



## **Annual Report**

**for the financial year ended 30 June 2016**

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## **CORPORATE INFORMATION**

**ABN 30 118 758 946**

### **Directors**

Mr Graeme Kirke	Chairman
Mr Stuart Rechner	Director / Project Generation Geologist
Dr David Detata	Non-Executive Director

### **Company secretary**

Mrs Anna MacKintosh

### **Registered and Principal Office**

Suite 2, Lower Ground Floor  
26 Eastbrook Terrace  
East Perth WA 6004

Telephone: (08) 6555 0322  
Facsimile: (08) 9325 1238  
Website: [www.gbenergy.com.au](http://www.gbenergy.com.au)

### **Share register**

Advanced Share Registry  
150 Stirling Highway  
Nedlands WA 6009  
Telephone: 08 9389 8033

### **Solicitors**

Fairweather Corporate Lawyers  
595 Stirling Highway  
Cottesloe WA 6011

### **Bankers**

Bankwest  
108 St. Georges Terrace  
Perth WA 6000

### **Auditors**

HLB Mann Judd  
Level 4, 130 Stirling Street  
Perth WA 6000

### **Securities Exchange Listing**

GB Energy Limited shares are listed on the Australian Securities Exchange (ASX: GBX)

## DIRECTORS' REPORT

Your directors present their report together with the financial statements of the Group consisting of GB Energy Limited ("the Company") and the entities it controlled during the period for the financial year ended 30 June 2016. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

### Directors

The names of directors who held office during or since the end of the year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

#### Mr Graeme Kirke BCom MSDIA (Chairman)

Mr. Graeme Kirke has more than 29 years experience in stock broking and capital markets. He is currently managing director of Australian Financial Services Licensee KSLCORP Pty Ltd. He was a founding director of GB Energy Ltd. In the 3 years immediately before the end of the financial year, Mr Kirke did not serve as a director of any other listed company.

#### Mr Stuart Rechner BSc LLB GAIG GAICD (Director and Project Generation Geologist)

Mr Stuart Rechner is an experienced company director with a background in geology, law and diplomacy. Mr Rechner also serves as Project Generation Geologist for GB Energy.

In the 3 years immediately before the end of the financial year, Mr Rechner also served as a director of the following listed companies:

Kingston Resources Limited 23 February 2015 to current

Strategic Energy Resources Limited 12 September 2014 to current

#### Mr Patrick Glovac (Non-Executive Director; appointed 1 October 2014 resigned 22 April 2016)

Mr Patrick Glovac has extensive capital markets experience as an Investment Advisor with a major Australian Stockbroker. In the 3 years immediately before the end of the financial year, Mr Glovac also served as a director of the following listed companies:

Applabs Technologies Limited 9 December 2013 to current

Cirrus Networks Holdings Limited (CNW) (previously Liberty Resources Limited) 21 August 2014 to current

Sovereign Gold Company 14 December 2015 to current

#### Dr David Detata BSc MSc PhD (Chemistry) GAICD (Non-Executive Director; appointed 22 April 2016)

Dr David Detata is an experienced scientific professional with over 12 years industry experience in scientific research and investigations. Dr Detata holds a Doctor of Philosophy in energetic materials characterisation and is currently completing a Master of Business Administration at the University of Western Australia. Dr Detata brings additional technical and scientific competence to the Board. In the 3 years immediately before the end of the financial year, Dr Detata did not serve as a director of any other listed company.

### Company Secretary

Anna MacKintosh B.Com (UWA) CPA

Anna MacKintosh, has over 29 years commercial experience including BHP, and 10 years being employed as Compliance Manager, Finance Manager and Responsible Executive for Australian Financial Services licensee KSLCORP Pty Ltd. She has been the Company Secretary for GB Energy Limited for the last 7 years.

### Lead Consultant

James Allchurch (appointed 4 May 2016)

James Allchurch is a geologist with a wealth of experience in listed resource companies both at board level and in senior consultant/advisory roles. With over 17 years in the exploration sector, Mr Allchurch has vast experience in the identification and assessment of resource projects as well as conducting due diligence and preliminary exploration programmes. Mr Allchurch has been responsible for a number of successful ASX transactions in the last 8 years, primarily resource projects, focussed on southern Africa, Australia and South America.

## DIRECTORS' REPORT (continued)

### Interests in the shares and options of the Company and related bodies corporate

The following relevant interests in shares and options of the Company or a related body corporate were held by the directors as at the date of this report.

Directors	Number of fully paid ordinary shares	Number of options over ordinary shares
Mr Graeme Kirke	132,813,510	Nil
Mr Stuart Rechner	11,718,750	Nil
Dr David Detata	4,000,000	Nil

No ordinary shares were issued by the Company during or since the end of the financial year as a result of the exercise of an option.

There are no unpaid amounts on the shares issued.

The Company currently has 75 million unlisted options that were issued in May 2016 to Company Consultant James Allchurch as an incentive and compensation for future services, exercisable at \$0.006 each and expiring on 13 May 2019.

### Dividends

No dividends have been paid or declared since the start of the financial year and the directors do not recommend the payment of a dividend in respect of the financial year.

### Principal Activities

The principal activity of the entities within the Group during the year was mineral exploration with a focus on uranium and Iron Oxide Copper-Gold-Uranium (IOCGU) mineralisation in Australia.

There have been no significant changes in the nature of those activities during the year.

### Review of operations

During the financial year GB Energy Limited (the Company) continued exploration of its portfolio of uranium and Iron Oxide Copper-Gold-Uranium (IOCGU) properties in South Australia. After a period of cautious financial management a higher risk setting was adopted and a more aggressive approach to exploration asset acquisition taken.

During the year in review there were several Board changes with the departure of Mr Patrick Glovac and the appointment of Dr David Detata. The Board thanks Mr Glovac for his contribution during his time on the Board and welcomes Dr David Detata. Management was strengthened with the addition of resources industry veteran James Allchurch as lead consultant.

A significant amount of resources were applied to the review and analysis of opportunities. Opportunities reviewed were both resources and non-resources based with detailed due diligence carried out on several resulting in the entering into an option to acquire a large scale Lithium clay project in Namibia.

No capital was raised during the year.

The 2015 Annual Report was released on 29 September 2015 and the Annual General Meeting was held on 18 November 2015 with all resolutions passed on a show of hands.

### Risk and Opportunities

Our resources exploration focus exposes the Company to the general trends and conditions in exploration and relevant commodity prices. Both settings have improved marginally in the last twelve months. This trend will hopefully continue and has the effect of underpinning our asset values. We still retain flexibility with our own suite of resource exploration assets and the ability to execute a transaction where we see value for risk. Fortunately we have assets where our obligations are within our capacity and manageable. The conditions we identified last year as to resource project opportunities played out with several quality assets transacted. Consequently we are of the view that the best opportunities for the company will be in exploration assets. The recent change of ASX rules effectively preclude any reverse takeover transaction which supports remaining in the exploration sector.

### Short and Long Term Analysis

In the short term, the Company will retain its South Australian properties whilst doing sufficient work to maintain the properties in good standing and enhancing value as economically as possible. Extracting value from these properties by sale, joint venture or further exploration remains a primary objective. Adding to these assets both within and outside of Australia is also an objective.

## **DIRECTORS' REPORT (continued)**

In the longer term the Company will continue to review scale project opportunities in resources with emphasis on the more transparent commodities.

### *General*

The capital markets have adopted a higher risk and appetite setting for resources. The change in sentiment commenced in the Lithium market but has become more general, recognising the importance of first and second order commodities to global economic activity.

Global economic issues seem to be in a steady state condition. Politically and importantly for economic stability China's expansionary behaviour in its own region is unsettling. There are also internal political issues in play that are concerning. After an extended period of downward pressure on commodity prices we are seeing some stability and would take the view that the base has been found. As always at the peak and trough the more aggressive movements tend to occur.

In all we consider the next twelve months is a time to be more aggressive and be prepared to take some risks.

### *Financial Position*

Further funds will be required to execute the Company strategy.

### **Significant changes in the state of affairs**

There was no significant change in the state of affairs during the 2016 financial year.

### **Significant events after balance date**

On 19 September 2016, the Company announced after completion of due diligence, that it will not be exercising the Option to farm-in the Bitterwasser Lithium Clay Project (details provided in the ASX announcement 19<sup>th</sup> May 2016).

### **Likely developments and expected results**

The Company will require additional funding to continue operations at its projected level of exploration activity on existing assets.

### **Environmental legislation**

In the course of its normal exploration activities, the Group adheres to environmental regulations imposed on it by the various regulatory authorities, particularly those regulations relating to ground disturbance and the protection of rare and endangered flora and fauna. The Group has complied with all material environmental requirements during the financial year. The Board believes that the Group has adequate systems in place for the management of its environmental requirements and is not aware of any breach of these environmental requirements as they apply to the Group.

### **Indemnification and insurance of Directors and Officers**

The Company has agreed to indemnify all the directors of the Company for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

## DIRECTORS' REPORT (continued)

### Remuneration report

This report, which forms part of the directors' report, outlines the remuneration arrangements in place for the key management personnel ("KMP") of GB Energy Limited for the financial year ended 30 June 2016. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

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

#### *Key Management Personnel*

##### Directors

Mr Graeme Kirke	Chairman
Mr Stuart Rechner	Director / Project Generation Geologist
Mr Patrick Glovac	Non-Executive Director (appointed 1 October 2014 resigned 22 April 2016)
Dr David Detata	Non-Executive Director (appointed 22 April 2016)

##### Executives

Mrs Anna MacKintosh	Company Secretary/CFO
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#### *Remuneration philosophy*

The performance of the Company depends upon the quality of the directors and executives. The Board has the authority and responsibility for planning, directing and controlling the activities of the company and the Group, including directors of the company and of the senior management. Compensation levels for directors and senior management of the Group are competitively set to attract and retain appropriately qualified and experienced directors and executives.

Remuneration levels are not dependent upon any performance criteria as the Company and the Group are not generating a profit.

#### *Remuneration committee*

The Board of Directors of the Company is responsible for determining and reviewing compensation arrangements for the directors and the executive team.

The Board assesses the appropriateness of the nature and amount of remuneration of directors and executives on a periodic basis by reference to relevant employment market conditions with an overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

#### *Remuneration structure*

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

#### *Non-executive director remuneration*

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The aggregate level (\$500,000) was set at the time of the company's incorporation and has not changed since.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external shareholders as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

The remuneration of non-executive directors for the year ended 30 June 2016 is detailed in page 9 of this report.

## **DIRECTORS' REPORT (continued)**

### *Senior manager and executive director remuneration*

Remuneration consists of fixed remuneration only.

### Fixed Remuneration

Fixed remuneration is reviewed annually by the Board of Directors. The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices. The Committee has access to external, independent advice where necessary.

The fixed remuneration of the Company Directors and executives is detailed in page 9 of this report.

### 2016 Annual General Meeting

The company's most recent Annual General Meeting was held on 18 November 2015. The remuneration report for the financial year ended 30 June 2016 was adopted for the purposes of section 250R(2) of the Corporations Act 2001 and for all other purposes.

### *Employment Contracts*

#### **Graeme Kirke – Chairman (previously Executive Director)**

The key employment terms of the service contract with Graeme Kirke for his role as Chairman/Executive Director are:

- Chairman's fee of \$25,000 per annum plus statutory superannuation and approved employment expenses.
- Consulting fee of \$500 per day plus GST up to a maximum of 100 days per annum for activities in addition to normal Directors duties.
- Termination Notice on Consultant Contract 1 month by either party.
- No termination benefits.

#### **Stuart Rechner – Director / Project Generation Geologist**

The key terms of Mr Rechner's service contract are:

- Since 1 January 2016, the terms of employment have been adjusted by mutual agreement. Stuart is paid Directors Fees of \$18,000 per annum plus statutory superannuation. Any additional consulting work is charged at \$800 (excl GST) per day. Prior to this Stuart was paid 1 day per week with a salary of \$33,000 per annum plus statutory superannuation.
- Termination Notice 3 months by either party.
- No termination benefits

#### **Patrick Glovac – Non-Executive Director (appointed 1 October 2014 resigned 22 April 2016)**

The key employment terms of Mr. Glovac's service contract are:

- Director's fee of \$18,000 per annum plus statutory superannuation and approved employment expenses.
- Consulting fee of \$500 per day plus GST for activities in addition to normal Directors duties.
- No termination benefits

#### **David Detata – Non-Executive Director (appointed 22 April 2016)**

The key employment terms of Dr Detata's service contract are:

- Director's fee of \$18,000 per annum plus statutory superannuation and approved employment expenses
- No termination benefits

#### **Anna MacKintosh –Company Secretary/CFO**

12 month service agreement between GB Energy and Anna MacKintosh as Company Secretary/CFO with the following key employment terms:

- Since 1 February 2015 the terms of employment have been adjusted by mutual agreement. Hours of work have been reduced to 2 days per week and the salary reduced according to \$60,000 per annum plus statutory superannuation expenses and approved employment expenses.
- Term 12 months with option to extend by mutual agreement.
- Termination Notice 3 months by either party.
- No termination benefits.
- Employment terms reviewed 6 months from the commencement date



**DIRECTORS' REPORT (continued)****Remuneration of Key Management Personnel**

Key Management Personnel remuneration for the years ended 30 June 2016 and 30 June 2015

30 June 2016	Short-term employment benefits		Post-employment benefit	Equity Share options	Total	Performance related
	Salary & fees	Bonus	Superannuation			
	\$	\$	\$	\$	\$	%
<u>Directors</u>						
G Kirke	36,000	-	-	-	36,000	-
S Rechner	29,020	-	2,423	-	31,443	-
P Glovac <sup>(iii)</sup>	22,138	-	-	-	22,138	-
D Detata <sup>(iv)</sup>	3,000	-	285	-	3,285	-
<u>Executives</u>						
A MacKintosh	60,000	-	5,700	-	65,700	-
Total	150,158	-	8,408	-	158,566	-

30 June 2015	Short-term employment benefits		Post-employment benefit	Equity Share options	Total	Performance related
	Salary & fees	Bonus	Superannuation			
	\$	\$	\$	\$	\$	%
<u>Directors</u>						
R Barnett <sup>(i)</sup>	5,833	-	554	-	6,387	-
G Kirke	48,000	-	-	-	48,000	-
G Hart <sup>(ii)</sup>	6,250	-	594	-	6,844	-
S Rechner	60,813	-	5,827	-	66,640	-
P Glovac	23,650	-	-	-	23,650	-
<u>Executives</u>						
A MacKintosh	95,000	-	9,025	-	104,025	-
Total	239,546	-	16,000	-	255,546	-

- (i) Resigned 7 August 2015  
(ii) Resigned on 30 September 2014  
(iii) Resigned 22 April 2016  
(iv) Appointed 22 April 2016

No member of key management personnel appointed during the period received a payment as part of his or her consideration for agreeing to hold the position.

**DIRECTORS' REPORT (continued)****Shareholdings of Key Management Personnel**

	Balance at beginning of period Number	Granted as remuneration Number	On Exercise of Options Number	Net Change Other Number	Balance at end of period Number
30 June 2016					
Directors					
Mr Graeme Kirke	101,972,400	-	-	29,470,110	131,442,510
Mr Stuart Rechner	11,718,750	-	-	-	11,718,750
Mr Patrick Glovac	28,125,000	-	-	(28,125,000) <sup>(i)</sup>	-
Dr David Detata	-	-	-	4,000,000 <sup>(ii)</sup>	4,000,000
Executives					
Mrs Anna MacKintosh	2,300,000	-	-	-	2,300,000

- (i) At the time of resignation of director  
(ii) At the time of appointment of director

	Balance at beginning of period Number	Granted as remuneration Number	On Exercise of Options Number	Net Change Other Number	Balance at end of period Number
30 June 2015					
Directors					
Mr Graeme Kirke	69,077,920	-	-	32,894,480	101,972,400
Mr Stuart Rechner	9,375,000	-	-	2,343,750	11,718,750
Mr Patrick Glovac	-	-	-	28,125,000	28,125,000
Mr Gordon Hart	9,000,000	-	-	(9,000,000) <sup>(1)</sup>	-
Mr Russell Barnett	150,000	-	-	(150,000) <sup>(1)</sup>	-
Executives					
Mrs Anna MacKintosh	900,000	-	-	1,400,000	2,300,000

- (i) At the time of resignation of director

All equity transactions with key management have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

***Option holdings of Personnel***

James Allchurch (Lead Consultant) was granted 75 million Unlisted options @\$0.006 during the year, with expiry 3 years from grant date of 13 May 2016. The options were issued to Mr Allchurch as an incentive and compensation for future services. See Note 15

**Bonuses**

No bonuses were granted during the year.

There are no further options in place as at balance date.

**DIRECTORS' REPORT (continued)****End of Remuneration Report****Directors' Meetings**

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

	Directors meetings
Number of meetings held:	3
Number of meetings attended:	
Mr Graeme Kirke	3
Mr Stuart Rechner	3
Mr Patrick Glovac (resigned 22 April 2016)	2
Dr David Detata (appointed 22 April 2016)	1

**Proceedings on behalf of the Company**

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

**Auditor Independence and Non-Audit Services**

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the audit of the financial report. This Independence Declaration is set out on page 12 and forms part of this directors' report for the year ended 30 June 2016.

**Non-Audit Services**

No non-audit services were provided during the year by the auditor.

Signed in accordance with a resolution of the directors.

Dated: 22 September 2016



Graeme Kirke  
Chairman  
Perth

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of GB Energy Limited for the year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.



Perth, Western Australia  
22 September 2016

M R W Ohm  
Partner

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2016**

	Notes	Consolidated	
		2016 \$	2015 \$
<b>Continuing operations</b>			
Interest income	2	4,371	3,661
Foreign exchange gains		-	7
Administrative and employee benefits expense		(344,936)	(262,747)
Depreciation expense		(2,417)	(4,471)
Accounting expenses		(29,500)	(33,400)
Impairment of exploration asset		(46,943)	(30,596)
<b>Loss before income tax expense</b>		<b>(419,425)</b>	<b>(327,546)</b>
Income tax benefit	4	-	-
<b>Loss after tax from continuing operations</b>		<b>(419,425)</b>	<b>(327,546)</b>
<b>Discontinued operation</b>			
Loss after tax from discontinued operation	3	-	21,756
Loss for the year		<b>(419,425)</b>	<b>(305,790)</b>
<b>Other comprehensive income, net of income tax</b>			
<b>Reclassification adjustments</b>			
Reclassification to profit or loss on dissolution of foreign operations		-	(35,596)
Other comprehensive income/(loss) for the year, net of tax		-	(35,596)
Total comprehensive loss for the year attributable to owners of the parent		<b>(419,425)</b>	<b>(341,386)</b>
Basic loss per share (cents per share)	6	0.046	0.049
Basic loss per share from continuing operations (cents per share)	6	0.046	0.053
Diluted loss per share (cents per share)	6	0.046	0.049
Diluted loss per share from continuing operations (cents per share)	6	0.046	0.053

The accompanying notes form part of these financial statements

**STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2016**

	Notes	Consolidated	
		2016 \$	2015 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	468,535	828,180
Trade and other receivables	8	5,514	8,733
Prepayments	9	1,544	2,151
<b>Total current assets</b>		<u>475,593</u>	<u>839,064</u>
<b>Non-current assets</b>			
Property, plant and equipment	10	482	2,899
Deferred exploration and evaluation expenditure	11	506,156	461,241
<b>Total non-current assets</b>		<u>506,638</u>	<u>464,140</u>
<b>Total assets</b>		<u>982,231</u>	<u>1,303,204</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	12	26,509	35,980
<b>Total current liabilities</b>		<u>26,509</u>	<u>35,980</u>
<b>Total liabilities</b>		<u>26,509</u>	<u>35,980</u>
<b>Net assets</b>		<u>955,722</u>	<u>1,267,224</u>
<b>Equity</b>			
Issued capital	13	10,578,054	10,578,054
Reserves	14	411,583	303,660
Accumulated losses	14	(10,033,915)	(9,614,490)
<b>Total equity</b>		<u>955,722</u>	<u>1,267,224</u>

The accompanying notes form part of these financial statements

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2016**

## Consolidated

	Notes	Issued capital \$	Option premium reserve \$	Share- based payment reserve \$	Foreign currency translation reserve \$	Accumulated Losses \$	Total equity \$
<b>Balance at 1 July 2014</b>		9,408,745	245,660	58,000	35,596	(9,308,700)	439,301
Loss for the year		-	-	-	-	(305,790)	(305,790)
Reclassification to profit or loss on dissolution of subsidiary		-	-	-	(35,596)	-	(35,596)
<b>Total comprehensive loss for the year</b>		-	-	-	(35,596)	(305,790)	(341,386)
Shares issued during the year	13	1,202,209	-	-	-	-	1,202,209
Share issue costs		(32,900)	-	-	-	-	(32,900)
<b>Balance as at 30 June 2015</b>		10,578,054	245,660	58,000	-	(9,614,490)	1,267,224
<b>Balance as at 1 July 2015</b>		10,578,054	245,660	58,000	-	(9,614,490)	1,267,224
Loss for the year		-	-	-	-	(419,425)	(419,425)
<b>Total comprehensive loss for the year</b>		-	-	-	-	(419,425)	(419,425)
Recognition of share-based payments	15	-	-	107,923	-	-	107,923
<b>Balance as at 30 June 2016</b>		10,578,054	245,660	165,923	-	(10,033,915)	955,722

The accompanying notes form part of these financial statements

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2016**

	Notes	Consolidated	
		2016 \$	2015 \$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(272,158)	(318,485)
Interest received		4,371	3,734
<b>Net cash (outflows) from operating activities</b>	7	<u>(267,787)</u>	<u>(314,751)</u>
<b>Cash flows from investing activities</b>			
Exploration and evaluation expenditure		(91,858)	(154,343)
<b>Net cash (outflows) from investing activities</b>		<u>(91,858)</u>	<u>(154,343)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		-	1,202,209
Payments for share issue costs		-	(32,900)
<b>Net cash inflows from financing activities</b>		<u>-</u>	<u>1,169,309</u>
Net increase/(decrease) in cash and cash equivalents		(359,645)	700,215
Cash and cash equivalents at the beginning of the year		828,180	127,813
Effect of exchange rate fluctuations on cash held		-	152
<b>Cash and cash equivalents at the end of the year</b>	7	<u>468,535</u>	<u>828,180</u>

The accompanying notes form part of these financial statements



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of preparation

These financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and comply with other requirements of the law.

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated. The financial statements are for the Group consisting of GB Energy Limited and its subsidiaries.

The financial statements have been prepared on a historical cost basis. Cost is based on the fair values of the consideration given in exchange for assets.

The financial statements are presented in Australian dollars.

The Company is a listed public company, incorporated in Australia and operating in Australia. The entity's principal activities are exploration focused on energy metals.

#### (b) Adoption of new and revised standards

*Standards and Interpretations applicable to 30 June 2016*

In the year ended 30 June 2016, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to Group accounting policies.

*Standards and Interpretations in issue not yet adopted*

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2016. As a result of this review the Directors have determined that there is no material impact, of the new and revised Standards and Interpretations on the Company and, therefore, no change is necessary to Group accounting policies.

#### (c) Statement of compliance

The financial report was authorised for issue by the directors on 22 September 2016.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

#### (d) Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of GB Energy Limited ('Company' or 'parent entity') as at 30 June 2016 and the results of all subsidiaries for the year then ended. GB Energy Limited and its subsidiaries are referred to in this financial report as the Group.

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

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-Group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the 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. Control exists where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing when the Group controls another entity.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139 'Financial Instruments: Recognition and Measurement' or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

#### (e) Critical accounting estimates and judgements

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### *Share-based payment transactions:*

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a Black and Scholes model.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the consolidated entity's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

#### (f) Going concern

The Group has incurred a net loss after tax of \$419,425 (2015: \$305,790) and experienced net cash outflows from operating and investing activities of \$359,645 for the year ended 30 June 2016 (2015: \$469,094). As at 30 June 2016 the Group had cash assets of \$468,535 and net current assets of \$449,084.

The directors have prepared a cash flow forecast for the period to 30 September 2017 which indicates further fund raising will be required to fund further exploration expenditure, other principal activities and working capital. The ability of the Group to continue as a going concern is principally dependent upon raising sufficient additional capital.

Based on the cash flow forecasts, the directors are satisfied that the going concern basis of preparation is appropriate. The financial report has therefore been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

Should the Group be unable to raise the further funding referred to above, there is a material uncertainty that may cast significant doubt on whether the Group will be able to continue as a going concern and therefore, whether it will be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (g) Segment reporting

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

#### (h) Foreign currency translation

Both the functional and presentation currency of GB Energy Limited and its Australian subsidiaries is Australian dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

The functional currency of the foreign operations in Slovakia is Euro (EUR). The Slovakian subsidiary Crown Energy s.r.o. was dissolved in the 30 June 2015 year.

As at the balance date the assets and liabilities of this subsidiary are translated into the presentation currency of GB Energy Limited at the rate of exchange ruling at the balance date and income and expense items are translated at the average exchange rate for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used.

The exchange differences arising on the translation are taken directly to a separate component of equity, being recognised in the foreign currency translation reserve.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

In addition, in relation to the partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in equity.

#### (i) Revenue recognition

Revenue is measured at fair value of the consideration received or receivable.

#### *Interest income*

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be reliably measured. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (j) Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (k) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

#### (l) Impairment of tangible and intangible assets other than goodwill

The Group assesses at each balance date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each balance date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

#### (m) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

#### (n) Trade and other receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. Trade receivables are generally due for settlement within periods ranging from 15 days to 30 days.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Group. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

#### (o) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of the disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of comprehensive income.

#### (p) Financial assets

##### *Classification*

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

##### *(i) Financial assets at fair value through profit or loss*

Financial assets are classified as financial assets at fair value through profit or loss where the financial asset:

- has been acquired principally for the purpose of selling in the near future;
- is a part of an identified portfolio of financial instruments that the consolidated entity manages together and has a recent actual pattern of short-term profit-taking; or
- is a derivative that is not designated and effective as a hedging instrument.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *(ii) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

#### *(iii) Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the consolidated entity's management has the positive intention and ability to hold to maturity. If the consolidated entity were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

#### *(iv) Available-for-sale financial assets*

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance date.

#### *Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis for debt instruments other than those financial assets 'at fair value through profit or loss'.

#### *Recognition and derecognition*

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the consolidated entity commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed to the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the statement of comprehensive income as gains and losses from investment securities.

#### *Subsequent measurement*

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

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

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *Fair value*

The fair values of quoted investments are based on last trade prices. If the market for a financial asset is not active (and for unlisted securities), the consolidated entity establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

#### *Impairment*

The consolidated entity assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments classified as available-for-sale are not reversed through the statement of comprehensive income.

#### **(q) Property, plant and equipment**

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Plant and equipment	3 - 5 years
---------------------	-------------

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

#### *Impairment*

The carrying values of plant and equipment are reviewed for impairment at each balance date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to approximate fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the statement of comprehensive income in the cost of sales line item.

#### *Derecognition and disposal*

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (r) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

#### (s) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

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

Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

#### (t) Share-based payment transactions

##### *Equity settled transactions*

The Group in a previous financial year provided benefits to employees of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

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

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of GB Energy Limited (market conditions) if applicable.

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

The cumulative expense recognised for equity-settled transactions at each balance date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share. Refer Note 6.

#### (u) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a new business are not included in the cost of acquisition as part of the purchase consideration.

#### (v) Loss per share

Basic loss per share is calculated as net loss attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted loss per share is calculated as net loss attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

#### (w) Exploration and evaluation

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- the rights to tenure of the area of interest are current; and
- at least one of the following conditions is also met:
  - the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
  - exploration and evaluation activities in the area of interest have not at the balance date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortised of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

#### (x) Parent entity financial information

The financial information for the parent entity, GB Energy Limited, disclosed in Note 19 has been prepared on the same basis as the consolidated financial statements, except as set out below.

#### *Investments in subsidiaries*

Investments in subsidiaries are accounted for at cost in the parent entity's financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (y) Employee Benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave, when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to reporting date.

#### (z) Key sources of estimation uncertainty

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. When assessing impairment of exploration and evaluation assets, the carrying amount of exploration and evaluation is compared to its recoverable amount. The estimated recoverable amount is used to determine the extent of the impairment loss (if any).

The carrying amount of exploration and evaluation assets at 30 June 2016 was \$506,156 (30 June 2015, \$461,241). This relates to exploration program costs relating to the five Exploration Licences (EL) in South Australia. Exploration costs applicable to EL5303 have been impaired as at 30 June 2015 (\$30,596) as this EL was relinquished. At 31 December 2015 impairment of exploration costs relating to EL5391 amounted to \$46,843. (Refer Note 11)

### NOTE 2: REVENUE AND EXPENSES

	Consolidated	
	2016	2015
	\$	\$
<i>Revenue</i>		
Interest income	4,371	3,661
Foreign exchange gains	-	7
	<u>4,371</u>	<u>3,668</u>
	Consolidated	
	2016	2015
	\$	\$
<i>Other expenses</i>		
Depreciation of non-current assets	2,417	4,471
Impairment of exploration asset	46,943	30,596

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### NOTE 3: DISCONTINUED OPERATION

In the 30 June 2015 Financial Statements, the company provided the following information regarding Crown Energy s.r.o.. On 23<sup>rd</sup> of May 2015 Crown Energy s.r.o. a controlled entity (held 100% by GB Energy Limited) was dissolved. There was nil consideration. There was no discontinued operation to report in the current financial year.

#### Financial performance and cash flow information

The financial performance and cash flow information presented are for the period to 23 May 2015.

	Consolidated	
	2016	2015
	\$	\$
<i>Financial performance from discontinued operation</i>		
Revenue	-	73
Expenses	-	(13,913)
Loss	-	(13,840)
Reclassification of items of Comprehensive Income	-	35,596
Gain/(Loss) for the year from discontinued operations	-	21,756

### NOTE 4: INCOME TAX

*Income tax recognised in profit or loss*

The major components of tax expense are:

	Consolidated	
	2016	2015
	\$	\$
Current tax expense/(income)	-	-
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	-	-
	-	-

The prima facie income tax benefit on pre-tax accounting loss from operations reconciles to the income tax benefit in the financial statements as follows:

	Consolidated	
	2016	2015
	\$	\$
Accounting loss before tax from continuing operations	(419,425)	(327,546)
Gain before tax from discontinued operations	-	21,756
Accounting loss before income tax	(419,425)	(305,790)
Income tax benefit calculated at 28.5% (2015:30%)	(119,536)	(91,737)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Difference in overseas tax rates	-	1,522
Effect of unused tax losses not recognised as deferred tax assets	119,536	90,215
Income tax benefit reported in the consolidated statement of comprehensive income	-	-
Income tax attributable to discontinued operations	-	-

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

The tax rate used in the above reconciliation is the corporate tax rate of 28.5% payable by Australian corporate entities on taxable profits under Australian tax law.

### *Unrecognised deferred tax assets*

Deferred tax assets have not been recognised in respect of the following items:

	Consolidated	
	2016	2015
	\$	\$
Tax losses – revenue	1,945,548	2,032,975
Tax losses – capital	417,436	250,383
Deductible temporary differences	(139,417)	(135,157)
	<u>2,223,567</u>	<u>2,148,201</u>

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits thereof.

### **NOTE 5: SEGMENT REPORTING**

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board of Directors in order to allocate resources to the segment and to assess its performance.

Information reported to the Group's Board of Directors for the purposes of resource allocation and assessment of performance is more specifically focused on the exploration and development of uranium resource projects. The Group's reportable segments under AASB 8 are therefore as follows:

- Exploration and evaluation – Slovakia (now discontinued)
- Exploration and evaluation – South Australia
- Other sector

Exploration and evaluation – Slovakia expenditure relates to two uranium exploration licences in Slovakia covering Permian volcano sedimentary sequences. The Group held a 100% effective interest in these licences through Crown Energy s.r.o, a wholly owned subsidiary of GBE Exploration Pty Ltd. The Company made the decision in April 2014 to cease exploration activities in Slovakia, due to the downgrading of the Slovak licence areas and the need to prioritise exploration expenditure. The Company has completed the process of surrendering the licences and winding up its Slovakian based subsidiary Crown Energy s.r.o.

Exploration and evaluation - South Australia refers to five Exploration licenses (EL's) held. The Group holds a 100% interest in these licences through GBE Exploration Pty Ltd, a wholly owned subsidiary of GB Energy Limited.

The other sector relates to head office operations, including cash management. Information regarding these segments is presented below. The accounting policies of the reportable segments are the same as the Group's accounting policies.

### *Segment information*

The following tables present revenue and profit information and certain asset and liability information regarding business segments for the years ended 30 June 2016 and 30 June 2015.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

30 June 2016	Continuing operations		Discontinued operation	Consolidated
	Exploration and Evaluation - S.Aust	Other	Other (Slovakia)	
	\$		\$	\$
<b>Revenue</b>				
Total segment revenue	3	4,368	-	4,371
<b>Segment results</b>				
Segment Result	(87,320)	(332,105)	-	(419,425)
<b>Segment assets</b>				
Segment assets	520,473	461,758	-	982,231
<b>Segment liabilities</b>				
Segment liabilities	-	26,509	-	26,509
<b>Cash flow information</b>				
Net cash flow from operating activities	(39,556)	(228,231)	-	(267,787)
Net cash flow from investing activities	(91,858)	-	-	(91,858)
Net cash flow from financing activities	-	-	-	-
30 June 2015	Continuing operations		Discontinued operation	Consolidated
	Exploration and Evaluation – S. Aust	Other	Slovakia	
	\$	\$	\$	\$
<b>Revenue</b>				
Total segment revenue	5	3,663	-	3,668
<b>Segment results</b>				
Segment results	(33,580)	(293,966)	21,756	(305,790)
<b>Segment assets</b>				
Segment assets	470,168	833,036	-	1,303,204
<b>Segment liabilities</b>				
Segment liabilities	-	35,980	-	35,980
<b>Cash flow information</b>				
Net cash flow from operating activities	(1,797)	(299,035)	(13,920)	(314,752)
Net cash flow from investing activities	(155,543)	1,200	-	(154,343)
Net cash flow from financing activities	-	1,169,309	-	1,169,309

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### Other segment information

#### Segment revenue reconciliation to the statement of comprehensive income

	Consolidated	
	2016	2015
	\$	\$
Total segment revenue	4,371	3,668
Total revenue	4,371	3,668

Revenue from external customers by geographical locations is detailed below. Revenue is attributed to geographical location based on the location of customers. The Company does not have external revenues from external customers that are attributable to any foreign country other than those shown.

	Consolidated	
	2016	2015
	\$	\$
Australia	4,371	3,668
Slovakia	-	-
Total revenue	4,371	3,668

#### NOTE 6: LOSS PER SHARE

	Consolidated	
	2016	2015
	Cents per share	Cents per share
<i>Basic loss per share</i>		
Continuing operations	(0.046)	(0.053)
Discontinued operations	-	0.004
Total basic loss per share	(0.046)	(0.049)

	Consolidated	
	2016	2015
	Cents per share	Cents per share
<i>Diluted loss per share</i>		
Continuing operations	(0.046)	(0.053)
Discontinued operations	-	0.004
Total diluted loss per share	(0.046)	(0.049)

#### *Basic loss per share*

The earnings and weighted average number of ordinary shares used in the calculation of basic loss per share is as follows:

	Consolidated	
	2016	2015
	\$	\$
Loss	(419,425)	(305,790)
Loss from continuing operations	(419,425)	(327,546)

	Consolidated	
	2016	2015
	Number	Number
Weighted average number of ordinary shares for the purpose of basic earnings per share	905,955,825	615,589,126

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### NOTE 7: CASH AND CASH EQUIVALENTS

	Consolidated	
	2016	2015
	\$	\$
Cash at bank and on hand	468,535	828,180

Cash at bank earns interest at floating rates based on daily bank deposit rates.

#### Reconciliation of loss for the year to net cash flows from operating activities

	Consolidated	
	2016	2015
	\$	\$
Loss for the year	(419,425)	(305,790)
Depreciation and amortisation	2,417	4,471
Foreign exchange (gain)/loss	-	(155)
Equity based payment	107,923	-
Impairment of exploration	46,943	30,596
Discontinued Operation loss (Crown Energy s.r.o.) (i)	-	(35,596)
(Increase)/decrease in assets:		
Trade and other receivables	3,219	5,577
Other current assets	607	5,682
Increase/(decrease) in liabilities:		
Trade and other payables	(9,471)	(19,536)
Net cash from operating activities	(267,787)	(314,751)

(i) This amount is the balance of the foreign exchange reserve from 30 June 2014.

### NOTE 8: TRADE AND OTHER RECEIVABLES

	Consolidated	
	2016	2015
	\$	\$
Other receivables	-	1,349
GST receivables	5,514	7,384
	5,514	8,733

### NOTE 9: OTHER FINANCIAL ASSETS

	Consolidated	
	2016	2015
	\$	\$
<i>Current</i>		
Prepayments	1,544	2,151



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### NOTE 10: PROPERTY, PLANT AND EQUIPMENT

	Consolidated Plant and equipment \$
<i>Gross carrying amount</i>	
Balance at 1 July 2014	87,743
Additions	-
Disposals	-
Balance at 1 July 2015	87,743
Additions	-
Disposals	-
Balance at 30 June 2016	<u>87,743</u>
<i>Accumulated depreciation and impairment</i>	
Balance at 1 July 2014	80,373
Depreciation expense	4,471
Disposals	-
Balance at 1 July 2015	84,844
Depreciation expense	2,417
Disposals	-
Balance at 30 June 2015	<u>87,261</u>
<i>Carrying value</i>	
30 June 2016	<u>482</u>
30 June 2015	<u>2,899</u>

The useful life of the assets was estimated as follows for both 2016 and 2015:  
Plant and equipment 3 years

### NOTE 11: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	2016	2015
	\$	\$
Costs carried forward in respect of:		
<i>Exploration and evaluation phase – at cost</i>		
Balance at beginning of year	461,241	337,494
Expenditure incurred	91,858	154,343
Impaired exploration expenditure (i)	(46,943)	(30,596)
Total exploration and evaluation expenditure	<u>506,156</u>	<u>461,241</u>

- (i) EL5303 was surrendered on 8 July 2015. Exploration costs (\$30,596) relating to this Exploration Licence had been impaired in the 2015 financial year. In the current financial year, exploration costs relating to EL5391 (up to 31 December 2015) were impaired as the Company intended to surrender this licence. Subsequently, management had a change in strategy and made the decision to renew EL5391 with a reduced land area.

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### NOTE 12: TRADE AND OTHER PAYABLES (CURRENT)

	Consolidated	
	2016	2015
	\$	\$
Trade payables (i)	6,001	4,345
Annual leave provision	-	3,530
Accruals	20,508	28,105
	<u>26,509</u>	<u>35,980</u>

(i) Trade payables are non-interest bearing and are normally settled on 30-day terms.

Information regarding the interest rate, foreign exchange and liquidity risk exposure is set out in Note 16.

### NOTE 13: ISSUED CAPITAL

	Consolidated	
	2015	2015
	\$	\$
905,955,825 Ordinary shares issued and fully paid (2015: 905,955,825)	<u>10,578,054</u>	<u>10,578,054</u>

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

#### *Movement in ordinary shares on issue*

	2016		2015	
	Number	\$	Number	\$
Balance at beginning of year	905,955,825	10,578,054	405,498,587	9,408,745
Rights Issue December 2013	-	-	-	-
Placement of Shares September 2014 <sup>(i)</sup>	-	-	250,000,000	475,000
Rights Issue and Placement June 2015 <sup>(i)</sup>	-	-	250,457,238	694,309
Balance at end of year	<u>905,955,825</u>	<u>10,578,054</u>	<u>905,955,825</u>	<u>10,578,054</u>

(i) Net of costs

#### *Share options*

The Company during the current financial year made an equity based payment to the Lead Consultant. Refer Note 15.

	2016		2015	
	Number	\$	Number	\$
Balance at beginning of year	-	-	-	-
Issue of options (13 May 2016)	75,000,000	107,923	-	-
Balance at end of year	<u>75,000,000</u>	<u>107,923</u>	-	-

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### NOTE 14: RESERVES AND ACCUMULATED LOSSES

#### Reserves

Movements in reserves were as follows:

	Consolidated				Total
	Option premium reserve	Share based payment reserve	Revaluation reserve	Foreign currency translation reserve	
2016	\$	\$	\$	\$	\$
Balance at beginning of year	245,660	58,000	-	-	303,660
Equity based payment (options)	-	107,923	-	-	107,923
Balance at end of year	245,660	165,923	-	-	411,583

	Consolidated				Total
	Option premium reserve	Share based payment reserve	Revaluation reserve	Foreign currency translation reserve	
2015	\$	\$	\$	\$	\$
Balance at beginning of year	245,660	58,000	-	35,596	339,256
Reclassification to profit or loss on dissolution of Crown Energy	-	-	-	(35,596)	(35,596)
Balance at end of year	245,660	58,000	-	-	303,660

#### Nature and purpose of reserves

##### Share based payment and option premium reserve

The share based payment reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration. The option premium reserve arises on the grant of share options for consideration.

##### Foreign currency translation reserve

Exchange differences relating to the translation from the functional currencies of the Group's foreign controlled entities into Australian dollars are brought to account by entries made directly to the foreign currency translation reserve.

#### Accumulated Losses

Movements in accumulated losses were as follows:

	Consolidated	
	2016	2015
	\$	\$
Balance at beginning of year	(9,614,490)	(9,308,700)
Net loss for the year	(419,425)	(305,790)
Balance at end of year	(10,033,915)	(9,614,490)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### NOTE 15: SHARE BASED PAYMENT PLANS

#### *Employee Share Options*

Options issued to Directors are not issued under an Employee Share Option Plan and are subject to approval by shareholders and attaching vesting conditions.

The following share-based payment arrangements were in place during the current period:

Series	Number	Grant date	Expiry date	Exercise price cents	Fair value at grant date Cents
<u>Consultant</u>					
1. Options issued 13 May 2016	37,500,000	13/5/16	13/5/19	\$0.006	\$0.0004
2 Options issued 13 May 2016 (escrowed until 13/5/17)	37,500,000	13/5/16	13/5/19	\$0.006	\$0.0004

The fair value of the unlisted options was determined using the Black Scholes Method. Total value of the options expense is \$109,923. Inputs used to determine the valuation were:

Number of Options: 75,000,000

Share Price: \$0.004

Exercise Price: \$0.006

Expected Volatility: 204%

Expiry date (years): 3

Expected dividend yield: nil

Risk free rate: 2.5%

The following table illustrates the number and weighted average exercise prices of, and movements in, share options on issue during the 2015 and 2016 years.

	2016		2015	
	Number	Weighted average exercise price \$	Number	Weighted average exercise price \$
Outstanding at the beginning of year	-	-	1,000,000	0.200
Granted during the year	75,000,000	\$0.006	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	(1,000,000)	-
Outstanding at the end of year	75,000,000	\$0.006	-	-
Exercisable at the end of year	37,500,000	\$0.006	-	-

No share options were exercised during the year.

### NOTE 16: FINANCIAL INSTRUMENTS

#### *Capital risk management*

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group's overall strategy remains unchanged from 2015.

The capital structure of the Group consists of cash and cash equivalents (no debt) and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

None of the Group's entities are subject to externally imposed capital requirements.

Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax, and general administrative outgoings.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### Categories of financial instruments

	Consolidated	
	2016 \$	2015 \$
<u>Financial assets</u>		
Cash and cash equivalents	468,535	828,180
Receivables	5,514	8,733
Other financial assets – prepayments	1,544	2,151
<u>Financial liabilities</u>		
Trade and other payables	26,509	35,980

### Financial risk management objectives

The Group is exposed to market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

### Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, commodity prices and exchange rates.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk from the previous period

### Foreign currency risk management

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the balance date however were Nil. Dissolution of the foreign subsidiary Crown Energy occurred on 23 May 2015 and therefore the Group has no material foreign exchange risk at 30 June 2016.

### Interest rate risk management

The Group's exposures to interest rates on financial assets and financial liabilities are confined to variable interest rates on its cash holdings of \$468,535 at balance date.

### Interest rate risk sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the balance date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the change in interest rates.

At balance date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's:

- net loss would decrease by \$2,343 (2015:\$4,141) and equity would increase by \$2,343

### Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses publicly available financial information and its own trading record to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

The Group does not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

### Fair Values

The carrying amount of the Group's financial assets and liabilities approximates their carrying amounts at balance date.

### NOTE 17: COMMITMENTS AND CONTINGENCIES

#### a) *South Australia uranium exploration program*

As at 30 June 2016 GBE Exploration (100% subsidiary of GB Energy) held five Exploration licences ("EL") in South Australia (EL 5303 surrendered 8 July 2015), as follows;

Licence	Grand Total Remaining Commitment
EL 5231	\$125,006
EL 5255	\$278,343
EL 5302	\$76,291
EL 5391	\$127,279
EL 5778	\$122,393

(i) Includes impaired expenditure of \$46,943

#### b) *Operating lease commitments*

GB Energy Limited has not entered into a contracted head office lease arrangement for the 2015/2016 financial year. The current lease arrangements are on a month to month basis at \$1,683 per month plus outgoings.

### NOTE 18: RELATED PARTY DISCLOSURE

The consolidated financial statements include the financial statements of GB Energy Limited and the subsidiaries listed in the following table.

	Country of incorporation	% Ownership interest	
		2016 \$	2015 \$
Parent Entity			
GB Energy Limited	Australia		
Subsidiaries			
GBE Exploration Pty Ltd (held 100% by GB Energy Ltd)	Australia	100%	100%
Namib Pty Ltd <sup>(i)</sup> (held 100% by GB Energy Ltd)	Australia	100%	-
Crown Energy s.r.o. (held 100% by GBE Exploration Pty Ltd)	Slovakia	Dissolved	Dissolved

GB Energy Limited is the ultimate Australian parent entity and ultimate parent of the Group.

(i) Namib Pty Ltd was incorporated in the current financial year for the Company's activities in Namibia. No transactions or activities have occurred during the current financial year.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### *Transactions with Key Management Personnel*

Other than as indicated in Note 22, there were no other transactions with key management personnel during the year.

### *Loans to Key Management Personnel*

There were no loans to Key Management Personnel.

### *Other transactions and balances with Key Management Personnel*

Nil.

## NOTE 19: PARENT ENTITY DISCLOSURES

### *Financial position*

	2016 \$	2015 \$
<u>Assets</u>		
Current assets	461,276	831,336
Non-current assets	1,607	2,824
Total assets	<u>462,883</u>	<u>834,160</u>
<u>Liabilities</u>		
Current liabilities	26,637	36,108
Non-current liabilities	-	-
Total liabilities	<u>26,637</u>	<u>36,108</u>
<u>Equity</u>		
Issued capital	10,578,055	10,578,055
Reserves		
• Option premium reserve	245,660	245,660
• Equity settled employee benefits	165,923	58,000
Accumulated losses	(10,553,392)	(10,083,662)
Total equity	<u>436,246</u>	<u>798,053</u>

### *Financial performance*

	2016 \$	2015 \$
Loss for the year	(469,730)	(443,605)
Other comprehensive loss	-	-
Total comprehensive loss	<u>(469,730)</u>	<u>(443,605)</u>

### *Guarantees entered into by the parent entity in relation to the debts of its subsidiaries*

GB Energy Limited has not entered into any deed of cross guarantee with its wholly-owned subsidiaries during the year ended 30 June 2016 (2015: Nil).

## NOTE 20: EVENTS AFTER THE REPORTING PERIOD

On 19 September 2016, the Company announced after completion of due diligence, that it will not be exercising the Option to farm-in the Bitterwasser Lithium Clay Project (details provided in the ASX announcement 19<sup>th</sup> May 2016).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### NOTE 21: AUDITOR'S REMUNERATION

The auditor of GB Energy Limited is HLB Mann Judd.

	Consolidated	
	2016	2015
	\$	\$
<i>Auditor of the parent entity</i>		
Audit or review of the financial statements	29,500	29,500
	<u>29,500</u>	<u>29,500</u>

### NOTE 22: DIRECTORS AND EXECUTIVES DISCLOSURES

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report. Total remuneration paid to key management personnel is as follows:

	2016	2015
	\$	\$
<i>Remuneration type</i>		
Short- term employee benefits	150,158	239,546
Post-employment benefits	8,408	16,000
Total	<u>158,566</u>	<u>255,546</u>



## DIRECTORS' DECLARATION

1. In the opinion of the directors of GB Energy Limited (the 'Company'):
  - a. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:
    - i. giving a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the year then ended; and
    - ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.
  - b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
  - c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2016.

This declaration is signed in accordance with a resolution of the Board of Directors.

Graeme Kirke  
Chairman



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Dated this 22nd day of September 2016

## INDEPENDENT AUDITOR'S REPORT

To the members of GB Energy Limited

### Report on the Financial Report

We have audited the accompanying financial report of GB Energy Limited ("the company"), which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

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

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In Note 1(c), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, the consolidated financial statements comply with International Financial Reporting Standards.

#### *Auditor's responsibility*

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

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

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

#### *Independence*

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

***Auditor's opinion***

In our opinion:

- (a) the financial report of GB Energy Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Group's financial position as at 30 June 2016 and its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(c).

***Emphasis of matter***

Without qualifying our opinion, we draw attention to Note 1(f) in the financial report which indicates that the ability of the Group to continue as a going concern is principally dependent upon raising sufficient additional capital to fund exploration expenditure, other principal activities and working capital. Should the Group be unable to raise sufficient additional capital, there is a material uncertainty that may cast significant doubt on whether the Group will be able to continue as a going concern and, therefore, whether it will be able to realise its assets and extinguish its liabilities in the normal course of business.

**Report on the Remuneration Report**

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

***Auditor's opinion***

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

*HLB Mann Judd*

**HLB Mann Judd  
Chartered Accountants**

A handwritten signature in blue ink, appearing to read 'M R W Ohm'.

**M R W Ohm  
Partner**

**Perth, Western Australia  
22 September 2016**

## **CORPORATE GOVERNANCE STATEMENT**

The Company's Corporate Governance disclosure is available on the Company's website at:

[www.gbenergy.com.au/corporategovernance](http://www.gbenergy.com.au/corporategovernance)

## ADDITIONAL SECURITIES EXCHANGE INFORMATION

### ASX additional information as at 21 September 2016

#### Number of holders of equity securities

##### Ordinary share capital

905,955,825 fully paid ordinary shares are held by 655 individual shareholders.

All issued ordinary shares carry one vote per share.

##### Options

Nil

#### Distribution of holders of equity securities

	<b>Fully paid ordinary shares</b>	
1 – 1,000	22	2,195
1,001 – 5,000	12	35,475
5,001 – 10,000	48	462,222
10,001 – 100,000	175	9,316,438
100,001 and over	398	896,139,495
	<u>655</u>	<u>905,955,825</u>
Holding less than a marketable parcel	<u>296</u>	

#### Substantial shareholders

<b>Ordinary shareholders</b>	<b>Fully paid ordinary shares Number</b>
Mr Graeme Kirke and associated entities	132,813,510
Gleneagle Securities Nominees	122,905,985
Mrs Melanie Therese Verheggen	60,000,000

Twenty largest holders of quoted equity securities

Ordinary shareholders	Fully paid ordinary shares	
	Number	Percentage
Graeme Kirke and associated entities	132,813,510	14.66
Gleneagle Securities Nominees Pty Ltd	122,905,985	13.57
Mrs Melanie Therese Verheggen	60,000,000	6.62
Oakhurst Enterprises Pty Ltd	31,250,000	3.45
EERC Australasia group	24,748,202	2.73
Alberta Resources Pty Ltd <British Columbia S/F A/C	23,996,640	2.65
Freshwater Resources Pty Ltd <The Ashton Superfund A/C>	19,062,500	2.10
Mr Roderick McIlree and associated entities	12,775,000	1.41
Longfarn Pty Ltd	12,500,000	1.38
Mr Miles Ashton and associated entities	12,093,750	1.33
Mr Tim Rith	12,000,000	1.32
Mr Stuart Rechner	11,718,750	1.29
Nyman Investments Pty Ltd <Nyman Super Fund A/C>	11,405,564	1.26
Mr Michael David Cotterill	11,250,000	1.24
Ian Sandover & Associates Pty Ltd < Sandover Super A/C>	10,000,000	1.1
Mr Michael Petrus Hendriks + Mrs Sally Jane Hendriks <Calgary Super A/C>	10,000,000	1.1
Mr Ran Wang	7,000,000	0.77
Westedge Investments Pty Ltd <The PMB Fund A/C>	6,750,000	0.75
Mr Samuel Kah Teck Ng	6,635,544	0.73
Mr Christopher Jun-An Ong	6,000,000	0.66
	<b>544,905,445</b>	<b>60.14</b>

#### Company Secretary

Mrs Anna MacKintosh

#### On-market buy-back

Currently there is no on-market buy-back of the Company's securities

#### Registered and principal office

Suite 2, Ground Floor, 26 Eastbrook Terrace  
EAST PERTH WA 6004

#### Share registry

Advanced Share Registry Services  
150 Stirling Highway  
NEDLANDS WA 6009

**TENEMENT SCHEDULE**

As at 21 September 2016

<b>TENEMENT</b>	<b>LOCATION</b>	<b>INTEREST</b>
EL 5231	South Australia	100%
EL 5255	South Australia	100%
EL 5302	South Australia	100%
EL 5391	South Australia	100%
EL 5778	South Australia	100%