.

In addition, there may exist uncertainty in terms of lack of judicial independence; inconsistencies among laws, decrees and regulations issued by the Government and its ministries as well as inconsistencies among regional and local laws and regulations and limited judicial guidance on interpreting these

Government Regulations and Permits

The Group's intended activities will be dependent upon the Production Sharing Contracts and other appropriate licences, concessions, leases, permits and regulatory consents which could subsequently be withdrawn, varied or made subject to limitations or further conditions. There can be no guarantee as to the terms of any such

concessions or assurance that current concessions or future concessions will be renewed or, if so, on what terms when they come up for renewal.

This will include the necessary approvals for the implementation of any Field Development Plan which will be required before the project can recommence.

Compliance: Bribery and corruption, EU sanctions

The Group's licence to operate depends on its continued compliance with a range of relevant regulations including those relating to sanctions and bribery and corruption. These regulations are complex, and interpretation of their implications requires the Group to seek advice which is sometimes not definitive.

The Group's failure to comply with such regulations could have a significant impact on its ability to operate as a result of reputational damage, legal liability and financial loss.

The Group is not currently operating its Block 26 Asset and does not control information flow or operations

Gulfsands has declared Force Majeure in respect of Block 26 due to the imposition of EU Sanctions in 2011. Since then Gulfsands has had no active involvement in the operations of the exploration or production of the assets. Gulfsands continues to receive certain periodic information from the Syrian Authorities, including GPC but receives this as an "observer only" and is not in a position to question, comment, verify or challenge the information. Gulfsands has no control over the assets or the performance of operations.

Security and Logistics

Security and logistical issues as the country emerges from conflict can create significant challenges to returning to operations. In particular, availability oil field equipment and services as well as access to infrastructure may be compromised and the Group may have difficulty sourcing the exploration and production equipment it requires in the timeframe envisaged by the Group's plans. In addition, capex and opex costs are uncertain and can only be fully evaluated when commercial quotes and contracts are acquired, once the situation in Syria fully recovers. The reduced availability of equipment and services and increased costs may adversely affect the Group's operations.

In addition, Gulfsands is committed to providing a secure and safe environment for all its employees and this will likely mean incurring additional costs.

Access to Financing

The Group currently has no revenue, with its sole producing asset being in Syria and subject to EU Sanctions. The Group is therefore dependent entirely upon external financing primarily from the Major Shareholders to fund its day to day operations as well as support any other activity.

The estimates of the Group are based on expected costs and made on certain assumptions. Should those expenditure requirements turn out to be higher than currently expected, the Group may need to seek additional funds which it may not be able to secure on reasonable commercial terms or at all.

Reliance on Key Staff

The Group has a small staff of experienced people and relies heavily on their knowledge and experience in developing and delivering the Group's strategic objectives. There is therefore a heightened risk of loss of management continuity and impairment of the business model.

Hydrocarbon resource and reserve estimates

As explained in paragraph 3 of Part I of this document, OPC have been commissioned to review, audit and validate the Company's hydrocarbon resources and reserves and prepare a CPR for the Board.

While this was a thorough analysis, as with all such reports, no assurance can be given that hydrocarbon resources and reserves reported by the Group in the future are present as estimated, will be recovered at the rates estimated or that they can be brought into profitable production.

Hydrocarbon resource and reserve estimates may require revisions in the future as there are uncertainties inherent in estimating the quantity of resources and reserves and in projecting future rates of production, including factors beyond the Group's control. Estimating the amount of hydrocarbon resources and reserves is an interpretive process and, in addition, results of drilling, testing and production subsequent to the date of an estimate may result in material revisions to original estimates. In particular, given the limited access to information, the lack of any site inspection and the general political, economic and security situation in Syria, the results of this CPR may be subject to further revision once the Company is able to re-enter the country and review the current state of the assets and related infrastructure

The hydrocarbon resources data contained in this document are estimates only and should not be construed as representing exact quantities. The nature of reserve quantification studies means that there can be no guarantee that estimates of quantities and quality of the resources disclosed will be available for extraction. Therefore, actual production, revenues, cash flows, royalties and development and operating expenditures may vary from these estimates. Such variances may be material. Any reserves estimates contained in this document are based on production data, prices, costs, ownership, geophysical, geological and engineering data, and other information assembled by the Group (which it may not necessarily have produced). The estimates may prove to be incorrect and potential investors should not place reliance on the forward looking statements contained in this document.

Hydrocarbon resources and reserves estimates are expressions of judgement based on knowledge, experience and industry practice. They are therefore imprecise and depend to some extent on interpretations, which may ultimately prove to be inaccurate. Accordingly, two different independent parties may not necessarily arrive at the same conclusions. The views of the Directors as set out in this document could ultimately prove to be incorrect. Estimates that were reasonable when made may change significantly when new information from additional analysis and drilling becomes available. This is especially relevant in the context of the Block 26 Asset.

This may result in alterations to development and production plans which may, in turn, adversely affect operations.

If the assumptions upon which the estimates of the Group's hydrocarbon resources have been based prove to be incorrect, the Group (or the operator of an asset in which the Group has an interest) may be unable to recover and produce the estimated levels or quality of hydrocarbons set out in this document and the Group's business, prospects, financial condition or results of operations could be materially and adversely affected.

Risks relating to the Proposals

Dilution of ownership of Ordinary Shares

Shareholders' proportionate ownership and voting interest in the Company may be reduced pursuant to the Proposals.

Gulfsands Ordinary Shares are Unlisted

In April 2018, following approval by shareholders at General Meeting, the Company delisted its Ordinary Shares from trading on AIM.

While the Ordinary Shares continue to trade via periodic auction on the Asset Match Platform, the liquidity of trading is significantly reduced from when it was listed. The Company is also not subject to AIM rules in terms of reporting requirements, nor the Market Abuse Regulation (“MAR”) and is generally subject to fewer regulatory restrictions than with a listed company. The Company is no longer required to have independent financial advisers or a Nominated Adviser.

Shareholder Concentration

As a result of financing constraints over the last few years, a large proportion of the Ordinary Shares, approximately 82.8%, in the Company are held by the Major Shareholders.

While access to sources of finance is an absolute priority, concentrated share ownership can enable those shareholders to exert influence on the Board and management which may reflect their interests to the detriment of the Minority Shareholders.

Volatility of share price

The trading price of the Ordinary Shares may be subject to fluctuations in response to a number of events and factors, such as variations in operating results, announcements of innovations or new services by the Group or its competitors, changes in financial estimates and recommendations by securities analysts, the share price performance of other companies that investors may deem comparable to the Group, news reports relating to trends in the Group's markets, large purchases or sales of Ordinary Shares, liquidity (or absence of liquidity) in the Ordinary Shares, currency fluctuations, legislative or regulatory changes and general economic conditions. These fluctuations may adversely affect the trading price of the Ordinary Shares, regardless of the Group's performance.

The following factors, in addition to other risks described in this document, may have a significant effect on the market price of the Ordinary Shares:

- variations in operating results;
- actual or anticipated changes in the estimates of operating results or changes in stock market analyst recommendations regarding the Ordinary Shares, other comparable companies or the industry generally;
- macro-economic and political conditions in the countries in which the Group may do business;
- foreign currency exchange fluctuations and the denominations in which the Group may conduct business and holds cash reserves;
- market conditions in the industry, the industries of customers and the economy as a whole;
- actual or expected changes in the Group's growth rates or competitors' growth rates;
- changes in the market valuation of similar companies;
- trading volume of the Ordinary Shares;
- sales of the Ordinary Shares by the Directors or other Shareholders; and
- adoption or modification of regulations, policies, procedures or programs applicable to the Group's business.

In addition, if the stock market in general experiences loss of investor confidence, the trading price of the Ordinary Shares could decline for reasons unrelated to the Group's business, financial condition or operating results. The trading price of the Ordinary Shares might also decline in reaction to events that affect other companies in the industry, even if such events do not directly affect the Group. Each of these factors, among others, could harm the value of the Ordinary Shares.

Valuation of shares

The Issue Price has been determined by the Company and may not relate to the Company's net asset value, net worth or any established criteria or value. There can be no guarantee that the Ordinary Shares will be able to achieve higher valuations or, if they do so, that such higher valuations can be maintained.

Suitability

A prospective investor should consider carefully whether an investment in the Company is suitable in the light of his or her personal circumstances and the financial resources available to him or her. An investment in the Company involves a high degree of risk and may not be suitable for all recipients of this document. Prospective investors are advised to consult a person authorised by the FCA (or, if outside the UK, another appropriate regulatory body) before making their decision.

PART III

ADDITIONAL INFORMATION

1. Responsibility statement

The Directors, whose names are set out below, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Directors of the Company are:

James Ede-Golightly	(Non-Executive Chairman)
John Bell	(Managing Director)
Andrew James Morris	(Finance Director)
Joseph Darby	(Senior Independent Non-Executive Director)
Michael Kroupeev	(Non-Executive Director)
Richard Milne	(Non-Executive Director)

2. Significant Interests in Ordinary Shares

As at 6 November 2019 (the latest practicable date prior to the publication of this document), the Company is aware of the following beneficial holdings of persons who were interested, directly or indirectly, in three per cent or more of the issued share capital of the Company:

<i>Shareholder</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of Ordinary Shares</i>
ME Investments Ltd	72,827,086	14.01
Richard Griffiths and controlled Interests	163,657,169	31.47
Waterford Finance & Investment Limited	194,042,618	37.32
Total	430,526,873	82.79

PART IV

GULFSANDS PETROLEUM PLC

(Incorporated and registered in England and Wales with registered number 05302880)

NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of Gulfsands Petroleum plc (the "Company") will be held at the offices of Pinsent Masons LLP at 30 Crown Place, Earl Street, London EC2A 4ES on 28 November 2019 at 11:00 a.m. to consider, and if thought fit, to pass the following resolutions:

ORDINARY RESOLUTION

1. Pursuant to the provisions of section 551 of the Companies Act 2006 (the "**Act**") the Directors be and they are hereby generally and unconditionally authorised to exercise all of the powers of the Company to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company, provided that:
 - 1.1. the authority shall be limited to the allotment of shares up to a nominal amount of £5,000,000; and
 - 1.2. this authority shall, unless previously renewed, varied or revoked by the Company in general meeting, expire five years after the date of the passing of this resolution.

This authority is in substitution for all previous authorities conferred on the Directors in accordance with section 551 of the Act.

SPECIAL RESOLUTION

2. Subject to the passing of resolution 1, the Directors be and they are hereby generally and unconditionally empowered pursuant to section 570 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred by resolution 1 as if section 561(1) of the Act did not apply to the allotment provided that this power:
 - 2.1. expires five years after the date of the passing of this resolution;
and is otherwise limited to:
 - 2.2. the allotment of equity securities where such securities have been offered (whether by way of a rights issue, open offer or otherwise) to holders of Ordinary Shares in the capital of the Company made in proportion (as nearly as may be practicable) to their existing respective holdings of Ordinary Shares but subject to the directors having a right to make such exclusions or other arrangements in connection with the offering as they deem necessary or expedient:-
 - (a) to deal with equity securities representing fractional entitlements; and
 - (b) to deal with legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange; and
 - 2.3. the allotment of equity securities up to an aggregate nominal amount of £200,000 in connection with the Conversion (as such term is defined in the circular to shareholders issued by the Company dated 11 November 2019, containing this Notice of General Meeting (the "**Circular**"));
 - 2.4. the allotment of equity securities up to an aggregate nominal amount of £220,000 in connection with the Placing (as such terms is defined in the Circular);
 - 2.5. the allotment of equity securities up to an aggregate nominal amount of £2,500,000 in connection with the Lenders' Conversion Option (as such term is defined in the Circular); and

2.6. otherwise than pursuant to paragraphs 2.2 to 2.5 above, the allotment of additional equity securities up to an aggregate nominal amount of £1,300,000.

This authority was in substitution for all previous authorities conferred on the Directors in accordance with section 570 of the Act.

BY ORDER OF THE BOARD

Ben Harber
Company Secretary
11 November 2019

Notes:

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the General Meeting. A proxy need not be a shareholder of the Company. A shareholder may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder.
2. You can vote either:
 - by logging on to www.signalshares.com and following the instructions. Please note that if not already registered for The Share Portal; you will need your Investor Code which can be found on your share certificate or is available from the registrar, Link Asset Services, on Tel: 0871 664 0300. Calls cost 12p per minute plus your phone company's access charge. If calling from outside the United Kingdom please call +44 371 664 0300, calls will be charged at the applicable international rate. Lines are open between 09:00 and 17:30, Monday to Friday excluding public holidays in England and Wales;
 - by requesting a hard copy form of proxy directly from the registrar, Link Asset Services, on Tel: 0871 664 0300. Calls cost 12p per minute plus your phone company's access charge. If calling from outside the United Kingdom please call +44 371 664 0300, calls will be charged at the applicable international rate. Lines are open between 09:00 and 17:30, Monday to Friday excluding public holidays in England and Wales; or
 - in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below.
3. In order for a proxy appointment to be valid a form of proxy must be completed. In each case the form of proxy must be received by Link Asset Services at 34 Beckenham Road, Beckenham, Kent BR3 4TU, by 11.00am on 26th November 2019.
4. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the General Meeting.
5. The completion and return of a form of proxy or the submission of a voting instruction via Signal Shares or CREST, will not preclude a member from attending in person at the General Meeting and voting should he wish to do so. If you attend the General Meeting in person, your proxy appointment will automatically be terminated.
6. The Company has specified that only those members entered on the register of members at close of business on 26th November 2019 shall be entitled to attend and vote at the General Meeting in respect of the number of ordinary shares of £0.01 each in the capital of the Company held in their name at that time. Changes to the register after close of business on 26th November 2019 shall be disregarded in determining the rights of any person to attend and vote at the General Meeting.
7. In the case of CREST members utilising the CREST electronic proxy appointment service in accordance with the procedures set out below, each proxy appointment must be received by the Company not less than 48 hours before the time of the General Meeting (excluding any day which is not a business day).
8. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting and any adjournment thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
9. In order for a proxy appointment, or instruction, made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("EUI") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA 10) by the latest time(s) for receipt of proxy appointments specified in the Notice of Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) of the Uncertificated Securities Regulations 2001. CREST members and where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy instructions. It is therefore the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.