



## ASX RELEASE

29 October 2013

### Investment Summary

- ASX listed African-focused resources company (ASX:GBE)
- 100% interest held on projects in Malawi including niobium, graphite and rare earths
- Malawi Kanyika Niobium project in feasibility optimisation
- 70% interest in JV Mount Muambe REE project in Mozambique
- Strategic partnership with major shareholder (54%) East China Non-Ferrous Metals Investment Holding Co. Ltd (ECE)

### Directors and Management

Non-Executive Chairman

**Mr Yi, Shao**

Managing Director

**Mr Stephens, Alistair**

Executive Director & Deputy CEO

**Ms Lu, Shasha**

Non-Executive Directors

**Ms Wong, Alice**

**Mr Tian, Jingbin**

**Mr Stephens, Peter**

Independent Non-executive Director

**Mr Hayden, William**

**Mr Tan, Bo**

CFO & Company Secretary

**Ms Angel, Kerry**

**FPOS** 220,339,131

**OPTIONS** 11,750,000 (various)

**GBEAQ** 3M Rights expire June 2014

**C. Notes** 29,050,800 @ 5.5c

### Contact

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Managing Director

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## September Quarter 2013 Activities Report

Globe Metals & Mining (“Globe” or “the Company”; ASX:GBE) presents its September Quarter 2013 Activities Report:

### Highlights

#### Finance

- Cash in bank 30 September 2013: \$14.18M

#### Corporate

- Major funding announced 5 September 2013:
  - Globe has received a total of approximately A\$1.6 million from the issue of Convertible Notes to Apollo Metals Investment Co Limited (“Apollo”)
  - Globe will raise a further A\$9.9 million through an underwritten non-renounceable rights issue offer to eligible shareholders at an A\$0.045 share price. This has been underwritten by Apollo

#### Kanyika Niobium Project

- Optimisation studies are realising improved concentrate grade and recovery
- Chinese concentrate demonstration plant behind schedule due to protracted community negotiations
- Smelting demonstration planned for testing metal alloy production
- Community Relocation Action Plan has been developed and has been submitted to the Government of Malawi for review
- The Environmental Impact Assessment has been approved

#### Chiziro Exploration

- Assays up to 15.4% Total Graphitic Carbon (TGC) received from auger drilling at Chiziro
- Anomalous TGC assays from stream sediment sampling highlight further areas for potential graphite mineralisation

#### Mount Muambe

- Conceptual Feasibility Study for the Mount Muambe Fluorite resource has been completed

## **1 Corporate**

### **1.1 Finance**

Cash in bank 30 September 2013, \$14.18m. During the quarter A\$0.8m was spent on exploration and development associated mainly with the Kanyika Niobium project in exploration, bulk sampling and optimisation test-work. Administration costs of A\$0.84m are on target with the full year budget. An additional A\$0.13m was incurred with legal and funding fees associated with the issue of the convertible notes.

### **1.2 Proposed Funding**

The Company has secured an underwritten funding facility for A\$11.5m before costs. This two stage process consists of an issue of Convertible Notes to raise A\$1.6m and a subsequent A\$9.9m Rights Issue to eligible shareholders. The underwriting will go to shareholder vote at the Annual General Meeting and the Company encourages all shareholders to approve the resolution.

#### **Convertible Note**

The Company signed and completed the Convertible Note funding arrangement with Apollo Metal Investments Co Ltd (Apollo) and received funds in September 2013. A 6% placement fee was paid for issue of the convertible note.

#### **Underwritten Rights Issue**

Globe has undertaken a rights issue of one new share for every one share held at the record date of 29 October 2013. This rights issue is fully underwritten by Apollo Metal Investments Ltd providing Globe with funding certainty to progress development and growth strategies.

#### **Shareholder Approval of Underwriting**

The underwriting will be subject to shareholder approval at the annual general meeting of shareholders on 18<sup>th</sup> November 2013.

#### **If the resolution for underwriting is passed**

Under the terms of the underwriting, Apollo's Convertible Notes will automatically convert to fully paid ordinary shares at a rate of A\$0.055 per share if the resolution to approve the underwriting is passed by shareholders at the Company's Annual General Meeting. At the completion of the underwriting a 6% funding fee is payable for the underwriting of the funds from the shortfall of the rights issue.

#### **If the resolution for underwriting is not passed**

If the resolution is not passed then Apollo have the right to redeem the Convertible Note with Globe refunding A\$1.6m. A break-fee of A\$250,000 will be payable to Apollo for termination of the

underwriting agreement. The Convertible Notes bear a 7.5% interest that is waived if all Convertible Notes are converted to Shares by the redemption date of 30 June 2014.

If shareholders do not approve the underwriting of the rights issue shortfall, Globe will issue a supplementary prospectus outlining the options to shareholders.

### **Independent Experts Report**

As part of the rights issue, Globe engaged Stantons International Securities for an independent experts report. Their opinion is that the rights issue is unfair but reasonable. The rights issue, offer price of A\$0.045 was a mid-point of the previous month trading range of A\$0.041 to A\$0.05. In the opinion of the independent expert, the transaction is unfair because the offer price should have been higher. Had the offer price been in the higher range of the fair market value, then the offer price may have been fair. The basis for the rights issue being reasonable is that the offer price meets the Company objectives as outlined in the rights issue offer document, and that equity funding in the current market is difficult.

### **1.3 Appointments**

In July the Board appointed CEO Alistair Stephens as Managing Director.

## **2 Kanyika Niobium Project (KNP) Progress**

### **2.1 Development Agreement Negotiations**

Progress with the Development Agreement is continuing. In June 2013 the Government of Malawi (GoM) provided Globe with a draft agreement. It is Globe's view that the agreement requires significant review and negotiation. The current requirement within the Development Agreement for many subsidiary agreements will require significant assessment. The next round of Development Agreement negotiations has not yet been determined but should be scheduled in the coming quarter.

### **2.2 Environmental Impact Assessment (EIA) update**

The Kanyika Niobium Project EIA passed the main technical review hurdle and has been approved by the National Council on Environment (NCE). This follows a rigorous assessment process undertaken by the environmental regulator that covered all environmental and social impacts and is an important factor in the development path of the project.

### **2.3 Community Relocation Plan**

The Resettlement Action Plan for Kanyika Niobium Project, as required by the Government of Malawi, was completed and presented by Globe to the Ministry of Lands and Housing on 19th September 2013. The Resettlement Action Plan (RAP) relates to compensation payable and the process involved for families and individuals that may need to be relocated should the project proceed. The RAP now awaits formal approval by the Malawi Government.

## 2.4 Optimisation Test-work

Optimised concentration test work has resulted in higher concentration grades of 37% compared to 26% from previous test-work with indications that a concentration grade of more the 40% is achievable. This concentrate was then tested in a smelting process that resulted in the demonstration of a marketable niobium ferroalloy. To optimise both the concentration and the smelting process a larger metallurgical sample is required. Therefore the Company has planned a bulk sampling exercise and demonstration plant to facilitate the optimisation of these results and produce a larger product sample for marketing. Community consultation has taken longer than expected resulting in the bulk sample for the demonstration plant being behind schedule by two months. It is anticipated that the concentration part of the demonstration plant will now be completed by the end of the year and the smelting component in early 2014.

## 3 Exploration

Globe has niobium, graphite and rare earth exploration and development projects in Malawi and Mozambique, Africa.

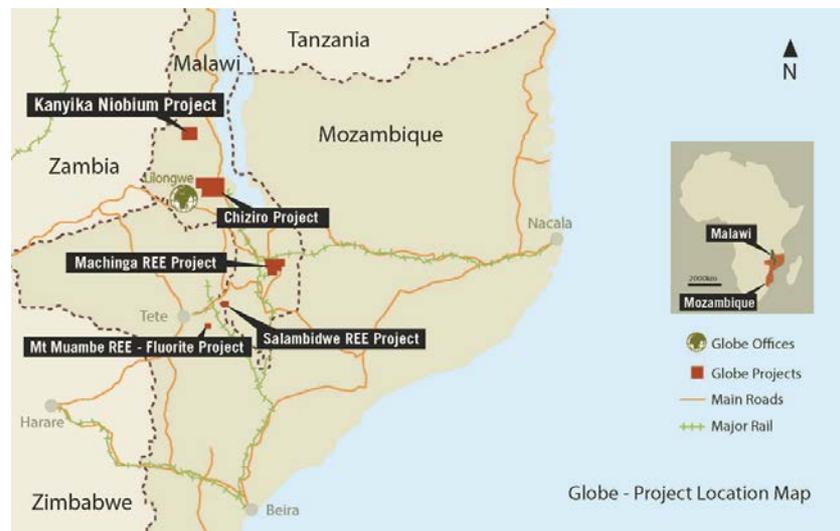


Figure 1: Project location map

### 3.1 Kanyika Niobium Project

East China Non-Ferrous Metals Investment Holding Co. Ltd's ("ECE") Geology Team continued their geological exploration work on the Kanyika Niobium Project during the September Quarter. The geologists are based at Kanyika for 4 months and are undertaking a variety of work focusing on regional targets, including geological mapping and reconnaissance, surface sampling and regional radiometric surveying to the east of the main Kanyika mineralisation.

In addition to the regional radiometric surveying programme, an additional survey has commenced to identify strike extensions to the Nb-Ta mineralisation north and south of the Kanyika Niobium Project. No anomalous results have been recorded to date. Regional exploration at Kanyika is continuing.

### **3.2 Mount Muambe REE-Fluorite Project**

No exploration activity was completed at Mount Muambe during the September Quarter.

Samples were collected from the Fluorite resource (1.6Mt @ 19.0% CaF<sub>2</sub>) for metallurgical test work in Perth. The test work is being undertaken as part of a conceptual feasibility study being completed with respect to the fluorite resource and it is part of Globe's joint venture obligations in the Mount Muambe Project. At the end of September 2013 Globe finalised the study and completed its obligations under the Mount Muambe Acquisition Agreement. The conceptual feasibility report determined that the current resource defined at Mount Muambe is uneconomic. The agreement is due for renewal on 2 October 2013 and Globe is waiting for a response from the title holder Bala Usokoti Lda before Globe assesses the options for the project.

### **3.3 Salambidwe Rare Earth Project**

No exploration was completed at Salambidwe during the September Quarter; however exploration planning for the forthcoming Quarter is underway.

### **3.4 Memba**

No exploration was completed at Memba during the September Quarter; however exploration planning for the forthcoming Quarter is underway.

### **3.5 Machinga Rare Earth Project**

No exploration was completed at Machinga during the September Quarter; however exploration planning for the forthcoming Quarter is underway.

Earlier in 2013, Globe applied to the Malawi Ministry of Natural Resources to renew the Machinga licence and reduce its size by 55%, to 361.1km<sup>2</sup>. By the end of the September Quarter, Globe is still awaiting confirmation from the Ministry as to whether the submitted relinquishment has government approval.

### **3.6 Chiziro Graphite Project**

During the Quarter all assay results for sample batches CHZ004-006 were received from Bureau Veritas Laboratory (BV). The results were for 317 auger samples, 97 stream sediment samples and 22 rock chip samples and are summarised as follows:

- 23 stream sediments samples (Figure 1) assayed greater than 0.5% TGC, which is considered anomalous and these results have targeted further areas for exploration.
- Auger samples (Figure 2) were analysed for Total Graphitic Carbon (TGC%) of which nine yield assays greater than 5% to a peak of 15.4%. Grades above 5% are considered anomalous.

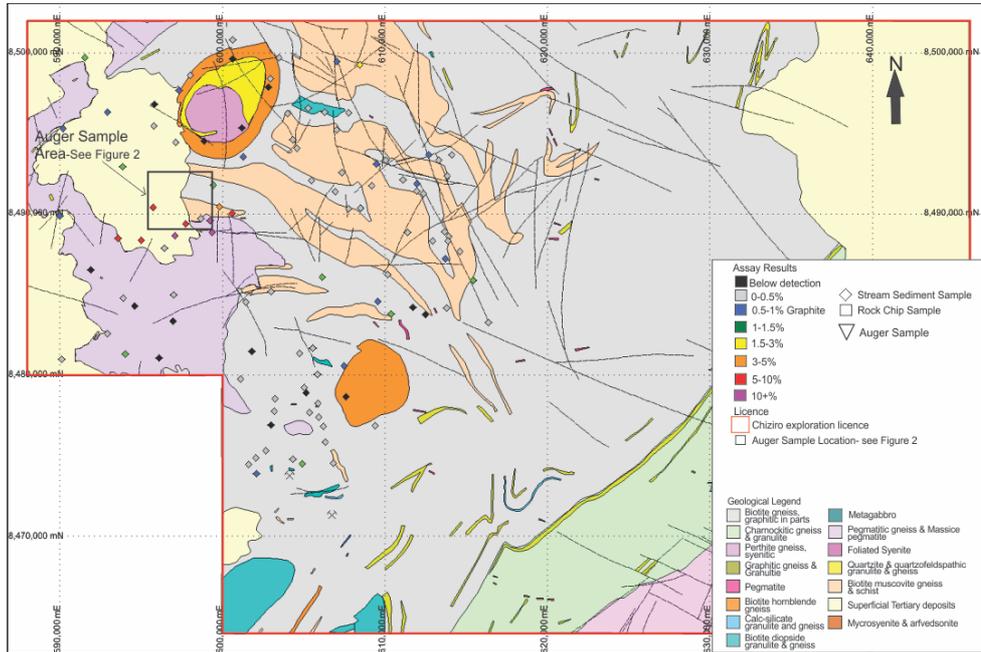


Figure 1: Stream Sediment sample locations, Chiziro

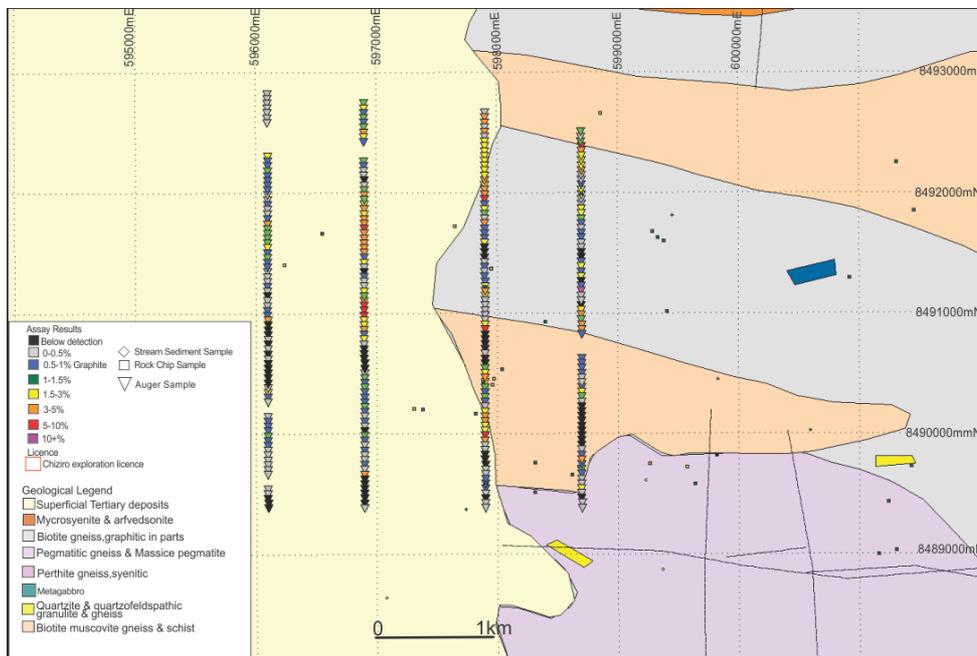


Figure 2: Auger Sample Lines, Chiziro

## 4 Schedule of Mineral Tenements as at 30 September 2013

Project		JV Partner	Status	Tenement	Interest held by Globe Metals & Mining Limited
Malawi	Kanyika		Granted	EPL0188-2005R	100%
	Salambidwe		Granted	EPL0289/10	100%
	Machinga		Granted	EPL0230/07R	100%
	Chiziro		Granted	EPL0299/10	100%
Mozambique	Memba Globe		Granted	4832L, 4831L	100%
	Mount Muambe	Bala Ussokoti Limitada	Granted	570L	70%

Note: EPL: Exclusive Prospecting Licence (Malawi)

L: Exclusive Prospecting Licence (Mozambique)

## 5 Responsibilities for the next quarter

Over the next quarter Globe intends to:

- The Annual General Meeting of shareholders will be held at 10:00 am on Monday 18 November, at the Adina Hotel, Mounts Bay Road, Perth
- Complete the rights issue to raise A\$9.9 million
- Progress the Kanyika sampling and commence the demonstration plant
- Exploration at Chiziro and Memba

ENDS

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## About Globe Metals & Mining

Globe is an African-focused resources company, with a strategy to become a niobium and tantalum producer in Africa, and to grow the company's investment opportunities in the minerals industry.

Globe's current focus is the Kanyika Niobium Project in Malawi, which will produce niobium and tantalum products; key additives in steels and electronics. The Mineral Resource statement substantiates that Kanyika could support a 20 year mine life.

Globe's corporate head office in Perth, Australia is supported by regional operational offices in Lilongwe and Maputo. The Company has been listed on the ASX since December 2005 (ASX:GBE) and is 54% owned by a Chinese State Owned Enterprise, East China Exploration and Development Bureau, through its holding in Ao-Zhong International Mineral Resources Pty Ltd.

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