

ASX Announcement

4 December 2024

Globe signs non-binding pre-development funding Term Sheet for Kanyika Niobium Project

Globe Metals & Mining has executed a non-binding Term Sheet for a USD 10 million convertible loan with The Industrial Development Corporation of South Africa, taking a step closer to securing essential funding for the early development of the Kanyika Niobium Project

Highlights

- Globe Metals & Mining has signed a non-binding Term Sheet with The Industrial Development Corporation (**IDC**), owned by the South African Government, for approximately USD 10 million convertible loan to support the Kanyika Niobium Project (**Project**).
- It is proposed that the funds will be used to fund Kanyika's updated bankable feasibility study, detailed front-end engineering and design, and specific early works essential for project advancement.
- IDC's involvement adds significant credibility to the Project and substantially reduces associated risks of the Project.
- The Term Sheet allows IDC the conversion of debt for up to a 25% equity interest in the Malawi Project holding company, with a second conversion option for up to a 19.9% equity interest in the listed entity.
- IDC's funding constitutes 22% of the total USD 46 million funding required for Phase 1 of the Project. Together with the USD 15 million senior debt from Ecobank Malawi announced on 25 July 2024¹, this equates to 54% of the required funding for Kanyika's Phase 1 development.

Globe Metals & Mining Limited (ASX: GBE) (“**Globe**” or “**Company**”) is pleased to announce the execution of a non-binding Term Sheet with The Industrial Development Corporation, a key player in economic development across Africa. IDC will provide a Malawian-registered Globe subsidiary (**Project HoldCo**) with a secured convertible loan for USD 10 million, available partly in South African rand (ZAR) and partly in USD, to fund the following early development activities of the Project:

¹ Refer to ASX Announcement titled 'Globe enters LOI with Ecobank Malawi for \$US15 million loan' made on 25 July 2024

- completion of an updated bankable feasibility study (**BFS**);
- completion of the detailed front-end engineering design (**FEED**); and
- certain pre-implementation activities for the Project (**Early Works**).

IDC will have the right to convert the loans (plus accrued interest, costs, and fees) (**Loans**) into shares in Project HoldCo after completion of the BFS, FEED, and Early Works (**First Conversion Option**), and thereafter have the right to convert its shares in Project HoldCo into shares in Globe (**Second Conversion Option**).

This collaboration with IDC not only enhances project credibility, but also attracts strategic investors and promotes cross-border collaboration in Malawi. This partnership with IDC aligns with Globe's commitment to sustainable growth and responsible mining practices.

Paul Smith, Globe's CEO commented:

"This planned funding from IDC represents a watershed moment in the development of Globe's Kanyika Niobium Project. The progress made throughout 2024 has been significant. This financial support will allow us to execute crucial components of Kanyika's development plan, headed by completing an updated bankable feasibility study, the detailed front-end engineering design tasks, and certain other pre-implementation activities. With the support of IDC and the announced debt financing from Ecobank Malawi, we have now locked in around 54% of the necessary funding for Phase 1 development of Kanyika, which we anticipate will commence in the first half of calendar 2025. We now look forward to providing further updates on our progress in the Phase 1 works over coming months."

Material details of the Term Sheet

The Term Sheet is non-binding, is subject to certain conditions precedent, and has been prepared to outline the key clauses that the parties intend to incorporate into the binding loan, shareholders', and security agreements.

The Term Sheet has been signed after the successful completion of an extensive due diligence process undertaken by IDC over the past 6 months.

It is proposed that IDC will provide Project HoldCo with a secured convertible loan in the amount of USD 10 million, available partly in ZAR (ZAR 55 million) and partly in USD (USD 7.050 million), to fund completion of the BFS, FEED, and Early Works.

The IDC will have the right to convert the Loans into shares in Project HoldCo at a 20% discount after completion of the BFS, FEED, and Early Works, and thereafter have the election to convert its shares in Project HoldCo into shares in Globe. IDC's shareholding after exercising the First Conversion Option is limited to a maximum of 25% of Project Holdco shares, and a maximum of 19.9% of Globe shares after exercising the Second Conversion Option. The conversion price will be based on the 30-day volume weighted average price of Globe's shares traded on ASX, calculated on the trading day immediately prior to issuance by IDC of a conversion notice. The interest rate on the USD portion is based on a 3-month Secured

Overnight Financing Rate (SOFR) plus 7.0% and that of the ZAR portion is based on South African Prime Rate plus 3.5%.

Prior to IDC's exercise of the First Conversion Option, Globe will use bridging finance to cover pre-development activities, such as initiating the BFS. Upon drawdown of IDC funding later, Globe may utilise that funding to repay the bridging finance.

Drawdowns will occur in 4 tranches: Tranche 1 will be subject to customary drawdown conditions (including registration of security and the like). Tranche 2 will be subject to acceptance by the Steering Committee of the BFS Report. Drawdown of Tranches 3 and 4 will be subject to the acceptance of the Resettlement Management Plan by the Malawian Ministry of Lands.

Security is customary for transactions of this nature.

Conditions precedent include:

- conclusion of the formal agreements to the reasonable satisfaction of both parties;
- all resolutions by the governing authorities of the borrower and guarantors to enter into and implement the agreements and the proposed transaction; and
- all the necessary internal approvals of IDC for it to enter into and implement the agreements and the proposed transaction.

Who is IDC?

IDC, established by the Industrial Development Corporation Act, No 22 of 1940 and owned by the South African Government, aligns its priorities with national policies like the National Development Plan. It aims for long-term sustainability, prudent financial management, and leadership in development finance.

The Corporation's robust financial health is evident in its strong balance sheet, with ZAR 156.7 billion in total assets. A healthy profit of ZAR 7.4 billion enabled IDC to approve funding of ZAR 17.3 billion during 2024.

During the 2024 financial year, IDC approved ZAR 2.7 billion for mining and upstream metals companies and established a junior mining exploration fund worth ZAR 400 million. A total of USD 53.4 million was allocated to a greenfield natural graphite mine in Tanzania, which is projected to produce 90,000 tons annually of battery-grade graphite.

As of March 31, 2024, IDC's portfolio under management was valued at ZAR 94 billion, spread across 637 clients. Of this, ZAR 12.2 billion was deployed in the rest of Africa, while ZAR 81.1 billion was allocated within South Africa. The portfolio exposure includes ZAR 32.1 billion in equity and ZAR 61.2 billion in debt.

To stimulate growth and expansion in the mining sector, IDC has developed a critical minerals game plan that focuses on the support for 17 minerals essential to the green economy and global transition to renewables, electric vehicles, hydrogen, and battery storage.

IDC is pivotal in driving economic development across Africa. Collaborating with regional banks like AfDB and DBSA, it funds projects for southern Africa’s growth. With bilateral partners like UNDP and World Bank, it co-finances projects and shares expertise. Through cross-border investments in mining and energy, it boosts regional economies. It also promotes foreign investment, aids capacity building, and offers technical support to enhance development finance. These partnerships align with its goal of fostering industrialization and socioeconomic progress in South Africa and neighbouring nations, fostering resilient economies, and inclusive prosperity in the region.

Authorisation for Release

This ASX Announcement has been authorised for release by the Company’s Chief Executive Officer, Paul Smith.

For further information, please contact:

Paul Smith
 Chief Executive Officer
 +61 8 6118 7240
 paul.smith@globemm.com

About the Kanyika Niobium Project

The Kanyika Niobium Project is located in central Malawi, approximately 55km northeast of the regional centre of Kasangu. The Project is secured by Large-Scale Mining Licence No. LML0216/21, which grants the Company security of tenure and the right to mine niobium, tantalum, and deleterious uranium.

Drilling programs totalling 33.8 kilometres of percussion and core drilling have defined the extent of mineralisation. Structured and progressive engineering studies have resulted in the current (JORC 2012) Mineral Resource Estimate (refer below) and given rise to significant improvements and simplifications in the process flowsheet.

Table 1: MRE for KNP using a 1,500 ppm Nb₂O₅ lower cut

Category	Resource (Mt)	Nb ₂ O ₅ (ppm)	Ta ₂ O ₅ (ppm)
Measured	5.3	3,790	180
Indicated	47	2,860	135
Inferred	16	2,430	120
TOTAL	68.3	2,830	135

Table 2: MRE for KNP using a 3,000 ppm Nb₂O₅ lower cut

Category	Resource (Mt)	Nb ₂ O ₅ (ppm)	Ta ₂ O ₅ (ppm)
Measured	3.4	4,790	220
Indicated	16.6	4,120	160
Inferred	2.8	4,110	190
TOTAL	22.8	4,220	190

Mineral Resource Estimates

The information in this report that relates to Mineral Resources is extracted from the report titled “Kanyika Niobium Project – Updated JORC Resource Estimate” released to the Australian Securities Exchange (ASX) on 11 July 2018 and available to view at www.globemm.com and for which Competent Persons’ consents were obtained. Each Competent Person’s consent remains in place for subsequent releases by the Company of the same information in the same form and context, until the consent is withdrawn or replaced by a subsequent report and accompanying consent.

The Company confirms that is not aware of any new information or data that materially affects the information included in the original ASX announcement released on 11 July 2018 and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the original ASX announcement continue to apply and

have not materially changed. The Company confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from the original ASX announcement.

Full details are contained in the ASX announcement released on 11 July 2018 titled "Kanyika Niobium Project – Updated JORC Resource Estimate" available to view at www.globemm.com.