



ASX ANNOUNCEMENT

25 September 2013

FINANCING UPDATE

Gulf Industrials Limited ("Gulf") announces that its wholly owned subsidiary, GLF Holdings Limited ("GH") has agreed to amend the terms of 2 bridge loan facilities from entities controlled by 2 of its major shareholders, being Richmond Partners Masters Limited ("Richmond") and Jonah Capital (BVI) Limited ("Jonah") (together the "Lenders"). The amendments to the terms of the loans will, once documented:

- extend the maturity date to 31 March 2014 ("Expiry Date") and
- advance a further \$1.0 million.

("Amended Loans").

- In addition, each of the two Lenders has elected to convert \$500,000 of their existing loan into 250m shares in Gulf at \$0.002 per share. This conversion was approved by shareholders at the General Meeting held on 30 July 2013 as an alternative to repayment of the Loans.
- The effect of the conversion will be that Richmond will hold 411,400,000 ordinary shares in Gulf or 26.74% and Jonah will hold 367,600,000 ordinary shares in Gulf or 23.89% out of an increased 1,538,404,562 ordinary shares on issue.

The funds from the Amended Loans will be used for working capital purposes in the ordinary course of business of the Group. The existing security over Gulf's Ugandan assets, including the mining lease and the exploration licences, which was assigned to Jonah and Richmond in connection with the Bridge Loan, will remain in place.

The key terms of the Jonah Amended Loan are as follows:

Total Commitment (existing and new post conversion)	\$2,013,594
Arrangement and Commitment Fee (7%)	\$140,951
Interest rate	15% per annum.
Maturity date	31 March 2014 or such other date as agreed between the parties.
Use of funds	To fund the operations of Gulf including Gulf Resources Uganda Limited ("GRUL" including: • payments to creditors of any member of the Gulf Group, including but not limited to landlords, advisors and an independent expert. • payment of salaries of its employees; • working capital expenditure; • exploration and capital expenditures; and • expenditures required in connection with the Amended Loans.
Security	The existing fixed and floating charge which Richmond as trustee for Richmond and Jonah holds over the assets of GRUL and the existing pledge over the shares that GH holds in GRUL will continue. No additional security will be granted.
Default	The events of default include: • Failure to pay Jonah in accordance with GH's obligations under the transaction documents;

	• Failure to perform any of GH's material obligations under the transaction documents; • Material misrepresentation of any representation or warranty under the transaction documents; • Insolvency event; and • Cross default under GH's loan agreement with GRUL as described above.
Warranties	Warranties given include: • Corporations registered; • Power to enter into and perform its obligations under the transaction documents; • The transaction documents are valid and binding subject to any stamping and registration; • All information provided by GH was true and accurate in all material respects; • There has been no material adverse change in the business or financial condition of GH since the most recent financial information provided to Jonah; • It has no material assets other than shares in GRUL and its rights under the transaction documents; and • Other than disclosed to Jonah, GH has not incurred any financial indebtedness.
Default Fee	If an event of default occurs then a fee equal to 30% of the total commitment under the Jonah Amended Loan (including accrued interest and outstanding fees) is payable.
Change of Control Fee	If there is a Change of Control Event in Gulf then a fee equal to 30% of the total commitment under the Jonah Amended Loan (including accrued interest and outstanding fees) is payable. Change of Control Event means an event the occurrence of which has the effect that any person (other than Richmond or Jonah or their associates, affiliates or related entities) acquires a relevant interest in 30% or more of Gulf's issued share capital, other than as the result of a rights issue.
Early Repayment Fee	30% of the Total Commitment
Mandatory Prepayment	The net proceeds from any equity financing is to be used to pay down the Amended Loan and associated costs.

The key terms of the Richmond Amended Loan are as follows:

Total Commitment (existing and new and post conversion)	\$2,803,944
Arrangement and Commitment Fee (7%)	\$196,276
Interest rate	15% per annum.
Maturity date	31 March 2014 or such other date as agreed between the parties.
Use of funds	To fund the operations of Gulf including GRUL including: • payments to creditors of any member of the Gulf Group, including but not limited to landlords, advisors and an independent expert. • payment of salaries of its employees; • working capital expenditure; • exploration and capital expenditures; and • expenditures required in connection with the Amended Loans.
Security	The existing fixed and floating charge Richmond as trustee for Richmond and Jonah holds over the assets of GRUL and the existing pledge over the shares that GH holds in GRUL will continue. No additional security will be granted.
Default	The events of default include: • Failure to pay Richmond in accordance with GH's obligations under the transaction documents; • Failure to perform any of GH's material obligations under the transaction documents; • Material misrepresentation of any representation or warranty under the transaction documents; • Insolvency event; and • Cross default under GH's loan agreement with GRUL as described above.

Warranties	Warranties given include: • Corporations registered; • Power to enter into and perform its obligations under the transaction documents; • The transaction documents are valid and binding subject to any stamping and registration; • All information provided by GLF Holdings was true and accurate in all material respects; • There has been no material adverse change in the business or financial condition of GH since the most recent financial information provided to Richmond; • It has no material assets other than shares in GRUL and its rights under the transaction documents; and • Other than disclosed to Richmond, GH has not incurred any financial indebtedness.
Default Fee	If a default occurs then a fee equal to 30% of the total commitment under the Richmond Bridge Loan (including accrued interest and outstanding fees) is payable.
Change of Control Fee	If there be a Change of Control Event in Gulf then a fee equal to 30% of the total commitment under the Richmond Bridge Loan (including accrued interest and outstanding fees) is payable. Change of Control Event means an event the occurrence of which has the effect that any person (other than Richmond or Jonah or their associates, affiliates or related entities) acquires a relevant interest in 30% or more of Gulf's issued share capital, other than as the result of a rights issue.
Early Repayment Fee	30% of the Total Commitment
Mandatory Prepayment	The net proceeds from any equity financing must be used to pay down the Amended Loan and associated costs.

The Amended Loans remain subject to formal documentation being executed between GH and the Lenders.

The Company will continue to look for other refinancing opportunities to repay the Amended Loans and to provide working capital to advance the company's projects and for exploration in Uganda where recent drilling results have been encouraging. It should be noted that there is a risk that the refinancing may not be achieved by the maturity date of 31 March 2014 in these difficult markets.

FURTHER INFORMATION

Mark Arnesen, CEO

t | +61 2 8206 1740