



**ASX ANNOUNCEMENT**

**29 JULY 2016**

## **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 2016.

### **EXPLORATION**

As per the Company's ASX announcement on 19 May 2016, Gulf received an Independent Technical Review of the Company's Soalara Limestone Project in Madagascar ("SRK Report") conducted by SRK Exploration Services ("SRK ES"). The scope of the SRK Report included an independent view of what would be required to produce a JORC-compliant inferred category resource of greater than 750 Mt of limestone.

### **Highlights:**

- SRK ES estimate an Exploration Target<sup>1</sup> of between 491 and 818 Mt of limestone with a purity of high to very high. SRK ES has based this calculation on a:
  - 5km<sup>2</sup> area (of a total area of 18.75km<sup>2</sup>);
  - 60m thickness (of a total thickness of between 70m and 90m); and
  - Applied a density of 2.4 t/m<sup>3</sup>.
- The eight (8) samples collected from the upper limestone sequence appear to be purer, with an average CaO content of 56.01 %. Using this average the sequence has a very high purity, noting that the SiO<sub>2</sub> (averaging 0.27 %) and Fe<sub>2</sub>O<sub>3</sub> (averaging 0.07 %) results correspond to high purity.
- Nineteen (19) samples collected from the lower, compositionally more variable sequence (that includes clayish limestone units), have an average CaO content of 54.70 %. Using this average the sequence has a high purity. The SiO<sub>2</sub> (averaging 1.03 %) and Fe<sub>2</sub>O<sub>3</sub> (averaging 0.21 %) results could lessen this.
- The preliminary geological and geochemical observations and results indicate favourable characteristics for the development of a limestone resource.
- In order to potentially derive a JORC inferred classification resource it would be necessary to complete a systematic drilling programme. It is tentatively proposed that such a resource could be achieved by drilling twenty six (26) holes on 500m centres.

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<sup>1</sup> 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).

## Summary:

In mid-January 2016, SRK ES was appointed by Gulf to complete an independent technical review of the Company's Soalara limestone property in Madagascar. The review scope included what would be required to produce a JORC-compliant inferred category resource of greater than 750 Mt of limestone.

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.

Lithologically, the Soalara property includes a sequence of bedded Eocene-age limestones, a 70m to 90m thickness of which is exposed in cliffs and forms a plateau.

Based on the preliminary field observations completed as part of the SRK Review, the exposed limestone can be subdivided into a lower and upper sequence.

- Lower Sequence - is represented by a more compositionally variable limestone sequence (approximately 40m thick) that is conformably overlain by an
- Upper Sequence - a more massive and compositionally uniform limestone sequence (also approximately 40 m).

Deleterious geological features, such as clay-filled cavities, chert nodules, silicification, dolomitisation and metalliferous mineralisation, were not observed.

Structurally, the entire limestone sequence is horizontal to shallowly dipping at between 3 and 5 degrees to the west, with little to no apparent structural deformation or complexity.

Superficially, the limestone plateau generally lacks significant cover. This would reduce the need for major overburden removal in the event exploitation occurs.

A total of twenty seven (27) verification rock samples were collected by SRK ES and analysed by SGS in South Africa. If considered collectively, the sequence consists of limestone with an average CaO content of 55.09 %. This compares favourably with historical sample results. The limestone is also associated with consistently low magnesium oxide (MgO) results.

If grouped according to the field-observed subdivisions, the 19 samples collected from the lower, compositionally more variable sequence (that includes clayish limestone units) have an average CaO content of 54.70 %. Using this average the lower sequence has a high purity.

The 8 samples collected from the upper limestone sequence appear to be purer, with an average CaO content of 56.01 %. Using this average the upper sequence has a very high purity, although the SiO<sub>2</sub> (averaging 0.27 %) and Fe<sub>2</sub>O<sub>3</sub> (averaging 0.07 %) results correspond to high purity.

*Overall, the preliminary geological and geochemical observations and results indicate favourable characteristics for the development of a limestone resource.*

The Soalara property is not currently associated with a compliant mineral resource or reserve estimate. However, there is considered to be sufficient data to state a JORC-defined Exploration Target.

SRK ES estimate an Exploration Target of between 491 and 818 Mt of limestone with a purity of high to very high.<sup>2</sup>

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<sup>2</sup> It should also be noted that the potential quality and grade range is conceptual in nature, and that it is uncertain if further exploration will result in the estimation of a Minerals Resource.

SRK ES has based this calculation on a 5 km<sup>2</sup> area, a 60m thickness and applied a density of 2.4 t /m<sup>3</sup>.<sup>3</sup>

Based upon the findings of the SRK Review and the current understanding of the project, it is recommended that the subsequent technical activities commence with an objective and thorough economic assessment.

In order to potentially derive a JORC inferred classification resource it would be necessary to complete a systematic drilling programme. It is tentatively proposed that such a resource could be achieved by drilling 26 holes on 500 m centres.<sup>4</sup> However, this drill hole density assumes good vertical and lateral grade continuity, and the absence of any detrimental geological features. In the event any detrimental geological features are identified, it may be necessary to increase the drill hole density.

It is tentatively estimated that the cost of attaining a JORC-compliant resources estimate ( i.e. the drilling program, programme management (including geological mapping, site preparation, logging and sampling), sample analysis, resources estimation and related reporting) would be in the range of USD420,000 to USD460,000 and could be achieved within a time period of approximately 4 months . This cost and time range is based upon the proposed 26 drill hole programme proposed.

## Background:

### *Soalara Limestone Project, Madagascar*

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

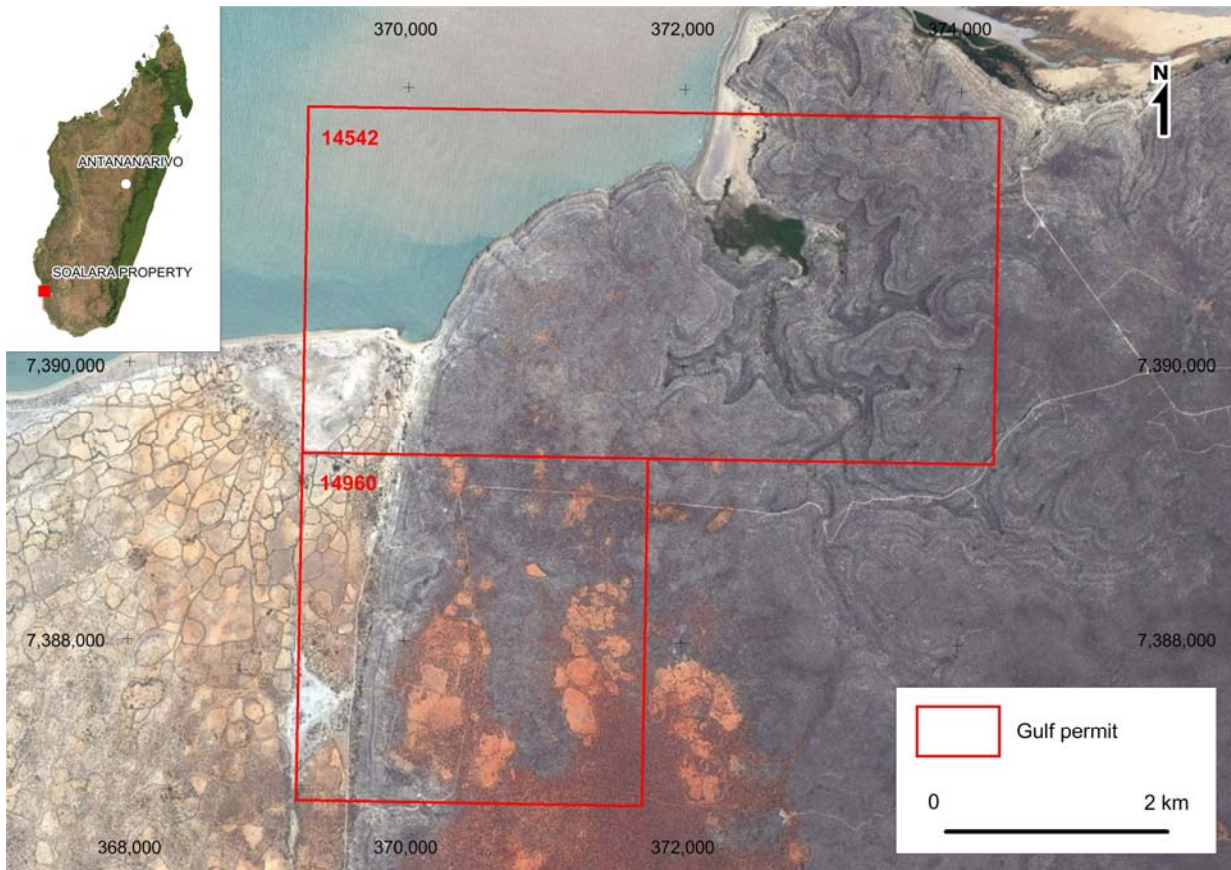
Regionally it occurs approximately 650 km southwest of Madagascar's capital city Antananarivo. Locally it occurs approximately 30 km south of the town of Toliara and immediately south of St Augustin Bay. (See Figure below)

<sup>3</sup> The area used in the Exploration Target estimate was based upon consideration of the geological, geomorphological and anthropogenic features that could impose constraints on the extent of an open-pit limestone deposit. Due to the presence of drainage and a large gorge in the eastern third of the property, and a large number of grave sites along the western edge of the plateau, this leaves an area of approximately 5 square kilometres that is considered to be most prospective and amenable to exploitation. The estimate also factored in a volume reduction on the basis of a pit slope of 75 degrees, and bench height of 15 m and a bench width of 8m, which are typical parameters for many limestone quarries. It also includes a reduction of 5% to allow for the presence of any voids within the limestone sequences.

<sup>4</sup> It would be necessary to diamond (core) drill and it is recommended that the core diameter is no less than HQ or HQ3. The holes should be drilled vertically and it is recommended that they are drilled to a depth of 75 m. This would ensure that the upper and lower sequences observed at surface are fully intersected. Given these parameters, this would equate to a metreage of approximately 1,950 m.

Prior to drilling, it is strongly recommended that clarification is sought regarding the environmental permitting aspects of the property, especially given that the recommended programme includes additional drill holes and occurs in both of the permits, beyond that specified in the existing environmental permit.

It is also recommended that systematic mapping is completed prior to drilling. In addition to lithological and structural observations, it should include the identification of any hydrogeological features and geographical and anthropogenic features than could influence the subsequent development of the project, whether it be in a positive or detrimental way.



## Opportunities in West Africa

As previously noted, the Company is continuing to identify exploration and mining opportunities in Ghana.

The strategy is to undertake considered due diligence with the objective of identifying, acquiring and developing low capital expenditure gold mining and/or processing projects that can be brought into production in the near term. This will provide an underpinning cash flow to grow the Company and create value for all stakeholders.

Gulf is close to finalising discussions and entering into a joint venture agreement with a Ghanaian registered entity.

### ***Attribution: Competent Person Statement***

*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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