

# Globe
## Metals & Mining

**GLOBE METALS & MINING LIMITED**
**ABN 33 114 400 609**
**AND CONTROLLED ENTITIES**

Half Year Financial Report
31 December 2021

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# DIRECTORS' REPORT

The directors of Globe Metals & Mining Limited ('**Globe**' or '**the Company**') submit the financial report of the Company and its controlled entities for the half year ended 31 December 2021.

## DIRECTORS

The names of Directors who held office during or since the end of the half year:

| | |
|---|---|
| Alice Wong | Chairperson |
| Alistair Stephens | Managing Director, Deputy Chairperson and CEO (*resigned on 9 January 2022*) |
| William Hayden | Non-Executive Director (*resigned 31 December 2021*) |
| Bo Tan | Non-Executive Director |
| Ricky Lau | Non-Executive Director |
| Michael Barrett | Non-Executive Director (*appointed on 17 December 2021*) |
| Michael Choi OAM | Non-Executive Director (*appointed on 17 December 2021*) |

Directors have held office for the entire period up to the date of this report unless otherwise stated.

## COMPANY SECRETARY

Michael Fry

## RESULTS

The result for the half year ended 31 December 2021 attributable to members of Globe was a net loss after tax of $1.093 million (2020: $0.844 million).

## REVIEW OF OPERATIONS

During the half year ending 31 December 2021, Globe's main operational focus was on the advancement of its Kanyika Niobium Project in Malawi (Africa). In addition, it also carried out research and development into metallurgical applications that resulted in the filing of patents, one of which is provisional as at the date of this report.

### Kanyika Niobium Project

The Kanyika Niobium Project is located in central Malawi, ~260kms north of the capital city of Lilongwe, and is host to a large niobium and tantalum resource; the 5$^{th}$ largest un-developed niobium resource in the world.

During the half year ending 31 December 2021, Globe's wholly owned subsidiary, Globe Metals & Mining (Africa) Limited (**GMMA**) was granted a Large Scale Mining Licence LML0216/21 for the Project. LML0216/21 is valid for twenty-five (25) years and entitles GMMA the exclusive right to prospect for and mine minerals in the licence area on the terms and conditions attaching to the licence.

The attaining of the mining licence is a major step forward for Globe, ending a wait of approximately seven years.

#### *Feasibility Study Results and Project Economics*

With tenure attained pursuant to the grant of LML0216/21, Globe publicly released the results of its Feasibility Study and Project economics, with Globe advising that the Project had an expected capital cost of US$250 million, and was expected to generate US$5.6 billion over its 23-year mine life with a net present value of US$1 billion (pre-tax) at a discount rate of 8% per annum.

The results of the Feasibility Study highlight a robust project with strong financial returns.

Study highlights are:

- Kanyika is positioned to be the first niobium mine in Africa and the first new producer in 50 years.
- Over 90% of niobium is used in the manufacture of High Strength Alloy Steels. Steel production is growing year on year. Intensity of usage in steel is rising rapidly as markets, and in particular China, moves towards the manufacture of higher quality steels.
- Niobium's unique characteristics make it central to many of the world's past, present and future technologies with scientists and manufacturers only now beginning to imagine the range of technological applications for niobium.
- Niobium is critical to military, aerospace, space and medical industries and becoming increasingly important in quantum electronics, in the manufacture of semiconductors and in the electrical vehicle industry.
- Globe will target high-end, high-value applications for niobium.
- A mine life of ~ 23 years with capability to extend mine life to 38 years subject to the conversion of inferred resources through further drilling.
- The Feasibility Study is based on material assumptions outlined in this announcement. Globe considers the material assumptions to be based on reasonable grounds, there is no certainty that they will prove correct or that the range of outcomes indicated will be achieved.
- Average annual production of 3,250 tonnes of niobium and 140 tonnes of tantalum.
- High metal recoveries of ~75% for niobium and ~73% for tantalum
- Patented metallurgical advancements (*commercial in confidence*) provide competitive advantage allowing substantially simpler beneficiation with greater recovery and lower process OPEX.
- Pre-production capital costs of ~USD250m.
- KNP will generate revenues of USD5.6B over its 23-year mine life, valued at a base price of US$55/kg for $Nb_2O_5$ and US$410/kg for $Ta_2O_5$ mostly as Tantalum K-Salts.
- Net Present Value of US$1B (pre-tax) at a discount rate of 8% per annum.
- Internal Rate of Return of ~50% (pre-tax).
- Payback period of ~ 1.5 years (from first production).
- All approvals in place to commence construction upon funding and relocation of affected persons.

Globe initially commenced its feasibility study in 2009 and suspended further work in 2012 whilst it undertook further studies and awaited issue of a mining licence. In 2018, Globe commenced updating and finalising the technical components of the engineering program in light of the changing outlook for the mining and resources industry, and feedback from the Government of Malawi on anticipated progress of the mining licence.

As part of the update of the feasibility study, Globe obtained updated capital and operating cost estimates and updated its financial model for revised capital costs, revenues and operating costs in order to determine key metrics including but not limited to project revenue, profitability and payback.

The quality of the engineering studies for a large proportion of the plant design qualifies the project as a Class 3, FEL3 standard under AACE[1] practices with components at Class 4, FEL2. Since the study has been completed a significant time has passed related to the negotiations on the Development Agreement with the Government, resulting in the associated quotations and related cost estimates being outdated and requiring update. Parts of the plant where intellectual property has enhanced project metrics are at prefeasibility status where a capital estimate has been allocated but the quantum is not significant to total capital costs but is material to operations.

[1] "Association for the of Advancement of Cost Engineering" that is referencing practice for the AUSIMM Cost Estimation handbook Monograph 27.

As a consequence, to take the Project forward, the Company must now prepare detailed front end engineering designs for the mine and refinery, incorporating recent study results, and finalise its product suite in order to progress to marketing and financing.

***Mine Development Agreement***

The Mine Development Agreement remains unsigned at the date of this publication.

- The Project's published economics are dependent upon the execution of the Mine Development Agreement with the Government of the Republic of Malawi for the Project materially on the same terms and conditions as reflected in the draft Mine Development Agreement tabled with the Malawi Government in November 2020. As at the date of this report, the Malawi Government has put forward no changes to the draft Mine Development Agreement. Relevantly, the Malawi Government has verbally advised Globe that the Mine Development Agreement will soon be executed; a sentiment it has expressed publicly and is reflected in journalist articles appearing in local Malawi newspapers.
- The Mine Development Agreement sets out the key terms and conditions under which Globe can engage in mining at Kanyika and the fiscal regime applicable to GMMA and the project.
- The Mine Development Agreement carries conditions regarding sustainable development and economic, social and environmental investment. Its aim is to ensure that, whilst Globe may generate a profit from its investment and know-how, the Republic of Malawi and its people benefit as well.

A key outcome of the project is the flow of financial, community and social benefits to the Malawian people and communities. Over the life of the operation, the commercial model forecasts a government mineral royalty of 5% that will earn the Malawi Government an estimated US$86.5M, a 0.45% community mineral royalty, and other community social responsibility programs and community development agreement programs that will generate additional local opportunities.

The key aspects of the draft Development Agreement are as follows:

- Globe has the right to mine niobium (Nb), tantalum (Ta), and deleterious uranium (U) and to establish and operate a Processing Facility to be located in the Mining Area;
- The Government of the Republic of Malawi to receive, at no cost, a non-diluting ten per cent (10%) equity interest in KNP.
- The Government of the Republic of Malawi is entitled to purchase, at Fair Market Value, a further a ten per cent (10%) equity interest in KNP, that is capable of being diluted in the event that the Government does not meet any call by the Company for additional equity funding.
- The Government of the Republic of Malawi to receive a royalty of 5% on mineral concentrate sales at mine gate as prescribed for Minerals under the Taxation Act.
- The Kanyika Community to receive a royalty of 0.45% on mineral concentrate sales at mine gate as prescribed under the Mines and Minerals Act (2018).
- Globe to be subject to the provisions of the Taxation Act, the Value Added Tax Act, the Customs & Excise Act and any other applicable Tax Laws except that Globe to be exempt from import duty and import excise and shall be zero rated for VAT on imports and capital goods, consumables and services; excepting that Globe will not be subject to any increases in applicable taxes during the Stability Period of 10 years or such other length of time as extended;
- Globe to maintain a ratio of indebtedness to net worth equal to or lower than 3:1 at all times
- Globe to expend its Investment Commitment of $200M substantially in the manner and on the terms set out in the Agreement;
- Globe to conduct all operations within the laws of Malawi and in accordance with International Standards

- Globe to maintain adequate production and mining records and to report this information to the Malawi Mines Minister on a monthly, quarterly and annual basis;
- Globe shall comply with the applicable Environmental Laws, and Atomic Energy Act and Regulations, and provide an environmental performance bond of US$5 million in the form of an irrevocable letter of credit or bank guarantee with a commercial bank in Malawi;
- Globe to be responsible for resettling of affected Malawi citizens in accordance with an approved Resettlement Policy Framework;
- Globe to carry out activities set out in an approved Social Responsibility Plan;
- The Government shall ensure after consultation with the relevant District Council and Commissioner for Lands that the area under the Kanyika Mineral Right, shall to the extent required, be and remain zoned for use or otherwise protected during the time that the Company holds the Kanyika Mineral Right so that the Operations may be carried out on such land in conformity with existing legislation and that any interference or interruption by the Government or any other Party be done in conformity with existing legislation;
- Globe to preferentially employ and train Malawian citizens for operations, and unskilled labour positions, and in the areas of financial, accounting, technical, administrative, supervisory, managerial and executive positions and other skilled positions (provided applicants have necessary skill and experience and are fit and proper);
- Globe to preferentially procure goods and service from local Malawi businesses provided that goods and services are at least comparable in quality, terms, delivery, service, quantity and price;
- Globe to indemnify and hold harmless the Government and its officers and agents from all losses and liabilities incurred as a direct consequence of death or injury to Persons or damage to property directly resulting from the conduct of the Company; and
- the Government undertakes that it shall not, by direct or indirect means, nationalize or expropriate, except pursuant to a public purpose and under the process of Law; and on a non-discriminatory basis; and upon prompt payment of just and adequate compensation based on Fair Market Value.

***Community***

The community are critical to the advancement of the Kanyika Project. Whilst Globe now has a mining licence, obtaining a 'social licence' from the community, is as important. Globe desires to work closely with the community to achieve production at Kanyika. The project will employ and train thousands of local staff over its life, and through the many community programs envisaged, it can be expected to improve the lives of the Kanyika community and help contribute to a better Malawi.

Post year-end, the Company publicly announced that it had completed an advance payment to 239 households in the Kanyika Project area of MWK 220,000 (~USD270) per household; resulting in a total payment by Globe of MWK50.820 million (~USD 70,000). The payment is a goodwill measure and is an advance on the compensation that will be due and payable to persons affected when a Decision to Mine at Kanyika is formalised and the persons are required to relocate from site.

***Relocation***

The relevant members of the Kanyika community affected by development, construction and operations activities will require relocation from the Kanyika project area. The Company will work closely with Government and Traditional Authorities to facilitate the relocation and resettlement of people within the mine area when it is appropriate to do so.

The Company has prepared a relocation policy which was submitted as part of an Environmental and Social Impact Assessment (ESIA). Since the publication of the ESIA changes in Malawian legislation will result in a different process for relocation. The framework drafted considers the policy and commitments to be made by the Company in implementing the resettlement and the relocation plan sets out the detailed action plan and responsibilities for implementation of the resettlement process.

The relocation plan details the background of the resettlement area including a description of the affected area, land tenure and an initial description of the assets requiring relocation. It provides the legal framework for land acquisition, compensation and resettlement, and provides guiding principles and commitments by the Company for resettlement preparation and implementation. The relocation plan will culminate in an agreement with the affected persons to be resettled including the compensation required. The Company will ensure that in this process the rights of the affected persons are not compromised, and that compensation is fair to all persons.

In addition, relevant sites of historical significance and graveyards will also be preserved or relocated where necessary. These works will be carefully undertaken with supervision and management by local residents and independent consultants.

***Environmental Studies***

Globe has completed environmental and social impact assessment studies for the upgrade of 30 kilometres of road from Chataloma on the M1 highway to the Kanyika Project site and been issued EIA certificate number 41.7.4. In addition, the Company has completed the Kanyika Project environmental and social impact assessment and been issued EIA certificate number 43A.4.5 for site works and operations. In May 2020, the Company updated and resubmitted this report such that it complies and accounts for changes with the amended Environmental Management Act (2016) and the new Mines and Minerals Act (2018). A copy of this report is available on the Company website.

***Project Development and Financing***

The Kanyika Project remains ready for development subject to execution of the Mine Development Agreement and initiatives with marketing and finance. The executive team are presently in dialogue with various parties regarding marketing and financing; with strong potential evident. Globe will provide market updates for material developments when and as they occur.

***Mineral Resources and Ore Reserves***

On 11 July 2018, Globe published an updated Mineral Resource Estimate for the Kanyika Niobium Project (KNP) calculated in accordance with 2012 JORC guidelines.

The resource calculated was unchanged from the previous Mineral Resource Estimate published on 7 January 2011, calculated in accordance with the 2004 JORC guidelines, and is as follows:

**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) |
|---|---|---|---|
| Measured | 5.3 | 3,790 | 180 |
| Indicated | 47.0 | 2,860 | 135 |
| Inferred | 16.0 | 2,430 | 120 |
| Total | **68.3** | **2,830** | **135** |

Note: no additions or changes have been made to the Mineral Resource Estimate since it was last published.

### *Mineral Tenement Schedule*

| Project | Location | Status | Tenement | Globe's interest |
|---|---|---|---|---|
| Kanyika Niobium (i) | Malawi | Granted | LML0216/21 | 100% |
| Kanyika Exploration | Malawi | Granted | EPL0421/15R | 100% |

(i) Globe's wholly owned subsidiary, Globe Metals & Mining (Africa) Limited (**GMMA**) was granted Large Scale Mining Licence LML0216/21 on 13 August 2021. LML0216/21 is valid for twenty-five (25) years and entitles GMMA the exclusive right to prospect for and mine minerals(s) in the licence area on the terms and conditions attaching to the licence. The most material of these terms and conditions are listed below.

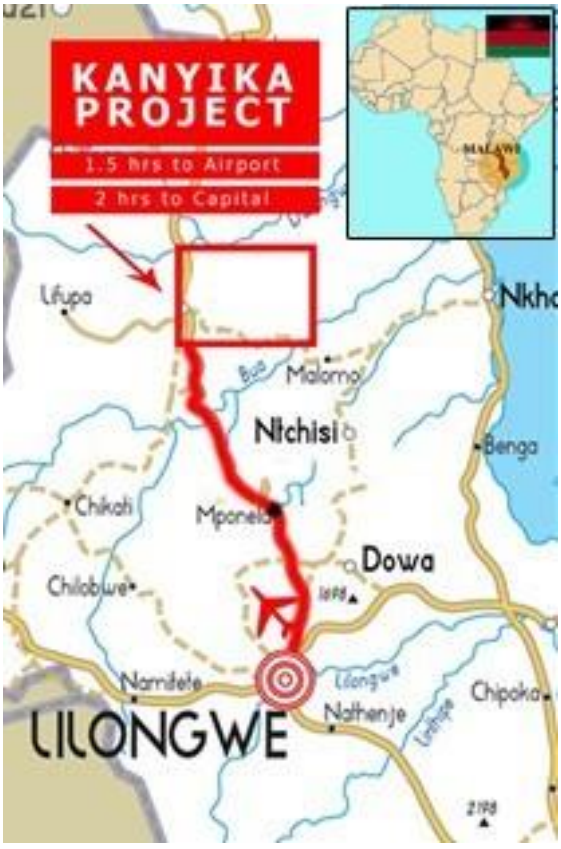
The licencee shall:

(i) Pay annual charges prescribed under the Mines and Minerals (Mineral Rights) Regulations 1981 and mineral royalties in accordance with the Mines and Minerals Act.
(ii) Have a right to mine and process pyrochlore
(iii) Endeavour to give employment preferentially to citizens of Malawi
(iv) Endeavour to procure goods and services produced and manufactured in Malawi provided that they can be obtained at competitive terms and in comparable quality.
(v) Submit reports to the Registrar of Mineral Tenements as required
(vi) Comply with all conditions imposed under Part VIII of the Mines and Minerals Act (No. 8 of 2019).

Note: LML: Large-Scale Mining Lease (Malawi)

EPL: Exclusive Prospecting Licence (Malawi)

### *Project Location Map*



**SUBSEQUENT EVENTS**

Research and Development Tax Incentive Rebate

Post half-year end on 7 March 2022, the Company received a research and development incentive rebate of $444,858 in respect of eligible research and development expenditure it incurred during the year ended 30 June 2021. The receipt is under the Australian Federal Government's Research and Development Tax Incentive Scheme, which offers a tax offset or rebate of expenditure incurred for companies conducting eligible research and development activities, in order to encourage investment in research and development in Australia and because innovation is a key driver of economic growth and job creation.

Loan Agreement with Director Bo Tan

Post half-year end on 8 March 2022, the Company has entered into a Loan Agreement with Director Bo Tan pursuant to which Director Bo Tan has committed to providing a short-term facility of A$1 million to the Company to assist the Company with its short-term working capital requirements, on an unsecured basis.

The key terms of the Agreement are as follows:

Loan Amount: AUD$1 million
Interest Rate: 8% per annum
Default Interest Rate: 20% per annum
Term: 6 months
Repayment Terms: Repayable in cash or by the issue of fully paid ordinary shares at the price of 6.35 cents per share, subject to shareholder approval.

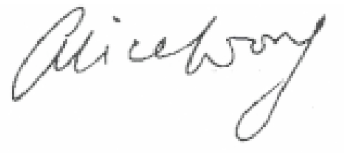
**AUDITOR'S INDEPENDENCE DECLARATION**

The auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 8 for the half year ended 31 December 2021.

**ROUNDING OF AMOUNTS**

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the directors' report. Therefore, amounts in the directors' report and the half-year financial report have been rounded off in accordance with that Instrument to the nearest thousand dollars, unless otherwise indicated.

This report is made in accordance with a resolution of directors.



Ms Alice Wong
Chairperson

Dated this 16th day of March 2022
Perth

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# Auditor's independence declaration to the directors of Globe Metals & Mining Limited

As lead auditor for the review of the half-year financial report of Globe Metals & Mining Limited for the half-year ended 31 December 2021, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;

b. No contraventions of any applicable code of professional conduct in relation to the review; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

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

Ernst & Young

Gavin Buckingham
Partner
16 March 2022

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**GLOBE METALS & MINING LIMITED**
**ABN 33 114 400 609**
**AND CONTROLLED ENTITIES**

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Half Year Ended 31 December 2021

| | 31 December 2021 $'000 | 31 December 2020 $'000 |
|---|---|---|
| Interest income | **2** | **16** |
| Administrative expenses | **(420)** | **(178)** |
| Compliance and regulatory expenses | **(79)** | **(59)** |
| Depreciation expenses | **(24)** | **(7)** |
| Directors fees | **(103)** | **(132)** |
| Employee benefits expenses | **(336)** | **(327)** |
| Occupancy expenses | **(19)** | **(20)** |
| Travel expenses | **(44)** | **(32)** |
| Foreign currency loss | **(7)** | **(86)** |
| Other expenses | **(63)** | **(19)** |
| **Loss before income tax** | **(1,093)** | **(844)** |
| Income tax expense | **-** | **-** |
| **Loss for the half year** | **(1,093)** | **(844)** |
| **Other comprehensive loss after tax** | | |
| *Items that will not be reclassified to profit or loss in subsequent periods* | | |
| Net loss on equity instruments designated at fair value through other comprehensive income | (4) | (22) |
| **Other comprehensive loss after tax** | **(4)** | **(22)** |
| **Total comprehensive loss for the half year** | **(1,097)** | **(866)** |
| **Loss Per Share attributable to ordinary equity holders of the Company** | **Cents** | **Cents** |
| Basic and diluted loss per share | (0.24) | (0.19) |

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

**GLOBE METALS & MINING LIMITED**
**ABN 33 114 400 609**
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## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

| | Note | 31 December 2021 $'000 | 30 June 2021 $'000 |
|---|---|---|---|
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | | **1,018** | **2,816** |
| Trade and other receivables | | **66** | **57** |
| Other current assets | | **80** | **104** |
| **TOTAL CURRENT ASSETS** | | **1,164** | **2,977** |
| **NON-CURRENT ASSETS** | | | |
| Exploration and evaluation expenditure | 3 | **30,045** | **29,357** |
| Investments at fair value through other comprehensive income | | **48** | **52** |
| Plant and equipment | | **282** | **248** |
| Right of use asset | | **34** | **46** |
| **TOTAL NON-CURRENT ASSETS** | | **30,409** | **29,703** |
| **TOTAL ASSETS** | | **31,573** | **32,680** |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | | **227** | **231** |
| Provisions | 4 | **133** | **127** |
| Lease liability | | **12** | **24** |
| **TOTAL CURRENT LIABILITIES** | | **372** | **382** |
| **NON CURRENT LIABILITIES** | | | |
| Lease liability | | **22** | **22** |
| TOTAL NON CURRENT LIABLITIES | | **22** | **22** |
| **TOTAL LIABILITIES** | | **394** | **404** |
| **NET ASSETS** | | **31,179** | **32,276** |
| **EQUITY** | | | |
| Issued capital | 5 | **80,753** | **80,753** |
| Financial assets reserve | | **14** | **18** |
| Accumulated losses | | **(49,588)** | **(48,495)** |
| **TOTAL EQUITY** | | **31,179** | **32,276** |

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

**GLOBE METALS & MINING LIMITED**
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## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Half Year Ended 31 December 2021

| | Contributed Equity $'000 | Accumulated Losses $'000 | Financial Assets Reserve $'000 | Total $'000 |
|---|---|---|---|---|
| Balance at 1 July 2020 | **80,753** | **(47,117)** | **34** | **33,670** |
| Loss for the period | - | (844) | - | (844) |
| Other comprehensive loss | - | - | (22) | (22) |
| Total comprehensive loss for the period | | (844) | **(22)** | (866) |
| Balance at 31 December 2020 | **80,753** | **(47,961)** | **12** | **32,804** |
| **Balance at 1 July 2021** | **80,753** | **(48,495)** | **18** | **32,276** |
| Loss for the period | - | (1,093) | - | (1,093) |
| Other comprehensive loss | - | - | (4) | (4) |
| **Total comprehensive loss for the period** | | (1,093) | **(4)** | (1,097) |
| **Balance at 31 December 2021** | **80,753** | **(49,588)** | **14** | **31,179** |

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

**GLOBE METALS & MINING LIMITED**
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## CONSOLIDATED STATEMENT OF CASH FLOWS

For the Half Year Ended 31 December 2021

| | 31 December 2021 $'000 | 31 December 2020 $'000 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Payments to suppliers and employees (inclusive of value added taxes) | (1,063) | (720) |
| Interest received | 2 | 18 |
| **Net cash outflow from operating activities** | **(1,061)** | **(702)** |
| **Cash flows from investing activities** | | |
| Payments for exploration and evaluation assets | (680) | (429) |
| Payments for plant and equipment | (50) | (62) |
| **Net cash outflow from investing activities** | **(730)** | **(491)** |
| **Net decrease in cash and cash equivalents** | (1,791) | (1,193) |
| **Cash and cash equivalents at the beginning of half year** | **2,816** | **5,182** |
| Effects of exchange rate on cash and cash equivalents | (7) | (86) |
| **Cash and cash equivalents at the end of half year** | **1,018** | **3,903** |

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

## 1. BASIS OF PREPARATION OF HALF-YEAR REPORT AND CHANGES TO GROUP'S ACCCOUNTING POLICIES

### 1.1 Basis of Preparation

This consolidated interim financial report for the half-year reporting period ended 31 December 2021 has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001.*

This consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by Globe Metals & Mining Limited (the "Company") during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as set out below.

### 1.2 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2021 except for the adoption of new standards and interpretations effective as of 1 July 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2021 affected any of the amounts recognised in the current period or any prior period.

### 1.3 Going Concern

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

As at 31 December 2021, the Group had cash and cash equivalents of $1.018 million and had net working capital of $0.79 million. The Group incurred a loss for the half year ended 31 December 2021 of $1.093 million (31 December 2020: $0.884 million loss) and net cash outflows used in operating activities and investing activities totalling $1.791 million (31 December 2020: $1.193 million). The Group's cashflow forecasts reflect that the Group will be required to raise additional working capital within the next 12 month period to enable it to continue to progress the financing and development of the Kanyika Project.

At the date of this report, the directors are satisfied there are reasonable grounds to believe that the Group will be able to continue its planned operations and the Group will be able to meet its obligations as and when they fall due, for the following reasons:

- the Company has been issued with a Large -Scale Mining Licence for the Kanyika Project which gives it guaranteed tenure. This is a significant milestone for Globe and increases the project's value;
- the Company has received post half-year end a research and development tax incentive rebate of $444,858 in respect of eligible research and development expenditure incurred during the year ended 30 June 2021;
- the Company has post half-year end entered into a Loan Agreement with Director Bo Tan pursuant to which Director Bo Tan has provided a commercial loan of A$ 1 million to the Company, on an unsecured basis, for a term of up to six months to be repaid in cash or by the issue of fully paid ordinary shares at the price of 6.35 cents per share, subject to shareholder approval; and
- the Directors are of the opinion that the use of the going concern basis of accounting is appropriate as they are confident in the ability of the Group to be successful in securing additional funds through debt or equity issues as and when the need to raise working capital arises.

The ability of the Group to continue as a going concern is dependent on the Group securing additional debt and/or equity funding to meet its working capital requirements in the next 12 months. These conditions indicate the existence of a material uncertainty that may cast a significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Group not continue as a going concern and meet its debts as and when they become due and payable.

## 2. SEGMENT INFORMATION

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

The reportable segments are based on aggregated operating segments determined by the similarity of the economic characteristics, the nature of the activities and the regulatory environment in which those segments operate.

The Group has two reportable segments based on the development stage of the projects and of the mineral resource and exploration activities in Africa. Unallocated results, assets and liabilities represent corporate amounts that are not core to the reportable segments.

**Activity by segment**

**Africa – Kanyika**
The Africa – Kanyika segment includes the Kanyika Niobium project in Malawi.

**Africa – Exploration**
The Africa – Exploration segment relates to other exploration activities in Malawi.

## 2. SEGMENT INFORMATION (CONT'D)

| (i) Segment performance | Africa - Kanyika $'000 | Africa - Exploration $'000 | Total $'000 |
|---|---|---|---|
| **Six months ended 31 December 2021** | | | |
| Segment revenue | - | - | - |
| **Segment result** | **3** | **(16)** | **(13)** |
| *Reconciliation of segment result to group net loss before tax* | | | |
| Unallocated items: | | | |
| • Other revenue | | | **2** |
| • Other corporate expenses | | | **(1,082)** |
| Net loss before tax | | | **(1,093)** |
| **(ii) Segment assets** | | | |
| **As at 31 December 2021** | | | |
| • Plant and equipment | **35** | **135** | **170** |
| • Exploration and evaluation expenditure | **30,045** | **-** | **30,045** |
| • Other assets | **94** | **82** | **176** |
| **Total Segment assets** | **30,174** | **217** | **30,391** |
| *Reconciliation of segment assets to group assets* | | | |
| • Cash and cash equivalents | | | **1,018** |
| • Other corporate assets | | | **164** |
| **Total Assets** | | | **31,573** |

| | Africa - Kanyika | Africa - Exploration | Total |
|---|---|---|---|
| **(iii) Segment performance** | | | |
| **Six months ended 31 December 2020** | | | |
| Segment revenue | - | - | - |
| Segment result | (110) | (62) | (172) |
| *Reconciliation of segment result to group net loss before tax* | | | |
| Unallocated items: | | | |
| • Other revenue | | | 16 |
| • Other corporate expenses | | | (688) |
| Net loss before tax from continuing operations | | | (844) |
| **(iv) Segment assets** | | | |
| **As at 30 June 2021** | | | |
| • Plant and equipment | 23 | 135 | 158 |
| • Exploration and evaluation expenditure | 29,357 | - | 29,357 |
| • Other assets | 59 | 76 | 135 |
| Total Segment assets | 29,439 | 211 | 29,650 |
| *Reconciliation of segment assets to group assets* | | | |
| • Cash and cash equivalents | | | 2,816 |
| • Other corporate assets | | | 214 |
| Total Assets | | | 32,680 |

## 3. EXPLORATION AND EVALUATION EXPENDITURE

| | Half year ended 31 December 2021 $'000 | Year ended 30 June 2020 $'000 |
|---|---|---|
| **Non-Current** | | |
| Costs carried forward in respect of areas of interest in: | | |
| **Exploration and evaluation phases – at cost** | **30,045** | 29,357 |
| | | |
| Movement is comprised as follows: | | |
| Opening balance | **29,357** | 28,349 |
| Exploration expenditure capitalised during half year | **688** | 1,008 |
| Reversal of amount previous provided for relating to Foreign Tax | **-** | - |
| **At reporting date** | **30,045** | 29,357 |

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

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

## 4. PROVISIONS

| | December 2021 $'000 | June 2021 $'000 |
|---|---|---|
| **Current** | | |
| Employee benefit provisions | **133** | 127 |
| | **133** | 127 |

## 5. ISSUED CAPITAL

| | 31 December 2021 | | 30 June 2021 | |
|---|---|---|---|---|
| | $'000 | Number | $'000 | Number |
| Fully paid ordinary shares | 80,753 | 465,922,373 | 80,753 | 465,922,373 |

## 6. COMMITMENTS

### (a) Exploration commitments

In order to maintain current rights of tenure to mining tenements, the Company has 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. As at the half year end these obligations are as follows:

| | 31 December 2021 $'000 | 31 December 2020 $'000 |
|---|---|---|
| Not longer than one year | - | - |
| Longer than one year, but not longer than 5 years | - | |
| | - | |

The above are nil due to the fact that the Group has exceeded its expenditure obligations at 31 December 2021. This was also the case at the corresponding half-year end of 31 December 2020.

If the Company decides to relinquish certain leases and/or does not meet these obligations, assets recognised in the Consolidated 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

Operating lease expenses relate to leases for office and staff accommodation in Malawi, and office accommodation in Perth:

| | 31 December 2021 $'000 | 31 December 2020 $'000 |
|---|---|---|
| Not longer than one year | 30 | 20 |
| Longer than one year, but not longer than 5 years | - | - |
| | 30 | 20 |

## 7. EVENTS SUBSEQUENT TO REPORTING DATE

There have been no events subsequent to reporting date of a material nature requiring disclosure (31 December 2020: none) apart from the following:

Research and Development Tax Incentive Rebate

Post half-year end on 7 March 2022, the Company received a research and development incentive rebate of $444,858 in respect of eligible research and development expenditure it incurred during the year ended 30 June 2021. The receipt is under the Australian Federal Government's Research and Development Tax Incentive Scheme, which offers a tax offset or rebate of expenditure incurred for companies conducting eligible research and development activities, in order to encourage investment in research and development in Australia and because innovation is a key driver of economic growth and job creation.

Loan Agreement with Director Bo Tan

Post half-year end on 8 March 2022, the Company has entered into a Loan Agreement with Director Bo Tan pursuant to which Director Bo Tan has committed to providing a short-term facility of A$ 1 million to the Company to assist the Company with its short-term working capital requirements, on an unsecured basis. The key terms of the Agreement are as follows:

Loan Amount: AUD$1 million
Interest Rate: 8% per annum
Default Interest Rate: 20% per annum
Term: 6 months
Repayment Terms: Repayable in cash or by the issue of fully paid ordinary shares at the price of 6.35 cents per share, subject to shareholder approval.

## 8. CONTINGENT ASSETS AND LIABILITIES

There are no material contingent assets and liabilities that exist as at reporting date (30 June 2021: none).

## 9. DIVIDENDS

No dividends have been paid or provided for the period (31 December 2020: none).

## DIRECTORS' DECLARATION

In the directors' opinion:

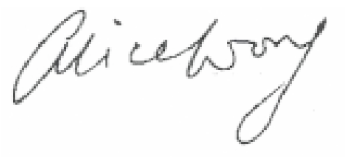
(a) The financial statements set out on pages 9 to 18 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*, and

(i) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half year ended on that date, and

(b) subject to the matters set out in Note 1.3 to the financial report, there are reasonable grounds to believe that Globe Metals & Mining Limited will be able to pay its debts as and when they become due and payable.

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



_____

Ms Alice Wong
Chairperson

Dated this 16th day of March 2022
Perth

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

## Conclusion

We have reviewed the accompanying half-year financial report of Globe Metals & Mining Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

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

a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and of its consolidated financial performance for the half-year ended on that date; and

b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

## Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

## Material uncertainty related to going concern

We draw attention to Note 1.3 Going concern in the financial report. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

## Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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## Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Ernst & Young

Gavin Buckingham
Partner
Perth
16 March 2022

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