



ABN 33 124 792 132

**Financial Statements for the Half-Year ended
30 June 2014**

Corporate directory

Board of Directors

| | |
|--------------------|---------------------------------|
| Mr Murray McDonald | Executive Director and Chairman |
| Ms Emma Gilbert | Executive Director |
| Mr Yohanes Sucipto | Non-Executive Director |

Company Secretary

Mr Frank Campagna

Registered Office

97 Outram Street
WEST PERTH WA 6005

Principal Office

97 Outram Street
WEST PERTH WA 6005

Telephone: +61 8 9215 0400

Facsimile: +61 8 9321 3628

Auditor

Stantons International Audit & Consulting Pty Ltd
Level 2
1 Walker Avenue
WEST PERTH WA 6005

Telephone: +61 8 9481 3188

Facsimile: +61 8 9321 1204

Share Registry

Advanced Share Registry Services Pty Ltd
110 Stirling Highway
Nedlands WA 6009

Telephone: +61 8 9389 8033

Facsimile: +61 8 9389 7871

Stock Exchange Listing

Australian Securities Exchange Limited
Level 40, Central Park
152 – 158 St Georges Terrace
PERTH WA 6000

ASX Code: GTR

Website

www.gtiresources.com.au

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Directors' report

The Directors of GTI Resources Ltd (**Company**) submit herewith the financial statements for the half-year ended 30 June 2014. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Name of directors

The names of the Directors of the Company who have held office during and since the end of the half year and up until the date of this report are:

| | |
|--------------------|------------------------|
| Mr Murray McDonald | Executive Chairman |
| Ms Emma Gilbert | Executive Director |
| Mr Yohanes Sucipto | Non-Executive Director |

Review of operations

GTI's programme of assessment and evaluation of more advanced projects overseas has continued, complemented by additions to the Company's Western Australian project portfolio through acquisition and granting of prospective ground.

International Project Evaluation and Generation – Indonesian Focus

In 2008 the Company established a presence in Indonesia through a local consulting group giving access to an expanded network of contacts within the mining sector and a Jakarta base from which to operate.

The Company in recent years has now further expanded the Indonesian network and is attempting to establish if a joint venture is a possibility in respect of the construction of a nickel plant in Indonesia.

The Indonesian Government has asked for expressions of interest in respect of the installation of Nickel Smelters ahead of a January 2014 ban on raw materials export. Until then, a 20% tax on ore exports has been levied.

The Company is of the view that Indonesia is an emerging market, with challenges, however opportunities are possible in the mining industry with the assistance of Australian know how and expertise.

Indonesia is the largest economy in Southeast Asia, the 4th largest population in the world, 3rd largest Democracy in the world, top 10 World Economies in 2020 (as predicted by Global Analysts and has positive growth since 2000 with 6.23% in 2012).

Over the past few years Indonesia's profile has gained more recognition with abundant natural resources and a progressive investment climate.

Shareholders will be informed if negotiations on any potential joint venture advance past the preliminary phase.

Western Australian Projects

During the year exploration planning and exvaluation of previous exploration data continued on a number of properties field reconnaissance of initial targets is now planned subject to appropriate funding.

Auditor's independence declaration

The auditor's independence declaration is included on page 4 and forms part of the Directors' report for the half year ended 30 June 2014.

Signed in accordance with a resolution of Directors made pursuant to s.306(3) of the Corporations Act 2001.

On behalf of the Directors



Murray McDonald

Executive Chairman

Perth, 11 September 2014

11 September 2014

Board of Directors
GTI Resources Limited
97 Outram Street
WEST PERTH WA 6005

Dear Directors

RE: GTI RESOURCES LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of GTI Resources Limited.

As Audit Director for the review of the financial statements of GTI Resources Limited for the half year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)



Samir Tirodkar
Director

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
GTI RESOURCES LIMITED**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of GTI Resources Limited, which comprises the condensed statement of financial position as at 30 June 2014, the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity, and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of GTI Resources Limited are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standards on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 30 June 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of GTI Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of GTI Resources Limited on 11 September 2014.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of GTI Resources Limited is not in accordance with the *Corporations Act 2001* including:

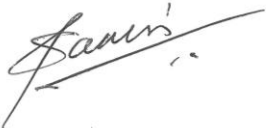
- (a) giving a true and fair view of the Company's financial position as at 30 June 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standards AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Inherent Uncertainty Regarding Going Concern

Without qualification to the opinion expressed above, attention is drawn to the following matters:

As referred to in Note 1 to the financial statements, the financial statements have been prepared on the going concern basis. At 30 June 2014 the entity had working capital deficit of \$275,654 and had incurred a loss for the half year of \$305,235. The ability of the entity to continue as a going concern is subject to the successful recapitalisation of the Company. In the event that the Board is not successful in recapitalising the Company and in raising further funds, the entity may not be able to continue in its present form, realise its assets at their carrying value and may not be able to meet its planned commitments.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit and Consulting Pty Ltd


Samir Tirodkar
Director

West Perth, Western Australia
11 September 2014

Directors' declaration

The Directors declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Company for the period ended 30 June 2014.

Signed in accordance with a resolution of the Directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Directors



Murray McDonald
Executive Chairman
Perth, 11 September 2014

Condensed statement of profit or loss and other comprehensive income for the half-year ended 30 June 2014

| | Note | 30 June 2014 \$ | 30 June 2013 \$ |
|--|------|--------------------|--------------------|
| Revenue | 2 | 50,189 | 44,682 |
| Employee benefits expense | | (129,581) | (105,819) |
| Exploration expenditure expensed as incurred | | (44,240) | (34,500) |
| Project generation expenditure | | (66,160) | (79,761) |
| Administration and finance expenses | 3 | (15,645) | (32,156) |
| Corporate expenses | | (26,320) | (23,679) |
| Occupancy expenses | | (2,578) | (34,339) |
| Impairment of exploration expenditure | | (70,900) | - |
| Loss before income tax expense | | (305,235) | (265,572) |
| Income tax expense | | - | - |
| Loss for the period | | (305,235) | (265,572) |
| Other comprehensive income/(loss) for the period | | | |
| Items that will not be classified to profit or loss | | - | - |
| Items that may be subsequently reclassified to profit or loss | | - | - |
| Net change in fair value of available for sale financial assets | | (3,450) | (31,738) |
| Total other comprehensive loss for the period | | (3,450) | (31,738) |
| Total comprehensive loss for the period | | (308,685) | (297,310) |
| Loss attributable to members of GTI Resources Ltd | | (305,235) | (265,572) |
| Total comprehensive loss attributable to members of GTI Resources Ltd | | (308,685) | (297,310) |
| Loss per share: | | | |
| Basic and diluted (cents per share) | | (0.68) | (0.62) |

The accompanying notes form part of these financial statements.

Condensed statement of financial position as at 30 June 2014

| | <u>Note</u> | <u>30 June 2014</u> | <u>31 Dec 2013</u> |
|---|-------------|---------------------|--------------------|
| | | \$ | \$ |
| Current assets | | | |
| Cash and cash equivalents | | 12,549 | 35,141 |
| Trade and other receivables | | - | - |
| Total current assets | | 12,549 | 35,141 |
| Non-current assets | | | |
| Trade and other receivables | | 3,998 | 3,998 |
| Property, plant and equipment | | 3,841 | 4,502 |
| Exploration, evaluation and development | | - | 70,900 |
| Other financial assets | | 10,971 | 14,421 |
| Total non-current assets | | 18,810 | 93,821 |
| Total assets | | 31,359 | 128,962 |
| Current liabilities | | | |
| Trade and other payables | | 128,029 | 44,962 |
| Director unsecured loan | | 113,105 | 85,000 |
| Provisions | | 47,069 | 39,187 |
| Total current liabilities | | 288,203 | 169,149 |
| Non-current liabilities | | | |
| Provisions | | 25,359 | 23,080 |
| Total non-current liabilities | | 25,359 | 23,080 |
| Total liabilities | | 313,562 | 192,229 |
| Net assets/ (liabilities) | | (282,203) | (63,267) |
| Equity | | | |
| Issued capital | (4) | 5,197,589 | 5,107,840 |
| Reserves | | 194,507 | 197,957 |
| Accumulated losses | | (5,674,299) | (5,369,064) |
| Total Equity/ (Decifiency) | | (282,203) | (63,267) |

The accompanying notes form part of these financial statements.

Condensed statement of changes in equity for the half year ended 30 June 2014

| | Attributable to Owners | | | | Total equity \$ |
|--|--------------------------|---|--|-----------------------------|--------------------|
| | Ordinary shares \$ | Equity-settled employee benefits reserve \$ | Investment revaluation reserve \$ | Accumulated losses \$ | |
| Balance at 1 January 2013 | 5,107,840 | 210,036 | 44,238 | (4,919,811) | 442,303 |
| Loss for the period | - | - | - | (265,592) | (285,592) |
| Other comprehensive income | | | | | |
| Net change in fair value of available for sale financial assets | - | - | (31,738) | - | (31,738) |
| Total comprehensive loss | - | - | (31,738) | (265,592) | (297,330) |
| Balance at 30 June 2013 | 5,107,840 | 210,036 | 12,500 | (5,185,383) | 144,993 |
| Balance at 1 January 2014 | 5,107,840 | 210,036 | (12,079) | (5,369,064) | (63,267) |
| Loss for the period | - | - | - | (305,235) | (305,235) |
| Other comprehensive income | | | | | |
| Net change in fair value of available for sale financial assets | - | - | (3,450) | - | (3,450) |
| Total comprehensive loss | - | - | (3,450) | (305,235) | (308,685) |
| Ordinary shares issued | 94,000 | - | - | - | 94,000 |
| Capital raising costs | (4,251) | - | - | - | (4,251) |
| Balance at 30 June 2014 | 5,197,589 | 210,036 | (15,529) | (5,674,299) | (282,203) |

The accompanying notes form part of these financial statements.

Condensed statement of cash flows for the half-year ended 30 June 2014

| | 30 June 2014 \$ | 30 June 2013 \$ |
|--|--------------------|--------------------|
| Cash flows from operating activities | | |
| Interest received | 189 | 2,563 |
| Payments to suppliers, employees and for exploration activities | (190,018) | (261,313) |
| Interest and other costs of finance paid | (617) | - |
| Net cash (used in) operating activities | (190,446) | (258,750) |
| Cash flows from investing activities | | |
| Proceeds from sale of exploration investments | 50,000 | 50,547 |
| Net cash from investing activities | 50,000 | 50,547 |
| Cash flows from financing activities | | |
| Director unsecured loan | 28,105 | - |
| Proceeds from issue of shares | 94,000 | - |
| Share issue costs | (4,251) | - |
| Loans from related entities | - | (1,000) |
| Net cash from (used in) financing activities | 117,854 | (1,000) |
| Net decrease in cash and cash equivalents | (22,592) | (209,203) |
| Cash and cash equivalents at the beginning of the half-year | 35,141 | 320,532 |
| Cash and cash equivalents at the end of the half-year | 12,549 | 111,329 |

The accompanying notes form part of these financial statements.

Notes to the condensed financial statements for the half-year ended 30 June 2014

1. Accounting policies

Statement of compliance

The financial statements for the interim half-year reporting period ended 30 June 2014 are a general purpose financial statement prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes comply with International Financial Reporting Standards ('IFRS').

The half-year financial statements do not include full disclosures of the type normally included in an annual financial statement. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Company as in the full financial statements.

It is recommended that these financial statements be read in conjunction with the annual financial statements for the year ended 31 December 2013 and any public announcements made by GTI Resources Ltd during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

Basis of preparation

The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial statement are consistent with those adopted and disclosed in the Company's most recent annual financial statements for the year ended 31 December 2013.

The directors have prepared the financial statements on the basis of going concern, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The directors believe this to be appropriate for the following reasons:

- The Company has cash reserves of \$12,549 at 30 June 2014 and since 30 June 2014 has raised \$140,000 before capital raising costs;
- The Company continues to monitor opportunities to raise further equity from interested investors; and
- The Company's Board of Directors has a long history of fund raising in the public and will do so when required.

Based on the above, the directors are confident that the Company will be able to continue operations as a going concern into the foreseeable future.

New and Revised Accounting Requirements Applicable to the Current Half Year Reporting Period

For the half-year reporting period to 30 June 2014 the same accounting policies and methods of computation have been followed in the interim financial report as were applied in the most recent annual financial statements. The Company has adopted new and revised Australian Accounting Standards from 1 January 2014 together with consequential amendments to other Standards. The application of these new and revised requirements did not have a material impact on the measurement basis or disclosures in the half-year report.

Significant accounting judgements and key estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this half-year's financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation were the same as those that applied to the financial statements for the year ended 31 December 2013.

2. Revenue

Continuing operations

| | 2014 \$ | 2013 \$ |
|--|------------|------------|
| Interest revenue | 189 | 2,562 |
| Gain on sale of financial assets | - | 42,120 |
| Gain on disposal of exploration assets | 50,000 | - |
| Total | 50,189 | 44,682 |
| Gain on sale of financial assets comprises: | | |
| Transfer from investment revaluation reserve | - | 44,939 |
| Fair value of shares sold | - | (53,365) |
| Share sale proceeds received | - | 50,546 |
| Gain | - | 42,120 |

3. Expenses

| | 2014 \$ | 2013 \$ |
|--|------------|------------|
| The following expense items are included in the financial performance for the half-year: | | |
| Depreciation | 661 | 3,061 |

4. Issued Capital

| | 2014 \$ | 2013 \$ |
|--|------------|------------|
| 47,866,669 fully paid ordinary shares (2012: 43,166,669) | 5,197,589 | 5,107,840 |

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the company does not have a limited amount of authorised capital and issued shares do not have a par value.

| | 2014 | | 2013 | |
|--|------------|-----------|------------|-----------|
| | No. | \$ | No. | \$ |
| Fully paid ordinary shares | | | | |
| Opening balance at the beginning of the financial period | 43,166,669 | 5,107,840 | 43,166,669 | 5,107,840 |
| Share placement | 4,700,000 | 94,000 | - | - |
| Share issue costs | - | (4,251) | - | - |
| Closing balance at the end of the financial period | 47,866,669 | 5,197,589 | 43,166,669 | 5,107,840 |

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Share options

As at 30 June 2014, the company has no share options on issue (2013 : \$Nil). No options were issued, exercised or lapsed during the period.

5. Segment information

The Company operates predominately in one geographical segment, being Western Australia, and in one industry, mineral exploration.

6. Contingent liabilities

The Company has no contingent liabilities at the date of this report.

7. Related parties

Arrangements with related parties continue to be in place. For details of these arrangements, please refer to the 31 December 2013 annual financial report.

Key management personnel continue to receive compensation in the form of short term employee benefits, post-employment benefits and share based payments.

At 30 June 2014 the Executive Chairman has made interest-free loan of \$113,105 (31 December 2013: \$85,000). During the six month period \$45,000 were advanced and \$16,895 were repaid.

8. Subsidiaries

The Company has a 100% interest in GTI (Australia) Pty Ltd, a company incorporated in Australia with share capital of \$1.00. The Company also has a 75% interest in PT GTRI Mining, a company incorporated in Indonesia. Both GTI (Australia) Pty Ltd and PT GTRI Mining have been dormant since incorporation. As the subsidiaries have no assets or liabilities, consolidated financial statements have not been prepared.

9. Events subsequent to reporting date

At 21 July 2014 the company had raised \$140,000 by issuance of 7 million fully paid ordinary shares at 2 cents per share. The placement of the SPP Shortfall was made to institutional and sophisticated investors. The issue price of the SPP Shortfall was on the same terms as offered to shareholders under the SPP.

No other material subsequent events have occurred between 1 July and the date of this report.