



ASX RELEASE

31 July 2020

About Globe

- Globe Metals & Mining Limited is a Perth based company listed on Australian Stock Exchange (ASX Code: GBE)

Investment Summary

- 100% interest held in Kanyika Niobium Project in Malawi (Africa)

Directors and Management

Ms Alice Wong - Non-Executive Chairperson
Mr Alistair Stephens - Managing Director
Mr William Hayden - Non-executive Director
Mr Bo Tan - Non-executive Director
Mr Alex Ko - Non-executive Director
Mr Michael Fry – CFO/Company Secretary

Capital Structure

Shares on Issue: 465,922,373

Substantial Shareholders

Apollo Metals: 52.79%
Ao-Zhong International Minerals: 25.36%

Contact

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Managing Director
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Quarter ended 30 June 2020 Review of Operations

SUMMARY

Kanyika Niobium Project

- Company continues to work with government, stakeholders, specialist consultants and advisory parties to advance the Kanyika Project.
- Work during the quarter involved various meetings with government and community bodies aimed at achieving execution of the Development Agreement, which is the last remaining condition precedent to the issue of a Mining Licence for the Kanyika Project.
- Work also included further processing optimisation testwork and a review of processing and engineering design to assess further options for reducing capital and operating costs.

Development Agreement

- Globe personnel have been working closely with the Malawi Government with the aim of execution of the Development Agreement. The Company remains ready, willing and able to execute the Development Agreement which is a precursor to marketing, financing and development.

Malawi Government

- On 3 February 2020, Malawi's Constitutional Court ruled that the 21 May 2019 Presidential Election (that saw President Mutharika initially returned) was invalid due to widespread voting irregularities and ordered a fresh Presidential election to take place within 151 days.
- The re-run of the Presidential Election was held on 23 June 2020, with pro development Malawi Congress Party leader Lazarus Chakwera claiming victory with ~59% of the vote.
- President Lazarus Chakwera was inaugurated on 6 July 2020.
- In a nationally-broadcast speech, Chakwera announced several social measures to develop the country and promised to transform Malawi through development with the assistance of foreign investment.

Corporate & Finance

- Cash at bank and in term deposits at 30 June 2020 of \$5.182 million.
- 1,000,000 options expired on 30 June 2020 having an exercise price of \$0.25.

Globe Metals & Mining Limited (ASX Code: GBE) (“Globe” or “the Company”) provides its activities report for the quarter ended 30 June 2020.

1. Kanyika Niobium Project

1.1 Tenure

The Kanyika Niobium Project is secured by Application for Mining Licence AML0026.

An application for Mining Licence grants the Company security of tenure only, and grants no rights to the Company to market, sell or commit products or commodities, and prevents any development or operational activities, and therefore, grants no rights to relocate or disrupt communities.

Globe has been previously notified (23 June 2015) that the issue of a Mining Licence is subject to the finalisation and execution of a Development Agreement (refer status at 1.8).

1.2 Mineral Resource Estimate

A Mineral Resource Estimate for the Kanyika Niobium Project under the 2012 JORC guidelines was reported to ASX on 11 July 2018, as follows:

Table 1: Mineral Resource Estimate for Kanyika using a 1,500 ppm Nb₂O₅ lower cut

Category	Million Tonnes	Nb ₂ O ₅ ppm	Ta ₂ O ₅ ppm
Measured	5.3	3,790	180
Indicated	47.0	2,860	135
Inferred	16.0	2,430	120
Total	68.3	2,830	135

Table 2: Mineral Resource Estimate for Kanyika using a 3,000 ppm Nb₂O₅ lower cut

Category	Million Tonnes	Nb ₂ O ₅ ppm	Ta ₂ O ₅ ppm
Measured	3.4	4,790	220
Indicated	16.6	4,120	190
Inferred	2.8	4,110	190
Total	22.8	4,220	190

1.3 Mining Development Process

Negotiations with various regulators, stakeholders and other parties are ongoing in regard to developing the Kanyika Niobium Project.

Advancement of the Kanyika Niobium Project is dependent on finalisation and execution of the Development Agreement (refer status at 1.8) which rests with the Government of Malawi.

1.4 Exploration Activities

No exploration activities were undertaken this quarter.

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1.5 Engineering Studies

The engineering study remains dominantly complete notwithstanding that material changes to the development agreement may necessitate alteration of these designs.

The Company has undertaken a broad review of processing technology to assess cost reduction and optimisation options; and has during this quarter undertaken further processing optimisation test-work which to date has shown favourable results. Design simplifications and alterations for these improvements are likely to be necessary and beneficial.

Due to the commercially sensitive nature of this test-work, Globe will only provide relevant information at the appropriate time.

1.6 Feasibility Study

In January 2019, in anticipation of the Development Agreement being executed, Globe updated all studies and plans, such that the technical programs associated with the mineral resource, mining, metallurgical studies, processing, engineering design and infrastructural support were complete to a level of technical detail that is satisfactory to engineering classification standards. By carriage of time, the costing of these programs are now substantially out of date and therefore technically classify the project as a pre-feasibility project despite the fact much of the engineering design is final and not subject to change. These programs will require re-costing when clarity on the development agreement has been made.

In reference to JORC guidelines, the conversion of mineral resources to ore reserves can only be undertaken once modifying factors, specifically (section 29 JORC Reporting or Ore Reserves) "*once there are reasonable grounds that Government approvals will be received*".

Globe is not yet in a position to publish the study outcomes but will do so upon the Kanyika Development Agreement being executed and the Company's Application for Mining Licence having been converted into a granted Mining Licence.

1.7 Project Financial Model and Key Metrics

Globe has completed an update of its financial model for revised capital costs, revenues and operating costs in order to determine key metrics including but not limited to project revenue, profitability, return on investment and payback.

Globe is not yet in a position to finalise the financial model and release the key outcomes but will do so upon the Kanyika Development Agreement being executed and the Company's Application for Mining Licence having been converted into a granted Mining Lease.

1.8 Development Agreement

The execution of a Development Agreement with the Government of Malawi is a condition on the conversion of the Application for Mining Licence into a granted Mining Licence; and will allow the Company to move forward with project funding and marketing arrangements.

Globe has been working with the Government on a Development Agreement in earnest since 2012. Recently, finalisation of the Development Agreement has gained momentum as a consequence of the introduction of a new Mines and Minerals Act (2018) ("Mining Act"), which was gazetted and effective from 1 September 2019, and the appointment of the new Mines Minister. To this end, Globe has in recent weeks and months, made significant changes to the Development Agreement and associated agreements, which include a shareholders' deed and a community development agreement, to ensure consistency with the new Mining Act and based on feedback from Government.

From Globe's perspective the Development Agreement and associated agreements are ready for implementation with the Government, subject to Government's approval; Globe remains ready,

willing and able to execute. As a consequence of recent meetings with senior administrators in the Government, Globe is optimistic that a conclusion can be achieved in the short to medium term.

1.9 New Mining Act

The Mining Act, formally referenced as the Mines and Minerals Act (2018), came into effect on 1 September 2019.

At the time the legislation was passed, President Mutharika is on record as stating that government hopes to enhance the development of the mining sector and increase its benefits to the people. President Mutharika said: *"In recognition of the huge potential the mining sector has on the country's economic growth and development, government is implementing a number of activities aimed at increasing investments in the sector."*

Globe has prepared a revised and amended application for a mining licence such that it complies with and aligns to the new Mines Act.

1.10 Malawi Government

On 3 February 2020, Malawi's Constitutional Court ruled that the 21 May 2019 Election was invalid due to widespread voting irregularities and ordered a re-run of the Presidential election take place within 151 days.

The re-run of the Presidential Election was held on 23 June 2020, with pro development Malawi Congress Party leader Lazarus Chakwera claiming victory with ~59% of the vote.

President Lazarus Chakwera was inaugurated on 6 July 2020. In a nationally-broadcast speech, Chakwera announced several social measures to develop the country and promised to transform Malawi through development with the assistance of foreign investment, calling on development partners to respect the "vision and plans for our own country and to partner with us in ways that respect our dignity and sovereignty, not ways that undermine it."

Globe is committed to working with President Chakwera and his government to develop the Kanyika Niobium Project for the benefit of Malawi's people and for the Company's stakeholders in a manner that is consistent with the stated objectives of the new President.

1.11 Kanyika Community Court Action

As previously advised in the quarterly report of 31 December 2019, a mediation hearing for the court action by selected Kanyika residents against the Government of Malawi and Globe Metals and Mining (Africa) Limited proceeded as scheduled (from notice to both parties dated May and September 2019) on 17th of December 2019. Unfortunately, the Plaintiffs did not present to the court hearing and their legal representative claimed that they were both unprepared and uninformed of the court date. Irrespective, the legal representative refused any offer of compensation.

It is noted that the Company identified and accepts relevant to the matter and pursuant to statute, a liability for uncompensated exploration activities of amount less than US\$100. The Company's letter of offer, agreeing to payment of this amount, to the legal representatives earlier in the year remains without response. The court ruled that without successful mediation the court declared mediation final and that the parties should consider their own positions.

There have been no further developments in relation to this matter during the quarter ended 30 June 2020.

1.12 Impact of Coronavirus

The world remains under the grip of the novel coronavirus pandemic with seemingly every country affected in some way.

The effect on Malawi grows with each passing day, with the number of persons inflicted with the virus and dying as a consequence of it, increasing rapidly.

Whilst government offices and workplaces remain open, personal interaction is at a minimum with most avoiding face to face meetings and the like.

Globe has a small, nimble and committed team who have and continue to take all necessary measures to ensure the safety of our team, our partners, the community and the countries in which we operate.

Despite the changed circumstances, our team remains focussed on execution of a Development Agreement ahead of construction and mining at Kanyika, once financing and offtake are complete.

The Company remains optimistic about our ability to progress the Kanyika Niobium Project and believes the outlook for the commodity markets specifically, Niobium, will remain strong.

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2. Niobium Market Outlook

Globe continues to monitor factors driving niobium demand, supply and pricing and to investigate opportunities for participation and involvement in industries seeking to develop applications requiring niobium.

Background

Approximately 90% of all niobium used is consumed as ferroniobium in steelmaking. The rest goes into a wide range of smaller-volume but higher-value applications, such as high-performance alloys (which include superalloys), carbides, superconductors, electronic components and functional ceramics.

Although the unit consumption is very small—fractions of a percent by weight of a tonne of finished steel—the benefits are large. Niobium additions in steel significantly increases strength, so less steel is required overall, which can reduce cost substantially. This has been the basis for the development and growth in its use of steels over the last few decades and should remain the driver in the years to come. Niobium intensity of use is relatively low in several large, steel-producing nations, such as China, but also India and Southeast Asia. The capacity for an increase in niobium intensity of use and a potential increasing usage in long products (rebar) provide an area of potential growth in niobium demand. With Chinese regulations now requiring higher ferroalloy loadings in construction, the outlook for ferroniobium and ferrovandium demand, looks positive.

Almost all ferroniobium supply is from three industrialised producers, two in Brazil and one in Canada. By far the largest is Companhia Brasileira de Metalurgia e Mineração (CBMM), which operates a pyrochlore mine and processing plant near Araxá in east-central Minas Gerais state in Brazil. While historically the company has operated comfortably below operational capacity, recent increases in demand translated into rising operating rates and prompted an increase its ferroniobium capacity by 50% over the period to 2021. The other major producers, Magris Resources in Canada and China Molybdenum in Brazil are thought to be operating at close to capacity.

Recent Developments

Roskill released an update on 6 April 2020 with respect to ferroniobium noting that;

“despite the COVID-19 pandemic causing suspension of mining activity around the world, a market supplied almost entirely by three producers would seem to be highly vulnerable to disruption; however this risk appears to be low in the case of ferroniobium, at least for now, with the supply of ferroniobium expected to stay sufficient to meet demand in the coming months, according to Roskill’s sources.”

Roskill noted a potential risk to CBMM, the largest producer of ferroniobium (78%), being that the state of Minas Gerais is currently under a state of emergency but has concluded that;

“there is no evidence to suggest that the COVID-19 pandemic is having any significant effect on ferroniobium prices. It is business as usual in the ferroniobium industry, reflecting the high degree of stability that has existed for many years.”

In terms of ferroniobium demand, Roskill previously reported (in December 2019) that;

“demand for ferroniobium had increased considerably over the past two years. A tight vanadium market coupled with the introduction of new rebar standards in China caused ferrovandium prices to spike in 2018. This prompted unexpected levels of substitution. Chinese steel makers started to use ferroniobium in Grade 3 rebar which, coupled with strong demand for ferroniobium in line pipe and automotive applications, meant that imports into China (and exports out of Brazil) reached record highs.”

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In other recent news:

Thursday, 23 July 2020:

US Senate passes Appropriation Bill for funding of Department of Defense for FY2021 which includes provision for the purchase of critical minerals and metals, of which one is niobium .

<https://www.armed-services.senate.gov/press-releases/inhofe-reed-praise-senate-passage-of-national-defense-authorization-act-of-fiscal-year-2021>

In May 2018, an Executive Order was passed by the US Department of Interior, listing 35 minerals which were considered critical and strategic to the US. The list included niobium and tantalum. Under the Executive Order, the US Commerce Department is charged with the responsibility of organising strategies to strengthen and sustain the supply chains for all of the critical minerals listed.

3. Corporate

3.1 Cash at Bank

Cash at bank for the Company remains robust with A\$5.182 million at bank on call or in term deposit.

3.2 Options

As at the date of this report there are NIL share options remaining on issue.

This is as a consequence of the lapse of the following options:

Grant Date	Expiry Date	Number	Exercise Price
2 July 2013	30 June 2020	1,000,000	\$0.25

4. Schedule of Mineral Tenements as at 30 June 2020

Project	Status	Tenement	Interest held by Globe
Malawi Kanyika	Under application	AML0026	100%
Malawi Kanyika	Granted	EPL0421/15R	100%

AML- Application for Mining Lease. A renewal application was lodged for this tenement and the Company awaits formal feedback on its renewal.

EPL – Exclusive Prospecting Licence (Malawi)

This report has been authorised for release by Alistair Stephens, Globe’s Managing Director and Chief Executive Officer.

For further information contact:

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 Managing Director
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Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Globe Metals & Mining Limited

ABN

33 114 400 609

Quarter ended ("current quarter")

30 June 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation (if expensed)		
(b) development		
(c) production		
(d) staff costs		
(e) administration and corporate costs	(285)	(1,444)
1.3 Dividends received (see note 3)		
1.4 Interest received	19	104
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives	50	50
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(216)	(1,290)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities		
(b) tenements		
(c) property, plant and equipment	-	(18)
(d) exploration & evaluation (if capitalised)	(290)	(846)
(e) investments		
(f) other non-current assets		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) investments		
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(290)	(864)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities		
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,769	7,387
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(216)	(1,290)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(290)	(864)
4.4	Net cash from / (used in) financing activities (item 3.10 above)		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(81)	(51)
4.6	Cash and cash equivalents at end of period	5,182	5,182

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	5,182	5,769
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	5,182	5,769

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

165

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

The payments made to directors of the entity and their associates reported at 6.1 were comprise as follows:

	A\$'000
Non-executive Director's fees	62
Managing Director Fee	96
Superannuation	<u>6</u>
TOTAL	<u>165</u>

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities		
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 Total financing facilities	-	-

7.5 **Unused financing facilities available at quarter end** -

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(216)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(290)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(506)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	5,182
8.5 Unused finance facilities available at quarter end (Item 7.5)	
8.6 Total available funding (Item 8.4 + Item 8.5)	5,182
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	10.25

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/a

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/a

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/a

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Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

31 JULY 2020

Date:

ALISTAIR STEPHENS – MANAGING DIRECTOR

Authorised by:
 (Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.