



ASX ANNOUNCEMENT

1 SEPTEMBER 2010

Secures Madagascan Limestone Project - Feasibility Study to Commence

Gulf Industrials ('Gulf' or 'the Company'), the East African focused industrial mineral developer announces that following completion of its due diligence, the Company has exercised the option in its entirety to purchase the rights to the Soalara Limestone Project ('Soalara'). Located near Tulear in the south-west of Madagascar, the Soalara tenement area is a total of 18.75 square kilometres which covers extensive, high quality limestone mineralisation.

Favourably located near existing port of Tulear and adjacent to the proposed Soalara Port, which has been designated as a mineral bulk handling export facility, Gulf believes Soalara can be developed and expanded into a world class limestone exporting project. The Company is currently initiating a feasibility study process in conjunction with its strategic alliance partners for port, logistics and development advice.

Chairman Scott Reid said, "The Company envisages a substantial long life mining operation at Soalara. The Board believes that the high quality limestone deposit, combined with its location on the coast - immediately adjacent to a designated bulk mineral handling port, makes for an exciting development proposition. Having already been approached by several major limestone end users in the cement lime and steel sectors seeking a joint venture on the project, we are looking at speeding up the feasibility study with targeted production to commence in 18 months."

Internal conceptual and scoping studies model an initial two million tonnes per annum operation, with targeted revenue of US\$28 million per annum, and ramping up to a five million tonnes per annum operation over two years from plant commissioning with targeted revenue of US\$70 million per annum.

The total acquisition cost including option fees was USD\$1,215,000 of which USD\$695,000 has been paid and USD\$100,000 to be paid on the earlier of the first commercial shipment or 15 December 2010 and the balance of USD\$420,000 on the sales receipt from the first commercial shipment. There is also a royalty of USD\$0.40 per tonne to be paid on 70% of production.

Reid continued, "The Soalara project represents the next development opportunity for the Company and very much fits within our defined African focused industrial mineral strategy. Having secured these rights only a couple months after commencing production at the Namekara Vermiculite Project in Uganda, demonstrates to our shareholders our dedication to becoming a leading African focused industrial minerals production house".

*****ENDS*****

FURTHER INFORMATION

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