

# Half-Year Financial Report

31 DECEMBER 2017

## CORPORATE DIRECTORY

# GLOBAL GEOSCIENCE LIMITED

ABN 76 098 564 606

### DIRECTORS

James D Calaway - *Chairman*  
Bernard Rowe – *Managing Director*  
Alan Davies– *Non-Executive Director*  
Patrick JD Elliott – *Non-Executive Director*  
John Hofmeister – *Non-Executive Director*

### SECRETARY

Joanna Morbey

### REGISTERED AND PRINCIPAL OFFICE

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### SHARE REGISTRY

Boardroom Pty Limited  
Level 12, 225 George Street  
Sydney NSW 2000  
Telephone: +61 2 9290 9600

### AUDITORS

Ernst & Young  
200 George Street  
Sydney NSW 2000

### STOCK EXCHANGE LISTING

Listed on Australian Securities Exchange Limited  
19<sup>th</sup> December 2007  
ASX Code: GSC

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## DIRECTORS' REPORT

Your directors submit their report for the half-year ended 31 December 2017.

### DIRECTORS

The names of the Company's directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

James D Calaway - Chairman  
Bernard Rowe – Managing Director  
Alan Davies – Non-Executive Director  
Patrick JD Elliott – Non-Executive Director  
John Hofmeister – Non-Executive Director

### REVIEW AND RESULTS OF OPERATIONS

The net result of operations after applicable income tax expense for the half-year was a loss of \$1,822,154 (6 months to 31 December 2016 – loss \$846,176).

### OPERATIONAL REVIEW

Global Geoscience Limited ("Global" or the "Company") is an Australian-based lithium-boron mine developer listed on the Australian Securities Exchange ("ASX").

The Company is focussed on developing its 100%-owned Rhyolite Ridge Lithium-Boron Project located in southern Nevada, USA.

Rhyolite Ridge is one of the largest lithium and boron deposits in the world and has the potential to become a strategic, long-life and low-cost source of lithium and boron.

The deposit is amenable to low-cost open pit mining methods. The high-grade lithium-boron mineralisation is the focus of the Rhyolite Ridge Pre-Feasibility Study ("PFS") as it represents potentially the highest value material combined with a low-cost, simple processing route. This is due to the low-clay, low-carbonate and high-searlesite (boron) content of the rock, which make the mineralisation amenable to low-cost acid leaching at ambient temperature and pressure. The proposed flowsheet will allow for the production of lithium carbonate and boric acid at the mine site.

Rhyolite Ridge is located close to existing infrastructure and is very well positioned to become a major US domestic producer capable of supplying a significant portion of future American lithium demand.

Work during the half-year focussed on progressing work associated with the Rhyolite Ridge PFS and achievements included:

- ▲ Updated Mineral Resource confirmed large tonnage of high-grade lithium-boron mineralisation from surface:
  - High-grade lithium-boron portion doubled to 137 million tonnes at 0.9% lithium carbonate and 7.2% boric acid with 75% in the Indicated category
  - Total Indicated and Inferred Resource increased 17% to 460 million tonnes at 0.9% lithium carbonate and 2.6% boric acid, containing 4.1 million tonnes of lithium carbonate and 11.9 million tonnes of boric acid
- ▲ Initial mining study confirmed potential for open pit mining at low strip ratios with development in two stages:
  - A 2Mtpa starter pit (constrained) based on 26 million tonnes Resource that may be eligible for fast-track permitting due to its small footprint
  - A large, unconstrained pit based on 87 million tonnes Resource and sufficient to support 4Mtpa operation
- ▲ Excellent potential for acid leach processing demonstrated by testwork achieving:
  - Lithium and boron recoveries of 97-98% to solution
  - Rapid leach times at ambient temperature with moderate acid consumption rates

The ASX announcements listed below provide further information on the above achievements.

## DIRECTORS' REPORT - CONTINUED

Date Released	Title
31 October 2017	Global Geoscience Doubles High-Grade Lithium-Boron Mineral Resource
12 December 2017	Global Geoscience Makes Groundbreaking Discovery Heap Leach Lithium-Boron Extraction at Rhyolite Ridge
19 December 2017	Initial Rhyolite Ridge Mining Study Confirms Potential for Long Mine Life from Currently Defined South Basin Resource
21 February 2018	Optimisation Success Reduces Leach Time By 60%

Mining, metallurgical and environmental studies are on-going as part of the Rhyolite Ridge PFS.

In September 2017, the Company secured water rights via an exclusive 20-year lease over 1.2 gigalitres of water per annum. Global has the right to renew the lease for an additional 79 years. The agreement with a private entity includes an exclusive option to purchase these water rights and associated land at any time and at Global's sole election.

In November 2017, Mr. Matt Weaver was appointed Senior Vice President of Engineering and Operations for the Company. Mr. Weaver manages all engineering and operational aspects of the Rhyolite Ridge Lithium-Boron Project and is responsible for delivering the project through the feasibility and developmental phases and into full commercial production.

In January 2018, Amec Foster Wheeler was appointed as the engineering and design firm to complete the Rhyolite Ridge PFS.

### FINANCIAL

In October 2017, the Company completed a \$30 million capital raising via an institutional placement, led by Citigroup.

The Company is now funded to progress Rhyolite Ridge into development by completing the PFS, building a pilot plant and undertaking a definitive feasibility study.

Cash on hand at 31 December 2017 was \$33 million.

### AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is attached to this report.

Signed at Sydney, 27<sup>th</sup> February 2018 in accordance with a resolution of the directors.



Bernard Rowe

**Managing Director**

### COMPETENT PERSONS STATEMENT

In respect of Mineral Resources referred to in this report and previously reported by the Company in accordance with JORC Code 2012, the Company confirms that it is not aware of any new information or data that materially affects the information included in the public report titled "Global Geoscience Doubles High-Grade Lithium-Boron Mineral Resource" dated 31 October 2017 and released on ASX. Further information regarding the Mineral Resource estimate can be found in that report. All material assumptions and technical parameters underpinning the estimates in the report continue to apply and have not materially changed.

## DIRECTORS' REPORT - CONTINUED

The Indicated and Inferred Resource estimate for the South Basin at Rhyolite Ridge totals 460 million tonnes at 0.9% lithium carbonate and 2.6% boric acid (at a 1,050ppm Li cut-off).

### October 2017 Mineral Resource Estimate (1,050ppm Li Cut-off)

Group	Classification	Tonnage Mt	Li ppm	B ppm	Li <sub>2</sub> CO <sub>3</sub> %	H <sub>3</sub> BO <sub>3</sub> %	K <sub>2</sub> SO <sub>4</sub> %	Contained		
								Li <sub>2</sub> CO <sub>3</sub> kt	Boric Acid kt	Potassium kt
Upper Zone	Indicated	147.7	1,910	7,690	1.0	4.4	1.7	1,500	6,490	2,490
	Inferred	<u>68.9</u>	<u>2,140</u>	<u>5,300</u>	<u>1.1</u>	<u>3.0</u>	<u>1.8</u>	<u>780</u>	<u>2,090</u>	<u>1,240</u>
	<b>Total</b>	<b>216.6</b>	<b>1,980</b>	<b>6,930</b>	<b>1.1</b>	<b>4.0</b>	<b>1.7</b>	<b>2,290</b>	<b>8,580</b>	<b>3,730</b>
Lower Zone	Indicated	126.0	1,390	3,430	0.7	2.0	1.7	930	2,460	2,140
	Inferred	<u>116.8</u>	<u>1,500</u>	<u>1,490</u>	<u>0.7</u>	<u>0.7</u>	<u>1.5</u>	<u>840</u>	<u>870</u>	<u>1,790</u>
	<b>Total</b>	<b>242.9</b>	<b>1,440</b>	<b>2,500</b>	<b>0.7</b>	<b>1.4</b>	<b>1.6</b>	<b>1770</b>	<b>3,330</b>	<b>3930</b>
Upper & Lower Zone	Indicated	273.7	1,670	5,730	0.9	3.3	1.7	2,440	8,950	4,630
	Inferred	<u>185.8</u>	<u>1,730</u>	<u>2,900</u>	<u>0.9</u>	<u>1.6</u>	<u>1.6</u>	<u>1,620</u>	<u>2,960</u>	<u>3,020</u>
	<b>Grand Total</b>	<b>459.5</b>	<b>1,700</b>	<b>4,590</b>	<b>0.9</b>	<b>2.6</b>	<b>1.7</b>	<b>4,060</b>	<b>11,910</b>	<b>7,650</b>

The Indicated and Inferred Resource includes a high-grade lithium-boron zone totaling 137 million tonnes at 0.9% lithium carbonate and 7.2% boric acid (at a 1,050ppm Li and 0.5% B cut-off).

### October 2017 Mineral Resource Estimate (1,050ppm Li and 0.5% B Cut-off)

Group	Classification	Tonnage Mt	Li ppm	B ppm	Li <sub>2</sub> CO <sub>3</sub> %	H <sub>3</sub> BO <sub>3</sub> %	K <sub>2</sub> SO <sub>4</sub> %	Contained		
								Li <sub>2</sub> CO <sub>3</sub> kt	Boric Acid kt	Potassium kt
Upper Zone	Indicated	73.6	1,800	14,600	1.0	8.3	2.0	700	6,150	1,490
	Inferred	<u>28.7</u>	<u>2,020</u>	<u>11,850</u>	<u>1.1</u>	<u>6.8</u>	<u>2.2</u>	<u>310</u>	<u>1,950</u>	<u>640</u>
	<b>Total</b>	<b>102.4</b>	<b>1,860</b>	<b>13,830</b>	<b>1.0</b>	<b>7.9</b>	<b>2.1</b>	<b>1,010</b>	<b>8,090</b>	<b>2,130</b>
Lower Zone	Indicated	29.5	1,410	9,490	0.7	5.4	1.6	220	1,600	480
	Inferred	<u>5.3</u>	<u>1,560</u>	<u>6,870</u>	<u>0.8</u>	<u>3.9</u>	<u>2.0</u>	<u>40</u>	<u>210</u>	<u>110</u>
	<b>Total</b>	<b>34.8</b>	<b>1,430</b>	<b>9,090</b>	<b>0.8</b>	<b>5.2</b>	<b>1.7</b>	<b>260</b>	<b>1,800</b>	<b>580</b>
Upper & Lower Zone	Indicated	103.1	1,680	13,140	0.9	7.5	1.9	920	7,740	1,970
	Inferred	<u>34.0</u>	<u>1,950</u>	<u>11,070</u>	<u>1.0</u>	<u>6.3</u>	<u>2.2</u>	<u>350</u>	<u>2,160</u>	<u>740</u>
	<b>Grand Total</b>	<b>137.1</b>	<b>1,750</b>	<b>12,620</b>	<b>0.9</b>	<b>7.2</b>	<b>2.0</b>	<b>1,280</b>	<b>9,900</b>	<b>2,710</b>

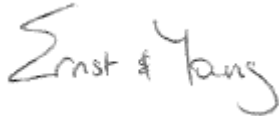
Note: Totals may differ due to rounding, Mineral Resources reported on a dry in-situ basis.

## Auditor's Independence Declaration to the Directors of Global Geoscience Limited

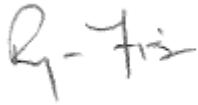
As lead auditor for the review of Global Geoscience Limited for the half-year ended 31 December 2017, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Global Geoscience Limited and the entities it controlled during the financial period.



Ernst & Young



Ryan Fisk  
Partner  
27 February 2018

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Half-year ended 31 December 2017

	Note	Six Months to 31 Dec 17	Six Months to 31 Dec 16
		\$	\$
<b>OTHER INCOME</b>	2	<b>125,401</b>	84,214
Administration expenses		(166,007)	(108,338)
Consultancy and professional costs		(401,176)	(290,868)
Depreciation expense		(448)	(952)
Director and executive fees		(222,880)	(54,000)
Employee expenses		(257,583)	(156,038)
Finance costs		-	(10,000)
Generative exploration expenses written off		-	(84,052)
Other expenses		(326,870)	(156,507)
Provision for impairment of exploration assets		(50,000)	(54,106)
Share-based payments expense - directors		(147,296)	-
Share-based payments expense - consultants		(127,656)	-
Foreign exchange gains / (losses)		(247,639)	10,311
Write off intercompany loans to subsidiary sold		-	(25,840)
<b>LOSS FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE</b>		<b>(1,822,154)</b>	(846,176)
Income tax expense relating to ordinary activities		-	-
<b>LOSS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO MEMBERS OF THE PARENT AFTER INCOME TAX EXPENSE</b>		<b>(1,822,154)</b>	(846,176)
Other comprehensive income to be reclassified to profit and loss in future periods (unrealised gain / (loss) on investments)		-	-
<b>TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO MEMBERS OF GLOBAL GEOSCIENCE LTD</b>		<b>(1,822,154)</b>	(846,176)
Basic loss per share (cents per share)		0.14	0.08
Diluted loss per share (cents per share)		0.14	0.08

*The above consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.*

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2017

	Note	31 Dec 17	30 June 17*
			(restated)
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		<b>32,813,938</b>	7,406,408
Receivables	3	<u>123,896</u>	<u>37,561</u>
<b>TOTAL CURRENT ASSETS</b>		<u><b>32,937,834</b></u>	<u>7,443,969</u>
<b>NON-CURRENT ASSETS</b>			
Plant and Equipment		<b>5,445</b>	3,217
Deferred exploration and evaluation expenditure	4	<u>9,447,987</u>	<u>5,032,866</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<u><b>9,453,432</b></u>	<u>5,036,083</u>
<b>TOTAL ASSETS</b>		<u><b>42,391,266</b></u>	<u>12,480,052</u>
<b>CURRENT LIABILITIES</b>			
Payables		<u>441,326</u>	<u>225,846</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u><b>441,326</b></u>	<u>225,846</u>
<b>TOTAL LIABILITIES</b>		<u><b>441,326</b></u>	<u>225,846</u>
<b>NET ASSETS</b>		<u><b>41,949,940</b></u>	<u>12,254,206</u>
<b>EQUITY</b>			
Issued capital	5	<b>61,101,334</b>	29,858,398
Reserves	6	<b>6,869,755</b>	6,594,803
Accumulated losses		<u>(26,021,149)</u>	<u>(24,198,995)</u>
<b>TOTAL EQUITY</b>		<u><b>41,949,940</b></u>	<u>12,254,206</u>

\* refer to Note 11 for details of the restatement.

*The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.*



# CONSOLIDATED STATEMENT OF CASH FLOWS

Half-year ended 31 December 2017

	Six months to 31 Dec 17	Six months to 31 Dec 16
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	\$	\$
Payment to suppliers and employees	(1,306,894)	(735,187)
Interest received	51,584	19,588
Recovered exploration expenses	-	33,014
<b>NET CASH FLOWS (USED IN) OPERATING ACTIVITIES</b>	<b>(1,255,310)</b>	<b>(682,585)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of plant and equipment	(2,675)	-
Proceeds from the sale of Subsidiary company	-	20,000
Expenditure on mining interests (exploration)	(2,329,782)	(1,799,088)
<b>NET CASH FLOWS (USED IN) INVESTING ACTIVITIES</b>	<b>(2,332,457)</b>	<b>(1,779,088)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	30,000,000	6,000,000
Proceeds from the exercise of options	909,000	829,718
Equity raising expenses	(1,666,064)	(426,622)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>29,242,936</b>	<b>6,403,096</b>
<b>NET INCREASE (DECREASE) IN CASH HELD</b>	<b>25,655,169</b>	<b>3,941,423</b>
Effects of exchange rate movements on cash	(247,639)	10,311
Add opening cash brought forward	7,406,408	358,025
<b>CLOSING CASH CARRIED FORWARD</b>	<b>32,813,938</b>	<b>4,309,759</b>

*The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.*

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Half-year ended 31 December 2017

	Issued Capital \$	Accumulated Losses \$	Reserves \$	Total Equity \$
<b>AT 1 JULY 2017 *</b> (restated)	<b>29,858,398</b>	<b>(24,198,995)</b>	<b>6,594,803</b>	<b>12,254,206</b>
<b>Issue of share capital</b>				
Unlisted Options exercised	909,000	-	-	909,000
Ordinary share Placement	30,000,000	-	-	30,000,000
Issue of shares purchase of Rhyolite Ridge	2,000,000	-	-	2,000,000
Less cost of capital	(1,666,064)	-	-	(1,666,064)
Performance rights expense	-	-	274,952	274,952
<b>Loss for the period</b>	<b>-</b>	<b>(1,822,154)</b>	<b>-</b>	<b>(1,822,154)</b>
<b>AT 31 DECEMBER 2017</b>	<b>61,101,334</b>	<b>(26,021,149)</b>	<b>6,869,755</b>	<b>41,949,940</b>
	Issued Capital \$	Accumulated Losses \$	Reserves \$	Total Equity \$
<b>AT 1 JULY 2016</b>	16,031,772	(16,727,398)	910,405	214,779
<b>Issue of share capital</b>				
Ordinary shares	6,000,000	-	-	6,000,000
Unlisted options exercised	47,000	-	-	47,000
Listed options exercised	782,718	-	-	782,718
Issue of shares – purchase of Rhyolite Ridge	2,000,000	-	-	2,000,000
Less cost of capital	(426,622)	-	-	(426,622)
<b>Loss for the period</b>	<b>-</b>	<b>(846,176)</b>	<b>-</b>	<b>(846,176)</b>
<b>AT 31 DECEMBER 2016</b>	<b>24,434,868</b>	<b>(17,573,574)</b>	<b>910,405</b>	<b>7,771,699</b>

\* refer to Note 11 for details of the restatement.

*The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.*

# NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

31 December 2017

## 1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial report.

The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The half-year financial report should be read in conjunction with the annual financial report of Global Geoscience Limited as at 30 June 2017.

It is also recommended that the half-year financial report be considered together with any public announcements made by Global Geoscience Limited during the half-year ended 31 December 2017 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

These interim financial statements were authorised for issue on 27<sup>th</sup> February 2018.

### (a) Statement of Compliance

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements.

The half-year financial report has been prepared on a historical cost basis and available-for-sale financial assets that have been measured at fair value.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

### (b) Basis of consolidation

The consolidated financial statements comprise the financial statements of Global Geoscience Limited (GSC or the "Company") and its subsidiaries ("the Group") as at 31 December each year.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All inter-company balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full.

Subsidiaries are fully consolidated from date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

### (c) Significant Accounting Policies

The half-year financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2017. Refer to Note 11 for details of the restatement of the 30 June 2017 Financial Statements.

## 2. OTHER INCOME

	31 Dec 17	31 Dec 16
	\$	\$
Exploration expenses recovered	-	33,014
Profit on sale of subsidiary company	-	19,900
Other receipts	70	-
Interest income – other corporations	125,331	31,300
<b>TOTAL OTHER INCOME</b>	<b>125,401</b>	<b>84,214</b>

## NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS (CONTINUED)

### 3. RECEIVABLES – CURRENT

	31 Dec 17	30 June 17* (restated)
	\$	\$
Prepaid Insurance	11,875	1,423
Receivable from the Australian Tax Office	36,184	29,122
Rental deposit	2,337	2,337
Interest receivable	71,878	-
Other Receivables	1,622	4,679
<b>Balance 31 December 2017</b>	<b>123,896</b>	<b>37,561</b>

### 4. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	31 Dec 17	30 June 17* (restated)
	\$	\$
Costs brought forward	5,032,866	195,560
Costs incurred during the half-year	4,465,121	4,989,731
Expenditure written off during the half-year	-	(74,912)
Provision for impairment on exploration assets	(50,000)	(77,513)
<b>Balance 31 December 2017</b>	<b>9,447,987</b>	<b>5,032,866</b>

\* refer to Note 11 for details of the restatement.

#### **Commitment**

The Company has a commitment to complete the Fourth payment of USD1,000,000 to Boundary Peak on 3 June 2018, pursuant to the option to purchase agreement dated 3<sup>rd</sup> June 2016. The commitment to Boundary Peak will be settled through the issue of shares or payment in cash (or a mix of both). [exchange rate used USD= \$0.75AUD]. Should the Company terminate the purchase agreement prior to the due date for the Fourth payment, the Company would be released from this commitment.

## NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS (CONTINUED)

### 5. ISSUED CAPITAL

		31-Dec-17	30 June 17 *
	No of shares	\$	(restated) \$
<b>Share capital</b>			
Opening Issued capital 1 July,	1,128,253,647	<b>29,858,398</b>	16,031,772
Exercise of listed options – 1 July 2016 to 30 September 2016		-	782,718
Exercise of unlisted options – 1 July 2016 to 30 June 2017		-	213,000
Placement – 30 September 2016		-	6,000,000
Less cost of capital raising		-	- 458,592
Part Settlement – 11 October 2016 – Rhyolite Ridge		-	2,000,000
Debt to equity conversion – 20 January 2017		-	15,000
Debt to equity conversion – 22 March 2017		-	12,000
Placement – 11 April 2017		-	5,262,500
Part Settlement – 21 July 2017 – Rhyolite Ridge	11,031,440	<b>2,000,000</b>	-
Performance Rights - Class B	14,000,000	-	-
Placement – 6 October 2017	150,000,000	<b>30,000,000</b>	-
Exercise of unlisted options – 1 July to 31 December 2017	11,500,000	<b>909,000</b>	-
Less cost of capital raising	-	<b>-1,666,064</b>	-
	<u>1,314,785,087</u>	<u>61,101,334</u>	<u>29,858,398</u>
<b>Total Issued Capital as at 31 December 2017</b>			

\* refer to Note 11 for details of the restatement.

### 6. RESERVES

	31 Dec 17	Six months to 30 June 17*
	\$	(restated) \$
Balance as the beginning of the period	<b>6,594,803</b>	910,405
<b>Share-based payments expense</b>		
Options issued during the period	-	5,249,850
Performance Rights expensed	<b>274,952</b>	434,548
	<u>6,869,755</u>	<u>6,594,803</u>
<b>Balance 31 December 2017</b>		

\* refer to Note 11 for details of the restatement.

### 7. CONTINGENT ASSETS AND LIABILITIES

Since the last annual reporting date, there has been no change in any contingent liabilities or contingent assets.

## NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS (CONTINUED)

### 8. SEGMENT INFORMATION

The Group operates predominantly in the United States of America. The Company's business is mineral exploration and evaluation.

	31 Dec 17	30 June 17*
	\$	(restated) \$
<b>ASSETS</b>		
United States of America	10,649,848	5,460,372
Australia	31,741,418	7,019,680
<b>Total assets</b>	<u>42,391,266</u>	<u>12,480,052</u>
<b>LIABILITIES</b>		
United States of America	235,602	100,262
Australia	205,724	125,584
<b>Total liabilities</b>	<u>441,326</u>	<u>225,846</u>
<b>Accounting losses</b>		
Are allocated through the following geographical areas:		
United States of America	(318,590)	(209,263)
Australia	(1,497,077)	(7,248,290)
Canada	(6,487)	(6,156,198)
<b>Net Loss for the period</b>	<u>(1,822,154)</u>	<u>(13,613,751)</u>
<b>Income</b>		
Has been earned in the following geographical areas:		
United States of America	-	33,014
Australia	125,401	56,804
Canada	-	19,900
<b>Total income earned</b>	<u>125,401</u>	<u>109,718</u>

\* refer to Note 11 for details of the restatement.

### 9. SUBSEQUENT EVENTS

No event has occurred subsequent to the end of the period that would have a material effect on the company's financial statements at 31 December 2017.

### 10. FAIR VALUE MEASUREMENT

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole. The following outlines the Group's fair value hierarchy:

Level 1 – Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities.

Level 2 – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable).

Level 3 – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable).

## NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS (CONTINUED)

The carrying amounts of the Group's financial assets and liabilities are a reasonable approximation of their fair values. During the 6 months ended 31 December 2017, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements. (31 December 2016: Nil)

The Consolidated Entity measures share-based payments at fair value at the grant date using the Binomial formula taking into account the terms and conditions upon which the instrument were granted.

### Note 11. RESTATEMENT OF PRIOR PERIOD

The Company recognised a share based payment expense of \$2,550,000 relating to 17,000,000 of 51,000,000 performance rights which were granted on 25 November 2016 and vested during the year ended 30 June 2017. The \$2,550,000 expense was measured with reference to the share price required to be achieved in order for vesting to occur multiplied by the number of rights that vested. No expense was previously recorded in respect of the remaining 34,000,000 rights.

During the current period it was identified that each tranche of the 51,000,000 performance rights issued in the prior period should have been fair valued at the date they were granted and expensed to the statement of profit and loss over their expected vesting periods. Accordingly, the Company utilized a binomial method to estimate the fair value of each tranche of performance rights as at the date they were granted and made estimates of their most likely vesting periods. The difference has been adjusted through share based payments expense (\$2,115,542) and the share based payment reserve (\$434,548) as at and for the year ended 30 June 2017.

<b>Statement of financial position (extract)</b>	30 June 2017	(Decrease) / Increase	30 June 2017 (Restated)
	\$	\$	\$
Issued Shares	32,408,398	(2,550,000)	29,858,398
Reserves	6,160,255	434,548	6,594,803
Accumulated losses	(26,314,447)	2,115,452	(24,198,995)
	<u>12,254,206</u>		<u>12,254,206</u>
<b>Statement of profit or loss and other comprehensive income (extract)</b>	30 June 2017	(Decrease) / Increase	30 June 2017 (Restated)
	\$	\$	\$
Share based payments expense - consultants	-	174,594	174,594
Share based payments expense - directors	-	259,954	259,954
Share based payments expense- consultants	1,362,750	(975,000)	387,750
Share based payments expense - directors	6,232,100	(1,575,000)	4,657,100
	<u>(9,587,049)</u>	<u>(2,115,452)</u>	<u>(7,471,597)</u>
Loss after tax	(9,587,049)	(2,115,452)	(7,471,597)
	<u>(9,587,049)</u>	<u>(2,115,452)</u>	<u>(7,471,597)</u>

The Company has also revised the comparative period presentation of a loss of \$6,142,154 incurred on forgiveness of an intercompany loan to a subsidiary that was sold in the period ending 31 December 2016. The change in presentation resulted in the total loss decreasing from \$6,988,330 to \$846,176 for the 31 December 2016 half year and from \$15,729,203 to \$9,587,049 (as adjusted for above) for the annual period, but has no effect on retained earnings.

## DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Global Geoscience Limited, I state that:

In the opinion of the directors:

- a) the financial statements and notes of the Group:
  - i) give a true and fair view of the Group's financial position as at 31 December 2017 and the performance for the half-year ended on that date; and
  - ii) comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Managing Director

Sydney, 27<sup>th</sup> February 2018



# Independent Auditor's Review Report to the Members of Global Geoscience Limited

## Report on the Half-Year Financial Report

### Conclusion

We have reviewed the accompanying half-year financial report of Global Geoscience Limited (the Company) and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 31 December 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance 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 2017 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*.

### Directors' Responsibility 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 is free from material misstatement, whether due to fraud or error.

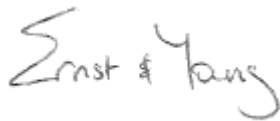
### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to 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 consolidated financial position as at 31 December 2017 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

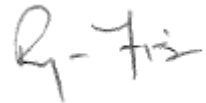
A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards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

## Independence

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



Ernst & Young



Ryan Fisk  
Partner  
Sydney  
27 February 2018

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