gulfindustrials

FORMERLY GULF RESOURCES LIMITED

ANNUAL REPORT 2010

CORPORATE INFORMATION

GULF INDUSTRIALS LIMITED
Registration No. ABN 13 115 027 033

DIRECTORS
S Reid
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G Duncan
C Innis

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CHAIRMAN'S LETTER

Dear Shareholder,

The 2009-2010 financial year has been transformational for Gulf Industrials. This year has seen your Company continue to successfully develop its African focused industrial mineral strategy, targeting projects in Uganda, Madagascar and Kenya, and as such, undertake a name change to reflect this. Most notably, in May 2010 we announced the move from explorer to producer with the successful commencement of commercial production at the Namekara plant, located within the Company's East Africa Vermiculite Project in Uganda – less than one year after it was acquired from the Rio Tinto Group.

This is a huge feat for Gulf Industrials and is testament to the efforts put in by the teams on the ground in Africa and Australia who have worked seamlessly together to build Gulf Industrials into an industrial minerals producer.

Of particular importance, in May we also announced the signing of an exclusive sales and distribution contract with leading UK based vermiculite distributor, Dupré Minerals Ltd, a long established UK company with its own manufacturing, storage and technical departments, wholly owned by London listed Goodwin Plc (LON : GDWN). Originally the contract was to cover distribution within the European Union, the Baltic States, Russia, Turkey and Israel however, in July 2010 we extended the contract to cover the sole global sales and distribution rights of all ore mined at the Namekara mine.

Under the terms of the contract, Dupré will provide expert market and product support from its world class facilities in the UK and provide dedicated sales and distribution staff experienced within the vermiculite market. This is a hugely important milestone with Dupré demonstrating its confidence in the long term future of Gulf and the produced ore from Namekara.

It is the Company's intention to increase capacity from the current 15,000 tonnes per annum to 35,000 tonnes in the next two years. Based on current market conditions and expectations, the Company is currently reviewing the feasibility of increasing output to over 100,000 tonnes per annum within the next five years. Further demonstrating its confidence in Gulf, Dupré is providing US$1 million to invest in additional equipment to assist in the production ramp up of Namekara to increase capacity moving forward.

In this year we have built a number of relationships that will prove invaluable to your Company as we move to further develop not only the Namekara Project, but also to further advance the Soalara Limestone Project in Madagascar. Gulf recently announced that following completion of due diligence, it had exercised the option to purchase the Soalara Project in its entirety.

We are currently initiating a feasibility study process in conjunction with our strategic alliance partners for port, logistics and development advice. At Soalara we envisage a substantial long life mining operation and we believe that the high quality limestone deposit, combined with its location on the coast (immediately adjacent to a designated bulk mineral handling port) makes for an exciting development proposition.

Having already been approached by several major limestone end users in the cement lime and steel sectors seeking a joint venture on the project, we are looking at speeding up the feasibility study with targeted production to commence in 18 months.

Soalara represents the next development opportunity for the Company and very much fits within our defined African focused industrial mineral strategy.

We believe that securing Soalara only a couple months after commencing production at Namekara is a clear indication of our dedication to becoming a leading African focused industrial minerals production house.

I would like to personally thank all of our shareholders for their continuing support and look forward to another transformational year ahead of us.

Yours sincerely

Scott A Reid
Executive Chairman
Gulf Industrials Ltd

ACTIVITIES & PROJECT REVIEW

For the financial year 2010 Gulf Industrial's key projects have been:

- The Namekara Mine, East African Vermiculite Project (EAV), Uganda
- The Soalara Limestone Project, Madagascar
- The Mwingi Exploration Prospect, Kenya

INDUSTRIAL MINERAL FOCUS

During the year Gulf implemented its African focussed Industrial Mineral Strategy. Whilst the monetary value of the industrial minerals market in developed countries such as the US surpasses that of the metals market and continues to rise year on year, the rate of growth for industrial minerals demand in developing countries is considerably higher. Gulf's targeted strategy of primarily focusing on African projects aims at taking advantage of these growing markets.

It is Gulf's intention to specifically focus on industrial minerals that are used to enhance agricultural food production, manufacturing industrial goods, specialist and chemical processes including vermiculite, phosphates, gypsum, limestone, salts, lithium and borates.

The Company has cited the following key advantages of focusing on industrial minerals:

- Industrial minerals are vital commodities
- Essential raw materials for a wide range of industrial and domestic products
- Demand for industrial minerals is consistent and long term
- Markets for these minerals are typically by off take agreements
- Exposure to commodity price cycles is less pronounced
- Generate long term cash flows providing a solid platform for growth
- New technology can quickly expand existing markets
- Chemical and special specifications demanded by consumers can protect existing operations

UGANDA

Gulf's primary focus for the majority of the 2010 financial year has been the successful recommissioning of the Namekara Mine at East African Vermiculite (EAV) project which was announced in May 2010. This represented the start of commercial production at the EAV Project and is a major milestone for the Company as part of the roll out of its African focused industrial minerals strategy.

Commissioning of the processing plant followed a period of extensive and detailed design, re-engineering, customer trials and test work. Successful start up of commercial production from the project reinforces Uganda's position as a developing resources destination and its government's commitment to supporting sustainable development in this important sector of the economy.

The plant has to date exceeded original expectations and is capable of yielding in excess of 15,000 tonnes per annum of raw, graded vermiculite products for international export and regional consumption.

With the successful re-commissioning of the plant, Gulf moves into a new stage as a vermiculite producer. With off take agreements in place covering the entire expected initial output from the Namekara processing plant, the Company's attention focuses on ramping up production in Uganda and the Board is currently investigating the most cost effective ways of doing so. With vermiculite prices on the rise after a sluggish market in 2009, demand is on the increase and Gulf is ideally placed to take advantage of this.

As part of the recommissioning, cost effective and productive equipment including 10 additional screens, a crusher, additional winnowers and new plant front end have been installed. Based on its operational characteristics, further design work has commenced for additional facilities to be added in the future as part of the proposed production ramp up.

The EAV operation comprises one of the world's largest reported vermiculite resources, (the Namekara Mining Lease) with a JORC inferred resource of 54.9 Mt of contained vermiculite. This is calculated at 26.7% 180_V (% vermiculite content in the +180 micron fraction) or 18.80% 425_V (% vermiculite content in the +425 micron fraction) at a 15% 180_V cut-off. This resource calculation has a surface extent of 1km by 1km (location of existing mine/pit). Additional exploration work indicated that the vermiculite extends and is present over an area of 1km by 5km (pit tested).

The EAV project is not only one of the world's largest vermiculite resources but it also hosts some of the largest flake sizes, which will enable Gulf to tailor vermiculite quality to specifically meet customer needs. More than 50% of the previous run of mine production at EAV was graded premium, large and medium, which are considered to be in the more desired end of the product range.

Offtake Agreement

Gulf announced in May 2010 that it entered into a ten year exclusive sales and distribution contract with leading UK based vermiculite distributor Dupré Minerals Limited. Dupré is a long established UK company with its own manufacturing, storage and technical departments and is wholly owned by London listed Goodwin Plc (LON : GDWN). Under the terms of the contract, Gulf has agreed to supply Dupré with all commercial sizes of vermiculite products.

Post the end of the financial year, it was announced that Dupré had agreed to extend the terms of the sales and distribution agreement to 25 years and to make available US$1 million for investment in the plant at Namekara. In addition the contract was also extend to cover full global sales and distribution rights.

This is an exceptional deal for Gulf to lock in with Dupré, which is one of the leading vermiculite processing and manufacturing companies in the UK with over 40 years experience and their established brand inspiring some of the world's most advanced vermiculite product formulations. This deal with Dupré ensures that Gulf now has in place off take and distribution agreements covering the entire expected output from Namekara moving forward.

Background - East African Vermiculite Project

The project is situated in eastern Uganda near the towns of Mbale and Tororo close to the Kenyan border.

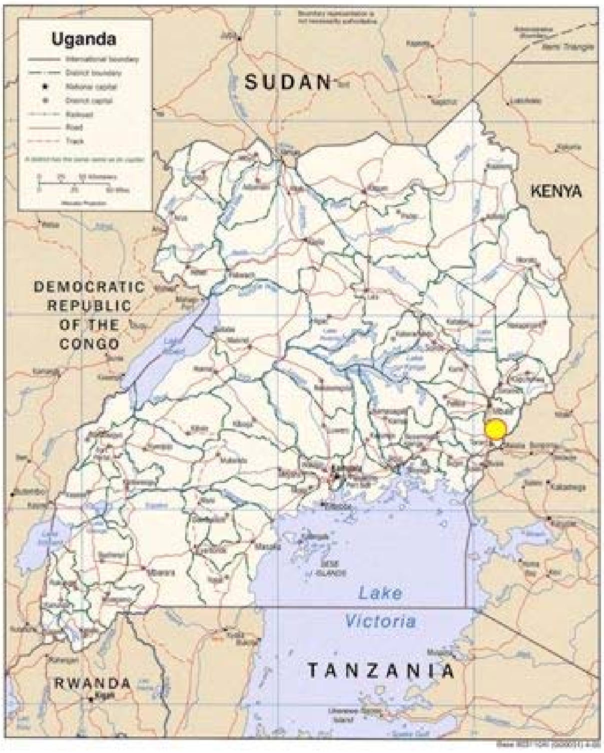
An Independent SRK review commissioned by Gulf in mid 2009 has verified that the East African Vermiculite Project contains a JORC inferred resource of 54.9million tonnes @ 26.7% vermiculite in the +180 micron fraction (V_180), and 18.8% vermiculite in the +425 micron fraction (V_425). This resource calculation has a surface extent of 1km by 1km (location of existing mine/pit). Additional exploration work indicates vermiculite is present over an area of 1km by 5km (pit tested) of which the 1km x 1km area is a part. The EAV resource is one of the largest high grade (large crystal size) vermiculite resources in the world.

The mineralisation in the project area was first documented in the 1950s, but it wasn't until 2002 that initial test production commenced with a small scale operation that produced 16,000t of ore between 2002 and 2006. Under Rio Tinto's stewardship a substantial amount of work was completed including drilling of 64 holes for resource definition, pit optimisation and design, plant redesign, transport and infrastructure studies and market research. The vermiculite deposit extends from near surface to a depth of between 45m and 55m and is excavated using off the shelf mechanical excavating equipment in a standard shallow open pit operation.

World Vermiculite Market

The global vermiculite market is estimated by the United States Geological Survey (USGS) to be 800,000 tonnes, with production from Southern Africa accounting for approximately 39% of this amount.

LOCATION MAP



Location of Namekara mining operation in Eastern Uganda, on Kenyan border

Agreement has also been reached with East African based freight and logistics company SDV Transami, for the management and logistics of all concentrate production to and from the East African Vermiculite operation in Uganda. The SDV Transami is part of the Bollorè African Logistics Group, the largest transport and logistics operator in Africa. Given the size and reach of this logistics group we are jointly investigating options to reduce freight costs for our operation. The group also offers sea freight management for potential customers enabling a fully integrated freight solution from mine to any customer in the world.

Madagascar

At the beginning of the period Gulf was assessing joint venture operations on a substantial limestone project and review of industrial mineral opportunities resulting in the Company securing a limestone project in the south east of the country.

SOALARA LIMESTONE PROJECT

In the third quarter of the reporting period, Gulf entered into option and purchase agreements over the Soalara Limestone Project, a large, high quality limestone deposit covering an area of 12.5 square kilometers which demonstrates a chemical composition suitable for application in the cement, mineral processing and fertiliser industries near Tulear in the south-west.

Following the completion of due diligence and a comprehensive scoping study to examine the feasibility of fast tracking the development of the project, the Company announced in September 2010 that it had exercised its option in its entirety to purchase the Soalara Limestone Project. The Company is also in discussions to secure the rights to an adjacent tenement which also covers a substantial limestone deposit.

Favorably located near an existing port, Gulf believes Soalara can be developed and expanded into a world class limestone, lime and cement exporting project. The Company has secured strategic alliances with

- Mineral Resource Development (mrdev.co.za) for plant design, implementation and operation
- SDV International Logistics, part of the multinational Bolloré Group for port, logistics and development advice
- MCC Group one of African's largest and most experienced open cut mining contractors

The Company is in the process of assessing immediate market prospects which includes an estimated 1.7 million tonnes per annum limestone requirement within Madagascar, the supply of approximately two million tonnes of limestone to a large Asian steel group and exports into East Africa of up to one million tonnes per annum primarily for cement works.

Internal conceptual and scoping studies model an initial two million tonnes per annum operation, with targeted revenue of US$28 million per annum, and ramping up to a five million tonnes per annum operation over two years from plant commissioning with targeted revenue of US$70 million per annum.

The total acquisition cost including option fees was USD$1,215,000 of which USD$695,000 has been paid and USD$100,000 to be paid on the earlier of the first commercial shipment or 15 December 2010 and the balance of USD$420,000 on the sales receipt from the first commercial shipment. There is also a royalty of USD$0.40 per tonne to be paid on 70% of production.

In addition to Soalara, the Company is in the process of securing the rights for Gypsum and Graphite projects in Madagascar and looks forward to updating shareholders on this development in the future.

Kenya
Mwingi Exploration Prospect

A 24 month Special Licence and a 12 month Exclusive Prospecting Licence (EPL) was issued to Gulf by the Commissioner of Mines and Geology in Kenya in September 2009 for the exploration of base and precious metals, mineral sands, rare earth elements and uranium. Gulf's focus is on the industrial mineral potential of the region and Joint Venture partners are currently being sought to explore the base metal, iron ore and gold prospects that lie within the licence areas.

SRK Consulting recently completed a preliminary evaluation of the licence areas which cover one of the largest exploration positions in the country.

Initial samplings on the Mwingi tenements have revealed a number of areas warranting further work. Of most interest are large areas of crystalline limestone, areas of iron ore, aluminium clay and some smaller areas where copper mineralisation has been sampled. Testing using Kenyan laboratories has also confirmed the presence of gold in a number of rock chips collected during initial reconnaissance trips. Additional geochemical analysis is scheduled to commence to confirm initial results.

CORPORATE

Gulf mandated Australian corporate advisory firm Veritas Securities Limited ("Veritas") as Strategic Adviser on 23 March 2010. Veritas will provide corporate and general advice to the Company. The Veritas team has significant experience in both the industrial and resources sectors and is recognised as an expert in assisting emerging companies.

In May, Gulf announced that African Lion had agreed to invest A$1.1 million in the company through the African Lion 3 Fund ('AFL3') for the further development of the Company's African focussed industrial minerals strategy. African Lion, which consists of three specialist mining funds, AFL, AFL2 and AFL3, is established to identify, assess and invest in resource projects in Africa.

Shareholders of the AFL3 include:

- **CDC Group plc** - UK's development finance institution, owned by the Government Department for International Development.
- **European Investment Bank** - development bank of the European Union, owned by the EU member states.
- **Lion Selection Group Limited** - an Australian listed resource investment company.
- **PROPARCO** - a member of the Agence Française de Développement group, its mission is to provide finance to the private sector in developing economies, mainly in Africa.
- **RMB Structured Life Ltd** - subsidiary of FirstRand Group - a leading South African bank.
- **BIFM** – a mining fund in Botswana.

In June 2010 Gulf mandated Rand Merchant Bank, a division of FirstRand Bank Limited ('RMB') as financial adviser in respect of the East African Vermiculite Project ('EAV') in Uganda. In particular, RMB will assist with the structuring and arranging of the requisite finance for the EAV and for other projects under consideration by the Company.

CORPORATE GOVERNANCE STATEMENT

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Gulf Industrials Limited ("the company") have adhered to the principles of corporate governance and this statement outlines the main corporate practices in place throughout the financial year. The ASX Corporate Governance Council released revised Corporate Governance Principles and Recommendations on 2 August 2007. Having regard to the size of the Company and the nature of its enterprise, it is considered that the company complies as far as possible with the spirit and intentions of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations as set out below. Unless otherwise stated, the practices were in place for the entire year.

1. Board of Directors

The Board of Directors of the company is responsible for the corporate governance of the company. The Board guides and monitors the business and affairs of the company on behalf of the shareholders by whom they are elected and to whom they are accountable.

As the Board acts on behalf of shareholders, it seeks to identify the expectations of shareholders, as well as other ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks.

The primary responsibilities of the Board include:

- formulation and approval of the strategic direction, objectives and goals of the company;
- monitoring the financial performance of the company, including approval of the company's financial statements;
- ensuring that adequate internal control systems and procedures exist and that compliance with these systems and procedures is maintained;
- the identification of significant business risks and ensuring that such risks are adequately managed;
- the review of performance and remuneration of executive directors; and
- the establishment and maintenance of appropriate ethical standards.

The responsibility for the operation and administration of the company is carried out by the directors, who operate in an executive capacity, supported by senior professional staff. The Board ensures that this team is suitably qualified and experienced to discharge its responsibilities, and assesses on an ongoing basis the performance of the management team, to ensure that management's objectives and activities are aligned with the expectations and risks identified by the board.

The directors of the company are as follows:

Mr Scott Reid	- Executive Chairman
Mr Wayne Kernaghan	- Finance Director
Mr Greg Duncan	- Non Executive Director
Mr Chris Innis	- Non Executive Director

For information in respect to each director refer to the directors' report.

2. Independent Directors

Under ASX guidelines principle 2.1, all of the current board members with the exception of Mr Innis and Mr Duncan are considered not to be independent directors. The executive role is performed by two of the four directors, accordingly two of the four directors are considered not to be independent. The Board is satisfied that the structure of the Board is appropriate for the size of the company and the nature of its operations and is a cost effective structure for managing the company.

3. Board Composition

When the need for a new director is identified, selection is based on the skills and experience of prospective directors, having regard to the present and future needs of the company. Any director so appointed must then stand for election at the next Annual General Meeting of the company.

4. Terms of Appointment as a Director

The constitution of the company provides that a director other than the Managing Director may not retain office for more than three calendar years or beyond the third Annual General Meeting following his or her election, whichever is longer, without submitting for re-election. One third of the directors must retire each year and are eligible for re-election. The directors who retire by rotation at each Annual General Meeting are those with the longest length of time in office since their appointment or last election.

5. Board Committees

In view of the size of the company and the nature of its activities, the Board has considered that establishing formally constituted committees for audit, board nominations and remuneration would contribute little to its effective management. Accordingly audit matters, the nomination of new directors and the setting, or review, of remuneration levels of directors and senior executives are reviewed by the Board as a whole and approved by resolution of the Board (with abstentions from relevant directors where there is a conflict of interest). Where the Board considers that particular expertise or information is required, which is not available from within their number, appropriate external advice may be taken and reviewed prior to a final decision being made by the Board.

6. Remuneration

Remuneration and other terms of employment of executives, including executive directors, are reviewed periodically by the Board having regard to performance, relevant comparative information and, where necessary, independent expert advice. Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the company's operations.

The terms of engagement and remuneration of executive directors is reviewed periodically by the Board. Where the remuneration of a particular executive director is to be considered, the director concerned does not participate in the discussion or decision-making.

7. Conflict of Interest

The directors must keep the company informed, on an ongoing basis, of any interest that could potentially conflict with those of the company. Where the Board believes a significant conflict exists, the director concerned does not receive the relevant board papers and is not present at the meeting whilst the item is considered.

8. Independent Professional Advice

Directors have the right, in connection with their duties and responsibilities as directors, to seek independent professional advice at the company's expense. Prior approval of the Chairman is required, which will not be unreasonably withheld.

9. Code of Conduct

In view of the size of the company and the nature of its activities, the Board has considered and adopted a code of conduct which is appropriate to guide executives, management and employees in carrying out their duties and responsibilities.

10. Make Timely and Balanced Disclosures

The Board has in place written policies and procedures to ensure the Company complies with its obligations under the continuous disclosure rule 3.1 and other ASX Listing Rule disclosure requirements.

11. Communication to Market & Shareholders

The Board of Directors aims to ensure that the shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of the directors and the company. Information is communicated to shareholders and the market through:

- the Annual Report which is available to all shareholders;
- other periodic reports which are lodged with ASX and available for shareholder scrutiny;
- other announcements made in accordance with ASX Listing Rules;
- special purpose information memoranda issued to shareholders as appropriate;
- the Annual General Meeting and other meetings called to obtain approval for board action as appropriate; and
- the company's website.

12. Share Trading

Dealings are not permitted at any time whilst in the possession of price sensitive information not already available to the market. In addition, the Corporations Act 2001 prohibits the purchase or sale of securities whilst a person is in possession of inside information.

13. External Auditors

The external auditor is A D Danieli Audit Pty Ltd. The external auditor is invited to attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

Full details of the company's corporate governance practices can be viewed at its website – www.gulfindustrials.com.au.

DIRECTORS' REPORT

Your Directors submit their report together with the financial statements of the Group, being the company and its controlled entities, for the financial year ended 30 June 2010.

Directors

The names of directors in office at any time during or since the end of the year are:

Director	Appointed	Resigned
S Reid	30 June 2005	-
W Kernaghan	30 June 2005	-
G Duncan	30 June 2005	-
P Treisman	14 August 2007	22 October 2009
C Innis	31 August 2010	-

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Information on Current Directors

Scott Andrew Reid B.Sc. (Syd), Grad. Dip. Sci. (Geophys), MAIG, FFin, MAICD • Executive Chairman

Scott Reid has over 18 years experience in the exploration and mining finance sectors. His technical experience in the mineral and oil & gas industry was gained in a wide variety of geological and geographical settings including Australia, Asia, West and Eastern Africa and North and South America during his time with large multinational French Geophysical Contracting Corporation (CGG) including managing World Bank and United Nations sponsored geophysical projects.

Scott Reid holds graduate and postgraduate qualifications in geophysics, applied finance and mineral economics. During the past three years Mr Reid has held the following listed company directorships:

- MXL Limited from 5 June 2007 to 2 May 2008

Wayne John Kernaghan B.Bus, ACA, FAICD, FCIS • Finance Director & Company Secretary

Wayne Kernaghan is a member of the Institute of Chartered Accountants in Australia with over 20 years experience in various areas of the mining industry. He is a Fellow of the Australian Institute of Company Directors and a Chartered Secretary. During the past three years Mr Kernaghan has held the following listed company directorships:

- Cullen Resources Limited from 11 November 1997
- FarmWorks Australia Limited from 19 February 2009 to 24 August 2010
- Goldlink Incomeplus Limited from 18 December 2003 to 29 November 2007
- Australia Motor Finance Group Limited from 7 September 2006 to 24 November 2008

Mr Kernaghan was appointed company secretary on 30 June 2005.

Gregory Neil Duncan B.Sc., MAusIMM • Non Executive Director

Greg Duncan is an exploration geologist with extensive experience in gold, base metal and diamond exploration in Australia. He combines field experience with technical expertise in the planning and management of exploration programs in remote locations and has successfully advanced conceptual models to exploration success during his career. Currently a consulting geologist based in Brisbane he brings solid exploration credentials to the Board.

Chris Innis B.A., LLB (Syd) • Non Executive Director

Chris is a professional manager with a background in strategy, marketing and finance and has worked across a number of industries including investment banking, media and mining in senior positions including Chairman and Board Director. Chris specialises in growing businesses and is skilled in re-engineering business strategies and implementing and managing growth plans. Previous experience includes Chairman of Mining Communications where he initiated, led and arranged the management buy in, achieving an exit of approximately nine times money for original investors and 22 times for management.

Chris was previously a director of London listed Angus & Ross and AIM Resources (now Blackthorn Resources ASX : BTR) where he assisted in raising $30 million in London. Chris has also served on the management board of EMAP plc and was an Associate Director at Hambros Bank plc where he worked in corporate finance.

Chris is currently Chairman of Intierra Pty Ltd, a global competitive intelligence service for the mining industry and Edge Custom Media, a content agency for multiple media channels. In his role as Non Executive Director at Gulf, Chris will play a key role in overseeing the move from a pure exploration company into a multi commodity production house.

Directors' Interests

Directors' interests in the shares and options of the company were:

Director	Direct		Indirect	
	Shares	**Various Options**	**Shares**	**Various Options**
S Reid	7,250,000	3,672,500	-	-
W Kernaghan	5,500,000	4,875,003	3,250,000	1,109,807
G Duncan	1,000,000	-	5,231,667	3,095,416
C Innis	800,000	-	-	-

Principal Activities

The principal activities of the consolidated group during the financial year were mining and mineral exploration and seeking mining infrastructure opportunities. There was no significant change in the nature of the consolidated group's principal activities during the financial year.

Review & Results of Operations

Gulf Industrials Limited is involved in mining and mineral exploration and infrastructure projects. The net loss after providing for income tax amounted to $5,445,548 (2009: $70,598).

The consolidated entity during the year carried out extensive and detailed design, re-engineering, customer trials and test work at the Namekara Mining operation in Eastern Uganda. As part of the re-commissioning, cost effective and productive equipment including ten additional screens and a crusher, additional winnowers and new plant front end have been installed at the Namekara mining operation. This is one of the largest high grade vermiculite mineral deposits in the world.

Development opportunities were also reviewed in Uganda, Southern Sudan, Tanzania, Madagascar, and South Africa.

Dividends Paid or Recommended

The directors do not recommend the payment of a dividend for this financial year. No dividend has been declared or paid by the company since the end of the previous financial year.

Financial Position

The net assets of the consolidated entity has decreased by $1,329,067 to $3,047,673 at 30 June 2010.

Shareholders' equity has changed during the year with an increase in issued capital by $3,473,933, increase in reserves of $642,548 and a loss for the year of $5,445,548.

Future Developments, Prospects & Business Strategies

Gulf is committed to developing the mining operations at the vermiculite operation over the next 12 months to bring the operation to a sustained production rate of 15,000 tonnes per annum of vermiculite product. Gulf plans to expand the operation to achieve 30,000 tonnes per annum and further design work has commenced for additional facilities to be added in the future as part of the proposed production ramp up.

Environmental Issues

The exploration activities of the consolidated entity in Australia are subject to environmental regulation under the laws of the Commonwealth and the States in which those exploration activities are conducted. The environmental laws and regulations generally address the potential impact of the consolidated entity's activities in the areas of water and air quality, noise, surface disturbance and the impact upon flora and fauna. The directors are not aware of any environmental matter which would have a materially adverse impact on the overall business of the consolidated entity.

The exploration and mining activities of the consolidated entity in Uganda are subject to environmental regulation under the laws of the Republic of Uganda (most specifically the 2004 Ugandan Mining Regulations and 2003 Ugandan Mining Act). The environmental laws and regulations in Uganda address the impact of the consolidated entity's activities in the areas of water and air quality, noise, surface disturbance and impact on flora and fauna. The directors are not aware of any environmental matter which would have a materially adverse impact on the overall business of the consolidated entity.

Significant Changes in State of Affairs

The significant changes in the state of affairs of the consolidated entity that occurred during the financial year under review were:

- The issue of shares and options during the year to raise a net $3,687,078.
- The consolidated entity continued with the development of the Namekara mining operations in Eastern Uganda where extensive and detailed design, re-engineering, customer trials and test work was carried out. Namekara is one of the largest high grade vermiculite mineral deposits in the world.

After Balance Date Events

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the parent entity, to affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in the subsequent financial years, other than:

- On 7 July 2010 Dupré Minerals were granted sole distribution rights for 25 years for all ore mined from the Namekara mine in Uganda for US$1,000,000.
- On 21 July 2010 an additional 55,000,000 shares and 27,500,000 options were issued to African Lion 3 Fund to raise $1,155,000 as approved by shareholders at an extraordinary general meeting held on 7 July 2010.
- The Company changed its name to Gulf Industrials Limited on 26 July 2010.
- On 27 July 2010 an additional 41,500,000 shares were issued at $0.02 to raise $830,000 before expenses.
- On 1 September 2010 the parent entity purchased the Soalara Limestone Project in Madagascar for US$1,215,000 of which US$695,000 has been paid and US$100,000 is to be paid on the earlier of the first commercial shipment or 15 December 2010 and the balance of US$420,000 on the sales receipt from the first commercial shipment. There is also a royalty of US$0.40 per tonne to be paid on 70% of production.

Directors Meetings

The number of Directors Meetings of Gulf Industrials Limited held during the financial period ended 30 June, 2010 and the number of meetings attended by each director are as follows:

	Directors Meetings	
Name	**Eligible to Attend**	**Attended**
S Reid	11	11
W Kernaghan	11	11
G Duncan	11	11
P Treisman	3	3
C Innis	--	-

As well as formal directors' meetings, executive and non-executive directors are in frequent communication.

Options

At the date of this report and at 30 June 2010 the company had 80,078,100 (2009: 68,078,100) listed and unlisted options on issue over unissued ordinary shares and the details are as follows:

Type	Grant Date	Number	Exercise Price	Expiry Date
Listed	Various	42,629,028	$0.10	31 March 2013
Listed	Various	25,449,072	$0.20	30 June 2011
Unlisted	Various	12,000,000	$0.05	31 May 2012

During the year, no (2009: Nil) fully paid ordinary shares were issued by virtue of the exercise of options. Since the end of the financial year no shares have been issued by virtue of the exercise of options.

Remuneration Report

This report details the nature and amount of remuneration for each director of Gulf Industrials Limited.

Remuneration Policy

The remuneration policy of Gulf Industrials Limited has been designed to align director objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the consolidated group's financial results. The board of Gulf Industrials Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the consolidated group as well as create goal congruence between directors and shareholders.

Company Performance, Shareholders' Wealth & Director Remuneration

The remuneration policy, setting the terms and conditions for the executive directors was developed by the board. All executives receive a base salary (which is based on factors such as length of service and experience), options and incentives. The board reviews executive packages annually by reference to comparable information from industry sectors and other listed companies in similar industries.

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of directors' fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Directors' fees for non-executive directors are not linked to the performance of the company.

During the year no remuneration was based on any performance conditions, including company or personal performance.

To align directors' interests with shareholder interests, the directors are encouraged to hold shares in the company.

Compensation Practices

The board's policy for determining the nature and amount of compensation of key management for the company is:

The remuneration for executive officers, including executive directors is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the company. There are no formal written contracts in place, however normal employment arrangements are adhered to. Upon retirement, specified directors and executives are paid employee benefit entitlements accrued to the date of retirement. Any options not exercised before or on the date of termination lapse.

Key Management Personnel Remuneration

The remuneration for each director received during the year was as follows:

Director 2010	**Short Term Directors Fees $**	**Short Term Consulting Fees $**	**Non Monetary Benefit $**	**Post Employment Superannuation $**	**Total $**
S Reid	259,553	-	16,812	23,359	299,724
P Treisman	35,000	40,000	-	3,150	78,150
W Kernaghan	60,000	120,000	-	5,400	185,400
G Duncan	60,000	-	-	5,400	65,400
C Innis	-	-	-	-	-
	414,553	160,000	16,812	37,309	628,674

Director 2009	**Short Term Directors Fees $**	**Short Term Consulting Fees $**	**Non Monetary Benefit $**	**Post Employment Superannuation $**	**Total $**
S Reid	108,108	145,000	33,760	9,730	296,598
P Treisman	60,000	129,545	-	5,400	194,945
W Kernaghan	60,000	170,000	-	5,400	235,400
G Duncan	60,000	42,000	-	5,400	107,400
	288,108	486,545	33,760	25,930	834,343

There have been payments made to director related entities for services provided to the economic entity which have been included in the above amounts.

The executive role is performed by the directors.

Changes in Directors Subsequent to Year End

On 31 August 2010 Mr C Innis commenced as a director.

Options Granted as Part of Remuneration for the Year Ended 30 June 2010

There were no options granted as part of director and executive emoluments during the year.

Corporate Governance

In recognising the need for the highest standard of corporate behaviour and accountability, the directors of Gulf Industrials Limited support and adhere to the principles of good corporate governance. The company's corporate governance statement can be found on pages 1 to 2.

Indemnification and Insurance of Directors and Officers

The company has entered into deeds of indemnity with the Directors indemnifying them against certain liabilities and costs to the extent permitted by law. The company has paid premiums totaling $19,500 (2009: $19,500) in respect of Directors and Officers Liability Insurance and company reimbursement policies, which covers all Directors and Officers of the company. The policy conditions preclude the company from any detailed disclosures.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Non-Audit Services

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed did not compromise the external auditors' independence for the following reasons:

- all non-audit services are reviewed and approved by the board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and

- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board. Fees payable to A D Danieli Pty Ltd an associated entity of A D Danieli Audit Pty Ltd are disclosed in Note 13.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2010 has been received and can be found on page 8.

The Directors' Report, incorporating the Remuneration Report is signed in accordance with a resolution of the Board of Directors:

S Reid
Chairman
Sydney, 30 September 2010

A D Danieli Audit Pty Ltd

Authorised Audit Company
ASIC Registered Number 339233

Audit & Assurance Services

Level 14, 275 George Street
Sydney NSW 2000
PO Box H88
Australia Square NSW 1215

ABN: 56 136 616 610

Ph: (02) 9290 3099
Fax: (02) 9262 2502

Email: add3@addca.com.au
Website: www.addca.com.au

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF GULF INDUSTRIALS LIMITED AND CONTROLLED ENTITIES

I declare that, to the best of my knowledge and belief during the year ended 30 June 2010 there have been:

i. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

A D DANIELI AUDIT PTY LTD

Sam Danieli
Director

Sydney, 28 September 2010

COVER OF EXCELLENCE

Liability limited by a scheme approved under Professional Standards Legislation

A D Danieli Audit Pty Ltd

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Independent Auditor's Report
To the Members of
Gulf Industrials Ltd
A.B.N. 13 115 027 033

Report on the Financial Report

We have audited the accompanying financial statements of Gulf Industrials Ltd (the company), which comprises the statement of financial position as at 30 June 2010 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial statements, comprising the financial statements and notes, complies with IFRS.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These auditing standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, was provided to the directors of Gulf Industrials Limited on 28 September 2010.

Auditor's Opinion

In our opinion:

a. the financial statements of Gulf Industrials Limited is in accordance with the *Corporations Act 2001*, including:
   i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
   ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

b. the financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

Material Uncertainty Regarding Continuing as a Going Concern

Without qualifying our opinion, we draw attention to Note 1: Going Concern in the financial statements. The group incurred a net loss of $5,445,548 during the year ended 30 June 2010 and, as of that date the group had current assets of $514,326 and current liabilities of $708,370. These conditions indicate the existence of a material uncertainty which may cast doubt on the group's ability to continue as a going concern should they be unable to raise additional capital. Note 22: After Balance Date Events state that capital raisings occurred in July and September 2010 totalling $1,985,000 before expenses.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 12 of the Directors Report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Gulf Industrials Limited for the year ended 30 June 2010, complies with section 300A of the Corporations Act 2001.

A D DANIELI AUDIT PTY LTD

Sam Danieli
Director

Sydney, 30 September 2010

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DIRECTORS' DECLARATION

The directors of the company declare that:

(a) the financial statements and notes of the Consolidated Entity are in accordance with the Corporations Act 2001, and:

(i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2010 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 1.

(c) there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

(d) this declaration has been made after receiving the declaration required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2010.

This declaration is made in accordance with a resolution of the Board of Directors.

For and on behalf of the Board

S Reid
Chairman
Sydney, 30 September 2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2010

	Note	Consolidated Group 2010 $	2009 $
Revenue	2	286,501	511,571
Gain on business acquisition	18	-	3,236,712
Depreciation expense		(429,871)	(163,984)
Exploration expenditure	8	(727,650)	(1,012,189)
Exploration expenditure impaired	8	-	(301,650)
Employee benefits expense		(1,269,084)	(580,125)
Finance costs		(99,372)	-
Impairment of available for sale financial assets		(450,000)	-
Operating expenses		(2,756,072)	(1,760,933)
Loss before income tax		(5,445,548)	(70,598)
Income tax expense		-	-
Net loss for year attributable to members of parent entity		(5,445,548)	(70,598)
Other comprehensive income			
Exchange differences on translating foreign controlled entities		(21,287)	217,252
Net change in fair value of available for sale assets		-	(72,877)
Other comprehensive income for the year, net of tax		(21,287)	144,375
Total comprehensive income for the year attributable to members of parent entity		(5,466,835)	(73,777)
Basic loss per share attributable to ordinary equity holders of the parent (cents per share)	17	(3.25)	(0.10)
Diluted loss per share attributable to ordinary equity holders of the parent (cents per share)		(2.24)	(0.05)

(The accompanying notes form part of these financial statements.)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 30 June 2010

	Note	Consolidated Group	
		2010	2009
		$	$
CURRENT ASSETS			
Cash and cash equivalents	4	238,576	766,793
Trade and other receivables	5	275,750	278,845
TOTAL CURRENT ASSETS		514,326	1,045,638
NON-CURRENT ASSETS			
Financial assets	6	145,000	39,390
Property, plant and equipment	7	4,116,344	4,570,897
TOTAL NON-CURRENT ASSETS		4,261,344	4,610,287
TOTAL ASSETS		4,775,670	5,655,925
CURRENT LIABILITIES			
Trade and other payables	9	704,392	231,002
Provisions	10	3,978	3,208
TOTAL CURRENT LIABILITIES		708,370	234,210
NON-CURRENT LIABILITIES			
Trade and other payables	9	1,019,627	1,044,975
TOTAL NON-CURRENT LIABILITIES		1,019,627	1,044,975
TOTAL LIABILITIES		1,727,997	1,279,185
NET ASSETS		3,047,673	4,376,740
EQUITY			
Issued capital	11	13,023,900	9,549,967
Reserves	12	1,933,142	1,290,594
Accumulated losses		(11,909,369)	(6,463,821)
TOTAL EQUITY		3,047,673	4,376,740

(The accompanying notes form part of these financial statements.)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
at 30 June 2010

	Issued Capital $	Reserves (Note 12) $	Accumulated Losses $	Total Equity $
Balance at 1 July 2008	8,958,467	986,219	(6,393,223)	3,551,463
Comprehensive income for the period				
Loss for the period	-	-	(70,598)	(70,598)
Other comprehensive income				
Net change in fair value of available for sale assets	-	(72,877)	-	(72,877)
Exchange differences on translating foreign controlled entities	-	217,252	-	217,252
Transaction with owners in their capacity as owners				
Issue of share capital	591,500	-	-	591,500
Issue of share options	-	160,000	-	160,000
Balance at 30 June 2009	9,549,967	1,290,594	(6,463,821)	4,376,740

	Issued Capital $	Reserves (Note 12) $	Accumulated Losses $	Total Equity $
Balance at 1 July 2009	9,549,967	1,290,594	(6,463,821)	4,376,740
Comprehensive income for the period				
Loss for the period	-	-	(5,445,548)	(5,445,548)
Other comprehensive income				
Net change in fair value of available for sale assets	-	450,690	-	450,690
Exchange differences on translating foreign controlled entities	-	(21,287)	-	(21,287)
Transaction with owners in their capacity as owners				
Issue of share capital	3,644,480	-	-	3,644,480
Cost of issue of capital	(170,547)	-	-	(170,547)
Issue of share options	-	213,145	-	213,145
Balance at 30 June 2010	13,023,900	1,933,142	(11,909,369)	3,047,673

(The accompanying notes form part of these financial statements)

STATEMENT OF CASH FLOWS
at 30 June 2010

	Note	Consolidated Group 2010 $	2009 $
Cash flows from Operating Activities			
Interest received		33,570	79,492
Other receipts		22,337	432,079
Payments to suppliers and employees		(3,747,916)	(3,333,204)
Net Cash (used in) provided by Operating Activities	23	(3,692,009)	(2,821,633)
Cash flows from Investing Activities			
Proceeds from sale of financial assets		62,492	118,771
Acquisition of financial assets		-	(94,454)
Cash acquired with subsidiaries		-	28
Proceeds for plant and equipment		40,000	-
Payment for plant and equipment		(625,777)	(12,618)
Net Cash (used in) provided by Investing Activities		(523,285)	11,727
Cash flows from Financing Activities			
Proceeds from share and option issues (net of expenses)		3,687,078	751,500
Net Cash provided by (used in) Financing Activities		3,687,078	751,500
Net (decrease)/increase in cash held		(528,217)	(2,058,406)
Cash at beginning of the year		766,793	2,825,199
Cash at end of the year	4	238,576	766,793

(The accompanying notes form part of these financial statements.)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

1. Summary of Significant Accounting Policies

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial statements include the consolidated entity consisting of Gulf Industrials Limited and its subsidiaries. The parent entity Gulf Industrials Limited is a public listed company incorporated and domiciled in Australia.

The financial statements of the consolidated entity consisting of Gulf Industrials Limited and its controlled entities comply with all International Financial Reporting Standards (IFRS) in their entirety.

The following is a summary of the material accounting policies adopted by the consolidated group in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

Basis of preparation

The accounting policies set out below have been consistently applied to all years presented.

Reporting Basis and Conventions

The financial statements have been prepared using the accrual basis of accounting and are based on historical cost modified where applicable by the measurement at fair value of selected non-current assets, financial assets and liabilities.

New and Revised Accounting Standards and Interpretations

From 1 July 2009 Gulf Industrials Limited and its subsidiaries have adopted all Accounting Standards and Interpretations mandatory for annual periods beginning on or after 1 January 2009 including:

AASB 8 and AASB 2007 – 3	Operating segments and consequential amendments to other Australian Accounting Standards. The group now determines and presents segment information based on internal reports that are provided and reviewed regularly by the group's chief operation decision maker, which for the group is the Board of Directors. Previously segment information was determined and presented on a geographical basis. Comparative segment information has been restated to conform with the new standard.
AASB 101 (Revised), AASB 2007 -8 and AASB 2007 - 10	Presentation of Financial Statements and consequential amendments to other Australian Accounting Standards. This mainly resulted in the replacement of the income statement with the single statement of comprehensive income and the renaming of the other financial statements.
AASB3 (Revised)	Business Combinations. Some aspects of business combination accounting have changed. The changes apply to business combinations which occur from 1 July 2009. The business combination disclosure at Note 18 occurred prior to this date and therefore the policy note (i) Business Combinations is based on the original AASB 3 Business Combinations.
AASB 127 (Revised)	Consolidated and Separate Financial Statements
AASB 2008 - 5	Amendment to Australian Accounting Standards arising from the Annual Improvements Project
AASB 2008 – 6	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project
AASB 123 (Revised)	No borrowing cost in Gulf
AASB 2009 - 2	Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments [AASB 4, AASB 7, AASB 1023 & AASB 1038]
AASB 2009 - 4	Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16]

Adoption of these Standards and Interpretations did not have any material effect on the financial position or performance of the consolidated entity.

Gulf Industrials Limited and its controlled entities have not early adopted any other standards or amendments that are issued but not yet effective.

Going concern

The accounts have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and liabilities in the normal course of business.

The consolidated group had cash assets of $238,576 at 30 June 2010. The directors acknowledge that continued exploration and development of the consolidated group's mineral exploration projects will necessitate further capital raisings.

The consolidated group remains dependent on its ability to raise funding in volatile capital markets. However, the directors continue to believe that the going concern basis of accounting by the consolidated group is appropriate for the following reasons:

- The company and consolidated group have successfully completed capital raisings during the year to 30 June 2010, notwithstanding the challenging conditions in equity markets.
- The company raising $1,985,000 before expenses since 30 June 2010.

In consideration of the above matters, the directors have determined that it is reasonably foreseeable that the consolidated group will continue as going concerns and that it is appropriate that the going concern method of accounting be adopted in the preparation of the financial statements. In the event that the consolidated group is unable to continue as a going concern (due to inability to raise future funding requirements), it may be required to realise its assets at amounts different to those currently recognised, settle liabilities other than in the ordinary course of business and make provisions for other costs which may arise as a result of cessation or curtailment of normal business operations.

Accordingly, the financial statements do not include adjustments relating to the recoverability and classification of assets amount or to the amounts and classification of liabilities that might be necessary if the consolidated group does not continue a going concern.

a. Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Gulf Industrials Limited at the end of the reporting period.

A controlled entity is any entity controlled by the Company. Control exists where the Company has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with the Company to achieve the objectives of the Company.

A list of controlled entities is contained in Note 16 to the Financial Statements. All controlled entities have a June financial year end. All inter-company balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation.

Where controlled entities have entered or left the consolidated group during the year, their financial performance has been included from the date control was obtained or until the date control ceased.

b. Mining Tenements & Deferred Exploration, Evaluation & Development Expenditure

Mining tenements are carried at cost, less accumulated impairment losses.

Mineral exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area of interest or sale of that area of interest, or exploration and evaluation activities have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active or significant operations in or in relation to, the area of interest are continuing.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

c. Goods & Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

d. Impairment of Assets

At each reporting date, the consolidated group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired.

If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the Consolidated Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

e. Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates and tax laws that have been enacted or are subsequently enacted by the reporting date.

Current tax losses for current and prior periods are not recognised as an asset as the future income tax benefit can be carried forward only as an asset where realisation of the benefit can be regarded as being probable.

f. Share-Based Payments

The fair value determined at the grant date of equity-settled share-based payments is treated as the cost of assets acquired or expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. Vesting is not conditional upon a market condition. No asset or expense is recognised for share-based payments that do not vest.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

g. Cash & cash equivalents

For the purpose of the statement of cash flows, cash includes:

- cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts; and
- investments in money market instruments with less than 14 days to maturity.

h. Revenue Recognition

Interest revenue is recognised using the effective interest rate method which for floating rate financial assets, is the rate inherent in the instrument.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

i. Business Combinations

Business combinations occur where control over another business is obtained and results in the consolidation of its assets and liabilities. All business combinations, including those involving entities under common control, are accounted for by applying the purchase method.

The purchase method requires an acquirer of the business to be identified and for the cost of the acquisition and fair values of identifiable assets, liabilities and contingent liabilities to be determined as at acquisition date, being the date that control is obtained.

Cost is determined as the aggregate of fair values of assets given, equity issued and liabilities assumed in exchange for control together with costs directly attributable to the business combination. Any deferred consideration payable is discounted to present value using the entity's incremental borrowing rate.

Goodwill is recognised initially at the excess of cost over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If the fair value of the acquirer's interest is greater than cost, the surplus is immediately recognised in profit or loss.

j. Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

k. Joint Venture Interests

An interest in a joint venture operation is brought to account by including in the respective financial statement categories:

- the consolidated entity's share in each of the individual assets employed in the joint venture;
- liabilities incurred by the consolidated entity in relation to the joint venture including the economic entity's share of any liabilities for which the consolidated entity is jointly and/or severally liable; and
- The consolidated entity's share of expenses of the joint venture.

l. Financial Instruments

Recognition & Initial Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to the statement of comprehensive income.

Classification & Subsequent Measurement

Financial instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

a. the amount at which the financial asset or financial liability is measured at initial recognition;
b. less principal repayments;
c. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and
d. less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in the statement of comprehensive income.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

i. *Financial assets at fair value through the Statement of Comprehensive Income*
Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in the Statement of Comprehensive Income.

ii. *Loans and receivables*
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

iii. *Held-to-maturity investments*
Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

iv. *Available-for-sale financial assets*
Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

v. *Financial liabilities*
Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the Statement of Comprehensive Income.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in the Statement of Comprehensive Income.

m. Foreign Currency Transactions and Balances

Functional & presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction & Balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of comprehensive income.

Group Companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;

- income and expenses are translated at average exchange rates for the period; and

- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of comprehensive income. These differences are recognised in the statement of comprehensive income in the period in which the operation is disposed.

n. Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within the year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year are measured at the present value of the estimated future cash outflows to be made for those benefits. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

Super commitments: Each employee nominates their own superannuation fund to which Gulf contributes the compulsory superannuation amount.

o. Critical Accounting Estimates & Judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key estimates

(i) *Impairment*

The Group assesses impairment at each reporting date by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key judgements

(i) *Exploration and Evaluation Expenditure*

All exploration expenditure is reviewed by Directors to determine whether it is appropriate to capitalise any of these costs. All expenditure to date has been fully expensed.

p. Property, Plant & Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Property and Leasehold Improvement

Freehold land and buildings and leasehold improvements are shown at their cost.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the statement of comprehensive income. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of comprehensive income and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant & equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Buildings	5% - 10%
Leasehold improvements	10% - 33.33%
Plant and equipment	20% - 33.33%
Motor vehicles	33.33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

q. Comparative figures

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

r. New Accounting Standards for Application in Future Periods

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Group follows:

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 2009-5	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]	The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting except for the following: The amendment to AASB 117 removes the specific guidance on classifying land as a lease so that only the general guidance remains. Assessing land leases based on the general criteria may result in more land leases being classified as finance leases and if so, the type of asset which is to be recorded (intangible vs. property, plant and equipment) needs to be determined. The amendment to AASB 101 stipulates that the terms of a liability that could result, at any time, in its settlement by the issuance of equity instruments at the option of the counterparty do not affect its classification. The amendment to AASB 107 explicitly states that only expenditure that results in a recognised asset can be classified as a cash flow from investing activities. The amendment to AASB 118 provides additional guidance to determine whether an entity is acting as a principal or as an agent. The features indicating an entity is acting as a principal are whether the entity: ► has primary responsibility for providing the goods or service; ► has inventory risk; ► has discretion in establishing prices; ► bears the credit risk.	1 January 2010	No material impact	1 July 2010

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 2009-5 (con't)	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]	The amendment to AASB 136 clarifies that the largest unit permitted for allocating goodwill acquired in a business combination is the operating segment, as defined in IFRS 8 before aggregation for reporting purposes. The main change to AASB 139 clarifies that a prepayment option is considered closely related to the host contract when the exercise price of a prepayment option reimburses the lender up to the approximate present value of lost interest for the remaining term of the host contract. The other changes clarify the scope exemption for business combination contracts and provide clarification in relation to accounting for cash flow hedges.	1 January 2010	No material impact	1 July 2010
AASB 2009-8	Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions [AASB 2]	This Standard makes amendments to Australian Accounting Standard AASB 2 *Share-based Payment* and supersedes Interpretation 8 *Scope of AASB 2* and Interpretation 11 *AASB 2 – Group and Treasury Share Transactions*. The amendments clarify the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share-based payment transaction. The amendments clarify the scope of AASB 2 by requiring an entity that receives goods or services in a share-based payment arrangement to account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash.	1 January 2010	No material impact	1 July 2010
AASB 2009-10	Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132]	The amendment provides relief to entities that issue rights in a currency other than their functional currency, from treating the rights as derivatives with fair value changes recorded in profit or loss. Such rights will now be classified as equity instruments when certain conditions are met.	1 February 2010	No material impact	1 July 2010

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 2009-11	Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	The revised Standard introduces a number of changes to the accounting for financial assets, the most significant of which includes: • two categories for financial assets being amortised cost or fair value • removal of the requirement to separate embedded derivatives in financial assets • strict requirements to determine which financial assets can be classified as amortised cost or fair value, Financial assets can only be classified as amortised cost if(a) the contractual cash flows from the instrument represent principal and interest and (b) the entity's purpose for holding the instrument is to collect the contractual cash flows • an option for investments in equity instruments which are not held for trading to recognise fair value changes through other comprehensive income with no impairment testing and no recycling through profit or loss on derecognition • reclassifications between amortised cost and fair value no longer permitted unless the entity's business model for holding the asset changes • changes to the accounting and additional disclosures for equity instruments classified as fair value through other comprehensive income	1 January 2013	No material impact	1 July 2013
AASB 2009-12	Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	This amendment makes numerous editorial changes to a range of Australian Accounting Standards and Interpretations. The amendment to AASB 124 clarifies and simplifies the definition of a related party as well as providing some relief for government-related entities (as defined in the amended standard) to disclose details of all transactions with other government-related entities (as well as with the government itself)	1 January 2011	No material impact	1 July 2011

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 9	Financial Instruments	AASB 9 includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement). These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes from AASB 139 are described below. (a) Financial assets are classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. This replaces the numerous categories of financial assets in AASB 139, each of which had its own classification criteria. (b) AASB 9 allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. (c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.	1 January 2013	No material impact	1 July 2013

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 124 (Revised)	Related Party Disclosures (December 2009)	The revised AASB 124 simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition, including: (a) the definition now identifies a subsidiary and an associate with the same investor as related parties of each other; (b) entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other; and (c) the definition now identifies that, whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other. A partial exemption is also provided from the disclosure requirements for government-related entities. Entities that are related by virtue of being controlled by the same government can provide reduced related party disclosures.	1 January 2011	No material impact	1 July 2011
AASB 2010-3	Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 3, AASB 7, AASB 121, AASB 128, AASB 131, AASB 132 & AASB 139]	Limits the scope of the measurement choices of non-controlling interest at proportionate share of net assets in the event of liquidation. Other components of NCI are measured at fair value. Requires an entity (in a business combination) to account for the replacement of the acquiree's share-based payment transactions (whether obliged or voluntarily), i.e., split between consideration and post combination expenses. Clarifies that contingent consideration from a business combination that occurred before the effective date of AASB 3 Revised is not restated. Eliminates the requirement to restate financial statements for a reporting period when significant influence or joint control is lost and the reporting entity accounts for the remaining investment under AASB 139. This includes the effect on accumulated foreign exchange differences on such investments.	1 July 2010	No material impact	1 July 2010

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 2010-4	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101, AASB 134 and Interpretation 13]	Emphasises the interaction between quantitative and qualitative AASB 7 disclosures and the nature and extent of risks associated with financial instruments. Clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. Provides guidance to illustrate how to apply disclosure principles in AASB 134 for significant events and transactions Clarify that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account.	1 January 2011	No material impact	1 July 2011

* designates the beginning of the applicable annual reporting period unless otherwise stated

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

	Consolidated Group 2010 $	2009 $
2 Loss for the Year		
Revenue from ordinary activities:		
Interest – other persons	33,570	79,492
Profit on sale of fixed assets	35,596	-
Profit on sale of investments	194,998	-
Sublease rental income	13,000	-
Other	9,337	-
Realised exchange gain	-	432,079
	286,501	511,571
Expenses from ordinary activities:		
Loss on sale of financial assets	27,588	(14,397)
Consulting	303,185	48,219
Compliance	161,242	122,318
Legal	69,638	72,664
Travel and airfares	375,851	472,647
Rental expense – minimum lease payments	174,709	214,174
3. Income Tax		
Operating (loss) before income tax	(5,445,548)	(70,598)
Prima facie income tax (benefit) calculated at 30% (2009:30%)	(1,633,664)	(21,179)
Non-deductible items		
Gain on business acquisition	-	(971,014)
Non-deductible expenses	14,891	21,796
Less income tax benefits not brought to account at balance date	1,618,773	970,397
Total income tax expense	-	-

Potential future income tax benefits estimated at $4,494,626 (2009: $2,888,363) attributable to Australian tax losses carried forward by the company and future benefits to exploration expenditure and other timing differences allowable for deduction have not been brought to account in the consolidated accounts at 30 June 2010 because the Directors do not believe it is appropriate to regard full realisation of the future income tax benefits as probable. These benefits will only be obtained if:

(a) the consolidated entity derives future assessable income of a nature and of sufficient amount to enable the benefit from the deductions to be realised; and

(b) the consolidated entity continues to comply with the conditions for deductibility imposed by tax legislation; and

(c) no changes in tax legislation adversely affect the company in realising the benefit from the deduction in losses.

4. Cash & Cash Equivalents

Cash and cash equivalents at the end of the year as shown in the statement of cash flows is reconciled to the related items in the Statement of Financial Position as follows:

	2010 $	2009 $
Cash on hand and at bank	238,576	766,793
	238,576	766,793

5. Trade & Other Receivables

	2010 $	2009 $
Current		
Other debtors	275,750	256,345
Security deposits	-	22,500
	275,750	278,845

The group has no significant credit risk. Other debtors are not considered past due and are expected to be paid within the next 12 months.

	Consolidated Group 2010 $	2009 $
6. Financial Assets		
Available for sale financial assets comprise:		
Unlisted investments at cost		
- shares in unlisted corporations	145,000	-
Listed investments at fair value		
- shares in listed corporations	450,000	39,390
Less: impairment provision	(450,000)	-
	-	39,390
Total available for sale financial assets	145,000	39,390

The fair value of unlisted available for sale financial assets cannot be reliably measured, and are therefore measured at cost. Available for sale financial assets comprise investments in the ordinary capital of various entities. There are no fixed returns or fixed maturity dates attached to these investments.

Provision for Impairment of Financial Assets
A provision for impairment is recognised when there is objective evidence that an individual financial asset is impaired. The group still owns the shares in the listed entity. The estimated fair value is $Nil at 30 June 2010. Therefore the asset has been restated to cost and an impairment expense recognised in the Statement of Comprehensive Income.

	2010 $	2009 $
7. Property, Plant & Equipment		
Plant and equipment	879,932	534,638
Less accumulated depreciation	(175,326)	(143,601)
	704,606	391,037
Leasehold improvements	4,211,765	4,821,603
Less accumulated amortisation	(869,277)	(682,888)
	3,342,488	4,138,715
Motor Vehicles	115,707	144,801
Less accumulated depreciation	(46,457)	(103,656)
	69,250	41,145
Total Property, Plant & Equipment	4,116,344	4,570,897

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	2010 $	2009 $
Plant and Equipment		
Balance at the beginning of year	391,037	44,132
Additions	521,314	12,618
Acquired business combination	-	352,041
Net exchange differences	(144,517)	18,957
Disposals	-	(9,131)
Depreciation	(63,228)	(27,580)
Carrying amount at the end of year	704,606	391,037
Leasehold improvements		
Balance at the beginning of year	4,138,715	56,805
Additions	-	-
Acquired business combination	-	3,969,057
Net exchange differences	(501,379)	188,013
Disposals	-	-
Amortisation	(294,848)	(75,160)
Carrying amount at the end of year	3,342,488	4,138,715
Motor Vehicles		
Balance at the beginning of year	41,145	163,803
Additions	104,463	-
Acquired business combination	-	3,780
Net exchange differences	(159)	525
Disposals	(4,404)	(65,719)
Depreciation	(71,795)	(61,244)
Carrying amount at the end of year	69,250	41,145

	Consolidated Group 2010 $	Consolidated Group 2009 $
8. Deferred Exploration Costs		
Costs carried forward in respect of areas of interest in the exploration and evaluation phase		
Opening balance	-	301,650
Expenditure incurred during the year	727,650	1,012,189
	727,650	1,313,839
Less expenditure written off during the year	(727,650)	(1,012,189)
Expenditure impaired	-	(301,650)
Closing balance	-	-
9. Trade & Other Payables		
Current		
Trade and other payables	704,392	231,002
	704,392	231,002
Non-Current		
Trade and other payables (i)	1,019,627	1,044,975
	1,019,627	1,044,975

(i) This amount represents the USD$1,000,000 payable to Rio Tinto Ltd for the purchase of East African Vermiculite Ltd which is due to be paid on 31 March 2012. This amount has been discounted at the rate of 8% per annum. If the consolidated entity completes an external fund raising of USD$5,000,000 before this date the amount becomes repayable on the successful completion of this funding.

	2010 $	2009 $
10. Provisions		
Current		
Employee benefits	3,978	3,208
	3,978	3,208
11. Issued Capital		
Issued capital		
222,104,729 (2009: 89,474,729) fully paid shares	13,023,900	9,549,967

The company has authorised share capital amounting to 222,104,729 ordinary shares of no par value.

Movements during the year	2010 Number of Shares	2009 Number of Shares	2010 $	2009 $
Beginning of the financial year	89,474,729	69,758,055	9,549,967	8,958,467
12/6/09 issued at 3 cents	-	8,050,007	-	241,500
12/6/09 issued at 3 cents	-	11,666,667	-	350,000
4/8/09 issued at 3 cents	35,000,000	-	1,050,000	-
12/10/09 issued at 3 cents	1,400,000	-	42,000	-
1/11/09 issued at 3 cents	60,000,000	-	1,800,000	-
16/4/10 issued at 2.1 cents	27,000,000	-	567,000	-
31/5/10 issued at 2.1 cents	880,000	-	18,480	-
29/6/10 issued at 2 cents	8,350,000	-	167,000	-
Less share issue expenses	-	-	(170,547)	-
End of the financial year	222,104,729	89,474,729	13,023,900	9,549,967

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid upon shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

Capital Management

Management controls the capital of the group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the group can fund its operations and continue as a going concern.

The group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets. There are no externally imposed capital requirements.

Management effectively manages the group's capital by assessing the group's financial risks and adjusting its capital structure to include the management of debt levels, distributions to shareholders and share issues. There have been no changes in the strategy adopted by management to control the capital of the group since the prior year.

Options

At 30 June 2010 there were 80,078,100 (2009: 68,078,100) unissued shares in respect of which options were outstanding and the details of them are as follows:

Type	Number	Exercise Price	Expiry Date
Listed	42,629,028	$0.10	31 March 2013
Listed	25,449,072	$0.20	30 June 2011
Unlisted	12,000,000	$0.05	31 May 2012

During the year 42,629,028 options over unissued shares in the company were issued at 0.05 cents each. Also, 42,629,028 options over unissued shares expired on 31 December 2009.

12. Reserves

	Consolidated Group	
	2010	**2009**
	$	**$**
Share Option Reserve	1,737,177	1,524,032
Financial Asset Reserve	-	(450,690)
Foreign Currency Translation Reserve	195,965	217,252
	1,933,142	1,290,594
(i) Share Option Reserve		
This relates to the recognition on the issue of options.		
Beginning of the financial year	1,524,032	1,364,032
Share based payment	-	-
Issue of options to shareholders	213,145	160,000
End of the financial year	1,737,177	1,524,032
(ii) Financial Asset Reserve		
This relates to the movement in the fair valuation of financial assets.		
Beginning of the financial year	(450,690)	(377,813)
Net change in fair value of financial assets during year	(30,747)	(72,877)
Reclassification adjustment to income statement for assets impaired	450,000	-
Reclassification adjustment to income statement for assets disposed	31,437	-
End of the financial year	-	(450,690)
(iii) Foreign Currency Translation Reserve		
This relates to translation of foreign subsidiaries accounts to Australian dollars.		
Beginning of the financial year	217,252	-
Translation	(21,287)	217,252
End of the financial year	195,965	217,252

	Consolidated Group 2010 $	Consolidated Group 2009 $
13. Auditors remuneration		
Remuneration of the auditor (and associated entities) of the parent entity for:		
– auditing or reviewing the financial report	67,500	62,367
– other services	2,772	-
	70,272	62,367
Remuneration of the auditor of subsidiaries:		
- auditing or reviewing the financial report	1,303	-
	1,303	-

14. Key management personnel compensation

(a) Names and positions held of economic and parent entity key management personnel in office at any time during the financial year are:

Name	Appointed	Resigned	Position
S Reid	30 June 2005	-	Executive Chairman
P Treisman	14 August 2007	22 October 2009	Director of Strategy & Counsel
W Kernaghan	30 June 2005	-	Finance Director
G Duncan	30 June 2005	-	Non Executive Director

Key management personnel remuneration has been included in the Remuneration Report section of the Directors Report.

(b) Number of options over ordinary shares of the parent held by key management personnel and their related parties

Company Director	Balance 1/7/2009	Options Issued	Options Exercised	Option Lapsed	Balance 30/6/2010
S Reid	3,672,500	2,622,500	-	2,622,500	3,672,500
W Kernaghan	5,984,810	3,334,318	-	3,334,318	5,984,810
G Duncan	4,595,416	-	-	1,500,000	3,095,416
P Treisman	-	-	-	-	-

Company Director	Balance 1/7/2008	Options Issued	Options Exercised	Option Lapsed	Balance 30/6/2009
S Reid	3,672,500	-	-	-	3,672,500
W Kernaghan	5,984,810	-	-	-	5,984,810
G Duncan	4,595,416	-	-	-	4,595,416
P Treisman	-	-	-	-	-

(c) Number of shares held by key management personnel and their related parties

Company Director	Balance 1/7/2009	Options Exercised	Net Change Other	Balance 30/6/2010
S Reid	5,501,667	-	1,748,333	7,250,000
P Treisman*	443,333	-	(443,333)	-
W Kernaghan	6,876,672	-	1,873,328	8,750,000
G Duncan	6,231,667	-	-	6,231,667

*P Treisman resigned on 22 October 2009. His share holding was 443,333 shares.

Company Director	Balance 1/7/2008	Options Exercised	Net Change Other	Balance 30/6/2009
S Reid	5,245,000	-	256,667	5,501,667
P Treisman	410,000	-	33,333	443,333
W Kernaghan	6,668,637	-	208,035	6,876,672
G Duncan	6,065,000	-	166,667	6,231,667

15. Related Party Transactions

(a) Payments to director related companies

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Consultancy payments were made to J A Hobson & Associates Pty Ltd totaling $40,000 (2009: $129,545) which is a company controlled by Mr P Treisman. Consultancy payments were made to Mosman Corporate Services Pty Ltd totaling $120,000 (2009: $170,000) which is a company controlled by Mr W Kernaghan. Geological payments were made to Pacific Consulting Services Pty Ltd totaling $Nil (2009: $42,000) which is a company controlled by Mr G Duncan.

(b) Transactions with partially and wholly owned controlled entities

During the financial year there have been transactions between Gulf Industrials Limited, and its partially and wholly owned controlled entities which have been eliminated for consolidation purposes.

16. Economic entity accounts include a consolidation of the following companies:

Company	Contribution to consolidated operating loss 2010 $	Contribution to consolidated operating loss 2009 $	Details of investment in shares Cost of parent entity's investment in subsidiaries 2010 $	Details of investment in shares Cost of parent entity's investment in subsidiaries 2009 $
Gulf Resources Ltd	(3,617,809)	(3,117,563)	-	-
Asia Pacific Gold Corporation Pty Ltd	-	12,198	-	-
Chillagoe Resources Pty Ltd	-	3,700	-	-
Austral Malagasy Resources Pty Ltd	(5)	-	5	-
Gulf Resources Uganda Limited	(167,167)	-	-	-
Gulf Resources Logistics (Southern Sudan) Limited	(425)	-	-	-
Gulf Resources (Southern Sudan) Limited	-	-	-	-
GLF Holdings Limited	36,335	(1,432)	108	108
Industrial Minerals International Corporation	(488,166)	3,234,771	-	-
Nile Fresh Produce Limited	-	-	-	-
Revuma Energy Corporation	(1,497)	(1,935)	-	-
East Africa Development Corporation	-	(2,412)	-	-
Gulf Future Fuels Corporation	(1,662)	(1,934)	-	-
URT Development Co. Ltd	-	(99,834)	-	-
East African Vermiculite Limited	(1,205,152)	(96,157)	-	-
	(5,445,548)	(70,598)	113	108

Company	Place of Incorporation	Date of Acquisition	Class of Shares	2010	2009
Asia Pacific Gold Corporation Pty Ltd	Australia	28.02.06	Ordinary	-	100%
Chillagoe Resources Pty Ltd	Australia	28.02.06	Ordinary	-	100%
Austral Malagasy Resources Pty Ltd	Australia	18.12.09	Ordinary	100%	-
East African Vermiculite Limited	Uganda	22.05.09	Ordinary	100%	100%
Gulf Resources Uganda Limited	Uganda	29.04.08	Ordinary	100%	90%
Gulf Resources Logistics (Southern Sudan) Limited	Southern Sudan	29.04.08	Ordinary	80%	80%
Gulf Resources (Southern Sudan) Limited	Southern Sudan	29.04.08	Ordinary	80%	80%
Nile Fresh Produce Limited	Southern Sudan	29.04.08	Ordinary	64%	64%
GLF Holdings Limited	British Virgin Islands	30.04.08	Ordinary	100%	100%
Industrial Minerals International Corporation	British Virgin Islands	30.04.08	Ordinary	100%	100%
Revuma Energy Corporation	British Virgin Islands	30.04.08	Ordinary	100%	100%
East Africa Development Corporation	British Virgin Islands	30.04.08	Ordinary	100%	100%
Gulf Future Fuels Corporation	British Virgin Islands	30.04.08	Ordinary	100%	100%
URT Development Co. Limited	Tanzania	27.03.08	Ordinary	-	80%

On 17 March 2010, Asia Pacific Gold Corporation Pty was sold for $75,000 which resulted in net assets disposed of $20,000 for the group. The loss for the period up to its sale was $Nil.

On 17 March 2010, Chillagoe Resources Pty Ltd was sold for $120,000 which resulted in net assets disposed of $2,500 for the group. The loss for the period up to its sale was $Nil.

On 27 October 2008, URT Development Co. Limited was sold for $Nil consideration which resulted in net assets disposed of $79,763 for the Group. The loss for the period up to its sale was $99,834.

17. Earnings per share

		2010	2009
(a)	Net loss: Net loss used in the calculation of basic earnings per share	(5,445,548)	(70,598)
(b)	Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	167,662,400	70,730,384
	Weighted average number of options outstanding	75,157,552	67,189,059
	Weighted average number of ordinary shares outstanding during the year used in calculation of dilutive EPS	242,819,952	137,919,443

18. Business Combination

Acquisition of Rio Tinto Uganda Limited

On 22 May 2009, Industrial Minerals International Corporation (a subsidiary owned 100% by the parent entity) acquired 100% of Rio Tinto Uganda Limited, a company engaged in the exploration and mining of vermiculite in Uganda. Rio Tinto Uganda Limited has subsequently changed its name to East African Vermiculate Limited. Consideration for the acquisition is US$1,000,000 which is payable on 31 March 2012. If the consolidated entity completes an external fund raising of USD $5,000,000 before this date the amount becomes repayable on the successful completion of this funding.

Details of the fair value of the identifiable assets and liabilities acquired are as follows:

	Consolidated Group	
	Recognised on Acquisition $	Carrying Value $
Assets		
Cash at bank	28	28
Other debtors	197	197
Fixed Assets	4,324,879	4,324,879
	4,325,104	4,325,104
Liabilities		
Trade creditors	42,988	42,988
Salaries	429	429
	43,417	43,417
Fair value of identifiable net assets	4,281,687	4,281,687
Gain on business combination	(3,236,712)	
	1,044,975	
Consideration	1,044,975	
Cost relating to the acquisition	-	
	1,044,975	
Net cash inflow on acquisition is as follows:		
Net cash acquired with the subsidiary	28	
	28	

From the date of acquisition Rio Tinto Uganda Limited achieved a net loss of $98,765 after tax which has been included in the consolidated group's statement of comprehensive income for 2009. If the business combination acquisition had taken place at the beginning of the year, the loss after tax from continuing operations would have increased from $98,765 to $1,294,111 based upon no revenue for the year. The gain on business combination of $3,236,712 has been recognised in the Income Statement as Gain on Business Acquisition.

19. Capital & Leasing Commitments

(i) The consolidated entity has certain obligations to perform mining exploration work and expend minimum amounts of money on mineral exploration tenements. The consolidated entity has committed to expend a minimum of $Nil (2009: $75,000) over the next year to keep its current tenements in good standing.

(ii) The consolidated entity has certain obligations to East African Vermiculite Ltd over the next year for plant upgrade and mining operations.

(iii) Lease expenditure commitments

	Consolidated Group	
Lease expenditure commitment	**2010**	**2009**
Operating lease for premises	**$**	**$**
Minimum lease payments:		
– not later than one year	178,315	174,340
– later than one year and not later than five years	565,903	353,616
Aggregate lease expenditure contracted for at reporting date but not provided for	744,278	527,956

The property lease was renegotiated during the year and was extended for another two years. The lease is a non–cancellable lease with a seven year term (1 June 2007 to 31 May 2014), with rent payable monthly in advance.

20. Financial Risk Management

The group's financial instruments consist mainly of deposits with banks, accounts receivable and payable and loans to and from subsidiaries. The main risks the group is exposed to through its financial instruments are interest rate risk, foreign currency risk and liquidity risk. The Board of Directors is responsible for overseeing the establishment, implementation and ongoing monitoring and review of an effective risk management framework for the group. The group's risk management policies and objectives are designed to minimise the potential impacts of these risks on the results of the group where such impacts may be material.

i) Interest Rate Risk

The economic exposure to interest rate risk and the effective weighted interest for classes of financial assets and financial liabilities are set out below:

		Floating interest rate	One year or less	Over one to 5 years	Non interest bearing	Total	Weighted average effective int. rate
2010	**Note**	**$**	**$**	**$**	**$**	**$**	**%**
Financial assets							
Cash and cash equivalents	4	238,576	-	-	-	238,576	4
Trade and other receivables	5	-	-	-	275,750	275,750	N/A
Financial assets	6	-	-	-	145,000	145,000	N/A
		238,576	-	-	420,750	659,326	
Financial Liabilities							
Trade and other payables	9	-	-	1,019,627	704,392	1,724,019	N/A
		-	-	1,019,627	704,392	1,724,019	

		Floating interest rate	One year or less	Over one to 5 years	Non interest bearing	Total	Weighted average effective int. rate
2009	**Note**	**$**	**$**	**$**	**$**	**$**	**%**
Financial assets							
Cash and cash equivalents	4	766,793	-	-	-	766,793	4
Trade and other receivables	5	-	-	-	278,845	278,845	N/A
Financial assets	6	-	-	-	39,390	39,390	N/A
		766,793	-	-	318,235	1,085,028	
Financial Liabilities							
Trade and other payables	9	-	-	1,044,975	231,002	1,275,977	N/A
		-	-	1,044,975	231,002	1,275,977	

ii) Net fair values

Monetary financial assets and financial liabilities not readily traded in an organised financial market have been valued at cost, which approximate fair value. The carrying amounts of bank deposits, accounts receivable and, accounts payable approximate net fair value.

iii) Foreign Currency Risk

The consolidated group is exposed to fluctuations in foreign currencies arising from the sale and purchase of goods and services in currencies other than the consolidated group's measurement currency.

iv) Liquidity Risk

The group manages liquidity risk by monitoring forecast cash flows.

v) Sensitivity Analysis

The group has performed a sensitivity analysis relating to its exposure to foreign currency risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in this risk.

The group has not performed a sensitivity analysis relating to its exposure to interest rate risk at balance date as it is not material and would have limited effect on the current year results.

	Consolidated Group	
	2010	**2009**
Currency Risk	**$**	**$**
10% Weakening of Australian dollar		
- Profit/(Loss) impact	(101,010)	(117,646)
10% Strengthening Australian Dollar		
- Profit/(Loss) impact	101,010	117,646

Currency risk exposure during the year was limited to inter-company transactions which eliminate on consolidation. The risk analysis is therefore based only on the non-current trade and other payables which is a liability denominated in US dollars and due to a third party.

21. Exchange Rates

The following exchange rates were used to convert Ugandan Shillings to United States dollars then to Australian Dollars for the Ugandan subsidiaries for the consolidated entity's accounts.

		Consolidated Group	
		2010	**2009**
Spot rate for end of year balances	Ugandan Shillings to USD	2,315	2,092
	USD to AUD	0.8567	0.804
Average rates applied to revenue, costs	Ugandan Shillings to USD	2,044	2,198
Capital additions and disposals	USD to AUD	0.8822	0.7983

22. After Balance Date Events

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the parent entity, to affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in the subsequent financial years. Other than:

- On 7 July 2010 Dupre Minerals were granted sole distribution rights for 25 years for all ore mined from the Namekara mine in Uganda for US$1,000,000.
- On 21 July 2010 an additional 55,000,000 shares and 27,500,000 options were issued to African Lion 3 Fund to raise $1,155,000 as approved by shareholders at an extraordinary general meeting held on 7 July 2010.
- The Company has changed its name to Gulf Industrials Limited on 26 July 2010.
- On 27 July 2010 an additional 41,500,000 shares were issued at $0.02 to raise $830,000 before expenses.
- On 1 September 2010 the parent entity purchased the Soalara Limestone Project in Madagascar for US$1,215,000 of which US$695,000 has been paid and US$100,000 is to be paid on the earlier of the first commercial shipment or 15 December 2010 and the balance of US$420,000 on the sales receipt from the first commercial shipment. There is also a royalty of US$0.40 per tonne to be paid on 70% of production.

23. Cash Flow Information

	Consolidated Group 2010 $	Consolidated Group 2009 $
Loss from ordinary activities after income tax	(5,445,548)	(70,598)
Non cash flows in loss:		
Gain on business acquisition	-	(3,236,712)
Profit/(loss) on sale of financial assets	(167,410)	(14,397)
Plant and equipment disposal	(35,596)	41,388
Provision for employee benefit	770	3,208
Depreciation	429,871	163,984
Exploration expenditure	-	301,650
Finance costs	99,372	-
Unrealised Exchange loss	500,047	-
Impairment of financial assets	450,000	-
Changes in assets and liabilities:		
(Increase)/Decrease in Trade receivables	3,095	(12,943)
Increase/(Decrease) Trade and other payables	473,390	2,787
Operating cash flow	(3,692,009)	(2,821,633)

24. Segment Information

The consolidated entity operates in two business segments being industrial minerals development and mining exploration, in two geographical locations, being Australia and Africa.

The operating segment analysis presented in these financial statements reflects operations analysis by business. It best describes the way the Company is managed and provides a meaningful insight into the business activities of the Company.

The following tables present details of revenue and operating profit by business segment. The information disclosed in the tables below is derived directly from the internal financial reporting system used by corporate management to monitor and evaluate the performance of our operating segments separately.

(a)

	Industrial Minerals Development	Mineral Exploration	Unallocated	TOTAL Consolidated Group
2010	$	$	$	$
For the year ended 30 June 2010				
Revenue from external customers	-	-	-	-
Interest & other	2,337	-	284,164	286,501
Reportable segment profit/(loss) before income tax	(1,372,319)	(727,650)	(3,345,579)	(5,445,548)
Reportable segment assets as at 30 June 2010	4,069,689	-	705,981	4,775,670
2009				
For the year ended 30 June 2009				
Revenue from external customers	-	-	-	-
Interest & other	3,236,712	-	511,571	3,748,283
Reportable segment profit/(loss) before income tax	3,032,499	(1,313,839)	(1,789,258)	(70,598)
Reportable segment assets as at 30 June 2009	4,432,372	-	1,223,553	5,655,925

(b) Reconciliation of reportable segment profit and loss.

For the year ended 30 June 2010	**2010**	**2009**
	$	**$**
Total profit or loss for reportable segment	(5,445,548)	(70,598)
Eliminating of inter-segment profit	-	-
Loss before tax from continuing operations	(5,445,548)	(70,598)

(c) Reconciliation of reportable segment assets.

As at:	**2010**	**2009**
	$	**$**
Reportable segment assets	4,775,670	5,655,925
Elimination of inter-segment assets	-	-
Total assets	4,775,670	5,655,925

(d) Assets by geographical region.

As at:

	2010	**2009**
	$	**$**
Australia	705,981	1,223,553
Africa	4,069,689	4,432,372
Total Assets	4,775,670	5,655,925

25. Parent Entity Information

Information relating to Gulf Industrials Limited:

	2010	**2009**
STATEMENT OF FINANCIAL POSITION	**$**	**$**
Current assets	497,415	991,432
Total assets	2,010,183	1,201,053
Current liabilities	453,087	163,919
Total liabilities	453,087	163,919
Issued capital	13,023,900	9,549,967
Accumulated losses	(13,203,986)	(9,586,175)
Reserves	1,737,182	1,073,342
Total shareholders' equity	1,557,096	1,037,134
STATEMENT OF COMPREHENSIVE INCOME		
Loss of the parent entity	(3,617,809)	(4,099,716)
Total comprehensive income of the parent entity	(3,617,809)	(4,099,716)

Guarantees
Gulf Industrials Limited has guaranteed the obligations of its subsidiary, Industrial Minerals International Corporation in respect of the purchase of the vermiculite project in Uganda on 22 May 2009. See Note 18 for full details.

Contingent Liabilities
At 30 June 2010 Gulf Industrials Limited had no contingent liabilities.

Contractual Commitments
At 30 June 2010 Gulf Industrials Limited had not entered into any contractual commitments for the acquisition of property, plant or equipment.

Shareholdings

(a) Analysis of holdings as at 21 September 2010

	Ordinary Shares	Options 31/3/2013	Options 30/06/2011
1-1,000	14	1	-
1,001-5,000	48	84	27
5,001-10,000	105	23	6
10,001-100,000	252	51	26
100,001 and over	302	30	39
	721	**189**	**98**
Less than marketable parcels	192		

(b) Substantial shareholders

The company has the following substantial shareholders as at 21 September 2010:

	No. of Shares	% of Total
African Lion 3 Limited	55,000,000	17.26%

(c) Voting rights

No restrictions. On a show of hands every member present or by proxy shall have one vote and upon a poll each share shall have one vote.

(d) The names of the twenty largest shareholders of ordinary shares as at 21 September 2010.

	Holder Name	No. of Shares	% of Total
1	African Lion 3 Limited	55,000,000	17.26
2	National Nominees Limited	13,853,137	4.35
3	Merrill Lynch (Australia) Nominees Pty Ltd	13,572,626	4.26
4	SA Capital Funds Management Limited	9,133,333	2.87
5	IE Properties Pty Ltd	9,000,000	2.82
6	Mr Scott Reid	7,250,000	2.27
7	ANZ Nominees Limited	7,200,000	2.26
8	Nutsville Pty Ltd	6,000,000	1.88
9	Mr Wayne Kernaghan	5,500,000	1.73
10	Mr Simon William Tritton	4,000,000	1.26
11	Mr Allan Harvey Moffatt	4,000,000	1.26
12	Locope Pty Ltd	3,650,000	1.15
13	P Ford Superannuation Pty Ltd	3,500,000	1.10
14	Armco Barriers Pty Ltd	3,400,000	1.07
15	WJK Investments Pty Ltd	3,250,000	1.02
16	Vardanega Superannuation Pty Ltd	3,245,000	1.02
17	Mr Robert Owen Barnes	3,076,772	0.97
18	Willstreet Pty Ltd	3,000,000	0.94
19	McKell Place Nominees Pty Ltd	2,800,000	0.88
20	Diskdew Pty Ltd	2,250,000	0.78

(e) The name of the twenty largest option holders for options expiring 31/3/2013

		No. of Options	% of Total
1	Merill Lynch (Australia) Nominees Pty Ltd	9,346,336	21.92
2	Mr Peter Gebhardt & Mrs Carlene Gebhardt	3,000,000	7.04
3	Mr Scott Reid	2,656,910	6.23
4	Mr Wayne Kernaghan	2,575,002	6.04
5	H V Rahobialisoa	2,500,000	5.86
6	Petard Pty Ltd	2,000,000	4.69
7	Mr Victor-Mark Fitzmaurice	1,500,000	3.52
8	Mr Craig Naysmith & Mrs Tara Naysmith	1,375,000	3.23
9	Vallelonga Internaional Pty Ltd	1,250,000	2.93
10	Mr Fharhaad Ali Moosa	1,000,000	2.35
11	Mr Carlo Chiodo	1,000,000	2.35
12	Brad Pty Ltd	1,000,000	2.35
13	ANZ Nominees Limited	1,000,000	2.35
14	Zona Holdings Pty Ltd	1,000,000	2.35
15	Mr Timothy James Howe	1,000,000	2.35
16	WJK Investments Pty Ltd	759,316	1.78
17	Mr Scott David Gebhardt	750,000	1.76
18	Mrs Katherine Louise Reid	700,000	7.64
19	Mr Andrew Lorne Johnstone	625,000	1.47
20	Valley Mining & Electrical Pty Ltd	625,000	1.47

(f) The name of the twenty largest option holders for option expiring 30/06/2011

		No. of Options	% of Total
1	Pacific Consulting Services Pty Ltd	2,947,083	11.58
2	Merrill Lynch (Australia) Nominees Pty Ltd	2,500,000	9.82
3	Mr Wayne Kernaghan	2,300,001	9.04
4	Mrs Jayne Elizabeth Dickson	1,506,666	5.92
5	Mr Marc Flory	1,500,000	5.89
6	West African Exploration Services Pty Ltd	1,150,000	4.52
7	Mr Victor-Mark Fitzmaurice	1,122,898	4.41
8	Mr Craig Naysmith & Mrs Tara Naysmith	1,111,603	4.37
9	Mr Morrice Cordiner	1,000,000	3.93
10	Mr Scott Reid	750,000	2.95
11	M & S Super Investments Pty Ltd	750,000	2.95
12	Goffacan Pty Ltd	670,000	2.63
13	The Health Information Service Pty Ltd	650,000	2.55
14	Ms Ann Michelle Howrie	519,999	2.04
15	Armco Barriers Pty Ltd	493,333	1.94
16	Mr Michael Kougras	400,000	1.57
17	Mrs Katherine Louise Reid	360,000	1.41
18	WJK Investments Pty Ltd	350,491	1.38
19	Mr Paul Phillip Cox	350,000	1.38
20	Mrs Karen Mitchell	350,000	1.38

(g) The interests of each director and/or associate are listed in the Directors Report.

(h) i) The name of the Company Secretary is Wayne Kernaghan

ii) The business and registered office address is
Level 10
Gold Fields House
1 Alfred Street
Sydney NSW 2000
Telephone (02) 8247 5333
Facsimile (02) 9247 7722

iii) Gulf Industrials Limited is listed on the Australian Stock Exchange.
ASX Code: GLF – Fully Paid Shares
GLFO option expiring 30 June 2011
GLFOB option expiring 31 March 2013

iv) Share registry is located at
Security Transfer Registrars Pty Limited
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Applecross WA 6153
Telephone (08) 9315 2333
Facsimile (08) 9315 2233

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