ASX ANNOUNCEMENT 31 OCTOBER 2012

FIRST 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 September 2012.

NAMEKARA

Gulf has been operating the Namekara Vermiculite project in Uganda at an annualised basis of 22,000 tonnes per annum and was on track to achieve nameplate capacity of 30 000 tonnes per anum in the current year.

The quarter saw considerable improvements on a number of fronts with dryer performance improved its fuel consumption reduced,finished goods storage added and consistent use of rail to transport vermiculite to port.

In September the Company was advised by Dupré Minerals Limited (Dupre), a vermiculite distributor which has the exclusive rights to purchase all of Namekara's production, that due to difficult economic conditions in Europe it anticipated it would only purchase approximately 18,000 tonnes per annum.

The Company in response reduced its annual production to 18,000 tonnes per annum with immediate effect and looked to restructure and streamline operations to reduce costs to match this lower production level. Later in the month the Company received further advice from Dupre that it was unable to guarantee the purchase of any vermiculite until the markets improved.

Since the end of the quarter, Gulf has advised that on an interim basis it has stopped production at its Namekara Vermiculite Project in Uganda until stock levels are reduced to a manageable level.

VERMICULITE SALES & PRODUCTION SUMMARY

Quarterly	Sep Qtr 2012	Sep Qtr 2011	% Increase/ Decrease
Sales (tonnes)	3,140	1,930	+ 63%
Production (tonnes)	4,165	1,791	+ 133%

Year to 30/9/2012	Year to 30/9/2011
3,140	1,930
4,165	1,791

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EXPLORATION – OTHER

The Company has employed Josh Wright as its exploration geologist and he is working with Dr Andrew Scogings, Principal of Perth-based Klipstone Consultants and a specialist in carbonatites and Rob Barnett an industrial minerals consultant, reviewing the Bukusu tenements and finalising a definitive work program designed to evaluate the ground surrounding the Namekara operations and all remaining leases held by Gulf in the area.

CORPORATE

The financing of the Company has been negatively impacted by the previously mentioned two communications with Dupre which resulted in various offers of financing being withdrawn. Gulf continues to review funding opportunities to further advance the Company and would expect to announce these shortly.

The Annual General Meeting of the Company is to be held at 11am on 28 November 2012.

Board Changes

Subsequent to the first quarter's end, the Company announced the resignation of its Chairman and Director, Sir Sam Jonah.

Sir Sam's resignation came as a result of Gulf being in discussions with Jonah Capital (of which Sir Sam is a major shareholder) regarding a finance facility and to avoid any possible conflict of interest that his Chairmanship and Directorship may have posed.

Mr Jonathan Best was appointed interim Chairman of the Company.

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 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.