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MINING WEEKLY Online

Ferro-niobium price stability benefits Malawi project, says Globe

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Published: 7th June 2011



JOHANNESBURG (miningweekly.com) – The price stability of ferro-niobium (FeNb), coupled with the compound yearly growth forecast for FeNb of 10%, would significantly benefit ASX-listed Globe Metals & Mining's Kanyika niobium project, in Malawi, the company said on Tuesday.

"The price stability could result in an unprecedented degree of cash flow predictability, and the level of pricing predictability gives the company an additional level of comfort in relation to its ongoing investment in the Kanyika niobium project," it stated.

Since 2007, and throughout the global financial crisis, the benchmark contract price for standard-grade Brazilian FeNb increased steadily from between \$35/kg and \$40/kg to \$41/kg. Spot prices moved within a small band around the benchmark, and account for less than 5% of volumes.

Further, Toronto-based mining and exploration company Iamgold's forecast also pointed to niobium consumption increasing at about double the rate of steel over the past 10 years, as the number of steel products using niobium, and the amount of niobium used, increased markedly.

But, given the 10%-plus forecast growth rate for niobium (Nb), both the 5% market share and the six months of market growth figures would be smaller when Kanyika comes into production in 2014.

The current size of the niobium market is 60 000 t/y of Nb and 90 000 t/y FeNb. Production from Kanyika is estimated at 3 000 t/y of Nb metal and 4 500 t/y of FeNb, which is 5% of the current market total, or equivalent to six months of market growth.

Globe's financial projections for the Kanyika project pointed to a FeNb price of \$44/kg, which is close to the current spot price for Chinese "60-B" FeNb of 225 000 Rmb/t to 230 000 Rmb/t, which equates to \$44 to \$45/kg Nb metal contained.

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 would include the production of niobium oxide as an intermediate step in the production of FeNb, as the Kanyika deposit has significant amounts of tantalum and uranium.

"These commodities are important to separate to realise the full economic benefits from the deposit," the company said.

Globe said it would produce a cleaner FeNb product with fewer impurities, and it is expected that the FeNb would sell at a small premium to standard grade FeNb.

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

Meanwhile, China's share of the FeNb market is estimated at between 25% to 30%, and its share of growth at least 50%. Globe said its strategic relationship with East China Minerals Exploration and Development Bureau (ECE), which is the largest shareholder in Globe, positioned the company well to access this important market.

In April, the company entered into a strategic partnership with ECE, a Chinese State-owned enterprise with extensive

mining operations in China and internationally.

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.

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