Globe Metals & Mining

And Controlled Entities

# Annual Report

ABN: 33 114 400 609

## 2016 Annual Report

# CORPORATE DIRECTORY

**Directors**
Ms Alice Wong, Non-Executive Chairperson
Mr Alistair Stephens, Deputy Chairperson, Managing Director and CEO
Mr William Hayden, Non-Executive Director
Mr Alex Ko, Non-Executive Director
Mr Bo Tan, Non-Executive Director

**Company Secretary**
Mr Michael Fry

**Principal & Registered Office**
Level 1, Suite 1
35 Havelock St
West Perth WA 6005
Telephone: (08) 9327 0700
Facsimile: (08) 9327 0798
ABN: 33 114 400 609

**Auditors**
*Australia:*
Ernst & Young
11 Mounts Bay Road
Perth WA 6000

*Malawi:*
Ernst & Young
Apex House
Kidney Crescent
Blantyre
Malawi

**Share Registrar**
Security Transfers Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153
Telephone: (08) 9315 2333
Facsimile: (08) 9315 2233

**Securities Exchange Listing**
Australian Securities Exchange
(Home Exchange: Perth, Western Australia)
Level 40
Central Park
152-158 St Georges' Terrace
Perth WA 6000
Code: GBE

**Bankers**
Westpac
109 St Georges Terrace
Perth WA 6000

Dear Shareholders

On behalf of the Board of Globe, I present to you the 2016 Annual Report.

The 2015 Annual Report articulated an ongoing focus on ensuring that the Company's cash resources were preserved through careful cost management during what continues to be an uncertain time in global and commodity markets.

During the course of the past 12 months a number of decisions were made and measures introduced which have substantially reduced corporate costs, and which will result in sustained savings.

The 2015 Annual Report also articulated a focus on reviewing investment opportunities with a view to acquiring businesses which offer long-term cash generation.

In December 2015, the Company announced that it was undertaking a strategic review of the Company's business and of global investment opportunities outside of the mining and metals industry, aimed at establishing and prioritising the areas in which its resources were to be utilised so as to maximise the return for shareholders.

The scope of the strategic review was to be broad and to focus on global business opportunities with strong cash generation capability and growth prospects.

Whilst the strategic review remains incomplete, the Company has identified the Australia-China trade in agricultural products, food and beverage, and health supplements as a key area of interest leveraging Australia's reputation and competitive advantage for producing products that are of high quality, clean, natural and value for money.

The Company has reviewed numerous investment opportunities in this area, none of which have progressed to an advanced stage. Despite this, this area remains the primary focus. Notwithstanding, opportunities in other high growth industries are also of interest for the purpose of investment by the Company. The Company will not be rushed into an investment decision.

The reduction in steel manufacture world-wide and the fall in the niobium price in recent years has impacted the pace of advancement of the Company's Kanyika Niobium Project, but despite this the Company continues to work with parties interested in the financing and development of the Project who recognise the opportunity that the Project presents at this point in time in the commodity price cycle.

In accordance with Australian accounting standards, and taking the recommendation of management, the Company has resolved to recognise a full impairment of the Chiziro Graphite Project during this past fiscal year.

In the coming year the Company will remain vigilant on its cash management whilst continuing to review investment opportunities with a view to acquiring businesses which offer long-term cash generation, and which provide significant shareholder value.

In closing, I thank all shareholders, board of directors, and employees for their support of the Company in the year past and I am looking forward to their continued support in the year to come.

Yours sincerely,

Alice Wong
Chairperson - Globe Metals & Mining Limited

**About Globe**

Globe Metals and Mining Limited (Globe) is an Australian registered public company and has been listed on the ASX since December 2005 (ASX: GBE). The Company has an administration and operational centre in Lilongwe, Malawi in support of its on-the-ground Project exploration activities. The Malawi operations are supported from Globe's corporate head office in Perth, Australia.

Globe's Kanyika Niobium Project, which is located in central Malawi, contains niobium and tantalum mineralisation, commodities that are key additives in steel manufacture and electronics.

In addition to the Kanyika Niobium Project, Globe also holds the Chiziro Graphite Project in Malawi.

***Kanyika Niobium Project***

Globe identified niobium and tantalum mineralisation in 2007 at Kanyika. Subsequent drilling confirmed the mineralisation leading to an extensive exploration and metallurgical testwork program. A scoping study in 2008 and further drilling led to a feasibility study in 2012 and the release of a JORC (2004) compliant Mineral Resource Estimate in January 2013 (refer below).

During 2013, Globe commissioned metallurgical optimisation work, and subsequently in 2014 commissioned a pilot plant to demonstrate and further optimise metallurgical processes.

On 7 January 2013 Globe published a Mineral Resource Estimate for the Kanyika Niobium Project of 68.3M tonnes (equivalent) of $Nb_2O_5$ using a 1,500 ppm $Nb_2O_5$ cut-off (refer below).

Table: Mineral Resource Estimate for Kanyika using a 1,500 ppm $Nb_2O_5$ lower cut

| Category | Million Tonnes | $Nb_2O_5$ ppm | $Ta_2O_5$ ppm |
|---|---|---|---|
| **Measured** | 5.3 | 3,790 | 180 |
| **Indicated** | 47.0 | 2,860 | 135 |
| **Inferred** | 16.0 | 2,430 | 120 |
| **Total** | **68.3** | **2,830** | **135** |

No additions or changes have been made to this resource statement since it was first published and it complies with the 2004 JORC guidelines for mineral resource statements as made in that release (refer "Competent Persons Statements" section following).

The Kanyika Exclusive Prospecting Licence (EPL0188) was due for expiry at the end of December 2014. In early December 2014, Globe applied for a Mining Licence to cover the Kanyika Nb-Ta resource and all areas covering proposed mine infrastructure and prospective exploration areas. Globe received notification in June 2015 from Malawi Ministry of Natural Resources, Energy & Mining (MMNREM) that its application for a Mining Lease has been approved subject to completion of a Development Agreement. The Development Agreement negotiations are continuing in good faith with the Government of Malawi.

During the year, the executive team examined opportunities for project enhancement, including reconfiguration of project arrangements, and had advanced discussion with various regulators, stakeholders and other parties regarding project development and financing.

***Chiziro Graphite Project***

During the year ended 30 June 2016, Globe conducted a rock chip sampling program at the Katengeza Prospect, a site of known graphite mineralisation and historical workings, which was previously excised from the Project area by Malawi Ministry of Natural Resources, Energy and Mining.

All samples reported the existence of graphite, with more than half of the samples returning grades exceeding 10% TGC, indicating that high-grade graphite mineralisation exists at the Katengeza Prospect. As such, the Chiziro Graphite Project is proven to contain two known areas of high grade mineralisation; being at the Chimutu Prospect and the Katengeza Prospect.

Given the existence of two areas of high-grade mineralisation, Globe engaged a mining consultancy firm to assist in devising a strategic development plan for the Chiziro Graphite Project. The plan identified a pathway for successful development of the Project which is dependent upon achieving the following milestones:

- completion of further exploration works to define a mineral resource,
- metallurgical testwork demonstrating that high-value flake graphite product in high concentration can be obtained from processing of Chiziro,
- completion of a project feasibility study
- securing a binding off-take agreement or developing a partnership with an established graphite consumer, and
- financing.

***Other Projects***

During the year ended 30 June 2016, the Group relinquished the Machinga Rare Earth Project, the Salimbidwe Rare Earth Project and the Memba Titanium-iron Project. All three projects were early-stage exploration projects and would have required significant funding to advance; which was unable to be justified in the current environment.

***Mineral Tenement Schedule***

| Project | Location | Status | Tenement | Globe's interest |
|---|---|---|---|---|
| Kanyika Niobium (i) | Malawi | Granted | under mining lease application | 100% |
| Kanyika Exploration | Malawi | Granted | EPL0421/15 | 100% |
| Chiziro | Malawi | Granted | EPL0299/10R | 100% |
| Machinga | Malawi | Relinquished | EPL0230/07R | 0% |
| Salambidwe | Malawi | Relinquished | EPL0289/10R | 0% |
| Memba | Mozambique | Relinquished | 4832L, 4831L | 0% |

(i) a Mining Lease application lodged with MMNREM on 5 December 2014 covering in part the area previously covered by EPL1088/05 has been approved subject to the completion of a Development Agreement.

Note: EPL: Exclusive Prospecting Licence (Malawi)
L: Exclusive Prospecting Licence (Mozambique)

***Annual Review of Mineral Resources***

There has been no change during the 2016 financial year to the Mineral Resources previously reported.

***Exploration Results, Mineral Resources and Ore Reserve Estimation Governance Statement***

Globe Metals and Mining Limited ensures that Exploration results and Mineral Resource estimates are subject to appropriate levels of governance, internal controls and external independent review. The Exploration results and Mineral Resource estimation of the Company's projects are subject to appropriate procedural controls and systematic internal and external technical review by competent and qualified professionals on an as needed basis. These reviews have not identified any material issues undertaken as part of a formal risk assessment. The Company periodically reviews the governance framework in line with the business expectations.

The Mineral Resource table in this report is undertaken in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC) 2004 Edition for minerals while exploration results reported are consistent with the JORC Code 2012 edition for minerals. Competent persons named by the Company are members of the Australian Institute of Mining and Metallurgy and are qualified as competent persons as defined in the JORC Code.

***Competent Person Statements***

***Information in this report relating to the Mineral Resource Estimate is based on information compiled by Mr Michael Job, Fellow of the Australasian Institute of Mining and Metallurgy, and a consultant employed by Quantitative Group at the time the Mineral Resource Estimate was completed. Mr Job had sufficient experience related to the activity undertaken to qualify as a "Competent person", as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves and consented to the inclusion in reports of matters compiled by him in the form and context which they appear. The Mineral Resource Estimate was first reported to the ASX on 7 January 2013 and has not been updated since. The Mineral Resource Estimate has not been updated to comply with JORC Code 2012 on the basis that the information the Mineral Resource Estimate was derived from has not materially changed since it was last reported.***

***Information in this report relating to metallurgical evaluation is based on information compiled by Dr Marc Steffens; a Member of the Australasian Institute of Mining and Metallurgy (MAusIMM) and a full-time employee of Globe Metals and Mining. Dr Steffens consents to the inclusion in the report of matters based on his information in the form and context in which it appears.***

***The information in this report relating to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Fergus Jockel, a competent person who is a Member of The Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. At the time of compilation, Mr Jockel was a full-time employee of the Company and had sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Jockel has previously consented to the inclusion of information in the form and context in which it appears.***

The directors of Globe Metals & Mining Limited ('Globe' or 'the Company') hereby submit their report of the Company and its controlled entities ('the Group') for the financial year ended 30 June 2016.

## DIRECTORS

The names and particulars of the Directors of the Company during or since the end of the financial year are:

| | |
|---|---|
| Alice Wong | Non-Executive Chairperson |
| Alistair Stephens | Deputy Chairperson, Managing Director and Chief Executive Officer |
| William Hayden | Non-Executive Director |
| Bo Tan | Non-Executive Director |
| Alex Ko | Non-Executive Director |

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

## COMPANY SECRETARY

Michael Fry was appointed Company Secretary of Globe on 1 February 2015. Michael holds a Bachelor of Commerce degree from the University of Western Australia and has worked in accounting and advisory roles for over 20 years. Michael is currently a non-executive director of VDM Group Ltd and an executive director of Cougar Metals NL.

## PRINCIPAL ACTIVITIES

The principal activities of the Group during the financial year were to explore, develop and invest in the resource sector. The Group's major project is the Kanyika Niobium Project in Malawi. The Group also has the Chiziro Graphite Project in Malawi which is described as an early-stage exploration project.

There were no significant changes in the nature of the Group's principal activities during the current year.

## RESULTS

The consolidated loss after providing for income tax of the Group for the year ended 30 June 2016 amounted to $6,883,000 (2015: $3,279,524). The 2016 loss included impairment of explorations costs of $3.464 million relating to the relinquishment of the Machinga and Salimbidwe projects, and an impairment expense of $1.127 million in relation to the Chiziro Graphite Project.

## DIVIDENDS

No amounts have been paid or declared by way of dividend during or since the end of the financial year.

## LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Group proposes to continue its exploration program and investment activities across its various mineral industry interests. Further information in relation to likely developments and the impact on the operations of the Group has not been included in this report, as the directors believe it would result in unreasonable prejudice to the Group.

## AFTER BALANCE DATE EVENTS

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

**INFORMATION ON DIRECTORS**

| **Alice Wong** | **Non-Executive Chairperson** |
|---|---|
| Special Responsibilities | Member of Nomination and Remuneration Committee |
| Qualifications | B.Bus in Accounting and Finance |
| | Ms Alice Wong commenced her career with Pricewaterhouse as an auditor for leading international companies. Ms Wong subsequently worked in the investment banking industry in Hong Kong where her career spanned across BNP Paribas Peregrine, ABN AMRO Rothschild, and Morgan Stanley. In her investment banking career Ms Wong engaged in equity capital markets including IPOs, share placements, rights issues, and bond issues for a vast range of clients.<br><br>Ms Wong holds a Bachelor of Business Administration in Accounting and Finance from the University of Hong Kong and is a member of the American Institute of Certified Public Accountants (AICPA). |
| Interest in Shares and Options | 245,983,611[1] |
| Directorships of other ASX Listed Companies | Nil |

[1]Ms Wong is the sole shareholder and Director of Apollo Metals Investment Co. Ltd which holds 245,983,611 shares in the Company

| **Alistair Stephens** | **Deputy Chairperson, Managing Director and Chief Executive Officer** |
|---|---|
| Qualifications | Masters of Business Administration<br><br>Bachelor of Science (Honours)<br>Graduate of the Australian Institute of Company Directors (GAICD) |
| Experience | Mr Stephens is a qualified geologist with more than 30 years' experience in the resources industry, in a broad range of technical and corporate management, including corporate governance, strategic development and delivery, technical program development, marketing, shareholder communications and capital funding.<br><br>Mr Stephens held the position of Managing Director and Chief Executive Officer of Arafura Resources Limited (ASX: ARU) between 2004 and 2009.<br><br>Mr. Stephens commenced his career in gold and copper exploration and development with Newmont but orientated most of his career in mining, planning and processing operations in gold with Normandy Poseidon and KCGM Pty Ltd and nickel with WMC Resources. He also has marketing and commercial experience with Orica Ltd in explosives. |
| Interest in Shares and Options | 1,000,000 10 cent options exercisable on or before 30 June 2017<br>1,000,000 15 cent options exercisable on or before 30 June 2018<br>1,000,000 20 cent options exercisable on or before 30 June 2019<br>1,000,000 25 cent options exercisable on or before 30 June 2020 |
| Directorships of other ASX Listed Companies | Nil |

| **William Hayden** | **Non-Executive Director** |
|---|---|
| Special Responsibilities | Member of the Nomination and Remuneration Committee<br>Member of the Audit and Risk Committee |
| Qualifications | B Sc (Hons) |
| Experience | Mr Hayden is a geologist with approximately 40 years' experience in the mineral exploration industry, much of which has been in Africa and the Asia-Pacific region. Mr Hayden was a co-founder and President of Ivanhoe Mines Limited (formerly Ivanplats), a Canadian company which has assembled extensive mineral holdings in South Africa and Democratic Republic of Congo. Since 1986 Mr Hayden has worked in a management capacity with several exploration and mining companies both in Australia and overseas. Mr Hayden served as President of Ivanhoe Philippines, Inc. (an Ivanhoe Mines wholly owned subsidiary), and of GoviEx Uranium Inc. He is currently a director of TSX listed companies - Ivanhoe Mines Limited and Trilogy Metals Inc, ASX listed company - Noble Metals Limited, and public company - Asia Pacific Mining Limited. |
| Interest in Shares and Options | 76,923 Fully Paid Ordinary Shares |
| Directorships of other ASX Listed Companies | Noble Metals Limited |

| **Bo Tan** | **Non-Executive Director** |
|---|---|
| Special Responsibilities | Chairperson of Audit and Risk Committee |
| Qualification | BEcon - Renmin China, MBA - Thunderbird USA, M.A University of Connecticut |
| Experience | Mr Bo Tan, a Canadian national, has over 15 years' experience as a senior manager and director in financial planning, reporting, investment, capital structure and industrial research.<br>Mr Tan has worked for companies such as Bohai Industrial Investment Fund, Lehman Brothers Asia and Macquarie Securities Asia, and across international markets in China, Hong Kong, Canada and USA. |
| Interest in Shares and Options | Nil |
| Directorships of other ASX Listed Companies | Nil |

| **Alex Ko** | **Non-Executive Director** |
|---|---|
| Special Responsibilities | Chairperson of the Nomination and Remuneration Committee<br>Member of the Audit and Risk Committee |
| Qualifications | Bachelor Business Administration |
| Experience | Mr Ko has over 30 years' experience in finance and investment banking. He has been a pioneer in the listing of Chinese equity offers through the Hong Kong exchange including many high profile government and private Chinese companies. He has held many independent non-executive director roles with Hong Kong listed companies in the transportation, electronics and environmental protection industries. He has strengths in finance and corporate governance.<br>Mr Ko is currently a Director and CEO of CMBC International Holdings Limited, a non-executive director of Petro-king Oilfield Services Limited, and a trustee of a not for profit schooling academy in the USA. |
| Interest in Shares and Options | Nil |
| Directorships of other ASX Listed Companies | Nil |

## REMUNERATION REPORT - AUDITED

This remuneration report for the year ended 30 June 2016 outlines the remuneration arrangements of the Group in accordance with the requirements of Corporations Act 2001 (the Act) and its regulations. This information has been audited as required by Section 308(3C) of the Act.

The remuneration report details the remuneration arrangements for Key Management Personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent.

For the purposes of this report, the term "executive" includes the Managing Director (MD), executive directors (where applicable) and senior executives of the Group.

### A. Remuneration Governance

The Board of Directors has established a Committee for the purpose of reviewing and making recommendations with respect to the remuneration practices of the Company.

The Committee comprises Mr Alex Ko (Chairperson), Mr Bill Hayden and Ms Alice Wong; all of whom are non-executive directors.

The Board of Directors has prepared and approved a charter as the basis on which the Committee will be constituted and operated. The role of the Committee is to provide a mechanism for the determination, implementation and assessment of the remuneration practices of the Company, including remuneration packages and incentive schemes for executive Directors and senior management, and fees payable to Non-Executive Directors.

The Committee is primarily responsible for making recommendations to the Board on:

- the overarching executive remuneration framework;
- the operation of incentive plans (if any) which apply to the executive team, including key performance indicators and performance hurdles;
- the remuneration levels of executive directors and other KMP; and
- the fees payable to non-executive directors.

The Committee's objective is to ensure that remuneration policies and structures are fair and competitive, and aligned with the long term interests of the Group.

The Corporate Governance Statement provides further information on the role of the Remuneration Committee.

### B. Remuneration Policy

The remuneration policy of Globe Metals & Mining Limited and its Controlled Entities has been designed to align Director and executive objectives with shareholder and business objectives by providing a fixed remuneration component which is assessed on an annual basis in line with market rates and offering specific incentives, from time to time, that are based on share price and key performance areas affecting the Group's financial results.

The Board of Directors of Globe believes the remuneration policy is appropriate and effective in its ability to attract, retain and motivate suitably qualified and experienced Directors and executives to run and manage the Group, as well as create goal congruence between the Directors, executives and the Company's shareholders.

### C. Remuneration Arrangements

All executives receive a base salary (which is based on factors such as length of service and experience) and superannuation (in accordance with relevant legislation). Executive remuneration may also incorporate a component of performance based remuneration.

The Board reviews executive packages annually by reference to the economic entity's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

Non-executive directors are remunerated at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to 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 fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting (currently $600,000).

**C. Remuneration Arrangements (continued)**

The Board of Directors may exercise discretion in relation to approving incentives, bonuses and options.

All remuneration paid to Directors and executives is valued at the cost to the Company and expensed. Options are independently valued by corporate advisers using the Black-Scholes method and Monte Carlo Model. Shares are valued at Market Value.

**D. Performance Based Remuneration**

The Company believes that linking the remuneration of Directors and executives with performance will be effective in increasing shareholder wealth.

From time to time, the Board of Directors may establish performance targets and a bonus system for the purposes of providing directors and executives with short-term and long-term performance incentives. Such incentives are offered to increase goal congruence between shareholders and directors and executives.

There are currently no incentive programs in place, apart from options which have previously been granted to the Managing Director and CEO. The options were not based on a percentage of salary. The Board of Directors issued the options to the Managing Director and CEO as an incentive.

**E. Performance Summary**

The tables below set out summary information about Globe's earnings and movements in shareholder wealth for the five years to 30 June 2016:

| | 30 June 2016<br>$'000 | 30 June 2015<br>$'000 | 30 June 2014<br>$'000 | 30 June 2013<br>$'000 | 30 June 2012<br>$'000 |
|---|---|---|---|---|---|
| Revenue | 336 | 540 | 670 | 973 | 2,448 |
| Comprehensive loss before tax | (6,883) | (3,280) | (4,656) | (11,987) | (13,000) |
| Comprehensive loss after tax | (6,883) | (3,280) | (4,656) | (11,987) | (13,000)) |

| | 30 June 2016<br>$'000 | 30 June 2015<br>$'000 | 30 June 2014<br>$'000 | 30 June 2013<br>$'000 | 30 June 2012<br>$'000 |
|---|---|---|---|---|---|
| Share price at start of year | $0.022 | $0.035 | $0.053 | $0.14 | $0.22 |
| Share price at end of year | $0.022 | $0.022 | $0.035 | $0.053 | $0.14 |
| Dividend | | - | - | - | - |
| Basic earnings /(loss) per share | ($0.0015) | ($0.007) | $0.013 | ($0.054) | ($0.0215) |
| Diluted earnings /(loss) per share | ($0.0015) | ($0.007) | $0.013 | ($0.054) | ($0.0215) |

**F. No Hedging Contracts**

The Company does not permit executives to enter into contracts to hedge their exposure to options or performance rights to shares granted as part of their remuneration package.

**G. Securities Trading Policy**

The Board has in place a Securities Trading Policy to ensure that:

- any dealings in securities by the Directors, employees and contractors comply with legal and regulatory obligations (including the prohibition against insider trading); and
- the Company maintains market confidence in the integrity of dealings in its securities.

(i)

### H. 'Two Strikes' Legislation

Under the 'two strikes' legislation which came into effect on 1 July 2011, if at least 25% of the eligible votes cast on the adoption of the remuneration report of the Company at two consecutive annual general meetings are against the adoption of the remuneration report, the Company must put to the shareholders a 'spill resolution'. If the spill resolution is passed, the Company must hold another general meeting of the Company's shareholders ("spill meeting") within 90 days of passing of the resolution.

The Company's remuneration report was not adopted at its 2014 AGM or at its 2015 AGM representing two successive strikes and hence, a spill resolution was put to shareholders at the Company's 2015 AGM. The spill resolution was passed at the Company's 2015 AGM resulting in a requirement to call a spill meeting.

A spill meeting was held on 24 February 2016 at which all directorships were vacated as required, with the exception of the Managing Director, and resolutions were put to shareholders appoint persons as directors as per the notice of meeting. The shareholders of the Company voted to return all of the directors who had been required to vacate office and no new directors were appointed.

### I. Details of Remuneration

**<u>Compensation of key management personnel for the year ended 30 June 2016</u>**

| 2016 | SHORT-TERM BENEFITS | | | POST EMPLOY-MENT | SHARE-BASED PAYMENT | TOTAL | SHARE-BASED PAYMENT |
|---|---|---|---|---|---|---|---|
| | Salary & Fees | Termination Payment | Other | Super-annuation | Options | $ | as a % of TOTAL |
| **Directors** | | | | | | | |
| **Alice Wong –** Chairperson | 80,000 | - | - | - | - | 80,000 | 0% |
| **Alistair Stephens -** Managing Director & CEO | 389,827 | - | 11,353 | 14,481 | - | 415,661 | 0% |
| **William Hayden -** Non-Executive Director | 52,968 | - | - | 5,032 | - | 58,000 | 0% |
| **Bo Tan -** Non-Executive Director | 58,000 | - | - | - | - | 58,000 | 0% |
| **Alex Ko -** Non-Executive Director | 57,000 | - | - | - | - | 57,000 | 0% |
| **Total remuneration directors 2016** | **637,795** | **-** | **-** | **19,513** | **-** | **668,661** | **0%** |
| **Specified Executives** | | | | | | | |
| **Michael Fry –** Finance Manager | 170,000 | - - | - | - - | - - | 170,000 | 0% |
| **Shasha Lu –**Deputy Chief Executive Officer (i) | 150,000 | - - | - | - - | - - | 150,000 | 0% |
| **Fergus Jockel -** Exploration Manager (ii) | 192,453 | 10,000 | - | 16,090 | - | 218,543 | 0% |
| **Total remuneration specified executives 2016** | **512,453** | **10,000** | **-** | **16,090** | **-** | **538,543** | **0%** |
| **Total key management personnel 2016** | **1,150,248** | **10,000** | **11,353** | **35,603** | **-** | **1,207,204** | **-** |

(i) Ceased employment on 11 November 2015

(ii) Ceased employment on 30 April 2016

**<u>Compensation of key management personnel for the year ended 30 June 2015</u>**

| 2015 | SHORT-TERM BENEFITS | | | POST EMPLOY-MENT | SHARE-BASED PAYMENT | TOTAL | SHARE-BASED PAYMENT |
|---|---|---|---|---|---|---|---|
| | Salary & Fees | Termination Payment | Other | Super-annuation | Options | $ | as a % of TOTAL |
| **Directors** | | | | | | | |
| **Alice Wong –** Chairperson | 82,042 | - | - | - | - | 82,042 | 0% |
| **Alistair Stephens -** Managing Director & CEO | 385,000 | - | - | 18,783 | - | 403,783 | 0% |
| **Shasha Lu –** Executive Director & Deputy CEO (i) | 360,000 | - - | - | - - | 14,468 | 374,468 | 4% |
| **William Hayden -** Non-Executive Director | 52,968 | - | - | 5,032 | - | 58,000 | 0% |
| **Bo Tan -** Non-Executive Director | 58,000 | - | - | - | - | 58,000 | 0% |
| **Alex Ko -** Non-Executive Director | 54,958 | - | - | - | - | 54,958 | 0% |
| **Total remuneration directors 2015** | **992,968** | **-** | **-** | **23,815** | **14,468** | **1,031,251** | **1%** |
| **Specified Executives** | | | | | | | |
| **Michael Fry –** Finance Manager (ii) | 56,452 | - | - | - | - | 56,452 | 0% |
| **Kerry Angel -** CFO & Company Secretary (iii) | 140,000 | 102,000 | - | 14,088 | - | 256,088 | 0% |
| **Fergus Jockel -** Exploration Manager | 220,000 | - | - | 18,783 | - | 238,783 | 0% |
| **Total remuneration specified executives 2015** | **416,452** | **102,000** | **-** | **32,871** | **-** | **551,323** | **0%** |
| **Total key management personnel 2015** | **1,409,420** | **102,000** | **-** | **56,686** | **14,468** | **1,582,574** | **-** |

(i) Resigned as a Director on 18 November 2014

(ii) Appointed 2 February 2015

(iii) Ceased employment on 31 January 2015

**I. Details of Remuneration (continued)**

**Compensation options granted to key management personnel during the year ended 30 June 2016**

There were no options granted to key management personnel during the year ended 30 June 2016.

**Compensation options granted to key management personnel during the year ended 30 June 2015**

There were no options granted to key management personnel during the year ended 30 June 2015.

**Options awarded, vested, lapsed during the year**

The table below discloses the number of options granted, vested or lapsed during the year. Share options do not carry any voting or dividend rights and can only be exercised once the vesting conditions have been met, until their expiry date.

| 2016 | Financial year awarded | Number of options | Award date | Fair value per option at award date | Vesting date | Exercise price | Expiry date | Number lapsed during the year | Number vested during the year |
|---|---|---|---|---|---|---|---|---|---|
| Alistair Stephens | 2014 | 1,000,000 | 1 July 2013 | - | 1 July 2014 | $0.10 | 30 June 2017 | - | - |
| | 2014 | 1,000,000 | 1 July 2013 | - | 1 July 2015 | $0.15 | 30 June 2018 | - | 1,000,000 |
| | 2014 | 1,000,000 | 1 July 2013 | - | 1 July 2016 | $0.20 | 30 June 2019 | - | - |
| | 2014 | 1,000,000 | 1 July 2013 | - | 1 July 2017 | $0.25 | 30 June 2020 | - | - |

**Option Holdings of Directors and Key Management Personnel**

The numbers of options over ordinary shares in the company granted under the executive short term incentive scheme that were held during the financial year by each director and the key management personnel of the group, including their personally related parties, are set out below:

| 2016 | Balance at beginning | Granted as Remuneration | Exercised | (Lapsed) | Balance at 30 June 2016 | Exercisable | Not Exercisable |
|---|---|---|---|---|---|---|---|
| Alice Wong | - | - | - | - | - | - | - |
| Alistair Stephens | 4,000,000 | - | - | - | 4,000,000 | 2,000,000 | 2,000,000 |
| William Hayden | - | - | - | - | - | - | - |
| Bo Tan | - | - | - | - | - | - | - |
| Alex Ko | - | - | - | - | - | - | - |
| Michael Fry | - | - | - | - | - | - | - |
| Shasha Lu (i) | - | - | - | - | - | - | - |
| Fergus Jockel(ii) | - | - | - | - | - | - | - |
| | **4,000,000** | **-** | **-** | **-** | **4,000,000** | **2,000,000** | **2,000,000** |

(i) Ceased employment on 11 November 2015
(ii) Ceased employment on 30 April 2016

| 2015 | Balance at beginning | Granted as Remuneration | Exercised | (Lapsed) | Balance at 30 June 2015 | Exercisable | Not Exercisable |
|---|---|---|---|---|---|---|---|
| Alice Wong | - | - | - | - | - | - | - |
| Alistair Stephens | 4,000,000 | - | - | - | 4,000,000 | 1,000,000 | 1,000,000 |
| William Hayden | 1,100,000 | - | - | (1,100,000) | - | - | - |
| Bo Tan | - | - | - | - | - | - | - |
| Alex Ko | - | - | - | - | - | - | - |
| Shasha Lu | 3,800,000 | - | - | (3,800,000) | - | - | - |
| Fergus Jockel | - | - | - | - | - | - | - |
| Michael Fry (iii) | - | - | - | - | - | - | - |
| Kerry Angel (iv) | - | - | - | - | - | - | - |
| | **8,900,000** | **-** | **-** | **(4,900,000)** | **4,000,000** | **1,000,000** | **1,000,000** |

(iii) Appointed 2 February 2015
(iv) Ceased employment on 31 January 2015

## I. Details of Remuneration (continued)

**Shareholdings of Director and Key Management Personnel in Listed Fully Paid Ordinary Shares**

The number of shares in the Company that were held during the financial year by each Director and the key management personnel of the Group, including their personally related parties, are set out below.

There were no shares granted during the reporting period as compensation.

| 2016 | Balance at beginning | Granted as Remuneration | On Exercise of Options | Bought & (Sold) | Balance at 30 June 2016 |
|---|---|---|---|---|---|
| Alice Wong | 245,983,611 | - | - | - | 245,983,611 |
| Alistair Stephens | - | - | - | - | - |
| William Hayden | 76,923 | - | - | - | 76,923 |
| Bo Tan | - | - | - | - | - |
| Alex Ko | - | - | - | - | - |
| Michael Fry | - | - | - | - | - |
| Shasha Lu (i) | - | - | - | - | - |
| Fergus Jockel (ii) | - | - | - | - | - |
| | **246,060,534** | **-** | **-** | **-** | **246,060,534** |

(i) Ceased employment on 11 November 2015
(ii) Ceased employment on 30 April 2016

| 2015 | Balance at beginning | Granted as Remuneration | On Exercise of Options | Bought & (Sold) | Balance at 30 June 2015 |
|---|---|---|---|---|---|
| Alice Wong | 245,983,611 | - | - | - | 245,983,611 |
| Alistair Stephens | - | - | - | - | - |
| William Hayden | 76,923 | - | - | - | 76,923 |
| Bo Tan | - | - | - | - | - |
| Alex Ko | - | - | - | - | - |
| Shasha Lu | - | - | - | - | - |
| Fergus Jockel | - | - | - | - | - |
| Michael Fry (iii) | - | - | - | - | - |
| Kerry Angel (iv) | - | - | - | - | - |
| | **246,060,534** | **-** | **-** | **-** | **246,060,534** |

(iii) Appointed 2 February 2015
(iv) Ceased employment on 31 January 2015

## J. Contractual Arrangements

**Non-Executive Directors**

Non-executive directors' fees at the date of this report are as follows:

| | |
|---|---|
| Alice Wong | Chairperson of the Board $80,000 per annum |
| William Hayden | Non-Executive Director $50,000 per annum<br>Member of the Nomination and Remuneration Committee $4,000 per annum<br>Member of the Audit and Risk Committee $4,000 per annum |
| Bo Tan | Non-Executive Director $50,000 per annum<br>Chairperson of the Audit and Risk Committee $8,000 per annum |
| Alex Ko | Non-Executive Director $50,000 per annum<br>Chairperson of the Nomination and Remuneration Committee $7,000 per annum |

**J. Contractual Arrangements (continued)**

**Key Management Personnel**

Remuneration and other terms of employment for KMP are formalised in services agreements as set out below:

| | |
|---|---|
| Name | Alistair Stephens |
| Title | Managing Director and CEO |
| Start date | 1 May 2013 |
| Current Agreement Commenced | 1 August 2013 |
| Term of Agreement | Agreement continues until terminated in accordance with employment contract |
| Details: | Base salary of $385,000 p.a. exclusive of superannuation<br>Termination requires five weeks' notice or the payment of five weeks 'salary in lieu of such notice.<br>Eligible to participate in performance based remuneration discussed above. |

| | |
|---|---|
| Name | Michael Fry |
| Title | Finance Manager and Company Secretary |
| Start date | 2 February 2015 |
| Current Agreement Commenced | 1 February 2016 |
| Term of Agreement | Agreement continues until terminated in accordance with employment contract |
| Details: | Fees of $240,000 p.a.<br>Termination requires three months' notice |

| | |
|---|---|
| Name | Shasha Lu |
| Title | Deputy CEO |
| Start date | 1 August 2013 |
| Termination Date | 11 November 2015 |
| Details: | Salary of $360,000 p.a. with no superannuation. Ms Lu is not a tax resident of Australia and does not have Australian statutory superannuation obligations.<br>No termination payment |

| | |
|---|---|
| Name | Fergus Jockel |
| Title | Exploration Manager |
| Start date | 11 June 2012 |
| Termination Date | 30 April 2016 |
| Details: | Base salary of $220,000 p.a. exclusive of superannuation<br>Termination payment includes $18,333 in lieu of notice, $9,119.28 accrued annual leave and $10,000 severance pay. |

**This is the end of the audited remuneration report.**

**MEETINGS OF DIRECTORS**

| | **Directors Meetings** | | **Audit and Risk Committee Meetings** | | **Nomination and Remuneration Committee Meetings** | |
|---|---|---|---|---|---|---|
| **Directors** | **Number Eligible to Attend** | **Number Attended** | **Number Eligible to Attend** | **Number Attended** | **Number Eligible to Attend** | **Number Attended** |
| Alice Wong | 2 | 2 | - | - | - | - |
| Alistair Stephens | 2 | 2 | - | - | - | - |
| William Hayden | 2 | 2 | 2 | 2 | - | - |
| Bo Tan | 2 | 2 | 2 | 2 | - | - |
| Alex Ko | 2 | 2 | 2 | 2 | - | - |

### INDEMNIFYING OFFICERS OR AUDITOR

The Group has agreed to indemnify all the directors and executive officers for any costs or expenses that may be incurred in defending civil and criminal proceedings that may be brought against them in their capacity as directors and officers for which they may be held personally liable.

The Company agreed to pay an annual insurance premium of $21,875 in respect of directors' and officers' liability and legal expenses, for directors, officers and employees of the Company.

The Company has not entered into any agreement to indemnify PricewaterhouseCoopers against any claims by third parties arising from their report on the annual financial report.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young as part of the terms of its engagement letter against any claims by third parties arising from the audit (for an unspecified amount). No payments were made during the year ended 30 June 2016 or subsequently.

### PROCEEDINGS ON BEHALF OF COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purposes of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

### AUDITOR

**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 below did not compromise the external auditor's 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 do 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.

Details of the amounts paid or payable to the auditor PricewaterhouseCoopers Australia and related entities for audit and non-audit services provided during the year are set out in note 20 to the financial Statements. No non-audit services were provided by Ernst & Young.

### ROUNDING OF AMOUNTS

The Company is of a kind referred to in ASIC Corporations (Rounding in financial/Directors' report) Instrument 2016/191. Therefore amounts in the directors' report have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

### AUDITORS INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 14.

Signed in accordance with a resolution of the Board of Directors.

Alistair Stephens

**ALISTAIR STEPHENS**
MANAGING DIRECTOR

Dated this 30th day of September 2016

Ernst & Young
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# Auditor's Independence Declaration to the Directors of Globe Metals and Mining Limited

As lead auditor for the audit of Globe Metals and Mining Limited for the financial year ended 30 June 2016, I declare to the best of my knowledge and belief, there have been:

a. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

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

This declaration is in respect of Globe Metals and Mining Limited and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

T G Dachs
Partner
30 September 2016

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Notes | **30 June 2016 $'000** | **30 June 2015 $'000** |
|---|---|---|---|
| Interest income | 5 | 188 | 540 |
| Foreign Exchange Gain/(Loss) | | 98 | (21) |
| Other Income/(Loss) | | 50 | (35) |
| | | | |
| Employee benefits expenses | | (914) | (1,543) |
| Compliance and regulatory expenses | | (148) | (159) |
| Occupancy expenses | | (112) | (197) |
| Directors fees | | (280) | (274) |
| Write-off of VAT receivable | | (51) | - |
| Depreciation expense | | (132) | (311) |
| Exploration expenditure written off | 12 | (4,591) | (7) |
| Business Development | | (218) | (598) |
| Travel expenses | | (72) | (130) |
| Administrative expenses | | (552) | (296) |
| Share based payments expense | 27 | - | (15) |
| Loss on disposal of fixed assets | | (1) | (73) |
| Other expenses | | (148) | (161) |
| **Loss before income tax** | | **(6,883)** | **(3,280)** |
| | | | |
| Income tax expense | | - | - |
| | | | |
| **Loss for the period** | | **(6,883)** | **(3,280)** |
| | | | |
| **Other comprehensive loss after tax** | | | |
| *Items that may be reclassified to profit or loss* | | | |
| Changes in the fair value of available-for-sale financial asset | | - | - |
| **Other comprehensive loss for the period, net of tax** | | **-** | **-** |
| | | | |
| **Total comprehensive loss for the period** | | **(6,883)** | **(3,280)** |
| | | | |
| **Earnings per share attributable to ordinary equity holders of the company** | | **Cents** | **Cents** |
| Basic and diluted loss per share | 26 | (1.47) | (0.70) |

The above consolidated statement of comprehensive income should be read in conjunction with accompanying notes.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Note | 30 June 2016 $'000 | 30 June 2015 $'000 |
|---|---|---|---|
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | 8 | 13,245 | 16,013 |
| Trade and other receivables | 9 | 58 | 257 |
| Other assets | 10 | 114 | 132 |
| **TOTAL CURRENT ASSETS** | | 13,417 | 16,402 |
| **NON CURRENT ASSETS** | | | |
| Exploration and evaluation expenditure | 12 | 26,918 | 30,879 |
| Available-for-sale financial assets | | 34 | 34 |
| Plant and equipment | 11 | 301 | 431 |
| **TOTAL NON CURRENT ASSETS** | | 27,253 | 31,344 |
| **TOTAL ASSETS** | | 40,670 | 47,746 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 13 | 266 | 387 |
| Provisions | 14 | 801 | 873 |
| **TOTAL CURRENT LIABILITIES** | | 1,067 | 1,260 |
| **TOTAL LIABILITIES** | | 1,067 | 1,260 |
| **NET ASSETS** | | 39,603 | 46,486 |
| **EQUITY** | | | |
| Contributed equity | 15 | 80,825 | 80,825 |
| Accumulated losses | 16 | (41,222) | (34,339) |
| **TOTAL EQUITY** | | 39,603 | 46,486 |

The above consolidated statement of financial position should be read in conjunction with accompanying notes.

| | Contributed equity $'000 | Accumulated losses $'000 | Share based payment reserve $'000 | Revaluation reserve $'000 | Total $'000 |
|---|---|---|---|---|---|
| **Consolidated** | | | | | |
| **Balance at 1 July 2014** | **80,825** | **(33,787)** | **2,713** | **(34)** | **49,717** |
| Loss for period | - | (3,280) | - | - | (3,280) |
| Other comprehensive loss for the period | - | - | - | - | - |
| **Total comprehensive loss for the period** | **-** | **(3,280)** | **-** | **-** | **(3,280)** |
| **Transactions with owners in their capacity as owners** | | | | | |
| Options issued during period | - | - | 15 | - | 15 |
| Reclassification of Reserves to Income Statement | | | | 34 | 34 |
| Reclassification of Reserves to Accumulated losses | - | 2,728 | (2,728) | - | - |
| **Balance at 30 June 2015** | **80,825** | **(34,339)** | **-** | **-** | **46,486** |
| Loss for period | - | (6,883) | - | - | (6,883) |
| Other comprehensive loss for the period | - | - | - | - | - |
| **Total comprehensive loss for the period** | **-** | **(6,883)** | **-** | **-** | **(6,883)** |
| **Balance at 30 June 2016** | **80,825** | **(41,222)** | **-** | **-** | **39,603** |

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

| | Note | 30 June 2016 $'000 | 30 June 2015 $'000 |
|---|---|---|---|
| **Cash Flows from Operating Activities** | | | |
| Payments to suppliers and employees (inclusive of value added taxes) | | (2,206) | (2,699) |
| Payments for business development activities | | (218) | (598) |
| Interest received | | 188 | 584 |
| *Net cash used in operating activities* | 25(a) | (2,236) | (2,713) |
| **Cash Flows From Investing Activities** | | | |
| Receipt of funds from term deposits | | - | 13,000 |
| Sale of plant & equipment | | 3 | 161 |
| Purchase of plant & equipment | | (12) | (11) |
| Payments for exploration and evaluation | | (621) | (1,177) |
| *Net cash provided by/(used in)investing activities* | | (630) | 11,973 |
| **Cash Flows From Financing activities** | | | |
| Proceeds from issue of shares | | - | - |
| *Net cash provided by financing activities* | | - | - |
| **Net increase/(decrease) in cash held** | | (2,866) | 9,260 |
| **Cash and cash equivalents at beginning of financial year** | | 16,013 | 6,774 |
| **Effects of exchange rate changes on cash** | | 98 | (21) |
| **Cash and cash equivalents at end of financial year** | 8 | **13,245** | **16,013** |

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report of Globe Metals & Mining Limited for the year ended 30 June 2016 was authorised for issue in accordance with a resolution of directors on 30 September 2016.

The following is a summary of the material accounting policies adopted by the Group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated. This financial report includes the consolidated financial statements and notes of Globe Metals & Mining Limited ('Globe' or 'the Company') and its controlled entities ('Consolidated Entity' or 'Group').

### a. Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*, as appropriate for profit-oriented entities.

*(i) Compliance with IFRS*

The financial report of Globe Metals & Mining Limited and controlled entities complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, also complies with International Financial Reporting Standards ('IFRS') as issued by International Accounting Standards Board (IASB).

*(ii) New and amended standards adopted by the group*

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2015 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

*(iii) Historical Cost Convention*

The financial report has been prepared under the historical cost convention, with the exception of available-for-sale financial assets which is measured at fair value.

*(iv) Critical accounting estimates*

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

### b. Principles of Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2016. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

**c. Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors.

**d. Foreign Currency Translation**

*Functional and 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, currently being the Australian Dollar for each of the entities. The consolidated financial statements are presented in Australian dollars which is the Company's functional and presentation currency.

*Transactions and 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 the fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit and loss for the period, except where deferred in equity as a qualifying cash flow or net investment hedge.

**e. Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Interest income is recognised as the interest accrues at an effective interest rate.

**f. Income Tax**

*Current Tax*
Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

*Deferred Tax*
Deferred tax is accounted for using the liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Consolidated Entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

*Current and Deferred Taxation*
Current and deferred tax is recognised as an expense or income in the Statement of Comprehensive Income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

**g. Leases**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities in the Group are classified as finance leases.

Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are depreciated on a diminishing value basis over their estimated useful lives where it is likely that the Group will obtain ownership of the asset or over the term of the lease.

Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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.

**h. Impairment**

*(i) Financial Assets*

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss.

*(ii) Exploration and Evaluation Assets*

Exploration and evaluation assets are tested for impairment when any of the following facts and circumstances exists:

- the term of the exploration licence in the specific area of interest has expired during the reporting period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area are not budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area of interest have not led to the discovery of commercially viable quantities of mineral resources and the decision was made to discontinue such activities in the specific area of interest; or
- sufficient data exists to indicate that, although a development in the specific area of interest is likely to proceed, the carrying amount of the exploration and evaluation assets is unlikely to be recovered in full from successful development or by sale.

Where a potential impairment is indicated, an assessment is performed for each cash generating unit ("CGU") which is no larger than the area of interest. An impairment loss is recognised if the carrying amount of the CGU exceeds its estimated recoverable amount.

*(iii) Non-financial Assets Other Than Exploration and Evaluation Assets*

The carrying amounts of the Consolidated Entity's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell.

**i. Cash and Cash Equivalents**

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Statement Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

**j. Term Deposits**

Term deposits in the statement of financial position comprise of term deposits held by the bank which have a maturity of between three and six months.

**k. Exploration and Evaluation Assets**

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the Consolidated Entity has obtained the legal rights to explore an area are recognised in the statement of comprehensive income.

Exploration and evaluation assets are only recognised if the rights of interest are current and either:
- the expenditures are expected to be recouped through successful development and exploitation of the area of interest; or
- activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

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.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from exploration and evaluation expenditure to mining property and development assets within property, plant and equipment and depreciated over the life of the mine.

**l. Investments and Other Financial Assets**

*Classification*
The group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting date.

*(i) Loans and receivables*
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets. Loans and receivables are included in trade and other receivables (note 9) in the balance sheet.

*(ii) Available-for-sale financial assets*
Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the end of the reporting period. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

*Financial assets – reclassification*
The group may choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, the group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held for trading or available-for-sale categories if the group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

*Recognition and de-recognition*
Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership. When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

*Measurement*
At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Loans and receivables and held-to-maturity investments are subsequently carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in profit or loss within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in profit or loss as part of revenue from continuing operations when the group's right to receive payments is established. Interest income from these financial assets is included in the net gains/(losses).

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

Details on how the fair value of financial instruments is determined are disclosed in note 2.

**m. Property, Plant and Equipment**

Plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses.

The depreciable amount of all Motor vehicle and Leasehold assets are depreciated on a straight line basis over their useful lives. Plant and equipment, Furniture and fittings and Software assets are depreciated using the diminishing value method. The depreciation rates used for each class of depreciable assets vary from 3% to 40% with the average rate being 30%.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

**n. Trade and Other Receivables**

Trade receivables, which generally have 30-90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any uncollectible amounts.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for impairment is raised when there is objective evidence that the Group will not be able to collect the debt.

**o. Trade and Other Payables**

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of consideration to be paid in the future for goods and services received, whether or not billed to the Consolidated Entity.

Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

**p. Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) where, as a result of a past event, it is probable that an outlay of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**q. Employee Benefits**

*Short-term obligations*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

*Other long-term employee benefit obligations*

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on high quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

*Retirement benefit obligations*

All employees of the group are entitled to benefits from the group's superannuation plan on retirement, disability or death or can direct the group to make contributions to a defined contribution plan of their choice.

Contributions to superannuation funds are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

*Equity Settled Compensation*

The Group provides benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transaction").

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by a valuation by using a Black-Scholes option pricing model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date").

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Company, will ultimately vest. This opinion is formed based on the best available information at reporting date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

**r. Contributed Equity**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners as treasury shares until the shares are cancelled or reissued.

Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners.

**s. Earnings Per Share**

*(i) Basic earnings per share*

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares

*(ii) Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

**t. Goods and Services Tax and other Value Added Taxes**

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST) and other Value Added Taxes (VAT), except where the amount of GST or VAT incurred is not recoverable from the applicable taxation authority. In these circumstances the GST and VAT are recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST and VAT.

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

Cash flows are included in the Statement of Cash Flow on a gross basis. The GST and VAT components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authorities are classified as operating cash flows.

**u. Rounding of amounts**

The Company is of a kind referred to in ASIC Corporations (Rounding in financial/Directors' report) Instrument 2016/191. Therefore amounts in the directors' report have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

**v. Parent entity financial information**

The financial information for the parent entity, Globe Metals and Mining Limited, disclosed in note 28 has been prepared on the same basis as the consolidated financial statements, except as set out below.

*(i) Investments in subsidiaries, associates and joint venture entities*

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Globe Metals and Mining Limited.

**w. New accounting standards and interpretations**

The Company has adopted the following new and amended Australian Accounting Standard and AASB Interpretations for the reporting year ended 30 June 2016:

| Reference | Title | Application date of standard | Application date for Group |
|---|---|---|---|
| AASB 2013-9 | *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments*<br>The Standard contains three main parts and makes amendments to a number of Standards and Interpretations.<br>Part A of AASB 2013-9 makes consequential amendments arising from the issuance of AASB CF 2013-1.<br>Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards. | 1 January 2015 | 1 July 2015 |
| AASB 2015-3 | Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 *Materiality*<br>The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards. | 1 July 2015 | 1 July 2015 |

The adoption of these new and revised standards has not resulted in any significant changes to the Company's accounting policies or to the amounts reported for the current or prior periods.

**Accounting Standards and Interpretations issued but not yet effective:**

| Reference | Title | Application date of standard* | Application date for Group* |
|---|---|---|---|
| AASB 9 | *Financial Instruments* | 1 January 2018 | 1 July 2018 |
| AASB 2014-3 | Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11] | 1 January 2016 | 1 July 2016 |
| AASB 2014-4 | Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138) | 1 January 2016 | 1 July 2016 |
| AASB 15 | Revenue from Contracts with Customers | 1 January 2018 | 1 July 2018 |
| AASB 1057 | Application of Australian Accounting Standards | 1 January 2016 | 1 July 2016 |
| AASB 2014-9 | Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements | 1 January 2016 | 1 July 2016 |
| AASB 2014-10 | Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | 1 January 2018 | 1 July 2018 |
| AASB 2015-1 | Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle | 1 January 2016 | 1 July 2016 |
| AASB 2015-2 | Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 | 1 January 2016 | 1 July 2016 |

| Reference | Title | Application date of standard* | Application date for Group* |
|---|---|---|---|
| AASB 2015-5 | Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception | 1 January 2016 | 1 July 2016 |
| AASB 2015-9 | Amendments to Australian Accounting Standards – Scope and Application Paragraphs [AASB 8, AASB 133 & AASB 1057] | 1 January 2016 | 1 July 2016 |
| AASB 16 | Leases | 1 January 2019 | 1 July 2019 |
| 2016-1 | Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112] | 1 January 2017 | 1 July 2017 |
| 2016-2 | Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107 | 1 January 2017 | 1 July 2017 |
| IFRS 2 (Amendments) | Classification and Measurement of Share-based Payment Transactions [Amendments to IFRS 2] | 1 January 2018 | 1 July 2018 |

The impact of the above new and revised standards is yet to be determined.

## 2. FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments comprise of cash. The Group also has other financial instruments such as trade and other debtors and creditors, which arise directly from its operations, and available for sale financial assets.

The main risks arising from the Group's financial instruments and the Group's policies for managing each of these risks are summarised below:

*Interest Rate Risk*

The Group does not have short or long term cash deposits or debt, and therefore this risk is minimal. An analysis by maturities is provided in (i) below.

*Credit Risk*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group entity has adopted the policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.
The credit risk on financial assets of the Group is reflected in those assets' carrying amount net of any provisions for impairment.

The Group currently holds majority of its cash and cash equivalents with Westpac Banking Corporation with a credit rating of AA-. The Group believes the credit risk exposure is negligible given the strong credit rating of the counterparty.

*Foreign currency risk*

The Group is exposed to fluctuations in foreign currencies arising from the sale and purchase of goods and services in currencies other than the Group's functional currency. The majority of expenses incurred are in AUD and therefore risk is not significant. Monetary assets and liabilities of the Group denominated in foreign currencies are not material to the Group.

*Concentration risk*

The parent entity is exposed to concentration risk due to 99% of its cash and cash equivalents being held within the one financial institution. The Group manages this risk through monitoring of the credit rating of the institution.

*Liquidity risk*

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate short term cash facilities are maintained. At the end of the year the group held deposits at call of $13,245,418 (2015: $16,013,533) which are expected to readily generate cash inflows for managing liquidity risk.

**(i) Interest rate risk exposures**

The Group's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out in the following table:

| 2016 | Floating interest rate $'000 | Fixed interest maturing in: 1 year or less $'000 | Over 1 year less than 5 $'000 | More than 5 years $'000 | Non-Interest bearing $'000 | Total $'000 |
|---|---|---|---|---|---|---|
| Financial Assets | | | | | | |
| Cash at bank | 13,245 | - | - | - | - | 13,245 |
| Trade & other receivables | - | - | - | - | 58 | 58 |
| Available for sale financial assets | - | - | - | - | 34 | 34 |
| Other assets | - | - | - | - | 26 | 26 |
| | 13,245 | - | - | - | 118 | 13,363 |
| *Weighted Average Interest Rate* | *0.93%* | | | | | |
| Financial Liabilities | | | | | | |
| Trade & other creditors | - | - | - | - | (266) | (266) |
| | - | - | - | - | (266) | (266) |
| *Weighted Average Interest Rate* | - | - | - | - | - | - |
| **Net financial assets / (liabilities)** | **13,245** | **-** | **-** | **-** | **(148)** | **13,097** |

| 2015 | Floating interest rate $'000 | Fixed interest maturing in: 1 year or less $'000 | Over 1 year less than 5 $'000 | More than 5 years $'000 | Non-Interest bearing $'000 | Total $'000 |
|---|---|---|---|---|---|---|
| Financial Assets | | | | | | |
| Cash at bank | 16,013 | - | - | - | - | 16,013 |
| Trade & other receivables | - | - | - | - | 257 | 257 |
| Available for sale financial assets | - | - | - | - | 34 | 34 |
| Other assets | - | - | - | - | 42 | 42 |
| | 16,013 | - | - | - | 333 | 16,346 |
| *Weighted Average Interest Rate* | *1.43%* | | | | | |
| Financial Liabilities | | | | | | |
| Trade & other creditors | - | - | - | - | (387) | (387) |
| | - | - | - | - | (387) | (387) |
| *Weighted Average Interest Rate* | - | - | - | - | - | - |
| **Net financial assets / (liabilities)** | **16,013** | **-** | **-** | **-** | **(54)** | **15,959** |

**Sensitivity analysis**

The Group has performed a sensitivity analysis in relation to interest income and movements in interest rates on financial assets and liabilities. The analysis highlights the effect on the current year's pre-tax loss which would have resulted from movement in interest rates with all other variables remaining constant.

| | Consolidated 2016 $'000 | Consolidated 2015 $'000 |
|---|---|---|
| Change in loss | | |
| - increase in interest rate by 0.5% | (66) | (80) |
| - decrease in interest rate by 0.5% | 66 | 80 |

***Fair value hierarchy***

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurements is unobservable

For all asset and liabilities that are recognised at fair value on recurring basis, the group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The available-for-sale financial assets are level one in the fair value hierarchy.

**Commentary**

AASB 113.93(b) requires an entity to disclose the level of the fair value hierarchy within the fair value measurements are categorised, i.e., 1, 2 or 3. Specific facts and circumstances should be assessed for each individual class of asset and liability in determining the appropriate categorisation.

## 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgements and estimates relating to the carrying amounts of certain assets and liabilities. Actual results may differ from the estimates made. Estimates and assumptions are reviewed on an ongoing basis.

The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next accounting period are:

*(i) Exploration and evaluation expenditure*

The Group's accounting policy for exploration and evaluation expenditure results in expenditure being capitalised for an area of interest where it is considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. This policy requires management to make certain estimates as to future events and circumstances, in particular whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised the expenditure under the policy, a judgement is made that recovery of the expenditure is unlikely, the relevant capitalised amount will be written off to profit and loss. Refer to note 12 for details of the judgement applied in the current period in relation to exploration and evaluation expenditure.

*(ii) Income taxes*

Judgement is required in assessing whether deferred tax assets and liabilities are recognised on the statement of financial position. Deferred tax assets, including those arising from temporary differences, are recognised only when it is considered more likely than not that they will be recovered, which is dependent on the generation of future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised. Refer to note 7 for details of the judgement applied in the current period in relation to income taxes.

*(iii) Tax provisions*

Judgement is required in calculating tax provisions relating to potential tax obligations in foreign jurisdictions where the legislation and case law is not established. Tax provisions are recognised when it is considered more likely than not that an amount will be payable. Refer to note 14 for details of the judgement applied in the current period in relation to tax provisions.

## 4. SEGMENT INFORMATION

The consolidated entity has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors to make decisions about resources to be allocated to the segments and assess their performance.

The consolidated entity has two reportable segments which are based on the stage of development of its projects, which are broadly in either of two groups: those in the exploration phase or those in the evaluation stage. Unallocated results, assets and liabilities represent corporate amounts that are not core to the reportable segments.

Prior period information has been restated to reflect the current composition of reportable segments.

**Activity by segment**

*Africa-Kanyika*

The Africa-Kanyika segment includes the Kanyika Niobium project in Malawi which is host to a 2004 JORC compliant Mineral Resource Estimate of 68.3Mt @ 2,830ppm $Nb_2O_5$ (niobium pentoxide) and 135ppm $Ta_5O_5$ (tantalum pentoxide) at a 1,500 ppm $Nb_2O_5$ cut-off.

The Kanyika Niobium project is currently at the evaluation stage.

*Africa-Exploration*

The Africa-Exploration segment includes the following projects, all of which are in the exploration stage:

- Chiziro Graphite project in Malawi
- Machinga Niobium-Tantalum project in Malawi
- Salambidwe REE project in Malawi

| **2016** | **Africa-Kanyika** | **Africa-Exploration** | **Total** |
|---|---|---|---|
| **(i) Segment performance** | **$'000** | **$'000** | **$'000** |
| *year ended 30 June 2016* | | | |
| Revenue | - | - | - |
| **Segment revenue** | - | - | - |
| **Segment result** | (645) | (3,360) | (4,005) |
| *Reconciliation of segment result to group net profit / (loss) before tax* | | | |
| Other income | | | 336 |
| Other corporate expenses | | | (3,214) |
| **Net loss before tax from continuing operations** | | | **(6,883)** |
| **(ii) Segment assets** | | | |
| *as at 30 June 2016* | | | |
| Exploration expenditure | 26,918 | - | 26,918 |
| Plant and equipment | 31 | 181 | 212 |
| Other assets | 106 | 39 | 145 |
| Total Segment Assets | **27,055** | **220** | **27,275** |
| *Reconciliation of segment assets to group assets* | | | |
| Other corporate assets | | | 13,395 |
| **Total group assets** | | | **40,670** |
| **(iii) Segment liabilities** | | | |
| *as at 30 June 2016* | | | |
| Trade Creditors and Accruals | 25 | 78 | 103 |
| Provisions | 490 | 197 | 687 |
| Total Segment liabilities | 515 | 275 | 790 |
| *Reconciliation of segment liabilities to group liabilities* | | | |
| Trade Creditors and Accruals | | | 163 |
| Provisions | | | 114 |
| **Total group liabilities** | | | **1,067** |

| 2015 | Africa-Kanyika | Africa-Exploration | Total |
|---|---|---|---|
| | **$'000** | **$'000** | **$'000** |
| **(i) Segment performance** | | | |
| *year ended 30 June 2015* | | | |
| Revenue | - | - | - |
| **Segment revenue** | - | - | - |
| **Segment result** | **(769)** | **(845)** | **(1,614)** |
| *Reconciliation of segment result to group net profit / (loss) before tax* | | | |
| Other income | | | 540 |
| Other corporate expenses | | | (2,206) |
| **Net loss before tax from continuing operations** | | | **(3,280)** |
| **(ii) Segment assets** | | | |
| *as at 30 June 2015* | | | |
| Exploration expenditure | 26,292 | 4,587 | 30,879 |
| Plant and equipment | 54 | 259 | 313 |
| Other assets | 139 | 218 | 357 |
| Total Segment Assets | **26,485** | **5,064** | **31,549** |
| *Reconciliation of segment assets to group assets* | | | |
| Other corporate assets | | | 16,197 |
| **Total group assets** | | | **47,746** |
| **(iii) Segment liabilities** | | | |
| *as at 30 June 2015* | | | |
| Trade Creditors and Accruals | 161 | 62 | 223 |
| Provisions | 693 | 48 | 741 |
| Total Segment liabilities | 854 | 110 | 964 |
| *Reconciliation of segment liabilities to group liabilities* | | | |
| Trade Creditors and Accruals | | | 164 |
| Provisions | | | 132 |
| **Total group liabilities** | | | **1,260** |

The Group operated in several geographical segments, being Australia and Africa, and in one industry, minerals mining and exploration.

**Geographical Information**

| | Consolidated | |
|---|---|---|
| Total non-current assets of: | **2016** | **2015** |
| | **$'000** | **$'000** |
| Australia | 123 | 152 |
| Africa | 27,130 | 31,192 |
| Total | **27,253** | **31,344** |

| | Consolidated | |
|---|---|---|
| | **2016** **$'000** | **2015** **$'000** |
| **5. INCOME** | | |
| **Interest income** | | |
| - Interest received and receivable | 188 | 540 |
| | 188 | 540 |

| | | |
|---|---|---|
| **6. EXPENSES** | | |
| Loss from operations before income tax has been determined after the following specific expenses: | | |
| Impairment of exploration assets[(a)] | 4,591 | 7 |
| Operating lease expenses | 73 | 142 |
| Superannuation expenses | 91 | 129 |
| Depreciation | 132 | 311 |
| Foreign exchange differences | (98) | 21 |
| Redundancy costs/termination benefits | 10 | 142 |
| Finance Costs | | |
| - Bank Charges | 5 | 6 |
| | 5 | 6 |

[(a)]Refer to note 12 for details

| | | Consolidated | |
|---|---|---|---|
| | | 2016 $'000 | 2015 $'000 |
| **7. INCOME TAX EXPENSE** | | | |
| a. | The components of tax expense comprise: | | |
| | Current tax | - | - |
| | Deferred tax | - | - |
| | | - | - |
| b. | Deferred income tax/(revenue) | | |
| | Deferred income tax/(revenue) included in tax expense comprises: | | |
| | Increase in deferred tax assets | | |
| | Increase in deferred tax liabilities | | |
| | | - | - |
| c. | The prima facie tax benefit on loss from ordinary activities before income tax is reconciled to the income tax as follows: | | |
| | Loss before income tax | (6,883) | (3,280) |
| | Prima facie tax benefit on loss from ordinary activities before income tax at 30% (2015: 30%) | 2,065 | 984 |
| | Adjust for tax effect of: | | |
| | - Share based payments | | (4) |
| | - Non-deductible tenement expenditure | - | - |
| | - Other non-deductible expenses | (46) | (197) |
| | - Capital raising costs | - | - |
| | | 2,019 | 783 |
| | - Deferred tax assets not recognised | (2,019) | (783) |
| | | - | - |

The tax benefits of the above deferred tax assets will only be obtained if:

(a) the Group derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;

(b) the Group continues to comply with the conditions for deductibility imposed by law; and

(c) no changes in income tax legislation adversely affect the Group in utilising the benefits.

| | | 2016 $'000 | 2015 $'000 |
|---|---|---|---|
| d. | Deferred tax assets /(liabilities) comprise: | | |
| | Interest receivable | | |
| | Plant & Equipment | 132 | 118 |
| | Trade & other payables | 91 | 86 |
| | Provision | 166 | 46 |
| | Other assets | | (24) |
| | Tax losses available for offset against future taxable income | 6,787 | 6,076 |
| | Net deferred tax assets | 7,176 | 6,302 |
| | Deferred tax assets not recognised | (7,176) | (6,302) |
| | | - | - |

## 8. CASH AND CASH EQUIVALENTS AND TERM DEPOSITS

| | Consolidated 2016 $'000 | Consolidated 2015 $'000 |
|---|---|---|
| Cash at bank | 13,245 | 16,013 |
| | **13,245** | **16,013** |

The Group's exposure to interest rate risk and credit risk is discussed in note 2. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

## 9. TRADE AND OTHER RECEIVABLES

| | Consolidated 2016 $'000 | Consolidated 2015 $'000 |
|---|---|---|
| **Current** | | |
| GST Receivable | 17 | 12 |
| VAT Receivable | 21 | 202 |
| Other Tax Receivable | 20 | 43 |
| | **58** | **257** |

Due to the short-term nature of the current receivables, their carrying amount is assumed to approximate their fair value. The group's impairment and other accounting policies for trade and other receivables are outlined in note 1(h).

Information about the group's exposure to credit risk, foreign exchange and interest rate risk is provided in note 2. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial asset mentioned above.

## 10. OTHER ASSETS

| | Consolidated 2015 $'000 | Consolidated 2014 $'000 |
|---|---|---|
| **Current** | | |
| Prepayments | 78 | 80 |
| Security Deposits | 26 | 42 |
| Other | 10 | 10 |
| | **114** | **132** |

## 11. PLANT AND EQUIPMENT

| | Plant & Equipment $'000 | Other $'000 | Total $'000 |
|---|---|---|---|
| **Year ended 30 June 2015** | | | |
| Opening net book amount | 735 | 205 | 940 |
| Additions | 11 | - | 11 |
| Disposals | (179) | (30) | (209) |
| Depreciation charge | (264) | (47) | (311) |
| Closing net book amount | 303 | 128 | 431 |
| | | | |
| **At 30 June 2015** | | | |
| Cost | 831 | 202 | 1,033 |
| Accumulated depreciation | (528) | (74) | (602) |
| Net book value | 303 | 128 | 431 |
| | | | |
| **Year ended 30 June 2016** | | | |
| Opening net book amount | 303 | 128 | 431 |
| Additions | 12 | - | 12 |
| Disposals | (10) | - | (10) |
| Depreciation charge | (108) | (24) | (132) |
| Closing net book amount | 197 | 104 | 301 |
| | | | |
| **At 30 June 2016** | | | |
| Cost | 831 | 202 | 1,033 |
| Accumulated depreciation | (634) | (98) | (732) |
| Net book value | 197 | 104 | 301 |

## 12. EXPLORATION AND EVALUATION EXPENDITURE

| | Consolidated 2016 $'000 | Consolidated 2015 $'000 |
|---|---|---|
| **Non-Current** | | |
| Costs carried forward in respect of areas of interest in: | | |
| Exploration and evaluation phases – at cost | 26,918 | 30,879 |
| **Exploration and evaluation expenditure total** | **26,918** | **30,879** |
| *comprising:* | | |
| Kanyika Niobium Project | 26,918 | 26,603 |
| Chiziro Graphite Project | - | 832 |
| Machinga Rare Earth Project | - | 3,266 |
| Salimbidwe Rare Earth Project | - | 178 |
| **Total exploration and evaluation phases – at cost** | **26,918** | **30,879** |
| Opening balance | 30,879 | 29,471 |
| Exploration expenditure capitalised during the year | 630 | 1,415 |
| Impairment of Machinga and Salimbidwe projects[a] | (3,464) | (7) |
| Impairment of Chiziro project[b] | (1,127) | - |
| **At reporting date** | **26,918** | **30,879** |

*(a) Relates to Machinga and Salimbidwe projects, both of which were relinquished during the year.*
*(b) Impairment expense is in relation to the Chiziro Graphite Project – see below.*

***Kanyika Niobium Project***

The Directors have considered the requirements of AASB 6: Exploration for and Evaluation of Mineral Resources, and have reviewed the carrying value of exploration and evaluation expenditures that relate to the Kanyika Niobium Project. Based on the review, the directors consider the carrying value of the Kanyika Niobium Project is supported by the anticipated future value. Furthermore, there are no indications that the carrying value of the Kanyika Niobium Project was impaired at 30 June 2016.

***Chiziro Graphite Project***

The Directors have considered the requirements of AASB 6: Exploration for and Evaluation of Mineral Resources and of AASB 136: Impairment of Assets, and have reviewed the carrying value of exploration and evaluation expenditures that relate to the Chiziro Graphite Project. The review identified that there existed at 30 June 2016 factors that indicated that the carrying value of the Chiziro Graphite Project might be impaired at 30 June 2016. In accordance with AASB 136, the Directors undertook an assessment of the recoverable amount of the Chiziro Graphite Project. That assessment determined that in the absence of comparable transactions or a formal offer having been received for the project, the recoverable amount was nil. As such, impairment of $1.127 million, being the full amount of the exploration and evaluation expenditures capitalised with respect to the Chiziro Graphite Project, has been recognised.

The value of the Group's interest in exploration expenditure is dependent upon:

- the continuance of the consolidated entity's rights to tenure of the areas of interest;
- the results of future exploration; and
- the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.
- no significant changes in laws and regulations that greatly impact the company's ability to maintain tenure.

The Group's exploration properties may be subjected to claim(s) under native title, or contain sacred sites, or sites of significance to indigenous people. As a result, exploration properties or areas within the tenements may be subject to exploration restrictions, mining restrictions and/or claims for compensation. At this time, it is not possible to quantify whether such claims exist, or the quantum of such claims.

| | Consolidated 2016 $'000 | Consolidated 2015 $'000 |
|---|---|---|
| **13. TRADE AND OTHER PAYABLES** | | |
| **Current** | | |
| Trade creditors | 14 | 3 |
| Other creditors and accruals | 252 | 384 |
| | **266** | **387** |

Non-interest bearing liabilities are stated at cost and are predominantly settled within 30 days.

| | Consolidated 2016 $'000 | Consolidated 2015 $'000 |
|---|---|---|
| **14. PROVISIONS** | | |
| **Current** | | |
| Employee benefit provisions | 114 | 132 |
| Provision for Foreign Tax (i) | 687 | 741 |
| | **801** | **873** |

(i) Movement in Provision for Foreign Tax is comprised as follows

| | 2016 | 2015 |
|---|---|---|
| Opening Balance | 741 | 352 |
| Add: provision raised during the year | 456 | 363 |
| Less: Amounts previously provided for replaced by assessment | (356) | - |
| Add/(less): Foreign currency exchange adjustment | (154) | 26 |
| | **687** | **741** |

The Provision for Foreign Tax is based upon assessments received which the Company is defending. The provision has been estimated by the Company in accordance with the requirements of Australian Accounting Standards.

| 15. CONTRIBUTED EQUITY | Consolidated 2016 $'000 | 2016 Number | 2015 $'000 | 2015 Number |
|---|---|---|---|---|
| Fully paid ordinary shares | 80,825 | 469,729,062 | 80,825 | 469,729,062 |
| | **80,825** | **469,729,062** | **80,825** | **469,729,062** |

**(a) Management of Share Capital**

The Directors primary objectivity is to maintain a capital structure that ensures the lowest cost of capital available to the Group. At reporting date, the Group has no external borrowings.

The Group is not subject to any externally imposed capital requirements.

*Capital Risk Management*
The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends, return capital to shareholders, issue/buy-back shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current parent entity's share price at the time of investment. The consolidated entity is not currently pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The capital risk management policy remains unchanged from the 30 June 2015 annual report.

**(b) Terms of Ordinary Shares**
Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held and in proportion to the amount paid up on the shares held. The fully paid ordinary shares have no par value.

At shareholders meetings each ordinary share is entitled to one vote in proportion to the paid up amount of the share when a poll is called, otherwise each shareholder has one vote on a show of hands.

At the end of reporting period, there are 469,729,062 shares on issue.

**(c) Terms of Options**

At the end of reporting period, there were 4,000,000 options over unissued shares as follows:
- 1,000,000 unlisted options, exercisable at $0.10 on or before 30 June 2017.
- 1,000,000 unlisted options, exercisable at $0.15 on or before 30 June 2018.
- 1,000,000 unlisted options, exercisable at $0.20 on or before 30 June 2019.
- 1,000,000 unlisted options, exercisable at $0.25 on or before 30 June 2020.

## 16. OTHER RESERVES & ACCUMULATED LOSSES

| | Consolidated 2016 $'000 | Consolidated 2015 $'000 |
|---|---|---|
| **(a) Reserves** | | |
| Share based payments reserve | - | - |
| Available-for-sale financial assets reserve | - | - |
| | - | - |
| **Movements:** | | |
| *Share based payments reserve* | | |
| Balance at beginning of financial period | - | 2,713 |
| Option expense (Refer note 27) | - | 15 |
| Equity benefit expense | - | (2,728) |
| Balance at end of financial period | - | - |
| *Available-for-sale financial assets reserve* | | |
| Balance at beginning of financial period | - | (34) |
| Revaluation | - | - |
| Reclassification to Income Statement | - | 34 |
| Balance at end of financial period | - | - |

The share based payments reserve records items recognised as expenses on valuation of employee share options and performance shares. In accordance with Australian Accounting Standard AASB2, the Company valued options and rights issued to staff in the past as part of their remuneration arrangements. Options and rights were issued at no cost, but were attributed value based upon an independent assessment of their fair value. The attributed value was expensed through Profit and Loss at the time and booked to the share based payments reserve.

Those rights and options have now all expired or been forfeited with the exception of 4,000,000 options which are considered to have no fair value (refer to note 27). In accordance with Australian Accounting Standard AASB2, the share based payments reserve has been transferred to Accumulated Losses in the prior year.

| | Consolidated 2016 $'000 | Consolidated 2015 $'000 |
|---|---|---|
| **(b) Accumulated losses** | | |
| Accumulated losses at the beginning of the financial period | (34,339) | (33,787) |
| Reclassification of reserves to accumulated losses | - | 2,728 |
| Net loss attributable to members | (6,883) | (3,280) |
| Accumulated losses at the end of the financial period | **(41,222)** | **(34,339)** |

## 17. INTERESTS IN CONTROLLED ENTITIES

**Controlled entities consolidated**

The consolidated financial statements incorporate the assets, liabilities and the results of the following subsidiaries in accordance with the accounting policy described in note 1(a):

| Name | Country of Incorporation | Class of Shares | Equity Holding * 2016 | 2015 |
|---|---|---|---|---|
| Globe Uranium (Argentina) S.A. | Argentina | Ordinary | 100% | 100% |
| Globe Metals & Mining (Africa) Limited | Malawi | Ordinary | 100% | 100% |
| Globe Metals & Mining Mozambique Limitada | Mozambique | Ordinary | 100% | 100% |
| Globe Metals & Mining (Exploration) Limited | Malawi | Ordinary | 100% | 100% |
| Globe Metals &  Mining Investment | Hong Kong | Ordinary | 100% | 100% |
| Appium Limited | Hong Kong | Ordinary | 100% | 100% |

* Percentage of voting power is in proportion to ownership.

## 18. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

No dividends were paid during the year. No recommendation for payment of dividends has been made.

## 19. KEY MANAGEMENT PERSONNEL DISCLOSURES

**(a) Details of key management personnel**

The following persons were key management personnel of Globe Metals & Mining Limited during the financial year:-

| | |
|---|---|
| Alice Wong | Non-Executive Chairperson |
| Alistair Stephens | Managing Director and CEO |
| William Hayden | Non-Executive Director |
| Bo Tan | Non-Executive Director |
| Alex Ko | Non-Executive Director |
| Michael Fry | Finance Manager and Company Secretary |
| Shasha Lu | Deputy CEO (resigned on 11 November 2015) |
| Fergus Jockel | Exploration Manager (ceased on 30 April 2016) |

| | Consolidated 2016 $'000 | 2015 $'000 |
|---|---|---|
| Short term employee benefits | 1,150 | 1,499 |
| Termination benefits | 10 | 102 |
| Post-employment | 36 | 57 |
| Share-based payment | - | 15 |
| | **1,196** | **1,673** |

Detailed remuneration disclosures are provided in the remuneration report on pages 7 to 12.

**(b) Loans to key management personnel**

There were no outstanding unsecured loans to Key management personnel at 30 June 2016 (2015: Nil).

**(c) Other transactions with key management personnel**

There were no other transactions with Key Management Personnel as at 30 June 2016 (2015: Nil).

| | Consolidated 2016 $'000 | Consolidated 2015 $'000 |
|---|---|---|
| **20. AUDITORS' REMUNERATION** | | |
| *Ernst & Young* | | |
| - Audit and reviewing of financial reports | 50 | - |
| - Other services | - | - |
| *Network firms of Ernst & Young* | | |
| - Audit and review of financial reports | 28 | - |
| - Other services | - | - |
| | **78** | **-** |
| *PricewaterhouseCoopers Australia* | | |
| - Audit and reviewing of financial reports | 3 | 88 |
| - Other services | 1 | 49 |
| *Network firms of PricewaterhouseCoopers Australia* | | |
| - Audit and review of financial reports | - | 22 |
| - Other services | - | - |
| | **4** | **159** |

## 21. CONTINGENT LIABILITIES

In the opinion of the directors there were no contingent liabilities at 30 June 2016 (30 June 2015: nil), and the interval between 30 June 2016 and the date of this report.

## 22. COMMITMENTS

**(a) Exploration commitments**

In order to maintain current rights of tenure to mining tenements, the Group has the following exploration expenditure requirements up until expiry of leases. These obligations, which are subject to renegotiation upon expiry of the leases, are not provided for in the financial statements and are payable:

| | Consolidated 2016 $'000 | Consolidated 2015 $'000 |
|---|---|---|
| Not longer than one year | 539 | 3,741 |
| Longer than one year, but not longer than five years | 135 | 335 |
| Longer than five years | - | - |
| | **674** | **4,076** |

If the Group decides to relinquish certain leases and/or does not meet these obligations, assets recognised in the statement of financial position may require review to determine the appropriateness of carrying values. The sale, transfer or farm-out of exploration rights to third parties will reduce or extinguish these obligations.

| | Consolidated | |
|---|---|---|
| | 2016<br>$'000 | 2015<br>$'000 |
| **(b) Operating lease expenditure commitments** | | |
| Not longer than one year | 52 | 51 |
| Longer than one year, but not longer than five years | - | - |
| Longer than five years | - | - |
| | **52** | **51** |

Operating lease expenses relate to the leases for office and staff accommodation in Malawi and Office accommodation in Perth. The Company's corporate head office relocated in January 2015 into a shared office at Level 1, Suite 1, 35 Havelock Street in West Perth. The agreement operates on a 3 month notice period.

## 23. RELATED PARTY DISCLOSURES

*(a) Parent entity*
The ultimate parent entity of the Group is Globe Metals & Mining Limited.

*(b) Key management personnel*
Disclosures relating to key management personnel are set out in note 19.

*(c) Terms and conditions*
All transactions were made on normal commercial terms and conditions and at market rates.

## 24. EVENTS SUBSEQUENT TO REPORTING DATE

No other matters or circumstances have arisen since the end of the financial period which have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

## 25. RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

| | Consolidated 2016 $'000 | Consolidated 2015 $'000 |
|---|---|---|
| **(a) Reconciliation of cash flow used in operations with loss after tax** | | |
| - Loss after income tax | (6,883) | (3,280) |
| Non-cash flows in loss from operations | | |
| - Impairment of exploration assets | 4,591 | 53 |
| - Depreciation | 132 | 311 |
| - | - | |
| - Share based payments | - | 15 |
| - Net loss on disposal of fixed assets | (1) | 73 |
| - Write-off of VAT | 51 | - |
| Changes in assets and liabilities | | |
| - Decrease in receivables and other current assets | (19) | 876 |
| - Decrease in trade and other payables | (107) | (761) |
| **Net cash outflows from operating activities** | **(2,236)** | **(2,713)** |

**(b) Non cash investing and financing activities**

There were no non cash investing and financing activities during the year.

## 26. EARNINGS PER SHARE

| | Consolidated 2015 $'000 | Consolidated 2014 $'000 |
|---|---|---|
| (a) Loss used in the calculation of basic and diluted loss per share | (6,883) | (3,280) |
| | Number of Shares | Number of Shares |
| (b) Weighted average number of ordinary shares outstanding during the period used in the calculation of basic and diluted loss per share: | 469,729,062 | 469,729,062 |

Options have not been included in the Earning per Share calculation as they are anti-dilutive.

| | Consolidated | |
|---|---|---|
| | 2016 $'000 | 2015 $'000 |
| **27. SHARE BASED PAYMENTS** | | |
| Options [a] | - | 15 |
| | - | 15 |

There are shares and options issued to employees as part of their compensation under the company's employee share option policies. Options are independently valued by corporate advisers using the Black-Scholes method.

Value per share is approximately the market price at date of the grant. All shares were granted subject to the attainment of performance and/or employment continuity criteria.

**(a) Movements in options on issue 2016:**

| Grant Date | Expiry Date | Exercise Price | Balance at start of the year Number | Granted during the year Number | Exercised during the year Number | Lapsed during the year Number | Balance at 30 June 2016 | Vested and exercisable at end of the year Number |
|---|---|---|---|---|---|---|---|---|
| **2016** | | | | | | | | |
| 2/07/2013 | 30/06/2017 | $0.100 | 1,000,000 | - | - | - | 1,000,000 | 1,000,000 |
| 2/07/2013 | 30/06/2018 | $0.150 | 1,000,000 | - | - | - | 1,000,000 | 1,000,000 |
| 2/07/2013 | 30/06/2019 | $0.200 | 1,000,000 | - | - | - | 1,000,000 | - |
| 2/07/2013 | 30/06/2020 | $0.250 | 1,000,000 | - | - | - | 1,000,000 | - |
| | | | 4,000,000 | - | - | - | 4,000,000 | 2,000,000 |
| Weighted average exercise price | | | $0.175 | - | - | - | $0.175 | $0.125 |

**(b) Movements in options on issue 2015:**

| Grant Date | Expiry Date | Exercise Price | Balance at start of the year Number | Granted during the year Number | Exercised during the year Number | Lapsed during the year Number | Balance at 30 June 2015 | Vested and exercisable at end of the year Number |
|---|---|---|---|---|---|---|---|---|
| **2015** | | | | | | | | |
| 30/09/2009 | 1/09/2014 | $0.30 | 350,000 | - | - | (350,000) | - | - |
| 26/10/2010 | 26/10/2014 | $0.25 | 200,000 | - | - | (200,000) | - | - |
| 29/11/2010 | 29/11/2014 | $0.15 | 600,000 | - | - | (600,000) | - | - |
| 29/11/2010 | 29/11/2014 | $0.26 | 500,000 | - | - | (500,000) | - | - |
| 28/12/2012 | 31/01/2015 | $0.001 | 3,000,000 | - | - | (3,000,000) | - | - |
| 28/12/2012 | 31/01/2015 | $0.001 | 800,000 | - | - | (800,000) | - | - |
| 2/07/2013 | 30/06/2017 | $0.100 | 1,000,000 | - | - | - | 1,000,000 | 1,000,000 |
| 2/07/2013 | 30/06/2018 | $0.150 | 1,000,000 | - | - | - | 1,000,000 | - |
| 2/07/2013 | 30/06/2019 | $0.200 | 1,000,000 | - | - | - | 1,000,000 | - |
| 2/07/2013 | 30/06/2020 | $0.250 | 1,000,000 | - | - | - | 1,000,000 | - |
| | | | 9,450,000 | - | - | (5,450,000) | 4,000,000 | 1,000,000 |
| Weighted average exercise price | | | $0.11 | - | - | $0.07 | $0.175 | $0.10 |

**Compensation options granted during the year ended 30 June 2016**

There were no compensation options granted during the year ended 30 June 2016.

**Compensation options granted during the year ended 30 June 2015**

There were no compensation options granted during the year ended 30 June 2015.

For options granted during the 2014 financial year, the valuation model inputs used to determine fair value at the grant date are as follows:

| Inputs | Options Expiring 30 June 2017 |
|---|---|
| Underlying security spot price | $0.053 |
| Exercise price | $0.100 |
| Issue date | 2/7/2013 |
| Expiration date | 30/06/2017 |
| Life of the Options | 4 yrs |
| Approximate Volatility | 65% |
| Risk free rate | 3.00% |
| Dividend rate | Nil |
| Value per option | $0.00 |
| Number of options | 1,000,000 |
| **Total value** | **$nil** |

| Inputs | Options Expiring 30 June 2018 |
|---|---|
| Underlying security spot price | $0.053 |
| Exercise price | $0.150 |
| Issue date | 2/7/2013 |
| Expiration date | 30/06/2018 |
| Life of the Options | 5 yrs |
| Approximate Volatility | 65% |
| Risk free rate | 3.11% |
| Dividend rate | Nil |
| Value per option | $0.00 |
| Number of options | 1,000,000 |
| **Total value** | **$nil** |

| Inputs | Options Expiring 30 June 2019 |
|---|---|
| Underlying security spot price | $0.053 |
| Exercise price | $0.200 |
| Issue date | 2/7/2013 |
| Expiration date | 30/06/2019 |
| Life of the Options | 6 yrs |
| Approximate Volatility | 65% |
| Risk free rate | 3.29% |
| Dividend rate | Nil |
| Value per option | $0.00 |
| Number of options | 1,000,000 |
| **Total value** | **$nil** |

| Inputs | Options Expiring 30 June 2020 |
|---|---|
| Underlying security spot price | $0.053 |
| Exercise price | $0.250 |
| Issue date | 2/7/2013 |
| Expiration date | 30/06/2020 |
| Life of the Options | 7 yrs |
| Approximate Volatility | 65% |
| Risk free rate | 3.47% |
| Dividend rate | Nil |
| Value per option | $0.00 |
| Number of options | 1,000,000 |
| **Total value** | **$nil** |

The value per option at grant date is determined by an independent valuation by corporate advisers using a Black-Scholes option pricing model and a Monte Carlo model to determine if the vesting conditions may be met.

**Options Cancelled**

no options lapsed during the reporting period ended 30 June 2016 (2015: 5,450,000).

**Options Exercised**

No options were exercised during the reporting period ended 30 June 2016 (2015: Nil).

## 28. PARENT ENTITY INFORMATION

| | Parent 2016 $'000 | Parent 2015 $'000 |
|---|---|---|
| ***Statement of comprehensive income*** | | |
| Loss after income tax | (475) | (6,828) |
| Total comprehensive loss | (475) | (6,840) |
| | | |
| ***Statement of financial position*** | | |
| Total current assets | 13,110 | 15,887 |
| Total assets | 34,041 | 34,533 |
| Total current liabilities | 251 | 268 |
| Total liabilities | 251 | 268 |
| Net assets | 33,790 | 34,265 |
| | | |
| Equity | | |
| Contributed equity | 80,825 | 80,825 |
| Accumulated losses | (47,035) | (46,560) |
| Total equity | 33,790 | 34,265 |

*Guarantees entered into by the parent entity*

The parent entity had no guarantees as of 30 June 2016 or 30 June 2015.

*Contingent liabilities*

The parent entity had no contingent liabilities as at 30 June 2016 or 30 June 2015.

*Capital commitments - Property, plant and equipment*

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2016 or 30 June 2015.

*Significant accounting policies*

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

# DIRECTORS' DECLARATION

In the directors' opinion:

a) the financial statements and notes set out on pages 15 to 46 are in accordance with the *Corporations Act 2001*, including:

   (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and

   (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the financial year ended on that date, and

b) 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.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

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

**ALISTAIR STEPHENS**
**MANAGING DIRECTOR**

Dated 30th day of September 2016

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# Independent auditor's report to the members of Globe Metals and Mining Limited

## Report on the financial report

We have audited the accompanying financial report of Globe Metals and Mining Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of 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 Globe Metals and Mining Limited 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 controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1(a), 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 judgment, 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 controls relevant to the entity's preparation of the financial report that gives a true and fair view 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 controls. 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 have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

## Opinion

In our opinion:

a. the financial report of Globe Metals and Mining 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 2016 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1(a).

## Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2016. 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.

## Opinion

In our opinion, the Remuneration Report of Globe Metals and Mining Limited for the year ended 30 June 2016, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

T G Dachs
Parnter
Perth
30 September 2016

The Company is committed to implementing the highest standards of corporate governance.

In determining what those high standards should involve the Company has turned to the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations. The Company is pleased to advise that the Company's practices are largely consistent with those ASX guidelines. As consistency with the guidelines has been a gradual process, where the Company did not have certain policies or committees recommended by the ASX Corporate Governance Council (the Council) in place during the reporting period, we have identified such policies or committees.

Where the Company's corporate governance practices do not correlate with the practices recommended by the Council, the Company is working towards compliance however it does not consider that all the practices are appropriate for the Company due to the size and scale of Company operations.

The Company's compliance against the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations are summarised as follows:

| Principle | ASX Corporate Governance Council Recommendations | Comply |
|---|---|---|
| **1** | **Lay solid foundations for management and oversight** | |
| 1.1 | Establish the functions reserved to the board and those delegated to senior executives and disclose those functions. | Yes |
| 1.2 | Disclose the process for evaluating the performance of senior executives. | Yes |
| 1.3 | Provide the information indicated in the Guide to reporting on principle 1. | Yes |
| **2** | **Structure the Board to add value** | |
| 2.1 | A majority of the board should be independent directors. | Yes |
| 2.2 | The chair should be an independent director. | No |
| 2.3 | The roles of chair and chief executive officer should not be exercised by the same individual. | Yes |
| 2.4 | The board should establish a nomination committee. | Yes |
| 2.5 | Disclose the process for evaluating the performance of the board, its committees and individual directors. | Yes |
| 2.6 | Provide the information indicated in the Guide to reporting on principle 2. | Yes |
| **3** | **Promote ethical and responsible decision-making** | |
| 3.1 | Establish a code of conduct and disclose the code or a summary as to: | |
| | • the practices necessary to maintain confidence in the company's integrity; | Yes |
| | • the practices necessary to take into account the company's legal obligations and the reasonable expectations of its stakeholders; and | Yes |
| | • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. | Yes |
| 3.2 | Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them. | Yes |
| 3.3 | Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them. | Yes |
| 3.4 | Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board. | Yes |
| 3.5 | Provide the information indicated in the Guide to reporting on principle 3. | Yes |
| **4** | **Safeguard integrity in financial reporting** | |
| 4.1 | The board should establish an audit committee. | Yes |
| 4.2 | The audit committee should be structured so that it: | |
| | • consists only of non-executive directors; | Yes |
| | • consists of a majority of independent directors; | Yes |
| | • is chaired by an independent chair, who is not chair of the board; and | Yes |
| | • has at least three members. | Yes |
| 4.3 | The audit committee should have a formal charter | Yes |
| 4.4 | Provide the information indicated in the Guide to reporting on principle 4. | Yes |

| Principle | ASX Corporate Governance Council Recommendations | Comply |
|---|---|---|
| **5** | **Make timely and balanced disclosure** | |
| 5.1 | Establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies. | Yes |
| 5.2 | Provide the information indicated in the Guide to reporting on principle 5. | Yes |
| **6** | **Respect the rights of shareholders** | |
| 6.1 | Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose the policy or a summary of that policy. | Yes |
| 6.2 | Provide the information indicated in the Guide to reporting on principle 6. | Yes |
| **7** | **Recognise and manage risk** | |
| 7.1 | Establish policies for the oversight and management of material business risks and disclose a summary of those policies. | Yes |
| 7.2 | The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks. | Yes |
| 7.3 | The board should disclose whether it had received assurance from the chief executive officer and the chief financial officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks. | Yes |
| 7.4 | Provide the information indicated in the Guide to reporting on principle 7. | Yes |
| **8** | **Remunerate fairly and responsibly** | |
| 8.1 | The board should establish a remuneration committee. | Yes |
| 8.2 | The remuneration committee should be structured so that it:<br>• consists of a majority of independent directors;<br>• is chaired by an independent chair; and<br>• has at least three members. | <br>Yes<br>Yes<br>Yes |
| 8.3 | Clearly distinguish the structure on non-executive directors' remuneration from that of executive directors and senior executives. | Yes |
| 8.4 | Provide the information indicated in the Guide to reporting on principle 8. | Yes |

The Board of Directors is responsible for the corporate governance of the Company and has adopted a range of corporate governance policies consistent with the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations, to the extent that recommendations are appropriate to the structure and operations of the Company.

*A summary of the major policies relevant to the ASX Corporate Governance Council's Principles is set out below:*

**Council Principle 1: Lay solid foundations for management and oversight**

The Board's primary role is the protection and enhancement of medium to long term shareholder value. To fulfil this role, the Board is responsible for the overall Corporate Governance of the consolidated entity including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

The Board is collectively responsible for promoting the success of the Company by:

- supervising the Company's framework of control and accountability systems to enable risk to be assessed and managed
- ensuring the Company is properly managed
- approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures;
- approval of the annual budget;
- monitoring the financial performance of the Company;
- approving and monitoring financial and other reporting;
- overall corporate governance of the Company, including conducting regular reviews of the balance of responsibilities within the Company to ensure division of functions remain appropriate to the needs of the Company;
- liaising with the Company's external auditors as appropriate; and
- monitoring, and ensuring compliance with, all of the Company's legal obligations, in particular those obligations relating to the environment, native title, cultural heritage and occupational health and safety.

The Board must convene regular meetings with such frequency as is sufficient to appropriately discharge its responsibilities. Between regular meetings it will also ensure that important matters are addressed by way of circular resolutions. The Board may, from time to time, delegate some of the responsibilities listed above to its senior management team.

***Materiality threshold***

The Board has agreed on both quantitative and qualitative guidelines for assessing the materiality of matters. Qualitative indications of materiality would include if:

- they impact on the reputation of the Company;
- they involve a breach of legislation;
- they are outside the ordinary course of business;
- they could affect the Company's rights to its assets; or
- if accumulated they would trigger the quantitative tests.

***The Chairperson***

The chairperson is responsible for leadership of the Board, for the efficient organisation and conduct of the Board's function and for the briefing of all directors in relation to issues arising at Board meetings. The chairperson is also responsible for chairing shareholder meetings and arranging Board performance evaluation.

***The Managing Director***

The Managing Director is responsible for the day-to-day affairs of the Company under delegated authority from the Board and to implement the policies and strategy approved by the Board. In carrying out his/her responsibilities the Managing Director must report to the Board in a timely manner and ensure all reports to the Board present a true and fair view of the Company's financial condition and operational results. The Managing Director is also responsible for overall shareholder communication in conjunction with the Chairperson of the Board.

***Role and responsibility of management***

The role of management is to support the Managing Director and implement the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board. Management is responsible for reporting all matters which fall within the Materiality Threshold at first instance to the Managing Director or if the matter concerns the Managing Director then directly to the Chairperson of the Board or the Chairperson of the Audit and Risk Committee, as appropriate.

***Relationship of Board with management***

Management of the day-to-day business of the Company is to be conducted by or under the supervision of the Board, and by those other officers and employees to whom the management function is properly delegated by the Board.

The Board will adopt appropriate structures and procedures to ensure that the Board functions independently of management. Appropriate procedures may involve the Board meeting on a regular basis without management present, or may involve expressly assigning the responsibility for administering the Board's relationship to management to a Committee of the Board.

Information is formally presented to the Board at Board meetings by way of Board reports and review of performance to date. When directors are providing information about opportunities for the Company, this should always be through the Board.

**Council Principle 2: Structure the board to add value**

The Board currently has presently has one executive director, one non-executive Chairperson (Ms A Wong), and three non-executive directors (all independent).

The Board has five members, including the Managing Director. The Board has three independent directors and one nominee director of the majority shareholder which includes the Chairperson.

The Board is conscious of the need for independence. The Board believes that the Chairperson is able and does bring quality and independent judgment to all relevant issues falling within the scope of the role of a Chairperson. The Board considers that its structure has been and continues to be appropriate in the context of the company's current projects and operations. The Company considers that each director possesses skills and experience suitable for building the Company. Furthermore, the Board considers that in the current phase of the Company's growth, the Company's shareholders are better served by directors who have a vested interest in the Company. The Board intends to reconsider its composition as the Company's operations evolve, and appoint independent directors as appropriate.

**Council Principle 3: Promote ethical and responsible decision-making.**

The Company is committed to being an inclusive workplace that embraces and promotes diversity, while respecting International, Sovereign and Australian laws.

The Company recognises the value of a diverse work force and believes that diversity supports all employees reaching their full potential, improves business decisions, business results, increases stakeholder satisfaction and promotes realisation of the company vision. We believe that these differences between people add to the collective skills and experience of the organisation and ensures we benefit by selecting from all available talent.

Diversity may result from a range of factors including but not limited to gender, age, ethnicity and cultural backgrounds

Company and Individual Expectations

- Ensure diversity is incorporated into the behaviours and practises of the Company;
- Facilitate equal employment opportunities based on job requirements only using recruitment and selection processes which ensures we select from a diverse pool;
- Engage professional search and recruitment firms when needed to enhance our selection pool;
- Help to build a safe work environment by acting with care and respect at all times, ensuring there is no discrimination, harassment, bullying, victimisation, vilification or exploitation of individuals or groups;
- Develop flexible work practices to meet the differing needs of our employees and potential employees;
- Attract and retain a skilled and diverse workforce as an employer of choice;
- Enhance customer service and market reputation through a workforce that respects and reflects the diversity of our stakeholders and communities that we operate in;
- Make a contribution to the economic, social and educational well-being of all of the communities it serves;
- Meet the relevant requirements of domestic and international legislation appropriate to Elemental's operations;
- Create an inclusive workplace culture; and
- Establish measurable diversity objectives and monitor and report on the achievement of those objectives annually.

It is the responsibility of all directors, officers, employees and contractors to comply with the Company's Diversity Policy and report violations or suspected violations in accordance with this Diversity Policy.

The Board is responsible for establishing and monitoring on an annual basis the achievement against gender diversity objectives and strategies, including the representation of women at all levels of the organisation.

The proportion of women within the whole organisation as at the date of this report is as follows:

| | |
|---|---|
| Women employees in the whole organisation | 12% |
| Women in Senior Executive positions | 25% |
| Women on the Board of Directors | 15% |

The Board acknowledges that there is one woman on the Board of Directors. However, as noted above, the Board has determined that the composition of the current Board represents the best mix of Directors that have an appropriate range of qualifications and expertise, can understand and competently deal with current and emerging business issues and can effectively review and challenge the performance of management.

**Council Principle 4: Safeguard integrity in financial reporting**

The Company's Managing Director and Chief Financial Officer report in writing to the Board that the consolidated financial statements of the Company and its controlled entities for each half and full year present a true and fair view, in all material aspects, of the Company's financial condition and operational results and are in accordance with accounting standards.

The Company has established an audit committee. The Committee fulfils the role of an audit committee by:

- Monitoring the integrity of the financial statements of the Company, and reviewing significant financial reporting judgments.
- Reviewing the Company's internal financial control system and risk management systems.
- Reviewing the appointment of the external auditor and approving the remuneration and terms of engagement.
- Monitoring and reviewing the external auditor's independence, objectivity and effectiveness, taking into consideration relevant professional and regulatory requirements.

The audit committee comprises: Mr Tan (chairperson), Mr Ko and Mr Hayden; all independent non-executive directors of Globe.

The Board is conscious of the need for independence. The Chairperson of the Audit and Risk Committee is an independent director. The Board believes that the chair of the Audit and Risk Committee is able and does bring quality and independent judgment to all relevant issues falling within the scope of the role, and that its structure has been and continues to be appropriate in the context of the Company's current projects and operations.

**Council Principle 5: Make timely and balanced disclosure**

Compliance procedures for ASX Listing Rule disclosure requirements have been adopted by the Company. It has appointed an officer of the Company to be responsible for compliance. The Company Secretary has been appointed as the officer of the Company.

**Council Principle 6: Respect the rights of shareholders**

Information will be communicated to shareholders as follows:

- The annual report is distributed to shareholders. The Board ensures that the annual report includes relevant information about the operations of the consolidated entity during the year, changes in the state of affairs of the consolidated entity and details of future developments, in addition to the other disclosures required by the Corporations Act. The annual report is made available on the Company's website, and is provided in hard copy format to any shareholder who requests it.
- The half-yearly report contains summarised financial information and a review of the operations of the consolidated entity during the period. The half-year audited financial report is prepared in accordance with the requirements of applicable
- Accounting Standards and the Corporations Act and is lodged with the Australian Securities Exchange. The half-yearly report is made available on the Company's website, and is sent to any shareholder who requests it.
- The quarterly report contains summarised cash flow financial information and details about the Company's activities during the quarter. The quarterly report is made available on the Company's website, and is sent to any shareholder who requests it.
- Proposed major changes in the consolidated entity which may impact on share ownership rights are submitted to a general meeting of shareholders.
- The Company's website is well promoted to shareholders and shareholders may register to receive updates, either by email or in hard copy.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the consolidated entity's strategy and goals. Important issues are presented to the shareholders as resolutions.

The shareholders are requested to vote on the appointment and aggregate remuneration of directors, the granting of options and shares to directors and changes to the constitution. Copies of the constitution are available to any shareholder who requests it.

The Company maintains a website at *www.globemm.com* On its website, the Company makes the following information available on a regular and up to date basis:

- company announcements;
- latest information briefings;
- notices of meetings and explanatory materials;
- quarterly, half yearly and annual reports.

The website is being continuously updated with any information the directors and management may feel is material.

The Company also ensures that the audit partner attends the Annual General Meeting.

**Council Principle 7: Recognise and manage risk**

The Company has developed a framework for risk management and internal compliance and control systems which covers organisational, financial and operational aspects of the Company's affairs. It appoints the Managing Director as being responsible for ensuring that the systems are maintained and complied with. The Company has developed policies to manage risk which includes policies on code of conduct, travel expenses and claims, delegation of authority, securities trading policy, budget control policy, continuous disclosure policy and a credit card use policy.

**Council Principle 8: Remunerate fairly and responsibly**

The Board has formed a remuneration committee. The Committee is responsible for the remuneration arrangements for Directors and executives of the Company.

The remuneration Committee is comprised of Mr Ko (Chairperson), Mr Hayden and Ms Wong. Mr Ko and Mr Hayden are independent non-executive directors of Globe. Ms Wong is the non-independent non-executive chairperson of Globe's Board of Directors.

The Board is conscious of the need for independence. The Chairperson of the Nomination and Remuneration Committee is an independent director. The Board believes that the Chairperson of the Nomination and Remuneration Committee is able and does bring quality and independent judgment to all relevant issues falling within the scope of the role, and that its structure has been and continues to be appropriate in the context of the company's current projects and operations.

Additional information required by the ASX and not shown elsewhere in this report is as follows.

**Shareholding as at 10 October 2016**

| | |
|---|---|
| Total fully paid ordinary shares on issue | 469,729,062 |

The distribution of members and their holdings of fully paid ordinary shares in the Company were as follows:

| No. Securities Held | Fully Paid Shares No. Holders |
|---|---|
| 1 – 1,000 | 64 |
| 1,001 – 5,000 | 65 |
| 5,001 – 10,000 | 84 |
| 10,001 – 100,000 | 510 |
| > 100,001 | 157 |
| Total no. holders | 880 |
| No. holders of less than a marketable parcel | 393 |
| Percentage of the 20 largest holders | 87.88% |

**Substantial shareholders as at 10 October 2016**

| | No. Shares | % |
|---|---|---|
| APOLLO METALS INVESTMENT CO. LTD | 245,983,611 | 52.37 |
| AO-ZHONG INTERNATIONAL MINERALS PTY LTD | 118,143,062 | 25.15 |

**20 Largest holders of securities at 10 October 2016**

The names of the twenty largest ordinary fully paid shareholders as at 10 October 2016 are as follows:

| Names | | No. Shares | % |
|---|---|---|---|
| 1) | APOLLO METALS INVESTMENT CO. LTD | 245,983,611 | 52.37 |
| 2) | AO-ZHONG INTERNATIONAL MINERALS PTY LTD | 118,143,062 | 25.15 |
| 3) | CITICORP NOMINEES PTY LIMITED | 14,980,032 | 3.19 |
| 4) | JP MORGAN NOMINEES AUSTRALIA | 6,826,407 | 1.45 |
| 5) | TKOCZ, MARK ANDREW & EVANS, SUSAN ELIZABETH | 6,000,000 | 1.28 |
| 6) | GOENG INVESTMENTS PTY LTD | 2,358,697 | 0.50 |
| 7) | M&K KORKIDAS PTY LTD | 2,340,600 | 0.50 |
| 8) | BALLARD, ANDREW CHARLES | 2,208,546 | 0.47 |
| 9) | OTTA, PETER HUBERT | 1,828,500 | 0.39 |
| 10) | LUCAS, JACQUES HUGHES | 1,500,000 | 0.32 |
| 11) | TKOCZ, MARK ANDREW | 1,400,000 | 0.30 |
| 12) | ULRICH, RICHARD & ULRICH, WENDY | 1,263,000 | 0.27 |
| 13) | SHULTZ, MICHAEL | 1,200,000 | 0.26 |
| 14) | ZDUNIC, NIKOLA | 1,088,133 | 0.23 |
| 15) | NATIONAL NOMINEES LIMITED | 1,012,700 | 0.22 |
| 16) | HSBC CUSTODY NOMINEES | 1,005,707 | 0.21 |
| 17) | SEARL, COLIN ROBERT & SEARL, CYNDA | 995,186 | 0.21 |
| 18) | BIERNE TRADING PTY LTD | 942,510 | 0.20 |
| 19) | GLENN, PHILLIP ADRIAN | 838,227 | 0.18 |
| 20) | ABN AMRO CLEARING SYDNEY | 825,522 | 0.18 |
| | | 412,740,440 | 87.88 |

**Unlisted options as at 10 October 2016**

Details of unlisted option holders are as follows:

| **Class of unlisted options** | **No. Options** |
|---|---|
| Options exercisable at $0.10 on or before 30 June 2017 | 1,000,000 |
| *Holders of more than 20% of this class* | |
| Alistair James Stephens | 1,000,000 |
| Options exercisable at $0.15 on or before 30 June 2018 | 1,000,000 |
| *Holders of more than 20% of this class* | |
| Alistair James Stephens | 1,000,000 |
| Options exercisable at $0.20 on or before 30 June 2019 | 1,000,000 |
| *Holders of more than 20% of this class* | |
| Alistair James Stephens | 1,000,000 |
| Options exercisable at $0.25 on or before 30 June 2020 | 1,000,000 |
| *Holders of more than 20% of this class* | |
| Alistair James Stephens | 1,000,000 |

**Voting rights**

The Constitution of the company makes the following provision for voting at general meetings:
On a show of hands, every ordinary shareholder present in person, or by proxy, attorney or representative has one vote. On a poll, every shareholder present in person, or by proxy, attorney or representative has one vote for any share held by the shareholder, but in respect of partly paid shares, shall only have a fraction of a vote for each partly paid share. The fraction must be equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited).

**Restricted securities**

There are no restricted securities or securities subject to voluntary escrow.

**Mineral Tenement Schedule as at 10 October 2016**

| **Project** | **Location** | **Status** | **Tenement** | **Globe's interest** |
|---|---|---|---|---|
| Kanyika Niobium (i) | Malawi | Granted | under mining lease application | 100% |
| Kanyika Exploration | Malawi | Granted | EPL0421/15 | 100% |
| Chiziro | Malawi | Granted | EPL0299/10R | 100% |
| Machinga | Malawi | Relinquished | EPL0230/07R | 0% |
| Salambidwe | Malawi | Relinquished | EPL0289/10R | 0% |
| Memba | Mozambique | Relinquished | 4832L, 4831L | 0% |

(ii) a Mining Lease application lodged with Malawi Ministry of Natural Resources, Energy & Mining on 5 December 2014 covering in part the area previously covered by EPL1088/05 has been approved subject to the completion of a Development Agreement.

Note: EPL: Exclusive Prospecting Licence (Malawi); L: Exclusive Prospecting Licence (Mozambique)

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