Unauthorised Production from Block 26

Gulfsands assets in Syria (Block 26) remain under force majeure. However, the fields continue to be unlawfully produced at a rate of around 14,000 BOE per day. Since the beginning of 2017, when this increased unlawful production was first reported, the amount of 'lost' hydrocarbons and their potential value are as follows:

BARRELS LOST	POTENTIAL VALUE LOST
Barrels of oil equivalent (BOE) misappropriated from the Syrian people since January 2017	Potential value of hydrocarbons misappropriated from the Syrian people since January 2017
55,000,000	US$ 3,850,000,000*
	*using an oil price of $70 per BOE

Gulfsands Calls for the Restoration of Syria's Energy Sector as Oil Theft from Block 26 Surpasses 55 Million Barrels

Gulfsands, the UK-based energy company with a long history of operations in Syria, today renews its call for a centralised Syrian national energy strategy. We believe that this is key to the rebuilding of Syria, enabling the country's indigenous natural energy resources to fuel reconstruction, generate significant export revenue, and stimulate economic activity, including employment and training, for local communities.

Our call comes as fresh data reveals the scale of the ongoing misappropriation of resources from the Syrian people. Over **55 million barrels** of oil and gas equivalent, valued at **US$3,850,000,000**, have now been unlawfully extracted from Block 26 alone in North-East Syria since 2017. These illicit operations are linked to the Autonomous Administration of North and East Syria (**AANES**), the People's Defense Units (**YPG**), and the Syrian Democratic Forces (**SDF**), and continue today.

Misappropriated resources are funnelled through black market channels at well below market prices, benefitting illicit actors, while depriving the Syrian people of their share in the country's natural wealth. The environmental and public health toll is also severe, with unregulated and unsophisticated extraction techniques contaminating land and water, causing widespread respiratory illnesses, skin conditions, and cancers.

A far better alternative is eminently possible. We estimate that with proper investment, oversight, and technical capability, production across the whole of Syria could increase from its current rate of 80,000 barrels of oil equivalent per day to as much as 4-500,000 barrels of oil equivalent per day. Managed legally, safely and transparently, the industry could generate US$ billions of value annually. Either embracing this production for domestic use or

monetising through exports (or a combination of the two), this is material enough to address the country's energy needs, generate significant economic activity, provide training and employment for local communities, and drive long-term stability.

Gulfsands believes that the best way forward for a united and prosperous Syria is to consolidate the energy industry under the central control of the Syrian Government with fair and appropriate revenue sharing arrangements between the various regions of the country. Under such an arrangement, and with increased production, all regions, including the North-East, will see increased benefit from the country's energy resources. This was agreed in principle in the ***8-Point Framework*** established between the new Syrian Government and the SDF announced in March this year. Yet progress in formalising and implementing this Framework has stalled, and it is the Syrian people who are suffering from this delay.

Gulfsands stands ready to return and invest extensively in its operations as soon as the 8-Point Framework is implemented and it is safe and secure to do so. We believe this will help stimulate the broader return of international energy companies, as well as vital foreign direct investment, to Syria.

Gulfsands' Managing Director, John Bell said "*For too long, Syria's sovereign natural resources have been misappropriated. Rebuilding a centrally managed and transparent energy industry is critical to building confidence for foreign investment to return. All regions, including the North-East, will benefit from such an arrangement. This is vital to giving the Syrian people the means to rebuild, recover, and help create a stable, secure and sustainable future.*"