

Globe Metals & Mining

Investor Update



ECE Strategic Partnership & A\$48m Fund Raising

9 March 2011



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Statements by ECE: *all statements in this Investor Update attributed to and about ECE have been expressly endorsed by ECE. All statements in this Investor Update about the future strategy and outlook for Globe have been expressly endorsed by Globe and ECE.*



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1. Summary of the ECE Transaction

- Issue of 118,143,062 new ordinary shares in Globe to ECE
- Represents 51% of the fully diluted capital of Globe*
- Issue price of A\$0.405 per share; increased from A\$0.345 per share
- A\$47.85 funds raised
- Board Changes - four ECE appointees, to an increased total of seven, including the Chairman; Mark Sumich to become Managing Director & CEO
- Operations:
 - ECE has committed to no change to Company direction and management personnel
 - Development of existing projects to be accelerated (see “Strategy Post-Transaction”)

Globe’s Board unanimously recommends the transaction to shareholders, and each director intends to vote their Globe shares in favour of the transaction.

* Immediately post-completion, ECE will hold 53.86% of the ordinary shares on issue; including the issues of securities that Globe has committed to issuing in the twelve months post-completion, the figure becomes 51%.



2. Rationale for the ECE Transaction

- **Immediate Cash** – ability to complete the Kanyika Niobium Project feasibility study, pursue exploration projects and potential further growth via acquisitions
- **Funding for the Kanyika Niobium Project** – ability to access the Chinese capital markets to fund the approx. US\$150m capital expenditure requirement
- **Access to Ferro-Niobium Customers** – Chinese steel mills are the targeted end-users of the ferro-niobium to be sold into China
- **ECE's Expertise** – ECE is a substantial mining group, with a number of operations in China, and brings relevant exploration, metallurgical and mining expertise to Globe (see “About ECE”)
- **Institutional Interest** – post-transaction, Globe will have a market capitalisation of approx. A\$90 million (@ A\$0.405 per share)

The primary purpose of the ECE transaction is to bring Kanyika into production as soon as possible. The Board believes this will be the single most important factor to drive shareholder value over the MEDIUM TO LONG TERM.



3. Globe's 2 Year Price Chart



Market prices ultimately determine transaction prices, not conceptual valuations. This is a very good deal for Globe based upon its historical price, even before taking into account the other additional benefits ECE will bring to Globe (access to funding capital, access to markets, etc).

4. About ECE

- ECE is a State Owned Enterprise (SOE), based in Nanjing, Jiangsu Province, with over 4,000 employees, annual turnover in excess of RMB1.2bn, operates a number of mines and/or refineries in China and has discovered more than 160 deposits in China that have become mines
- Jiangsu Eastern China Non-Ferrous Metals Investment Holding Co. Ltd., (“JEC”) is a wholly owned subsidiary of ECE, which holds the investment interests of ECE. JEC’s subsidiary in Australia, Ao Zhong International Mineral Resources Pty Ltd, will hold ECE’s interest in Globe.
- Existing investor in Australia – e.g. 17.6% interest in Arafura Resources Ltd (ASX: ARU), acquired @ \$0.36; application for 8 exploration licences in NT, Australia
- Current operating mines include the Youxi Jindong lead-zinc mine and refining operations, Yunnan Boka gold mine and the Anhui Matou copper-molybdenum mine

Chinese businesses, including SOE’s (such as Minmetals and Baosteel), have a track record of successful investment into Australian resource companies.



5. Strategy Post-Transaction

- Aggressive timetable to complete the Kanyika Niobium Project feasibility study as soon as possible (total approx. \$10m):
 - Continuing metallurgical work and establishment of a pilot plant the immediate priority
 - Financing arrangements for Kanyika capital expenditure (approx. US\$150 million) to be pursued in China immediately (and conditional agreements put in place, subject to Globe meeting normal project milestones)
- Exploration (total 2011 approx. \$4m):
 - Mount Muambe fluorite/heavy rare earth project to be extensively explored – 12,000m drilling campaign planned for 2011
 - Machinga rare earth project and other exploration projects to be fully funded – 5,000m drilling campaign planned for 2011
- Potential for advanced assets to be acquired, with African focus

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6. Ferro-Niobium and China

- **Total Market Size** – currently approx. 60,000tpa (Nb metal)
- **Growth** – estimated at 10% p.a. globally, and at least 20% p.a. in China
- **Market Share** – Chinese market share of consumption estimated at 25-30%
- **Chinese Production** – approx. 2% of total production
- **Market Structure** – 95%+ of all production from three producers, two in Brazil and one in Canada
- **Strategic Metal** – niobium is a designated “strategic metal” by the Chinese National Development and Reform Commission

Ferro-niobium is consumed by the same end-users as iron ore and coking coal, being steel mills. The likelihood of the Kanyika Niobium Project being “mothballed” defies market realities. There is no evidence of such behaviour vis-à-vis Chinese iron ore investments in Australia.



7. Marketing and Distribution

- ECE is not an end user of ferro-niobium; no products from Kanyika will be sold to or via ECE
- Ferro-niobium and other products from Kanyika will be sold to end users via normal/independent marketing and distribution arrangements
- Distribution contracts to align with Globe's interests – marketing fee based on % revenue
- All Globe directors, including non-ECE directors, are obliged to promote and protect Globe's interests, including in relation to any marketing and distribution contracts
- Any marketing or distribution arrangement in relation to sale of product from Kanyika will require the approval of the Reserve Bank of Malawi



8. Key Risks

■ Risks of not proceeding:

- ❑ No “big brother” – concerns over how Globe will secure capex. funding and customers, and effect on share price (e.g. 2 years pre-ECE?)
- ❑ Delays in converting a “bankable” to a “banked” project can be significant, potentially extremely dilutive, and ultimately prohibitive to bankability
- ❑ Even with a \$5-10m fund raising (at discount to current price), Globe still at the mercy of market sentiment, with a (distracted) eye to the next raising
- ❑ Forgone opportunities to rapidly develop all assets, including exploration projects

■ Risks of proceeding:

- ❑ Some upside possibly lost to shareholders in the short term via dilution
- ❑ One controlling shareholder

On balance, the Board considers that the risks associated with not proceeding with the transaction are far greater than the risks associated with proceeding.



9. Key Dates

- Notice of Meeting and Experts' Reports now approved by ASX
- Planned date of despatch – Friday, 11 March 2011
- Planned date of Extraordinary General Meeting – Friday, 8 April 2011

Globe encourages the participation of all shareholders in the Extraordinary General Meeting – the single most important event in the Company's history to date.



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