



## Globe Metals & Mining Limited

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Title: "Mount Muambe Rare Earths – Fluorite Project"

### Highlights of Interview

- Overview of the Mount Muambe Rare Earths – Fluorite Project in Mozambique, with a focus on the recently announced three new rare earth zones and the delineation of a maiden fluorite resource
- The 'dual commodity' play at Mount Muambe
- Upcoming exploration and announcements
- The China angle – how might the development of Mount Muambe evolve?
- Globe's exploration strategy, and funding options for Mount Muambe
- Share buyback update

### Record of interview:

In the previous interview with Mark Sumich, Managing Director of Globe Metals & Mining Limited (ASX: GBE), we introduced the Company's flagship Kanyika Niobium Project (KNP) in central Malawi. In this interview, we cover the Company's Mount Muambe Rare Earths-Fluorite Project in Mozambique, and the recent announcement of the discovery of three new rare earths zones and a maiden fluorite resource.

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How did Globe acquire an interest in **Mount Muambe**? Can you give some **introductory remarks** please?

#### **Managing Director, Mark Sumich**

Globe is an African-focused resource company, which started out in Malawi in 2005-2006. The KNP has always been our main focus, but once we were settled in Malawi, knew where we were headed with KNP, and had a stable in-country management and technical team, we felt comfortable to diversify a little, and Mozambique was an easy and natural evolution for us. In late 2009 we entered into the Mount Muambe joint venture, and at this point, we have earned a 70% interest in the Project, and established a significant in-country presence with dedicated personnel and offices.

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How does Mount Muambe fit into **Globe's suite of projects**? Is there a unifying strategy?

### **Mark Sumich**

The only unifying strategy for a junior resource company is to make money for shareholders, and to do that, you need to take risks. Mozambique generally, and Mount Muambe specifically, is a calculated risk, with measureable and controlled investment, against which we can assess progress and success. So with Mount Muambe, we had very little 'money down' when we entered into the joint venture, and could easily work the Project with our existing team in Malawi. There were known indications of mineralisation so we knew it wasn't a wild punt - we can earn up to 90% of the Project if it is a winner, and if not can walk away with minimal exploration cost. So all in all, I think a well-structured joint venture, and one that is increasingly looking pretty tasty.

More broadly, we are always on the lookout for other opportunities, but we realise that there might be, at best, one worthwhile prospect for every twenty we are shown. We also need to be mindful of the Company's (current and forecast) cash resources, and keeping some sense of commodity and geographical focus. Globe is not by design a specialty metals company, but that has become over time what we are known for, which suits us fine. The point is though that if we come across a good opportunity in the more mainstream commodities, we will definitely look at it.

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Globe has not only recently released its maiden resource for Mount Muambe (fluorite), but announced **new rare earths results**. Can you comment please?

### **Mark Sumich**

The first point to note is that Mount Muambe is primarily a rare earth play. The fluorite is an extra, albeit and interesting and potentially valuable one, but I'll comment more on that later.

We are at the point now with Mount Muambe where we feel we could have a serious asset. There are a couple of zones in the crater which have 2-3% TREO (total rare earth oxide) grades at significant widths of 20m, 40m and even 50m. We can see this in zones AA, BB and DD. Additionally, the potential for zones of higher grade and longer intercepts is clearly there – look at hole MURC119 in zone BB: 49m @ 2.5% TREO, starting at surface, including 20m @ 3.5% TREO and ending in 3.6% TREO.

As our followers are aware, we now know that the bedrock, the carbonatite, is also mineralised with rare earths, and it is not just the overlying sandstones/fenite that are prospective. This has obviously opened up the potential for large tonnages in the crater.

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Ok, tell me now about the **fluorite**. How do you see this impacting the Project?

I won't bore you with too much information about another specialty commodity, with all its weird and wonderful applications. The focus should always be on the economics of the commodity and the Project, and in this respect, I will make two broad points.

Firstly, whether it is fluorite or any other commodity, we are focused on understanding the value of the basket of commodities at Mount Muambe – the in ground value, the value of a combined concentrate product, potential realisable commodity values, cost of extraction, etc. Fluorite in that sense is just like another rare earth element or other commodity – if it contributes to the pot of value, then great. If not, then throw it away.

Secondly, if we look at some stand-alone fluorite projects in southern Africa, there are operating mines starting at approximately 10% fluorite grade. So we would expect based on this alone that the fluorite will be relevant to the economics of the Project; we just can't quantify that right now.

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What about the **geology of the crater**? Is there any 'unifying theory' yet? There seems to be many disparate zones of interest...

**Mark Sumich**

Exactly. There isn't as yet a unifying theory for the geology of the crater. The technical team are obviously intrigued by the results, and determined to put the pieces of the jigsaw together, as this can only assist in helping us understand the value of what we have there. But I also think that the complexity could be a source of further surprise, as could be the sheer size of the crater, a large part of which hasn't even been touched. We have no reason to believe that we have found the highest rare earth grades yet.

At this moment we have two basic host environments, the sandstone/fenites and the bedrock/carbonatite. Sometimes we find rare earths in one, and fluorite in the other, and vice versa. Also, sometimes we find the rare earths and fluorite together, in both settings (see in this latter respect our ASX release of 30 April 2012). We cannot give a coherent explanation for this at present. We think, or infer, on a purely provisional basis, that the rare earths and the fluorite are likely to be in different host minerals, which is likely to be beneficial metallurgically. But obviously a lot more work and investigation is required, including some metallurgy (see below). One comment we can make at this stage is that surface radiometrics have been a reasonable pathfinder for rare earths mineralisation at depth, but there is only a partial correlation.

And to make it even more complicated, it could well be the case that the geological model for one zone may not apply elsewhere. So the crater could host a number of discreet deposits, each with their own nuances.

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What can we expect from Mount Muambe over the course of this year in terms of **ASX announcements**? What are the Company's objectives for the Project in **2012**?

Within about four weeks, we should have ready to announce the first results of the 2012 drilling campaign. This campaign focused on what are now the principal zones of interest in the crater, being AA, BB and DD. Over the course of the year, we intend to carry out enough drilling in these zones to be able to announce a rare earths resource in 2013. In addition, we will soon start some metallurgical drilling, which will give us information on mineralogy and enable us to commence preliminary laboratory tests on indicative recoveries and processing. And lastly, we are carrying out surface reconnaissance work on the untested parts of the crater, as part of an ongoing program of new target generation.

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We all know that any discussion on rare earths inevitably leads to China, so how might **Globe's strategic partnership with ECE** bear upon the future development of Mount Muambe?

If Globe is able to establish an economic rare earth deposit at Mount Muambe, it would probably be beneficial for our shareholders to joint venture or co-operate in some manner with an existing down-stream rare earth processor, with proven IP. I see no reason to attempt to “reinvent the wheel” in such a challenging area of minerals processing. By partnering in some way, it will reduce substantially Globe’s project development expenditure (and shareholder dilution), bring forward the time to production and give the Company access to a revenue stream in terms of value-added products that it would unlikely to be able to produce by itself. These benefits will likely far outweigh the flipside of the equation, being the portion of the project or revenue streams that would need to be given up under some joint venture arrangement.

Taking this one step further, if we want to potentially partner up, we will go to the obvious place first, being China – in the rare earths industry, it is the market leader in terms of down-stream expertise, and reportedly accounts for some 70% of consumption (by geography, not domicile of manufacturer/end user). Furthermore, notwithstanding the current global financial climate, China is a ready financier of metals projects of all description. To this end, ECE would be a facilitator for Globe, opening doors for us to relevant market players on the Mainland.

I believe this is a logical approach for a prospective rare earth player, as it is in the best economic interests of shareholders. As for all the hype and commentary around China and rare earths, this is of no direct concern to me, as it is about politics and geo-strategic positioning that is beyond the remit of Globe’s management. The path to production and the share price is my focus.

And I should point out too that Globe’s board is not schizophrenic or divided on this issue; I have actively solicited ECE’s assistance in sourcing potential Chinese rare earth partners, and equally, we as a company and board are very open to engaging with potential non-Chinese partners also, and have on at least one occasion resolved to do so, at ECE’s instigation. The overriding imperative for all of us is what is best for our shareholders.

As an aside, there has of course recently been reported the lodging of a rare earth related trade dispute with the World Trade Organization (WTO) by the West (broadly) against China. I am not an expert in this area, but suspect it will be a long and drawn out process, and nothing substantial will come of it. It will however keep the rare earths story in the news, which is good for all of us.

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Given that Mount Muambe is looking very promising, how will you **fund its ongoing development**? From existing cash resources, which are substantial (\$36m), or in some other way?

#### **Mark Sumich**

To be honest, the success we have had at Mount Muambe has required us to consider how it will be funded in the future. Obviously right now it is not an issue, but it is pretty evident that it is demanding a lot more drilling. Looking forward twelve months, this Project is going to create internal competition for funds in a KNP post-DFS environment.

So we are considering options right now, such as bringing in project partners, but preferably one with expertise in the commodity, such as a down-stream processor. And we are thinking about other options also.

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Lastly, I have to ask you about the **share buy-back**. What is going on there? Why is it delayed?

**Mark Sumich**

All I've got to say is don't blame me. We continue to wait on FIRB, and are not aware what their response will be, or when it might be provided to us.

It's probably worth reiterating the reason for the FIRB application – under the buy-back, Globe will be able to purchase up to 5% of its outstanding stock, which if utilised entirely, would result in ECE's shareholding in Globe increasing about 2-3%. As a foreign government entity, ECE requires approval for even buying one additional share in Globe (or increasing its % shareholding, such as via an overall reduction in shares on issue). As Globe's assets are all in Africa, it's hard to see the national interest angle from the Australian government's perspective, so we are very hopeful for a positive outcome.

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Thank you, Mark.

*Competent Person: The contents of this report relating to geology and exploration results are based on information reviewed by Dr Julian Stephens, Member of the Australian Institute of Geoscientists and Non-Executive Director of 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 reviewed by him in the form and context in which they appear.*

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