GULF INDUSTRIALS LIMITED

ANNUAL REPORT
2014

CORPORATE INFORMATION

Gulf Industrials Limited
ABN 13 115 027 033

DIRECTORS
W Kernaghan
A Johnstone
N Reynolds

COMPANY SECRETARY
N Reynolds

REGISTERED OFFICE
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151 Macquarie Street
Sydney NSW 2000

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Westpac Banking Corporation
275 George Street
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CHAIRMAN'S LETTER

Dear Shareholder

The 2014 financial year has been a difficult one for Gulf Industrials Limited ("Gulf Industrials" and/or the "Company" and/or "Gulf").

Gulf's vermiculite operations in Uganda had been on care and maintenance since 25 October 2012 with limited production and sales and since that time and has been relying on the support of its two financiers Richmond Partners Master Limited ("Richmond") and Jonah Capital (BVI) Limited ("Jonah") (together the "Lenders") who had provided bridge loan facilities which were to be repaid on 31 March 2014.

Gulf had been unsuccessful in refinancing the amounts owing to the Lenders and announced on 27 February 2014 that it had entered into a Deed of Settlement and Release with the Lenders in respect to the borrowings to be repaid on 31 March 2014.

Accordingly, Gulf entered into a Deed of Settlement and Release with the Lenders which negated the need for the Lenders to exercise their security but achieves the same result and enables Gulf to continue with its other exploration activities.

Under the Deed of Settlement and Release the Lenders took full ownership of the vermiculite operations in Uganda including the mining lease and exploration licences, and assumed all other assets and liabilities and will own the shares Gulf holds in GLF Holdings Limited in exchange for the cancellation of all amounts owing by the Group.

The Company has undertaken limited work during the year on its Soalara Limestone Project in Madagascar.

The Directors acknowledge and appreciate the support of shareholders who participated in the SPP in April 2014 particularly given the current difficult market conditions for junior mineral exploration companies.

The continued operation of the company is subject to its ability to raise further funding for its other exploration activities which the Board is exploring.

I would like to take this opportunity to thank all shareholders for their continued support of the Company.

Wayne Kernaghan
Non-Executive Chairman

ACTIVITIES & PROJECT REVIEW

For the financial year 2014 Gulf Industrials' activities have included:

- The Namekara Vermiculite Mine in Uganda remained on care and maintenance until its disposal at the end of February 2014. The operations have been on care and maintenance since October 2012.
- Vermiculite production was 243 tonnes up until the disposal of the Namekara Vermiculite Mine.
- Vermiculite sales were 62 tonnes up until the disposal of the Namekara Vermiculite Mine.
- Limited work was carried out during the year on its Soalara Limestone Project in Madagascar.

VERMICULITE SALES & PRODUCTION SUMMARY

Vermiculite	1/7/2013 to 28/2/2014	Year to 30/6/2013
Sales (tonnes)	62	3,426
Production (tonnes)	243	4,165

On 25 September 2013, the Company announced that terms to the two bridging loan facilities from Richmond and Jonah (together the "lenders") were amended as follows:

- o the maturity date extended to 31 March 2014 ("Expiry Date") and
- o the facility was increased by a further $1.0 million.

In addition, each of the two Lenders converted $500,000 of their existing loan into 250,000,000 shares each in Gulf at $0.002 per share. This conversion was approved by shareholders at the General Meeting held on 30 July 2013 as an alternative to repayment of the Loans.

On 30 January 2014, the Company announced that it had been advised by Richmond and Jonah that they will not be advancing any further funds under the two bridge loan facilities (the "Loan Facilities") to its wholly owned subsidiary, GLF Holdings Limited ("GH") in accordance with the terms of the Loan Facility. The Lenders advised that they would continue with loan funding under the Loan Facilities, subject to such amendments as they may require, to maintain the operations of Gulf Resources Uganda Limited ("GRUL") only.

On 27 February 2014, the Company announced that it has entered into a Deed of Settlement and Release with Richmond and Jonah as it has been unsuccessful in refinancing the amounts owing to the lenders.

Under the Deed of Settlement and Release the lenders will take full ownership of the vermiculite operations in Uganda including the mining lease, exploration licences and will assume all other assets and liabilities and will own the shares Gulf holds in GLF Holdings Limited in exchange for the cancellation of all amounts owing by the Group.

ACTIVITIES & PROJECT REVIEW

MADAGASCAR

The Company has undertaken limited work during the year on its Soalara Limestone Project in Madagascar.

SOALARA LIMESTONE PROJECT

The Company has three blocks called 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.

The Soalara project is favorably located near an existing port, and the Company believes Soalara can be developed and expanded into a world class limestone, lime and cement exporting project with a substantial long life mining operation.

SCHEDULE OF TENEMENTS AS AT 30 JUNE 2014

Location	Tenement / Mining Lease Number / Special License Number
Madagascar	R14542 R14960

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 has released revised Corporate Governance Principles and Recommendations – 2nd Edition. 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 names of directors in office at any time during or since the end of the year are:

Director	Appointed	Resigned
W Kernaghan	30 June 2005	-
A Johnstone	5 March 2014	-
N Reynolds	5 March 2014	-
L Bechis	27 August 2013	5 March 2014
A Frost	27 August 2013	5 March 2014
M Arnesen	10 February 2012	5 March 2014
J Best	21 February 2011	27 August 2013

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

2. Independent Directors

ASX guidelines principle 2.1 recommends that the majority of the board should be independent directors. The Company since the appointment of Mr Johnstone and Mr Reynolds on 5 March 2014, has been in compliance with this recommendation. Previous to 5 March 2014 the Company was not in compliance with this recommendation. The executive role is performed by Mr Kernaghan and Mr Arnesen previously was an executive and accordingly both are considered not to be independent. The Board believes that Mr Luca Bechis was not considered to be independent when he was a director as he held an overall eighty percent relevant interest in Richmond Partners Master Limited which was a substantial shareholder of the Company at that time. Mr Alun Frost was not considered independent when he was a director as he was an advisor to Jonah Capital (BVI) Limited, a substantial shareholder of the Company at that time.

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

(a) The Remuneration Committee

The Company did not have a Remuneration Committee for the year ended 30 June 2014. This was because as the Company had only three directors and it was decided in the prior year that the functions of the remuneration committee would be conducted by the full board.

(b) The Audit Committee

The Company did not have a Audit Committee for the year ended 30 June 2014. This was because as the Company had only three directors and it was decided in the prior year that the functions of the audit committee would be conducted by the full 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. Diversity Policy

The Company has not established a diversity policy. Anne Adaley the Company Secretary is a woman in a senior executive position until her resignation on 26 March 2014 and there are currently no women on the board of the Company. This will be reviewed in accordance with the next review of the Board's skills and requirements.

11. 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.

12. 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.

13. 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.

14. External Auditors

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

Details of the Company's corporate governance practices can be viewed at 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 2014.

Directors

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

Director	Appointed	Resigned
W Kernaghan	30 June 2005	-
A Johnstone	5 March 2014	-
N Reynolds	5 March 2014	-
L Bechis	27 August 2013	5 March 2014
A Frost	27 August 2013	5 March 2014
M Arnesen	10 February 2012	5 March 2014
J Best	21 February 2011	27 August 2013

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

Wayne John Kernaghan B.Bus, ACA, FAICD, FCIS Non Executive Director

Wayne Kernaghan is a member of the Institute of Chartered Accountants in Australia with over 25 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 and is currently a director of the following companies: Cullen Resources Limited from 11 November 1997 and South American Ferro Metals Limited from 26 June 2012.

Andrew Lorne Johnstone B Sc (Hons), MAIG, FFin Independent, Non-Executive Director

Mr Johnstone is a qualified geologist and is the former Managing Director of ASX listed Central Australian Phosphate Limited which was taken over by Rum Jungle Resources Limited. He has previously held senior management positions in a number of ASX listed companies including at Discovery Metals Limited. During the 1990's Andrew worked at BHP and the Northern Territory Geological Survey. Andrew has over 20 years' experience working in exploration, resource development and mining. Mr Johnstone is currently a director of the following companies: Condoto Platinum Limited from 23 November 2012 and Bora Bora Resources Limited from 31 March 2011. He was a former director of Central Australian Phosphate Limited from 7 June 2011 to 18 September 2013.

Nelson Vaughan Reynolds BA, B Sc(Adv) Independent Non-Executive Director and Company Secretary(from 26 March 2014)

Mr Reynolds holds a Bachelor of Arts Degree and Bachelor of Advanced Science Degree from the University of Sydney. Mr Reynolds is the former Chief Financial Officer and Compliance Officer for Veritas Securities Limited. Mr Reynolds has experience in corporate advisory and equity capital markets transactions relating to small to mid-capitalisation companies listed on the ASX. Since 31 March 2011 Mr Reynolds has been a director of Bora Bora Resources Limited.

Information on Former Directors

Luca Bechis Non-Executive Chairman

Luca Bechis has 25 years' experience in international finance following graduating with a Business Administration Degree with Honours at Bocconi University, Milan. Mr Bechis has served as the Head of Italian and French markets at Cazenove & Co in London during 1991-1997 and Partner of Egerton Capital, an international hedge fund based in London during 1997-2004. He was the founder and current advisor of Richmond Partners Master Limited in 2004, a hedge fund focused on resources. Mr Bechis also serves as Chairman of HAMC, a privately held company developing tantalum mine projects in Mozambique and DRC.

Alun Frost Non-Executive Director

Alun Frost is a South African Chartered Accountant and is currently an executive, advising the Jonah Capital Group of companies. His experience includes 19 years in private equity and venture capital working with owner-managed businesses in Southern Africa, including: lead fund manager of the Women Private Equity Fund; Chief Investment Officer of the state owned National Empowerment Fund focused on Black Economic Empowerment in South Africa; Executive Director of NSA Investments Ltd; and spending two years in the CFO's office of the De Beers Group. During this time, Alun was an executive director of two JSE-listed companies, and was involved in the establishment and/or management of seven private equity funds, seven IPOs and over 40 investment transactions.

Mark Arnesen Chief Financial Officer and Chief Executive Officer

Mark Arnesen has extensive expertise in the resources sector and the development of mining operations in Africa. He has over 20 years' experience in the international resources industry, including roles with the Billiton/Gencor group companies where he was a corporate treasurer, Ashanti Goldfields Company Limited as Managing Director International Treasury, Equinox Minerals Limited where he oversaw the financing of the Lumwana Project, and Moto Goldmines where he held the position of Finance Director. He has also been a Non-Executive Director of Natasa Mining Limited and Asian Mineral Resources and is currently a Non-Executive Director of Centamin Egypt Limited which is listed on the London Stock Exchange and the Toronto Stock Exchange.

Jonathan Best ACMA, ACIS, MBA

Jonathan Best has extensive experience in senior management, leadership and business strategy in the mining industry, including the Anglo American and De Beers groups. Among other senior management positions, he served as the executive director and Chief Financial Officer for AngloGold Ashanti from 1998 to 2005. He currently has a number of Independent Non-Executive Directorships, including AngloGold Ashanti Holdings Plc and Polymetal International Plc.

Anne Adaley Company Secretary – appointed 31 January 2013 and resigned 26 March 2014

Anne has more than 25 years' experience in the resources sector, including senior management roles with a number of listed public Australian exploration and mining companies. She has also spent more than a decade as Company Secretary for several listed public companies.

Anne is principal of Australian Mining Corporate and Administrative Services Pty Ltd (AMCAS) which provides a full range of consulting services and business support to management including accounting, financial services and company secretarial. Anne also currently acts as Company Secretary and/or Chief Financial Officer for a number of ASX listed companies and pre IPO companies.

Prior to establishing AMCAS in 2010, Anne served as Chief Financial Officer and Company Secretary to Monaro Mining NL, Finance and Administration Manager to Climax Mining Limited and Company Secretary and Group Financial Controller to Gympie Gold Limited.

Directors' Interests

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

	Direct		Indirect	
Director	**Shares**	**Various Options**	**Shares**	**Various Options**
W Kernaghan	5,500,000	-	210,630,000	-
A Johnstone	224,666,667	-	18,750,000	-
N Reynolds	108,000,000	-	-	-
Former Directors				
M Arnesen	65,437,500*	18,000,000*	-	-
L Bechus	-	-	411,650,000*	287,500,000*
J Best	18,000,000*	2,000,000*	-	-
A Frost	-	-	-	-

*As at date of resignation.

Principal Activities

The principal activities of the 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 Group's principal activities during the financial year.

Review & Results of Operations

Gulf Industrials Limited ("Gulf Industrials") is involved in mining and mineral exploration and infrastructure projects. The net loss after providing for income tax amounted to $1,327,545 (2013: $6,842,905).

Gulf's vermiculite operations in Uganda had been on care and maintenance since 25 October 2012 with limited production and sales and since that time and has been relying on the support of its two financiers Richmond Partners Master Limited ("Richmond") and Jonah Capital (BVI) Limited ("Jonah") (together the "Lenders") who had provided bridge loan facilities which were to be repaid on 31 March 2014.

Gulf had been unsuccessful in refinancing the amounts owing to the Lenders and announced on 27 February 2014 that it had entered into a Deed of Settlement and Release with the Lenders in respect to the borrowings to be repaid on 31 March 2014.

Accordingly, Gulf entered into a Deed of Settlement and Release with the Lenders which negated the need for the Lenders to exercise their security but achieves the same result and enables Gulf to continue with its other exploration activities.

Under the Deed of Settlement and Release the Lenders took full ownership of the vermiculite operations in Uganda including the mining lease and exploration licences, and assumed all other assets and liabilities and will own the shares Gulf holds in GLF Holdings Limited in exchange for the cancellation of all amounts owing by the Group which was approximately $4.9m.

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 Group have increased by $112,247 to $1,003,414 at 30 June 2014.

The Group incurred a net loss after providing for income tax of $1,327,545 (2013: $6,842,905).

Future Developments, Prospects & Business Strategies

Gulf Industrials is committed to exploring and developing its existing exploration properties and looking for other opportunities.

Environmental Issues

The exploration and mining activities of the Group in Madagascar are subject to environmental regulation under the laws of Madagascar. The environmental laws and regulations in Madagascar 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 Group.

Significant Changes in State of Affairs

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

- The operations in Uganda were on care and maintenance until their disposal;
- Under the Deed of Settlement and Release entered into on 27 February 2014 the Lenders took full ownership of the vermiculite operations in Uganda including the mining lease and exploration licences, and assumed all other assets and liabilities and will own the shares Gulf holds in GLF Holdings Limited in exchange for the cancellation of all amounts owing by the Group; and
- $180,000 was raised in April 2014 via a Share Purchase Plan to shareholders.

After Balance Sheet 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 Gulf Industrials, to affect the operations of the Group, the results of those operations or the state of affairs of the consolidated entity in the subsequent financial years.

Directors' Meetings

The number of Directors' Meetings of Gulf Industrials Limited held during the financial year ended 30 June 2014 and the number of meetings attended by each director are as follows:

	Directors Meetings		Audit Committee		Remuneration Committee	
Name	**Eligible to Attend**	**Attended**	**Eligible to Attend**	**Attended**	**Eligible to Attend**	**Attended**
W Kernaghan	12	12	-	-	-	-
A Johnstone	3	3	-	-	-	-
N Reynolds	3	3	-	-	-	-
M Arnesen	9	9	-	-	-	-
L Bechus	8	5	-	-	-	-
A Frost	8	5	-	-	-	-
J Best	1	1	-	-	-	-

* With the re-structuring of the Company, there were no audit or remuneration committee meetings held during the year. The full Board carried out the duties of these committees.

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 2014 the company had 520,315,000 (2013: 520,315,000) listed and unlisted options on issue over unissued ordinary shares and the details are as follows:

Type	Grant Date	Number	Exercise Price	Expiry Date
Unlisted	Various	32,315,000	$0.05	20 Jul 2015
Unlisted	Various	460,000,000	$0.002	8 Jan 2018

During the year, no (2013: 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 (Audited)

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. Non-Executive Directors' fees 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, and 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 2014	Short Term Directors Fees	Short Term Consulting Fees/Salary	Termination Payment	Post Employment Superannuation	Share Based Payments	Total	Performance Related
	$	$	$	$	$	$	%
W Kernaghan	24,000	-	-	2,220	-	26,220	-
A Johnstone	-	-	-	-	-	-	-
N Reynolds	-	-	-	-	-	-	-
Former Directors							
L Bechis	-	-	-	-	-	-	-
A Frost	-	-	-	-	-	-	-
M Arnesen	30,000	-	-	2,775	-	32,775	-
J Best	-	-	-	-	-	-	-
	54,000	-	-	4,995	-	58,995	

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

Director 2013	Short Term Directors Fees	Short Term Consulting Fees/Salary	Termination Payment	Post-Employment Superannuation	Share Based Payments	Total	Performance Related
	$	$	$	$	$	$	%
M Arnesen	180,000	-	-	8,100	-	188,100	-
W Kernaghan	36,000	70,000	-	3,240	-	109,240	-
Former Directors							
J Best	36,000	-	-	-	-	36,000	-
S Jonah	15,000	-	-	-	-	15,000	-
C Innis	18,000	-	-	-	-	18,000	-
R Jurd	12,000	-	-	-	-	12,000	-
	297,000	70,000	-	11,340	-	378,340	

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.

Options Granted as Part of Remuneration for the Year Ended 30 June 2014

There were no options granted as part of remuneration for the year ended 30 June 2014 (2013:nil).

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 4 to 6.

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 totalling $22,154 (2013: $20,582) 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 15.

Auditor’s Independence Declaration

The lead auditor’s independence declaration for the year ended 30 June 2014 has been received and can be found on page 14.

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

W Kernaghan
Director
Sydney, 30 September 2014

A D Danieli Audit Pty Ltd

Authorised Audit Company
ASIC Registered Number 339233

Audit & Assurance Services

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Website: www.addca.com.au

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF GULF INDUSTRIALS LIMITED
A.B.N 13 115 027 033
AND CONTROLLED ENTITIES

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2014, there have been no contraventions of:

i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. any applicable code of professional conduct in relation to the audit.

A D DANIELI AUDIT PTY LTD

Sam Danieli

Sydney, 30 September 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

for the year ended 30 June 2014

	Note	2014 $	2013 $
Continuing operations			
Revenue	2	1,229,950	1,856,356
Cost of goods sold		-	(1,864,404)
Depreciation expense		-	(1,156,193)
Exploration expenditure		-	(359,441)
Employee benefits expense		(58,996)	(1,773,570)
Finance costs	2	-	(1,161,851)
Foreign exchange gain/(loss)		(833)	(3,652)
Share based payments	17	(32,775)	-
Operating expenses		(623,119)	(2,380,150)
Profit/(Loss) before income tax		514,227	(6,842,905)
Income tax expense		-	-
Net Profit/(Loss) from continuing operations		514,227	(6,842,905)
Discontinued operations			
Loss from discontinued operations after tax	21(b)	(1,841,772)	-
Net (Loss) for the year		(1,327,545)	(6,842,905)
Other comprehensive income			
Exchange differences on translating foreign controlled entities	14	(1,972,348)	623,933
Other comprehensive income for the year, net of tax		(1,972,348)	623,933
Total comprehensive income for the year attributable to members of parent entity		(3,299,893)	(6,218,972)
Earnings per share			
From continuing and discontinued operations:			
Basic loss per share (cents per share)	20	(0.09)	(0.74)
Diluted loss per share (cents per share)	20	(0.09)	(0.74)
From continuing operations:			
Basic profit per share (cents per share)	20	0.03	(0.74)
Diluted profit per share(cents per share)	20	0.03	(0.74)
From discontinued operations:			
Basic loss per share(cents per share)	20	(0.12)	(0.74)
Diluted loss per share(cents per share)	20	(0.12)	(0.74)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 30 June 2014

	Note	2014	2013
		$	$
CURRENT ASSETS			
Cash and cash equivalents	4	136,080	507,870
Trade and other receivables	5	747	31,927
Prepayments	6	-	62,550
Inventory	7	-	155,153
TOTAL CURRENT ASSETS		136,827	757,500
NON-CURRENT ASSETS			
Property, plant and equipment	8	-	4,348,577
Exploration expenditure	9	917,456	1,187,455
TOTAL NON-CURRENT ASSETS		917,456	5,536,032
TOTAL ASSETS		1,054,283	6,293,532
CURRENT LIABILITIES			
Trade and other payables	10	50,869	599,891
Borrowings	12	-	4,341,689
TOTAL CURRENT LIABILITIES		50,869	4,941,580
NON-CURRENT LIABILITIES			
Trade and other payables	10	-	420,000
Provision	11	-	40,785
TOTAL NON-CURRENT LIABILITIES		-	460,785
TOTAL LIABILITIES		50,869	5,402,365
NET ASSETS		1,003,414	891,167
EQUITY			
Issued capital	13	32,045,129	30,605,337
Reserves	14	1,790,200	6,938,330
Accumulated losses		(32,831,915)	(36,652,500)
TOTAL EQUITY		1,003,414	891,167

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2014

	Issued Capital $	Reserves (Note 15) $	Accumulated Losses $	Total Equity $
Balance at 1 July 2012	30,605,337	5,394,397	(29,809,595)	6,190,140
Comprehensive income for the period				
Loss for the period	-	-	(6,842,905)	(6,842,905)
Other comprehensive income				
Exchange differences on translating foreign controlled entities	-	623,933	-	623,933
Transaction with owners in their capacity as owners				
Issue of share capital	-	-	-	-
Cost of issue of capital	-	-	-	-
Issue of share options	-	920,000	-	920,000
Balance at 30 June 2013	30,605,337	6,938,330	(36,652,500)	891,167

	Issued Capital $	Reserves (Note 15) $	Accumulated Losses $	Total Equity $
Balance at 1 July 2013	30,605,337	6,938,330	(36,652,500)	891,167
Comprehensive income for the period				
Loss for the period	-	-	(1,327,545)	(1,327,545)
Options expired	-	(3,175,782)	3,175,782	-
Other comprehensive income				
Exchange differences on translating foreign controlled entities which have been disposed	-	(1,972,348)	1,972,348	-
Transaction with owners in their capacity as owners				
Issue of share capital	1,448,792	-	-	1,448,792
Cost of issue of capital	(9,000)	-	-	(9,000)
Issue of share options	-	-	-	-
Balance at 30 June 2014	32,045,129	1,790,200	(32,831,915)	1,003,414

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2014

	Note	2014 $	2013 $
Cash flows from Operating Activities			
Receipts from customers		60,975	2,532,068
Interest received		133	6,010
Other receipts		-	32,645
Payments to suppliers and employees		(1,244,242)	(7,406,161)
Net Cash (used in) provided by Operating Activities	26	(1,183,134)	(4,835,438)
Cash flows from Investing Activities			
Exploration expenditure		(150,001)	-
Proceeds for plant and equipment		-	4,914
Payment for plant and equipment		-	(3,993)
Net Cash (used in) provided by Investing Activities		(150,001)	921
Cash flows from Financing Activities			
Proceeds from borrowings(Net of borrowing costs)	12	790,345	4,341,689
Proceeds from share and option issues (Net of expenses)		171,000	-
Net Cash provided by (used in) Financing Activities		961,345	4,341,689
Net (decrease)/increase in cash held		(371,790)	(492,828)
Cash at beginning of the year	4	507,870	1,000,698
Cash at end of the year	4	136,080	507,870

Refer to Note 21(b) in respect to the disposal of GLF Holdings Limited and discontinued operations

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

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

Gulf Industrials Limited and its subsidiaries have adopted all new and amended Accounting Standards and Interpretations which were applicable as of 1 July 2013.

Adoption of these new Standards and Interpretations did not have any 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.

On 27 February 2014 the company entered into a Deed of Settlement and Release with its lenders. Under the Deed of Settlement and Release the lenders will take full ownership of the vermiculite operations in Uganda including the mining lease, exploration licences and will assume all other assets and liabilities and will own the shares Gulf holds in GLF Holdings Limited in exchange for the cancellation of all amounts owing by the Group.

The consolidated group had cash assets of $136,080 at 30 June 2014. The directors acknowledge that continued exploration and development of the consolidated group's mineral exploration assets will necessitate further capital raisings.

The Directors are aware that the Group's ability to continue as a going concern, and its ability to pay its debts as and when they fall due, is largely dependent on successfully managing its short to medium term liquidity position.

In order to improve the liquidity position the directors are confident of securing further working capital sourced from equity raisings.

The combination of the above factors gives rise to material uncertainty in relation to the Groups' ability to continue as a going concern, and the Group may not be able to realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in the financial statements.

The financial statements do not include adjustments relating to the recoverability and classification of assets or to the amounts and classification of liabilities that might be necessary if the company and consolidated group do not continue as 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 20 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 consolidated statement of profit or loss and comprehensive income.

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 sale of vermiculite is recognised on the receipt of the bill of landing.

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.

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.

Superannuation 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 & 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 consolidated statement of profit or loss and comprehensive income 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. Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Costs of site restoration are provided over the life of the project from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal and rehabilitation of the site in accordance with local laws and regulations and clauses of the permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

r. Inventory

Inventories are valued at the lower of cost and net realisable value. Costs are assigned to inventory on hand using the first in first out method. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

s. Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(L) for further discussion on the determination of impairment losses.

t. Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

u. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

v. Comparative Figures

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

w. New Accounting Standards and Interpretations

International Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ended 30 June 2014. These are outlined in the table below.

Reference	Title	Summary	Application date of standard*	Application date for Group*
AASB 2012-3	Amendments to Australian Accounting Standards - *Offsetting Financial Assets and Financial Liabilities*	AASB 2012-3 adds application guidance to AASB 132 *Financial Instruments: Presentation* to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.	1 January 2014	1 July 2014
Interpretation 21	*Levies*	This Interpretation confirms that a liability to pay a levy is only recognised when the activity that triggers the payment occurs. Applying the going concern assumption does not create a constructive obligation.	1 January 2014	1 July 2014
AASB 1055 Not applicable to this company.	*Budgetary Reporting*	This standard specifies budgetary disclosure requirements for the whole of government, General Government Sector (GGS) and not-for-profit entities within the GGS of each government. AASB 2013-1 removes the requirements relating to the disclosure of budgetary information from AASB 1049 (without substantive amendment). All budgetary reporting requirements applicable to public sector entities are now located in AASB 1055.	1 July 2014	1 July 2014

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

AASB 9/IFRS 9	*Financial Instruments*	On 24 July 2014 The IASB issued the final version of IFRS 9 which replaces IAS 39 and includes a logical model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early application. The own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The final version of IFRS 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The AASB is yet to issue the final version of AASB 9. A revised version of AASB 9 (AASB 2013-9) was issued in December 2013 which included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures. AASB 9 includes requirements for a simplified approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below. a. Financial assets that are debt instruments will be 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. b. 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. d. Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: ► The change attributable to changes in credit risk are presented in other comprehensive income (OCI) ► The remaining change is presented in profit or loss AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss.	1 January 2018	1 July 2018

		Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E.		
AASB 2013-3	*Amendments to AASB 136 – Recoverable Amount Disclosure s for Non-Financial Assets*	AASB 2013-3 amends the disclosure requirements in AASB 136 *Impairment of Assets*. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal.	1 January 2014	1 July 2014
AASB 2013-4	Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting [AASB 139]	AASB 2013-4 amends AASB 139 to permit the continuation of hedge accounting in specified circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations.	1 January 2014	1 July 2014
AASB 2013-5	Amendments to Australian Accounting Standards – Investment Entities [AASB 1, AASB 3, AASB 7, AASB 10, AASB 12, AASB 107, AASB 112, AASB 124, AASB 127, AASB 132, AASB 134 & AASB 139]	These amendments define an investment entity and require that, with limited exceptions, an investment entity does not consolidate its subsidiaries or apply AASB 3 *Business Combinations* when it obtains control of another entity. These amendments require an investment entity to measure unconsolidated subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. These amendments also introduce new disclosure requirements for investment entities to AASB 12 and AASB 127.	1 January 2014	1 July 2014
AASB 2013-7	Amendments to AASB 1038 arising from AASB 10 in relation to Consolidation and Interests of Policyholders [AASB 1038]	AASB 2013-7 removes the specific requirements in relation to consolidation from AASB 1038, which leaves AASB 10 as the sole source for consolidation requirements applicable to life insurer entities.	1 January 2014	1 July 2014

AASB 2014-1 Part A -Annual Improvements 2010–2012 Cycle	Amendments to Australian Accounting Standards - Part A Annual Improvements to IFRSs 2010–2012 Cycle	AASB 2014-1 Part A: This standard sets out amendments to Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards (IFRSs) *Annual Improvements to IFRSs 2010–2012 Cycle* and *Annual Improvements to IFRSs 2011–2013 Cycle.* Annual Improvements to IFRSs 2010–2012 Cycle addresses the following items: ► AASB 2 - Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of 'performance condition' and 'service condition'. ► AASB 3 - Clarifies the classification requirements for contingent consideration in a business combination by removing all references to AASB 137. ► AASB 8 - Requires entities to disclose factors used to identify the entity's reportable segments when operating segments have been aggregated. An entity is also required to provide a reconciliation of total reportable segments' asset to the entity's total assets. ► AASB 116 & AASB 138 - Clarifies that the determination of accumulated depreciation does not depend on the selection of the valuation technique and that it is calculated as the difference between the gross and net carrying amounts. ► AASB 124 - Defines a management entity providing KMP services as a related party of the reporting entity. The amendments added an exemption from the detailed disclosure requirements in paragraph 17 of AASB 124 for KMP services provided by a management entity. Payments made to a management entity in respect of KMP services should be separately disclosed.	1 July 2014	1 July 2014
AASB 2014-1 Part A -Annual Improvements 2011–2013 Cycle	Amendments to Australian Accounting Standards - Part A Annual Improvements to IFRSs 2011–2013 Cycle	Annual Improvements to IFRSs 2011–2013 Cycle addresses the following items: ► AASB13 - Clarifies that the portfolio exception in paragraph 52 of AASB 13 applies to all contracts within the scope of AASB 139 or AASB 9, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132. ► AASB40 - Clarifies that judgment is needed to determine whether an acquisition of investment property is solely the acquisition of an investment property or whether it is the acquisition of a group of assets or a business combination in the scope of AASB 3 that includes an investment property. That judgment is based on guidance in AASB 3.	1 July 2014	1 July 2014
AASB 1031	*Materiality*	The revised AASB 1031 is an interim standard that cross-references to other Standards and the *Framework (*issued December 2013) that contain guidance on materiality. AASB 1031 will be withdrawn when references to AASB 1031 in all Standards and Interpretations have been removed. AASB 2014-1 Part C issued in June 2014 makes amendments to eight Australian Accounting Standards to delete their references to AASB 1031. The amendments are effective from 1 July 2014*.	1 January 2014	1 July 2014

AASB 2013-9	*Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments*	The Standard contains three main parts and makes amendments to a number Standards and Interpretations. Part A of AASB 2013-9 makes consequential amendments arising from the issuance of AASB CF 2013-1. Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards. Part C makes amendments to a number of Australian Accounting Standards, including incorporating Chapter 6 *Hedge Accounting* into AASB 9 *Financial Instruments*.	1 July 2014	1 July 2014
AASB 14 The application of this IFRS is highly unlikely to have an impact on Australian companies.	Regulatory deferral accounts	AASB 14 permits first-time adopters to continue to account for amounts related to rate regulation in accordance with their previous GAAP when they adopt Australian Accounting Standards. However, to enhance comparability with entities that already apply Australian Accounting Standards and do not recognise such amounts, AASB 14 requires that the effect of rate regulation must be presented separately from other items. An entity that is not a first-time adopter of Australian Accounting Standards will not be able to apply AASB 14. AASB 2014-1 Part D makes amendments to AASB 1 *First-time Adoption of Australian Accounting Standards*, which arise from the issuance of AASB 14 *Regulatory Deferral Accounts* in June 2014.	1 January 2016	1 July 2016
Amendments to IAS 16 and IAS 38 These IFRS amendments have not yet been adopted by the AASB.	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	IAS 16 and IAS 38 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.	1 January 2016	1 July 2016
Amendments to IAS 16 and IAS 41 for bearer plants These IFRS amendments have not yet been adopted by the AASB.	Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)	The amendments require that bearer plants such as grape vines, rubber trees and oil palms, should be accounted for in the same way as property, plant and equipment in IAS 16 Property, Plant and Equipment, because their operation is similar to that of manufacturing. Consequently, the amendments issued in June 2014 include them within the scope of IAS 16, instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41.	1 January 2016	1 July 2016

AASB 2014-1 Part B Amendments to AASB 119	Amendments to Australian Accounting Standards - Part B Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)	AASB 2014-Part B makes amendments in relation to the requirements for contributions from employees or third parties that are set out in the formal terms of the benefit plan and linked to service. The amendments clarify that if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the related service is rendered, instead of attributing the contributions to the periods of service.	1 July 2014	1 July 2014
IFRS 15 These IFRS amendments have not yet been adopted by the AASB.	Revenue from Contracts with Customers	In May 2014, the IASB issued IFRS 15 *Revenue from Contracts with Customers*, which replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue* and related Interpretations (IFRIC *13 Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfers of Assets from Customers* and SIC-31 *Revenue—Barter Transactions Involving Advertising Services*) The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps: (a) Step 1: Identify the contract(s) with a customer (b) Step 2: Identify the performance obligations in the contract (c) Step 3: Determine the transaction price (d) Step 4: Allocate the transaction price to the performance obligations in the contract (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation Early application of this standard is permitted.	1 January 2017	1 July 2017
AASB 1056	*Superannuation Entities*	AASB 1056 is a new Standard applying to superannuation entities replacing AAS 25 *Financial Reporting by Superannuation Plans.* This new standard specifies requirements for general purpose financial statements of superannuation entities and results in significant changes to presentation of financial statements, measurement and disclosure of defined benefit obligations and disclosure of disaggregated financial information.	1 July 2016	1 July 2016

AASB 2014-2	Amendments to AASB 1053 – Transition to and between Tiers, and related Tier 2 Disclosure Requirements [AASB 1053]	The Standard makes amendments to AASB 1053 Application of Tiers of Australian Accounting Standards to: • clarify that AASB 1053 relates only to general purpose financial statements; • make AASB 1053 consistent with the availability of the AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* option in AASB 1 *First-time Adoption of Australian Accounting Standards*; • clarify certain circumstances in which an entity applying Tier 2 reporting requirements can apply the AASB 108 option in AASB 1; permit an entity applying Tier 2 reporting requirements for the first time to do so directly using the requirements in AASB 108 (rather that applying AASB 1) when, and only when, the entity had not applied, or only selectively applied, applicable recognition and measurement requirements in its most recent previous annual special purpose financial statements; and • specify certain disclosure requirements when an entity resumes the application of Tier 2 reporting requirements.	1 July 2014	1 July 2014

The adoption of these new and revised Standards and Interpretations will not have an impact on the financial position or performance of the Group.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

	Consolidated Group 2014 $	Consolidated Group 2013 $
2. Revenue and expenses for the year		
(a) Revenue from ordinary activities:		
Sale of goods	60,975	1,817,701
Interest – other persons	133	6,010
Profit on sale of fixed assets	-	484
Profit on disposal of controlled entities	1,229,817	-
Sublease rental income	-	32,161
Other	-	-
	1,290,925	1,856,356
(b) Expenses from ordinary activities:		
Operating expenses		
Depreciation and amortisation	479,590	1,156,193
Legal	39,664	456,417
Travel and airfares	22,860	109,222
Rental expense – minimum lease payments	-	119,243
Financing Costs:-		
- Options issued to lenders	-	920,000
- Interest and other fees	794,600	241,851
	794,600	1,161,851

3. Income Tax

	2014 $	2013 $
Operating (loss) before income tax	(1,327,545)	(6,842,905)
Prima facie income tax (benefit) calculated at 30% (2013:30%)	(398,263)	(2,052,872)
Non-deductible items		
Non-deductible expenses	-	136,925
Less income tax benefits not brought to account at balance date	398,263	1,915,947
Total income tax expense	-	-

Potential future income tax benefits estimated at $11,552,394 (2013: $11,154,131) 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 2014 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:

	2014 $	2013 $
Cash on hand and at bank	136,080	507,870
	136,080	507,870

		Consolidated Group	
		2014	2013
		$	$
5.	**Trade & Other Receivables**		
	Current		
	Trade debtors	-	31,691
	Other debtors	747	236
		747	31,927
6.	**Other Current Assets**		
	Prepayments	-	62,550
7.	**Inventory**		
	Finished goods – net realisable value	-	155,153
		-	155,153

	Consolidated Group 2014 $	Consolidated Group 2013 $
8. Property, Plant & Equipment		
Plant and equipment	-	3,268,307
Less accumulated depreciation	-	(1,173,749)
	-	2,094,558
Leasehold, property and licenses	-	3,191,232
Less accumulated amortisation	-	(1,173,247)
	-	2,017,985
Motor Vehicles	-	687,131
Less accumulated depreciation	-	(451,097)
	-	236,034
Total Property, Plant & Equipment	-	4,348,577

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

	2014 $	2013 $
Plant and Equipment		
Balance at the beginning of year	2,094,558	2,597,581
Additions	-	3,993
Net exchange differences	-	174,568
Disposals	-	(4,914)
Disposal of controlled entities*	(1,848,707)	-
Depreciation	(245,851)	(676,670)
Carrying amount at the end of year	-	2,094,558
Leasehold, property and licenses		
Balance at the beginning of year	2,017,985	2,490,888
Additions	-	-
Net exchange differences	-	(227,222)
Disposal of controlled entities*	(1,858,423)	-
Amortisation	(159,562)	(245,681)
Carrying amount at the end of year	-	2,017,985
Motor Vehicles		
Balance at the beginning of year	236,034	428,815
Additions	-	-
Net exchange differences	-	(3,687)
Disposals	-	-
Disposal of controlled entities*	(161,857)	-
Depreciation	(74,177)	(189,094)
Carrying amount at the end of year	-	236,034

* Refer to Note 21(b) in respect to the disposal of GLF Holdings Limited and discontinued operations.

	Consolidated Group 2014 $	Consolidated Group 2013 $
9. Exploration Expenditure		
Costs carried forward in respect of areas of interest in the exploration and evaluation phase		
Opening balance	1,187,455	1,187,455
Expenditure incurred during the year	150,001	-
Reversal of amount payable on the first commercial shipment of limestone*	(420,000)	-
	917,456	1,187,455
Less expenditure written off during the year	-	-
Expenditure impaired	-	-
Closing balance	917,456	1,187,455

Refer to Notes 10 and 29 for further details.

	2014 $	2013 $
10. Trade & Other Payables		
Current		
Trade Creditors	50,869	416,582
Accruals	-	131,998
Payroll liabilities	-	51,311
	50,869	599,891
Non-Current		
Trade and other payables (i)	-	420,000
	-	420,000

(i) This amount represents the amount outstanding for the purchase of the company that holds the limestone deposit in Madagascar. This amount is payable when first commercial shipment of limestone from the project has occurred. This amount was been reversed during the period and has been reclassified as a contingent liability as the payment is contingent on the commencement of production. Refer to Note 9 and 29 for further detail.

	2014 $	2013 $
11. Provisions		
Current		
Employee benefits		
Balance at the start of the year	-	14,519
Provided during the year	-	(14,519)
Balance at the end of the year	-	-
Non Current		
Rehabilitation		
Balance at the start of the year	40,785	37,283
Disposal of controlled entities	(40,785)	-
Provided during the year	-	3,502
Balance at the end of the year	-	40,785

The provision is in respect of the rehabilitation of the group's mining operations in Uganda which was disposed during the year.

12. Interest bearing loans and borrowings

	Consolidated Group 2014 $	Consolidated Group 2013 $
Current		
Interest bearing loans	-	4,341,689

The Company's, wholly owned subsidiary, GLF Holdings Limited ("GH") entered into two bridge loan facilities for an aggregate of $4.135 million (the "Bridge Loans") from entities controlled by two of its major shareholders, being Richmond Partners Master Limited ("Richmond") and Jonah Capital (BVI) Limited ("Jonah").The Bridge Loans are secured over Gulf's Ugandan assets, including the mining lease and the exploration licences as approved by shareholders at an extraordinary general meeting held on 4 January 2013.

Shareholders at an extraordinary general meeting held on 4 January 2013 approved that at any time up to and including 30 September 2013, Jonah and Richmond may request that all or part of the Principal Outstanding (including any capitalised interest or capitalised arrangement and commitment fee) under the Loan be satisfied by the issue of shares in Gulf Industrials at a minimum amount of $500,000 each. The number of shares to be issued will be calculated on a price of $0.002 per share for the amount in respect of which Jonah and Richmond makes a request. The amount payable under the Loan will be applied against the subscription price for the shares issued to Jonah and Richmond. This conversion was approved by shareholders at the General Meeting held on 30 July 2013 as an alternative to repayment of the Loans.

On 25 September 2013, the Company announced that terms to the two bridging loan facilities from Richmond and Jonah (together the "lenders") were amended as follows:

- the maturity date extended to 31 March 2014 ("Expiry Date") and
- the facility was increased by a further $1.0 million.

In addition, each of the two Lenders converted $500,000 of their existing loan into 250,000,000 shares each in Gulf at $0.002 per share. This conversion was approved by shareholders at the General Meeting held on 30 July 2013 as an alternative to repayment of the Loans.

On 30 January 2014, the Company announced that it had been advised by Richmond and Jonah that they will not be advancing any further funds under the two bridge loan facilities (the "Loan Facilities") to its wholly owned subsidiary, GLF Holdings Limited ("GH") in accordance with the terms of the Loan Facility. The Lenders advised that they would continue with loan funding under the Loan Facilities, subject to such amendments as they may require, to maintain the operations of Gulf Resources Uganda Limited ("GRUL") only.

On 27 February 2014, the Company announced that it has entered into a Deed of Settlement and Release with Richmond and Jonah as it has been unsuccessful in refinancing the amounts owing to the lenders.

Under the Deed of Settlement and Release the lenders will take full ownership of the vermiculite operations in Uganda including the mining lease, exploration licences and will assume all other assets and liabilities and will own the shares Gulf holds in GLF Holdings Limited in exchange for the cancellation of all amounts owing by the Group.

	Consolidated Group 2014 $	Consolidated Group 2013 $
13. Issued Capital		
1,789,742,062(2013:930,346,062) fully paid shares	32,045,129	30,605,337

Movements during the year	2014 Number of Shares	2013 Number of Shares	2014 $	2013 $
Beginning of the financial year	930,346,062	930,346,062	30,605,337	30,605,337
23/08/13 issued at 0.002 cents	108,058,500	-	216,117	-
27/09/13 issued at 0.002 cents	500,000,000	-	1,000,000	-
5/12/13 issued at 0.002 cents	26,337,500	-	52,675	-
13/05/14 issued at 0.0008 cents	225,000,000	-	180,000	-
Less share issue expenses	-	-	(9,000)	-
End of the financial year	1,789,742,062	930,346,062	32,045,129	30,605,337

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 2014 there were 492,315,000 (2013: 520,315,000) unissued shares in respect of which options were outstanding and the details of them are as follows:

Type	Grant Date	Number	Exercise Price	Expiry Date
Unlisted	Various	32,315,000	$0.05	20 July 2015
Unlisted	Various	460,000,000	$0.002	8 January 2018

During the year, no (2013: 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.

During the year no options (2013:460,000,000) options were issued during the reporting period valued at nil (2013:$920,000) using the Binomial method with the following assumptions:

Parameter	Value
Listing date	10/08/2006
Price history for volatility determination	6.42 yr
Grant date	09/01/2014
Measurement date	09/01/2014
Exercise price	0.20c
Expiry date	08/01/2018
Life of option	5.00 yr
Price of underlying shares at measurement date	0.2c
Risk free rate #	2.930%
Expected volatility	209.800%
Dividends expected on the shares	NIL

	Consolidated Group 2014 $	Consolidated Group 2013 $
14. Reserves		
Share Option Reserve	1,790,200	4,965,982
Foreign Currency Translation Reserve	-	1,972,348
	1,790,200	6,938,330
(i) Share Option Reserve		
This relates to the recognition on the issue of options.		
Beginning of the financial year	4,965,982	4,045,982
Options expired	(3,175,782)	-
Issue of options to shareholders	-	920,000
End of the financial year	1,790,200	4,965,982
(iii) Foreign Currency Translation Reserve		
This relates to translation of foreign subsidiaries accounts to Australian dollars.		
Beginning of the financial year	1,972,348	1,348,415
Disposal of controlled entities	(1,972,348)	-
Translation	-	623,933
End of the financial year	-	1,972,348
15. Auditors Remuneration		
Remuneration of the auditor (and associated entities) of the parent entity for:		
- Audit of the financial statements	18,750	48,300
- Half year review	12,500	18,360
- Other services	-	-
	31,250	66,660
Remuneration of the auditor of subsidiaries:		
- Auditing or reviewing the financial report	-	12,618
	-	12,618

16. 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
W Kernaghan	30 June 2005	-	Non Executive Director
A Johnstone	5 March 2014	-	Non Executive Director
N Reynolds	5 March 2014	-	Non Executive Chairman
M Arnesen	10 February 2012	5 March 2014	Chief Executive Officer & Executive Director
L Bechus	27 August 2013	5 March 2014	Non Executive Director
A Frost	27 August 2013	5 March 2014	Non Executive Director
J Best	21 February 2011	27 August 2013	Non Executive Director

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

16. Key Management Personnel Compensation (continued)

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

Company Director	Balance 1/7/2013	Options Issued	Options Exercised	Net Change Other	Option Lapsed	Balance 30/6/2014
W Kernaghan	2,000,000	-	-	-	(2,000,000)	-
A Johnstone	-	-	-	-	-	-
N Reynolds	-	-	-	-	-	-
L Bechus	-	-	-	-	-	-
A Frost	-	-	-	-	-	-
M Arnesen	18,000,000	-	-	(18,000,000)*	-	-
J Best	2,000,000	-	-	(2,000,000)*	-	-

* Number of options at time of resignation.

Company Director	Balance 1/7/2012	Options Issued	Options Exercised	Net Change Other	Option Lapsed	Balance 30/6/2013
M Arnesen	18,600,000	-	-	-	(600,000)	18,000,000
W Kernaghan	5,934,318	-	-	-	(3,934,318)	2,000,000
S Jonah	76,600,000	-	-	(76,600,000)*	-	-
J Best	2,000,000	-	-	-	-	2,000,000
C Innis	2,600,000	-	-	(2,600,000)*	-	-
R Jurd	2,000,000	-	-	(2,000,000)*	-	-
R Guest	5,600,000	-	-	(5,600,000)*	-	-

* Number of options at time of resignation as a director

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

Company Director	Balance 1/7/2013	Options Exercised	Net Change Other	Balance 30/6/2014
W Kernaghan	9,350,000	-	206,780,000	216,130,000
A Johnstone	-	-	243,416,667	243,416,667
N Reynolds	-	-	108,000,000	108,000,000
M Arnesen	850,000	-	65,437,500*#	-
L Bechus	-	-	411,650,000*	-
A Frost	-	-	-	-
J Best	-	-	18,000,000*#	-

* Number of shares at time of resignation as a director
# Shares were issued during the year in lieu of directors fees as approved by shareholders.

16. Key Management Personnel Compensation (continued)

Company Director	Balance 1/7/2012	Options Exercised	Net Change Other	Balance 30/6/2013
S Jonah	117,600,000	-	(117,600,000)	-
M Arnesen	850,000		-	850,000
J Best	-	-	-	-
C Innis	1,400,000	-	(1,400,000)	-
W Kernaghan	9,350,000	-	-	9,350,000
R Jurd	-	-	-	-
R Guest	600,000	-	(600,000)	-

17. Share Based Payments

	2014 $	2013 $
(a) Recognised share based payment expenses		
Director shares and options	32,775	-
Employee shares and options	-	-
	32,775	-

At the annual general meeting held on 29 November 2013 shareholders approved the issue of 26,387,500 shares at $0.002 in settlement of outstanding director's fees.

(b) Employee Options

(i) Options held at the beginning of the reporting period

Number	Grant Date	Vest Date	Expiry Date	Exercise Price	Weighted Average Fair Value of Options
6,000,000	11/3/11	11/3/11	10/3/16	$0.079	$0.067
12,000,000	1/12/11	1/12/11	30/11/16	$0.025	$0.018

(ii) Options lapsed / exercised during the year

Number	Grant Date	Exercise Date	Exercise Price	Number Lapsed
6,000,000	11/3/11	10/3/16	$0.079	6,000,000
12,000,000	1/12/11	30/11/16	$0.025	12,000,000

(iii) Options issued during the year

Number	Grant Date	Vest Date	Expiry Date	Weighted Average Exercise Price	Weighted Average Share Price
-	-	-	-	-	-

(iv) Options held at the end of the reporting period

Number	Grant Date	Vest Date	Expiry Date	Exercise Price	Weighted Average Fair Value of Options
-	-	-	-	-	-

18. Related Party Transactions

(a) Payments to director related companies

2014

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 Mosman Corporate Services Pty Ltd totaling $nil (2013: $70,000) which is a company controlled by Mr W Kernaghan.

Mining Investors Australia Pty Ltd a company controlled by Mr W Kernaghan provided a short term loan of $20,000 (2013: Nil) to the company during the year. The interest rate was 10%pa and was unsecured. Interest on the loan for the year was $289 (2013:Nil). At 30 June 2014 the loan and the interest had been paid.

Jonah Capital (BVI) Limited and Richmond Partners Masters Limited provided a finance facility during the reporting period. All fees and interest are capitalised as per the loan agreement. Refer to Note 12.

(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.

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

Company	Contribution to consolidated operating loss 2014 $	2013 $	Details of investment in shares Cost of parent entity's investment in subsidiaries 2014 $	2013 $
Gulf Industrials Ltd	514,479	(2,637,882)	-	-
Austral Malagasy Resources Pty Ltd	-	-	5	5
Gulf Resources Uganda Limited	(1,841,772)	(4,205,023)	-	-
GLF Holdings Limited	-	-	-	108
Industrial Minerals International Corporation	-	-	-	-
East African Vermiculite Limited	-	-	-	-
Soalara Calcaire SARL	(252)	-	763,990	1,183,990
	(1,327,545)	(6,842,905)	763,995	1,184,103

Company	Place of Incorporation	Date of Acquisition	Class of Shares	2014	2013
Austral Malagasy Resources Pty Ltd	Australia	18.12.09	Ordinary	100%	100%
Soalara Calcaire SARL	Madagascar	18.08.10	Ordinary	100%	100%
East African Vermiculite Limited*	Uganda	22.05.09	Ordinary	-	100%
Gulf Resources Uganda Limited*	Uganda	29.04.08	Ordinary	-	90%
GLF Holdings Limited*	British Virgin Islands	30.04.08	Ordinary	-	100%
Industrial Minerals International Corporation*	British Virgin Islands	30.04.08	Ordinary	-	100%

*These companies were disposed on 27 February 2014 as part of the Deed of Settlement and Release with Richmond and Jonah (the "Lenders").

Under the Deed of Settlement and Release the lenders will take full ownership of the vermiculite operations in Uganda including the mining lease, exploration licences and will assume all other assets and liabilities and will own the shares Gulf holds in GLF Holdings Limited in exchange for the cancellation of all amounts owing by the Group.

20. Earnings per share

	2014	2013
(a) Net (loss) used in continuing and discontinued operations	(1,327,545)	(6,842,905)
Net profit/(loss) used in continuing operations	514,227	(6,842,905)
Net (loss) used in discontinuing operations	(1,814,772)	(6,842,905)
(b) Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	1,445,025,667	930,346,062
Weighted average number of options outstanding	-	-
Weighted average number of ordinary shares outstanding during the year used in calculation of dilutive EPS	1,445,025,667	930,346,062

There are no options considered dilutive as the company has recorded a loss in the year.

21. Business Combination

(a) Acquisition of Soalara Calcaire SARL

On 18 August 2010, the Company acquired 100% of Soalara Calcaire SARL, a company holding the limestone deposit in Madagascar.

Consideration for the acquisition was $1,070,000 of which $420,000 was still outstanding at 30 June 2014. The $420,000 is payable on the first commercial shipment of limestone together with a royalty averaging US$0.28 per tonne (refer note 10).

	Acquiree's Carrying Amount $	Fair Value $
Purchase consideration:		
Cash		1,187,455
Less:		
Exploration expenditure	1,187,455	1,187,455
Identifiable assets acquired and liabilities assumed	1,187,455	1,187,455
Purchase consideration settled in cash		1,187,455
Cash outflow on acquisition		1,187,455

From the date of acquisition Soalara Calcaire SARL achieved a net loss of $nil after tax which has been included in the consolidated group's Statement of Comprehensive Income for period ended 30 June 2014. The fair value on business combination of $1,187,455 has been recognised in the Statement of Financial Position as exploration expenditure.

(b) Disposal of GLF Holdings Limited and discontinued operations

On 27 February 2014, the Company announced that it has entered into a Deed of Settlement and Release with Richmond and Jonah as it has been unsuccessful in refinancing the amounts owing to the lenders.

Under the Deed of Settlement and Release the lenders will take full ownership of the vermiculite operations in Uganda including the mining lease, exploration licences and will assume all other assets and liabilities and will own the shares Gulf holds in GLF Holdings Limited in exchange for the cancellation of all amounts owing by the Group.

	$
Sales Consideration :	
Loan Forgiven by the Lenders	4,968,187
The assets and liabilities recognized as a result of the sale are as follows:	
Property, Plant and Equipment	3,868,987
Net working capital	(130,617)
Net identifiable assets sold	3,738,370
Gain on sale	1,229,817
Revenue from discontinued operations	60,975
Less expenses	
Cost of goods sold	(263,383)
Depreciation	(479,590)
Exploration expenditure	(182,151)
Employee benefits expense	(97,778)
Finance costs	(794,317)
Operating expenses	(173,618)
Loss from discontinued operations	(1,841,772)

22. Capital Commitments

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 (2013: Nil) over the next year to keep its current tenements in good standing.

23. 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:

			FIXED MATURITY DATES				
	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE	VARIABLE INTEREST RATE	LESS THAN 1 YEAR	1-2 YEARS	2-3 YEARS	NON INTEREST BEARING	TOTAL
2014	%	$	$	$	$	$	$
Financial assets							
Cash and cash equivalents	0.1%	136,080	-	-	-	-	136,080
Trade and other receivables		-	-	-	-	747	747
		136,080	-	-	-	747	136,827
Financial liabilities							
Trade and other payables		-	-	-	-	50,869	50,869
		-	-	-	-	50,869	50,869

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	
	2014	2013
Currency Risk	$	$
10% Weakening of Australian dollar		
- Profit/(Loss) impact	-	(497,852)
10% Strengthening Australian Dollar		
- Profit/(Loss) impact	-	497,852

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 are a liability denominated in US dollars and due to a third party.

24. Exchange Rates

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

		Consolidated Group	
		2014	2013
Spot rate for end of year balances	Ugandan Shillings to AUD	-	2,372
Average rates applied to revenue, costs	Ugandan Shillings to AUD	-	2,372

25. After Balance Sheet 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.

26. Cash Flow Information

	Note	Consolidated Group 2014 $	2013 $
Loss from ordinary activities after income tax		(1,327,545)	(6,842,905)
Non cash flows in loss:			
Plant and equipment adjustment		-	12,514
Provision for employee benefit		-	(14,159)
Provision for rehabilitation	12	-	3,502
Depreciation	9	479,590	1,156,193
Finance costs	2	-	920,000
Share based payments		32,775	-
Unrealised Exchange loss		-	623,933
(Increase)/Decrease in Trade receivables	5	31,180	714,367
(Increase)Decrease in Inventories	7	155,153	422,507
(Increase)/Decrease in prepayments	6	62,550	(62,500)
Increase/(Decrease) Trade and other payables	11	(549,022)	(1,767,558)

Net movement disposal controlled entities	(67,815)	-
General adjustments	-	(1,332)
Operating cash flow	(1,183,134)	(4,835,438)

27. 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**
2014	**$**	**$**	**$**	**$**
For the year ended 30 June 2014				
Revenue from external customers	60,975	-	-	60,975
Interest & other	-	-	133	133
Reportable segment profit/(loss) before income tax	(1,841,772)	(252)	514,479	(1,327,545)
Reportable segment assets as at 30 June 2014	-	917,456	136,827	1,054,283
2013				
For the year ended 30 June 2013				
Revenue from external customers	1,817,701	-	-	1,817,701
Interest & other	484	-	38,171	38,655
Reportable segment profit/(loss) before income tax	(4,205,023)	-	(2,637,882)	(6,842,905)
Reportable segment assets as at 30 June 2013	4,348,577	1,187,455	757,500	6,293,532

(b) Reconciliation of reportable segment profit and loss.	**2014**	**2013**
As at 30 June:	**$**	**$**
Total profit or loss for reportable segment	(1,327,545)	(6,842,905)
Eliminating of inter-segment profit	-	-
Loss before tax from continuing operations	(1,327,545)	(6,842,905)

(c) Reconciliation of reportable segment assets.	**2014**	**2013**
As at 30 June:	**$**	**$**
Reportable segment assets	1,054,283	6,293,532
Elimination of inter-segment assets	-	-
Total assets	1,054,283	6,293,532

(d) Assets by geographical region.	**2014**	**2013**
As at 30 June:	**$**	**$**
Australia	136,827	448,169
Africa	917,456	5,845,363
Total Assets	1,054,283	6,293,532

(e) The Company sold its finished goods to one customer during the year under review.

28. Parent Entity Information

Information relating to Gulf Industrials Limited:

STATEMENT OF FINANCIAL POSITION	**2014** **$**	**2013** **$**
Current assets	136,827	448,169
Total assets	1,054,283	12,908,440
Current liabilities	50,869	730,064
Total liabilities	50,869	730,064
Issued capital	32,045,129	30,605,337
Accumulated losses	(32,982,915)	(23,392,943)
Reserves	1,790,200	4,965,982
Total shareholders' equity	1,003,414	12,178,376
STATEMENT OF COMPREHENSIVE INCOME		
Profit/(Loss) of the parent entity	514,479	(2,637,882)
Total comprehensive income of the parent entity	514,479	(2,637,882)

Contingent Liabilities

There is $420,000 is outstanding in respect of the purchase of the company that holds the limestone deposit in Madagascar. This amount is payable when the first commercial shipment of limestone from the project has occurred.

There are no other known contingent liabilities. The contingent liability reported above was reported as long-term liability in prior periods (refer to note 10). There have been no other changes in contingent liabilities or contingent assets since the last annual reporting date.

Contractual Commitments
At 30 June 2014 Gulf Industrials Limited had not entered into any contractual commitments for the acquisition of property, plant or equipment.

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 2014 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 2014.

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

For and on behalf of the Board

W Kernaghan
Director
Sydney, 30 September 2014

A D Danieli Audit Pty Ltd

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ASIC Registered Number 339233

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Independent Auditor's Report
To the Members of
Gulf Industrials Limited
A.B.N. 13 115 027 033
And Controlled Entities

Report on the Financial Report

We have audited the accompanying financial report of Gulf Industrials Limited, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, 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 report 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 report.

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

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,* which has been given to the directors of Gulf Industrials Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

A D Danieli Audit Pty Ltd

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ASIC Registered Number 339233

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Opinion

In our opinion:

a. The financial report 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 2014 and of their performance for the year ended on that date; and

   ii. Complying with Australian Accounting Standards and the *Corporations Regulations 2001.*

b. The financial report also complies 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 and Note 21(b): Business combinations disposal of GLF holdings & discontinued operations in the financial report. The group incurred a net loss of $1,327,545 during the year ended 30 June 2014 and as of that date the Group had current assets of $136,827 and current liabilities of $50,869. 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.

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 2014. 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.

A D Danieli Audit Pty Ltd

Sam Danieli

30 September 2014

AUSTRALIAN SECURITIES EXCHANGE INFORMATION

Shareholdings

(a)

Analysis of holdings as at 29 September 2014	Ordinary Shares
1-1,000	69
1,001-5,000	39
5,001-10,000	110
10,001-100,000	400
100,001 and over	508
	1,126
Less than marketable parcels	865

(b) Substantial shareholders

The company has the following substantial shareholders as at 29 September 2014:

	Number of Shares	Percentage of Total
Scott Andrew Reid	248,751,180	13.90
Andrew Lorne Johnstone	224,666,667	12.56
Wayne John Kernaghan	210,630,000	11.77
African Lion 3 Limited	156,800,000	8.76
Nelson Vaughan Reynolds	108,000,000	6.03

(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 29 September 2014.

	Holder Name	Number of Shares	Percentage
1	SCOTT REID	230,000,000	12.85%
2	AFRICAN LION 3 LTD	156,800,000	8.76%
3	WJK INVESTMENTS PTY LTD	153,750,000	8.59%
4	ANDREW LORNE JOHNSTONE	128,416,667	7.18%
5	ANDREW LORNE JOHNSTONE	96,250,000	5.38%
6	SYNCOPATED PTY LTD	92,150,000	5.15%
7	NELSON VAUGHAN REYNOLDS	85,400,000	4.47%
8	MARK RICHARD ARNESEN	65,437,500	3.66%
9	WJK INVESTMENTS PTY LTD	51,338,632	2.87%
10	WAN HOW NG	46,355,500	2.59%
11	MOOI FAH LEE	26,719,332	1.49%
12	AIVARS STRAZDINS	26,350,000	1.47%
13	NELSON VAUGHAN REYNOLDS	22,600,000	1.26%
14	JONATHAN GOURLAY BEST	22,500,000	1.26%
15	PICTUREBOOK PTY LTD	19,250,000	1.08%
16	PETER KERNAGHAN	18,760,000	1.05%
17	SCOTT ANDREW REID	18,751,180	1.05%

AUSTRALIAN SECURITIES EXCHANGE INFORMATION

18	ANDREW LORNE JOHNSTON & HELEN LOUISE MORRISON	18,750,000	1.05%
19	CITICORP NOMINEES PTY LIMITED	15,524,993	0.87%
20	SIR SAMUEL ESSON JONAH	15,000,000	0.84%
TOTAL		**1,310,103,804**	**73.22%**

(e) As at 27 September 2014, the Company had 520,315,000 options listed and unlisted options on issue over unissued ordinary shares. Details are as follows:

Type	Grant Date	Number	Exercise Price	Expiry Date
Unlisted	Various	32,315,000	\$0.05	20 Jul 2015
Unlisted	Various	460,000,000	\$0.002	8 Jan 2018

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

(g) Other Information

i) The business and registered office address is
Level 11
151 Macquarie Street
Sydney NSW 2000
Telephone (02) 8298 2006
Facsimile (02) 8298 2026

iii) Gulf Industrials Limited is listed on the Australian Securities Exchange.
ASX Code: GLF – Fully Paid Shares

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