GULF RESOURCES LIMITED

A.C.N. 115 027 033

GENERAL MEETING

Friday, 29 June 2007 at 11:00am

Dear Shareholder,

On behalf of the Board of Gulf Resources Limited, it gives me great pleasure to invite you to the General Meeting of shareholders.

The General Meeting is to be held in the Tanner Room of the Four Seasons Hotel, 199 George Street, Sydney NSW 2000.

Please find enclosed the following documents in relation to the General Meeting:

a) Notice of General Meeting together with Explanatory Memorandum;

b) Proxy Form for General Meeting together with instructions.

If you are not able to attend the General Meeting in person, you are urged to complete and lodge the enclosed Appointment of Proxy.

Your Directors hope that you will be able to attend the Meeting and commend the resolutions for your support.

Yours sincerely

Scott Reid
Chairman

GULF RESOURCES LIMITED

A.C.N. 115 027 033

Notice of General Meeting

Notice is hereby given that a General Meeting of the Company will be held on 29 June 2007 commencing at 11:00am at the Tanner Room, Four Seasons Hotel 199 George Street, Sydney, NSW 2000. The attached Explanatory Memorandum should be read in conjunction with the Notice of General Meeting.

Ordinary Business

1. Resolution 1 - Ratification of share placement on 11 May 2007

To consider and, if thought fit, to pass the following as an ordinary resolution:

"That, for the purposes of Listing Rule 7.4 of the Australian Stock Exchange Limited, the previous issue by the Company of 5,755,152 fully paid ordinary shares in the capital of the Company at a price of 26 cents per share, as announced to the Australian Stock Exchange on 11 May 2007 issued to clients of Paradigm Capital Pty Ltd and Bligh Capital Pty Ltd, and as described further in the attached Explanatory memorandum, is hereby approved."

2. Resolution 2 – Approval for the Issue of Options

To consider and, if thought fit, to pass the following as an ordinary resolution:

"That, for the purpose of Listing Rule 7.1 and for all other purposes, approval be given for the Company to allot 1,438,788 free attaching options in the Company within one month of the General Meeting to clients of Paradigm Capital Pty Ltd and Bligh Capital Pty Ltd who participated in Resolution 1 and as announced to the Australian Stock Exchange on 11 May 2007 and otherwise on the terms and conditions set out in the Explanatory Memorandum accompanying the Notice."

3. Resolution 3 – Approval for the Issue of Shares and Options

To consider and, if thought fit, to pass the following as an ordinary resolution:

"That, for the purpose of Listing Rule 7.1 and for all other purposes, approval be given for the Company to allot and issue 2,244,848 fully paid ordinary shares and 561,212 free attaching options in the Company ("Securities") within one month of the General Meeting at a issue price of 26 cents per share to clients of Paradigm Capital Pty Ltd and Bligh Capital Limited and otherwise on the terms and conditions set out in the Explanatory Memorandum accompanying the Notice."

4. Resolution 4 - Participation of Directors in Placement

To consider and, if thought fit, to pass the following as an ordinary resolution:

"That, subject to passing of Resolution 3, approval be given for the purposes of Listing Rule 10.11 and for all other purposes for the issue to each of the Directors, being Messrs Scott Reid, Greg Duncan and Wayne Kernaghan or their respective nominees, of up to 400,000 shares and 100,000 attaching options in aggregate, a maximum of 1,200,000 of the Fully Paid Shares and 300,000 attaching options that may be issued under Resolution 3, at a issue price of 26 cents per share and otherwise on the terms and conditions set out in the Explanatory Memorandum accompanying the Notice."

5. Further Business

To transact any further business that may legally be brought forward.

An Explanatory Memorandum to Shareholders follows this Notice.

By Order of the Board

W.J. Kernaghan
Company Secretary
22 May 2007

Notes:

1. *In respect of Resolution 1, the Company will disregard any votes cast on this Resolution by any person who participated in the issue and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, or any associate of those persons. However, the Company need not disregard a vote if:*

   - *it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or*

   - *it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

2. *In respect of Resolutions 2 and 3 the Company will disregard any votes cast on these Resolutions by any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, or any associate of those persons. However, the Company need not disregard a vote if:*

   - *it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or*

   - *it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

3. *In respect of Resolution 4 the Company will disregard any votes cast on this Resolution by all the Directors (Scott Reid, Greg Duncan and Wayne Kernaghan) or any associate of those persons. However, the Company need not disregard a vote if:*

   - *it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or*

   - *it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides*

4. *A member entitled to attend and vote is entitled to appoint not more than two proxies.*

5. *Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the member's voting rights.*

6. *Appointment of a proxy by a member who is a corporation must be given in accordance with the Corporations Act 2001 (Cwlth) or signed on its behalf by an authorised attorney.*

7. *If this proxy is executed under a Power of Attorney, the instrument appointing the attorney must accompany the form of proxy.*

8. *Any instrument of proxy in which the name of the appointee is not filled in shall be deemed to be given in favour of the Chairman of the Meeting.*

9. *A proxy need not be a member of the Company.*

10. *To be effective, the proxy form must be received by the Company at its registered office, Level 5, 123 Pitt Street, Sydney NSW 2000, or received by facsimile on (02) 9293 2930 not less than forty-eight (48) hours before the time for holding the meeting.*

11. *For the purposes of section 1109N of the Corporations Act 2001 (Cwlth), the directors have set a snapshot date to determine the identity of those entitled to attend and vote at the meeting. The snapshot date and time has been set at 7pm EST on 27 June 2007.*

Explanatory Memorandum

This Explanatory Memorandum has been prepared for the information of shareholders of Gulf Resources Limited ("Gulf") in connection with the business to be transacted at the General Meeting of shareholders of Gulf to be held at the Tanner Room, Four Season Hotel 199 George Street Sydney on 29 June 2007 at 11am, Eastern Standard Time.

The Directors recommend shareholders read the accompanying Notice of General Meeting ("Notice") and this Explanatory Memorandum in full before making any decision in relation to the resolutions.

On 11 May 2007 the Company announced it had placed an additional 8,000,000 new Shares with 2,000,000 free attaching options at an issue price of 26 cents per Share to clients of Paradigm Capital Pty Ltd and Bligh Capital Pty Ltd. The purpose of the issue was to provide general working capital. As a result of ASX Listing Rule 7.1 only 5,755,152 shares could be issued and no options therefore Gulf is seeking ratification of the first tranche of the placement and approval for the issue of the free options attaching to the first tranche and for the second tranche of shares and options. Also Directors are seeking approval from Shareholders in order that they can participate in the placement.

Resolution 1

Ratification of Previous Share Placement on 11 May 2007

On 11 May 2007 the Company announced it had placed an additional 8,000,000 new Shares with 2,000,000 free attaching options at an issue price of 26 cents per Share to clients of Paradigm Capital Limited and Bligh Capital Limited. However under Listing Rule 7.1 the Company could only issue 5,755,152 shares without shareholder approval.

The directors are restricted by Listing Rule 7.1 from issuing new securities in the Company, which would dilute existing shareholdings, to a maximum of 15% of the expanded issued capital in any 12 month period. There are exceptions which allow the directors to issue new securities above that limit which include pro rata rights issues and issues with shareholder approval.

ASX Listing Rule 7.4 allows the Company to seek the approval of shareholders of the Company to an issue of securities after the issue has been made without approval under Listing Rule 7.1, provided the issue did not breach Listing Rule 7.1 and the holders of ordinary shares in the Company subsequently approve the issue.

As the issue was not in breach of Listing Rule 7.1 and was not previously approved by the shareholders of the Company, the directors are now seeking shareholders' approval and ratification for the issue of the Shares.

If resolution 1 is passed, the Company will be able to utilise Listing Rule 7.1 for future issues of up to 15% of the expanded issued capital in the next 12 month period without having to convene a shareholders meeting to seek shareholders' approval of any such issues. The directors believe it is desirable to have the flexibility afforded to the Company to issue securities up to the maximum 15% allowable under Listing Rule 7.1 and accordingly recommend that shareholders vote in favour of the resolution.

The Shares issued pursuant to the placement rank equally in all respects with all existing Shares previously issued by the Company. The funds raised from this placement will be used for exploration activities and for working capital purposes of the company.

The Directors recommend that the shareholders vote to approve Resolution 1.

RESOLUTION 2

Issue of Options

It is proposed that the Company issue to clients of Paradigm Capital Pty Ltd and Bligh Capital Pty Ltd who participated in the issue under resolution 1 would receive a free attaching option for each four shares subscribed under resolution 1, a total of 1,438,788 options to subscribe for fully paid ordinary shares in the capital of the Company at a price of 20 cents each and a expiry date of 30 June 2011. Further details on the terms of the options are set out below.

Shareholder approval is being sought for the issue of these options and the issue of shares upon exercise of the options in accordance with the requirements of the ASX Listing Rules

Specifically:

Listing Rule 7.1 restricts a company from issuing equity securities, including options to take up shares, which in any 12 month period would amount to more than 15% of the Company's total shares on issue 12 months before the date of the proposed issue. However, issues of equity securities made with the prior approval of the shareholders in general meeting are not subject to this restriction and will not be counted as part of the 15% limit. Accordingly, if shareholders of the Company approve the proposed issue of options and shares, neither the options nor the shares issued upon exercise of the options will be counted towards the 15% limit in respect of issues of equity securities in the following 12 month period. This provides the Company with maximum flexibility if the Directors consider it appropriate to raise additional capital.

Therefore, Resolution 2 seeks the approval of shareholders to satisfy the requirements for shareholder approval under Listing Rules 7.1.

To assist shareholders the following information has been provided:

Details of the proposed issue of options are as follows:

1. If shareholder approval is obtained, the 1,438,788 options will be issued within one month of the date of this meeting to the shareholders who were issued shares under resolution1.

2. No consideration will be payable for the issue of the options but the options, if exercised, will entitle the holder to subscribe for fully paid ordinary shares in the capital of the Company at an exercise prices of 20 cents each. The funds raised on the exercise of the options will be used for working capital.

3. The options will be issued on the following terms:

   (a) the options issued may be exercised immediately

   (b) the options will expire at 5.00pm on 30 June 2011 ("the Expiry Date");

   (c) the options shall be exercisable wholly or in part, by notice in writing to the Company, at any time up until the expiry date;

   (d) the holder of options cannot participate in new issues of capital which may be offered to shareholders during the currency of the options without exercising the option;

   (e) shares issued on the exercise of options will rank pari passu with the then existing issued ordinary shares of the Company;

   (f) in a reorganisation of capital of the Company, the exercise price of the options or the number of shares over which the options can be exercised will be reorganised in accordance with the relevant provisions of the ASX Listing Rules in force at the time of the reorganisation;

   (g) subject to paragraph (e), neither the exercise price of the options nor the number of shares over which the options can be exercised will be changed to take account of pro rata issues (other than bonus issues);

   (h) in respect of a bonus issue of shares the options would participate if the options are exercised before the record date for the bonus issue.

   (j) the options will be quoted on the ASX.

The directors recommend that the shareholders vote to approve Resolution 2.

RESOLUTION 3

Approval for the Issue of Shares and Options

On 11 May 2007 the Company announced it had issued an additional 8,000,000 new Shares and 2,000,000 free attaching options at an issue price of 26 cents per Share to clients of Paradigm Capital Pty Ltd and Bligh Capital Pty Ltd. The purpose of the issue was to provide general working capital. The purpose of this resolution is to obtain shareholder approval for the balance of shares and options to be issued. The resolution seeks approval for the issue of 2,244,848 fully paid shares and 561,212 free attaching options at an issue price of 26 cents each.

Listing Rule 7.1 provides that a company must not, without shareholder approval (but subject to certain exceptions), issue during any 12 month period any equity securities or other securities with rights of conversion to equity (such as an option) if the number of those securities exceeds 15% of the number of fully paid securities on issue at the commencement of that 12 month period.

For the purposes of obtaining the approval of shareholders under Listing Rule 7.1, shareholders are advised that:

(a) under this resolution it is proposed to issue 2,244,848 shares and 561,212 free attaching options at an issue price of 26 cents each to clients of Paradigm Capital Pty Ltd and Bligh Capital Pty Ltd within 1 month after the date of the General Meeting. The Fully Paid Shares allotted and issued will rank equally with the existing Fully Paid Shares on issue.

(b) No consideration will be payable for the issue of the options but the options, if exercised, will entitle the holder to subscribe for fully paid ordinary shares in the capital of the Company at an exercise prices of 20 cents each. Tthe funds raised as a consequence of this resolution will be applied towards it exploration activities and otherwise for working capital requirements of the Company.

(c) The options will be issued on the following terms:

(a) the options issued may be exercised immediately

(c) the options will expire at 5.00pm on 30 June 2011 ("the Expiry Date");

(c) the options shall be exercisable wholly or in part, by notice in writing to the Company, at any time up until the expiry date;

(d) the holder of options cannot participate in new issues of capital which may be offered to shareholders during the currency of the options without exercising the option;

(e) shares issued on the exercise of options will rank pari passu with the then existing issued ordinary shares of the Company;

(f) in a reorganisation of capital of the Company, the exercise price of the options or the number of shares over which the options can be exercised will be reorganised in accordance with the relevant provisions of the ASX Listing Rules in force at the time of the reorganisation;

(g) subject to paragraph (e), neither the exercise price of the options nor the number of shares over which the options can be exercised will be changed to take account of pro rata issues (other than bonus issues);

(h) in respect of a bonus issue of shares the options would participate if the options are exercised before the record date for the bonus issue.

(j) the options will be quoted on the ASX.

The Directors recommend that the shareholders vote to approve Resolution 3.

RESOLUTION 4

Participation of Directors in Placement

Under this resolution, it is proposed to grant to Messrs Scott Reid, Greg Duncan and Wayne Kernaghan being Directors of the Company or their respective nominees, the entitlement to participate in the placement of Fully Paid Shares, subject to the passing of Resolution 3. In accordance with the Listing Rules, shareholder approval is required for the issue of equity securities to a Related Party of the Company. Messrs Scott Reid, Greg Duncan and Wayne Kernaghan are Directors of the Company and are therefore Related Parties of the Company. Consequently, in accordance with the Listing Rule 10.11, shareholder approval is required for the issue of equity securities to a related party of the Company.

For the purposes of obtaining the approval of shareholders under Listing Rule 10.11 shareholders are advised that:

(a) the maximum number of Fully Paid Shares which may be issued to Related Parties is a total of 1,200,000 shares and 300,000 free attaching options and that each of the Directors may be issued a maximum of 400,000 Fully Paid Shares and 100,000 attaching options.

(b) the Company may not necessarily issue the full complement of Fully Paid Shares and may issue a lesser number;

(c) the Fully Paid Shares and attaching options will be issued at a price of 26 cents each;

(d) the Fully Paid Shares and attaching Options will be allotted and issued no later than one month after the date of this General Meeting (or such later date to the extent permitted by any ASX waiver of the Listing Rules);

(e) the Fully Paid Shares allotted and issued will rank equally with the existing Fully Paid Shares on issue;

(f) if approval is given to this resolution for the purposes of Listing rule 10.11, approval for the issue under this resolution is not required under Listing Rule 7.1. (Subject to Resolution 3 being passed, approval will have been obtained for the purposes of Listing Rule 7.1 for the issue of the Fully Paid Shares);

(g) as previously detailed, any funds raised as a consequence of this resolution will be applied towards the exploration of the various tenements and otherwise for working capital requirements of the Company.

The Directors do not make a recommendation in respect to this resolution and this relates to them.

GULF RESOURCES LIMITED

A.C.N. 115 027 033

APPOINTMENT OF PROXY

I/We ....

of ....

being a member/members of Gulf Resources Limited hereby appoint

☐	The Chairman of The meeting (mark with an 'X')	**OR**	☐	Write the name of the person you are appointing if this person is someone other than the Chairman of the Meeting.

Or failing the person named attending the meeting, or if no person is named, the Chairman of the meeting as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the General meeting of the Company to be held on 29 June 2007 at 11.00am and at any adjournment of that meeting.

IMPORTANT:

☐ If the Chairman of the Meeting is to be your proxy and you have not directed your proxy how to vote on each item, please place a mark in this box. By marking this box, you acknowledge that the Chairman of the Meeting may exercise your proxy even if he has an interest in the outcome of these items and that votes cast by him, other than as a proxy holder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on these items and your votes will not be counted in computing the required majority if a poll is called on these items. The Chairman intends to vote undirected proxies in favour of each item.

Voting directions to your proxy – please mark an 'X' to indicate your directions.

Resolution	**For**	**Against**	**Abstain**
1. Ratification of previous placement...	☐	☐	☐
2. Approval for the issue of Options..	☐	☐	☐
3. Approval for the Issue of Shares and Options............................	☐	☐	☐
4. Participation of Directors in Placement....................................	☐	☐	☐

Signed this .... day of .... 2007.

Individual Securityholder 1	Securityholder 2	Securityholder 3
Individual/Sole Director	**Director**	**Director/Company Secretary**

This form must be signed by the securityholder. If a joint holding, either securityholder may sign. If signed by the securityholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the securityholder's constitution and the Corporations Act 2001 (Cwlth).

GULF RESOURCES LIMITED

A.C.N. 115 027 033

Instructions for Completion of Proxy Form

1. *A member entitled to attend and vote is entitled to appoint not more than two proxies.*
2. *Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the member's voting rights.*
3. *Appointment of a proxy by a member who is a corporation must be given in accordance with the Corporations Act 2001 (Cwlth) or signed on its behalf by an authorised attorney.*
4. *If this proxy is executed under a Power of Attorney, the instrument appointing the attorney must accompany the form of proxy.*
5. *Any instrument of proxy in which the name of the appointee is not filled in shall be deemed to be given in favour of the Chairman of the Meeting.*
6. *A proxy need not be a member of the Company.*
7. *To be effective, the proxy form must be received by the Company at its registered office, Level 5, 123 Pitt Street, Sydney NSW 2000, or received by facsimile on (02) 9293 2930 not less than forty-eight (48) hours before the time for holding the meeting.*
8. *For the purposes of section 1109N of the Corporations Act 2001 (Cwlth), the directors have set a snapshot date to determine the identity of those entitled to attend and vote at the meeting. The snapshot date and time has been set at 7pm EST on 27 June 2007.*