

ANNOUNCEMENT TO THE AUSTRALIAN SECURITIES EXCHANGE: 31 JULY 2007

JUNE 2007 QUARTERLY REPORT

The Board of GulfX Limited ("GulfX" or "Company") is pleased to present its June 2007 quarterly report. During the June 2007 quarter, the Company:

- Continued exploration activities at the Gulf of Mexico, where the Company currently has an interest in 5 offshore exploration permits, where US based Ridgelake Energy is the operator;
- Strengthened the Board and management of the Company, with the appointment of Mr Ian Middlemas, an experienced resources executive, as Chairman and Mr Mark Pearce as a Director and Company Secretary;
- Assessed a number of new business development opportunities in the energy and resources sectors.

Following shareholder approval on 12 July 2007, a placement of 50,000,000 shares is expected to be completed over the coming weeks. Following completion of the placement, the Company expects to have cash reserves and other liquid financial assets of approximately \$3 million, and will be well placed to attract and complete new business development opportunities.

Activities over the coming months are expected to include:

- Finalisation of the next stage of exploration activities in the Gulf of Mexico with the project operator, Ridgelake Energy and the other joint venture participants; and
- Continue to actively assess new business opportunities in the energy and resources sector.

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Gulf of Mexico Prospects

GulfX has an interest (subject to satisfying its earning provisions) in five offshore oil and gas exploration permits, which are all located offshore, in the Gulf of Mexico.

Prospect	Location	Working Interest (subject to earn in)
South Marsh Island 138	Gulf of Mexico – North	16.25%
South Marsh Island 152	Gulf of Mexico – North	12.50%
Vermillion 317	Gulf of Mexico – NN West	20.00%
High Island 307	Gulf of Mexico – N West	20.00%
Viosca Knoll 79	Gulf of Mexico – NN East	20.00%

As announced during the March 2007 quarter, the first well in the South Marsh Island 138 permit was plugged and abandoned as a dry hole, with the bright seismic amplitudes associated with the prospect pre-drill and elevated resistivities observed while drilling interpreted to reflect hydrocarbon-filled fractures in shales and low-permeability siltstones interbedded through the objective section. These results have now been tied to the permit's 3D seismic dataset and integrated with surrounding well and field data to high-grade the remaining potential in the license.

This review conducted by the operator has identified the potential for two Well #3 target intervals. If the Well is able to be linked to Production facilities in the adjoining Hunt Oil Block 139 then it may represent a commercially viable prospect. Before any further material expenditure on this well is undertaken by the Company, substantial additional analysis will be required to be undertaken over the coming months.

Ridgelake has also issued an AFE to drill and complete Viosca Knoll 79 for a total of US\$4.52 million. Based on information received to date, the Board of GulfX does not find this prospect sufficiently commercially attractive on a risked basis to proceed with the drilling of this well, and as a result the Company does not intend to participate in the proposed drilling program, which may result in the Company losing its interest in this prospect. Irrespective of the outcome of negotiations regarding this well, the Company will retain its right to earn an interest in the other four permits.

Dispute with Roger Whyte

The Company has received correspondence from solicitors representing Mr Roger Whyte (former managing director) claiming approximately \$66,000 for unfair dismissal. The Board is currently considering its position.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

GULFX LIMITED

ABN

41 062 284 084

Quarter ended ("current quarter")

30 June 2007

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	—	—
1.2 Payments for (a) exploration and evaluation	(119)	(3,535)
(b) development	—	—
(c) production	—	—
(d) administration	(88)	(737)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	4	73
1.5 Interest and other costs of finance paid	—	—
1.6 Income taxes paid	—	—
1.7 Other (provide details if material)		
- Refund of surplus AFE	152	152
Net Operating Cash Flows	(51)	(4,047)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects	—	—
(b)equity investments	—	(563)
(c) other fixed assets	—	(3)
1.9 Proceeds from sale of: (a)prospects	—	—
(b)equity investments	298	298
(c)other fixed assets	—	4
1.10 Loans to other entities	—	—
1.11 Loans repaid by other entities	—	—
1.12 Other (provide details if material)	—	—
Net investing cash flows	298	(264)
1.13 Total operating and investing cash flows (carried forward)	247	(4,311)

+ See chapter 19 for defined terms.

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Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	247	(4,311)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	—	2,107
1.15	Proceeds from sale of forfeited shares	—	—
1.16	Proceeds from borrowings	—	—
1.17	Repayment of borrowings	—	—
1.18	Dividends paid	—	—
1.19	Other – Share issue expenses	—	(112)
	Net financing cash flows	—	1,995
	Net increase (decrease) in cash held	247	(2,316)
1.20	Cash at beginning of quarter/year to date	535	3,154
1.21	Exchange rate adjustments to item 1.20	(7)	(63)
1.22	Cash at end of quarter	775	775

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	41
1.24	Aggregate amount of loans to the parties included in item 1.10	—

1.25 Explanation necessary for an understanding of the transactions

Payments include consultants fees

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	—	—
3.2 Credit standby arrangements	—	—

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	150
4.2 Development	—
Total	150

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	775	535
5.2 Deposits at call	—	—
5.3 Bank overdraft	—	—
5.4 Other (provide details)	—	—
Total: cash at end of quarter (item 1.22)	775	535

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1		Interests in mining tenements relinquished, reduced or lapsed		
6.2		Interests in mining tenements acquired or increased		

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Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	68,176,907	68,176,907		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Discovery Shares	7,500,000	Nil		
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	40,892,407	37,392,407	<i>Exercise price</i> 20 cents	<i>Expiry date</i> 31-Dec-2009
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

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Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does ~~/does not*~~ (*delete one*) give a true and fair view of the matters disclosed.

Sign here: Date: 31 July 2007
(~~Director~~/Company secretary)

Print name: MARK PEARCE

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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