

Anticipated Expenditure for First Two Years

The Table below shows anticipated allocation of expenditure for the first two years of operation.

Activity	Year 1	Year 2
Geophysics	242,500	
Drilling	338,500	2,000,000
Geology	640,000	640,000
Assaying	100,000	400,000
Consumables	300,000	400,000
Administration	320,000	320,000
Costs of the Offer	630,000	
Working Capital	90,000	579,000
Total Funds Applied	2,661,000	4,339,000

It should be noted that the budgets will be subject to modification on an ongoing basis depending on the results obtained from exploration work carried out. In particular, Year 2 budgeted expenditure will vary depending on the results obtained from exploration and evaluation programs in Year 1, which may lead to increased or decreased levels of expenditure on certain applications and projects.

The Directors consider that on completion of the Offer, the Company will have sufficient working capital to achieve its objectives set out in this Prospectus for a period of two years.

Yours faithfully
Gulf Mines Limited



Darren Thamm
Company Secretary
27 July 2007.