



ASX ANNOUNCEMENT

31 JULY 2017

FOURTH QUARTER ACTIVITIES REVIEW

Gulf Industrials Limited (“**Gulf**” or “the **Company**”) (**ASX Code: GLF**), is pleased to provide shareholders with the Company’s Activities Review for the quarter ending 30 June 2017.

The Company’s focus during the quarter was:

- The acquisition of the Gbane Gold Project in Ghana, West Africa, which was approved by shareholders at a General Meeting held on 26 May 2017;
- The vendor consideration was paid and the shares and unlisted options issued to execute the acquisition of Gulf’s initial 40% interest in the Gbane Project;
- Independent drilling contractor, Geodrill Limited were appointed to undertake the RC and Diamond Core drilling programme;
- Commencement of first drilling programme at the Gbane Project began in May 2017 with approximately 8,000 metres completed by the end of the quarter; and
- Planning and logistics to undertake the drilling programme and associated works at the Soalara Limestone Project.

Each of the activities are addressed below.

Gbane Gold Project (Ghana, West Africa) – see Figure 1

During the previous quarter the Company entered a term sheet to earn a 70% interest in a gold exploration project in Ghana called the Gbane Project with Cassius Mining Limited (“Cassius”).

The Term Sheet provides that Gulf has the right to earn an initial seventy percent (70%) interest in the Gbane Project, through a combination of vendor consideration and direct investment into the Project, with the additional right to then acquire up to one hundred percent (100%) interest¹.

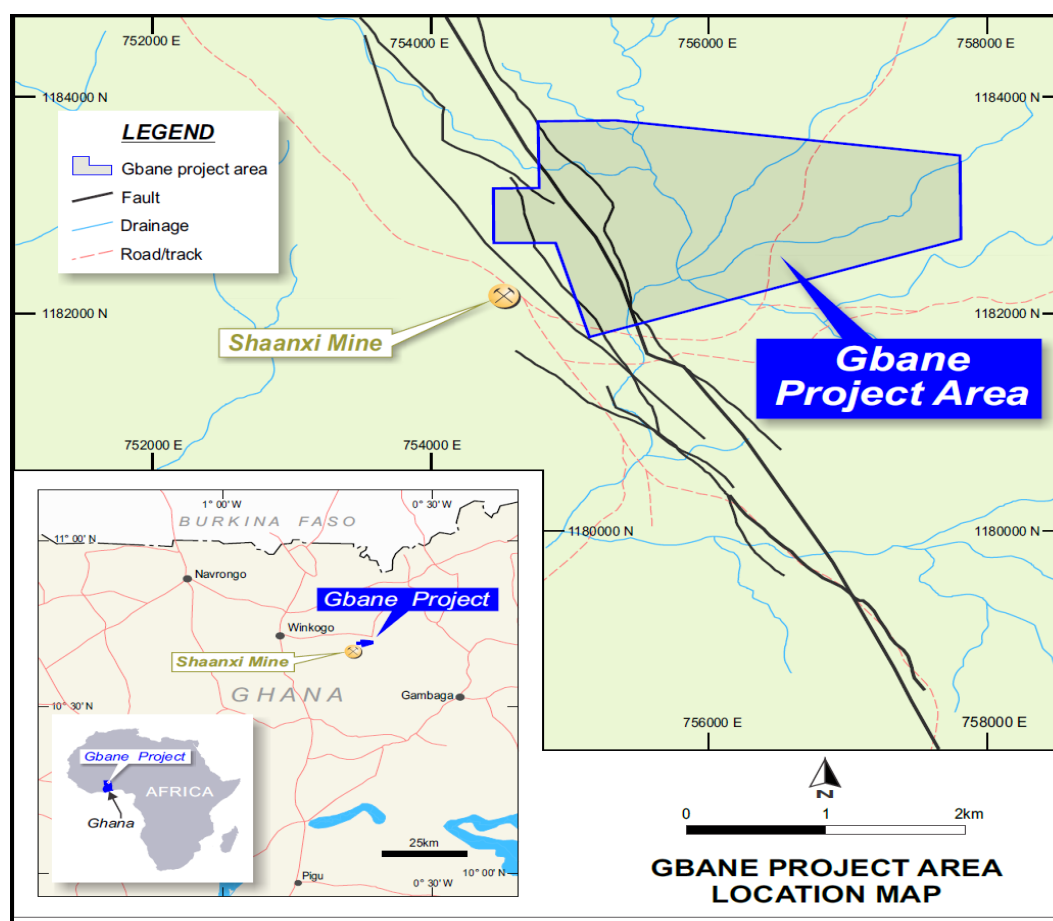
Cassius is a company associated with Messrs Karam and Arkoudis who are also directors of Gulf. Therefore, this transaction required shareholder approval at the General Meeting held on 26 May 2017. An Independent Expert Report on the transaction (the “IER”) accompanied the Notice of Meeting together with a Technical Report on the Project, completed by SRK Consulting (Australasia) Pty Ltd. The Independent Expert had concluded that the transaction is fair and reasonable. (ASX announcement: 19 April 2017).

¹ All interests referred to in the Gbane Project will be calculated after (net of) the Ghanaian Government’s statutory free-carried interest (which is a condition of the Licence and may be up to 10%), has been accounted for.

At the General Meeting held on 26 May 2017, the Gulf shareholders approved this transaction.

The consideration to acquire the initial 40% interest in the Gbane project was paid during the quarter. This being the reimbursement of \$1m of past expenditure and the issue of the 75m shares and 300m unlisted options. Gulf now has a 40% interest in the project with the balance of Gulf's 70% interest to be earned proportionately in accordance with the earn-in investment expenditure at a rate of an additional 5% interest in the Project for each \$1.5 million spent on the advancement of the Gbane Project.

Figure 1: Gbane Project Area



First Stage Drilling Programme – Gbane Project.

During the quarter the Company commenced its first stage drilling programme at the Gbane Project, consisting of both of RC and Diamond Core drilling.

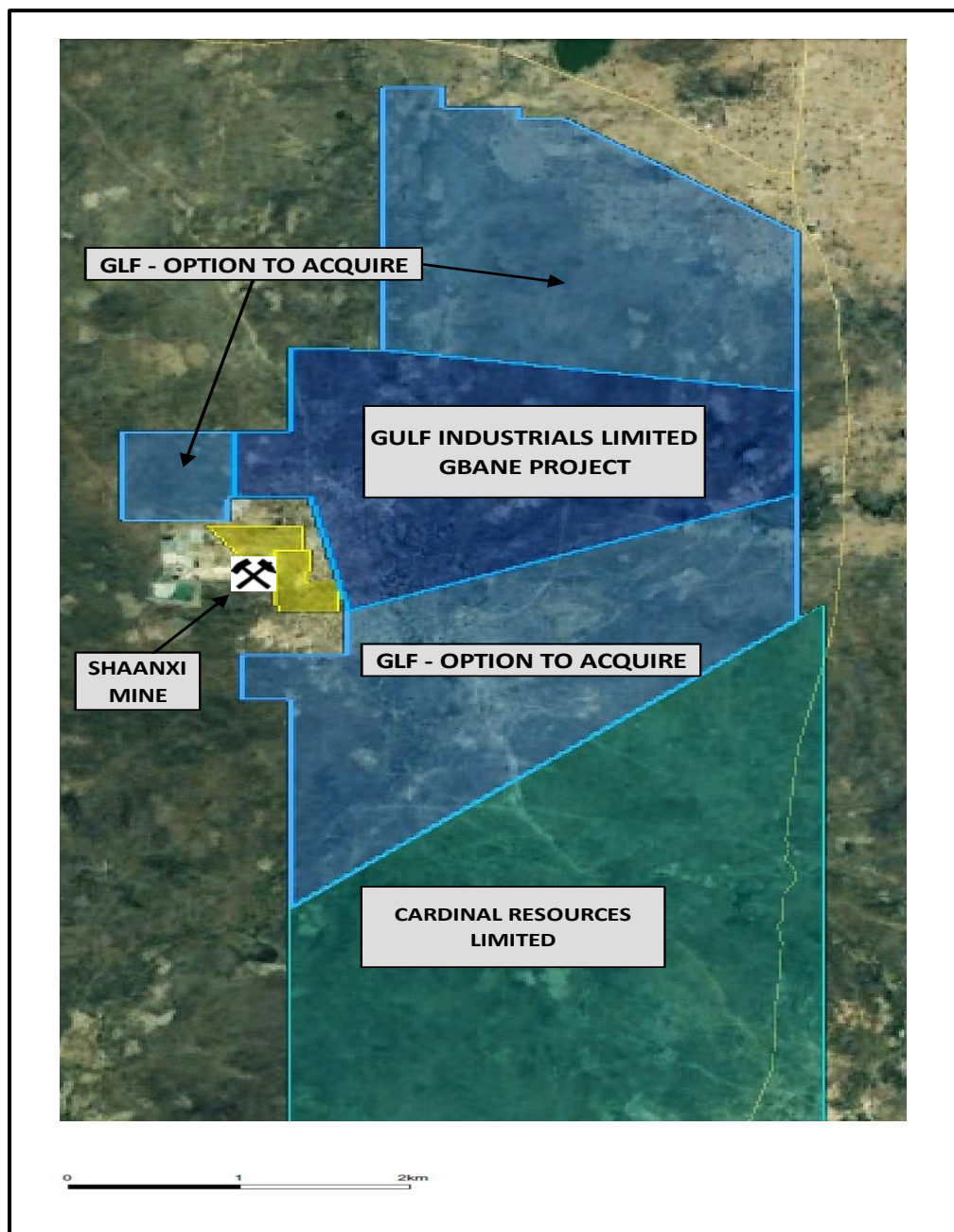
At the end of the quarter approximately 6,100 metres of RC drilling over 41 holes and 1,900 metres of Diamond Core drilling over 7 holes had been completed.

The drilling programme has been designed to generate key structural geological information whilst also intersecting potential multiple sub-surface mineralized zones of interest.

The information generated from the drilling programme is being submitted for analysis and is currently undergoing interpretation. Results will be reported in the current quarter.

Gulf has also secured an option to acquire additional areas around the current Gbane earn in and joint venture area. See **Figure 2** below.

Figure 2: Option to Acquire Additional Area(s)



Soalara Limestone Project, Madagascar (GLF 100%)

During the Quarter the Company worked to firstly finalize the drilling program, and then to secure a range of quotes to complete the drilling and associated works.

Drilling is planning to start in the current quarter and the indicative timeframe to complete the drilling program is approximately four months.

Background

The Soalara property is located on the coast in southwest Madagascar and consists of two contiguous permits that encompass a total area of 18.75 sq. km. The permits are granted to Soalara Calcaire SARLU, a Malagasy company Gulf acquired 100 % share capital in through its Malagasy subsidiary Austral Malagasy Mining SARL. In 2015, the permits were granted for the exploitation of limestone, and are valid for a period of 40 years.

Permit	Company	Int (%)	Type	Expiry date	Grant date	Area (sq. km)	Commodities
14542	Soalara Calcaire SARLU	100	Exploitation (Mining)	03 Nov 2055	04 Nov 2015	12.50	Limestone
14960	Soalara Calcaire SARLU	100	Exploitation (Mining)	03 Nov 2055	04 Nov 2015	6.25	Limestone
Total:						18.75	

Regionally - the Project is approximately 650km southwest of Madagascar's capital city Antananarivo. Locally – the Project is approximately 30km south of the town of Toliara and immediately south of St Augustin Bay.

SRK Exploration Services ("SRK ES") undertook an independent technical review of the Company's high grade limestone project and concluded that within the Soalara Limestone Project area they estimated an Exploration Target² of between 491 and 818 Million tonnes of limestone with a purity of high to very high³. This technical review was announced to the ASX on 19 May 2016.

SRK ES has based this calculation on a 5 km² area, a 60m thickness of limestone and by applying a density of 2.4t/m³.⁴

Based on the report and its due diligence, Gulf believes that, with a successful drilling programme and the development of a Pre-Feasibility study, the Project could achieve a potential JORC compliant resource which could lead to a substantial uplift in the value of the Project.

² An Exploration Target is defined as a statement or estimate of the exploration potential of a mineral deposit in a defined geological setting where the statement or estimate, quoted as a range of tonnes and a range of grade (or quality), relates to mineralization for which there has been insufficient exploration to estimate a Mineral Resource (JORC, 2012).

³ It should also be noted that the potential quality and grade range is conceptual in nature, and that it uncertain if further exploration will result in the estimation of a Minerals Resources.

⁴ The area used in the Exploration Target estimate was based upon a consideration of the geological, geomorphological and anthropogenic features within the property that could impose constraints on the extent of an open-pit limestone operation. The estimate also factored in a volume reduction on the basis of a pit slope angle of 75 degrees, a bench height of 15 m and a bench of 8m, which are typical parameters for many limestone quarries. It also included a volume reduction of 5% to allow for the presence of any voids within the limestone sequences.

Based on a successful drilling programme a Typical Resource Classification value ranges for limestone are⁵:

- Measured: USD\$0.15/t – USD\$0.20/t
- Indicated: USD\$0.03t/ -- USD\$0.05/t
- Inferred: USD\$0.01/t – USD\$0.02/t

Marketing and Possible Customers

The Company believe that since the Soalara limestone deposit is situated near the Madagascan coast, the prospect of bulk exports is a strong possibility.

Additionally, assuming the limestone is suitable for manufacture of cement and lime, these will become two prime potential markets. A third potential market with reasonably large volume potential is the supply of limestone for glass-making.

CORPORATE

On 26 May 2017 shareholders approved the acquisition of the Gbane Project.

David Chidlow – Technical Director & Operations Project Lead

The Company was pleased to announce that David Chidlow has agreed to join the Board as Technical Director. David, with over 35 years' experience in the resources sector, adds valuable exploration, development and project management expertise to the Board, with a successful drilling and geological background.

Given David's strong resource project management background and penchant for the more remote environments, he was approached by the Company to assist with technical direction for the new gold resource project in Ghana. Given his readily transferrable skillset he has since taken on the role of Exploration and Development Operations Project Lead. David has been actively involved in the Ghana project site over the past 12 months to coordinate the ongoing due diligence (geological exploration) for the Project Joint Venture, and is closely guiding the current drilling operations on the Gbane Gold Project.

Securing David as a Technical Director and Project Lead will be a major asset for the Company and Joint Venture respectively.

⁵ These values are based on a database held by Ausrocks (Ausrocks, 2015) on Resource values for industrial minerals and quarry materials and are indicative only with an accuracy of +/-33%. The database has been generated from actual sales of projects.

The range of values for each Resource Classification depend on:

- The quality of the limestone in the Resource.
- The size of the Resource.

The likely production rate which is linked to the Resource size and the potential market. For extremely large resources, a value is selected for the first 40 years production (a typical project life) and the remaining Resource is discounted at the minimum value. This assessment is based on an average production rate of 2 Mt/a for 40 years.

SCHEDULE OF TENEMENTS AS AT 30 June 2017

Location	Tenement / Special License Number
Ghana	40% interest in the Gbane project
Madagascar	R14542 - 100% R14960 – 100%

SCHEDULE OF TENEMENTS DISPOSED OF DURING THE QUARTER

Location	Tenement / Special License Number
-	-

Attribution: Competent Person Statement

The information in Report that relates to Exploration Targets and Exploration Results is based on information compiled by Peter Gleeson who is a Member of the Institute of Materials, Minerals and Mining, a 'Recognized Professional Organization' (RPO) including in the list promulgated by the ASX from time to time. Peter Gleeson is a consultant working for SRK Consulting (UK) Ltd and has been engaged by Gulf Industrials Ltd to prepare documentation for the Gbane Project. He has sufficient experience which is related to the style of mineralization and type of deposit under consideration and to the activity which has been undertaken, to qualify as Competent Person as defined by the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves", Peter Gleeson consents to the report being issued in the form and context in which its appears.

The information in Report that relates to Exploration Targets and Exploration Results is based on information compiled by Dr David Jefferson who is a Member of the Institute of Materials, Minerals and Mining, a 'Recognized Professional Organization' (RPO) including in the list promulgated by the ASX from time to time. Dr Jefferson is a consultant working for SRK Exploration Services Ltd and has been engaged by Gulf Industrials Ltd to prepare documentation for the Soalara Limestone Property. He has sufficient experience which is related to the style of mineralization and type of deposit under consideration and to the activity which has been undertaken, to qualify as Competent Person as define by the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves", Dr. Jefferson consents to the report being issued in the form and context in which its appears.

FURTHER INFORMATION

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