



A.C.N. 113 025 657

GENERAL MEETING

Thursday 23 July 2009 at 11:00am

Dear Shareholder,

On behalf of the Board of Gulf Resources Limited, it gives me great pleasure to invite you to the General Meeting of shareholders.

The General Meeting is to be held in Regus, Paddington Room, Level 8 Gold Fields House, 1 Alfred Street, Sydney NSW 2000 on Thursday 23 July, 2009 at 11:00am.

Please find enclosed the following documents in relation to the General Meeting:

- a) Notice of General Meeting together with Explanatory Memorandum;
- b) Proxy Form for General Meeting together with instructions.

If you are not able to attend the General Meeting in person, you are urged to complete and lodge the enclosed Appointment of Proxy.

Your Directors hope that you will be able to attend the Meeting and commend the resolutions for your support.

Yours sincerely

A handwritten signature in black ink that reads "Scott Reid".

Scott Reid
Chairman

NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of Gulf Resources Limited ("the Company") will be held on Thursday 23 July 2009 commencing at 11:00am in the Regus, Paddington Room, Level 8 Gold Fields House, 1 Alfred Street, Sydney NSW 2000. The attached Explanatory Memorandum should be read in conjunction with the Notice of General Meeting.

ORDINARY BUSINESS

Resolution 1 - Ratification of share placement on 12 June 2009

To consider and, if thought fit, to pass the following as an ordinary resolution:

"That, for the purposes of Listing Rule 7.4 of the ASX Listing Rules, the previous issue by the Company of 11,666,667 fully paid ordinary shares in the capital of the Company at a price of 3 cents per share as announced to the Australian Securities Exchange on 12 June 2009 issued to sophisticated investors, and as described further in the attached Explanatory Memorandum, is hereby approved."

Resolution 2 – Approval for the Issue of Shares

To consider and, if thought fit, to pass the following as an ordinary resolution:

"That, for the purpose of Listing Rule 7.1 and for all other purposes, approval be given for the Company to allot and issue up to 20,000,000 fully paid ordinary shares in the Company at any time during the period of three months (or such longer period as ASX may allow) after the date of the General Meeting and otherwise on the terms and conditions set out in the attached Explanatory Memorandum."

Resolution 3 – Participation of Directors in Placement

To consider and, if thought fit, to pass the following as an ordinary resolution:

"That, subject to passing of Resolution 2, approval be given for the purposes of Listing Rule 10.11 and for all other purposes for the issue to each of the Directors, being Messrs Scott Reid, Philip Treisman, Greg Duncan and Wayne Kernaghan or their respective nominees, of up to 1,687,500 shares, and in aggregate, a maximum of 6,750,000 of the ordinary fully paid shares that may be issued under Resolution 2, and otherwise on the terms and conditions set out in the attached Explanatory Memorandum."

Resolution 4 – Issue of Options

To consider and, if though fit, to pass, the following resolution as an ordinary resolution:

"That for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to allot and issue 8 million options in the Company exercisable at 5 cents each expiring 31 May 2012 to SA Capital Pty Ltd (and/or its nominee(s)) on the terms and conditions set out in the Explanatory Memorandum accompanying this notice."

Resolution 5 - Further Business

To transact any further business that may legally be brought forward.

An Explanatory Memorandum to shareholders follows this Notice.

By Order of the Board

W.J. Kernaghan
Company Secretary
15 June 2009

NOTES

1. In respect of Resolution 1 the Company will disregard any votes cast on these Resolutions by any person who participated in the issue, or any associate of those persons. However, the Company need not disregard a vote if:
 - it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
 - it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.
2. In respect of Resolutions 2 and 4 the Company will disregard any votes cast on this resolution by any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, or any associate of those persons. However, the Company need not disregard a vote if:
 - It is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
 - It is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.
3. In respect of Resolution 3, the Company will disregard any votes cast on these resolutions by all of the Directors (Scott Reid, Philip Treisman, Greg Duncan and Wayne Kernaghan) and their nominees or any associate of those persons. However, the Company need not disregard a vote if:
 - It is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
 - It is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.
4. A member entitled to attend and vote is entitled to appoint not more than two proxies.
5. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the member's voting rights.
6. Appointment of a proxy by a member who is a corporation must be given in accordance with the Corporations Act 2001 (Cwlth) or signed on its behalf by an authorised attorney.
7. If this proxy is executed under a Power of Attorney, the instrument appointing the attorney must accompany the form of proxy.
8. Any instrument of proxy in which the name of the appointee is not filled in shall be deemed to be given in favour of the Chairman of the Meeting.
9. A proxy need not be a member of the Company.
10. To be effective, the proxy form must be received by the Company at its registered office, Level 10, 1 Alfred Street, Sydney NSW 2000, or received by facsimile on (02) 9247 7722 not less than forty-eight (48) hours before the time for holding the meeting.
11. For the purposes of section 1109N of the Corporations Act 2001 (Cwlth), the Directors have set a snapshot date to determine the identity of those entitled to attend and vote at the meeting. The snapshot date and time has been set at 7pm EST on 21 July 2009.

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the information of shareholders of Gulf Resources Limited ("Gulf") in connection with the business to be transacted at the General Meeting of shareholders of Gulf to be held in Regus, Paddington Room, Level 8 Gold Fields House, 1 Alfred Street, Sydney NSW on Thursday 23 July 2009 at 11am, Eastern Standard Time.

The Directors recommend shareholders read the accompanying Notice of General Meeting ("Notice") and this Explanatory Memorandum in full before making any decision in relation to the resolutions.

Issued Capital

Pursuant to Resolutions 2 and 4, the Company is seeking approval to issue up to 20,000,000 Shares and 8 million options in the Company exercisable at 5 cents each expiring 31 May 2012. Under Resolution 1 the Company is seeking to ratify the prior issue of 11,666,667 Shares. Set out below are details of the Company's current issued capital and the effect of the issue of securities under Resolution 2 and 4 if those Resolutions are approved.

	Shares	Options
Current	89,474,729	25,449,072 (expiring 30/06/2011, exercise price \$0.20) 43,129,028 (expiring 31/12/2009, exercise price \$0.25)
Resolution 2	20,000,000	-
Resolution 4	-	8,000,000 (expiring 31/05/2012, exercise price \$0.05)
Total	109,474,729	76,578,100

RESOLUTION 1

Ratification of Previous Share Placement on 12 June 2009

On 12 June 2009 the Company announced it had placed 11,666,667 new shares at an issue price of 3 cents per share to sophisticated investors. None of the allottees were related parties or associates of the Company.

The funds raised will be used for the following purposes:

- for general corporate and working capital expenses, including the cost of the issue;
- to fund exploration and meet the statutory obligations in respect of the Company's existing gold projects in Australia; and
- for the development of the East African Vermiculite Project recently acquired from Rio Tinto International Holdings Ltd and announced to the market on 23 April 2009.

To assist shareholders the following information has been provided:

The Directors are restricted by Listing Rule 7.1 from issuing new securities in the Company, which would dilute existing shareholdings, to a maximum of 15% of the expanded issued capital in any 12 month period. There are exceptions which allow the Directors to issue new securities above that limit which include pro rata rights issues and issues with shareholder approval.

ASX Listing Rule 7.4 allows the Company to seek the approval of shareholders of the Company to an issue of securities after the issue has been made without approval under Listing Rule 7.1, provided the issue did not breach Listing Rule 7.1 and the holders of ordinary shares in the Company subsequently approve the issue.

As the issue was not in breach of Listing Rule 7.1 and was not previously approved by the shareholders of the Company, the Directors are now seeking shareholders' approval and ratification for the issue of the Shares.

If Resolution 1 is passed, the Company will be able to utilise Listing Rule 7.1 for future issues of up to 15% of the expanded issued capital in the next 12 month period without having to convene a shareholders meeting to seek shareholders' approval of any such issues. The Directors believe it is desirable to have the flexibility afforded to the Company to issue securities up to the maximum 15% allowable under Listing Rule 7.1 and accordingly recommend that shareholders vote in favour of the resolution.

The shares issued pursuant to the placement rank equally in all respects with all existing Shares previously issued by the Company.

The Directors recommend that the shareholders vote to approve Resolution 1.

RESOLUTION 2

Approval for the Issue of Shares

The Company proposes to issue up to 20,000,000 new shares at any time no later than three months after the date of the General Meeting.

Listing Rule 7.1 effectively provides that the Company must not, subject to certain exceptions, without the prior approval of shareholders, issue during any 12 month period any equity securities or other securities with rights of conversion to equity (such as an option or a right) if the number of those securities issues exceeds 15% of the total ordinary shares on issue at the commencement of that 12 month period.

One circumstance where an issue is not taken into account in the calculation of the 15% limit is where the issue is made with prior approval of shareholders.

The Company is seeking shareholders' prior approval for the issue of up to 20,000,000 new shares under this resolution to allow this number of shares not to be taken into account in the calculation under Listing Rule 7.1.

If this resolution is passed, the Company will be benefited with the flexibility to issue in the future any amount of equity securities as the board chooses fit, up to the 15% limit, and not be in breach of Listing Rule 7.1.

Listing Rule 7.3 requires that the following information be provided to shareholders when seeking approval for the purposes of Listing Rule 7.1:

- d) the maximum number of shares to be issued is 20,000,000 new shares;
- e) the shares will be issued as soon as practicable after the date of the General Meeting and in any event no later than three months after the date of the General Meeting or such later time as ASX may allow;
- f) the shares will be issued to clients of brokers or sophisticated investors. Subject to Resolution 3, none of the allottees will be related parties or associates of the Company;
- g) the shares will be issued at a price of \$0.03 each;
- h) the shares can be allotted and issued progressively;
- i) the shares to be issued will rank equally with the shares on issue and tradeable on the ASX; and
- j) the Company intends to use the funds raised as follows:
 - (i) for general corporate and working capital expenses, including the cost of the issue;
 - (ii) to fund exploration and meet the statutory obligations in respect of the Company's existing gold projects in Australia; and
 - (iii) for the development of the East African Vermiculite Project recently acquired from Rio Tinto International Holdings Ltd and announced to the market on 23 April 2009.

The Directors recommend that the shareholders vote to approve Resolution 2.

RESOLUTION 3

Participation of Directors in Placement

Under this resolution, it is proposed to grant to Messrs Scott Reid, Philip Treisman, Greg Duncan and Wayne Kernaghan being Directors of the Company or their respective nominees, the entitlement to participate in the placement of fully paid ordinary shares, subject to the passing of Resolution 2. In accordance with the Listing Rules, shareholder approval is required for the issue of equity securities to a related party of the Company. Messrs Scott Reid, Philip Treisman, Greg Duncan and Wayne Kernaghan are Directors of the Company and are therefore related parties of the Company. Consequently, in accordance with the Listing Rule 10.11, shareholder approval is required for the issue of equity securities to a related party of the Company.

For the purposes of obtaining the approval of shareholders under Listing Rule 10.11 shareholders are advised that:

- a) the maximum number of shares which may be issued to related parties is a total of 6,750,000 shares and that each of the Directors may be issued a maximum of 1,687,500 shares.
- b) the Company may not necessarily issue the full complement of shares and may issue a lesser number;
- c) the shares will be issued at a price of \$0.03 each;
- d) the shares will be allotted and issued no later than one month after the date of this General Meeting (or such later date to the extent permitted by any ASX waiver of the Listing Rules);
- e) application will be made for Official Quotation on ASX of the shares to be issued pursuant to Resolution 2. Official Quotation of those shares cannot be guaranteed;
- f) the shares allotted and issued will rank equally with the existing fully paid ordinary shares on issue;
- g) if approval is given to this resolution for the purposes of Listing Rule 10.11, approval for the issue under this resolution is not required under Listing Rule 7.1. (Subject to Resolution 2 being passed, approval will have been obtained for the purposes of Listing Rule 7.1 for the issue of the shares);
- h) as previously detailed above, any funds raised as a consequence of this resolution will be applied towards the exploration of the various tenements and otherwise for working capital requirements of the Company.

The Directors do not make a recommendation in respect to this resolution as this relates to them.

RESOLUTION 4

Issue of Options to SA Capital Pty Ltd

Background to Resolution 4

Resolution 4 seeks Shareholder approval for the issue of 8 million options in the Company to SA Capital Pty Ltd in consideration for the provision of consultancy services to the Company on the terms detailed below and subject to shareholder approval.

ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that (subject to certain exceptions, none of which are relevant here) prior approval of shareholders is required for an issue of securities by a company if the securities will, when aggregated with the securities issued by the Company during the previous 12 months, exceed 15 % of the number of the shares on issues at the commencement of that 12 month period.

Shareholder approval is being sought pursuant to Resolution 4 for the issue of 8 million options in the Company to SA Capital Pty Ltd (and/or its nominee) for the purpose of ASX Listing Rule 7.1. The Options are being issued in consideration for corporate advisory and consultancy services provided to the Company in connection with the fundraising the subject of Resolutions 1 and 2. The Options proposed to be issued pursuant to Resolution 4 will not be included in the Company's 15% calculation for the purpose of ASX Listing Rule 7.1.

ASX Listing Rule 7.3 sets out a number of matters which must be included in the Notice of Meeting proposing an approval of an issue of securities under ASX Listing Rule 7.1. For the purposes of ASX Listing Rule 7.3, the following information is provided in relation to Resolution 4:

- (a) the maximum number of options to be granted by the Company is 8 million options;
- (b) the Options will be issued no later than three months after the date of the General Meeting;
- (c) the allottee is SA Capital Pty Ltd (and/or its nominee). SA Capital Pty Ltd is not a related party or associate of the Company;
- (d) no funds will be raised from the issue of the Options and are proposed to be issued in consideration for the provision of services to the Company, as set out above;
- (e) the Options will be allotted as soon as possible following the meeting but in any event no later than 3 months after the meeting;
- (f) no consideration is payable for the issue of the options but the options, if exercised, will entitle the holder to subscribe for fully paid ordinary shares in the capital of the Company. The funds raised on the exercise of the options will be used for working capital;
- (g) the options have been issued on the following terms:
 - (i) the options issued may be exercised immediately;
 - (ii) the options will expire at 5.00pm on 31 May 2012 ("the Expiry Date");
 - (iii) the amount payable upon exercisable of each option will be \$0.05 (" Exercise Price")
 - (iv) the options shall be exercisable wholly or in part, by notice in writing to the Company, at any time up until the expiry date;
 - (v) the holder of options cannot participate in new issues of capital which may be offered to shareholders during the currency of the options without exercising the option;
 - (vi) shares issued on the exercise of options will rank pari passu with the then existing issued ordinary shares of the Company;

- (vii) in a reorganisation of capital of the Company, the exercise price of the options or the number of shares over which the options can be exercised will be reorganised in accordance with the relevant provisions of the ASX Listing Rules in force at the time of the reorganisation;
- (viii) subject to paragraph (vii), neither the exercise price of the options nor the number of shares over which the options can be exercised will be changed to take account of pro rata issues (other than bonus issues);
- (ix) in respect of a bonus issue of shares the options would participate if the options are exercised before the record date for the bonus issue; and
- (x) the options are not quoted on the ASX.

The Directors recommend that the shareholders vote to approve Resolution 4.

APPOINTMENT OF PROXY

I/We
of

being a member/members of Gulf Resources Limited hereby appoint

	The Chairman of The meeting (mark with an 'X')	OR		Write the name of the person you are appointing if this person is someone other than the Chairman of the Meeting.
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Or failing the person named attending the meeting, or if no person is named, the Chairman of the meeting as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the General meeting of the Company to be held on 23 July 2009 at 11:00am and at any adjournment of that meeting.

IMPORTANT:

	If the Chairman of the Meeting is to be your proxy and you have not directed your proxy how to vote on each item, please place a mark in this box. By marking this box, you acknowledge that the Chairman of the Meeting may exercise your proxy even if he has an interest in the outcome of these items and that votes cast by him, other than as a proxy holder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on these items and your votes will not be counted in computing the required majority if a poll is called on these items. The Chairman intends to vote undirected proxies in favour of each item.
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Voting directions to your proxy – please mark an 'X' to indicate your directions.

Resolution	For	Against	Abstain
1. Ratification of share placement on 12 June 2009	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Approval for the issue of shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Participation of directors in placement.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Approval for the issue of options.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Signed this day of 2009.

Individual Securityholder 1	Securityholder 2	Securityholder 3
Individual/Sole Director	Director	Director/Company Secretary

This form must be signed by the securityholder. If a joint holding, either securityholder may sign. If signed by the securityholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the securityholder's constitution and the Corporations Act 2001 (Cwth).

INSTRUCTIONS FOR COMPLETION OF PROXY FORM

1. A member entitled to attend and vote is entitled to appoint not more than two proxies.
2. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the member's voting rights.
3. Appointment of a proxy by a member who is a corporation must be given in accordance with the Corporations Act 2001 (Cwlth) or signed on its behalf by an authorised attorney.
4. If this proxy is executed under a Power of Attorney, the instrument appointing the attorney must accompany the form of proxy.
5. Any instrument of proxy in which the name of the appointee is not filled in shall be deemed to be given in favour of the Chairman of the Meeting.
6. A proxy need not be a member of the Company.
7. To be effective, the proxy form must be received by the Company at its registered office, Level 10, 1 Alfred Street, Sydney NSW 2000, or received by facsimile on (02) 9247 7722 not less than forty-eight (48) hours before the time for holding the meeting.
8. For the purposes of section 1109N of the Corporations Act 2001 (Cwlth), the Directors have set a snapshot date to determine the identity of those entitled to attend and vote at the meeting. The snapshot date and time has been set at 7pm EST on 21 July 2009.