

Seafox International Limited
c/o Codan Trust Company (B.V.I) Ltd
Commerce House
Wickhams Cay 1
PO box 3140, Road Town
Tortola
VG1110
British Virgin Islands

Tim Summers, Chairman
Gulf Marine Services plc (“GMS” or the “Company”)
107 Hammersmith Road
London W14 0QH
United Kingdom

22 September 2020

Dear Tim,

I refer to your letter dated 21 September 2020, which was sent in response to our letter to you dated 18 September 2020. I attach both letters to this reply since, in light of your public statement yesterday, I intend to announce the contents of this correspondence so that shareholders can see first-hand our exchange.

Thank you for confirming that GMS had no committed capital from shareholders at the time that it signed its binding agreement with the lending banks in June this year. This is entirely consistent with the point we are trying to make.

GMS has spent over US\$15 million for what is effectively a 6-month extension from its lending banks. At the end of this 6 month period (assuming no equity can be raised) in our view most of the Company’s EBITDA (less capex and taxes) will be required to service interest costs without allowing any significant deleveraging. PIK interest applies across the entire loan with no separate senior and PIK tranche. Additionally warrants will be issued further diluting shareholders. Surely such a ruinous agreement (which relies so heavily on shareholder support) should have been coupled with commitments from shareholders. You state that 39% of the Company’s shareholder base was supportive of the equity raise. Where are the binding commitments from such shareholders now? Indeed a number of those who said they were supportive are no longer shareholders.

As you know, the possible debt terms set out in your announcement of 31 March 2020 were non-binding. We find it hard to understand why you chose to proceed with such terms and to enter into binding agreements without attempting to enter into constructive dialogue with us and/or to obtain binding commitments from other shareholders to support the equity raise. This was despite the fact that by the time that the bank deal was announced on 10 June 2020 we held over 29% of the Company’s issued share capital and had publicly declared our opposition to the proposed terms.

You state in your letter that the individuals we have now proposed to strengthen the Company's board of directors (the "Board") are not known to you or to other Board members and that you are unable to assess their suitability. Frankly, we are not surprised. All that admission does is demonstrate to us a lack of knowledge of the region, the industry in which GMS operates and individuals operating in it.

You also state that the Board (absent the Seafox appointees) has now resolved to halt the capital increase on the basis that the constitution of the Board as we now propose would make such a capital raise impossible. Again, where are the commitments to support the capital raise promoted by the current Board?

The Board (absent the Seafox nominees) started down this path by signing the bank deal over three months ago. Even now with the year-end looming seemingly no progress has been made to achieve the capital raise that is essential to avoid effectively wiping out the equity value. Then, over the course of one weekend you suddenly take the view that the equity raise is now impossible!

We are separately sending a requisition to remove the board members detailed in our letter to you of 18 September 2020 and to appoint each of Rashad Saif Al Jarwan, Mansour Al Alami and Saeed Mer Abdulla Khoory as directors of the Company.

We reserve all our rights (on behalf of ourselves and the Company) against all of the directors of the Company.

Given that a relatively limited number of shareholders hold a significant majority of the Company's issued share capital and in order to save time, effort and expense we are kindly asking them to publicly state their opinion and/or advise the Company accordingly. In the event that the Company receives letters from shareholders holding over 50% of the Company's issued share capital within the next week stating that they are opposed to the requisitioned resolutions, we agree that we will rescind our requisition notice.

Yours sincerely



Hassan Heikal

Chairman

APPENDIX 1 – SEAFOX LETTER TO GMS DATED 18 SEPTEMBER 2020

Seafox International Limited
c/o Codan Trust Company (B.V.I) Ltd
Commerce House
Wickhams Cay 1
PO box 3140, Road Town
Tortola
VG1110
British Virgin Islands

Tim Summers
Chairman
Gulf Marine Services plc (“GMS” or the “Company”)
Mussafah Base
P.O.Box 46046
Abu Dhabi, UAE
18th September 2020

STRICTLY PRIVATE AND CONFIDENTIAL

Dear Tim,

As we are fast approaching the end of the year cliff, a potential capital increase, an epidemic and an equity market backdrop that is volatile and challenging to offshore oil services companies, we believe that there has to be a number of changes to the current GMS Board.

The current Board committed the company to a US \$75 million capital increase¹, without (i) having a shareholder approval; (ii) not receiving as far as we understand, from public announcements, underwriting commitments for such amount; and (iii) Seafox, a 29.99% shareholder on the day the bank deal was announced June 10th, having already stated that it won't support any capital increase².

The repercussions of not raising the capital would be for the debt structure to incur an additional 5% interest on a PIK basis³ as opposed to splitting the debt into a senior (lower risk and lower interest) and a PIK tranche that carries a higher interest rate. By agreeing to those punitive terms, in case of failure to raise the amount, most of the EBITDA, minus Capex and Taxes, will go to serve the debt continuously without any significant deleveraging. Additionally, up to 20% warrants⁴ will be issued to banks. All of this with the Company and the Board taking for a very short period of time (6 months), an equity market exposure as well as performance and oil price exposure. Our other issues with the current Board were made public and we don't want to be repetitive (e.g. reinstatement of two board members after being voted down at the General Meeting⁵). Even if the sign off on the interim accounts was the pretext for their

¹ GMS RNS 5060P 10th June 2020

² Seafox RNS 7876L 4th May 2020

³ GMS RNS 5060P 10th June 2020

⁴ GMS RNS 5060P 10th June 2020

⁵ GMS RNS 5634R 30th June 2020

reappointment, the relevant Board members should have resigned after the publication of the results.

Another challenge is the fact that the Board voted down unanimously a potential offer at 10p. In the event that the clearing price of the capital increase (multiple of market capitalisation) is significantly lower than 10p, it will be odd to defend the issuance of such number of shares at a valuation that is significantly lower than the declined offer only a number of weeks ago. Non-participating shareholders in the capital increase may find this act to be inconsistent with prior actions.

It is our belief that the Company needs to bring on board Gulf and regional expertise that also have adequate access to the major national oil companies in the region as well as two commercial banks. It is astonishing that the GMS Board does not have any representatives from the Gulf region⁶, given the vast majority of its business was, is and will continue to be in the region for the foreseeable future.

Accordingly, we would like the Board to approve the following:

- 1) Appointment of Rashad Al Jarwan
- 2) Appointment of Mansour Al Alami
- 3) Appointment of Saeed Mer Abdulla Khoory
- 4) The removal of Mike Turner, David Blewden, Mo Bississo and Dr Shona Grant.

The 3 additional suggested Board members if appointed bring on board significant knowledge in the Oil & Gas industry, with good client access and a solid reputation. In our opinion this will help in any upcoming effort to remedy the weak balance sheet.

See Appendix A for Biographies of the 3 suggested Board members. Please note that the 3 suggested Board members are not affiliated in anyway with Seafox and have come to our attention through a search of individuals with relevant experience and background. We also believe that they will be able to satisfy the DTR requirements in relation to audit committee constitution.

We hope that the relevant Board members take the honourable decision to step down and appoint the suggested 3 Board members instead of facing a General Meeting vote. In case the Board does not agree to our request by no later than 23rd September 2020, we intend to formally requisition a General Meeting, to appoint the 3 members and to remove Mike Turner, David Blewden, Mo Bississo and Dr Shona Grant.

Yours faithfully



Chairman

Seafox International Limited

⁶ <https://www.gmsuae.com/Leadership.aspx>

APPENDIX A – PROPOSED BOARD MEMBER BIOGRAPHIES

Rashid Saif Al Jarwan

A UAE national with extensive experience in the Oil & Gas sector, with a degree in BSC Petroleum & Natural Gas Engineering, from Pennsylvania State University.

The roles held by Mr Al Jarwan include ADNOC and group of companies, from 1977 to 2006, with 28 years in various Technical and General Management roles, as well as Board Memberships within Adma-Opco, Zadco and Adco. The last position held was as GM of ADGAS for 8 years.

Mr Al Jarwan has served for 15 years with Danagas, from 2006 to present, as GM, Executive Director, and now Vice Chairman of the board. Other current Board director positions include Emirates General Petroleum Company (EMARAT), Dubai International Financial Centre (DIFC), Oman Insurance Co, MASHREQ Bank, and Al Ghurair Investment Co.

Mr Al Jarwan has also held various roles as Head of, or Member of the Board Steering Committee, Audit, Risk and Compliance Committees, HR Compensation and Remuneration Committee in the above companies.

Mansour Al Alami

Mr Al Alami has a BSc degree in Chemical Engineering from Newcastle University.

Mr Alami has 40 years of extensive experience directly in the oil & gas sector, service industry, transportation, financial and investment in the MENA region. This includes 15 years with the (now) ADNOC Group where he held key roles in the areas of drilling, production, planning and budgeting for the upstream onshore and offshore operations. Until recently, Mr Al Alami was the Managing Director and CEO of one of the major local oil field service companies which was recognised as Best Oilfield Service Provider in the region.

Mr Al Alami was nominated by major banks / lenders and was appointed as INED to the Board of Al Jaber Group (2018/2019) and currently sits on the board of a number of companies (CARD, IBFM, MSFT, AQRM) listed in the Amman Stock Market where he actively participated / participates in Restructuring, Audit, Risk, Compliance, Governance and Remuneration committees. He is also currently a Beachhead Advisor for New Zealand Trade and Enterprise.

Saeed Mer Abdulla Khoory

Mr Khoory has a BSc degree in Petroleum Engineering from Tulsa University, USA.

Mr Khoory has 28 years of E&P experience within ADNOC group of companies and served as a member of the board of directors in two of ADNOC Service companies (ADCAP and NPCC). As AGM in both ZADCO and ADCO, Mr Khoory was directly involved in driving and managing both companies growth by enhancing existing full field development, increasing production capacity and initiating the necessary facilities enhancement / expansion projects to manage the production growth.

Mr Khoory also served previously served as CEO of ENOC Group (Emirates National Oil Company) as well as serving as Chairman on a number of boards and committees across the ENOC joint ventures and subsidiaries. Mr Khoory chaired the Executive Management Committee and was also a member of a number of JV Audit Committees – ENOC Projects and Eppco International – together with ENOC’s representative partners (Chevron). Mr Khoory also served on the Dubai Supreme Council of Energy, representing ENOC, at this important strategic government forum.

APPENDIX 2 – GMS LETTER TO SEAFOX DATED 21 SEPTEMBER 2020



Seafox International Limited (“**Seafox**”)
c/o Codan Trust Company (B.V.I) Ltd
Commerce House
Wickhams Cay 1
PO box 3140, Road Town
Tortola VG110
British Virgin Islands

21 September 2020

Dear Hassan

I confirm receipt of your letter of 18 September 2020. The letter has been carefully considered by the members of the Board of GMS other than yourself and Hesham Halbouny (for purposes of this letter, the “Board”).

It will not surprise you that the Board disagrees with most, if not all, of the assertions in your letter.

Contrary to your statement, there is no commitment on the Company to issue new capital. On 10 June 2020, we re-confirmed our intention to seek shareholder approval to undertake a share capital increase before the end of 2020 with the aim of raising net proceeds of at least US\$75 million. This remains our intention, but it is not, and never could be, a commitment. As our announcement made clear, and as you know from discussions in which you participated with the other members of the Board, it is our expectation that this capital raise would require shareholder approval.

This intention to raise at least \$75m by way of an equity issue was in fact first announced on 31 March 2020 (at a time when Seafox’s shareholding in GMS was 13.73%). Your purchase of an additional 16.26% since that date, at prices of up to 22 pence per share, was done in the full knowledge that this equity issue was not only the Board’s intention, but also that in the absence of such a capital raise, GMS’s lending banks would require the issuance of preferential securities, and/or the incurrence of PIK interest. This was clearly set out in our announcement of 31 March 2020.

You state that the equity raise is not underwritten. As a former banker, you will be well aware that it would be neither appropriate nor necessary for such an equity raise to be underwritten before the preparatory steps, including the drafting of a prospectus, have been completed.

You refer to your offer of 10 pence per share. You will recall that the Company received confirmations from over 52% of GMS’s shareholders that they had no intention of accepting an offer at that price. These confirmations were given in the full knowledge of the proposed capital raise. Indeed, over 39% of GMS’s shareholders explicitly and publically confirmed they were fully supportive of the terms of the proposed A&E transaction and the Company’s intention to raise equity to strengthen its balance sheet.

Again, as you know, the terms of the A&E transaction enabled the Company to renew its \$391 million term loan facilities, extend their maturity to June 2025, enhanced its liquidity through a new \$50 million working capital facility, and increased financial covenant headroom. In the absence of these significant benefits to the Company, the Board believes that the Company was at serious risk of being put into administration.

As you say, there is limited value in being repetitive, so rather than debate past history, we should focus on how best to take the business forward in the interests of all shareholders. The A&E transaction is

now concluded and the Board believes that complying with the Company's obligations thereunder is in the clear interest of all GMS stakeholders. The Company also has a contractual obligation to do so.

As noted in the Company's public announcement today in response to your letter (the "RNS"), the Board believes it is not the best interests of the Company's shareholders for any of the current directors to resign.

You have proposed the appointment of three new directors. None of them are known to the Board and we are not currently in a position to assess their suitability to be directors of a UK listed company or the value that they might bring to GMS.

We have, however, received confirmation from the Company's brokers that were the GMS Board to be constituted as you have proposed, it would not be possible for GMS to attract significant new equity capital from either the Company's existing institutional shareholders or from new investors. Accordingly, the disruption from your actions means that the Board has no option but to put the plans for the equity capital raise on hold for the time being.

The Board recommends that you reconsider your proposed actions, which will give rise to a costly and value destructive exercise and significantly harm the interests of the Company's other shareholders.

As a result of the Company's obligations under the Market Abuse Regulations, it is making a public announcement of these matters.

Yours sincerely



Tim Summers
Chairman
Gulf Marine Services Plc

**APPENDIX 3 – SEAFOX REQUISITION NOTICE TO GMS DATED 22
SEPTEMBER 2022**

Seafox International Limited
c/o Codan Trust Company (B.V.I) Ltd
Commerce House
Wickhams Cay 1
PO box 3140, Road Town
Tortola
VG1110
British Virgin Islands

The Board of Directors and Company Secretary
FAO Tim Summers, Chairman
Gulf Marine Services plc ("GMS" or the "Company")
107 Hammersmith Road
London W14 0QH
United Kingdom

22 September 2020

Dear Sirs, Madam,

We refer to our previous letter to you dated 18 September 2020 and your letter to us dated 21 September 2020.

This letter hereby constitutes our request to you pursuant to section 303 of the Companies Act 2006 (the "Act") to call a general meeting of the Company. This letter also constitutes special notice for the purposes of sections 168 and 312 of the Act.

As you will be aware, as we hold over 29% of the paid up share capital of the Company carrying the right to vote at general meetings of the Company, upon receipt of this request the board of directors of the Company (the "Board") is required, pursuant to sections 303 and 304 of the Act, to call a general meeting of the Company within 21 days of receipt of such request, to be held on a date not more than 28 days after the date of the notice convening the meeting.

The General Meeting

The general nature of the business to be dealt with at the requisitioned general meeting of the Company is to effect certain changes to the Board, namely that Rashad Saif Al Jarwan, Mansour Al Alami and Saeed Mer Abdulla Khoory (the "Proposed Directors") are each appointed as directors of the Company and that each of Mike Turner, David Blewden, Mo Bississo and Dr. Shona Grant be removed as directors of the Company.

The proposed text of the resolutions to be moved at the requisitioned general meeting in order to effect the proposed additions to, and removals from, the Board is set out in the Appendix to this letter.

We understand that each of the Proposed Directors intend to confirm their willingness to be appointed as a director of the Company to the Company not less than seven days before the day appointed for the meeting.

Our rights

We reserve our right, pursuant to section 314 of the Act, to require the Company to circulate to members of the Company entitled to receive notice of the general meeting, a statement of not more than 1,000 words with respect to the matters referred to in the proposed resolutions to be moved at the general meeting. If we choose to require you to circulate such a statement, it will be delivered to you not less than one week before the general meeting in accordance with section 314(4) of the Act.

Yours faithfully

Signed for and on behalf of Seafox International Limited



Name: Erlend Johnston

Position: Finance Director of Seafox International Limited

APPENDIX – PROPOSED TEXT OF MEMBER RESOLUTIONS

ORDINARY RESOLUTIONS

THAT Rashad Saif Al Jarwan be appointed as a director of the Company with immediate effect.

THAT Mansour Al Alami be appointed as a director of the Company with immediate effect.

THAT Saeed Mer Abdulla Khoory be appointed as a director of the Company with immediate effect.

THAT Mike Turner be removed as a director of the Company with immediate effect.

THAT David Blewden be removed as a director of the Company with immediate effect.

THAT Mo Bississo be removed as a director of the Company with immediate effect.

THAT Dr. Shona Grant be removed as a director of the Company with immediate effect.