



ASX ANNOUNCEMENT

6 January 2011

African Lion 3 Limited invests a further \$0.5 million

Gulf Industrials Limited ("Gulf" or "the Company") the East African industrial mineral producer and developer announces that African Lion 3 Limited ("AFL3"), one of the Company's key shareholders, has subscribed for an additional 25,000,000 shares at 2 cents per share to assist with the further development of the Company's industrial mineral strategy.

Shareholders of AFL3 include:

CDC Group plc - UK's development finance institution, owned by the Government Department for International Development.

European Investment Bank - development bank of the European Union, owned by the EU member states.

Lion Selection Group Limited - an Australian listed resource investment company.

PROPARCO - a member of the Agence Française de Développement group, its mission is to provide finance to the private sector in developing economies, mainly in Africa.

RMB Structured Life Ltd - subsidiary of FirstRand Group - a leading South African bank.

BIFM – a mining fund in Botswana.

Following this investment AFL3 holds 80,000,000 shares or 19.8% of the Company's issued share capital.

The Appendix 3B for the issue is attached.

*****ENDS*****

FURTHER INFORMATION

Scott Reid, Executive Deputy Chairman

t | 02 8247 5333

Wayne Kernaghan, Finance Director and Company Secretary

t | 02 8247 5333

Victoria Thomas, Six Degrees Investor Communication

t | 03 9674 0347

Appendix 3B

NEW ISSUE ANNOUNCEMENT APPLICATION FOR QUOTATION OF ADDITIONAL SECURITIES AND AGREEMENT

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003.

Name of entity

Gulf Industrials Limited

ABN

13 115 027 033

We (the entity) give ASX the following information.

Part 1 - All Issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|----------------------------|
| 1 | +Class of +securities issued or to be issued. | Fully Paid Ordinary Shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 25,000,000 |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | |
| 4 | Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state: <ul style="list-style-type: none">• the date from which they do• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment | Yes |

New Issue Announcement

5	Issue price or consideration	2 cents	
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Working capital	
7	Dates of entering ⁺ securities into uncertificated holdings or despatch of certificates	6 January 2011	
8	Number and ⁺ class of all ⁺ securities quoted on ASX (<i>including</i> the securities in clause 2 if applicable)	Number	⁺ Class
		403,604,729 25,449,072 52,629,028	Ordinary shares Options expiring 30 June 2011 Options expiring 31 March 2013
9	Number and ⁺ class of all ⁺ securities not quoted on ASX (<i>including</i> the securities in clause 2 if applicable)	Number	⁺ Class
		12,000,000 6,000,000 32,315,000	Options expiring 31 May 2012 Options expiring 11 November 2012 Options expiring 20 July 2015
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A	

Part 2 - Bonus Issue or Pro Rata Issue

11	Is security holder approval required?	-
12	Is the issue renounceable or non-renounceable?	-
13	Ratio in which the ⁺ securities will be offered	-
14	⁺ Class of ⁺ securities to which the offer relates	-
15	⁺ Record date to determine entitlements	-
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	-
17	Policy for deciding entitlements in relation to fractions	-
18	Names of countries in which the entity has ⁺ security holders who will not be sent new issue documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	-
19	Closing date for receipt of acceptances or renunciations	-
20	Names of any underwriters	-
21	Amount of any underwriting fee or commission	-
22	Names of any brokers to the issue	-
23	Fee or commission payable to the broker to the issue	-
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of ⁺ security holders	-
25	If the issue is contingent on ⁺ security holders' approval, the date of the meeting	-
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	-

New Issue Announcement

27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	-
28	Date rights trading will begin (if applicable)	-
29	Date rights trading will end (if applicable)	-
30	How do ⁺ security holders sell their entitlements <i>in full</i> through a broker?	-
31	How do ⁺ security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	-
32	How do ⁺ security holders dispose of their entitlements (except by sale through a broker)?	-
33	⁺ Despatch date	-

Part 3 - Quotation of Securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) ☒ Securities described in Part 1

(b) ☐ All other securities

E.g. Restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a) - Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 ☐ If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders

36 ☐ If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
 1 - 1,000
 1,001 - 5,000
 5,001 - 10,000
 10,001 - 100,000
 100,001 and over

37 ☐ A copy of any trust deed for the additional ⁺securities

Entities that have ticked box 34(b)

38	Number of securities for which +quotation is sought	-	
39	Class of +securities for which quotation is sought	-	
40	Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities? If the additional securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	-	
41	Reason for request for quotation now E.g. the case of restricted securities, end of restriction period (If issued upon conversion of another security, clearly identify that other security)	-	
42	Number and +class of all +securities quoted on ASX (<i>including</i> the securities in clause 38)	Number	+Class
		-	

QUOTATION AGREEMENT

1 ⁺Quotation of our additional ⁺securities is in ASX's absolute discretion. ASX may quote the ⁺securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the ⁺securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those ⁺securities should not be granted ⁺quotation.
- An offer of the ⁺securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any ⁺securities to be quoted and that no-one has any right to return any ⁺securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the ⁺securities be quoted.
- We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the ⁺securities to be quoted, it has been provided at the time that we request that the ⁺securities be quoted.
- If we are a trust, we warrant that no person has the right to return the ⁺securities to be quoted under section 1019B of the Corporations Act at the time that we request that the ⁺securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before ⁺quotation of the ⁺securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:
(Director/Company Secretary)

Date: 6 January 2011

Print name: Wayne Kernaghan

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6 January 2011

The Listing Manager
Australian Securities Exchange Limited
20 Bridge Street
Sydney NSW 2000

Notice Given Under Section 708A(5) of the Corporations Act

This notice is given by Gulf Industrials Limited ('Gulf') under section 708A(5)(e) of the Corporations Act in relation to an issue of 25,000,000 fully paid ordinary shares by Gulf without disclosure to an investor under Part 6D.2 of the Corporations Act on 6 January 2011.

As at the date of this notice, Gulf has complied with:

- (a) the provision of Chapter 2M of the Corporations Act as they apply to Gulf; and
- (b) section 674 of the Corporations Act.

Gulf confirms that, as at the date of this notice, there is no information that:

- (a) has been excluded from a continuous disclosure notice given to the ASX in accordance with the ASX Listing Rules; and
- (b) investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
 - (i) the assets and liabilities, financial position and performance, profits and losses of Gulf; and
 - (ii) the rights and liabilities attaching to fully paid ordinary shares,

to the extent to which it would be reasonable for investors and their professional advisers to expect to find such information.

Yours faithfully
Gulf Industrials Limited

Wayne Kernaghan
Company Secretary