Globe Metals & Mining Limited

(ABN 33 114 400 609)

And Controlled Entities

Annual Financial Report

For the year ended
30 June 2013

CONTENTS

CORPORATE DIRECTORY

Directors
Mr Yi Shao, Non-Executive Chairman
Alistair Stephens, Managing Director and CEO
Ms Shasha Lu, Executive Director & Deputy CEO
Mr William Hayden, Non-Executive Director
Mr Jingbin Tian, Non-Executive Director
Mr Peter Stephens, Non-Executive Director

Company Secretary
Ms Kerry Angel

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ABN: 33 114 400 609

Auditors
PwC - Australia
Brookfield Place
125 St Georges Terrace
Perth
WA 6000

PwC - Malawi
3rd Floor, ADL House
Capital City
Lilongwe 3
Malawi

PwC - Mozambique
Pestana Rovuma Hotel
Centro de Escritórios, 5° andar
Rua da Sé, 114
Maputo
Mozambique

Share Registrar
Security Transfers Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153
Telephone: (08) 9315 2333
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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

DIRECTORS REPORT

The directors of Globe Metals & Mining Limited ('Globe' or 'the Company') submit herewith the financial report of the Company and its controlled entities for the financial year ended 30 June 2013. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

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

Yi Shao	Non-Executive Chairman
Alistair Stephens	Managing Director (appointed 8 July 2013)
Shasha Lu	Deputy CEO and Executive Director
William Hayden	Non-Executive Director
Peter Stephens	Non-Executive Director
Tian Jingbin	Non-Executive Director
Mark Sumich	Managing Director (resigned 12 August 2012)

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

PRINCIPAL ACTIVITIES

The principal activities of the Group during the financial year were to explore, develop and invest in the resource sector. The Group's major project is the development of the Kanyika Niobium Project in Malawi. The Group has other exploration projects that are progressing in Malawi and Mozambique. There have been no changes to the principal activities during the year.

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

RESULTS

The consolidated loss of the entity after providing for income tax amounted to $11,983,142 (2012: $4,809,891).

REVIEW OF OPERATIONS SUMMARY

Highlights

- Cash in bank 30 June 2013 was $14.16M
- The budget for the 2013/2014 financial year includes a 43% reduction in overheads from Australia, China and Africa.
- Alistair Stephens is appointed CEO in May 2013 and Managing Director in July 2013
- MOU with Major Shareholder "ECE" to fund exploration activity
- Share Buyback is complete with the purchase of 5,810,674 Shares for a total cost of $677,451
- Withdrawal from participation in the Memba Titanium-Iron Ore joint venture in Mozambique and subsequent write off of the costs associated with the asset of $0.72M.
- The costs associated with the Mount Muambe project in Mozambique of $5.1M were written off due to the assessment that the project is not likely to recover its carrying value
- Major funding announced 5 September 2013;
- Globe will raise a total of approximately A$1.6 million from the issue of Convertible Notes at a premium to the current share price to Apollo Metals Investment Co Limited ("Apollo"); and
- Globe will further offer eligible shareholders a non-renounceable rights issue offer at A$0.045 share price, to raise a further A$9.9 million. This has been underwritten by Apollo.

DIRECTORS REPORT

Finance

- The Company initiated a cost reduction plan during the year ended 30 June 2013 that has resulted in cash in the bank at the end of the year of $14.16M. Management is focussed on continued cost reduction for the year ending 30 June 2014.
- To improve and sustain efficiency, Senior Executives of the Company have accepted reductions to remuneration, the Company has conducted redundancies, the reliance on external consultants and contractors reduced, and more efficient consultancy transferred to China businesses. Exploration activity will be reduced and a focus on the optimisation of Kanyika prioritised.
- The Company will be looking for further efficiencies and opportunities across the entire Company to remain competitive for growth and development.
- The budget for the 2013/2014 financial year has a 43% reduction in overheads from Australia, China and Africa.
- The share buy-back program was completed on 24 May 2013. During the buy-back program the Company bought 5,810,674 shares on-market for a total cost of $677,451.

Corporate

- Mr Alistair Stephens joined Globe as the new Chief Executive Officer on 20 May 2013 and was appointed Managing Director on 8 July. Mr Stephens will be responsible for managing, developing and delivering the Company's strategy which is currently focused on completing risk management assessment of the Engineering Studies for the Kanyika Niobium Project ("KNP") and supporting the Company's transition from advanced explorer to project developer.
- To improve and sustain cost efficiency, Senior Executives of the Company have accepted reductions to remuneration, the Company has conducted redundancies, reduced reliance on external consultants and contractors, and transferred more efficient consultancy to China businesses. Exploration activity will be reduced and a focus on the optimisation of Kanyika prioritised.
- In May 2013, Globe signed a binding Memorandum of Understanding ("MOU") with its major shareholder, East China Non-Ferrous Metals Investment Holding Co. Ltd ("ECE"), to undertake and fund exploration activities relating to Exclusive Prospecting Licences ("EPL") owned and operated by Globe in Malawi
- The share buy-back program was completed on 24 May 2013. During the buy-back program the Company bought 5,810,674 shares on-market for a total cost of $677,451.
- Withdrawal from participation in the Memba Titanium-Iron Ore joint venture in Mozambique.
- As a post reporting period significant transaction, the Company has secured an underwritten funding faculty for A$11.5m before costs. This two stage process consists of an issue of Convertible Notes to raise A$1.6m and a A$9.9m rights issue to eligible shareholders. The underwriting will go to shareholder vote at the next Annual General Meeting and the Company encourages all shareholders to approve the resolution.

Corporate Social Responsibility

- Following a community consultation process, Globe committed to refurbishing and upgrading the facilities at Etandweni Health Post in Malawi, so that it could provide improved health care for the local community. This included providing solar power, a vaccine fridge and medical equipment. The project commenced in late 2011 and was completed in December 2012. The positive support and involvement received from the Village Development Committee will ensure the sustainability of this project. In June 2013, Globe officially handed the facility over to the Department of Health in Malawi.

Kanyika Niobium Project

- Optimisation studies are realising potential increases in concentrate grade
- Chinese demonstration plant planning underway to optimise process design
- Pyro-metallurgical demonstration planned for testing metal alloy production

DIRECTORS REPORT

- The Kanyika Niobium Project EIA passed the main technical review hurdle and has been approved by the National Council on Environment (NCE)
- The Government of Malawi have provided Globe with a draft Development Agreement
- ECE exploration team commenced regional exploration work at the end of May, undertaking geological mapping and reconnaissance, surface sampling and geophysical surveying at the site.

Exploration

- Machinga - Globe has applied to renew the Machinga licence and reduce its size by 55% as per Malawian statutory regulations.
- Chiziro - assay results for 93 rock samples demonstrate widespread mineralisation assaying up to 45% graphite. Globe plans to complete graphite flake size analyses in 2013 as well as further exploration.
- Salambidwe - Geological mapping and radiometric surveys were completed during the year.
- Memba - Withdrawal from participation in the Memba Titanium-Iron Ore joint venture in Mozambique and subsequent write off of the costs associated with the asset of $0.72M.
- Mount Muambe - As part of Globes contractual obligations in the "Mount Muambe Acquisition Agreement" with Bala Ussokoti Lda, Globe has initiated a study into the commercial feasibility of the resource of the Mount Muambe project. Preliminary indications are that more higher grade fluorite would have to be found to ensure an economically viable project. The same is also considered for the rare earth (REE) potential at Mount Muambe. There is also an ongoing dispute with the JV partner over the legal right to the tenement. Consequently, there is a risk that the carrying amount exceeds the likely recoverable value from the projects development or sale and therefore the Company has determined that the asset is impaired and has written off the carrying value of $5.1M.

ENVIRONMENTAL LEGISLATION AND COMPLIANCE

The Group's operations are subject to significant environmental regulation under Australian, Malawi and Mozambique legislation in relation to the exploration and future mining and development activities. Exploration Licenses and other tenements are issued subject to ongoing compliance with all relevant legislation.

DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

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

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Group proposes to continue its exploration program and investment activities across its various exploration interests. Further information in relation to likely developments and the impact on the operations of the group has not been included in this report, as the directors believe it would result in unreasonable prejudice to the Group.

SUBSEQUENT EVENTS

On 5 September 2013 Globe announced that it would raise a total of approximately A$1.6 million from the issue of Convertible Notes at a premium to the current share price to Apollo Metals Investment Co Limited ("Apollo"); and that it will further offer eligible shareholders a non-renounceable rights issue offer at A$0.045 share price, to raise a further A$9.9 million. Apollo is to fully underwrite the rights issue and shareholder approval is to be sought at the Annual General Meeting for the issue of the shortfall of the rights issue to Apollo as underwriter of the rights issue.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Other than as disclosed in this report and the accompanying financial report, there were no other significant changes in the Group's state of affairs during the course of the financial year.

ROUNDING OF AMOUNTS

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

DIRECTORS REPORT

INFORMATION ON DIRECTORS

Yi Shao	**Non-Executive Chairman**
Special Responsibilities	Non-Executive Chairman Chairman of the Nomination and Remuneration Committee
Qualifications	MA degrees from Nanjing University, China. Currently studying for a doctoral degree (mineral resources) at Central South University.
Experience	Mr Yi Shao was appointed Director General of the East China Mineral Exploration and Development Bureau (ECE) in August 2006. Prior to this he worked as General Manager in Jiangsu Transportation Industry Limited Company for two years. Prior to this time, he worked for an Jiangsu International Tender Company for three years holding the position of Director General. His previous experience also includes working as Deputy Mayor of Suqian City, Jiangsu Province from 1997 to 2001, Director and Head of Economic Research Institute of Jiangsu Development and Reform Commission from 1986 to 1994. Mr Yi Shao is a part-time professor in both Southeast University and Nanjing University and a research fellow in the Ministry of Land and Resources of the People's Republic of China. He is also the Chairman of Australian ECE Nolans Investment Limited and AO-Zhong International Mineral Resources Pty Ltd.
Interest in Shares	Nil
Interest in Options	Nil
Directorship of ASX Listed Companies	Nil

Alistair Stephens	**Managing Director and CEO**
Special Responsibilities	Managing Director and CEO
Qualifications	Masters of Business Administration Bachelor of Science (Honours) Graduate of the Australian Institute of Company Directors (GAICD)
Experience	Mr Stephens is a qualified geologist with more than 30 years' experience in the resources industry, in a broad range of technical and corporate management, including corporate governance, strategic development and delivery, technical program development, marketing, shareholder communications and capital funding. Mr Stephens held the position of Managing Director and Chief Executive Officer of Arafura Resources Limited (ASX: ARU) between 2004 and 2009. Mr. Stephens commenced his career in gold and copper exploration and development with Newmont but orientated most of his career in mining, planning and processing operations in gold with Normandy Poseidon and KCGM Pty Ltd and nickel with WMC Resources. He also has marketing and commercial experience with Orica in explosives.

DIRECTORS REPORT

Interest in Shares	Nil
Interest in Options	1,000,000 10 cent options exercisable on or before 30 June 2017 1,000,000 15 cent options exercisable on or before 30 June 2018 1,000,000 20 cent options exercisable on or before 30 June 2019 1,000,000 25 cent options exercisable on or before 30 June 2020
Directorship of ASX Listed Companies	Nil

Shasha Lu	**Executive Director and Deputy CEO**
Special Responsibilities	Executive Director Deputy CEO
Qualifications	PhD and Masters Degree, GAICD
Experience	Ms. Shasha Lu was Executive Director and CEO of Hong Kong East China Non-Ferrous Mineral Resources Co. Ltd. (HKECE), a wholly owned subsidiary of Eastern China Exploration & Development Bureau (ECE). HKECE holds the foreign business interests of ECE. Ms Lu holds a Masters Degree from Nanjing University, China. She is also a graduate of the Australian Institute of Company Directors (GAICD) and holds an EMBA degree from Nanjing University. Ms Lu has worked as a Postdoctoral fellow at the Karolinska Institute in Stockholm, Sweden and as a Visiting Scholar at the Geneva University during which time, she undertook work in the World Health Organisation.
Interest in Shares	Nil
Interest in Options	1,000,000 0.1 cent options exercisable on or before 31 January 2014 3,800,000 0.1 cent options exercisable on or before 31 January 2015
Directorship of ASX Listed Companies	Arafura Resources Limited

Tian Jingbin	**Non-Executive Director**
Special Responsibilities	Non-Executive Director Member of the Nomination and Remuneration Committee Member of the Audit Committee
Qualifications	BA and MA degrees in Literature from Nanjing University, China and a LLM in International Commercial Law with distinction from Nottingham University, UK.
Experience	Mr Tian Jingbin is Deputy Director of the Outward Investment Department of ECE. Before taking his current position in January 2010, he had been working with the 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	Nil
Interest in Options	Nil
Directorship of ASX Listed Companies	Nil

DIRECTORS REPORT

William Hayden	**Non-Executive Director**
Special Responsibilities	Non-Executive Director Member of the Nomination and Remuneration Committee Member of the Audit Committee
Qualifications	B Sc (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 Africa. Since 1986 Bill has worked in a management capacity with several exploration and mining companies both in Australia and overseas. Bill was President of Ivanhoe Philippines, Inc. (an Ivanhoe Mines wholly owned subsidiary), former President of GoviEx Uranium Inc., a director of China Polymetallic Mining Ltd (HKSE 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 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**
Special Responsibilities	Non-Executive Director Chairman of the Audit Committee
Qualifications	B.Bus Accounting, MBA
Experience	Peter has many years experience in senior financial roles in the construction, telecommunications, banking and corporate treasury, manufacturing and distribution sectors in Australia and across the Asia-Pacific region. He has previously worked in China in the telecommunications and digital media sectors. Peter holds a Bachelor of Business (Acc) from Royal Melbourne Institute of Technology and a Masters of Business Administration from Melbourne Business School, University of Melbourne.
Interest in Shares	Nil
Interest in Options	600,000 15 cent options exercisable on or before 29 November 2016 500,000 26 cent options exercisable on or before 29 November 2016
Directorship of ASX Listed Companies	Nil

DIRECTORS REPORT

Company Secretary

The following persons have held the position of Company Secretary during the financial year:

Peter Stephens, a member of CPA Australia, held the position until being replaced by Ms Kerry Angel on 1 October 2012.

Ms Angel is a member of CPA Australia and Chartered Secretaries of Australia.

MEETINGS OF DIRECTORS

	Directors Meetings		Audit Committee Meetings		Remuneration Committee Meetings	
Directors	**Number Eligible to Attend**	**Number Attended**	**Number Eligible to Attend**	**Number Attended**	**Number Eligible to Attend**	**Number Attended**
Yi Shao	9	9	-	-	3	3
William Hayden	9	9	4	4	3	3
Peter Stephens	9	9	4	4	-	-
Shasha Lu	9	9	-	-	-	-
Jingbin Tian	9	9	4	4	3	3
Alistair Stephens(i)	1	1	-	-	-	-
Mark Sumich(ii)	0	0	-	-	-	-

(i) Appointed 8 July 2013
(ii) Resigned 12 August 2012

INDEMNIFYING OFFICERS AND AUDITORS

During the financial year, the Company agreed to pay an annual insurance premium of $35,072 in respect of directors' and officers' liability and legal expenses' insurance contracts, for director, officers and employees of the Company. The insurance premium relates to:

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

REMUNERATION REPORT - AUDITED

A. Remuneration governance

The Board has established a Remuneration Committee. It is primarily responsible for making recommendations to the Board on;

- the over arching executive remuneration framework
- operation of the incentive plans which apply to the executive team, including key performance indicators and performance hurdles
- remuneration levels of executive directors and other key management personnel, and
- non-executive director fees.

DIRECTORS REPORT

REMUNERATION REPORT – AUDITED (CONT)

Their objective is to ensure that remuneration policies and structures are fair and competitive and aligned with the long term interests of the company.

The Remuneration Committee did not seek advice from independent remuneration consultants during the year.

The Corporate Governance Statement provides further information on the role of this committee.

B. Remuneration policy

The remuneration policy of Globe Metals & Mining Limited has been designed to align executive objectives with shareholder and business objectives by providing a fixed remuneration component which is assessed on an annual basis in line with market rates and offering specific incentives based on share price and 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 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 employee share and option arrangements.

The executive directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9.25% up to a maximum of $17,775 per annum, 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 $600,000). 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.

C. Performance based remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and directors and executives. Details of short and long term incentives for directors and executives are outlined below.

DIRECTORS REPORT

REMUNERATION REPORT – AUDITED (CONT)

(a) Short term incentives

Managing Director and CEO

On meeting all agreed Company KPIs and KPI's of the CEO, the Company, at its sole discretion, may issue a bonus scheme of up to 40% of base salary. This may be paid as 50% in cash and 50% paid in GBE shares. The Company may elect to settle the cash component through the issue of shares. No bonuses were paid to the Managing Director and CEO under this scheme for the current year.

Other Senior Executives

Other senior executives participate in a performance targets and bonus system that can grant the employee a discretionary bonus up to 30% of their base salary before tax and superannuation based on the successful completion of tasks that are weighted 40% to company objectives, 40% to their functional group objectives and 20% to personal objectives. The payment of all bonuses is at the discretion of the Board regardless of targets being achieved. No bonuses were paid to the other senior executives under this scheme for the current year.

During the year shares 300,000 shares each were issued to Andries Kruger and Michael Schultz relating to the 2012 short term incentive.

(b) Long term incentives

Currently, long term incentives are offered to some of the directors and executives in the form of share options to encourage the alignment of personal and shareholder interests. There are no set terms to the long-term incentives. The Company believes the policy links remuneration of directors and executives with its share price and will be effective in increasing shareholder wealth. Details of directors and executives interests in options at year end are included below.

Managing Director and CEO

Options were issued to the Managing Director and CEO after 30 June 2013 as a long term incentive. The Company may elect to issue further options as incentives to encourage the alignment of personal and shareholder interests. The following options were issued on 1 July 2013;

- One million A$0.10 options vesting 1 July 2014 and expiring 30 June 2017 conditional on volume weighted average share price of above A$0.20 over any 15 consecutive trading days on ASX before the vesting date.
- One million A$0.15 options vesting 1 July 2015 and expiring 30 June 2018 conditional on volume weighted average share price of above A$0.30 over any 15 consecutive trading days on ASX before the vesting date.
- One million A$0.20 options vesting 1 July 2016 and expiring 30 June 2019 conditional on volume weighted average share price of above A$0.40 over any 15 consecutive trading days on ASX before the vesting date.
- One million A$0.25 options vesting 1 July 2017 and expiring 30 June 2020 conditional on volume weighted average share price of above A$0.50 over any 15 consecutive trading days on ASX before the vesting date.

All options also have the conditions that the share price must be higher than the exercise price at the vesting date and all shares issued on vesting of any of these options are subject to an ASX Holding Lock which prevents any disposal of the Shares occurring until such time as Board approval has been obtained and the Holding Lock is lifted. The vesting date is the date of vesting or the first business day after that date that options can be exercised on.

Other Senior Executives

Long term incentives granted to senior executives will be delivered in the form of options in accordance with the policy to issue options as an incentive to senior executives. The Board considers the issue of options to senior executives on an individual basis, there is no set percentage of salary. At the commencement of each financial year, the Group and each senior executive will agree upon a set of financial and non-financial objectives related to the senior executive's job responsibilities. The objectives will vary but all will be targeted directly to the Group's business and financial performance and thus to shareholder value. At the date of this report options have been granted to the CEO and Deputy CEO as an incentive. The options were not based on a percentage of salary, the Board issued the options as an incentive based on market conditions. No other options were granted to senior executives

DIRECTORS REPORT

REMUNERATION REPORT – AUDITED (CONT)

D. Details of remuneration

Compensation of key management personnel for the year ended 30 June 2013

	SHORT-TERM BENEFITS		POST EMPLOYMENT		SHARE-BASED PAYMENT		TOTAL
2013	**Salary & Fees**	**Termination Payment**	**Super-annuation**	**Retirement Benefits**	**Equity**	**Options**	**$**
Directors							
Shao Yi							
Chairman	101,209	-	-	-	-	-	101,209
Alistair Stephens(i)							
Managing Director	58,333	-	5,250	-	-	-	63,583
Mark Sumich (ii)							
Managing Director	47,980	250,000	4,318	-	-	-	302,298
William Hayden							
Non-Executive Director	51,669	-	21,915	-	-	-	73,584
Tian Jingbin							
Non-Executive Director	74,834	-	-	-	-	-	74,834
Peter Stephens(iii)							
Non-Executive Director	126,970	-	11,405	-	-	6,825	145,200
Shasha Lu (iv)							
Executive Director & Deputy CEO	402,125	-	-	-	-	22,056	424,181
Total remuneration directors 2013	**863,120**	**250,000**	**42,888**	**-**	**-**	**28,881**	**1,184,889**
Specified Executives							
Kerry Angel (v)							
Chief Financial Officer and Company Secretary	180,000	-	16,200	-	-	-	196,200
Les Middleditch (vi)							
Kanyika DFS Manager	265,000	-	23,850	-	-	-	288,850
Fergus Jockel (vii)							
Exploration Manager	284,615	-	25,615	-	-	-	310,230
Andries Kruger (viii)							
GM – Africa	182,949	-	-	-	28,000	-	210,949
Michael Schultz (ix)							
Regional Exploration Manager	117,540	115,280	-	-	17,500	-	250,320
Total remuneration specified executives 2013[(x)]	**1,030,104**	**115,280**	**65,665**	**-**	**45,500**	**-**	**1,256,549**

(i) Appointed on 20 May 2013
(ii) Resigned on 12 August 2012
(iii) Includes payments of $64,793 when Mr Stephens acted as CFO from the 30 June 2012 to 1 October 2012.
(iv) Appointed on 9 August 2011
(v) Appointed on 1 October 2012
(vi) Resigned on 31 July 2013
(vii) Appointed on 11 June 2012
(viii) Resigned on 12 Jan 2013
(ix) Resigned on 14 Dec 2012
(x) Bradley Wynne, Chief Financial Officer and Company Secretary (resigned 30 June 2012) was issued 300,000 shares with a total value of $41,000 during the year ended 30 June 2013, after his termination, for services provided in the 2012 financial year. Bradley was not a KMP in the year ended 30 June 2013 so this payment has not been included in the above table.

DIRECTORS REPORT

REMUNERATION REPORT – AUDITED (CONT)

Compensation of key management personnel for the year ended 30 June 2012

	SHORT-TERM BENEFITS		POST EMPLOYMENT		SHARE-BASED PAYMENT		TOTAL
2012	**Salary & Fees**	**Termination Payment**	**Super-annuation**	**Retirement Benefits**	**Equity**	**Options**	**$**
Directors							
Shao Yi							
Chairman	63,806						63,806
Mark Sumich (i)							
Managing Director	385,278		29,725	-	-	-	415,003
Julian Stephens (ii)							
Non-Executive Director	47,110	-	2,890	-	-	-	50,000
William Hayden							
Non-Executive Director	50,000	-	-	-	-	-	50,000
David Sumich (iii)							
Non-Executive Director	3,540		319				3,859
Tian Jingbin							
Non-Executive Director	43,777	-	-	-	-	-	43,777
Peter Stephens							
Non-Executive Director	50,139	-	3,259	-	-	-	53,398
Shasha Lu (iv)							
Executive Director & Deputy CEO	358,788	-	-	-	-	-	358,788
Total remuneration directors 2012	**1,002,438**	**-**	**36,193**	**-**	**-**	**-**	**1,038,631**
Specified Executives							
Bradley Wynne (v)							
Chief Financial Officer and Company Secretary	300,000	203,846	45,184		81,000		630,030
Les Middleditch							
Kanyika DFS Manager	245,000	-	22,050	-	-	-	267,050
Fergus Jockel (vi)							
Exploration Manager	12,222	-	1,100	-	-	-	13,322
Andries Kruger							
GM – Africa	219,775	-	-	-	54,000	18,300	292,075
Michael Schultz							
Regional Exploration Manager	195,975	-	-	-	33,750	18,300	248,025
Total remuneration specified executives 2012	**972,972**	**203,846**	**68,334**	**-**	**168,750**	**36,600**	**1,450,502**

(i) Resigned on 12 August 2012
(ii) Resigned on 26 June 2012
(iii) Resigned on 9 August 2011
(iv) Appointed on 9 August 2011
(v) Resigned on 30 June 2013
(vi) Appointed on 11 June 2012

DIRECTORS REPORT

REMUNERATION REPORT – AUDITED (CONT)

The relative proportions of remuneration that are linked to performance and those that are fixed are as follow:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2013	2012	**2013**	2012	**2013**	2012
Directors						
Shao Yi	**100%**	-	**-**	-	**-**	-
Alistair Stephens	**100%**	-	**-**	-	**-**	-
Shasha Lu	**95%**	100%	**-**	-	**5%**	-
Tian Jingbin	**100%**	-	**-**	-	**-**	-
Peter Stephens	**100%**	-	**-**	-	**-**	-
William Hayden	**100%**	-	**-**	-	**-**	-
Mark Sumich	**100%**	100%	**-**	-	**-**	-
David Sumich	**-**	100%	**-**	-	**-**	-
Julian Stephens	**-**	100%	**-**	-	**-**	-
Other key management personnel of the group						
Andries Kruger	**87%**	94%	**-**	-	**13%**	6%
Michael Schultz	**93%**	93%	**-**	-	**7%**	7%
Les Middleditch	**100%**	-	**-**	-	**-**	-
Fergus Jockel	**100%**	-	**-**	-	**-**	-
Kerry Angel	**100%**	-	**-**	-	**-**	-
Brad Wynne	**-**	87%	**-**	-	**-**	13%

Compensation shares granted to key management personnel during the year ended 30 June 2013

	Vested No.	**Granted No**	**Grant Date**	**Value per Share at Grant Date $**	**Vesting Date**
Andries Kruger	200,000	200,000	02/07/12	0.14	02/07/12
Michael Schultz	125,000	125,000	02/07/12	0.14	02/07/12
	325,000	**325,000**			

Compensation shares granted to key management personnel during the year ended 30 June 2012

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

DIRECTORS REPORT

REMUNERATION REPORT – AUDITED (CONT)

Compensation options granted to key management personnel during the year ended 30 June 2013

	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
Peter Stephens	-	500,000	28/12/2012	0.028	0.260	29/11/14	29/11/16
Peter Stephens	-	600,000	28/12/2012	0.020	0.150	29/11/14	29/11/16
Shasha Lu(i)	-	250,000	28/12/2012	0.065	0.001	31/12/13	31/01/14
Shasha Lu(ii)	-	250,000	28/12/2012	0.001	0.001	31/12/13	31/01/14
Shasha Lu(iii)	-	250,000	28/12/2012	0.000	0.001	31/12/13	31/01/14
Shasha Lu(iv)	-	250,000	28/12/2012	0.000	0.001	31/12/13	31/01/14
Shasha Lu(v)	-	3,000,000	28/12/2012	0.001	0.001	31/12/14	31/01/15
Shasha Lu(vi)	-	800,000	28/12/2012	0.065	0.345	31/12/14	31/01/15
	-	**5,900,000**					

Vesting requirements

(i) Must be employed at 31/12/2013.

(ii) Must be employed at 31/12/2013 and the VWAP over fifteen consecutive trading days on the ASX is equal to or greater than A$0.60.

(iii) Must be employed at 31/12/2013 and the VWAP over fifteen consecutive trading days on the ASX is equal to or greater than A$0.80.

(iv) Must be employed at 31/12/2013 and the VWAP over fifteen consecutive trading days on the ASX is equal to or greater than A$0.90.

(v) Must be employed at 31/12/2014 and the VWAP over fifteen consecutive trading days on the ASX is equal to or greater than A$1.20 or the Market Capitalisation of the Company exceeds A$300 million.

(vi) Must be employed at 31/12/2014 and the where the Company completes an acquisition transaction with a value of at least A$15 million, or completes the Kanyika DFS on or before 31/12/2014.

Compensation options granted to key management personnel during the year ended 30 June 2012

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

DIRECTORS REPORT

REMUNERATION REPORT – AUDITED (CONT)

E. Contractual Arrangements

Non-Executive Directors

Non-Executive Directors Fees at the date of this report are as follows;

Yi Shao	Chairman of the Board $80,000 per annum Chairman of the Nomination and Remuneration Committee $7,000 per annum Other fees of $19,375*
Tian Jingbin	Non-Executive Director $50,000 per annum Member of the Nomination and Remuneration Committee $4,000 per annum Member of the Audit Committee $4,000 per annum Other fees of $20,000*
William Hayden	Non-Executive Director $50,000 per annum Member of the Nomination and Remuneration Committee $4,000 per annum Member of the Audit Committee $4,000 per annum Other fees of $17,202*
Peter Stephens	Non-Executive Director $50,000 per annum Chairman of the Audit Committee $8,000 per annum Other fees of $12,615*

* During the year certain directors were paid additional consultant fees for work done for the benefit of the Company that was additional to their director's responsibilities. The amount paid was approved by the Board. All work is agreed with management and written instructions must be authorised in writing by the Board or the Chairman. Directors must submit a timesheet that is approved by the Chairman. The rate for work performed before 21 December 2012 was $1,250 per day inclusive of superannuation. For work performed after 21 December 2012, the rate is $1,000 per day where the number of days worked in the month is less than five days and $800 per day where the number of days worked in the month is greater than five. A report to the Board must be submitted when the work has been completed.

Employment contracts of key management personnel

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

Name	Alistair Stephens
Title	CEO and Managing Director
Start date	1 May 2013
Current Agreement Commenced	1 August 2013
Term of Agreement	Three years from date of current agreement
Details:	Base salary of $350,000 p.a. exclusive of statutory superannuation Termination requires three months' notice or the payment of three months' salary in lieu of such notice. Eligible to participate in performance based remuneration discussed above.

DIRECTORS REPORT

REMUNERATION REPORT – AUDITED (CONT)

Name	Shasha Lu
Title	Deputy CEO and Executive Director
Start date	1 January 2012
Current Agreement Commenced	1 August 2013
Term of Agreement	Three years from date of current agreement
Details:	Salary of $360,000 p.a. with no superannuation contribution (2013: $402,125). Ms Lu is not a tax resident of Australia and does not have Australian statutory superannuation obligations. Termination requires three months' notice or the payment of three months' salary in lieu of such notice. Eligible to participate in performance based remuneration discussed above.

Name	Kerry Angel
Title	CFO and Company Secretary
Start date	1 October 2012
Current Agreement Commenced	1 October 2012
Term of Agreement	No set termination date
Details:	Base salary of $240,000 p.a. exclusive of statutory superannuation Termination requires three months' notice or the payment of three months' salary in lieu of such notice. Eligible to participate in performance based remuneration discussed above.

Name	Fergus Jockel
Title	Exploration Manager
Start date	11 June 2012
Current Agreement Commenced	11 June 2012
Term of Agreement	No set termination date
Details:	Base salary of $220,000 p.a. exclusive of statutory superannuation Termination requires three months' notice or the payment of three months' salary in lieu of such notice. Eligible to participate in performance based remuneration discussed above.

Name	Les Middleditch (resigned 31 July 2013)
Title	Kanyika DFS Manager
Start date	4 April 2011
Current Agreement Commenced	4 April 2011
Term of Agreement	No set termination date
Details:	Base salary of $265,000 p.a. exclusive of statutory superannuation The terms of the contract provided for four months' notice of termination or the payment of four month's salary in lieu of such notice and the contract included a six month's bonus for completion of a feasibility study on the Kanyika Project. On separation the actual termination payment was a six months contract paid in advance for consultancy services on the Kanyika Project, no other termination payments were made except for accrued annual leave. Eligible to participate in performance based remuneration discussed above.

DIRECTORS REPORT

REMUNERATION REPORT – AUDITED (CONT)

Name	Peter Stephens (resigned 31 October 2012)
Title	CFO/Company Secretary
Start date	30 June 2012
Current Agreement Commenced	30 June 2012
Term of Agreement	Mr Stephens is a member of the Board and was employed on an interim basis until a new CFO/Company Secretary was employed.
Details:	$1,250 per day inclusive of superannuation No termination benefit, Mr Stephens was employed as a contractor on a short term basis.

This is the end of the audited remuneration report.

SHARES UNDER OPTION

At the date of this report 11,750,000 unissued ordinary shares of the Company under option are as follows:

Grant Date	Expiry Date	Exercise Price	Number of Options
26-Oct-09	26-Oct-13	25 cents	200,000
30-Sep-09	1-Sep-14	30 cents	350,000
26-Oct-10	26-Oct-14	25 cents	200,000
29-Nov-10	29-Nov-14	26 cents	500,000
29-Nov-10	29-Nov-14	15 cents	600,000
28-Dec-12	29-Nov-16	26 cents	500,000
28-Dec-12	29-Nov-16	15 cents	600,000
28-Dec-12	31-Jan-14	0.1 cents	250,000
28-Dec-12	31-Jan-14	0.1 cents	250,000
28-Dec-12	31-Jan-14	0.1 cents	250,000
28-Dec-12	31-Jan-14	0.1 cents	250,000
28-Dec-12	31-Jan-15	0.1 cents	3,000,000
28-Dec-12	31-Jan-15	0.1 cents	800,000
1-Jul-13	31-Dec-17	10 cents	1,000,000
1-Jul-13	31-Dec-18	15 cents	1,000,000
1-Jul-13	31-Dec-19	20 cents	1,000,000
1-Jul-13	31-Dec-20	25 cents	1,000,000

DIRECTORS REPORT

DEFERRED SHARE ENTITLEMENTS

At the date of this report no unissued ordinary shares of the Company have been allocated as a deferred entitlement to consultants of the Company for equity for services (2012:50,000).

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

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purposes of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

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.

Details of the amounts paid or payable to the auditor PricewaterhouseCoopers Australia and related entities for audit and non-audit services provided during the year are set out in note 20 to the financial Statements.

DIRECTORS REPORT

AUDITORS INDEPENDENCE DECLARATION

The auditor’s independence declaration is included on page 19 of the financial report.

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

Alistair Stephens
Managing Director

Dated this 26th day of September 2013

Auditor's Independence Declaration

As lead auditor for the audit of Globe Metals and Mining Limited for the year ended 30 June 2013, I declare that to the best of my knowledge and belief, there have been:

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

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

This declaration is in respect of Globe Metals and Mining Limited and the entities it controlled during the period.

Tim Goldsmith

Tim Goldsmith
Partner
PricewaterhouseCoopers

Melbourne
26 September 2013

PricewaterhouseCoopers, ABN 52 780 433 757
Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

CORPORATE GOVERNANCE

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

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

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

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

CORPORATE GOVERNANCE

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

CORPORATE GOVERNANCE

Council Principle 1:

Lay solid foundations for management and oversight

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

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

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

The Board must convene regular meetings with such frequency as is sufficient to appropriately discharge its responsibilities. Between regular meetings it will also ensure that important matters are addressed by way of circular resolutions. The Board may, from time to time, delegate some of the responsibilities listed above to its senior management team.

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

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

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

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

CORPORATE GOVERNANCE

Role and responsibility of management

The role of management is to support the managing director and implement the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.
Management is responsible for reporting all matters which fall within the Materiality Threshold at first instance to the managing director or if the matter concerns the managing director then directly to the chairman or the lead independent director, as appropriate.

Relationship of Board with management

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

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

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

Council Principle 2:

Structure the board to add value

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

The Board has five members, including the Managing Director. The Board has one independent director and four nominee directors of the majority shareholder which includes the Chairman.

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

Council Principle 3:

Promote ethical and responsible decision-making.

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

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

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

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

CORPORATE GOVERNANCE

Company and Individual Expectations

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

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

Gender Diversity

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

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

Women employees in the whole organisation	38%
Women in Senior Executive positions	20%
Women on the Board of Directors	17%

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

Council Principle 4:

Safeguard integrity in financial reporting.

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

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

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

CORPORATE GOVERNANCE

The Board has one independent director, one managing director and four nominee directors of the majority shareholder, which includes three non-executive directors and one executive director. The Chairman of the Audit Committee is a nominee of the majority shareholder.

The Board is conscious of the need for independence. The Board believes that the Chairman of the Audit Committee 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 Board intends to reconsider the composition of the Audit Committee as the Company's operations evolve, and appoint an independent Chairman as appropriate.

Council Principle 5:

Make timely and balanced disclosure

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

Council Principle 6:

Respect the rights of shareholders

Information will be communicated to shareholders as follows:

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

CORPORATE GOVERNANCE

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

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

Council Principle 7:

Recognise and manage risk

The Company has developed a framework for risk management and internal compliance and control systems which covers organisational, financial and operational aspects of the Company's affairs. It appoints the Managing Director as being responsible for ensuring that the systems are maintained and complied with. The Company has developed policies to manage risk which includes policies on code of conduct, travel expenses and claims, delegation of authority, securities trading policy, budget control policy, continuous disclosure policy and a credit card use policy.

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.

The Board has one independent director, one managing director and four nominee directors of the majority shareholder, which includes three non-executive directors and one executive director. The Chairman of the Remuneration Committee is the Chairman of the Board and a nominee of the majority shareholder.

The Board is conscious of the need for independence. The Board believes that the Chairman of the Remuneration Committee 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 Board intends to reconsider the composition of the Remuneration Committee as the Company's operations evolve, and appoint an independent Chairman as appropriate.

CONTENTS OF FINANCIAL STATEMENTS

These financial statements are the consolidated financial statements of the consolidated entity consisting of Globe Metals and Mining Limited and its subsidiaries. The financial statements are presented in the Australian currency.

The financial statements were authorised for issue by the directors on 24 September 2013. The directors have the power to amend and reissue the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2013

	Notes	30 June 2013 $'000	30 June 2012 Restated* $'000
Interest income	5	973	2,211
Other income	5	-	237
Employee benefits expenses		(3,495)	(2,567)
Compliance and regulatory expenses		(340)	(500)
Occupancy expenses		(468)	(503)
Directors fees		(332)	(377)
Depreciation expense		(243)	(251)
Exploration expenditure written off		(5,862)	(781)
Travel expenses		(714)	(667)
Administrative expenses		(921)	(1,013)
Share based payments expense	27	(159)	(256)
Other expenses		(422)	(343)
Loss before income tax		**(11,983)**	**(4,810)**
Income tax expense		-	-
Loss for the period		**(11,983)**	**(4,810)**
Other comprehensive loss after tax			
Items that may be reclassified to profit or loss			
Changes in the fair value of available-for-sale financial asset		(4)	-
Other comprehensive loss for the period, net of tax		**(4)**	**-**
Total comprehensive loss for the period		**(11,987)**	**(4,810)**

Earnings Per Share attributable to ordinary equity holders of the company		**Cents**	**Cents**
Basic and diluted loss per share	26	(5.40)	(2.15)

*See note 6 for details regarding the restatement as a result of an error.

The above consolidated statement of comprehensive income should be read in conjunction with accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

	Note	30 June 2013 $'000	30 June 2012 Restated* $'000	1 July 2011 Restated* $'000
CURRENT ASSETS				
Cash and cash equivalents	9	14,156	30,930	44,005
Trade and other receivables	10	212	302	231
Other assets	11	756	759	500
TOTAL CURRENT ASSETS		15,124	31,991	44,736
NON CURRENT ASSETS				
Exploration and evaluation expenditure	13	27,889	23,988	15,926
Available-for-sale financial assets		76	80	80
Plant and equipment	12	1,616	1,617	383
TOTAL NON CURRENT ASSETS		29,581	25,685	16,389
TOTAL ASSETS		44,705	57,676	61,125
CURRENT LIABILITIES				
Trade and other payables	14	1,080	1,867	581
TOTAL CURRENT LIABILITIES		1,080	1,867	581
TOTAL LIABILITIES		1,080	1,867	581
NET ASSETS		43,625	55,809	60,544
EQUITY				
Contributed equity	15	70,110	70,338	70,025
Reserves	16	2,676	2,649	2,887
Accumulated losses	16	(29,161)	(17,178)	(12,368)
TOTAL EQUITY		43,625	55,809	60,544

*See note 6 for details regarding the restatement as a result of an error.

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013

	Contributed equity	Retained earnings	Share based payment reserve	Foreign exchange reserve	Revaluat-ion reserve	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Consolidated						
Balance at 01 July 2011	**70,025**	**(12,368)**	**2,887**	**628**	**-**	**61,172**
Adjustment on correction of error*	-	-	-	(628)	-	(628)
Restated total equity at the beginning of the financial year	**70,025**	**(12,368)**	**2,887**	-	**-**	**60,544**
Loss for period	-	(4,810)	-	-	-	(4,810)
Total comprehensive loss for the period	**-**	**(4,810)**	**-**	**-**	**-**	**(4,810)**
Transactions with owners in their capacity as owners						
Shares forfeited during the year	-	-	(278)	-	-	(278)
Share Buy-Back	(346)	-	-	-	-	(346)
Share Based Payments	659	-	-	-	-	659
Options issued during period	-	-	40	-	-	40
Balance at 30 June 2012	**70,338**	**(17,178)**	**2,649**	**-**	**-**	**55,809**
Loss for period	-	(11,983)	-	-	-	(11,983)
Other comprehensive loss	-	-	-	-	(4)	(4)
Total comprehensive loss for the period	**-**	**(11,983)**	**-**	**-**	**(4)**	**(11,987)**
Transactions with owners in their capacity as owners			**-**			
Shares issued to employees	144	-	-	-		144
Share Buy-back	(372)	-	-	-		(372)
Options issued during period	-	-	31	-		31
Balance at 30 June 2013	**70,110**	**(29,161)**	**2,680**	**-**	**(4)**	**43,625**

*See note 6 for details regarding the restatement as a result of an error.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2013

	Note	30 June 2013 $'000	30 June 2012 $'000
Cash Flows from Operating Activities			
- Payments to suppliers and employees (inclusive of value added taxes)		(6,737)	(6,124)
- Interest received		940	2,364
- Interest paid		-	(45)
- Sundry Income		-	237
Net cash used in operating activities	25(a)	(5,797)	(3,568)
Cash Flows From Investing Activities			
- Sale of plant & equipment		85	-
- Purchase of plant & equipment		(408)	(1,006)
- Payments for exploration and evaluation		(10,431)	(7,947)
Net cash used in investing activities		(10,754)	(8,953)
Cash Flows from Financing Activities			
- Proceeds from issue/(purchase) of shares and options		(220)	(346)
Net cash used in financing activities		(220)	(346)
Net decrease in cash held		(16,771)	(12,867)
Cash and cash equivalents at beginning of financial year		30,930	43,833
Effects of exchange rate changes on cash		(3)	(36)
Cash and cash equivalents at end of financial year	9	**14,156**	**30,930**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

CONTENTS OF THE NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report of Globe Metals & Mining Limited for the year ended 30 June 2013 was authorised for issue in accordance with a resolution of directors on 24 September 2013.

The following is a summary of the material accounting policies adopted by the Group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.
This financial report includes the consolidated financial statements and notes of Globe Metals & Mining Limited ('Globe' or 'the Company') and its controlled entities ('Consolidated Entity' or 'Group').

a. Basis of Preparation

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

(i) Compliance with IFRS

The financial report of Globe Metals & Mining Limited and controlled entities comply with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, also complies with International Financial Reporting Standards ('IFRS') as issued by International Accounting Standards Board (IASB).

(ii) New and amended standards adopted by the group

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2013 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods. However, amendments made to AASB 101 Presentation of Financial Statements effective 1 July 2013 now require the statement of comprehensive income to show the items of comprehensive income grouped into those that are not permitted to be reclassified to profit or loss in a future period and those that may have to be reclassified if certain conditions are met.

(iii) Early adoption of standards

The group has elected to apply the following pronouncement to the annual reporting period beginning 1 July 2012:

- AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009—2011 Cycle

This includes applying the revised pronouncement to the comparatives in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. None of the items in the financial statements had to be restated as a result of applying this standard. However, the amendments removed the requirement to provide additional comparative information in all relevant notes where line items in the financial statements are affected as a result of a retrospective restatement (e.g. because of an error). Following the amendments, it is now sufficient if an entity includes a third balance sheet and explains the impact of the restatement on individual line items in the note that sets out the reasons for the restatement. The Company has done so in note 6 and is not disclosing additional comparatives in each of the notes that are affected by the restatement for the error.

(iv) Historical Cost Convention

The financial report has been prepared under the historical cost convention, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(v) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

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 2013 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 17 to the financial statements.

c. Segment Reporting

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

d. 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, currently being the Australian Dollar for each of the entities. The consolidated financial statements are presented in Australian dollars which is the Company's functional and presentation currency.

Transactions and balances

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

Exchange differences arising on the translation of monetary items are recognised in profit and loss for the period, except where deferred in equity as a qualifying cash flow or net investment hedge.

e. Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Interest income is recognised as the interest accrues at an effective interest rate.

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

f. Income Tax

Current Tax

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

Deferred Tax

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

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

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

Current and Deferred Taxation

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

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.

g. 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.

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

g. Leases (cont)

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.

h. Impairment

(i) Financial Assets

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss.

(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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

i. Cash and Cash Equivalents

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

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

j. Exploration and Evaluation Assets

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

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

Exploration and evaluation asset dispositions (farm-out arrangements) are accounted for on a historical cost basis with no gain or loss recognition. Exchanges (swaps) of exploration and evaluation assets are accounted for at the carrying amounts of the assets given up with no gain or loss recognition.

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

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

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

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.

k. Investments and Other Financial Assets

Classification

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

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are expected to be settled within 12 months; otherwise they are classified as non-current.

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

k. Investments and Other Financial Assets (cont)

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets. Loans and receivables are included in trade and other receivables (note 10) in the balance sheet.

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets quoted in an active market with fixed or determinable payments and fixed maturities that the group's management has the positive intention and ability to hold to maturity. If the group were to sell other than an insignificant amount of held-to maturity financial assets, the whole category would be tainted and reclassified as available-for-sale.

Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which would be classified as current assets.

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

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the end of the reporting period. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Financial assets – reclassification

The group may choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, the group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held for trading or available-for-sale categories if the group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership. When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

k. Investments and Other Financial Assets (cont)

Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Loans and receivables and held-to-maturity investments are subsequently carried at amortised cost using the effective interest method.

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

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

Details on how the fair value of financial instruments is determined are disclosed in note 2.

l. Property, Plant and Equipment

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

Impairment

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

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

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognised in the statement of comprehensive income in the impairment expense line item.

Depreciation

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

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

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

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 reporting date.

n. Trade and Other Receivables

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

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

o. 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.

p. Provisions

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

q. Employee Benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

Retirement benefit obligations

All employees of the group are entitled to benefits from the group's superannuation plan on retirement, disability or death or can direct the group to make contributions to a defined contribution plan of their choice.

Contributions to superannuation funds are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Equity Settled Compensation

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

q. Employee Benefits (cont)

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. Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners as treasury shares until the shares are cancelled or reissued.

Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners.

s. Earnings Per Share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares

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 additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

t. Goods and Services Tax (GST)

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

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

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

u. Rounding of amounts

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial statements.

Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

v. Parent entity financial information

The financial information for the parent entity, Globe Metals and Mining Limited, disclosed in note 28 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Globe Metals and Mining Limited.

w. New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the current reporting period. The Company's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 , AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) and AASB 2012-6 Amendments to Australian Accounting Standards - Mandatory Effective Date of AASB 9 and Transition Disclosures (effective for annual reporting periods beginning on or after 1 January 2015.

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2015 but is available for early adoption. It only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss. The group has not yet determined the extent of the impact, if any.

(ii) AASB 10 *Consolidated Financial Statements,* AASB 11 *Joint Arrangements,* AASB 12 *Disclosure of Interests in Other Entities*, revised AASB 127 *Separate Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures*, AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards* and AASB 2012-10 *Amendments to Australian Accounting Standards - Transition guidance and other Amendments* (effective 1 January 2013)

In August 2011, the AASB issued a suite of five new and amended standards which address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 *Consolidated and Separate Financial Statements,* and Interpretation 12 *Consolidation – Special Purpose Entities.* The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns before control is present. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. There is also new guidance on participating and protective rights and on agent/principal relationships. While the group does not expect the new standard to have a significant impact on its composition, it has yet to perform a detailed analysis of the new guidance in the context of its various investees that may or may not be controlled under the new rules.

AASB 11 introduces a principles based approach to accounting for joint arrangements. The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement. Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or joint venture. Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted. Parties to a joint operation will account their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard.

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

w. New accounting standards and interpretations (cont)

AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control. The group is yet to evaluate its joint arrangements in light of the new guidance.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 128. Application of this standard by the group will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the group's investments.

AASB 127 is renamed *Separate Financial Statements* and is now a standard dealing solely with separate financial statements. Application of this standard by the group will not affect any of the amounts recognised in the financial statements.

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa. The amendments also introduce a "partial disposal" concept. The group is still assessing the impact of these amendments.

The group will adopt the new standards from their operative date. They will therefore be applied in the financial statements for the annual reporting period ending 30 June 2014.

(iii) AASB 13 *Fair Value Measurement and* AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13 (effective 1 January 2013)*

AASB 13 was released in September 2011. It explains how to measure fair value and aims to enhance fair value disclosures. The group does not use fair value measurements extensively. It is therefore unlikely that the new rules will have a significant impact on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements. The group will adopt the new standard from its operative date, which means that it will be applied in the annual reporting period ending 30 June 2014.

(iv) AASB 2011-4 *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (effective 1 July 2013)*

In July 2011 the AASB decided to remove the individual key management personnel (KMP) disclosure requirements from AASB 124 *Related Party Disclosures*, to achieve consistency with the international equivalent standard and remove a duplication of the requirements with the *Corporations Act 2001*. While this will reduce the disclosures that are currently required in the notes to the financial statements, it will not affect any of the amounts recognised in the financial statements. The amendments apply from 1 July 2013 and cannot be adopted early. The *Corporations Act* requirements in relation to remuneration reports will remain unchanged for now, but these requirements are currently subject to review and may also be revised in the near future.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

NOTES TO THE FINANCIAL STATEMENTS

2. FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments comprise cash and short term deposits. The Group also has other financial instruments such as trade and other debtors and creditors which arise directly from its operations. For the period under review, it has been the Group's policy not to trade in financial instruments

The main risks arising from the Group's financial instruments and the Group's policies for managing each of these risks are summarised below:

Interest Rate Risk

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

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group entity has adopted the policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The credit risk on financial assets of the Group is reflected in those assets' carrying amount net of any provisions for impairment

The Group currently holds majority of their cash and cash equivalents with Westpac Banking Corporation with a credit rating of AA. The Group believes the credit risk exposure to the single counterparty is manageable.

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 functional currency. The majority of expenses incurred are in AUD and therefore risk is not significant.

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. At the end of the period the group held deposits at call of $886,580 (2012: $389,409) and with maturities of three months or less of $13,269,213 (2012: $30,214,521), respectively, that are expected to readily generate cash inflows for managing liquidity risk.

NOTES TO THE FINANCIAL STATEMENTS

2. FINANCIAL RISK MANAGEMENT (CONT)

(i) Interest rate risk exposures

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

		Fixed interest maturing in				
	Floating interest rate	**1 year or less**	**Over 1 year less than 5**	**More than 5 years**	**Non-Interest bearing**	**Total**
2013	$'000	$'000	$'000	$'000	$'000	$'000
Financial Assets						
Cash at bank	887	-	-	-	-	887
Term deposit	-	13,269	-	-	-	13,269
Trade & other receivables	-	-	-	-	212	212
Other assets	-	-	-	-	572	572
	887	13,269	-	-	784	14,940
Weighted Average Interest Rate	1.3%	4.45%	-	-	-	-
Financial Liabilities						
Trade & other creditors	-	-	-	-	(1,080)	(1,080)
	-	-	-	-	(1,080)	(1,080)
Weighted Average Interest Rate	-	-	-	-	-	-
Net financial assets (liabilities)	**887**	**13,269**	**-**	**-**	**(296)**	**13,860**

		Fixed interest maturing in				
	Floating interest rate	**1 year or less**	**Over 1 year less than 5**	**More than 5 years**	**Non-Interest bearing**	**Total**
2012	$'000	$'000	$'000	$'000	$'000	$'000
Financial Assets						
Cash at bank	614	-	-	-	-	614
Term deposit	-	30,593	-	-	-	30,593
Trade & other receivables	-	-	-	-	302	302
Other assets	-	-	-	-	541	541
	614	30,593	-	-	843	32,050
Weighted Average Interest Rate	0.90%	5.04%	-	-	-	-
Financial Liabilities						
Trade & other creditors	-	-	-	-	(1,867)	(1,867)
	-	-	-	-	(1,867)	(1,867)
Weighted Average Interest Rate	-	-	-	-	-	-
Net financial assets (liabilities)	**614**	**30,593**	**-**	**-**	**(1,024)**	**30,183**

NOTES TO THE FINANCIAL STATEMENTS

2. FINANCIAL RISK MANAGEMENT (CONT)

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 pre-tax loss which would have resulted from movement in interest rates with all other variables remaining constant.

	Consolidated	
	2013 **$'000**	**2012** **$'000**
Change in loss		
- increase in interest rate by 1%	(142)	(312)
- decrease in interest rate by 1%	142	312

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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 based on an appropriate valuation model prepared by an external valuer. Refer to note 27 for details of the assumptions applied by the external valuer.

(ii) *Exploration and evaluation expenditure*
The Group's accounting policy for exploration and evaluation expenditure results in expenditure being capitalised for an area of interest where it is considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. This policy requires management to make certain estimates as to future events and circumstances, in particular whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised the expenditure under the policy, a judgement is made that recovery of the expenditure is unlikely, the relevant capitalised amount will be written off to profit and loss.

Refer to note 13 for details of the judgement applied in the current period in relation to exploration and evaluation expenditure.

(iii) *Income taxes*
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. Refer to note 8 for details of the judgement applied in the current period in relation to income taxes.

NOTES TO THE FINANCIAL STATEMENTS

4. SEGMENT INFORMATION

The consolidated entity has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors to make decisions about resources to be allocated to the segments and assess their performance.

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. Prior period information has been restated to reflect the current composition of reportable segments.

The consolidated entity has two reportable segments based on the development stage of the projects and the mineral resource and exploration activities in Africa. Unallocated results, assets and liabilities represent corporate amounts that are not core to the reportable segments.

Activity by segment

Africa-Kanyika
The Africa-Kanyika segment includes the Kanyika Niobium project in Malawi with an estimated reserve of 68 million tonnes of niobium.

Africa-Exploration
The Africa-Exploration segment includes the following exploration projects:

- Mt. Muambe Flourite project in Mozambique
- Machinga Niobium-Tantalum project in Malawi
- Salambidwe REE project in Malawi
- Chiziro Graphite project in Malawi

NOTES TO THE FINANCIAL STATEMENTS

4. SEGMENT INFORMATION (CONT)

30 June 2013	**Africa-Kanyika $'000**	**Africa-Exploration $'000**	**Total $'000**
(i) Segment performance			
Year ended 30 June 2013			
Revenue	-	-	-
Total segment revenue	-	-	-
Segment result	**(238)**	**(7,852)**	**(8,090)**
Segment result includes the following material items:			
- Impairment of exploration and evaluation assets	-	(5,847)	(5,847)
Reconciliation of segment result to group net profit / (loss) before tax			
Depreciation expense			(243)
Other income			973
Other corporate expenses			(4,623)
Net loss before tax from continuing operations			**(11,983)**

(ii) Segment assets	**Africa-Kanyika**	**Africa-Exploration**	**Total**
As at 30 June 2013	**$'000**	**$'000**	**$'000**
Exploration expenditure	24,296	3,593	27,889
Plant and equipment	153	1,111	1,264
Other assets	150	353	503
Total Segment Assets	**24,599**	**5,057**	**29,656**
Reconciliation of segment assets to group assets			
Other corporate assets			15,049
Total group assets			**44,705**

	Africa-Kanyika $'000	**Africa-Exploration $'000**	**Total $'000**
(iii) Segment liabilities			
As at 30 June 2013			
Trade Creditors and Accruals	501	143	644
Total Segment liabilities	501	143	644
Reconciliation of segment liabilities to group liabilities			
Other liabilities			436
Total group liabilities			**1,080**

NOTES TO THE FINANCIAL STATEMENTS

4. SEGMENT INFORMATION (CONT)

30 June 2012

	Africa-Kanyika	Africa-Exploration	Total
	$'000	**$'000**	**$'000**
(i) Segment performance			
Year ended 30 June 2012			
Revenue	-	-	-
Total segment revenue	**-**	**-**	**-**
Segment result	**(337)**	**(1,508)**	**(1,845)**
Reconciliation of segment result to group net profit / (loss) before tax			
Depreciation expense			(251)
Other revenue			2,211
Other expenses			(4,925)
Net loss before tax from continuing operations			**(4,810)**

(ii) Segment assets*	Africa-Kanyika	Africa-Exploration	Total
As at 30 June 2012	**$'000**	**$'000**	**$'000**
Exploration expenditure	15,894	8,094	23,988
Plant and equipment	190	1,140	1,330
Other assets	226	400	626
Total Segment Assets	**16,310**	**9,634**	**25,944**
Reconciliation of segment assets to group assets			
Other corporate assets			31,732
Total group assets			**57,676**

	Africa-Kanyika	Africa-Exploration	Total
	$'000	**$'000**	**$'000**
(iii) Segment liabilities			
As at 30 June 2012			
Trade Creditors and Accruals	814	89	903
Total Segment liabilities	814	89	903
Reconciliation of segment liabilities to group liabilities			
Other liabilities			964
Total group liabilities			**1,867**

NOTES TO THE FINANCIAL STATEMENTS

4. SEGMENT INFORMATION (CONT)

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

Geographical Information

	Non-Current Assets	
	2013	**2012**
	$'000	**$'000**
Australia	428	432
Africa	29,153	25,253*
Total	**29,581**	**25,685**

*see note 6 for details regarding the restatement as a result of an error.

5. INCOME

	Consolidated	
	2013	**2012**
	$'000	**$'000**
Interest income		
- Interest received and receivable	973	2,211
Other income		
- Revenue from external parties for the use of resources in exploration activities	-	237
	973	2,448

6. CORRECTION OF PRIOR PERIOD ERROR

During the year ended 30 June 2013 management has reviewed the assessment of the functional currency of each entity in the group. As a result of the review it has been determined that the previous assessment of the functional currency was incorrectly assessed as follows:

Subsidiary	**Location**	**Previous Assessment**	**Reassessment**
Globe Metals and Mining (Exploration) Limited	Malawi	Malawi Kwacha	Australian dollars
Globe Metals and Mining (Africa) Limited	Malawi	Malawi Kwacha	Australian dollars
Globe Metals and Mining Mozambique Limitada	Mozambique	Mozambique New Metical	Australian dollars

The error has been corrected by restating each of the affected financial statement line items for the prior periods as follows:

Balance Sheet (extract) AUD $'000	***30 June 2012***	***Increase/ (Decrease)***	***30 June 2012 (Restated)***	***30 June 2011***	***Increase/ (Decrease)***	***01 July 2011 (Restated)***
Exploration and Evaluation Assets	16,563	7,425	23,988	16,554	(628)	15,926
Plant and Equipment	1,480	137	1,617	383		383
Net Assets	**48,247**	**7,562**	**55,809**	**61,172**	**(628)**	**60,544**
Foreign Exchange Translation Reserve	(7,562)	7,562	-	628	(628)	-
Total Equity	**48,247**	**7,562**	**55,809**	**61,172**	**(628)**	**60,544**

NOTES TO THE FINANCIAL STATEMENTS

6. CORRECTION OF PRIOR PERIOD ERROR (CONT)

Statement of comprehensive income ***(extract)*** ***AUD $'000***	***30 June 2012***	***Increase/ (Decrease)***	***30 June 2012 (Restated)***	***30 June 2011***	***Increase/ (Decrease)***	***01 July 2011 (Restated)***
Other comprehensive income						
Foreign currency translation difference for foreign operations	(8,190)	8,190	-	(31)	31	-
Total comprehensive loss for the period	**(8,190)**	**8,190**	**-**	**(31)**	**31**	**-**

Basic and diluted Loss per Share calculations did not require restatement.

	Consolidated	
	2013 $'000	**2012 $'000**
7. EXPENSES		
Loss from operations before income tax has been determined after the following specific expenses:		
Capitalised exploration expenditure written off[(a)]	5,862	781
Operating lease expenses	312	300
Superannuation expenses	173	172
Depreciation	243	251
Foreign exchange differences	(27)	(143)
Redundancy costs/termination benefits	561	203
Finance Costs		
- Bank Charges	12	19
- Interest Expense	-	27
- Other	-	(1)
	12	45

[(a)]Refer to note 13 for details of impairment charge recognised during the year

8. INCOME TAX EXPENSE

		Consolidated	
		2013 $'000	**2012 $'000**
a.	The components of tax expense comprise:		
	Current tax	-	-
	Deferred tax	-	-
		-	-
b.	Deferred income tax/(revenue)		
	Deferred income tax/(revenue) included in tax expense comprises:		
	Increase in deferred tax assets	(1,509)	(529)
	Increase in deferred tax liabilities	1,509	529
		-	-

NOTES TO THE FINANCIAL STATEMENTS

8. INCOME TAX EXPENSES (CONT)

c. The prima facie tax benefit on loss from ordinary activities before income tax is reconciled to the income tax as follows:

	Consolidated	
	2013 $'000	**2012 $'000**
Loss before income tax	(11,983) (2,855,362)	(4,810) (1,420,076)
Prima facie tax benefit on loss from ordinary activities before income tax at 30% (2012: 30%)	(3,595)	(1,443)
Add:		
Tax effect of:		
- Share based payments	48	198
- Non-deductible tenement expenditure	1,759	-
- Other non-deductible expenses	541	788
- Capital raising costs	(170)	(169)
- Net deferred tax asset	1,417	626
- Deferred tax assets not recognised	(1,417)	(626)
	-	-

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.

d. Deferred tax assets / liabilities comprise:

Interest receivable	(36)	(98)
Capital raising costs	317	487
Tax losses available for offset against future taxable income	3,403	1,934
Net deferred tax assets	3,684	2,323
Deferred tax assets not recognised	(3,684)	(2,323)
	-	-

9. CASH AND CASH EQUIVALENTS

	Consolidated	
	2013 $'000	**2012 $'000**
Cash at bank	887	614
Short term bank deposits	13,269	30,316
	14,156	**30,930**

The Group's exposure to interest rate risk and credit risk is discussed in note 2. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalent mentioned above.

NOTES TO THE FINANCIAL STATEMENTS

10. TRADE AND OTHER RECEIVABLES

	Consolidated 2013 $'000	Consolidated 2012 $'000
Current		
GST Receivable	97	107
Trade Debtors	8	1
Tax Receivable	34	37
VAT Receivable	73	157
	212	**302**

There were no trade receivables past due or impaired. Due to the short-term nature of the current receivables, their carrying amount is assumed to approximate their fair value.

Information about the group's exposure to credit risk, foreign exchange and interest rate risk is provided in note 2. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial asset mentioned above.

11. OTHER ASSETS

	Consolidated 2013 $'000	Consolidated 2012 $'000
Current		
Prepayments	167	166
Accrued Interest Income	205	172
Security Deposits	367	369
Other	17	52
	756	**759**

12. PLANT AND EQUIPMENT

	Plant & Equipment $'000	Other $'000	Total $'000
Year ended 30 June 2012			
Opening net book amount	349	35	384
Reclassification from exploration expenditure	186	-	186
Additions	1,099	199	1,298
Disposals			
Depreciation charge	(235)	(16)	(251)
Closing net book amount	1,399	218	1,617
At 30 June 2012			
Cost	1,704	301	2,005
Accumulated depreciation	(305)	(83)	(388)
Net book amount	1,399	218	1,617
Year ended 30 June 2013			
Opening net book amount	1,399	218	1,617
Additions	594	123	717
Disposals	(451)	(24)	(475)
Depreciation charge	(206)	(37)	(243)
Closing net book amount	1,336	280	1,616
At 30 June 2013			
Cost	1,847	400	2,247
Accumulated depreciation	(511)	(120)	(631)
Net book value	1,336	280	1,616

NOTES TO THE FINANCIAL STATEMENTS

13. EXPLORATION AND EVALUATION EXPENDITURE

	2013 $'000	2012 $'000
Non-Current		
Costs carried forward in respect of areas of interest in:		
Exploration and evaluation phases – at cost	**27,889**	**23,988**
Opening balance*	23,988	15,926
Reclassification to Property, Plant & Equipment	-	(397)
Exploration expenditure capitalised during the year	9,763	8,766
Exploration expenditure written off[(a)]	(5,862)	(307)
At reporting date	**27,889**	**23,988**

*Carried Forward balances have been adjusted to reflect correction of prior period error as per Note 6.

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

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

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

(a) Globe has commenced a feasibility study on the Mount Muambe project as required under the joint venture agreement and it is planned to be completed in October as per the contractual obligations. Preliminary indications are that more higher grade fluorite would have to be found to ensure an economically viable project. The same is also considered for the rare earth (REE) potential at Mount Muambe. Consequently, there is a risk that the carrying amount exceeds the likely recoverable value from the projects development or sale and therefore the Company has determined that for accounting purposes the asset is impaired and has written off all costs.

14. TRADE AND OTHER PAYABLES

	Consolidated	
	2013 $'000	2012 $'000
Current		
Trade creditors	104	500
Other creditors and accruals	780	1,096
Employee benefit provisions	196	271
	1,080	**1,867**

Non-interest bearing liabilities stated at cost and are predominantly settled within 30 days

NOTES TO THE FINANCIAL STATEMENTS

15. CONTRIBUTED EQUITY

	Consolidated			
	2013		2012	
	$'000	Number	$'000	Number
Fully paid ordinary shares	70,110	220,339,131	70,338	222,559,805
	70,110	**220,339,131**	**70,338**	**222,559,805**

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

	Consolidated			
	2013		2012	
	$'000	Number	$'000	Number
At beginning of reporting period:	70,338	222,559,805	70,026	222,949,805
Shares bought back	(372)	(3,360,674)	(346)	(2,450,000)
Share Based Payments (Refer Note 27)	144	1,140,000	658	2,060,000
Less: Capital Raising Expenses	-		-	-
Balance at end of reporting period	**70,110**	**220,339,131**	**70,338**	**222,559,805**

Management of Share Capital

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

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

Share Buy-Back
The share buy-back program was completed on 24 May 2013. During the buy-back program the Company bought 5,810,674 shares on-market for a total cost of $677,451. The share buy-back program was commenced on 14 June 2012, following approval from the Australian Foreign Investment Review Board to buy back up to 10,080,674 shares, or approximately 5% of contributed equity. The highest price paid was 15 cents on 14 June 2012 and the lowest price paid was 6.4 cents on 20 May 2013.

There is no current on-market buy back.

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

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

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

The capital risk management policy remains unchanged from the 30 June 2012 annual report.

NOTES TO THE FINANCIAL STATEMENTS

15. CONTRIBUTED EQUITY (CONT)

(b) Terms of Ordinary Shares

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

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

At the end of reporting period, there are 220,339,131 shares on issue.

(c) Terms of Options

At the end of reporting period, there are 12,350,000 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
- 200,000 unlisted options, exercisable at $0.25 on or before 26 October 2014
- 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
- 600,000 unlisted options, exercisable at $0.345 on or before 29 November 2016
- 500,000 unlisted options, exercisable at $0.345 on or before 29 November 2016
- 1,000,000 unlisted options, exercisable at $0.001 on or before 31 January 2014, with performance hurdles
- 3,800,000 unlisted options, exercisable at $0.001 on or before 31 January 2015, with performance hurdles.

	Consolidated	
	2013	**2012**
	$'000	**$'000**
16. OTHER RESERVES & ACCUMULATED LOSSES		
(a) Reserves		
Share based payments reserve	2,680	2,649
Available-for-sale financial assets reserve	(4)	-
	2,676	**2,649**
Movements:		
Share based payments reserve		
Balance at beginning of financial period	2,649	2,886
Option expense (Refer note 27)	31	40
Equity benefit expense	-	(277)
Balance at end of financial period	2,680	2,649
Available-for-sale financial assets reserve		
Balance at beginning of financial period	-	-
Revaluation	(4)	-
Balance at end of financial period	(4)	-

The share based payments reserve records items recognised as expenses on valuation of employee share options and performance shares.

NOTES TO THE FINANCIAL STATEMENTS

16. OTHER RESERVES & ACCUMULATED LOSSES (CONT)

Terms of Class 'B' Performance Shares

Class 'B' Performance shares do not participate in dividends or the proceeds on winding up of the Company. The shares can only be converted to ordinary shares if certain milestones are achieved before 30 June 2014.

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 on issue.

	Consolidated	
	2013 $'000	**2012 $'000**
(b) Accumulated losses		
Accumulated losses at the beginning of the financial period	(17,178)	(12,368)
Net loss attributable to members	(11,983)	(4,810)
Accumulated losses at the end of the financial period	**(29,161)**	**(17,178)**

17. INTERESTS IN CONTROLLED ENTITIES

Controlled entities consolidated

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

Name	Country of Incorporation	Class of Shares	Equity Holding *	
			2013	**2012**
Globe Uranium (Argentina) S.A.	Argentina	Ordinary	100%	100%
Globe Metals & Mining (Africa) Limited	Malawi	Ordinary	100%	100%
Globe Metals & Mining Mozambique Limitada	Mozambique	Ordinary	100%	100%
Globe Metals & Mining (Exploration) Limited	Malawi	Ordinary	100%	100%

* Percentage of voting power is in proportion to ownership.

18. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

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

NOTES TO THE FINANCIAL STATEMENTS

19. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Details of key management personnel

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

Yi Shao	Chairman
Alistair Stephens	CEO and Managing Director (appointed CEO 20 May 2013; appointed Managing Director 8 July 2013)
Shasha Lu	Deputy CEO and Executive Director
William Hayden	Non-Executive Director
Peter Stephens	Non-Executive Director
Tian Jingbin	Non-Executive Director
Kerry Angel	CFO and Company Secretary (appointed CFO 1 October 2012; appointed Company Secretary 12 October 2012)
Fergus Jockel	Exploration Manager
Leslie Middleditch	Project Manager (resigned 31 July 2013)
Mark Sumich	Managing Director (resigned 12 August 2012)
Andries Kruger	General Manager for Africa (resigned 12 January 2013)
Michael Schultz	Regional Exploration Manager (resigned 14 December 2012)

	Consolidated	
	2013 $'000	**2012 $'000**
Short term employee benefits	2,263	2,179
Post employment	109	105
Share-based payment	46	205
	2,418	**2,489**

Detailed remuneration disclosures are provided in the remuneration report on pages 7 to 16.

NOTES TO THE FINANCIAL STATEMENTS

19. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONT)

(b) Option holdings of key management personnel

The numbers of options over ordinary shares in the company granted under the executive short term incentive scheme that were held during the financial year by each director and the key management personnel of the group, including their personally related parties, are set out below

2013	**Balance at beginning period**	**Granted as Remuneration**	**Exercised**	**(Lapsed)**	**Balance at 30 June 2013**	**Total Vested at 30 June 2013**	**Total Exercisable at 30 June 2013**
Shao Yi	-	-	-	-	-	-	-
Alistair Stephens[(i)]		-	-	-	-	-	-
Mark Sumich[(ii)]	-	-	-	-	-	-	-
William Hayden	1,100,000	-	-	-	1,100,000	1,100,000	1,100,000
Tian Jingbin	-	-	-	-	-	-	-
Peter Stephens	-	1,100,000	-	-	1,100,000	1,100,000	1,100,000
Shasha Lu[(iii)]	-	4,800,000	-	-	4,800,000	-	-
Kerry Angel[(iv)]	-	-	-	-	-	-	-
Les Middleditch[(v)]	-	-	-	-	-	-	-
Fergus Jockel[(vi)]	-	-	-	-	-	-	-
Andries Kruger[(vii)]	300,000	-	-	(300,000)	-	-	-
Michael Schultz[(viii)]	300,000	-	-	(300,000)	-	-	-
	1,700,000**	**5,900,000**	**-**	**(600,000)**	**7,000,000**	**2,200,000**	**2,200,000**

2012	**Balance at beginning period**	**Granted as Remuneration**	**Exercised**	**(Lapsed)**	**Balance at 30 June 2012**	**Total Vested at 30 June 2012**	**Total Exercisable at 30 June 2012**
Shao Yi	-	-	-	-	-	-	-
Mark Sumich	-	-	-	-	-	-	-
Julian Stephens[(ix)]	600,000	-	-	-	600,000*	600,000	*600,000
William Hayden	1,100,000	-	-	-	1,100,000	1,100,000	1,100,000
David Sumich[(x)]	-	-	-	-	-	-	-
Tian Jingbin	-	-	-	-	-	-	-
Peter Stephens	-	-	-	-	-	-	-
Shasha Lu	-	-	-	-	-	-	-
Bradley Wynne[(xi)]	400,000	-	-	-	400,000*	200,000	*200,000
Les Middleditch	-	-	-	-	-	-	-
Fergus Jockel	-	-	-	-	-	-	-
Andries Kruger	-	300,000	-	-	300,000	300,000	300,000
Michael Schultz	-	300,000	-	-	300,000	300,000	300,000
	2,100,000	**600,000**	**-**	**-**	**2,700,000**	**2,500,000**	**2,500,000**

(i) Appointed 20 May 2013
(ii) Resigned on 12 August 2012
(iii) Appointed 9 August 2011
(iv) Appointed 1 October 2012
(v) Resigned on 31 July 2013
(vi) Appointed 11 June 2012
(vii) Resigned on 12 January 2013
(viii) Resigned 14 December 2012
(ix) Resigned 9 August 2011
(x) Resigned 30 June 2012
(xi) Resigned 26 June 2012

* Balance held at the date of resignation
** 800,000 options at 30 June 2012 were held by Julian Stephens and Bradley Wynne

NOTES TO THE FINANCIAL STATEMENTS

19. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONT)

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

The numbers of shares over ordinary shares in the company that were held during the financial year by each director and the key management personnel of the group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

2013	Balance at beginning period	Granted as Remuneration	On Exercise of Options	Bought & (Sold)	Balance at 30 June 2013
Shao Yi	-	-	-	-	-
Alistair Stephens(i)	-	-	-	-	-
Shasha Lu(ii)	-	-	-	-	-
William Hayden	76,923	-	-	-	76,923
Tian Jingbin	-	-	-	-	-
Peter Stephens					
Fergus Jockel(iii)	-	-	-	-	-
Kerry Angel(iv)	-	-	-	-	-
Les Middleditch(v)	-	-	-	-	-
Mark Sumich(iv)	5,500,000	-	-	(4,827,500)	672,500*
Andries Kruger(vii)	695,000	200,000	-	-	895,000*
Michael Schultz(viii)	765,000	125,000	-	-	890,000*
	7,036,923**	**325,000**	**-**	**(4,827,500)**	**2,534,423**

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

(i) Appointed on 20 May 2012
(ii) Appointed 9 August 2011
(iii) Appointed 11 June 2012
(iv) Appointed 1 October 2012
(v) Resigned 31 July 2013
(vi) Resigned 12 August 2012
(vii) Resigned 12 January 2013
(viii) Resigned 12 December 2012
(ix) Resigned 9 August 2012
(x) Resigned 26 June 2012
(xi) Resigned 30 June 2012

*Balance held at the date of resignation
**3,067,736 shares from 30 June 2012 were held by David Sumich, Julian Stephens and Bradley Wynne.

NOTES TO THE FINANCIAL STATEMENTS

19. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONT)

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

2013	Balance at beginning period	Granted as Remuneration	On Exercise of Options	Bought & (Sold)	Balance at 30 June 2013
Mark Sumich(i)	2,140,000	-	-	-	2,140,000
	2,140,000	**-**	**-**	**-**	**2,140,000**

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

(i) Resigned on 12 August 2012
(ii) Resigned on 26 June 2012

(e) Loans to key management personnel

There were no unsecured loans to key management personnel outstanding at 30 June 2013 ($nil: 2012).

(f) Other transactions with key management personnel

- A total of $4,792 (2012: $50,345) was paid during the financial year to Kamuzu Nominees (wholly owned by Mr Mark Sumich) in respect of Sydney office rent.
- Directors were paid consultancy fees for work provided that was additional to their normal director's responsibilities. Shao Yi $19,375; Tian Jingbin $20,000; William Hayden $17,202 and Peter Stephens $12,615.

	Consolidated 2013 $'000	Consolidated 2012 $'000
20. AUDITORS' REMUNERATION		
PricewaterhouseCoopers Australia		
- Audit and reviewing of financial reports	99	-
- Other services	45	-
Network firms of PricewaterhouseCoopers Australia		
- Audit and review of financial reports	51	-
- Other services	95	-
Remuneration of other auditors:		
- Audit and review of financial reports	-	128
	290	**128**

21. CONTINGENT LIABILITIES

a) Intercompany recharges in respect of services/goods defrayed by the parent on behalf of its Mozambican subsidiary incur a 20% Withholding Tax in Mozambique. The payment of tax crystallises upon the funds being remitted to the Australian parent company. Given the inherent uncertainty surrounding the timing and variability of future cashflows and application of laws and regulations, the Group determined that it was not practical to estimate any potential financial impact but has disclosed the potential withholding tax as a contingent liability.

b) On 7 May 2013 Globe announced an MOU with ECE, its major shareholder, to fund exploration activity. The announcement advised that Globe was to reimburse costs to ECE upon identification of JORC resource and commission of a pre-feasibility study. At this stage of the exploration activities there is low probability of defining resources that would necessitate Globe to reimburse costs of exploration. No provision for payment has been made in these accounts.

c) In the opinion of the directors there were no other contingent liabilities at 30 June 2013 (nil: 30 June 2012), and the interval between 30 June 2013 and the date of this report.

NOTES TO THE FINANCIAL STATEMENTS

22. COMMITMENTS

(a) Exploration commitments

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

	Consolidated	
	2013	**2012**
	$'000	**$'000**
Not longer than one year	1,832	7,496
Longer than one year, but not longer than five years	163	1,100
Longer than five years	-	-
	1,995	**8,596**

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) Operating lease expenditure commitments

	Consolidated	
	2013	**2012**
	$'000	**$'000**
Not longer than one year	177	167
Longer than one year, but not longer than five years	40	178
Longer than five years	-	-
	217	**345**

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

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

23. RELATED PARTY DISCLOSURES

(a) *Parent entity*
The ultimate parent entity of the Group is Globe Metals & Mining Limited.

(b) *Key management personnel*
Disclosures relating to key management personnel are set out in note 19.

(c) *Other related party transactions:*
(i) A total of $4,792 (2012: $50,345) was paid during the financial year to Kamuzu Nominees (wholly owned by Mr Mark Sumich) in respect of Sydney office rent.

(ii) On 7 May 2013 Globe announced an MOU with ECE, its major shareholder, to fund exploration activity. The announcement advised that Globe was to reimburse costs to ECE upon identification of JORC resource and commission of a pre-feasibility study. No significant exploration activity had been undertaken as part of this agreement at 30 June 2013.

(d) *Terms and conditions*
All transactions were made on normal commercial terms and conditions and at market rates.

NOTES TO THE FINANCIAL STATEMENTS

24. EVENTS SUBSEQUENT TO REPORTING DATE

On 5 September 2013 Globe announced that it would raise a total of approximately A$1.6 million from the issue of Convertible Notes at a premium to the current share price to Apollo Metals Investment Co Limited ("Apollo"); and that it will further offer eligible shareholders a non-renounceable rights issue offer at A$0.045 share price, to raise a further A$9.9 million. Apollo is to fully underwrite the rights issue and shareholder approval is to be sought at the Annual General Meeting for the issue of the shortfall of the rights issue to Apollo as underwriter of the rights issue.

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.

	Consolidated	
	2013	**2012**
	$'000	**$'000**
25. RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES		
(a) Reconciliation of cash flow used in operations with loss after tax		
- Loss after income tax	(11,983)	(4,810)
Non-cash flows in loss from operations		
- Exploration expenditure written off	5,862	-
- Depreciation	243	251
- Foreign exchange	-	85
- Share based payments	159	256
- Net (Profit)/Loss on disposal of fixed assets	(29)	9
- Doubtful debts expense	144	-
Changes in assets and liabilities		
- (Increase)/decrease in receivables and other current assets	58	(158)
- Exploration and evaluation expenditure reclassification to fixed assets	-	(397)
- Increase/(decrease) in trade and other payables	(251)	1,196
Net cash outflows from operating activities	**(5,797)**	**(3,568)**

(b) Non cash investing and financing activities

There were no non cash investing and financing activities during the year.

	Consolidated	
	2013	**2012**
	$'000	**$'000**
26. EARNINGS PER SHARE		
(a) Loss used in the calculation of basic and diluted loss per share	(11,983)	(4,810)
	Number of Shares	Number of Shares
(b) Weighted average number of ordinary shares outstanding during the period used in the calculation of basic and diluted loss per share:	222,019,778	223,781,394

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

NOTES TO THE FINANCIAL STATEMENTS

27. SHARE BASED PAYMENTS

	Consolidated 2013 $'000	Consolidated 2012 $'000
Shares [(a)]	128	216
Options [(b)]	31	40
	159	256

There are shares and options issued to employees as part of their compensation under the company's employee share option policies. Options are independently valued by corporate advisers using the Black-Scholes method.

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.

(a) Compensation shares granted during the year ended 30 June 2013

Personnel	Vested No.	Granted No.	Grant Date	Value per Share at Grant Date $	Terms & Conditions for Each Grant Vesting Date
Employees	915,000	915,000	02/07/12	0.14	02/07/12
Creditor	150,000	150,000	03/12/12	0.07	03/12/12
	1,065,000	**1,065,000**			

Compensation shares granted during the year ended 30 June 2012

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

NOTES TO THE FINANCIAL STATEMENTS

27. SHARE BASED PAYMENTS (CONT)

(b) Movements in options on issue:

Grant Date	Expiry Date	Exercise Price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Lapsed during the year Number	Balance at 30 June 2013	Vested and exercisable at end of the year Number
								2013
21/07/2009	20/07/2013	$0.15	600,000	-	-	(600,000)	-	-
30/09/2009	1/09/2014	$0.30	350,000	-	-		350,000	350,000
26/10/2009	26/10/2013	$0.25	200,000	-	-		200,000	200,000
26/10/2010	26/10/2014	$0.25	200,000	-	-		200,000	200,000
11/02/2010	1/03/2013	$0.25	200,000	-	-	(200,000)	-	-
11/02/2010	1/03/2013	$0.25	200,000	-	-	(200,000)	-	-
29/11/2010	29/11/2014	$0.15	600,000	-	-		600,000	600,000
29/11/2010	29/11/2014	$0.26	500,000	-	-		500,000	500,000
3/10/2011	30/06/2014	$0.35	300,000	-	-	(300,000)	-	-
3/10/2011	30/06/2014	$0.35	300,000	-	-	(300,000)	-	-
28/12/2012	29/11/2016	$0.15	-	600,000	-		600,000	-
28/12/2012	29/11/2016	$0.26	-	500,000	-		500,000	-
28/12/2012	31/01/2014	$0.001	-	250,000	-		250,000	-
28/12/2012	31/01/2014	$0.001	-	250,000	-		250,000	-
28/12/2012	31/01/2015	$0.001	-	250,000	-		250,000	-
28/12/2012	31/01/2015	$0.001	-	250,000	-		250,000	-
28/12/2012	31/01/2015	$0.001	-	3,000,000	-		3,000,000	-
28/12/2012	31/01/2015	$0.001	-	800,000	-		800,000	-
			3,450,000	5,900,000	-	(1,600,000)	7,750,000	1,850,000
Weighted average exercise price			$0.12	$0.10	$0.00	$0.25	$0.08	$0.23

Grant Date	Expiry Date	Exercise Price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Lapsed during the year Number	Balance at 30 June 2012	Vested and exercisable at end of the year Number
								2012
21/07/2009	20/07/2013	$0.15	600,000	-	-	-	600,000	600,000
30/09/2009	1/09/2014	$0.30	350,000	-	-	-	350,000	350,000
26/10/2009	26/10/2013	$0.25	200,000	-	-	-	200,000	200,000
26/10/2010	26/10/2014	$0.25	200,000	-	-	-	200,000	200,000
11/02/2010	1/03/2013	$0.25	200,000	-	-	-	200,000	200,000
11/02/2010	1/03/2013	$0.25	200,000	-	-	-	200,000	200,000
29/11/2010	29/11/2014	$0.15	600,000	-	-	-	600,000	600,000
29/11/2010	29/11/2014	$0.26	500,000	-	-	-	500,000	500,000
3/10/2011	30/06/2014	$0.35	300,000	-	-	-	300,000	300,000
3/10/2011	30/06/2014	$0.35	300,000	-	-	-	300,000	300,000
			3,450,000	-	-	-	3,450,000	3,450,000
Weighted average exercise price			$0.12	$0.00	$0.00	$0.00	$0.12	$0.12

NOTES TO THE FINANCIAL STATEMENTS

27. SHARE BASED PAYMENTS (CONT)

Compensation options granted during the year ended 30 June 2013

					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**
Peter Stephens	-	500,000	28/12/2012	0.028	0.260	29/11/2014	29/11/2016
Peter Stephens	-	600,000	28/12/2012	0.020	0.150	29/11/2014	29/11/2016
Shasha Lu	-	250,000	28/12/2012	0.065	0.001	31/12/2013	31/01/2014
Shasha Lu	-	250,000	28/12/2012	0.001	0.001	31/12/2013	31/01/2014
Shasha Lu	-	250,000	28/12/2012	0.000	0.001	31/12/2013	31/01/2014
Shasha Lu	-	250,000	28/12/2012	0.000	0.001	31/12/2013	31/01/2014
Shasha Lu	-	3,000,000	28/12/2012	0.001	0.001	31/12/2014	31/01/2015
Shasha Lu	-	800,000	28/12/2012	0.065	0.345	31/12/2014	31/01/2015
	-	**5,900,000**					

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

Inputs	**Options Expiring 29 November 2016**
Underlying security spot price	$0.07
Exercise price	$0.15 to $0.26
Issue date	28/12/2012
Expiration date	29/11/2016
Life of the Options	3.92 yrs
Approximate Volatility	75%
Risk free rate	2.86%
Dividend rate	Nil
Value per option	$0.020 to 0.028
Number of options	1,100,000
Total value	**$26,000**

Inputs	**Options Expiring 31 January 2014 and 31 January 2015**
Underlying security spot price	$0.07
Exercise price	$0.001
Issue date	28/12/2012
Expiration date	31/01/2014 and 31/01/2015
Life of the Options	2.08 yrs and 3.08 yrs
Approximate Volatility	75%
Risk free rate	2.73%
Dividend rate	Nil
Value per option	$0.0065/$0.001/$0.000
Number of options	4,800,000
Total value	**$71,500**

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

NOTES TO THE FINANCIAL STATEMENTS

27. SHARE BASED PAYMENTS (CONT)

Compensation options granted during the year ended 30 June 2012

	Vested No.	Granted No.	Grant Date	Value per Option at Grant Date $	Terms & Conditions for Each Grant: Exercise Price $	First Exercise Date	Last Exercise Date
Andries Kruger	300,000	300,000	03/10/11	0.061	0.345	03/10/11	30/06/2014
Michael Schultz	300,000	300,000	03/10/11	0.061	0.345	03/10/11	30/06/2014
	600,000	**600,000**					

Exercise price equals the approximate market price at date of the grant. All options were granted for nil consideration.

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

Options Cancelled

1,000,000 options lapsed during the reporting period ended 30 June 2013, including the 600,000 issued during the year ended 30 June 2012 (2012: Nil).

Options Exercised

No options were exercised during the reporting period ended 30 June 2013 (2012: Nil).

28. PARENT ENTITY INFORMATION

Statement of comprehensive income

	Parent 2013 $'000	Parent 2012 $'000
Loss after income tax	(11,365)	(9,392)
Total comprehensive loss	(11,365)	(9,392)

Statement of financial position

	Parent 2013 $'000	Parent 2012 $'000
Total current assets	14,028	31,364
Total assets	41,578	53,668
Total current liabilities	436	960
Total liabilities	436	960
Net assets	41,142	52,708
Equity		
Contributed equity	70,141	70,338
Reserves	2,645	2,649
Accumulated losses	(31,644)	(20,279)
Total equity	41,142	52,708

NOTES TO THE FINANCIAL STATEMENTS

28. PARENT ENTITY INFORMATION (CONT)

Guarantees entered into by the parent entity

The parent entity had no guarantees as of 30 June 2013 and 30 June 2012.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2013 and 30 June 2012.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2013 and 30 June 2012.

Significant accounting policies

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

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

DIRECTORS' DECLARATION

In the directors' opinion:

a) the financial statements and notes set out on pages 27 to 69 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and

(ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the financial year ended on that date, and

b) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.

Alistair Stephens
Managing Director

Dated 26th day of September 2013

Independent auditor's report to the members of Globe Metals and Mining Limited

Report on the financial report

We have audited the accompanying financial report of Globe Metals and Mining Limited (the company), which comprises the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for the Globe Metals and Mining Limited Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at 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 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 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 consolidated entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of Globe Metals and Mining Limited is in accordance with the *Corporations Act 2001,* including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 7 to 16 of the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Globe Metals and Mining Limited for the year ended 30 June 2013, complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Tim Goldsmith

Tim Goldsmith
Partner

Melbourne
26 September 2013