

Globe Metals & Mining Limited

(ABN 33 114 400 609)

And Controlled Entities

Annual Financial Report

*For the year ended
30 June 2012*

CONTENTS

CORPORATE DIRECTORY	1
CHAIRMAN'S LETTER	2
REVIEW OF OPERATIONS	3
CORPORATE SOCIAL RESPONSIBILITY	24
DIRECTORS' REPORT	26
AUDITOR'S INDEPENDENCE DECLARATION	40
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	41
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	42
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	43
CONSOLIDATED STATEMENT OF CASH FLOWS	44
NOTES TO THE FINANCIAL STATEMENTS	45
DIRECTORS' DECLARATION	82
ADDITIONAL SHAREHOLDER INFORMATION	85
CORPORATE GOVERNANCE	87
SCHEDULE OF MINERAL TENEMENTS	94

CORPORATE DIRECTORY

NON-EXECUTIVE CHAIRMAN

Yi Shao

CHIEF EXECUTIVE OFFICER (ACTING)

Fergus Jockel

EXECUTIVE DIRECTOR & DEPUTY CEO

Shasha Lu

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CHAIRMAN'S LETTER

On behalf of the Board of Globe, it is my pleasure to present to you the Annual Report 2012.

Without doubt, we have achieved significant progress with our African projects especially with the commencement of the Definitive Feasibility Study ("DFS") at the multi-commodity Kanyika Niobium Project in Malawi, Africa, which is anticipated to commence production in late 2014, early 2015. The first draft of DFS is scheduled to be completed by Q4 2012.

During the year, while firmly keeping the Kanyika DFS on track, Globe successfully earned a 70% interest in the Mount Muambe Project in Mozambique through the delivery of a high-grade maiden inferred fluorite resource under the joint venture agreement with Bala Usokoti Lda. Further drilling activities identified new zones of thick, high-grade fluorite associated with reported rare earth element discovered during the first quarter of 2012.

The Company's exploration programme has continued to progress well with excellent results from rock-chip sampling showing high grade mineralisation with samples returning near-pure magnetite samples with Fe values averaging 66.8% in the Memba Titanium – Iron Project. Globe has exercised its option to proceed with the joint venture to acquire up to 90% interest in five additional licenses around the high-grade Memba Titanium – Iron project in Mozambique. Globe has also entered into an agreement to acquire the Chiziro Project, an advanced graphite project in Malawi.

While making significant progress in acquiring and exploring high potential projects, Globe continually considers its ongoing strategy to be clearer and more practical, which, I believe, will bring more competitive advantages to the company and benefits for our shareholders.

I am also pleased to re-iterate Globe's commitment to fostering mutually beneficial relations with the local community by developing the Etandweni Health Post nearby its Kanyika Niobium Project in Malawi. The Etandweni Health Post is a derelict facility providing childhood immunisations, provision of nutritional and general health advice and family planning services. Globe's involvement in this project is designed to build community support in the area surrounding the Kanyika Niobium Project as it moves towards completion of its draft DFS in late 2012. Globe is committed to further advance the provision of health services from Etandweni and will continue to have a meaningful engagement with the communities in which we work in the year ahead.

To improve and strengthen Company's senior management and internal control, Globe had some changes on both management level and Board level this year. During this progress, our Board capacity was significantly strengthened by the appointment of Mr Tian Jingbin and Mr Peter Stephens as Non-Executive Directors following the strategic partnership with ECE in April 2011. Ms Shasha Lu was appointed as Deputy CEO in January 2012 to further strengthen the management team.

Since the close of the financial period, we have recently appointed Mr Fergus Jockel as Acting CEO. Mr Jockel will also continue his role as the Company's exploration manager. In addition, we welcome Ms Kerry Angel as Chief Financial Officer and Company Secretary. Ms Angel brings over 18 years of experience working in senior finance roles with ASX listed companies and will commence on her role in October 2012.

Globe continues apace on the road to production and I thank our shareholders, partners, staff and all stakeholders for their ongoing support and I look forward to another year of significant milestones being achieved for the Company.

Yours sincerely,



Yi Shao

Non Executive Chairman - Globe Metals and Mining Limited

REVIEW OF OPERATIONS

Summary

2012 saw Globe advance its core exploration projects leading to significant new discoveries of rare earths at Mount Muambe and Salambidwe. On the acquisition front, Globe, picked up the Memba Titanium – Iron Project in Mozambique and recently the Chiziro Graphite Project in Malawi. With the completion of a major infill drilling program at Kanyika aiming to deliver a 20 year mine life reserve and the draft DFS on track for completion in Q4, 2012, Globe's future has never been brighter.

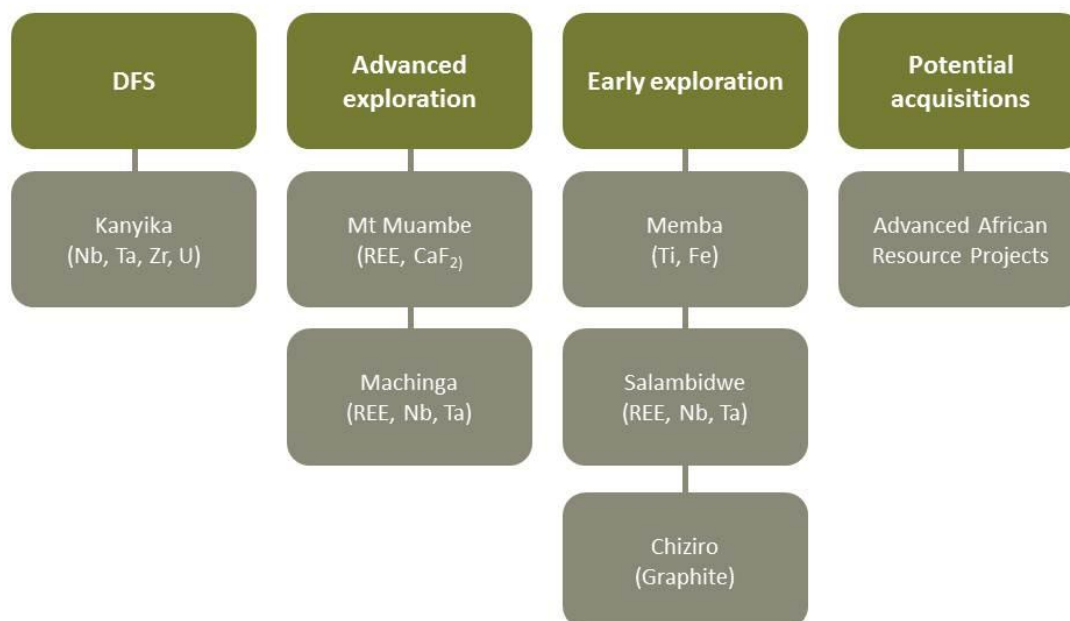


Fig 1: Project pipeline (as at 30 June 2012).

Building on the exciting results from the 2011 exploration program, Globe's methodical targeting of new discoveries at each of its core operations led to significant success across its well-balanced portfolio of projects in Malawi and Mozambique. Significant achievements for the past year include:

- More than 27,500m of development and exploration drilling completed in 2012
- Earned a 70% interest in the Mount Muambe Project with the announcement of a high-grade maiden Inferred Mineral Resource estimate of 1.6Mt @ 19% fluorite containing 310K tonnes of fluorite
- Reported exceptional widths of REE and fluorite mineralisation at the Mount Muambe Project including
 - 96m @ 2.2% TREO inc. 18m @ 4.1% TREO (from 32m; Zone AA)
 - 76m @ 2.2% TREO inc. 24m @ 3.2% TREO (from 36m; Zone BB)
 - 46m @ 18.3% CaF₂ inc. 12m @ 21.8% CaF₂ (from 64m; Zone BB)
 - 110m @ 14.3% CaF₂ (from 34m; Zone BB)
- Appointment of Mr. Fergus Jockel as Globe's Exploration Manager and Acting CEO

- Globe exercised its option to earn up to a 90% interest in five additional licences through staged expenditure on exploration at Memba in Nampula Province, Mozambique.
- Amended the joint venture arrangement with Resource Star Limited (ASX: RSL) to obtain 100% interest in the Machinga licence in exchange for the Livingstonia licence.
 - Completion and submission of the Environmental Impact Assessment (EIA) for all areas of the Project.
 - Completion of the processing flow sheet development with variability testing and proof of concept underway.
 - Advancement of project financing with a Letter of Intent from China Development Bank in place.
 - Entered into an agreement to acquire the Chiziro Project, an advanced graphite project in Malawi.



Fig 2: Project location map.

Technical team

Mr. Fergus Jockel was appointed as the new Exploration Manager for the Company in June 2012. Fergus has had a successful career in mineral exploration for a wide range of commodities. Familiar with all aspects and stages of mineral exploration and resource evaluation, he has worked all over the world for a selection of multi-national companies and Australian Juniors. His work has also been instrumental in the discovery and development of several mineral deposits in Western Australia and elsewhere.

Mr. Neville Huxham has joined the Lilongwe team as government relations manager. Neville's main role will be to facilitate the progress of the EIA, Development Application and general company relations.

Mr. Clifford Fitzhenry and Mr. Jeremy Rusere have joined Globe's Mozambican technical group as Project Geologists. Their main role will be the coordination of all technical activities at the Memba and Mount Muambe Projects respectively.

Corporate

In August 2012 Mr. Mark Sumich stepped down from his role as Managing Director and Chief Executive Officer (CEO) of the Company. Dr. Julian Stephens a long standing Non-Executive Director and previous Exploration Manager resigned in June 2012.

Mr. Fergus Jockel who joined the Company as Exploration Manager was appointed as Acting CEO in August 2012

Ms Kerry Angel is to join the Company in the role of Chief Financial Officer (CFO) and Company Secretary. Ms. Angel brings over 18 years' experience working in senior finance roles with ASX listed and unlisted mining, mining services and energy companies. Ms Angel will commence in October 2012.

Kanyika Niobium Project

On track for production in 2014/15, the Kanyika Niobium Project in Malawi is Globe's most advanced project. With the draft DFS on track for completion in Q4, 2012, the project represents an attractive production profile and medium-term cash flow generation, with the potential for a 20-year mine life.

Snapshot

- The 2012 Kanyika drilling program covering resource, geotechnical and metallurgical drilling was completed in August 2012. A total of 110 RC and diamond holes for 13,280m were drilled with 70 holes designed to deliver 50Mt in measured and indicated categories as per the 2004 JORC Code. The new resource estimate is due for completion in Q4, 2012.
- The main Environmental Impact Assessment (EIA) for the Kanyika Niobium Project was submitted for public review in May 2012.
- The Project Development Agreement negotiations commenced in July with the Government of Malawi.
- Flowsheet development complete; Variability testing and marketing samples underway.
- Draft Definitive Feasibility Study (DFS) due for completion in Q4 of 2012
- Production on track for commencement in 2014/15 - initial production levels expected to be 3,000 tonnes and up to 200 tonnes per annum respectively of high-specification Nb and Ta. Further review of other products is on-going.

Deposit Geology

Kanyika lies within the Malawi Province of the Mozambique Orogenic Belt. It is almost entirely underlain by Precambrian and Lower Palaeozoic Basement Complex, predominantly gneissic metamorphic rocks.

Most of the rocks in the region are paragneisses originating from variable protoliths including pelites, sandstones and limestones. Several granitoid bodies of variable size have intruded the gneissic basement. A few small concordant bodies of alkaline syenitic rocks carrying nepheline are also present, including the strike-extensive body which hosts the Kanyika Nb-Ta-U-Zr deposit.

Due to good surface exposure and abundant drill data, local geology at Kanyika is well known. The deposit is hosted within a NNE striking, westerly dipping alkalic granitoid which has broadly concordant contacts with the enclosing biotite gneiss. The host unit crops out over 3.5km strike length, and averages 200m wide at surface in the south and 50m in the north.

Mineralisation

Niobium, tantalum and uranium mineralization at Kanyika occurs as the mineral pyrochlore, shown by SEM (Scanning Electron Microscope) to be $(U,Ca,Ce)_2(Nb,Ta)_2O_6(OH,F)$.

Pyrochlore mineralisation occurs only within the alkalic granitoid, in disseminated form as well as in clustered aggregates forming centimetre wide bands.

Within the resource area, four broad mineralised zones are associated with 2 separate sheets of the alkalic granitoid that contain disseminated, pale yellow pyrochlore grains. Each of the four broad mineralised zones appear to correlate broadly to footwall and hanging wall zones of the two granitoid sheets. Higher-grade shoots appear to occur generally at slightly more shallowly dipping orientations and thus have a broadly en-echelon distribution. The high grade shoots are associated with pyrochlore and zircon-rich, pegmatitic segregations and a subordinate number of discrete pegmatite veins. These high-grade pegmatite zones contain orange, honey-brown and cherry-red pyrochlore grains often entrained along the foliation.

Resource

With the recent completion of the Kanyika infill drilling program, work on the revised Mineral Resource Estimate is likely to start in October 2012.

Released in June 2010, the Kanyika Niobium Project has a strong JORC compliant resource – total 60 Mt @ 2,900ppm Nb_2O_5 (1,500ppm Nb_2O_5 cut-off) containing a high grade component of 21 Mt @ 4,100ppm Nb_2O_5 (3,000ppm Nb_2O_5 cut-off).

Table 1: Mineral Resource Estimates for Kanyika (1,500ppm Nb₂O₅ lower cut).

Category	Million Tonnes	Nb ₂ O ₅ ppm	Ta ₂ O ₅ ppm	U ₃ O ₈ ppm	ZrSiO ₄ ppm
Measured	5	3,900	180	110	5,300
Indicated	18	3,100	140	80	4,800
Inferred	37	2,700	130	80	5,100
Total	60	2,900	140	90	5,000

Table 2: Mineral Resource Estimates for Kanyika (3,000 ppm Nb₂O₅ lower cut).

Category	Million Tonnes	Nb ₂ O ₅ ppm	Ta ₂ O ₅ ppm	U ₃ O ₈ ppm	ZrSiO ₄ ppm
Measured	3	5,400	250	160	6,600
Indicated	7	4,400	200	110	5,900
Inferred	11	3,600	160	90	5,600
Total	21	4,100	180	110	5,800

Current Activities

Submission of the Environmental Impact Assessment (EIA)

In May 2012, Globe submitted the Kanyika Niobium Project's main Environmental Impact Assessment (EIA) for public review. A number of meetings were held with key stakeholders in Malawi and the EIA was well received by all participants. Follow-up meetings held with Malawian Environmental Affairs Department (EAD) were very positive, and approval is anticipated in November 2012.

The EIA public review period extended to 9 July before incorporation of public comments and submission to the EAD at the end of July. An EIA covering the access road to the site was submitted in February and the EAD have recommended the project for approval. The road will be part of the Project early works program carried out in 2013.

As part of the overall EIA, a Resettlement Policy Framework (RPF) has been prepared to assist in planning resettlement activities with preparation of the Kanyika Niobium Project (KNP) Relocation Action Plan (RAP) well underway.

Community and stakeholder relations

Globe's strong commitment to corporate social responsibility (CSR) led to the refurbishment in late 2011 of the Etandweni Health Post which provides childhood immunisations, provision of nutritional and general health advice and family planning services.

Through a Direct Aid Program (DAP) grant of AUS\$29,000 from the Australian Department of Foreign Affairs and Trade (DFAT), the Company was able to install solar electricity and a vaccine fridge at the Health Post. Globe's Management have committed to the following additional near-term investments to bring the Etandweni Health Post to an enhanced operational level:

- Provision of a solar powered vaccine storage fridge using additional DAP funds
- Provision of water through drilling of a bore and installation of a hand pump
- Purchase of basic set up equipment, furniture and medical provisions
- Completion of the Health Surveillance Assistant's accommodation adjacent to the Health Post

Infrastructure and project site works

- Flowsheet development complete; variability testing and marketing samples underway
- Advancement of the process plant design and completion of the infrastructure, tailings storage facility (TSF) and waste management design

- Tenders issued for early works program including access road, project fencing and accommodation villages

Development Agreement and project funding

Globe has commenced negotiations with the Government of Malawi towards finalising the Project Development Agreement. In July 2012, the Company received a Letter of Intent (LOI) from the China Development Bank (CDB), one of China's largest government-owned banks, to provide a credit facility to Globe to finance its Kanyika Niobium Project in central Malawi.

Globe is pleased to receive this LOI, as it marks an important step towards eventually bringing Kanyika into production. The LOI is non-binding, and subject to a number of conditions including technical and financial due diligence, concluding terms for the provision of finance, relevant approvals from the Governments of Malawi and China and approval from the CDB credit committee.

CDB stated, "We are delighted to be involved in this Project, and look forward to working with Globe to put final and binding financing arrangements in place, once the Definitive Feasibility Study for the Project is completed."

Infill drilling program

The 2012 Kanyika Drilling program included three different components:

- Resource Infill Drilling
- Geotechnical Drilling
- Metallurgical Drilling

The entire Drilling Program extended from early April till late August. It included 67 Reverse Circulation (RC) holes and 43 Diamond holes for a total of 15,037.57m drilled (Figure 3).

The results from the 2012 drilling to date have confirmed Globe's previous orebody modelling. The Company now fully anticipates the resource will be upgraded, and mine planning can proceed with much greater certainty.

Best results to date include

- 25m @ 4,289ppm Nb₂O₅ 99ppm Ta₂O₅ 122 U₃O₈ 1,012 ZrSiO₄ (from 136m; Milenje Zone)
- 41m @ 4,792ppm Nb₂O₅ 221ppm Ta₂O₅ 116 U₃O₈ 5,492 ZrSiO₄ (from 95m; Milenje Zone)
- 17m @ 19,632ppm Nb₂O₅ 534ppm Ta₂O₅ 619 U₃O₈ 2,148 ZrSiO₄ (from 57m; Uzambazi Zone)
- 12m @ 5,173ppm Nb₂O₅ 216ppm Ta₂O₅ 131 U₃O₈ 4,645 ZrSiO₄ (from surface; Pangano Zone)

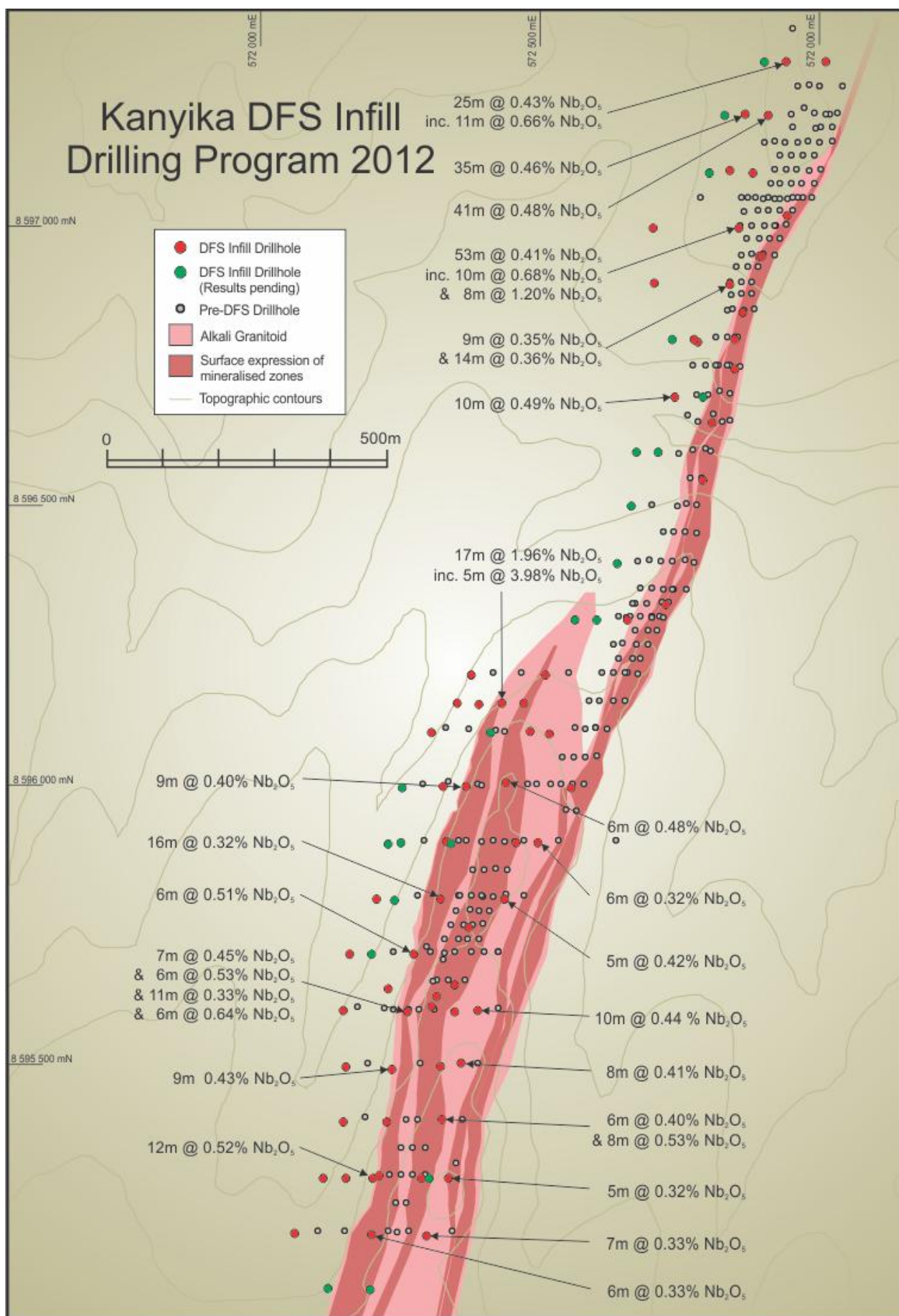


Fig 3: Kanyika Infill Program drillhole location map.

Mount Muambe Fluorite – REE Project

Located in the Tete Province of Mozambique Mount Muambe is a rare earth and fluorite asset located in Mozambique. Uniquely positioned in a carbonatite crater, new zones of rare earth mineralisation discovered in 2011 indicate the potential for large tonnages at the Project.

A joint venture, Globe can earn up to 90% through staged exploration and currently holds 70%. The 2012 exploration focus is on rare earth elements (REEs), with a view to reporting a REE resource in early 2013 and commencing a scoping study the same year.

Less than 50km from the epicentre of Tete and within 30km of major rail and power developments, Mount Muambe is well positioned to benefit from the Mozambique mining boom.

Snapshot

- Over 12,000m of RC drilling completed in FY12
- High-grade maiden Inferred Mineral Resource estimate of 1.6 Mt @ 19% CaF₂ containing 310 K tonnes of CaF₂
- Potential for REE mineralisation within the fluorite resource area to form valuable by-product
- Extensive intercepts of >2% TREO mineralisation including significant intercepts of >3% and 4% TREO mineralisation (+4% TREO intersections in two zones – AA and DD)
- All zones are still open in most directions laterally
- Potential for large tonnage of REE and Fluorite mineralisation clearly demonstrated
- RC and diamond drilling to continue for the remainder of 2012

Geology

Mount Muambe is a circular, carbonatite body approximately 4km in diameter that was emplaced into Karoo sedimentary rocks and basalts. Carbonatites are rare, carbonate-rich igneous rocks with only ~300 known occurrences world-wide. Carbonatites are often associated with rifting or other extensional stress regimes. For this reason, south-east African countries situated near the East African Rift are particularly well endowed with carbonatites. They most commonly occur as extrusions such as volcanoes, often forming typical ring or crater structures.

These unique rocks can be enriched with a host of different economic commodities ranging from copper to iron, titanium, niobium, thorium, uranium, rare earth elements, barium, fluorine, phosphorous and other rare or incompatible elements. One carbonatite commodity type is fluorite. The Mount Muambe intrusion itself has built a prominent ring-like structure where it has uplifted the resistant Karoo rocks, which now form steep hills. Inside the ring structure, within the carbonatite itself, the topography flattens considerably.

There are two main types of carbonatite present at Mount Muambe, in addition to altered country rocks called fenite:

- A fine grained, massive banded calcium carbonatite which forms the bulk of the complex
- An agglomeritic carbonatite is found mainly in the southern parts of the crater and contains clasts of fine and coarse grained carbonatite, quartzite, basalt and fenite

Fenite occurs at the margins of the intrusion where former country rock has been completely altered by fluids associated with the carbonatite. The fenite consists nearly entirely of alkali feldspar. The majority of fluorite mineralization occurs within fenite.

Mineralisation

Drilling has confirmed that both the fenite and carbonatite are capable of hosting high-grade REE and fluorite mineralisation. The fenite mineralisation is clearly high grade hydrothermal mineralisation with the fenite acting as a sponge on the contact with the intruding carbonatite lending itself to extensive and pervasive fluorite mineralisation.

Fluorite mineralisation is also found in the carbonatites. Globe has differentiated two distinct styles of carbonatite hosted fluorite mineralisation, disseminated and vein type with the latter hosting very high grade CaF₂.

REE mineralisation tends to be contained wholly within altered carbonatite with fresh carbonatite only being encountered at great depths. Globe believes the mineralisation at zones AA and BB are related to pervasive hydrothermal alteration or

supergene enrichment processes. The consistent REE grades through large intersections and the presence of fluorite veins could be more indicative of a hydrothermal process.

FY12 exploration highlights

- Extensive intercepts of >2% TREO mineralisation including significant intercepts of >3% and 4% TREO mineralisation (+4% TREO intersections in two zones - AA and DD)
- Results include:
 - 96m @ 2.2% TREO inc. 18m @ 4.1% TREO (from 32m; Zone AA)
 - 76m @ 2.2% TREO inc. 24m @ 3.2% TREO (from 36m; Zone BB)
 - 46m @ 18.3% CaF₂ inc. 12m @ 21.8% CaF₂ (from 64m; Zone BB)
 - 110m @ 14.3% CaF₂ (from 34m; Zone BB)
- All zones are still open in most directions laterally
- Results from Zone AA indicate medium tenor radiometric anomalies also have significant potential for REE mineralisation
- Recent radiometric surveying substantially increases the high tenor Zone BB anomaly
- Potential for large tonnage of REE and fluorite mineralisation clearly demonstrated
- RC and diamond drilling to continue for the remainder of 2012

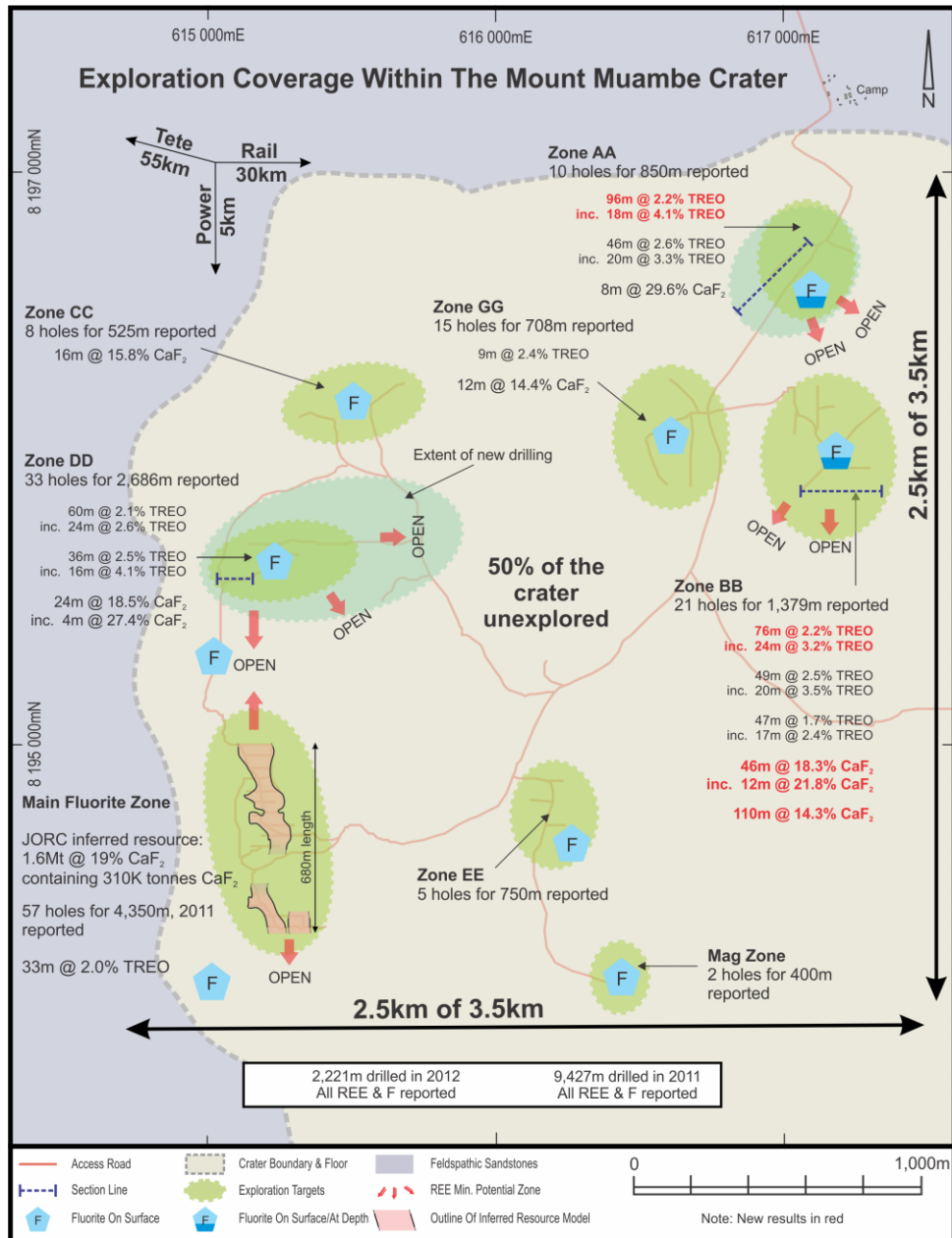


Fig 4: Exploration coverage within the Mount Muambe crater.

FY12 drilling program

In March 2012, Globe completed 2,221m of RC drilling at the Mount Muambe REE – Fluorite Project. The drilling targeted the REE and fluorite discoveries at Zones AA, BB and DD (Figure 4), with the main objective being to confirm and extend previously identified mineralisation.

Zone AA

A total of 2 holes for 300m were drilled in Zone AA, located in the NE quadrant of the crater (Figure 5). Holes were drilled to extend previously identified mineralisation to depth and check for extensions to the southwest. Drilling results support the current geological model with anomalous to mineralised fenite (strongly feldspar-altered sandstone) overlying mineralised, altered carbonatite (carbonate rich) rocks.

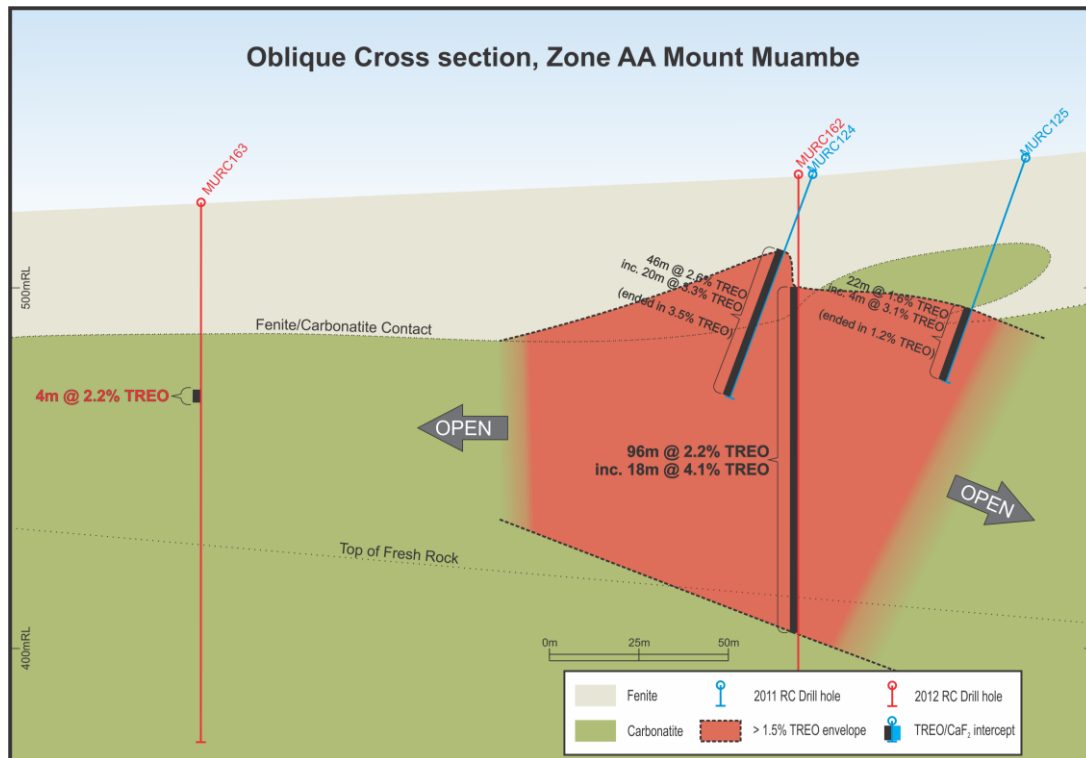


Fig 5: Cross section Zone AA Mount Muambe.

The highest grade mineralisation is confined to the altered fenite and carbonatite, and although it appears to thin out to the south the Zone is open laterally and to the north. The thickest REE mineralisation intersected to date at Mount Muambe was revealed with the best result for Zone AA listed below (refer to Table 1 and 2 for complete results):

MURC162: 96m @ 2.2% TREO inc. 18m @ 4.1% TREO (from 32m)

Zone BB

A total of 2 holes for 337m were drilled in Zone BB, also located in the NE quadrant of the crater. Holes were drilled to infill previous work and extend mineralisation to depth. As with Zone AA, drilling was extended to intersect the fresh carbonatite. The latest drilling confirmed the previous mineralisation and defined a broad, altered carbonatite-hosted REE and fluorite zone over 100m thick in places and open in most directions laterally (Figure 6).

Radiometric surveys completed on the east side of the crater reveal considerable potential to extend the mineralisation at Zone BB anomaly (Figure 8). Rock chip and soil sampling of these areas is currently underway.

Best results for Zone BB are listed below:

MURC165: 76m @ 2.2% TREO inc. 24m @ 3.2% TREO (from 36m)

MURC165: 110m @ 14.3% CaF₂ (from 34m)

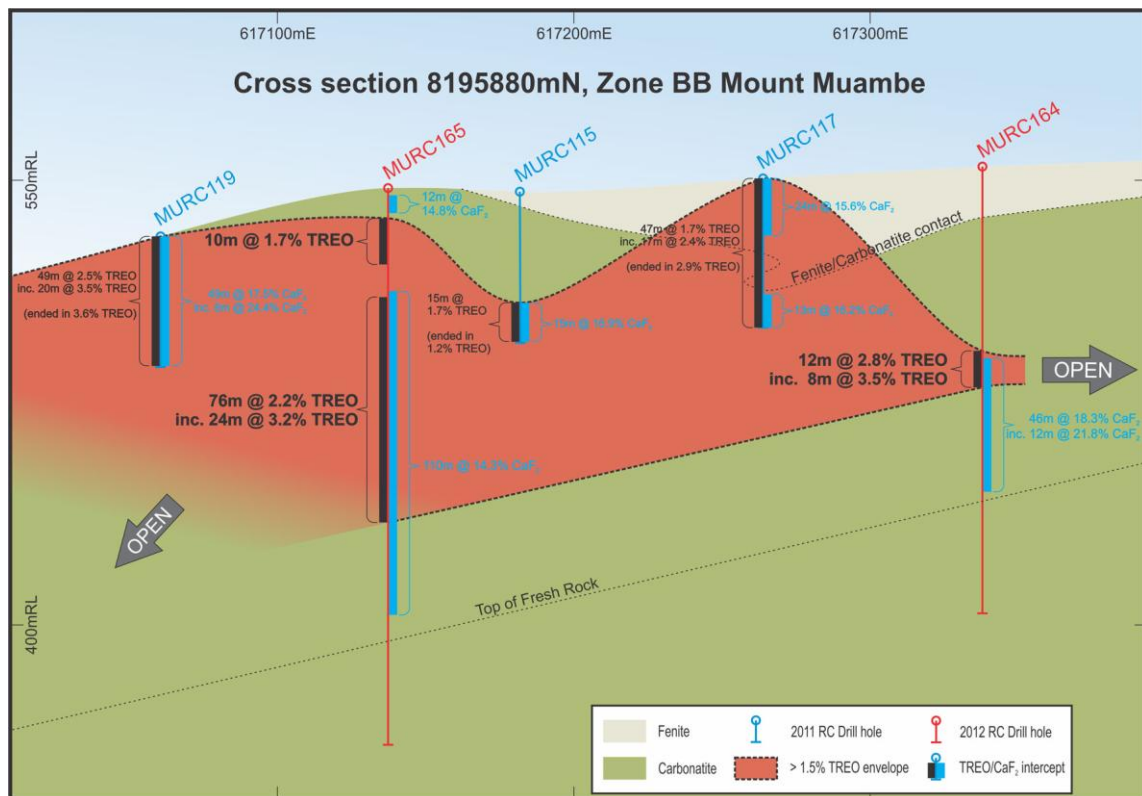


Fig 6: Cross section 8195880mN, Zone BB Mount Muambe.

Zone DD

A total of 19 holes for 1,584m were drilled in Zone DD (Figure 7), located in the NW part of the crater. Holes were drilled to follow up on previously identified REE and fluorite mineralisation. Returned results indicated no additional significant mineralisation.

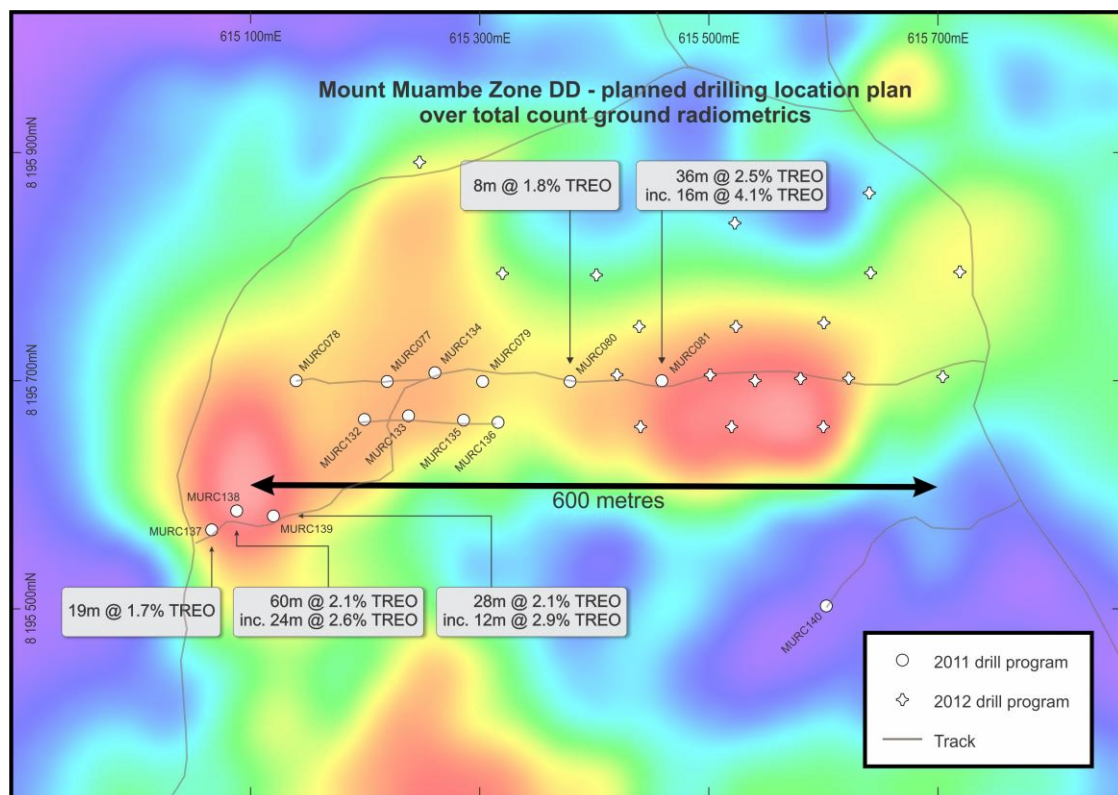


Fig 7: Drillhole location plan, Zone DD Mount Muambe.

FY12 sampling and scintillometer program

In May 2012 the existing ground scintillometer survey area was extended to eastern portion of the crater. Importantly the Zone BB radiometric anomaly was considerably expanded south and east prompting a 182 sample rock chip and soil sampling program (Figure 8).

Soil lines were laid down across the expanded Zone BB radiometric anomaly; the results show that a variety of very significant REE targets. Of particular note are the highly significant widths of up to 400m of REE enriched soil samples, suggesting potential for substantial zones of bedrock mineralisation. The sampling program has revealed an exciting extension to the Zone BB mineralised system.

Best REE soil anomalies include:

- 280m width, 15 samples averaging 1.25% TREO, peak 2.14% TREO
- 400m width, 18 samples averaging 1.18% TREO, peak 1.88% TREO

Best REE rock chip samples include:

- 5.78% TREO, 1,295ppm HREO, 112ppm Dy_2O_3
- 4.79% TREO, 1,954ppm HREO, 166ppm Dy_2O_3
- 4.35% TREO, 2,515ppm HREO, 322ppm Dy_2O_3

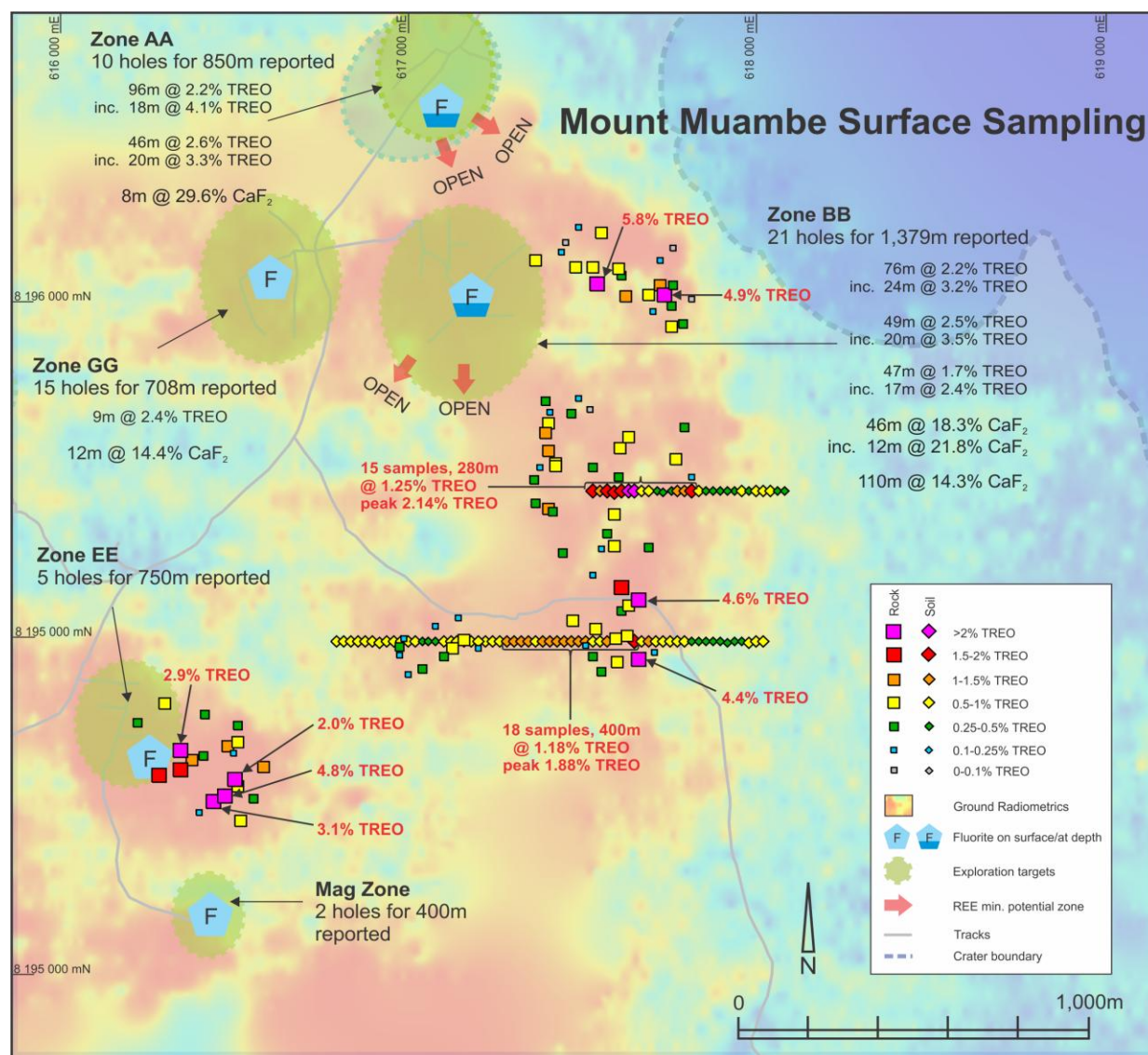


Fig 8: Soil and Rock chip location plan, Zone BB Mount Muambe.

Machinga REE Project

The Machinga REE Project was a joint venture between Globe and Resource Star Limited (RSL) In May 2012; Globe advised that it will amend its joint venture arrangements with RSL in respect of the Machinga and Livingstonia licences as follows:

- Globe to obtain a 100% interest in the Machinga licence, subject only to a 0.7% production royalty in favour of RSL;
- RSL to obtain a 100% interest in the Livingstonia licence, subject only to a 1.0% production royalty in favour of Globe; and
- The amendments to the two joint venture agreements are subject only to the approval of the Government of Malawi.

Snapshot

- Project highly prospective for high-grade HREOs (heavy rare earth oxides) and Nb-Ta-Zr
- High-value commodity Dysprosium (Dy) occurs in high grades
- 3348m RC drilling program completed at Machinga Main Zone and Lingoni
- Lingoni drilling based on detailed analysis of follow-up soil and auger results.

Geology

The licence area is dominated by rocks of the Mesozoic Chilwa Alkaline Province. These consist of granite, syenite and nepheline-syenite plutons and have associated volcanic vents characterised by carbonatite and agglomerate. The alkaline plutons intrude gneissic rocks of the Malawi Basement Complex.

The project area contains four alkaline plutons, three of which, the Chinduzi, Mongolowe, and Chaone ring-complexes are composed of nepheline-syenite and occur in an east-west string across the north of the project area. The fourth and largest Malosa Pluton forms the northern portion of the Zomba-Malosa Massif. It is composed of a heterogeneous mixture of syenitic and granitic rocks.

Mineralisation

The REE-Nb-Ta mineralisation at Machinga is associated with the eastern margin of the Malosa Pluton of Chilwa Alkaline Province age. Uranium and thorium anomalies are also associated with the REE-Nb-Ta mineralisation.

The Machinga Main Anomaly, highlighted by the UNDP airborne geophysical survey has a NNW-SSE strike length of approximately 7km. The anomaly occurs on the eastern margin of the Malosa Pluton. Ground radiometrics show this anomaly to be 7km long with >2x background. The main target is zone of >5x background covering an area of 2.7km by up to 0.3km wide at the northernmost end of the 7km anomaly.

Mapping and rock-chip sampling over the Machinga Main Anomaly by Resource Star Limited and previous workers shows the area is characterised by several generations of pegmatite dykes that host the majority of REE-Nb-Ta mineralisation. Several sets of bifurcating and anatomising pegmatite zones, with strike directions of between NW-SE and N-S, and dips of generally 30-45° to the NE and E, occur in the area. Each pegmatite zone is made up of a number of individual pegmatite veins ranging in width from 1cm to 15cm. Such zones typically have widths of 1-3m. Between each vein are transitional zones of altered gneiss which are also mineralised.

The REE-Nb-Ta mineralisation with associated U, Th and Zr occurs in the minerals pyrochlore, thorite, monazite, xenotime and zircon.

FY12 exploration highlights

- Drilling program comprised 30 RC holes for a total of 3,348m
- Machinga North drilling highlights to date include:
 - MARC023: 2m @ 0.87% TREO with 320ppm Dy₂O₃ (from 11m)
 - MARC021: 2m @ 0.92% TREO with 217ppm Dy₂O₃ (from 108m)

- MARC024: 2m @ 1.20% TREO with 392ppm Dy₂O₃ (from 13m)
- MARC033: 3m @ 2.18% TREO with 339ppm Dy₂O₃ (from 66m)

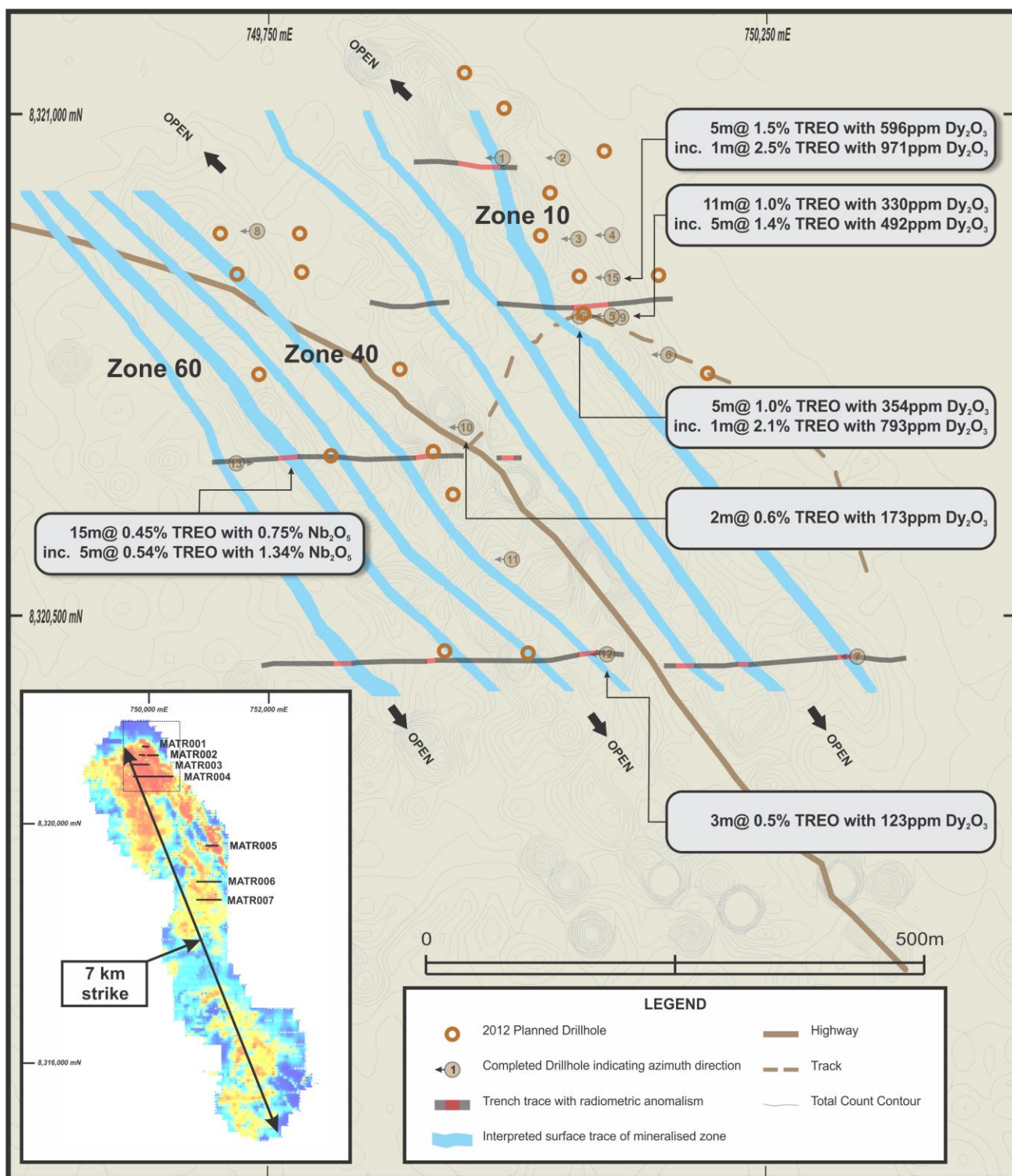


Fig 9: Main anomaly planned drilling over contoured total count ground radiometrics.

Memba Titanium - Iron Project

In late 2011, Globe entered into a new joint venture in a high-grade titanium-vanadium-iron (Ti-V-Fe) project at Memba in Nampula Province, Mozambique. The joint venture agreement with Mihandzu Minerais SA allowed Globe to earn up to 80% interest in the Memba licence over five years through staged expenditure on exploration programs, with an option to purchase an additional 10% after five years. In May 2012, Globe was granted an additional exploration licence adjacent the Memba Project Area.

Snapshot

- Potential for a large, high-grade Ti-V-Fe deposit
- Very high grades of titanium with additional vanadium were returned from rock-chip samples.
 - Average 47% titanium dioxide (TiO_2)
 - Average 0.38% vanadium oxide (V_2O_5)
- Mineralised zone ranges in thickness from 6m - 20m and has a strike length of more than 10km
- Additional, separate high-grade magnetite zone identified with two samples averaging 66.8% Fe

Geology and Mineralisation

The Memba licence area is dominated by Proterozoic gneissic rocks of various compositions that have an overall E-W strike and moderate northerly dip. A historical report by a Serbian geological team documented an outcropping ilmenite (FeTiO_3) unit over a 10km strike length with widths ranging between 6m-20m.

Recent due diligence field work by Globe's geological team located the mineralised layer at numerous points within a central 2km portion of the 10km long unit. In outcrop, the mineralised layer appeared to contain >90% ilmenite with some minor quartz and iron oxides. This was supported by the assays for all five of the rock-chip samples taken from this layer showing an average titanium grade of 47% TiO_2 , which indicates an average ilmenite content of 92%. Additionally, the layer showed highly elevated grades of vanadium, averaging 0.38% V_2O_5 . All five samples were also remarkably consistent in their titanium and vanadium grades.

Globe also located a poorly exposed, high-grade magnetite layer approximately 1.5km to the north of the ilmenite unit. The thickness and continuity of the magnetite unit(s) were not able to be determined due to poor exposure and time constraints. However, two rock-chip samples taken approximately 2km apart both returned high-grade iron, averaging 66.8% Fe. Overall, the project appears to have remarkable and unique mineralisation. Initial results indicate consistent high-grades and the potential for a 10km strike length of the main ilmenite layer. Additional potential for magnetite mineralisation warrants further investigation, whilst the potential for vanadium is also significant.

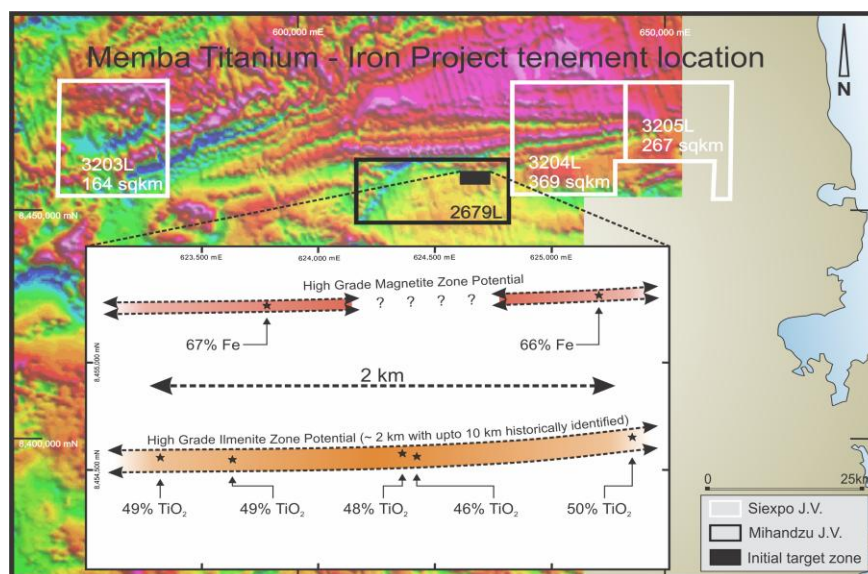


Fig 10: Rock-chip results indicating high-grade ilmenite and magnetite zones.

FY12 Exploration highlights

In 2012, Globe completed a number of significant field programs to better understand the mineralised potential of the Memba Project. Whilst these results were received after 30th June, they do illustrate the Ti-Fe potential of the project area and Globe anticipates that further exploration will be underway by the time of the AGM.

- A soil sampling program was completed on the 2679 license with 510 samples taken on 20m intervals. 10 lines were completed with a total length of 9.4km. The samples were analysed by Niton XRF. Calibration samples were sent to Genalysis (Table 3).
- An airborne magnetic survey was completed in August 2012. Interpretation is underway.
- 5 trenches will be opened cross the strike of the ilmenite layer.
- The results from magnetic survey along with planned trenches and sampling programs will be used for drill targeting.

Table 3: Significant Ti-V-Fe rock-chip results, Memba.

Sample ID	Easting	Northing	TiO ₂ %	Fe%	V ₂ O ₅ %	Al ₂ O ₃ %	SiO ₂ %	P%	S%
DA073006	625396	8454704	49.73	35.43	0.40	0.25	0.81	0.003	0.001
DA073007	625633	8454626	21.83	50.21	0.225	1.85	6.63	0.015	0.008
DA073008	625687	8454679	1.53	65.33	0.210	2.77	6.08	0.016	0.010
DA073011	627978	8355501	1.26	68.71	0.255	1.31	0.52	0.005	X
DA073013	627605	8455290	0.38	33.50	0.125	8.23	31.83	0.097	0.003
DA073014	627600	8454972	48.18	36.89	0.463	0.17	0.57	0.003	0.001
DA073015	626410	8455702	1.41	66.56	0.186	1.62	2.00	0.008	X
DA073027	618270	8454306	38.31	30.13	0.335	0.93	12.04	0.011	0.002
DA073028	618101	8454298	48.58	35.17	0.348	0.35	1.88	0.008	0.002
DA073029	617907	8454305	35.46	28.24	0.320	1.97	14.28	0.119	0.002
DA073031	617535	8454130	30.68	24.53	0.293	1.30	20.79	0.017	0.003
DA073036	639545	8458630	1.70	44.63	0.240	4.93	24.19	0.177	0.012

*A total of 32 rock-chip sample, 17 soil samples and 8 trench samples were taken in the program, of which the twelve reported represent mineralised zones identified in the field. Cut-off grades for reporting for both TiO₂ and Fe are 30%. „X“ denotes below detection limits.

Salambidwe Rare Earth Project – Malawi

In May 2010, Globe was granted an exclusive prospecting license at Salambidwe in southern Malawi. A virgin rare earth prospect, Salambidwe is located on the border with Mozambique, with about 85% of the complex occurring in Malawi.

Current exploration activity is focussed on:

- Confirming the results from the 2011 rock chip and soil sampling program
- The relationship between the mineralisation and the geological setting of the crater
- Locating and quantifying further rare earth element (REE) enriched zones

Geology

The Salambidwe Ring Complex forms part of the Chilwa Alkaline Suite of southern Malawi that also hosts the Kangankunde Deposit (2.5Mt @ 4.2% TREO), Machinga REE Project and numerous other REE prospects. The complex is approximately 6km in diameter and dominated by syenite and nepheline syenite with a core of agglomeratic rocks. Airborne radiometric data shows that the complex has elevated thorium and uranium levels, which are potential indicators of rare earth mineralisation in these geological environments. In addition, these syenitic rock types are known to be favourable hosts for the more valuable heavy rare earth elements (HREE), like at the Machinga Project 80km to the north-east.

Mineralisation

In November 2011, the Company completed a crater wide 345 soil-pit and 78 auger sample program in conjunction with rock-chip sampling to confirm the results from the 2010 rock-chip and soil sampling program. Returned rock-chip analysis indicated three distinct groupings of higher TREO grades, the first roughly aligned with the NW striking fault and the airborne total count radiometrics; all appear congruent with the interpreted agglomerate zones. Out of 42 rock-chip samples, 8 returned grades over 1500ppm TREO using a 1500ppm lower cut off. Of the 78 auger samples taken, 19 returned grades over 1500ppm TREO and of the 345 soil-pits, 60 samples returned TREO results in excess of 1500ppm.

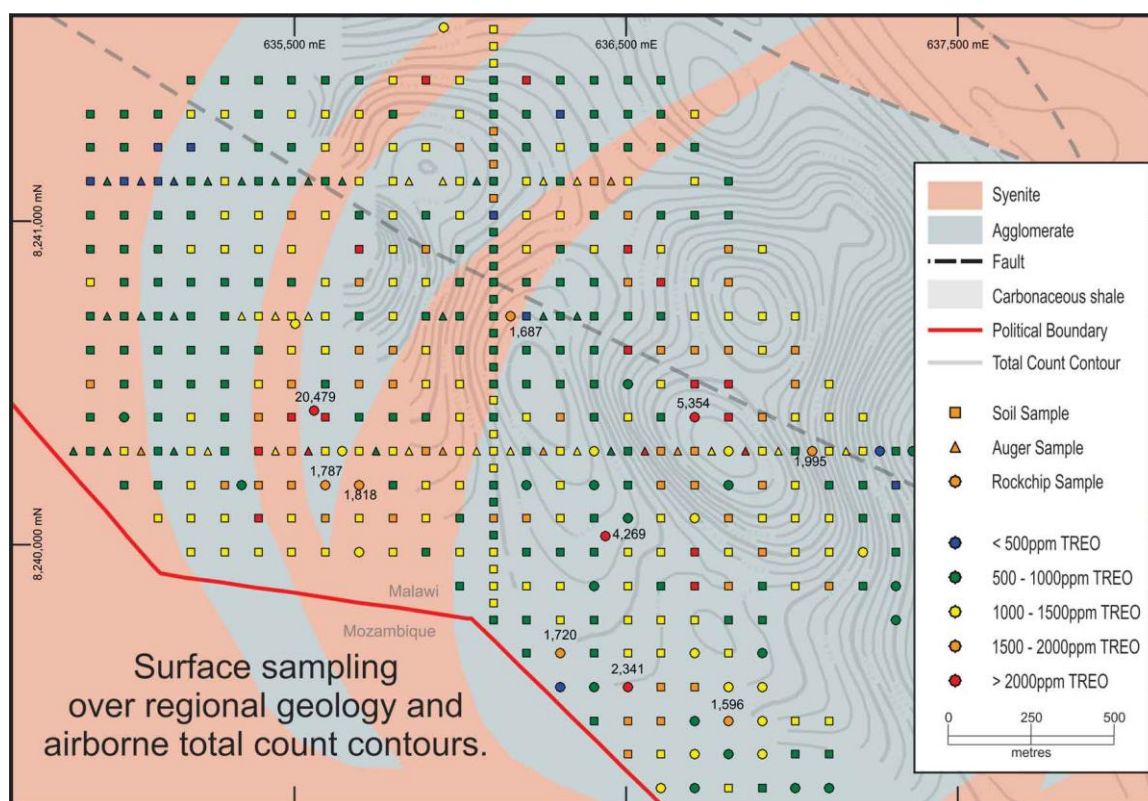


Fig 11: Reconnaissance rock chip, soil and auger results from Salambidwe Rare Earth Project.

Next steps

In June 2012, further targeted reconnaissance sampling, ground radiometric surveys and trenching was undertaken to follow up on the sampling results.

Chiziro Graphite Project, Malawi

In September 2012, Globe acquired 100% of the Chiziro Graphite Project, consolidating Globe's already strong position in Malawi. The 2,020sqkm licence contains two projects and 12 individual graphite deposits, all at surface.

Snapshot

- 2,020 sqkm licence – two projects and 12 individual graphite deposits (all at surface)
- Previously reported resource estimates at Chiziro (1995) not considered sufficiently reliable at present to enable Globe's technical team to report a JORC resource
- Graphite a strategic mineral in high demand, with advanced technology applications such as lithium-ion batteries (some crossover with REEs)

Geology & Mineralisation

Based on the geological synthesis completed by Little Belt Consulting services on behalf of Cachet Limited in 1995, the majority of the lease area is underlain by a variety of Proterozoic gneiss and schist (granulite facies), quartzite and marble intruded in part by felsic and alkalic rocks, mainly syenite and also there are pegmatite and lamprophyre dykes. In the areas of graphite mineralisation the rocks comprise quartz-feldspar-biotite±hornblende±graphite gneiss. Graphite is ubiquitous throughout this sequence of gneiss; however, there are areas where thick graphite-rich lenses develop and these are the areas of economic interest and are the areas that have been targeted by explorers in the past. There is an overall northeast-southwest strike to gneissic rocks.

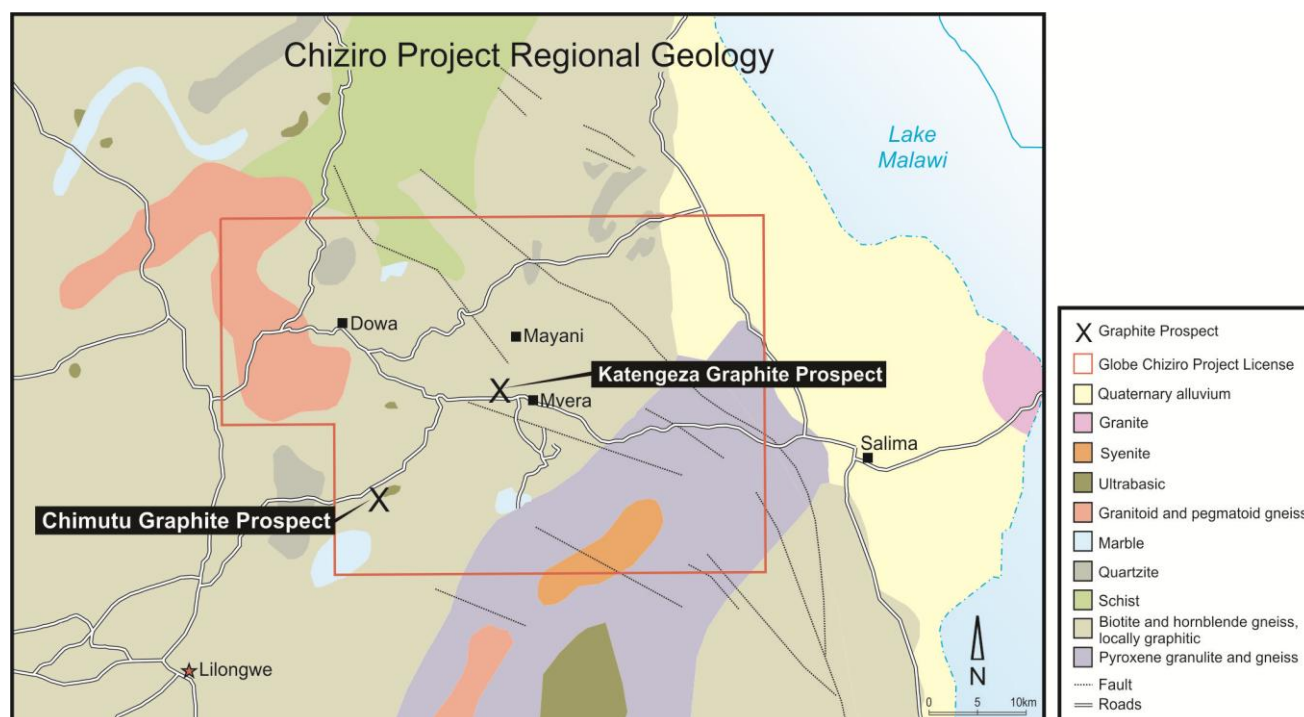


Fig 12: Geological plan of the Chiziro area.

There is some surface enrichment of graphite within the weathered horizon; however the bulk of the potential mineralised deposits are within the underlying gneiss. In the northeast of the tenement area the Proterozoic rocks are covered by Quaternary alluvium. The “Chiziro Project Regional Geology” figure (above) summarises the geology and structure of licence area.

Next steps

With the granting of the EPL, Globe will undertake the following field activities to assess the full potential of the Chiziro Graphite Project:

- Re-open selected trenches at the Katengeza Prospect
- Complete initial field activities including soil sampling over the Chimutu Prospect
- Begin a comprehensive mapping and prospecting program to identify key targets

Competent Person: The contents of this report relating to geology and exploration results are based on information compiled, reviewed or prepared by Mr. Fergus Jockel, Exploration Manager for Globe Metals & Mining, who is a Member of the Australasian Institute of Mining & Metallurgy and of the Australian Institute of Geoscientists. Mr. Jockel has sufficient experience, which is relevant to the style of mineralisation and type of deposits under consideration and to the activities undertaken, to qualify as a Competent Person as defined in the 2004 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves” (the JORC Code). Mr. Jockel consents to the inclusion in this presentation of the matters based on this information, in the form and context in which they appear.

Competent Person: The contents of this report relating to the Kanyika and Mount Muambe Mineral Resource Estimates are based on information compiled by Michael Job, who is a full time employee of Quantitative Group and a Fellow of the Australasian Institute of Mining and Metallurgy. Michael Job has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a ‘Competent Person’ as defined in the 2004 JORC code. Michael Job consents to the inclusion in the announcement of the matters based on this information in the form and context in which it appears.

CORPORATE SOCIAL RESPONSIBILITY

At Globe, our approach to corporate social responsibility (CSR) is about considering people, communities and the environment in every decision that we make, both now and in the future.

We are committed to conducting our operations in an economically and socially responsible manner and believe we have a key role to play in building strong, healthy and prosperous communities.

Some of the key challenges associated with investing in the countries of Africa relate to governance, capacity building, human rights, environment and social issues. The mining industry in both Malawi and Mozambique represents one of the largest potential income sources for the long-term development of these economies. It is for this reason we acknowledge our founding role in paving the way as a good corporate citizen and the importance of transparency as we develop our projects in Africa.

We currently have many projects in their early stages of development; however, our key projects are Kanyika School and Etandweni Health Clinic.

Kanyika School

Kanyika School is located in Mzimba district approximately 2.5 hours' drive from Lilongwe, the Capital of Malawi. A public school within the Vazala Education Zone, Kanyika caters for 740 primary students and 160 secondary students - a staggering 350 of these children are orphans.

Globe has had a long relationship with Kanyika School. In the past we have donated desks to the school and done improvement works to the building.

The main focus this year was the provision of stationary and other school equipment. Globe is currently sponsoring the shipment of stationary donations to the school.

Donations from companies, schools and friends have nearly filled a 20ft shipping container. A movie fundraiser was also hosted to raise extra funds and give people the chance to donate. This event was very successful and raised nearly AUD\$2000.

Andries Kruger, our General Manager in Africa is involved in this project and will help coordinate the delivery of the goods to the school. Globe will also help co-ordinate a handover ceremony with the media and any government officials invited.

Etandweni Heath Clinic

The Etandweni Health Post, located in the Mzimba district of Malawi, was a derelict facility providing childhood immunisations, general health advice and family planning services.

Since completing a community requested refurbishment in late 2011, Globe sought the assistance of local public and private partnerships to dynamically boost the current and future capacity of the facility.

In January 2012, advice from the Australia Africa Mining Industry Group led to a successful grant application from the Australian Department of Foreign Affairs and Trade to install solar electricity and a vaccine fridge at the Health Post.

A nurse's house is to be built next to the clinic and we are supplying medical equipment, so that the clinic can be operational by the end of 2012. We hope to get to the standard where we can provide healthcare to the local community as well as to our own staff at the camp sites.

A site visit to Etandweni with Malawi Ministry of Health officials took place on 3 August to examine potential capacity upgrades.

The positive media coverage generated by this project has been a success for Globe. For example, the solar-powered fridge, which will mean that life-saving vaccines can be stored and dispensed to children in the remote village, was featured in the Gold & Minerals Gazette May issue.

Other Clinics

There are two other clinics that Globe also helps on a smaller scale, Emfeni and Simalemba. Globe staff provide them with first aid packs so that they can treat locals and our staff who work nearby.

Student Visits

Education for the local community is very important. Globe has become involved in various educational exercises which prove beneficial to Globe and to the students. Where possible, Globe has a policy of employing nationals on its projects that are from the local community.

Thirty-five students studying a Bachelors of Natural Resources Management from The University of Malawi conducted a site visit at Kanyika in July this year. Chris Ngwena, Kanyika DFS County Manager, hosted the 2 hour visit providing them with an overview of geology and mine development.

In June 2012 two students from Department of Geology of the UEM undertook internships with Globe. They conducted field training during a period of approximately 30 days at Memba and Muambe .

Community Meetings

At our Kanyika Niobium Project in Malawi, Globe has for over six years carried out a formal community consultation process, whereby meetings are held every six months with local chiefs and representatives. Over 200 guests and officials attended the community meeting at Kanyika on 21 February 2012. These meetings serve to both inform the community of the Company's activities and intentions, and also obtain feedback from the community. Government representation is always present, being delegates from the Office of the Minister of Mines, as well as the District Commissioner.

Globe obtained an "audience" in Malawi with the Nkosi (Paramount Chief) who has jurisdiction over the Kanyika Niobium Project (Mzimba District). This is a formal ceremony, and entitles the Company to seek further audience in the future with the Nkosi in the event there is ever a dispute that requires his mediation.

Future Projects

Globe has many projects waiting for further development. Globe is in touch with a local water bore agency to install hand pumps and repair existing bore holes at Machinga School and the surrounding area.

Community projects such as a sustainable vegetable garden and cattle yard are also being discussed with the local leaders and government officials.

Australia-Africa Mining Industry Group (AAMIG)

AAMIG was established by the Australian mining industry in 2011 with the help of the Department of Foreign Affairs and Trade (DFAT).

Globe is a very active member of the group, taking part in networking events, seminars and CSR projects. AAMIG provide a good source of knowledge with regards to government policies and documents which can be useful for globe to use in both Australia and Africa with regards to funding and projects.

We are also looking to get involved with member companies to help provide desks to local schools in Malawi and Mozambique for the TutuDesk Campaign, set up by Archbishop Desmond Tutu to provide 10 million desks to students across Africa by 2015.

DIRECTORS' REPORT

The directors of Globe Metals & Mining Limited submit herewith the financial report of the Company and its controlled entities for the financial year ended 30 June 2012. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

1. DIRECTORS

The names and particulars of the directors of the Company during or since the end of the financial year are:

Yi Shao	Non-Executive Chairman
Shasha Lu	Deputy CEO and Executive Director (appointed 9 August 2011)
William Hayden	Non-Executive Director
Peter Stephens	Non-Executive Director
Tian Jingbin	Non-Executive Director
Mark Sumich	Managing Director (resigned 13 August 2012)
David Sumich	Non-Executive Director (resigned 9 August 2011)
Dr Julian Stephens	Non-Executive Director (resigned 26 June 2012)
Jianrong Xu	Non-Executive Director (resigned 9 August 2011)
Youyu Zhang	Non-Executive Director (resigned 9 August 2011)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Yi Shao

Chairman

Special Responsibilities

Non-Executive Chairman
Chairman of the Nomination and Remuneration Committee

Qualifications

MA degrees from Nanjing University, China. Currently studying for a doctoral degree (mineral resources) at Central South University.

Experience

Mr Yi Shao was appointed Director General of the East China Mineral Exploration and Development Bureau (ECE) in August 2006. Prior to this he worked as General Manager in Jiangsu Transportation Industry Limited Company for two years. Prior to this time, he worked in International Tender Company for three years holding the position of Director General. His previous experience also includes working as Deputy Mayor of Suqian City, Jiangsu Province from 1997 to 2001, Director and Head of Economic Research Institute of Jiangsu Development and Reform Commission from 1986 to 1994.

Mr Yi Shao is a part-time professor in both Southeast University and Nanjing University and a research fellow in the Ministry of Land and Resources of the People's Republic of China. Mr Yi Shao is also Chairman of East China Non-Ferrous Investment Holding Corporation, ECE's wholly owned subsidiary which holds all business interests for ECE. He is also the chairman of Australian ECE Nolans Investment Limited and AO-Zhong International Mineral Resources Pty Ltd.

Interest in Shares

Indirect interest in 118,143,062 fully paid ordinary shares

Interest in Options

Nil

Directorship of ASX Listed Companies

Nil

DIRECTORS' REPORT**Shasha Lu Executive Director and Deputy CEO**

Special Responsibilities Executive Director
Deputy CEO

Qualifications PhD and Masters Degree, GAICD

Experience Ms. Shasha Lu was Executive Director and CEO of Hong Kong East China Non-Ferrous Mineral Resources Co. Ltd. (HKECE), a wholly owned subsidiary of Eastern China Exploration & Development Bureau (ECE). HKECE holds the foreign business interests of ECE.

Ms Lu holds a Degree in Medicine and a Masters Degree from Nanjing University, China. She is also a graduate of the Australian Institute of Company Directors (GAICD) and holds an EMBA degree from Nanjing University. Ms Lu has worked as a Postdoctoral fellow at the Karolinska Institute in Stockholm, Sweden and as a Visiting Scholar at the Geneva University during which time, she undertook some work in the World Health Organisation.

Interest in Shares Indirect interest in 118,143,062 fully paid ordinary shares

Interest in Options Nil

Directorship of ASX Arafura Resources Limited
Listed Companies

Tian Jingbin Non-Executive Director

Special Responsibilities Non-Executive Director
Member of the Nomination and Remuneration Committee
Member of the Audit Committee

Qualifications BA and MA degrees in Literature from Nanjing University, China and a LLM in International Commercial Law with distinction from Nottingham University, UK.

Experience Mr Tian Jingbin is Deputy Director of the Outward Investment Department of ECE.

Before taking his current position in January 2010, he had been working with Jiangsu International Tender Company and led a consulting team in the utilities sector for nearly ten years. His previous experience includes working in the public procurement area for eight years and as a newspaper reporter for one year.

Interest in Shares Indirect interest in 118,143,062 fully paid ordinary shares

Interest in Options Nil

Directorship of ASX Nil
Listed Companies

William Hayden	Non-Executive Director	
Special Responsibilities	Non-Executive Director Member of the Nomination and Remuneration Committee Member of the Audit Committee	
Qualifications	BSc (Hons)	
Experience	Bill is a geologist with over 36 years experience in the mineral exploration industry, much of which has been in Africa and the Asia-Pacific region. Bill was the founder and President of Ivanhoe Nickel and Platinum Ltd. (formerly African Minerals Ltd.), a Canadian company which has assembled extensive mineral holdings in South Africa, Zambia, and the Democratic Republic of Congo. Since 1986 Bill has worked in a management capacity with several exploration and mining companies both in Australia and overseas. Bill was President of Ivanhoe Philippines, Inc. (an Ivanhoe Mines wholly owned subsidiary), former President of GoviEx Uranium Inc., a director of Globe Metals & Mining Ltd (ASX listed), Sky Alliance Resources Inc., Ivanplats Ltd, Sunward Resources Ltd (TSX listed) and Condoto Platinum NL. (ASX listed).	
Interest in Shares	76,923	Fully Paid Ordinary Shares
Interest in Options	600,000 500,000	15 cent options exercisable on or before 29 November 2014 26 cent options exercisable on or before 29 November 2014
Directorship of ASX Listed Companies	Condoto Platinum NL	
Peter Stephens	Non-Executive Director	
Special Responsibilities	Non-Executive Director Chairman of the Audit Committee	
Qualifications	B.Bus Accounting, MBA	
Experience	Peter has many years experience in senior financial roles in the construction, telecommunications, banking and corporate treasury, manufacturing and distribution sectors in Australia and across the Asia-Pacific region. He has previously worked in China in the telecommunications and digital media sectors. Peter holds a Bachelor of Business (Acc) from Royal Melbourne Institute of Technology and a Masters of Business Administration from Melbourne Business School, University of Melbourne.	
Interest in Shares	Indirect interest in 118,143,062 fully paid ordinary shares	
Interest in Options	Nil	
Directorship of ASX Listed Companies	Nil	

COMPANY SECRETARY

The following person has held the position of Company Secretary during the financial year:

Bradley Wynne held the position until 30th June 2012, being replaced by Mr Peter Stephens on 30th June 2012.

Bradley is a member of the Institute of Chartered Accountants in Australia and the Chartered Secretaries of Australia.

Peter Stephens is a member of CPA Australia.

2. PRINCIPAL ACTIVITIES

The principal activity of the Consolidated Entity during the financial year was mineral exploration.

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

3. RESULTS

The consolidated loss of the Entity after providing for income tax amounted to \$4,809,891 (2011: \$3,341,960).

DIRECTORS' REPORT

4. REVIEW OF OPERATIONS

During the financial year, the Company has progress successfully and achieve significant milestones on the projects at the Kanyika Niobium Project, Mt Muambe REE – Fluorite Project and the Machinga REE Project. Globe since year end has also entered into an agreement to acquire the Chiziro Project, an advanced graphite project in Malawi.

Please refer to the detailed Review of Operations on page 3.

5. FINANCIAL POSITION

The consolidated entity has Cash and Cash Equivalents at 30 June 2012 of approximately \$31.21m (30 June 2011: \$44.11m). The Directors believe that the Company currently has sufficient capital to effectively develop and explore its current landholdings.

6. BUSINESS STRATEGIES AND PROSPECTS FOR THE FORTHCOMING YEAR

Globe Metals & Mining Limited is an Australian-based specialty metals company whose strategy is to become a leading metals producer through global exploration, successfully executing on existing projects and where appropriate acquiring advanced-stage projects. The Consolidated Entity is confident that the combination of its management team's expertise and the existing portfolio of projects all bode well for the Consolidated Entity in the forthcoming year.

7. SIGNIFICANT CHANGES IN STATE OF AFFAIRS

During the year, Mr David Sumich, Mr Jianrong Xu and Mr Youyu Zhang resigned as Directors of the Company on 9 August 2011. Dr Julian Stephens resigned as a Director on 26 June 2012.

Ms Shasha Lu was appointed to the Board as Director on 9 August 2011.

Mr Bradley Wynne resigned as Chief Financial Officer and Company Secretary on 30 June 2012, replaced by current Director Mr Peter Stephens.

On 8 July 2011, the Company issued 810,000 Fully Paid Ordinary Shares as incentive shares to employees under existing employment contracts and a further 50,000 Fully Paid Ordinary Shares for services rendered.

On 4 October 2011, the Company issued 100,000 Fully Paid Ordinary Shares and 600,000 Unlisted Options exercisable at \$0.345 expiring 30 June 2014 for services rendered.

On 9 January 2012, 1,500,000 Unlisted Class A Performance Shares have been cancelled due to its expiry.

On 25 May 2012, the Company issued 1,100,000 Fully Paid Ordinary Shares to the vendors of the Mount Muambe Project to earn in a 70% interest in the project following defining a JORC Resource.

During the year, the Company commenced its share buy-back following approval obtained by the Australian Foreign Investment Review Board in May 2012. The Company intends to buy-back up to 10,080,674 shares. The board reiterates that timing for the decision to buy its own shares on market is discretionary, and that the authorisation period for the buy-back is twelve months. The Company has indicated that it will consider buying back shares at up to \$0.23 per share.

DIRECTORS' REPORT

8. SUBSEQUENT EVENTS

Subsequent to 30 June 2012, the Company issued 915,000 Fully Paid Ordinary Shares to employees.

Mr Mark Sumich has resigned as Managing Director and CEO on 13 August 2012.

Mr Fergus Jockel as was appointed as Acting CEO on that date.

Ms Kerry Angel has been appointed as Chief Financial Officer and Company Secretary of the Company and will commence her role in October 2012.

The Company entered into an agreement to acquire the Chiziro project, an advanced graphite project in Malawi.

On 10 July 2012, Globe received a Letter of Intent from China Development Bank(CDB) one of China's largest government owned banks to provide a credit facility of up to US\$200 Million in order to finance Kanyika Niobium project in Malawi , scheduled to commence production in 2015.

There have been no other subsequent events since balance sheet date to be disclosed.

9. FUTURE DEVELOPMENTS

The Company looks forward to completion of the draft DFS for its flagship Kanyika project in Malawi by the end of 2012. The Consolidated Entity will continue its mineral exploration activities with the objective of identifying mineralised resources.

10. ENVIRONMENTAL ISSUES

The Consolidated Entity operates within the resource sector and conducts its business activities with respect for the environment while continuing to meet the expectations of shareholders, employees and suppliers.

In respect of the current year under review, the directors are not aware of any particular or significant environmental issues which have been raised in relation to the Consolidated Entity's operations. The Consolidated Entity holds exploration tenements in Africa.

The Consolidated Entity's operations are subject to environmental legislation in this jurisdiction in relation to its exploration activities.

11. DIVIDENDS PAID OR RECOMMENDED

The directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

12. REMUNERATION REPORT - AUDITED

Remuneration policy

The remuneration policy of Globe Metals & Mining Limited has been designed to align executive objectives with shareholder and business objectives by providing a fixed remuneration component which is assessed on an annual basis in line with market rates and offering specific incentives based on key performance areas affecting the economic entity's financial results. The board of Globe Metals & Mining Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best directors and executives to run and manage the economic entity.

The board's policy for determining the nature and amount of remuneration for board members and senior executives of the economic entity is as follows:

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the board. All executives receive a base salary (which is based on factors such as length of service and experience) and superannuation. The board reviews executive packages annually by reference to the economic entity's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The board may exercise discretion in relation to approving incentives, bonuses and options. The policy is to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Executives are also entitled to participate in the employee share and option arrangements.

The executive directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits.

All remuneration paid to directors and executives is valued at the cost to the Company and expensed. Options are independently valued by corporate advisers using the Black-Scholes method.

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting (currently \$300,000). Fees for non-executive directors are not linked to the performance of the economic entity. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company.

Performance based remuneration

The Company had no performance based remuneration component built into director and executive remuneration packages for this year.

Company performance, shareholder wealth and director's and executive's remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and directors and executives. Currently, this is facilitated through the issue of options to some of the directors and executives to encourage the alignment of personal and shareholder interests. The Company believes the policy will be effective in increasing shareholder wealth. For details of directors and executives interests in options at year end, refer note 4 of the financial statements.

DIRECTORS' REPORT**12. REMUNERATION REPORT – AUDITED (cont)****Compensation of key management personnel for the year ended 30 June 2012**

	SHORT-TERM BENEFITS		POST EMPLOYMENT		SHARE-BASED PAYMENT		TOTAL	Option	
	Salary & Fees	Termination Payment	Super-annuation	Retirement Benefits	Equity	Options	\$		%
Directors									
Shao Yi									
Chairman									
2012	63,806	-	-	-	-	-	63,806	0%	
2011	-	-	-	-	-	-	-	0%	
Mark Sumich (i)									
Managing Director									
2012	385,278	-	29,725	-	-	-	415,003	0%	
2011	321,835	-	18,165	-	-	-	340,000	0%	
Julian Stephens (ii)									
Non-Executive Director									
2012	47,110	-	2,890	-	-	-	50,000	0%	
2011	109,550	-	4,156	-	25,000	-	138,706	0%	
William Hayden									
Non-Executive Director									
2012	50,000	-	-	-	-	-	50,000	0%	
2011	35,000	-	-	-	-	366,500	401,500	91%	
David Sumich (iii)									
Non-Executive Director									
2012	3,540	-	319	-	-	-	3,859	0%	
2011	32,110	-	2,890	-	-	-	35,000	0%	
Jianrong Xu (iii)									
Non-Executive Director									
2012	-	-	-	-	-	-	-	0%	
2011	-	-	-	-	-	-	-	0%	
Youyu Zhang (iii)									
Non-Executive Director									
2012	-	-	-	-	-	-	-	0%	
2011	-	-	-	-	-	-	-	0%	
Tian Jingbin									
Non-Executive Director									
2012	43,777	-	-	-	-	-	43,777	0%	
2011	-	-	-	-	-	-	-	0%	
Peter Stephens									
Non-Executive									
2012	50,139	-	3,259	-	-	-	53,398	0%	
2011	-	-	-	-	-	-	-	0%	
Shasha Lu (iv)									
Executive Director & Deputy CEO									
2012	358,788	-	-	-	-	-	358,788	0%	
2011	-	-	-	-	-	-	-	0%	
Total remuneration directors									
2012	1,002,438	-	36,193	-	-	-	1,038,631	0%	
2011	498,495	-	25,211	-	25,000	366,500	915,206	40%	

(i) Resigned on 13 August 2012

(ii) Resigned on 26 June 2012

(iii) Resigned on 9 August 2011

(iv) Appointed on 9 August 2011

DIRECTORS' REPORT**12. REMUNERATION REPORT – AUDITED (cont)**

	SHORT-TERM BENEFITS		POST EMPLOYMENT		SHARE-BASED PAYMENT		TOTAL	Option
	Salary & Fees	Termination Payment	Super- annuation	Retirement Benefits	Equity	Options	\$	%
Specified Executives								
Bradley Wynne (v) Chief Financial Officer and Company Secretary								
2012	300,000	203,846	45,184	-	81,000	-	630,030	0%
2011	217,800	-	19,602	-	-	-	237,402	0%
Les Middleditch Kanyika DFS Manager								
2012	245,000	-	22,050	-	-	-	267,050	0%
2011	64,989	-	5,849	-	-	-	70,838	0%
Fergus Jockel (vi) Exploration Manager								
2012	12,222	-	1,100	-	-	-	13,322	0%
2011	-	-	-	-	-	-	-	0%
Andries Kruger GM - Africa								
2012	219,775	-	-	-	54,000	18,300	292,075	6.3%
2011	215,004	-	-	-	12,500	-	227,504	0%
Michael Schultz Regional Exploration Manager								
2012	195,975	-	-	-	33,750	18,300	248,025	7.3%
2011	184,873	-	-	-	6,250	-	191,123	0%
Total remuneration specified executives								
2012	972,972	203,846	68,334	-	168,750	36,600	1,450,502	2.5%
2011	682,666	-	25,451	-	18,750	-	726,867	0%

(v) Resigned on 30 June 2012

(vi) Appointed as Acting CEO on 13 August 2012

Employment contracts of key management personnel

Remuneration and other terms of employment for key management personnel are formalised in services agreements as set out below:

Name	Fergus Jockel
Title	Exploration Manager
Agreement Commenced	11 th June 2012
Term of Agreement	Two years
Details:	Base salary at the year ending 30 June 2012 of \$220,000 p.a. Notice period is three months.

Name	Shasha Lu
Title	Deputy CEO and Executive Director
Agreement Commenced	1 January 2012
Term of Agreement	Three years
Details:	Base salary for the year ending 30 June 2012 of \$371,000 p.a. Notice period is to the remaining term of the contract.

Name	Les Middleditch
Title	Kanyika DFS Manager
Agreement Commenced	4 April 2011
Term of Agreement	No set termination date
Details:	Base salary at the year ending 30 June 2012 of \$245,000 p.a. Notice period is 4 months.

Name	Andries Kruger
Title	General Manager-Africa
Agreement Commenced	1 July 2011
Term of Agreement	No set termination date.
Details:	Base salary at the year ending 30 June 2012 of \$755 per day. Notice period is 4 weeks.

Name	Michael Schultz
Title	Regional Exploration Manager
Agreement Commenced	1 September 2011
Term of Agreement	Two years
Details:	Base salary for the year ending 30 June 2012 of \$650 per day. Notice period is 4 weeks.

DIRECTORS' REPORT**12. REMUNERATION REPORT – AUDITED (cont)****Compensation shares granted to key management personnel during the year ended 30 June 2012**

	Vested No.	Granted No	Grant Date	Value per Share at Grant Date	Terms & Conditions for Each Grant
				\$	Vesting Date
Bradley Wynne	300,000	300,000	08/07/11	0.27	08/07/11
Andries Kruger	200,000	200,000	08/07/11	0.27	08/07/11
Michael Schultz	125,000	125,000	08/07/11	0.27	08/07/11
	625,000	625,000			

Value per share is approximately the market price at date of approval of the grant.

Compensation shares granted to key management during the year ended 30 June 2011

	Vested No.	Granted No	Grant Date	Value per Share at Grant Date	Terms & Conditions for Each Grant
				\$	Vesting Date
Julian Stephens	200,000	200,000	06/07/10	0.1250	06/07/10
Andries Kruger	100,000	100,000	06/07/10	0.1250	06/07/10
Michael Schultz	50,000	50,000	06/07/10	0.1250	06/07/10
	350,000	350,000			

Value per share is approximately the market price at date of the grant.

Compensation Class 'A' Performance shares granted during the year ended 30 June 2012

No Compensation Class A Performance Shares were granted during the year ended 30 June 2012. A total of 1,500,000 Class A Performance Shares were cancelled on 9 January 2012 due to its expiry.

Compensation Class 'A' Performance shares granted during the year ended 30 June 2011

No Compensation Class A Performance Shares were granted during the year ended 30 June 2011.

Compensation Class B Performance shares granted during the year ended 30 June 2012

No Compensation Class B Performance Shares were granted during the year ended 30 June 2012.

Compensation Class B Performance shares granted during the year ended 30 June 2011

No Compensation Class B Performance Shares were granted during the year ended 30 June 2011.

DIRECTORS' REPORT**12. REMUNERATION REPORT – AUDITED (cont)****Compensation options granted to key management personnel during the year ended 30 June 2012**

	Vested No.	Granted No.	Grant Date	Value per Option at Grant Date	Terms & Conditions for Each Grant		
					Exercise Price \$	First Exercise Date	Last Exercise Date
Andries Kruger	300,000	300,000	03/10/11	0.061	0.345	03/10/11	30/06/14
Michael Schultz	300,000	300,000	03/10/11	0.061	0.345	03/10/11	30/06/14
	600,000	600,000					

All options were granted for nil consideration.

The value per option at grant date is determined by an independent valuation by corporate advisers using a Black-Scholes option pricing model.

Compensation options granted during the year ended 30 June 2011

	Vested No.	Granted No.	Grant Date	Value per Option at Grant Date	Terms & Conditions for Each Grant		
					Exercise Price \$	First Exercise Date	Last Exercise Date
William Hayden	600,000	600,000	29/11/10	0.345	0.15	29/11/10	29/11/14
William Hayden	500,000	500,000	29/11/10	0.319	0.26	29/11/10	29/11/14
	1,100,000	1,100,000					

All options were granted for nil consideration.

The value per option at grant date is determined by an independent valuation by corporate advisers using a Black-Scholes option pricing model.

Performance income as a proportion of total income

No performance based bonuses have been paid to key management personnel during the year ended 30 June 2012 (30 June 2011: \$nil).

Deferred equity entitlements resolved by the Board to incentivise Senior Managers are consistent with the Company's executive remuneration and retention policies.

DIRECTORS' REPORT**13. MEETINGS OF DIRECTORS**

Directors	Directors Meetings		Audit Committee Meetings		Remuneration Committee Meetings	
	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended
Yi Shao	6	6	-	-	2	2
William Hayden	6	5	5	5	2	2
Peter Stephens	6	6	5	5	-	-
Shasha Lu	6	6	-	-	-	-
Jingbin Tian	6	6	5	3	1	1
Mark Sumich (i)	6	6	-	-	-	-
David Sumich (ii)	-	-	-	-	-	-
Julian Stephens (iii)	6	5	5	4	2	2
Jianrong Xu (ii)	-	-	-	-	-	-
Youyu Zhang (ii)	-	-	-	-	1	1

(i) Resigned 13 August 2012

(ii) Resigned 9 August 2011

(iii) Resigned 26 June 2012

14. INDEMNIFYING OFFICERS AND AUDITORS

During the financial year, the Company agreed to pay an annual insurance premium of \$36,911 in respect of directors' and officers' liability and legal expenses' insurance contracts, for director, officers and employees of the Company. The insurance premium relates to:

- Costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever the outcome.
- Other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty.

15. SHARE OPTIONS

At the date of this report 3,450,000 unissued ordinary shares of the Company under option are as follows:

Expiry Date	Exercise Price	Number of Options
1 March 2013	25 cents	400,000
20 July 2013	15 cents	600,000
26 October 2013	25 cents	200,000
30 June 2014	34.5 cents	600,000
1 September 2014	30 cents	350,000
26 October 2014	25 cents	200,000
29 November 2014	26 cents	500,000
29 November 2014	15 cents	600,000

DIRECTORS' REPORT

16. DEFERRED SHARE ENTITLEMENTS

At the date of this report, 150,000 unissued ordinary shares of the Company have been allocated as a deferred entitlement to consultants of the Company for equity for services.

Shares to be issued to consultants are dependent on milestones being achieved.

17. PROCEEDINGS ON BEHALF OF 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.

The company was not a party to any such proceedings during the financial year.

18. AUDITORS INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 40 of the financial report.

19. NON AUDIT SERVICES

The board of directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

There were no fees paid for non-audit services to the external auditors during the year ended 30 June 2012.

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



Shao Yi
Chairman

Dated this 27th day of September 2012

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF GLOBE METALS & MINING LTD

In relation to our audit of the financial report of Globe Metals & Mining Ltd for the year ended 30 June 2012, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.



PKF MACK & Co



SIMON FERMANIS
PARTNER

27 SEPTEMBER 2012
WEST PERTH,
WESTERN AUSTRALIA

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Liability limited by a scheme approved under Professional Standards Legislation.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012**

		Consolidated	
	Note	2012	2011
		\$	\$
Revenue from external parties for the use of resources in exploration activities	2	-	9,395
Interest income	2	2,210,800	439,117
Other income	2	237,068	-
Administrative expense		(1,012,914)	(1,112,323)
Share based payments	4,5	(255,802)	(580,614)
Employee benefits expense		(2,566,663)	(502,833)
Finance costs	3	(44,652)	(36,970)
Communications		(174,722)	(123,733)
Compliance and regulatory expenses		(455,849)	(299,358)
Occupancy expenses		(502,654)	(183,632)
Travel Expenses		(667,517)	(405,892)
Directors fees		(377,037)	(231,873)
Insurance expenses		(158,756)	(81,180)
Depreciation expense	3	(250,916)	(89,543)
Exploration expenditure written off	3	(781,036)	(142,521)
Profit/(Loss) on Disposal FA		(9,241)	-
Loss before income tax expense		(4,809,891)	(3,341,960)
Income tax benefit / (expense)		-	-
Loss for period		(4,809,891)	(3,341,960)
Other comprehensive income			
Foreign currency translation difference for foreign operations		(8,189,781)	(31,201)
Total comprehensive loss for the period		(12,999,672)	(3,373,161)
Basic and diluted loss per share calculated on loss for the period (cents per share)	22	(2.15)	(2.70)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012

		Consolidated	
	Note	2012	2011
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	10	31,207,498	44,109,639
Trade and other receivables	11	302,046	231,431
Other assets	12	<u>481,895</u>	<u>394,891</u>
TOTAL CURRENT ASSETS		<u>31,991,439</u>	<u>44,735,961</u>
NON CURRENT ASSETS			
Exploration and evaluation expenditure	16	16,562,705	16,553,551
Financial assets	14	80,000	80,000
Plant and equipment	13	<u>1,480,086</u>	<u>383,499</u>
TOTAL NON CURRENT ASSETS		<u>18,122,791</u>	<u>17,017,050</u>
TOTAL ASSETS		<u>50,114,230</u>	<u>61,753,011</u>
CURRENT LIABILITIES			
Trade and other payables	17	<u>1,867,062</u>	<u>580,717</u>
TOTAL CURRENT LIABILITIES		<u>1,867,062</u>	<u>580,717</u>
TOTAL LIABILITIES		<u>1,867,062</u>	<u>580,717</u>
NET ASSETS		<u>48,247,168</u>	<u>61,172,294</u>
EQUITY			
Issued capital	18	70,338,098	70,025,855
Reserves	19	(4,912,572)	3,514,906
Accumulated losses	19	<u>(17,178,358)</u>	<u>(12,368,467)</u>
TOTAL EQUITY		<u>48,247,168</u>	<u>61,172,294</u>

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2012**

	Ordinary shares	Retained earnings	Share Based Payment reserves	Foreign exchange reserve	Total
	\$	\$	\$	\$	\$
Consolidated					
Balance at 30 June 2010	21,840,652	(9,026,507)	2,510,970	659,022	15,984,137
Loss for period	-	(3,341,960)	-	-	(3,341,960)
Foreign currency translation differences	-	-	-	(31,201)	(31,201)
Total comprehensive income for the period	-	(3,341,960)	-	(31,201)	(3,373,161)
<i>Transactions with owners, recorded directly in equity</i>					
Shares issued during the year	49,493,180	-	-	-	49,493,180
Transaction costs	(2,452,237)	-	-	-	(2,452,237)
Share Based Payments	1,144,260	-	-	-	1,144,260
Options issued during period	-	-	376,115	-	376,115
Balance at 30 June 2011	70,025,855	(12,368,467)	2,887,085	627,821	61,172,294
Loss for period	-	(4,809,891)	-	-	(4,809,891)
Foreign currency translation differences	-	-	-	(8,189,781)	(8,189,781)
Total comprehensive income for the period	-	(4,809,891)	-	(8,189,781)	(12,999,672)
<i>Transactions with owners, recorded directly in equity</i>					
Shares forfeited during the year	-	-	(277,500)	-	(277,500)
Share Buy-back	(346,257)	-	-	-	(346,257)
Share Based Payments	658,500	-	-	-	658,500
Options issued during period	-	-	39,803	-	39,803
Balance at 30 June 2012	70,338,098	(17,178,358)	2,649,388	(7,561,960)	48,247,168

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2012

		Consolidated	
	Note	2012	2011
		\$	\$
Cash Flows from Operating Activities			
- Payments to suppliers and employees		(6,124,018)	(2,593,011)
- Interest received		2,363,957	439,113
- Interest paid		(44,652)	(36,970)
- Sundry Income		237,068	9,395
- Payments for exploration and evaluation		<u>(7,946,983)</u>	<u>(3,931,144)</u>
<i>Net cash provided/(used) in operating activities</i>	23(a)	<u>(11,514,628)</u>	<u>(6,112,617)</u>
Cash Flows From Investing Activities			
- Purchase of plant & equipment		<u>(1,005,878)</u>	<u>(140,099)</u>
<i>Net cash provided/(used) in investing activities</i>		<u>(1,005,878)</u>	<u>(140,099)</u>
Cash Flows from Financing Activities			
- Proceeds from issue/(purchase) of shares and options		(346,257)	50,496,941
- Capital raising costs of shares and options		<u>-</u>	<u>(2,452,237)</u>
<i>Net cash provided by financing activities</i>		<u>(346,257)</u>	<u>48,044,704</u>
Net increase / (decrease) in cash held		(12,866,763)	41,791,988
Cash and cash equivalents at beginning of financial year		44,109,639	2,317,651
Effects of exchange rate changes on cash		<u>(35,378)</u>	<u>-</u>
Cash and cash equivalents at end of Financial year	23(b)	<u>31,207,498</u>	<u>44,109,639</u>

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report of Globe Metals & Mining Limited for the year ended 30 June 2012 was authorised for issue in accordance with a resolution of directors on 27 September 2012.

This financial report includes the consolidated financial statements and notes of Globe Metals & Mining Limited ('Globe' or 'Parent Entity') and controlled entities ('Consolidated Entity' or 'Group').

Globe Metals & Mining Limited is a listed public company, trading on the Australian Securities Exchange, limited by shares, incorporated and domiciled in Australia.

The financial report of Globe Metals & Mining Limited and controlled entities comply 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 following is a summary of the material accounting policies adopted by the Group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*, as appropriate for profit-oriented entities.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

a. Significant accounting estimates, judgments and assumptions

The preparation of financial statements requires management to make judgments and estimates relating to the carrying amounts of certain assets and liabilities. Actual results may differ from the estimates made. Estimates and assumptions are reviewed on an ongoing basis.

The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next accounting period are:

(i) Share based payment transactions

The Consolidated Entity measures the cost of equity settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of share options is determined by an external valuer using an appropriate valuation model.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

a. Significant accounting estimates, judgments and assumptions (cont)

(ii) Impairment of exploration and evaluation assets and investments in and loans to subsidiaries

The ultimate recoupment of the value of exploration and evaluation assets, the company's investment in subsidiaries, and loans to subsidiaries is dependent on the successful development and commercial exploitation, or alternatively, sale, of the exploration and evaluation assets.

Impairment tests are carried out on a regular basis to identify whether the asset carrying values exceed their recoverable amounts. There is significant estimation and judgement in determining the inputs and assumptions used in determining the recoverable amounts.

The key areas of judgement and estimation include:

- Recent exploration and evaluation results and resource estimates;
- Environmental issues that may impact on the underlying tenements;
- Fundamental economic factors that have an impact on the operations and carrying values of assets and liabilities.

(iii) Income tax expenses

Judgement is required in assessing whether deferred tax assets and liabilities are recognised on the statement of financial position. Deferred tax assets, including those arising from temporary differences, are recognised only when it is considered more likely than not that they will be recovered, which is dependent on the generation of future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised.

(iv) Classification of investments

The Group has decided to classify investments in listed securities as available for sale. These securities are accounted for at fair value. Any increments or decrements in their value at year end are charged or credited to the statement of comprehensive income.

b. Exploration and Evaluation Assets

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the Consolidated Entity has obtained the legal rights to explore an area are recognised in the statement of comprehensive income.

For exploration and evaluation asset acquisitions (farm-in arrangements) in which Globe has made arrangements to fund a portion of the selling partners' (farmor's) exploration and/or future development expenditures, these expenditures are reflected in the financial statements as and when the exploration and development work progresses.

Exploration and evaluation asset dispositions (farm-out arrangements) are accounted for on a historical cost basis with no gain or loss recognition.

Exchanges (swaps) of exploration and evaluation assets are accounted for at the carrying amounts of the assets given up with no gain or loss recognition.

Exploration and evaluation assets are only recognised if the rights of interest are current and either:

- The expenditures are expected to be recouped through successful development and exploitation of the area of interest; or
- Activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

An impairment exists when the carrying amount of capitalised exploration and evaluation expenditure relating to an area of interest exceeds its recoverable amount. The asset is then written down to its recoverable amount. Any impairment losses are recognised in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from exploration and evaluation expenditure to mining property and development assets within property, plant and equipment and depreciated over the life of the mine.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Where applicable, such costs are determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

c. Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Globe Metals & Mining Limited ('company' or 'parent entity') as at 30 June 2012 and the results of all controlled entities for the year then ended. Globe Metals & Mining Limited and its controlled entities together are referred to in this financial report as the Consolidated Entity. The effects of all transactions between entities in the Consolidated Entity are eliminated in full.

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

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

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

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

A list of controlled entities is contained in Note 15 to the financial statements.

d. Impairment

(i) Financial Assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the statement of comprehensive income or asset revaluation reserve in the period in which the impairment arises.

(ii) Exploration and Evaluation Assets

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount at the reporting date.

Exploration and evaluation assets are tested for impairment in respect of cash generating units, which are no larger than the area of interest to which the assets relate.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(iii) *Non-financial Assets Other Than Exploration and Evaluation Assets*

The carrying amounts of the Consolidated Entity's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units, then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

e. Income Tax

Current Tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred Tax

Deferred tax is accounted for using the liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period (s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Consolidated Entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Current and Deferred Taxation

Current and deferred tax is recognised as an expense or income in the Statement of Comprehensive Income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Tax Consolidation

Globe Metals & Mining Limited and its wholly-owned Australian subsidiaries have not formed an income tax consolidated group under tax consolidation legislation.

f. Rehabilitation, Restoration and Environmental Costs

Long-term environmental obligations are based on the Group's environmental management plans, in compliance with current environmental and regulatory requirements.

The costs will include obligations relating to reclamation, waste site closure, plant closure and other costs associated with the restoration of the site, when relevant.

Full provision is made based on the net present value of the estimated cost of restoring the environment disturbance that has been incurred as at the reporting date. Increases due to additional environmental disturbance (to the extent that it relates to the development of an asset) are capitalised and amortised over the remaining lives of the mines.

Annual increases in provision relating to the change in the present value of the provision are accounted for in earnings.

The estimated costs of rehabilitation are reviewed annually and adjusted as appropriate for changes in legislation, technology or other circumstances. Cost estimates are not reduced by the potential proceeds from the sale of assets or from plant clean-up at closure.

g. Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses.

Impairment

The carrying amounts of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If any such indication exists and where the carrying values exceed the recoverable amount, the assets or cash generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater 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. Impairment losses are recognised in the statement of comprehensive income in the impairment expense line item.

Depreciation

The depreciable amount of all fixed assets is depreciated on a diminishing value basis over their useful lives to the Company commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable assets vary from 20% to 40%.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

h. Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the Group becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transaction costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Classification and Subsequent Measurement

i. Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

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 and are subsequently measured at amortised cost using the effective interest rate method.

iii. Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

iv. Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

v. Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

h. Financial Instruments (cont)

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

Financial Guarantees

Where material, financial guarantees issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition. The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The fair value of financial guarantee contracts has been assessed using a probability weighted discounted cash flow approach. The probability has been based on:

- the likelihood of the guaranteed party defaulting in a year period;
- the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- the maximum loss exposed if the guaranteed party were to default.

i. Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities in the Group are classified as finance leases.

Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are depreciated on a diminishing value basis over their estimated useful lives where it is likely that the Group will obtain ownership of the asset or over the term of the lease.

Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

j. Earnings Per Share

Basic earnings per share ("EPS") is calculated by dividing the net profit or loss attributable to members for the reporting period, after excluding any costs of servicing equity, by the weighted average number of ordinary shares of the Company, adjusted for any bonus issue.

Diluted Earnings per Share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

k. Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest

Revenue is recognised as the interest accrues.

l. Cash and Cash Equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Statement Cash Flow, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

m. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the Statement of Cash Flow on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

n. Investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

After initial recognition, investments, which are classified as held for trading and available-for-sale, are measured at fair value. Gains or losses on investments held for trading are recognised in the statement of comprehensive income.

Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the statement of comprehensive income.

For investments that are actively traded in organised financial markets, fair value is determined by reference to Securities Exchange quoted market bid prices at the close of business on the reporting date.

o. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) where, as a result of a past event, it is probable that an outlay of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

p. Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the Group to employee superannuation funds and are charged as expenses when incurred.

q. Trade and Other Payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of consideration to be paid in the future for goods and services received, whether or not billed to the Consolidated Entity.

Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

r. Equity Settled Compensation

The Group provides benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transaction").

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an independent valuation by corporate advisers using a Black-Scholes option pricing model.

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

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Company, will ultimately vest. This opinion is formed based on the best available information at reporting date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

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

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

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

s. Issued Capital

Ordinary shares are classified as equity.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

t. Foreign Currency Translation

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when the fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of comprehensive income.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Company's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained profits are translated at the exchange rate prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of comprehensive income in the period in which the operation is disposed.

u. Trade and Other Receivables

Trade receivables, which generally have 30-90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any uncollectible amounts.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for impairment is raised when there is objective evidence that the Group will not be able to collect the debt.

NOTES TO THE FINANCIAL STATEMENTS

	Consolidated	
	2012	2011
	\$	\$
2. REVENUE FROM CONTINUING ACTIVITIES		
Other revenue		
- Revenue from external parties for the use of resources in exploration activities	-	9,395
- Interest received from other persons	2,210,800	439,117
- Other income	237,068	-
	2,447,868	448,512

3. EXPENSES

Loss from operations before income tax has been determined after the following specific expenses:

Capitalised exploration expenditure written off	781,036	142,521
Operating lease expenses	300,043	105,977
Superannuation expenses	171,853	69,742
Depreciation	250,916	89,543
Foreign exchange differences	(142,694)	49,896
Finance Costs		
- Bank Charges	19,274	12,144
- Interest Expense	26,541	20,934
- Other	(1,163)	3,892
	44,652	36,970

NOTES TO THE FINANCIAL STATEMENTS

4. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Details of key management personnel

The following persons were key management personnel of Globe Metals & Mining Limited during the financial year:-

Yi Shao	Chairman
Fergus Jockel	Chief Executive Officer (Acting) (appointed 13 August 2012)
Shasha Lu	Deputy CEO and Executive Director (appointed 9 August 2011)
William Hayden	Non-Executive Director
Peter Stephens	Non-Executive Director
Tian Jingbin	Non-Executive Director
Mark Sumich	Managing Director (resigned 13 August 2012)
David Sumich	Non-Executive Director (resigned 9 August 2011)
Dr Julian Stephens	Non-Executive Director (resigned 26 June 2012)
Jianrong Xu	Non-Executive Director (resigned 9 August 2011)
Youyu Zhang	Non-Executive Director (resigned 9 August 2011)
Bradley Wynne	CFO and Company Secretary (finished 30 June 2012)
Andries Kruger	General Manager for Africa
Michael Schultz	Regional Exploration Manager

	Consolidated	
	2012	2011
	\$	\$
Short term	2,179,256	1,181,161
Post employment	104,527	50,662
Share-based payment	205,350	410,250
	<u>2,489,133</u>	<u>1,642,073</u>

NOTES TO THE FINANCIAL STATEMENTS

4. KEY MANAGEMENT PERSONNEL DISCLOSURES (cont)

(b) Option holdings of key management personnel

2012	Balance at beginning period	Granted as Remuneration	Exercised	Bought, (Sold), (expired)	Balance at 30 June 2012	Total Vested at 30 June 2012	Total Exercisable at 30 June 2012
Shao Yi	-	-	-	-	-	-	-
Mark Sumich (i)	-	-	-	-	-	-	-
Shasha Lu (ii)	-	-	-	-	-	-	-
William Hayden	1,100,000	-	-	-	1,100,000	1,100,000	1,100,000
Tian Jingbin	-	-	-	-	-	-	-
Peter Stephens	-	-	-	-	-	-	-
David Sumich (iii)	-	-	-	-	-	-	-
Jianrong Xu (iii)	-	-	-	-	-	-	-
Yoyu Zhang (iii)	-	-	-	-	-	-	-
Julian Stephens (iv)	600,000	-	-	-	600,000*	600,000	600,000
Bradley Wynne (v)	200,000	-	-	-	200,000*	200,000	200,000
Andries Kruger	-	300,000	-	-	300,000	300,000	300,000
Michael Schultz	-	300,000	-	-	300,000	300,000	300,000
	1,900,000	600,000	-	-	2,500,000	2,500,000	2,500,000

2011	Balance at beginning period	Granted as Remuneration	Exercised	Bought, (Sold), (expired)	Balance at 30 June 2011	Total Vested at 30 June 2011	Total Exercisable at 30 June 2011
David Sumich	600,000	-	600,000	-	-	-	-
Mark Sumich	1,000,000	-	1,000,000	-	-	-	-
William Hayden	-	1,100,000	-	-	1,100,000	1,100,000	1,100,000
Julian Stephens	600,000	-	-	-	600,000	600,000	600,000
Bradley Wynne	400,000	-	-	-	400,000	200,000	200,000
Andries Kruger	-	-	-	-	-	-	-
Michael Schultz	-	-	-	-	-	-	-
	2,600,000	1,100,000	1,600,000	-	2,100,000	1,900,000	1,900,000

(i) Resigned 13 August 2012

(ii) Appointed 9 August 2011

(iii) Resigned 9 August 2011

(iv) Resigned 26 June 2012

(v) Resigned 30 June 2012

*Balance held at the date of resignation

(c) Shareholdings of key management personnel in listed fully paid ordinary shares

2012	Balance at beginning period	Granted as Remuneration	On Exercise of Options	Bought & (Sold)	Balance at 30 June 2012
Shao Yi	-	-	-	-	-
Mark Sumich (i)	8,000,000	-	-	(2,500,000)	5,500,000
Shasha Lu (ii)	-	-	-	-	-
William Hayden	76,923	-	-	-	76,923
Tian Jingbin	-	-	-	-	-
Peter Stephens	-	-	-	-	-
David Sumich (iii)	1,837,500	-	-	-	1,837,500*
Julian Stephens (iv)	930,236	-	-	-	930,236*
Bradley Wynne (v)	-	300,000	-	-	300,000*
Andries Kruger	495,000	200,000	-	-	695,000
Michael Schultz	640,000	125,000	-	-	765,000
	11,979,659	625,000	-	(2,500,000)	10,104,659

2011	Balance at beginning period	Granted as Remuneration	On Exercise of Options	Bought & (Sold)	Balance at 30 June 2011
David Sumich	1,237,500	-	600,000	-	1,837,500
Mark Sumich	6,327,500	-	1,000,000	672,500	8,000,000
William Hayden	76,923	-	-	-	76,923
Julian Stephens	930,236	-	-	-	930,236
Bradley Wynne	-	-	-	-	-
Andries Kruger	395,000	100,000	-	-	495,000
Michael Schultz	590,000	50,000	-	-	640,000
	9,557,159	150,000	1,600,000	672,500	11,979,659

(i) Resigned 13 August 2012

(ii) Appointed 9 August 2011

(iii) Resigned 9 August 2011

(iv) Resigned 26 June 2012

(v) Resigned 30 June 2012

*Balance held at the date of resignation

NOTES TO THE FINANCIAL STATEMENTS

4. KEY MANAGEMENT PERSONNEL DISCLOSURES (cont)

(d) Shareholdings of key management personnel in unlisted Class A Performance shares

2012	Balance at beginning period	Granted as Remuneration	On Exercise of Options	Shares Forfeited	Balance at 30 June 2012
Mark Sumich (i)	1,070,000	-	-	(1,070,000)	-
Julian Stephens (ii)	430,000	-	-	(430,000)	-
	1,500,000	-	-	(1,500,000)	-

2011	Balance at beginning period	Granted as Remuneration	On Exercise of Options	Bought & (Sold)	Balance at 30 June 2011
Mark Sumich	1,070,000	-	-	-	1,070,000
Julian Stephens	430,000	-	-	-	430,000
	1,500,000	-	-	-	1,500,000

(e) Shareholdings of key management personnel in unlisted Class B Performance shares

2012	Balance at beginning period	Granted as Remuneration	On Exercise of Options	Bought & (Sold)	Balance at 30 June 2012
Mark Sumich (i)	2,140,000	-	-	-	2,140,000
Julian Stephens (ii)	860,000	-	-	-	860,000
	3,000,000	-	-	-	3,000,000

2011	Balance at beginning period	Granted as Remuneration	On Exercise of Options	Bought & (Sold)	Balance at 30 June 2011
Mark Sumich	2,140,000	-	-	-	2,140,000
Julian Stephens	860,000	-	-	-	860,000
	3,000,000	-	-	-	3,000,000

(i) Resigned on 13 August 2012

(ii) Resigned on 26 June 2012

(f) Loans to key management personnel

There were no unsecured loans to key management personnel outstanding at 30 June 2012 (\$nil: 2011).

NOTES TO THE FINANCIAL STATEMENTS

5. SHARE BASED PAYMENTS

There are shares and options issued to employees as part of their compensation under the company's Employee Share Option Plan. Options are independently valued by corporate advisers using the Black-Scholes method.

Compensation shares granted during the year ended 30 June 2012

Personnel	Vested No.	Granted No.	Grant Date	Value per Share at Grant Date \$	Terms & Conditions for Each Grant Vesting Date
Employees	810,000	810,000	08/07/11	0.27	08/07/11
Creditor	50,000	50,000	08/07/11	0.27	08/07/11
Creditor	100,000	100,000	03/10/11	0.17	03/10/11
Creditor	1,100,000	1,100,000	25/05/12	0.15	25/05/12
	<u>2,060,000</u>	<u>2,060,000</u>			

Value per share is approximately the market price at date of the grant.

All shares were granted subject to the attainment of performance and/or employment continuity criteria.

Compensation shares granted during the year ended 30 June 2011

Personnel	Vested No.	Granted No.	Grant Date	Value per Share at Grant Date \$	Terms & Conditions for Each Grant Vesting Date
Employees	400,000	400,000	06/07/10	0.125	06/07/10
Employees	14,872	14,872	06/07/10	0.168	06/07/10
Creditor	200,000	200,000	26/10/10	0.440	26/10/10
Employees	100,000	100,000	10/01/11	0.340	10/01/11
Creditor	100,000	100,000	24/02/11	0.300	24/02/11
Creditor	3,000,000	3,000,000	19/04/11	0.315	19/04/11
	<u>3,814,872</u>	<u>3,814,872</u>			

Value per share is approximately the market price at date of the grant.

All shares were granted subject to the attainment of performance and/or employment continuity criteria.

NOTES TO THE FINANCIAL STATEMENTS

5. SHARE BASED PAYMENTS (cont)

Compensation options granted during the year ended 30 June 2012

Personnel	Vested No.	Granted No.	Grant Date	Value per Option at Grant Date \$	Terms & Conditions for Each Grant		
					Exercise Price \$	First Exercise Date	Last Exercise Date
Employees	600,000	600,000	03/10/11	0.061	0.345	03/10/11	30/06/2014
	600,000	600,000					

Exercise price equals the approximate market price at date of the grant.

All options were granted for nil consideration.

For options granted during the current financial year, the valuation model inputs used to determine fair value at the grant date are as follows:

Inputs	Options Expiring 30 June 2014
Underlying security spot price	\$0.15
Exercise price	\$0.345
Issue date	03/10/2011
Expiration date	30/06/2014
Life of the Options	2.74 yrs
Approximate Volatility	95%
Risk free rate	3.66%
Dividend rate	Nil
Value per option	\$0.061
Number of options	600,000
Total value	\$36,600

The value per option at grant date is determined by an independent valuation by corporate advisers using a Black-Scholes option pricing model.

Compensation options granted during the year ended 30 June 2011

	Vested No.	Granted No.	Grant Date	Value per Option at Grant Date \$	Terms & Conditions for Each Grant		
					Exercise Price \$	First Exercise Date	Last Exercise Date
Employees	600,000	600,000	29/11/10	0.3450	0.15	29/11/2010	29/11/2014
Employees	500,000	500,000	29/11/10	0.3190	0.26	29/11/2010	29/11/2014
	1,100,000	1,100,000					

Exercise price equals the approximate market price at date of the grant.

All options were granted for nil consideration.

Inputs	Tranche A	Tranche B
Underlying security spot price	\$0.40	\$0.41
Exercise price	\$0.15	\$0.26
Issue date	29/11/2010	29/11/2010
Expiration date	29/11/2014	29/11/2014
Life of the Options	4yrs	4yrs
Approximate Volatility	100%	100%
Risk free rate	4.91%	4.91%
Dividend rate	Nil	Nil
Value per option	\$0.345	\$0.319
Number of options	600,000	500,000
Total value	\$207,000	\$159,500

NOTES TO THE FINANCIAL STATEMENTS

5. SHARE BASED PAYMENTS (cont)

Options Cancelled

No options were cancelled during the reporting period ended 30 June 2012 (2011: Nil).

Options Exercised

No options were exercised during the reporting period ended 30 June 2012 (2011: \$1,600,000).

6. RELATED PARTY DISCLOSURES

(a) Parent entity

The ultimate parent entity within the Group is Globe Metals & Mining Limited.

(b) Wholly-owned group transactions

Loans

Globe Metals & Mining Limited has provided an unsecured, interest bearing loan to its wholly owned subsidiary, Globe Uranium (Argentina) S.A totalling \$805,320 (\$805,320: 2011) at reporting date. A provision of \$805,320 (\$805,320: 2011) has been offset against this loan being a provision in full (\$805,320: 2011). There were no repayments made during the year.

Globe Metals & Mining Limited has provided an unsecured, interest bearing loan to its wholly owned subsidiary, Globe Metals & Mining (Africa) Limited totalling \$18,170,430 (\$11,924,435: 2011) at reporting date. A provision of \$Nil (\$2,462,900: 2011) has been offset against this loan leaving a net amount owing of \$18,170,430 (\$9,461,535: 2011). There were no repayments made during the year.

Globe Metals & Mining Limited has provided an unsecured, interest bearing loan to its wholly owned subsidiary, Globe Metals & Mining (Exploration) Limited totalling \$5,325,150 (\$3,301,421: 2011) at reporting date. A provision of \$5,325,150 (\$1,014,616: 2011) has been offset against this loan leaving a net amount owing of \$Nil (\$2,286,805: 2011). There were no repayments made during the year.

Globe Metals & Mining Limited has provided an unsecured, interest bearing loan to its wholly owned subsidiary, Globe Metals & Mining Mozambique totalling \$ 4,828,944 (\$6,928: 2011) at reporting date. A provision of \$4,569,974 (\$Nil: 2011) has been offset against this loan leaving a net amount owing of \$259,370. There were no repayments made during the year.

(c) Key management personnel

Disclosures relating to key management personnel are set out in note 4 and the Directors' Report.

(d) Related Third Party Transactions:

A total of \$50,345 was paid during the financial year to Kamuzu Nominees(wholly owned by Mr Mark Sumich) in respect of Sydney office rent.

Ragusa Investments (wholly owned by Mr Mark Sumich) was paid \$60,503 in respect of Director Fees for the 2011/2012 financial year.

Coastal View Investments a company wholly owned by Mr Julian Stephens has rendered professional geological services to Globe amounting to \$134,909 during the 2011/2012 financial year.

7. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

No dividends were paid during the year. No recommendation for payment of dividends has been made.

NOTES TO THE FINANCIAL STATEMENTS

		Consolidated	
		2012	2011
		\$	\$
8. AUDITORS' REMUNERATION			
Remuneration of the auditor of the parent entity for:			
- Auditing or reviewing the financial report		82,500	87,000
- Other services		-	-
Remuneration of other auditors of subsidiaries for:			
- Auditing or reviewing the financial report		46,259	48,402
- Other services		-	3,232
		128,759	138,634
9. INCOME TAX EXPENSE			
a.	The components of tax expense comprise:		
	Current tax	-	-
	Deferred tax		
	Relating to origination and reversal of temporary differences	-	25,727
	Adjustments arising from prior period	-	(25,727)
	Income tax expense / (benefit)	-	-
b.	The prima facie tax benefit on loss from ordinary activities before income tax is reconciled to the income tax as follows: Prima facie tax benefit on loss from ordinary activities before income tax at 30% (2011: 30%)	(1,442,967)	(1,011,948)
	Add:		
	Tax effect of:		
	- Non-deductible expenses	30,044	407,957
	- Temporary differences not recognised	74,261	3,320
	- Tax loss brought to account as a deferred tax asset	1,338,662	626,398
	- Other non-allowable items	-	-
		-	25,727
	Less:		
	Tax effect of:		
	- Recoupment of prior year revenue losses not previously recognised	-	-
	- Adjustment in respect to previous deferred income tax	-	(25,727)
	Income tax	-	-
	The applicable weighted average effective tax rates are as follows:	0%	0%
c.	The following deferred tax balances have not been recognised:		
	Deferred Tax Assets:		
	At 30%:		
	Carry forward revenue losses	1,933,570	848,745
	Provision for impairment on loan accounts	-	-
	Other	-	3,320
		1,933,570	852,065
	At 35% (Argentina):		

NOTES TO THE FINANCIAL STATEMENTS

9. INCOME TAX EXPENSE (cont)

	Consolidated	
	2012	2011
	\$	\$
Carry forward overseas losses	-	-
At 30% (Malawi):		
Carry forward overseas losses	-	-

The tax benefits of the above Deferred Tax Assets will only be obtained if:

- (a) the Group derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
- (b) the Group continues to comply with the conditions for deductibility imposed by law; and
- (c) no changes in income tax legislation adversely affect the Group in utilising the benefits.

NOTES TO THE FINANCIAL STATEMENTS

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011	30 June 2012	30 June 2011
	\$	\$	\$	\$	\$	\$
CONSOLIDATED						
Accrued Interest	-	-	51,764	97,621	51,764	97,621
Property, Plant and Equipment	(7,459)	(7,459)	-	-	(7,459)	(7,459)
Trade and other payables	(3,169)	(4,500)	-	-	(3,169)	(4,500)
Employee benefits	(41,136)	(32,837)	-	-	(41,136)	(32,837)
Capital raising costs	-	(27,941)	-	-	-	(27,941)
Un-realised foreign exchange losses (gains)	-	(24,884)	-	-	-	(24,884)
Tax Losses	-	-	-	-	-	-
<i>Tax (assets) liabilities</i>	(51,764)	(97,621)	51,764	97,621	-	-
Set off of tax	51,764	97,621	(51,764)	(97,621)	-	-
<i>Net tax (assets) liabilities</i>	-	-	-	-	-	-

Movement in temporary differences during the year	Balance 1 July 2010	Recognised in Income	Recognised in Equity	Balance 30 June 2011
Accrued Interest	2,099	95,523	-	97,621
Property, Plant and Equipment	(7,459)	-	-	(7,459)
Trade and other payables	(9,240)	4,740	-	(4,500)
Employee benefits	(30,971)	(1,866)	-	(32,837)
Capital raising costs	(35,162)	7,222	-	(27,941)
Un-realised foreign exchange losses (gains)	99,699	(124,585)	-	(24,884)
Tax Losses	(18,966)	18,966	-	-
	-	-	-	-

Movement in temporary differences during the year	Balance 1 July 2011	Recognised in Income	Recognised in Equity	Balance 30 June 2012
Accrued Interest	97,621	(45,857)	-	51,764
Property, Plant and Equipment	(7,459)	-	-	(7,459)
Trade and other payables	(4,500)	1,331	-	(3,169)
Employee benefits	(32,837)	(8,299)	-	(41,136)
Capital raising costs	(27,941)	27,941	-	-
Un-realised foreign exchange losses (gains)	(24,884)	24,884	-	-
	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

	Consolidated	
	2012	2011
	\$	\$
10. CASH AND CASH EQUIVALENTS		
Cash at bank	614,793	967,871
Short term bank deposits	30,592,705	43,141,768
	31,207,498	44,109,639

The cash at bank held at the year end is held in cash and short term deposits and paid interest at a rate on average between 0.9% and 5.71%.

11. TRADE AND OTHER RECEIVABLES

Current

GST Receivable	106,661	39,641
Trade Debtors	586	77,409
Tax Receivable	37,109	63,480
VAT Receivable	157,690	50,901
	302,046	231,431

Terms and conditions relating to the above financial instruments.

1. Trade debtors are non-interest bearing and generally on 30 days terms.
2. Other receivables are non-interest bearing and have repayment terms between 30 and 90 days.

12. OTHER ASSETS

Current

Prepayments	165,442	26,003
Accrued Interest	172,247	325,404
Deposits	92,115	12,012
Geological Inventory	52,091	31,472
	481,895	394,891

13. PLANT AND EQUIPMENT

Plant and Equipment		
At Cost	1,867,722	700,323
Accumulated depreciation	(387,636)	(316,824)
	1,480,086	383,499

Movements in carrying amounts

Movements in the carrying amounts for each class of plant and equipment between the beginning and the end of the period.

Plant and equipment		
Carrying amount at the beginning of the period	383,499	332,943
Reclassification (from Exploration Expenditure)	396,992	-
F/X on Translation	(136,509)	-
Additions/(Disposals)	1,087,020	140,099
Depreciation expense	(250,916)	(89,543)
Carrying amount at end of the period	1,480,086	383,499

14. FINANCIAL ASSETS

Non current		
Investments – shares at fair value	80,000	80,000

NOTES TO THE FINANCIAL STATEMENTS

15. INTERESTS IN CONTROLLED ENTITIES

Controlled entities consolidated

The consolidated financial statements incorporate the assets, liabilities and the results of the following subsidiaries in accordance with the accounting policy described in note 1(a):

Name	Country of Incorporation	Class of Shares	Equity Holding *	
			2012	2011
Globe Uranium (Argentina) S.A.	Argentina	Ordinary	100%	100%
Globe Metals & Mining (Africa) Limited	Malawi	Ordinary	100%	100%
Globe Metals & Mining (Mozambique) Limitada	Mozambique	Ordinary	100%	100%
Globe Metals & Mining (Exploration) Limited	Malawi	Ordinary	100%	100%

* Percentage of voting power is in proportion to ownership.

Consolidated

2012	2011
\$	\$

16. EXPLORATION AND EVALUATION EXPENDITURE

Non-Current

Costs carried forward in respect of areas of interest in:

Exploration and evaluation phases – at cost

	16,562,705	16,553,551
Brought forward	16,553,551	13,053,550
Foreign Exchange Revaluation	(7,815,499)	-
Consideration for the exploration assets		
Reclassification to Property Plant & Equipment	(396,992)	-
Exploration expenditure capitalised during the year	8,528,437	3,642,522
Exploration expenditure written off	(306,792)	(142,521)
At reporting date	16,562,705	16,553,551

Due to the significant devaluation of the Malawian Kwacha during the year a large foreign exchange loss is reported with the translation of Malawian subsidiary accounts into reporting currency. In accordance with AASB 121 this loss is taken to the foreign currency translation reserve in Equity and not through accumulated losses. Refer Note 19 for details.

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

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

The Group's exploration properties may be subjected to claim(s) under native title, or contain sacred sites, or sites of significance to indigenous people. As a result, exploration properties or areas within the tenements may be subject to exploration restrictions, mining restrictions and/or claims for compensation. At this time, it is not possible to quantify whether such claims exist, or the quantum of such claims.

NOTES TO THE FINANCIAL STATEMENTS

	Consolidated	
	2012	2011
	\$	\$
17. TRADE AND OTHER PAYABLES		
Current		
Trade creditors (unsecured)	499,598	118,634
Other creditors and accruals	1,096,759	315,468
Employee benefit provisions	270,705	146,615
	1,867,062	580,717

Terms and conditions relating to the above financial instruments.

1. Trade creditors are non-interest bearing and generally on 30 day terms.
2. Other creditors are non-interest bearing have no fixed repayment terms.

For further details please refer to Note 20.

18. ISSUED CAPITAL

	Consolidated			
	2012		2011	
	\$	Number	\$	Number
Fully paid ordinary shares	70,338,098	222,559,805	70,025,855	222,949,805
	70,338,098	222,559,805	70,025,855	222,949,805

(a) Movements in fully paid ordinary shares on issue:

	Consolidated			
	2012		2011	
	\$	Number	\$	Number
At beginning of reporting period:	70,025,855	222,949,805	21,840,652	93,791,871
Shares bought back	(346,257)	(2,450,000)	-	-
Placement of shares at \$0.25 each	-	-	1,400,000	5,600,000
Placement of shares at \$0.405 each	-	-	47,847,940	118,143,062
Share Based Payments (Refer Note 5)	658,500	2,060,000	1,149,500	3,814,872
Exercise of \$0.15 Options	-	-	240,000	1,600,000
Less: Capital Raising Expenses	-	-	(2,452,237)	-
Balance at end of reporting period	70,338,098	222,559,805	70,025,855	222,949,805

Management of Share Capital

The Directors primary objectivity is to maintain a capital structure that ensures the lowest cost of capital available to the Group. At reporting date, the Group has no external borrowings.

The Group is not subject to any externally imposed capital requirements.

Share Buy-Back

In order to preserve shareholder value, the Company has undertaken an on market share buy- back of up to 5% of the existing issued share capital. At the balance sheet date 24% of the buy- back facility has been exercised with the remaining buy back to be undertaken within nine months from the date of the this report.

NOTES TO THE FINANCIAL STATEMENTS

18. ISSUED CAPITAL (cont)

Capital Risk Management

The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends, return capital to shareholders, issue/buy-back shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current parent entity's share price at the time of investment. The consolidated entity is not currently pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The capital risk management policy remains unchanged from 30 June 2011 annual report.

(b) Movements in Class A Performance Shares on issue:

	Consolidated			
	2012		2011	
	\$	Number	\$	Number
At beginning of reporting period	277,500	1,500,000	277,500	1,500,000
Movement during the period:				
Forfeited during period	(277,500)	(1,500,000)	-	-
Balance at end of reporting period	-	-	277,500	1,500,000

(c) Movements in Class B Performance Shares on issue:

	Consolidated			
	2012		2011	
	\$	Number	\$	Number
At beginning of reporting period	555,000	3,000,000	555,000	3,000,000
Movement during the period:				
Issued during period	-	-	-	-
Balance at end of reporting period	555,000	3,000,000	555,000	3,000,000

(d) Movements in options on issue:

	Consolidated					
	2012			2011		
	\$	Number	Avg Ex Price	\$	Number	Avg Ex Price
At beginning of reporting period	2,054,585	2,850,000	\$0.22	1,678,470	3,150,000	\$0.18
Movement during the period:						
Option Reserve (Refer Note 4, 5)	36,600	600,000	\$0.345	376,115	1,300,000	\$0.21
Add: Amortisation of options granted during the year	3,202	-	-	-	-	-
Less: Options exercised during the year	-	-	-	-	(1,600,000)	\$0.15
Balance at end of reporting period	2,094,387	3,450,000	\$0.24	2,054,585	2,850,000	\$0.22

NOTES TO THE FINANCIAL STATEMENTS

18. ISSUED CAPITAL (cont)

A share option plan has been established by the consolidated entity whereby, the consolidated entity may, at the discretion of the Nomination and Remuneration Committee, grant options over ordinary shares in the parent entity to certain key management personnel of the consolidated entity. The options are issued for nil consideration and in accordance with performance guidelines established by the Nomination and Remuneration Committee.

(e) Terms of Ordinary Shares

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held and in proportion to the amount paid up on the shares held. The fully paid ordinary shares have no par value.

At shareholders meetings each ordinary share is entitled to one vote in proportion to the paid up amount of the share when a poll is called, otherwise each shareholder has one vote on a show of hands.

At the end of reporting period, there are 222,559,805 shares on issue.

(f) Terms of Class A Performance Shares

Class 'A' Performance shares do not participate in dividends or the proceeds on winding up of the Company.

A holder is not entitled to vote on any resolutions proposed at a general meeting of the Company other than in the following circumstances: (i) on a proposal to reduce the Company's share capital; (ii) on a resolution to approve the terms of a buy-back agreement; (iii) on a proposal that affects the rights attached to Class 'A' Performance Shares; (iv) on a proposal to wind up the Company; (v) on a proposal for the disposal of the whole of the Company's property, business and undertaking; and (vi) during the winding up of the Company.

At the end of reporting period, there are no Class 'A' Performance shares following the cancellation of 1,500,000 Class 'A' Performance Shares on 9 January 2012 due to its expiry.

(g) Terms of Class 'B' Performance Shares

Class 'B' Performance shares do not participate in dividends or the proceeds on winding up of the Company.

A holder is not entitled to vote on any resolutions proposed at a general meeting of the Company other than in the following circumstances: (i) on a proposal to reduce the Company's share capital; (ii) on a resolution to approve the terms of a buy-back agreement; (iii) on a proposal that affects the rights attached to Class 'B' Performance Shares; (iv) on a proposal to wind up the Company; (v) on a proposal for the disposal of the whole of the Company's property, business and undertaking; and (vi) during the winding up of the Company.

At the end of reporting period, there are 3,000,000 Class 'B' Performance shares as follows:

- 3,000,000 Class 'B' Performance shares.

(h) Terms of Options

At the end of reporting period, there are 3,450,000 options over unissued shares as follows:

- 600,000 unlisted options, exercisable at \$0.15 on or before 20 July 2013.
- 350,000 unlisted options, exercisable at \$0.30 on or before 1 September 2014.
- 200,000 unlisted options, exercisable at \$0.25 on or before 26 October 2013.
- 400,000 unlisted options, exercisable at \$0.25 on or before 1 March 2013.
- 600,000 unlisted options, exercisable at \$0.15 on or before 29 November 2014.
- 500,000 unlisted options, exercisable at \$0.26 on or before 29 November 2014.
- 200,000 unlisted options, exercisable at \$0.25 on or before 26 October 2014.
- 600,000 unlisted options, exercisable at \$0.345 on or before 30 June 2014.

NOTES TO THE FINANCIAL STATEMENTS

	Consolidated	
	2012	2011
	\$	\$
19. RESERVES & ACCUMULATED LOSSES		
(a) Reserves		
Option Reserve	2,094,388	2,054,585
Equity Settled Benefits Reserve	555,000	832,500
Foreign Currency Translation Reserve	(7,561,960)	627,821
	<u>(4,912,572)</u>	<u>3,514,906</u>
Option Reserve		
Balance at beginning of financial period	2,054,585	1,678,470
Option expense (Refer Note 4, 5)	39,803	376,115
Balance at end of financial period	<u>2,094,388</u>	<u>2,054,585</u>
Equity Settled Benefits Reserve		
Balance at beginning of financial period	832,500	832,500
Equity benefit expense (Refer Note 4, 5)	(277,500)	-
Balance at end of financial period	<u>555,000</u>	<u>832,500</u>
Foreign Currency Translation Reserve		
Balance at beginning of financial period	627,821	659,022
Exchange difference (Loss)/Gain	(8,189,781)	(31,201)
Balance at end of financial period	<u>(7,561,960)</u>	<u>627,821</u>
(b) Accumulated losses		
Accumulated losses at the beginning of the financial period	(12,368,467)	(9,026,507)
Net loss attributable to members	(4,809,891)	(3,341,960)
Accumulated losses at the end of the financial period	<u>(17,178,358)</u>	<u>(12,368,467)</u>

The option reserve records items recognised as expenses on valuation of employee share options.

The equity settled benefits reserve records items recognised as expenses on valuation of performance shares.

The foreign currency translation reserve is used to record increments and decrements in the fair value of exchange differences.

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and short term deposits. The main purpose of the financial instruments is to earn the maximum amount of interest at a low risk to the Group. The Group also has other financial instruments such as trade debtors and creditors which arise directly from its operations. For the period under review, it has been the Group's policy not to trade in financial instruments

The main risks arising from the Group's financial instruments are interest rate risk and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below:

Interest Rate Risk

The Group is exposed to movements in market interest rates on short term deposits. The policy is to monitor the interest rate yield curve out to 120 days to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. The Group does not have short or long term debt, and therefore this risk is minimal.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group entity has adopted the policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group currently holds majority of their cash and cash equivalents with Westpac Banking Corporation with a credit rating of AA. The Group believes the credit risk exposure to the single counterparty is manageable.

NOTES TO THE FINANCIAL STATEMENTS

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont)

Foreign currency risk

The Group is exposed to fluctuations in foreign currencies arising from the sale and purchase of goods and services in currencies other than the Group's measurement currency. Refer to Note 19 for further details.

Concentration risk

The parent entity is exposed to concentration risk due to 99% of its term deposits being held within the one financial institution. The Group manages this risk through monitoring of the credit rating of the institution.

Liquidity risk

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate short term cash facilities are maintained.

Trade and other payables are as follows:

	Consolidated	
	2012	2011
	\$	\$
Less than 1 month	1,766,710	433,460
Less than 2 months	8,100	642
Less than 3 months	92,252	146,615
	1,867,062	580,717

21. FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

The following tables detail the consolidated entity's fair value levels of financial instruments :

Level 1 - Quoted prices(unadjusted) in active markets for identical assets and liabilities

Level 2- Inputs other than quoted prices included in Level 1 that are observable from the asset or liability , either directly(as prices) or indirectly (derived from prices)

Level 3- Inputs for the assets or liabilities that are not based on observable market data(unobservable inputs)

Assets	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Ordinary Shares	80,000	-	-	80,000
Total	80,000	-	-	80,000

(i) Interest rate risk exposures

The Group's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out in the following table:

	Floating interest rate	Fixed interest maturing in 1 year or less	Over 1 year less than 5	More than 5 years	Non- Interest bearing	Total
2012	\$	\$	\$	\$	\$	\$
Financial Assets						
Cash at bank	614,793	-	-	-	-	614,793
Term deposit	-	30,592,705	-	-	-	30,592,705
Trade & other receivables	-	-	-	-	302,046	302,046
	<u>614,793</u>	<u>30,592,705</u>	<u>-</u>	<u>-</u>	<u>302,046</u>	<u>31,509,544</u>
Weighted Average Interest Rate	0.90%	5.04%	-	-	-	-
Financial Liabilities						
Trade & other creditors	-	-	-	-	(1,867,061)	(1,867,061)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,867,061)</u>	<u>(1,867,061)</u>
Weighted Average Interest Rate	-	-	-	-	-	-
Net financial assets (liabilities)	614,793	30,592,705	-	-	(1,639,795)	29,642,483

NOTES TO THE FINANCIAL STATEMENTS

21. FINANCIAL INSTRUMENTS (cont)

(ii) Interest rate risk exposures (cont)

	Floating interest rate	Fixed interest maturing in			Non- Interest bearing	Total
		1 year or less	Over 1 year less than 5	More than 5 years		
2011	\$	\$	\$	\$	\$	\$
Financial Assets						
Cash at bank	967,871	-	-	-	-	967,871
Term deposit	-	43,141,768	-	-	-	43,141,768
Trade & other receivables	-	-	-	-	231,431	231,431
	967,871	43,141,768	-	-	231,431	44,341,070
Weighted Average Interest Rate	1.3%	6.3%	-	-	-	-
Financial Liabilities						
Trade & other creditors	-	-	-	-	(580,717)	(580,717)
	-	-	-	-	(580,717)	(580,717)
Weighted Average Interest Rate	-	-	-	-	-	-
Net financial assets (liabilities)	967,871	43,141,768	-	-	(349,286)	43,760,353

(iii) Financial assets

Trade receivables from other entities are carried at nominal amounts less any provision for impairments.

Other receivables are carried at nominal amounts due. Interest is taken up as income on an accruals basis.

(iv) Financial liabilities

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Group.

(v) Equity

Ordinary share capital is recognised at the fair value of the consideration received by the Company.

(vi) Sensitivity analysis

The Group has performed a sensitivity analysis in relation to interest income and movements in interest rates on financial assets and liabilities. The analysis highlights the effect on the current year's results and equity pre tax which would have resulted from movement in interest rates with all other variables remaining constant.

	Consolidated	
	2012	2011
	\$	\$
Change in loss		
- increase in interest rate by 1%	(312,075)	(441,097)
- decrease in interest rate by 1%	312,075	441,097
Change in equity		
- increase in interest rate by 1%	312,075	441,097
- decrease in interest rate by 1%	(312,075)	(441,097)

(vii) Credit risk exposures

The credit risk on financial assets of the Group has been recognised on the statement of financial position and is generally the carrying amount net of any provisions for impairment.

The Group does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into.

NOTES TO THE FINANCIAL STATEMENTS

21. FINANCIAL INSTRUMENTS (cont)

(viii) Net fair value of financial assets and liabilities

The carrying amount of cash and cash equivalents approximates fair value because of their short-term maturity.

	Consolidated	
	2012 \$	2011 \$
22. EARNINGS PER SHARE		
(a) Loss used in the calculation of basic earnings per share	(4,809,891)	(3,341,960)
	Number of Shares	Number of Shares
(b) Weighted average number of ordinary shares outstanding during the period used in the calculation of basic earnings per share:	223,781,394	123,698,363
(c) Weighted average number of ordinary shares outstanding during the period used in the calculation of diluted earnings per share:	223,946,911	128,151,377

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

	Consolidated	
	2012 \$	2011 \$
23. CASH FLOW INFORMATION		
(a) Reconciliation of cash flow from operations with loss after tax		
- Loss after income tax	(4,809,891)	(3,341,960)
Non-cash flows in loss from operations		
- Depreciation	250,916	89,543
- Foreign exchange on translation – Exploration and Evaluation	(7,815,499)	-
- Foreign exchange on translation – Income and working capital	(202,394)	-
- Realised Foreign exchange	-	49,896
- Equity based payments	255,802	580,614
- Exploration expenditure reclassified/written off	-	142,521
- Net Loss on disposal of fixed assets	9,241	-
- Other	-	(287,619)
Changes in assets and liabilities		
- (Increase)/decrease in receivables and prepayments	(157,618)	167,093
- (Increase)/decrease in exploration and evaluation expenditure	(9,154)	(3,500,000)
- Exploration and evaluation expenditure reclassification to fixed assets	(396,992)	-
- Share issues to consultants	165,000	-
- Increase/(decrease) in creditors and accruals Exploration and Evaluation	890,698	-
- Increase/(decrease) in creditors and accruals Admin	305,263	-
- Increase/(decrease) in creditors and accruals	-	(12,705)
Net cash outflows from Operating Activities	(11,514,628)	(6,112,617)
(b) Reconciliation of cash and cash equivalents		
Cash and cash equivalents comprises:		
- cash at bank in hand	614,793	967,871
- Short-term	30,592,705	43,141,768
	31,207,498	44,109,639

NOTES TO THE FINANCIAL STATEMENTS

23. CASH FLOW INFORMATION (cont)

(c) Non-cash financing and investing activities

During the year non cash financing activities consisted of the issue of 1,250,000 ordinary shares to creditors in settlement of amounts due and payable of \$192,750 and 810,000 ordinary shares issued to staff, consultants in lieu of salaries and services and for staff retention purposes. A total of 600,000 options have also been issued to employees for nil consideration.

(d) Credit Standby Arrangements with Banks

There was no bank overdraft facility as at 30 June 2012 (nil: 30 June 2011).

24. COMMITMENTS

(a) Exploration commitments

In order to maintain current rights of tenure to mining tenements, the Group has the following discretionary exploration expenditure requirements up until expiry of leases. These obligations, which are subject to renegotiation upon expiry of the leases, are not provided for in the financial statements and are payable:

	Consolidated	
	2012	2011
	\$	\$
Not longer than one year	7,496,000	2,450,000
Longer than one year, but not longer than five years	1,099,638	883,333
Longer than five years	-	-
	<u>8,595,638</u>	<u>3,333,333</u>

If the Group decides to relinquish certain leases and/or does not meet these obligations, assets recognised in the statement of financial position may require review to determine the appropriateness of carrying values. The sale, transfer or farm-out of exploration rights to third parties will reduce or extinguish these obligations.

(b) Lease expenditure commitments

	Consolidated	
	2012	2011
	\$	\$
Not longer than one year	166,795	176,884
Longer than one year, but not longer than five years	178,230	345,025
Longer than five years	-	-
	<u>345,025</u>	<u>521,909</u>

The Company has entered into a 3 year lease on commercial terms for office accommodation at Level 1, 16 Ord Street West Perth WA expiring 15 October 2014.

The office accommodation in Malawi rented by Globe Metals & Mining (Africa) Limited operates on a 3 month notice period.

NOTES TO THE FINANCIAL STATEMENTS

25. SEGMENT INFORMATION

The Consolidated Entity has identified its operating segments based on the internal reports that are reviewed and used by the chief operating decision maker to make decisions about resources to be allocated to the segments and assess their performance.

Operating segments are identified by Management based on the mineral resource and exploration activities in Australia, Argentina and Africa. Discrete financial information about each project is reported to the chief operating decision maker on a regular basis.

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

The Consolidated Entity has three reportable segments based on the geographical areas of the mineral resource and exploration activities in Australia, Argentina and Africa. Unallocated results, assets and liabilities represent corporate amounts that are not core to the reportable segments.

	Australia	Argentina	Africa	Total
30 June 2012	\$	\$	\$	\$
(i) Segment performance				
Twelve months ended 30 June 2012				
Revenue				
Interest revenue	2,210,523	-	277	2,210,800
Other Revenue	237,068	-	-	237,068
Revenue from external party for use of resource in the mining exploration activities	-	-	-	-
Total segment revenue	2,447,591	-	277	2,447,868

Reconciliation of segment result to group net profit / (loss) before tax

Amounts not included in segment result but reviewed by the Board:

Exploration expenditure written off	(767,393)	-	(13,643)	(781,036)
Depreciation expense	(42,553)	-	(208,363)	(250,916)
Unallocated items:				
Other revenue				-
Other expenses				(6,225,807)
Net loss before tax from continuing operations				(4,809,891)

(ii) Segment assets

As at 30 June 2012

Segment assets	34,562,050	1,474	6,630,174	41,193,698
Segment asset increase for the period:				
Exploration expenditure	-	-	7,823,945	7,823,945
Plant and equipment	190,294	-	906,293	1,096,587
	34,752,344	1,474	15,360,412	50,114,230

Reconciliation of segment assets to group assets

Unallocated assets

Other assets

Total group assets				50,114,230
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NOTES TO THE FINANCIAL STATEMENTS

25. SEGMENT INFORMATION (cont)

	Australia \$	Argentina \$	Africa \$	Total \$
(iii) Segment liabilities				
As at 30 June 2012				
Segment liabilities	-	-	-	-
Reconciliation of segment liabilities to group liabilities				
Other liabilities				1,867,061
Total group liabilities				1,867,061

30 June 2011

(i) Segment performance

Twelve months ended 30 June 2011

Revenue				
Interest revenue	439,117	-	-	439,117
Other revenue				
Revenue from external party for use of resource in the mining exploration activities	9,395	-	-	9,395
Total segment revenue	448,512	-	-	448,512

Reconciliation of segment result to group net profit / (loss) before tax

Amounts not included in segment result but reviewed by the Board:

Exploration expenditure written off	-	-	(142,521)	(142,521)
Depreciation expense	(17,667)	-	(71,876)	(89,543)
Unallocated items:				
Other revenue				-
Other expenses				(3,558,408)
Net loss before tax from continuing operations				(3,341,960)

(ii) Segment assets

As at 30 June 2011

Segment assets	44,562,946	1,413	13,638,095	58,202,454
Segment asset increase for the period:				
Exploration expenditure	-	-	3,500,001	3,500,001
Plant and equipment	55,736	-	(5,180)	50,556
	44,618,682	1,413	17,132,916	61,753,011

Reconciliation of segment assets to group assets

Unallocated assets

Other assets				-
Total group assets				61,753,011

NOTES TO THE FINANCIAL STATEMENTS

25. SEGMENT INFORMATION (cont)

	Australia \$	Argentina \$	Africa \$	Total \$
(iii) Segment liabilities				
As at 30 June 2011				
Segment liabilities	-	-	-	-
Reconciliation of segment liabilities to group liabilities				
Other liabilities				580,717
Total group liabilities				580,717

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

Geographical Information

	Non-Current Assets	
	2012	2011
	\$	\$
Australia	3,388,680	5,692,223
Malawi	10,900,548	11,324,827
Mozambique	3,833,563	-
Total	18,122,791	17,017,050

26. EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to 30 June 2012, the Company issued 915,000 Fully Paid Ordinary Shares to employees.

Mr Mark Sumich has resigned as Managing Director and CEO on 13 August 2012. Mr Fergus Jockel as was appointed as Acting CEO on that date.

Ms Kerry Angel has been appointed as Chief Financial Officer and Company Secretary of the Company and will commence her role in October 2012.

The Company entered into an agreement to acquire the Chiziro project, an advanced graphite project in Malawi.

No other matters or circumstances have arisen since the end of the financial period which have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

27. CONTINGENT LIABILITIES

Intercompany recharges in respect of services/goods defrayed by the parent on behalf of its Mozambican subsidiary incur a 20% Withholding Tax in Mozambique. The payment of tax crystallises upon the funds being remitted to the Australian parent company. Given the inherent uncertainty surrounding the timing and variability of future cashflows and application of laws and regulations, the Group decided not to make a provision but to disclose the potential withholding tax as a contingent liability.

In the opinion of the directors there were no other contingent liabilities at 30 June 2012 (nil: 30 June 2011), and the interval between 30 June 2012 and the date of this report.

NOTES TO THE FINANCIAL STATEMENTS

28. NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS

The AASB has issued the following new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards, and has not yet determined the potential impact on the financial statements from the adoption of these standards and interpretations.

AASB No.	Title	Issue Date	Operative Date (Annual reporting periods <u>beginning</u> on or after)
9	Financial Instruments	Dec 2010	1 Jan 2015
10	Consolidation	Aug 2011	1 Jan 2013
11	Joint Arrangements	Aug 2011	1 Jan 2013
12	Disclosure of Interests in Other Entities	Aug 2011	1 Jan 2013
13	Fair Value Measurement	Sep 2011	1 Jan 2013
1053	Application of Tiers of Australian Accounting Standards	Jun 2010	1 Jul 2013
2010 – 2	Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements	Jun 2010	1 Jul 2013
2010 – 7	Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132,	Dec 2010	1 Jan 2013
2010 – 8	Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112]	Dec 2010	1 Jan 2012
2010 – 10	Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters [AASB 2009-11 & AASB 2010-7]	Dec 2010	1 Jan 2013
2011 - 4	Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]	Jul 2011	1 Jul 2013
2012 - 2	Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 7 & AASB 132]	Jun 2012	1 Jan 2013
2012 - 3	Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]	Jun 2012	1 Jan 2014
2012 - 5	Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle [AASB 1, AASB 101, AASB 116, AASB 132 & AASB 134 and Interpretation	Jun 2012	1 Jan 2013

Australian Interpretations AASB No.	Title	Issue Date	Operative Date (Annual reporting periods <u>beginning</u> on or after)
20	Stripping Costs in the Production Phase of a Surface Mine	Nov 2011	1 Jan 2013

29. PARENT ENTITY INFORMATION

Statement of comprehensive income

	Parent	
	2012	2011
	\$'000	\$'000
Profit after income tax	(9,392)	(2,522)
Total comprehensive income	(9,392)	(2,522)

Statement of financial position

	Parent	
	2012	2011
	\$'000	\$'000
Total current assets	31,364	44,442
Total assets	53,668	62,448
Total current liabilities	960	422
Total liabilities	960	422
Equity		
Issued capital	70,338	70,026
Revaluation surplus reserve	2,649	2,887
Retained profits	(20,279)	(10,887)
Total equity	52,708	62,026

Guarantees entered into by the parent entity

The parent entity had no guarantees as of 30 June 2012 and 30 June 2011.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2012 and 30 June 2011.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2012 and 30 June 2011.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

DIRECTORS' DECLARATION

The directors of Globe Metals & Mining Limited declare that:

1. the financial statements including the notes and disclosures in the Directors Report designated as audited are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001;
 - (b) give a true and fair view of the financial position as at 30 June 2012 and of the performance for the year ended on that date of the Company and Consolidated Entity.
 - (c) comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements.
2. the Chief Executive Officer and Chief Financial Officer have declared that:
 - (a) the financial records of the Consolidated Entity for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - (c) the financial statements and notes for the financial year give a true and fair view;
3. in the Director's opinion there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



Shao Yi
Chairman

Dated 27th day of September 2012

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GLOBE METALS & MINING LTD

Report on the Financial Report

We have audited the accompanying financial report of Globe Metals & Mining Ltd, which comprises the statements of financial position as at 30 June 2012, the statements of comprehensive income, the statements of changes in equity and the statements 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 Globe Metals & Mining Ltd (the company) and the consolidated entity. The consolidated entity comprises 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, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 entity'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 the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

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PO Box 609 | West Perth | Western Australia 6872 | Australia

Opinion

In our opinion:

- (a) the financial report of Globe Metals & Mining Ltd is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial positions as at 30 June 2012 and of their 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.

Report on the Remuneration Report

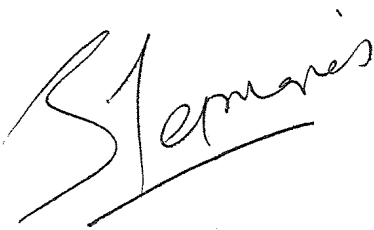
We have audited the Remuneration Report included in pages 31 to 37 of the directors' report for the year ended 30 June 2012. The directors' of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Globe Metals & Mining Ltd for the year ended 30 June 2012, complies with section 300A of the Corporations Act 2001.



PKF MACK & CO



SIMON FERMANIS
PARTNER

27 SEPTEMBER 2012
WEST PERTH,
WESTERN AUSTRALIA

ADDITIONAL SHAREHOLDER INFORMATION

Shareholding

The distribution of members and their holdings of equity securities in the company as at 20 September 2012 were as follows:

Class of Equity Securities	
Number Held as at 20 September 2012	Fully Paid Ordinary Shares
1-1,000	78
1,001 - 5,000	303
5,001 – 10,000	311
10,001 - 100,000	734
100,001 and over	146
TOTALS	1,572

Holders of less than a marketable parcel: 406

Substantial Shareholders

The names of the substantial shareholders listed in the Company's register as at 20 September 2012.

Shareholder	Number
AO-Zhong International Mineral Resources Pty Ltd	118,143,062

Voting Rights

Ordinary Shares

In accordance with the Company's Constitution, on a show of hands every member present in person or by proxy or attorney or duly authorised representative has one vote. On a poll every member present in person or by proxy or attorney or duly authorised representative has one vote for every fully paid ordinary share held.

Twenty Largest Shareholders

The names of the twenty largest ordinary fully paid as at 20 September 2012 are as follows:

Name	Number of Ordinary Fully Paid Shares Held	Held of Issued Ordinary Capital %
AO-Zhong International Mineral Resources Pty Ltd	118,143,062	53.24%
JP Morgan Nominees Australia Pty Ltd	8,225,307	3.71%
HSBC Custody Nominees Pty Ltd	5,911,109	2.66%
Ekul Nominees Pty Ltd	2,600,000	1.17%
Burlington Enterprises Pty Ltd	1,975,095	0.89%
Citicorp Nominees Pty Ltd	1,837,628	0.83%
Byrne Philip John & Susan <One Day S/F Account>	1,536,404	0.69%
Colin Robert Searl and Cynda Searl	1,314,000	0.59%
David Kemp	1,278,117	0.58%
Michael Schultz	1,200,000	0.54%
Nefco Nominees Pty Ltd	1,125,000	0.51%
McNeil Nominees Pty Ltd	1,113,952	0.50%
Banskin Pty Ltd	1,050,000	0.47%
Merrill Lynch Aus Nominees Pty Ltd	1,040,000	0.47%
Ringsford Pty Ltd <DG & GL Walker S/F>	1,000,000	0.45%
Yoon Enterprises Pty Ltd <Yoon S/F Account>	997,017	0.45%
Goeng Investment Pty Ltd <Goeng Pension Fund>	920,010	0.41%
Manjate Pedro	850,000	0.38%
Kruger Andries Willem	820,000	0.37%
ABN Amro Clearing Sydney <Custodian Account>	762,471	0.34%
TOTAL	153,699,172	69.25%

ADDITIONAL SHAREHOLDER INFORMATION**Unquoted Securities**

The Company has issued the following unquoted securities:

Class of Equity Security	Number	Number of Security Holders
Class B Performance Shares	3,000,000	2
1 March 2013 Options - \$0.25	400,000	1
20 July 2013 Options - \$0.15	600,000	1
26 October 2013 Options - \$0.25	200,000	1
1 September 2014 Options - \$0.30	350,000	1
26 October 2014 Options - \$0.25	200,000	1
29 November 2014 Options - \$0.15	600,000	1
29 November 2014 Options - \$0.26	500,000	1
30 June 2014 Options - \$0.345	600,000	1

There are no voting rights attached to the options.

CORPORATE GOVERNANCE

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

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

Details of all of the recommendations can be found on the ASX Corporate Governance Council's website.

Principle	ASX Corporate Governance Council Recommendations	Comply
1	Lay solid foundations for management and oversight	
1.1	Establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	Yes
1.2	Disclose the process for evaluating the performance of senior executives.	Yes
1.3	Provide the information indicated in the Guide to reporting on principle 1.	Yes
2	Structure the Board to add value	
2.1	A majority of the board should be independent directors.	No
2.2	The chair should be an independent director.	No
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	Yes
2.4	The board should establish a nomination committee.	Yes
2.5	Disclose the process for evaluating the performance of the board, its committees and individual directors.	Yes
2.6	Provide the information indicated in the Guide to reporting on principle 2.	Yes
3	Promote ethical and responsible decision-making	
3.1	Establish a code of conduct and disclose the code or a summary as to:	
	• the practices necessary to maintain confidence in the company's integrity;	Yes
	• the practices necessary to take into account the company's legal obligations and the reasonable expectations of its stakeholders; and	Yes
	• the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Yes
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	Yes
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	Yes
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	Yes
3.5	Provide the information indicated in the Guide to reporting on principle 5.	Yes

CORPORATE GOVERNANCE

4	Safeguard integrity in financial reporting	
4.1	The board should establish an audit committee.	Yes
4.2	The audit committee should be structured so that it:	
	• consists only of non-executive directors;	Yes
	• consists of a majority of independent directors;	No
	• is chaired by an independent chair, who is not chair of the board; and	No
	• has at least three members.	Yes
4.3	The audit committee should have a formal charter	Yes
4.4	Provide the information indicated in the Guide to reporting on principle 4.	Yes
5	Make timely and balanced disclosure	
5.1	Establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.	Yes
5.2	Provide the information indicated in the Guide to reporting on principle 5.	Yes
6	Respect the rights of shareholders	
6.1	Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose the policy or a summary of that policy.	Yes
6.2	Provide the information indicated in the Guide to reporting on principle 6.	Yes
7	Recognise and manage risk	
7.1	Establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Yes
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Yes
7.3	The board should disclose whether it had received assurance from the chief executive officer and the chief financial officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Yes
7.4	Provide the information indicated in the Guide to reporting on principle 7.	Yes
8	Remunerate fairly and responsibly	
8.1	The board should establish a remuneration committee.	Yes
8.2	The remuneration committee should be structured so that it:	
	• consists of a majority of independent directors	No
	• is chaired by an independent chair	No
	• has at least three members.	Yes
8.3	Clearly distinguish the structure on non-executive directors' remuneration from that of executive directors and senior executives.	Yes
8.4	Provide the information indicated in the Guide to reporting on principle 8.	Yes

CORPORATE GOVERNANCE

Council Principle 1:

Lay solid foundations for management and oversight

Role of the Board

The Board's primary role is the protection and enhancement of medium to long term shareholder value. To fulfil this role, the Board is responsible for the overall Corporate Governance of the consolidated entity including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

Responsibility of the Board

The Board is collectively responsible for promoting the success of the Company by:

- supervising the Company's framework of control and accountability systems to enable risk to be assessed and managed
- ensuring the Company is properly managed
- approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures;
- approval of the annual budget;
- monitoring the financial performance of the Company;
- approving and monitoring financial and other reporting;
- overall corporate governance of the Company, including conducting regular reviews of the balance of responsibilities within the Company to ensure division of functions remain appropriate to the needs of the Company;
- liaising with the Company's external auditors as appropriate; and
- monitoring, and ensuring compliance with, all of the Company's legal obligations, in particular those obligations relating to the environment, native title, cultural heritage and occupational health and safety.

The Board must convene regular meetings with such frequency as is sufficient to appropriately discharge its responsibilities. Between regular meetings it will also ensure that important matters are addressed by way of circular resolutions.

The Board may, from time to time, delegate some of the responsibilities listed above to its senior management team.

Materiality threshold

The Board has agreed on both quantitative and qualitative guidelines for assessing the materiality of matters. Qualitative indications of materiality would include if:

- they impact on the reputation of the Company;
- they involve a breach of legislation;
- they are outside the ordinary course of business;
- they could affect the Company's rights to its assets; or
- if accumulated they would trigger the quantitative tests.

The Chairman

The chairman is responsible for leadership of the Board, for the efficient organisation and conduct of the Board's function and for the briefing of all directors in relation to issues arising at Board meetings. The chairman is also responsible for chairing shareholder meetings and arranging Board performance evaluation.

The Managing Director

The Managing Director is responsible for running the affairs of the Company under delegated authority from the Board and to implement the policies and strategy set by the Board. In carrying out his/her responsibilities the managing director must report to the Board in a timely manner and ensure all reports to the Board present a true and fair view of the Company's financial condition and operational results. The managing director is also responsible for overall shareholder communication in conjunction with the chairman.

CORPORATE GOVERNANCE

Role and responsibility of management

The role of management is to support the managing director and implement the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

Management is responsible for reporting all matters which fall within the Materiality Threshold at first instance to the managing director or if the matter concerns the managing director then directly to the chairman or the lead independent director, as appropriate.

Relationship of Board with management

Management of the day-to-day business of the Company is to be conducted by or under the supervision of the Board, and by those other officers and employees to whom the management function is properly delegated by the Board.

The Board will adopt appropriate structures and procedures to ensure that the Board functions independently of management. Appropriate procedures may involve the Board meeting on a regular basis without management present, or may involve expressly assigning the responsibility for administering the Board's relationship to management to a Committee of the Board.

Information is formally presented to the Board at Board meetings by way of Board reports and review of performance to date. When directors are providing information about opportunities for the Company, this should always be through the Board.

Council Principle 2

Structure the board to add value

The Company presently has one executive director a one non-executive Chairman (Mr Yi Shao), and three non-executive directors.

The Board believes that the Chairman is able and does bring quality and independent judgment to all relevant issues falling within the scope of the role of a Chairman. The Board considers that its structure has been and continues to be appropriate in the context of the company's current projects and operations. The Company considers that each director possesses skills and experience suitable for building the Company. Furthermore, the Board considers that in the current phase of the Company's growth, the Company's shareholders are better served by directors who have a vested interest in the Company. The Board intends to reconsider its composition as the Company's operations evolve, and appoint independent directors as appropriate.

Council Principle 3:

Promote ethical and responsible decision-making.

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

The Company recognises the value of a diverse work force and believes that diversity supports all employees reaching their full potential, improves business decisions, business results, increases stakeholder satisfaction and promotes realisation of the company vision.

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

We believe these differences between people add to the collective skills and experience of the Organisation and ensures we benefit by selecting from all available talent.

CORPORATE GOVERNANCE

Company and Individual Expectations

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

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

Gender Diversity

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

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

Women employees in the whole organisation	16%
Women in Senior Executive positions	2%
Women on the Board of Directors	20%

- The Board acknowledges the absence of female participation on the Board of Directors. However, as noted above, the Board has determined that the composition of the current Board represents the best mix of Directors that have an appropriate range of qualifications and expertise, can understand and competently deal with current and emerging business issues and can effectively review and challenge the performance of management.

Council Principle 4:

Safeguard integrity in financial reporting.

The Company's Managing Director and Chief Financial Officer report in writing to the Board that the consolidated financial statements of the Company and its controlled entities for each half and full year present a true and fair view, in all material aspects, of the Company's financial condition and operational results and are in accordance with accounting standards.

The Company has established an audit committee. The Committee fulfils the role of an audit committee by:

- Monitoring the integrity of the financial statements of the Company, and reviewing significant financial reporting judgments.
- Reviewing the Company's internal financial control system and risk management systems.
- Reviewing the appointment of the external auditor and approving the remuneration and terms of engagement.
- Monitoring and reviewing the external auditor's independence, objectivity and effectiveness, taking into consideration relevant professional and regulatory requirements.

CORPORATE GOVERNANCE

Council Principle 5:

Make timely and balanced disclosure

Compliance procedures for ASX Listing Rule disclosure requirements have been adopted by the Company. It has appointed an officer of the Company to be responsible for compliance.

Council Principle 6:

Respect the rights of shareholders

Information will be communicated to shareholders as follows:

- The annual report is distributed to shareholders. The Board ensures that the annual report includes relevant information about the operations of the consolidated entity during the year, changes in the state of affairs of the consolidated entity and details of future developments, in addition to the other disclosures required by the Corporations Act. The annual report is made available on the Company's website, and is provided in hard copy format to any shareholder who requests it.
- The half-yearly report contains summarised financial information and a review of the operations of the consolidated entity during the period. The half-year audited financial report is prepared in accordance with the requirements of applicable Accounting Standards and the Corporations Act and is lodged with the Australian Securities Exchange. The half-yearly report is made available on the Company's website, and is sent to any shareholder who requests it.
- The quarterly report contains summarised cash flow financial information and details about the Company's activities during the quarter. The quarterly report is made available on the Company's website, and is sent to any shareholder who requests it.
- Proposed major changes in the consolidated entity which may impact on share ownership rights are submitted to a general meeting of shareholders.
- The Company's website is well promoted to shareholders and shareholders may register to receive updates, either by email or in hard copy.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the consolidated entity's strategy and goals. Important issues are presented to the shareholders as resolutions.

The shareholders are requested to vote on the appointment and aggregate remuneration of directors, the granting of options and shares to directors and changes to the constitution. Copies of the constitution are available to any shareholder who requests it.

Company's website

The Company maintains a website at www.globemetalsandmining.com.au

On its website, the Company makes the following information available on a regular and up to date basis:

- company announcements;
- latest information briefings;
- notices of meetings and explanatory materials;
- quarterly, half yearly and annual reports.

The website is being continuously updated with any information the directors and management may feel is material.

The Company also ensures that the audit partner attends the Annual General Meeting.

CORPORATE GOVERNANCE

Council Principle 7:

Recognise and manage risk

The Company has developed a framework for risk management and internal compliance and control systems which covers organisational, financial and operational aspects of the Company's affairs. It appoints the managing director as being responsible for ensuring that the systems are maintained and complied with.

Council Principle 8:

Remunerate fairly and responsibly

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

SCHEDULE OF MINERAL TENEMENTS
AS AT 27 September 2012

Project	Tenement		Interest held by Globe Metals & Mining Limited
Kanyika (Malawi – granted)	EPL0188		100%
Salimbidwe (Malawi – granted)	EPL0289		100%
Machinga (Malawi – granted)	EPL0230		100% (i)
South Rukuru (Malawi – granted)	EPL0321		80%
Mount Mwinje (Malawi – granted)	EPL0320		20%
Chirizo(Malawi- Granted)			
Memba(Mozambique – granted)	2679L		
Monte Muambe (Mozambique – granted)	570L		70% (ii)

- (i) The Company and Resource Star Limited (ASX: RSL) has entered into swap, whereby the Company relinquished its entire interest in Livingstonia project in exchange for 100% interest in the Machinga project.
- (ii) The Company has entered into an agreement with Bala Usokoti Limitada, whereby the Company can earn up to 90% interest in the tenement.

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L Exclusive Prospecting Licence