

GULF MINES LIMITED
CHAIRMAN'S ADDRESS
ANNUAL GENERAL MEETING
24 OCTOBER 2008

I now propose to address you and highlight some of the events that have occurred during the year and since the balance date.

The company through its team of geologists and field assistants has worked very hard in the field up to the end of the financial year with the exception of the exploration time lost due to the wet season.

Drilling recommenced at Ebagoola in the June quarter, although the contractor promised to commence immediately after the wet in early April, and was terminated during the September quarter, because of problems and delays. The drilling commenced and was completed at Wollogorang during the September quarter but should have been completed in the June quarter if the contractor had kept his promise to commence drilling three months earlier. These delays in obtaining drill results have meant that our exploration programmes are behind for the year.

The lack of availability of drill rigs and competent operators for the past two years has impacted heavily on the resources sector. However, it appears that there is a "turnaround" in this position happening at present.

Recruiting costs of qualified personnel have also reflected the acute shortage of skilled people, particularly geologists and field assistants. Your company has had to pay a significantly large amount in recruitment fees and has experienced a high

turnover of field assistants, both of which has contributed to the high cost of staff required to gather the exploration data required by our programmes. This position is also “turning around”.

On a brighter note, the company was approached by the Northern Land Council in the NT to hire youths from the Traditional Owners tribes as field assistants. Your company has been instrumental in arranging for a government funded training programme for 10 to 12 aboriginal youths from Borroloola to be trained as field assistants. Two of the youths who successfully complete the course may be hired by the company. On completion of their training, these youths will be able to do meaningful work as field assistants for any exploration company. In addition, the company is sponsoring the Borroloola softball team, and has provided them with basic uniforms.

All results of the exploration programmes have been released to the market, and will be highlighted by the Managing Director in a presentation after this meeting.

All of our tenure and permits for Ebagoola and Wollogorang remain current and I am pleased that the company has entered into an exploration agreement for a potentially substantial iron ore deposit at Nowa Nowa in Victoria where drilling is about to commence.

I look forward to the results of our further exploration during the year ahead.

Roy Payne
Chairman