

CORPORATE GOVERNANCE STATEMENT

financial year ended 30 June 2016

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

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

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

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

Principle	ASX Corporate Governance Council Recommendations	Comply
1	Lay solid foundations for management and oversight	
1.1	Establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	Yes
1.2	Disclose the process for evaluating the performance of senior executives.	Yes
1.3	Provide the information indicated in the Guide to reporting on principle 1.	Yes
2	Structure the Board to add value	
2.1	A majority of the board should be independent directors.	Yes
2.2	The chair should be an independent director.	No
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	Yes
2.4	The board should establish a nomination committee.	Yes
2.5	Disclose the process for evaluating the performance of the board, its committees and individual directors.	Yes
2.6	Provide the information indicated in the Guide to reporting on principle 2.	Yes
3	Promote ethical and responsible decision-making	
3.1	Establish a code of conduct and disclose the code or a summary as to:	
	<ul style="list-style-type: none"> • the practices necessary to maintain confidence in the company's integrity; 	Yes
	<ul style="list-style-type: none"> • the practices necessary to take into account the company's legal obligations and the reasonable expectations of its stakeholders; and 	Yes
	<ul style="list-style-type: none"> • 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

Principle	ASX Corporate Governance Council Recommendations	Comply
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:	
	<ul style="list-style-type: none"> consists only of non-executive directors; 	Yes
	<ul style="list-style-type: none"> consists of a majority of independent directors; 	Yes
	<ul style="list-style-type: none"> is chaired by an independent chair, who is not chair of the board; and 	Yes
	<ul style="list-style-type: none"> 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
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:	
	<ul style="list-style-type: none"> consists of a majority of independent directors; 	Yes
	<ul style="list-style-type: none"> is chaired by an independent chair; and 	Yes
	<ul style="list-style-type: none"> has at least three members. 	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 or to Committees.

Periodically, the Company evaluates the performance of its Board, its committees, individual directors and senior executives. The 2016 review has not yet occurred.

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.

Company Secretary

The Company Secretary is accountable directly to the Board, through the chairperson, on all matters to do with the proper functioning 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. All members have public company management experience and are financially literate, with two members having a geology experience.

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. In relation to any person put forward for election or re-election as a director the Company will ensure that appropriate checks are performed and that all material information in its possession relevant to such a decision by shareholders is provided.

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

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

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

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

Company and Individual Expectations

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

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

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

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

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

The Company has met its objective that there is female representation at all levels within the organisation.

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 and Risk 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 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 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 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. The Company is not of sufficient size to warrant an internal audit function.

Council Principle 8: Remunerate fairly and responsibly

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

The 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.

The Committee is responsible for ensuring that the Company has adopted appropriate and necessary remuneration policies and practices and that the Company has in place written agreements with each director and senior executive setting out the terms of their appointment.

The Corporate Governance Statement is to be read in conjunction with the directors report section of the 2016 annual report.