

31 July 2013

June Quarterly Activities Report

Highlights:

- **Tenders received for the Bulk Samples exercise which are to be taken from the Wolfsberg Lithium Project following which the Mining Lease will be granted in perpetuity**
- **Engagement of Fox Davies Capital to undertake capital raising**
- **Global enters into a \$1m Converting Loan Agreement with Cape Lambert Resources Limited**
- **Global reduces the debt owing to KMI**

Global Strategic Metals NL (ASX: **GSZ**) (**Global** or the **Company**) is pleased to announce the Company's June 2013 Quarterly Activities Report:

OPERATIONAL

Wolfsberg Lithium Project

As announced in the March quarter, the Austrian Mining Authority (**Mines Authority**) has granted the Company a mining license (**Mining License**) in respect of its 80% owned Wolfsberg Lithium Project (**Project**).

The Mining License will allow the Company to comply with its obligations to carry out mining activity to extract 2x500 tonne bulk samples (**Bulk Samples**), without the requirement to complete a second egress as originally stipulated in the exploration license. This variation to the original license provides significant time and cost savings to the Company.

The Company has received tenders from three local contractors for the extraction of the Bulk Samples. The Company will award the contract to one of these local contractors in the near future. The Bulk Samples exercise is expected to commence in September 2013 and be completed by the end of October 2013. Once the Bulk Samples exercise is completed, the leases pertaining to the Project will be granted to the Company in perpetuity.

Elizabeth Hill Silver Project

The Company's Elizabeth Hill Project is located approximately 40km south of Karratha in Western Australia. Silver was historically mined from underground operations between 1998 and 2000 producing 1.17 Moz. More recent exploration was expanded to investigate the potential for base metal and nickel sulphide deposits associated with the highly prospective Archean

Global Strategic Metals is an Australian based exploration company with a philosophy to build a portfolio of diversified mining opportunities and apply our extensive expertise to deliver shareholder wealth.

We will continue to look for new prospects, joint ventures and investments in the mining and exploration sectors in Australia and elsewhere.

Australian Securities Exchange

Code: GSZ

| | |
|-----------------|-------------|
| Ordinary shares | 171,761,366 |
| Options | 19,500,000 |

Board of Directors

Tony Sage
Non-Executive Chairman

Anthony Roberts
Executive Director

Benjamin Hill
Non-Executive Director

David Shaw
Non-Executive Director

Declan Kelly
Non-Executive Director

Pip Leverington
Company Secretary

Key Projects

Wolfsberg Lithium Project - Austria

Enquiries

Global Strategic Metals NL

Tony Sage
Executive Chairman

Eloise von Puttkammer
Investor Relations

Professional Public Relations

David Tasker
Phone: +61 8 9388 0944
Mobile: +61 433 112 936
Email: david.tasker@ppr.com.au

www.globalstrategicmetalsnl.com

Munni Munni Complex (MMC) that intrudes the Archean granitic and gneissic basement rocks of the Pilbara Craton.

No additional work was completed during the quarter on the Elizabeth Hill Project. A small amount of rehabilitation is required around the drill sites to fulfill the company's obligations. Access issues experienced of late have been addressed and necessary work will be completed in due course. A final report on the project will be completed once the remaining fieldwork is finalised.

CORPORATE MATTERS

Engagement of Fox Davies Capital to Undertake Capital Raising

As announced on 17 May 2013, Fox Davies Capital Limited (**FDC**) has been appointed financial adviser and lead bookrunner in respect of a proposed capital raising by the Company (**Capital Raising**).

Pursuant to the Capital Raising, Global will seek to raise up to A\$10 million, the completion of which would be subject to shareholder approval. The timetable and pricing of the Capital Raising is yet to be determined. It is anticipated that a large proportion of the funds raised from the Capital Raising will be sought from sophisticated and institutional investors in Europe.

It is proposed that funds raised pursuant to the Capital Raising will primarily be applied towards developing the Company's Wolfsberg Lithium Project.

FDC is an investment bank specialising in natural resources, providing integrated corporate finance advisory, equity research and sales services to the United Kingdom and overseas publicly-quoted companies. FDC has a strong track record in assisting junior natural resource companies raise equity through their institutional and sophisticated investors globally. FDC has raised more than \$1 billion for its clients since 2005.

Converting Loan Agreement with Cape Lambert

As announced on 15 July 2013, in a further show of support major shareholder, Cape Lambert agreed to provide a further A\$1,000,000 to the Company pursuant to a converting loan agreement (**Converting Loan Agreement**). The funds will be used to:

- (a) fund the final loan repayment of €500,000 plus accrued interest to Kärtner Montanindustrie GmbH (**KMI**) (refer to ASX announcement dated 12 April 2012 for key terms of this loan);
- (b) part fund the Bulk Samples extraction exercise; and
- (c) fund ongoing working capital requirements.

The key terms and conditions of the Converting Loan Agreement are as follows:

- (a) A\$1,000,000 provided by Cape Lambert to the Company (**Loan**);
- (b) interest to accrue daily at a rate of 12% per annum;
- (c) the Loan (including interest) will, subject to receipt of shareholder approval at the Company's 2013 Annual General Meeting (or any earlier general meeting), will automatically convert into

ordinary shares in the Company (Conversion Shares). If approval is not obtained, the loan (together with interest) is repayable on or before 30 June 2014 (or earlier in the event of change of control in Global or default or breach by the Company of the terms of the Converting Loan Agreement;

- (d) if the Company completes a capital raising or a transaction which results in the Company having in excess of \$5,000,000 in its bank accounts, Cape Lambert may (at its sole election) require immediate payment of outstanding monies providing the Company is left with at least \$2,000,000 in its bank accounts.

Note, as set out above, pursuant to the restrictions in the Corporations Act, the conversion of the Loan Agreement (and issue of the Conversion Shares) is subject to shareholder approval at the next general meeting of the Company's shareholders.

KMI Final Loan Repayment

Global has repaid KMI, the former vendor of the Wolfsberg Lithium Project, the final instalment of €500,000 plus accrued interest owing pursuant to a loan facility agreement.

As announced on 12 April 2012, the Company entered into a €1.5 million unsecured loan facility with KMI which was repayable in three instalments of €0.5 million each on 30 June 2012, 31 December 2012 and 30 June 2013. It was agreed with KMI that the instalment of €0.5 million due on the 30 June 2013 be deferred until 31 July 2013. Following this payment, the unsecured loan facility has been paid in full and is nil.

The remaining debt owing to KMI is €1.5 million for an unsecured convertible note (**Con Note**). Refer to ASX announcement dated 12 April 2012 for key terms of the Con Note.

Delisting on the Frankfurt Stock Exchange

During the quarter, the Company delisted from the Open Market of the Frankfurter Wertpapierbörse (Frankfurt Stock Exchange).

Ends

About the Wolfsberg Lithium Project, Austria (GSZ 80%, Exchange Minerals Group 20%)

The Wolfsberg Lithium Project is located in Carinthia, 270 km south of Vienna, Austria. The Project is located 20 km east of Wolfsberg, an industrial town, with excellent infrastructure, which includes rail. The main industry in the area is forestry and a pulp and paper mill is in operation in Wolfsberg.

There are two types of Pegmatite ores within the Project, with veins up to 5.5m:

- Amphibolite Hosted Pegmatite ("AHP") with grades up to 3.15% Li₂O; and
- Mica Hosted Pegmatite ("MHP") with grades up to 1.95% Li₂O.

Key Project Features

- Close to road, rail and cities at Wolfsberg and Deutschlandsberg
- Significant land holding of granted exploration and mining licenses
- Inferred JORC resource of 16.9 million tonnes at 1.6% Lithium Oxide ("Li₂O") with substantial exploration upside with ore body remaining open at depth and along strike
- Mining was undertaken and Permitting was in place in the late 1980's for the trial mining, stage and has been kept on care and maintenance, therefore the mine is most likely acceptable to 2011 standards
- Strategic location for mining and supply to European markets
- Lithium price forecast to remain strong
- Global Lithium demand is increasing
- No local producers

Development Strategy

- Complete mineral processing studies using 2011 technology to get product specifications and samples for Spodumene, Quartz, Feldspar and Mica.
- Start negotiations for off-take agreements.
- Undertake limited drilling to convert inferred resources into the indicated and measured categories.
- Complete a Definitive Feasibility Study into operation of 0.5-1 million tonne per annum (Mtpa) mining operation. The size of an operation is dependent on the size of off-take agreements for saleable products.
- Target the new zones of identified boulders of spodumene (Lithium) from either trenching or drilling.

Competent Persons Statements

The information in this announcement that relates to Mineral Resources is based on information compiled by Mr Ian Miller of Geotask Pty Ltd. Mr Miller is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). He has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2004 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Miller consented to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.

The information in this report which relates to Exploration Targets or Exploration Results is based on information compiled by Mr Allen Maynard, who is a Member of the Australian Institute of Geosciences ("AIG"), a Corporate Member of the Australasian Institute of Mining & Metallurgy ("AusIMM") and independent consultant to the Company. Mr Maynard is the Director and principal geologist of Al Maynard & Associates Pty Ltd and has over 30 years of exploration and mining experience in a variety of mineral deposit styles. Mr Maynard has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for reporting of Exploration Results, Exploration Targets, Mineral Resources and Ore Reserves". (JORC Code). Mr Maynard consents to inclusion in the report of the matters based on this information in the form and context in which it appears.

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

Global Strategic Metals NL

ABN

82 000 738 885

Quarter ended ("current quarter")

30 June 2013

Consolidated statement of cash flows

| | Current quarter | Year to date (12 months) |
|---|-----------------|-----------------------------|
| | \$A'000 | \$A'000 |
| Cash flows related to operating activities | | |
| 1.1 Receipts from product sales and related debtors | - | - |
| 1.2 Payments for (a) exploration and evaluation | (271) | (1,247) |
| (b) development | - | - |
| (c) production | - | - |
| (d) administration (including costs associated with acquisition of Austrian project. | (219) | (1,028) |
| 1.3 Dividends received | - | - |
| 1.4 Interest and other items of a similar nature received | - | 20 |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Income taxes paid | - | - |
| 1.7 Other; BAS/VAT Refund | 37 | 193 |
| Net Operating Cash Flows | (453) | (2,062) |
| Cash flows related to investing activities | | |
| 1.8 Payment for purchases of: (a) prospects | - | - |
| (b) equity investments | - | - |
| (c) other fixed assets | - | - |
| 1.9 Proceeds from sale of: (a) prospects | - | - |
| (b) equity investments | - | - |
| (c) other fixed assets | - | - |
| 1.10 Loans to other entities (Repayment of loans to Exchange Minerals Ltd and representing payments in connection with the proposed acquisition of Potash Holdings Pty Ltd) | - | - |
| 1.11 Loans repaid by other entities | - | - |
| 1.12 Other (Opening balances of ECM Lithium subsidiaries); | - | - |
| Net investing cash flows | - | - |
| 1.13 Total operating and investing cash flows (carried forward) | (453) | (2,062) |

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity quarterly report

| | | | |
|------|--|-------|----------|
| 1.13 | Total operating and investing cash flows (brought forward) | (453) | (2,062) |
| | Cash flows related to financing activities | | |
| 1.14 | Proceeds from issues of shares, options, etc. | (28) | 354 |
| 1.15 | Proceeds from sale of forfeited shares | - | - |
| 1.16 | Proceeds from borrowings | 250 | 1,250 |
| 1.17 | Repayment of borrowings | - | (1,318) |
| 1.18 | Dividends paid | - | - |
| 1.19 | Other (provide details if material) | - | - |
| | Net financing cash flows | 222 | 286 |
| | Net increase (decrease) in cash held | (231) | (1,776) |
| 1.20 | Cash at beginning of quarter/year to date | 321 | 1,871 ** |
| 1.21 | Exchange rate adjustments to item 1.20 | 3 | (2) |
| 1.22 | Cash at end of quarter | 93 | 93 |

** Cash at the beginning of the quarter and year previously reported included restricted cash. Restricted cash is now excluded in the above figures which explains the variance from previously reported figures

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

| | Current quarter \$A'000 |
|---|----------------------------|
| 1.23 Aggregate amount of payments to the parties included in item 1.2 | 85 |
| 1.24 Aggregate amount of loans to the parties included in item 1.10 | - |

1.25 Explanation necessary for an understanding of the transactions

Payments to related parties include consulting fees and Directors fees.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets liabilities but did not involve cash flows

-

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the re entity has an interest

-

Financing facilities available

Add notes as necessary for an understanding of the position.

| | Amount available \$A'000 | Amount used \$A'000 |
|---------------------|-----------------------------|------------------------|
| 3.1 Loan facilities | 2,250 | 2,250 |

Appendix 5B
Mining exploration entity quarterly report

| | | |
|---------------------------------|---|---|
| 3.2 Credit standby arrangements | - | - |
|---------------------------------|---|---|

Estimated cash outflows for next quarter

| | \$A'000 |
|--|------------|
| 4.1 Exploration and evaluation (including costs associated with acquisition of Austrian project) | 228 ** |
| 4.2 Development | - |
| 4.3 Production | - |
| 4.4 Administration | 97 |
| Total | 325 |

** Excludes loan repayment of €500,000 plus accrued interest to KMI

Reconciliation of cash

| Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows. | Current quarter \$A'000 | Previous quarter \$A'000 |
|---|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank | 93 | 321 |
| 5.2 Deposits at call | - | - |
| 5.3 Bank overdraft | - | - |
| 5.4 Term Deposit | - | - |
| Total: cash at end of quarter (item 1.22) | 93 | 321 ** |

** The previous quarter included \$149k under term deposits however as this is restricted cash it has been removed

Changes in interests in mining tenements

| | Tenement reference | Nature of interest (note (2)) | Interest at beginning of quarter | Interest at end of quarter |
|---|-----------------------|----------------------------------|--|----------------------------------|
| 6.1 Interests in mining tenements relinquished, reduced or lapsed | - | - | - | - |
| 6.2 Interests in mining tenements acquired or increased | - | - | - | - |

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

| | Total number | Number quoted | Issue price per security (see note 3) (cents) | Amount paid up per security (see note 3) (cents) |
|--|--|---------------|---|--|
| 7.1 Preference *securities (description) | | | | |
| 7.2 Changes during quarter | | | | |
| (a) Increases through issues | - | - | - | - |
| (b) Decreases through returns of capital, buy-backs, redemptions | - | - | - | - |
| 7.3 *Ordinary securities | 171,761,366 | 171,761,366 | Fully Paid | Fully Paid |
| 7.4 Changes during quarter | | | | |
| (a) Increases through issues | - | - | - | - |
| (b) Increases through exercise of share options | - | - | - | - |
| 7.5 *Convertible debt securities (description) | - | - | - | - |
| 7.6 Changes during quarter | | | | |
| (a) Increases through issues | - | - | - | - |
| (b) Decreases through securities matured, converted | - | - | - | - |
| 7.7 Options (description and conversion factor) | | | Exercise price | Expiry date |
| | 22,094,294 (options to acquire fully paid shares) | | 20 cents | 14 Jul 2013 |
| | 2,400,000 (options to acquire fully paid shares) | | 20 cents | 8 Dec 2013 |
| | 1,000,000 (options to acquire fully paid shares) | | 20 cents | 31 Dec 2013 |
| | 150,000 (options to acquire fully paid shares) | | 7 cents | 29 June 2014 |
| | 5,950,000 (options to acquire fully paid shares) | | Various (subject to vesting conditions) | 13 Dec 2013 |
| | 3,200,000 (options to acquire fully paid shares) | | 10 cents | 31 Jan 2015 |

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

| | | | | | |
|------|---|--|--|----------------|-------------|
| | | 6,800,000 (options to acquire fully paid shares) | 10 cents | 23 May 2015 | |
| 7.8 | Issued during quarter | 6,800,000 | 6,800,000 | 10 cents | 23 May 2015 |
| 7.9 | Decreased on consolidation during quarter | - | - | - | - |
| 7.10 | Expired during quarter | 1,000,000 (Options to acquire 1m partly paid 'A' shares of 45 cents credited as paid to 5 cent, leaving 40 cents outstanding) | 1,000,000 (Options to acquire 1m partly paid 'A' shares of 45 cents credited as paid to 5 cent, leaving 40 cents outstanding) | No cash amount | 30 Apr 2013 |
| 7.11 | Debentures <i>(totals only)</i> | - | - | | |
| 7.12 | Unsecured notes <i>(totals only)</i> | - | - | | |

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Date: 31 July 2013
(Company secretary)

Print name: Pip Leverington

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

== == == == ==

+ See chapter 19 for defined terms.