



ASX ANNOUNCEMENT

31 JULY 2012

FOURTH QUARTER ACTIVITIES REVIEW

Gulf Industrials Limited (“Gulf” or “the Company”) (ASX Code: GLF), is pleased to provide shareholders with the Activities Review for the quarter ending 30 June 2012.

HIGHLIGHTS - NAMEKARA

- Production increased by 19% to 3,798 tonnes from the March quarter.
- Sales increased 17% to 3,082 tonnes from the March quarter.
- Modifications made to the main run-of-mine feed bin and the ore stockpile area coupled with the hire of a larger front end loader have produced a more stable and consistent feed to the dryer which has led to better control of the drying of ore and reduced fuel consumption.
- The successful installation and commissioning of a granulator from Italy has expanded the flexibility of the plant and now provides the opportunity to resize large or oversize vermiculite flakes as appropriate to meet market requirements.
- An agreement covering sufficient land usage for disposal of pit overburden and plant waste for a six year period was concluded and the site is in use.
- Negotiations with Rift Valley Rail on the use of rail wagons are well advanced with a trial comprising 6 wagons carrying 133 tonnes sent through to Mombasa from the RVR warehouse in Tororo in late June.
- The analysis of all drill cores in the on-site laboratory was completed mid quarter and the production of a resource estimate only awaits receipt of the analysis of a selection of samples sent to Dupré as independent umpires.
- Restructuring and streamlining of the operational staff commenced during the quarter and will be completed during the September quarter which will lead to improved unit costs.
- Expansion of the on-site product storage shed commenced at the end of the quarter.
- Heavy rains during the first half of the quarter resulted in higher downtime than anticipated and the unexpected reduction in production.. Despite the delays caused by the wet weather, plant performance has continued to improve and by the end of June the unit production rate (tonnes of Vermiculite produced per hour) was regularly exceeding design nameplate.

HIGHLIGHTS – EXPLORATION

- Results from a series of six holes drilled into the Busumbu Hill phosphate prospect have confirmed the presence of high grade phosphate which may have direct shipping potential.
- A number of samples of magnetic material collected from the magnetic separator together with samples from selected drill holes have been sent to Australia for analysis.

Gulf Industrials Limited ☐ Level 10 Gold Fields House 1 Alfred Street Sydney NSW 2000 PO Box R745 Royal Exchange NSW 1225 Australia

t +61 2 8247 5333 f +61 2 9247 7722

ACN 115 027 033

www.gulfindustrials.com.au

VERMICULITE SALES & PRODUCTION SUMMARY

Quarterly	June Qtr 2012	June Qtr 2011	% Increase/ Decrease	Year to 30/6/2012	Year to 30/6/2011
Sales (tonnes)	3,082	2,942	+ 5%	8,823	7,196
Production (tonnes)	3,798	2,218	+ 71%	11,047	6,940

UPDATE NAMEKARA

Operations

Gulf has advanced its Namekara Vermiculite project in Uganda. The plant expansion has seen the standby generator commissioned and the magnetic separator installed. Both are running to expectations and will improve the efficiencies and productivity of the plant.

The completion of the plant upgrade also means that staff numbers, including expatriate staff, are being reduced and further efficiencies in operating the business at the site have been implemented. The Company is also exploring and testing other options to transport the vermiculite to port, including the use of the nearby railway. Arrangements have been made to secure covered storage capacity for the vermiculite.

It now appears that the challenge going forward will be providing sufficient ore to the plant and as such the Company has to revise its expectations of monthly production downwards to approximately 1,835 tonnes per month for the foreseeable future. Otherwise the plant performs to design expectations. Gulf is constantly addressing the issues of ore availability and logistics and will provide updates as and when available.

The months of April and May 2012 have been particularly difficult with the operation being severely hampered by an abnormally wet wet season. This heavy rain has led to the pit being flooded and, as a result, the plant running out of ore on numerous occasions as the flooding has limited mining. This uncharacteristically wet weather has also markedly restricted the ability to deliver Gulf's product to port. As a result a large stock build-up on site has occurred as roads in the surrounding areas have been affected by the wet conditions. Increased production has also tested road capacity.

The Company continues to explore around the Namekara Project. Following the drilling program late in 2011 and early 2012, a new vermiculite JORC resource will be announced shortly.

Drilling Confirms Presence of High Grade (8-30% P₂O₅) Phosphate Mineralisation

During the quarter Gulf reported the results of its soil sampling and six hole drill program between the Busumbu prospect and the Namekara Vermiculite mine in eastern Uganda.

The phosphate target is hosted in alkaline rocks such as carbonatite within the Bukusu complex, one of Africa's largest reported alkaline / carbonatite complexes.

The drilling results confirm the presence of high grade (ca.20-30% P₂O₅) phosphate mineralisation in weathered carbonatite, which may have DSO (direct shipping ore) potential (refer to table 1 for drilling results). Lower grade mineralisation (8-13% P₂O₅) may have potential for beneficiation or for direct agricultural application.

- 510 soil samples collected along approximately 4km strike length.
- Soil sample analyses indicate up to 3km strike extent of phosphate mineralisation is likely between Busumbu and Namekara.
- Substantial phosphate mineralised footprint for future exploration.
- Six diamond core holes completed for 301m total.
- 8.23-29.2% P₂O₅ in drill hole carbonatite samples to 60m down-hole, at Busumbu and Namekara.
- An XRD analysis of the crystalline mineral phases indicates that apatite is the predominant phosphate mineral, with lesser quantities of carbonate-fluorapatite and minor crandallite noted.

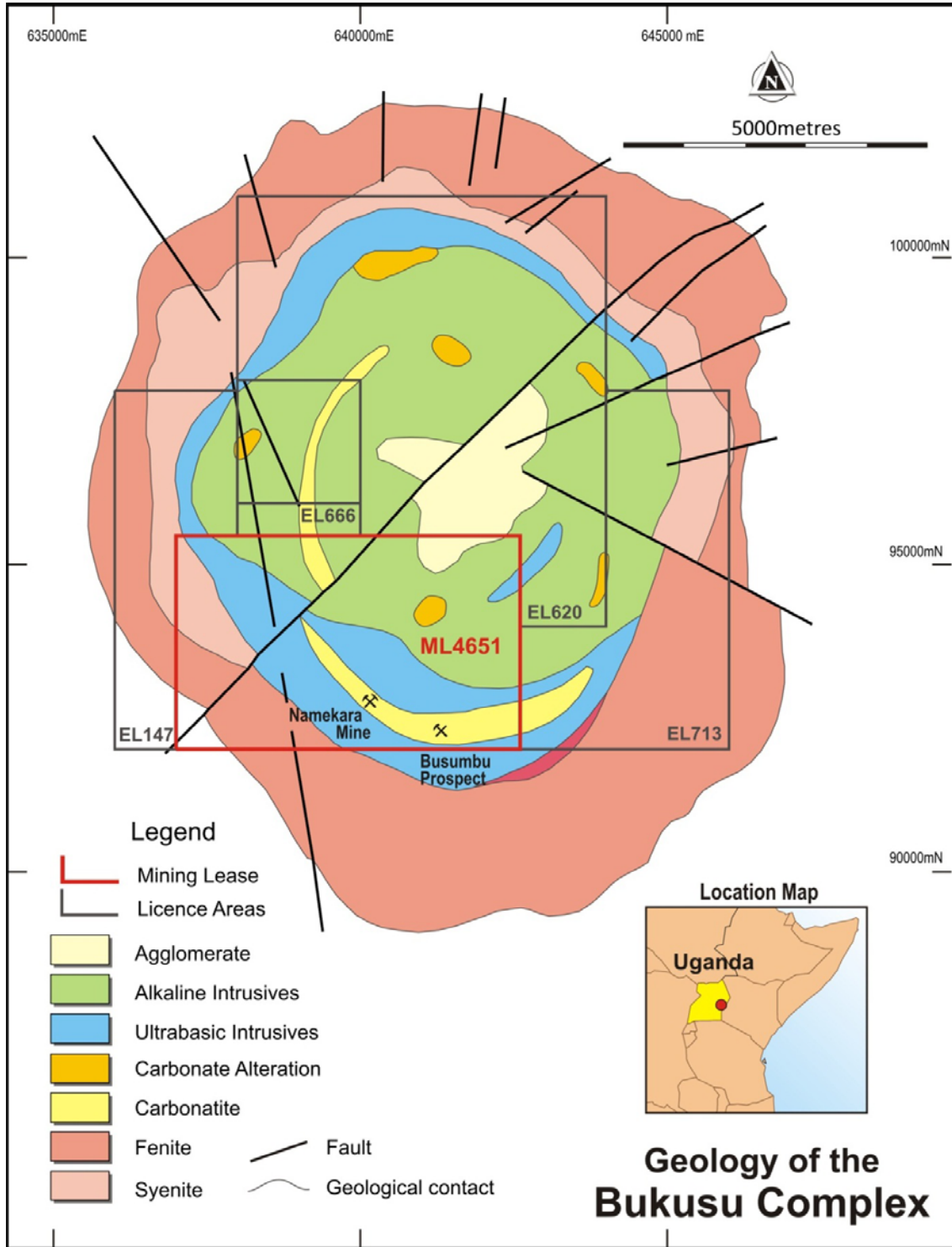


Figure 1: Provisional Geology map of the Bukusu Complex. Geology after (Baldock, 1967)

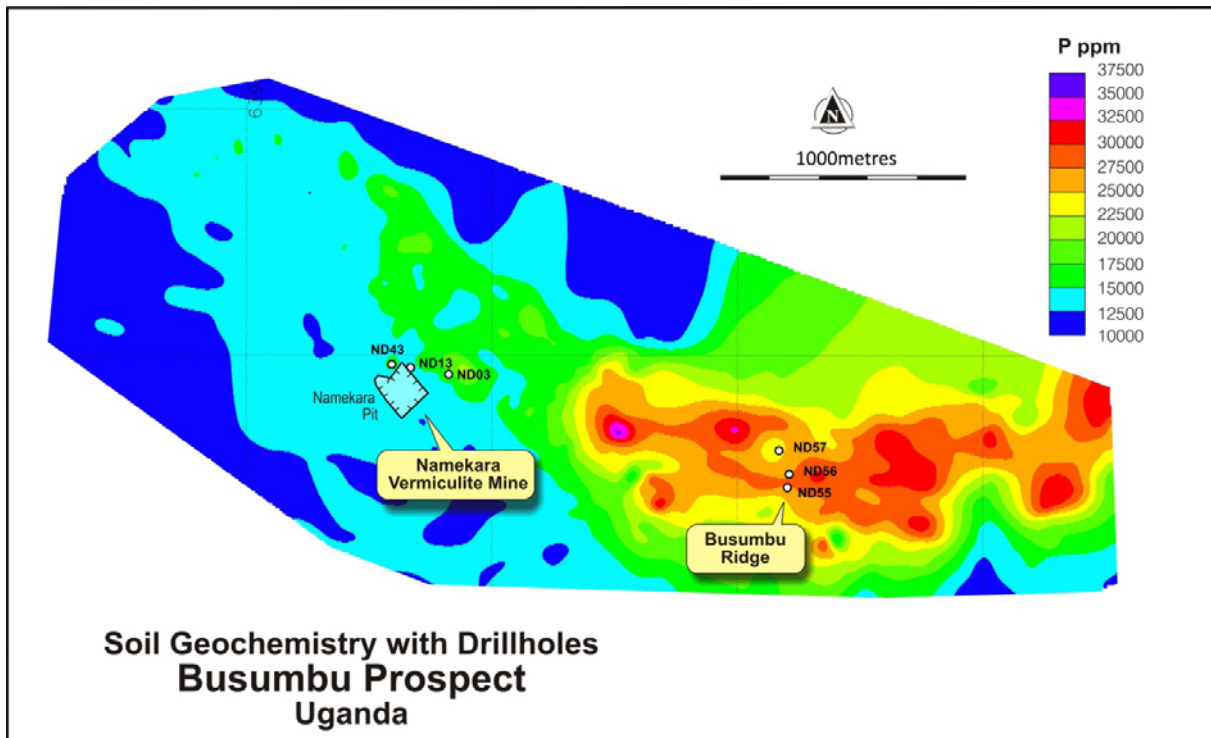


Figure 2: Map of soil sample results, contoured using general purpose gridding in Minex® 6.1.1 software. Drill collars are referenced in Table 1.

THE BUKUSU COMPLEX

Background

The Bukusu Complex is one of Africa’s largest alkaline carbonatite complexes. Gulf previously identified historical information relating to a phosphate mine operated intermittently on Busumbu ridge, approximately 3km east of Namekara, during the period 1944 to 1963. Research at the Busumbu phosphate deposit by Edwards (1995) described the formation of calcium-aluminium phosphates such as crandallite in the regolith to form “soft phosphate rock” and re-precipitation of apatite to form “hard phosphate rock”.

Gulf’s 2011/2012 soil sampling and core drilling at the Busumbu – Namekara target was aimed at confirming previous the reports of phosphate mineralisation, to evaluate mineralogy and identify potential for extensions at depth and along strike.

Geology

According to previous mapping by Baldock (1967) the Bukusu Complex is composed of alkaline and ultrabasic rocks forming ring dyke structures surrounding a central vent agglomerate. Radial faulting from the centre outwards is present, though very limited outcrops have restricted the amount of detailed mapping that can be carried out. In general, the Bukusu Complex is surrounded by a broad zone of feldspathisation or fenites in which leucocratic granite, syenite and quartz-pegmatoid have been developed from alteration of the country rocks (granodiorite-gneisses).

Baldock also refers to “sheets and screens” of phoscorite intercalated with carbonatite in a borehole at the Busumbu phosphate prospect. The phoscorite is quoted as consisting of olivine (34.1%), magnetite (23.6%), apatite (22.1%) and biotite (13.5%) and to contain trace amounts of zircon and baddeleyite.

The Bukusu Complex also has potential to host several other mineral commodities including Calcium Carbonate, Magnetite and possibly Rare Earth Elements (REE).

Current Exploration Programme

Soil sampling was conducted to delineate the potential mineralised target, followed by diamond core drilling to test for depth extents, determine tenor of phosphate mineralisation and to identify phosphate minerals present. Soil sample results summarised in Table 2 and in Figure 2 confirm the possible extension of phosphate mineralisation between Busumbu and Namekara.

The present drilling indicates that the phosphate mineralisation north of Namekara is hosted within a steeply dipping carbonatite ring dyke that is likely to be the westward extension of similar carbonatite-hosted mineralisation at the Busumbu prospect. Low grade phosphate values were intersected in the ferricrete profile in borehole ND13 between 3 and 16.5m depth (Table 4). Higher grade phosphate values in the range 8.23% to 29.2% were intersected in weathered carbonatite below the soil / ferricrete horizon (Tables 1 and 4).

XRD analysis of 12 selected samples indicates that the main crystalline phosphate mineral is apatite, with lesser amounts of crandallite and carbonate-fluorapatite (Table 3). Other crystalline minerals identified include magnetite, hematite, goethite. Poorly crystalline or amorphous material is suggested in some samples (e.g. E0588 & E0643), where the XRD patterns have high background and broad peaks.

Table 1: Summary Drill Intersection Composites

Entire phosphate intersections not yet assayed in boreholes ND03, ND13 or ND 43; these will be submitted for analysis in the near future.

Hole ID	East	North	Depth	Azimuth	Plunge	From	To	Interval	P ₂ O ₅ %
ND03	639825	92940	40.14	24	-50	4.7	40.14	35.44	20.6 - 29.2 (range)
ND13	639660	92959	62.04	26	-50	17.5	60.5	43	13.7-25.5 (range)
ND43	639587	92980	50.04	22	-52	7	36.2	29.2	19.9-26.5 (range)
ND55	641198	92466	55.04	9	-51	15.88	24	8.12	11.97
						24	36.5	12.5	23.98
ND56	641206	92523	29.14	181	-50	19.74	24.5	4.76	11.94
ND57	641162	92625	64.6	10	-50	5.2	23.1	17.9	18.29
						23.1	32.6	9.5	21.72
						32.6	56.6	24	19.36

Note: The boreholes are drilled obliquely across what is interpreted to be steeply dipping mineralisation, therefore the intervals do not represent true width, which is less than sampled width. Composite P₂O₅ values were derived using Micromine®2011 software. Samples were analysed during June 2012 by Genalysis Perth, using Li borate fusion XRF according to their "Phosphate Majors XRF Package" and during March 2012 according to their "REE FP6/MS package".

Table 2: Soil Sample Statistics for the Phosphate Exploration Target.

Statistics generated using GeoAccess® Professional software package.

Statistics (n = 510 samples)	Phosphorus (ppm)
Minimum	10487
Maximum	37040
Mean	17650
Median	15413
Std Dev	5885
Percentiles	
10	11993
50	15413
90	26855
95	30031
97.5	31598
99	32714

Note: Soil samples tested on site using hand-held INNOV-X® X-5000 XRF equipment. The soil samples were dried, pulverised using pestle and mortar before screening to -180 micron for analysis. The soil sample results should be considered indicative until confirmed by analysis at an accredited laboratory

Table 3: XRD Mineralogy Summary

Sample ID	Borehole	From	To	Apatite	Crandallite	Carbonate-fluorapatite	Magnetite	Hematite	Goethite
		(m)	(m)	%	%	%	%	%	%
D0945	ND03	6.5	7.5	37	3	29	8	3	17
D0960	ND03	21.8	22.8	57	1	7	13	5	16
D0976	ND03	38.04	40.14	48	5	21	4	3	18
D1191	ND13	27.3	28.8	18	6	27	4	5	23
D1206	ND13	42.5	43.5	63	1	6	12	4	14
D0982	ND43	9.8	11	49	5	13	8	4	20
D0998	ND43	26.6	27.6	36	5	22	9	4	22
E0588*	ND55	11.2	14.15	36		5	11	3	19
E0594	ND55	30.6	33.5	35	2	31	8	1	20
E0641	ND57	10.54	14.1	40	1	4	10	10	34
E0643**	ND57	23.1	26.1	23					34
E0649	ND57	47.1	53.4	51	1	1	12	4	30

Note: Qualitative analysis on all samples was performed at Genalysis Intertek Perth, using the Bruker Diffrac^{plus} Search/Match software with the ICDD PDF-2 (2004) database. Quantitative phase analysis was performed using SIROQUANT™ Version 3 software. Results are given as weight % of the total crystalline phases. No determination for amorphous content was undertaken. *Sample E0588 contains zeolite, periclase, zircon and anatase. **The analysis of sample E0643 should be taken as a guide only and is indicated to contain Fe-phosphates and gibbsite: further work is required to confirm mineralogy.

Table 4: XRF Assay Results for Selected Elements

SAMPLE ID	BOREHOLE	FROM	TO	P2O5	CaO	MgO	Fe2O3	Al2O3	SiO2	LOI
		(m)	(m)	%	%	%	%	%	%	%
D0943	ND03	4.70	5.89	20.62						
D0945	ND03	6.50	7.50	26.92	34.19	0.35	21.41	4.36	4.95	3.70
D0946	ND03	7.50	8.80	28.16						
D0948	ND03	9.70	10.65	28.04	36.87	0.35	20.90	3.03	3.73	3.27
D0949	ND03	10.65	11.65	26.63						
D0951	ND03	12.65	13.70	24.35	29.94	0.49	34.29	2.78	1.50	2.62
D0952	ND03	13.70	14.70	23.19						
D0954	ND03	15.70	16.70	25.34	32.14	0.47	30.94	2.20	2.49	2.26
D0955	ND03	16.70	17.70	23.94						
D0957	ND03	18.70	19.80	25.02	31.91	0.53	32.48	1.66	2.24	1.89
D0958	ND03	19.80	20.50	23.81						
D0960	ND03	21.80	22.84	25.98	33.99	0.50	31.04	1.08	1.97	1.57
D0961	ND03	22.84	23.88	25.39						
D0963	ND03	24.88	26.15	25.12	32.58	0.25	26.43	1.27	7.05	2.85
D0964	ND03	26.15	27.15	25.78						
D0966	ND03	28.15	29.15	23.41	30.78	0.60	32.22	1.07	6.05	1.55
D0967	ND03	29.15	30.15	24.49						
D0969	ND03	31.30	32.10	24.39	31.39	0.48	27.35	3.11	6.34	2.80
D0970	ND03	32.10	33.10	23.62						
D0972	ND03	34.10	35.74	26.52	34.21	0.50	28.03	2.22	2.11	2.06
D0973	ND03	35.74	37.00	28.60						
D0975	ND03	38.04	40.14	29.14	38.20	0.33	17.13	3.39	4.91	3.31
D1166	ND13	3.00	4.00	1.40						
D1169	ND13	6.15	7.04	1.47						
D1171	ND13	8.04	8.72	2.05	1.36	0.52	30.17	18.55	32.94	8.04
D1174	ND13	10.72	11.50	1.58						
D1176	ND13	12.50	13.50	2.29	1.14	0.49	32.07	18.37	30.55	8.58
D1179	ND13	15.50	16.50	7.61						
D1181	ND13	17.50	18.50	18.75	21.97	0.54	29.13	8.67	11.51	5.33
D1185	ND13	21.40	22.40	22.09						
D1186	ND13	22.40	23.40	19.34	22.97	0.46	26.68	8.31	14.12	4.86
D1190	ND13	26.30	27.30	21.45						
D1191	ND13	27.30	28.80	20.73	25.56	0.42	21.47	8.84	12.92	5.78
D1196	ND13	32.10	33.10	13.67	15.73	0.79	21.71	14.84	20.18	7.50
D1201	ND13	37.10	38.20	21.40	28.04	0.55	20.42	7.56	12.59	5.22
D1202	ND13	38.20	39.20	20.65						
D1206	ND13	42.50	43.50	25.53	33.74	0.64	29.05	2.10	3.48	1.93
D1208	ND13	44.60	45.60	23.37						
D1211	ND13	47.80	48.70	9.15	11.82	0.99	22.50	14.75	28.10	6.96
D1214	ND13	52.70	53.80	17.00						
D1216	ND13	54.80	56.30	20.12	27.20	0.84	27.08	3.43	13.46	2.67
D1220	ND13	59.04	60.50	13.84						
D0980	ND43	7.00	8.80	26.08						
D0982	ND43	9.80	11.00	24.26	30.08	0.50	28.81	4.56	4.03	3.49
D0984	ND43	12.00	13.00	25.21						
D0986	ND43	14.00	15.00	25.59	31.50	0.57	29.17	3.28	2.94	3.00
D0988	ND43	16.00	17.00	25.87						
D0990	ND43	18.00	19.00	19.88	19.21	0.38	27.77	12.72	9.25	7.29
D0992	ND43	20.40	21.50	21.65						

...continued over

D0996	ND43	24.66	25.66	24.75						
D0998	ND43	26.60	27.60	26.48	30.74	0.42	26.68	5.60	1.48	4.39
D1000	ND43	29.20	30.20	21.75						
D1102	ND43	31.20	32.20	21.68	26.67	0.34	23.90	6.98	10.82	5.19
D1104	ND43	33.20	34.90	24.49						
D1106	ND43	35.20	36.20	23.50	31.52	0.30	18.64	2.34	15.69	3.38
E0587	ND55	8.12	11.20	12.38	16.27	1.71	51.19	2.68	9.11	1.34
E0588	ND55	11.20	14.15	12.69	17.10	2.95	40.99	3.78	14.44	2.32
E0589	ND55	14.15	17.82	11.86	16.08	3.34	50.37	1.75	9.88	0.72
E0590	ND55	17.82	21.00	11.36	15.34	3.94	48.64	2.20	11.48	1.54
E0591	ND55	21.00	24.00	11.62	15.41	2.85	48.30	2.55	11.81	1.84
E0592	ND55	24.00	27.00	21.13	28.82	1.41	24.42	4.37	11.42	3.41
E0593	ND55	27.00	30.60	23.90	32.73	0.82	23.18	3.67	7.59	3.51
E0594	ND55	30.60	33.50	25.04	34.10	0.73	21.82	3.09	6.63	3.31
E0595	ND55	33.50	36.50	25.91	34.77	0.63	21.68	2.18	6.03	3.59
D2911	ND56	19.74	20.90	11.46	14.97	0.97	47.28	1.92	16.24	1.66
D2912	ND56	20.90	22.74	12.02	15.90	1.31	38.74	3.58	20.88	2.77
D2913	ND56	22.74	24.50	12.17	15.83	0.73	56.05	0.82	8.34	0.29
E0640	ND57	5.20	10.54	16.73	20.65	0.48	51.15	1.49	1.26	2.59
E0641	ND57	10.54	14.10	18.00	22.50	0.39	50.07	0.87	0.66	1.78
E0642	ND57	14.10	23.10	19.32	22.82	0.39	42.31	3.63	2.73	3.50
E0643	ND57	23.10	26.10	22.88	11.01	0.07	29.13	15.55	1.72	11.61
E0644	ND57	26.10	29.20	21.62	14.86	0.18	33.95	11.29	1.67	9.03
E0645	ND57	29.20	32.60	20.78	23.30	0.32	41.31	3.32	0.84	4.22
E0646	ND57	32.60	38.70	18.84	22.31	0.43	43.94	2.60	1.70	3.57
E0647	ND57	38.70	44.10	17.41	20.72	0.50	50.54	1.81	0.62	2.40
E0648	ND57	44.10	47.10	25.39	23.55	0.18	28.61	8.23	1.22	7.02
E0649	ND57	47.10	53.40	19.62	23.52	0.37	43.00	2.86	1.93	2.82
E0650	ND57	53.40	56.60	17.50	20.12	0.37	46.15	3.77	2.73	3.46
E0651	ND57	56.60	60.90	8.23	10.59	1.54	55.36	3.66	9.66	3.46
E0652	ND57	60.90	64.44	12.31	14.62	1.93	38.04	6.97	13.56	5.03

Notes: The 28 samples submitted in March 2012 were analysed for P and REE only. Subsequent samples were analysed during June 2012 according to the SGS "Phosphate Majors Package" option.

References

Baldock, J.W. (1967). The Geology & Geochemistry of the Bukusu Carbonatite Complex, South-Eastern Uganda. PhD thesis, University of Leeds. 312pp.

Edwards, K. (1995) Evaluation of the Phosphate Resource of Busumbu Ridge. MSc Thesis. Department of Earth Resources Surveys, Delft, The Netherlands. 192pp.

NAMEKARA FEASIBILITY STUDIES

Progress with the feasibility study looking at expanding the operation was as follows:

- Analysis of samples for vermiculite in the on-site lab was completed in early June and finalisation of the database only awaits receipt of umpire assays from Dupré.
- All engineering work relating to the feasibility program has been suspended pending conclusion of the resource estimate

EXPLORATION - OTHER

Dr Andrew Scogings, Principal of Perth-based Klipstone Consultants and a specialist in carbonatites has, together with Rob Barnett an industrial minerals consultant, reviewed the Bukusu tenements and is presently finalizing a comprehensive report. It will include a definitive work program designed to evaluate the ground surrounding the Namekara operations and all remaining leases held by Gulf in the area.

POLITICAL, SOCIAL, ENVIRONMENTAL, SAFETY & HEALTH MATTERS

The safety record remains satisfactory with only one lost time incident reported at Namekara. New identification documents and improved personal protective equipment were issued to all employees during the quarter.

Community relations at Namekara continue to be cordial and co-operative and the company has reaffirmed its commitment to provide funding for the construction of school classrooms for the local residents in the vicinity of the current operations. Construction only awaits agreement and delivery of access to the preferred location by the community. Additionally, at Namekara, two new boreholes were sunk to provide a back-up to the community water supply.

Reichart & Reichart, the company's environmental consultants have conducted a review of the environmental impact of the upgraded plant at Namekara and are preparing a report as part of the feasibility of the next expansion.

CORPORATE

Gulf continues to review funding opportunities to further advance the company.

Management Changes

The company announced the appointment of Mr Henson Mambo as Operations Manager, Namekara Mine in Uganda. Mr Mambo is a Zimbabwean mining engineer and comes to Gulf from the Shawa vermiculite mine bringing with him a wealth of vermiculite experience and significantly boosting the company's operational capabilities. Mr Mambo replaces Mr Rob Guest who leaves on 31 July 2012 following the plant upgrade.

FURTHER INFORMATION

Mark Arnesen, 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, Mineral 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 report that relates to Exploration Results and Mineral Resources is based on information compiled by A J Scogings and RN Barnett. Dr Scogings is a Member of the Australian Institute of Geoscientists and a Member of the Australasian Institute of Mining and Metallurgy. Mr Barnett is a Fellow of the Geological Society of South Africa and registered as a Professional Natural Scientist (SACNASP Registration Number 400106/06).

Dr Scogings and Mr Barnett have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Scogings and Mr Barnett are consultants to Gulf and consent to the inclusion in the report of the matters based on this information in the form and context in which it appears.