

Globe
Metals & Mining

# Annual Report 2015

ABN: 33 114 400 609

FOR THE YEAR ENDED 30 JUNE 2015

# CORPORATE DIRECTORY

## Directors
Ms Alice Wong, Non-Executive Chairperson
Mr Alistair Stephens, 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
**PwC - Australia**
Brookfield Place
125 St Georges Terrace
Perth
WA 6000

**PwC - Malawi**
3rd Floor, ADL House
Capital City
Lilongwe 3
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)
Code: GBE

## Bankers
Westpac
109 St Georges Terrace
Perth WA 6000

# CONTENTS


2 CHAIRPERSON'S ADDRESS

3 CORPORATE REVIEW

4 OPERATIONS REVIEW

13 DIRECTORS' REPORT

24 AUDITOR'S INDEPENDENCE DECLARATION

25 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

26 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

27 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

28 CONSOLIDATED STATEMENT OF CASH FLOWS

29 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

57 DIRECTORS' DECLARATION

58 INDEPENDENT AUDITOR'S REPORT

60 CORPORATE GOVERNANCE STATEMENT

66 ASX ADDITIONAL INFORMATION

# Chairperson's Address

On behalf of the Board of Globe, it is my pleasure to present to you the 2015 Annual Report.

**Prudent Management Secures the Company's Future**

During the year, cash management, cost reduction measures, and efforts to streamline operations highlighted the Company's focus. The Company's decision, along with shareholder support, to undertake a capital raising last year demonstrated good judgement to ensure the long term survival of the Company in what are very difficult and uncertain market conditions.

**Efficient Board Translates to Effective Organisational Behaviour**

To improve the efficiency of the Board and to further reduce operating cost, the number of Board members was reduced from 7 to 5 members with the majority being 3 independent directors. The independence and impartiality of the Board is crucial in maintaining high standards of corporate governance.

**Market Challenges Persist but Opportunities Exist**

The Company and the Board are clearly aware of the fact that the global financial and minerals commodities markets will remain uncertain for the foreseeable future. History demonstrates that markets are cyclical and that shrewd companies can take advantage of periods of instability to secure strong opportunities. The Company will continue to carefully consider opportunities to create shareholder value.

**Kanyika Project Results**

The Kanyika Niobium Project Development Agreement (DA) negotiation and metallurgical optimisation are nearing completion. Detailed engineering and costing plans are being explored for the milling and concentration plant at Kanyika.

**Chiziro Graphite Project Opportunity**

The Company's exploration work has progressed cautiously. As stated last year the Chiziro Graphite Project has defined an extensive and wide zone of graphite mineralisation and the Company has added to the project portfolio with the inclusion of the Katengeza prospect. The Company will continue to progress this project primarily on a cash replacement basis, meaning that additional exploration and development works will be done with new capital.

**Other Project Assessment Continues**

In the past year Globe has assessed many opportunities to acquire other potential projects ranging from precious metals and base metals, from advanced exploration properties to cash generating ones.

**In Summary**

In the coming year the Company will remain vigilant on market risk and on ensuring that cash resources are preserved through ongoing cost reductions, streamlining of internal control, focused milestone based exploration cost budgeting, among others, and to endeavour to acquire cash generating assets. Expenditure will only be spent on assets that return shareholder value and on a need-to-make basis.

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 when tangible milestones will hopefully be achieved by the Company.

Yours sincerely,



**Alice Wong**
Chairperson - Globe Metals & Mining Limited

**Finance**

- Cash at bank at 30 June 2015 of $16.013 million.

**Changes in Directors/Management**

- In November 2014, Ms Shasha Lu resigned as a director. Ms Lu remains with the Group in the capacity of Deputy Chief Executive Officer.
- At the 2014 Annual General Meeting, Mr Jingbin Tian retired as a director.
- In January 2015, Mr Michael Fry was appointed as Finance Manager and Company Secretary, replacing Ms Kerry Angel.

**Corporate**

- In February 2015, the Group implemented a number of changes designed to reduce corporate overhead and administration costs. The changes implemented have resulted in a significant reduction in costs during the 2015 financial year; the full effects of which will be evident in the 2016 financial year.
- A total of 5,450,000 options over ordinary shares lapsed during the 2015 financial year.

**Company Focus**

Consistent with the strategy outlined by the Chairperson in her Address in the 2014 Annual Report, the Group has focussed its efforts in the 2015 financial year on the following:

- advancing its Kanyika Niobium Project towards production by progressing with its mining licence application, finalisation of a Development Agreement and by seeking out and assessing a range of financing options;
- advancing its Chiziro Graphite Project through further targeted exploration work aimed at identifying high-grade graphite mineralisation;
- assessment of other project opportunities focussed on cash-flow generation; and
- structural changes to bring about reduced corporate overhead and administration changes. These changes have included office relocation, personnel reductions, and a thorough review of all existing contractual arrangements to ensure their ongoing suitability.

**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 that currently employs 19 staff. 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, has contains niobium and tantalum mineralisation commodities that are key additives in steel manufacture and electronics.

In addition to the Kanyika Niobium Project, Globe also has exploration projects at various stages of development in Malawi and Mozambique, Figure 1.

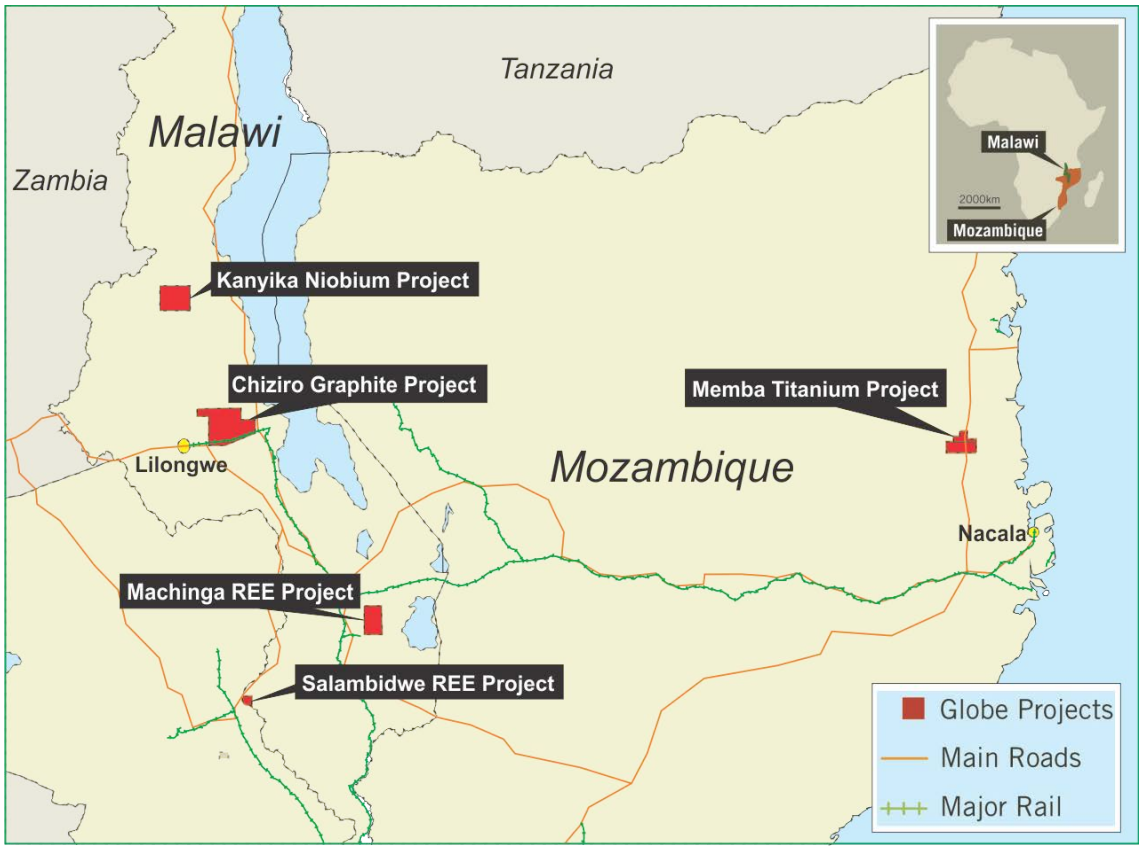



Figure 1: Projects Location Map

**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.

### Statement of Mineral Resources

On 7 January 2013 Globe published an updated Mineral Resource Estimate for the Kanyika Niobium Project (KNP).

**Table 1: Mineral Resource Estimate for Kanyika using a 1,500 ppm $Nb_2O_5$ cut-off grade**

| Category | Size (Mt) | $Nb_2O_5$ Grade (ppm) | $Ta_2O_5$ Grade (ppm) | $U_3O_8$ Grade (ppm) |
|---|---|---|---|---|
| **Measured** | 5.3 | 3,790 | 180 | 110 |
| **Indicated** | 47.0 | 2,860 | 135 | 80 |
| **Inferred** | 16.0 | 2,430 | 120 | 70 |
| **Total** | **68.3** | **2,830** | **135** | **80** |

No additions or changes have been made to the above Mineral Resource Estimate since it was first published in January 2013. The Mineral Resource Estimate complies with the 2004 JORC guidelines (refer to competent person's statement).

### Product Marketing and Off-Take

Globe continues to explore avenues for KNP product off-take to complete the KNP definitive feasibility study. In an effort to satisfy purchasers seeking high-purity niobium products – as well as other project stakeholders – that KNP products will meet required specifications, Globe is planning further metallurgical demonstration work to produce high-purity products from mineral concentrate produced in the 2014 concentrator demonstration plant. If successful this will help de-risk the marketing aspects of the project.

### Intellectual Property

Intellectual property (IP) developed as part of the KNP feasibility study and subsequent optimisation work has been consolidated into provisional patent applications that have been filed with IP Australia.

### Development Agreement Negotiations

In June 2014 members of the newly elected Malawian Government held a meeting with the community and local chiefs to update them on the status of the project and reassure them of the Company's development plans for the Project.

Globe has finalised a development agreement with the Government, which currently remains unsigned.

### Government and Community Relations

The Kanyika Workplace Certificate was renewed by the Ministry of Labour. The Relocation Action Plan is currently receiving attention at the Ministry of Labour. A review of the Environmental Impact Assessment will be undertaken at the completion of optimisation activities.

### Exploration

A soil sampling program of 185 samples was undertaken to delineate the potential for niobium and tantalum mineralisation south of the Kanyika deposit. The results demonstrated a closure of potential niobium and tantalum bearing mineralisation.

### Chiziro Graphite Project

The Chiziro Exploration Prospecting Licence EPL 0299/10 was renewed in the second half of 2014, with a 50% of the tenement relinquished in line with government requirements for the renewal. An exploration programme consisting of surface rock sample collection and analysis, regional mapping and 6,266 metres of trenching was completed. The programme identified significant graphite mineralisation at the Chimutu prospect.

**Summary of graphite results**

Trenching has demonstrated graphite mineralisation at the Chimutu Prospect over a strike length in excess of 6,000 metres, with widths exceeding 250 metres and graphite grades exceeding 5% TGC. The mineralisation is within two mineralised trends, named the Main Trend and Musinda Trend, with the Main Trend remaining open to the northeast and the Musinda Trend remaining open to the south. Selected intervals of high-grade graphite intersections identified by trenching are presented in Table 2.

**Table 2: High Grade trench intersections from Main and Musinda Trends**

| Trench | Graphite (in %TGC) | | | |
|---|---|---|---|---|
| | Over 15% | 13-15% | 11-13% | 10-11% |
| CZTR002 | | 3m@13.9% | | |
| CZTR003 | | 9m @ 13.7% | | 3m @ 10.7% |
| CZTR004 | | | 4m@ 11.0%; 4m @ 11.9%; 15m @ 11.0%; 5m @ 12.4% | 5m @10.1% |
| CZTR005 | | | 3m @ 12.2%; 4m @11.3%; 4m @11.7%; 4m @ 12.7% | |
| CZTR005A | | 3m @ 13.1% | 3m @ 12.3%; 5m @ 11.7% | |
| CZTR006 | | | 13m @ 11.5% | |
| CZTR007 | | | 4m @ 12.0% | 6m @ 10.3% |
| CZTR008 | 5m @ 16.3% | 4m @ 14.5% | 4m @ 11.8%; 5m @ 11.2% | |
| CZTR009 | | | | 7m @ 10.7% |
| CZTR010 | 10m @ 19.7% | | 15m @ 11.9% | |
| CZTR011 | | 8m @ 14.0% | | |
| CZTR012 | | 5m @ 13.0% | 3m @ 11.5% | |
| CZTR013 | | 3m @13.7%; 3m @ 13.8% | 4m @ 12.6%; 7m @ 12.2% | |
| CZTR015 | | | 11m @ 11.3%; 6m @ 11.9% | |
| CZTR016 | 6m@15.0% | | 7m @ 11.9% | |

Figure 2 below shows the trench location plan for the Main and Musinda trends and Figure 3 shows the trench location plan annotated with best assays. A total of an additional 255 rock chip samples were collected from Chimutu, Chimutu East and Katengeza prospects and analysed for graphite. The results are summarised in Figure 4, with results at the Katengeza Prospect shown in more detail in Figure 5. The results indicate the presence of graphite mineralisation at Katengeza with graphite grades similar to Chimutu.

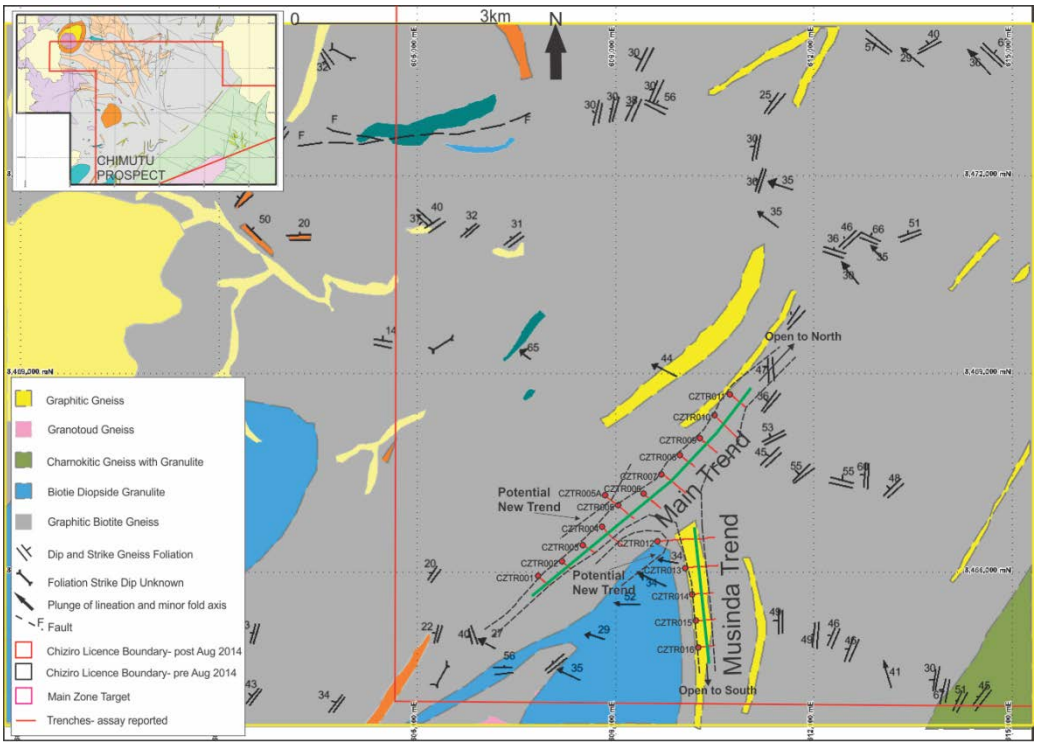



**Figure 2: Plan showing location of trenches at the Chimutu Prospect**

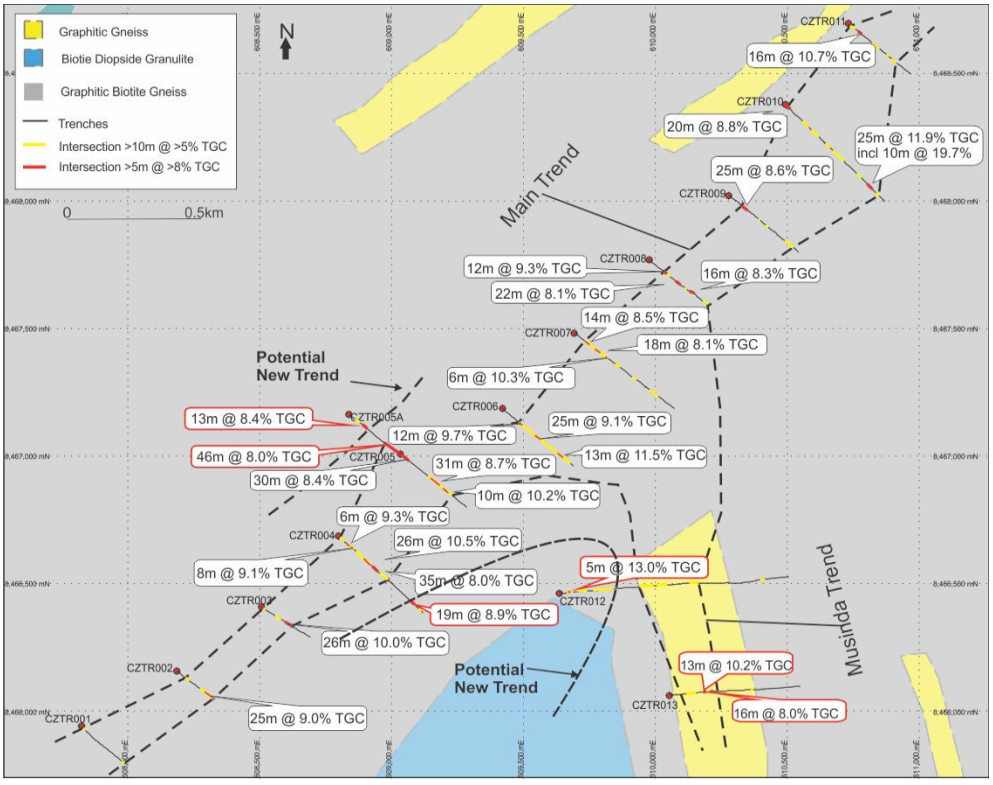



**Figure 3: Plan of the trenches with assays at the Chimutu Main Trend**

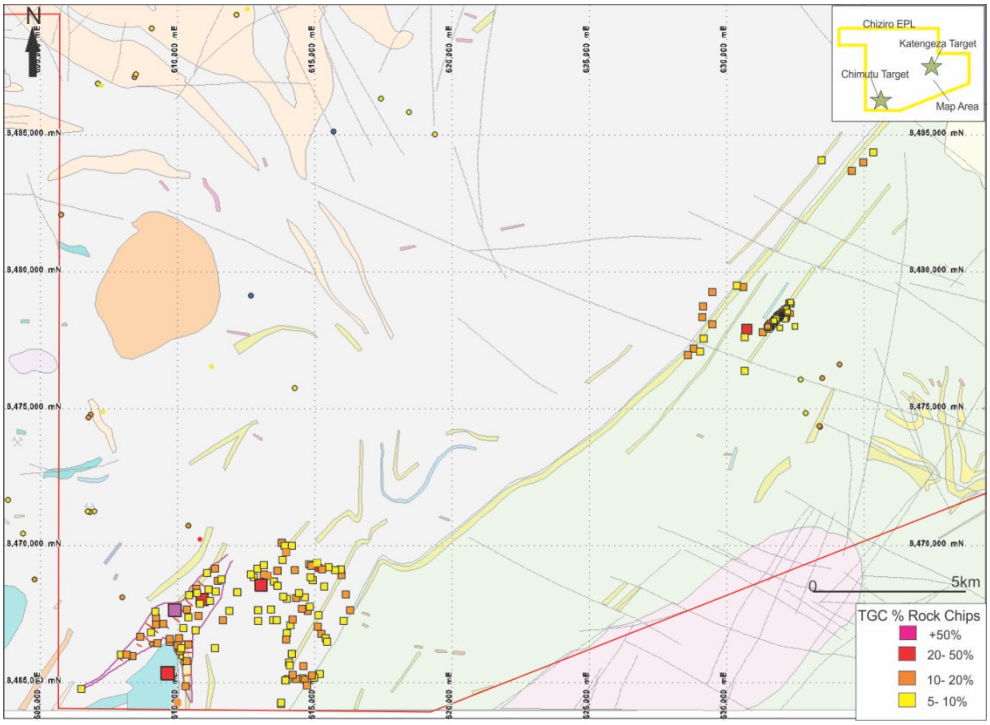



**Figure 4: Rock chip sampling locations and results at Chimutu, Chimutu East and Katengeza Prospects**

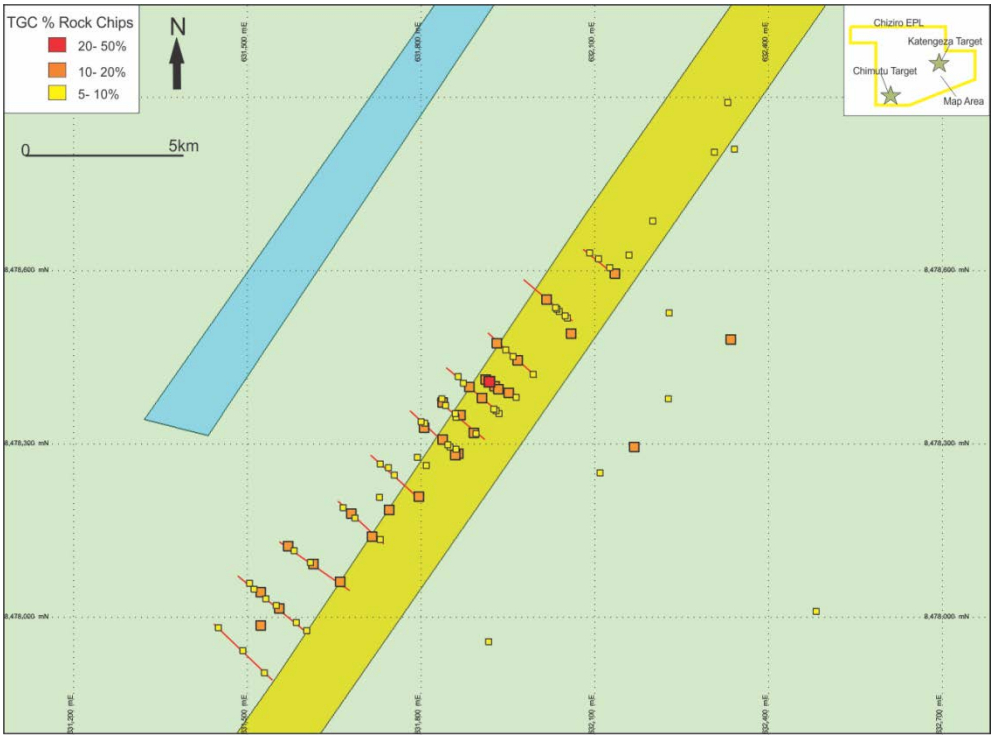



**Figure 5: Rock chip sampling locations and results at Katengeza Prospect**

### Infrastructure and Logistics Options

The Chimutu and Katengeza Prospects are located within approximately 5 kilometres of a major highway, an operating railway line connecting Lilongwe to the port of Nacala in Mozambique and a 132 kV high voltage electrical transmission line, as illustrated in Figure 6. The availability and close proximity of this infrastructure will aid development of and support a potential mining operation.

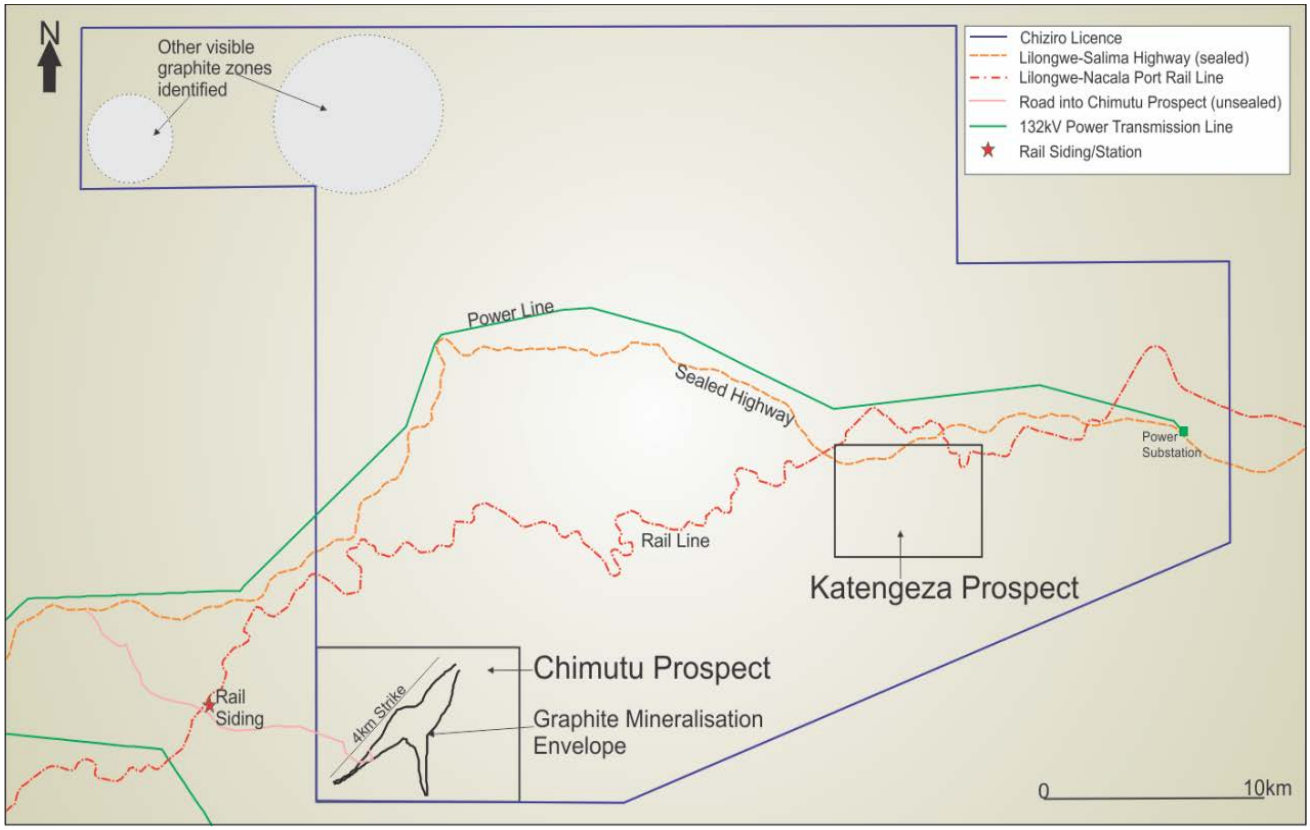



**Figure 6: Supporting Infrastructure nearby to the Chimutu Prospect**

### Mineralogical Analyses

Mineralogical studies were undertaken on five samples collected during trenching work at the Chimutu prospect. Petrographic analysis, including chemical and graphite flake size analysis, was conducted on samples collected from trenches CZTR003, CZTR006, CZTR010, CZTR012 and CZTR015. Chemical analyses are summarised in Table 3 and graphite flake size analyses from petrographic work are summarised in Figure 7.

The key findings of these studies are:

- Total graphitic carbon grade ranged from 9.7-28% TGC,
- Minor amounts of sulphur suggesting minimal sulphide minerals at depth,
- And 60% of graphite is present with a flake size larger than 300 µm.

**Table 3: Comprehensive Chemical Analysis of Chimutu Samples**

| Element | Units | Sample | | | | | Average |
|---|---|---|---|---|---|---|---|
| | | EA0111 | EA0112 | EA0113 | EA0114 | EA0115 | |
| $C_{TOTAL}$ | % | 18.8 | 8.35 | 10.3 | 15.2 | 29.9 | 16.51 |
| $C_{GRAPHITIC}$ | % | 17.8 | 7.73 | 9.76 | 14 | 28.3 | 15.52 |
| S | % | 0.69 | 1.55 | 0.71 | 0.68 | 0.11 | 0.75 |
| $SiO_2$ | % | 61.3 | 63.9 | 63.6 | 65.5 | 52.1 | 61.28 |
| $Al_2O_3$ | % | 8.1 | 8.27 | 10.3 | 7.61 | 6.96 | 8.25 |
| CaO | % | 1.42 | 0.46 | 1.68 | 1.37 | 1.23 | 1.23 |
| MgO | % | <0.05 | 0.17 | 0.07 | <0.05 | 0.16 | 0.13 |
| $Fe_2O_3$ | % | 1.59 | 5.01 | 2.3 | 1.68 | 0.91 | 2.30 |
| $K_2O$ | % | 0.7 | 2.51 | 1 | 0.69 | 1.59 | 1.30 |
| $TiO_2$ | % | 0.71 | 1.15 | 1.19 | 0.79 | 1.05 | 0.98 |
| $Na_2O$ | % | 1.63 | 1.31 | 2 | 1.5 | 1.64 | 1.62 |
| MnO | % | <0.01 | 0.01 | 0.02 | <0.01 | <0.01 | 0.02 |
| $P_2O_5$ | % | 0.1 | 0.08 | 0.06 | 0.09 | 0.07 | 0.08 |
| $Cr_2O_3$ | % | 0.02 | 0.02 | 0.02 | 0.01 | 0.03 | 0.02 |
| $V_2O_5$ | % | 0.04 | 0.07 | 0.05 | 0.05 | 0.04 | 0.05 |
| LOI | % | 23.96 | 16.85 | 16.92 | 20.22 | 33.76 | 22.34 |
| Co | % | <0.02 | <0.02 | <0.02 | <0.02 | <0.02 | <0.02 |
| Cr | % | <0.05 | <0.05 | <0.05 | <0.05 | <0.05 | <0.05 |
| Cu | % | <0.05 | <0.05 | <0.05 | <0.05 | <0.05 | <0.05 |
| Fe | % | 1.11 | 3.44 | 1.61 | 1.2 | 0.66 | 1.60 |
| Mn | % | <0.05 | <0.05 | <0.05 | <0.05 | <0.05 | <0.05 |
| Ni | % | <0.05 | <0.05 | <0.05 | <0.05 | <0.05 | <0.05 |
| Pb | % | <0.05 | <0.05 | <0.05 | <0.05 | <0.05 | <0.05 |
| Zn | % | <0.05 | <0.05 | <0.05 | <0.05 | <0.05 | <0.05 |

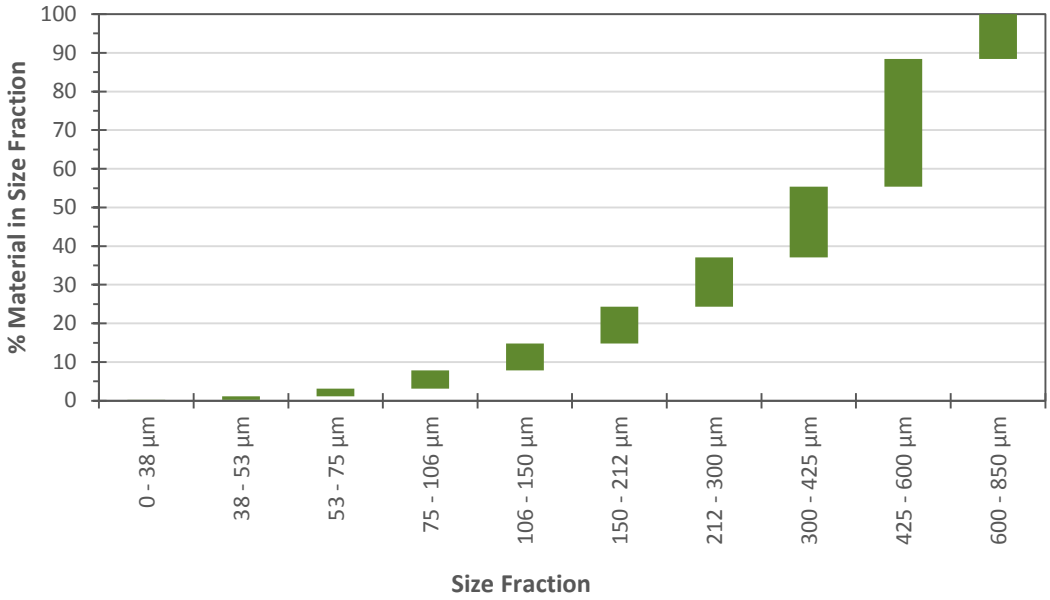



**Figure 7: Average Graphite Flake Size Distribution in Chimutu Samples**

**Key Aspects of Chiziro Graphite Project**

The key outcomes from work undertaken on the Chiziro graphite project are:

- Mineralised zones of greater than 10% TGC are likely,
- The majority of the graphite has large to coarse flake size,
- The quality of graphite is expected to improve below the weathering zone,
- Metallurgical processing will likely use conventional technology as part of a conventional flowsheet,
- The prospects are within approximately 5 kilometres of road, rail and power infrastructure,
- Additional works could identify small to medium sized zones of high-grade high-quality graphite mineralisation,
- Trenching represents the best quality, low cost, targeted methodology to assist in identifying mineralisation, and
- The project objectives for a low capital, small-producing operation that produces high-quality graphite product appear to be achievable concepts.

**Other Projects**

In September 2014 Globe received confirmation from the Ministry Natural Resources, Energy and Mining that the application to renew the Machinga Licence had been approved. The renewal stipulated that Globe had to relinquish 55% of the original licence. A soil sampling programme of 58 soil samples was undertaken that did not define any extensions to the existing Nb-Ta anomaly.

At the Salambidwe rare earth project, reconnaissance geological mapping and rock chip sampling was undertaken, with a total of 81 rock samples collected. Assays indicated low order Rare Earth Element (REE) anomalism with low potential for commercial mineralisation. In August 2014 Globe submitted the final Relinquishment Report to the Ministry of Mineral Resources of the Republic of Mozambique relating to Exploration Licences 4831L and 4832L.

**Future Direction**

The Company will continue environmental and community studies, detailed engineering design plans and downstream processing of concentrate to marketable samples for the Kanyika project.

In addition, the Company will continue to progressively assess the options for the progress of the Chiziro graphite projects after the completion of baseline environmental and community studies.

**Exploration Results, Mineral Resource 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:*** *The contents of this report relating to the Mineral Resource Estimate are 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 the matters compiled by him in the form and context in which they appear. The Mineral Resource Estimate was first reported to the ASX on 7 January 2013 and has not been updated since.*

***Competent Person:*** *The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Fergus Jockel, a competent person who is a Member of The Australasian Institute of Mining and Metallurgy and the Australian institute of Geoscientists. Fergus Jockel is a full-time employee of the company and has 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'. Fergus Jockel consents to the inclusion in the report of matters based on his information in the form and context in which it appears.*

***Competent Person:*** *The information in this report relating to mineralogical and metallurgical evaluation is based on information compiled by Dr Marc Steffens. Dr Steffens is a Member of the Australasian Institute of Mining and Metallurgy (MAusIMM) and is 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.*

# Directors' Report

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 2015.

**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 | Managing Director and Chief Executive Officer |
| William Hayden | Non-Executive Director |
| Bo Tan | Non-Executive Director |
| Alex Ko | Non-Executive Director |
| Shasha Lu | Executive Director (resigned on 18 November 2014) |
| Jingbin Tian | Non-Executive Director (retired on 28 November 2014) |

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.

Ms Kerry Angel ceased as Company Secretary on 31 January 2015.

**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 has other exploration projects that are at various stages of progress in Malawi but has suspended exploration on its project in Mozambique pending further assessment.

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

**RESULTS**

The consolidated loss of the Group after providing for income tax amounted to $3,279,524 (2014: $4,625,668). No amounts have been paid or declared by way of dividend during or since the end of the financial year.

**ENVIRONMENTAL LEGISLATION AND COMPLIANCE**

The Group's operations are subject to environmental regulation in Malawi and Mozambique in relation to the exploration and future mining and development activities. Exploration Licenses and other tenements are issued subject to ongoing compliance with all relevant legislation. The Group has complied with all relevant legislation during the year.

**SHARES UNDER OPTION**

At the date of this report 4,000,000 unissued ordinary shares of the Company under option are as follows:

| Grant Date | Expiry Date | Exercise Price | Number of Options |
|---|---|---|---|
| 1-Jul-13 | 31-Dec-17 | 10 cents | 1,000,000 |
| 1-Jul-13 | 31-Dec-18 | 15 cents | 1,000,000 |
| 1-Jul-13 | 31-Dec-19 | 20 cents | 1,000,000 |
| 1-Jul-13 | 31-Dec-20 | 25 cents | 1,000,000 |

**SIGNIFICANT CHANGES IN STATE OF AFFAIRS**

Other than as disclosed in this report and the accompanying financial report, there were no other significant changes in the Group's state of affairs during the course 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. |
| | 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** | **Managing Director and Chief Executive Officer** |
|---|---|
| Qualifications | Masters of Business Administration<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. |
| | Mr Stephens held the position of Managing Director and Chief Executive Officer of Arafura Resources Limited (ASX: ARU) between 2004 and 2009. |
| | 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 over 37 years' experience in the mineral exploration industry, much of which has been in Africa, South America and the Asia-Pacific region. Mr Hayden was the co-founder and President of Ivanhoe Nickel and Platinum Ltd. (now Ivanhoe Mines Ltd), a Canadian company which has assembled extensive mineral holdings in South Africa, and the Democratic Republic of Congo.. Since 1983 Mr Hayden has worked in a management capacity with several exploration and mining companies both in Australia and overseas. Mr Hayden was formerly President of Ivanhoe Philippines Inc and GoviEx Uranium Inc., and a former director of Sunward Resources Ltd. Mr Hayden is currently a director of TSX listed Ivanhoe Mines Ltd, ASX listed Globe Metals & Mining Ltd, Asia Pacific Mining Limited, TSX and NYSE listed NovaCopper Inc, HKSE listed China Polymetallic Mining Ltd and ASX listed Condoto Platinum NL. |
| Interest in Shares and Options | 76,923 Fully Paid Ordinary Shares |
| Directorships of other ASX Listed Companies | Condoto Platinum NL |

| **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><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><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 2015 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.

From time to time, the Committee may seek external remuneration advice. Where this is the case, remuneration consultants are engaged by, and report directly to, the Committee. In selecting remuneration consultants, the Committee considers potential conflicts of interest and requires independence from the Group's KMP as part of the terms of engagement.

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).

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 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 based on market conditions.

# Directors' Report (Continued)

## E. Details of Remuneration

**Compensation of key management personnel for the year ended 30 June 2015**

| 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% |
| **Jingbin Tian -** Non-Executive Director [(ii)] | - | - | - | - | - | - | 0% |
| **Total remuneration directors 2015** | **992,968** | **-** | **-** | **23,815** | **14,468** | **1,031,251** | **1%** |
| **Specified Executives** | | | | | | | |
| **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** | **360,000** | **102,000** | **-** | **32,871** | **-** | **494,871** | **0%** |

(i) Resigned as a Director on 18 November 2014
(ii) Retired as a Director on 28 November 2014
(iii) Ceased employment on 31 January 2015

**Compensation of key management personnel for the year ended 30 June 2014**

| 2014 | SHORT-TERM BENEFITS | | | POST EMPLOY-MENT | SHARE-BASED PAYMENT | TOTAL | SHARE-BASED PAYMENT |
|---|---|---|---|---|---|---|---|
| | Salary & Fees | Termination Payment | Other[(vii)] | Super-annuation | Options | $ | as a % of TOTAL |
| **Directors** | | | | | | | |
| **Alice Wong -** Chairperson[(i)] | 51,627 | - | - | - | - | 51,627 | 0% |
| **Alistair Stephens -** Managing Director & CEO | 364,583 | - | - | 17,775 | - | 382,358 | 0% |
| **Shasha Lu –** Executive Director & Deputy CEO | 363,511 | - | 29,731 | - | 34,975 | 428,217 | 8% |
| **William Hayden -** Non-Executive Director | 53,089 | - | - | 4,911 | - | 58,000 | 0% |
| **Bo Tan -** Non-Executive Director[(ii)] | 39,817 | - | - | - | - | 39,817 | 0% |
| **Alex Ko -** Non-Executive Director[(iii)] | 19,792 | - | - | - | - | 19,792 | 0% |
| **Jingbin Tian -** Non-Executive Director | 29,000 | - | - | - | - | 29,000 | 0% |
| **Yi Shao -** Chairman[(iv)] | 43,500 | - | - | - | - | 43,500 | 0% |
| **Peter Stephens -** Non-Executive Director[(v)] | 30,969 | - | - | 2,865 | - | 33,834 | 0% |
| **Total remuneration directors 2014** | **995,888** | **-** | **29,731** | **25,551** | **34,975** | **1,086,145** | **3%** |
| **Specified Executives** | | | | | | | |
| **Kerry Angel -** CFO & Company Secretary | 241,500 | - | - | 17,775 | - | 259,275 | 0% |
| **Fergus Jockel -** Exploration Manager | 221,500 | - | - | 17,775 | - | 239,275 | 0% |
| **Les Middleditch -** Kanyika DFS Manager [(vi)] | 48,244 | 144,756 | - | 1,481 | - | 194,481 | 0% |
| **Total remuneration specified executives 2014** | **511,244** | **144,756** | **-** | **37,031** | **-** | **693,031** | **0%** |

(i) Appointed Non- Executive Director on 11 October 2013 and Chairperson on 31 January 2014
(ii) Appointed on 9 October 2013
(iii) Appointed on 10 February 2014
(iv) Resigned on 6 January 2014
(v) Resigned on 13 January 2014; options had not vested and were forfeited on resignation
(vi) Resigned on 31 July 2013
(vii) Accrued annual leave paid

**REMUNERATION REPORT – AUDITED (CONTINUED)**

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

**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.

**Compensation options granted to key management personnel during the year ended 30 June 2014**

Options granted to key management personnel during the year ended 30 June 2014 were as follows:

| | | | | | Terms & Conditions for Each Grant | | |
|---|---|---|---|---|---|---|---|
| | Vested No. | Granted No. | Grant Date | Value per Option at Grant Date $ | Exercise Price $ | First Exercise Date | Last Exercise Date |
| Alistair Stephens[(i)] | - | 1,000,000 | 2/07/2013 | 0.00 | 0.100 | 1/7/2014 | 30/6/2017 |
| Alistair Stephens[(ii)] | - | 1,000,000 | 2/07/2013 | 0.00 | 0.150 | 1/7/2015 | 30/6/2018 |
| Alistair Stephens[(iii)] | - | 1,000,000 | 2/07/2013 | 0.00 | 0.200 | 1/7/2016 | 30/6/2019 |
| Alistair Stephens[(iv)] | - | 1,000,000 | 2/07/2013 | 0.00 | 0.250 | 1/7/2017 | 30/6/2020 |
| | **-** | **4,000,000** | | | | | |

**Vesting conditions pertaining to employee options:**

(i) Options vest on 1 July 2014 and expire on 30 June 2017, conditional on VWAP over fifteen consecutive trading days on the ASX must be greater than A$0.20. The share price must be greater than the excise price at vesting date. The option is forfeited if not exercised within one calendar month of leaving employment of the company.

(ii) Options vest on 1 July 2015 and expire on 30 June 2018, conditional on VWAP over fifteen consecutive trading days on the ASX must be greater than A$0.30. The share price must be greater than the excise price at vesting date. The option is forfeited if not exercised within one calendar month of leaving employment of the company.

(iii) Options vest on 1 July 2016 and expire on 30 June 2019, conditional on VWAP over fifteen consecutive trading days on the ASX must be greater than A$0.40. The share price must be greater than the excise price at vesting date. The option is forfeited if not exercised within one calendar month of leaving employment of the company.

(iv) Options vest on 1 July 2017 and expire on 30 June 2020, conditional on VWAP over fifteen consecutive trading days on the ASX must be greater than A$0.50. The share price must be greater than the excise price at vesting date. The option is forfeited if not exercised within one calendar month of leaving employment of the company.

**REMUNERATION REPORT – AUDITED (CONTINUED)**

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

**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:

| 2015 | Balance at beginning | Granted as Remuneration | Exercised | (Lapsed) | Balance at 30 June 2015 | Total Vested at 30 June 2015 | Total Exercisable at 30 June 2015 |
|---|---|---|---|---|---|---|---|
| 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 [(i)] | 3,800,000 | - | - | (3,800,000) | - | - | - |
| Jingbin Tian [(ii)] | - | - | - | - | - | - | - |
| Fergus Jockel | - | - | - | - | - | - | - |
| Kerry Angel[(iii)] | - | - | - | - | - | - | - |
| | **8,900,000** | **-** | **-** | **(4,900,000)** | **4,000,000** | **1,000,000** | **1,000,000** |

(i) Resigned as a director on 18 November 2014; continues in capacity of Deputy CEO
(ii) Retired as a director on 28 November 2014
(iii) Ceased employment on 31 January 2015

| 2014 | Balance at beginning | Granted as Remuneration | Exercised | (Lapsed) | Balance at 30 June 2014 | Total Vested at 30 June 2014 | Total Exercisable at 30 June 2014 |
|---|---|---|---|---|---|---|---|
| Alice Wong | - | - | - | - | - | - | - |
| Alistair Stephens | - | 4,000,000 | - | - | 4,000,000 | - | - |
| William Hayden | 1,100,000 | - | - | - | 1,100,000 | 1,100,000 | 1,100,000 |
| Bo Tan | - | - | - | - | - | - | - |
| Alex Ko | - | - | - | - | - | - | - |
| Shasha Lu | 4,800,000 | - | - | (1,000,000) | 3,800,000 | - | - |
| Jingbin Tian | - | - | - | - | - | - | - |
| Kerry Angel | - | - | - | - | - | - | - |
| Fergus Jockel | - | - | - | - | - | - | - |
| Yi Shao[(i)] | - | - | - | - | - | - | - |
| Peter Stephens [(ii)] | 1,100,000 | - | - | (1,100,000) | - | - | - |
| Les Middleditch[(iii)] | - | - | - | - | - | - | - |
| | **7,000,000** | **4,000,000** | **-** | **(2,100,000)** | **8,900,000** | **1,100,000** | **1,100,000** |

(i) Resigned as a director on 6 January 2014
(ii) Resigned employment on 13 January 2014; options held forfeited at the date of resignation
(iii) Resigned employment on 31 July 2013

**REMUNERATION REPORT – AUDITED (CONTINUED)**

**E. 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.

| 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[(i)] | - | - | - | - | - |
| Jingbin Tian[(ii)] | - | - | - | - | - |
| Fergus Jockel | - | - | - | - | - |
| Kerry Angel[(iii)] | - | - | - | - | - |
| | **246,060,534** | **-** | **-** | **-** | **246,060,534** |

(i) Resigned as a director on 18 November 2014; continues in capacity of Deputy CEO
(ii) Retired directorship on 28 November 2014
(iii) Ceased employment on 31 January 2015

| 2014 | Balance at beginning | Granted as Remuneration | On Exercise of Options | Bought & (Sold) | Balance at 30 June 2014 |
|---|---|---|---|---|---|
| Alice Wong[(i)] | - | - | - | 245,983,611 | 245,983,611 |
| Alistair Stephens | - | - | - | - | - |
| William Hayden | 76,923 | - | - | - | 76,923 |
| Bo Tan | - | - | - | - | - |
| Alex Ko | - | - | - | - | - |
| Shasha Lu | - | - | - | - | - |
| Jingbin Tian | - | - | - | - | - |
| Kerry Angel | - | - | - | - | - |
| Fergus Jockel | - | - | - | - | - |
| Yi Shao[(ii)] | - | - | - | - | - |
| Peter Stephens [(iii)] | - | - | - | - | - |
| Les Middleditch[(iv)] | - | - | - | - | - |
| | **76,923** | **-** | **-** | **245,983,611** | **246,060,534** |

(i) Appointed as a director on 11 October 2013
(ii) Resigned as a director on 6 January 2014
(iii) Resigned employment on 13 January 2014
(iv) Resigned employment on 31 July 2013

**F. 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 |
| | Member of the Nomination and Remuneration Committee $4,000 per annum |
| | Member of the Audit and Risk Committee $4,000 per annum |
| Bo Tan | Non-Executive Director $50,000 per annum |
| | Chairperson of the Audit and Risk Committee $8,000 per annum |
| Alex Ko | Non-Executive Director $50,000 per annum |
| | Chairperson of the Nomination and Remuneration Committee $7,000 per annum |

**REMUNERATION REPORT – AUDITED (CONTINUED)**

**F. 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 | Three years from date of current agreement |
| Details: | Base salary of $385,000 p.a. exclusive of superannuation<br>Termination requires one months' notice or the payment of one months' salary in lieu of such notice.<br>Eligible to participate in performance based remuneration discussed above. |

| | |
|---|---|
| Name | Shasha Lu |
| Title | Deputy CEO |
| Start date | 1 January 2012 |
| Current Agreement Commenced | 1 August 2013 |
| Term of Agreement | Three years from date of current agreement |
| 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>Termination requires one months' notice or the payment of one months' salary in lieu of such notice.<br>Eligible to participate in performance based remuneration discussed above. |

| | |
|---|---|
| Name | Fergus Jockel |
| Title | Exploration Manager |
| Start date | 11 June 2012 |
| Current Agreement Commenced | 11 June 2012 |
| Term of Agreement | No set termination date |
| Details: | Base salary of $220,000 p.a. exclusive of superannuation<br>Termination requires four weeks' notice or the payment of four weeks' salary in lieu of such notice.<br>Eligible to participate in performance based remuneration discussed above. |

**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 | - | - |
| Shasha Lu[(i)] | | | | | | |
| Jingbin Tian[(ii)] | | | | | | |

(i) resigned as a director on 18 November 2014

(ii) retired as a director on 28 November 2014

# Directors' Report (Continued)

**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 $24,082 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.

**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.

**ROUNDING OF AMOUNTS**

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Class Order 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 24.

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



**ALISTAIR STEPHENS**
MANAGING DIRECTOR

Dated this 29th day of September 2015

## Auditor's Independence Declaration

pwc

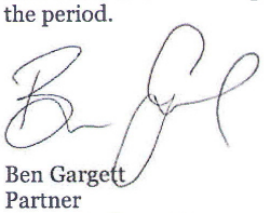
# Auditor's Independence Declaration

As lead auditor for the audit of Globe Metals and Mining Limited for the year ended 30 June 2015, I declare that 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 period.



Ben Gargett
Partner
PricewaterhouseCoopers

Perth
29 September 2015

***PricewaterhouseCoopers, ABN 52 780 433 757***
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*T: +61 8 9238 3000, F: +61 8 9238 3999, www.pwc.com.au*

Liability limited by a scheme approved under Professional Standards Legislation.

# Consolidated Statement of Comprehensive Income

| | Note | 30 June 2015 $'000 | 30 June 2014 $'000 |
|---|---|---|---|
| Interest income | 5 | 540 | 670 |
| Employee benefits expenses | | (1,543) | (2,017) |
| Compliance and regulatory expenses | | (159) | (303) |
| Occupancy expenses | | (197) | (281) |
| Directors fees | | (274) | (291) |
| Depreciation expense | | (311) | (377) |
| Exploration expenditure written off | | (7) | (260) |
| Business Development | | (598) | (475) |
| Travel expenses | | (130) | (219) |
| Administrative expenses | | (296) | (382) |
| Share based payments expense | 27 | (15) | (33) |
| Loss on disposal of fixed assets | | (73) | (264) |
| Other expenses | | (217) | (394) |
| **Loss before income tax** | | **(3,280)** | **(4,626)** |
| Income tax expense | | - | - |
| **Loss for the period** | | **(3,280)** | **(4,626)** |
| **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 | | - | (30) |
| **Other comprehensive loss for the period, net of tax** | | **-** | **(30)** |
| **Total comprehensive loss for the period** | | **(3,280)** | **(4,656)** |
| **Earnings per share attributable to ordinary equity holders of the company** | | **Cents** | **Cents** |
| Basic and diluted loss per share | 26 | (0.70) | (1.30) |

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

## Consolidated Statement of Financial Position

| | Note | 30 June 2015 $'000 | 30 June 2014 $'000 |
|---|---|---|---|
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | 8 | 16,013 | 6,774 |
| Term Deposits | 8 | - | 13,000 |
| Trade and other receivables | 9 | 257 | 209 |
| Other assets | 10 | 132 | 342 |
| **TOTAL CURRENT ASSETS** | | **16,402** | **20,325** |
| **NON CURRENT ASSETS** | | | |
| Exploration and evaluation expenditure | 12 | 30,879 | 29,471 |
| Available-for-sale financial assets | | 34 | 46 |
| Plant and equipment | 11 | 431 | 940 |
| **TOTAL NON CURRENT ASSETS** | | **31,344** | **30,457** |
| **TOTAL ASSETS** | | **47,746** | **50,782** |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 13 | 387 | 621 |
| Provisions | 14 | 873 | 444 |
| **TOTAL CURRENT LIABILITIES** | | **1,260** | **1,065** |
| **TOTAL LIABILITIES** | | **1,260** | **1,065** |
| **NET ASSETS** | | **46,486** | **49,717** |
| **EQUITY** | | | |
| Contributed equity | 15 | 80,825 | 80,825 |
| Reserves | 16 | - | 2,679 |
| Accumulated losses | 16 | (34,339) | (33,787) |
| **TOTAL EQUITY** | | **46,486** | **49,717** |

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

# Consolidated Statement of Changes in Equity

| | Contributed equity | Accumulated losses | Share based payment reserve | Revaluation reserve | Total |
|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Consolidated** | | | | | |
| **Balance at 1 July 2013** | **70,110** | **(29,161)** | **2,680** | **(4)** | **43,625** |
| Loss for period | - | (4,626) | - | - | (4,626) |
| Other comprehensive loss for the period | - | - | - | (30) | (30) |
| **Total comprehensive loss for the period** | **-** | **(4,626)** | **-** | **(30)** | **(4,656)** |
| **Transactions with owners in their capacity as owners** | | | | | |
| Shares issued | 11,513 | - | - | - | 11,513 |
| Less Costs of Issue | (798) | - | - | - | (798) |
| Options issued during period | - | - | 33 | - | 33 |
| **Balance at 30 June 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** | | | | | |
| Shares issued | - | - | - | - | - |
| Less Costs of Issue | - | | | - | - |
| 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** |

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

# Consolidated Statement of Cash Flows

| | Note | 30 June 2015 $'000 | 30 June 2014 $'000 |
|---|---|---|---|
| **Cash Flows from Operating Activities** | | | |
| - Payments to suppliers and employees (inclusive of value added taxes) | | (2,699) | (3,641) |
| - Payments for business development activities | | (598) | (475) |
| - Interest received | | 584 | 832 |
| *Net cash used in operating activities* | 25(a) | (2,713) | (3,284) |
| **Cash Flows From Investing Activities** | | | |
| - Transfer of funds to term deposits | 8 | - | (13,000) |
| - Receipt of funds from term deposits | | 13,000 | - |
| - Sale of plant & equipment | | 161 | 86 |
| - Purchase of plant & equipment | | (11) | (74) |
| - Payments for exploration and evaluation | | (1,177) | (1,946) |
| *Net cash provided by/(used in)investing activities* | | 11,973 | (14,934) |
| **Cash Flows from Financing Activities** | | | |
| - Proceeds from issue/(purchase) of shares and options | | - | 11,513 |
| - Payments for costs associated with issue of shares | | - | (798) |
| *Net cash provided by/(used in) financial activities* | | - | 10,715 |
| **Net increase/(decrease) in cash held** | | 9,260 | (7,503) |
| **Cash and cash equivalents at beginning of financial year** | | 6,774 | 14,156 |
| **Effects of exchange rate changes on cash** | | (21) | 121 |
| **Cash and cash equivalents at end of financial year** | 8 | **16,013** | **6,774** |

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

# Notes to and Forming Part of the Financial Statements

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report of Globe Metals & Mining Limited for the year ended 30 June 2015 was authorised for issue in accordance with a resolution of directors on 29 September 2015.

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 2014 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, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

*(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 incorporate the assets and liabilities of all entities controlled by Globe Metals & Mining Limited ('company' or 'parent entity') as at 30 June 2015 and the results of all controlled entities for the year then ended. Globe Metals & Mining Limited and its controlled entities together are referred to in this financial report as the Consolidated Entity. The effects of all transactions between entities in the Consolidated Entity are eliminated in full.

Subsidiaries are all those entities over which the Consolidated Entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Consolidated Entity controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Consolidated Entity.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. All controlled entities have a June financial year end.

A list of controlled entities is contained in Note 17 to the financial statements.

**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 Flow, 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**

*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

*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 Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial statements.

Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, 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**

Certain new accounting standards and interpretations have been published that are not mandatory for the current reporting period, none of which are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

**2. FINANCIAL RISK MANAGEMENT**

The Group's principal financial instruments comprise 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. For the period under review, it has been the Group's policy not to trade in financial instruments.

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 string 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 period the group held deposits at call of $16,013,533 (2014: $750,096) with no maturities of three months or less (2014: $6,024,240), and no maturities of more than three months (2014: $13,000,000) respectively, that 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:

| 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** |

| 2014 | 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 | 750 | - | - | - | - | 750 |
| Short Term bank deposits | | 6,024 | | | | 6,024 |
| Term deposits | - | 13,000 | - | - | - | 13,000 |
| Trade & other receivables | - | - | - | - | 209 | 209 |
| Available for sale financial assets | - | - | - | - | 46 | 46 |
| Other assets | - | - | - | - | 225 | 225 |
| | 750 | 19,024 | - | - | 480 | 20,254 |
| *Weighted Average Interest Rate* | *1.99%* | *3.78%* | - | - | - | - |
| Financial Liabilities | | | | | | |
| Trade & other creditors | - | - | - | - | (1,065) | (1,065) |
| | - | - | - | - | (1,065) | (1,065) |
| *Weighted Average Interest Rate* | - | - | - | - | - | - |
| **Net financial assets / (liabilities)** | **750** | **19,024** | **-** | **-** | **(585)** | **19,189** |

**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 2015 $'000 | Consolidated 2014 $'000 |
|---|---|---|
| Change in loss | | |
| - increase in interest rate by 1% | (160) | (199) |
| - decrease in interest rate by 1% | 160 | 199 |

**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

**4. SEGMENT INFORMATION (CONTINUED)**

| 2015 | Africa-Kanyika $'000 | Africa-Exploration $'000 | Total $'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** |

**4. SEGMENT INFORMATION (CONTINUED)**

| 2014 | Africa-Kanyika $'000 | Africa-Exploration $'000 | Total $'000 |
|---|---|---|---|
| **(i) Segment performance** | | | |
| *Year ended 30 June 2015* | | | |
| Revenue | - | - | - |
| **Total segment revenue** | - | - | - |
| **Segment result** | **(646)** | **(1,554)** | **(2,200)** |
| *Reconciliation of segment result to group net profit / (loss) before tax* | | | |
| Other income | | | 670 |
| Other corporate expenses | | | (3,096) |
| **Net loss before tax from continuing operations** | | | **(4,626)** |
| **(ii) Segment assets** | | | |
| *as at 30 June 2014* | | | |
| Exploration expenditure | 24,440 | 5,031 | 29,471 |
| Plant and equipment | 115 | 575 | 690 |
| Other assets | 126 | 246 | 372 |
| Total Segment Assets | **24,681** | **5,852** | **30,533** |
| *Reconciliation of segment assets to group assets* | | | |
| Other corporate assets | | | 20,249 |
| **Total group assets** | | | **50,782** |
| **(iii) Segment liabilities** | | | |
| As at 30 June 2014 | | | |
| Trade Creditors and Accruals | 488 | 85 | 573 |
| Total Segment liabilities | 488 | 85 | 573 |
| *Reconciliation of segment liabilities to group liabilities* | | | |
| Trade Creditors and Accruals | | | 492 |
| **Total group liabilities** | | | **1,065** |

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

Geographical Information

| | Consolidated | |
|---|---|---|
| | **2015 $'000** | **2014 $'000** |
| Net assets of: | | |
| Australia | 154 | 296 |
| Africa | 31,192 | 30,161 |
| Total | **31,346** | **30,457** |

| | Consolidated | |
|---|---|---|
| | **2015 $'000** | **2014 $'000** |
| **5. INCOME** | | |
| **Interest income** | | |
| - Interest received and receivable | 540 | 670 |
| | 540 | 670 |
| **6. EXPENSES** | | |
| Loss from operations before income tax has been determined after the following specific expenses: | | |
| Capitalised exploration expenditure written off[(a)] | 7 | 260 |
| Operating lease expenses | 142 | 209 |
| Superannuation expenses | 129 | 133 |
| Depreciation | 311 | 377 |
| Foreign exchange differences | 21 | 121 |
| Redundancy costs/termination benefits | 142 | 184 |
| Finance Costs | | |
| - Bank Charges | 6 | 7 |
| | 6 | 7 |

[(a)]Refer to note 12 for details of impairment charge recognised during the year

| | | Consolidated | |
|---|---|---|---|
| | | 2015 $'000 | 2014 $'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 | | (1,525) |
| | Increase in deferred tax liabilities | | 1,525 |
| | | - | - |
| 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 | (3,280) | (4,626) |
| | Prima facie tax benefit on loss from ordinary activities before income tax at 30% (2014: 30%) | 984 | 1,387 |
| | Adjust for tax effect of: | | |
| | - Share based payments | | (10) |
| | - Non-deductible tenement expenditure | - | - |
| | - Other non-deductible expenses | | (263) |
| | - Capital raising costs | | 22 |
| | | | 1,136 |
| | - Deferred tax assets not recognised | (984) | (1,136) |
| | | - | - |

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.

| | | |
|---|---|---|
| d. | Deferred tax assets /(liabilities) comprise: | |
| | Interest receivable | (13) |
| | Tax losses available for offset against future taxable income | 5,222 |
| | Net deferred tax assets | 5,209 |
| | Deferred tax assets not recognised | (5,209) |
| | | - |

| | Consolidated | |
|---|---|---|
| | **2015 $'000** | **2014 $'000** |
| **8. CASH AND CASH EQUIVALENTS AND TERM DEPOSITS** | | |
| Cash at bank | 16,013 | 750 |
| Short term bank deposits | - | 6,024 |
| | **16,013** | **6,774** |
| Term Deposits* | - | 13,000 |
| | **-** | **13,000** |

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 equivalent and term deposits mentioned above.

*Term Deposits refers to six monthly or longer term deposits.

| | Consolidated | |
|---|---|---|
| | **2015 $'000** | **2014 $'000** |
| **9. TRADE AND OTHER RECEIVABLES** | | |
| **Current** | | |
| Trade Debtors | - | 19 |
| GST Receivable | 12 | 89 |
| VAT Receivable | 202 | 75 |
| Other Tax Receivable | 43 | 26 |
| | **257** | **209** |

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.

| | Consolidated | |
|---|---|---|
| | **2015 $'000** | **2014 $'000** |
| **10. OTHER ASSETS** | | |
| **Current** | | |
| Prepayments | 80 | 107 |
| Accrued Interest Income | - | 44 |
| Security Deposits | 42 | 181 |
| Other | 10 | 10 |
| | **132** | **342** |

| | Plant & Equipment $'000 | Other $'000 | Total $'000 |
|---|---|---|---|
| **11. PLANT AND EQUIPMENT** | | | |
| **Year ended 30 June 2014** | | | |
| Opening net book amount | 1,336 | 280 | 1,616 |
| Additions | 22 | 61 | 83 |
| Disposals | (353) | (29) | (382) |
| Depreciation charge | (270) | (107) | (377) |
| Closing net book amount | 735 | 205 | 940 |
| **At 30 June 2014** | | | |
| Cost | 1,247 | 370 | 1,617 |
| Accumulated depreciation | (512) | (165) | (677) |
| Net book value | 735 | 205 | 940 |
| **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 |

| | Consolidated | |
|---|---|---|
| | **2015 $'000** | **2014 $'000** |
| **12. EXPLORATION AND EVALUATION EXPENDITURE** | | |
| **Non-Current** | | |
| Costs carried forward in respect of areas of interest in: | | |
| **Exploration and evaluation phases – at cost** | **30,879** | **29,471** |
| Opening balance | 29,471 | 27,889 |
| Exploration expenditure capitalised during the year | 1,415 | 1,842 |
| Exploration expenditure written off[(a)] | (7) | (260) |
| **At reporting date** | **30,879** | **29,471** |

*(a) Exploration expenditure written off relates to Mt Muambe and Memba projects in Mozambique that have previously been impaired.*

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 | |
|---|---|---|
| | **2015** | **2014** |
| | **$'000** | **$'000** |
| **13. TRADE AND OTHER PAYABLES** | | |
| **Current** | | |
| Trade creditors | 3 | 79 |
| Other creditors and accruals | 384 | 542 |
| | **387** | **621** |

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

| | Consolidated | |
|---|---|---|
| | **2015** | **2014** |
| | **$'000** | **$'000** |
| **14. PROVISIONS** | | |
| **Current** | | |
| Employee benefit provisions | 132 | 92 |
| Provision for Foreign Tax | 741 | 352 |
| | **873** | **444** |

Movement in Provision for Foreign Tax is comprised as follows

| | | |
|---|---|---|
| Opening Balance | 352 | 441 |
| Add: provision raised during the year | 363 | - |
| Add/(less): Foreign currency exchange adjustment | 26 | (89) |
| | **741** | **352** |

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.

| | Consolidated | | | |
|---|---|---|---|---|
| | | **2015** | | **2014** |
| **15. CONTRIBUTED EQUITY** | **$'000** | **Number** | **$'000** | **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) Movements in fully paid ordinary shares on issue:** | | | | |
| At beginning of reporting period: | 80,825 | 469,729,062 | 70,110 | 220,339,131 |
| Shares Issued | - | - | 11,513 | 249,389,931 |
| Shares bought back | - | - | - | - |
| Share Based Payments (Refer Note 27) | - | - | - | - |
| Less: Capital Raising Expenses | - | | (798) | - |
| **Balance at end of reporting period** | **80,825** | **469,729,062** | **80,825** | **469,729,062** |

**(b) 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.

**(c) 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.

**(d) 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, with performance hurdles.
- 1,000,000 unlisted options, exercisable at $0.15 on or before 30 June 2018, with performance hurdles.
- 1,000,000 unlisted options, exercisable at $0.20 on or before 30 June 2019, with performance hurdles.
- 1,000,000 unlisted options, exercisable at $0.25 on or before 30 June 2020, with performance hurdles.

| | Consolidated | |
|---|---|---|
| | **2015 $'000** | **2014 $'000** |
| **16. OTHER RESERVES & ACCUMULATED LOSSES** | | |
| **(a) Reserves** | | |
| Share based payments reserve | - | 2,713 |
| Available-for-sale financial assets reserve | - | (34) |
| | - | **2,679** |
| **Movements:** | | |
| *Share based payments reserve* | | |
| Balance at beginning of financial period | 2,713 | 2,680 |
| Option expense (Refer note 27) | 15 | 33 |
| Equity benefit expense | (2,728) | - |
| Balance at end of financial period | - | 2,713 |
| *Available-for-sale financial assets reserve* | | |
| Balance at beginning of financial period | (34) | (4) |
| Revaluation | - | (30 |
| Reclassification to Income Statement | 34 | - |
| Balance at end of financial period | - | (34) |

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. In accordance with Australian Accounting Standard AASB2, the share based payments reserve has been transferred to Accumulated Losses.

| | Consolidated | |
|---|---|---|
| | **2015 $'000** | **2014 $'000** |
| **(b) Accumulated losses** | | |
| Accumulated losses at the beginning of the financial period | (33,787) | (29,161) |
| Reclassification of reserves to accumulated losses | 2,728 | - |
| Net loss attributable to members | (3,280) | (4,626) |
| Accumulated losses at the end of the financial period | **(34,339)** | **(33,787)** |

**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 * | |
|---|---|---|---|---|
| | | | 2015 | 2014 |
| 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% | - |
| Appium Limited | Hong Kong | Ordinary | 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 |
| Shasha Lu | Deputy CEO (resigned as director 11 November 2014) |
| Fergus Jockel | Exploration Manager |
| Jingbin Tian | Non-Executive Director (retired 22 November 2014) |
| Kerry Angel | CFO and Company Secretary (ceased 31 January 2015) |

| | Consolidated | |
|---|---|---|
| | 2015 $'000 | 2014 $'000 |
| Short term employee benefits | 1,443 | 1,537 |
| Termination benefits | 102 | 145 |
| Post employment | 57 | 63 |
| Share-based payment | 15 | 35 |
| | **1,617** | **1,780** |

Detailed remuneration disclosures are provided in the remuneration report on pages **17 - 23.**

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

There were no outstanding unsecured loans to Key management personnel at 30 June 2015 (2014: $13,612).

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

There were no other transactions with Key Management Personnel as at 30 June 2015 (2014 Nil).

| | Consolidated | |
|---|---|---|
| | **2015 $'000** | **2014 $'000** |
| **20. AUDITORS' REMUNERATION** | | |
| *PricewaterhouseCoopers Australia* | | |
| - Audit and reviewing of financial reports | 88 | 119 |
| - Other services | 49 | 36 |
| *Network firms of PricewaterhouseCoopers Australia* | | |
| - Audit and review of financial reports | 22 | 27 |
| - Other services | - | 21 |
| | **159** | **203** |

**21. CONTINGENT LIABILITIES**

In the opinion of the directors there were no contingent liabilities at 30 June 2015 (30 June 2014: nil), and the interval between 30 June 2015 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 | |
|---|---|---|
| | **2015 $'000** | **2014 $'000** |
| Not longer than one year | 3,741 | 2,736 |
| Longer than one year, but not longer than five years | 335 | 430 |
| Longer than five years | - | - |
| | **4,076** | **3,166** |

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.

**(b) Operating lease expenditure commitments**

| | Consolidated | |
|---|---|---|
| | **2015 $'000** | **2014 $'000** |
| Not longer than one year | 51 | 179 |
| Longer than one year, but not longer than five years | - | 105 |
| Longer than five years | - | - |
| | **51** | **284** |

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) Other related party transactions:*
On the 7th May 2013 Globe announced a MOU with Jiangsu Eastern China Non-Ferrous Metals Investment Holding Co. (ECE), its major shareholder at that time and a 'related party' by definition pursuant to the Corporations Act 2001 *(Cth)*, to assist and finance proposed exploration activity in Malawi. The MOU provided for Globe to reimburse costs incurred by ECE to ECE but only upon deriving revenue from the exploration project areas or upon identification of a JORC resource leading to a commissioning of a Pre-Feasibility Study. The MOU provided circumstances under which ECE was required to reimburse Globe for costs it incurred in assisting ECE. During the 2014 financial year, Globe incurred US$148,967 in costs reimbursable by ECE pursuant to the terms of the MOU. The MOU was deficient however in that it failed to prescribe commercial terms for repayment of the reimbursable costs as should have been expected, such as timeframe for repayment, interest (if any), actions available in the event of default. The failure to prescribe requisite commercial terms resulted in a dispute between the parties, with ECE not initially accepting liability. As at 30 June 2014 the reimbursable costs remained in dispute and therefore a receivable was not raised in the year end accounts. At the Company's Annual General Meeting In November 2014 it was verbally agreed by ECE that it would reimburse Globe US$128,303.05; which was agreed and accepted. In December 2014 a receivable was raised for the amount of US $128,303.05. In May 2015, the amount of US $128,303.05 was repaid by ECE. No interest was received from ECE despite a delay in repayment of over 18 months.

*(d) 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.

| | Consolidated | |
|---|---|---|
| | **2015 $'000** | **2014 $'000** |
| **25. RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES** | | |
| **(a) Reconciliation of cash flow used in operations with loss after tax** | | |
| - Loss after income tax | (3,280) | (4,626) |
| Non-cash flows in loss from operations | | |
| - Exploration expenditure written off | 7 | 160 |
| - Depreciation | 311 | 377 |
| - Impairment | 46 | - |
| - Share based payments | 15 | 33 |
| - Net loss on disposal of fixed assets | 73 | 263 |
| - Doubtful debts expense | | 4 |
| Changes in assets and liabilities | | |
| - Decrease in receivables and other current assets | 876 | 547 |
| - Decrease in trade and other payables | (761) | (42) |
| **Net cash outflows from operating activities** | **(2,713)** | **(3,284)** |

**(b) Non cash investing and financing activities**
There were no non cash investing and financing activities during the year.

| | | Consolidated | |
|---|---|---|---|
| | | 2015 $'000 | 2014 $'000 |
| **26. EARNINGS PER SHARE** | | | |
| (a) | Loss used in the calculation of basic and diluted loss per share | (3,280) | (4,626) |
| | | 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 | 358,324,607 |

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

| | Consolidated | |
|---|---|---|
| | 2015 $'000 | 2014 $'000 |
| **27. SHARE BASED PAYMENTS** | | |
| Options [(a)] | 15 | 33 |
| | 15 | 33 |

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 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 | $0.00 | $0.00 | $0.07 | $0.175 | $0.10 |

**Movements in options on issue 2014:**

| 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 2014 | Vested and exercisable at end of the year Number |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | 2014 |
| 30/09/2009 | 1/09/2014 | $0.30 | 350,000 | - | - | | 350,000 | 350,000 |
| 26/10/2009 | 26/10/2013 | $0.25 | 200,000 | - | - | (200,000) | - | - |
| 26/10/2010 | 26/10/2014 | $0.25 | 200,000 | - | - | | 200,000 | 200,000 |
| 29/11/2010 | 29/11/2014 | $0.15 | 600,000 | - | - | | 600,000 | 600,000 |
| 29/11/2010 | 29/11/2014 | $0.26 | 500,000 | - | - | | 500,000 | 500,000 |
| 28/12/2012 | 29/11/2016 | $0.15 | 600,000 | - | - | (600,000) | - | - |
| 28/12/2012 | 29/11/2016 | $0.26 | 500,000 | - | - | (500,000) | - | - |
| 28/12/2012 | 31/01/2014 | $0.001 | 250,000 | - | - | (250,000) | - | - |
| 28/12/2012 | 31/01/2014 | $0.001 | 250,000 | - | - | (250,000) | - | - |
| 28/12/2012 | 31/01/2015 | $0.001 | 250,000 | - | - | (250,000) | - | - |
| 28/12/2012 | 31/01/2015 | $0.001 | 250,000 | - | - | (250,000) | - | - |
| 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 | - |
| 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 | - |
| | | | 7,750,000 | 4,000,000 | - | (2,300,000) | 9,450,000 | 1,650,000 |
| Weighted average exercise price | | | $0.08 | $0.175 | $0.00 | $0.12 | $0.11 | $0.23 |

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

**Compensation options granted during the year ended 30 June 2014**
All options were granted for nil consideration.

**27. SHARE BASED PAYMENTS (CONTINUED)**

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** |

**27. SHARE BASED PAYMENTS (CONTINUED)**

**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**
5,450,000 options lapsed during the reporting period ended 30 June 2015 (2014: 2,300,000).

**Options Exercised**
No options were exercised during the reporting period ended 30 June 2015 (2014: Nil).

| | Parent | |
|---|---|---|
| | **2015 $'000** | **2014 $'000** |
| **28. PARENT ENTITY INFORMATION** | | |
| ***Statement of comprehensive income*** | | |
| Loss after income tax | (6,828) | (9,790) |
| Total comprehensive loss | (6,840) | (9,820) |
| ***Statement of financial position*** | | |
| Total current assets | 15,887 | 19,954 |
| Total assets | 34,533 | 41,590 |
| Total current liabilities | 268 | 499 |
| Total liabilities | 268 | 499 |
| Net assets | 34,265 | 41,091 |
| Equity | | |
| Contributed equity | 80,825 | 80,825 |
| Reserves | - | 2,679 |
| Accumulated losses | (46,560) | (42,413) |
| Total equity | 34,265 | 41,091 |

*Guarantees entered into by the parent entity*
The parent entity had no guarantees as of 30 June 2015 and 30 June 2014.

*Contingent liabilities*
The parent entity had no contingent liabilities as at 30 June 2015 and 30 June 2014.

*Capital commitments - Property, plant and equipment*
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2015 and 30 June 2014.

*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 25 to 56 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

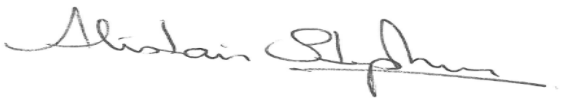
   (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the financial year ended on that date, and

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 29th day of September 2015



# 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 (the company), which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for the Globe Metals and Mining Limited Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at year's end or from time to time during the financial year.

### *Directors' responsibility for the financial report*

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

### *Auditor's responsibility*

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

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

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

### *Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

***PricewaterhouseCoopers, ABN 52 780 433 757***
*Brookfield Place, 125 St Georges Terrace, PERTH WA 6000, GPO Box D198, PERTH WA 6840*
*T: +61 8 9238 3000, F: +61 8 9238 3999, www.pwc.com.au*

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## Independent auditor's report to the members of Globe Metals and Mining Limited (cont'd)

*Auditor's 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 2015 and of its performance for the year ended on that date; and

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

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

### *Report on the Remuneration Report*

We have audited the remuneration report included in pages 16 to 22 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

*Auditor's opinion*
In our opinion, the remuneration report of Globe Metals and Mining Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

Ben Gargett
Partner

Perth
29 September 2015

# Corporate Governance Statement

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 |

# Corporate Governance Statement (Continued)

| 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.

<u>Company and Individual Expectations</u>

- 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 | 21% |
| Women in Senior Executive positions | 33% |
| 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.

# ASX Additional Information

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

**Shareholding as at 30 September 2015**

| | |
|---|---|
| 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 | 61 |
| 1,001 – 5,000 | 69 |
| 5,001 – 10,000 | 86 |
| 10,001 – 100,000 | 573 |
| > 100,001 | 162 |
| Total no. holders | 951 |
| No. holders of less than a marketable parcel | 409 |
| Percentage of the 20 largest holders | 87.30% |

**Substantial shareholders as at 30 September 2015**

| | 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 30 September 2015**

The names of the twenty largest ordinary fully paid shareholders as at 21 September 2015 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 | 9,934,732 | 2.11 |
| 4) | TKOCZ, MARK ANDREW | 8,000,000 | 1.70 |
| 5) | JP MORGAN NOMINEES AUSTRALIA | 6,401,827 | 1.36 |
| 6) | OTTA, PETER HUBERT | 2,600,000 | 0.55 |
| 7) | GOENG INVESTMENTS PTY LTD | 2,358,697 | 0.50 |
| 8) | HSBC CUSTODY NOMINEES | 2,066,545 | 0.44 |
| 9) | KINMOND, STEPHEN JOHN | 2,050,277 | 0.44 |
| 10) | SEARL, COLIN ROBERT | 1,414,000 | 0.30 |
| 11) | LAWRENCE CROWE CONSULTING | 1,361,609 | 0.29 |
| 12) | LUCAS, JACQUES HUGHES | 1,353,000 | 0.29 |
| 13) | ULRICH, RICHARD | 1,263,000 | 0.27 |
| 14) | SHULTZ, MICHAEL | 1,200,000 | 0.26 |
| 15) | YIN, JIE | 1,055,085 | 0.22 |
| 16) | MCCARTNEY, HEATH BERNARD | 1,000,000 | 0.21 |
| 17) | NATIONAL NOMINEES LIMITED | 1,000,000 | 0.21 |
| 18) | ABN AMRO CLEARING SYDNEY | 998,193 | 0.21 |
| 19) | YOON ENTERPRISES PTY LTD | 997,017 | 0.21 |
| 20) | M&K KORKIDAS PTY LTD | 890,600 | 0.19 |
| | | 410,071,255 | 87.30 |

# ASX Additional Information (Continued)

**Unlisted options as at 30 September 2015**

Details of unlisted option holders are as follows:

| **Class of unlisted options** | **No. Options** |
|---|---|
| Options exercisable at $0.20 on or before 20 June 2017 | 1,000,000 |
| *Holders of more than 20% of this class* | |
| Alistair James Stephens | 1,000,000 |
| Options exercisable at $0.30 on or before 20 June 2018 | 1,000,000 |
| *Holders of more than 20% of this class* | |
| Alistair James Stephens | 1,000,000 |
| Options exercisable at $0.40 on or before 20 June 2019 | 1,000,000 |
| *Holders of more than 20% of this class* | |
| Alistair James Stephens | 1,000,000 |
| Options exercisable at $0.50 on or before 20 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**

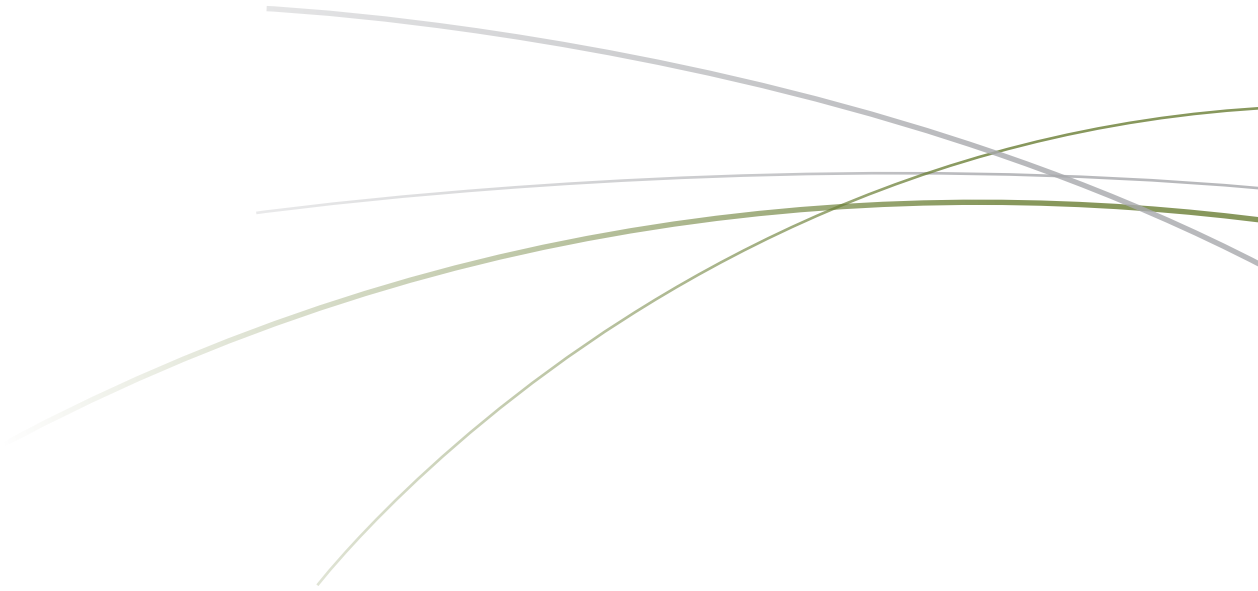
There are no restricted securities or securities subject to voluntary escrow.

**Mineral Tenement Schedule as at 30 September 2015**

| **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 | Granted | EPL0230/07R | 100% |
| Salambidwe | Malawi | Granted | EPL0289/10R | 100% |
| Memba | Mozambique | Granted | 4832L, 4831L | 100% |

(i) 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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