

# GBE.AU

## Globe Metals & Mining Limited

A\$ 0.21

26 September 2008  
 Uranium, Specialty Metals  
 Malawi, Argentina, Zambia, Tanzania  
 Early to advanced exploration  
 Exchanges: ASX:GBE

### Capital Profile

Share price (A\$)	0.21
52 week range (A\$/share)	0.18 to 0.68
Number of shares (m)	68
Options and warrants (m)	5.9
Convertible notes (m)	0
Fully diluted (m)	73
Market capitalisation (undiluted) (A\$m)	14.2
Debt (A\$m) - Sep 08F	0.0
Enterprise value (A\$m)	14.2
Major shareholders:	
Mark Sumich (9.3%), TGP-Axon (8.9%)	
Avg monthly volume (m)	1
Cash (A\$m) - Sep 08F	6.4
Price/Cash (x)	2.2
Price/Book (x)	1.2
Listed company options	No

### Investment Points

**Kanyika (central Malawi) – multi-commodity Nb-U-Ta-Zr deposit. Estimated ore value ~US\$120/t (~4g/t Au eq).**

**Kanyika initial resource includes 321mlbs at 0.26% Nb<sub>2</sub>O<sub>5</sub> (includes high grade zone of 116mlbs at 0.37%) and 8.9mlbs U<sub>3</sub>O<sub>8</sub>; high potential to increase resource.**

**Kanyika scoping study (Jun '08, Coffey) - 4ktpa Nb as FeNb, opex US\$13/kg-US\$20/kg Nb, capex US\$177m. Pre-feasibility study commenced Sep '08.**

**Key economic driver is Nb (>85% of forecast revenue) - high price growth of 20%pa over past 5 years - used in steel. Current Nb spot price (FeNb) ~US\$55/lb.**

**Kanyika drilling (6,000m 2H08) - high grade zone extended: results incl. 3m @ 4.4% Nb<sub>2</sub>O<sub>5</sub>, 0.16% U<sub>3</sub>O<sub>8</sub>.**

**Livingstonia (Malawi) – targeting Karoo sandstone, similar style to Kayelekera (15.6kt U<sub>3</sub>O<sub>8</sub>, PDN). Results include 8.1m @ 0.064% U<sub>3</sub>O<sub>8</sub>. Drilling 1H09.**



### Production and Financial Forecasts

YEAR END: June	Jun-08a	Sep-08F	2007a	2008a	2009F
Exploration and evaluation (A\$m)	0.73	1.20	1.36	3.65	5.40
Corporate (A\$m)	0.45	0.25	0.73	1.52	1.00
Exploration/(Expl.+ Corporate) (%)	62	83	65	71	84
Funding duration at current burn (years)	6.6	4.4	4.9	1.5	3.5
Shares on issue (pr end) (m shares)	67.6	67.6	50.3	67.5	40.7
Drilling - RAB (m)	0	0	0	0	0
Drilling - Other/Diamond (m)	4,000	4,000	6,000	16,700	14,000
Land holding ('000 ha)*	275	275	209	275	275
Tenement costs (\$/k per year)	-	-	-	-	-
Capital raisings (A\$m)	0.09	0.00	8.08	3.02	20.60
Funding from JV partners (A\$m)	0	0	0	0	0
Cash (A\$m)	7.7	6.4	10.2	7.7	22.2
Cash backing (Ac/share)	11.4	9.4	20.3	11.5	54.6
Net asset backing (Ac/share)	19.3	19.1	23.3	19.3	81.0

\*Uranium prospective tenements only, both held and under application.

Quarters refer to calendar year.

### Company Comment

**Introduction:** Globe Metals and Mining listed Dec '05. The Company is focused on uranium and specialty metals exploration and has early to mid-stage projects in Malawi (175,000 hectares).

**Kanyika (uranium, central Malawi):** GBE is targeting uranium and specialty metal mineralisation in an alkalic granitoid (similar to Rossing or Goanikontes deposits) with strike length 3.5km+:

- Resource and grade** - drilling confirms U<sub>3</sub>O<sub>8</sub> and tantalum, niobium and zirconium, over five strike-parallel high-grade zones within a larger mineralised envelope. Inferred JORC resource defined over 2.1km strike: 56.4mt @ 0.26% Nb<sub>2</sub>O<sub>5</sub> (320.7mlbs), 0.007% U<sub>3</sub>O<sub>8</sub> (8.9mlbs), 0.0120% Ta<sub>2</sub>O<sub>5</sub> (14.5mlbs) and 0.48% ZrSiO<sub>4</sub>. High-grade resource at 3,000ppm Nb<sub>2</sub>O<sub>5</sub> cut-off is 14.1mt. Deposit is open in 3 directions. 6,000m resource drilling from Jun '08 – statement expected 1Q09. Sep '08 results from high-grade extension include 21m @ 1.03% Nb<sub>2</sub>O<sub>5</sub>, 0.053% Ta<sub>2</sub>O<sub>5</sub> and 0.037% U<sub>3</sub>O<sub>8</sub>.
- Favourable Mining Potential** - the deposit could be mined open-pit with low strip ratio of 0.5-0.9 and has the advantage of having a higher-grade, near surface area - critical for early mining/capex payback. Scoping study (Coffey, Jun '08) examined 4ktpa Nb production as FeNb alloy, with 59tpa Ta<sub>2</sub>O<sub>5</sub> and 11.4-13.7ktpa ZrSiO<sub>4</sub> (processing 2.2-3.5mtpa) bringing ~US\$3bn revenue and ~US\$1.1bn free cash flow over 20yr LOM, capex US\$177m with < 2 year payback, opex US\$21/t-US\$44/t (US\$13/kg to US\$20/kg Nb). Study accuracy +/-30-50%. Uranium would report to aluminous slag for potential future processing. Pre-feasibility study commenced Sep '08. Assuming prices of Nb (in FeNb) US\$35/kg (current spot ~US\$55/kg), Ta<sub>2</sub>O<sub>5</sub> US\$45/lb and ZrSiO<sub>4</sub> at US\$600/t, project potential NPV at 8% (real) is >A\$250m based on scoping study parameters.
- Metallurgy** – Phase 2 of testing began May '08. Phase 1 reported good recoveries via physical separation of pyrochlore and zircon concentrates (pyrochlore 72%) and acid leaching (eg Nb<sub>2</sub>O<sub>5</sub> and Ta<sub>2</sub>O<sub>5</sub> 98%, and U<sub>3</sub>O<sub>8</sub> 89%). Potential to produce FeNb alloy by pyrometallurgy. Phase 2 will include pilot-scale testing of 100t ROM sample and production of concentrate for potential buyers.
- Price Growth/Demand** - Niobium (used in steel) and tantalum (used in capacitors) experiencing high price growth – 20%pa in last 5 years. Current prices: Nb<sub>2</sub>O<sub>5</sub> US\$10-13/lb; Ta<sub>2</sub>O<sub>5</sub> US\$45-47/lb.

**Livingstonia (uranium, northern Malawi):** GBE is targeting roll-front deposits in Karoo sandstones similar to, and in the region of, the Kayelekera deposit (15.6kt, 34.3mlbs U<sub>3</sub>O<sub>8</sub>, ASX:PDN). **Chombe** (roll-front style) - economic grades over an area of 600m x 1,000m in three parallel zones, up to 15m thick. Results include 8.1m @ 0.064% U<sub>3</sub>O<sub>8</sub> with 3.1m @ 0.081% U<sub>3</sub>O<sub>8</sub> (2Q08) - similar results were returned Sep '08 for the third, eastern zone. Uranium has also been found at the **Chiweta** radiometric anomaly, including 6.2m @ 0.021% eU<sub>3</sub>O<sub>8</sub> with 0.9m @ 0.054% eU<sub>3</sub>O<sub>8</sub>. Further drilling 1H09.

**Investment Comment:** GBE's most advanced project, Kanyika, has developed quickly – from a grassroots project 2 years ago and at a cost of A\$4m – to have a JORC resource (supporting a potential 20+ year operation) and scoping study. With high leverage to niobium, encouraging metallurgical results, and recent high-grade intercepts, GBE has commenced a pre-feasibility study. While early stage, the project has considerable upside potential as milestones are met (scoping study derived NPV of >A\$250m). GBE also has a portfolio of prospective early-mid stage uranium exploration targets, in particular Livingstonia (drilling ongoing) and the potentially Kanyika-style Bele Dambo.

### Reserves and Resources/Mineralised Material

Code for reporting mineral resources - Australian: (JORC)

Uranium, Niobium	Classification/	Project	Ore	Cut off	U <sub>3</sub> O <sub>8</sub>	U <sub>3</sub> O <sub>8</sub>	Nb <sub>2</sub> O <sub>5</sub>	Nb <sub>2</sub> O <sub>5</sub>
U <sub>3</sub> O <sub>8</sub> , Ta <sub>2</sub> O <sub>5</sub>	Geology	Equity	Mt	Nb <sub>2</sub> O <sub>5</sub>	%	Mib	%	Mib
				ppm				
<b>Reserves</b>						0.0	0.00	0.0
<b>Resources</b> - Kanyika	Inferred	100%	56.4	1,500	0.007	8.9	0.26	320.7
<b>Mineralised Material</b> (est., non compliant with JORC)						0.0	0.00	0.0

Resource also contains: 0.012% Ta<sub>2</sub>O<sub>5</sub> for 14.5mlbs and 0.48% ZrSiO<sub>4</sub> for 600.5mlbs.

### Contacts

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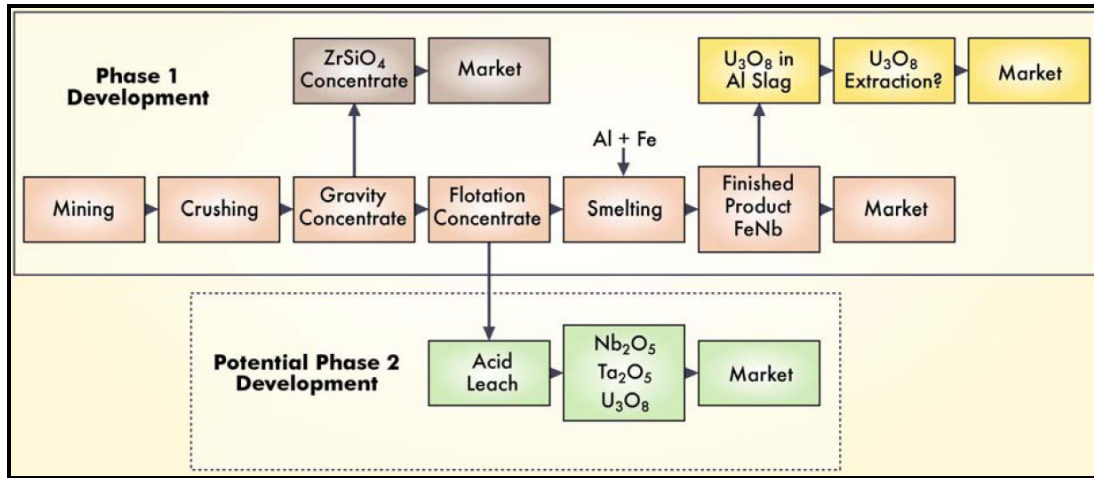
### Directors

D Sumich (Non-Exec Chair)  
 M Sumich (MD)  
 P van der Borgh (Tech. Dir)

### Key Projects

Project	Ownership/	JV	Target	Process	Project	Location
	Option	Partner	Type	Route	Status	
Kanyika	100%	U (Nb,Ta)	none	Granitoid	na	Scoping Malawi
Livingstonia	100%	U	none	S'stone	na	Mid. Expl. Malawi
Nthaire	100%	U	none	S'stone	na	Early Expl. Malawi
Belele Dambo	100%	U (Nb,Ta)	none	Granitoid	na	Early Expl. Malawi
Cerro Tin Tin	100%	U (V)	none	Shear	na	Early Expl. Argentina
Mhukuru	90%	U	Central Ener.	S'stone	na	Early Expl. Tanzania
Mazanga	90%	U	Central Ener.	S'stone	na	Early Expl. Zambia

Proposed process flowchart for GBE's Kanyika Project, Malawi, from the scoping study (Coffey, Jun '08). Note that uranium reports to waste during FeNb production but could be recovered by expanding the plant to produce high purity metal oxides (Phase 2).



Niobium price sensitivities and NPVs for the Kanyika Project. Modelling does not include potential revenues from a possible Phase 2 expansion to produce uranium.

KANYIKA SPECIALTY METALS PROJECT (NPV based on Coffey Scoping Study)						
		Equity			Sensitivity	
LONG TERM NIOBIUM PRICE (per kg in FeNb alloy)*	:US\$/kg	25	35	45	55	65
EXCHANGE RATE	:AUUS	0.90	0.90	0.90	0.90	0.90
KANYIKA NPV @ 8% REAL*	:A\$m	100%	54	182	309	436
KANYIKA NPV @ 8% REAL*	:US\$m	100%	49	164	278	393
NPV/SHARE	:A\$/share		0.81	2.69	4.57	8.35
* Includes a scoping study stage project discount of 50% of the project valuation:		50%				
*Niobium prices are modelled as flat line for 20 years. Spot US\$55/kg.						

**KANYIKA SPECIALTY METALS PROJECT KEY ASSUMPTIONS\***

RESOURCE ESTIMATES						
Current inferred resource		<b>Ore</b>	<b>Nb</b>	<b>Ta</b>	<b>Zr</b>	<b>U</b>
		<b>Mt</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Model does not include uranium production		56.4	0.30	0.012	0.48	0.007
		<b>Contained metal, mlbs</b>	<b>320.7</b>	<b>14.5</b>	<b>600.5</b>	<b>8.9</b>
MINING METHOD	Open Pit					
PROCESS METHOD	Dedicated Specialty Metals Plant Gravity (incl. separation of zircon), flotation, aluminothermic smelting for FeNb (+Ta) alloy					
PRODUCTION RATE		<b>Year 1</b>	<b>Year 20</b>	Head grade falls from >0.25% Nb <sub>2</sub> O <sub>5</sub> to ~0.25% Nb <sub>2</sub> O <sub>5</sub>		
	:mtpa	2.2	3.5			
	:tpa Nb	4,000	4,000			
	:strip ratio	0.5	0.9			
CAPITAL COSTS	:US\$	177m	(+97m)	Two expansions, in yrs 3 & 6. Sustaining capex \$5.2mpa.		
RECOVERIES TO CONCENTRATE	:%					
Nb <sub>2</sub> O <sub>5</sub>		72.9				
Ta <sub>2</sub> O <sub>5</sub>		65.9				
U <sub>3</sub> O <sub>8</sub>		72.9				
ZrSiO <sub>4</sub>		85				
DOWNSTREAM RECOVERY		90				
OPERATING COSTS	:US\$/t	17 to 24				
TAX	:%	30	Company tax in Malawi			
ROYALTY	:%	3	ASX:PDN at Kayelekera pays 1.5% for first 3 yrs, then 3%			
MINE LIFE	:Years	20				
COMMISSION DATE	:	Post 2012				

\* These figures are preliminary in nature and are intended to provide only a general indication of project potential scale and economic robustness. Considerable refinement may result from subsequent pre-feasibility study, expected in 1Q09.

## Disclosure and Disclaimer

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