

ASX Announcement

28 May 2024

Update on the Kanyika Niobium Project

Highlights

- Capital funding requirements for Phase 1 project development have been finalised at US\$46 million, inclusive of a 25% project contingency allocation.
- The Phase 1 project development plan is confirmed with a clear path to project construction.
- A funding strategy has been formulated to best support the Project and minimise shareholder dilution, consisting of:
 - equity-related funding, including strategic equity funders contributing approximately US\$8 million;
 - project debt amounting to approximately US\$15 million;
 - convertible instruments totalling approximately US\$9 million; and
 - offtake pre-financing of approximately US\$14 million.
- Globe's metallurgical test work on its Chlorination Refinery is progressing as planned and previously announced.

Globe Metals & Mining Limited (ASX: GBE) ("**Globe**" or "**Company**") is pleased to announce an update of the Kanyika Niobium Project capital cost and funding plan.

The Company announced the completion of its Optimisation Study on 5 February 2024¹. The key aspects of the Optimisation Study were:

1. Pre-tax NPV (8%) of US\$1.004Bn and IRR of 47.08%.
2. The total unit cost of Niobium Pentoxide reduces by 15% to US\$18.90/kg and gross profit margin increases by 5% to 71%.
3. 27-year life of mine.
4. Two-Phase development approach allows a significant reduction in initial upfront capital from US\$70m to US\$46m and greatly reduces the risk profile of the Project.

¹ Refer to ASX Announcement titled 'Globe completes Optimisation Study at Kanyika' made on 5 February 2024

5. Change in refining technology to the chlorination process, which is more environmentally sustainable, cost-effective, and produces high-purity products that can command premium prices, and the preferred location of the Refinery in Malawi.

The Company has made significant strides in finalising its funding strategy for the Project's first phase. This announcement outlines the comprehensive funding plan expected to be implemented.

Updated Estimate of Project Capital Cost

The total funding required for Phase 1 first production, including working capital and indirect costs is estimated at US\$46 million.

Table 1: Kanyika Project Phase 1 capital cost estimate

Funding instrument	Amount
Capex Mine	US\$17m
Capex Refinery	US\$12m
Total Capex per Optimisation Study in Phase 1	US\$29m
Working Capital	US\$3m
Subtotal	US\$32m
Contingency of 25%	US\$8m
Subtotal	US\$40m
Other Indirect costs to produce first refined product	US\$6m
Total	US\$46m

Phase 1 Funding

The Company has made significant progress in formulating the funding strategy of Phase 1, emphasising practicality, viability, and risk mitigation within the funding package. This package is expected to consist of equity, project debt, convertible notes, and pre-shipment financing.

The equity funding could involve a general issue of shares to the market, along with allocations to cornerstone investors. Discussions with the cornerstone investors are well-advanced but remain ongoing. The Company is committed to minimising the dilution of existing shareholders as much as possible and believes the Phase 1 financing package will address this concern.

Progress on project debt and convertible note funding is also advanced, with negotiations in progress. The Company has received substantial support from global and regional development institutions, which will play a crucial role in providing the necessary debt and convertible note funding for the Project.

Strategically, the Company has decided to focus on Western principal (OEM) refined products offtake and has finalised a "target list" of strategic off-takers. Discussions regarding the long-term offtake of its main high-purity products (Niobium, Tantalum, and Zirconium) are progressing well.

The table below displays the different financing ranges and their average amounts for the mining, concentrator, and refinery project.

Funding instrument	Range from	Range to	Average
Equity	US\$6m	US\$10m	US\$8m
Project and debt financing	US\$10m	US\$20m	US\$15m
Convertible notes	US\$7m	US\$11m	US\$9m
Pre-shipment offtake funding	US\$9m	US\$19m	US\$14m
Total			US\$46m

Project Execution Phase

Phase 1 development of the Kanyika Project is progressing mostly on schedule, despite minor delays caused by the relocation of the refinery to Malawi. These delays are due to the work required for the Environmental and Social Impact Assessment (**ESIA**) and the incentives associated with the Export Development Zone, which are expected to be finalised shortly.

As announced on 20 March 2024², the Company has made significant advancements in the metallurgical test work for its Chlorination Refinery, successfully completing laboratory tests and metals extraction tests. Globe is now commissioning its laboratory-scale Chlorination Refinery, with an announcement expected soon. The pilot-scale refinery will produce marketing samples to support ongoing offtake agreement discussions.

Following the pilot refinery phase, the Company will update its feasibility study to include the construction of the Chlorination Refinery in Malawi. This update will encompass the finalisation of the ESIA and its approval by Malawian authorities.

The Company anticipates commencing the execution of its Phase 1 project by the end of 2024, beginning with the front-end engineering and design phase, followed by project construction scheduled for early 2025.

Paul Smith, Globe's CEO commented: *"It is fantastic to see how well our Kanyika Project has been received by the Government of Malawi, shareholders, and funding institutions. Our Project has taken a material leap forward in its journey into development and eventually production. I would suggest that the Project is being materially de-risked from a funding perspective, which paves the way forward for the Project in many respects. I must thank the Government of Malawi and our exceptional board and management team, for bringing the Project to this exciting point in its journey into development. We look forward to making some really exciting announcements shortly in terms of our refining pilot plant and of course the finalisation of funding commitments, currently under discussion."*

Authorisation for Release

This announcement has been authorised for release by the Company's Chief Executive Officer, Paul Smith.

² Refer to ASX Announcement titled 'Further metallurgical results on chlorination test work' made on 20 March 2024

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About the Kanyika Niobium Project

The Kanyika Niobium Project is located in central Malawi, approximately 55km northeast of the regional centre of Kasangu and 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.



The Kanyika operations will produce a pyrochlore mineral concentrate that contains both niobium and tantalum in commercially valuable volumes to be shipped to a refinery for advanced processing into high purity materials.

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: 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.globemmm.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 it 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.globemmm.com.