

29 March 2023

Malawi Government approves MDA for Kanyika Niobium Project

Highlights

- Globe and the Malawi Government have entered into a Mining Development Agreement for the development of the Kanyika Niobium Project.
- Globe becomes the first company to execute an MDA with the Malawi Government since the enactment of the Mines and Minerals Act, 2018.
- With the execution of the MDA, all relevant approvals are now in place allowing Globe to develop the Project and providing confidence to third parties looking to participate in the Project in terms of financing and off-take.
- The MDA provides Globe with the ability to lawfully engage with the Kanyika community and develop plans for relocation and ongoing community involvement.

Globe Metals & Mining Limited (ASX: GBE) (**Globe** or **Company**) is pleased to announce that it has entered into a Mining Development Agreement, through its ultimate wholly owned subsidiary Globe Metals and Mining (Africa) Limited, with the Government of the Republic of Malawi for the development of its Kanyika Niobium Project (Mining Licence LML0216/21) located in central Malawi, approximately 55km northeast of the regional centre of Kasangu (**Project**).

Significance of the Mining Development Agreement

The approval of the Mining Development Agreement (**MDA**) is a significant milestone in Globe's history as it becomes the first company to execute an MDA with the Malawi Government since the enactment of the Mines and Minerals Act, 2018 (**Act**).

With all approvals now in place, the MDA allows Globe to accelerate its engagement with the Kanyika community to develop plans for the relocation of those affected by the mining process and ongoing community involvement. It will also provide confidence to third parties looking to participate in the Project in terms of financing and off-take.

Moreover, the MDA carries broader implications for the electric vehicle industry as it aims to facilitate the introduction of the fourth niobium mine in the world, and the first such mine into production in the last 50 years, and the first ever in Africa. It is expected that this will greatly alleviate the current geographic concentration of major niobium suppliers (with 2 in South America and one in Canada) resulting in the mitigation of existing supply chain risks for the industry as a whole.

Globe Chairperson, Alice Wong, said the historic signing of the MDA has solidified a wholesome and mutually supportive relationship between the Malawi Government and Globe, and will pave the way for a prosperous future for all parties.

"The MDA signifies the most significant milestone for Globe in its endeavour to develop the Kanyika niobium project. With this ultimate approval and final agreement in place, all parties concerned can now focus their efforts and resources on making the Kanyika Project the first niobium mine in Africa and Globe the first new niobium producer in over 50 years. It has been a long journey and it is only through the strong support of the Malawi Government and local communities, and the perseverance and professionalism of Globe's management, that the signing of the MDA has finally come to fruition. We look forward to continuing to work closely with the Malawi Government and its people over the life of the Project and making it a success for all," said Ms Wong.

Globe Chief Executive Officer, Grant Hudson, commented that "Globe can now focus on the next key priority of raising development financing for this important mining project which stands as the only vertically integrated niobium producer outside the Americas. In addition to this, we can now focus on finalising key milestone processes such as the relocation of project-affected persons and entering contracts for the provision of mine plant and equipment".

"The Kanyika Niobium Project has taken a major stride forward with the signing of the MDA and is now effectively 'shovel ready' with all environmental and land approvals already in place. The terms of the MDA are reflective of Malawi's favourable legislation and political goodwill making foreign investment very attractive while at the same time supporting long term stability and wealth creation for the Kanyika people and Malawi as a whole", Mr Hudson said.

Key aspects of the Mining Development Agreement

The MDA will govern the relationship between Globe, the Malawi Government, and the people of Malawi in relation to the Project, and carries conditions regarding sustainable development and economic, social, and environmental investment. Its aim is to ensure that, whilst Globe expects to generate a profit from its investment and know-how, the Republic of Malawi and its people will benefit as well.

The key aspects of the MDA are as follows:

- Globe has the right to mine niobium, tantalum, and deleterious uranium at the Project, and to establish and operate a processing facility located in the Project area.
- The MDA is subject to and conditional upon the Company obtaining:
 - a satisfactory ruling from the Malawi Revenue Authority in relation to the determination of gross revenue in respect of product produced from the mining and processing of ore at the Project; and
 - an extension to the time limits prescribed under the Act for the commencement of substantial mine development, and substantial mineral production, at the Project to ensure those time limits are consistent with the timeline contemplated in the MDA.
- Globe is required to make a decision to mine at the Project within 24 months of being granted the mining licence for the Project and obtaining a credit approved term sheet from a third-party

international or domestic project financier (**Project Lender**) to secure the funds required to develop the Project.

- Globe is obligated to spend at least US\$200 million to develop the Project and shall commence expenditure within 6 months of making a decision to mine.
- Globe is required to comply with all applicable foreign currency laws but is permitted to maintain one or more foreign currency accounts outside of Malawi to meet its foreign currency obligations to the initial Project Lender for a period of 7 years after the establishment of the relevant account or the date on which the Company has discharged all its obligations to the initial Project Lender. These obligations include (but are not limited to) the payment of interest and principal to the Project Lender, the payment of mandatory pre-payments to the Project Lender, and the establishment and maintenance of reserves as required by the Project Lender.
- The Malawi Government is to receive, at no cost, a non-diluting 10% equity interest in the Project, with an option to acquire up to a further 10% equity interest (**Equity Option**) upon completion of the construction, commissioning, and start-up of operations at the Project as approved by the Project Lender. The Equity Option is a fully contributory interest and is capable of being diluted if the Government does not meet any call by Globe for additional equity funding.
- The Malawi Government will receive a statutory royalty of 5% of all revenue earned from the mining and processing of ore at the Project. The Kanyika community will receive a royalty of 0.45% as prescribed under the Act.
- Globe is required to maintain a ratio of indebtedness to net worth that is equal to or lower than 3:1 at all times during the life of the Project.
- Prior to commencing construction of the Project, Globe must pay a \$1 million environmental bond to secure performance of its obligations to comply with all applicable environmental laws.
- Globe is responsible for the resettling of affected Malawi citizens in accordance with an approved resettlement framework.
- Globe shall commit to the preferential employment and training of Malawi citizens for operations and unskilled labour positions at the Project, and in the areas of financial, accounting, technical, administrative, supervisory, managerial, and executive positions (subject to applicants having the necessary skill and experience and being suitable for those roles).
- Globe shall preferentially procure goods and services from local Malawi businesses provided that those goods and services are at least comparable in terms of quality, delivery, service, quantity, and price.
- Globe will be exempt from import duty and import excise, and will be zero-rated for VAT, on the import of capital goods, consumables, and services throughout the life of the Project.
- Globe will enjoy the benefits of a stable tax regime for up to 10 years from the date of execution of the MDA.

Next steps

A formal application to the Commissioner for Mines and Minerals for an extension to the time limits from the date when the mining licence was registered, being: (i) 18 months for the commencement of substantial onsite mine development; and (ii) 60 months for the commencement of substantial mineral production, was lodged with the Ministry of Mines in February 2023.

Globe can now focus on the next key priority of raising development financing for this important mining project which stands as the only vertically integrated niobium producer outside the Americas. In addition to this, Globe can focus on finalising key milestone processes such as the relocation of project-affected persons and entering contracts for the provision of mine plant and equipment.

As announced on 19 August 2021, Globe conducted a feasibility study to establish the most appropriate configuration for the Project and to determine its economic feasibility (**Feasibility Study**). The Feasibility Study presented metrics of average annual production of 3,250 tonnes of niobium and 140 tonnes of tantalum on pre-production capital costs of US\$250M (US\$200M on the mine and US\$50M on the refinery) creating a net present value of US\$1B (pre-tax) at a discount rate of 8% per annum with a payback period of approximately 1.5 years (from first production).

Between 18 and 36 months after a decision to mine is made, ramping up to Feasibility Study levels by 60 months, Globe will take a phased approach to construction and operations to enable the Company to scale up operations to build its business and customer base starting at 90,000 tonnes per annum (18 months) increasing to 200,000 tonnes per annum (24 months) with the introduction of solar panels and batteries to run the grinding and crushing machines while using the 500kva constraint on the concentrator that can run 24/7 (refer to ASX announcement dated 25 July 2022: “Kanyika Niobium Project Brief Update” and the Company’s 2022 Annual Report).

Globe is now in a position to extract a 10-tonne sample from the Project area for the crushing, grinding and floatation tests to produce a concentrate sample for the pilot plant and off-take samples.

Globe will conduct a new feasibility study to support the capital cost estimate, operating cost summary, and financial model on Globe’s Namibia plant as part of its downstream strategy as well as conducting the revised Feasibility Study.

Since completion of the initial Feasibility Study, a new type of mill has come on the market that uses 80% less power than a conventional ball mill. This new mill reduces ore to 80% below 1mm. As a result, Globe also intends doing spiral gravity tests on the milled ore with the intent of discarding waste product prior to final bore milling thereby potentially reducing the cost of production.

Key works programs currently underway in Namibia in relation to the Company’s proposed Walvis Bay Refinery Project will be escalated. A screening study, which will form the basis of the eventual scoping study, will be submitted to the relevant authorities in Namibia in accordance with applicable environmental laws. This study will determine the terms for an Environmental and Social Impact Assessment (**ESIA**), including specific specialist studies and areas of concern for a full ESIA (starting with a scoping study) and any additional studies that may need to be undertaken.

Given the relatively opaque nature of the niobium oxide markets, Globe will also engage with the Malawi Revenue Authority to discuss a fair and equitable process for obtaining a ruling on the determination of gross revenue in respect of product produced from the mining and processing of ore at the Project to satisfy that condition precedent under the MDA. In addition, Globe plans to engage consultants to assist the Company to formalise a transfer pricing policy in line with OECD guidelines so that transparency and integrity of pricing is established and maintained.

This announcement is authorised for release by the Chief Executive Officer of Globe.

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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, from that first imagined.

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	Million Tonnes	Nb ₂ O ₅ ppm	Ta ₂ O ₅ ppm
Measured	5.3	3,790	180
Indicated	47.0	2,860	135
Inferred	16.0	2,430	120
Total	68.3	2,830	135

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

Category	Million Tonnes	Nb ₂ O ₅ ppm	Ta ₂ O ₅ ppm
Measured	3.4	4,790	220
Indicated	16.6	4,120	190
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.

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