

# GULF INDUSTRIALS LIMITED

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ANNUAL REPORT  
2015

# CORPORATE INFORMATION

Gulf Industrials Limited  
ABN 13 115 027 033

DIRECTORS  
W Kernaghan  
A Karam  
J Arkoudis

COMPANY SECRETARY  
W Kernaghan

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## CONTENTS

	PAGE
Chairman's Letter	1
Activities & Project Review	2
Corporate Governance Statement	3
Directors' Report	6
Auditors' Independence Declaration	11
Consolidated Statement of Profit or Loss and Comprehensive Income	12
Consolidated Statement of Financial Position	13
Consolidated Statement of Changes in Equity	14
Statement of Cash Flows	15
Notes to the Financial Statements	16
Directors' Declaration	40
Independent Audit Report	41
Australian Securities Exchange Information	43

# CHAIRMAN'S LETTER

Dear Shareholder

The 2015 financial year has been a successful one for the Company in respect to raising funds however it has been challenging in so far as locating other exploration opportunities. The Company continues to look for exploration opportunities in Africa, in particular in Ghana.

Gulf has been able to raise approximately \$3.5m during the year in difficult market conditions for junior mineral exploration companies. This will provide a strong spring board for the Company to look for further exploration opportunities in Africa.

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 two placements during the year given the difficult market conditions.

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 2015 Gulf Industrials' activities have included:

- Successfully raising \$3,490,592 to advance its exploration activities in Africa
- Limited work was carried out during the year on its Soalara Limestone Project in Madagascar.

## **MADAGASCAR**

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

## **GHANA**

The Company is undertaking preliminary due diligence on potential opportunities in Ghana.

## **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 2015**

<b>Location</b>	<b>Tenement / Mining Lease Number / Special License Number</b>
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 – 3<sup>rd</sup> 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 Karam	31 October 2014	-
J Arkoudis	31 October 2014	-
A Johnstone	5 March 2014	31 October 2014
N Reynolds	5 March 2014	31 October 2014

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

## 2. Independent Directors

ASX guidelines recommends that the majority of the board should be independent directors. The Company has been in compliance with this recommendation for the full year.

## 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.

# CORPORATE GOVERNANCE STATEMENT

## 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 2015. 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 2015. 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. There are currently no women on the board of the Company or in senior management roles. 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.

# CORPORATE GOVERNANCE STATEMENT

## 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](http://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 2015.

## 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 Karam	31 October 2014	-
J Arkoudis	31 October 2014	-
A Johnstone	5 March 2014	31 October 2014
N Reynolds	5 March 2014	31 October 2014

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 and Company Secretary

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 to his resignation on 24 April 2015.

### Anthony Karam Independent, Non-Executive Director

Mr Karam has previously been a managing director of an ASX listed mining Company for over 5 years. Mr Karam is a solicitor of the Supreme Court of New South Wales and has worked as a lawyer in the corporate and commercial spheres for the over 15 years. He has been instrumental in identifying, negotiating terms and documenting several significant commercial transactions. Anthony's services as a corporate management consultant have been and are currently being utilised by a number of Public companies. Mr Karam has a LLB/B.Com (Fin) from the University of New South Wales.

### James Arkoudis Independent Non-Executive Director

Mr Arkoudis boasts over twenty years commercial experience as a solicitor until 2013 when he decided to change career and concentrate on other business interests. He has worked a range of practices as well as having been in-house counsel for one of the large property trust groups and a well-known finance Company. Mr Arkoudis also has wide experience in litigation matters and has acted for a number of corporate clients in this regard. He has acted as consultant with a title insurance Company which introduced the concept of title insurance in the Australian mortgage market. Mr Arkoudis has also been a director of an ASX Listed mining Company.

## Information on Former Directors and Company Secretary

### 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. 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 Condoto Platinum Limited from 23 November 2012. He was a former director of Central Australian Phosphate Limited from 7 June 2011 to 18 September 2013 and Bora Bora Resources Limited from 31 March 2011 to 30 June 2015.

### Nelson Vaughan Reynolds BA, B Sc(Adv) Independent Non-Executive Director and Company Secretary

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 was a director of Bora Bora Resources Limited until his resignation on 9 March 2015.

# DIRECTORS' REPORT

## Directors' Interests

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

Director	Direct		Indirect	
	Shares	Various Options	Shares	Various Options
W Kernaghan	-	-	195,000,000	-
A Karam	-	-	46,000,000	293,125,000
J Arkoudis	-	-	46,000,000	293,125,000
<b>Former Directors</b>				
A Johnstone	224,666,667	-	18,750,000	-
N Reynolds	108,000,000	-	-	-

\*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. The net loss after providing for income tax amounted to \$158,402 (2014: \$1,327,545).

Limited exploration work was carried out during the year on its Soalara Limestone Project in Madagascar. Gulf continues to look for other exploration opportunities in Africa.

Gulf had been successful in raising \$3,490,592 during the year with the issue of 872,648,000 shares at \$0.004 each.

## 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 \$3,332,190 to \$4,335,604 at 30 June 2015.

## 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:

- \$1,670,818 was raised in March 2015 via a share placement; and
- \$1,819,774 was raised in May 2015 via a share placement.

# DIRECTORS' REPORT

## 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 other than:

- \$180,226 was raised in July 2015 via a share placement;
- \$40,000 was raised from the exercise of 20m options exercisable at \$0.002 expiring 8 January 2018;and
- The expiry of the 32,315,000 unlisted options on 20 July 2015.

## Directors' Meetings

The number of Directors' Meetings of Gulf Industrials Limited held during the financial year ended 30 June 2015 and the number of meetings attended by each director are as follows:

Name	Directors Meetings		Audit Committee		Remuneration Committee	
	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
W Kernaghan	5	5	-	-	-	-
A Karam	3	3	-	-	-	-
J Arkoudis	3	3	-	-	-	-
A Johnstone	2	2	-	-	-	-
N Reynolds	2	2	-	-	-	-

\* 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 the Company had 440,000,000 (492,315,000) and at 30 June 2015 the Company had 492,315,000 (2014: 492,315,000) 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 (2014: Nil) fully paid ordinary shares were issued by virtue of the exercise of options. Since the end of the financial year 20,000,000 (2014: Nil) shares have been issued by virtue of the exercise of options. Also since the end of the financial year the 32,315,000(2014: Nil) options exercisable at \$0.05 have expired.

## 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.

# DIRECTORS' REPORT

## 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 2015	Short Term Directors Fees \$	Short Term Consulting Fees/Salary \$	Termination Payment \$	Post Employment Superannuation \$	Share Based Payments \$	Total \$	Performance Related %
W Kernaghan	-	-	-	-	-	-	-
A Karam	-	-	-	-	-	-	-
J Arkoudis	-	-	-	-	-	-	-
<b>Former Directors</b>							
A Johnstone	-	-	-	-	-	-	-
N Reynolds	-	-	-	-	-	-	-
	-	-	-	-	-	-	-

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

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	-	-	-	-	-	-	-
<b>Former Directors</b>							
L Bechis	-	-	-	-	-	-	-
A Frost	-	-	-	-	-	-	-
M Arnesen	30,000	-	-	2,775	-	32,775	-
J Best	-	-	-	-	-	-	-
	54,000	-	-	4,995	-	58,995	-

# DIRECTORS' REPORT

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 2015

There were no options granted as part of remuneration for the year ended 30 June 2015 (2014: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 3 to 5.

## 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 \$22,132 (2014: \$22,154) 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 10.

## Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2015 has been received and can be found on page 11.

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



W Kernaghan  
Director  
Sydney, 25 September 2015



# A D Danieli Audit Pty Ltd

Authorised Audit Company  
ASIC Registered Number 339233

Audit & Assurance Services

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**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 our knowledge and belief, during the half year ended 30 June 2015, there have been no contraventions of:

- i. the auditor independence requirements as set out in the *Corporation Act 2001* in relation to the review; and
- ii. any applicable code of professional conduct in relation to the review.

**A D DANIELI AUDIT PTY LTD**

**Sam Danieli  
Sydney, 25 September 2015**

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

for the year ended 30 June 2015

	Note	2015 \$	2014 \$
<b>Continuing operations</b>			
Revenue	2	11,689	1,229,950
Exploration expenditure		(17,485)	-
Employee benefits expense		-	(58,996)
Foreign exchange gain/(loss)		-	(833)
Share based payments	12	-	(32,775)
Operating expenses		(152,606)	(623,119)
<b>Profit/(Loss) before income tax</b>		(158,402)	514,227
Income tax expense		-	-
<b>Net Profit/(Loss) from continuing operations</b>		(158,402)	514,227
<b>Discontinued operations</b>			
Loss from discontinued operations after tax	16(b)	-	(1,841,772)
<b>Net (Loss) for the year</b>		(158,402)	(1,327,545)
<b>Other comprehensive income</b>			
Exchange differences on translating foreign controlled entities		-	(1,972,348)
<b>Other comprehensive income for the year, net of tax</b>		-	(1,972,348)
<b>Total comprehensive income for the year attributable to members of parent entity</b>		(158,402)	(3,299,893)
<b>Earnings per share</b>			
<b>From continuing and discontinued operations:</b>			
Basic loss per share (cents per share)	15	(0.01)	(0.09)
Diluted loss per share (cents per share)	15	(0.01)	(0.09)
<b>From continuing operations:</b>			
Basic profit per share (cents per share)	15	(0.01)	0.03
Diluted profit per share(cents per share)	15	(0.01)	0.03
<b>From discontinued operations:</b>			
Basic loss per share(cents per share)	15	-	(0.12)
Diluted loss per share(cents per share)	15	-	(0.12)

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

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## at 30 June 2015

	Note	2015	2014
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	3,509,158	136,080
Trade and other receivables	5	2,394	747
<b>TOTAL CURRENT ASSETS</b>		3,511,552	136,827
<b>NON-CURRENT ASSETS</b>			
Exploration expenditure	6	917,456	917,456
<b>TOTAL NON-CURRENT ASSETS</b>		917,456	917,456
<b>TOTAL ASSETS</b>		4,429,008	1,054,283
<b>CURRENT LIABILITIES</b>			
Trade and other payables	7	93,404	50,869
<b>TOTAL CURRENT LIABILITIES</b>		93,404	50,869
<b>TOTAL LIABILITIES</b>		93,404	50,869
<b>NET ASSETS</b>		4,335,604	1,003,414
<b>EQUITY</b>			
Issued capital	8	35,535,721	32,045,129
Reserves	9	1,790,200	1,790,200
Accumulated losses		(32,990,317)	(32,831,915)
<b>TOTAL EQUITY</b>		4,335,604	1,003,414

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## for the year ended 30 June 2015

	Issued Capital \$	Reserves (Note 15) \$	Accumulated Losses \$	Total Equity \$
<b>Balance at 1 July 2013</b>	30,605,337	6,938,330	(36,652,500)	891,167
<i>Comprehensive income for the period</i>				
Loss for the period	-	-	(1,327,545)	(1,327,545)
Options expired	-	(3,175,782)	3,175,782	-
<i>Other comprehensive income</i>				
Exchange differences on translating foreign controlled entities which have been disposed	-	(1,972,348)	1,972,348	-
<i>Transaction with owners in their capacity as owners</i>				
Issue of share capital	1,448,792	-	-	1,448,792
Cost of issue of capital	(9,000)	-	-	(9,000)
<b>Balance at 30 June 2014</b>	<b>32,045,129</b>	<b>1,790,200</b>	<b>(32,831,915)</b>	<b>1,003,414</b>
<b>Balance at 1 July 2014</b>	32,045,129	1,790,200	(32,831,915)	1,003,414
<i>Comprehensive income for the period</i>				
Loss for the period	-	-	(158,402)	(158,402)
Options expired	-	-	-	-
<i>Other comprehensive income</i>				
Exchange differences on translating foreign controlled entities which have been disposed	-	-	-	-
<i>Transaction with owners in their capacity as owners</i>				
Issue of share capital	3,490,592	-	-	3,490,592
Cost of issue of capital	-	-	-	-
<b>Balance at 30 June 2015</b>	<b>35,535,721</b>	<b>1,790,200</b>	<b>(32,990,317)</b>	<b>4,335,604</b>

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

## for the year ended 30 June 2015

	Note	2015	2014
		\$	\$
		<u>                    </u>	<u>                    </u>
<b>Cash flows from Operating Activities</b>			
Receipts from customers		-	60,975
Interest received		11,689	133
Payments to suppliers and employees		(129,203)	(1,244,242)
<b>Net Cash (used in) provided by Operating Activities</b>	20	<u>(117,514)</u>	<u>(1,183,134)</u>
<b>Cash flows from Investing Activities</b>			
Exploration expenditure		-	(150,001)
<b>Net Cash (used in) provided by Investing Activities</b>		<u>-</u>	<u>(150,001)</u>
<b>Cash flows from Financing Activities</b>			
Proceeds from borrowings(Net of borrowing costs)		-	790,345
Proceeds from share and option issues (Net of expenses)		3,490,592	171,000
<b>Net Cash provided by (used in) Financing Activities</b>		<u>3,490,592</u>	<u>961,345</u>
Net (decrease)/increase in cash held		3,373,078	(371,790)
Cash at beginning of the year	4	<u>136,080</u>	<u>507,870</u>
<b>Cash at end of the year</b>	4	<u><u>3,509,158</u></u>	<u><u>136,080</u></u>

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

# NOTES TO THE FINANCIAL STATEMENTS

## for the year ended 30 June 2015

### 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 2014.

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.

The consolidated group had cash assets of \$3,509,158 at 30 June 2015. 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.

# NOTES TO THE FINANCIAL STATEMENTS

## for the year ended 30 June 2015

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 14 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.

# NOTES TO THE FINANCIAL STATEMENTS

## for the year ended 30 June 2015

### **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**

# NOTES TO THE FINANCIAL STATEMENTS

## for the year ended 30 June 2015

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

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

### Classification & Subsequent Measurement

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

*Amortised cost* is calculated as:

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

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

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

- i. *Financial assets at fair value through the Statement of Comprehensive Income*  
Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in the Statement of Comprehensive Income.
- ii. *Loans and receivables*  
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.
- iii. *Held-to-maturity investments*  
Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.
- iv. *Available-for-sale financial assets*  
Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.
- v. *Financial liabilities*  
Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

### Fair Value

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

# NOTES TO THE FINANCIAL STATEMENTS

## for the year ended 30 June 2015

### **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.

# NOTES TO THE FINANCIAL STATEMENTS

## for the year ended 30 June 2015

### **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.

# NOTES TO THE FINANCIAL STATEMENTS

## for the year ended 30 June 2015

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

	<b>Class of Fixed Asset</b>	<b>Depreciation Rate</b>
The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.	Buildings	5% - 10%
	Leasehold improvements	10% - 33.33%
	Plant and equipment	20% - 33.33%
	Motor vehicles	33.33%

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.

# NOTES TO THE FINANCIAL STATEMENTS

## for the year ended 30 June 2015

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 2015. These are outlined in the table below.

Reference	Title	Summary	Application date of standard*	Application date for Group*
AASB 9	<i>Financial Instruments</i>	<p>AASB 9 (December 2014) is a new Principal standard which replaces AASB 139. This new Principal version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.</p> <p>AASB 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.</p> <p>The final version of AASB 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.</p> <p>Amendments to AASB 9 (December 2009 &amp; 2010 editions and AASB 2013-9) issued in December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures.</p> <p>AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139.</p> <p>The main changes are described below.</p> <p>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.</p> <p>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.</p>	1 January 2018	1 July 2018

# NOTES TO THE FINANCIAL STATEMENTS

## for the year ended 30 June 2015

		<p>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.</p>		
		<p>d. Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:</p> <ul style="list-style-type: none"> <li>▶ The change attributable to changes in credit risk are presented in other comprehensive income (OCI)</li> <li>▶ The remaining change is presented in profit or loss</li> </ul> <p>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.</p> <p>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.</p> <p>AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9 in Dec 2014.</p> <p>AASB 2014-8 limits the application of the existing versions of AASB 9 (AASB 9 (December 2009) and AASB 9 (December 2010)) from 1 February 2015 and applies to annual reporting periods beginning on after 1 January 2015.</p>		
AASB 14	<i>Regulatory deferral accounts</i>	<p>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.</p> <p>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.</p>	1 January 2016	1 July 2016

# NOTES TO THE FINANCIAL STATEMENTS

## for the year ended 30 June 2015

AASB 2014-3	<i>Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations</i> [AASB 1 & AASB 11]	<p>ASB 20A14-3 amends AASB 11 to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. The amendments require:</p> <p>(a) the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in AASB 3 Business Combinations, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and</p> <p>(b) the acquirer to disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.</p> <p>This Standard also makes an editorial correction to AASB 11</p>	1 January 2016	1 July 2016
AASB 2014-4	<i>Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)</i>	<p>AASB 116 and AASB 138 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.</p> <p>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.</p> <p>The amendment 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.</p>	1 January 2016	1 July 2016
AASB 2014-6	<i>Amendments to Australian Accounting Standards – Agriculture: Bearer Plants</i> [AASB 101, AASB 116, AASB 117, AASB 123, AASB 136, AASB 140 & AASB 141]	<p>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 AASB 116 Property, Plant and Equipment, because their operation is similar to that of manufacturing.</p> <p>The produce growing on bearer plants will remain within the scope of AASB 141.</p> <p>This Standard also makes various editorial corrections to other Australian Accounting Standards.</p>	1 January 2016	1 July 2016

# NOTES TO THE FINANCIAL STATEMENTS

## for the year ended 30 June 2015

AASB 15	<i>Revenue from Contracts with Customers</i>	<p>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).</p> <p>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:</p> <p>(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</p>	1 January 2017	1 July 2017
		<p>Early application of this standard is permitted.</p> <p>AASB 2014-5 incorporates the consequential amendments to a number Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15.</p> <p>The IASB has decided to defer the effective date of IFRS 15 to 1 January 2018. The amendment to give effect to the new effective date for IFRS 15 is expected to be issued in September 2015. At this time, it is expected that the AASB will make a corresponding amendment to AASB 15, which will mean that the application date of this standard for the Group will move from 1 July 2017 to 1 July 2018.</p>		

# NOTES TO THE FINANCIAL STATEMENTS

## for the year ended 30 June 2015

AASB 2015-1	Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle	<p>The subjects of the principal amendments to the Standards are set out below:</p> <p>AASB 5 Non-current Assets Held for Sale and Discontinued Operations:</p> <ul style="list-style-type: none"> <li>• Changes in methods of disposal – where an entity reclassifies an asset (or disposal group) directly from being held for distribution to being held for sale (or visa versa), an entity shall not follow the guidance in paragraphs 27–29 to account for this change.</li> </ul> <p>AASB 7 Financial Instruments: Disclosures:</p> <ul style="list-style-type: none"> <li>• Servicing contracts - clarifies how an entity should apply the guidance in paragraph 42C of AASB 7 to a servicing contract to decide whether a servicing contract is ‘continuing involvement’ for the purposes of applying the disclosure requirements in paragraphs 42E–42H of AASB 7.</li> <li>• Applicability of the amendments to AASB 7 to condensed interim financial statements - clarify that the additional disclosure required by the amendments to AASB 7 Disclosure–Offsetting Financial Assets and Financial Liabilities is not specifically required for all interim periods. However, the additional disclosure is required to be given in condensed interim financial statements that are prepared in accordance with AASB 134 Interim Financial Reporting when its inclusion would be required by the requirements of AASB 134.</li> </ul> <p>AASB 119 Employee Benefits:</p> <ul style="list-style-type: none"> <li>• Discount rate: regional market issue - clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. Further it clarifies that the depth of the market for high quality corporate bonds should be assessed at the currency level.</li> </ul> <p>AASB 134 Interim Financial Reporting:</p> <ul style="list-style-type: none"> <li>• Disclosure of information ‘elsewhere in the interim financial report’ -amends AASB 134 to clarify the meaning of disclosure of information ‘elsewhere in the interim financial report’ and to require the inclusion of a cross-reference from the interim financial statements to the location of this information.</li> </ul>	1 January 2016	1 July 2016
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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 2015

	<b>Consolidated Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>2. Revenue and expenses for the year</b>		
(a) Revenue from ordinary activities:		
Sale of goods	-	60,975
Interest – other persons	11,689	133
Profit on disposal of controlled entities	-	1,229,817
Other	-	-
	11,689	1,290,925
(b) Expenses from ordinary activities:		
Operating expenses		
Depreciation and amortisation	-	479,590
Legal	-	39,664
Travel and airfares	24,915	22,860
Financing Costs:-		
- Interest and other fees	-	794,600
	-	794,600
<b>3. Income Tax</b>		
Operating (loss) before income tax	(158,402)	(1,327,545)
Prima facie income tax (benefit) calculated at 30% (2014:30%)	(47,521)	(398,263)
Non-deductible items		
Non-deductible expenses	-	-
Less income tax benefits not brought to account at balance date	47,521	398,263
Total income tax expense	-	-

Potential future income tax benefits estimated at \$11,599,915 (2014: \$11,552,394) 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 2015 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:

Cash on hand and at bank	3,509,158	136,080
	3,509,158	136,080

	<b>Consolidated Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>5. Trade &amp; Other Receivables</b>		
Current		
Other debtors	2,394	747
	2,394	747

# NOTES TO THE FINANCIAL STATEMENTS

## for the year ended 30 June 2015

	<b>Consolidated Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>6. Exploration Expenditure</b>		
Costs carried forward in respect of areas of interest in the exploration and evaluation phase		
Opening balance	917,456	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	917,456
Less expenditure written off during the year	-	-
Expenditure impaired	-	-
Closing balance	917,456	917,456
Refer to Note 22 for further details.		
<b>7. Trade &amp; Other Payables</b>		
Current		
Trade Creditors	53,404	50,869
Placement funds received and shares not issued at balance date	40,000	-
	93,404	50,869
<b>8. Issued Capital</b>		
2,662,390,062(2014:1,789,742,062) fully paid shares	35,535,721	32,045,129

	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Movements during the year	<b>Number of</b>	<b>Number of</b>	<b>\$</b>	<b>\$</b>
	<b>Shares</b>	<b>Shares</b>		
Beginning of the financial year	1,789,742,062	930,346,062	32,045,129	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
11/3/15 issued at 0.004 cents	417,704,390	-	1,670,818	-
21/5/15 issued at 0.004 cents	454,943,610	-	1,819,774	-
Less share issue expenses	-	-	-	(9,000)
End of the financial year	2,662,390,062	1,789,742,062	35,535,721	32,045,129

# NOTES TO THE FINANCIAL STATEMENTS

## for the year ended 30 June 2015

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 2015 there were 492,315,000 (2014: 492,315,000) 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 (2014: Nil) fully paid ordinary shares were issued by virtue of the exercise of options. Since the end of the financial year 20,000,000 (2014: nil) shares have been issued by virtue of the exercise of options. Since the end of the financial year the 32,315,000 unlisted options exercisable at \$0.05 lapsed on 20 July 2015.

During the year no options (2014:nil) options were issued during the reporting period.

# NOTES TO THE FINANCIAL STATEMENTS

## for the year ended 30 June 2015

	<b>Consolidated Group</b>	
	<b>2015</b>	<b>2014</b>
	\$	\$
<b>9. Reserves</b>		
Share Option Reserve	1,790,200	1,790,200
	1,790,200	1,790,200
(i) Share Option Reserve		
This relates to the recognition on the issue of options.		
Beginning of the financial year	1,790,200	4,965,982
Options expired	-	(3,175,782)
End of the financial year	1,790,200	1,790,200

### 10. Auditors Remuneration

Remuneration of the auditor (and associated entities) of the parent entity for:

- Audit of the financial statements	15,000	18,750
- Half year review	9,500	12,500
- Other services	-	-
	24,500	31,250

### 11. 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 Chairman and Company Secretary
A Karam	31 October 2014	-	Non Executive Director
J Arkoudis	31 October 2014	-	Non Executive Director
A Johnstone	5 March 2014	31 October 2014	Non Executive Director
N Reynolds	5 March 2014	31 October 2014	Non Executive Director

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

# NOTES TO THE FINANCIAL STATEMENTS

## for the year ended 30 June 2015

### 11. 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 1/7/2014	Options Issued	Options Exercised	Net Change Other	Option Lapsed	Balance 30/6/2015
W Kernaghan	-	-	-	-	-	-
A Karam	-	-	-	293,125,000	-	293,125,000
J Arkoudis	-	-	-	293,125,000	-	293,125,000
A Johnstone	-	-	-	-	-	-
N Reynolds	-	-	-	-	-	-

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 as a director

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

Company Director	Balance 1/7/2014	Options Exercised	Net Change Other	Balance 30/6/2015
W Kernaghan	216,130,000	-	(21,130,000)	195,000,000
A Karam	-	-	46,000,000	46,000,000
J Arkoudis	-	-	46,000,000	46,000,000
A Johnstone	243,416,667	-	(243,416,667)*	-
N Reynolds	108,000,000	-	(108,000,000)*	-

\* 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.

# NOTES TO THE FINANCIAL STATEMENTS

## for the year ended 30 June 2015

### 11. Key Management Personnel Compensation (continued)

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*#	-

### 12. Share Based Payments

	2015 \$	2014 \$
<b>Recognised share based payment expenses</b>		
Director shares and options	=	<u>32,775</u>

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.

### 13. Related Party Transactions

(a) Payments to director related companies

#### 2015

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

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

#### (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.

# NOTES TO THE FINANCIAL STATEMENTS

## for the year ended 30 June 2015

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

Company	Contribution to consolidated operating loss		Details of investment in shares Cost of parent entity's investment in subsidiaries	
	2015	2014	2015	2014
	\$	\$	\$	\$
Gulf Industrials Ltd	(158,402)	514,479	-	-
Austral Malagasy Resources Pty Ltd	-	-	-	-
Gulf Resources Uganda Limited*	-	(1,841,772)	-	-
GLF Holdings Limited*	-	-	-	-
Industrial Minerals International Corporation*	-	-	-	-
East African Vermiculite Limited*	-	-	-	-
Soalara Calcaire SARL	-	(252)	763,990	763,990
	<u>(158,402)</u>	<u>(1,327,545)</u>	<u>763,990</u>	<u>763,990</u>

Company	Place of Incorporation	Date of Acquisition	Class of Shares	2015	2014
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	-	-
Gulf Resources Uganda Limited*	Uganda	29.04.08	Ordinary	-	-
GLF Holdings Limited*	British Virgin Islands	30.04.08	Ordinary	-	-
Industrial Minerals International Corporation*	British Virgin Islands	30.04.08	Ordinary	-	-

\*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 took 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.

15. Earnings per share	2015	2014
(a) Net (loss) used in continuing and discontinued operations	(158,402)	(1,327,545)
Net profit/(loss) used in continuing operations	(158,402)	514,227
Net (loss) used in discontinuing operations	-	(1,814,772)
(b) Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	1,966,626,806	1,445,025,667
Weighted average number of options outstanding	-	-
Weighted average number of ordinary shares outstanding during the year used in calculation of dilutive EPS	<u>1,966,626,806</u>	<u>1,445,025,667</u>

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

# NOTES TO THE FINANCIAL STATEMENTS

## for the year ended 30 June 2015

### 16. 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 2015. The \$420,000 is payable on the first commercial shipment of limestone together with a royalty averaging US\$0.28 per tonne.

	Acquiree's Carrying Amount \$	Fair Value \$
<b>Purchase consideration:</b>		
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 2015. 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.

	\$
<b>Sales Consideration :</b>	
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)

# NOTES TO THE FINANCIAL STATEMENTS

## for the year ended 30 June 2015

### 17. 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 (2014: Nil) over the next year to keep its current tenements in good standing.

### 18. 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
2015	%	\$	\$	\$	\$	\$	\$
<b>Financial assets</b>							
Cash and cash equivalents	0.1%	3,509,158	-	-	-	-	3,509,158
Trade and other receivables		-	-	-	-	2,394	2,394
		3,509,158	-	-	-	2,394	3,511,552
<b>Financial liabilities</b>							
Trade and other payables		-	-	-	-	93,404	93,404
		-	-	-	-	93,404	93,404

  

	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	%	\$	\$	\$	\$	\$	\$
<b>Financial assets</b>							
Cash and cash equivalents	0.1%	136,080	-	-	-	-	136,080
Trade and other receivables		-	-	-	-	747	747
		136,080	-	-	-	747	136,827
<b>Financial liabilities</b>							
Trade and other payables		-	-	-	-	50,869	50,869
		-	-	-	-	50,869	50,869

# NOTES TO THE FINANCIAL STATEMENTS

## for the year ended 30 June 2015

### 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.

	<b>Consolidated Group</b>	
	<b>2015</b>	<b>2014</b>
	\$	\$
<b>Currency Risk</b>		
10% Weakening of Australian dollar		
- Profit/(Loss) impact	-	-
10% Strengthening Australian Dollar		
- Profit/(Loss) impact	-	-

Currency risk exposure during the year was limited to inter-company transactions which eliminate on consolidation

## 19. 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 other than.

- \$180,226 was raised in July 2015 via a share placement;
- \$40,000 was raised from the exercise of 20m options exercisable at \$0.002 expiring 8 January 2018; and
- The expiry of the 32,315,000 unlisted options on 20 July 2015.

# NOTES TO THE FINANCIAL STATEMENTS

## for the year ended 30 June 2015

### 20. Cash Flow Information

	Note	Consolidated Group	
		2015 \$	2014 \$
Loss from ordinary activities after income tax		(158,402)	(1,327,545)
Non cash flows in loss:			
Depreciation	6	-	479,590
Share based payments	2	-	32,775
(Increase)/Decrease in Trade receivables	5	(1,647)	31,180
(Increase)/Decrease in Inventories		-	155,153
(Increase)/Decrease in prepayments		-	62,550
Increase/(Decrease) Trade and other payables	8	42,535	(549,022)
Net movement disposal controlled entities		-	(67,815)
Operating cash flow		(117,514)	(1,183,134)

### 21. 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
	\$	\$	\$	\$
<b>2015</b>				
<b>For the year ended 30 June 2015</b>				
Revenue from external customers	-	-	-	-
Interest & other	-	-	11,689	11,689
Reportable segment profit/(loss) before income tax	-	-	(158,402)	(158,402)
Reportable segment assets as at 30 June 2015	-	917,456	3,511,553	4,429,009
<b>2014</b>				
<b>For the year ended 30 June 2014</b>				
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

#### (b) Reconciliation of reportable segment profit and loss.

##### As at 30 June:

	2015 \$	2014 \$
Total profit or loss for reportable segment	(158,402)	(1,327,545)
Eliminating of inter-segment profit	-	-
Loss before tax from continuing operations	(158,402)	(1,327,545)

# NOTES TO THE FINANCIAL STATEMENTS

## for the year ended 30 June 2015

(c) Reconciliation of reportable segment assets.	<b>2015</b>	<b>2014</b>
<b>As at 30 June:</b>	<b>\$</b>	<b>\$</b>
Reportable segment assets	4,429,009	1,054,283
Elimination of inter-segment assets	-	-
Total assets	<u>4,429,009</u>	<u>1,054,283</u>

(d) Assets by geographical region.	<b>2015</b>	<b>2014</b>
<b>As at 30 June:</b>	<b>\$</b>	<b>\$</b>
Australia	3,511,553	136,827
Africa	917,456	917,456
Total Assets	<u>4,429,009</u>	<u>1,054,283</u>

## 22. Parent Entity Information

Information relating to Gulf Industrials Limited:

STATEMENT OF FINANCIAL POSITION	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Current assets	<u>3,511,552</u>	<u>136,827</u>
Total assets	<u>4,429,009</u>	<u>1,054,283</u>
Current liabilities	<u>93,405</u>	<u>50,869</u>
Total liabilities	<u>93,405</u>	<u>50,869</u>
Issued capital	35,535,721	32,045,129
Accumulated losses	(32,990,317)	(32,982,915)
Reserves	<u>1,790,200</u>	<u>1,790,200</u>
Total shareholders' equity	<u>4,335,604</u>	<u>1,003,414</u>
STATEMENT OF COMPREHENSIVE INCOME		
Profit/(Loss) of the parent entity	<u>(158,402)</u>	<u>514,479</u>
Total comprehensive income of the parent entity	<u>(158,402)</u>	<u>514,479</u>

### 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. There have been no changes in contingent liabilities or contingent assets since the last annual reporting date.

### Contractual Commitments

At 30 June 2015 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 2015 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 2015.

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

For and on behalf of the Board

A handwritten signature in black ink, appearing to be 'W Kernaghan', with a long horizontal line extending to the right.

W Kernaghan  
Director  
Sydney, 25 September 2015



# A D Danieli Audit Pty Ltd

Authorised Audit Company  
ASIC Registered Number 339233

Audit & Assurance Services

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## Independent Auditor's Report

To the Members of Gulf Industrials Limited And Controlled Entities

A.B.N. 13 115 027 033

### ***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 2015, 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.

## ***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 2015 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.

## ***Report on the Remuneration Report***

We have audited the Remuneration Report included in pages 8 to 10 of the Directors' Report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

## ***Auditor's Opinion***

In our opinion the Remuneration Report of Gulf Industrials Limited for the year ended 30 June 2015 complies with s 300A of the *Corporation Act 2001*.

**A D Danieli Audit Pty Ltd**



**Sam Danieli**

**25 September 2015**

# AUSTRALIAN SECURITIES EXCHANGE INFORMATION

## Shareholdings

(a)

Analysis of holdings as at 24 September 2015	<b>Ordinary Shares</b>
1-1,000	70
1,001-5,000	39
5,001-10,000	108
10,001-100,000	386
100,001 and over	<u>542</u>
	<b><u>1,145</u></b>
Less than marketable parcels	410

(b)

Substantial shareholders

The company has the following substantial shareholders as at 24 September 2015:

	<u>Number of Shares</u>	<u>Percentage of Total</u>
Wayne John Kernaghan	195,000,000	7.15

(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 24 September 2015.

<b>Holder Name</b>	<b>Number of Shares</b>	<b>Percentage</b>
1 WJK Investments Pty Ltd	195,000,000	7.15%
2 Axis Group Investments Pty Ltd	143,000,000	5.24%
3 Robot Systems Pty Ltd	125,000,000	4.58%
4 Tasman Pacific Investments Limited	106,905,591	3.92%
5 Lenpark Pty Ltd	100,000,000	3.67%
6 SPQR One Pty Ltd	87,500,000	3.21%
7 Zero Nominees Pty Ltd	80,150,000	2.94%
8 Elite Exercise Sydney Pty Ltd	75,091,667	2.75%
9 Fokas Corporation Pty Ltd	75,000,000	2.75%
10 Dennis R Lowe Pty Ltd	75,000,000	2.75%
11 Mark Richard Arnesen	65,437,500	2.40%
12 Bestrawl Pty Ltd	52,150,000	1.91%
13 Bill Savellis	50,200,000	1.84%
14 Farag Investments Pty Limited	50,000,000	1.83%
15 Hatlen Pty Ltd	50,000,000	1.83%
16 JSA & Associates Pty Ltd	46,000,000	1.69%
17 Jadison Pty Ltd	46,000,000	1.69%
18 J P Morgan Nominees Australia Limited	44,792,915	1.64%
19 Nebris Pty Ltd	44,422,000	1.63%
20 Simon Lenehan & Stephaine Lenehan	42,271,750	1.55%
<b>TOTAL</b>	<b><u>1,553,921,423</u></b>	<b><u>56.97%</u></b>

# AUSTRALIAN SECURITIES EXCHANGE INFORMATION

- (e) As at 24 September 2015, the Company had 440,000,000 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	440,000,000	\$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



