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ASX/Media Announcement

Updated Financial Forecast – Kanyika Niobium Project

Highlights

- **Financial forecasts updated to incorporate new price, cost, resource and flow sheet changes – project economics extremely attractive**
- **Outlook for niobium markets and prices exceptionally positive, resilient in the short term**
- **Significant tantalum and uranium oxide credits to be produced from Kanyika – 23% additional revenue**

Financial Summary

- **Project NPV (post-tax): ~US$200m**
- **Capital cost: US$152m**
- **Annual revenue: US$152m, operating margin 49%**
- **Capital payback period: 2.1 years**
- **Mine life: 20+ years**
- **Revenue split: niobium (77%), tantalum (15%), uranium (8%)**

Summary

Globe Metals & Mining is delighted to provide the market with an updated financial forecast for the Kanyika Niobium Project, as well as further information on niobium market and prices. The "*Investor Update*" released to the market in conjunction with this announcement contains a detailed assessment of both items, and readers are referred to that document.

Globe's Managing Director, Mr. Mark Sumich, said "we are very positive on the outlook for Kanyika. The project economics are extremely attractive, and the outlook for niobium, in terms of future demand and price stability, make this an ideal commodity to be linked to in these times."

"One of the most significant changes to have occurred is the modification to the processing flow sheet. By adding in an additional stage, we will be able to realise the full value of the tantalum and uranium at Kanyika, which before were largely lost. This gives the Project greater revenues, diversity of revenue streams and premium products with superior specifications."

"The other significant addition is the incorporation of the recently announced upgraded JORC resource estimate. The addition of further high-grade mill feed makes a material difference to operating margins in the earlier years."

"Significantly, the price of ferro-niobium has remained stable, and has actually increased slightly from the price used in the June 2008 Scoping Study. This is a remarkable situation, given the almost universal deterioration in prices in most other commodity markets over the same period."

Details of the Updated Financial Forecast – Changes to Scoping Study

The new financial forecast is based upon the Scoping Study prepared by Coffey Mining, and released to the market on 30 June 2008. The Company has updated the forecast 'by exception', utilising a range of new information and results that have been obtained since the release of the Scoping Study, including price, resource, cost and processing flow sheet changes.

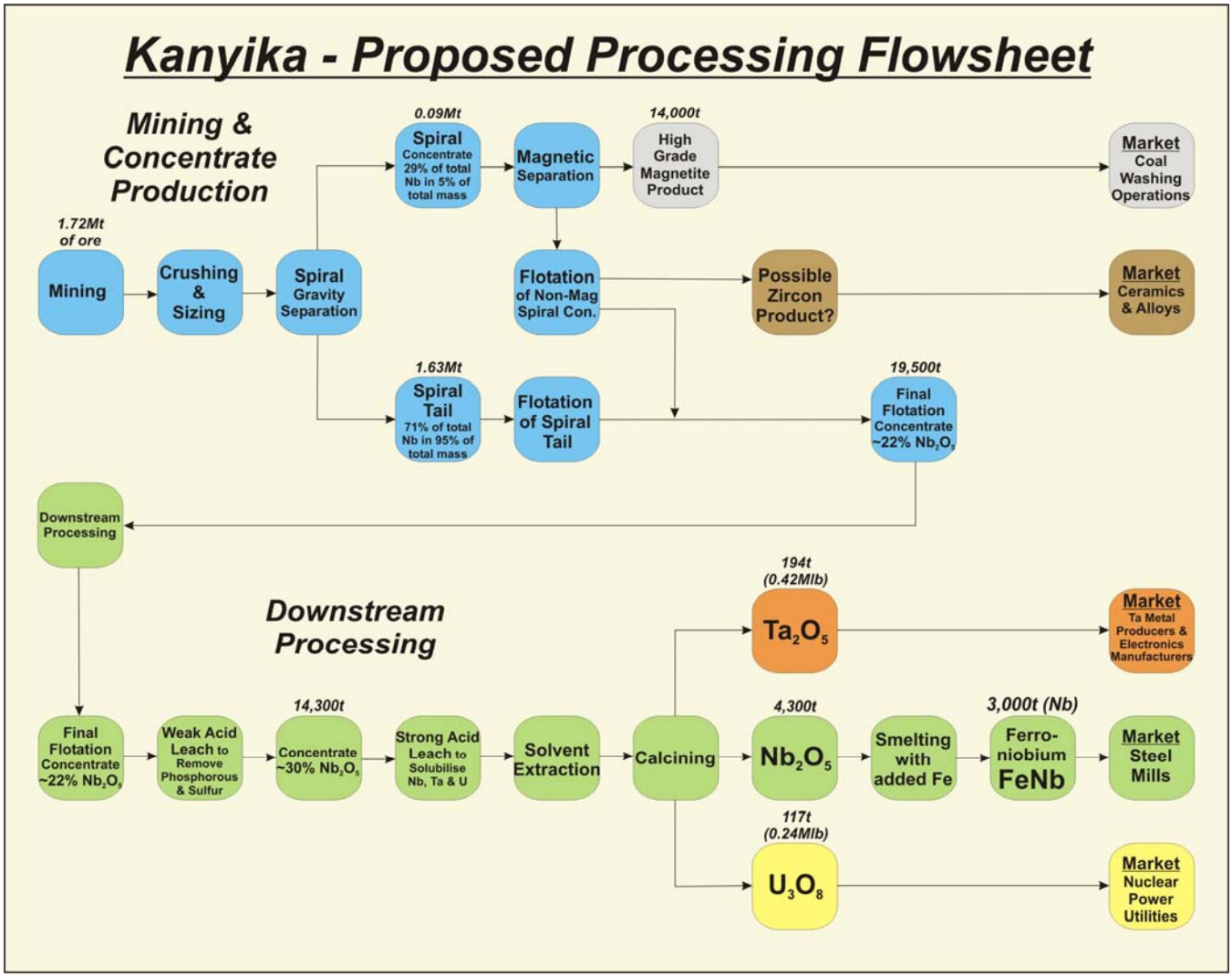
Flow Sheet

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 (FeNb).

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% Nb_2O_5 to ~30% Nb_2O_5, with a reduction in mass of 27%.

The second stage of acid leaching uses strong acids to completely solubilise all Nb, Ta and U. Solvent extraction techniques are then used to extract relatively pure Nb_2O_5, Ta_2O_5 and U_3O_8.

The pure Nb_2O_5 is then smelted, with added iron, to produce a high specification FeNb.



Products

The planned production from Kanyika is now the following:

- FeNb – sale to the steel market
- Ta_2O_5 powder – sale to the capacitor manufacturers
- U_3O_8 – sale to the nuclear industry

The tantalum product to be produced from Kanyika is not a concentrate (standard specification min. 30% Ta_2O_5), but rather a downstream purer product with specification ~99% Ta_2O_5.

Zircon-related products are no longer included, as the Company is no longer sufficiently confident that such products could be economically produced. These were a very small percentage of the revenues in the original Scoping Study.

Prices

The contract/off-take price of FeNb is currently ~US$39/kg (Nb metal content). A price of US$35/kg was used in the June 2008 Scoping Study. It should be noted that the FeNb to be produced from Kanyika will have very low impurities, due to the pre-smelt acid treatment, and may well attract a premium price to the "standard grade" product (and price, which has been used above).

The current spot price for tantalum powder is ~US$65/lb, which has been used in the updated financial forecast. The price for raw concentrate (min. 30% Ta_2O_5) has been quite stable at ~US$45/lb, and we would normally expect the price for powder to trade at a higher multiple to the raw concentrate. We expect this pricing regime to return in due course with the normalisation of commodity markets.

A price of US$50/lb has been used for U_3O_8. The spot price is currently US$51/lb (www.uxc.com), which in recent times has traded at a discount to the contract price.

Revenues

In the Scoping Study, Globe contemplated two production scenarios, being either 3,000tpa or 4,000tpa of niobium products. The Company is now only considering one scenario of 3,000tpa. The volume of tantalum and uranium product produced in any given year will vary slightly, according to the relative grade of Nb_2O_5, Ta_2O_5 and U_3O_8 in the material mined.

In year 1, production is 194tpa/0.43Mlbspa Ta_2O_5 and 117tpa/0.26Mlbspa U_3O_8.

Annual revenues over the 20 year life-of-mine are US$152.5 million.

Operating Costs

The major change to operating costs arises from the updated JORC resource estimate, announced on 21 April 2009. Due to the substantially higher amount of high-grade material that is now included in the resource, the earlier years of mining are on average of superior grade to those used in the June 2008 Scoping Study.

- Mill Feed – increases from 1.7Mtpa in year 1 to 2.3Mtpa in year 10, as opposed to 1.7Mtpa in year 1 to 2.6Mtpa in year 10 under the Scoping Study.

- Strip Ratio (waste:ore) – this has deteriorated from 0.6:1 in year 1 to 1.9:1 in year 10, as opposed to 0.5:1 in year 1 to 0.9:1 in year 10 under the Scoping Study. This increase in stripping ratio is due to the fact that the new resource model incorporates significant, newly defined, additional high-grade material at generally greater depths than the previous resource model.

- Recovery – a total recovery of 65% for all commodities has now been adopted, as opposed to 72.9% (for Nb_2O_5). This incorporates and reflects further loss of product arising from the additional steps in the flow sheet.

- Mining Costs – increased from US$2.40/t mined to $2.80, in part to off-set the elimination of US$12 million from capital expenditure attributed for the mining fleet in the June 2008 Scoping Study. Contractor mining is used in this financial model and hence it is appropriate to use a unit cost basis.

- Upstream Processing Costs – reduced by US$4.50/t milled (previously US$15-16/t milled), to reflect the potential for energy being sourced from hydro power. Globe has made a number of enquiries in relation to this, and two potential sites proximate to Kanyika have been identified. Grid-based unit energy costs have been sourced from independent third party consultants.

- Downstream Processing Costs – weak acid and strong acid processing costs of US$250/t and US$2,250/t concentrate processed respectively have been adopted, based upon cost estimates provided by process engineering experts. Smelting costs have been increased based upon advice from Keech Furnace Technologies to US$500/t concentrate processed, from US$100/t.

Capital Expenditure

- Mining Fleet - US$12 million has been deducted on the basis that this would be outsourced and not a capital item on the Company's account. Unit mining costs have been increased to reflect in part this position.

- Downstream Acid Plant – a figure of US$36 million has been adopted, based upon an independent, third party cost estimation.

- Smelter – this has been reduced from US$20 million to US$7 million, based upon a detailed written quote received from a potential supplier.

- Electricity – on the assumption of utilising hydro power, capital expenditure for electricity has been reduced from US$5.7 million to US$1 million. The plant would be on the independent power producer's account.

- Processing Plant Upgrades – the first upgrade of US$20.5 million has been delayed, from year 3 to year 6, based upon slower increases in mill feed (to 2Mtpa). In addition, the US$37 million expenditure in year 7 to accommodate an expansion in capacity to 2.6Mtpa has been eliminated as the revised maximum throughput is 2.3Mtpa over the 20 year life-of-mine.

- Working Capital – this has not been changed (US$10 million), but is not strictly capital expenditure and therefore is not included in this figure.

Valuation

Coffey Mining did not calculate a net present value of the Kanyika Niobium Project as part of its Scoping Study. The current net present valuation calculation of ~US$200 million was prepared by Globe on the following basis:

- Project Ownership – 100% owned by Globe.

- Tax Rate – 30%.

- Royalty Rate – 3% of gross income. This figure is an assumption, and not necessarily the royalty rate that will apply to the Kanyika Niobium Project.

- Repayment of Development and Construction Costs – all development (US$20 million) and mine construction (US$152 million) costs are repaid on a cash basis before any income tax is payable.

- Discount Rate – 10%.

All of the above items (excluding the discount rate) are currently part of the discussion and negotiations between the Company and the Government of Malawi, and will be finalised in a Development Agreement, which will incorporate all of the rights and obligations applicable to the Company in relation to the Kanyika Niobium Project.

Potential Upside

The Company considers that the updated financial forecast is on balance conservative, as there are a number of ways in which the project economics can be materially improved:

- Exploration Success – In addition to the current 55.3 Mt Indicated and Inferred JORC resource (2.3km strike length), there is at least a further 1.5km of mineralised strike yet to be drilled out. Any additional high-grade material at or near surface would further extend the mining of higher grades, which would likely be reflected in operating margins.

- Reduction in Strip Ratios – the pit slope angles adopted by the Company in this study were conservatively shallow. There is a reasonable expectation that, after geotechnical studies have been completed, the pit slope angles may be steepened. This would result in less waste material needing to be removed, and therefore lower strip ratios and resultant lower overall mining costs.

- Reduction in Mass of Concentrate – The Company is investigating additional physical and chemical methods to decrease the mass of the flotation concentrate. Any further reduction in mass of the concentrate and associated increase in grade will achieve significant savings by reducing the consumption of the costly strong acids used in the strong acid digestion part of the process.

- Additional Product Streams – there is potential for additional products to be generated from Kanyika such as high-grade magnetite, zircon-related products and ceramic-grade feldspar. However, at this stage, insufficient work or certainty prevents the Company from including these possible revenues in its financial forecast.

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 Nb_2O_5, including a higher grade 24.0Mt component @ 3,800ppm Nb_2O_5. The Indicated Resource is 13.2Mt @ 3,600ppm Nb_2O_5, including a higher grade 8.5Mt component @ 4,200ppm Nb_2O_5, and the Inferred Resource is 42.1Mt @ 2,800ppm Nb_2O_5. 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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