



Ground Floor  
Suite 3, 16 Ord St  
West Perth WA 6005

T: +618 9486 1779  
F: +618 9486 1718

PO Box 1811  
West Perth WA 6872

W: [www.globemetalsandmining.com.au](http://www.globemetalsandmining.com.au)  
E: [info@globemetalsandmining.com.au](mailto:info@globemetalsandmining.com.au)

ABN 33 114 400 609

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## Flourspar Market Update

### Highlights

- **China the largest producer and consumer of flourspar – increasingly seeking to protect supply for its domestic market (production restrictions, “scarcity” tax and export restrictions)**
- **Prices steadily increasing off 2009 lows**
- **Increasing levels of corporate activity in the flourspar market indicate industry confidence in outlook**
- **Globe’s Mount Muambe Flourspar Project in Mozambique has very high-grade potential. Recent rock-chip due diligence highlights include:**
  - **Peak grade of >76% CaF<sub>2</sub>**
  - **Average of >58% CaF<sub>2</sub> in 26 samples**
- **Drill program to commence in Q2 2010**

### Summary

Globe Metals & Mining Limited is pleased to provide the following update on the positive outlook for the Flourspar market.

Globe announced it had entered into a joint venture agreement in October last year to earn up to a 90% interest in the high grade Mount Muambe Flourspar Project in the Tete Province, Mozambique.

Globe Metals & Mining’s Executive Chairman, Mr. Mark Sumich, said “there are many positive signs for the flourspar market and price outlook at present, not least of which is the ever increasing role of China in relation to both production and consumption. As with other commodities such as rare earths, China’s focus is always its domestic market, and its policies can have a dramatic effect on prices globally due to its market shares.”

“Globe is nicely positioned with its Mount Muambe Flourspar Project in Mozambique – indicative grades, albeit only from surface trenching, are extremely high compared to grades of producing flourspar mines (see table contained in this announcement). With relatively little expenditure, we should be to come to a quick assessment of economic potential, via our drill program to be carried out in Q2 2010.”

“We think this is a good use of shareholder’s funds for a junior exploration and development company – focussed and limited expenditures with significant upside potential.”

“Should we be successful with our drill program, we will make an assessment then as to how we proceed and fund the further exploration and development of the Project. Already the Company has received enquiries as to our intentions for the Project from other industry participants, but it makes no sense to contemplate a transaction prior to completion of the drill program.”



“Clearly though, our main focus remains advancing the bankable feasibility study for the Kanyika Niobium Project, and bringing this into production as soon as possible.”

### **Chinese Production and Export Restrictions and “Scarcity” Tax**

One of the dominant themes in the fluorspar market globally at present is the prevalence of Chinese production and consumption.

Of the ~5.5Mt of global fluorspar production in 2009, China accounted for over 50% of production (~3.25Mt) and was also the single largest consumer.

In order to preserve its fluorspar production for its domestic market, as well as encourage/mandate domestic downstream processing (e.g. hydrofluoric acid production), there have been a number of recent developments by the Chinese authorities:

- Production Restrictions – citing concerns over decreasing reserves and environmental pollution, limits on new exploration and production licences have been announced.
- “Scarcity” Tax – the resource tax for fluorspar production has been increased to 15%.
- Export Restrictions – China had imposed export restrictions (quotas and duties); these restrictions were challenged in the World Trade Organisation by the EU, USA, Canada and Mexico. There are reports that these restrictions have been abolished due to limited bidding for quotas.
- Efficiency – as with many other industries, the Government is continuing with its efforts to close down small and inefficient fluorspar producers.

### **Prices**

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

### **Corporate Activity**

With the general improvement in the global economic climate, in conjunction with strengthening fluorspar prices, there have been a number of significant corporate developments over recent months, which indicate a confidence in the outlook for the fluorspar industry:

- Canada Fluorspar Inc (TSX-V: CFI) – has announced plans to resurrect the existing St Lawrence underground fluorspar mines, with start-up aimed for the end of 2011. The project is anticipated to produce between 120,000 tpa and 180,000 tpa of fluorspar concentrate. Total indicated resources are 9.1Mt @ 42% CaF<sub>2</sub>.
- Sephaku Holdings Ltd – the South African mining group has agreed to divest non-core assets to raise cash, which the group will use to develop its core fluorspar project. The company plans to produce 130,000tpa (97.2% CaF<sub>2</sub>) by the second quarter of 2012. The Nokeng deposit has a total mineral reserve of 12.2m. tonnes of ore, at an average grade of 27.2% CaF<sub>2</sub>. Subsequently, the group also announced it is advancing with a definitive feasibility study to build the country’s first fluorspar beneficiation plant at its Nokeng fluorspar mine (see the South African Fluorine Expansion Initiative below).
- Fluorita de México S.A. de C.V – one of Mexico’s largest acidspar producers has acquired new concessions, with a view to increasing production from 140,000 tpa acidspar currently by a further 30-40,000 tonnes.
- Mexichem (BMV: Mexchem) – the group’s fluorspar subsidiary, Mexichem Fluor SA, has acquired the downstream fluorochemicals acid production business of the UK-based Ineos Group for US\$350 million. Mexichem operates a 970,000 tpa fluorspar mine in San Luis Potosi,

central Mexico, of which 45% is processed into metallurgical grade and 55% into acid grade product.

## About Fluorspar

### Raw Material/Concentrate

Fluorspar is a mineral composed of calcium fluoride, CaF<sub>2</sub>. Fluorspar accounts for over 90% of the world's consumption of fluorine.

Acid grade fluorspar is >97% CaF<sub>2</sub> purity (acidspar) and metallurgical grade <97% CaF<sub>2</sub> purity (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 fluorspar.

### Uses of Fluorspar

Acidspar is used in combination with sulphuric acid to produce hydrofluoric acid (which would be used, for example, as a raw material input in operations such as Globe's Kanyika Niobium Project in Malawi), 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.

### Selected Fluorspar Producers and Projects

<u>Project</u>	<u>Production/Comment</u>	<u>Grade CaF<sub>2</sub></u>
Las Cuevas, Mexico	Largest producer in the world – 800,000tpa	84%
Vergenoeg, South Africa	180,000tpa	22.5%
Witkop, South Africa	110,000tpa, struggling with the GFC	8-12%
Moina, Australia	Owned by Minemakers, not producing	18%
Monros, Mongolia	160,000tpa	35-43%
Seepwah, Australia	Owned by NiPlats, not producing	24.5%
Okorusu, Namibia	108,000tpa	50%

## South African Fluorine Expansion Initiative

In March 2009, Pelchem, the chemical division of the Nuclear Energy Corporation of South Africa (NECSA), and the South African Ministry of Science and Technology, launched a fluorine expansion initiative to increase the local ratio of consumption of fluorspar, by increasing the amount of beneficiation of the mineral. South Africa is the world's third largest producer of fluorspar, but consumes only 5% of the production (by way of sale to NECSA).

## Globe's Mount Muambe Fluorspar Project – Tete Province, Mozambique

In October 2009, Globe Metals & Mining announced that it has entered into a joint venture agreement to acquire up to a 90% interest in the high grade Mount Muambe Fluorspar Project in Tete Province, Mozambique.

During the last quarter of 2009, two of Globe's experienced geologists visited Mount Muambe for a two day period to conduct technical due diligence that included confirmation of trench locations and rock-chip sampling to confirm historical fluorite grades. Results were extremely successful:

- Peak grade of >76% CaF<sub>2</sub>
- Average of >58% CaF<sub>2</sub> in 26 samples

Globe has begin planning for construction of an access road, and all permits, including environmental, will be submitted to the appropriate authorities as required. It is expected road construction will begin immediately after the wet season in late March, 2010.

The Company intends to commence an initial ~1,000m drilling program in Q2, 2010.

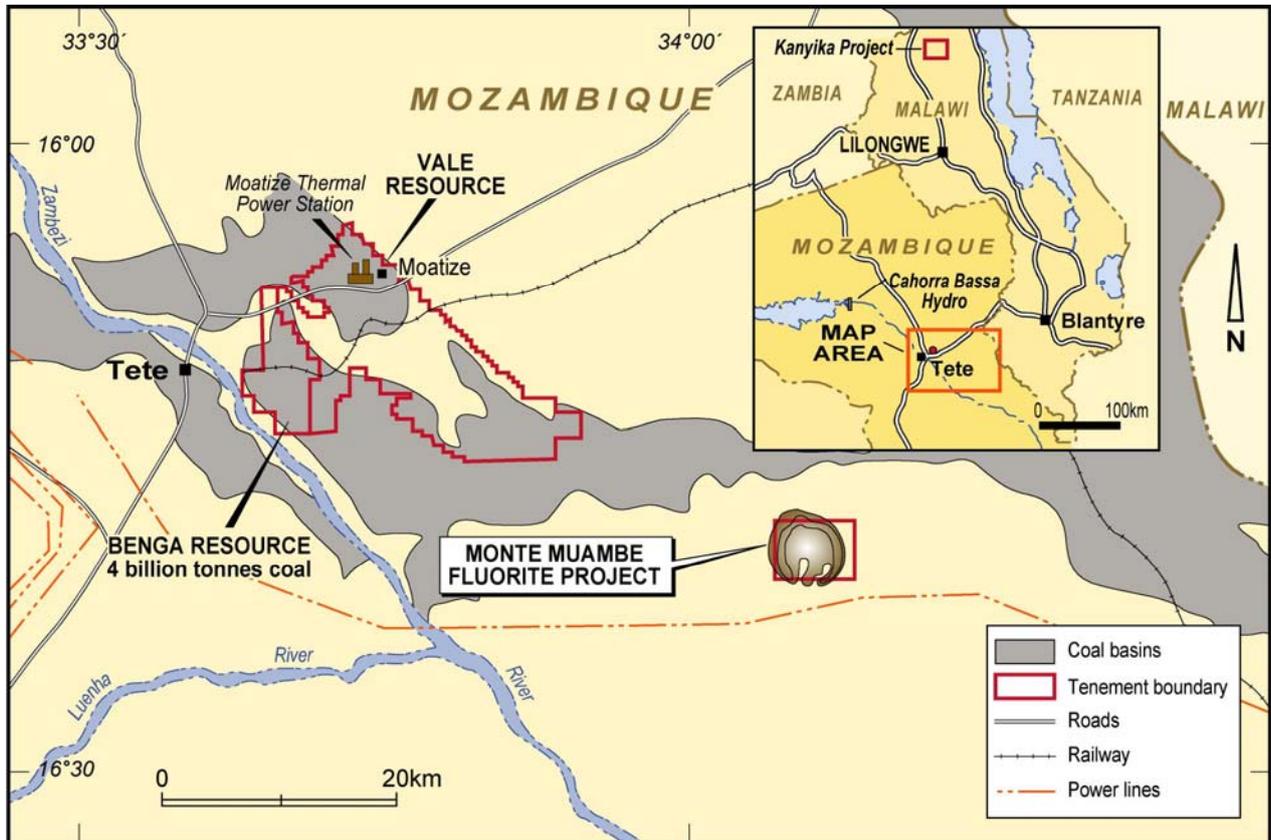
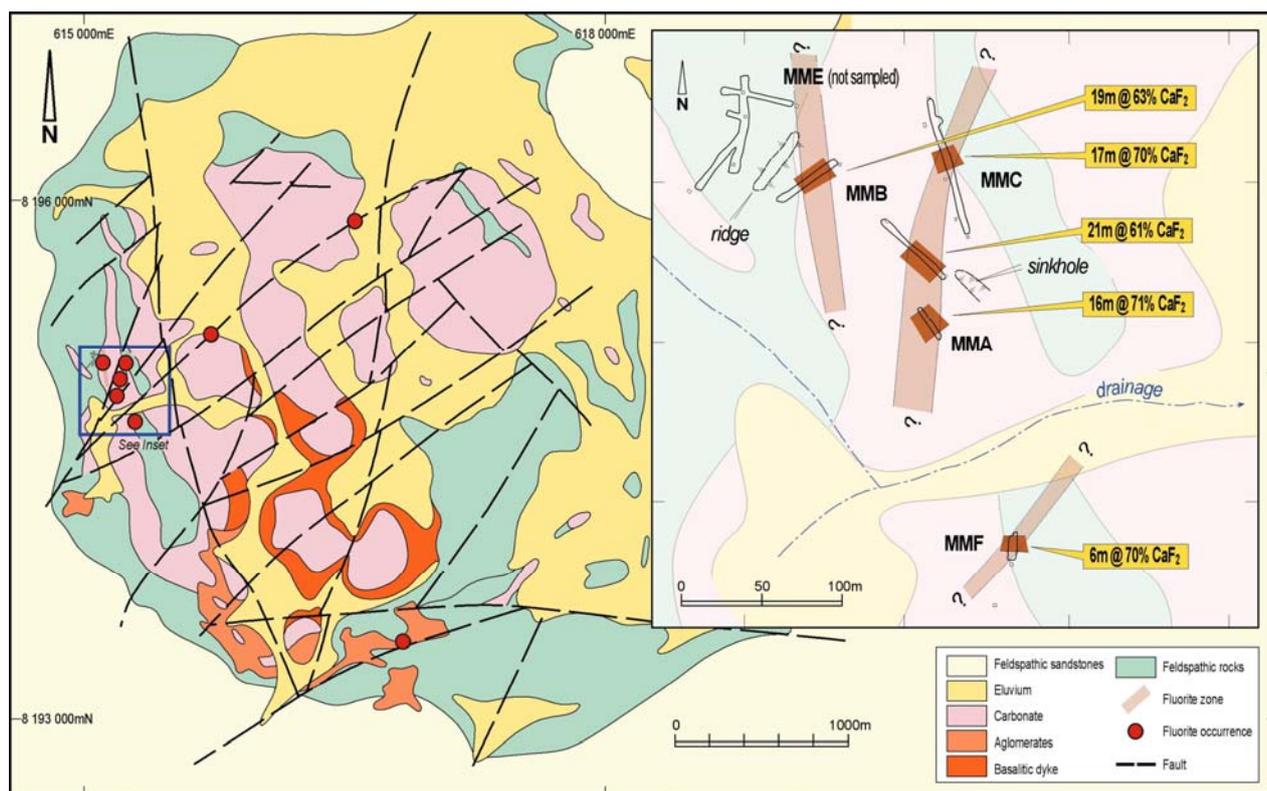


Figure 1: Location map showing Mount Muambe Fluorite Project in Tete Province, Mozambique.



**Figure 2: Geology and fluorite mineralisation at the Mount Muambe Fluorite Project**

### About Globe Metals & Mining

Globe Metals & Mining is an African-focused resource company. Its main focus is the multi-commodity (niobium, uranium, tantalum and zircon) Kanyika Niobium Project in central Malawi. A Bankable Feasibility Study was commissioned in August 2009 and production is planned to commence in 2012 at a rate of 3,000tpa niobium metal, principally in the form of ferro-niobium. Mine life will be in excess of 20 years.

In August 2009 Globe announced that Thuthuka Group Limited (Thuthuka), a South African company, entered into a formal joint venture agreement to invest US\$10.6 million into the Kanyika Niobium Project to earn a 25% interest in the Project (as opposed to equity in the ASX-listed parent company). The US\$10.6 million investment by Thuthuka will fund ~85% of the estimated cost of the bankable feasibility study into the Project.

Globe has a number of other projects in Malawi and Mozambique, 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.

### For further information please contact:

Mark Sumich, Executive Chairman, Globe Metals & Mining: +61 8 9486 1779

James Moses, Partner, Mandate Corporate: +61 420 991 574

**Competent Person:** The contents of this report 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.