

20 May 2016

UPDATE ON ACQUISITION OF ZINC MINES OF IRELAND LIMITED (ZMI)

As announced on 17 March 2016, Global Metals Exploration NL (**Global** or **the Company**) entered into an agreement (**Agreement**) with Zinc Mines of Ireland Limited (**ZMI**) and the shareholders of ZMI, pursuant to which the Company will acquire all of the issued capital in ZMI (**Acquisition**).

The Acquisition was conditional on the satisfaction of a number of conditions precedent, including:

- (a) the Company completing a rights issue on the basis of 1 share for every 4 shares held by eligible shareholders, together with 1 free listed option exercisable at 2.0c, expiring 1 year from the date of issue (**Listed Option**), and 1 free unlisted option exercisable at 4c, expiring 5 years from the date of issue (**Unlisted Option**), for every 2 shares subscribed for, to raise approximately \$540,000. The Rights Issue will be fully underwritten by nominees of ZMI subject to terms acceptable to ZMI and Global; and
- (b) ASX granting permission for the Listed Options to be offered under the rights issue and as part of the consideration to the ZMI Shareholders to be quoted on ASX.

The Company and ZMI have now agreed to waive the above conditions precedent, subject to and conditional on ZMI procuring firm commitments from investors to a placement at an issue price of \$0.008 per share to raise not less than \$500,000 with each investor also being issued one Listed Option and one Unlisted Option for every two shares subscribed for (**Placement**), to GXN's satisfaction. Completion of the Placement and completion of the Acquisition are inter-conditional upon each other and will occur concurrently at settlement of the Acquisition.

The Company and ZMI have further agreed to extend the timeframe for satisfying the remaining conditions precedent to the Acquisition from 30 June 2016 to 31 July 2016 (**End Date**).

The Company will despatch a notice of general meeting (together with an independent technical report) to shareholders seeking approval for the Acquisition in due course.

Converting Loan Agreement

The Board of the Company is pleased to advise that it has entered into a converting loan agreement for \$40,000 (**Loan**) with the loan monies being used by the Company to pay creditors and to meet its working capital requirements.

The key terms of the Loan are:

- (a) (**Principal Sum**): \$40,000.
- (b) (**Repayment Date**): The date that is 6 months following the drawdown date.
- (c) (**Interest**): 7.5% per annum.
- (d) (**Security**): The Loan is unsecured.
- (e) (**Conversion Price**): The Conversion Price will be:
 - (i) in the event that the settlement of the Acquisition occurs on or before 5:00pm (WST) on 3 August 2016 (**End Date**): equal to 80% of the issue price of shares issued pursuant to the Placement; and

(ii) in the event that settlement of the Acquisition does not occur on or before the End Date: \$0.0001 per share.

(f) **(Conversion):** Upon the earlier to occur of:

(i) the date on which settlement of the Acquisition occurs;

(ii) the date on which the Agreement is terminated or deemed terminated; and

(iii) the End Date,

the lender will be deemed to have elected to convert the whole of the outstanding monies into shares at the Conversion Price.

For and on behalf of the Board



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