

# GBE.AU

7 September 2010  
Rare Metals, Uranium, Fluorine  
Malawi, Mozambique  
Bankable Feasibility Study (BFS)  
Exchanges: ASX:GBE

## Globe Metals & Mining Limited

A\$ 0.27

The 60Mt Kanyika Niobium Project (Malawi) had a recent 77% increase in Measured and Indicated resources. A mine plan is expected 3Q10, a Bankable Feasibility Study in 2011. Share price has jumped 80% in 3 months due to strong rare metals market.

### Capital Profile

Share price (A\$)	0.27
52 week range (A\$/share)	0.12 to 0.38
Number of shares (m)	94
Options and warrants (m)	3.2
Performance Shares (m)	5
Fully diluted (m)	102
Market capitalisation (undiluted) (A\$m)	25.4
Debt (A\$m) - Sep 10F	0.0
Enterprise value (A\$m)	25.4
Major shareholders: ANZ Nominees Ltd (10.7%) Ragusa Investments Ltd (6.7%), National Nom. (5.8%)	
Avg monthly volume (m)	14
Cash (A\$m) - Sep 10F	1.5
Price/Cash (x)	16.4
Price/Book (x)	1.5
Listed company options	No

### Investment Points

Valuation gap: Globe NAV (10% nom, 3Q10) based on scoping/feasibility study is A\$299m or ~A\$0.63/share post development funding - current market cap A\$25.4m.

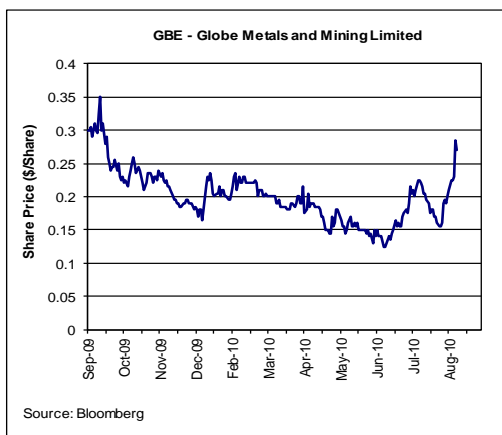
Kanyika Project BFS results expected 2011. Scoping Study (Jun '08, Coffey; update May '09) - 4ktpa Nb as FeNb, opex US\$13/kg-US\$20/kg Nb, capex US\$155m.

Key economic driver is niobium, used in steel. Nb price is extremely stable, LT forecast US\$39/kg in FeNb, current US\$41/kg. Nb 70-85% revenue; tantalum 15-30%.

Kanyika resource of 60mt has 174kt Nb<sub>2</sub>O<sub>5</sub> grading 0.29%, with 18.5mlbs tantalum as Ta<sub>2</sub>O<sub>5</sub> and 11.9mlbs U<sub>3</sub>O<sub>8</sub>, with 23mt Measured and Indicated.

MOU's for offtake covering 45% of forecast production.

Portfolio of exploration projects in Africa. Drilling results expected from Machinga Project (REE,Nb,Ta).



### Production and Financial Forecasts

YEAR END: June	Jun-10a	Sep-10F	2009a	2010F	2011F
Exploration and evaluation (A\$m)*	2.38	0.30	3.58	5.36	1.80
Corporate (A\$m)	0.19	0.35	1.75	1.03	1.40
Exploration/(Expl.+ Corporate) (%)	93	46	67	84	56
Funding duration at current burn (years)	0.9	2.4	0.5	0.4	0.6
Shares on issue (pr end) (m shares)	93.8	94.2	68.4	92.9	104.7
Drilling - RAB (m)	0	0	0	0	0
Drilling - Other/Diamond (m)	5,000	5,000	12,000	20,000	20,000
Land holding ('000 ha)*	279	279	275	279	279
Tenement costs (\$k per year)	-	-	-	-	-
Capital raisings (A\$m)	0.00	0.00	0.60	5.29	3.50
Funding from JV partners (A\$m)	1.2	0.0	0.0	7.1	0.0
Cash (A\$m)	2.3	1.5	2.8	2.3	2.0
Cash backing (A\$/share)	2.5	1.6	4.2	2.5	1.9
Net asset backing (A\$/share)	17.9	17.7	17.0	18.1	17.8

\* Exploration June 2010 includes JV contribution  
Quarters refer to calendar year.

### Company Comment

**Introduction:** Globe Metals & Mining listed on the ASX in December 2005. It is an African-focused rare metals resource company. Its main project is the multi-commodity Kanyika Niobium Project. Globe also has exploration projects focused on rare metals, fluorite and uranium projects.

**Kanyika (uranium, central Malawi):** GBE is targeting rare metals (niobium, tantalum), zirconium and uranium mineralisation in an alkalic granitoid in central Malawi. The main ore minerals are disseminated pyrochlore (Nb, Ta, U) and zircon (Zr). GBE aims to bring Kanyika into production in late 2012, or 2013.

**Resource and grade** – The current resource is 60mt, with a recent 77% increase in Measured and Indicated tonnes (now 23Mt). The resource is defined to 300m width, 250m depth and 2.3km of ~3.8km known strike within 5 zones: 60mt @ 0.29% Nb<sub>2</sub>O<sub>5</sub> (174kt), 0.009% U<sub>3</sub>O<sub>8</sub> (11.9mlbs), 0.014% Ta<sub>2</sub>O<sub>5</sub> (18.5mlbs) and 0.5% ZrSiO<sub>4</sub>. There is a high-grade resource at 3,000ppm Nb<sub>2</sub>O<sub>5</sub> cut-off, of 21mt with 0.41% Nb<sub>2</sub>O<sub>5</sub> of which 10mt is M&I grading 0.47% Nb<sub>2</sub>O<sub>5</sub>. The deposit is open along strike in both directions (N-S). There is a high-grade Exploration Target of 40-50Mt @ 0.37-0.4% Nb<sub>2</sub>O<sub>5</sub>.

**Metallurgy** – GBE aims to produce ferro-niobium (FeNb) for the steel industry, as well as oxides of niobium, tantalum and uranium, and possibly magnetite (iron oxide) and zircon. Studies commenced in 2008: two initial Phases reported encouraging costs and recoveries, and work is entering Stage 3 (bulk testing pilot program). Studies were on hold due to a dispute with a former JV partner (Thuthuka Group); however, concentration and hydrometallurgical testing could recommence from 3Q10 and 4Q10.

**Mining Potential** - the deposit could be mined open-pit with low strip ratio of 0.5-0.9. Higher-grade, near surface Measured and Indicated resources could be targeted first (critical for early payback of capex). A Scoping Study (Coffey, Jun '08; updated May '09) 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) with a 20yr LOM. Uranium would report to aluminous slag for potential future processing. Current (revised) model prefers mining 1.5mt-2.5mtpa, for 3,000tpa Nb and 192tpa Ta<sub>2</sub>O<sub>5</sub> over life-of-mine. Capex US\$155m, opex US\$40.3/t. A Bankable Feasibility Study (BFS) is in progress, and a pit design should be completed in 3Q10 (Coffey Mining).

**Other Projects:** GBE has exploration projects in Malawi and Mozambique that could provide positive newflow in the near term. The main focus is on **Machinga** (Southern Malawi), for pegmatite-hosted REE-Nb-Ta-Zr. Trenching in 2Q10 included 10m @ 1% TREO (total REO) and 0.5% Nb<sub>2</sub>O<sub>5</sub>, with 0.34% HREO. Drilling results expected Sep '10. The **Mount Muambe Fluorite Project** could be drilled in 3Q10.

**Investment Comment:** Based on our NAV for Globe of A\$299m (@10% nom), GBE's share price could pass A\$0.50 as Kanyika milestones are reached, including the BFS and permitting. Other potential value drivers: exploration success in Malawi and Mozambique (Nb-Ta, REE, F, U); establishing ore reserves at Kanyika; successful project funding in 2011; and increasing demand and prices for niobium, tantalum and potentially zirconium. The exit of Thuthuka as a Kanyika JV partner, while a setback for the BFS, has returned 100% control of the project to GBE. The company has a good technical understanding of Kanyika and it could move forward without a partner until project financing is required. Increasing investor confidence and the strong rare metals market has seen an 80% share price rise in 3 months.

### Reserves and Resources/Mineralised Material

Code for reporting mineral resources - Australian: (JORC)

Code for reporting mineral resources - Austr (JORC)

Nb, Ta, U	Classification	Project Equity	Ore Mt	Nb <sub>2</sub> O <sub>5</sub> %	c/off Nb <sub>2</sub> O <sub>5</sub> %	Ta <sub>2</sub> O <sub>5</sub> %	U <sub>3</sub> O <sub>8</sub> %	Nb <sub>2</sub> O <sub>5</sub> kt
			0.0	0.0		0.0	0.00	0.0
Kanyika	Meas, Ind, Inf*	100%	60.0	0.29	0.15	0.014	0.009	174.0
			0.0	0.0		0.0	0.00	0.0

\*5Mt measured, 18Mt Indicated, 37Mt Inferred

### Contacts

Mr Mark Sumich  
Managing Director  
Tel: +61 (0) 8 9486 1779  
West Perth, WA, Australia  
[www.globemetalsandmining.com.au](http://www.globemetalsandmining.com.au)

### Directors

M Sumich (Exec Chair, MD)  
D Sumich (Non Exec)  
J Stephens (Non Exec)  
W Hayden (Non Exec)

Analyst: Dr Trent Allen  
trentallen@rcresearch.com.au

### Key Projects

Project	Ownership/		JV Partner	Target Type	Process Route	Project Status	Location
	Option	Metal					
Kanyika	100%	U (Nb,Ta)	none	Granitoid	Acid leach	BFS	MW
Machinga	0%/80%	REE	ASX:RSL	Pegmatite	na	Mid Expl	MW
Salambidwe	100%	REE	ASX:RSL	Pegmatite	na	Early Expl	MW
Mount Muambe	0%/90%	F	none	Carb'tite	na	Early Expl	MZ
Livingstonia	100%/20%	U	ASX:RSL	S'stone	na	Adv Expl	MW

**Kanyika Project Valuation: economics are sensitive to the niobium price, with target set at US\$39/kg Nb in ferroniobium (current is ~US\$40/kg). The fully diluted share price target is A\$0.63/share allowing for dilution at A\$0.25/share.**

**GLOBE METALS AND MINING VALUATION**

	Equity	Niobium (kt)	Valuation US\$/kg	Target	Valuation Sensitivity	
				Price A\$m	(Low) A\$m	(High) A\$m
<b>Projects</b>						
+ Kanyika Resource	100%	174.00	1.01	220	26	736
+ Kanyika exploration	100%	160.00	0.37	74	3	52
+ Regional exploration	100%			5	1	10
Sub Total				299	30	798
+ Cash				1.5	1.5	1.5
+ Tax Losses				0.0	0.0	0.0
- Debt				0.0	0.0	0.0
- Corporate				2.0	2.0	2.0
Sub Total				-0.5	-0.5	-0.5
<b>GBE NET ASSET VALUE</b>				<b>299</b>	<b>30</b>	<b>798</b>
<b>Capital Structure</b>						
Shares				94	94	94
Fully Diluted Shares				102	102	102
<b>GBE NET ASSET VALUE PER SHARE</b>			<b>:A\$/share</b>	<b>3.18</b>	<b>0.31</b>	<b>8.48</b>
<b>GBE NET ASSET VALUE DILUTED</b>			<b>:A\$/share fully diluted</b>	<b>2.93</b>	<b>0.29</b>	<b>7.82</b>
With dilution at A\$0.50/share to raise 50% of US\$150m			<b>:A\$/share fully diluted</b>	<b>1.03</b>		
With dilution at A\$0.25/share to raise 50% of US\$150m			<b>:A\$/share fully diluted</b>	<b>0.63</b>		

**KANYIKA SPECIALTY METALS PROJECT (NPV based on June 2010 resource, June 2008 Scoping Study and May 2009 update)**

	Equity	Sensitivity					
LONG TERM NIOBIUM PRICE (per kg in FeNb alloy)^	:US\$/kg	25	35	45	55	65	
EXCHANGE RATE	:AUUS	0.80	0.80	0.80	0.80	0.80	
KANYIKA NPV @ 10% NOMINAL*	:A\$m	100%	26	204	381	559	736
KANYIKA NPV @ 10% NOMINAL*	:US\$m	100%	21	163	305	447	589
<b>NPV/SHARE</b>	<b>:A\$/share</b>		<b>0.28</b>	<b>2.17</b>	<b>4.06</b>	<b>5.94</b>	<b>7.83</b>
* Includes a pre-BFS discount of 30% of the project valuation:			30%				
^Niobium prices are modelled as flat line from start of production. Long term FeNb is US\$39/kg (Nb), Ta <sub>2</sub> O <sub>5</sub> US\$65/lb, U <sub>3</sub> O <sub>8</sub> US\$46/lb							
<b>GBE's equity assumed to be 100%; however, Govt of Malawi could hold 15% in return for fiscal trade-offs such as tax and royalty reductions</b>							

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

RESOURCE ESTIMATES					
Current JORC Indicated and Inferred resource (1,500ppm Nb <sub>2</sub> O <sub>5</sub> cut-off)	Ore	Nb <sub>2</sub> O <sub>5</sub>	Ta <sub>2</sub> O <sub>5</sub>	ZrSiO <sub>4</sub>	U <sub>3</sub> O <sub>8</sub>
	Mt	%	%	%	%
<i>Model does not include zircon production</i>	60	0.29	0.014	0.50	0.009
	Contained metal, mlbs	383.6	18.5	661.4	11.9
	Contained metal, kt	174.0	8.4	300.0	5.4
MINING METHOD	Open Pit				
PROCESS METHOD	Dedicated Specialty Metals Plant Concentrate: crush, gravity (incl. separation of zircon and magnetite), flotation. Downstream: weak then strong acid leaches, calcining (Nb, Ta, U), smelting with Fe (FeNb).				
		Year 1	Year 10		
PRODUCTION RATE	:mtpa	1.72	2.3	Head grade falls from 0.38% Nb <sub>2</sub> O <sub>5</sub> to 0.29% Nb <sub>2</sub> O <sub>5</sub>	
	:tpa Nb	3,000	3,000		
	:strip ratio	0.6	1.9		
CAPITAL COSTS	:US\$	155m		Excludes working capital; sustaining capex \$4mpa.	
RECOVERIES TO CONCENTRATE	:%	65		All products (Nb, Ta, U)	
DOWNSTREAM RECOVERY	:%	69			
OPERATING COSTS	:US\$/t		40 to 43	(Includes US\$2.80/t mined, US\$26 to 34/t milled)	
TAX	:%		30	Company tax in Malawi	
ROYALTY	:%		3	ASX:PDN at Kayelekera pays 1.5% for first 3 yrs, then 3%	
MINE LIFE	:Years		10+		
COMMISSION DATE	:		June 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 bankable feasibility study, expected in 2011.

## Disclosure and Disclaimer

### Disclosure and Disclaimer

#### Important Information

Resource Capital Research Pty Limited (referred to as “we”, “our”, or “RCR” herein) ACN 111 622 489 holds an Australian Financial Services Licence (AFS Licence number 325340). General advice is provided by RCR’s Authorised Representatives Dr Tony Parry (Authorised Representative number 328842) and Dr Trent Allen (Authorised Representative number 331960). The FSG is available at [www.rcresearch.com.au](http://www.rcresearch.com.au). All references to currency are in Australian dollars unless otherwise noted.

**This report and its contents are intended to be used or viewed only by persons resident and located in the United States, Canada and Australia and therein only where RCR’s services and products may lawfully be offered.** The information provided in this report is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to law or regulation or which would subject RCR or its affiliates to any registration requirement within such jurisdiction or country.

**This report and its contents are not intended to constitute a solicitation for the purchase of securities or an offer of securities.** The information provided in this report has been prepared without taking account of your particular objectives, financial situation or needs. You should, before acting on the information provided in this report, consider the appropriateness of the purchase or sale of the securities of the companies that are the subject of this report having regard to these matters and, if appropriate, seek professional financial, investment and taxation advice. RCR does not guarantee the performance of any investment discussed or recommended in this report. Any information in this report relating to the distribution history or performance history of the securities of the companies that are the subject of this report, should not be taken as an indication of the future value or performance of the relevant securities.

**In preparing this report, RCR analysts have relied upon certain information provided by management of the companies that are the subject of this report or otherwise made publicly available by such companies. The information presented and opinions expressed herein are given as of the date hereof and are subject to change. We hereby disclaim any obligation to advise you of any change after the date hereof in any matter set forth in this report.** THE INFORMATION PRESENTED, WHILE OBTAINED FROM SOURCES WE BELIEVE RELIABLE, IS CHECKED BUT NOT GUARANTEED AGAINST ERRORS OR OMISSIONS AND WE MAKE NO WARRANTY OR REPRESENTATION, EXPRESSED OR IMPLIED, AND DISCLAIM AND NEGATE ALL OTHER WARRANTIES OR LIABILITY CONCERNING THE ACCURACY, COMPLETENESS OR RELIABILITY OF, OR ANY FAILURE TO UPDATE, ANY CONTENT OR INFORMATION HEREIN.

**This report and the information filed on which it is based may include estimates and projections which constitute forward looking statements that express an expectation or belief as to future events, results or returns. No guarantee of future events, results or returns is given or implied by RCR.** Estimates and projections contained herein, whether or not our own, are based on assumptions that we believe to be reasonable at the time of publication, however, such forward-looking statements are subject to risks, uncertainties and other factors which could cause actual results to differ materially from the estimates and projections provided to RCR or contained within this report.

This report may, from time to time, contain information or material obtained from outside sources with the permission of the original author or links to web sites or references to products, services or publications other than those of RCR. The use or inclusion of such information, material, links or references does not imply our endorsement or approval thereof, nor do we warrant, in any manner, the accuracy or completeness of any information presented therein.

RCR, its affiliates and their respective officers, directors and employees may hold positions in the securities of the companies featured in this report and may purchase and/or sell them from time to time and RCR and its affiliates may also from time to time perform investment banking or other services for, or solicit investment banking or other business from, entities mentioned in this report. Globe Metals & Mining Limited commissioned RCR to compile this report. In consideration, RCR received a cash consultancy fee of less than A\$15,000. RCR may receive referral fees from issuing companies or their advisors in respect of investors that RCR refers to companies looking to raise capital. Those fees vary, but are generally between 0 - 1% of the value of capital raised from referrals made by RCR. RCR received referral fees in relation to recent capital raisings for Globe Uranium Limited, PepinNini Minerals Limited, Uranex NL and Toro Energy Limited. At the date of this report, neither RCR, nor any of its associates, hold any interests or entitlements in shares mentioned in this report with the exception that either or both of John Wilson (either directly or through Resource Capital Investments Pty Limited (RCI)) and associates, or RCI, as trustee of the Resource Capital Investments Fund owns shares in BHP, Rio Tinto and Fortescue Metals Group Ltd.

**Analyst Certification:** All observations, conclusions and opinions expressed in this report reflect the personal views of RCR analysts and no part of the analyst’s or RCR’s compensation was, is, or will be, directly or indirectly related to specific recommendations or views expressed in the report. Officers, directors, consultants, employees and independent contractors of RCR are prohibited from trading in the securities of U.S. companies that are, or are expected to be, the subject of research reports or other investment advice transmitted to RCR clients for a blackout window of 14 days extending before and after the date such report is transmitted to clients or released to the market.

**Cautionary Note to U.S. Investors Concerning Estimates of Measured, Indicated and Inferred Resources:** RCR publishes mineral resources based on standards recognized and required under securities legislation where listed mining and exploration companies make their exchange filings and uses the terms “measured”, “indicated” and “inferred” mineral resources. U.S. investors are advised that while such terms are recognized and required under foreign securities legislation, the SEC allows disclosure only of mineral deposits that can be economically and legally extracted. United States investors are cautioned not to assume that all or any part of measured, indicated or inferred resources can be converted into reserves or economically or legally mined. We recommend that US investors consult Securities and Exchange Commission Industry Guide 7 – “Description of Property by Issuers Engaged or to Be Engaged in Significant Mining Operations” for further information about the use of defined terms and the presentation of information included in this report.