gulfresources LIMITED

ASX ANNOUNCEMENT **17 March 2010**

Strengthens African Focused Industrial Minerals Strategy

- Intention to list on Johannesburg Stock Exchange (JSE)
- Vermiculite production in Uganda to commence April 2010
- Rights secured to the Soalara Limestone Project in Madagascar – purchase expected mid 2010
- Strategic alliances in place with Logistics, Mining and Processing partners

Gulf Resources Ltd ('Gulf' or 'the Company') announces that following the decision to divest non-core assets, the Company continues to strengthen its African focused industrial mineral development strategy. With exploration and development assets in Uganda, Kenya and Madagascar, Gulf is targeting opportunities for expansion within the industrial mineral sectors.

Specifically Gulf will focus on industrial minerals that are used to enhance agricultural food production, manufacturing industrial goods, specialist and chemical processes including vermiculite, phosphates, gypsum, limestone, salts, lithium and borates.

In line with the Company's African focus, Gulf announces that it intends to introduce its shares on the main board of the Johannesburg Stock Exchange ('JSE') via a secondary listing in the "Mining" sector and as such, has recently mandated The Mineral Corporation to write the Competent Persons Report and appointed Qinisele Resources to act as the Company's corporate adviser in relation to the listing.

Chairman Scott Reid stated, "Listing Gulf on the JSE will represent a significant step in strengthening our African focused industrial minerals strategy. Our vermiculite operation and expansion project in Uganda combined with our emerging exploration and development projects in Kenya and Madagascar are underpinned by strong technical and engineering support from South Africa and a listing on the JSE is a logical next step of progression for Gulf."

The JSE is Africa's premier exchange and has operated as a market place for the trading of financial products for nearly 120 years. In this time, the JSE has evolved from a traditional floor based equities trading market to a modern securities exchange.

Gulf's Industrial Mineral Focus

Whilst the monetary value of the industrial minerals market in developed countries such as the US surpasses that of the metals market and continues to rise year on year, the rate of growth for industrial minerals demand in developing countries is considerably higher. Gulf's strategy of primarily focusing on African projects will take advantage of these growing markets.

Key advantages of focusing on industrial minerals include:

- Industrial minerals are vital commodities
- Essential raw materials for a wide range of industrial and domestic products
- Demand for industrial minerals is consistent and long term
- Markets for these minerals are typically by off take agreements

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- Exposure to commodity price cycles is less pronounced
- Industrial minerals based business generate long term cash flows providing a solid platform for growth
- New technology can quickly expand existing markets
- Chemical and special specifications demanded by consumers can protect existing operations

Chairman Scott Reid said, “One of our key reasons for electing to focus on industrial minerals is that they are such commonly occurring minerals which are widely used across a number of sectors. For example, a single industrial mineral like limestone, can be used as a feed stock for the construction, chemical, metallurgical, glass, fillers and agriculture industries, providing many opportunities for organic growth.

“Production of materials can start as low value product in the form of raw material and move to high ‘value added’ products through processing and treatment and we see huge potential in Gulf creating a niche position within this oligopoly marketplace, which is still largely dominated by a few major players.”

Project Update

At the East African Vermiculite Project (‘EAV’) in Uganda, where post refurbishment, production is expected to recommence in April 2010, the Company is conducting due diligence on the vermiculite processing and distribution business and designs are currently underway for further expansion of the existing plant. The Board is in discussions with a major investment bank regarding a mandate to assist with the debt financing to fund the expansion as well as other future African projects.

The project comprises one of the world’s largest reported vermiculite mineralisation zones and contains a JORC inferred resource of 54.9 Mt of contained vermiculite at 26.7% 180_V (% vermiculite content in the +180 micron fraction) and 18.80% 425_V (% vermiculite content in the +425 micron fraction) at a 15% 180_V cut-off. This resource calculation has a surface extent of 1km by 1km (location of existing mine/pit). Additional exploration work indicates vermiculite extends and is present over an area of 1km by 5km (pit tested).

The Company expects to shortly announce further off take agreements, in addition to the existing 5,000 tonne per annum agreement currently in place.

In Madagascar, Gulf has secured the rights to the Soalara Limestone Project near Tulear in the south-west. Soalara is a large, high quality limestone deposit demonstrating a chemical composition suitable for application in the cement, mineral processing and fertiliser industries. The project covers an area of 12.5 square kilometres and the Company is currently undertaking due diligence and a scoping study with the intention to progress towards the option to purchase the project in its entirety by mid 2010.

Favourably located near an existing port, Gulf believes Soalara can be developed and expanded into a world class limestone, lime and cement exporting project. In line with this, the company has secured strategic alliances with Mineral Resource Development (mrdev.co.za) for plant design, implementation and operation; SDV International Logistics, part of the multinational Bolloré Group (bollore-africa-logistics.com/en/pages-accueil/default.aspx) for port, logistics and development advice; and MCC Group (mccgroup.co.za) one of African’s largest and most experienced open cut mining contractors.

The Company is in the process of assessing immediate market prospects on the completion of the purchase which includes an estimated 1.7 million tonne per annum limestone requirement for the Ambatovy Nickel Laterite Project in Tamatave, Madagascar; the supply of approximately two million tonnes of limestone to a large Asian Steel Group and exports into East Africa of up to one million tonne per annum primarily for cement works.

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In addition to Soalara, the Company is in the process of securing the rights for Gypsum and Graphite projects in Madagascar and looks forward to updating shareholders on this development in the future.

In Kenya, SRK Consulting has recently completed a preliminary evaluation of the Exclusive Prospecting Licence ('EPL') which covers one of the largest exploration positions in the country. The tenement consists of two areas, Block A, which covers an area of 515 square kilometres and Block B which is 1,317 square kilometres. It is Gulf's intention to target the industrial mineral potential of the licence and discussions are currently with potential joint venture partners to explore the copper and gold prospects that also lie within the tenement.

Reid continued, "Our operational philosophy is as such that we will continue to seek partnerships and strategic alliances to further develop our existing assets, whilst being prepared to outsource operations where appropriate. We have a flat management structure and our primary aim is to identify and progress large resource targets that demonstrate the potential to develop into producing entities with a long mine lives. It is the board's belief that the new industrial focus will provide continued exposure to emerging markets and in turn, will provide significant shareholder value moving forward."

Ends

FURTHER INFORMATION

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Background

Despite the recent global economic downturn, sub-Saharan African countries continue to outperform many developed nations. According to the IMF World Economic Outlook (2009), there are indications that African economic conditions are improving, driven by domestic demand and higher commodity prices. Gulf believes that this provides real opportunity on the ground in Africa through:

Stability: The periods of catastrophic government action that slowed growth in the past decades has become much less frequent.

Policy: The more favourable policies of developed nations have laid the groundwork for growth within Africa.

Profits: A Centre for the Study of African Economies (Oxford) analysis of 2002–2007 financial data from all Africa-based publicly traded companies for which data was available (a total of 954, mostly in manufacturing and services) demonstrates that the majority of these firms are highly profitable.

In part because of low labour costs and gains in operational efficiency, the average annual return on capital of the companies studied was 65% to 70% higher than that of comparable firms in China, India, Indonesia, and Vietnam. The median profit margin was 11% – higher than the comparable figures for Asia and South America.

Board and Management

The Gulf team is led by key members and individuals that have proven track records having been involved in:

- Acquisition and managing the Bankable Feasibility Stud ('BFS'), funding and initial development of the high grade underground Perkoa Zinc Project (JORC Ore Reserve of 6.3 million tonnes at a head grade of 14.5% Zinc) in Burkina Faso, West Africa.
- The cost effective and safe installation of the Block 4, Block Cave Project at the Finsch Mine, on time, on budget and yielding a profit as planned for De Beers Consolidated mines.
- The acquisition, initial financing and scoping of Andean Resources Ltd Cerro Negro Gold Project in Argentina.
- Acquiring and managing the initial development of Discovery Metals' Boseto Copper Project in Botswana.
- Managed strategic relationships with BHP Billiton in Africa (with JV's in Zambia), Anglo American's Base Metals team in Johannesburg (with an exclusive data access arrangement for Burkina Faso) and Falconbridge (now Xstrata plc) in Botswana.
- The safe productive and cost effective management of four underground mines (mechanised board and pillar mining) and an open cast mine, including all technical services for Aquarius Platinum and management of the mining and mining related contractors.
- Successful tender, procurement, installation and management of new earthmoving and mining fleets to move 30 Million Mt p.a. for Letlhakane Mine Expansion, Botswana.
- Acquiring and managing the initial development of the Rincon Salar Lithium Project, Salta Province, Argentina. The lithium brine resource contains 1.4m tonne of Lithium.
- Managing the Moa Ferro Nickel Project/plant project in Cuba, with a BFS successfully completed in March 2004. This project had an execution cost of $450 million dollars.

Competent Persons Statement

The information in this report that relates to Mineral Resources is based on information compiled by Hennie Theart, BSc (Hons), MSc, PhD, Pr. Sci. Nat (SACNASP 400069/88), FSEG, FGSSA, FAAG; Shaun Crisp, BSc (Hons), Pr.Sci.Nat. (SACNASP 400076/09); and Brent Barber, BSc (Hons), MPhil, AusIMM (222559), AAPG (59319-8).

Hennie Theart and Shaun Crisp are registered with the South African Council for Natural Scientific Professions (SACNASP), a JORC Recognised Overseas Professional Organisation "ROPO" and Brent Barber is a member of the Australasian Institute of Mining and Metallurgy (AusIMM). They are full-time employees of SRK Consulting and have experience which is relevant to the style of mineralisation, type of deposits under consideration and to the activity which they have undertaken, to qualify them as a Competent Persons, as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves'.

Hennie Theart, Shaun Crisp and Brent Barber consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

The information in this release that relates to the Exploration Process is based on information compiled by Andrew Johnstone who is a member of the Australian Institute of Geoscientists (AIG). Andrew Johnstone provides exploration management consulting services to Gulf Resources Ltd and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which Andrew Johnstone has undertaken to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

Andrew Johnstone consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.