ASX ANNOUNCEMENT 31 OCTOBER 2011

FIRST QUARTER ACTIVITIES REVIEW

Gulf Industrials Limited ("Gulf" or "the Company") (ASX Code: GLF), is pleased to provide shareholders with the Activity Review for the quarter ending 30 September 2011.

HIGHLIGHTS

- Successful $10.1 million raising (before expenses) to sophisticated, professional and institutional investors as approved by shareholders. Richmond Capital LLP becomes a new major shareholder following this placement.

- Share Purchase Plan offering eligible shareholders the opportunity to purchase up to $15,000 worth of shares at $0.025 per share with a free attaching option.

- At Namekara in Uganda, installation of the new dryer, upgrading and expansion of the plant commenced on 18 September 2011.

SUBSEQUENT TO QUARTER END

- Appointment of Mark Arnesen as Acting Chief Executive Officer and Chief Financial Officer. Mr Rob Guest appointed as Chief Operating Officer.

- Construction associated with the upgrading and expansion of the plant was substantially completed by the second week of October with the commissioning and ramp-up to design throughput ongoing.

- Diamond drilling has commenced at Namekara. This drilling is designed to upgrade some of the current 55Mt inferred resource (previously defined by Rio Tinto) to higher confidence resource categories. This resource drilling will be a key component of the planned feasibility studies to determine the capacity for further production expansion(s).

NAMEKARA VERMICULITE MINE

Operation & Production Update

Production for the quarter totaled 1,791t which was below forecast as a result of the plant shutdown. This reflects a plant shutdown required to integrate new plant components into the existing Namekara process circuit.

Commissioning of the dryer and expanded plant has taken longer than anticipated and teething problems associated with the dryer will impact on the ramp up of production during the current quarter.

Sales & Production Summary

Quarterly	Sep Qtr 2011	Sep Qtr 2010	% Increase/ Decrease	Year to Date 2011	Year to Date 2010
Sales (tonnes)	1,930	1,121	72% increase	1,930	1,121
Production (tonnes)	1,791	1,121	60% increase	1,791	1,121

Marketing

Sales for the quarter were 1,930t which was a decrease of 994t over the previous quarter sales of 2,924t.

Human Resources

The management team was strengthened on 1 August 2011 with the appointment of Rob Guest as Manager, East African Operations. Rob brings significant project and operational experience in construction, mining and processing to the team and has a track record of delivery in remote environments.

Subsequently Mr Guest has been appointed as the Company's Chief Operating Officer.

Political, Social, Environmental, Safety & Health Matters

The safety record remains satisfactory despite the increase in manual labour associated with the construction and plant upgrade.

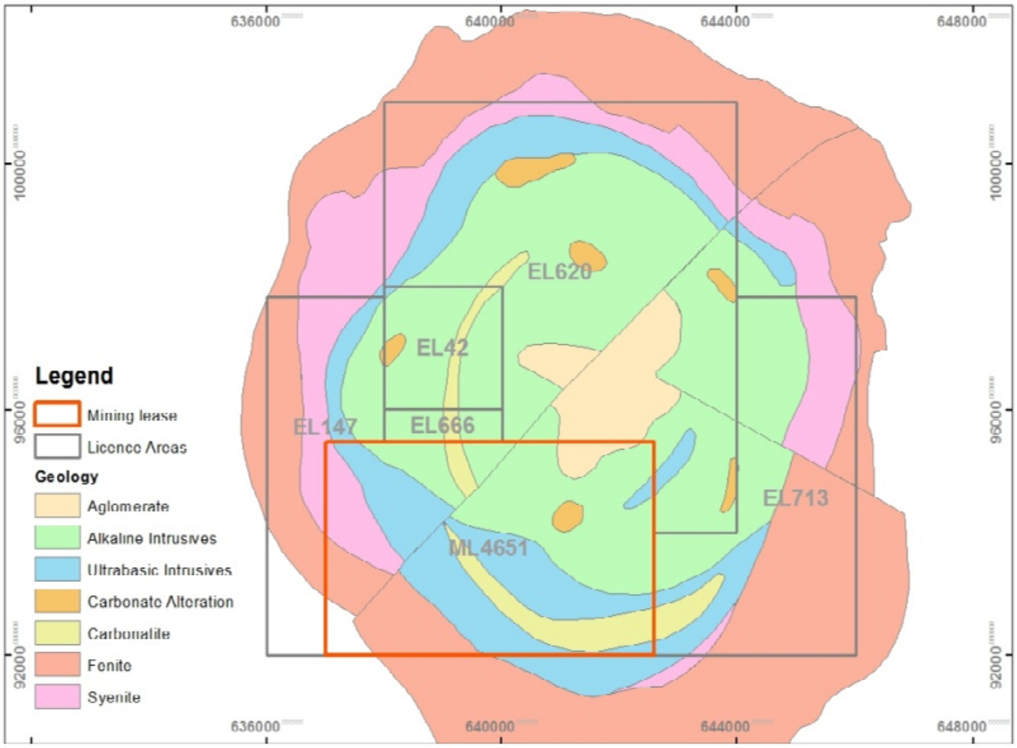
Community relations remain good. The company has committed to provide funding for the construction of school classrooms for the local residents in the vicinity of the current operations. Construction will commence once the community leaders agree on a location and provide full access to the property.

Resource & Exploration Geology

Exploration during the quarter was focused on the mining lease with the objective of finalising the resource drilling program, conclusion of a drilling contract and construction of an on-site laboratory to support the drilling.

Drilling using triple core diamond holes commenced on 5 October 2011 and preliminary results have been very encouraging both in terms of core recovery and of vermiculite intersections.

Elsewhere in the mining lease and extending into adjacent exploration licenses, a geochemistry/soil sampling program has commenced with preliminary results largely confirming the presence of anomalous copper, iron and titanium. The program is ongoing.



CORPORATE

Non-Renounceable Rights Issue

On 14 July 2011 the Company announced a fully underwritten $11.85 million 3 for 5 non-renounceable rights issue.

On 17 August 2011 Gulf withdrew this rights issue following the termination of the underwriting agreement by the underwriters.

Loans totaling $3.36m were received from the Company's two major shareholders and will be repayable through the issue of a total of 134.4 million shares at 2.5 cents each and attaching free one-for-one options exercisable at 2.5 cents expiring on 31 December 2012. This was subject to shareholder approval which was received on 26 September 2011.

A further placement of 265.6 million shares at 2.5 cents each and attaching free one-for-one option execrable at 2.5 cents expiring on 31 December 2012 to raise $6.64m was subject to shareholder approval. Shareholder approval was received on 26 September 2011.

Gulf announced a Share Purchase Plan to eligible shareholders on the same terms as the placement which closed on 4 October 2011.

General Meeting of Shareholders Results in Approval of all Resolutions

An extraordinary general meeting of the Company was held on 26 September 2011 where all resolutions considered by shareholders were duly passed.

SUBSEQUENT TO QUARTER END

Share Purchase Plan Complete

On 14 October 2011 the company announced the completion of its Share Purchase Plan with the issue of 26,828,000 shares issued at 2.5 cents each with a free attaching option exercisable at 2.5 cents expiring 31 December 2012.

Board & Management Changes

On 11 October 2011 Mr Vic Fitzmaurice resigned as a Director and Chief Executive Officer of the Company. Mr Mark Arnesen was appointed Acting Chief Executive Officer and Chief Financial Officer, bringing with him extensive expertise in the resources sector and the development of mining operations in Africa.

Shareholders

- African Lion 3 Limited increased its shareholding in Gulf to 156,800,000 equating to a 16.93% holding.
- Jonah Capital (BVI) Limited increased its shareholding in Gulf to 117,600,000 equating to a 12.69% holding.
- Richmond Capital LLP became a substantial shareholder in the Company with 161,400,000 ordinary shares which equates to a 17.42% holding.

FURTHER INFORMATION

Mark Arnesen, Acting CEO	t | +61 2 8247 5333
Wayne Kernaghan, Company Secretary	t | +61 2 8247 5333

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 A Johnstone who is a member of the Australian Institute of Geoscientists (AIG). Andrew Johnstone provides exploration management consulting services to Gulf Industrials 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.