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ASX/Media Announcement

Niobium Market Update

Highlights

- **Ferro-niobium (FeNb) price stable at US\$44-45/kg (Nb metal contained)**
- **Globe's financial forecasts based upon a FeNb price of US\$44/kg**
- **Long term price forecast of US\$45/kg**
- **Strong annual FeNb growth forecast of 10%+, substantially higher in China**
- **Expected annual production from Kanyika will comprise only 6 months of market growth at current levels and ~5% of market share**
- **Corporate activity in niobium market reflects positive market outlook**
- **Strong cash position of A\$45.1m = 20.2 cents per share**

Globe Metals & Mining ("Globe" or "the Company"; ASX: GBE) is pleased to provide an update on the niobium market.

Current FeNb Price

The current spot price for Chinese "60-B" FeNb, the most appropriate reference price for the FeNb to be produced from the Kanyika Niobium Project, is 225,000-230,000 RMB/tonne, which equates to US\$44-45/kg Nb metal contained (*Asian Metal*, 20 May 2011; incl. 17% VAT; RMB:USD 6.5; 65% Nb metal contained/tonne).

The current price compares to a corresponding price of 230,000-235,000 RMB/tonne reported by Globe in July 2010, also US\$44-45/kg. The change in the RMB quoted price over the last ten months is offset by the small change in the RMB: USD exchange rate (6.84 in July 2010).

60-B is the volume Chinese FeNb product produced from a relatively high purity niobium oxide prior to final alloying, and consequently has fewer impurities than the "standard grade" Brazilian FeNb (alloyed directly from concentrates).

Globe's flow sheet will include the production of niobium oxide as an intermediate step in the production of FeNb, as the Kanyika Deposit is endowed with significant amounts of tantalum and uranium. These commodities are important to separate to realise the full economic benefits from the Deposit.

Kanyika Niobium Project – FeNb Price Assumptions

Globe has used a FeNb price of US\$44/kg in its financial projections for the Kanyika Niobium Project.



Long Term FeNb Price Forecast

The Company refers investors to the market release of IAMGOLD (TSX: IMG) dated 4 May 2011 in relation to its Niobec Mine. As one of the three major current producers of FeNb, and the only one that publicly reports in detail on its niobium operations, its commentary on the niobium market is of some consequence.

IAMGOLD has increased its long term FeNb price forecast to US\$45/kg, which is for standard grade FeNb.

Note that as Globe will produce a cleaner FeNb product with fewer impurities, it is expected that the Kanyika FeNb will sell at a small premium to standard grade FeNb.

It is also worth noting also that Niobec's forecast operating margin is ~62%, which highlights the profitability of the FeNb market. Niobec is reputed to have the lowest margins of the three current major FeNb producers.

FeNb Price Stability

An important and very positive aspect of the FeNb market is its price stability, with long-term contracts being referenced to the main Brazilian producer. Since 2007, the benchmark contract price for "standard grade" Brazilian FeNb has increased steadily from ~US\$35/kg to ~US\$40-41/kg, including throughout the financial crisis. Spot prices typically move within a small band around the benchmark, and account for less than 5% of volumes.

This level of pricing predictability gives Globe an additional level of comfort in relation to its ongoing investment into the Kanyika Niobium Project. Not only does it provide an unprecedented degree of cashflow predictability for a mining project, of particular importance in the development and establishment phases, it also provides likely "through the cycle" pricing stability. This pricing stability also benefits the end-users, being steel mills.

The Company is of the view that this aspect of the Kanyika Niobium Project is not typically factored in when assessing the Globe investment opportunity, and provides real additional value to investors in Globe due to the low beta/volatility commodity pricing dynamics that prevail in this market.

Forecast FeNb Growth Rates

IAMGOLD reiterated in its 4 May 2011 release its forecast of FeNb compound annual growth of 10%, in line with recent historical rates of growth.

Niobium consumption has increased at approximately double the rate of steel over the past 10+ years, as the number of steel products using niobium, and the amount of niobium used, has increased markedly. Measured quantitatively, the "unit consumption" or "consumption intensity" of niobium in steel has increased from 40g/tonne in 2000 to 63g/tonne currently, and is expected to continue to increase.

Supplier Dynamics

"Niobium represents a small percentage of the raw material cost of steel making, but adds significant value by improving strength, durability, weight and flexibility. Substitutes, such as ferrovanadium, have inferior physical characteristics and comparatively higher prices with generally lower added-value, mitigating the risk of substitution." (IAMGOLD, 4 May 2011).

In addition, as mentioned previously, FeNb prices are notoriously stable, adding another comparative advantage to end-users relative to potential substitute products.

Globe's FeNb Market Share

The current size of the niobium market is ~60,000tpa Nb metal/90,000tpa FeNb.

Forecast production from Kanyika is 3,000tpa Nb metal/4,500tpa FeNb, which is 5% of the current market total, or equivalent to 6 months of market growth. Given the 10%+ forecast growth rate for niobium, both the 5% market share and the 6 months of market growth figures will be smaller when Kanyika comes into production in 2014.

China's Share of the FeNb Market

China's share of the FeNb market is estimated at 25-30%, and share of growth at least 50%. Globe's strategic relationship with ECE positions the Company well to access this very important market.

Corporate Activity

In March 2011 a consortium of 6 Korean and Japanese steel mills purchased a 15% stake in the Brazilian company CBMM, the leading FeNb producer, for US\$1.95 billion (implied enterprise value of US\$13 billion). CBMM produces ~75% of all FeNb.

IAMGOLD recently announced that it is considering divesting or spinning-off its Niobec business, as well as announcing plans to expand its production. The future valuation of Niobec has been loosely estimated at US\$1.5-2 billion by IAMGOLD (Reuters, 24 May 2011). Production from Niobec in 2010 was 4,400tpa Nb metal.

Cash Backing

Globe has substantial cash holdings, \$45.1 million, which represents cash per share of \$0.202 (~223 million shares on issue).

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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