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ASX/Media Announcement

## Tantalum Supply Shortages Looming

### Highlights

- Industry expert predicts supply shortage if a modest economic recovery
- Supply situation tightening:
  - Three primary suppliers closed/on care and maintenance due to financial crisis
  - Processors/end users limiting consumption of illegal raw materials
  - Inventory draw down not inexhaustible
- Globe well poised to benefit as a significant producer of tantalum as a by-product. Forecast production commencing 2012:
  - ~430,000lbspa (8% market share)
  - ~US\$23m revenue (15% of revenue from Kanyika)

### Summary

Globe Metals & Mining Limited advises the market of the report issued by the industry commentator Roskill, and widely reported in trade media, of a looming supply shortage in the tantalum industry.

Roskill states that: "**There are mounting fears in the tantalum market that serious shortages are looming.** Weak demand in consuming industries, particularly capacitors, coupled with large inventories in the supply chain, has kept tantalum prices low. Primary output has been slashed and processors are increasingly relying on stock drawdowns to make up the shortfall. **If there is even a modest recovery in demand for tantalum in the near future, the market faces a difficult period.**" ([www.roskill.com/reports/tantalum](http://www.roskill.com/reports/tantalum))

"**There is a strong possibility there could be a supply crunch of primary tantalum in 2012 and possibly as early as 2011...a supply crunch resulted in a severe shortage of tantalum capacitors in 2001.**"

Globe's Executive Chairman, Mr. Mark Sumich, said "the tantalum industry has and is going through an upheaval, as the financial crisis severely impacted both the supply and demand side of the equation. Globe is however preferentially positioned compared to many other existing, former and hopeful producers as our production will form only approximately 15% of the Company's total revenues and, combined with tantalum being a by-product to the principal product ferro-niobium, this will provide Globe with a significant advantage in terms of our ability to enter and remain in this market."

### Industry Closures & Suspension of Operations

In November 2008, the tantalum industry's largest supplier, Talison Minerals, announced that it was suspending operations at its Wodgina mine in Western Australia, with the goal to "bring Wodgina back into production as soon as the global economic situation improves and demand and prices are



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stronger.” Prior to this closure, Wodgina supplied approximately 30% of the world’s tantalum. ([http://www.talison.com.au/pdfs/Media\\_Release\\_26\\_Nov\\_08\\_FINAL.pdf](http://www.talison.com.au/pdfs/Media_Release_26_Nov_08_FINAL.pdf))

In addition, over the last 12 months, two substantial primary tantalum producers have closed, being the Marropino mine in Mozambique, owned by AIM-listed Noventa Limited, and the Tanco/Bernic Lake mine owned by Cabot Corporation.

### **Illegal African Raw Material and the Supply Shortfall**

Roskill states the following:

*“A key issue is the continuing supply of low-cost columbite-tantalite (coltan) mined in Central Africa, mostly illegally, and sold to fund rebel militias. The major processors will not knowingly buy such material and almost all of it goes to China. The availability of large and growing quantities of cheap tantalum, at a time when global demand for consumer electronics is down and processors are holding substantial raw material stocks, has, however, placed the conventional tantalum industry under great pressure. Unable to win the large increase in prices it needed to be economic, the world's largest primary producer suspended mining operations in late 2008. It was soon followed by two others. Within the space of a few months, close to 40% of global primary tantalum capacity was taken out of the market. There are no guarantees as to when, or even if, it will be brought back into production.*

*The market will remain well-supplied for the time being. A key characteristic of the tantalum industry in recent years has been that supply has nearly always been greater than demand. As a result, large material inventories have been built up at most levels of the supply chain, generally as a result of take or pay contracts set up in the early part of the decade. Those stocks are not inexhaustible. In addition, the US strategic stockpile has gone for good and there are questions as how long tin slags can continue to constitute an important tantalum feedstock... As has been the case in the past, processors are increasingly turning to scrap and other forms of secondary tantalum. Their receipts of secondary material grew by 70% in 2007 and by a further 25% in 2008. The growing use of scrap is evident in trade data.*

*The tantalum processing industry is attempting to develop systems to keep coltan out of the market by providing ways to physically indentify it before it is processed and becomes untraceable. Some processors are more committed to this than others, and the system is not yet fully in place, but the industry in general is facing mounting pressure from capacitor manufacturers and OEMs to ensure that coltan is not used. It is quite likely that the supply of coltan to the market will fall sharply over the next year or two. What will replace it? Production is being expanded in several countries but probably not by enough to replace coltan...”*

### **The Capacitor Market**

The largest application for tantalum is capacitors. Researcher DECISION, based in Paris, says the global market for tantalum capacitors will decline from \$2.3 billion in 2008 to \$2.1 billion by 2010, but then increase to \$2.3 billion by 2013. (see [http://www.purchasing.com/article/358113-Tantalum\\_capacitor\\_supply\\_could\\_tighten.php](http://www.purchasing.com/article/358113-Tantalum_capacitor_supply_could_tighten.php))

### **About Globe Metals & Mining**

Globe Metals & Mining is an African-focused uranium and specialty metals resource company. Its main focus is the multi-commodity (niobium, uranium, tantalum and zircon) Kanyika Niobium Project in central Malawi. A Bankable Feasibility Study was commissioned in August 2009 and production is planned to commence in 2012 at a rate of 3,000tpa niobium metal, principally in the form of ferro-niobium. Mine life will be in excess of 20 years.

In August 2009 Globe announced that Thuthuka Group Limited (Thuthuka), a South African world class multi-disciplinary engineering company, entered into a formal joint venture agreement to invest US\$10.6 million into the Kanyika Niobium Project to earn a 25% interest in the Project (as opposed to equity in the ASX-listed parent company). The US\$10.6 million investment by Thuthuka will fund ~85% of the estimated cost of the bankable feasibility study into the Project.

Globe has a number of uranium and other projects in Malawi and Mozambique, which it manages from its regional exploration office in Lilongwe, the capital of Malawi. The Company has been listed on the ASX since December 2005 (Code: GBE), and has its corporate head office in Perth, Australia.

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