



GULF MINES LIMITED

ACN 059 954 317

34 CHARLES ST, SOUTH PERTH WA 6151 AUSTRALIA
POSTAL ADDRESS: PO BOX 246, SOUTH PERTH WA
6951

Tel (08) 9368 1211, Intl: +61 8 9368 1211

Fax (08) 9474 1333, Intl: +61 8 9474 1333

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of the Shareholders of Gulf Mines Limited will be held at 34 Charles Street, South Perth Western Australia on Wednesday 30 November 2011 at 12 noon WST.

The attached “**Explanatory Statement**” provides additional information on the Resolutions to be considered at the Annual General Meeting and is to be read in conjunction with and forms part of this Notice.

If you are unable to attend the Meeting you are encouraged to complete and return the enclosed proxy form. The completed proxy form must be received by the Company at least 48 hours before the commencement of the Meeting.

ORDINARY BUSINESS

1. Annual Accounts

To receive, consider and adopt the Statement of Financial Performance, Statement of Financial Position and the Cash Flow Statement of the Company and the reports of the Directors and Auditors for the year ended on 30 June 2011.

2. Resolution 1 – Remuneration Report

To receive and consider the Remuneration Report for the year ended 30 June 2011 in accordance with Section 250R(2) of the **Corporations Act** and if thought fit pass, with or without amendment, the following **Ordinary Resolution**:

“That the Remuneration Report for the Company for the financial year ended on 30 June 2011 be adopted.”

3. Resolution 2 – Re-election of Dr Peter Bennett Smith as a Director

To consider and, if thought fit, to pass, with or without amendment, the following Ordinary Resolution:

“That Dr Peter Bennett Smith, being a Director of the Company who retires and being eligible offers himself for re-election, be re-elected as a Director.”



Notice of Annual General Meeting

4. **Resolution 3 – Prior issue of Shares for Convertible Notes**

To consider and, if thought fit, to pass, with or without amendment, the following Ordinary Resolution:

“That for the purposes of ASX Listing Rule 7.4 and for all other purposes, approval is given for the issue of a total of 26,120,899 fully paid ordinary Shares at a price of 1.2 cents a Share in satisfaction of the previous conversion of convertible notes issued by the Company on 15 September 2011 for an aggregate amount of \$313,451 inclusive of all accrued interest, on the terms and conditions set out in this Explanatory Statement.”

Voting Exclusion:

The Company will disregard any votes cast on this Resolution by any person who has or may have participated in the issue and a person who might obtain a benefit, except a benefit solely in the capacity of security holder, if the Resolution is passed, and any associate of that person.

However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

SPECIAL BUSINESS

5. **Resolution 4 - Issue of Shares for conversion of Convertible Notes**

To consider and, if thought fit, to pass, with or without amendment, the following Ordinary Resolution:

“For the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the allotment and issue of 13,000,000 fully paid ordinary Shares at a price of 2 cents a Share in satisfaction of the proposed future conversion of convertible notes issued by the Company in April 2011 for an aggregate amount of \$260,000, on the terms and conditions set out in Explanatory Statement accompanying this Notice.”

Voting Exclusion:

The Company will disregard any votes cast on this Resolution by any person who may participate in the issue and a person who might obtain a benefit, except a benefit solely in the capacity of security holder, if the Resolution is passed and any associate of that person.

However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.



Notice of Annual General Meeting

6. **Resolution 5 - Issue of Shares to satisfy agreement for Mt Stewart Project**

To consider and, if thought fit, to pass, with or without amendment, the following Ordinary Resolution:

“That for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the issue by the Company to Rojan Trading Pty Ltd, in accordance with the terms of the Option Agreement, the following:

- (a) 20,000,000 fully paid ordinary Shares in consideration for an Option granted to the Company to acquire the Tenements comprising the Mt Stewart Project; and*
- (b) 35,000,000 fully paid ordinary Shares as the consideration for the exercise by the Company of the Option to purchase the Tenements comprising the Mt Stewart Project,*

on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”

Voting Exclusion:

The Company will disregard any votes cast on this Resolution by Rojan Trading Pty Ltd and any of its associates and any person who may participate in the issue and a person who might obtain a benefit, except a benefit solely in the capacity of security holder, if the Resolution is passed and any of its associates.

However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

7. **Resolution 6 - Approval for Future Placement of Shares**

To consider and, if thought fit, to pass, with or without amendment, the following Ordinary Resolution:

“That for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the allotment and issue by way of placement of up to 125,000,000 fully paid ordinary Shares, on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”

Voting Exclusion:

The Company will disregard any votes cast on this Resolution by any person who may participate in the issue and a person who might obtain a benefit, except a benefit solely in the capacity of security holder, if the Resolution is passed and any associate of that person.



Notice of Annual General Meeting

However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

8. Resolution 7 - Options for fees

To consider and, if thought fit, to pass, with or without amendment, the following Ordinary Resolution:

“That for the purposes of Listing Rule 7.1 and for all other purposes approval is given for the allotment and issue 15,000,000 Options to International Capital Markets Pty Ltd exercisable at 2 cents an option on or before 31 December 2012 in consideration for the provision of capital raisings and general corporate advice, on the terms and conditions set out in Explanatory Statement accompanying this Notice.”

Voting Exclusion:

The Company will disregard any votes cast on this Resolution by International Capital Markets Pty Ltd and any of its associates and any person who may participate in the issue and a person who might obtain a benefit, except a benefit solely in the capacity of security holder, if the Resolution is passed and any associate of that person.

However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

9. Snap Shot Time

Regulation 7.11.37 of the *Corporations Regulations 2001* permits a company to specify a time, being not more than 48 hours before the meeting, at which a “snap shot” of Shareholders will be taken for the purposes of determining Shareholder entitlements to vote at the meeting.

The Company has determined that Shares of the Company that are registered on and specified in the register of Shareholders as at 12 noon WST on Monday 28 November 2011 shall, for the purposes of determining voting entitlements at the Annual General Meeting, be taken to be held by the persons registered as holding the Shares at that time.



Notice of Annual General Meeting

10. Proxies

Please note that:

- A. a Shareholder entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of the Shareholder;
- B. where the Shareholder is entitled to cast two or more votes, the Shareholder may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise;
- C. if the Shareholder appoints two proxies and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise half of the votes. Any fractions of votes brought about by the apportionment of a proxy will be disregarded;
- D. a proxy need not be a Shareholder;
- E. any instrument of proxy deposited or received at the registered office of the Company in which the name of the appointee is not filled in will be deemed to be given in favour of the chairman of the Meeting;
- F. to be effective the instrument appointing a proxy (and power of attorney or other authority, if any, under which it is signed or a certified copy of the power of authority), must be deposited at the corporate office of the Company being 34 Charles Street, South Perth WA 6151 or be received by facsimile on facsimile number (08) 9474 1333 not less than 48 hours before the time for holding the Meeting or for the holding of any adjournment of the adjourned meeting with respect to the Meeting;
- G. a Proxy Form accompanies this Notice;

New sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Annual General Meeting. Broadly, the changes mean that:

- A. if proxy holders vote, they must cast all directed proxies as directed; and
- B. any directed proxies which are not voted will automatically default to the chair of the Meeting, who must vote the proxies as directed.

Further details on these changes are set out below.



Notice of Annual General Meeting

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- A. the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- B. if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- C. if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- D. if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- A. an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the company's members; and
- B. the appointed proxy is not the chair of the meeting; and
- C. at the meeting, a poll is duly demanded on the resolution; and
- D. either of the following applies:
 - i. the proxy is not recorded as attending the meeting; or
 - ii. the proxy does not vote on the resolution,the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

For and on behalf of Directors:

A handwritten signature in black ink, appearing to be 'D. Thamm'.

DARREN THAMM

Company Secretary

2 November 2011



Notice of Annual General Meeting

EXPLANATORY STATEMENT

Introduction

This Explanatory Statement has been prepared for the information of Shareholders in connection with business to be conducted at the Company's Annual General Meeting to be held on 30 November 2011 commencing at 12 noon WST Time.

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the Resolutions specified in the accompanying Notice of Annual General Meeting.

All of the Resolutions proposed for the meeting are ordinary resolutions, and accordingly require approval by a simple majority of Shareholders entitled to vote on a show of hands or by a poll.

This Explanatory Statement should be read in conjunction with the Notice of Annual General Meeting.

Annual Accounts

The Statement of Financial Performance, Statement of Financial Position, and the Cash Flow Statement and reports of the Company and the reports of the Directors and Auditor for the year ended 30 June 2011 are set out in the Annual Report. Shareholders and Optionholders who have requested a printed copy of the Annual Report will receive a copy in a separate mail-out. A copy of the Annual Report is also available on the Company's website (www.gulfmines.com.au). If you have become a Shareholder or Optionholder since the Annual Report was mailed out and you would like a copy of it, then please contact the Company's registered office.

The chairman of the meeting will allow Shareholders a reasonable opportunity to ask questions about or make comments on the reports or the Company generally, but there will be no formal Resolution submitted to the Meeting.

A Shareholder, is entitled to submit one written question to the Auditor prior to the Annual General Meeting so long as the question relates to:

- the content of the Auditor's report; or
- the conduct of the Audit in relation to the financial report.

All written questions must be received by the Company no later than five business days before 30 November 2011. The written questions must be sent to the Company and may not be sent directly to the Auditor. The Company will forward all questions to the Auditor for a response.

A representative of the Auditor, will be attending the Annual General Meeting and will be available to answer questions from the Shareholders.

The Auditor will also answer written questions submitted prior to the Annual General Meeting.



Notice of Annual General Meeting

Resolution 1: Adoption of Remuneration Report (Non-Binding)

Under Section 300A of the Corporations Act, the Directors' report in the Annual Report must include a separate remuneration report (**Remuneration Report**) providing details of the remuneration of the Directors, company secretaries, senior managers and other officers of the Company including:

- board policy on the remuneration of these officers;
- the relationship between board remuneration policy and performance of Company and its subsidiaries and related companies;
- a discussion of performance conditions that apply to Directors and executive remuneration; and
- details of the remuneration paid or payable to each Director and certain executives of the Company and its subsidiaries and related companies for the year ended on 30 June 2011.

The Remuneration Report forms part of the Annual Report sent to Shareholders and is available on the Company's website.

In accordance with Section 250R(2) of the Corporations Act, a resolution that the Remuneration Report be adopted must be put to a vote at a listed company's Annual General Meeting. The vote on the Remuneration Report is advisory only and does not bind the Directors or the Company. However, the Directors will take the outcome of the vote into consideration when setting the Company's remuneration policy for future financial years.

Under recent changes to the Corporations Act which came into effect on 1 July 2011, if at least 25% of the votes cast on Resolution 1 are voted against adoption of the Remuneration Report at the Annual General Meeting, and then again at the Company's 2012 annual general meeting, the Company will be required to put to Shareholders a resolution proposing the calling of a general meeting to consider the appointment of directors of the Company (**Spill Resolution**).

If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene the general meeting (**Spill Meeting**) within 90 days of the Company's 2012 annual general meeting. All of the Directors who were in office when the Company's 2012 Directors' report was approved, other than the managing director of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting. Following the Spill Meeting, those persons whose election or re-election as Directors is approved will be the Directors of the Company.

Shareholders will be provided with a reasonable opportunity to ask questions about or comment on the Remuneration Report.



Notice of Annual General Meeting

Resolution 2: Re-election of Dr Peter Bennett Smith as Director

Dr Peter Bennett Smith was appointed a director of the Company on 6 October 2005. Pursuant to the Constitution of the Company, one third of the Directors at the relevant time must retire from office at each Annual General Meeting, and may offer themselves for re-election.

Pursuant to the Company's Constitution, Dr Peter Bennett Smith retires at the 2011 Annual General Meeting, but being eligible, offers himself for re-election.

A brief profile of Dr. Peter Bennett Smith is set out in the Annual Report of the Company.

Resolution 3: Prior issue of Shares for conversion of Convertible Notes

Under Chapter 7 of the ASX Listing Rules, there are limitations on the capacity of a company listed on ASX to enlarge its capital by the issue of equity securities.

ASX Listing Rule 7.1 provides generally that a company listed on ASX may not issue shares or options or subscribe for shares equal to more than 15% of the company's issued share capital in any 12 month period without obtaining Shareholder approval.

However ASX Listing Rule 7.4 enables shareholders to subsequently approve an issue of securities made by a company without approval under ASX Listing Rule 7.1 in order to reinstate or refresh a company's ability to issue 15% of its issued capital under Listing Rule 7.1. This enables a company to have the flexibility to issue equity securities in the future up to the 15% threshold.

On 25 October 2011 the Company issued a total of 26,120,899 Shares at a price of 1.2 cents a Share consequent on and in satisfaction for the conversion of convertible notes previously issued by the Company to raise additional working capital for the Company.

The convertible notes were issued by the Company to raise the amount of \$309,000 as working capital and the convertible note issue was completed by the Company on 15 September 2011.

The issue of 26,120,899 Shares included 370,899 Shares issued to satisfy all interest accrued on the convertible notes up to the time of their conversion on 25 October 2011.

By this Resolution, the Company is seeking the ratification of its Shareholders in accordance with Listing Rule 7.4 for the issue of the Shares under and in satisfaction of the convertible notes.



Notice of Annual General Meeting

For the purposes of Listing Rule 7.5, the following information is provided to Shareholders:

- the number of Shares issued by the Company in satisfaction of the conversion of the convertible notes was 26,120,899 fully paid ordinary Shares;
- the issue price of the Shares was 1.2 cents a Share;
- no funds were raised from the issue of the Shares as the allotment and issue was made under the terms of the convertible notes. However, a total of \$313,451 before accrued interest of \$4,451 was raised from the issue of the convertible notes);
- after paying the cost of the issue, the funds raised will be used for working capital for the Company;
- the Shares were allotted to the various holders of the convertible notes in the numbers and as specified in Schedule A to this Explanatory Statement; and
- all of the Shares rank equally in all respects with all other Shares on issue in the Company.

Resolution 4: Approval to issue Shares for future conversion of Convertible Notes

Under Chapter 7 of the ASX Listing Rules, there are limitations on the capacity of a company listed on ASX to enlarge its capital by the issue of equity securities.

ASX Listing Rule 7.1 provides generally that a company listed on ASX may not issue shares or options or subscribe for shares equal to more than 15% of the company's issued share capital in any 12 month period without obtaining Shareholder approval.

In April 2011 the Company through Alto Capital arranged for the issue of convertible notes to raise a total of \$260,000 (**Notes**). The terms of the Notes are as follows:

- the Notes have a conversion price of 2 cents for each Note;
- the Notes have a coupon rate of 10%;
- the Notes have to be converted on or prior to 31 March 2012;
- the Notes can, at the discretion of the Company, be repaid by the Company in full with the addition of the redeemable coupon rate;
- on conversion the holders of the Notes can redeem the 10% coupon rate through either cash payment or the issue of Shares to the value of the redeemable coupon rate at a value of 2 cents per Share; and
- all the Shares will rank equally in all respects with all other Shares on issue by the Company.



Notice of Annual General Meeting

By this Resolution, the Company is seeking approval of its Shareholders in accordance with ASX Listing Rule 7.1 for the issue of the Shares under the Notes.

The issue of the Shares for which approval is now sought is in full satisfaction of the proposed conversion of those Notes and, at the discretion of the Directors in all respects, all interest and other expenses associated with those Notes.

For the purposes of Listing Rule 7.3 the following information is provided to Shareholders:

- the number of Shares proposed to be issued by the Company in satisfaction of the convertible note issue is up to 13,000,000 Shares;
- the issue price of the Shares is 2 cents per Share;
- no funds will be raised from the issue of the Shares as the allotment and issue will be made under the terms of the Notes. However, a total of \$260,000 (before accrued interest) was raised from the issue of the Notes;
- after paying the costs of the issue, the funds raised will be used for working capital for the Company;
- the Shares will be allotted and issued to the various investors under the Note issue, who are sophisticated and professional investors and not related parties of the Company, within 21 business days of conversion and no later than 3 months from the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date; and
- all the Shares will rank equally in all respects of all other Shares on issue in the Company.

Resolution 5: Issue of Shares to satisfy agreement for Mt Stewart Project

Under Chapter 7 of the ASX Listing Rules, there are limitations on the capacity of a company listed on ASX to enlarge its capital by the issue of equity securities.

ASX Listing Rule 7.1 provides generally that a company listed on ASX may not issue shares or options or subscribe for shares equal to more than 15% of the company's issued share capital in any 12 month period without obtaining Shareholder approval.

As announced on 28 October 2011, the Company has entered into an Option Agreement with Rojan dated 28 October 2011 giving the Company the option right to acquire all the right to and title in ten separate but contiguous Tenements, being the whole of the interest of Rojan in the Tenements and to the technical information relating to the Tenements held by Rojan.

The Tenements are approximately 3 kilometres south west of the Company's Braemore Project and the Company believes their acquisition will greatly enhance and boost the Company's holdings in the eastern goldfields of Western Australia.



Notice of Annual General Meeting

The project area Tenements are presently applications for prospecting licences which it is anticipated will be granted within the next four to six months.

The consideration payable by the Company is the payment of \$40,000 in cash (which has been paid) and the issue by the Company of 20,000,000 fully ordinary paid Shares to Rojan at a price of 1.2 cents a Share.

The issue of the Shares is conditional on the approval by the Shareholders of the Company by not later than 31 January 2012.

The option period in the Option Agreement during which the option may be exercised by the Company is 9 months from the date of the Option Agreement. Accordingly, the option period ends on 28 July 2012, however, payment by the Company to Rojan of \$20,000 will result in an extension of that period up to a further 19 months.

The Company has not, at this time, exercised the Option but it is its present intention to do so in the future.

The consideration upon the exercise of the option under the Option Agreement for the acquisition of the Tenements and the technical information is a further payment by the Company to Rojan of \$40,000 and the issue of 35,000,000 Shares.

In both instances the Shares will rank equally in all respects with the existing issue of Shares of the Company.

By this Resolution, the Company is seeking the approval of its Shareholders in accordance with ASX Listing Rule 7.1 for the issue of 20,000,000 Shares as part of the fee for the option under the Option Agreement and the right to issue a further 35,000,000 Shares as part of the consideration under the Option Agreement within the time periods specified in the Option Agreement.

For the purposes of ASX Listing Rule 7.3, the following information is provided to Shareholders:

- the number of Shares proposed to be issued by the Company in accordance with the terms of the Option Agreement is up to 55,000,000 Shares;
- the Shares will be issued in accordance with the Option Agreement no later than 3 months from the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- the 20,000,000 and 35,000,000 Shares will be issued pursuant to the Option Agreement as an option fee and consideration respectively under the Option Agreement at a deemed issue price of 1.2 cents per Share;
- the Shares under the Option Agreement will be allotted and issued to Rojan which is not a related party of the Company;
- all of the Shares will rank equally in all respects of all other Shares on issue in the Company; and



Notice of Annual General Meeting

- no funds will be raised from the issue of the Shares under the Option Agreement as the allotment and issue is payment of an option fee and consideration under the terms of the Option Agreement.

In the event that the option is not exercised and/or either the 20,000,000 Shares payable as the option fee or the 35,000,000 Shares payable as consideration for the acquisition of the Tenements are not issued within 3 months of the date of the meeting, subject to its capacity under ASX Listing Rule 7.1, the Company will need to obtain Shareholder approval before issuing either of those tranches of Shares in the future.

Resolution 6: Approval for Future Placement of Shares

Under Chapter 7 of the ASX Listing Rules, there are limitations on the capacity of a company listed on ASX to enlarge its capital by the issue of equity securities.

ASX Listing Rule 7.1 provides generally that a company listed on ASX may not issue shares or options or subscribe for shares equal to more than 15% of the company's issued share capital in any 12 month period without obtaining Shareholder approval.

The Company proposes to raise additional capital by the issue of Shares under a placement of Shares in addition to the 15% capacity set out in Listing Rule 7.1.

By this Resolution, the Company is seeking Shareholder approval to the proposed issue of up to 125,000,000 Shares so that this number is not included in the calculation of the limit of 15% prescribed in ASX Listing Rule 7.1.

For the purposes of ASX Listing Rule 7.3, the following information is provided to Shareholders:

- the number of Shares proposed to be issued by the Company is up to 125,000,000 Shares;
- the issue price of the Shares will not be less than 80% of the volume weighted average market price of Shares on ASX over the past 5 days on which sales in the Shares were recorded before the date the Shares will be issued;
- the Shares will be allotted and issued to parties which are not identifiable, but will not be related parties of the Company and will be sophisticated and professional investors identified by the Company and any brokers appointed by the Company to manage the issue;
- the Company intends to use the funds raised by the issue of the Shares for the acquisition of the Mt Stewart Project and the exploration and development of that Project and the Braemore Project (as was approved at the General Meeting of the Company held on 29 July 2011), and for general working capital purposes; and
- all of the Shares will rank equally in all respects of all other Shares on issue in the Company.



Notice of Annual General Meeting

At the general meeting of the Shareholders on 29 July 2011 approval was given for the Company to allot and issue by way of a placement up to 175,000,000 Shares as and by way of progressive share placements to raise additional working capital for the Company.

The Company has only allotted and issued a total of 60,000,000 Shares at 1.2 cents a Share to raise \$125,000 under the approval given on 29 July 2011 and it now wishes to have the right and flexibility to be able to raise additional capital over the next 3 months particularly on the expectation that the Company will be able to do so at higher prices due to a rise in the market capitalization of the Company following a proper recognition of its asset worth.

The Company had previously used the facility of convertible notes rather than Shares to raise capital since due its suspension from trading for more than 5 days in March 2011 there have been limitations on the issue of Shares having the right to on- sell those Shares.

However the Company is presently in the course of issuing a prospectus for the purposes of curing the defect as to being able to on-sell any new Shares or other securities issued by it prior to the lodgement of that prospectus.

Resolution 7: Options for fees

Under Listing Rule 7.1 the Company is seeking the approval of the Shareholders to grant and issue 15,000,000 Options to International Capital Markets (ICM), which Options are exercisable at 2 cents an Option on or before 31 December 2012. The other terms and conditions of the Options are set out in Schedule B to this Explanatory Statement.

ICM is a corporate stockbroking entity and has assisted the Company with both its fund raising and arranging the convertible note issue referred to above in this Explanatory Statement. In addition, ICM has provided general corporate advice to the Company with respect to that and future capital raisings and other corporate and related issues.

In order to preserve the capital of the Company, ICM has agreed to accept the Options for which the issue is now sought under this Resolution in payment of its fees which the Directors consider to be a favourable arrangement for the Company particularly as they believe that ICM will be supportive of the Company and its activities in the future.

Moreover, although the Options will not be listed, their future exercise will result in additional capital for the Company. The Shares resulting from the exercise of the Options will be listed with ASX.

By this Resolution, the Company is seeking approval of its Shareholders in accordance with ASX Listing Rule 7.1 for the issue of the Options to ICM.



Notice of Annual General Meeting

For the purposes of Listing Rule 7.3, the following information is provided to Shareholders:

- the maximum number of Options to be issued is 15,000,000;
- the Options will be issued not later than 3 months from the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- the Options will be exercisable at 2 cents each on or before 31 December 2012 and otherwise on the terms and conditions set out in Schedule B;
- the Options will be allotted and issued to ICM in payment of its fees by the Company, which is not a related party of the Company; and
- no funds will be raised from the issue of the Options as they are issued in payment of fees to ICM by the Company.

General

All of the Resolutions proposed for the Annual General Meeting are ordinary Resolutions and need only be passed by a simple majority of the Shareholders on a show of hands or on the holding of a poll.

None of the Resolutions proposed for the Meeting are dependent on each other as their passing each be treated individually as a separate Resolution.

Any further information may be obtained by contacting the Company at its registered office.

Notice of Annual General Meeting



SCHEDULE A

<u>NOTE HOLDERS</u>	<u>SHARES</u>
Peter Dunbar <Dunbar Superannuation Fund >	424,544
Peter Copley and Janette Copley <Copley Superannuation Fund>	1,520,548
Peter Nicholas Kuzilni	2,547,260
Pamela Helen Huntley <Roach Family A/C>	1,018,905
Anthony Kitchener and Pamela Helen Huntley	1,018,905
Gregory James O'Meara	506,850
Foxtail Pty Ltd	2,000,000
Andrew Roach	5,068,494
Michael Fitzgerald and Phyllis Fitzgerald < ATF Fitzgerald Super Fund>	424,544
Andrew Roach & Carrie Janetzki <Carand Family A/C>	4,054,795
Anthony George Greven and Jane Kathleen Greven	1,018,905
Christine L. John <Christine John Superannuation Fund>	2,037,810
Neil William Turner	424,544
Allview Holdings Pty Ltd	<u>4,054,795</u>
TOTAL	<u>26,120,899</u>

Notice of Annual General Meeting



SCHEDULE B

Terms and Conditions of Options

The Options will be exercisable at 2 cents each on or before the date specified for their maturity and in accordance with the following terms and conditions:

- a) the Options are exercisable at any time on or prior to 5.00pm (WST) on 31 December 2012 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;
- b) each Option will entitle the holder to one (1) Share in the Company;
- c) 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;
- d) subject to paragraph (e), the Constitution of the Company, the Corporations Act, the ASX Listing Rules and any other laws or applicable rules, the Options will be freely transferable;
- e) where the Options are restricted securities they will not be transferrable until after the expiration of any relevant escrow period;
- f) all Shares issued upon exercise of the Options will rank equally in all respects with the Company's then issued Shares;
- g) 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;
- h) there will be no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options;
- i) the Company will ensure that for the purposes of determining entitlements to any new issue of capital offered to Shareholders, the record date will be at least seven (7) business days after the issue is announced which will give Optionholders 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 Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules.



Notice of Annual General Meeting

Glossary

Unless the context otherwise requires the terms used in all their senses in this Explanatory Statement including the Schedules and in the Notice of Meeting have the following meanings:

Alto Capital	Alto Capital Pty Ltd.
Annual General Meeting or Meeting	The annual general meeting of the Company convened by this Notice.
ASX	ASX Limited or the financial market operated by it as the context requires.
Auditor	The auditor of the Company from time to time.
Board	The Board of Directors of the Company.
Braemore Project	The gold project comprising 13 separate tenements located approximately 20 kilometres north east of Leonora in Western Australia.
Company	Gulf Mines Limited (ACN 058 954 317).
Constitution	The constitution of the Company.
Corporations Act	Corporations Act 2001 of the Commonwealth of Australia.
Director	A director of the Company.
Explanatory Statement	The explanatory statement providing information for Shareholders which forms part of this Notice.
Listing Rules	The Listing Rules of ASX.
Mining Act	Mining Act 1978 of Western Australia and all Regulations under it.
Mt Stewart Project or Project	The gold project comprising ten separate tenement applications located approximately 15 kilometres east of Leonora in Western Australia.
Notice of Meeting or Notice	The notice convening the annual general meeting of the shareholders of the Company for Wednesday 30 November 2011.



Notice of Annual General Meeting

Option	An option in the capital of the Company on the terms and conditions set out in Schedule 1.
Option Agreement	The option agreement between Rojan (as vendor) and the Company (as purchaser) dated 28 October 2011 in relation to the Project.
Option Holder	A holder of Options.
Proxy Form	The proxy form accompanying this Notice.
Resolution	The resolutions set out in the Notice of Meeting, or any one of them as the context requires.
Rojan	Rojan Trading Pty Ltd (ACN: 147 875 563).
Share	A fully paid ordinary share in the capital of the Company.
Shareholder	A holder of a Share.
Tenements	Applications for prospecting licences 37/8092 to 37/8101 both inclusive in the Mount Margaret mineral field of Western Australia comprised in the Mt Stewart Project situated 15 to 20 kilometres east of Leonara in Western Australia and which were applied for by Rojan on 3 September 2011.

The foregoing terms includes all of their singular or plural or cognitive meanings as required by the context or circumstances.



Notice of Annual General Meeting

Mr John Citizen
Sample Road
Example ZZZ 1234

Change of address. If incorrect, mark this box and make the corrections above. Security holders sponsored by a broker (reference number starts with 'x') should advise your broker of any changes.

STEP 1: APPOINT A PROXY TO VOTE ON YOUR BEHALF

I/We being a member of Gulf Mines Limited hereby appoint:

the Chairman of the Meeting

OR

or failing the individual(s) or body corporate(s) named, or if no individual(s) or body corporate(s) is named, the Chairman of the meeting, as my/our proxy to act generally at the Annual General Meeting to be held at 34 Charles Street, South Perth, Western Australia on Wednesday, 30 November 2011 on my/our behalf and to vote in accordance with the following directions at that Meeting and at any adjournment of that Meeting.

If you have appointed the Chair of the meeting to exercise your proxy, by marking this box, you acknowledge that the Chairman of the meeting may exercise your proxy even if he has an interest in the outcome of a particular resolution and votes cast by him other than as proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, then the Chair will not cast your votes on the resolution and your votes will not be counted in calculating the required majority if a poll is called on the resolution. The Chair intends to vote 100% of all open proxies in favour of each resolution.

This proxy is to be used in respect of% of the ordinary shares I/held by me/us

STEP 2: VOTING DIRECTIONS TO YOUR PROXY Please mark 'X' to indicate your directions

RESOLUTION	FOR	AGAINST	ABSTAIN*
------------	-----	---------	----------

1. Remuneration Report
2. Re-election of Dr Peter Bennett Smith as a Director
3. Prior issue of Shares for Convertible Notes
4. Issue of Shares for conversion of Convertible Notes
5. Issue of Shares to satisfy agreement for Mt Stewart Project
6. Approval for Future Placement of Shares
7. Options for fees

If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3: SIGNING BY MEMBER

This section **MUST** be signed in accordance with the instructions overleaf to enable your directions to be implemented. Please cross out titles associated with the signatures which do not apply

Individual or Shareholder 1

Joint Shareholder 2

Joint Shareholder 3

Sole Director and Sole/ Secretary

Director/Company Secretary

Director

Date: _____

Contact Name: _____

Contact Phone Number: _____



Notice of Annual General Meeting

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

- Individual:** Where the holding is in one name, the holder must sign.
- Joint Holding:** Where the holding is in more than one name, all of the shareholders should sign.
- Power of Attorney:** If you are signing under a Power of Attorney, you must lodge an original or certified photocopy of the appropriate Power of Attorney with your completed Proxy Form.
- Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person.
- If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone.
- Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary.

Please indicate the office held by signing in the appropriate place.

INSTRUCTIONS FOR COMPLETING PROXY FORM

1. Your printed name and address is as it appears on the share register of Gulf Mines Limited. If this information is incorrect, please mark the box at the top of the proxy. Please note, you cannot change ownership of your securities using this form.

2. Completion of a proxy form will not prevent individual shareholders from attending the General Meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the General Meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the General Meeting.

3. A shareholder of the Company entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholder's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes.

4. A proxy need not be a shareholder of the Company.

5. If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your shares are not to be counted in computing the required majority on a poll.

6. If a representative of a company shareholder is to attend the Meeting, a properly executed original (or certified copy) of the appropriate "Certificate of Appointment of Corporate Representative" should be produced for admission to the Meeting. Previously lodged "Certificates of Appointment of Corporate Representative" will be disregarded by the Company.

7. If a representative as Power of Attorney of a shareholder is to attend the meeting, a properly executed original (or originally certified copy) of an appropriate Power of Attorney should be produced for admission to the General Meeting. Previously lodged Powers of Attorney will be disregarded by the Company.

8. Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address below not later than 12 noon WST on Monday, 28 November 2010 (48 hours before the commencement of the meeting). Any Proxy Form received after that time will not be valid for the scheduled meeting.

HAND DELIVERIES MAIL

GULF MINES LIMITED, 34 Charles Street, South Perth WA 6151
PO Box 246, South Perth WA 6951 FAX: (08) 9474 1333

GULF MINES LIMITED

(ACN: 059 954 317)

INFORMATION REQUIRED BY AUSTRALIAN SECURITIES EXCHANGE

Additional information required by the Listing Rules of Australian Securities Exchange ("ASX") and not disclosed in the Annual Report of the Company is as follows at 26 October 2011:

Distribution of equity securities

Ordinary share capital

- 215,561,293 fully paid ordinary shares held by 720 individual shareholders
- All issued shares carry one vote for each share and carry the right to dividends
- 35,000,000 ordinary shares are subject to escrow

Options

- 124,412,511 options held by 185 individual option holders
- Options do not carry a right to vote
- Except for 35,000,000 options subject to escrow imposed by ASX, no other options are subject to any escrow restrictions

The numbers of holders of securities by size of holding in each class are:

Category	Number of equity security holders	
	Ordinary shares	Options
1 – 1,000	16	1
1,001 – 5,000	40	23
5,001 – 10,000	85	20
10,001 – 100,000	383	58
100,000 and over	196	103

The number of shareholders holding less than a marketable parcel of shares is 298

Substantial shareholders

The number of shares held by substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

Shareholder	Number	Percentage
Tyon Pty Ltd	35,005,000	16.24%
G E Reveleigh & Co Pty Ltd	18,400,000	8.53%
Jasmah Investments Pty Ltd	14,821,072	6.88%
Dr Peter Bennet Smith	14,500,000	6.73%
Odd Lot Nominees Pty Ltd	9,550,000	4.43%

Securities on Issue

CATEGORY	NUMBER
Ordinary Shares	215,561,293
Options at 15 cents expiring on 31 January 2013	73,112,511
Options at 5 cents expiring 31 December 2012	15,000,000
Options expiring at 5 cents at 31 January 2014	1,300,000
Options at 5 cents expiring 31 December 2013 (escrowed until 29 July 2012)	35,000,000

GULF MINES LIMITED

(ACN: 059 954 317)

Twenty largest holders of shares

<i>Name of holder</i>	<i>Number</i>	<i>Percentage</i>
Tyon Pty Ltd	35,005,000	16.239
G E Reveleigh & Co Pty Ltd <The Reveleigh S/F A/C>	18,305,000	8.492
Jasmah Investments Pty Ltd <Jasmah Investment A/C>	14,000,000	6.495
Mr PB Smith	14,000,000	6.495
Prema Nominees Pty Ltd	8,495,000	3.941
Odd Lot Nominees Pty Ltd	7,200,000	3.340
Bt Portfolio Services Limited <Rsam Family Super Fund A/C>	4,526,718	2.100
Mr CG Bell & Mrs Ad Bell <The Percies Super Fund A/C>	3,890,000	1.805
Tre Pty Ltd <Time Road Superannuation A/C>	2,912,500	1.351
Brightlight Enterprises Pty Ltd <Brightlight Invt S/F A/C>	2,594,055	1.203
Mr GM Bhojwani	2,484,594	1.153
Two Dees Pty Ltd <Peninsula A/C>	2,407,430	1.117
Mr E & Ms E Siao <Es Exec Fund Eduardo A/C>	2,363,900	1.097
Davenda Investments Limited	2,350,000	1.090
Heshill Pty Ltd	2,333,333	1.082
Joepet Ltd	2,244,000	1.041
Ausview Development Pty Ltd	2,200,000	1.021
Mr RF & Mrs YK Floreani <Rochester Chambers PI Sf A/C>	2,000,000	0.928
Mr IA & Mrs H Leete <The Leete Family S/F A/C>	2,000,000	0.928
Miss Ying Ting Tong & Mr Bun Au Yeung	1,600,000	0.742
	<hr/>	
	132,911,530	61.658%
Shares on issue at 26 October 2011	<hr/>	
	215,561,293	

Offices and officers

Company secretary

Mr Darren Thamm, BCom, CA

Registered office and principal place of business

34 Charles Street
South Perth WA 6151
Telephone: +61 8 9368 1200
Facsimile: +61 8 9474 1333

Location of Share Registries

Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001

Securities exchange

The Company is listed on Australian Securities Exchange and the home exchange is Brisbane

GULF MINES LIMITED

(ACN: 059 954 317)

Mining tenements

As at 26 October 2011, the Company holds interests in the following granted mining tenements

Wollogorang

Tenement No	Location	Area (sub blocks)	Area (sq km)	Date Granted (Renewed)
EL 10335	NT	325	1,054.0	15 Aug 2002

Ebagoola

Tenement No	Location	Area (sub blocks)	Area (sq km)	Date Granted
EPM 12119	Qld	10	33.3	10 Feb 2008
EPM 15369	Qld	50	166.3	10 Jan 2008
EPM 15421	Qld	33	109.7	14 June 2008
EPM 15420	Qld	38	126.2	16 Jan 2008
EPM 18079	Qld	10	33.3	15 May 2011
EPM 18433	Qld	56	185.9	15 May 2011
ML 3096	Qld	na	46.75 ha	25 May 1989
ML 3141	Qld	na	44.68 ha	17 Aug 1989
ML 3145	Qld	na	12.5 ha	31 Aug 1989
Tenements subject to grant				Date Applied for
EPM 18079	Qld	10	33.3	1 May 2009
EPM 18433	Qld	56	185.9	30 Nov 2009

Braemore Gold Project

Tenement No	Location	Area (sub blocks)	Date Granted
P37/7898	WA	121	12 Jan 2011
P37/7899	WA	122	12 Jan 2011
P37/7900	WA	122	12 Jan 2011
P37/7901	WA	122	12 Jan 2011
P37/7902	WA	122	12 Jan 2011
P37/7903	WA	122	12 Jan 2011
P37/7904	WA	122	12 Jan 2011
P37/7905	WA	122	12 Jan 2011
P37/7906	WA	122	12 Jan 2011
P37/7907	WA	116	12 Jan 2011
P37/7908	WA	119	12 Jan 2011
P37/7909	WA	122	20 Jan 2011
P37/7910	WA	150	20 Jan 2011