

FOURTH QUARTER ACTIVITIES REVIEW

for the period ending 30 June 2009

HIGHLIGHTS

- Rio Tinto International Holdings Ltd (“Rio Tinto”) confirmed that the acquisition of the East African Vermiculite Project by Gulf Resources Limited (“Gulf”) has been completed
- The project, located near the towns of Mbale and Tororo, approximately 190kms east of the Ugandan capital, Kampala, fits with Gulf’s strategy to seek early cash flow opportunities
- A Shareholder Share Purchase Plan (“SSPP”) and share placement was completed raising \$591,000
- Post quarter, the company received independent confirmation that the East African Vermiculite Project contains a JORC inferred resource of 54.9mt at 26.7% Vermiculite (in the greater than 180 micron fraction)

ABOUT GULF

Gulf 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.

ACTIVITIES & PROJECT REVIEW

Following strategies implemented in 2008 to focus on projects capable of providing Gulf with early cash flows, the company secured the East African Vermiculite Project. Gulf’s prime focus for the remainder of 2009 will be the East African Vermiculite project and assessing other projects that fit with this strategy.

East African Vermiculite Project

Finalisation of the Sales and Purchase agreement with Rio Tinto International for acquisition of the Namekara Vermiculite Operation occurred during the quarter. Gulf took ownership and control of the East African Vermiculite Project (EAVP) on 22 May 2009 following confirmation by Rio Tinto that the sales and purchase agreement has been completed. Rio Tinto continues to finalise the administrative and regulatory matters relating to the transaction.

During the first four weeks of ownership Gulf has embarked on a regime of assessment and refurbishment to bring the existing operation up to a standard capable of producing high specification vermiculite for product testing and marketing.

Gulf has also been able to secure the services of two ex PMC (Palabora) plant superintendents to run the mining operation and processing plant.

Planning for a plant upgrade has been initiated to fine tune the plant for production rates in excess of 8000tpa. A budget, timetable and production schedule are currently being finalised.

Pit development has commenced to shore up benches and to dig a number of development trenches and test pits focused on historical Rio Tinto drilling to enable mine planning for targeting of high yield vermiculite ore.

Negotiations are under way with potential customers for East African Vermiculite product and test material has been sent to these parties for further assessment.

Independent confirmation has been received since the end of the quarter of the substantial size and grade of the vermiculite deposit within the East African Vermiculite Project. This was announced to the ASX on 23 July 2009. It can be considered to be one of the world's largest deposits of coarse 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.

Grade-tonnage curves calculated by SRK support the inferred mineral resource classification reported by RTMEL at a 15% 180_V cut-off. Gulf will present these results to the Ugandan Mining Commissioner and will discuss finalising the outstanding administrative matters.

OTHER PROJECTS

• Mwingi Iron Copper Aluminium & Coal Prospects (“Mwingi”) – Kenya

After review of a number of historical copper and iron prospects, Gulf applied for exploration tenements over vacant ground within 200km of the Kenyan capital, Nairobi. Indications are that Gulf's applications are in the final stages of approval. Opportunities exist within the tenement areas for small scale, cash flow generating industrial minerals operations.

• Tanz Coal Project – Tanzania

The company holds a 70% interest in a Tanzanian coal prospect, license PL4510/2007. No further work has been carried out on this project during the quarter.

• Sudan Copper – Southern Sudan

The Southern Sudan Copper Gold Project and related logistics and supply project are both joint ventures with locally based partners. No additional work was completed on these projects during the quarter.

• Madagascar JV

Joint Venture operations in Madagascar involved limited project assessment activities on mineral sands projects.

• Vietnam Coal to Liquid Project

The Vietnam CTL Project is a partnership between Gulf and one of Vietnam's largest private industrial conglomerates, Geleximco, to complete feasibility and then development of a coal to liquid fuel plant in northern Vietnam. Application by our joint venture partners has been made to the Vietnamese Government for substantial coal concessions in the Red River Delta coal basin near Hanoi.

No further information has been received this quarter from the company's partners, although Gulf's management and technical team will continue to assist on an as needed basis in assisting Geleximco procuring the coal license under the framework of the existing strategic alliance agreement.

• Crystalbrook Project, Far North Queensland

No significant work was carried out during the quarter.

• Ewingar, Northern New South Wales

The company holds the Ewingar Project in Northern New South Wales. The tenement includes a small inferred resource of 31,000 ounces of gold at the Horton's Prospect, which remains open at the northern end, with possible extension to the south. No significant work was carried out during the quarter.

- **Arabian Shield Gold Project**

The company's exploration consultants have reviewed a potential gold-related joint venture in Saudi Arabia. The project is technically appealing but no commercial arrangement was able to be entered into at this time and the project review has now been concluded.

CORPORATE

Shareholder Share Purchase Plan ("SSPP") and Share Placement

During the quarter the company completed a SSPP and share placement raising \$591,000. The SSPP enabled existing shareholders to each, irrespective of the size of their shareholding, purchase up to \$5,000 worth of shares in the company, free of all brokerage, commissions and stamp duty.

The company had cash and investments at 30 June 2009 of approximately \$1 million.

FURTHER DETAILS AND INFORMATION

East African Vermiculite Project

The project 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. New resource calculations were undertaken in the SRK office in South Africa.

The mineralisation in the project area 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 and 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 +180 micron fraction (V_180), and 18.8% Vermiculite in the +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.

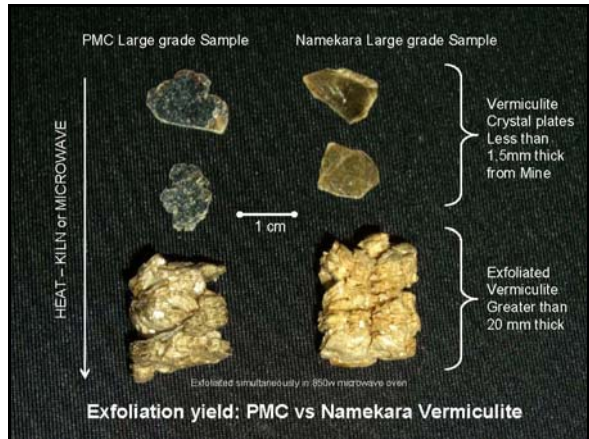
The vermiculite deposit extends from near surface to a depth of between 45m and 55m and the can easily be dug using standard mechanical excavating equipment.



Plant is Operational



Medium and Large grade Vermiculite being bagged from screen separator



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

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

Stable democratic Government

Uganda, an independent republic with a democratic government, has been largely under utilised in terms of its mineral potential compared to neighbouring countries such as Tanzania.

Right geology, underexplored

The geology of Uganda is dominated by crystalline basement complex of Precambrian age that underlies over ninety percent of the country. The western part of the country is bounded by the East African Rift Valley.

Supportive Mineral policy

Interest in Uganda's mineral potential has increased substantially in the recent past since the country made efforts to improve its mining and investment code. In May 2004 the Uganda Government announced its intention to invest US\$4,200,000 in restructuring and development of the mineral sector through a comprehensive five year Mineral Sector Development Program.

Good investment opportunity for mineral wealth

Uganda presents a good investment opportunity in terms of mineral wealth due mainly to three reasons: lack of investment in the past has left most of Uganda under explored leaving large areas of virgin ground untouched; the diversity of Uganda's geology presents the opportunity for a wide range of possible metallic and non-metallic deposits to be developed; and due to active steps taken recently by the Uganda Government to encourage investment in the country's mineral sector.

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.

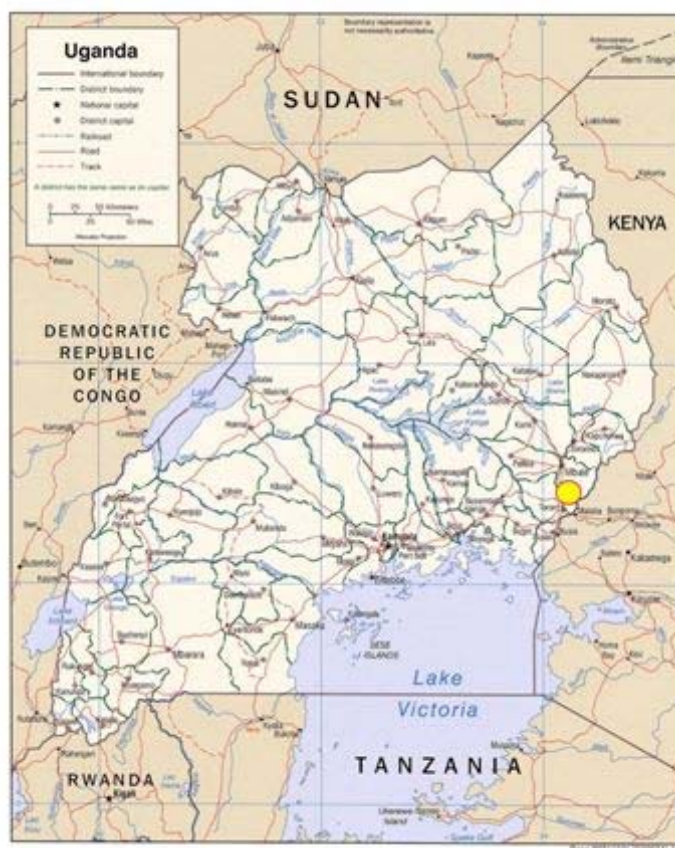
According to the census of 2002 the population of Uganda was just over 24 million people of which 84% were Christians. School in Uganda is free, and Uganda has one of the highest attendance rates in Africa with over 70% of all children attending classes.

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

FURTHER INFORMATION

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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, Minerals 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.