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ASX Code: GBE

23 February 2010

ASX/Media Announcement

## Third Customer Supply MOU – Kanyika Niobium Project

### Highlights

- Company confirms its third MOU for the supply of niobium from its Kanyika Niobium Project in Malawi
- The new MOU is for the supply of 500tpa of niobium oxide
- Total of 1,360tpa niobium metal now under MOU – 45% of planned 3,000tpa production

### Summary

Globe Metals & Mining is pleased to announce that it has entered into its third Memorandum of Understanding for the supply of niobium from the Company's Kanyika Niobium Project in Malawi.

The new MOU is for the supply of 500tpa of niobium oxide (Nb<sub>2</sub>O<sub>5</sub>).

The 500t of niobium oxide equates to 350t of niobium metal. The new MOU also increases the total annual production from the Project that is subject to a Customer Supply MOU to 45%. The Company expects to conclude further supply arrangements as it progresses the development of the Kanyika Niobium Project. All MOU's signed to date are non-binding, and are subject to further agreement in relation to price, duration and product specification.

MOU #	Product	Nb Metal Content
1. (January 2009)	500tpa Nb <sub>2</sub> O <sub>5</sub>	350t
2. (June 2009)	1000tpa FeNb	660t
3. (February 2010)	500tpa Nb <sub>2</sub> O <sub>5</sub>	350t
<b>Total</b>		<b>1,360t</b>

The niobium oxide is to be supplied to a sophisticated end-user of niobium oxides, metals and alloys. The supply from Globe may be in the form of a concentrate, in which case there would be intermediate processing via a third party, or alternatively, direct supply by Globe of a high purity oxide (> ~98-99% Nb<sub>2</sub>O<sub>5</sub>), provided it can meet the end-user's product specifications.

Globe considers the identity of the customer to be highly commercially sensitive, and therefore to be treated as confidential.

### Commentary

1. Demand for niobium remains strong, and there is strengthening momentum in all market segments as the economy slowly improves.



2. Ongoing progress and success by Globe with the Kanyika Niobium Project has positioned it as the “next most likely” niobium producer, as evidenced by ongoing customer interest. Globe will become the world’s fourth major producer of ferro-niobium (FeNb) after CBMM, Anglo-American and IAMGOLD.
3. Production of FeNb for the steel industry represents over 90% of total niobium consumption. The remaining <10% which is supplied to the non-steel/processor market (e.g. Globe’s customer that recently signed its third MOU) is ultimately consumed in the form of high purity oxides, metals and alloys by the aerospace, optical, nuclear and other advanced technology industries.
4. Globe’s primary target market for the supply of product from the Kanyika Niobium Project is the steel industry, through the sale of FeNb. The somewhat skewed focus of the three MOU’s signed to date, with more than 50% being to the non-steel industry, is a function of the factors which define this market segment, resulting a high demand for niobium oxide from Kanyika:
  - There are two main niobium suppliers to the non-steel industry; the first, CBMM, is a fully integrated supplier to both the steel and non-steel sectors, the latter via its acid beneficiation facilities, and accounts for over 50% market share in this sector. The second, the Mamore mine in Brazil, supplies a raw “pig alloy” to downstream producers, with production being a by-product from its main tin operations. Hence there is a reliance on only one or two volume suppliers, and some desire for alternative reliable volume sources of production.
  - The “swing” supply of niobium to the non-steel sector has historically come from a variety of predominantly African sources, such as either tantalum mining credits or small scale, artisanal production from columbite deposits (~50% Nb<sub>2</sub>O<sub>5</sub>, 5% Ta<sub>2</sub>O<sub>5</sub>). Much of this latter production however has become contentious, due to it being sourced from former conflict regions and their surrounds, such as the eastern D.R. Congo. Adverse publicity and the demands of the ultimate end-user industries that the downstream processors supply to is having the effect of limiting the sourcing of raw materials from these regions in a number of major western economies.
5. Globe’s processing flowsheet at Kanyika will include an acid beneficiation stage, thereby enabling the production of high purity oxides for sale to the non-steel segment, in addition to the main volume FeNb product to the steel industry. This process route was chosen in order to maximise the revenue and profit potential provided by the multi-commodity nature of the deposit (Kanyika is endowed with economic quantities of tantalum, uranium and zircon, in addition to niobium). This will be a strategic advantage to Globe, providing it with revenue and product diversity and flexibility, not available to some other industry participants.
6. Due to the level of interest in niobium oxide from Kanyika, Globe may consider slightly increasing the total volume of niobium metal production to above the forecast 3,000tpa. The primary product will of course be FeNb. However, the overriding consideration in relation to the ultimate volume of production from Kanyika will be Globe’s market share, which is targeted to be in the range of 3-4% when production commences. Globe is cognisant that the niobium market is a “minor” or “specialty” market, with finite capacity for new production and existing producers with readily available new supply (pre-crisis, the niobium market was ~60,000+tpa, being roughly the same volume as the uranium oxide market). Accordingly, a degree of “equilibrium” between new and existing producers is sensible in order to ensure orderly market conditions are maintained. Equally however, the niobium market has grown at ~8% per annum over the last twenty years, being at twice the rate of the underlying steel market that it predominantly supplies into, so there is ample capacity for new suppliers to be accommodated, as annual production from Kanyika will represent ~6 months of overall market growth post crisis.

## **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.

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