

29 October 2013

September Quarterly Activities Report

Highlights:

- **Contractor commences the Bulk Samples exercise which are to be taken from the Wolfsberg Lithium Project following which the Mining Lease will be granted for two terms of 30 years**
- **Global enters into A\$700,000 convertible note deeds with major shareholders Cape Lambert Resources Limited and Exchange Minerals Limited**

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

OPERATIONAL

Wolfsberg Lithium Project

As previously announced, 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 Sample Exercise**).

As announced on 17 September 2013 and 15 October 2013, the Company has engaged Grafitbergbau Kaisersberg (Contractor) to perform the Bulk Sample Exercise. The Bulk Sample Exercise has commenced and it is the intention of the Contractor to complete the Bulk Sample Exercise by the end of November 2013. The Bulk Sample Exercise represents the first ore to be mined at the Project for more than 20 years and is part of the Company's plan to becoming the first lithium producer in Europe.

Upon completion of the Bulk Sample Exercise, the Company will have fulfilled all of the necessary conditions and obligations, as stipulated by the Mines Authority, for the mining leases pertaining to the Project to be granted to the Company for two terms of 30 years.

The Company intends to use some of the mined ore from the Bulk Sample Exercise to update the metallurgical test work carried out by the North Carolina State Minerals Research Laboratory in the 1980's. The Company believes that recent advances in processing technology, particularly grinding techniques, may have a significant impact on both the recovery rate and the quality of the concentrates produced.

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

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Photos from the Bulk Sample Exercise are below with additional photos available on the Company's website at www.globalstrategicmetalsnl.com.







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 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 fulfil 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 on the will be completed once the remaining fieldwork is finalised.

CORPORATE MATTERS

Convertible Note Deeds with Cape Lambert and Exchange Minerals Group

As announced on 24 September 2013, in a further show of support major shareholders, Cape Lambert Resources (**Cape Lambert**) and Exchange Minerals Limited (**Exchange Minerals**) (collectively the **Noteholders**) agreed to provide a further A\$700,000 to the Company pursuant to convertible note deeds (**Convertible Note Deeds**). The funds will be used to:

- (a) fund the Bulk Sample Exercise at the Wolfsberg Lithium Project; and
- (b) fund ongoing working capital requirements.

The key terms and conditions of the Convertible Note Deeds are as follows:

- (a) A\$350,000 provided by Cape Lambert to the Company and A\$350,000 provided by Exchange Minerals to the Company (**Notes**);
- (b) interest to accrue daily at a rate of 12% per annum; and
- (c) subject to receipt of shareholder approval at the Company's upcoming Annual General Meeting, all or part of the Notes (including interest) can at the election of the Noteholders be converted into shares at price of conversion which is the greater of:
 - (i) \$0.03 each; and
 - (ii) 80% of the volume weighted average closing price of the shares as quoted on ASX over the last ten (10) trading days immediately preceding the delivering of a conversion notice by the Noteholders.

If approval is not obtained, the Notes (together with interest) are repayable on or before 23 September 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).

Note, as set out above, pursuant to the restrictions in the Corporations Act, the conversion of the Convertible Note Deeds is subject to shareholder approval at the annual general meeting of the Company's shareholders.

Annual General Meeting

The Company has scheduled its annual general meeting of shareholders to be held at 10:00am (WST) on 22 November 2013 to seek shareholder approval in respect of the following:

- Resolution 1 – Adoption of remuneration report
- Resolution 2 – Re-election of Director Mr David Shaw
- Resolution 3 – Re-election of Director Mr Benjamin Hill
- Resolution 4 – Re-election of Director Mr Declan Kelly
- Resolution 5 – Ratification of prior issue – options to Dempsey Resources
- Resolution 6 - Ratification of prior issue – options to Exchange Minerals
- Resolution 7 – Approval for issue of shares on exercise of options by Dempsey Resources
- Resolution 8 – Approval for issue of shares on conversion of Cape Lambert loan
- Resolution 9 – Approval for issue of shares on conversion of convertible note by Cape Lambert
- Resolution 10 – Approval for issue of shares on exercise of options by Exchange Minerals
- Resolution 11 – Approval for issue of shares on conversion of convertible note by Exchange Minerals
- Resolution 12 – Approval of 10% placement capacity - shares

For further details in respect of the above, shareholders should refer to the Notice of Annual General Meeting announced on 22 October 2013.

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 September 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	(378)	(378)
(b) development	-	-
(c) production	-	-
(d) administration (including costs associated with acquisition of Austrian project.	(116)	(116)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	1	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other; BAS/VAT Refund	16	16
Net Operating Cash Flows	(477)	(477)
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)	(477)	(477)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(477)	(477)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	1,700	1,700
1.17	Repayment of borrowings	(780)	(780)
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	920	920
	Net increase (decrease) in cash held	443	443
1.20	Cash at beginning of quarter/year to date	93	93
1.21	Exchange rate adjustments to item 1.20	1	1
1.22	Cash at end of quarter	537	537

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	29
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	2,950	2,950
3.2 Credit standby arrangements	-	-

+ See chapter 19 for defined terms.

Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation (including costs associated with acquisition of Austrian project)	505
4.2	Development	-
4.3	Production	-
4.4	Administration	73
Total		579

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	535	93
5.2	Deposits at call	2	-
5.3	Bank overdraft	-	-
5.4	Term Deposit	-	-
Total: cash at end of quarter (item 1.22)		537	93

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
	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
	6,800,000 (options to acquire fully paid shares)		10 cents	23 May 2015

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

7.8	Issued during quarter	-	-	-	-
7.9	Decreased on consolidation during quarter	-		-	-
7.10	Expired during quarter	22,094,294 (options to acquire fully paid shares)	22,094,294 (options to acquire fully paid shares)	20 cents	14 Jul 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: 29 October 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.

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+ See chapter 19 for defined terms.