



A Producer and Distributor of
Bromine and Specialty Chemical Products

Investor Presentation

May 2009

Gulf Resources Inc.

Listed on the OTCBB | Ticker Symbol **GFRE**

Safe Harbor



This presentation contains "forward-looking statements" within the meaning of the “safe-harbor” provisions of the Private Securities Litigation Reform Act of 1995. Such statements involve known and unknown risks, uncertainties and other factors that could cause the actual results of the Company to differ materially from the results expressed or implied by such statements, including changes from anticipated levels of sales, future national or regional economic and competitive conditions, changes in relationships with customers, access to capital, difficulties in developing and marketing new products, marketing existing products, customer acceptance of existing and new products, the company’s ability to complete additional acquisitions and other factors. Accordingly, although the Company believes that the expectations reflected in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. The Company has no obligation to update the forward-looking information contained in this presentation.

Equity Snapshot



Stock Symbol:	GFRE.OB
Stock Price (5/7/09):	\$0.67
Shares Outstanding (5/8/09):	122.2 million
Market Cap (5/7/09):	\$81.9 million
Revenue (ttm)	\$89.1 million
Net Income (ttm)	\$22.8 million
EPS (ttm)	\$0.20
P/E (ttm)	3.4
P/S (ttm)	0.9
P/B (mrq)	1.0
Operating margin (ttm)	34.8%
Net margin (ttm)	25.6%
<i>ttm December 31, 2008</i>	

Investment Highlights



Market Leader with Ample Access to Bromine

China's largest bromine producer

Holds one of few licenses for bromine exploration in the Shandong Province

Solid Underlying Market Demand

Supplier to expanding downstream industries

Significant barriers to entry

Bromine demand exceeds domestic supply

Disciplined Acquisition Plan

Further opportunities to acquire bromine production assets and access to resources



Diversified Chemical Products Portfolio

Diversification into chemical products provides both revenue and margin opportunities

Sound Business Model and Growth Prospects

FY 2008 growth exceeded 60%

Strong cash generator growing both organically and through acquisitions

Company Overview



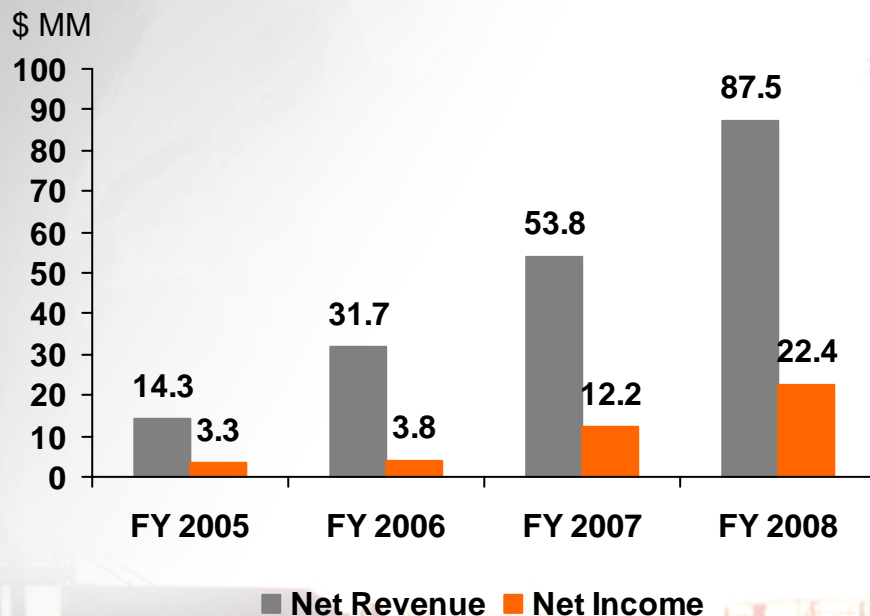
Gulf Resources, Inc., located in the Shandong Province, is a leading provider of bromine and specialty chemical products in the People's Republic of China (PRC) through two wholly owned subsidiaries, SCHC and SYCI.

Bromine & Crude Salt

Shouguang City Haoyuan Chemical Industry Co. Ltd. (SCHC)

- One of few licensed bromine producers
- The largest bromine producer in the PRC
- Growing both organically and through acquisitions

Financial Overview



Chemical Products

Shouguang Yuxin Chemical Industry Co. Ltd. (SYCI)

- Manufactures and sells chemical products used in oil and gas field exploration, oil and gas distribution, oil field drilling, wastewater processing, papermaking chemical agents and inorganic chemicals
- Strong customer base, secular growth drivers and proprietary product introductions provide a diversified platform for growth

Bromine – An Overview

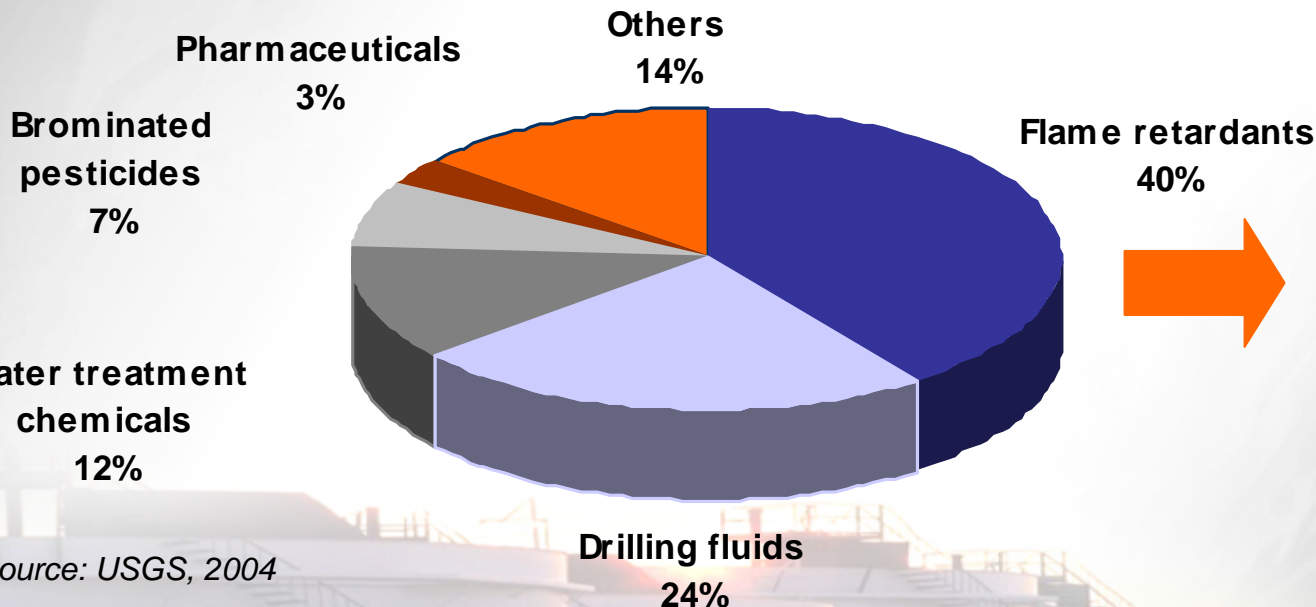


Description – Halogen element, a red volatile and caustic liquid at standard room temperature

Extraction process – Halogen water is extracted from the ground and naturally includes bromine, sodium chloride, magnesium, and calcium



Global Bromine Utilization in Production (2004)



Growing segments:

Pharmaceuticals (8% in 2007) and refrigeration fluid (10% in 2007)

Global Bromine Industry

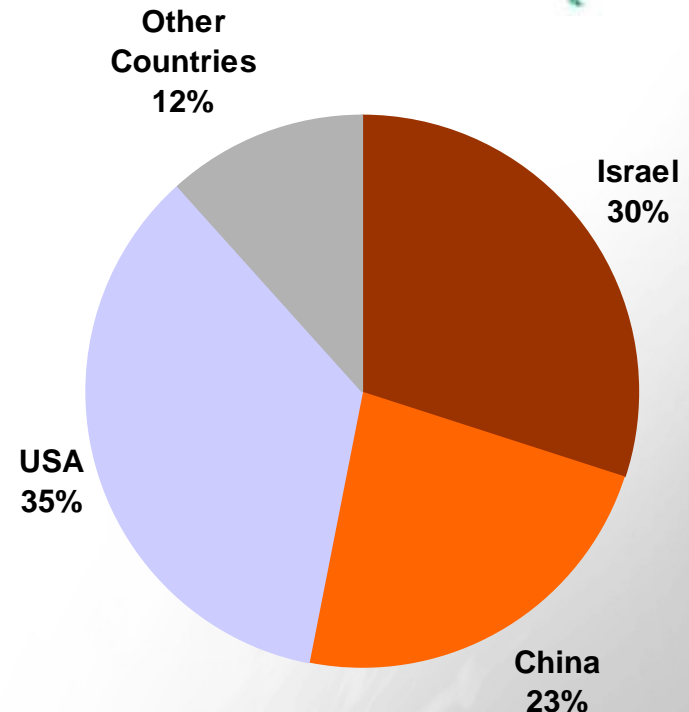
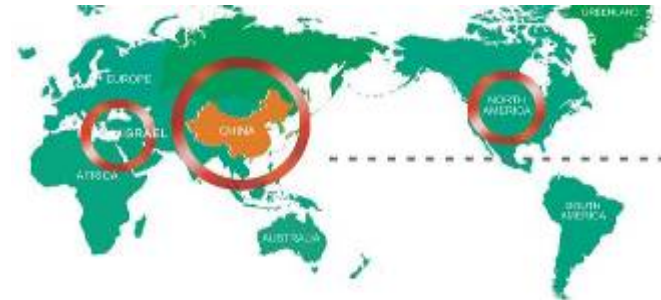


Significant bromine reserves found only in the U.S., in the Dead Sea, and in China

Mineral supply is unlimited, but access to reserves and building up capacity create significant barriers to entry

Total global production estimated at 666,000 tons

Tight markets and increasing demand are likely to keep price development favorable



China: Established and Growing Market

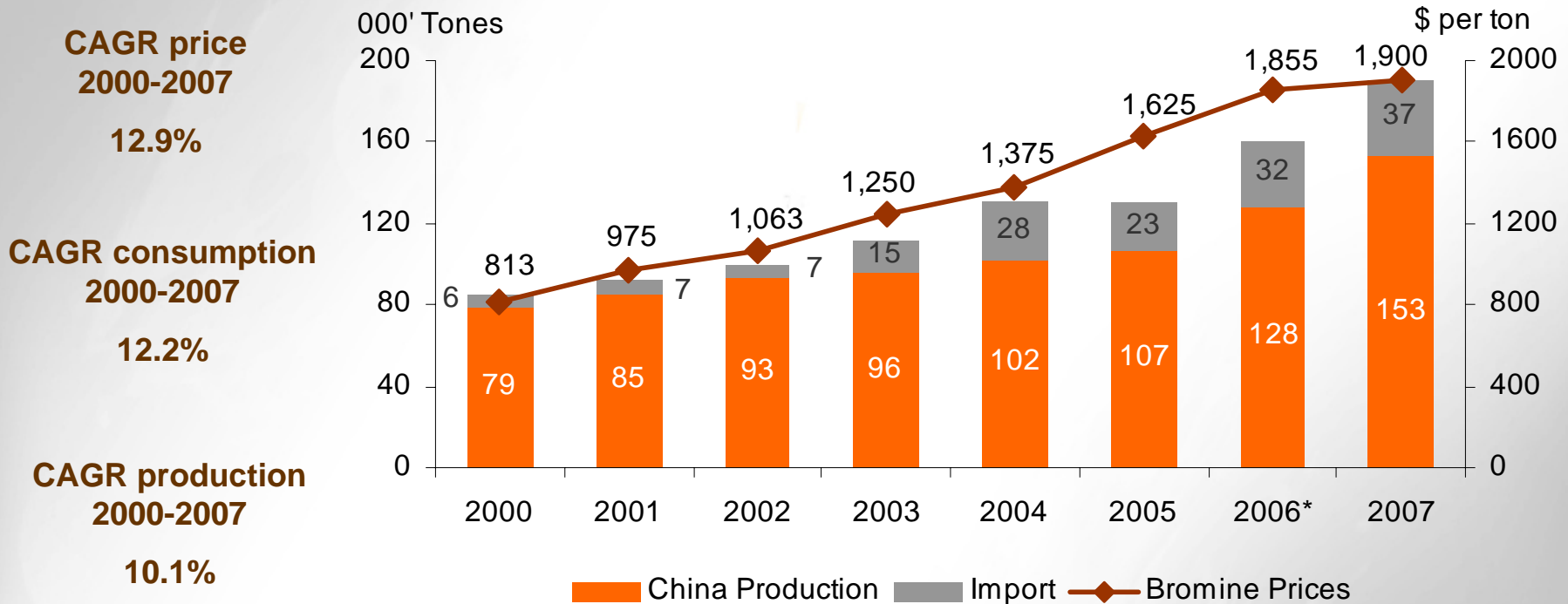


Third largest bromine producing region in the world

90% of all production occurs in Shandong province

Faster demand growth compared to production suggests favorable pricing trend

Bromine Consumption and Pricing in China



Source: Shandong Provincial Government Department of Land and Resources
*Approximately 50% of 2006 production is from unlicensed producers

Competitive Landscape

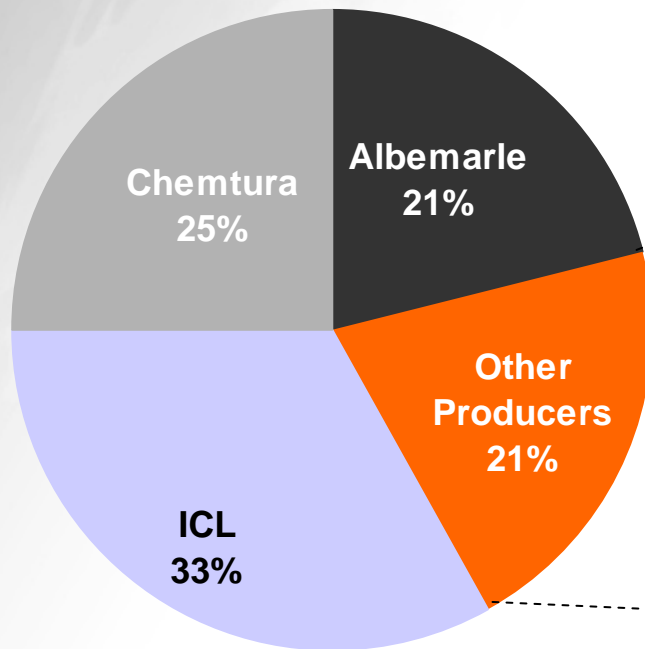


Three Major Players

Three major producers dominate bromine supply and demand

Control 79% of global production capacity

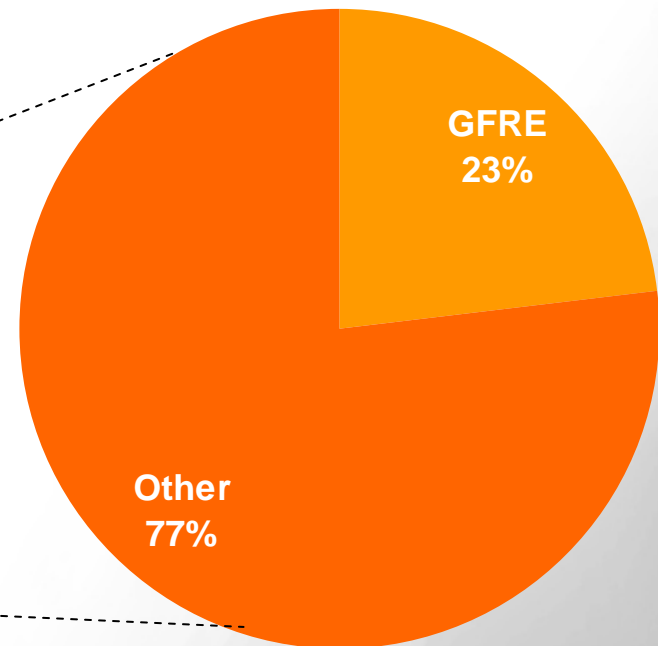
Use 80% of produced bromine in-house to develop chemical products



Other Players

Gulf Resources significant player with production capacity of 34,700 tons

Other Chinese producers mainly smaller



History and Milestones



Bromine
Production Area

October 2000
Shouguang Yuxin Chemical Industry Co. Ltd. (SYCI) was formed

May 2005
Shouguang City Haoyuan Chemical Industry Co. Ltd (SCHC) was formed

December 2006
Gulf Resources became a US publicly traded company

February 2007
SYCI was acquired by Gulf Resources, Inc.

May 2007
Signed a long term agreement with Huaneng Yimin Power Plant for its proprietary, environmentally friendly biocide product

September 2007
Signed a letter of intent with Southwest Synthetic Pharmaceutical Corporation Ltd. to explore becoming a supplier of APIs for antibiotics

September 2007
Established Co-Op with East China University of Science & Technology to establish an R&D center

September 2008
Opened a new production line focusing on environmentally friendly additive products

January 2008
Announced successful development of a new type of environmentally friendly oil field drilling fluid system

February 2009
Issued 21.0 million common shares in lieu of paying off in cash \$21.3 million in existing loans payable.

February 2009
Completed acquisition of additional bromine and crude salt manufacturing assets

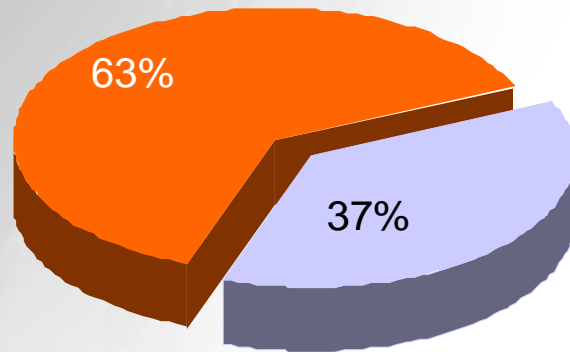


Gulf Resources Business Segments



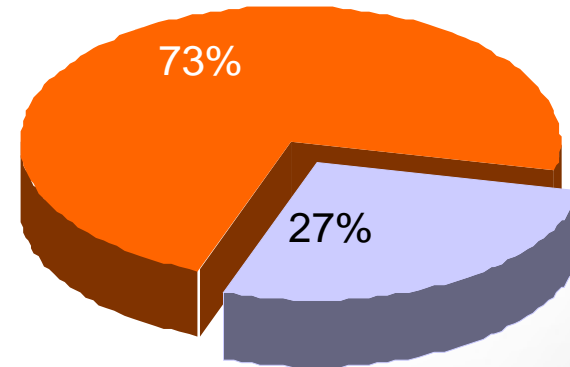
Bromine production capacity has increased as a result of acquisitions in 2007 and 2008

Fiscal Year 2007



Total Revenue = \$54.2 million

Fiscal Year 2008



Total Revenue = \$87.5 million

 Bromine and Crude Salt
 Chemicals



Bromine Production



Gulf Resources produces bromine through its subsidiary Shouguang City Haoyuan Chemical Industry Co. Ltd. (SCHC)

The largest bromine producer in China; produced approximately **9%** of all bromine consumed in **2007** *Can we get 2008 figures?*

Strong Assets Base

One of few exploration licenses

50-year mineral rights

93.5 square kilometers of property with access to approximately 2.11 million tons of non-reserve mineralized materials

Operative Strategy

Consolidate operations

Increase reserves

Increase production capacity & output

Streamline distribution

Leverage economies of scale

Customers

22 customers throughout the PRC

All customers over 50km away pay for freight

Just-in-time shipping and production

Bromine Production Capacity

Increased capacity through acquisitions of non-operating bromine production assets and access to resources

Annual bromine production capacity 34,700 tons; a total of 7 factories

Benefits of Acquisitions

- Factories are quick to start production
- Limited integration issues
- Increased economies of scale
- Increase market share

Date of Acquisition	Location	Consideration (in millions)	Annual Production Capacity (MT)	Non-Reserve Mineralized Materials (MT)
Existing assets	Factory No. 1	-	10,000	776,000
April 7, 2007	Factory No. 2	\$5.1	4,700	230,000
June 8, 2007	Factory No. 3	\$6.7	3,700	280,000
October 25, 2007	Factory No. 4	\$6.4	3,900	225,000
October 26, 2007	Factory No. 5	\$6.7	4,700	240,000
January 8, 2008	Factory No. 6	\$9.7	4,700	210,000
January 7, 2009	Factory No. 7	\$11.5	3,000	150,000
Total		\$46.1	34,700	2,111,000

Crude Salt Production



Rapidly growing Crude Salt business

Improved utilization of halogen water and new salt pans; 200% increase in annual crude salt production capacity

2008: 100,000 MT

2009: 300,000 MT

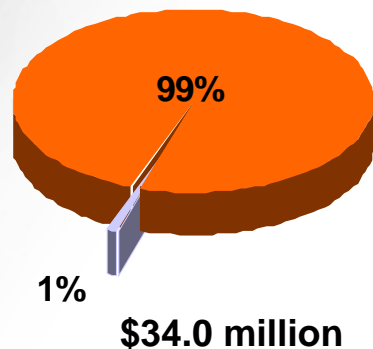
Crude salt is a byproduct of bromine

Utilized in chemical, food and beverage Industries

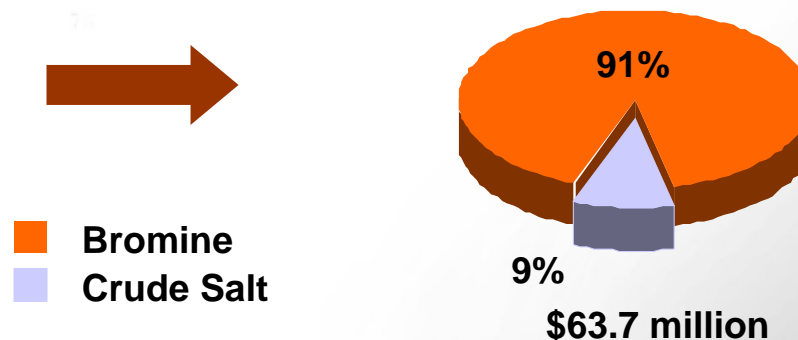
Gross margin from crude salt sales 68% in Q1 2009

Bromine and Crude Salt Segment

Fiscal Year 2007



Fiscal Year 2008



Government Regulation



- **Gulf Resources' bromine exploration license is one of few granted for Shandong Province and is one of the Company's key assets**
- **In July 2006 the Shandong Provincial Government issued a decree which stated no additional bromine exploration licenses will be issued going forward**
- **The government is vigorously enforcing this decree while shutting down unlicensed bromine production facilities, creating significant opportunities for Gulf Resources to acquire non-operating production assets**



Chemical Production



- ◆ **Shouguang Yuxin Chemical Industry Co. Ltd. (SYCI) produces and distributes over 35 major chemical products**
- ◆ **Climbing up the value chain with strong R&D initiatives and proprietary product portfolio**
➔ **higher margin opportunities**
- ◆ **Located in close proximity to SCHC to leverage senior management capabilities**
- ◆ **Two production lines in operation**

Line 1: planned upgrades in 2009 to accommodate new products and potential VAT rebates

Oil & gas exploration chemicals

Papermaking chemicals

Agricultural intermediaries

Line 2: completed in 2008

Environmentally friendly additive products for oil & gas exploration

Under development: Environmentally friendly agricultural intermediaries

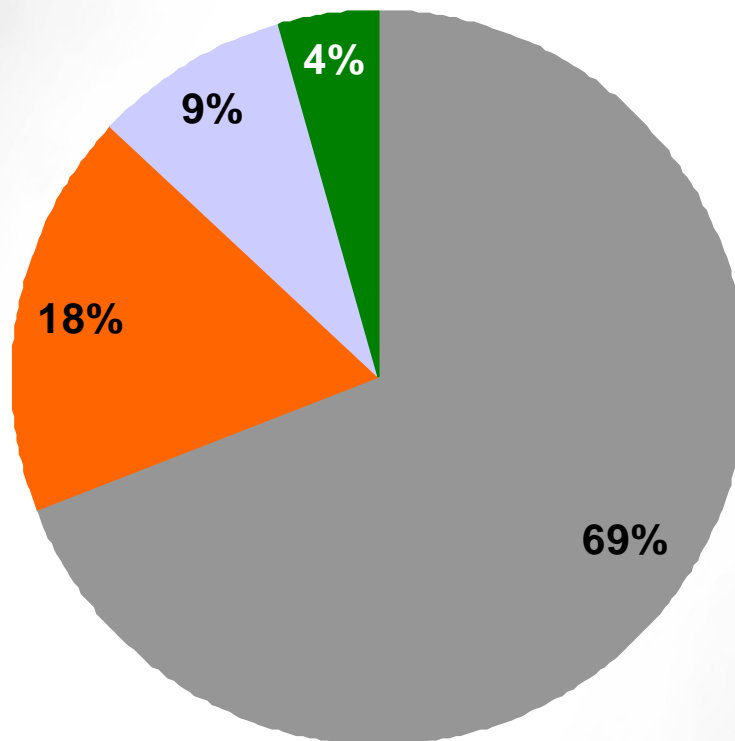
Higher margin opportunities



Environmentally Friendly Oil and Gas Exploration Chemicals*

Agricultural
Intermediaries

Papermaking
Chemicals



Oil and Gas Exploration
Chemicals

FY 2008

*Production started September 15, 2008

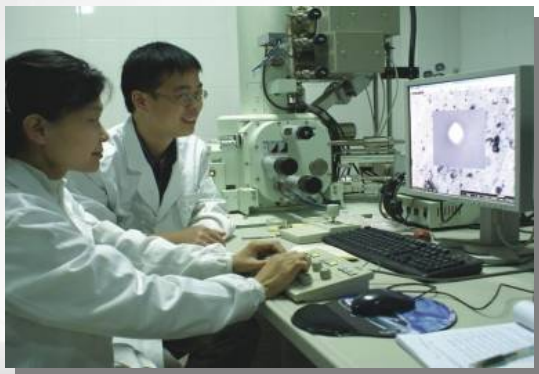




Growth from new forward-integrated bromine-based products and environmentally friendly chemicals

SYCI's internal R&D team cooperates with academic institutions

- ◆ East China University of Science and Technology
 - Bromine-based chemical compounds and products utilized as raw materials for the pharmaceutical industry
- ◆ Beijing University
- ◆ Shandong University



Environmentally friendly products

30% price premium supported by stricter environmental regulation

- ◆ Biocide product utilized by power generation companies
- ◆ Oil fluid system utilized by oil companies
- ◆ Two new papermaking chemicals
- ◆ Environmentally friendly agricultural intermediaries under development

Pharmaceutical intermediates using bromine

- 3.4.5-Trimethoxybenzaldehyde (T.M.B.), a chemical compound for antibiotics awaiting commercialization

Major SYCI Customers



SYCI services 10 customers throughout the PRC

Class One Supplier for oil giants CNPC and SINOPOEC

CNPC

China National Petroleum Corporation (CNPC) is one of the world's leading integrated energy companies, whose business operations cover a broad spectrum of upstream and downstream activities, domestic marketing and international trade, technical services, and equipment manufacturing and supply. CNPC ranked 9th among the world's top 50 petroleum companies by U.S. Petroleum Intelligence Weekly.

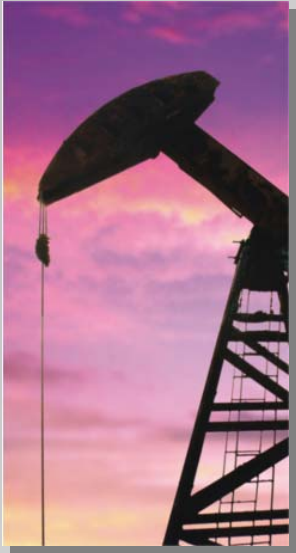
SINOPEC

China Petroleum and Chemical Corporation ("Sinopec Corp") is one of the largest Integrated energy and petrochemical companies in Asia. Based on its revenue, Sinopec is one of the largest listed companies in China.



Class One Supplier Advantage: Other suppliers are used only if supply from Class One Suppliers is insufficient

Growth Strategy



Four-Phased Growth Strategy

1. Increase access to bromine

Expand land resources through acquisitions to increase access to bromine and to enhance pricing power

2. Increase bromine production capacity and utilization of halogen water to produce crude salt

Continue to increase halogen water abstraction and capacity utilization of manufacturing facilities; establish more salt pans

3. Strengthen R&D efforts and increase forward integration

Cooperate with prestigious academic institutions to develop refined bromide compounds and end products utilizing bromine, while introducing more environmentally friendly chemicals, such as agricultural intermediaries

4. Develop local market by consolidating bromine resources

Capture a larger market share as bromine production and access to resources consolidates and distribution streamlines, enhancing Gulf Resources' pricing power

Reverse split and upgrade to a senior exchange

Acquisitions + organic growth

New products →

Increased market share and attractive margin

Financial Highlights



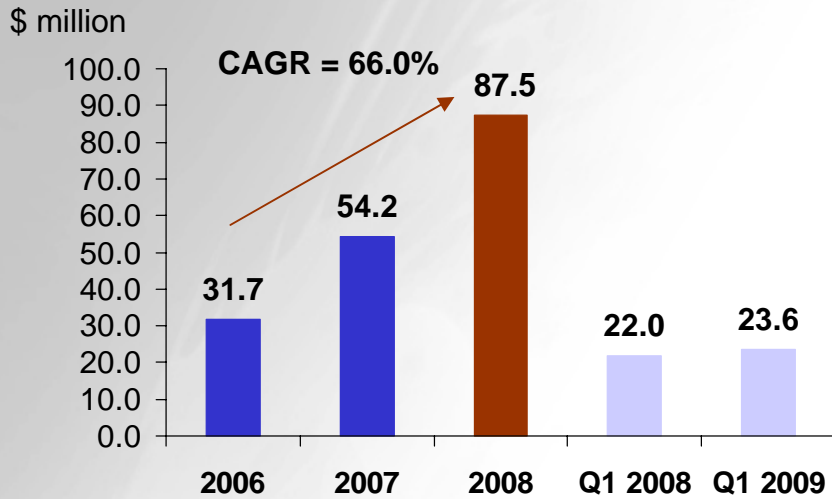
Selected Consolidated Statements of Income

(\$ in millions, except per share amounts and percentages)	3 months ended March 31		12 months ended Dec. 31,	
	2009	2008	2008	2007
Net Revenue	23.6	22.0	87.5	53.8
Cost of revenue	13.5	12.6	52.3	32.1
Gross profit	10.1	9.4	35.2	22.1
Total Operating Expenses	1.2	1.0	4.6	2.1
Income from operations	8.9	8.4	30.6	20.0
Total Other Income (expenses)	(0.0005)	(0.05)	0.03	0.006
Income before income taxes	8.9	8.4	30.6	20.0
Income taxes - current	2.3	2.2	8.2	7.8
Net income	6.5	6.1	22.4	12.2
Basic and diluted earnings per share	0.06	0.06	0.22	0.13

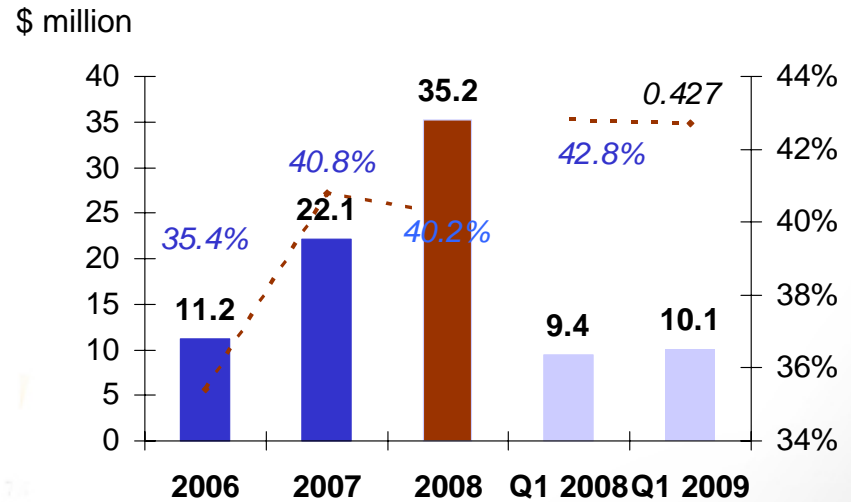
Impressive Growth



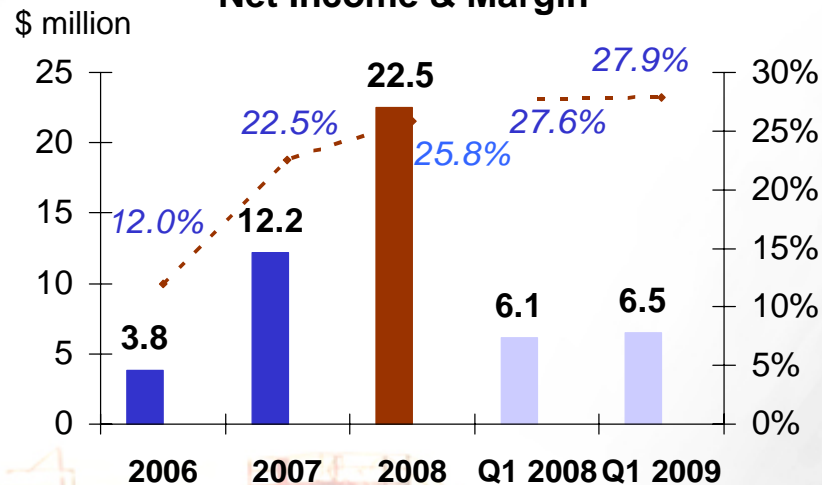
Net Revenue Growth



Gross Profit & Margin



Net Income & Margin



Financial Highlights



Selected Consolidated Balance Sheet Items

(\$ in millions)	March 31, 2009	December 31, 2007
Assets		
Cash and Cash Equivalents	30.0	30.9
Accounts Receivable	12.7	11.7
Total Current Assets	43.3	43.2
Property, Plant and Equipment, Net	54.5	45.4
Total Assets	98.5	89.4
Liabilities and Stockholders' Equity		
Accounts Payable and Accrued Expenses	7.0	4.7
Notes Payable	5.7	8.7
Long Term Liabilities	-	18.3
Total Liabilities	17.4	36.9
Stockholders' Equity		
Additional Paid-In Capital	35.2	12.9
Total Stockholders' Equity	81.1	52.5
Total Liabilities and Stockholders' Equity	98.5	89.4

Valuation



			Stock Price	Market Cap	P/E (ttm)	P/S (ttm)	P/B (MRQ)
Gulf Resources	GFRE	\$	0.67	81.9M	3.4	0.9	1.0
ICL*	ICL.TA	\$	9.69	12.1B	9.6	1.8	4.5
China Gengsheng Minerals	CHGS	\$	0.90	21.6M	5.4	0.4	0.5
Albemarle	ALB	\$	26.56	2.4B	15.7	1.1	2.4
China Natural Resources	CHNR	\$	10.01	196.4M	N/A	3.8	2.2
Average					10.2	1.8	2.4

Data: Reuters as of May 7, 2009

*ILS/USD exchange rate of 4.13 applied

GFRE, ALB TTM March 31, 2009; ICL.TA, CHGS TTM December 31, 2008; CHNR TTM June 30, 2008



Xiaobin Liu, CEO

In March 2009, Mr. Liu took over as CEO of Gulf Resources, Inc. after Ming Yang, the Company's current Chairman. Mr. Liu has been the Company's Vice President since January 2007 and was in charge of the Company's operations. From June 2005 to December 2006, he was the Vice President of Shenzhen SEG. Dasheng Co., Ltd. He was previously in charge of asset management at Saige International Trust and Investment Corporation. He has a Master's degree in Accounting from Hong Kong City University

Min Li, CFO and Director

Min Li was appointed a director on October 30, 2007. He has served as the Chief Financial Officer of Gulf Resources since December 2006 and as Chief Financial Officer for Shouguang City Haoyuan Chemical Company Limited. He has more than 10 years of experience from accounting and financial management.

Naihui Miao, Vice President and Director Secretary

Naihui Miao has served as Director, Secretary and Vice President of Gulf Resources, Inc. and as Vice President of Shouguang City Haoyuan Chemical Company Limited since January 2006. He is in charge of sales, human resource and business management. Mr. Miao has more than 22 years of business experience.



Biagio Vignolo, Independent Director and Member of the Audit Committee

Biagio Vignolo was appointed a director on November 6, 2007. Mr. Vignolo is the Chief Financial Officer of Perseus Books since May 2008. He was previously a partner of Tatum, LLC, the largest executive services firm in the U.S. Mr. Vignolo received a B.S. degree in Accounting from Rider University.

Richard E. Khaleel, Independent Director and Member of the Audit Committee

Richard Khaleel, was appointed a director on October 24, 2007. From 2004 to 2007, Mr. Khaleel served as Executive Vice President and Chief Marketing Officer for the Bank of New York. He received a degree in Political Science from Princeton University and an MBA in Finance from New York University.

Shi Tong Jiang, Independent Director

Shi Tong Jiang, was appointed a director on April 22, 2008. Mr. Jiang, Chief of the Shouguang City Audit Bureau, Shandong Province, has been with the Audit Bureau since 1990.

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