



Gulf Mines Limited

ABN 73 059 954 317

SHORT FORM PROSPECTUS

For a non-renounceable bonus issue of 1 option for every two (2) shares held by shareholders as at 5pm EST 5 November 2007 at an application price of two (2) cents per option.

Each Bonus Option gives the holder the right to subscribe for one Share in the Company at an exercise price of thirty (30) cents each exercisable at any time on or prior to 31 October 2009.

The Company will apply to the ASX for listing and quotation of the Bonus Options within seven days from the date of this Prospectus.

IMPORTANT NOTICE

This Prospectus is a short form prospectus issued in accordance with Section 712 of the Corporations Act.

This Prospectus does not of itself contain all the information that is generally required to be set out in a document of this type but refers to other documents, part of the information of which is deemed to be incorporated in this Prospectus.

This Bonus Option issue should be considered speculative and considered in conjunction with the risk factors referred to in this Prospectus.

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1. IMPORTANT INFORMATION

This Prospectus is dated 26 October 2007 and a copy of this Prospectus was lodged with ASIC on that date.

No responsibility as to the contents of this Prospectus is taken by ASIC or ASX. Application will be made to ASX within seven (7) days after the date of this Prospectus for admission of the Options offered by this Prospectus to Official Quotation.

No Options will be issued on the basis of this Prospectus later than thirteen (13) months after the date of this Prospectus.

Applicants should read this document in its entirety and, if in any doubt, consult with their professional advisers before deciding whether to apply for Options. There are risks associated with an investment in the Company and the Options offered under this Prospectus must be regarded as a speculative investment. The Options offered under this Prospectus carry no guarantee with respect to return on capital investment or the future value of the Options.

No person is authorised to give information, or to make any representation in connection with this Prospectus, which is not contained in this Prospectus. In making representations in this Prospectus, regard has been given to the fact that ASX maintains a file containing publicly disclosed information about the Company and that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to professional advisors whom potential investors may consult. This Prospectus may be viewed online at www.gulfmines.com.au.

Certain words and terms used in this Prospectus have defined meanings, which appear in Section 11.

This Prospectus is a short form prospectus issued in accordance with Section 712 of the Corporations Act. This means that this Prospectus does not of itself contain all the information that is generally required to be set out in a document of this type.

The Prospectus incorporates by reference a disclosure document lodged by the Company with ASIC on 6 June 2007 for the offer to the public of 20,000,000 Shares at an issue price of 25 cents each to raise a total of \$5,000,000. In addition, this Prospectus incorporates by reference the financial statements to 30 June 2007 and the Independent Audit Report contained in the Annual Report for the period to 30 June 2007 lodged with ASIC and ASX, and the Company's Quarterly Activities Report and Quarterly Cashflow Report for the quarter ended 30 September 2007.

In referring to the IPO Prospectus, the Financial Statements, the Independent Audit Report and the Quarterly Reports (**Relevant Documents**), the Company:

- (a) identifies the Relevant Documents as being relevant to the offer of Bonus Options under this Prospectus and containing information that will provide investors and their professional advisers information to assist them in making an informed assessment of:
 - (i) the effect of the Issue on the Company;
 - (ii) the rights and liabilities attaching to:
 - the Bonus Options; and
 - the underlying securities;
 - (iii) the capacity of the Company to issue the Options and the underlying securities; and
 - (iv) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company;
- (b) refers investors and their professional advisers or analysts to Section 6 of this Prospectus which summarises the information in the Relevant Documents deemed to be incorporated in this Prospectus;
- (c) informs investors and their professional advisers or analysts that they are able to obtain, free of charge, a copy of the Relevant Documents by contacting the Company at its registered office during normal business hours during the Offer Period; and
- (d) advises that the information in the Relevant Documents will be primarily of interest to investors and their professional advisers or analysts.

2. CORPORATE DIRECTORY

Registered office

41 Cavendish St
Earlville QLD 4870

Directors

Roy Payne (Chairman)
Graham Reveleigh (Managing Director)
Dr Peter Smith (Non-executive Director)

Company Secretary

Darren Thamm
Graham Reveleigh

Company contact details

PO Box 92
Earlville QLD 4870

Tel: +61 7 4033 1805
Fax: +61 7 4033 6415
www.gulfmines.com.au

ASX code

GLM

Share registry*

Registries Limited
Level 2
28 Margaret St
Sydney NSW 2000
Tel: +61 2 9290 9600
Fax: +61 2 9279 0664
www.registries.com.au

Bankers*

Suncorp Metway Ltd
15 Spence St
Cairns QLD 4870

Company's lawyers*

Williams Graham Carman
1A Water St
Cairns QLD 4870

Auditors*

WHK Greenwoods
74 Abbott St
Cairns QLD 4870

Underwriter

Findlay and Co Stockbrokers Limited
Level 12, 10 Spring Street
Sydney NSW 2000

* *The names of these parties are included for information purposes only. They have not been involved in the preparation of any part of this Prospectus.*

3. CHAIRMAN'S LETTER

26 October 2007

Dear Shareholder

The Board is pleased to offer Shareholders the opportunity to participate in a pro-rata 1 for 2 non-renounceable Bonus issue of Options as proposed in the IPO Prospectus.

All Shareholders registered as at 5.00pm EST on 5 November 2007 are entitled to participate in the Bonus issue of Options on the basis on one (1) Option for every two (2) Shares held.

The Closing Date for acceptances is 5.00pm EST on 22 November 2007 (unless the Offer is extended).

The Company will apply to ASX for Official Quotation of the Options.

The Board takes this opportunity to thank Shareholders for their support since listing and looks forward to your continued support in the future.

Yours faithfully

A handwritten signature in black ink, appearing to be 'Roy Payne', written in a cursive style.

Roy Payne
Chairman

4. TIMETABLE AND IMPORTANT DATES

Event	Date
Prospectus lodged with ASIC and ASX	26 October 2007
Appendix 3B lodged with ASX	26 October 2007
Notice in relation to the Issue dispatched to Shareholders	28 October 2007
“Ex” date	30 October 2007
Record date for determining entitlements to Options	5 November 2007
Despatch Prospectus/Opening Date	8 November 2007
Closing Date	22 November 2007
Securities quoted on deferred settlement basis	26 November 2007
Company notifies ASX of under subscriptions	26 November 2007
Deferred settlement trading ends and despatch date	5 December 2007

The dates in the table above are indicative only and may vary. Subject to the ASX Listing Rules, the Directors reserve the right to vary the dates without prior notice.

5. DETAILS OF THE OFFER

5.1 Purpose of the Issue

The purpose of the Issue is to reward the loyalty of Shareholders for their support of the Company and to provide for future exploration funds for the Company's prospects.

The funds raised by the Offer of up to \$1,479,825 will be used as general working capital for the Company and also to meet Issue expenses of approximately \$30,000. Any capital raised pursuant to the Issue will be applied as additional working capital and will have no effect on the existing budgets and work programmes of the Company.

5.2 The Issue

Pursuant to this Prospectus, the Company is making a pro-rata non-renounceable rights issue to Shareholders who are registered as at 5.00 pm EST on 5 November 2007 (Record Date), of up to 73,991,268 Options at an issue price of two (2) cents each to raise up to approximately \$1,479,825 (before costs of the Issue).

The Options will be offered on the basis of one (1) Option for every two (2) Shares then held. The Bonus Options will form a new class of securities of the Company and a summary of the terms and conditions of the Bonus Options is set out in Section 7 of this Prospectus.

In the calculation of any Entitlement, fractions will be rounded up to the nearest whole number.

This Offer is made on a non-renounceable basis such that Shareholders who are registered as at the Record Date may not sell or transfer all or part of their entitlement to the Options.

5.3 Entitlement

The number of Options to which each Shareholder is entitled is shown on the enclosed Acceptance Form.

5.4 Action Required

If you wish to take up all or part of your Entitlement, complete the enclosed Entitlement and Acceptance Form in accordance with the instructions set out on the back of the form and lodge it with the appropriate payment no later than 5.00pm EST on the Closing Date at:

Gulf Mines Limited
C/- Registries Limited
PO Box R67
Royal Exchange
Sydney NSW 1223

Cheques and drafts (drawn on and payable at any Australian bank) should be made payable in Australian currency to "Gulf Mines Limited Share Application Account" and crossed "Not Negotiable".

If you request more than your Entitlement, you will be deemed to have applied for your Entitlement and the difference will be refunded to you, without interest.

If you do not wish to take up any of your Entitlement, you do not need to take any action and your Entitlement to the Options will lapse on the Closing Date.

5.5 Closing Date

The Closing Date for the Issue is 5.00pm EST on 22 November 2007. The Directors may extend the Closing Date by giving at least 6 Business Days notice to ASX prior to the Closing Date. As such, the date the Options are expected to commence trading on ASX may vary with any change in the Closing Date.

5.6 Issue of Options

The Options will be issued and option certificates dispatched as soon as practicable after the Closing Date. No Options will be issued on the basis of this Prospectus later than thirteen (13) months after the date at this Prospectus.

5.7 Minimum Subscription

There is no minimum subscription.

5.8 Over-subscriptions

Over-subscriptions will not be accepted.

5.9 Underwriting

The Issue has been fully underwritten by Findlay and Co Stockbrokers (Underwriters) Pty Ltd (Underwriter). The Underwriter will receive an underwriting fee of \$10,000. The material terms of the Underwriting Agreement are set out in Section 8 of this Prospectus.

5.10 ASX Quotation

Application to ASX for admission of the Options to Official Quotation will be made by the Company within seven (7) days of the date of this Prospectus

If the Options are not admitted to Official Quotation on ASX within three (3) months after the date at this Prospectus, or such longer period as is permitted by the Corporations Act, none of the Options offered by this Prospectus will be granted. In that circumstance, all applications will be dealt with in accordance with Section 724 of the Corporations Act.

A decision by ASX to grant official quotation of the Bonus Options is not to be taken in any way as an indication of ASX's view as to the merits of the Company or of the Bonus Options now offered.

5.11 Overseas Shareholders

This Prospectus does not, and is not intended to, constitute an offer of Bonus Options in any place or jurisdiction where, or to any person to whom, it would not be lawful to issue the Prospectus or make the Offer. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities law. No action has been taken to register or qualify the Options or the Offer to permit any public offering of the Options in any jurisdiction outside Australia.

It is the responsibility of any Applicant who is resident outside Australia to ensure compliance with all laws of any country relevant to their Application, and any such Applicant should consult their professional advisers as to whether any government or other approvals are required, or whether any formalities need to be observed to enable them to apply for and be issued Options.

The return of a completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation and warranty by the applicant that all relevant approvals have been obtained.

5.12 Enquiries

If you have any questions concerning your entitlement, please contact the Company's share registry by telephone on (02) 9290 9600 or by fax to (02) 9279 0664 or contact your professional advisor.

5.13 Privacy Statement

If you complete an application for Options, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your need as a shareholder and to facilitate distribution payments and corporate communications to you as a shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that is held about you. If you wish to do so, please contact the Company's share registry at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASTC Settlement Rules. You should note that if the information required on the application for Options is not provided, the Company may not be able to accept or process your application.

6. INFORMATION DEEMED TO BE INCORPORATED IN THIS PROSPECTUS

6.1 Short Form Prospectus

This Prospectus is a short form prospectus issued in accordance with Section 712 of the Corporations Act. This means that this Prospectus does not of itself contain all the information that is generally required to be set out in a document of this type. However, it incorporates by reference information contained in documents that have been lodged with the ASIC and ASX.

The information to be incorporated by reference into this Prospectus is summarised below in Sections 6.2 and 6.3 of this Prospectus and will primarily be of interest to investors and their professional advisers or analysts.

The Company informs investors and their professional advisers that they are able to obtain, free of charge, a copy of the Relevant Documents by contacting the Company at its registered office during normal business hours during the Offer Period. The Relevant Documents are also be available by searching ASIC's records in relation to the Company and on the Company's website at www.gulfmines.com.au.

6.2 IPO Prospectus

Set out below is a summary of the information contained in the IPO Prospectus that is deemed to be incorporated in this Prospectus to assist investors and their professional advisers to determine whether, for the purposes of making an informed investment decision in relation to the Options, they should obtain a copy of the IPO Prospectus.

The Sections referred to below are a reference to sections in the IPO Prospectus.

Section 3 – Risk Factors

Section 3 notes that an investment in the Company should be considered speculative and it details a number of factors that the Directors regard as the major risks associated with an investment in the Company. The factors referred to are Commodity Price Volatility and Exchange Rate Risks, Exploration Success, Exploration Targets estimates, Development and Operating risks, Contingent Liability risk, Transfer of tenements, Reliance on key personnel, environmental risks, Native title and title risks, Joint venture parties, agents and contractors, Share market conditions and security investment, Competition, Economic risks, Insurance, Future capital needs and funding.

Section 4 – Details of the Offer

Section 4 gives a summary of the offer and outlines the impact of the offer on the Company's capital structure. This section also contains information relating to the procedural aspects of the offer under the IPO Prospectus. For example, Section 4 details how to apply for shares, minimum subscriptions and the proposed loyalty options covered under this prospectus.

Section 5 – Project overview and company strategy

Section 5 contains a summary of the Company's strategy and objectives and provides information relating to the Wologorang and Ebagooola projects, including proposed exploration programs and budgeted expenditure.

Section 6 – Directors and Management

Section 6 contains information relating to the three Directors and Company Secretary as at the date of the IPO Prospectus.

Section 7 – Corporate Governance

Section 7 contains information relating to the corporate governance practices and conduct of the Company.

Section 8 – Privacy policy

Section 8 details the Company's privacy policy in relation to the information collected from shareholders.

Section 9 - Independent Geologist's Report

Section 9 comprises the Independent Geologist's Report prepared by Veronica Webster Pty Ltd dated 23 March 2007. The report sets out a detailed overview of the Wollgorang and Ebagoola projects including the exploration history, regional geology, tenement status, exploration potential and exploration strategy and budget.

Section 10 – Independent Accountant's report and Financial summary

Section 10 consists of the Independent Accountants report prepared by WHK Greenwood dated 22 April 2007 and the financial summary detailing the impact of the offer under the IPO Prospectus on the assets, liabilities, equity and cashflows of the Company.

Section 11 – Independent Titles Report

Section 11 comprises a report prepared by Hetherington Exploration and Mining Title Services Pty Ltd dated 16 May 2007 on the mining tenements in which the Company has acquired an interest. Amongst other things, the report details the title holders of the mining tenements.

Section 12 – Material Agreements and other documents

Section 12 contains summaries of material agreements entered into by the Company, including contracts relating to the mining tenements, contracts between the Company and its related parties and tax sharing agreements. Additional information within section 12 as required to be disclosed includes:

- Rights and liabilities attaching to the shares;
- Terms of Loyalty Options;
- Disclosure of Directors' interests, shareholdings and remuneration;
- Interests of persons named in the IPO Prospectus;
- Consents of persons named in the Prospectus and those persons who prepared reports for inclusion in the IPO Prospectus;
- Estimated expenses of the offer of Shares pursuant to the IPO Prospectus;
- Terms and conditions of the Employee Share Option Plan;
- A statement that the Company, its officers and each of their respective advisors accept no responsibility with respect to the taxation consequences of subscribing for Shares under the IPO Prospectus;
- A statement that the Company is not involved in any material legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company; and
- A statement regarding the issue of an electronic prospectus.

6.3 Other Documents

The following documents are referred to and are taken by section 712(3) of the Corporations Act to be included in this Prospectus:

- (a) the Financial Statements contained in the Annual Report of the Company for the year ended 30 June 2007;
- (b) the Independent Audit Report contained in the Annual Report of the Company for the year ended 30 June 2007; and
- (c) the Quarterly Reports which summarise the Company's activities in the quarter ending 30 September 2007.

7. FURTHER INFORMATION

7.1 Listing on ASX and Escrow of Securities

The Company successfully raised \$7,000,000 of capital under the IPO Prospectus. The Company was then admitted to the Official List on 1 August 2007 with Official Quotation of its Shares commencing on 3 August 2007. After this capital raising, the Company had 147,982,536 Shares on issue.

Under the ASX Listing Rules, 90,548,000 Shares were subject to escrow restrictions. The numbers of Shares and periods of escrow are as follows:

- (a) 80,714,000 Shares for 24 months until 3 August 2009;
- (b) 72,000 Shares escrowed until 9 May 2008;
- (c) 720,000 Shares escrowed until 2 May 2008;
- (d) 2,340,000 Shares escrowed until 9 March 2008;
- (e) 2,460,000 Shares escrowed until 20 December 2007;
- (f) 1,902,000 Shares escrowed until 3 November 2007;
- (g) 210,000 Shares escrowed until 8 September 2007; and
- (h) 2,130,000 Shares escrowed until 2 September 2007.

In addition, the Company entered into agreements with shareholders to voluntarily escrow their securities with 20,984,280 Shares escrowed until 31 January 2008 and 1,100,000 Shares escrowed until 3 August 2008.

The balance of the issued Shares of the Company is freely traded on ASX. No Options are quoted on ASX.

7.2 Circumstances or Matters Subsequent to the IPO Prospectus

The NT Government granted Exploration Licence 25886, located 15 km west of the Wollogorang tenements, on 19 September 2007.

There were no other matters other than contracts associated with the normal business of exploration being undertaken by the company.

7.3 Capital Structure

The capital structure of the Company following the completion of the Issue is summarized below:

Shares Number

Shares on issue at date of Prospectus	147,982,536
Total Shares on issue at completion of the issue	147,982,536

Options

Total options on issue at the date of the Prospectus	Nil
Total options on issue at completion of the Issue	73,991,268

7.4 Market Prices of Shares

The company was admitted to the official List of the Australian Stock Exchange on 1 August 2007 and commenced trading on 3 August 2007 and consequently, the trading history on the ASX as at the date of this Prospectus is limited to that period.

The highest and lowest recorded closing market sale prices of the Company's Shares quoted on ASX during the period from commencement of Official Quotation to the date of this Prospectus were 65.0 cents on 19 October 2007 and 49.0 cents on 6 and 8 August 2007 respectively.

The last market sale price of the Company's Shares on ASX on the last day that trading took place in these Shares prior to the date of this Prospectus was 60.0 cents on 25 October 2007.

The Company has no options over Shares currently quoted on ASX.

7.5 Pro-forma Statement of Financial Position

The Company has lodged with ASIC its Annual Report which incorporates the Independent Audit Report and the Financial Statements for the financial year ended 30 June 2007. The Independent Audit Report and the Financial Statements are referred to in this Prospectus and are taken by Section 712(3) of the Corporations Act to be included in this Prospectus. Set out below is the Company's pro-forma statement of financial position as at 30 June 2007.

Pro-forma balance sheet

	Audited 30 June 2007	Adjustments 30 June 2007	Pro forma 30 June 2007
Current Assets			
Cash and cash equivalents	5,824,974	3,588,367	9,413,341
Receivables	<u>126,411</u>	<u>-</u>	<u>126,411</u>
Total current assets	<u>5,951,385</u>	<u>3,588,367</u>	<u>9,539,752</u>
Non-current assets			
Capitalised exploration costs	1,259,052	-	1,259,052
Property, plant and equipment	<u>223,722</u>	<u>-</u>	<u>223,722</u>
Total non-current assets	<u>1,482,774</u>	<u>-</u>	<u>1,482,774</u>
Total assets	<u>7,434,159</u>	<u>3,588,367</u>	<u>11,022,526</u>
Current liabilities			
Trade and other payables	<u>4,623,061</u>	<u>(4,384,498)</u>	<u>238,563</u>
Total current liabilities	<u>4,623,061</u>	<u>(4,384,498)</u>	<u>238,563</u>
Total liabilities	<u>4,623,061</u>	<u>(4,384,498)</u>	<u>238,563</u>
Net assets	<u>2,811,098</u>	<u>7,972,865</u>	<u>-</u>
Equity			
Contributed equity	3,075,649	8,050,593	11,126,242
Accumulated losses	<u>(264,551)</u>	<u>(77,728)</u>	<u>(342,279)</u>
Total equity	<u>2,811,098</u>	<u>7,972,865</u>	<u>10,783,963</u>

Assumptions used in compiling the Unaudited Pro Forma Balance Sheet

The preceding table sets out:

- The audited balance sheet as at 30 June 2007;
- The issue of 28,000,000 Shares at 25 cents each to raise \$7,000,000;
- Costs of the IPO issue expensed against contributed equity of \$399,232;
- Estimated financial performance to 30 September 2007 of \$77,728
- Issue of options pursuant to this Issue to raise \$1,479,825;
- Options issue costs of \$30,000 expensed against contributed equity;

7.6 Terms and Conditions of Options

Shareholders who are on the Register at the Record Date are entitled to apply for one (1) option for every two (2) shares held, under the following terms and conditions:

- (a) at an application price of two (2) cents per option;
- (b) exercisable at a price of \$0.30 per Option;
- (c) exercisable at any time on or prior to 5.00pm (EST) on 31st October, 2009 by completing an option exercise form and delivering it together with the payment for the number of Shares in respect of which the Options are exercised to the registered office of the Company.
- (d) each Option will entitle the holder to one (1) Share in the Company;
- (e) an Option will not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised;
- (f) subject to the Corporations Act and the Company's Constitution, the Options will be freely transferable;
- (g) all Shares issued upon exercise of the Options will rank pari passu in all respects with the Company's then issued Shares;
- (h) the Options do not confer on the holder any right to participate in dividends until Shares are allotted pursuant to the exercise of the Options;
- (i) there will be no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least seven (7) Business Days after the issue is announced. This will give option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue; and
- (j) if at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the Listing Rules (if applicable).

7.7 Rights attaching to Shares upon Conversion of Options

Full details of the rights attaching to Shares are set out in the Company's Constitution, a copy of which can be inspected, free of charge, at the Company's registered office during normal business hours. The following is a broad summary of the rights, privileges and restrictions attaching to all Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders.

7.7.1 General

All Shares issued pursuant to this Prospectus will from the time they are issued, rank pari passu with all the Company's existing Shares.

7.7.2 Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares (at present there are none), at meetings of Shareholders of GML:

- (a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (c) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares, shall have such number of votes as bears the same proportion which the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) on that Share.

7.7.3 Rights on Winding Up

Subject to the rights of holders of Shares with special rights in a winding up (at present there are none), on a winding up of GML all assets that may be legally distributed among members will be distributed in proportion to the issued Share capital paid up on their Shares.

7.7.4 Transfer of Shares

Subject to the Constitution of the Company, the Corporations Act, ASTC Settlement Rules, Listing Rules and any other laws, Shares are freely transferable.

7.7.5 Future Increases in Capital

The allotment and issue of any Shares is under the control of the Directors. Subject to restrictions on the allotment of Shares to Directors or their associates, the Listing Rules, the Constitution of the Company and the Corporations Act, the Directors may allot or otherwise dispose of Shares, options and other securities on such terms and conditions as they see fit.

7.7.6 Variation of Rights

Under the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or cancel the rights attaching to Shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class of shares (unless otherwise provided by the terms of the issue of the shares of that class), whether or not the Company is being wound up may, subject to the Listing Rules, be varied or cancelled by special resolution of the Company and:

- (a) by special resolution passed at a separate meeting of the holders of the shares of that class; or
- (b) with the written consent of the holders of 75% of the votes attaching to the shares of that class.

7.7.7 Dividend Rights

Subject to the rights of holders of shares issued with special rights (at present there are none), the profits of GML, which the Directors determine to distribute by way of dividend, are divisible among the holders of ordinary Shares in proportion to the aggregate amounts paid up on the Shares held by them.

7.8 Interests of Directors and Experts

A full disclosure of the interests of Directors, experts and promoters of and to the Company for the period commencing on incorporation of the Company and to the date of issue of the IPO Prospectus are set out in Sections 12.6 and 12.7 of the IPO Prospectus and other than as set out below or elsewhere in this Prospectus, that information and disclosure remains current.

The interests of the Directors in the securities of the Company at the date of this Prospectus are as follows:

Director	Shares	Options
Graham Reveleigh	19,740,000	-
Roy Payne	536,000	-
Peter Smith	18,305,000	-

To the extent that the Directors are Shareholders registered as at the Record Date of 5.00pm EST on 5 November 2007, they will subscribe for their full entitlement of Options pursuant to this Prospectus.

7.9 Taxation

It is the responsibility of all persons to satisfy themselves of the particular taxation treatment that applies to them by consulting their own professional tax advisers before investing in the Options. Taxation consequences will depend on particular circumstances. Neither the Company nor any of its officers accept any liability or responsibility in respect of the taxation consequences of the matters referred to above or any other taxation consequences connected with an investment in the Options in the Company or dealing with an Entitlement in this Issue.

7.10 Legal Proceedings

There is no litigation, arbitration or proceedings pending against or involving the Company as at the date of this Prospectus.

7.11 Expenses of the Issue

The total expenses of the Issue are estimated to be \$30,000 comprising the following:

Underwriting	10,000
Legal expenses	6,500
ASX quotation fee	5,500
ASIC lodgement fee	2,000
Printing costs and other administrative costs	6,000
	<u>30,000</u>

7.12 Continuous Disclosure and Documents Available for Inspection

The Company is listed on ASX and its Shares are quoted on ASX.

The Company is a "disclosing entity" for the purposes of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations, which require it to disclose to ASX any information of which it is or becomes aware concerning the Company and which a reasonable person would expect to have a material effect on the price or value of securities of the Company.

Copies of documents lodged with ASIC in relation to the Company may be obtained from or inspected at an office of ASIC. This includes the Relevant Documents referred to in Section 6 of this Prospectus.

The Company will provide free of charge to any person on request during the application period in relation to the Prospectus a copy of each of the documents used to notify ASX of information relating to the Company under the provisions of the Listing Rules.

The following is a list of such documents lodged with the ASX since the IPO Prospectus and to the date of this Prospectus.

Date	Details
25/10/07	Quarterly Activities Report
25/10/07	Quarterly Cashflow Report
23/10/2007	Shares released from escrow
19/10/2007	Letter to shareholders
18/10/2007	Option entitlement
16/10/2007	Amended notice of meeting
16/10/2007	Notice of Annual General Meeting/Proxy Form
16/10/2007	Annual Report 2007
15/10/2007	Ebagoola Gold Drilling contract signed – amendment
15/10/2007	Ebagoola Gold Drilling Contract signed
08/10/2007	Ground TEM Survey – Wollogorang NT
28/09/2007	Full Year Statutory Accounts
26/09/2007	Exploration Licence 25886 granted in NT
25/09/2007	Rock Chip Samples for Uranium - Wollogorang NT
21/09/2007	Change of Director`s Interest Notice
21/09/2007	Change of Director`s Interest Notice
12/09/2007	Appendix 3B
11/09/2007	Copper/Cobalt Assay Results
04/09/2007	Ground Geophysics Results
29/08/2007	Shares released from Escrow
28/08/2007	Shares Released from Escrow
24/08/2007	Change of Director`s Interest Notice
21/08/2007	Gulf Appoints Exploration Manager
17/08/2007	Laramide Drilling at Wollogorang NT
08/08/2007	Becoming a substantial holder x 4
08/08/2007	NT Uranium Sampling 1st Stage Progressing Well
07/08/2007	Initial Director`s Interest Notice x 3
01/08/2007	Financial Reports 31 December 2006
01/08/2007	Financial Reports 30 June 2006
01/08/2007	Escrow Schedule
01/08/2007	Updated statement of commitments
01/08/2007	Updated pro-forma balance sheet
01/08/2007	Top 20 shareholders
01/08/2007	Pre-Quotation Disclosure
01/08/2007	Distribution schedule of shareholders
01/08/2007	ASX Circular: Commencement of Official Quotation
01/08/2007	Admission to Official List
19/07/2007	FDY announcement: Sub-Underwriting
18/06/2007	Disclosure Document

8. MATERIAL CONTRACTS

8.1 Material Contracts

Section 12 of the IPO Prospectus set out contracts to which the Company is a party which were considered by the Directors as being material to enable investors to make an informed assessment of the Shares being offered under the IPO Prospectus. Investors and their professional advisers are referred to those sections of the IPO Prospectus in relation to material contracts.

A true copy of each of the material contracts referred to in the IPO Prospectus will be available for inspection at the Company's registered office during office hours.

The following is a summary of the material contracts entered into by the Company since the IPO Prospectus.

8.2 Underwriting Agreement

On 19 October 2007, the Company entered into an underwriting agreement with Findlay Securities Pty Ltd in which the Underwriter agrees to underwrite the Issue for a fee of \$10,000.

The Underwriting Agreement contains the right to terminate on the part of the Underwriter in the following circumstances:

- (a) if the S & P ASX 200 Index as published by the ASX is at any time after the date of the commencement of this agreement 10% or more below its level as at the close of business on the date of commencement of the Underwriting agreement; or
- (b) the price of gold or copper on the London Metals Exchange is at any time after the date of the commencement of this agreement 10% or more below its price on the date of commencement of this agreement.

The Underwriting Agreement can be terminated by either party if any party commits a breach of this agreement and such breach is not rectified within 3 business days of notice of the breach being given by the other party.

The Underwriting Agreement is otherwise on standard terms and conditions.

8.3 Drilling Agreement with Well Drilled Pty Ltd

On 24 October 2007, the Company entered into a drilling agreement with Well Drilled Pty Ltd for the supply of drilling services to the company for the drilling of 3,000 metres in designated locations for the cost of approximately \$500,000 determined on the basis of metres drilled. The agreement is otherwise on usual commercial terms.

9. CONSENTS

The following persons have each consented to the inclusion of the following statements and statements identified in this Prospectus as being based on statements made by those persons, in the form and context in which they are included or referred, and have not withdrawn that consent before lodgment of this Prospectus with the ASIC:

- (a) WHK Greenwood have given their written consent to being named in this Prospectus as Auditor to the Company in the form and context in which it is named and to the inclusion of references to the Independent Audit Report in the form and context in which those references appear;
- (b) Findlay & Co Stockbrokers (Underwriters) Pty Ltd have given their written consent and has not withdrawn its consent to be named Underwriter to the Issue under this Prospectus in the form and context in which it is named;
- (c) Veronica Webster Pty Ltd in relation to the Independent Geologist's Report set out in section 9 of the IPO Prospectus and the reference to that report in this Prospectus;
- (d) Williams Graham Carman have given their written consent to being named in this Prospectus as Solicitor to the Company in the form and context in which it is named;
- (e) Hetherington Exploration and Mining Title Service Pty Ltd in relation to the Independent Titles Report included at Section 11 of the IPO Prospectus and the reference to that report in this Prospectus;
- (f) Registries Limited has given its written consent to being named as the Company's share registry in this Prospectus in the form and context in which it is named;

10. AUTHORITY OF DIRECTORS

This Prospectus is issued by the Company and its issue has been authorised by a resolution of Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgment of this Prospectus with the ASIC.

Dated the 26th day of October 2007.

A handwritten signature in black ink, appearing to read 'Graham Reveleigh', written in a cursive style.

Graham Reveleigh
Managing Director
Signed for and on behalf of Gulf Mines Limited

11. DEFINITIONS

Acceptance Form means the entitlement and acceptance form enclosed with this Prospectus.

Annual Report means the Company's Annual Report for the year ended 30 June 2007.

ASIC means Australian Securities and Investments Commission.

ASX means Australian Stock Exchange Limited (ACN 008 624691).

ASX Listing Rules or listing Rules means the Listing Rules of ASX.

Board means the board of Directors unless the context indicates otherwise.

Business Day has the meaning given to that term in the ASX Listing Rules.

CHESS means ASX Clearing House Electronic Subregistry System.

Closing Date means 5.00 pm EST on 22 November 2007.

Company means Gulf Mines Limited (ABN 73 059 954 317).

Directors means the directors of the Company.

Dollars or \$ means Australian dollars unless otherwise stated.

Entitlement means the number of Options you are entitled to accept under this Prospectus as noted on the Entitlement and Acceptance Form.

Financial Statements means the financial statements contained in the Company's Annual Report for the financial year ended 30 June 2007.

Foreign Shareholder means a person registered as a Shareholder as at 5.00 pm EST on 5 November 2007 whose registered address is outside Australia or New Zealand.

Independent Geologist's Report means the report contained in Section 9 of the IPO Prospectus.

IPO means the initial public offering of the Company under the IPO Prospectus.

IPO Prospectus means the prospectus lodged by the Company with the ASIC on 6 June 2007.

Issue means the issue of Options pursuant to this Prospectus.

Offer means the offer of Options pursuant to this Prospectus.

Offer Period means the period commencing on the Opening Date and ending on the Closing Date.

Official List means the Official List of ASX.

Official Quotation means official quotation by ASX in accordance with the Listing Rules.

Opening Date means the date on which the Offer opens.

Option means an option to subscribe for one Share in the Company, issued on the terms and conditions set out in Section 5 of this Prospectus.

Prospectus means this prospectus dated 26 October 2007 for the issue of up to 73,991,268 Options.

Quarterly Reports mean the Quarterly Activities Report and the Quarterly Cash flow Report (mining exploration entity quarterly report) for the quarter ended 30 September 2007.

Record Date means the record date for determining entitlements to Options offered under this Prospectus, which is 5.00 pm EST on 5 November 2007.

Relevant Documents mean the Financial Statements, the IPO Prospectus, the Independent Audit Report contained in the Annual Report and the Quarterly Reports.

Share means a fully paid share in the capital of the Company

Shareholder means a holder of a Share

EST means Eastern Standard Time