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ASX/Media Announcement

Audio Broadcast & Interview Transcript – Niobium Market Update

Globe Metals & Mining provides the opportunity to listen to an audio broadcast with the Managing Director of the Company, Mr. Mark Sumich, discussing the Company's recent announcement made to ASX giving an update on the niobium market.

To listen, click on the link: <http://www.brr.com.au/event/57228>

The transcript of the interview is attached.

About Globe Metals & Mining

Globe Metals & Mining is an African-focused uranium and specialty metals resource company. Its main focus is the multi-commodity (niobium, uranium, tantalum and zircon) Kanyika Niobium Project in central Malawi, which contains a 55.3Mt Inferred and Indicated JORC resource @ 3,000ppm Nb₂O₅, including a higher grade 24.0Mt component @ 3,800ppm Nb₂O₅. The Indicated JORC resource component is 13.2Mt @ 3,600ppm Nb₂O₅, including a higher grade 8.5Mt component @ 4,200ppm Nb₂O₅. A Pre-Feasibility Study was commissioned in September 2008 and production is planned to commence in 2012 at a rate of 3,000tpa niobium metal, principally in the form of ferro-niobium.

Globe has a number of uranium and other projects in Malawi, which it manages from its regional exploration office in Lilongwe, the capital of Malawi. The Company has been listed on the ASX since December 2005 (Code: GBE), and has its corporate head office in Perth, Australia.

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The contents of this report (and attachment) relating to geology and exploration results are based on information compiled by Dr. Julian Stephens, Member of the Australian Institute of Geoscientists and Executive Director - Exploration for Globe Metals & Mining. Dr Stephens has sufficient experience related to the activity being undertaken to qualify as a "Competent Person", as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves and consents to the inclusion in this report of the matters compiled by him in the form and context in which they appear.



MR. MARK SUMICH, MANAGING DIRECTOR, GLOBE METALS & MINING

TUESDAY, APRIL 28, 2009

BRR Today on BoardRoom Radio I'm joined by the Managing Director of Globe Metals & Mining, Mr Mark Sumich. Mark, thanks very much for your time today.

GBE You're welcome. Thanks very much, James.

BRR **Mark, the Company issued an update on the ASX on the niobium market. Can you start by telling us what prompted the Company to issue the update?**

GBE James, I suppose in broad terms, we're conscious of the fact that niobium is not a widely-traded or, more importantly, it's not a widely-known commodity, and that we feel the need to try and keep the market updated with information which is pertinent to not just a commodity but also our project. And that helps build the investor general awareness in the commodity. And by way of simple comparison, niobium is traded by off-take between the supplier and the customer and, typically, those arrangements are confidential whereas, for example, there is a daily spot-traded price for gold which everybody knows about in terms of price and volumes and the like. So, in broad terms, wherever we can we like to fill that gap.

And secondly, what we have done is acquired information from a company called Roskill which puts out periodic, every couple of years, reports on various more minor commodities. And they have recently issued one on niobium and there's lots of relevant information on that. And what's important about it is not just that they're extremely optimistic on the outlook for niobium, but also that, as an independent third party, it's a reputable and independent source that investors can rely upon. So we are sort of trying to fill that gap to some extent.

BRR **Now, Mark, can you give us some comments or elaborate on what the demand outlook is for niobium?**

GBE I can, James, and this is, you know, very interesting and very positive for our investors and potential investors who are looking at niobium. Currently with niobium, 90 per cent of it is consumed by the steel industry and the majority of all of that is in what they call high strength low alloy steels, or what are sometimes called micro-alloyed steels, and these are more sophisticated steel products, such as automobile applications, oil and gas, major construction projects, shipbuilding hulls - those sort of things. And what Roskill is pointing out is that, over and above what might be the underlying growth in the production and consumption of steel - is that the production of high strength low alloy steels within that, as a subset, are growing at a more rapid rate. So within the steel industry there's a substitution going on from milder and sort of less complex steels into more sophisticated end products which require, generally speaking, more additives and more specific applications. And what they're saying is that that 10 per cent of steel products using niobium has real potential, over a period of time, to grow to something like 20 per cent.

Wrapped within that as well, and as partially an explanation for that, is that, if you look at China - now, bear in mind, like I said before, the HSLA, or high strength low alloy steels being more sophisticated products are, on a proportional basis,

consumed more broadly in the mature markets such as Western Europe and North America. But if you look at a place like China, the potential there as they not only grow their economy in terms of consumption of steel but also move up that curve, so to speak, in terms of developing and then become a developed nation, you would very much expect to see that unit consumption of niobium per amount of steel to very much increase. And that's what really is explaining the rapid consumption and growth in consumption of niobium over a period of time. And followers of our stock would be aware that say, for example, over the period 2002 to 2007, the cumulative average growth rate of niobium was in excess of 20 per cent per year across the entire globe, and that's sitting on growth in underlying steel consumption of less than half of that.

So that's really the outlook for the demand. Obviously there is the financial crisis and how that is impacting on real demand in the economies and, as Roskill makes out, there will be a hiatus on growth in many areas, including steel, and, because of that, niobium. But they very much see, in what they call underlying demand, such as what was occurring in the period 2002 to 2007, to resume, as we said, into year 2010. So all of that is an extremely positive framework for Globe in the context of a new supplier of niobium coming into the industry in 2012. That's the context which we will be facing, which is extremely positive and compares very favourably to any other commodity.

BRR And, Mark, what is the potential for vanadium or other steel additives to be used as a substitute for niobium in steelmaking?

GBE James, there's a couple of key points that I'd make. One is that the bottom line which Roskill makes is that, in the segment in which niobium is relevant, being low carbon, micro-alloyed or HSLA steels, essentially the outlook for niobium is not going to be impacted to any significant extent by vanadium or any other additive. The situation or the story on substitution is more complex than that. It's not a simple case of one or the other. Often they work in combination. Vanadium and niobium, in certain contexts, are, in fact, the best additives to get a requisite performance output, so to speak. Also, there's other possibilities, such as moly which is particularly applicable in the case of hardening of steels and tools and the like. So it's not a straightforward answer.

But, broadly speaking, the outlook for niobium, in its key area of micro-alloyed low carbon steels – there is no other. And I suppose in the context of vanadium – and to some extent the end users at the steel mills do have choices – vanadium has some particular deficiencies, one of which is it's sort of renowned for its price volatility which starkly compares with ferro-niobium which has been remarkably stable. And that reflects the fact that it's a very well-managed market in terms of price and availability of product which, of course, has encouraged the end users to take up the product more so than they might otherwise have been. And the other point as well – and Roskill points this out very nicely – is that, when you're looking at the low carbon steels, what you're essentially after is refining the grain size and that, with vanadium, it probably takes at least three times the amount of the unit material to get the same performance impact so that, effectively, if you were going to compare them on a like for like basis, you would have to inflate the vanadium price to compensate for that lack of performance. So, yeah, overall the story for niobium is

extremely favourable. It is the best additive in that subset of the steel industry which is growing at a remarkable rate.

BRR **Okay, Mark. And how does that translate into the price outlook for niobium?**

GBE Yeah, this is pretty much the bottom line, I suppose, for all producers, and especially us coming into the market. As I mentioned before, we're looking at 2012 to commence production. There's a couple of points here to make about the ferro-niobium price. The first one, of course, is the stability of the price. It's quite stable historically and it doesn't have the volatility of other products such as the ferro-vanadium. The second point to make is that there was a relatively large step up in price in 2007 and 2008. And Roskill, again, they make the point that, typically, you might see some come back in the price, not dissimilar to what has happened in many other commodities where they peaked in 2007 and 2008 and they've come off. But they make the point that it's extremely unlikely that that's going to occur, and that what's been happening is that that step up in price that occurred in '07/08 was really a catch up for historical price increases that were below inflation, so there had been, in fact, a reduction in real terms; that was really just a bit of a catch up that had taken place. So, again, what that means for us and our investors as well is that the prices which we have used in the past, we've used in our Scoping Study, and that we're looking to achieve as we sign off-take agreements with potential customers, is that there's a lot more reliability and stability in the price, which makes the predictability of the future cash flows much more reliable. Obviously there's no guarantees. Lots of things can change. But to the extent that history may be an indicator of the future, niobium again is a wonderful commodity to be in terms of the reliability and stability of the price. And like I mentioned before, that's been one of the things which has made it extremely attractive to end users for them to embark upon using more and more of this additive.

BRR Well, Mark, it certainly sounds like there was a lot of interesting information in the report which you guys have had a look at from Roskill. And thanks for passing that on to us through BoardRoom Radio. And I would suggest that, if any listeners have questions for Globe Metals & Mining or for Mark Sumich himself, they send them through to brr@brr.com.au and we'll forward them on to him for answering directly at a later date. Mark, thanks for your time.

GBE Thanks very much, James.

Contact brr@brr.com.au for more information

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