

**GULF MINES LIMITED**  
**CHAIRMAN'S ADDRESS**  
**ANNUAL GENERAL MEETING**  
**12 NOVEMBER 2009**

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

The drilling programme at Wollogorang was completed by end September 2008, and the drilling at Ebagoola terminated at the same time. The prime targets investigated were geophysical anomalies, which were measured over broad geological targets. Work completed since has been directed towards better understanding the more subtle geological targets at both locations. A considerable amount of mapping and rock chip sampling has been completed in the NE, and across the middle of the Wollogorang tenements. The large "Kidston" style targets in the southern part of the Ebagoola tenements have also been subjected to close scale mapping and sampling. This work is still ongoing in November, and compilation of the results is well underway. These results will lead to drill targets which will be drilled after the "wet" season.

At Nowa Nowa in Victoria, after the drilling programme was completed in December, a complete review of the old data was made, and a gravity survey undertaken to assist with the interpretation of the magnetics collected last year. Results of the gravity survey showed that the likelihood of a large iron oxide body in close proximity to the iron oxides identified by magnetics, was remote. However, mapping and sampling in a road base quarry near the township of Nowa Nowa revealed quartz

sulphide alteration similar to large systems seen and described elsewhere. The hydrothermal alteration is anomalous for gold and an appropriate suite of base metals for the system recognised. A reinterpretation of the gravity data revealed a gravity low which is surrounded by the iron oxide deposits. This could be the source of the mineralised system, and needs considerable further work. The Company is in the process of discussing the area with major explorers with a view to their farming into the project.

While I am sure you do not need to be reminded of the global financial crisis, it needs to be said that management has been very aware of the operating costs of your company, and has paired operating costs to the minimum required to complete the work programme. This was achieved by reducing the size of the exploration team in February, and selling some plant which was considered no longer necessary. The present team has spent the major part of the year collecting geological data in our three prospect areas. IP surveys have also been completed at Ebagoola and Wollogorang.

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

The Board notes the vote by some shareholders against the acceptance of the Remuneration Report. The Board is mindful of the need for prudence and conservatism in setting the Remuneration packages for the Board and staff of the Company, particularly in the current economic climate. There were no pay rises given to Directors or staff this year. In reading the comparative table on page 14 of

the Annual Report, it should be noted that the amounts shown for 2008 do not represent a full year.

Your company needs additional funds to continue its exploration, and in particular, drilling during next year. Discussions are in progress with appropriate people to raise additional funds. On 2 November, we announced a new Option issue to all those option holders who held October 2009 options (GLMO). We anticipate holding a General Meeting of shareholders in January 2010 to approve this issue.

I wish to thank staff, consultants and directors for their considerable efforts this year, and shareholders for their considerable patience.

Roy Payne  
Chairman