

## **AN OPEN LETTER TO GULF SHAREHOLDERS**

Dear Gulf Shareholders,

Gulf International Minerals Ltd has been through difficult times since the autumn of 2004 when it ran out of cash and was unable to pay the salaries of its employees most of whom were expats working in Tajikistan.

In February 2005 Gulf was delisted from the Toronto Stock Exchange since it could not pay the necessary fees to retain its listing and since then it has been more or less dormant. The joint venture in Tajikistan, Aprelevka LLC continued to operate under the management of Bakhtoir Madjidov but without any Western expertise.

Mr Madjidov has done a remarkable job in managing to mine sufficient gold and silver to pay the wages of 750 people without so much as a mine plan to assist him and with Soviet era equipment between 25 and 30 years old which should have been consigned to the rubbish dump many years ago, with constant power shortages and many other problems. Aprelevka even managed to repay Gulf the loans made to it and these monies were used to pay Gulf's trade creditors.

In April 2009, The Timeless Precious Metals Fund, managed by P. Zihlmann Investment Management AG, Zurich, Switzerland, a long term investor in Gulf, contacted me to say that his fund would be interested in helping to resurrect Gulf and the joint venture operation and to this end his fund was prepared to make a loan in the form of a convertible bond to Gulf of Can\$1m to be repaid by 31 December 2010 or alternatively to convert into Gulf shares should Gulf relist at a 25% discount to the re-listing price. After 31 December 2010 the Timeless Precious Metals Fund may convert into equity at any time of its choosing. Peter Zihlmann also suggested and the board of Gulf agreed that Gulf as an entity had no future and no credibility, neither in Tajikistan nor with the international investing community.

To this end John Gillan, Chief Executive of Gulf, resigned in September 2009 and The Timeless Precious Metals Fund made a convertible loan of Can\$1m in December 2009. These funds were to be used for the following purposes:

- Repay all remaining creditors of Gulf
- Audit Gulf's accounts from 2005 up to December 2009
- Engage Central Asian Minerals and Resources Plc (CAMAR) to send its executives to Tajikistan and re-engage with Gulf's Tajik partners

Two of the above objectives have now been achieved although getting the accounts up-to-date is proving a monumental task and considerably more money than budgeted will be required to do this. For the moment this is no longer a priority since Gulf has only a very limited supply of funds available to it and to try to salvage something for Gulf's shareholders we are concentrating on doing a deal with CAMAR a company listed on the London PLUS Market to acquire Gulf's 49% interest in Aprelevka.

It should be noted that other than John Gillan none of the existing/remaining board members of Gulf has ever received a salary nor any form of remuneration from Gulf and this situation continues. The current board consists of myself, now as Executive Chairman since John Gillan's departure, Monty Gordon and Robin Woodbine-Parish as the non executive directors

On the most recent visit to Tajikistan in June 2010 by the board members of Aprelevka and in meetings with the State Property Fund of Tajikistan, the Ministry of Energy and Industry and the Deputy Prime Minister an agreement was reached to resolve an issue going back to 2002 regarding the State Property Funds assets being used by Aprelevka but without having been included within the Statute Fund of Aprelevka. The amount in question was US\$4-5m. It was also agreed that new Joint Venture Foundation and Charter Agreements should be entered into that would properly reflect the

assets introduced into Aprelevka by the State Property Fund and also properly define the areas over which Aprelevka has licences.

I am pleased to inform you that Gulf and CAMAR have commenced discussions about the possibility of CAMAR making an offer to Gulf International Minerals Ltd, Canada (GIM Canada) to acquire its 100% owned subsidiary, Gulf International Minerals Ltd, UK (GIM UK) which is the vehicle that will enter into the new Joint Venture with the Tajik government company Altin Topcan or its successor. It is expected that the consideration for any offer would be shares in CAMAR. Information about CAMAR may be found on the PLUS Market web site:

<http://www.plusmarketsgroup.com/details.shtml?ISIN=IM00B61FM981/GBX/PLUS-exn>. CAMAR is expected to have its own website available for viewing by 15 November 2010.

CAMAR has an experienced mining management team and has, on behalf of Gulf, already made solid progress in the relationship with the responsible Tajik Ministries, in defining a mine plan, establishing a drilling program to prove up to JORC requirements existing deposits, identified new areas for exploration, negotiated for essential new equipment with Caterpillar and established a good working relationship with the Tajik senior management of Aprelevka and the workforce.

Most recently a further loan of £100,000 has been made to Gulf to enable Gulf to remain as a going concern.

It should be noted that the Timeless Precious Metals Fund convertible loan of Can\$1m made in December 2009 is due for redemption on 31 December 2010. The Timeless Precious Metals Fund has indicated that it would be prepared to roll this over for a further twelve month period in the event of the deal with CAMAR completing prior to the year end. Failing this the Fund would exercise its right to convert into Gulf equity which would very substantially dilute Gulf shareholders which I do not believe would be in their best interests.

Yours sincerely

Oliver Vaughan  
Chairman

14<sup>th</sup> October 2010