

JORC Inferred Resource of 54.9mt at 26.7% Vermiculite* Confirmed by SRK Consulting

SUMMARY

The Directors of Gulf Resources Ltd (ASX: GLF; "Gulf") are pleased to announce that the company has independently confirmed the substantial size and grade of its 100% owned East African Vermiculite Project.

The East African Vermiculite project can be considered to contain the world's largest deposit of coarser grained vermiculite, well suited to meet the specifications of both local and world markets.

SRK Consulting – Eastern Africa (Pty) Limited ("SRK-EA") was engaged by Gulf to review the exploration work and mineral resource estimates completed by Rio Tinto Mining And Exploration Limited ("RTMEL") on the vermiculite potential of Mining License 4651 and Exploration Licenses 0042 and 0147 in the vicinity of Namekara, Manafwa Province, south-eastern Uganda. SRK-EA sub-contracted SRK Consulting South Africa (SRK-SA) to review the mineral resources and compile a report.

SRK Consulting is a leading international independent mining and minerals consulting practise.

The review confirms the RTMEL mineral resource inventory estimate (inferred category) to be:

- 54.9 Mt of contained vermiculite at 26.7% 180_V (% vermiculite content in the +180 micron fraction) and 18.80% 425_V (% vermiculite content in the +425 micron fraction) at a 15% 180_V cut-off (where: 1 micron = 10⁶m).

Grade-tonnage curves calculated by SRK support the inferred mineral resource classification reported by RTMEL at a 15% 180_V cut-off.

Commentary

Scott Reid, Gulf's Chairman, commented that "independent verification of the size and grade of the East African Vermiculite Project deposit is a significant step for the company in confirming our intention to become long term players in the global vermiculite industry".

Andrew Johnstone, Gulf's Chief Operations Officer, recently returned from the Ugandan operation and further commented: "The independent SRK review included a new assessment of the complete drilling results, onsite geological investigations and resource modelling. The processing plant is operational and providing material for both ongoing test work and customer trials."

* % vermiculite content in the greater than 180 micron fraction

DETAILS AND INFORMATION

The Namekara Vermiculite Resource

The Namekara Vermiculite Resource is situated in eastern Uganda near the towns of Mbale and Tororo close to the Kenyan border.

SRK Consulting – Eastern Africa (SRK-EA) was engaged in March 2009 to independently review the original JORC resource compiled by Rio Tinto in June 2008. The SRK-EA review has included site visits and a fresh assessment of Rio Tinto drill samples/results at the Namekara Mine, including geological assessment in the pit. The RTMEL data was reviewed and the grade-tonnage distribution generated by SRK supports the inferred mineral resource classification.

The Namekara mineralisation was first documented in the 1950s, but it wasn't until 2002 that initial test production commenced with a small scale operation that produced 16,000t of ore between 2002 and 2006. Under Rio Tinto's stewardship a substantial amount of work was completed including drilling of over 64 holes for resource definition, pit optimisation and design, plant redesign, transport and infrastructure studies, market research,

The SRK review has verified that the East African Vermiculite Project contains a JORC inferred resource of 54.9million tonnes @ 26.7% vermiculite in the greater than 180 micron fraction (V_180), and 18.8% Vermiculite in the greater than 425 micron fraction (V_425).

This resource calculation has a surface extent of 1km by 1km (location of existing mine/pit). Additional exploration work indicates vermiculite is present over an area of 1km by 5km (pit tested) of which the 1km by 1km area is a part.

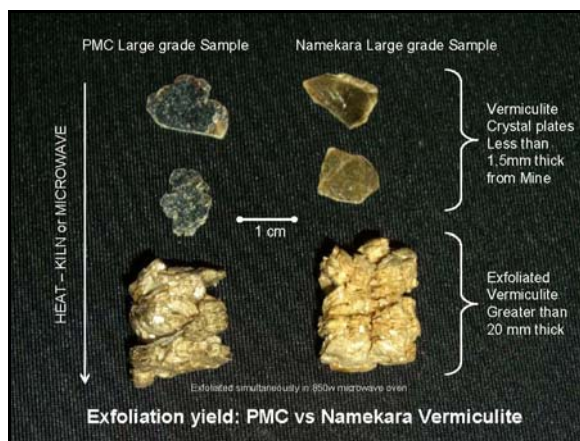
The Namekara vermiculite deposit extends from near surface to a depth of between 45m and 55m and the can easily be dug using standard mechanical excavating equipment.



Namekara Plant Operational



Medium and Large grade Vermiculite being bagged from screen separator



Comparison of Namekara Large grade vermiculite to PMC (Palabora) large grade vermiculite

COMPETENT PERSONS STATEMENT

The information in this report that relates to Mineral Resources is based on information compiled by Hennie Theart, BSc (Hons), MSc, PhD, Pr. Sci. Nat (SACNASP 400069/88), FSEG, FGSSA, FAAG; Shaun Crisp, BSc (Hons), Pr.Sci.Nat. (SACNASP 400076/09); and Brent Barber, BSc (Hons), MPhil, AusIMM (222559), AAPG (59319-8).

Hennie Theart and Shaun Crisp are registered with the South African Council for Natural Scientific Professions (SACNASP), a JORC Recognised Overseas Professional Organisation "ROPO" and Brent Barber is a member of the Australasian Institute of Mining and Metallurgy (AusIMM). They are full-time employees of SRK Consulting and have experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which they have undertaken to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

Hennie Theart, Shaun Crisp and Brent Barber consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

The information in this release that relates to the Exploration Process is based on information compiled by Andrew Johnstone who is a member of the Australian Institute of Geoscientists (AIG). Andrew Johnstone provides exploration management consulting services to Gulf Resources Ltd and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which Andrew Johnstone is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

Andrew Johnstone consents to the inclusion in the press release of the matters based on his information in the form and context in which it appears.

World Vermiculite Market

The global vermiculite market is estimated by the United States Geological Survey (USGS) to be 800,000 tonnes, with production from Southern Africa accounting for approximately 39% of this amount.

Uses of Vermiculite

Construction

- Acoustic Finishes
- Air Setting Binder
- Construction Board
- Passive Fire Protection
- Floor & Roof Screeds
- Insulating and Light-Weight Concrete
- Gypsum Plasterboard
- Loose fill Loft Insulation
- Sound Deadening Compounds

Agricultural

- Animal Feed
- Anti-Caking Material
- Bulking Agent
- Fertilizer Carrier
- Pesticide Carrier
- Seed Encapsulant
- Soil Conditioner

Industrial

- Absorbent Packing for Hazardous Goods
- Brake Pads & Brake Shoes
- Cast Items
- Dispersions
- Drilling Muds
- Filtration
- Fireproof Safes
- Fixation of Hazardous Material
- Furnaces
- Insulation Blocks & Shapes
- Insulation - High & Low Temperature
- Molten Metal Insulation
- Moulded Products
- Nuclear Waste Disposal
- Paints
- Perfume Absorbent
- Sealants

Horticultural

- Blocking Mixes
- Hydroponics
- Micro-Propagation
- Potting Mixes
- Root Cuttings
- Seed Germination
- Seedling Wedgemix
- Sowing Composts
- Twin Scaling Bulbs

Uganda Country Profile

The Republic of Uganda is a landlocked country in East Africa. It is bordered by Kenya, Sudan, the Democratic Republic of the Congo, Rwanda, and on the south by Tanzania. The southern part of the country includes a substantial portion of Lake Victoria, within which it shares borders with Kenya and Tanzania. Uganda has a well developed road and rail network connecting it to all surrounding countries. And most importantly to the Indian Ocean ports of Mombasa in Kenya and Dar Es Salaam in Tanzania. The country has a pleasant climate despite its equatorial position largely due to its overall higher altitude. Uganda also received adequate annual rain fall for all its needs.

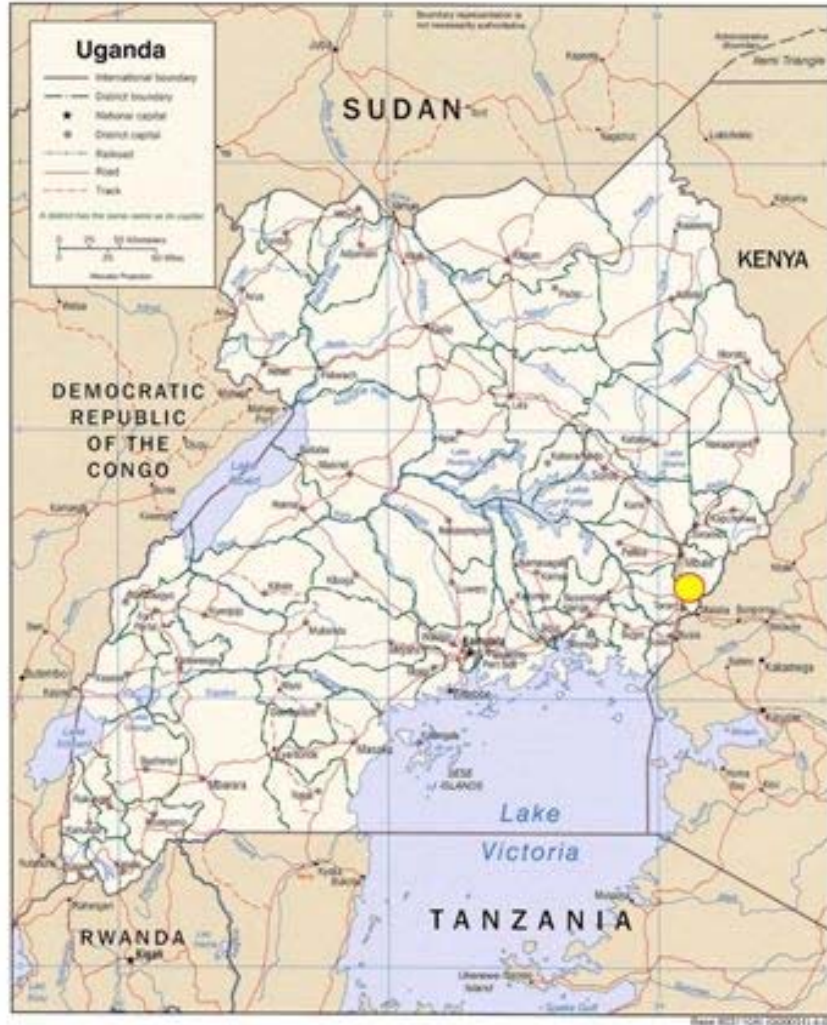
According to the census of 2002 the population of Uganda was just over 24 million people of which 84% were Christians. School in Uganda is free, and Uganda has one of the highest attendance rates in Africa with over 70% of all children attending classes.


For further information on the country of Uganda:

Wikipedia: <http://en.wikipedia.org/wiki/Uganda>

World Fact Book: <https://www.cia.gov/library/publications/the-world-factbook/geos/ug.html>

LOCATION MAP



 Location of Namekara mining operation in Eastern Uganda, on Kenyan border

ABOUT GULF

Gulf Resources is a resource development company that creates value for shareholders through the identification, acquisition and valorisation of resource focused projects, with a particular emphasis on regions where Gulf maintains relationships that provide a strategic advantage.

With a team of experienced engineering, project management, legal, financial and resource specialists, Gulf fosters and seeks to develop projects of major significance to both the company and the countries in which Gulf operates.

Gulf's current operations are focused in Eastern Africa.

FURTHER INFORMATION

Scott Reid, Executive Chairman
Andrew Johnstone, Chief Operating Officer

t | 02 8247 5333
t | 02 8247 5333