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Bankable feasibility study underway on niobium project

Investment Rationale

- GBE has assembled a portfolio of mineral interests in the adjoining African countries of Malawi and Mozambique. These interests include the commodities of niobium, an increasing component of steel manufacture, rare earth elements which have an increasing role in high technology applications and fluor spar which is the main source of fluorine. Mining and separation of rare earth elements and the production of fluor spar is dominated by China which is tightening its protectionist policies. This scenario, together with increasing niobium consumption places the company's portfolio in the right commodities at the right time with regard to demand and thus price stability or perhaps appreciation.
- The company's current main thrust is the production of a bankable feasibility study on its main asset, the Kanyika niobium project in Malawi. The study is largely funded by a South African multi-disciplinary group. An enhanced scoping study shows an NPV of US\$200 million, capital costs of US\$152 million and annual revenues of US\$152.5 million over an expected mine life of at least 20 years.
- Comparison with IAMGOLD's operating Niobec operation in Quebec shows that the projects have similar resource tonnages. A higher grade of ore at Niobec (6,200 ppm vs 3,831 ppm Nb₂O₅) is compensated for through the planned production of tantalum and uranium oxides as by-products at Kanyika where inexpensive open pit mining will be employed compared to deep underground mining at Niobec. Annual production is similar, with Kanyika producing 3,000 tonnes of FeNb directly and by-products that equate to about 900 tonnes of FeNb.
- Machinga joint venture entered into with Resource Star over a 7 km long anomaly in southern Malawi that contains elevated levels of rare earth elements plus niobium and tantalum. Initial results from a trenching program indicate an enhanced ratio of heavy rare earth oxides to total rare earth oxides, considerably higher than most operating mines and deposits worldwide. Results in particular indicate a high proportion of the valuable rare earth element dysprosium.
- Agreement to acquire up to a 90% interest in the high grade Mount Muambe fluor spar project in Mozambique. Fluor spar accounts for over 90% of the world's consumption of fluorine. Recent sampling by the company has produced encouraging results and historical testwork has shown that basic grinding and flotation produces a product of which 60% reports as premium concentrate with a further 20% available as a saleable although lesser valued product. With China dominating the production and consumption of fluor spar, and imposing restrictions, there have been a number of initiatives taken by corporations outside of China to increase fluor spar production. The price of the premium product has responded and is currently in the range of US\$250 to US\$270 per tonne.
- Farm out of Livingstonia sandstone hosted uranium project in northern Malawi to Resource Star.

Snapshot

Last Price	\$0.155
Market Capitalisation	\$14.5 million
52 Week High	\$0.38
52 Week Low	\$0.115
Sector	Metals & Mining
Shares on Issue	93.8 million
Performance shares	4.5 million
Unlisted options	5.9 million
Monthly Share Turnover	5.0 million shares
Cash	\$3.4 million
Major Shareholder – UBS Nominees	6.83%

Price Chart



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Globe Metals & Mining Limited

GBE

21 May 2010

KANYIKA NIOBIUM DEPOSIT - MALAWI

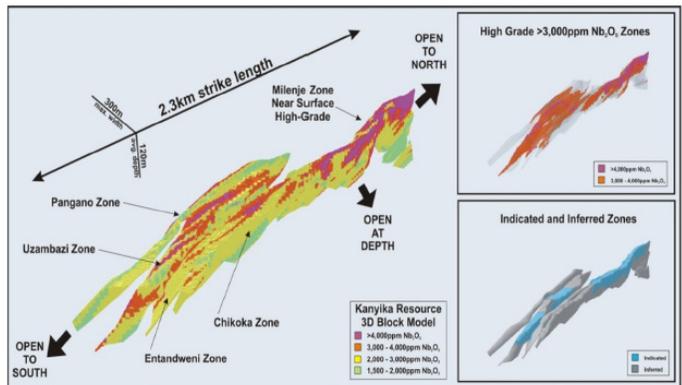
GBE's principal focus is the multi-commodity Kanyika niobium deposit in central Malawi. In addition to niobium the deposit contains uranium, tantalum and zircon. Currently the deposit contains an indicated and inferred resource of 55.3 million tonnes averaging 0.3% Nb₂O₅. Recently the company entered into a joint venture with South African multi-disciplinary company Thuthuka Group Ltd under which that company is to invest US\$10.6 million to earn a 25% interest in the project. This funding is expected to meet approximately 85% of the cost of a bankable feasibility study (BFS) which commenced in August 2009.

Currently there is a dispute between the company and Thuthuka over aspects of the BFS with the result that Thuthuka has advised the company that it has suspended all works on the parts of the BFS that it is undertaking, until these matters are resolved. The areas of disagreement relate primarily to the timing and mode of carrying out the concentrate optimisation program that has commenced at Mintek in Johannesburg and a planned bulk sample extraction to feed the pilot plant. The timing for completion of the BFS, previously forecast to be mid 2011, is uncertain. An updated mineral resource estimate is expected to be released by the company shortly.

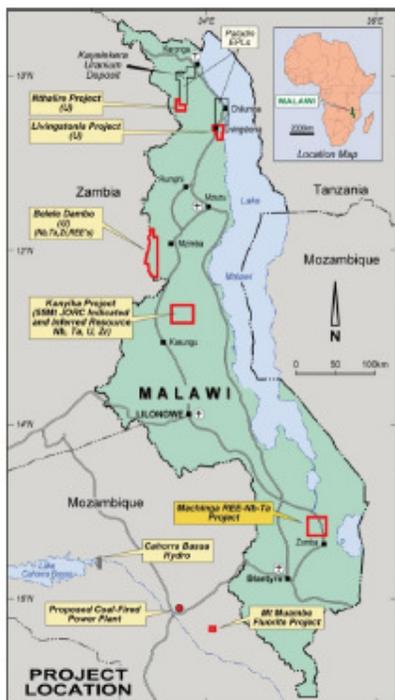
The BFS follows on from a scoping study that was conducted by Coffey Mining and reported in mid 2008. That study was subsequently updated and enhanced by the company enabling it to announce a project NPV of approximately US\$200 million in May 2009. Significant changes to the previous study involved modifications to the processing flow sheet and an upgrade of the previous resource estimate which now provides for higher grade mill feed in the initial years of operation.

The process flow sheet now incorporates two stages of acid leaching of the flotation concentrate, recovery of niobium oxide through solvent extraction, and smelting of the relatively pure product to produce a high specification ferro-niobium.

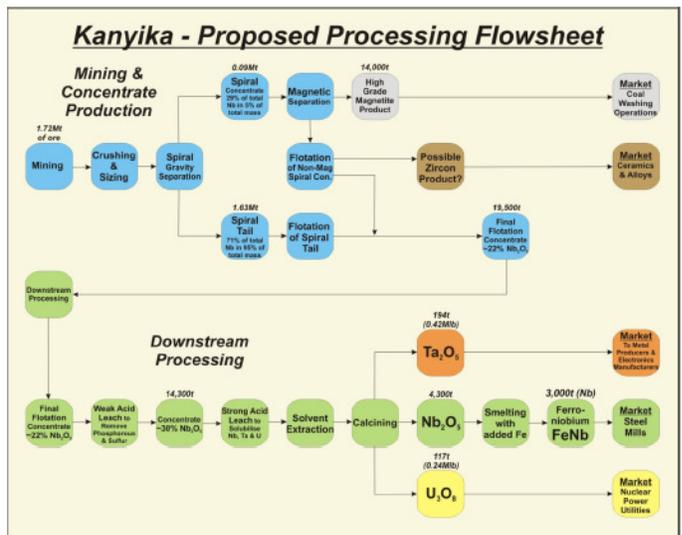
The first stage of acid leaching uses a weak acid in order to remove impurities, such as phosphorous, and to reduce the mass and increase the niobium grade of the concentrate. Test work has been highly successful in this regard, removing the vast majority of deleterious elements, and upgrading the concentrate from ~22% Nb₂O₅ to ~30% Nb₂O₅, with a reduction in mass of 27%.



Kanyika niobium deposit



Malawi mining and exploration projects



Proposed processing flowsheet

In the scoping study the company contemplated two production scenarios, being either 3,000 tpa or 4,000 tpa of niobium products. The company is now considering one scenario of 3,000 tpa. The second stage of acid leaching uses strong acids to completely solubilise all niobium, tantalum and uranium. Solvent extraction techniques are then used to extract relatively pure Nb₂O₅, Ta₂O₅ and U₃O₈. The pure Nb₂O₅ is then smelted, with added iron, to produce a high specification FeNb. Zircon related products are not included in the recent study as there is doubt as to whether they could be economically recovered.

Globe Metals & Mining Limited

GBE

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Annual revenues over the 20 year life of mine are US\$152.5 million, representing an operating margin of 49% in the first eight years of the operation. The revenue split is niobium (77%), tantalum (15%) and uranium (8%). Capital costs for the project are estimated at US\$152 million with a payback period of 2.1 years. Commencement of production is anticipated in 2013. The company has recently negotiated a third MOU for the supply of niobium. This agreement, covering 500 tonnes of niobium oxide per annum, takes the total of contained niobium metal under non-binding MOUs to 1,360 tonnes.

the Kayelekera uranium project and the potential development of the country's endowment of the increasingly sought after commodities of niobium, rare earth elements and fluorspar are certainly positives for the nation's growth.

Kanyika annual production

	Ferro-Niobium	Tantalum	Uranium/Yellowcake
Kanyika Production (p.a.)	> 3,000t	> 194t/0.43Mlbs	> 117t/0.26Mlbs
Market Share (%)	> 3-4% (2013)*	> 8%	> <0.2%
Market Size 2008 (p.a.)	> 67,000t	> 5.3 Mlbs	> 63,000t
Kanyika Production	> Primary	> By-product	> By-product
Price (Globe Fin. Model)	> US\$39/kg (metal)	> US\$65/lb	> US\$50/lb
Globe Revenue (%)	> 77%	> 15%	> 8%
Customers	> Steel mills	> Capacitor manuf.	> Nuclear power plants
Product Specification	> 66.5% Nb, 33.5% Fe	> 99% Ta ₂ O ₅	> Standard grade

Niobium market

Company	Mine	Nb Production 2008	Market %
CBMM	Araxa, Brazil	51,000	76.1%
Anglo American	Catalao, Brazil	5,000	7.5%
IAMGOLD	Niobec, Canada	4,200	6.3%
Chinese/Others	Purchased ores	1,500	2.2%
Total FeNb (Nb content)		61,700	92.1%
Non-Steel Nb production	Various	5,300	7.9%
Total Nb Production		67,000	100%

New Producers	Mine	Nb Production	Year
Globe	Kanyika, Malawi	3,000	2012
Rosspetsplav	Luoshe, DRC/Russia	1,500	2009

(Note: Kanyika production commencement now forecast as 2013)

Over 90% of niobium production is consumed in the steel industry in the form of FeNb. The addition of niobium to molten steel acts as a grain refiner, encouraging formation of a micro-structure that adds toughness, corrosion resistance, tensile strength, formability and strength. In excess of 95% of FeNb is traded on annual, privately negotiated, off-take contracts between mills and producer. It is estimated that annual market size is in the order of 67,000 tonnes of contained niobium which at an average price of US\$42/kg for niobium metal represents a total value of US\$2.8 billion. The FeNb market is forecast to grow at 15% per annum over the next four to five years.

The first draft of a development application is expected to be submitted to the Government of Malawi in the near term. It is expected that, similar to Paladin Energy's (PDN) Kayelekera uranium mine development, project equity will be exchanged for fiscal and other concessions to the project. In July 2009, PDN issued 15% of equity in the Kayelekera Project holding company to the Government of Malawi. Over the past seven years Malawi's economy has continued to grow, boosted by an expansion of the telecommunication industry and high tobacco and maize harvests. However this growth has led to rapidly rising imports and foreign exchange shortages, which threaten the sustainability of the country's macroeconomic performance. Developments such as

Comparison with IAMGOLD's Niobec project

	Niobec Mine	Kanyika Project ¹
Owner	IAMGOLD (TSX: IMG)	Globe (ASX: GBE)
Location	Quebec, Canada	Mzimba, Malawi
Commencement of FeNb Production	1994	2012
Resources/Reserves (Mt)	52.3 (incl. 23.4 reserves)	55 (Indicated + Inferred resources)
Grade (ppm)		
- Nb ₂ O ₅	6,200*	3,831
- Ta ₂ O ₅	n/a	173
- U ₃ O ₈	n/a	104
- eNb ₂ O ₅ *	6,200	4,769
Mining Method	Underground (>400m)	Open pit (from surface)
FeNb Production Capacity (tpa) (Nb metal content)	4,500	3,000 (+194t Ta ₂ O ₅ , 117t U ₃ O ₈)
FeNb Production (tpa)	4,200	As above
Mined Material (Mtpa)	1.80	2.78
Mill Feed (Mtpa)	1.79	1.72 (0.6:1 strip ratio)
Recovery (%)	58*	65
Revenue (US\$m)	143.1	152.5
FeNb Price (US\$/kg)	37.5*	39
Operating Profit (US\$m)	79.6 (Q4 23.7)	74.3
Operating Margin (%)	56% (Q4 65%)	49%
Implied Market Capitalisation (US\$m)	281* (-3.5x 08 EBITDA) ²	5.6

MACHINGA RARE EARTH PROJECT - MALAWI

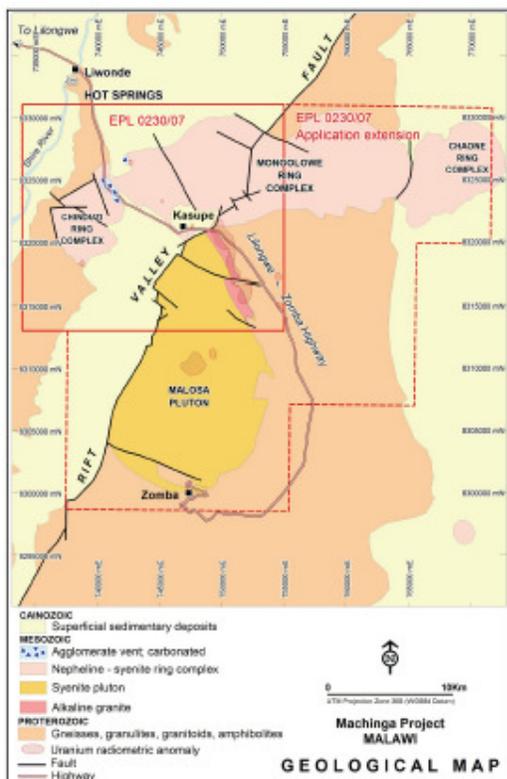
GBE has entered into a joint venture under which it may acquire up to an 80% interest in the Machinga rare earth oxide (REO) project from Resource Star Ltd (RSL). The project is located north of Zomba in southern Malawi. The licence area is dominated by rocks of the Mesozoic Chilwa alkaline province and the REE-Nb-Ta mineralisation at Machinga is associated with the eastern margin of the Malosa pluton where ground radiometrics have identified a 7 km long anomaly. Previous rock chip sampling by RSL achieved peak results of 2.64% total rare earth oxides (TREO), 2.99% Nb₂O₅ and 1,673 ppm Ta₂O₅. The average of the top 25% of 126 rock chip samples was 1.1% TREO, 8,400 ppm Nb₂O₅ and 472 ppm Ta₂O₅.

Following receipt of further soil sampling results the company commenced a trenching program. Results from the first trench returned three individual widths consisting of 5 metres averaging 9,797 ppm TREO, 7 metres averaging 12,630 ppm TREO and 6 metres averaging 8,845 ppm TREO. Estimated true widths are 60-70% of intercepted widths. The ratio of Heavy Rare Earth Oxides to TREO averaged between 33% and 38%. These ratios exceed most of the operating mines and deposits worldwide.

For example, the Nechalacho deposit in Canada has a ratio of 20%, Kvanefjeld in Greenland has 14%, Mt Weld in Australia has 3% and Bayan Obo in China has 2%. In addition, the high value rare earth element dysprosium gave a very high ratio – averaging 3.3-3.8% Dy₂O₃:TREO. These ratios surpassed those returned from previous soil sampling by RSL and exceed most major REE deposits worldwide which have much lower Dy₂O₃:TREO ratios of between 0.1 and 0.5%. The Machinga REO mineralisation appears to have higher heavy rare earth ratio (HREO) at 25-28% than all of the major operating mines and deposits worldwide. Comparisons include Avalon Rare Metals' Nechalacho deposit in Canada which has a HREO ratio of 20%, Kvanefjeld in Greenland

with 14%, Mt Weld in Australia with 3% and Bayan Obo in Mongolia with 2%. The high ratio of the high value dysprosium contrasts with the normal value of between 0.1% and 0.5% for most deposits worldwide. The global dysprosium oxide market is projected to be 1,600 tonnes in 2010.

GBE will sole fund exploration up to the completion of a feasibility study and in doing so earn staged equity through the achievement of defined exploration and assessment hurdles over a maximum 8 year period. Phase 1 involving exploration expenditure of US\$250,000 is expected to include an initial drill program.



Location of Machinga Rare Earth project

Rare Earth Oxide		US\$/kg
Lanthanum Oxide – La ₂ O ₃	light	6.30
Cerium Oxide - CeO ₂	light	5.85
Praseodymium Oxide - Pr ₂ O ₃	light	28.60
Neodymium Oxide – Nd ₂ O ₃	light	26.70
Samarium Oxide – Sm ₂ O ₃	light	3.40
Europium Oxide – Eu ₂ O ₃	heavy	524.00
Gadolinium Oxide – Gd ₂ O ₃	heavy	7.86
Terbium Oxide – Tb ₂ O ₃	heavy	490.00
Dysprosium Oxide – Dy ₂ O ₃	heavy	197.50
Holmium Oxide – Ho ₂ O ₃	heavy	25.38
Erbium Oxide – Er ₂ O ₃	heavy	25.50
Thulium Oxide – Tm ₂ O ₃	heavy	790.00
Ytterbium Oxide – Yb ₂ O ₃	heavy	155.30
Lutetium Oxide - Lu ₂ O ₃	heavy	238.00
Yttrium Oxide - Y ₂ O ₃	heavy	10.01

Indicative prices for Rare Earth Oxides

*Note: Prices are quoted, for comparative reasons, +99% pure, single rare earth oxides. However, it is unlikely the project would produce +99% single REOs, but rather some lower vale intermediate concentrate such as REE carbonate or HREO and LREO carbonate concentrates. Primary rare earth operations typically have recoveries in the range of 50% to 75%.

China controls around 95% of REO production and is believed to be considering restricting exports. It is reported that a draft report by China's Ministry of Industry and Information Technology has called for a ban on foreign shipments of terbium, dysprosium, yttrium, thulium and lutetium. Other metals such as neodymium, europium, cerium and lanthanum will also be restricted to a combined export quota of 35,000 tonnes a year. These measures will lead to an undersupply of REO and has sparked worldwide concern. Rare earth metals are vital ingredients in the manufacture of many high-tech products – including hybrid vehicles, mobile phones, computers, televisions and even smart missiles.

JOGMEC (Japan Oil, Gas and Metals National Corporation) has four exploration projects currently underway, and has advised that similar deals are likely to continue to seek security for rare earths. JOGMEC is primarily exploration focused, and would likely hand over projects to commercial partners as they approach the feasibility stage.

MOUNT MUAMBE FLUORSPAR PROJECT - MOZAMBIQUE

GBE has entered into an agreement to acquire up to a 90% interest in the high grade Mount Muambe fluor spar project in Tete Province, Mozambique. Fluorspar is a mineral composed of calcium fluoride, CaF₂. It accounts for over 90% of the world's consumption of fluorine.

Historical basic grinding and metallurgical flotation test work at Mount Muambe showed that 80% of the product was potentially saleable with 60% of the product reporting as premium concentrate averaging 97.2% CaF₂, which is suitable for the production of high purity acidspar. The remaining 20% of potentially saleable product averaged over 80.2% CaF₂ making it suitable for the production of metallurgical grade product (metspar). Acidspar currently accounts for 65-70% of world production, although this varies considerably from country to country, with South Africa, for example, producing 95% acidspar from its mined fluor spar. Acidspar is used in combination with sulphuric acid to produce hydrofluoric acid and with sulphuric acid and aluminium hydrate to produce aluminium fluoride. Metspar is used as a fluxing agent in the manufacture of steel, stainless steel, cement, ceramics and glass.

Recent rock chip sampling by the company as part of due diligence has returned a peak grade of 76% CaF₂, with an average of over 58% CaF₂ from a total of 26 samples that were submitted for analysis. The company plans to construct a 6 km access road and conduct an initial 1,000 metre drilling program.

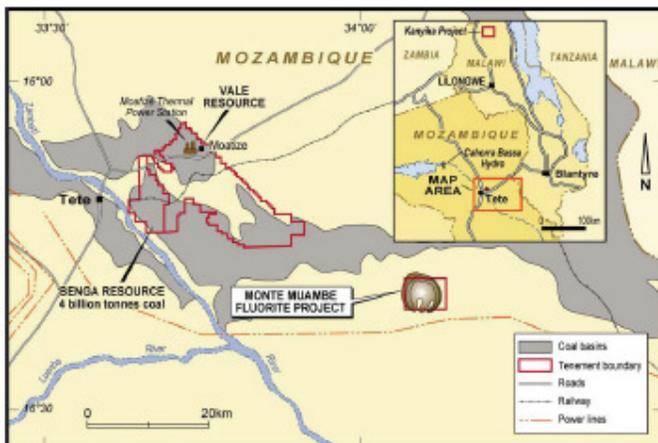
China dominates the production and consumption of fluor spar globally. Of the 5.5 million tonnes of fluor spar produced in 2009, China accounted for approximately 3.25 million tonnes and was also the single largest consumer. In order to preserve its fluor spar production for its domestic market, as well as encourage /mandate domestic downstream processing such as hydrofluoric acid production, Chinese authorities have imposed production restrictions. These include increasing the production tax to 15%.

The spot price of acidspar (China FOB) rose from \$US130-US\$140/tonne in January 2003 to US\$530-US\$550/tonne in December 2008, and is currently US\$250-US\$270/tonne, having risen considerably from 2009 lows.

With the general improvement in the global economic climate, in conjunction with strengthening fluorspar prices, there have been a number of corporate initiatives to increase fluorspar production outside of China. Canada Fluorspar Inc plans to resurrect an existing underground mine, Sephaku Holdings Ltd of South Africa plans to develop the Nokeng deposit and build South Africa's first fluorspar beneficiation plant while in Mexico, Fluorita de México SA has announced expansion plans through the acquisition of new concessions and Mexichem has acquired a downstream fluorochemicals acid production business.

Mount Muambe is a circular, carbonatite body approximately 6 km in diameter that was emplaced into Karoo sedimentary rocks and basalts. Carbonatites are often associated with rifting or other extensional stress regimes. For this reason, south east African countries situated near the East African Rift are particularly well endowed with carbonatites. They most commonly occur as extrusions such as volcanoes, often forming typical ring or crater structures. These unique rocks can be enriched with a host of different economic commodities ranging from copper to iron, titanium, niobium, thorium, uranium, rare earth elements, barium, fluorine, phosphorous and other rare or incompatible elements.

The Mount Muambe intrusion itself has built a prominent ring like structure where it has uplifted the resistant Karoo rocks, which now form steep hills. Inside the ring structure, within the carbonatite itself, the topography flattens considerably.



Location of Mount Muambe fluorspar project

SUMMARY

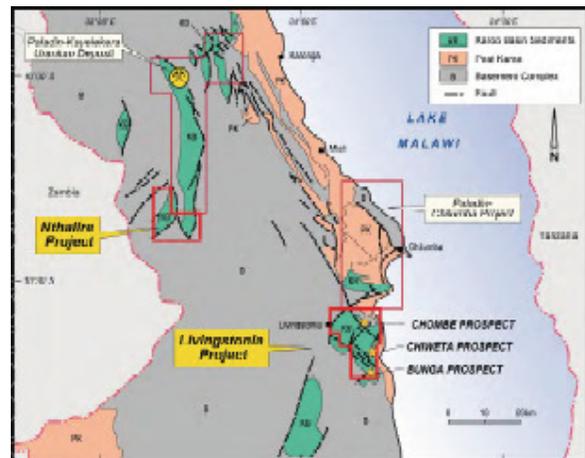
GBE is well advanced on a bankable feasibility study covering the Kanyika niobium deposit in Malawi. It has attracted South African multi-disciplinary group, Thuthuka, to invest funds to earn a 25% interest in the project. The market for niobium appears solid as it is an element that enhances the quality of steel with over 90% of annual niobium production consumed by the steel industry. In addition the company is well placed to advance the encouraging Machinga rare earth joint venture in Malawi. Further diversification may be provided by an agreement to acquire a 90% interest in a fluorite project in Mozambique. GBE offers an entry into a suite of industrial minerals focused in the south eastern portion of Africa. The company has already shown rapid and respectable progress on its Kanyika niobium deposit and has a firm exploration base in Malawi.

LIVINGSTONIA URANIUM PROJECT - MALAWI

GBE has farmed out its Livingstonia uranium project in northern Malawi. Under the agreement signed in March 2010, Resources Star (RSL) may earn up to an 80% interest in the project. The mineralisation appears to be a typical roll-front sandstone hosted deposit. In excess of 11,000 metres of drilling has been conducted on the project to date paving the way for an initial resource estimate. Drill intercepts from previous work include 15 metres averaging 402 ppm U₃O₈.

The geological setting of Livingstonia is equivalent to the recently opened Kayelekera mine, located less than 100 kilometres to the northwest.

RSL will undertake a technical and legal Due Diligence, of up to two months duration, prior to the commencement of the joint venture.



Location of Livingstonia uranium project

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