

17 April 2014

March Quarterly Activities Report

Highlights:

- **Mining leases secured and granted to Global in perpetuity at the Wolfsberg Lithium Project**
- **Placement of A\$711k completed**
- **Global announces its intention to delist from the ASX**
- **Conversion of EUR 1.5m of KMI loans from Debt to Equity at a conversion price of \$0.10**
- **Global enters into A\$493,750 converting note deeds with new European based investors**

Global Strategic Metals NL (ASX: **GSZ**) (**Global** or the **Company**) is pleased to announce the Company's March 2014 Quarterly Activities Report:

OPERATIONAL

Wolfsberg Lithium Project

During the quarter, the Austrian Mining Authority (**Mines Authority**) has granted the Company its mining leases (**Mining Leases**) in respect to its 80% owned flagship Wolfsberg Lithium Project (**Project**).

As previously announced, the Mines Authority granted the Company with a mining license to comply with its obligations to carry out mining activity to extract 2x500 tonne bulk samples (**Bulk Sample Exercise**).

The Company successfully completed the Bulk Sample Exercise in December 2013 and have subsequently been awarded the leases pertaining to the Project. The Mining Leases have been granted to the Company in perpetuity and cannot be withdrawn by the Mines Authority unless the Company fails to comply with regulations stipulated in the Austrian Mining Law, the Betriebspflicht.

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.

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	287,564,847
Options	14,550,000

Board of Directors

Tony Sage
Non-Executive Chairman

Benjamin Hill
Interim Executive Director

David Shaw
Non-Executive Director

Jason Brewer
Non-Executive Director

Melissa Chapman
Company Secretary

Key Project

Wolfsberg Lithium Project - Austria

Enquiries

Global Strategic Metals NL

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No additional work was completed during the quarter on the Elizabeth Hill Project. Subsequent to quarter end, the rehabilitation work required around the drill sites to fulfil the Company's obligations was completed. A final report on the Elizabeth Hill Project will be completed now that the remaining fieldwork has been completed.

Tenement Status

The mining tenements held at the end of each quarter, acquired and disposed of during the quarter and their location:

Tenement Reference	Project and Location	Acquired Interest during the quarter	Disposed Interest during the quarter	Interest at the end of the quarter
M47/340	Elizabeth Hill – Western Australia	-	-	100%
M47/341	Elizabeth Hill – Western Australia	-	-	100%
M47/342	Elizabeth Hill – Western Australia	-	-	100%
M47/343	Elizabeth Hill – Western Australia	-	-	100%
E47/2471	Elizabeth Hill – Western Australia	100%	-	100%
E47/2472	Elizabeth Hill – Western Australia	100%	-	100%
E47/587	Elizabeth Hill – Western Australia	-	-	100%
104/96	Wolfsberg – Austria	-	-	100%
105/96	Wolfsberg – Austria	-	-	100%
106/96	Wolfsberg – Austria	-	-	100%
107/96	Wolfsberg – Austria	-	-	100%
108/96	Wolfsberg – Austria	-	-	100%
109/96	Wolfsberg – Austria	-	-	100%
110/96	Wolfsberg – Austria	-	-	100%
111/96	Wolfsberg – Austria	-	-	100%
112/96	Wolfsberg – Austria	-	-	100%
113/96	Wolfsberg – Austria	-	-	100%
114/96	Wolfsberg – Austria	-	-	100%
115/96	Wolfsberg – Austria	-	-	100%
116/96	Wolfsberg – Austria	-	-	100%
117/96	Wolfsberg – Austria	-	-	100%
118/96	Wolfsberg – Austria	-	-	100%
119/96	Wolfsberg – Austria	-	-	100%
120/96	Wolfsberg – Austria	-	-	100%
121/96	Wolfsberg – Austria	-	-	100%
122/96	Wolfsberg – Austria	-	-	100%
123/96	Wolfsberg – Austria	-	-	100%
124/96	Wolfsberg – Austria	-	-	100%
125/96	Wolfsberg – Austria	-	-	100%

The mining tenements with beneficial interest held in farm-in/farm-out agreements held at the end of each quarter, acquired and disposed of during the quarter and their location:

Farm-in Agreement and Tenement Reference	Project and Location	Acquired Interest during the quarter	Disposed Interest during the quarter	Interest at the end of the quarter
-	-	-	-	-

Farm-out Agreement and Tenement Reference	Project and Location	Acquired Interest during the quarter	Disposed Interest during the quarter	Interest at the end of the quarter
-	-	-	-	-

CORPORATE MATTERS

Board Restructure

On 10 February 2014, the Company announced the resignation of Mr Tony Roberts as Executive Director of the Company effective 7 February 2014. Mr Benjamin Hill, previously Non-Executive Director of the Company, has assumed the position of Interim Executive Director effective 7 February 2014.

Delisting

Subsequent to the quarter end, as announced on 16 April 2014, the Company advised its shareholders on its intention to delist from the ASX.

Further details relating to the proposed delisted from ASX and consequences for the Company and its shareholders will be provided in the Company's Notice of General Meeting and the Explanatory Statement accompanying that Notice of General Meeting, expected to be issued by the Company in May.

Capital Raising

Subsequent to the quarter end, as announced on 9 April 2014, the Company completed a placement of 37,937,500 shares to sophisticated and institutional investors at 2 cents each to raise \$711,381 after broker fees (**Placement**) (**Placement Shares**).

The funds raised pursuant to the Placement will be used for general working capital purposes and allow the Company to focus on its 80% owned Wolfsberg Lithium Project.

There was no underwriter to the Placement however Fox Davies Capital (**FDC**) was the appointed financial adviser and lead bookrunner.

Issue of shares to KMI on conversion of the Convertible Note Deed

Subsequent to the quarter end, as announced on 14 April 2014, in April 2012 the Company entered into a convertible note deed with Kärntner Montanindustrie GmbH (**KMI Convertible Note Deed**) for EUR 1,500,000, with accruing interest, as part of the acquisition of the Wolfsberg Lithium Project (**Project**).

Subject to shareholder approval (if required), all of the KMI Convertible Note Deed (excluding interest) could, at the sole election of the Company, be converted into shares (**KMI Convertible Note Deed Conversion Shares**). If approval was not obtained, the KMI Convertible Note Deed was repayable on or before 12 April 2014.

As announced on 14 April 2014, the issue of the KMI Convertible Note Deed Conversion Shares did not require shareholder approval and were issued under the Company's Listing Rule 7.1A capacity. On 11 April 2014, 18,750,000 KMI Convertible Note Deed Conversion Shares were issued to KMI and the Company's obligations in relation to the KMI Convertible note Deed were satisfied in full.

Convertible Note Deeds

Subsequent to the quarter end, as announced on 16 April 2014, in a further show of support from new European based investors (each a **Noteholder**), these Noteholders have provided A\$493,750 to the Company pursuant to converting loan agreements (**Converting Note Deeds**). The funds will be used for general working capital purposes.

Subject to receipt of shareholder approval, the Converting Note Deeds will automatically convert into ordinary shares in the Company at a conversion price of \$0.02 each. If approval is not obtained, the loans are repayable by the Company by 30 June 2014.

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 2012 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 2012 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")

31 March 2014

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) \$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	(289)	(780)
(b) development	-	-
(c) production	-	-
(d) administration (including costs associated with acquisition of Austrian project.	(79)	(310)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	2	9
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other; BAS/VAT Refund	193	224
Net Operating Cash Flows	(173)	(857)
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)	(173)	(857)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(173)	(857)
	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
1.17	Repayment of borrowings	-	(780)
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	124	124
	Net financing cash flows	124	1,044
	Net increase (decrease) in cash held	(49)	187
1.20	Cash at beginning of quarter/year to date	332	93
1.21	Exchange rate adjustments to item 1.20	(1)	2
1.22	Cash at end of quarter	282	282

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	-
1.24 Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

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	1,250	1,250
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	746
4.2 Development	-
4.3 Production	-
4.4 Administration	266
Total	1,012

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	162	29
5.2 Deposits at call	119	303
5.3 Bank overdraft	-	-
5.4 Term Deposit	-	-
Total: cash at end of quarter (item 1.22)	282	332

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	287,564,847	287,564,847	Fully Paid	Fully Paid
7.4 Changes during quarter				
(a) Increases through issues	37,937,500	37,937,500	\$0.02	\$0.02
(b) Increases through exercise of share options	-	-	-	-
7.5 *Convertible debt securities (description)	-	-	-	-
7.6 Changes during quarter				
(a) Increases through issues	18,750,000	18,750,000	\$0.10	\$0.10
(b) Decreases through securities matured, converted	-	-	-	-
7.7 Options (description and conversion factor)			Exercise price	Expiry date
	150,000 (options to acquire fully paid shares)		7 cents	29 June 2014
	4,400,000 (options to acquire fully paid shares)		Various Prices (subject to vesting conditions)	13 Dec 2015
	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
7.8 Issued during quarter	-	-	-	-
7.9 Decreased on consolidation during quarter	-	-	-	-

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

7.10	Expired during quarter	1,550,000 (options to acquire fully paid shares)	1,550,000 (options to acquire fully paid shares)	Various (Subject vesting conditions)	Prices to	13 Dec 2015
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: 17 April 2014
(Company secretary)

Print name: Melissa Chapman

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.