

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you should consult immediately your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all your Shares, please send this document and the accompanying Form of Proxy immediately to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Gulfsands Petroleum PLC

(Incorporated and registered in England and Wales with registered number 5302880)

Share Buyback Authority and Notice of General Meeting

Notice of a General Meeting of the Company convened for 10.00 a.m. on Thursday 15th September 2011 to be held at the offices of Buchanan Communications, 3rd Floor, 107 Cheapside London EC2V 6DN is set out at the end of this document and you will find enclosed a Form of Proxy for use at the General Meeting. Whether or not you intend to be present at the General Meeting, you are requested to complete this form which should be returned so as to be received by the Company's registrars, Capita Registrars, Proxy Department by hand (during normal business hours) or by post at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible and in any event not less than 48 hours before the time fixed for the General Meeting. Completion and return of the Form of Proxy will not preclude Shareholders from attending and voting at the General Meeting should they so wish.

Copies of this document will be available free of charge for 12 months from the Company's website at www.gulfsands.com and during normal business hours on weekdays (excluding public holidays) from the date hereof until Thursday 15th September 2011 from the Company's registered office, One America Square, Crosswall, London EC3N 2SG.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Latest time and date for receipt of Forms of Proxy 10.00 a.m. 13th September 2011

General Meeting 10.00 a.m. 15th September 2011

If any of the details contained in the timetable above should change, the revised times and dates will be notified to Shareholders by means of an announcement through a Regulatory Information Service.

Definitions

The following definitions apply throughout this document unless the context requires otherwise:

“Act”	the Companies Act 2006, as amended;
“Directors” or “Board”	the directors of the Company whose names appear on page 4 of this document;
“Form of Proxy”	the form of proxy sent to Shareholders with this document for use at the General Meeting;
“General Meeting”	the general meeting of the Company, notice of which is set out at the end of this document;
“Gulfsands” or “Company”	Gulfsands Petroleum plc;
“Resolutions”	the special resolutions set out in the notice of meeting at the end of this document;
“Shareholders”	holders of Shares;
“Shares”	ordinary shares of 5.7142865p each in the capital of the Company.

Letter from the Chairman

Gulfsands Petroleum plc

(Incorporated and registered in England & Wales with registered no. 5302880)

Directors

Andrew West (*Non-Executive Chairman*)
Richard J Malcolm (*Chief Executive Officer*)
Mahdi Sajjad (*Director and President*)
Andrew Rose (*Director and Chief Financial Officer*)
Kenneth Judge (*Director of Corporate Development and Communications*)
David Cowan (*Non-Executive Director*)

Registered Office

One America Square
Crosswall
London EC3N 2SG

Dear Shareholder

Share buyback authority and General Meeting

Introduction

The Directors believe that to increase flexibility for the efficient management of its share capital the Company should have the ability to buy its own Shares with the authority of Shareholders. Under the Act, any Shares purchased can either be treated as cancelled or, in certain circumstances, held as treasury shares. AIM companies, with authorisation from Shareholders, may buy and hold their own shares as treasury shares instead of cancelling them immediately. Shares held as treasury shares can in the future be cancelled, re-sold or used to provide shares for employee share schemes.

The purpose of this document is to convene a general meeting at which resolutions will be proposed which will, if passed, authorise the Company to make market purchases of Shares and permit the Directors to sell any such Shares so purchased and held as treasury shares for cash without pre-emption rights applying.

Share buyback authority

The Board believes that the Company should be in a position to purchase its own Shares if it believes it would be appropriate to do so and market conditions are advantageous. The Directors will only make purchases if they believe that to do so would result in an increase in net assets per Share for the remaining Shareholders and was in the best interests of Shareholders generally. It is the Board's present intention that any Shares purchased will be held as treasury shares. Treasury shares are essentially shares which have been repurchased

by the Company and which it is allowed to hold pending either reselling them for cash, cancelling them or transferring them for the purposes of its employee share plans. The Directors believe that it is desirable for the Company to have this choice. Holding the repurchased Shares as treasury shares would give the Company the ability to resell or transfer them quickly and cost-effectively and would provide the Company with additional flexibility in the management of its capital base. No dividends will be paid on, and no voting rights will be exercised in relation to, treasury shares. Shares held as treasury shares will not automatically be cancelled and will not be taken in account in future calculations of earnings per share or net assets per share (unless they are subsequently resold or transferred out of the treasury).

Accordingly, the Board is proposing that the Company be authorised to make market purchases of Shares. The authority would permit a maximum of 10 per cent. of the Company's issued share capital to be purchased, representing 12,198,950 Shares. The minimum and maximum prices at which shares could be purchased would be 5.7142865p (the nominal value of the Shares) and 105 per cent. of the closing middle market quotation for a Share (respectively), as derived from the Stock Exchange Daily Official List for the five business days immediately preceding the date on which the Shares are purchased. The authority will expire at the conclusion of the Company's next annual general meeting unless renewed at that time.

Disapplication of pre-emption rights on a sale of treasury shares

As mentioned above, the Directors may wish to sell any Shares held as treasury shares for cash without pre-emption rights applying. The authorities taken at the Annual General Meeting did not give the Directors power to sell treasury shares without pre-emption rights applying. Accordingly, the Board is now proposing that the Directors be empowered to sell any Shares purchased and held as treasury shares without pre-emption rights applying to any such sale. The authority will expire at the conclusion of the Company's next Annual General Meeting unless renewed at that time.

General Meeting

Set out at the end of this document is a notice convening the General Meeting of the Company to be held at the offices of Buchanan Communications, 3rd Floor, 107 Cheapside London EC2V 6DN at 10.00 a.m. on Thursday 15th September, 2011 at which the Resolutions will be proposed to authorise the Company to make market purchases of Shares and permit the Directors to sell any Shares held as treasury shares without pre-emption rights applying.

Action to be taken

Shareholders will find enclosed a Form of Proxy for use at the General Meeting. Whether or not Shareholders propose to attend the meeting, they are requested to complete and return the Form of Proxy so as to be received by the Company's registrars, Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible and, in any event, so as to be received not later than 48 hours before the General Meeting. The completion and return of the Form of Proxy will not prevent Shareholders from attending and voting in person at the General Meeting should they so wish.

Conclusion

The Directors believe that it is in the best interests of the Company and its Shareholders generally that they should have the flexibility conferred by the authorities proposed in the Resolutions to purchase shares and to sell any shares so purchased and held as treasury shares without pre-emption rights applying to any such sale.

The timing and amount of any share purchases that may follow the granting of approval to the authorities to be sought at this meeting is not possible to predict as any share purchases will be influenced by prevailing market conditions and the potential impact of "Close Periods" proscribed by the "AIM Rules for Companies" of the London Stock Exchange plc.

The Directors therefore recommend that Shareholders vote in favour of the Resolutions, which the Directors intend to do in respect of their own holdings.

Yours sincerely

Andrew West
Chairman

Gulfsands Petroleum plc

(Incorporated and registered in England and Wales with registered number 5302880)

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 Buchanan Communications, 3rd Floor, 107 Cheapside London EC2V 6DN on Thursday 15th September 2011 at 10.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions which will be proposed as special resolutions:

1. That the Company be and is hereby generally and unconditionally authorised for the purposes of Section 701 of the Companies Act 2006, as amended (the “Act”) to make one or more market purchases (within the meaning of Section 693(4) of the Act) of ordinary shares of 5.7142865p each in the capital of the Company (“Ordinary Shares”) provided that:
 - (i) the maximum aggregate number of shares hereby authorised to be purchased is 12,198,950 Ordinary Shares (representing 10 per cent. of the Company's issued share capital as at 16th August 2011);
 - (ii) the minimum price which may be paid for such shares is 5.7142865p per share (exclusive of stamp duty and expenses);
 - (iii) the maximum price (exclusive of stamp duty and expenses) which may be paid for an Ordinary Share shall not be more than 105 per cent. of the closing middle market quotation for an Ordinary Share as derived from the AIM appendix to the Stock Exchange Daily Official List for the five business days immediately preceding the date on which the Ordinary Share is purchased;
 - (iv) unless previously renewed, varied or revoked, the authority hereby conferred shall expire at the conclusion of the Company's next Annual General Meeting; and
 - (v) the Company may make a contract or contracts to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of Ordinary Shares in pursuance of any such contract or contracts.

2. That the Directors be and they are hereby generally empowered pursuant to section 573 of the Act to allot equity securities (as defined by section 560 of the Act) for cash, by way of a sale of treasury shares (“Treasury Shares”), as if section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to the sale of Treasury Shares up to an aggregate nominal amount of £697,082.96 and the power hereby granted shall expire at the conclusion of the next Annual General Meeting of the Company save that the Company may before such expiry make an offer or agreement which would or might require Treasury Shares to be allotted after such expiry but otherwise in accordance with the foregoing provisions of this power in which case the Directors may allot the Treasury Shares in pursuance of such offer or agreement as if the power conferred hereby had not expired.

By order of the Board

J.M. Bottomley

Secretary

Registered office

One America Square

Crosswall

London EC3N 2SG

24th August 2011

1. A member entitled to attend and vote at the meeting is also entitled to appoint a proxy to exercise his rights to attend, speak and vote at the meeting instead of him/her. The proxy need not be a member of the Company. More than one proxy may be appointed to exercise the rights attaching to different shares held by the member, but a member may not appoint more than one proxy to exercise rights attached to any one share. A form of proxy is enclosed with this notice for use at the meeting.
2. A form of proxy is enclosed. To be valid a form of proxy, together with a power of attorney or other authority, if any, under which it is executed or a notarially certified copy thereof, must be deposited at the offices of the Company’s registrars, Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not less than 48 hours before the time for holding the meeting or adjourned meeting.
3. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of any other joint holders. For these purposes, seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.
4. In the case of a corporation, the form of proxy must be executed under its common seal or signed on its behalf by a duly authorised attorney or duly authorised officer of the corporation.
5. Pursuant to Regulation 41 of The Uncertificated Securities Regulations 2001, members will be entitled to attend and vote at the meeting if they are registered on the Company's register of members at 6 p.m. on 13th September 2011 or at 6 p.m. on the second day immediately preceding the day of the adjourned meeting (excluding weekends and bank holidays).
6. Completion and return of the form of proxy will not preclude members from attending or voting in person at the meeting if they so wish.