ASX ANNOUNCEMENT **27 FEBRUARY 2014**

FINANCING UPDATE

Gulf Industrials Limited ("Gulf") wishes to advise further to the ASX announcement of 30 January 2014, Gulf has now entered into a Deed of Settlement and Release with Richmond Partners Master Limited ("Richmond") and Jonah Capital (BVI) Limited ("Jonah") (together the "Lenders") in respect to the borrowings to be repaid on 31 March 2014.

Gulf's vermiculite operations in Uganda have been on care and maintenance since 25 October 2012 with limited production and sales since that time and it has been unsuccessful in refinancing the amounts owing to the Lenders. Accordingly, Gulf has entered into a Deed of Settlement and Release with the Lenders which negates the need for the Lenders to exercise their security but achieves the same result and enables Gulf to continue with its other exploration activities which includes Madagascar.

Under the Deed of Settlement and Release the Lenders will take full ownership of the vermiculite operations in Uganda including the mining lease and exploration licences, will assume all other assets and liabilities and will own the shares Gulf holds in GLF Holdings Limited in exchange for the cancellation of all amounts owing by the Group which was approximately $4.9m at 31 January 2014.

The continued operation of the company is subject to its ability to raise further funding for its other exploration activities which the Board is exploring.

FURTHER INFORMATION

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