Globe
Metals & Mining



# Annual Report 2011

(for the year ended 30 June 2011)

# Corporate Directory

**Executive Chairman**

Yi Shao

**Managing Director**

Mark Sumich

**Non-Executive Directors**

Jingbin Tian
Julian Stephens
Peter Stephens
Shasha Lu
William Hayden

**Company Secretary**

Bradley Wynne

**Principal and Registered Office**

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Chartered Accountants
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West Perth WA 6005

*African*
Deloitte
Lilongwe, Malawi

**Share Registrar**

Security Transfer Registrars Pty Ltd
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**Securities Exchange Listing**

Australian Securities Exchange
(Home Exchange: Perth, Western Australia)
Code: GBE

**Bankers**

Westpac
109 St Georges Terrace
Perth WA 6000



# Contents



# Chairman's letter

Dear Shareholder,

I am honoured to present you with Globe's 2011 Annual Report.

As the recently appointed Chairman, I wish to assure you of the strength of the strategic partnership held between the East China Mineral Exploration and Development Bureau (ECE) and Globe.

Our Board holds a shared vision for growth, bringing together African resources, Asian capital and Australian expertise. Together ECE provides Globe access to customers, capital and partners, while Globe provides ECE with an opening into Africa and an experienced management team.

I believe that with the combined experience of ECE and Globe, you will see the Company rapidly transform to a mid-tier explorer and producer – with significant cash backing to advance existing projects and assess new acquisition opportunities.

ECE continues to be impressed with the progress of exploration since coming on board and we are committed to bringing the Kanyika Niobium Project through to completion of the Definitive Feasibility Study (DFS) as scheduled for Q3 2012. In addition, our growth will be bolstered by our acquisition strategy, which will further strengthen the value proposition to shareholders.

The year ahead should present shareholders with a clear path to production – no longer a concept.

On behalf of the Board, I would like to thank our employees, contractors and consultants for their ongoing diligence in meeting our corporate objectives. I would also like to thank you for your ongoing support and belief in Globe's story.

I look forward to providing you with some exciting results during the next financial year.

Yours sincerely,

Yi Shao
**Chairman - Globe and Director General – ECE**

## From the Managing Director

Dear Shareholder,

It's been an exciting year of change for Globe, with the formation of our strategic partnership with ECE in April. Not only did this new relationship provide immediate capital for completion of the Kanyika Niobium Project DFS, but it also enabled the advancement of drilling programs that target additional resources in Malawi and Mozambique.

Approved by an overwhelming shareholder vote, the rationale for this partnership was simple in terms of taking our Kanyika Niobium Project through to final feasibility, construction, development and production. Niobium is a key additive in steel - so we now have a 'steel story', which ultimately means a 'China story.' We as a Company felt the best way to go about bringing together off-take with steel mills, financing and construction was to look at China as a 'one stop shop.'

We took the view that this relationship would give Globe and its projects the best opportunity to make it right through to production. I am confident that this partnership will enable faster completion of core activities, creating an attractive value proposition for shareholders.

Advancement of the Kanyika Niobium Project was certainly the main focus of this financial year, in addition to significantly progressing drilling activity at our two very exciting rare earth projects – Mount Muambe and Machinga. On completion of our 2011 drilling program, we will have a better understanding of their full potential, but expect to have a fluorite ± rare earth resource at Mount Muambe by Q1 2012.

Financially the Company is in an extremely cash-rich position, being debt free and with A$44m cash at bank. Globe is currently sitting in a prime position, side by side, with the Chinese Government (ECE) during a commodities boom - we are by no means limited to our current project portfolio.

The Board's ambition is to transition to a mid-tier exploration and production company over the next three years. We intend to achieve this objective via a disciplined growth strategy, which focuses on accelerating the development of our core operations and the acquisition of advanced African assets.

I would like to take this opportunity to thank ECE's Director General, Yi Shao, as Globe's new Chairman, and fellow ECE representatives for their ongoing commitment and drive. I look forward to bringing you more good news as we reach our operational and corporate milestones.

Mark Sumich
**Managing Director**

# Who we are

***Globe is an emerging ASX listed company with a well-developed pipeline of projects in Africa.***

Our exploration strategy targets specialty metals and supply constrained commodities including niobium, tantalum, rare earths, fluorite, uranium and zircon. We have a well-balanced portfolio of projects in Malawi and Mozambique with strong medium-term cash flow potential and significant exploration upside.

The formation of our strategic partnership with the East China Mineral Exploration and Development Bureau (ECE) has ensured significant cash backing to advance existing projects - effectively providing a vehicle for expansion and access to Chinese capital markets and end users.

Globe's Board and senior management team is made up of highly experienced resource sector professionals who are supported by our head office in Perth, Australia and regional offices in Lilongwe, Malawi, and Tete, Mozambique.

## Investment highlights

- Kanyika Niobium Project DFS completion Q3 2012; production Q3 2014
- Highly prospective REE, fluorite and uranium exploration portfolio
- A$44m cash at bank
- Strategic partnership with ECE, a Chinese State Owned Enterprise

## Summary of major projects

| | Kanyika Niobium Project | Mount Muambe REE - Fluorite Project | Machinga REE Project |
|---|---|---|---|
| Ownership | 100% Globe | 20% (Globe earning 90%) | 20% (Globe earning 80%) |
| Location | Malawi | Mozambique | Malawi |
| Commodity | Nb, Ta, Zr, U | $CaF_2$, REE | REE, Nb, Ta, Zr, U |
| Resource | 60 Mt @ 2,900ppm: 5 Mt Measured, 18 Mt Indicated and 37 Mt Inferred (@ 1,500ppm $Nb_2O_5$ cut-off) | - | - |
| Planned expenditure 2011 (A$) | $5.25m | $3m | $0.5m |
| Description of expenditure | Definitive Feasibility Study | 12,000m drilling program and further target generation | 5,000m drilling program and target generation |
| Examples of use | Steel production, superconducting magnets, electroceramics | Fluorspar - flux, glass, enamel and HF production<br>REE - Alloys, lenses, lasers, magnets, batteries, capacitors | REE - Alloys, lenses, lasers, magnets, batteries, capacitors |



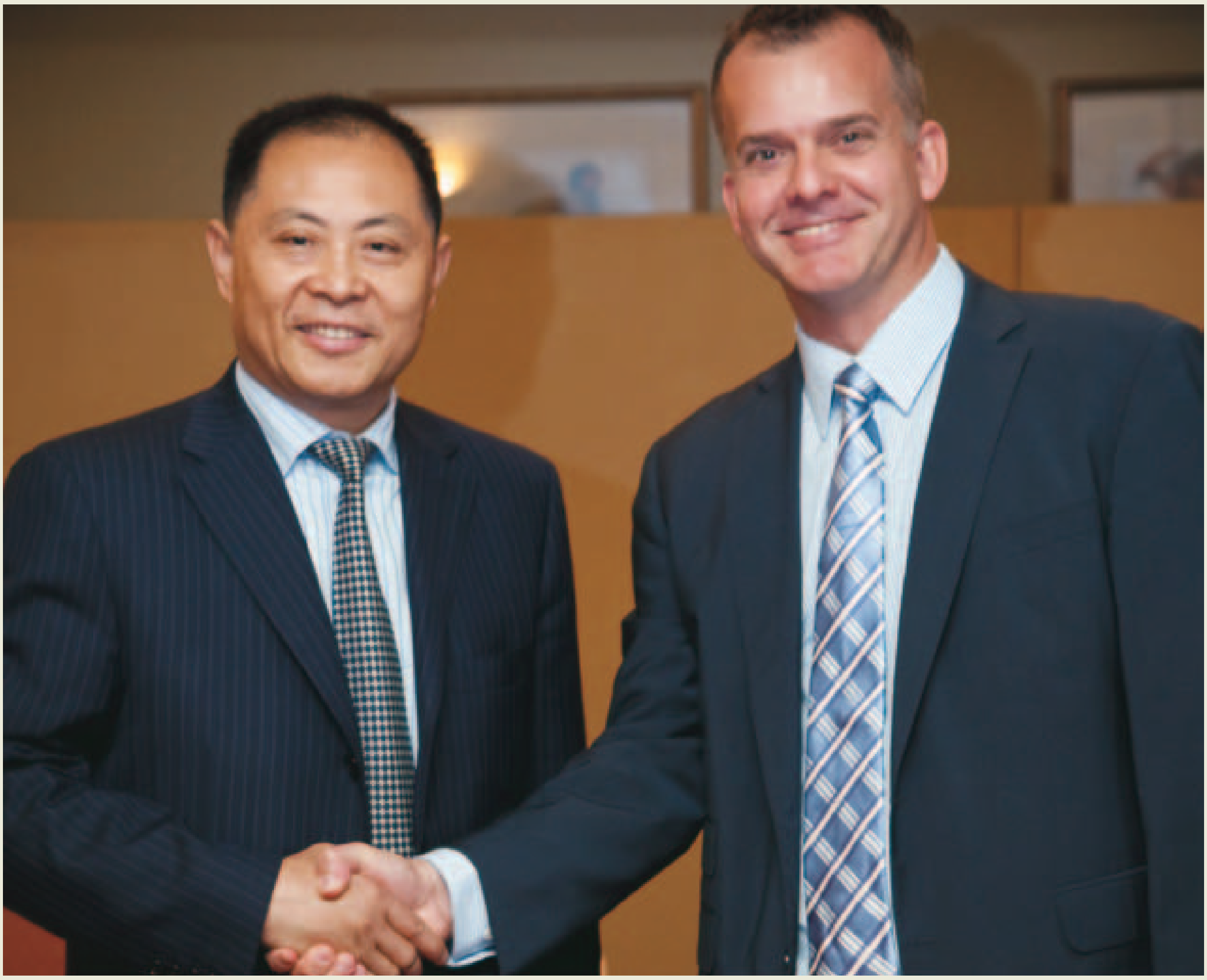


*Fig 1: Yi Shao and Mark Sumich seal the relationship*

# Our partnership with ECE

In April 2011, ECE joined Globe as a major shareholder and strategic partner, investing A$47.85 in return for 118,143,062 shares in the Company at $0.405 per share. 90.5% of participating shareholders (by number of shares) voted in favour of the transaction by proxy.

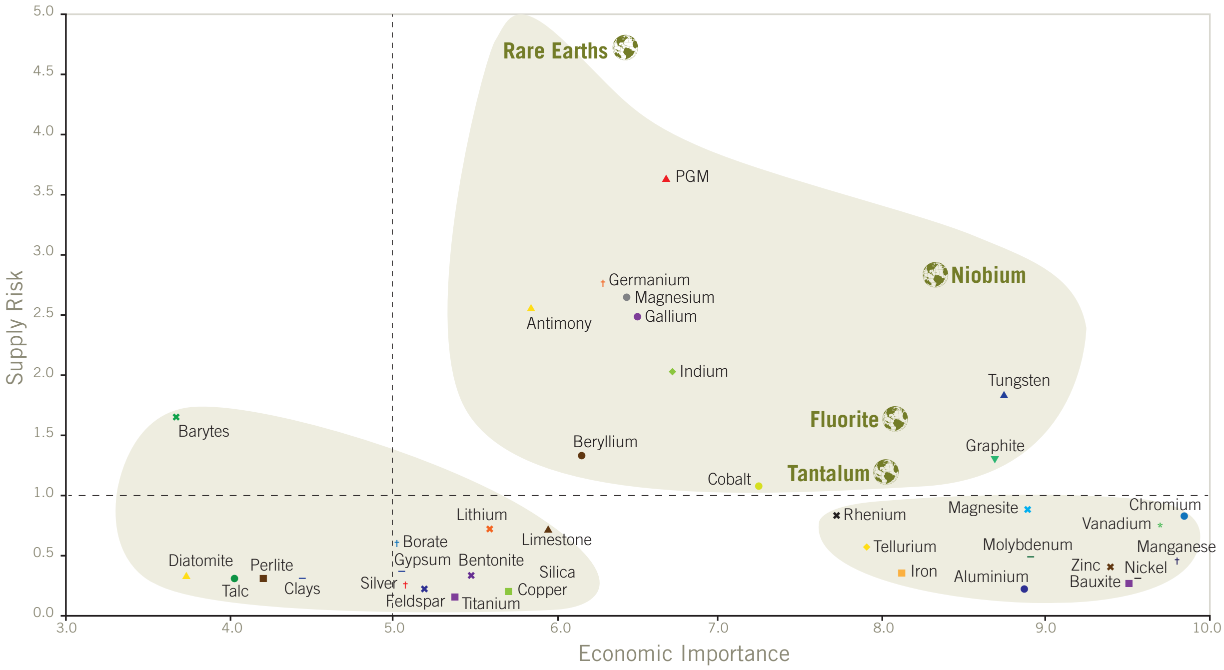
A State Owned Enterprise, ECE was formed in 1955 and is a major Chinese mineral exploration, development and mining group based in Nanjing. It is one of the few organisations authorised by the Chinese Government to carry out geological exploration and scientific research in major State classified projects.

ECE has discovered more than 160 ore deposits in China with a potential value in excess of US$10b. In addition, ECE has several mines and refining operations including Youxi Jindong lead-zinc mine and refining operations, Fujian Taiyangshan gold mine, Yunan Boka gold mine, and Anhui Matou copper-molybdenum mine. ECE also holds a significant interest in Australian rare earths company, Arafura Resources (ASX: ARU).

Globe will leverage ECE's experience in bringing resource projects into production as we build our resource base and move towards development on a number of projects. In addition, ECE provides a gateway to external blue-chip off-take partners not readily available to other junior miners.

# Globe's exploration strategy

Globe's exploration strategy targets niobium, rare earth elements (REEs), tantalum and fluorite – all classified by the EU as "critical", based upon a combination of supply risk and economic importance.




*Source: European Commission, "Critical Raw Material for the EU", June 2010: http://ec.europa.eu/enterprise/policies/raw-materials/documents/index_en.htm*

*Figure 2: Critical raw material for the EU*

## About niobium

Used as a micro-alloying agent to both lighten and strengthen high-quality specialty steels, niobium has a demand rate growing at twice the rate of steel. This growth in consumption can be attributed to an increase in total steel production and a growing interest in higher quality steels by developing countries. China represents over 50% of the growth in this market and 30% of total consumption.

Frequently overlooked by many investors, niobium has a long-term price forecast of $US45/kg – and is classified by the Chinese National Development and Reform Commission as one of only a handful of strategic metals.

The attraction of niobium is the significant quality of output at a relatively low cost - less than 0.5% of the total cost per tonne of steel. For example, when used in the construction of the Millau Valley Bridge in southern France at the rate of 0.025% per tonne of steel, it reduced the overall weight of the bridge by up to 60%.

*Figure 3: (left) Six neodymium rare-earth magnets suspend four 5/8 inch diameter steel balls (right) the Millan Valley Bridge in France*

Global production of niobium is dominated by Brazil's privately-owned CBMM with an 82% market share. In September 2011, a consortium of five Chinese state-owned companies bought a 15% stake in CBMM for $1.95b cash – signifying the race among steelmakers to secure resources amid tightening supply.

Globe's Kanyika Niobium Project will have an initial annual output of 3000 tonnes of niobium, representing less than 4% of current global production, or no more than six months of one year's projected growth in the global niobium market.

## About rare earth elements

Rare earth elements (REEs) are a group of 17 chemically similar metallic elements. Key REEs include dysprosium, terbium, europium (heavy rare earths) and neodymium and praesodymium (light rare earths).

China produces more than 90% of the world's rare earths, but in 2010 introduced quotas aimed at combatting over-exploitation. Global demand however, shows no sign of abating, with the world's industries forecast to consume an estimated 185,000 tonnes of rare earths by 2015, 50% more than the total for 2010[1].

The European Union has begun stockpiling rare earths, which are essential for making computer equipment, vehicles and many other kinds of products, in a bid to become less reliant on China.

### Uses

Rare earths are critical resources in today's IT world. LCDs require europium and most electrical products are built using neodymium, gadolinium and dysprosium. Outside of computing, rare earths such as lanthanum and cerium are necessary for processing high-octane fuel.

Dysprosium, present in two of Globe's projects, is a fundamentally important additive in neodymium-iron-boron magnets (or Neo-Magnets), for demanding applications such as drive motors for hybrid electric vehicles and wind turbines. According to Metal-Pages, dysprosium oxide FOB China is presently offered at US$2,300/kg, up from just US$100/kg two years ago.



[1] National Geographic, The Secret (Chinese) Ingredients of (Almost) Everything, pg 136, June 2011

# Review of operations

## Summary

Globe entered an exciting growth phase during 2011. Invigorated by the formation of our strategic partnership with ECE, we significantly advanced core projects and sought new acquisition targets.

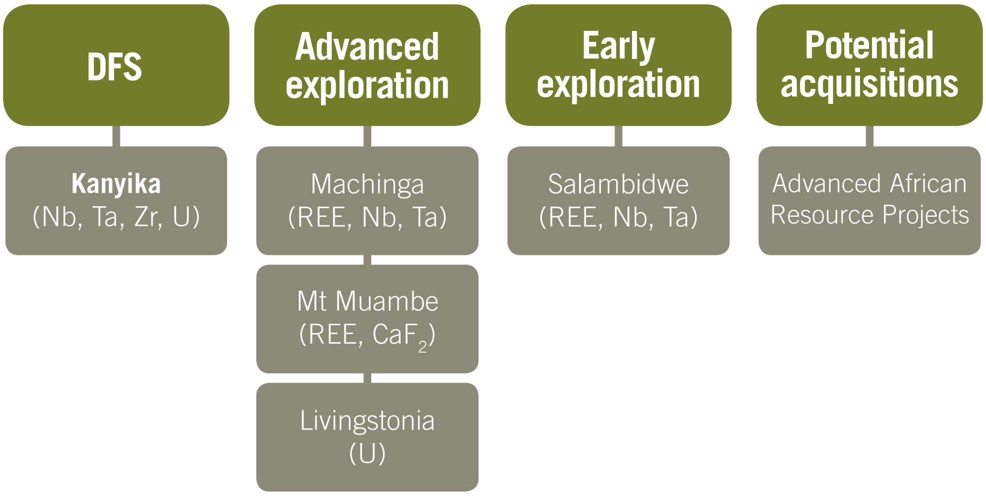



*Fig 4: Project pipeline (as at 30 June 2010)*

The ECE relationship drove a renewed focus on core operations, enabling Globe to significantly progress the 2011 drilling program across a well-balanced portfolio of projects in Malawi and Mozambique. Significant achievements for the past year include:

- More than 5,500m of the 17,000m planned 2011 drilling completed as at 31 August 2011
- Commencement of metallurgical optimisation programs as part of DFS at the Kanyika Niobium Project
- Appointment of an experienced chemical engineer as Kanyika Niobium Project Manager to drive the delivery of DFS
- High-grade, near surface fluorite zones intersected during the initial 2011 drilling at the Mount Muambe Project, with significant grades and widths of REE mineralisation
- More than 1,688m drilling completed across 16 RC holes at the Machinga Project, returning very high ratios of HREO: TREO, peak 39%, average 32%
- Return of very positive rare earth oxide (REO) values during reconnaissance rock-chip and soil sampling at the Salambidwe REE Project
- 30% increase in inferred JORC resource estimate to 6.0 Mlb at 325 ppm $eU_3O_8$ at Livingstonia Uranium Project


*Fig 5: Project location map*

**Technical team**

Mr Les Middleditch was appointed as the new Project Manager for the Kanyika Niobium Project in May 2011. Les is a chemical engineer with more than 30 years of experience in the mining and chemical sectors. Les is responsible for delivery of the Kanyika DFS.

To reflect the increasing importance of community and stakeholder relations to the Project, an in-country Manager for the DFS was also appointed. Malawian national geologist Mr Chrispine Ngwena has worked with Globe for a number of years as an exploration geologist and is held in high regard by the local population.

Mr David Tullberg is Globe's Chief Geologist and has worked with the Company for more than five years.

In Malawi, the technical team is led by Globe's General Manager Africa, Andries Kruger. He is supported by expatriate geologist Michael Schultz, and Malawian national geologist Riedwel Nyirenda.

**Corporate**

In August 2011, Mr David Sumich (Co-founder), Mr Youyu Zhang and Mr Jianrong Xu tendered their resignation as Non-Executive Directors of Globe.

This change was in line with the Company's strategy of reducing board size, and objectives driven by the new strategic partnership with ECE. In the case of Mr David Sumich, it is also the result of other board commitments.

Mr Zhang was replaced on the Board by incoming Director, Ms Shasha Lu. Ms Lu is Executive Director and CEO of Hong Kong East China Non-Ferrous Mineral Resources Co Ltd., a wholly owned subsidiary of ECE. In July 2009, Ms Lu was appointed as an Executive Director of Arafura Resources Limited (ASX:ARU). Ms Lu holds a Degree in Medicine and a Masters Degree from Nanjing University.

During the year, Ms Skye Gilligan was appointed as Marketing Manager with responsibility for developing and driving awareness of Globe's brand and market reputation. Skye has worked in London and Japan and holds a Bachelor of Commerce and a Bachelor of Arts.

*Fig 6: The Ngoni dancers*



## Kanyika Niobium Project, Malawi

On track for production in 2014, the Kanyika Niobium Project in Malawi is Globe's most advanced project. With the DFS on track for completion in Q3 2012, the project represents an attractive production profile and medium-term cash flow generation, with the potential for a 20-year mine life.

### Snapshot

- Strong JORC compliant resource estimate released June 2010 – total 60 Mt @ 2,900ppm $Nb_2O_5$ (1,500ppm $Nb_2O_5$ cut-off) containing a high grade component totaling 21 Mt @ 4,100ppm $Nb_2O_5$ (3,000ppm $Nb_2O_5$ cut-off)
- DFS due for completion in Q3 of 2012
- Production on track for commencement in 2014 - initial production levels expected to be 3,000 tonnes per annum Nb in the form of ferro-niobium

### 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 Microprobe) 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 two 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

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 totaling 21 Mt @ 4,100ppm $Nb_2O_5$ (3,000ppm $Nb_2O_5$ cut-off).





*Table 1: Mineral Resource Estimates for Kanyika (1,500ppm $Nb_2O_5$ lower cut).*

| Category | Million Tonnes | $Nb_2O_5$ ppm | $Ta_2O_5$ ppm | $U_3O_8$ 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 $Nb_2O_5$ lower cut).*

| Category | Million Tonnes | $Nb_2O_5$ ppm | $Ta_2O_5$ ppm | $U_3O_8$ 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 |

**Financial model and project economics (as at September 2010)**

- US$187 NPV (@ 10% discount rate)
- IRR 27%
- Capex. US$155m (+ US$31m contingency)
- Capital payback period 3 years (including yr.1 production ramp-up to name plate capacity)
- Annual revenue US$170m

**Progress and next steps**

*Metallurgy update*

The focus of the DFS continued to move towards an enhanced metallurgical flowsheet with improved recovery and reduced costs. During the year, a series of optimisation programs commenced in South Africa, Australia and China.

*Environmental assessment*

Globe submitted the Environmental Scoping Report and the Environmental Impact Assessment Terms of Reference to the Malawian Environmental Affairs Department. The submission of these documents represents completion of all preliminary legal requirements under the Malawian environmental legislation, enabling commencement of the formal Environmental Impact Assessment (EIA) for the Project.

South African environmental specialists Synergistics and Malawian consultants Mlambe were engaged to assist in completion of the EIA, and are on track to submit the first draft document to the Government of Malawi in Q3 2012.

*Community and stakeholder relations*

Since the initial discovery of the Kanyika Niobium Project, located in the Mzimba District, in 2006, Globe has invested significant time to maintain and extend the Company's relationship with the surrounding community. This has included periodic meetings (always with the attendance of Government of Malawi representatives), as well as consultation with the Mabulabo Traditional Authority and the Paramount Chief.

During the year, a formal Stakeholder Participation Program was initiated, to facilitate community consultation and education in relation to the Project. This will incorporate a Social Management Plan to document and mitigate the social and cultural impacts associated with the Project.



*Fig 7: Optimisation flotation test work*

### *Infrastructure and project site works*

A preliminary site arrangement plan and Project layout was completed.

South African company, Jones & Wagener (J&W), was retained to provide geotechnical, hydrogeological and hydrological engineering input for the Project. Key investigative programs commenced including the hydrogeological drilling and evaluation program and baseline hydrology studies. J&W also commenced work on a study to ensure the optimum location and design for the tailings storage facility, while Globe commenced survey work on the Chataloma–Kanyika access road.

Mota-Engil commenced an electrical power options study and reported favourable economics to provide a build-own-operate hydro power supply solution to the Kanyika project.

### *Malawian Parliamentary delegation to Perth*

A delegation of Malawian Parliamentarians visited Australia in early May for discussions with a number of Australian resource companies. Globe Directors and the Project team met with the delegates in Perth on May 6th to discuss a number of the issues around Globe's exploration projects and the more developed Kanyika Niobium Project. Topics also included potential changes to the Malawian Mines Act and the general acceptance of mining in Malawi.

### *Globe/ECE delegation to Malawi*

In June 2011, a joint Globe and ECE delegation visited Malawi with the purpose of introducing ECE to key Malawian Ministries. Discussions were very positive with all parties re-affirming their commitment to bring the Kanyika Niobium Project into production.

*Fig 8: Mzimba District community meeting*





## Mount Muambe Fluorite – REE Project, Mozambique

Mount Muambe is a four kilometre diameter carbonatite crater in the Tete Province of Mozambique. While only a portion of the prospective area has been explored, results to date demonstrate potential for an economic fluorite deposit and highly prospective REE targets.

### Snapshot

- 12,000m drilling program underway – 5,500m completed as at 31 August 2011
- Exploration budget of A$3m for 2011
- JORC resource estimate (fluorite, possibly REE credits) targeted for early 2012
- 2011 drilling has encountered intercepts of up to 40m of visual fluorite mineralisation
- Technical and administrative team in-country based in Tete
- Globe can earn up to 90% of project; 20% currently held
- Excellent access to rail, road and power infrastructure; 80km from Tete, Mozambique

### Geology

Mount Muambe is a circular, carbonatite body approximately four kilometres 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, REEs, barium, fluorine, phosphorous and other rare or incompatible elements. One carbonatite commodity type is fluorite. Two of the largest producers of fluorite from carbonatite-related deposits are located at Okorusu (Namibia) and Amba Dongar (India).

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 course 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 mineralisation occurs within fenite.

## Mineralisation

Two previous historical work programs identified significant fluorite mineralisation which was trenched and sampled. The bulk of the mineralisation occurs as fine grained, disseminated to massive, blue fluorite. A coarser yellow fluorite occurs as aggregates and is associated with shears and veins within the fenite.

Best fluorite grades appear to be associated with a system of NE-striking faults that cut the carbonatite and fenite. Overall fluorite grades within these mineralised zones consistently average 60-70% $CaF_2$ over trench intercept widths generally between 10 and 20m. Discrete, fault-related zones of fluorite mineralisation have been identified in the six trenches over a broad area of approximately 300m x 200m.

Additional fluorite mineralisation has been mapped in at least four other locations within the Mount Muambe carbonatite complex. Some of these occurrences appear to be hosted along the same NE-trending faults that host mineralisation that occurs in the trenches.

## About the Agreement

The Company has entered into a joint venture agreement to acquire up to 90% interest in the project from Bala Ussokoti Lda, a Mozambican entity. Staged equity is earned by Globe through sole-funding exploration and assessment as follows:

| | | |
|---|---|---|
| Year 1: | 20% | Construct a site access road and complete 1,000m of drilling |
| Year 2: | 51% | 3,000m of drilling or 1,000m-2,0000m of drilling and specified metallurgical test-work |
| Year 3: | 70% | JORC Resource |
| Year 4: | 80% | Feasibility study |
| Year 5+: | 90% | Option to purchase 10% at agreed price or as determined by independent expert |

*Fig 9: Dzenje Village Chiefs and community gather to bless the Mount Muambe Project in Mozambique*

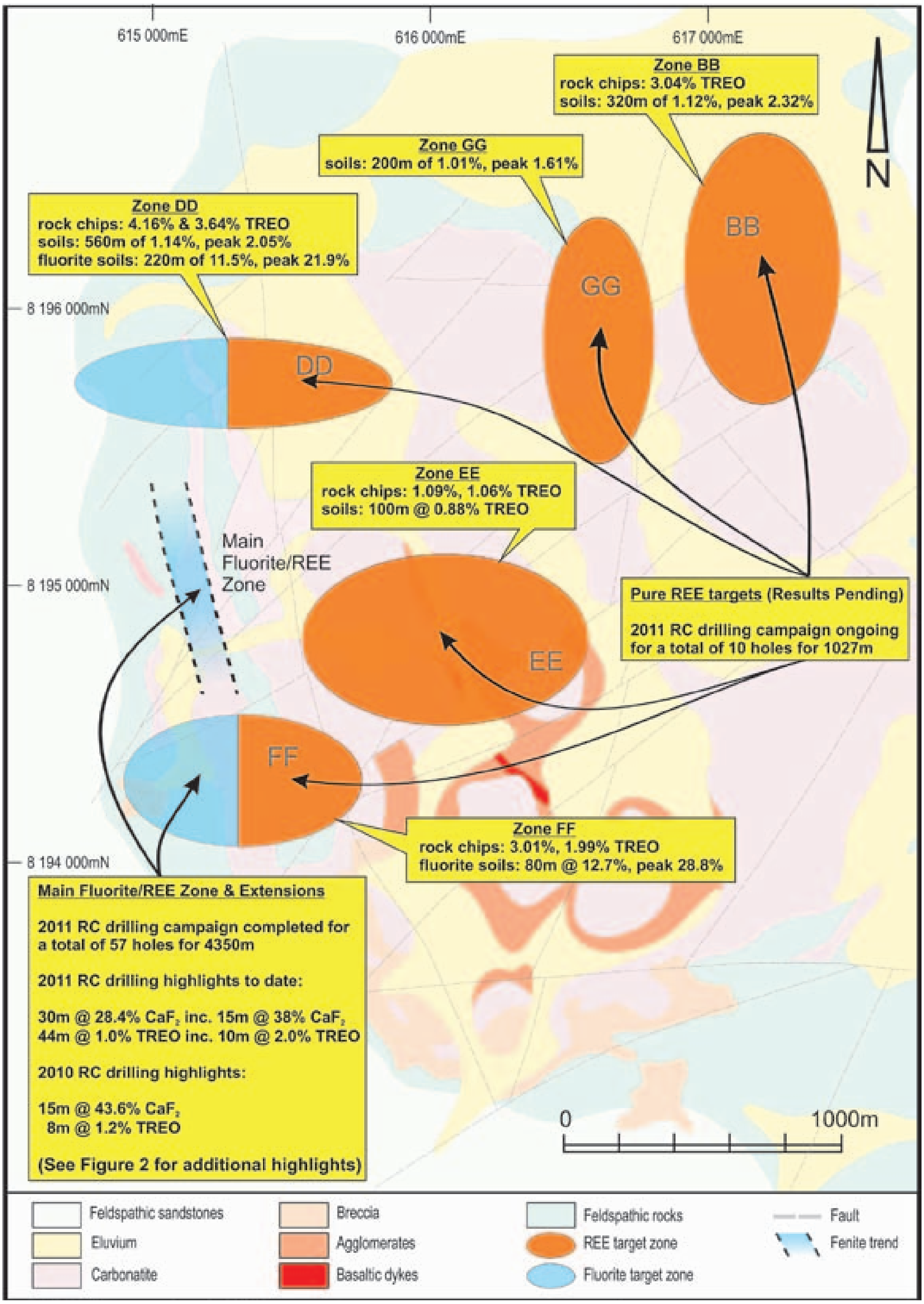



*Fig 10: Exploration coverage within the Mount Muambe crater*

### FY11 exploration highlights

- Intersections from the initial 8 RC holes included in 2011 drilling program show high-grade, near surface fluorite zones including:

  MURC020: 21m @ 26.7% fluorite
  Inc: 9m @ 41.1% fluorite
  MURC021: 30m @ 28.4% fluorite
  Inc: 15m @ 38.0% fluorite

- Significant enrichment in heavy rare earths with HREO/TREO ratios ranging from 10% to 40%
- High grades of the heavy rare earth dysprosium including 235ppm $Dy_2O_3$ over 10m
- Substantial REE mineralisation associated with high grade fluorite including:

  MURC021: 44m @ 1.0% TREO
  Inc: 10m @ 2.0% TREO

- Substantial zones of REE soil anomalism including:

  560m width, 29 samples averaging 1.01% TREO, peak value 2.05% TREO
  320m width, 17 samples averaging 1.12% TREO, peak value 2.32% TREO

### FY11 drilling program and next steps

During the course of the year, a total of 4,350m of RC extensional and infill drilling was completed across 57 holes on the Main Fluorite (+REE) Zone. An additional 1,000m targeting pure REE mineralisation was also drilled.

Intercepts to date have shown multiple zones of high-grade fluorite mineralisation and significant grades and widths of REE mineralisation, with many zones having high HREO/TREO ratios.

A program of 460 soil samples was initiated on the western margin of the crater and focused on the area between the Main Fluorite Zone and Zone DD.

Further drilling results from the continuing ~12,000m program are expected to flow in over the next four months. Much of the remaining drilling in 2011 will focus on pure REE targets including, but not limited to those, in zones DD and EE outside of the Main Fluorite Zone.

*Fig 11: Mount Muambe drill chips*





## Machinga REE Project, Malawi

The Machinga REE Project is a joint venture between Globe and Resource Star Limited (ASX: RSL). Globe currently holds 20% of the project and can earn up to 80% through exploration spend.

### 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
- 5,000m drilling program planned for 2011
- Exploration budget of A$0.5m for 2011
- At least six additional radiometric targets have been identified for future drill testing
- Soil and auger program nearing completion
- Southern Malawi is a proven region for hosting economic REE deposits

### 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.

## About the Agreement

Globe will sole fund exploration, up to the completion of a feasibility study (±25% accuracy), and in doing so earn staged equity through the achievement of defined exploration and assessment hurdles over a maximum eight year period. Work will be directed by an Operating Committee, of which Resource Star will be a member.

Staged equity is earned by Globe under the Machinga joint venture agreement through sole-funding exploration and assessment as follows:

| | | | |
|---|---|---|---|
| Phase 1: | Exploration (1yr) | 20% | US$250k exploration expenditure |
| Phase 2: | Exploration (3yrs) | 51% | A further US$2.25m exploration expenditure |
| Phase 3: | Delineation (2yrs) | 70% | JORC Resource >45kt contained $Nb_2O_5$-equivalent |
| Phase 4: | Feasibility (2yrs) | 80% | Feasibility study costed to ±25% accuracy |

The transfer of the registered title to Globe under the agreement, after expenditure of US$2.5m (i.e. Globe 51% economic interest), will require the approval of the Minister of Natural Resources, Energy and Environment in Malawi. It is not expected that this permission will be unreasonably withheld.

*Fig 12: Community meeting at Machinga*

**FY11 exploration highlights**

- 2010 drilling program comprised 16 RC holes for a total of 1,688m
- Machinga North drilling highlights to date include:

MARC005: 11m @ 1.0% TREO with 330ppm $Dy_2O_3$ (from 12m)

Inc.: 4m @ 1.4% TREO with 492ppm $Dy_2O_3$ (from 19m)

MARC015: 5m @ 1.5% TREO with 596ppm $Dy_2O_3$ (from 26m)

Inc.: 1m @ 2.5% TREO with 971ppm $Dy_2O_3$ (from 27m)

- Very high ratio of HREO: TREO, peak 39%, average 32%
- Dy grades averaging 375ppm in mineralised zones with a peak result of 971ppm

**FY11 drilling program and next steps**

In 2010, the Company undertook an extensive trenching program, uncovering significant zones of heavy rare earth oxide (HREO) and high grades of niobium at the Machinga Main Prospect.

The drilling program for the later part of calendar 2011 will focus on confirming and extending the multiple zones of near surface, high-grade HREO mineralisation. The planned 5000m RC drilling program will comprise of 2,500m RC drilling on the Machinga Main Zone and 2500m RC drilling at the Lingoni target.

Due to the deeper weathering profile at Lingoni, Globe initiated a soil pit and auger program to extract samples at depth. This program is due for completion in late 2011.

*Fig 13: RC drilling at Machinga*

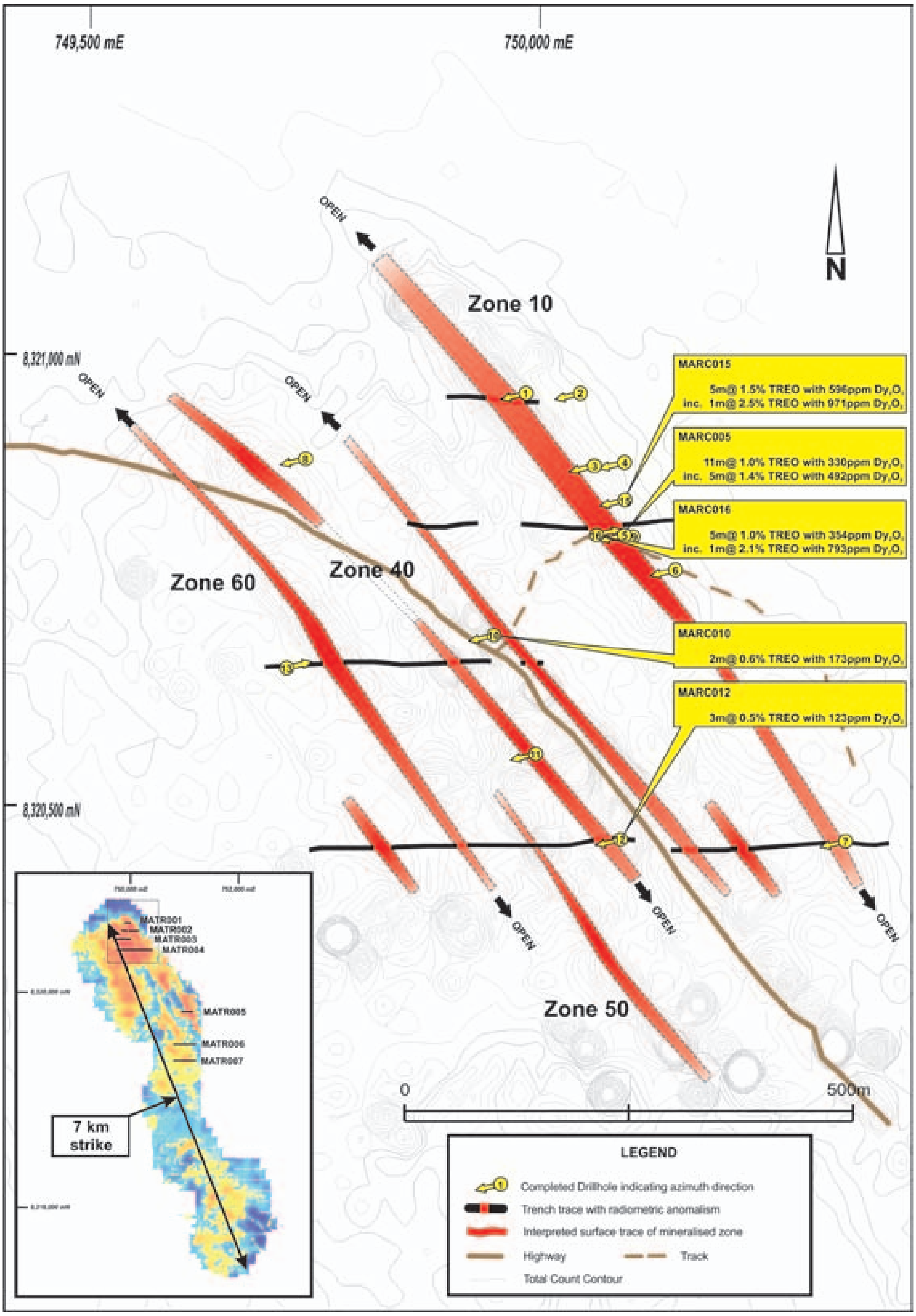



*Fig 14: Main anomaly planned drilling over contoured total count ground radiometrics at Machinga*





## 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 2010 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 enriched zones

### Snapshot

- Project highly prospective for the high value commodity dysprosium (Dy) and the light rare earth element neodymium (Nd)
- First ever reported rare earth and specialty metal mineralisation from Salambidwe

### 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 six kilometres 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 HREOs, like at the Machinga Project 80km to the north-east.

### Mineralisation

A limited reconnaissance sampling program in late 2010 included four rock-chip samples and 41 soil samples taken in the central western area of the alkaline ring complex.

Targeting mainly the central agglomeratic rocks, the soil samples showed high values of rare earths, between 1,000 - 2,000ppm TREO with weak niobium and tantalum and stronger zircon anomalism of between 3,000 - 9,000ppm. Anomalism correlates generally well with the historical mapping of agglomerate units.

The individual rock-chip samples were limited, importantly however, two of the four samples taken show strong REO and/or niobium, tantalum and zircon mineralisation.

### Exploration highlights

Rock-chip results include:

L4050: 2.05% TREO

Inc.: 214ppm $Dy_2O_3$

L4053: 0.43% TREO, 7,924ppm $Nb_2O_5$, 153ppm $Ta_2O_5$ and 2.75% $ZrO_2$



*Table 3: Summary of reconnaissance rock-chip results from Salambidwe Rare Earth Project*

| Sample ID | Easting | Northing | $La_2O_3$ (ppm) | $Ce_2O_3$ (ppm) | $Nd_2O_3$ (ppm) | $Dy_2O_3$ (ppm) | $Er_2O_3$ (ppm) | $Y_2O_3$ (ppm) | TREO (ppm) | HREO (ppm) | HREO: TREO | $Nb_2O_5$ (ppm) | $Ta_2O_5$ (ppm) | $ZrO_2$ (ppm) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| L4050 | 634747 | 8240203 | **4,780** | 8,903 | **3,404** | **244** | 95 | 1,047 | **20,479** | 1,911 | **9.3%** | 911 | 36 | 1,814 |
| L4051 | 635361 | 8239671 | 226 | 400 | 160 | 15 | 8 | 86 | 1003 | 146 | 14.5% | 290 | 15 | 1,391 |
| L4052 | 635566 | 8240421 | 276 | 650 | 199 | 24 | 13 | 139 | 1438 | 227 | 15.8% | 388 | 24 | 2,272 |
| L4053 | 635511 | 8240678 | 693 | 1,561 | 384 | 112 | 78 | 1,012 | 4,269 | 1,419 | **33.2%** | **7,924** | **153** | **27,582** |

**Only selected rare earth elements have been presented in this table due to space constraints, and therefore the TREO column will not be exactly equal with the sum of the individual REO results presented. TREO = Total Rare Earth Oxides (La through Lu + Y); HREO = more valuable Heavy Rare Earth Oxides (Eu through Lu +Y).*

### FY11 drilling program and next steps

In September 2011, a crater-wide 284 soil-pit and 38 auger sample program is planned, with the purpose of confirming and extending the mineralisation encountered in the 2010 maiden drilling program.

In addition a ground radiometric survey and regional geological mapping will assist in identifying areas with REE mineralisation potential. It is anticipated drilling will commence in Q2 2012.

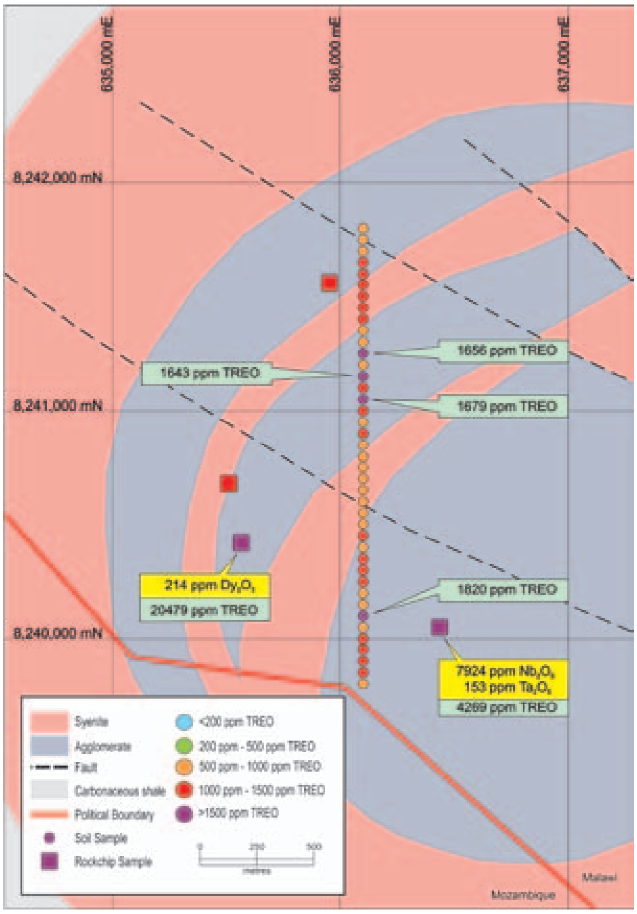



*Figure 15: Reconnaissance rock-chip and soil results from Salambidwe Rare Earth Project*





## Livingstonia Uranium Project, Malawi

In 2010, Globe and Resource Star (ASX: RSL) signed a joint venture agreement for RSL to conduct exploration in return for staged equity in the project. Livingstonia is a sandstone-hosted uranium deposit, similar to and hosted by an equivalent sedimentary basin to the nearby Paladin Kayelekera Uranium Mine and Mantra's Mkuju River Project in neighbouring Tanzania.

### Snapshot

- Inferred JORC resource of 6.0Mlb @ 325ppm $eU_3O_8$
- Farmout to Resource Star Limited; RSL 20% interest, GBE 80% interest
- RSL can earn total 51% by spending US$3.25m over four years

### Resource

*Table 4: Updated Inferred Mineral Resource Estimate, Salambidwe*

| | Resource | Grade | Contained |
|---|---|---|---|
| Lower cut-off | Mt | ppm $eU_3O_8$ | Mlb $eU_3O_8$ |
| 150ppm | 8.3 | 325 | 6.0 |

### About the Agreement

RSL currently holds a 20% interest in the Livingstonia Uranium Project (Globe 80%), and can earn up to a 51% (total) interest by spending US$3.25m over a four year period, also known as Phase 2 of the joint venture agreement.

RSL will sole fund exploration, up to the completion of a feasibility study (±25% accuracy), and in doing so earn staged equity through the achievement of defined exploration and assessment hurdles.

Staged equity is earned by RSL under the Livingstonia joint venture agreement through sole-funding exploration and assessment as follows:

| | | | |
|---|---|---|---|
| Phase 1: | Advanced exploration | 20% | Completion of a resource estimate and 1,000m of drilling |
| Phase 2: | Ongoing assessment | 51% | A further US$3.25m exploration expenditure |
| Phase 3: | Delineation | 70% | JORC Resource >10kt contained $U_3O_8$ |
| Phase 4: | Feasibility | 80% | Feasibility study costed to ±25% accuracy |

*Figure 16: Escarpment at Livingstonia*



*Competent Person: The contents of this report relating to geology and exploration results are based on information reviewed by Dr Julian Stephens, Member of the Australian Institute of Geoscientists and Non-Executive Director of Globe Metals & Mining. Dr Stephens has sufficient experience related to the activity being 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 and consents to the inclusion in this report of the matters reviewed by him in the form and context in which they appear.*

*Competent Person: The information in this report that relates to the Livingstonia Mineral Resource Estimation is based on information compiled by Dr Bielin Shi, who is a Member of The Australasian Institute of Mining and Metallurgy. Dr Shi is an employee of the CSA Global Pty Ltd and 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 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Shi consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

*Competent Person: The contents of this report relating to the Kanyika Mineral Resource Estimate are based on information compiled by Mr Michael Job, Member of the Australasian Institute of Mining and Metallurgy, and a consultant employed by Quantitative Group. Mr Job has sufficient experience related to the activity being 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 and consents to the inclusion in this report of the matters compiled by him in the form and context in which they appear.*

## Poised for growth

Globe's vision for growth extends far beyond our existing portfolio and is supported by our strategic partnership with ECE.

The relationship with ECE is complementary; ECE offers Globe a vehicle into Chinese capital, partners and customers, while Globe offers ECE an established management team of 3-5 years and a window and network into Africa.

With an objective of 'disciplined growth', our management team is continually assessing advanced stage African assets which have the potential to strengthen the value proposition for shareholders.

Our current scheduled exploration activity is detailed below:

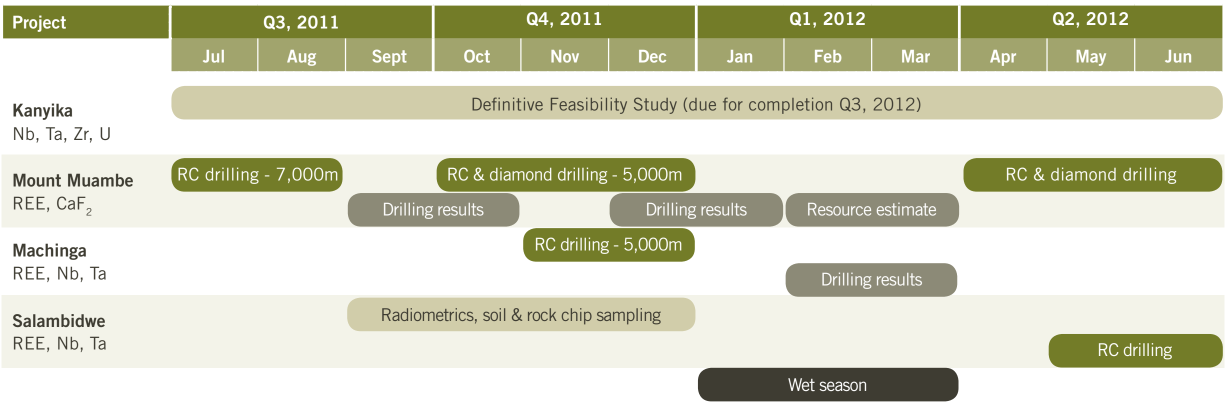



*Fig 17: Project timeline*

# 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 2011. 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 | Chairman (appointed 15 April 2011) |
| Mark Sumich | Managing Director (resigned as Chairman 15 April 2011, appointed Managing Director 15 April 2011) |
| David Sumich | Non-Executive Director (resigned 9 August 2011) |
| William Hayden | Non-Executive Director |
| Dr Julian Stephens | Non-Executive Director |
| Jianrong Xu | Non-Executive Director (appointed 15 April 2011, resigned 9 August 2011) |
| Peter Stephens | Non-Executive Director (appointed 15 April 2011) |
| Jingbin Tian | Non-Executive Director (appointed 15 April 2011) |
| Youyu Zhang | Non-Executive Director (appointed 15 April 2011, resigned 9 August 2011) |
| Shasha Lu | Non-Executive Director (appointed 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** |
|---|---|
| Qualifications | MA degree 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.<br><br>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 |

| Mark Sumich | Managing Director |
|---|---|
| Qualifications | LLB (UWA); MBA (Lon) |
| Experience | Mark brings a wealth of managerial, financial and legal expertise to Globe Metals & Mining, and he has also been a director and senior executive of a number of public and/or ASX-listed companies.<br>Professional advisory experience includes corporate and securities law in the Perth office of Clayton Utz, one of Australia's largest law firms, corporate finance with PricewaterhouseCoopers and more recently financial consulting to some of Australia's largest financial services organisations. |
| Interest in Shares | 8,000,000 Fully Paid Ordinary Shares |
| Interest in Unlisted Shares | 1,070,000 Class A Performance Shares<br>2,140,000 Class B Performance Shares |
| Interest in Options | Nil |
| Directorship of ASX Listed Companies | Nil |

| Jianrong Xu | Non-Executive Director |
|---|---|
| Qualifications | BA in geophysics from Central South University. |
| Experience | Mr Jianrong Xu has been Deputy Director General of ECE since 1983. He has been working in Team 814 of ECE for 24 years and successively held the post of head of geophysics prospecting team, project manager, deputy director and director. In January 2007 he was appointed as Deputy Director General of ECE.<br>Mr Jianrong Xu is the current Deputy Managing Director of the Jiangsu Geophysical Society, Chairman of the Hong Kong East China Non-Ferrous Mineral Resources Co Ltd and Chairman of Hong Kong East China Non-Ferrous International Mineral Development Co Ltd. |
| Interest in Shares | Indirect interest in 118,143,062 Fully Paid Ordinary Shares |
| Interest in Options | Nil |
| Directorship of ASX Listed Companies | Nil |

| David Sumich | Non-Executive Director |
|---|---|
| Qualifications | B.Bus (Hons); MAICD |
| Experience | David brings to Globe over 16 years experience in the investment banking and corporate finance fields. He worked for Merrill Lynch during the early 90's where he worked in the International Private Banking division and assisted many small companies through the seed capital stage to ASX listing. More recently, David has worked in the Middle East including HSBC, advising many resource and energy corporations throughout Middle East and Africa on project finance, mergers & acquisitions and financing solutions. David has also worked in Hong Kong for a venture capitalist and asset management firm and became a member of the Hong Kong Securities and Futures Commission. David was also Executive Director of ASX listed company, DMC Mining Limited until it was taken over by Cape Lambert Resources Limited. |
| Interest in Shares | 1,837,500 Fully Paid Ordinary Shares |
| Interest in Options | Nil |
| Directorship of ASX Listed Companies | DMC Mining Limited from 18 July 2007 until 9 July 2010. |

| Jingbin Tian | Non-Executive Director |
|---|---|
| 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 Jingbin Tian is Deputy Director of the Outward Investment Department of ECE.<br><br>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 Listed Companies | Nil |

| Dr Julian Stephens | Non-Executive Director |
|---|---|
| Qualifications | PhD; BSc (Hons); MAIG |
| Experience | Julian has over 16 years of experience in the exploration and mining sectors and economic-structural geology research fields. Julian was employed as Globe's Exploration Manager from 2006-2008 before becoming an Executive Director in late 2008. Between 2004 and 2006 Julian was employed as a senior structural/economic geology consultant for mining consultancy RSG Global.<br>From 1999 to 2003 Julian completed his PhD at James Cook University, Queensland. His thesis was entitled "Structural, mechanical and P-T evolution of intrusion-related gold systems at Clear Creek and Dublin Gulch, Yukon, Canada". Julian worked as a consulting geologist in western Canada between 2003 and 2004. From 1995 to 1999, Julian worked as a mine and exploration geologist for a number of junior and major companies in Australia. |
| Interest in Shares | 930,236 Fully Paid Ordinary Shares |
| Interest in Unlisted Shares | 430,000 Class A Performance Shares<br>860,000 Class B Performance Shares |
| Interest in Options | 600,000 15 cent options exercisable on or before 20 July 2013 |
| Directorship of ASX Listed Companies | Nil |

| William Hayden | Non-Executive Director |
|---|---|
| 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 is 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 15 cent options exercisable on or before 29 November 2014<br>500,000 26 cent options exercisable on or before 29 November 2014 |
| Directorship of ASX Listed Companies | Condoto Platinum NL |

| Peter Stephens | Non-Executive Director |
|---|---|
| Qualifications | B.Bus Accounting, MBA |
| Experience | Peter has nearly 30 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.<br>Peter is a former independent Non-Executive Director and Chairman of the audit committee of Grange Resources, an ASX listed iron ore mining company. |
| Interest in Shares | Indirect interest in 118,143,062 Fully Paid Ordinary Shares |
| Interest in Options | Nil |
| Directorship of ASX Listed Companies | Nil |

| Youyu Zhang | Non-Executive Director |
|---|---|
| Qualifications | MS Degree in Road and Bridge Engineering – Northern Transportation University |
| Experience | Youyu joined ECE in March 2007 and is the Division Director and Deputy CEO. He is also a director of Hong Kong East China Mineral Resources Company, a subsidiary of ECE. Between October 1999 and March 2007 Youyu has held different positions respectively in the Jiangsu Provincial Headquarters of Highway Construction and Jiangsu Highway Corporation. |
| Interest in Shares | Indirect interest in 118,143,062 Fully Paid Ordinary Shares |
| Interest in Options | Nil |
| Directorship of ASX Listed Companies | Nil |

| Shasha Lu | Non-Executive Director |
|---|---|
| Qualifications | PhD and Masters Degree |
| Experience | Ms. Shasha Lu is Executive Director and CEO of Hong Kong East China Non-Ferrous Mineral Resources Co. Ltd. (HKECE), a wholly owned subsidiary of ECE. HKECE holds the foreign business interests of ECE.<br>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 currently studying for an EMBA in 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 Listed Companies | Arafura Resources Limited |

### Company Secretary

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

Bradley Wynne

Brad is highly experienced in the mining, oil and gas and engineering industries. He has held senior financial management positions in the mining sector with companies including Xstrata Zinc and St Barbara Mines, and was previously Chief Financial Officer and Company Secretary of GME Resources. Brad has overseen and implemented major mining and construction projects in Australia, Africa, South East Asia and the Middle East. He is a member of the Institute of Chartered Accountants in Australia and the Chartered Secretaries of 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 comprehensive loss of the economic entity after providing for income tax amounted to $3,341,960 (2010: $2,711,149).

*Figure 18: Globe's African General Manager, Andries Kruger congratulates Chief Mabulabo at his inauguration*

## 4. Review of operations

This financial year has been extremely busy and successful, with substantial progress being made on a number of issues. Please refer to the detailed Review of Operations on page 8.

### Exploration results

The year was an extremely successful one for Globe, with progress at the Kanyika Niobium Project, Mt Muambe REE – Fluorite Project and the Machinga REE Project. Please refer to the detailed Review of Operations on page 8.

## 5. Financial position

The Company issued 129,157,934 shares during the year. The Company raised $47.85m (before costs) from an issue of 118,143,062 shares at $0.405 each to AO-Zhong International Mineral Resources Pty Ltd and $1.4m (before costs) from an issue of 5,600,000 shares at $0.25 each to sophisticated investors. 1,600,000 shares were issued upon the conversion of $0.15 Options and the remaining 3,814,872 shares were issued to employees, consultants and creditors of the Company. The consolidated entity has Cash and Cash Equivalents at 30 June 2011 of approximately $44.11m (30 June 2010: $2.32m). 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 and acquisition of advanced-stage projects. The Consolidated Entity is confident that the combination of its management team's expertise, the existing portfolio of projects, management's ability to source and review new projects and the continued buoyant commodity prices all bode well for the Consolidated Entity in the forthcoming year.

## 7. Significant changes in state of affairs

During the course of the financial year, the Company entered into a strategic partnership with ECE, a Chinese state owned entity. A subsidiary of ECE subscribed for 118,143,062 shares at $0.405 each. This raised $47.85m (before costs) in capital for the company, and at year end ECE held a 52.99% interest in the Company.

There were no other significant changes in the state of affairs of the Consolidated Entity during the financial period.

## 8. Subsequent events

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

## 9. Future developments

The Consolidated Entity will continue its mineral exploration activity at and around its exploration projects with the object of identifying commercial resources.

## 10. Environmental issues

The Consolidated Entity is aware of its environmental obligations with regards to its exploration activities and ensures that it complies with all regulations when carrying out any exploration work.

## 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 director and 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 long-term 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 $150,000). 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 and are able to participate in the employee option plan.

### Performance based remuneration

The Company has no performance based remuneration component built into director and executive remuneration packages.

### 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 the majority of 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.

### Employment contracts of key management personnel

For details of service agreements between key management personnel and Globe Metals & Mining Limited, refer note 4 of the financial statements.

## 12. Remuneration report - audited (cont)

**Compensation of key management personnel for the period ended 30 June 2011**

| | Short-term benefits | | | Post employment | | Share-based payment | | Total |
|---|---|---|---|---|---|---|---|---|
| | Salary & fees | Cash bonus | Non monetary | Super-annuation | Retirement benefits | Equity | Options | $ |
| **Directors** | | | | | | | | |
| **Shao Yi**<br>**Chairman** | | | | | | | | |
| 2011 | - | - | - | - | - | - | - | **-** |
| 2010 | - | - | - | - | - | - | - | **-** |
| **Mark Sumich**<br>**Managing Director** | | | | | | | | |
| 2011 | 321,835 | - | - | 18,165 | - | - | - | **340,000** |
| 2010 | 300,135 | - | - | 20,262 | - | 593,850 | 134,000 | **1,048,247** |
| **Julian Stephens**<br>**Non-Executive Director** | | | | | | | | |
| 2011 | 109,550 | - | - | 4,156 | - | 25,000 | - | **138,706** |
| 2010 | 170,833 | - | - | 15,375 | - | 277,450 | 80,400 | **544,058** |
| **William Hayden**<br>**Non-Executive Director** | | | | | | | | |
| 2011 | 35,000 | - | - | - | - | - | 366,500 | **401,500** |
| 2010 | 22,361 | - | - | - | - | - | - | **22,361** |
| **David Sumich**<br>**Non-Executive Director** | | | | | | | | |
| 2011 | 32,110 | - | - | 2,890 | - | - | - | **35,000** |
| 2010 | 35,333 | - | - | 3,180 | - | - | 80,400 | **118,913** |
| **Jianrong Xu**<br>**Non-Executive Director** | | | | | | | | |
| 2011 | - | - | - | - | - | - | - | **-** |
| 2010 | - | - | - | - | - | - | - | **-** |
| **Youyu Zhang**<br>**Non-Executive Director** | | | | | | | | |
| 2011 | - | - | - | - | - | - | - | **-** |
| 2010 | - | - | - | - | - | - | - | **-** |
| **Tian Jingbin**<br>**Non-Executive Director** | | | | | | | | |
| 2011 | - | - | - | - | - | - | - | **-** |
| 2010 | - | - | - | - | - | - | - | **-** |
| **Peter Stephens**<br>**Non-Executive** | | | | | | | | |
| 2011 | - | - | - | - | - | - | - | **-** |
| 2010 | - | - | - | - | - | - | - | **-** |
| **Shasha Lu**<br>**Non-Executive** | | | | | | | | |
| 2011 | - | - | - | - | - | - | - | **-** |
| 2010 | - | - | - | - | - | - | - | **-** |
| **Total remuneration directors** | | | | | | | | |
| 2011 | **498,495** | **-** | **-** | **25,211** | **-** | **25,000** | **366,500** | **915,206** |
| 2010 | **528,662** | **-** | **-** | **38,817** | **-** | **871,300** | **294,800** | **1,733,579** |

| | Short-term benefits | | | Post employment | | Share-based payment | | Total |
|---|---|---|---|---|---|---|---|---|
| | Salary & fees | Cash bonus | Non monetary | Super-annuation | Retirement benefits | Equity | Options | $ |
| **Specified Executives** | | | | | | | | |
| **Bradley Wynne** | | | | | | | | |
| **Chief Financial Officer and Company Secretary (appointed 04/03/10)** | | | | | | | | |
| 2011 | 217,800 | - | - | 19,602 | - | - | - | **237,402** |
| 2010 | 53,333 | - | - | 4,800 | - | - | 51,062 | **109,195** |
| **Les Middleditch** | | | | | | | | |
| **Kanyika DFS Manager** | | | | | | | | |
| 2011 | 64,989 | - | - | 5,849 | - | - | - | **70,838** |
| 2010 | - | - | - | - | - | - | - | **-** |
| **Andries Kruger** | | | | | | | | |
| **GM - Africa** | | | | | | | | |
| 2011 | 215,004 | - | - | - | - | 12,500 | - | **227,504** |
| 2010 | 189,252 | - | - | - | - | 7,000 | - | **196,252** |
| **Michael Schultz** | | | | | | | | |
| **Regional Exploration Manager** | | | | | | | | |
| 2011 | 184,873 | - | - | - | - | 6,250 | - | **191,123** |
| 2010 | 152,329 | - | - | - | - | 17,400 | - | **169,729** |
| **Lloyd Flint** | | | | | | | | |
| **Company Secretary (appointed 20/04/09 and resigned 30/12/09)** | | | | | | | | |
| 2011 | - | - | - | - | - | - | - | **-** |
| 2010 | (i)46,125 | - | - | - | - | - | - | **46,125** |
| **Stephen Hewitt-Dutton** | | | | | | | | |
| **Company Secretary (appointed 30/12/09 and resigned 04/03/10)** | | | | | | | | |
| 2011 | - | - | - | - | - | - | - | **-** |
| 2010 | (ii)23,733 | - | - | - | - | - | - | **23,733** |
| **Total remuneration specified executives** | | | | | | | | |
| 2011 | **682,666** | **-** | **-** | **25,451** | **-** | **18,750** | **-** | **726,867** |
| 2010 | **464,772** | **-** | **-** | **4,800** | **-** | **24,400** | **51,062** | **545,034** |

i. $Nil amount (2010: $46,125) was paid to Citadel Capital Pty Ltd which contracted out the services of Mr Flint, who filled the position of Company Secretary on a part time basis.
ii. $Nil amount (2010: $23,733) was paid to Trident Management Services Pty Ltd which contracted out the services of Mr Hewitt-Dutton, who filled the position of Company Secretary on a part time basis.

## 12. Remuneration report - audited (cont)

**Compensation shares granted 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 | 0.125 | 06/07/10 |
| Andries Kruger | 100,000 | 100,000 | 06/07/10 | 0.125 | 06/07/10 |
| Michael Schultz | 50,000 | 50,000 | 06/07/10 | 0.125 | 06/07/10 |
| | **350,000** | **350,000** | | | |

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

**Compensation shares granted during the year ended 30 June 2010**

| | Vested No. | Granted No | Grant date | Value per share at grant date | Terms & conditions for each grant Vesting date |
|---|---|---|---|---|---|
| Michael Schultz | 60,000 | 60,000 | 30/09/09 | 0.08 | 30/09/09 |
| Michael Schultz | 60,000 | 60,000 | 08/02/10 | 0.21 | 08/02/10 |
| Andries Kruger | 37,500 | 37,500 | 21/07/09 | 0.08 | 21/07/09 |
| Andries Kruger | 37,500 | 37,500 | 27/10/09 | 0.08 | 27/10/09 |
| Andries Kruger | 12,500 | 12,500 | 02/12/09 | 0.08 | 02/12/09 |
| Julian Stephens | 250,000 | 250,000 | 21/07/09 | 0.08 | 21/07/09 |
| Julian Stephens | 200,000 | 200,000 | 21/07/09 | 0.094 | 21/07/09 |
| | **657,500** | **657,500** | | | |

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

**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 'A' performance shares granted during the year ended 30 June 2010**

| | Vested No. | Granted No | Grant date | Value per share at grant date | Terms & conditions for each grant Vesting date |
|---|---|---|---|---|---|
| Mark Sumich | 1,070,000 | 1,070,000 | 10/12/09 | 0.185 | 10/12/09 |
| Julian Stephens | 430,000 | 430,000 | 10/12/09 | 0.185 | 10/12/09 |
| | **1,500,000** | **1,500,000** | | | |

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#### 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

#### Compensation Class B performance shares granted during the year ended 30 June 2010

| | Vested No. | Granted No | Grant date | Value per share at grant date | Terms & conditions for each grant Vesting date |
|---|---|---|---|---|---|
| Mark Sumich | 2,140,000 | 2,140,000 | 10/12/09 | 0.185 | 10/12/09 |
| Julian Stephens | 860,000 | 860,000 | 10/12/09 | 0.185 | 10/12/09 |
| | **3,000,000** | **3,000,000** | | | |

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

#### 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** | | | | | |

Exercise price equals the approximate market price at date of the grant.
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 2010

| | 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 |
|---|---|---|---|---|---|---|---|
| Mark Sumich | 1,000,000 | 1,000,000 | 17/07/09 | 0.134 | 0.15 | 17/07/09 | 17/07/13 |
| David Sumich | 600,000 | 600,000 | 17/07/09 | 0.134 | 0.15 | 17/07/09 | 17/07/13 |
| Julian Stephens | 600,000 | 600,000 | 17/07/09 | 0.134 | 0.15 | 17/07/09 | 17/07/13 |
| Bradley Wynne | - | 400,000 | 01/03/10 | 0.128 | 0.25 | 01/03/11 | 01/03/13 |
| | **2,200,000** | **2,600,000** | | | | | |

Exercise price equals the approximate market price at date of the grant.
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 2011 (30 June 2010: $nil).

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

## 13. Meetings of Directors

| | Board of Directors | |
|---|---|---|
| **Directors** | **Held** | **Attended** |
| Yi Shao | 2 | 2 |
| Mark Sumich | 19 | 19 |
| David Sumich | 19 | 19 |
| William Hayden | 19 | 19 |
| Julian Stephens | 19 | 19 |
| Jianrong Xu | 2 | 2 |
| Peter Stephens | 2 | 2 |
| Jingbin Tian | 2 | 2 |
| Youyu Zhang | 2 | 2 |

## 14. Indemnifying officers

In accordance with the constitution, except as may be prohibited by the Corporations Act 2001 every Officer or agent of the Company shall be indemnified out of the property of the Company against any liability incurred by him in his capacity as Officer, or agent of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal.

## 15. Options

At the date of this report, 2,850,000 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 |
| 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 |

## 16. Deferred share entitlements

At the date of this report, 2,414,872 unissued ordinary shares of the Company have been allocated as a deferred entitlement to employees and consultants of the Company for retention incentive and equity for services and to vendors of projects as follows:

| | Number of shares |
|---|---|
| Retention incentive | 915,000 |
| Equity for services | 250,000 |

Shares to be issued to employees will be issued on a periodic basis to 30 June 2012. Shares to be issued to vendors are dependent on milestones being achieved, as are the conversion of performance shares to fully paid ordinary shares.

## 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 period.

## 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 2011.

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

**Shao Yi**
**Chairman**

Dated this 29th day of September 2011

PKF MACK & CO

Chartered Accountants & Business Advisers

**AUDITOR'S INDEPENDENCE DECLARATION**
**UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**
**TO THE DIRECTORS OF GLOBE METALS & MINING LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2011 there have been:

a) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

PKF mack & co

**PKF MACK & CO**

**N A CALDER**
**PARTNER**

29 SEPTEMBER 2011
WEST PERTH,
WESTERN AUSTRALIA

Tel: 61 8 9426 8999 | Fax: 61 8 9426 8900 | www.pkf.com.au
PKF Mack & Co | ABN 17 830 241 067
2nd Floor, 35 Havelock Street | West Perth | Western Australia 6005 | Australia
PO Box 609 | West Perth | Western Australia 6872 | Australia

DIRECTORS' REPORT

# Consolidated statement of comprehensive income

## For the year ended 30 June 2011

| | | Consolidated | | Company | |
|---|---|---|---|---|---|
| | Note | 2011<br>$ | 2010<br>$ | 2011<br>$ | 2010<br>$ |
| Revenue from external parties for the use of resources in exploration activities | 2 | 9,395 | 45,669 | 9,395 | - |
| Interest income | 2 | 439,117 | 136,365 | 799,727 | 520,764 |
| Other income | 2 | - | 1,380,671 | - | 1,380,971 |
| Administrative expense | | (1,518,215) | (1,566,068) | (1,172,890) | (565,728) |
| Share based payments | 4,5 | (580,614) | (1,420,253) | (580,614) | (1,420,253) |
| Employee benefits expense | | (502,833) | (135,320) | (280,309) | (19,167) |
| Finance costs | 3 | (36,970) | (39,893) | (9,352) | (13,669) |
| Communications | | (123,733) | (77,394) | (99,317) | (53,257) |
| Compliance and regulatory expenses | | (299,358) | (298,565) | (262,730) | (197,727) |
| Occupancy expenses | | (183,632) | (169,523) | (134,070) | (114,193) |
| Directors fees | | (231,873) | (145,290) | (216,058) | (132,691) |
| Insurance expenses | | (81,180) | (72,405) | (53,625) | (42,348) |
| Depreciation expense | 3 | (89,543) | (107,603) | (17,667) | (29,348) |
| Exploration expenditure written off | 3 | (142,521) | (241,540) | (122,341) | (205,923) |
| Provision for impairment of loans | 3 | - | - | (381,961) | (1,803,844) |
| **Loss before income tax expense** | | **(3,341,960)** | **(2,711,149)** | **(2,521,812)** | **(2,696,413)** |
| Income tax benefit / (expense) | | - | - | - | - |
| **Loss for period** | | **(3,341,960)** | **(2,711,149)** | **(2,521,812)** | **(2,696,413)** |
| **Other comprehensive income** | | | | | |
| Foreign currency translation difference for foreign operations | | (31,201) | 490,475 | - | - |
| **Total comprehensive loss for the period** | | **(3,373,161)** | **(2,220,674)** | **(2,521,812)** | **(2,696,413)** |
| Basic and diluted loss per share calculated on loss for the period (cents per share) | 22 | (2.70) | (3.10) | | |

The accompanying notes form part of these financial statements.

# Consolidated statement of financial position
## As at 30 June 2011

| | | Consolidated | | Company | |
|---|---|---|---|---|---|
| | Note | 2011 $ | 2010 $ | 2011 $ | 2010 $ |
| **Current assets** | | | | | |
| Cash and cash equivalents | 10 | 44,109,639 | 2,317,651 | 44,011,016 | 2,284,951 |
| Trade and other receivables | 11 | 231,431 | 726,164 | 93,748 | 270,070 |
| Other assets | 12 | 394,891 | 67,251 | 337,416 | 6,995 |
| **Total current assets** | | 44,735,961 | 3,111,066 | 44,442,180 | 2,562,016 |
| **Non current assets** | | | | | |
| Trade and other receivables | 11 | - | - | 11,748,341 | 11,264,634 |
| Exploration and evaluation expenditure | 16 | 16,553,551 | 13,053,550 | 5,595,721 | 2,053,421 |
| Other financial assets | 14 | 80,000 | 80,000 | 565,533 | 561,997 |
| Plant and equipment | 13 | 383,499 | 332,943 | 96,503 | 40,767 |
| **Total non current assets** | | 17,017,050 | 13,466,493 | 18,006,098 | 13,920,819 |
| **Total assets** | | 61,753,011 | 16,577,559 | 62,448,278 | 16,482,835 |
| **Current liabilities** | | | | | |
| Trade and other payables | 17 | 580,717 | 593,422 | 422,435 | 496,498 |
| **Total current liabilities** | | 580,717 | 593,422 | 422,435 | 496,498 |
| **Total liabilities** | | 580,717 | 593,422 | 422,435 | 496,498 |
| **Net assets** | | 61,172,294 | 15,984,137 | 62,025,843 | 15,986,337 |
| **Equity** | | | | | |
| Issued capital | 18 | 70,025,855 | 21,840,652 | 70,025,855 | 21,840,652 |
| Reserves | 19 | 3,514,906 | 3,169,992 | 2,887,085 | 2,510,970 |
| Accumulated losses | 19 | (12,368,467) | (9,026,507) | (10,887,097) | (8,365,285) |
| **Total equity** | | 61,172,294 | 15,984,137 | 62,025,843 | 15,986,337 |

The accompanying notes form part of these financial statements.

# Consolidated statement of changes in equity

## For the year ended 30 June 2011

| | Ordinary shares $ | Retained earnings $ | Share based payment reserves $ | Foreign exchange reserve $ | Total $ |
|---|---|---|---|---|---|
| **Consolidated Group** | | | | | |
| **Balance at 30 June 2009** | **16,098,491** | **(6,315,358)** | **1,197,835** | **168,547** | **11,149,515** |
| Loss for period | - | (2,711,149) | - | - | (2,711,149) |
| Foreign currency translation differences | - | - | - | 490,475 | 490,475 |
| Total comprehensive income for the period | - | (2,711,149) | - | 490,475 | (2,220,674) |
| *Transactions with owners, recorded directly in equity* | | | | | |
| Shares issued during the year | 5,200,000 | - | - | - | 5,200,000 |
| Transaction costs | (385,340) | - | - | - | (385,340) |
| Share Based Payments | 927,501 | - | 832,500 | - | 1,760,001 |
| Options issued during period | - | - | 480,635 | - | 480,635 |
| **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) |
| *Transactions with owners, recorded directly in equity* | | | | | |
| 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** |
| **The Company** | | | | | |
| **Balance at 30 June 2009** | **16,098,491** | **(5,668,872)** | **1,197,835** | **-** | **11,627,454** |
| Loss for period | - | (2,696,413) | - | - | (2,696,413) |
| Foreign currency translation differences | - | - | - | - | - |
| Total comprehensive income for the period | - | (2,696,413) | - | - | (2,696,413) |
| *Transactions with owners, recorded directly in equity* | | | | | |
| Shares issued during the year | 5,200,000 | - | - | - | 5,200,000 |
| Transaction costs | (385,340) | - | - | - | (385,340) |
| Share Based Payments | 927,501 | - | 832,500 | - | 1,760,001 |
| Options issued during period | - | - | 480,635 | - | 480,635 |
| **Balance at 30 June 2010** | **21,840,652** | **(8,365,285)** | **2,510,970** | **-** | **15,986,337** |
| Loss for period | - | (2,521,812) | - | - | (2,521,812) |
| Foreign currency translation differences | - | - | - | - | - |
| Total comprehensive income for the period | - | (2,521,812) | - | - | (2,521,812) |
| *Transactions with owners, recorded directly in equity* | | | | | |
| 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** | **(10,887,097)** | **2,887,085** | **-** | **62,025,843** |

The accompanying notes form part of these financial statements.

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# Consolidated statement of cash flows

## For the year ended 30 June 2011

| | Note | Consolidated 2011 $ | Consolidated 2010 $ | Company 2011 $ | Company 2010 $ |
|---|---|---|---|---|---|
| **Cash Flows from Operating Activities** | | | | | |
| - Payments to suppliers and employees | | (2,593,011) | (2,360,729) | (2,520,463) | (1,839,811) |
| - Interest received | | 439,113 | 136,365 | 799,727 | 520,764 |
| - Interest paid | | (36,970) | (23,554) | (52) | (6,623) |
| - Sundry Income | | 9,395 | 45,670 | 9,395 | 214,838 |
| - Payments for exploration and evaluation | | (3,931,144) | (3,137,371) | (3,664,641) | (1,131,689) |
| *Net cash provided/(used) in operating activities* | 23(a) | (6,112,617) | (5,339,619) | (5,376,034) | (2,242,521) |
| **Cash Flows From Investing Activities** | | | | | |
| - Loan to subsidiary | | - | - | (865,667) | (2,934,994) |
| - Proceeds from sale of tenements | | - | - | - | - |
| - Purchase of plant & equipment | | (140,099) | (129,767) | (73,402) | (9,566) |
| - Proceeds from sale of plant & equipment | | - | 400 | - | - |
| - Deposits paid | | - | - | - | - |
| - Investment in subsidiary | | - | - | (3,536) | (7,234) |
| *Net cash provided/(used) in investing activities* | | (140,099) | (129,367) | (942,605) | (2,951,794) |
| **Cash Flows from Financing Activities** | | | | | |
| - Proceeds from issue of shares and options | | 50,496,941 | 5,200,000 | 50,496,941 | 5,200,000 |
| - Capital raising costs of shares and options | | (2,452,237) | (252,548) | (2,452,237) | (252,548) |
| Net cash provided by financing activities | | 48,044,704 | 4,947,452 | 48,044,704 | 4,947,452 |
| **Net increase / (decrease) in cash held** | | 41,791,988 | (521,534) | 41,726,065 | (246,863) |
| **Cash and cash equivalents at beginning of financial year** | | 2,317,651 | 2,839,185 | 2,284,951 | 2,531,814 |
| **Effects of exchange rate changes on cash** | | - | - | - | - |
| **Cash and cash equivalents at end of Financial year** | 23(b) | **44,109,639** | **2,317,651** | **44,011,016** | **2,284,951** |

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 2011 was authorised for issue in accordance with a resolution of directors on 27 September 2011.

This financial report includes the consolidated financial statements and notes of Globe Metals & Mining Limited and controlled entities ('Consolidated Entity' or 'Group'), and the separate financial statements and notes of Globe Metals & Mining Limited as an individual parent entity ('Parent Entity').

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, and Globe Metals & Mining Limited as an individual parent entity, 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 economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

**Basis of preparation and going concern basis**

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 and the *Corporations Act 2001*.

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. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

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.

The financial statements have been prepared on the going concern basis. As at 30 June 2011 the consolidated entity had net assets of $61,172,294 (30 June 2010: $15,984,137) and continues to incur expenditure on its exploration tenements drawing on its cash balances. As at 30 June 2011 the consolidated entity had $44,109,639 in cash and cash equivalents (30 June 2010: $2,317,651). The ultimate recoupment of costs carried forward for exploration and evaluation is dependent on the successful development and commercial exploitation or sale of the respective areas of interest. At this time the directors are of the opinion that no asset is likely to be realised for an amount less than the amount in the financial report. Accordingly there has been no adjustment in the financial report relating to the recoverability and classification of the asset carrying amounts, or the amounts and classification of liabilities that might be necessary, should the consolidated entity be unable to raise capital as and when required, and the exploitation of the areas of interest not be successful, or the consolidated entity not continue as a going concern.

*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.

*(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.

**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.

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.

## Note 1: Statement of significant accounting policies (cont)

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

**Exploration and evaluation assets (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.

*b. 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 2011 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.

*c. 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.

*(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 exits. 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.

### d. 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 comprehensive statement of financial position 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.

## Note 1: Statement of significant accounting policies (cont)

*d. Income tax (cont)*

*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.

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.

*e. 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 balance 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.

*f. 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 cost of sales 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.

### g. Financial instruments

*Recognition and initial measurement*

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity 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.

## Note 1: Statement of significant accounting policies (cont)

*g. Financial Instruments*

*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 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.

*h. 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.

*i. Earnings per share*

Basic earnings per share ("EPS") is calculated by dividing the net profit 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.

*j. Revenue*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company 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.

*k. 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 Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

*l. 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 Cash Flow Statement 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.

*m. 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 statement of financial position date.

*n. 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.

## Note 1: Statement of significant accounting policies (cont)

*o. Employee benefits*

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance 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.

*p. 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.

*q. 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 balance 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.

*r. 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.

### s. 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 parent entity'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 group'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.

### t. 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 doubtful debts is raised when there is objective evidence that the group will not be able to collect the debt.

### u. Presentation currency

The presentation currency is Australian dollars.

## Note 2: Revenue from continuing activities

| | Consolidated 2011 $ | Consolidated 2010 $ | Company 2011 $ | Company 2010 $ |
|---|---|---|---|---|
| Other revenue | | | | |
| - Revenue from external parties for the use of resources in exploration activities | 9,395 | 45,669 | 9,395 | - |
| - Interest received from other persons | 439,117 | 136,365 | 799,727 | 520,764 |
| - Other income | - | 1,380,671 | - | 1,380,971 |
| | 448,512 | 1,562,705 | 809,122 | 1,901,735 |

## Note 3: Expenses

| | Consolidated 2011 $ | Consolidated 2010 $ | Company 2011 $ | Company 2010 $ |
|---|---|---|---|---|
| Loss from operations before income tax has been determined after the following specific expenses: | | | | |
| Capitalised exploration expenditure written off | 142,521 | 241,540 | 122,341 | 205,923 |
| Depreciation | 89,543 | 107,603 | 17,667 | 29,348 |
| Finance Costs | | | | |
| - Bank Charges | 12,144 | 8,402 | 8,532 | 6,658 |
| - Interest Expense | 20,934 | 23,554 | 52 | (35) |
| - Other | 3,892 | 7,937 | 768 | 7,046 |
| | 36,970 | 39,893 | 9,352 | 13,669 |
| Impairment of non-current assets for loan write down | - | - | 381,961 | 1,803,844 |

## Note 4: Key management personnel disclosures

**Remuneration policy**

The remuneration policy of Globe Metals & Mining Limited has been designed to align director and 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 long-term 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 $150,000). 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 and are able to participate in the employee option plan.

**Performance based remuneration**

The Company has no performance based remuneration component built into director and executive remuneration packages.

**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 the majority of 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.

**Employment contracts of key management personnel**

Details of service agreements between key management personnel and Globe Metals & Mining Limited are on the following pages.

## Note 4: Key management personnel disclosures (cont)

**Compensation of key management personnel for the period ended 30 June 2011**

| | Short-term benefits | | | Post employment | | Share-based payment | | Total |
|---|---|---|---|---|---|---|---|---|
| | Salary & fees | Cash bonus | Non monetary | Super-annuation | Retirement benefits | Equity | Options | $ |
| **Directors** | | | | | | | | |
| **Shao Yi Chairman** | | | | | | | | |
| 2011 | - | - | - | - | - | - | - | - |
| 2010 | - | - | - | - | - | - | - | - |
| **Mark Sumich Managing Director** | | | | | | | | |
| 2011 | 321,835 | - | - | 18,165 | - | - | - | **340,000** |
| 2010 | 300,135 | - | - | 20,262 | - | 593,850 | 134,000 | **1,048,247** |
| **Julian Stephens Non-Executive Director** | | | | | | | | |
| 2011 | 109,550 | - | - | 4,156 | - | 25,000 | - | **138,706** |
| 2010 | 170,833 | - | - | 15,375 | - | 277,450 | 80,400 | **544,058** |
| **William Hayden Non-Executive Director** | | | | | | | | |
| 2011 | 35,000 | - | - | - | - | - | 366,500 | **401,500** |
| 2010 | 22,361 | - | - | - | - | - | - | **22,361** |
| **David Sumich Non-Executive Director** | | | | | | | | |
| 2011 | 32,110 | - | - | 2,890 | - | - | - | **35,000** |
| 2010 | 35,333 | - | - | 3,180 | - | - | 80,400 | **118,913** |
| **Jianrong Xu Non-Executive Director** | | | | | | | | |
| 2011 | - | - | - | - | - | - | - | - |
| 2010 | - | - | - | - | - | - | - | - |
| **Youyu Zhang Non-Executive Director** | | | | | | | | |
| 2011 | - | - | - | - | - | - | - | - |
| 2010 | - | - | - | - | - | - | - | - |
| **Tian Jingbin Non-Executive Director** | | | | | | | | |
| 2011 | - | - | - | - | - | - | - | - |
| 2010 | - | - | - | - | - | - | - | - |
| **Peter Stephens Non-Executive** | | | | | | | | |
| 2011 | - | - | - | - | - | - | - | - |
| 2010 | - | - | - | - | - | - | - | - |
| **Shasha Lu Non-Executive** | | | | | | | | |
| 2011 | - | - | - | - | - | - | - | - |
| 2010 | - | - | - | - | - | - | - | - |
| **Total remuneration directors** | | | | | | | | |
| 2011 | **498,495** | **-** | **-** | **25,211** | **-** | **25,000** | **366,500** | **915,206** |
| 2010 | **528,662** | **-** | **-** | **38,817** | **-** | **871,300** | **294,800** | **1,733,579** |

| | Short-term benefits | | | Post employment | | Share-based payment | | Total |
|---|---|---|---|---|---|---|---|---|
| | Salary & fees | Cash bonus | Non monetary | Super-annuation | Retirement benefits | Equity | Options | $ |
| **Specified Executives** | | | | | | | | |
| **Bradley Wynne** **Chief Financial Officer and Company Secretary (appointed 04/03/10)** | | | | | | | | |
| 2011 | 217,800 | - | - | 19,602 | - | - | - | **237,402** |
| 2010 | 53,333 | - | - | 4,800 | - | - | 51,062 | **109,195** |
| **Les Middleditch** **Kanyika DFS Manager** | | | | | | | | |
| 2011 | 64,989 | - | - | 5,849 | - | - | - | **70,838** |
| 2010 | - | - | - | - | - | - | - | **-** |
| **Andries Kruger** **GM - Africa** | | | | | | | | |
| 2011 | 215,004 | - | - | - | - | 12,500 | - | **227,504** |
| 2010 | 189,252 | - | - | - | - | 7,000 | - | **196,252** |
| **Michael Schultz** **Regional Exploration Manager** | | | | | | | | |
| 2011 | 184,873 | - | - | - | - | 6,250 | - | **191,123** |
| 2010 | 152,329 | - | - | - | - | 17,400 | - | **169,729** |
| **Lloyd Flint** **Company Secretary (appointed 20/04/09 and resigned 30/12/09)** | | | | | | | | |
| 2011 | - | - | - | - | - | - | - | **-** |
| 2010 | (i)46,125 | - | - | - | - | - | - | **46,125** |
| **Stephen Hewitt-Dutton** **Company Secretary (appointed 30/12/09 and resigned 04/03/10)** | | | | | | | | |
| 2011 | - | - | - | - | - | - | - | **-** |
| 2010 | (ii)23,733 | - | - | - | - | - | - | **23,733** |
| **Total remuneration specified executives** | | | | | | | | |
| 2011 | **682,666** | **-** | **-** | **25,451** | **-** | **18,750** | **-** | **726,867** |
| 2010 | **464,772** | **-** | **-** | **4,800** | **-** | **24,400** | **51,062** | **545,034** |

i. $Nil amount (2010: $46,125) was paid to Citadel Capital Pty Ltd which contracted out the services of Mr Flint, who filled the position of Company Secretary on a part time basis.
ii. $Nil amount (2010: $23,733) was paid to Trident Management Services Pty Ltd which contracted out the services of Mr Hewitt-Dutton, who filled the position of Company Secretary on a part time basis.

## Note 4: Key management personnel disclosures (cont)

**Compensation shares granted 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 | 0.125 | 06/07/10 |
| Andries Kruger | 100,000 | 100,000 | 06/07/10 | 0.125 | 06/07/10 |
| Michael Schultz | 50,000 | 50,000 | 06/07/10 | 0.125 | 06/07/10 |
| | **350,000** | **350,000** | | | |

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

**Compensation shares granted during the year ended 30 June 2010**

| | Vested No. | Granted No | Grant date | Value per share at grant date | Terms & conditions for each grant Vesting date |
|---|---|---|---|---|---|
| Michael Schultz | 60,000 | 60,000 | 30/09/09 | 0.08 | 30/09/09 |
| Michael Schultz | 60,000 | 60,000 | 08/02/10 | 0.21 | 08/02/10 |
| Andries Kruger | 37,500 | 37,500 | 21/07/09 | 0.08 | 21/07/09 |
| Andries Kruger | 37,500 | 37,500 | 27/10/09 | 0.08 | 27/10/09 |
| Andries Kruger | 12,500 | 12,500 | 02/12/09 | 0.08 | 02/12/09 |
| Julian Stephens | 250,000 | 250,000 | 21/07/09 | 0.08 | 21/07/09 |
| Julian Stephens | 200,000 | 200,000 | 21/07/09 | 0.094 | 21/07/09 |
| | **657,500** | **657,500** | | | |

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

**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 'A' performance shares granted during the year ended 30 June 2010**

| | Vested No. | Granted No | Grant date | Value per share at grant date | Terms & conditions for each grant Vesting date |
|---|---|---|---|---|---|
| Mark Sumich | 1,070,000 | 1,070,000 | 10/12/09 | 0.185 | 10/12/09 |
| Julian Stephens | 430,000 | 430,000 | 10/12/09 | 0.185 | 10/12/09 |
| | **1,500,000** | **1,500,000** | | | |

**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

**Compensation Class B performance shares granted during the year ended 30 June 2010**

| | Vested No. | Granted No | Grant date | Value per share at grant date | Terms & conditions for each grant<br>Vesting date |
|---|---|---|---|---|---|
| Mark Sumich | 2,140,000 | 2,140,000 | 10/12/09 | 0.185 | 10/12/09 |
| Julian Stephens | 860,000 | 860,000 | 10/12/09 | 0.185 | 10/12/09 |
| | **3,000,000** | **3,000,000** | | | |

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

**Compensation options granted during the year ended 30 June 2011**

| | | | | | Terms & conditions for each grant | | |
|---|---|---|---|---|---|---|---|
| | Vested No. | Granted No | Grant date | Value per option at grant date | 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** | | | | | |

Exercise price equals the approximate market price at date of the grant.
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 2010**

| | | | | | Terms & conditions for each grant | | |
|---|---|---|---|---|---|---|---|
| | Vested No. | Granted No | Grant date | Value per option at grant date | Exercise price $ | First exercise date | Last exercise date |
| Mark Sumich | 1,000,000 | 1,000,000 | 17/07/09 | 0.134 | 0.15 | 17/07/09 | 17/07/13 |
| David Sumich | 600,000 | 600,000 | 17/07/09 | 0.134 | 0.15 | 17/07/09 | 17/07/13 |
| Julian Stephens | 600,000 | 600,000 | 17/07/09 | 0.134 | 0.15 | 17/07/09 | 17/07/13 |
| Bradley Wynne | - | 400,000 | 01/03/10 | 0.128 | 0.25 | 01/03/11 | 01/03/13 |
| | **2,200,000** | **2,600,000** | | | | | |

Exercise price equals the approximate market price at date of the grant.
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 2011 (30 June 2010: $nil).

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

## Note 4: Key management personnel disclosures (cont)

*(a) Details of key management personnel*

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

The following persons were specified directors of Globe Metals & Mining Limited during the financial year:

| | |
|---|---|
| Yi Shao | Chairman (appointed 15 April 2011) |
| Mark Sumich | Managing Director (resigned as Chairman 15 April 2011, appointed Managing Director 15 April 2011) |
| David Sumich | Non-Executive Director (resigned 9 August 2011) |
| William Hayden | Non-Executive Director |
| Dr Julian Stephens | Non-Executive Director |
| Jianrong Xu | Non-Executive Director (appointed 15 April 2011, resigned 9 August 2011) |
| Peter Stephens | Non-Executive Director (appointed 15 April 2011) |
| Jingbin Tian | Non-Executive Director (appointed 15 April 2011) |
| Youyu Zhang | Non-Executive Director (appointed 15 April 2011, resigned 9 August 2011) |
| Shasha Lu | Non-Executive Director (appointed 9 August 2011) |

*(b) Remuneration policy of key management personnel*

The objective of the Company's executive reward framework is set to attract and retain the most qualified and experienced directors and senior executives. The board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- Competitiveness
- Acceptability to shareholders
- Performance linkage
- Capital management

*Non Executive Directors*

The constitution of the Company provides that the non-executive directors may collectively be paid as remuneration for their services a fixed sum not exceeding the aggregate maximum sum per annum from time to time determined by the Company in a general meeting (currently $150,000). The Chairman's fees are determined independently to the fees of non-executive directors based on comparative roles in the external market. The remuneration policy has been tailored to increase goal congruence between shareholders and directors. Currently, this is facilitated through the issue of free options to directors to encourage the alignment of personal and shareholder interests. The Company believes this policy will be effective in increasing wealth.

*Directors fees*

A director may be paid fees or other amounts as the directors determine where a director performs special duties or otherwise performs services outside the scope of the ordinary duties of a director. A director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

*Service agreements*

Mr Sumich became an employee of the Company from 1 July 2007 and entitled to receive a fixed remuneration arrangement. This is to be reviewed on an annual basis.

The employment may be terminated by the Company or Mr Mark Sumich by giving the other 4 weeks notice in writing. Alternatively, the employment may be terminated by the Company providing compensation instead of the period of notice required. Termination payments due are four weeks in lieu of notice if the termination period is not worked out. Termination payments are not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the company can terminate employment at any time. Any options issued as remuneration not exercised before or on the date of termination will lapse.

*Retirement benefits*

Other retirement benefits may be provided directly by the Company if approved by shareholders.

| | Consolidated | | Company | |
|---|---|---|---|---|
| | **2011** | **2010** | **2011** | **2010** |
| | **$** | **$** | **$** | **$** |
| Short term | 498,495 | 528,662 | 498,495 | 528,662 |
| Post employment | 25,211 | 38,817 | 25,211 | 38,817 |
| Share-based payment | 391,500 | 1,166,100 | 391,500 | 1,166,100 |
| | **915,206** | **1,733,579** | **915,206** | **1,733,579** |

*(c) Option holdings of key management personnel*

| **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** |

| **2010** | **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 | 500,000 | 600,000 | - | (500,000) | 600,000 | 600,000 | 600,000 |
| Mark Sumich | 1,000,000 | 1,000,000 | - | (1,000,000) | 1,000,000 | 1,000,000 | 1,000,000 |
| William Hayden | - | - | - | - | - | - | - |
| Julian Stephens | 250,000 | 600,000 | - | (250,000) | 600,000 | 600,000 | 600,000 |
| Bradley Wynne | - | 400,000 | - | - | 400,000 | - | - |
| Andries Kruger | 200,000 | - | - | (200,000) | - | - | - |
| Michael Schultz | 100,000 | - | - | (100,000) | - | - | - |
| | **2,050,000** | **2,600,000** | **-** | **(2,050,000)** | **2,600,000** | **2,200,000** | **2,200,000** |

## Note 4: Key management personnel disclosures (cont)

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

| 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** |

| 2010 | Balance at beginning period | Granted as remuneration | On exercise of options | Bought & (sold) | Balance at 30 June 2011 |
|---|---|---|---|---|---|
| David Sumich | 1,237,500 | - | - | - | 1,237,500 |
| Mark Sumich | 6,327,500 | - | - | - | 6,327,500 |
| William Hayden | - | - | - | 76,923 | 76,923 |
| Julian Stephens | 280,236 | 650,000 | - | - | 930,236 |
| Bradley Wynne | - | - | - | - | - |
| Andries Kruger | 307,500 | 87,500 | - | - | 395,000 |
| Michael Schultz | 470,000 | 120,000 | - | - | 590,000 |
| | **8,622,736** | **857,500** | **-** | **76,923** | **9,557,159** |

*(e) Shareholdings of key management personnel in unlisted Class A performance shares*

| 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** |

| 2010 | 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** |

*(f) Shareholdings of key management personnel in unlisted Class B performance shares*

| 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** |

| 2010 | 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** |

*(g) Loans to key management personnel*

There were no unsecured loans to key management personnel outstanding at 30 June 2011 ($nil: 2010).

## Note 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 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 |
| | **3,814,872** | **3,814,872** | | | |

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 2010**

| Personnel | Vested No. | Granted No. | Grant date | Value per share at grant date $ | Terms & conditions for each grant vesting date |
|---|---|---|---|---|---|
| Vendors | 250,000 | 250,000 | 21/07/09 | 0.17 | 21/07/09 |
| Employees | 537,500 | 537,500 | 21/07/09 | 0.08 and 0.17 | 21/07/09 |
| Creditor | 133,333 | 133,333 | 04/08/09 | 0.15 | 04/08/09 |
| Creditor | 350,000 | 350,000 | 29/09/09 | 0.26 | 29/09/09 |
| Employees | 122,424 | 122,424 | 30/09/09 | 0.08 and 0.27 | 30/09/09 |
| Creditor | 83,077 | 83,077 | 30/09/09 | 0.26 | 30/09/09 |
| Employees | 37,500 | 37,500 | 27/10/09 | 0.08 | 27/10/09 |
| Vendor | 1,907,000 | 1,907,000 | 27/10/09 | 0.26 | 27/10/09 |
| Creditor | 77,663 | 77,663 | 10/11/09 | 0.26 | 10/11/09 |
| Employees | 12,500 | 12,500 | 01/12/09 | 0.08 | 01/12/09 |
| Vendor | 301,840 | 301,840 | 01/12/09 | 0.20 | 01/12/09 |
| Vendor | 100,000 | 100,000 | 10/12/09 | 0.19 | 10/12/09 |
| Employees | 214,659 | 214,659 | 08/02/10 | 0.08 and 0.21 | 08/02/10 |
| Creditors | 230,275 | 230,275 | 19/03/10 | 0.20 | 19/03/10 |
| Employees | 30,898 | 30,898 | 14/04/10 | 0.08 and 0.206 | 14/04/10 |
| | **4,388,669** | **4,388,669** | | | |

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 options granted during the year ended 30 June 2011**

| | | | | Terms & conditions for each grant | | | |
|---|---|---|---|---|---|---|---|
| | **Vested No.** | **Granted No.** | **Grant date** | **Value per option at grant date $** | **Exercise price $** | **First exercise date** | **Last exercise date** |
| Employees & Consultants | | | | | | | |
| 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.

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 2010**

| | | | | Terms & conditions for each grant | | | |
|---|---|---|---|---|---|---|---|
| | **Vested No.** | **Granted No.** | **Grant date** | **Value per option at grant date $** | **Exercise price $** | **First exercise date** | **Last exercise date** |
| Employees & Consultants | | | | | | | |
| Employees | 2,200,000 | 2,200,000 | 17/07/09 | 0.1340 | 0.15 | 17/07/09 | 17/07/13 |
| Consultants | 350,000 | 350,000 | 30/09/09 | 0.1943 | 0.26 | 30/09/09 | 01/09/14 |
| Consultants | 200,000 | 200,000 | 26/10/09 | 0.1615 | 0.25 | 26/10/09 | 26/10/13 |
| Consultants | - | 200,000 | 26/10/09 | 0.1748 | 0.25 | 26/10/09 | 26/10/14 |
| Employees | - | 200,000 | 01/03/10 | 0.1277 | 0.25 | 01/03/11 | 01/03/13 |
| Employees | - | 200,000 | 01/03/10 | 0.1277 | 0.25 | 01/03/12 | 01/03/13 |
| | **2,750,000** | **3,350,000** | | | | | |

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

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.

**Options cancelled**

No options were cancelled during the reporting period ended 30 June 2011 (2010: 3,200,000).

**Options exercised**

1,600,000 unlisted options with an exercise price of $0.15 expiring 20 July 2013 were exercised during the reporting period ended 30 June 2011 (2010: nil).

## Note 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: 2010) at balance date. A provision of $805,320 ($805,320: 2010) has been offset against this loan being a provision in full ($805,320: 2010). 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 $11,924,435 ($11,318,769: 2010) at balance date. A provision of $2,462,900 ($2,313,717: 2010) has been offset against this loan leaving a net amount owing of $9,461,535 ($9,005,052: 2010). 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 $3,301,421 ($3,041,418: 2010) at balance date. A provision of $1,014,616 ($781,838: 2010) has been offset against this loan leaving a net amount owing of $2,286,805 ($2,259,580: 2010). 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.

## Note 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.

## Note 8: Auditors' remuneration

| | Consolidated | | Company | |
|---|---|---|---|---|
| | 2011 $ | 2010 $ | 2011 $ | 2010 $ |
| Remuneration of the auditor of the parent entity for: | | | | |
| - Auditing or reviewing the financial report | 87,000 | 70,500 | 87,000 | 70,500 |
| - Other services | - | - | - | - |
| Remuneration of other auditors of subsidiaries for: | | | | |
| - Auditing or reviewing the financial report | 48,402 | 32,052 | - | - |
| - Other services | 3,232 | 1,121 | - | - |
| | **138,634** | **103,673** | **87,000** | **70,500** |

## Note 9: Income tax expense

| | Consolidated 2011 $ | Consolidated 2010 $ | Company 2011 $ | Company 2010 $ |
|---|---|---|---|---|
| a. The components of tax expense comprise: | | | | |
| Current tax | - | - | - | - |
| Deferred tax | | | | |
| Relating to origination and reversal of temporary differences | 25,727 | - | 25,727 | - |
| Adjustments arising from prior period | (25,727) | - | (25,727) | - |
| Income tax expense / (benefit) | - | - | - | - |
| b. The prima facie tax benefit on loss from ordinary activities before income tax isreconciled to the income tax as follows: Prima facie tax benefit on loss from ordinary activities before income tax at 30% (2010: 30%) | (1,011,948) | (813,345) | (756,544) | (808,925) |
| Add: | | | | |
| Tax effect of: | | | | |
| - Non-deductible expenses | 407,957 | 532,476 | 407,957 | 532,476 |
| - Temporary differences not recognised | 3,320 | (125,914) | 73,348 | 384,012 |
| - Tax loss brought to account as a deferred tax asset | 626,398 | 145,280 | 300,966 | (18,966) |
| - Other non-allowable items | - | 147,142 | - | 145,589 |
| | 25,727 | (114,361) | 25,727 | 234,186 |
| Less: | | | | |
| Tax effect of: | | | | |
| - Recoupment of prior year revenue losses not previously recognised | - | - | - | 234,186 |
| - Adjustment in respect to previous deferred income tax | (25,727) | (114,361) | (25,727) | - |
| Income tax | - | - | - | - |
| The applicable weighted average effective tax rates are as follows: | 0% | 0% | 0% | 0% |
| c. The following deferred tax balances have not been recognised: | | | | |
| Deferred Tax Assets: | | | | |
| At 30%: | | | | |
| Carry forward revenue losses | 848,745 | 536,565 | 848,745 | 536,565 |
| Provision for impairment on loan accounts | - | - | 1,284,851 | 783,078 |
| Other | 3,320 | - | 3,320 | - |
| | 852,065 | 536,565 | 2,136,916 | 1,319,643 |
| At 35% (Argentina): 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.

**Recognised deferred tax assets and liabilities**

Deferred tax assets and liabilities are attributable to the following:

| | Assets | | Liabilities | | Net | |
|---|---|---|---|---|---|---|
| | 30 June 2011 | 30 June 2010 | 30 June 2011 | 30 June 2010 | 30 June 2011 | 30 June 2010 |
| *CONSOLIDATED* | $ | $ | $ | $ | $ | $ |
| Accrued Interest | - | - | 97,621 | 2,099 | 97,621 | 2,099 |
| Property, Plant and Equipment | (7,459) | (7,459) | - | - | (7,459) | (7,459) |
| Trade and other payables | (4,500) | (9,240) | - | - | (4,500) | (9,240) |
| Employee benefits | (32,837) | (30,971) | - | - | (32,837) | (30,971) |
| Capital raising costs | (27,941) | (35,162) | - | - | (27,941) | (35,162) |
| Un-realised foreign exchange losses (gains) | (24,884) | - | - | 99,699 | (24,884) | 99,699 |
| Tax Losses | - | (18,966) | - | - | - | (18,966) |
| *Tax (assets) liabilities* | (97,621) | (101,798) | 97,621 | 101,798 | - | - |
| Set off of tax | 97,621 | - | (97,621) | - | - | - |
| *Net tax (assets) liabilities* | - | - | - | - | - | - |

| **Movement in temporary differences during the year** | **Balance 30 June 2009** | **Recognised in income** | **Recognised in equity** | **Balance 30 June 2010** |
|---|---|---|---|---|
| Accrued Interest | - | 2,099 | - | 2,099 |
| Property, Plant and Equipment | - | (7,459) | - | (7,459) |
| Trade and other payables | - | (9,240) | - | (9,240) |
| Employee benefits | - | (30,971) | - | (30,971) |
| Capital raising costs | - | (35,162) | - | (35,162) |
| Un-realised foreign exchange losses (gains) | - | 99,699 | - | 99,699 |
| Tax Losses | 918,380 | (937,346) | - | (18,966) |
| | 918,380 | (918,380) | - | - |

| **Movement in temporary differences during the year** | **Balance 30 June 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 | - | - |
| | - | - | - | - |

| | Assets | | Liabilities | | Net | |
|---|---|---|---|---|---|---|
| | 30 June 2011 | 30 June 2010 | 30 June 2011 | 30 June 2010 | 30 June 2011 | 30 June 2010 |
| *PARENT* | $ | $ | $ | $ | $ | $ |
| Accrued Interest | - | - | 97,621 | 2,099 | 97,621 | 2,099 |
| Property, Plant and Equipment | (7,459) | (7,459) | - | - | (7,459) | (7,459) |
| Trade and other payables | (4,500) | (9,240) | - | - | (4,500) | (9,240) |
| Employee benefits | (32,837) | (30,971) | - | - | (32,837) | (30,971) |
| Capital raising costs | (27,941) | (35,162) | - | - | (27,941) | (35,162) |
| Un-realised foreign exchange losses (gains) | (24,884) | - | - | 99,699 | (24,884) | 99,699 |
| Tax Losses | - | (18,966) | - | - | - | (18,966) |
| *Tax (assets) liabilities* | (97,621) | (101,798) | 97,621 | 101,798 | - | - |
| Set off of tax | 97,621 | 101,798 | (97,621) | (101,798) | - | - |
| *Net tax (assets) liabilities* | - | - | - | - | - | - |

| **Movement in temporary differences during the year** | **Balance 30 June 2009** | **Recognised in income** | **Recognised in equity** | **Transfers out (In)** | **Balance 30 June 2010** |
|---|---|---|---|---|---|
| Accrued Interest | - | 2,099 | - | - | 2,099 |
| Property, Plant and Equipment | - | (7,459) | - | - | (7,459) |
| Trade and other payables | - | (9,240) | - | - | (9,240) |
| Employee benefits | - | (30,971) | - | - | (30,971) |
| Capital raising costs | - | (35,162) | - | - | (35,162) |
| Un-realised foreign exchange losses (gains) | - | 99,699 | - | - | 99,699 |
| Tax Losses | - | - | - | - | (18,966) |
| | - | 18,966 | - | - | - |

| **Movement in temporary differences during the year** | **Balance 30 June 2010** | **Recognised in income** | **Recognised in equity** | **Transfers out (In)** | **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 | - | - | - |
| | - | - | - | - | - |

## Note 10: Cash and cash equivalents

| | Consolidated 2011 $ | Consolidated 2010 $ | Company 2011 $ | Company 2010 $ |
|---|---|---|---|---|
| Cash at bank | 967,871 | 1,114,651 | 869,248 | 1,081,951 |
| Short term bank deposits | 43,141,768 | 1,203,000 | 43,141,768 | 1,203,000 |
| | **44,109,639** | **2,317,651** | **44,011,016** | **2,284,951** |

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 1.75% and 6.4%.

## Note 11: Trade and other receivables

| | Consolidated 2011 $ | Consolidated 2010 $ | Company 2011 $ | Company 2010 $ |
|---|---|---|---|---|
| **Current** | | | | |
| GST Receivable | 39,641 | 28,755 | 39,641 | 28,755 |
| Trade Debtors | 77,409 | 386,227 | 54,107 | 26,408 |
| Tax Receivable | 63,480 | 288,468 | - | 214,907 |
| VAT Receivable | 50,901 | 22,467 | - | - |
| Other Debtors | - | 247 | - | - |
| | **231,431** | **726,164** | **93,748** | **270,070** |
| **Non current** | | | | |
| Loan – Globe Uranium (Argentina) S.A. | - | - | 805,320 | 805,320 |
| Loan – Globe Metals and Mining (Africa) Limited | - | - | 11,924,435 | 11,318,769 |
| Loan – Globe Metals & Mining (Exploration) Limited | - | - | 3,301,421 | 3,041,418 |
| Provision for Impairment | - | - | (4,282,835) | (3,900,873) |
| | **-** | **-** | **11,748,341** | **11,264,634** |

Terms and conditions relating to the above financial instruments.

1. Trade debtors are non-interest bearing and generally on 30 days terms.
2. Related party receivables are interest bearing and have no fixed repayment terms.
3. Other receivables are non-interest bearing and have repayment terms between 30 and 90 days.

## Note 12: Other assets

| | Consolidated 2011 $ | Consolidated 2010 $ | Company 2011 $ | Company 2010 $ |
|---|---|---|---|---|
| **Current** | | | | |
| Prepayments | 26,003 | 25,049 | - | - |
| Accrued Interest | 325,404 | 6,995 | 325,404 | 6,995 |
| Deposits | 12,012 | 4,439 | 12,012 | - |
| Geological Inventory | 31,472 | 30,768 | - | - |
| | **394,891** | **67,251** | **337,416** | **6,995** |

## Note 13: Plant and equipment

| | Consolidated 2011 $ | Consolidated 2010 $ | Company 2011 $ | Company 2010 $ |
|---|---|---|---|---|
| Plant and Equipment | | | | |
| At Cost | 700,323 | 595,470 | 202,342 | 121,762 |
| Accumulated depreciation | (316,824) | (262,527) | (105,839) | (80,995) |
| | **383,499** | **332,943** | **96,503** | **40,767** |

**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.

| | Consolidated 2011 $ | Consolidated 2010 $ | Company 2011 $ | Company 2010 $ |
|---|---|---|---|---|
| Plant and equipment | | | | |
| Carrying amount at the beginning of the period | 332,943 | 311,548 | 40,767 | 60,620 |
| Additions/(Disposals) | 140,099 | 128,998 | 73,403 | 9,495 |
| Depreciation expense | (89,543) | (107,603) | (17,667) | (29,348) |
| Carrying amount at end of the period | **383,499** | **332,943** | **96,503** | **40,767** |

## Note 14: Other financial assets

| | Consolidated 2011 $ | Consolidated 2010 $ | Company 2011 $ | Company 2010 $ |
|---|---|---|---|---|
| Non current | | | | |
| Investments – shares | 80,000 | 80,000 | 80,000 | 80,000 |
| Investment in subsidiary | - | - | 688,577 | 685,041 |
| Impairment provision | - | - | (203,044) | (203,044) |
| | **80,000** | **80,000** | **565,533** | **561,997** |

## Note 15: Interests in controlled entities

*(a) 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* |
|---|---|---|---|
| Globe Uranium (Argentina) S.A. | Argentina | Ordinary | 100% |
| Globe Metals and Mining (Africa) Limited | Malawi | Ordinary | 100% |
| Globe Metals & Mining (Mozambique) Limitada | Mozambique | Ordinary | 100% |
| Globe Metals & Mining (Exploration) Limited | Malawi | Ordinary | 100% |

*Percentage of voting power is in proportion to ownership.

*(b) Newly Incorporated Entity*

During the course of the financial year ended 30 June 2011, Globe Metals & Mining Limited incorporated Globe Metals & Mining (Mozambique) Limitada.

## Note 16: Exploration and evaluation expenditure

| | Consolidated 2011 $ | Consolidated 2010 $ | Company 2011 $ | Company 2010 $ |
|---|---|---|---|---|
| **Non-Current** | | | | |
| Costs carried forward in respect of areas of interest in: | | | | |
| **Exploration and evaluation phases – at cost** | **16,553,551** | **13,053,550** | **5,595,721** | **2,053,421** |
| Brought forward | 13,053,550 | 8,353,907 | 2,053,421 | 509,967 |
| Consideration for the exploration assets acquired during the period - at valuation | - | 651,258 | - | 651,258 |
| Consideration for the exploration assets disposed during the period | - | - | - | - |
| Exploration expenditure capitalised during the year | 3,642,522 | 4,289,925 | 3,664,641 | 1,098,119 |
| Exploration expenditure written off | (142,521) | (241,540) | (122,341) | (205,923) |
| **At reporting date** | **16,553,551** | **13,053,550** | **5,595,721** | **2,053,421** |

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

- the continuance of the economic 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.

The economic entity'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.

## Note 17: Trade and other payables

| | Consolidated 2011 $ | Consolidated 2010 $ | Company 2011 $ | Company 2010 $ |
|---|---|---|---|---|
| **Current** | | | | |
| Trade creditors (unsecured) | 118,634 | 245,976 | 82,355 | 215,900 |
| Other creditors and accruals | 315,468 | 217,490 | 204,966 | 157,079 |
| Employee Benefit Provisions | 146,615 | 129,956 | 135,114 | 123,519 |
| | **580,717** | **593,422** | **422,435** | **496,498** |

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.

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## Note 18: Issued capital

| | Consolidated | | | | Company | | | |
|---|---|---|---|---|---|---|---|---|
| | 2011 | | 2010 | | 2011 | | 2010 | |
| | $ | Number | $ | Number | $ | Number | $ | Number |
| Fully paid ordinary shares | 70,025,855 | 222,949,805 | 21,840,652 | 93,791,871 | 70,025,855 | 222,949,805 | 21,840,652 | 93,791,871 |
| | **70,025,855** | **222,949,805** | **21,840,652** | **93,791,871** | **70,025,855** | **222,949,805** | **21,840,652** | **93,791,871** |

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

| | Consolidated | | | | Company | | | |
|---|---|---|---|---|---|---|---|---|
| | 2011 | | 2010 | | 2011 | | 2010 | |
| | $ | Number | $ | Number | $ | Number | $ | Number |
| At beginning of reporting period: | 21,840,652 | 93,791,871 | 16,098,491 | 69,403,202 | 21,840,652 | 93,791,871 | 16,098,491 | 69,403,202 |
| Placement of shares at $0.26 each | - | - | 5,200,000 | 20,000,000 | - | - | 5,200,000 | 20,000,000 |
| Placement of shares at $0.25 each | 1,400,000 | 5,600,000 | - | - | 1,400,000 | 5,600,000 | - | - |
| Placement of shares at $0.405 each | 47,847,940 | 118,143,062 | - | - | 47,847,940 | 118,143,062 | - | - |
| Share Based Payments (Refer Note 5) | 1,149,500 | 3,814,872 | 927,501 | 4,388,669 | 1,149,500 | 3,814,872 | 927,501 | 4,388,669 |
| Exercise of $0.15 Options | 240,000 | 1,600,000 | - | - | 240,000 | 1,600,000 | - | - |
| Less: Capital Raising Expenses | (2,452,237) | - | (385,340) | - | (2,452,237) | - | (385,340) | - |
| **Balance at end of reporting period** | **70,025,855** | **222,949,805** | **21,840,652** | **93,791,871** | **70,025,855** | **222,949,805** | **21,840,652** | **93,791,871** |

**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 balance date, the group has no external borrowings.

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

## Note 18: Issued capital (cont)

*(b) Movements in Class A performance shares on issue:*

| | Consolidated | | | | Company | | | |
|---|---|---|---|---|---|---|---|---|
| | 2011 | | 2010 | | 2011 | | 2010 | |
| | $ | Number | $ | Number | $ | Number | $ | Number |
| At beginning of reporting period: | 277,500 | 1,500,000 | - | - | 277,500 | 1,500,000 | - | - |
| Movement during the period: | | | | | | | | |
| Issued during period | - | - | 277,500 | 1,500,000 | - | - | 277,500 | 1,500,000 |
| **Balance at end of reporting period** | **277,500** | **1,500,000** | **277,500** | **1,500,000** | **277,500** | **1,500,000** | **277,500** | **1,500,000** |

*(c) Movements in Class B performance shares on issue:*

| | Consolidated | | | | Company | | | |
|---|---|---|---|---|---|---|---|---|
| | 2011 | | 2010 | | 2011 | | 2010 | |
| | $ | Number | $ | Number | $ | Number | $ | Number |
| At beginning of reporting period: | 555,000 | 3,000,000 | - | - | 555,000 | 3,000,000 | - | - |
| Movement during the period: | | | | | | | | |
| Issued during period | - | - | 555,000 | 3,000,000 | - | - | 555,000 | 3,000,000 |
| **Balance at end of reporting period** | **555,000** | **3,000,000** | **555,000** | **3,000,000** | **555,000** | **3,000,000** | **555,000** | **3,000,000** |

*(d) Movements in options on issue:*

| | Consolidated | | | | Company | | | |
|---|---|---|---|---|---|---|---|---|
| | 2011 | | 2010 | | 2011 | | 2010 | |
| | $ | Number | $ | Number | $ | Number | $ | Number |
| At beginning of reporting period: | 1,678,470 | 3,150,000 | 1,197,835 | 3,200,000 | 1,678,470 | 3,150,000 | 1,197,835 | 3,200,000 |
| Movement during the period: | | | | | | | | |
| Option Reserve (Refer Note 4, 5) | 376,115 | 1,300,000 | 480,635 | 3,150,000 | 376,115 | 1,300,000 | 480,635 | 3,150,000 |
| Less: Options expired/cancelled during the year | - | - | - | (3,200,000) | - | - | - | (3,200,000) |
| Less: Options exercised during the year | - | (1,600,000) | - | - | - | (1,600,000) | - | - |
| **Balance at end of reporting period** | **2,054,585** | **2,850,000** | **1,678,470** | **3,150,000** | **2,054,585** | **2,850,000** | **1,678,470** | **3,150,000** |

## Note 18: Issued capital (cont)

*(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.

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 222,949,805 issued shares as follows:

- 222,949,805 listed ordinary shares.

*(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 1,500,000 Class 'A' Performance shares as follows:

- 1,500,000 Class 'A' Performance shares.

*(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 2,850,000 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.

## Note 19: Reserves and accumulated losses

| | Consolidated | | Company | |
|---|---|---|---|---|
| | 2011 $ | 2010 $ | 2011 $ | 2010 $ |
| *(a) Reserves* | | | | |
| Option Reserve | 2,054,585 | 1,678,470 | 2,054,585 | 1,678,470 |
| Equity Settled Benefits Reserve | 832,500 | 832,500 | 832,500 | 832,500 |
| Foreign Currency Translation Reserve | 627,821 | 659,022 | - | - |
| | **3,514,906** | **3,169,992** | **2,887,085** | **2,510,970** |
| Option Reserve | | | | |
| Balance at beginning of financial period | 1,678,470 | 1,197,835 | 1,678,470 | 1,197,835 |
| Option expense (Refer Note 4, 5) | 376,115 | 480,635 | 376,115 | 480,635 |
| Balance at end of financial period | 2,054,585 | 1,678,470 | 2,054,585 | 1,678,470 |
| Equity Settled Benefits Reserve | | | | |
| Balance at beginning of financial period | 832,500 | - | 832,500 | - |
| Equity benefit expense (Refer Note 4, 5) | - | 832,500 | - | 832,500 |
| Balance at end of financial period | 832,500 | 832,500 | 832,500 | 832,500 |
| Foreign Currency Translation Reserve | | | | |
| Balance at beginning of financial period | 659,022 | 168,547 | - | - |
| Exchange difference Loss/(Gain) | (31,201) | 490,475 | - | - |
| Balance at end of financial period | 627,821 | 659,022 | - | - |
| *(b) Accumulated losses* | | | | |
| Accumulated losses at the beginning of the financial period | (9,026,507) | (6,315,358) | (8,365,285) | (5,668,872) |
| Net loss attributable to members | (3,341,960) | (2,711,149) | (2,521,812) | (2,696,413) |
| Accumulated losses at the end of the financial period | **(12,368,467)** | **(9,026,507)** | **(10,887,097)** | **(8,365,285)** |

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.

## Note 20: Financial risk management objectives and policies

The economic entity'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 economic entity. The economic entity 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 economic entity's policy not to trade in financial instruments

The main risks arising from the economic entity'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 economic entity 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 economic entity 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 economic entity. The economic 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 economic entity does not have any significant credit risk exposure to any single counterparty or any economic entity of counterparties having similar characteristics. The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the economic entity's maximum exposure to credit risk.

### 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 | | Company | |
|---|---|---|---|---|
| | 2011<br>$ | 2010<br>$ | 2011<br>$ | 2010<br>$ |
| Less than 1 month | 433,460 | 410,993 | 286,679 | 320,506 |
| Less than 2 months | 642 | 38,093 | 642 | 38,093 |
| Less than 3 months | 146,615 | 144,336 | 135,114 | 137,899 |
| | **580,717** | **593,422** | **422,435** | **496,498** |

## Note 21: Financial instruments

### (i) Interest rate risk exposures

The Company'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 $ | Fixed interest maturing in: Over 1 year less than 5 $ | Fixed interest maturing in: More than 5 years $ | Non-interest bearing $ | Total $ |
|---|---|---|---|---|---|---|
| **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** |

### (ii) Interest rate risk exposures

| | Floating interest rate $ | Fixed interest maturing in: 1 year or less $ | Fixed interest maturing in: Over 1 year less than 5 $ | Fixed interest maturing in: More than 5 years $ | Non-interest bearing $ | Total $ |
|---|---|---|---|---|---|---|
| **2010** | | | | | | |
| Financial Assets | | | | | | |
| Cash at bank | 1,114,651 | - | - | - | - | 1,114,651 |
| Term deposit | - | 1,203,000 | - | - | - | 1,203,000 |
| Trade & other receivables | - | - | - | - | 726,164 | 726,164 |
| | 1,114,651 | 1,203,000 | - | - | 726,164 | 3,043,815 |
| Weighted Average Interest Rate | 3.3% | 5.7% | - | - | - | - |
| Financial Liabilities | | | | | | |
| Trade & other creditors | - | - | - | - | (593,422) | (593,422) |
| | - | - | - | - | (593,422) | (593,422) |
| Weighted Average Interest Rate | - | - | - | - | - | - |
| **Net financial assets (liabilities)** | **1,114,651** | **1,203,000** | **-** | **-** | **132,742** | **2,450,393** |

**(iii) Financial assets**

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

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 economic entity.

**(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 | | Company | |
|---|---|---|---|---|
| | 2011<br>$ | 2010<br>$ | 2011<br>$ | 2010<br>$ |
| Change in loss | | | | |
| - increase in interest rate by 1% | (441,097) | (23,177) | (440,110) | (22,825) |
| - decrease in interest rate by 1% | 441,097 | 23,177 | 440,110 | 22,825 |
| Change in equity | | | | |
| - increase in interest rate by 1% | 441,097 | 23,177 | 440,110 | 22,825 |
| - decrease in interest rate by 1% | (441,097) | (23,177) | (440,110) | (22,825) |

**(vii) Credit risk exposures**

The credit risk on financial assets of the economic entity has been recognised on the statement of financial position and is generally the carrying amount net of any provisions for doubtful debts.

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

**(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.

## Note 22: Earnings per share

| | Consolidated 2011 $ | Consolidated 2010 $ |
|---|---|---|
| (a) Loss used in the calculation of basic earnings per share | (3,341,960) | (2,711,149) |
| | 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: | 123,698,363 | 87,458,258 |
| (c) Weighted average number of ordinary shares outstanding during the period used in the calculation of diluted earnings per share: | 128,151,377 | 92,979,217 |

## Note 23: Cash flow information

| | Consolidated 2011 $ | Consolidated 2010 $ | Company 2011 $ | Company 2010 $ |
|---|---|---|---|---|
| *(a) Reconciliation of cash flow from operations with loss after tax* | | | | |
| - Loss after income tax | (3,341,960) | (2,711,149) | (2,521,812) | (2,696,413) |
| Non-cash flows in loss from operations | | | | |
| - Depreciation | 89,543 | 107,603 | 17,667 | 29,348 |
| - Foreign exchange movement | 49,896 | 315,710 | - | - |
| - Provision for impairment | - | - | 381,961 | 1,803,844 |
| - Equity based payments | 580,614 | 1,420,253 | 580,614 | 1,420,253 |
| - Exploration expenditure written off | 142,521 | 241,540 | 122,341 | 205,923 |
| - Net Loss on disposal of fixed assets | - | (369) | - | (69) |
| - Net gain on TGL settlement | - | - | - | (1,166,133) |
| - Other | (287,619) | - | (186,343) | - |
| Changes in assets and liabilities | | | | |
| - (Increase)/decrease in receivables and prepayments | 167,093 | (586,328) | (154,099) | (206,263) |
| - (Increase)/decrease in exploration and evaluation expenditure | (3,500,000) | (4,078,088) | (3,542,300) | (1,543,454) |
| - Increase/(decrease) in trade and other creditors and accruals | (12,705) | (48,791) | (74,063) | (89,557) |
| **Net cash outflows from operating activities** | **(6,112,617)** | **(5,339,619)** | **(5,376,034)** | **(2,242,521)** |

*(b) Reconciliation of cash and cash equivalents*

Cash and cash equivalents comprises:

| | Consolidated 2011 $ | Consolidated 2010 $ | Company 2011 $ | Company 2010 $ |
|---|---|---|---|---|
| - cash at bank in hand | 967,871 | 1,114,651 | 869,248 | 1,081,951 |
| - Short-term | 43,141,768 | 1,203,000 | 43,141,768 | 1,203,000 |
| | **44,109,639** | **2,317,651** | **44,011,016** | **2,284,951** |

*(c) Acquisition of Entity*

*2011*

During the financial year, the Company acquired all of the shares in Globe Metals & Mining (Mozambique) Limitada in Mozambique.

*(d) Non-cash financing and investing activities*

During the year non cash financing activities consisted of the issue of 3,000,000 ordinary shares to creditors in settlement of amounts due and payable and 814,872 ordinary shares issued to staff, consultants in lieu of salaries and services and for staff retention purposes.

*(e) Credit standby arrangements with banks*

There was no bank overdraft facility as at 30 June 2011 (nil: 30 June 2010).

## Note 24: Commitments

*(a) Exploration commitments*

In order to maintain current rights of tenure to mining tenements, the economic entity 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 | |
|---|---|---|
| | 2011<br>$ | 2010<br>$ |
| Not longer than one year | 2,450,000 | 2,235,597 |
| Longer than one year, but not longer than five years | 883,333 | 1,407,117 |
| Longer than five years | - | - |
| | 3,333,333 | 3,642,714 |

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 | |
|---|---|---|
| | 2011<br>$ | 2010<br>$ |
| Not longer than one year | 176,884 | 68,621 |
| Longer than one year, but not longer than five years | 345,025 | 42,469 |
| Longer than five years | - | - |
| | 521,909 | 111,090 |

The Company has entered into a 3 year lease on commercial terms for office accommodation at Ground Floor Suite 3, 16 Ord St West Perth WA expiring 29 January 2012.

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 and Mining (Africa) Limited operates on a 3 month notice period.

## Note 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 $ |
|---|---|---|---|---|
| **(i) Segment performance** | | | | |
| Twelve months ended 30 June 2011 | | | | |
| Revenue | | | | |
| Interest revenue | 439,117 | - | - | 439,117 |
| 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** |

| | 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** |
| **(iv) Segment performance** | | | | |
| Twelve months ended 30 June 2010 | | | | |
| Revenue | | | | |
| Interest revenue | 136,365 | - | - | 136,365 |
| Other revenue | 214,907 | - | 1,166,133 | 1,381,040 |
| Revenue from external party for use of resource in the mining exploration activities | - | - | 318,355 | 318,355 |
| **Total segment revenue** | **351,272** | **-** | **1,484,488** | **1,835,760** |
| *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 | - | - | (241,540) | (241,540) |
| Depreciation expense | (29,348) | - | (78,255) | (107,603) |
| Unallocated items: | | | | |
| Other revenue | | | | (231,183) |
| Other expenses | | | | (3,966,583) |
| **Net loss before tax from continuing operations** | | | | **(2,711,149)** |
| **(v) Segment assets** | | | | |
| As at 30 June 2010 | | | | |
| Segment assets | 2,702,635 | 1,615 | 9,152,272 | 11,856,522 |
| Segment asset increase for the period: | | | | |
| Exploration expenditure | - | - | 4,699,643 | 4,699,643 |
| Plant and equipment | (19,851) | - | 41,245 | 21,394 |
| | **2,682,784** | **1,615** | **13,893,160** | **16,577,559** |
| Reconciliation of segment assets to group assets | | | | |
| Unallocated assets | | | | |
| Other assets | | | | - |
| **Total group assets** | | | | **16,577,559** |

## Note 25: Segment information (cont)

| | Australia $ | Argentina $ | Africa $ | Total $ |
|---|---|---|---|---|
| **(vi) Segment liabilities** | | | | |
| As at 30 June 2010 | | | | |
| Segment liabilities | - | - | - | - |
| Reconciliation of segment liabilities to group liabilities | | | | |
| Other liabilities | | | | 593,422 |
| **Total group liabilities** | | | | **593,422** |

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

## Note 26: Events subsequent to reporting date

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.

## Note 27: Contingent liabilities

In the opinion of the directors there were no contingent liabilities at 30 June 2011 (nil: 30 June 2010), and the interval between 30 June 2011 and the date of this report.

## Note 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 beginning on or after) |
|---|---|---|---|
| 9 | Financial Instruments | Dec 2010 | 1 Jan 2013 |
| 1053 | Application of Tiers of Australian Accounting Standards | Jun 2010 | 1 Jul 2013 |
| 2009 – 12 | Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] | Dec 2009 | 1 Jan 2011 |
| 2010 – 2 | Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements | Jun 2010 | 1 Jul 2013 |
| 2010 – 4 | Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13] | Jun 2010 | 1 Jan 2011 |
| 2010 – 5 | Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] | Oct 2010 | 1 Jan 2011 |
| 2010 – 6 | Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7] | Nov 2010 | 1 Jul 2011 |
| 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, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] | 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 – 9 | Amendments to Australian Accounting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [AASB 1] | Dec 2010 | 1 Jul 2011 |
| 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 |

# Directors' declaration

The directors of Globe Metals & Mining Limited declare that:

1. the financial statements including the notes are in accordance with the Corporations Act 2001 and:
   (a) comply with Accounting Standards and the Corporations Regulations 2001; and
   (b) give a true and fair view of the financial position as at 30 June 2011 and of the performance for the year ended on that date of the Company and economic entity;
2. the Chief Executive Officer has declared that:
   (a) the financial records of the Company 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 Company 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 29th day of September 2011

PKF Mack & Co

Chartered Accountants & Business Advisers

**INDEPENDENT AUDIT REPORT**
**TO THE MEMBERS OF**
**GLOBE METALS & MINING LIMITED**

## Report on the Financial Report

We have audited the accompanying financial report of Globe Metals & Mining Limited, which comprises the statements of financial position as at 30 June 2011, 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, other explanatory information, and the directors' declaration of Globe Metals & Mining Limited (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.

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PKF Mack & Co

Chartered Accountants & Business Advisers

**Independence**

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

**Opinion**

In our opinion:

(a) the financial report of Globe Metals & Mining Limited and the consolidated entity 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 position as at 30 June 2011 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 33 to 37 of the directors' report for the year ended 30 June 2011. 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 Limited for the year ended 30 June 2011, complies with section 300A of the Corporations Act 2001.

PKF Mack & Co

**PKF MACK & CO**

**N A CALDER**
**PARTNER**

29 SEPTEMBER 2011
WEST PERTH,
WESTERN AUSTRALIA

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# Additional shareholder information

## Shareholding

The distribution of members and their holdings of equity securities in the company as at 29 September 2011 was as follows:

| | Class of equity securities |
|---|---|
| **Number held as at 29 September 2011** | **Fully paid ordinary shares** |
| 1-1,000 | 160 |
| 1,001 - 5,000 | 473 |
| 5,001 – 10,000 | 353 |
| 10,001 - 100,000 | 753 |
| 100,001 and over | 152 |
| TOTALS | 1,891 |

Holders of less than a marketable parcel: 365

## Substantial shareholders

The names of the substantial shareholders listed in the Company's register as at 29 September 2011.

| 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.

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## Twenty largest shareholders

The names of the twenty largest ordinary fully paid as at 29 September 2011 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 | 52.79% |
| JP Morgan Nominees Australia Pty Ltd | 6,641,271 | 2.94% |
| HSBC Custody Nominees Pty Ltd | 5,605,101 | 2.48% |
| Ragusa Investments Pty Ltd | 5,277,500 | 2.36% |
| Ocean China Holding Ltd | 3,000,000 | 1.34% |
| Citicorp Nominees Pty Ltd | 2,187,038 | 0.95% |
| Burlington Enterprises Pty Ltd | 1,975,095 | 0.88% |
| Colin Robert Searl and Cynda Searl | 1,724,000 | 0.77% |
| National Nominees Ltd | 1,258,915 | 0.56% |
| McNeil Nominees Pty Ltd | 1,197,952 | 0.54% |
| MPC Corporation Pty Ltd | 1,140,000 | 0.51% |
| Banskin Pty Ltd | 1,050,000 | 0.47% |
| Mark Sumich | 1,050,000 | 0.47% |
| David Sumich | 1,000,000 | 0.45% |
| Nefco Nominees Pty Ltd | 1,000,000 | 0.45% |
| Kamuzu Nominees Pty Ltd | 1,000,000 | 0.45% |
| Yoon Enterprises Pty Ltd | 997,017 | 0.45% |
| David Kemp | 962,116 | 0.43% |
| Tirol Investments Pty Ltd | 837,500 | 0.37% |
| Iana Pty Ltd | 751,111 | 0.34% |
| TOTAL | 156,797,678 | 70.00% |

## Unquoted securities

The Company has issued the following unquoted securities:

| Class of equity security | Number | Number of security holders |
|---|---|---|
| Class A Performance Shares | 1,500,000 | 2 |
| 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 |

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 at www.asx.com.au/supervision/issuers/corporate_governance_requirements_monitoring.htm .

| 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. | No |
| 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:<br>• the practices necessary to maintain confidence in the company's integrity;<br>• the practices necessary to take into account the company's legal obligations and the reasonable expectations of its stakeholders; and<br>• the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. | Yes |
| 3.2 | Establish a policy concerning trading in company securities by directors, senior executives and employees and disclose the policy or a summary. | Yes |
| 3.3 | Provide the information indicated in the Guide to reporting on principle 3. | Yes |

| Principle | ASX Corporate Governance Council Recommendations | Comply |
|---|---|---|
| **4** | **Safeguard integrity in financial reporting** | |
| 4.1 | The board should establish an audit committee. | Yes |
| 4.2 | The audit committee should be structured so that it: | No |
| | • consists only of non-executive directors; | |
| | • consists of a majority of independent directors; | |
| | • is chaired by an independent chair, who is not chair of the board; and | |
| | • has at least three members. | |
| 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 | Clearly distinguish the structure on non-executive directors' remuneration from that of executive directors and senior executives. | Yes |
| 8.3 | Provide the information indicated in the Guide to reporting on principle 8. | Yes |

### 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.

*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 five 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.

The Company has not established a nomination committee, believing that the Company is not currently of a size to justify its formation.

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

The Company complies with this recommendation. The company has adopted a code of conduct incorporating all corporate executives. It requires all business affairs to be conducted legally, ethically and with integrity. The code provides for reporting of breach of the code by others. The code of conduct has been made available on the company's website.

The Board has adopted a policy and procedure on dealing in the Company's securities by directors, officers and employees which:

- prohibits dealing in the Company's securities whilst in possession of insider information;
- prevents short term trading in the Company's securities;
- requires the company secretary or a director (other than the director trading, if applicable) to be notified upon a trade occurring; and
- prevents dealing in the Company's securities during specified blackout periods.

**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.

**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.

**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 29 September 2011)

| Project | Tenement | Interest held by Globe Metals & Mining Limited |
|---|---|---|
| Kanyika (Malawi – granted) | EPL0188 | 100% |
| Livingstonia (Malawi – granted) | EPL0187 | 80% (i) |
| Salimbidwe (Malawi – granted) | EPL0289 | 100% |
| Machinga (Malawi – granted) | EPL0230 | 20% (ii) |
| South Rukuru (Malawi – granted) | EPL0321 | 80% (i) |
| Mount Mwinje (Malawi – granted) | EPL0320 | 20% (ii) |
| Monte Muambe (Mozambique – granted) | 570L | 20% (iii) |

(i) The Company has entered into a joint venture agreement with Resource Star Limited (ASX: RSL), whereby RSL can earn up to 80% interest in the Livingstonia and South Rukuru projects.

(ii) The Company has entered into a joint venture agreement with Resource Star Limited (ASX: RSL), whereby the Company can earn up to 80% interest in the Machinga and Mount Mwinje projects.

(iii) The Company has entered into an agreement with Bala Usokoti Limitada, whereby the Company can earn up to 90% interest in the tenement.

EPL Exclusive Prospecting Licence - Malawi

L Exclusive Prospecting Licence - Mozambique

**Globe Metals & Mining Limited**
**& Controlled Entities**

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