



**ASX ANNOUNCEMENT**

**25 OCTOBER 2016**

## **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 2016.

The Company’s focus during the quarter was:

- Getting a more technical understanding of the Soalara Limestone Project and the alternative strategies available to the Company based on that information; and
- Continue due diligence and investigations into possible opportunities in West Africa (particularly in the Ghana).

Each of the activities are addressed below.

### **The Soalara Limestone Project**

Gulf reviewed the SRK Exploration Services (“SRK ES”) technical review of the Company’s high grade limestone project (as announced to the ASX on 19 May 2016). SRK ES undertook an independent technical review and concluded that within the Soalara Limestone Project area they estimated an Exploration Target<sup>1</sup> of between 491 and 818 Million tonnes of limestone with a purity of high to very high<sup>2</sup>.

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

The SRK ES report was positive and as announced earlier this month, the Company will now undertake a drilling programme at the Soalara Limestone Project in Madagascar which will commence during the current quarter. The indicative timeframe to complete the drilling programme is approximately four months.

Gulf’s technical consultants estimate that the Company will need to spend circa USD\$500,000 in exploration drilling, material testing and a Preliminary Pre-Feasibility Study to upgrade the status of the Soalara Limestone project.

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.

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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).

<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.

<sup>3</sup> 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 are:

- 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

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:

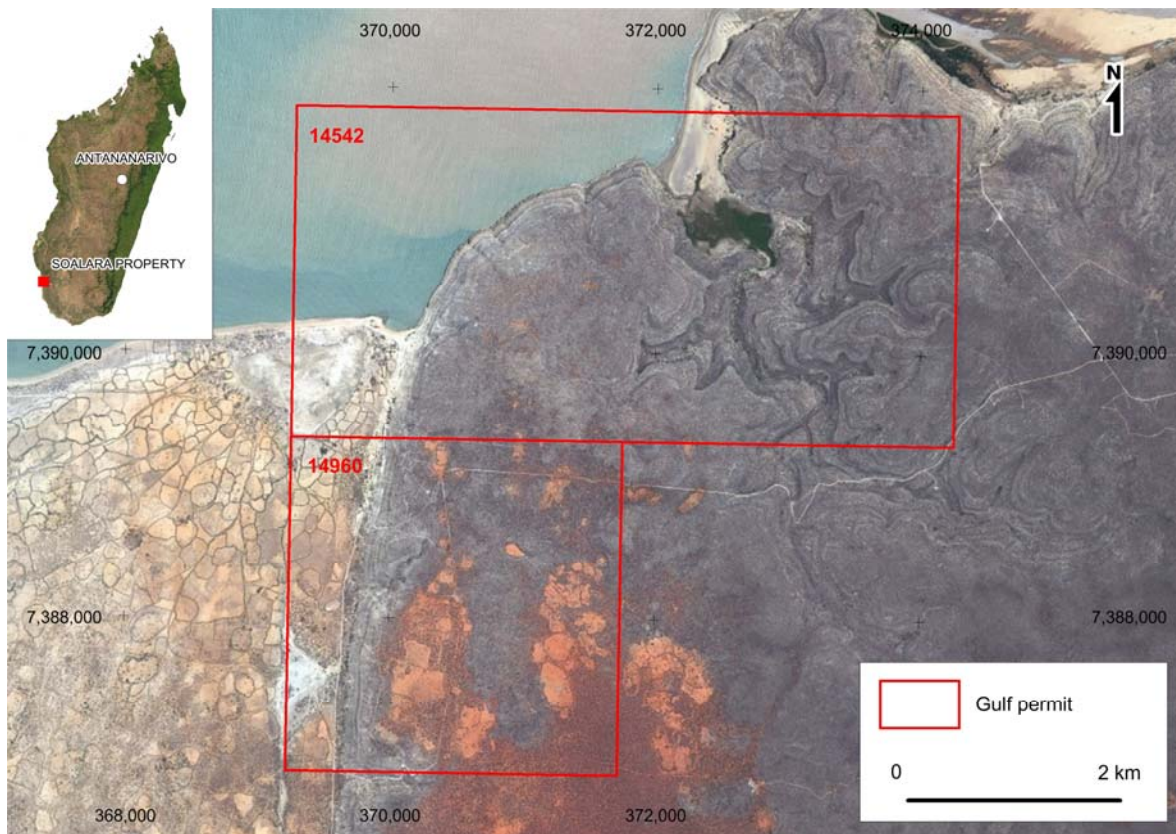
- The quality of the limestone in the Resource.
- The size of the Resource.
- The likely production rate which is linked to the Resource size and the potential market. For extremely large resources, a value is selected for the first 40 years production (a typical project life) and the remaining Resource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

### 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.

### 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
<b>Total:</b>						<b>18.75</b>	

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. (See Figure above)

### **Opportunities in West Africa**

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

During the quarter, in line with its strategy, the Company undertook 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.

Based on the progress of the due diligence program to date, Gulf expects to finalise discussions, and enter into a joint venture agreement, with a Ghanaian registered entity during the current quarter.

Gulf directors (Arkoudis and Karam) have been active in Ghana over the last 2 years, working closely with the Ghana Minerals Commission, Department of Lands and Natural Resources and the Local Chiefs.

### **SCHEDULE OF TENEMENTS AS AT 30 SEPTEMBER 2016**

Location	Tenement / Special License Number
Madagascar	R14542 - 100% R14960 – 100%

### **SCHEDULE OF TENEMENTS DISPOSED OF DURING THE QUARTER**

Location	Tenement / Special License Number
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### **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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