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ASX/Media Announcement

Rare Earth Market and Price Update

Globe Metals & Mining (“Globe” or “the Company”; ASX: GBE) is pleased to provide an update on the rare earth market and prices.

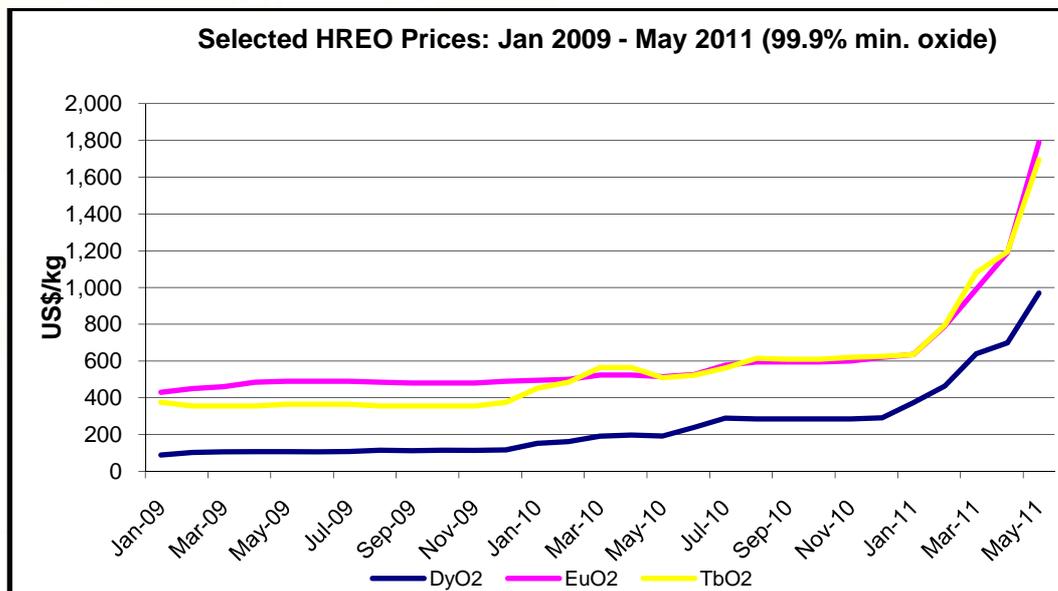
Highlights

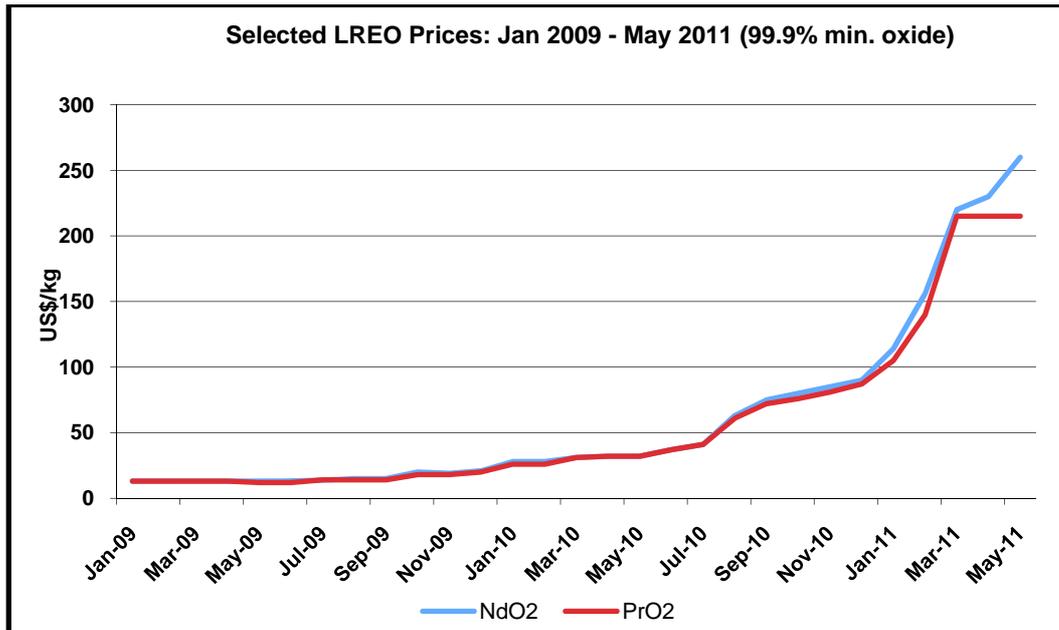
- Rare earth prices risen 3-5x since January 2011
- Demand forecast to increase 60% between 2011 and 2015
- US legislation to mandate strategic stockpiling of rare earths
- China to encounter shortfalls – particularly heavy rare earths (HREOs)
- Globe’s major shareholder – ECE – has committed to an “open source” sales process for any rare earth products
- Globe exploring three exciting rare earth projects

Globe’s Rare Earth Projects

Globe has three exciting rare earth projects: Mount Muambe in Mozambique (earning up to 90%), and Salambidwe (100%) and Machinga (earning up to 80%) in Malawi. All three projects will be subject of extensive exploration work over the course of 2011 and 2012, and the Company will regularly update the market on its activities and results.

Selected Rare Earth Oxide (REO) Prices





It is worth noting that Baotou Steel Rare Earth Hi-Tech Co., which accounts for ~87% of China's REO reserves and about half of China's REO exports, has been granted approval to establish the country's first rare earth exchange. This is expected to improve price transparency, as current pricing is largely ad hoc, being determined on a case-by-case contract basis between traders and downstream customers (*The Australian*, 28-29 May 2011).

Chinese Export Quotas

China accounts for over 95% of all REO production, which was approximately 115,000tpa in 2010. However, given that non-Chinese demand exceeds 60,000tpa, and the Chinese export quota for 1H 2011 is only 14,500tpa (expected 2011 total quota of 24,000tpa), prices have continued to rise significantly. The total quota for 2009 was 50,000tpa and 30,000tpa in 2010.

In addition, various actions by the Chinese government are also accentuating the supply crisis: closing loopholes (including iron alloys containing REOs in the quota, such as FeDy), preventing illegal and excessive production and combating practices that are environmentally harmful.

In addition, the Chinese rare earth industry is going through a consolidation phase, which is also occurring in other sectors of the economy in China.

Supply and Demand Fundamentals

Demand for rare earths is expected to grow by 60% between 2011 and 2015, driven by increasing demand in applications such as hybrid cars, consumer electronics and wind turbines (*Ernst & Young*, May 2011). The key rare earths that there are likely to be a shortfall of are dysprosium, terbium and europium (HREOs) and neodymium and praseodymium (LREOs). It is forecast also that China itself is likely to encounter supply deficits in some REOs in the period up to 2015, and may also seek to secure additional sources of raw material supply.

American Rare Earth Stockpile and Inventory Plan

The strategic and/or military significance of REOs and their applications is well known. Equally, as is the reliance of the American government (among others) on foreign sources of rare earth raw materials to satisfy domestic demand.

Accordingly, in addition to "normal" industrial demand, geo-strategic stockpiling of rare earths will also add to gross demand and thereby also feed into increased prices.

For example, the Fiscal Year 2012 National Defence Authorisation Bill (H.R. 1540) was recently passed by the American House Armed Services Committee, which included a provision that will require the Defence Logistics Agency Strategic Materials to develop a plan to establish an inventory of rare earth oxides, metals, alloys and magnets for defence purposes.

Globe's 'Open Source' Rare Earth Policy

As part of the investment by East China Mineral Exploration and Development Bureau (ECE) in Globe, ECE gave to the Australian Foreign Investment and Review Board binding undertakings to the effect that any of Globe's product off-take agreements relating to rare earth products will occur on an arms length commercial basis. The undertakings state that any parties wanting to enter into off-take agreements will be given reasonable and commercial opportunity to negotiate, and that any revenues from the sale or supply of rare earth products will be directly referable to market prices.

Commenting on this 'open source' approach at the time, ECE's (and now also Globe's) Chairman, Mr. Shao Yi, said "we understand how important transparent and open supply arrangements with respect to rare metals, including rare earths, are to global industries and technology, so we were very happy to provide this undertaking to the Australian Government."

"It is worth noting that Brazil supplies over 90% of the world's niobium, and China's rapid industrialisation could not have taken place without open access to this critical input into sophisticated steels. Indeed, this is one of the primary reasons for our investment into Globe, to enable the Kanyika Niobium Project to come into production."

"We look forward to working with Globe to fully explore, and potentially develop, its exciting rare earth projects, and any future supply arrangements will always be determined on the basis of maximising shareholder value."

About Globe Metals & Mining

Globe is an African-focused resource company, specialising in rare metals such as niobium, tantalum and rare earths, as well as other commodities including fluorite, uranium and zircon. Its main focus is the multi-commodity Kanyika Niobium Project in Malawi, Africa, which will commence production of ferro-niobium in 2014, a key additive in sophisticated steels.

Globe also has a number of other projects at an earlier stage of development: it is earning up to an 80% interest in the Machinga Rare Earth Project in southern Malawi, and the Company can earn up to a 90% interest in the Mount Muambe Rare Earth-Fluorite Project in Mozambique. Initial drill programs on both projects were undertaken in 2010.

Globe has regional offices in Lilongwe, Malawi, and Tete, Mozambique and has its corporate head office in Perth, Australia. The Company has been listed on the ASX since December 2005 (Code: GBE).

In April 2011, the Company entered into a strategic partnership with East China Minerals Exploration and Development Bureau (ECE), a Chinese State Owned Enterprise with extensive mining operations in China and overseas. ECE is now the largest shareholder in Globe, and a key partner for Globe's growth ambitions in Africa.

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