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Global Strategic Metals NL

GLOBAL STRATEGIC METALS NL AND ITS CONTROLLED ENTITIES
ABN 82 000 738 885

ANNUAL REPORT
FOR THE YEAR ENDED
30 JUNE 2013



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CORPORATE DIRECTORY



DIRECTORS

Tony Sage (Non-Executive Chairman)
Anthony Roberts (Executive Director)
David Shaw (Non-Executive Director)
Benjamin Hill (Non-Executive Director)
Declan Kelly (Non-Executive Director)

COMPANY SECRETARY

Pip Leverington

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Perth, WA, 6000

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AUDITORS

Stantons International

BANKERS

Westpac Banking Corporation

SOLICITORS

DLA Piper

WEBSITE

www.globalstrategicmetalsnl.com

STOCK EXCHANGE

Australian Securities Exchange
Code: GSZ

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CHAIRMAN'S LETTER TO SHAREHOLDERS



Dear Shareholders,

In my second year as Chairman of Global Strategic Metals NL (**Company** or **GSZ**), I am proud to report that the 2012-13 financial year has been a period of significant financial restructuring and operational progress despite volatile global equity markets.

Cape Lambert Resources Limited continues to remain a cornerstone investor with a 19.5% stake in the Company and showed significant support by exercising 5.4 million GSZ options at A\$0.07 in December 2012. During the same month, the Company's largest shareholder, Exchange Minerals Limited, received shareholder approval to convert its €1,200,000 debt (plus interest) to equity to increase its interest in the Company to 35.5%.

The Company's two major cornerstone investors now have a combined holding of 55% in GSZ which highlights their belief in the Company's Board and management team to realise the full potential of its 80% owned Wolfsberg Lithium Project (**Wolfsberg Project** or **Project**) in Austria.

In February 2013, the Austrian Mining Authority granted the Company a mining licence in relation to the Wolfsberg Project. This licence ensures the Company is able to comply with its obligation to carry out mining activities to extract two 500 tonne bulk samples from the Project within two years of the original exploration licence being granted. The bulk samples exercise is expected to be completed in October 2013 upon which the leases relating to the Project will be granted to the Company in perpetuity. The Board has been pleased with the progress made over the past year with the mining licence approval representing another positive step in the development of the Company's strategic lithium resource.

Despite difficult market conditions, the Company engaged Fox Davies Capital in May 2013 to undertake a capital raising to raise up to A\$10 million from mostly sophisticated and institutional investors in Europe, which remains subject to shareholder approval upon completion. It is proposed that the funds raised will be used primarily to develop the Wolfsberg Project.

In July 2013, the Company entered into a A\$1,000,000 converting loan agreement to fund the final loan repayment of €500,000 plus interest to Kärntner Montanindustrie (**KMI**) which was repaid in full to KMI at the end of July 2013. The remaining funds raised from the converting loan agreement is to be used to partly fund the bulk samples extraction exercise and fund ongoing working capital requirements.

Europe currently consumes 28% of global lithium carbonate (Li_2CO_3) production but has yet to develop any production facilities. The Wolfsberg Project is strategically located for mining with excellent infrastructure links to supply the major European markets in the aviation, aerospace, automotive and defence sectors.

With global demand for lithium increasing and markets forecasting the lithium price to remain strong, the Board and I strongly believe that the Company is very well positioned to develop the Wolfsberg Project into a strategic lithium resource.

I would also like to take this opportunity to thank and acknowledge the significant contribution from our Austrian partners, the Austrian Mining Authority and KMI, towards the Project over the past couple of years.

On behalf of the Board, I would like to thank you for your continued support over the past year and we look forward to sharing another successful year with you as we focus on further development of the Wolfsberg Project.

Yours sincerely

Tony Sage
Chairman

Perth, 30 August 2013

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REVIEW OF OPERATIONS



HIGHLIGHTS OF THE YEAR

- Results of Zone 2 Drilling Program at the Wolfsberg Lithium Project in Austria with pegmatite intersected at 45 metres illustrating the potential to host further mineralisation
- Austrian Mining Authority grants Exemption Mining Licence in relation to the Wolfsberg Lithium Project
- 2 x 500 tonne bulk samples to be taken from the Wolfsberg Lithium Project following which the Mining Lease will be granted in perpetuity
- Reverse Circulation (RC) drilling completed at Elizabeth Hill
- Completed capitalisation of €1.2 million loan from Exchange Minerals
- Major Shareholders Cape Lambert Resources and Exchange Minerals provide further funding to Company
- Amount of debt owing to KMI is reduced
- Appointment of David Shaw as Non-Executive Director
- Fox Davies Engaged to Undertake Capital Raising

OPERATIONS REPORT

Wolfsberg Lithium Project (GSZ 80%, Exchange Minerals 20%)

Global Strategic Metals NL's (Company or GSZ) 80% owned Wolfsberg Lithium Project (Wolfsberg Project or 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.

The Wolfsberg Lithium Project is considered to be of potential strategic importance to European manufacturers for lithium, silica, feldspar and mica. In the view of the Company this has the potential to deliver substantial shareholder wealth in both the short and medium term.

Zone 2 Drilling Program

The Wolfsberg Project is characterized by a sequence of quartzitic, locally kyanite-bearing micaschists and of eclogitic amphibolites. An anticline passes the area under investigation, subdividing it into a Northern part, referred to as "Zone 1" (corresponds geographically to a ridge called "Brandrücken") and a Southern part, referred to as "Zone 2" (refer Figure 1).

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REVIEW OF OPERATIONS

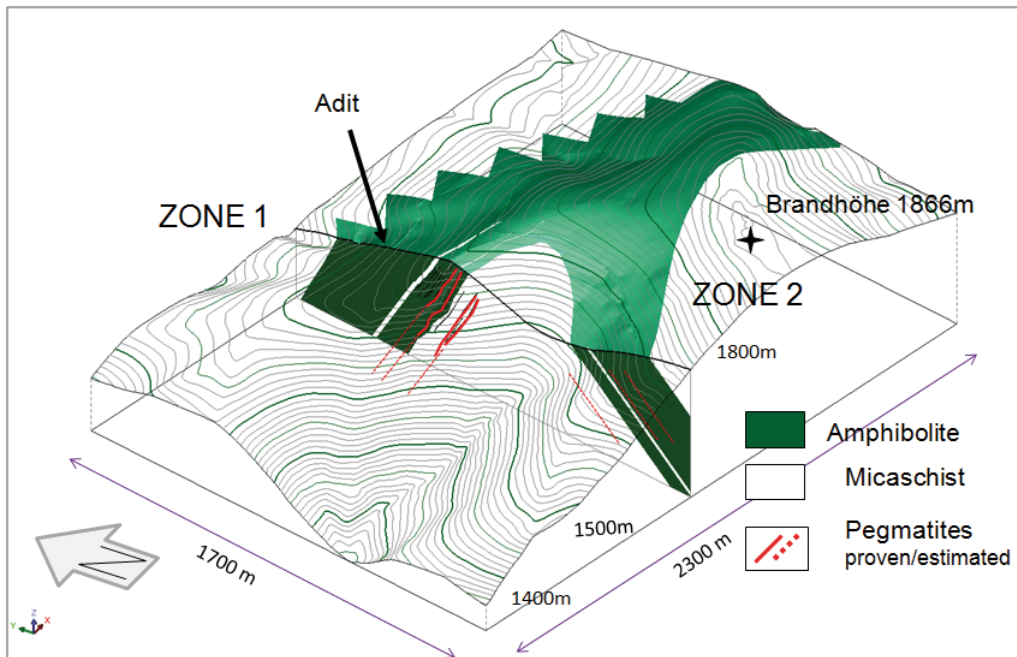


Figure 1 - Overview of Zone 1 and Zone 2

A scout drilling program at Zone 2 was completed in November 2012 (**Drilling Program**). The purpose of the Drilling Program was to validate the level of mineralisation to complement the resource identified in Zone 1 and enable the Company to confidently plan production levels.

On 22 November 2012 the Company announced the assay results from the rock chip/grab samples taken from the Southern flank of the Anticline on Zone 2 of the Project (refer to Table 1). On 3 April 2012 the Company further announced the core sample results from the six hole Drilling Program which were assayed by OMAC Minerals Lab (part of the ALS group) in Galway, Ireland (refer to Table 2).

The results from the Drilling Program support the geological model and validate the Board's view that Zone 2 has the potential to mirror the mineralisation of Zone 1. The results also validate that Zone 2 retains substantial exploration upside with the ore body remaining open at depth and along strike.

Sample Description	Received Weight (kg)	Li %	Li2O % *
CH 1	0.06	1.130	2.433
CH 2	0.05	1.210	2.605
CH 3	0.09	0.650	1.400
CH 4	0.05	0.165	0.355
CH 5	0.07	0.785	1.690
CH 6	0.06	1.115	2.401
CH 7	0.10	0.779	1.677
CH 8	0.07	1.035	2.228
CH 9	0.08	1.095	2.358
CH 10	0.08	0.941	2.026
CH 11	0.10	1.060	2.282
CH 12	0.08	1.460	3.143
CH 13	0.07	0.907	1.953

*Conversion factor = 2.153

Table 1 - Assay results from rock chip/grab samples

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REVIEW OF OPERATIONS



BOREHOLE Z2-1					
Amphibolite Hosted Pegmatites					
Sample Number	Depth (m)	Core Length (m)	True Thickness (m)	Li ₂ O %	Duplicates Li ₂ O %
Z2-101 A	9.30 - 10.30	1.00	0.87	0.05	0.05
Z2- 101	45.80 - 47.50	1.70*	1.47	1.65	1.68
Z2 -102	101.70 - 103.20	1.40	1.30	< 0.02	
Mica Schist Hosted Pegmatites					
Z2 -103	139.50 - 140.10	0.60	0.52	0.15	
Z2 -104	140.50-141.70	1.20	1.04	0.47	0.51
BORE HOLE Z2 - 2					
Amphibolite Hosted Pegmatites					
Sample Number	Depth (m)	Core Length (m)	True Thickness (m)	Li ₂ O %	Duplicates Li ₂ O %
Z2-201	181.50 - 183.50	2.00*	1.73	0.59	0.64
Mica Schist Hosted Pegmatites					
Z2- 202	232.00 - 232.50	0.50	0.43	< 0.02	
Z2-203	236.30 - 237.40	1.10	0.95	< 0.02	0.03
Z2-204	260.10 - 261.60	1.50	1.30	< 0.02	
Z2-205	266.10 - 267.60	1.50*	1.30	0.10	0.12
Z2- 207	277.10 - 277.60	0.50	0.43	0.03	
BORE HOLE Z2 - 3					
Amphibolite Hosted Pegmatites					
Sample Number	Depth (m)	Core Length (m)	True Thickness (m)	Li ₂ O %	Duplicates Li ₂ O %
Z2- 301 A	4.50 - 5.10	0.60*	0.52	0.28	
Z2- 301	21.10 - 21.50	0.40*	0.35	0.15	
BOREHOLE Z2-4					
Amphibolite Hosted Pegmatites					
Sample Number	Depth (m)	Core Length (m)	True Thickness (m)	Li ₂ O %	Duplicates Li ₂ O %
Z2- 401	46.20 - 46.80	0.60*	0.52	0.89	
Z2 -402	51.90 - 52.60	0.70*	0.61	1.42	
Z2 -403	63.20 - 63.80	0.60*	0.52	0.39	0.37
Z2 -404	171.30 - 171.80	0.50	0.43	0.03	

* Visible mineralization

Hole Z2-5 only reached a depth of 32 metres, and did not intersect any pegmatites

Table 2 - Assay results from pegmatite intersections

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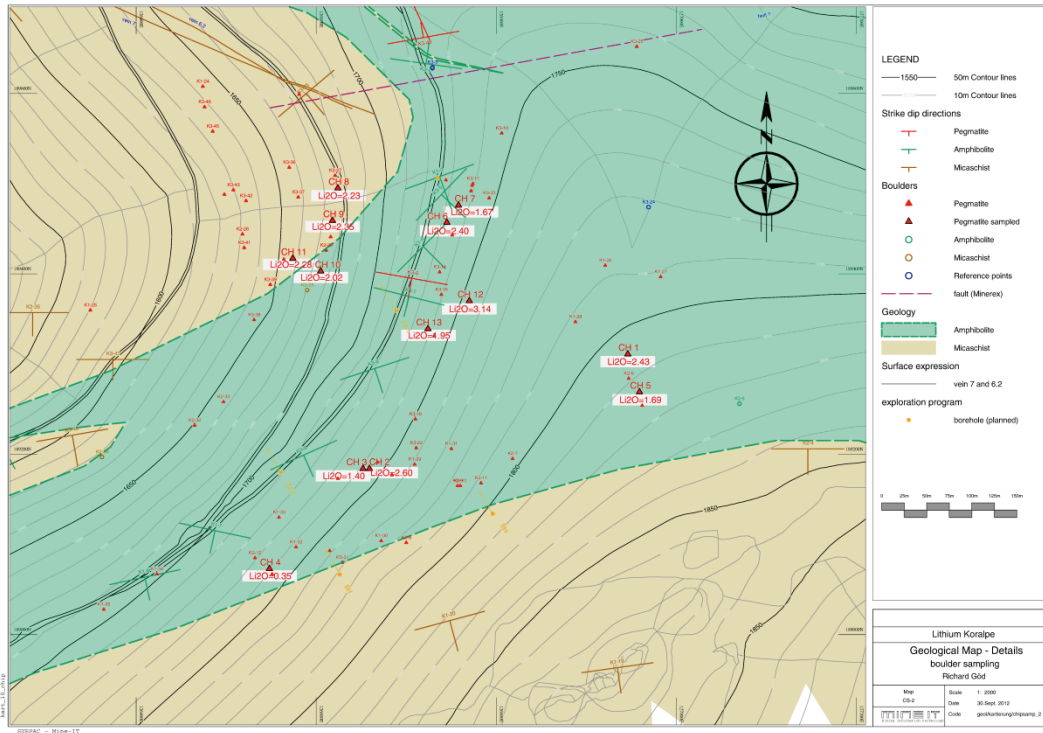


Figure 2– Location of rock chip/grab samples

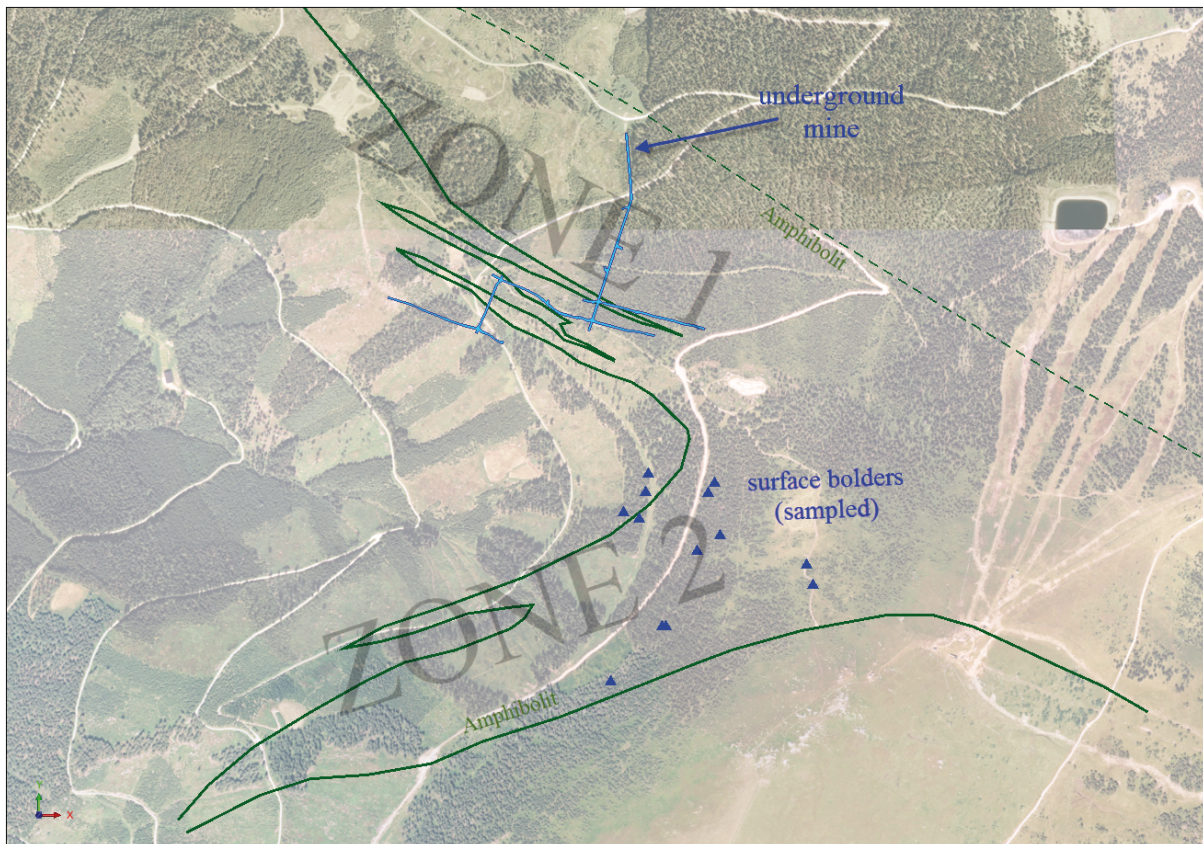


Figure 3– Location of Zone 2 drill positions and surface boulder rock chip samples

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REVIEW OF OPERATIONS



Mining License

On 11 October 2012 the Company announced that an application had been submitted to the Austrian Mining Authority (**Mines Authority**) for permission to extract two 500 tonne bulk samples (**Bulk Samples**) from Zone 1 of the Project. The extraction of these bulk samples is an important step in the development of the Project and ensures that the Company is in compliance with the original terms of the Project's licence to carry out mining activity within 2 years of grant.

On 15 February 2013 the Company announced that the Mines Authority had granted the Company a mining license (**Mining License**) in respect of the Project. The Mining License was issued 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 and 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. Metallurgical testwork will be carried out on the Bulk Samples allowing for advances in process and technology. The Company believe these advances will have a positive impact on both recoveries and the quality of concentrates produced. These results will also greatly assist in the preparation of a definitive feasibility study and mine plan. Once the Bulk Samples exercise is completed, the leases pertaining to the Project will be granted to the Company in perpetuity.

History of The Wolfsberg Project

Historical exploration work began in 1981 and finished in 1988 and included 101 diamond drill holes for 16,727 metres and 1,607 assays. In 1985 the portal (adit) was cut and trial mining continued through to 1988. In this time 1,389 metres of decline, drives and crosscuts which are 4 metres by 4 metres were developed, which access the ore body. Two trial stopes were also mined looking at long hole retreat and cut and fill toping methods. Rock mechanic studies and mining efficiency studies were also completed.

The owners intend to exploit the Project with the view to applying Australian underground bulk mining techniques.

Metallurgical and processing studies on the pegmatite ore started at Carolina State University in 1982. The work continued through to 1987 and was focused on the optimisation of the flotation process. In 1988 a pilot plant test was set up at Carolina State University to produce Mica, Feldspar, Quartz and Spodumene (lithium mineral) saleable products. From this work at an estimated mining and processing rate of 150,000 tonnes per annum (TPA) 25,000 TPA Spodumene Concentrate (6% Li₂O), 49,500 TPA Feldspar, 24,500 TPA Quartz (Silica Sand) and 3,375 TPA Mica could be produced. Therefore 74% of all mined ore produced a saleable product and 26% of the material was waste. In 1988 Austroplan completed laboratory scale tests of producing Lithium Carbonate from the Spodumene Concentrate. This work returned recoveries of 93%.

Dr Richard Göd, a Vienna based lithium specialist who has an intimate knowledge of the Austrian Lithium Project, has been retained as an advisor to the Company. Dr Göd will provide geological expertise to advance the Project towards production and to also direct exploration efforts. Dr Göd has an intimate knowledge of the Austrian Lithium Project as he worked on the Project from discovery in 1981 through to 1988 and has published several geological papers and articles on the deposit.

It is estimated that over €8 million has been spent on the Project to date, primarily by the Austrian Government in the 1980's. This expenditure included more than 16,000 metres of drilling, metallurgical and processing studies, 1,389 metres of underground decline and trial mining. Despite the extensive work undertaken on the Project, the mine was not put into production at the time due to the then modest lithium price. With lithium now firmly established as a metal of strategic importance, GSZ intends to fast track the development of the Wolfsberg Project using established Australian underground bulk-mining techniques.

REVIEW OF OPERATIONS



The Wolfsberg Project benefits from valid Exploration and Mining Licences. It is close to existing infrastructure and centrally located in Europe. It is considered to be of strategic importance to European manufacturers, and in the view of the Company has the potential to deliver substantial shareholder wealth in both the short and the medium term.

Key Project Features

- Close to road, rail and cities at Wolfsberg and Deutschlandsberg
- Significant land holding of granted exploration and mining licenses
- Global JORC resource of 16.9 million tonnes at 1.6% 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.

Elizabeth Hill (GSZ 100%)

The Elizabeth Hill Silver and basemetal project is 45km south of Karratha in Western Australia.

Inferred JORC compliant Resource:

- Elizabeth Hill. 75,000 tonnes at 117 g/t Ag (280K ounces)

Geophysical anomalies:

- Downhole Electromagnetic Surveys (EM) at the Mustang prospect have identified off-hole conductors with associated disseminated sulphide.

Mustang Prospect

The Mustang Electromagnetic anomaly is located 1,800 metres to the north of Elizabeth Hill and is situated between two base metal (zinc, silver, lead and copper) prospects discovered by Fox Resources Ltd (ASX: FXR) (**Fox**) in 2007. Historical fixed loop Electro Magnetic (**EM**) survey data taken at the Mustang prospect area had indicated the existence of conductors within the tenement in between and along strike from the two Fox prospects (Sunchaser and Conquest).

A Reverse Circulation (RC) drilling program was designed to test the identified EM conductors and was completed

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REVIEW OF OPERATIONS



during late 2012 resulting in 574m from 3 holes being drilled. The majority of samples were retrieved and assayed during the quarter however no significant results were returned. Downhole geophysical surveys were undertaken (GPX Surveys) to ascertain if any conductors were present that were not intersected within the drillholes. The targeted conductor of drill hole GSRC003 was not intersected at depth although a late-time conductor at 170m was discovered. It is projected to lie in a relatively thin mafic band between an upper and lower peridotite band. These conductors could be associated with base metal occurrences (Cu-Zn-Ag-Pb) being good discrete late time anomalies. Follow up work on the program will be undertaken upon the provision of geochemical assay data.

The primary focus at Mustang remains to find copper and zinc mineralisation, which could be mined by open pit. This may then allow mining of the shallow silver resource, or alternatively allow for the divestment of the project.

Elizabeth Hill

A residual resource of 75,000 tonnes at 117 g/t Ag (280K ounces) remains. The current resource is finite and is from surface to a depth of 60 metres. At 60 metres a small shaft underground mine extracted 1.17 million ounces of silver between 1998 and 2000. Exploration potential exists along the granite and ultramafic contact for repetitions of silver pods to the east and west of Elizabeth Hill and also at depths below known mineralisation. To date, no drilling has targeted the contact zone looking for silver repetitions.

No further work was carried out on the Elizabeth Hill project due to the continued decline in silver prices.

CORPORATE MATTERS

LOAN AGREEMENT WITH EXCHANGE MINERALS AND CAPE LAMBERT

During the year, the Company's major shareholders, Cape Lambert Resources Limited (**Cape Lambert**) and Exchange Minerals Limited (**Exchange Minerals**) entered into a loan agreement with GSZ (**Loan Agreement**).

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

- (a) Cape Lambert lent the Company A\$400,000 (**CFE Loan**);
- (b) Exchange Minerals (or nominee) lent the Company A\$850,000 (**EML Loan**);
- (c) in part consideration for entering into the Loan Agreement, the Company agreed to issue and allot:
 - (i) 3,200,000 options exercisable at A\$0.10 each on or before that date which is two (2) years from the date of issue to Cape Lambert (or nominee); and
 - (ii) 6,800,000 options exercisable at A\$0.10 each on or before that date which is two (2) years from the date of issue to Exchange Minerals (or nominee),(together the **Loan Consideration Options**),
- (d) interest to accrue daily at a rate of 12% per annum on the CFE Loan and the EML Loan (**Interest**);
- (e) the CFE Loan and EML Loan (including Interest) are repayable by the Company on the earlier to occur of:
 - (i) that day which is five (5) days after receipt of cleared funds of no less than A\$1,500,000 by the Company by way of a debt or equity fundraising;
 - (ii) 31 December 2013; and
 - (iii) default or breach by the Company of the terms of the Loan Agreement.

REVIEW OF OPERATIONS



Note that pursuant to the restrictions in the Corporations Act, neither Exchange Minerals nor Cape Lambert will be able to exercise the Loan Consideration Options unless shareholder approval is obtained in relation to either entity further increasing their relevant interest in the Company or they are significantly diluted and the exercise of the options would not result in them holding more than 19.9% of the Company.

CAPITALISATION OF LOAN TO EXCHANGE MINERALS

Pursuant to a loan agreement with Exchange Minerals Limited and Exchange Minerals (Holdings) Limited (together, **Exchange Minerals Group**), GSZ's 80% owned subsidiary owed the Exchange Minerals Group €1.2 million (plus unpaid interest) (**EM Loan**). As announced on 4 December 2012 and following shareholder approval obtained on 23 November 2012, the Exchange Minerals Group agreed to settle all amounts owing pursuant to the EM Loan by the issue of 24,865,627 shares. These shares were issued on 4 December 2012 and no further funds are owing pursuant to the EM Loan.

CONVERSION OF UNLISTED OPTIONS

On 4 December 2012 Cape Lambert exercised 5,450,000 options at an exercise price of A\$0.07 each (which generated A\$381,500 for the Company).

GENERAL MEETINGS OF SHAREHOLDERS

On 23 November 2012 the Company held its Annual General Meeting at which shareholders approved the following resolutions:

1. Adoption of remuneration report
2. Re-election of Tony Sage, Benjamin Hill and Declan Kelly as directors
3. Ratification of prior issue of 28,019,365 shares and 5,600,000 free attaching options to Dempsey Resources Pty Ltd (a wholly owned subsidiary of Cape Lambert)
4. Issue of shares to the Exchange Minerals Group on conversion of the EM Loan
5. Cancellation of 7,808,870 forfeited partly paid shares
6. Capacity to issue equity securities up to 10% of the Company's issued capital pursuant to Listing Rule 7.1A
7. Issue of up to 8,700,000 options to current and future proposed consultants and employees of the Company
8. Issue of up to 4,800,000 options to the directors
9. Appointment of a new auditor

DELISTING ON THE FRANKFURT STOCK EXCHANGE

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

ENGAGEMENT OF FOX DAVIES CAPITAL

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, the Company will seek to raise up to A\$10 million. It is proposed that funds raised pursuant to the Capital Raising will primarily be applied towards developing the Wolfsberg Project.

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REVIEW OF OPERATIONS



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 USD\$1 billion for its clients since 2005.

BOARD CHANGES DURING THE YEAR

On 19 February 2013, the Company announced the appointment of Dr David Shaw as Non-Executive Director of the Company with effect from 18 February 2013.

Tenement Schedule

TENEMENT TYPE & NO.	APPLICANT / HOLDER	PROJECT
M47/340	Global Strategic Metals NL	Elizabeth Hill
M47/341	Global Strategic Metals NL	Elizabeth Hill
M47/342	Global Strategic Metals NL	Elizabeth Hill
M47/343	Global Strategic Metals NL	Elizabeth Hill
E47/587	Global Strategic Metals NL	Elizabeth Hill
M47/414	Global Strategic Metals NL	Elizabeth Hill
M47/415	Global Strategic Metals NL	Elizabeth Hill
E47/2471	Global Strategic Metals NL	Elizabeth Hill
E47/2472	Global Strategic Metals NL	Elizabeth Hill
104/96	Global Strategic Metals NL	Wolfsberg Lithium
105/96	Global Strategic Metals NL	Wolfsberg Lithium
106/96	Global Strategic Metals NL	Wolfsberg Lithium
107/96	Global Strategic Metals NL	Wolfsberg Lithium
108/96	Global Strategic Metals NL	Wolfsberg Lithium
109/96	Global Strategic Metals NL	Wolfsberg Lithium
110/96	Global Strategic Metals NL	Wolfsberg Lithium
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116/96	Global Strategic Metals NL	Wolfsberg Lithium
117/96	Global Strategic Metals NL	Wolfsberg Lithium
118/96	Global Strategic Metals NL	Wolfsberg Lithium
119/96	Global Strategic Metals NL	Wolfsberg Lithium

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120/96	Global Strategic Metals NL	Wolfsberg Lithium
121/96	Global Strategic Metals NL	Wolfsberg Lithium
122/96	Global Strategic Metals NL	Wolfsberg Lithium
123/96	Global Strategic Metals NL	Wolfsberg Lithium
124/96	Global Strategic Metals NL	Wolfsberg Lithium
125/96	Global Strategic Metals NL	Wolfsberg Lithium

Competent Persons Statement

The information in this report that relates to Exploration Results and 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.

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CORPORATE GOVERNANCE



The Board of Directors of Global Strategic Metals NL (**Company** or **GSZ**) is responsible for establishing the corporate governance framework of the Company having regard to the ASX Corporate Governance Council's (**CGC**) Corporate Governance Principles and Recommendations (**Recommendations**) and CGC published guidelines.

In accordance with ASX Listing Rule 4.10.3, this corporate governance statement discloses the extent to which the Company has followed the Recommendations by detailing the Recommendations that have not been adopted by the Company and the reasons why they have not been adopted. The Company is pleased to advise that the Company's practices are largely consistent with CGC guidelines. However, in areas where they do not correlate, the Company is working toward compliance or do not consider that the practices are appropriate for the current size and scale of operations.

The current corporate governance policies are posted on the Company's website at www.globalstrategicmetalsnl.com.

Adherence to the Guide on Best Practice Recommendations

Recommendation	Comply Yes / No
Principal 1 – Lay solid foundations for management and oversight	
1.1 Establish the functions reserved to the Board and those delegated to management.	Yes
1.2 Disclose the process for evaluating the performance of senior executives.	Yes
1.3 Provide the information indicated in the guide to reporting on Principle 1.	Yes
Principal 2 – Structure the Board to add value	
2.1 A majority of the Board should be independent directors.	Yes
2.2 The chairperson should be an independent director.	No
2.3 The roles of chairperson and chief executive officer should not be exercised by the same individual.	Yes
2.4 The Board should establish a nomination committee.	No
2.5 Disclose the process for evaluating the performance of the Board, its committees and individual directors.	Yes
2.6 Provide the information indicated in the guide to reporting on Principle 2.	Yes
Principal 3 – Promote ethical and responsible decision-making	
3.1 Companies should establish a code of conduct and disclose the code or a summary of the code as to: <ul style="list-style-type: none"> • The practices necessary to maintain confidence in the Company's integrity. • The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders. • The responsibility and accountability of individuals for reporting and investigating reports of unethical practices. 	Yes
3.2 Establish and disclose the Company's policy concerning diversity. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity for the Board to assess annually both the objectives and progress in achieving them.	Yes

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CORPORATE GOVERNANCE



- | | | |
|-----|--|-----|
| 3.3 | Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them. | Yes |
| 3.4 | Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board. | Yes |
| 3.5 | Companies should provide the information in the guide to reporting on Principle 3. | Yes |

Principal 4 – Safeguard integrity in financial reporting

- | | | |
|-----|--|-----|
| 4.1 | The Board should establish an audit committee. | No |
| 4.2 | <p>The audit committee should be structured so that it:</p> <ul style="list-style-type: none"> • consists only of non-executive directors; • consists of a majority of independent directors; • is chaired by an independent chairperson, who is not chairperson of the Board; and • has at least three members. | No |
| 4.3 | The audit committee should have a formal charter | Yes |
| 4.4 | Provide the information indicated in the guide to reporting on Principle 4. | Yes |

Principal 5 – Make timely and balanced disclosure

- | | | |
|-----|--|-----|
| 5.1 | Companies should established written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies. | Yes |
| 5.2 | Provide the information indicated in the guide to reporting on Principle 5. | Yes |

Principal 6 – Respect the rights of shareholders

- | | | |
|-----|---|-----|
| 6.1 | Companies should design a communication policy for promoting effective communication with shareholders and encourage their participation at general meetings and disclose their policy or a summary of that policy. | Yes |
| 6.2 | Provide the information indicated in the guide to reporting on Principle 6. | Yes |

Principal 7 – Recognise and manage risk

- | | | |
|-----|--|-----|
| 7.1 | Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies. | Yes |
| 7.2 | The Board should require management to design and implement the risk management and internal control system to manage the Company’s material business risks and report | Yes |

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to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.

7.3	The Board should disclose whether it has received assurances from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Yes
7.4	Provide the information indicated in the guide to reporting on Principle 7.	Yes

Principal 8 – Remunerate fairly and responsibly

8.1	The Board should establish a remuneration committee.	No
8.2	The remuneration committee should be structured so that it: <ul style="list-style-type: none"> • consists of a majority of independent directors; • is chaired by an independent chair; and • has at least three members. 	No
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Yes
8.4	Provide the information indicated in the guide to reporting on Principle 8.	Yes

The Board of Directors

The Board's role is to govern the Company rather than to manage it. In governing the Company, the Directors must act in the best interests of the Company as a whole. It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and it is the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

In carrying out its governance role, the main task of the Board is to drive the performance of the Company. The Board must also ensure that the Company complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body. The Board has the final responsibility for the successful operations of the Company.

To assist the Board in carrying out its functions, it has developed a Code of Conduct to guide the Directors the Chief Financial Officer and other key executives in the performance of their roles.

In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company. Full details of the Board's role and responsibilities are contained in the Board Charter, a copy of which is available on the Company's website: www.globalstrategicmetalsnl.com.

Without intending to limit the general role of the Board, the principal functions and responsibilities of the Board include the following:

- appointment of the Chief Executive Officer and other senior executives and the determination of their terms and conditions including remuneration and termination;

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- driving the strategic direction of the Company, ensuring appropriate resources are available to meet objectives and monitoring management's performance;
- reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- approving and monitoring the progress of major capital expenditure, capital management and significant acquisitions and divestitures;
- approving and monitoring the budget and the adequacy and integrity of financial and other reporting;
- approving the annual, half yearly and quarterly accounts;
- approving significant changes to the organisational structure;
- approving the issue of any shares, options, equity instruments or other securities in the Company;
- ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision making;
- recommending to shareholders the appointment of the external auditor as and when their appointment or re-appointment is required to be approved by them; and
- meeting with the external auditor, at their request, without management being present.

Structure of the Board

To add value to the Company the Board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties given its current size and scale of operations. The names of the Directors and their qualifications and experience are stated in the Directors' Report. Directors are appointed based on the specific skills required by the Company and on other attributes such as their decision-making and judgment skills.

The Company recognises the importance of Non-Executive Directors and the external perspective and advice that Non-Executive Directors can offer. During the reporting period, the GSZ Board consisted of a minimum of two non-executive directors (and three from 18 February 2013 following the appointment of David Shaw), and one Executive Director. All of the non-executive directors (other than Mr Tony Sage) were considered independent directors. Non-Executive Chairman Mr Tony Sage is not considered an independent Director due to his role as an officer of a substantial shareholder of the Company.

An Independent Director is a Non-Executive Director and:

- is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- within the last three years has not been employed in an executive capacity by the Company or another group member, or been a Director after ceasing to hold any such employment;
- within the last three years has not been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided;
- is not a material supplier or customer of the Company or another group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- has no material contractual relationship with the Company or other group member other than as a Director of the Company;
- has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
- is free from any interest and any business or other relationship which could, or could reasonably be

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perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

As set out above, Mr Tony Sage is the Non-Executive Chairman of the Company and does not meet the Company's criteria for independence. The Board believes his experience and knowledge of the Company makes him the most appropriate person to lead the Board.

The role of Executive Director of the Company was discharged by Mr Anthony Roberts. The Board considers relevant industry experience and specific expertise important in providing strategic guidance and oversight of the Company, and it believes, Mr Roberts acting in this role remains the most appropriate people to fulfil this role at the present time.

There are procedures in place, agreed by the Board, to enable directors, in furtherance of their duties, to seek independent professional advice at the Company's expense.

Performance Review/Evaluation

It is the policy of the Board to conduct evaluation of its performance. The objective of this evaluation is to provide best practice corporate governance to the Company.

Board members are in regular contact with each other as they deal with matters relating to GSZ's business. The Board uses a personal evaluation process to review the performance of directors, and at appropriate times the Chairman takes the opportunity to discuss Board performance with individual directors and to give them his own personal assessment. The Chairman also welcomes advice from Directors relating to his own personal performance. The Board believes that this approach is most appropriate for a company of the size and market cap of the Company.

In order to achieve continuing improvement in Board performance, all Directors are encouraged to undergo continual professional development. Specifically, Directors are provided with the resources and training to address skill gaps where they are identified.

The Remuneration and Nomination Committee is established with the current Board as its members.

Securities Trading Policy

Under the Company's Securities Trading Policy, a Director, executive or other employee must not trade in any securities of the Company at any time when they are in possession of unpublished, price-sensitive information in relation to those securities. Additionally, the Board and other employees may not deal in the Company's securities 2 day prior to, and 1 day after, the release of the Company's half yearly or yearly results.

Approval is required by Directors and employees before they trade in securities.

As is required by the ASX Listing Rules, the Company notifies the ASX of any transaction conducted by a Director in the securities of the Company.

Diversity Policy

Recommendation 3.2 of the Recommendations states that companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.

The Company recognises that a talented and diverse workforce is a key competitive advantage and that an important contributor to the Company's success is the quality, diversity and skills of its people.

Under the Company's Code of Conduct, employees must not harass, discriminate or support others who harass and discriminate against colleagues or members of the public on the grounds of sex, pregnancy, marital status, age, race (including their colour, nationality, descent, ethnic or religious background), physical or intellectual impairment, homosexuality or transgender. Such harassment or discrimination may constitute an offence under legislation.

In addition the Company has adopted a Diversity Policy which provides a framework for the Company to achieve:

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- a diverse and skilled workforce, leading to continuous improvement in service delivery and achievement of corporate goals;
- a workplace culture characterised by inclusive practices and behaviors for the benefit of all staff;
- improved employment and career development opportunities for women;
- a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives through improved awareness of the benefits of workforce diversity and successful management of diversity; and
- awareness in all staff of their rights and responsibilities with regards to fairness, equity and respect for all aspects of diversity.

The Board is primarily responsible for setting achievable objectives on gender diversity and monitoring the progress of the Company towards them on an annual basis. The Chairman monitors the scope of the policy. The Company is responsible for implementing, monitoring and reporting on measurable objectives. Measurable objectives as set by the Board will be included in the key performance indicators for the Managing Director and senior executives. In addition, the Board will review progress against the objectives as a key performance indicator in its annual performance assessment.

While there are no female board members, Ms Pip Leverington discharges the role of Company Secretary. The Company has no employees.

Audit and Risk Committee

Due to the current size of the Board and stage of the Company, the functions of the Audit and Risk Committee are discharged by the Board as a whole. The Board reviews the audited annual and half-yearly financial statements and any reports which accompany published financial statements and recommends their approval. The Board each year reviews the appointment of the external auditor, their independence, the audit fee, and any questions of resignation or dismissal.

The Board as a whole is also responsible for establishing policies on risk oversight and management.

Risk Management Policies

The Board's Charter clearly establishes that it is responsible for ensuring there is a good sound system for overseeing and managing risk. Due to the size and scale of the operations of the Company and the size of the Board, risk management issues are considered by the Board as a whole. In accordance with Recommendation 7.1, the Board has established a formal policy for risk management and a framework for monitoring and managing material business risks on an ongoing basis. The policies and procedures adopted are directed at meeting the following objectives:

- effectiveness and efficiency in the use of the Company's resources.
- compliance with applicable laws and regulations.
- preparation of reliable published financial information.

In developing its risk management policies, the Board has taken into consideration any legal obligations and the reasonable expectations of its stakeholders in relation to risk management. The Chair is accountable to the Board for effective risk management. The Board undertakes to review the management of material business risks at least annually.

The Company's Risk Management Policy is located on its website: www.globalstrategicmetalsnl.com.

Attestations by CEO

It is the Board's policy, that the CEO makes the attestations recommended by the CGC as to the Company's financial condition prior to the Board signing the Annual Report. However, as at the date of this report the role of CEO is being discharged by the Non- Executive Chairman and the Executive Director jointly. The certification required in accordance

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with section 295A of the Corporations Act is provided by the Non-Executive Chairman prior to acceptance by the Board as a whole. The Board has received assurance that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Remuneration Committee

Due to the current size of the Board, the functions of the Remuneration Committee are discharged by the Board as a whole. The Board as a whole, is charged with the responsibility in respect of establishing appropriate remuneration levels and incentive policies for employees, executives and directors.

The Board is responsible for setting policies for senior officers' remuneration, setting the terms and conditions of employment for the Chief Executive Officer, reviewing and amending the Company's incentive schemes and superannuation arrangements, reviewing the remuneration of both Executive and Non-Executive Directors and making recommendations on any proposed changes and undertaking reviews of the Chief Executive Officer's performance, including, setting with the Chief Executive Officer goals and reviewing progress in achieving those goals.

Remuneration Policy

Directors' Remuneration has been approved by resolutions of the Board when Directors have been appointed to the Company, and resolutions of Shareholders when the total remuneration of Non-Executive Directors has increased.

Senior Executive Remuneration Policy

The Company is committed to remunerating its senior executives in a manner that is market-competitive and consistent with best practice as well as supporting the interests of shareholders. Consequently, the remuneration of senior executive may be comprised of the following:

- fixed fee that is determined from a review of the market and reflects core performance requirements and expectations;
- a performance bonus designed to reward actual achievement by the individual of performance objectives and for materially improved Company performance;
- participation in any share/option scheme with thresholds approved by shareholders; and
- statutory superannuation.

By remunerating senior executives through performance and long-term incentive plans in addition to their fixed remuneration the Company aims to align the interests of senior executives with those of shareholders and increase Company performance.

The value of shares and options were they to be granted to senior executives would be calculated using the Black-Scholes option pricing model.

The objective behind using this remuneration structure is to drive improved Company performance and thereby increase shareholder value as well as aligning the interests of executives and shareholders.

The Board may use its discretion with respect to the payment of bonuses, stock options and other incentive payments.

Non-Executive Director Remuneration Policy

Non-Executive Directors are to be paid their fees out of the maximum aggregate amount approved by shareholders for the remuneration of Non-Executive Directors.

Current Director Remuneration

Full details regarding the remuneration of Directors, is included in the Directors' Report.

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Nomination Committee

The role of a Nomination Committee is to help achieve a structured Board that adds value to the Company by ensuring an appropriate mix of skills are present in Directors on the Board at all times. As the whole Board only consists three members, the Company does not have a nomination committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues.

Responsibilities

The responsibilities of a Nomination Committee would include devising criteria for Board membership, regularly reviewing the need for various skills and experience on the Board and identifying specific individuals for nomination as Directors for review by the Board. The Nomination Committee would also oversee management succession plans including the CEO and his/her direct reports and evaluate the Board's performance and make recommendations for the appointment and removal of Directors. Currently the Board as a whole performs this role.

Criteria for selection of Directors

Directors are appointed based on the specific governance skills required by the Company. Given the size of the Company and the business that it operates, the Company aims at all times to have at least one Director with relevant industry experience. In addition, Directors should have the relevant blend of personal experience in accounting and financial management and Director-level business experience.

Continuous Disclosure

The Board has adopted a continuous disclosure policy to ensure that the Company complies with the disclosure requirements of the ASX Listing Rules which is available on the Company's website. The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. In accordance with the ASX Listing Rules the Company immediately notifies the ASX of information:

- concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and
- that would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

The Company's Continuous Disclosure Policy is located on its website: www.globalstrategicmetalsnl.com.

Shareholder Communication

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the Company is committed to:

- communicating effectively with shareholders through releases to the market via ASX, information mailed to shareholders and the general meetings of the Company;
- giving shareholders ready access to balanced and understandable information about the Company and corporate proposals;
- making it easy for shareholders to participate in general meetings of the Company; and
- requesting the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

The Company also makes available a telephone number and email address for shareholders to make enquiries of the Company and encourages shareholders to visit the Company's website for information. The Company's Shareholder Communication Policy is available on the Company's website: www.globalstrategicmetalsnl.com.

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DIRECTORS' REPORT



Your directors submit the financial report of Global Strategic Metals Limited (**Company**) and its controlled entities (collectively referred to as the **Global Strategic Group** or the **Consolidated Entity**) for the year ended 30 June 2013.

DIRECTORS

Directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

TONY SAGE

Non-Executive Chairman

Tony Sage has in excess of 25 years experience in the fields of corporate advisory services, funds management and capital raising. Mr Sage is based in Western Australia and has been involved in the management and financing of listed mining companies for the last 14 years.

Mr Sage currently holds the position of Executive Chairman of Cape Lambert Resources Limited (ASX: CFE). Mr Sage is also chairman of listed entities Cauldron Energy Limited (ASX: CXU), International Petroleum Limited (NSX: IOP) and Fe Limited (ASX: FEL), is an executive director of Kupang Resources Ltd (ASX: KPR) and is a non-executive director of listed entity Matrix Metals Limited (ASX: MRX).

In the past three years Mr Sage was previously a director of listed companies African Iron Limited (ASX: AKI) (listed on ASX until March 2012 at which time it was taken over by Exxaro Resources Limited), African Petroleum Corporation Limited (NSX: AOQ) and International Goldfields Limited (ASX: IGS).

Mr Sage was appointed Non-Executive Chairman on 29 June 2012.

ANTHONY ROBERTS

Executive Director

Mr Roberts is a mining engineer with over 40 years experience in the mining industry. He has substantial experience in the area of operations and mine management.

In the past three years Mr Roberts was not a director of any listed companies.

Mr Roberts was appointed an Executive Director on 8 December 2010.

DAVID SHAW

Non-Executive Director

Dr David Shaw has nearly three decades experience in the resource and finance industry with specific emphasis on technical and financial due diligence of resource projects.

Dr Shaw is currently a director of First Majestic Resources (TSX: FR), Great Quest Metals (TSX: GQ) and Albion Petroleum (TSXV: ABP.H). In the past three years Dr Shaw was a director of Talison Lithium (TSX: TLH), the world's largest lithium producer, from September 2010 to July 2013.

Dr Shaw was appointed as Non-Executive Director on 18 February 2013.

DECLAN KELLY

Non-Executive Director

Declan Kelly has 24 years experience in the area of management and public relations.

In 1995 Mr Kelly was appointed Sales Director for ABC America's European Radio Division and provided management and public relations services to ten radio stations in Sweden, Finland, Denmark, Italy and Holland.

Mr Kelly previously held the positions of Sales Director and General Manager for 96FM and 6PR and in 2004 Declan was awarded General Manager of the Year by Commercial Radio Australia. He currently has a management and public relations business and currently consults to radio stations in Sweden, Finland, New Zealand, England and Ireland.

Mr Kelly is a current Board member of Perth Glory.

In the past three years Mr Kelly was not a director of any listed companies.

Mr Kelly was appointed a Non-Executive Director on 29 June 2012.

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DIRECTORS' REPORT



BENJAMIN HILL

Non-Executive Director

Benjamin Hill qualified as a Barrister and held a number of roles in private practice and investment banks before joining RAB Capital in 2004.

During his time at RAB, Mr Hill worked primarily with the RAB founder and the manager of the RAB Special Situations Fund, a globally focused natural resources investment fund. Since leaving RAB, Mr Hill has set up his own business providing consultancy services to a number of junior mining companies.

In the past three years Mr Hill has been a director of listed companies Gladstone Pacific Nickel Ltd and Albion Petroleum Ltd.

PRINCIPAL ACTIVITIES

The principal activity of the Global Strategic Group during the financial period was mineral exploration.

REVIEW OF OPERATIONS

Please refer to page 3 to 12 of the Review of Operations.

OPERATING RESULTS

The total comprehensive loss of the Consolidated Entity after providing for income tax amounted to \$654,214 (2012: \$2,951,159). The total loss attributable to equity holders of the parent company after providing for income tax and eliminating non-controlling equity interests amounted to \$2,482,765 (2012: \$2,362,298). The net assets of the Consolidated Entity at 30 June 2013 are \$12,819,591 (2012: \$11,069,744).

SIGNIFICANT AFTER BALANCE SHEET DATE EVENTS

The following significant events and transactions have taken place subsequent to 30 June 2013:

- On 15 July 2013, the Company announced that Cape Lambert Resources Limited (ASX: CFE) agreed to provide a further A\$1,000,000 to the Company pursuant to a converting loan agreements. The funds will be used to fund the final loan repayment to Kärtner Montanindustrie GmbH (KMI), part fund the bulk samples extraction exercise and fund ongoing working capital requirements.
- On 5 August 2013, the Company announced that KMI, the former vendor of the Wolfsberg Project, has been repaid the final instalment of €500,000 plus accrued interest owing pursuant to a loan facility agreement.

Other than the above, no event has arisen since 30 June 2013 that would be likely to materially affect the operations of the Consolidated Entity, or its state of affairs which have not otherwise been disclosed in this financial report.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

During the financial year there was no significant change in the state of affairs of the Global Strategic Group other than those referred to in the Review of Operations.

LIKELY FUTURE DEVELOPMENTS AND EXPECTED RESULTS

The Board intends to continue to follow its strategy of developing its flagship Wolfsberg Project in order to deliver substantial shareholder wealth in both the short and medium term.

DIVIDENDS PAID OR RECOMMENDED

The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

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DIRECTORS' REPORT



ENVIRONMENTAL REGULATION

The Consolidated Entity will comply with its obligations in relation to environmental regulation on the Austrian and Western Australian tenements.

INDEMNIFICATION OF OFFICERS

In accordance with the Company's constitution, except as may be prohibited by the *Corporations Act 2001*, every Officer or agent of the Company shall be indemnified out of the property of the Company against any liability incurred by him in his capacity as Officer or agent of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal.

During the financial year, the Company has paid insurance premiums in respect of directors' and officers' liability insurance. The insurance premiums relate to:

- Costs and expenses incurred by the relevant officers in defending legal proceedings, whether civil or criminal and whatever their outcome; and
- Other liabilities that may arise from their position, with the exception of conduct involving wilful breach of duty or improper use of information to gain a personal advantage.

In accordance with a confidentiality clause under the insurance policy, the amount of the premium paid to insurers has not been disclosed. This is permitted under S300(9) of the *Corporations Act 2001*.

COMPANY SECRETARY

Ms Pip Leverington has been in office since the start of the financial period to the date of this report. Ms Pip Leverington has over 8 years experience in the legal profession, primarily in the areas of equity capital markets, mergers and acquisitions, corporate restructuring, corporate governance and mining and resources. She was a lawyer at a corporate law firm for a number of years before joining Global Strategic Metals NL. Ms Leverington has a Bachelor of Law degree.

MEETINGS OF DIRECTORS

The number of Directors' meetings (including committees) held during the financial period each Director held office during the financial year, and the number of meetings attended by each director are:

Director	Board of Directors	
	Meetings Attended	Number Eligible to Attend
T.Sage	3	3
A. Roberts	3	3
D. Kelly	3	3
B. Hill	3	3
*D.Shaw	2	3

*D.Shaw was appointed on 18 February 2013.

DIRECTORS' REPORT



DIRECTORS SHAREHOLDINGS

The following table sets out each Director's relevant interest in shares, debentures, and rights or options in shares or debentures of the Company or a related body corporate as at the date of this report.

Director	Ordinary Shares	Share Options
T.Sage	-	1,500,000
A. Roberts	40,000	1,000,000
D. Kelly	-	300,000
B. Hill	-	1,500,000
D.Shaw	-	-

REMUNERATION REPORT (AUDITED)

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

Remuneration Policy for Directors and Other Key Management Personnel

This report details the nature and amount of remuneration for each director and executive of the Company.

Details of Directors and Other Key Management Personnel

Other than the Directors and Company Secretary, the Company had no Key Management Personnel for the financial period ended 30 June 2013.

Principles used to determine the nature and amount of Remuneration

The remuneration policy of GSZ has been designed to align Director objectives with shareholder and business objectives by providing a fixed remuneration component which is assessed on an annual basis in line with market rates. The Board of GSZ believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best Directors to run and manage the Company, as well as create goal congruence between directors and shareholders.

The Board's policy for determining the nature and amount of remuneration for Board members is as follows:

The remuneration policy, setting the terms and conditions (where appropriate) for the executive directors and other senior staff members has been approved by the Board:

- In determining competitive remuneration rates, the Board may seek independent advice on local and international trends among comparative companies and industry generally. It examines terms and conditions for employee incentive schemes, benefit plans and share plans. Independent advice may be obtained to confirm that executive remuneration is in line with market practice and is reasonable in the context of Australian executive reward practices;
- The Company is a mineral exploration company, and therefore speculative in terms of performance. Consistent with attracting and retaining talented executives, directors and senior executives, such personnel are paid market rates associated with individuals in similar positions within the same industry. Options and performance incentives may be issued particularly if the Company moves from exploration to a producing entity and key performance indicators such as profit and production can be used as measurements for assessing executive performance;
- All remuneration paid to Directors is valued at the cost to the Company and expensed. Where appropriate, shares given to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using the Black-Scholes methodology.

DIRECTORS' REPORT



The Board policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Chairman in consultation with independent advisors determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability.

The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting and is presently set at an aggregate of \$500,000 per annum. Fees for non-executive directors are not linked to the performance of the consolidated entity. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company.

Company Share Performance & Shareholder Wealth

During the financial year the Company's Share price traded between a low of \$0.015 and a high of \$0.12. The price volatility is a concern to the Board but is not considered abnormal for small sized exploration entities. In order to keep all investor fully informed and minimise market fluctuations, the Board is determined to maintain promotional activity amongst the investment community so as to increase awareness of the Company and to stabilise the Company's share price in line with a consistent and stable financial position and base value of assets.

Directors' And Executive Officers' Emoluments

Directors' remuneration and other terms of employment are reviewed annually by the Board having regard to performance against goals set at the start of the year, relative comparative information and independent expert advice.

Except as detailed in Notes (a) – (d) to the Remuneration Report, no Director has received or become entitled to receive, during or since the financial period, a benefit because of a contract made by the Company or a related body corporate with a Director, a firm of which a Director is a member or an entity in which a Director has a substantial financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors and shown in Notes (a) – (d) to the Remuneration Report, prepared in accordance with the Corporations regulations, or the fixed salary of a full time employee of the Company.

(a) Remuneration of Directors and Key Management Personnel

The Board of Directors is responsible for determining and reviewing compensation arrangements. The Board will assess the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team. Remuneration of Directors of the Company and consolidated entity is set out below.

DIRECTORS' REPORT



Group Key Management Personnel		Short-term benefits			Post-employment benefits	Equity-settled share-based payments		Total	Represented by Equity
		Salary, fees and leave	Profit share and bonuses	Other	Pension and super	Shares	Options		
T. Sage ¹	2013	\$ 120,000	\$ -	\$ -	\$ -	\$ -	\$ 30,869	\$ 150,869	20%
	2012	-	-	-	-	-	-	-	-
A. Roberts ²	2013	296,697	-	-	3,303	-	81,111	381,111	21%
	2012	36,697	-	-	3,303	-	64,000	104,000	62%
D. Kelly ³	2013	48,000	-	-	-	-	6,174	54,174	11%
	2012	-	-	-	-	-	-	-	-
B. Hill ⁴	2013	102,000	-	-	-	-	30,869	132,869	23%
	2012	-	-	-	-	-	-	-	-
D. Shaw ⁵	2013	17,640	-	-	-	-	-	17,640	-
	2012	-	-	-	-	-	-	-	-
P. Leverington	2013	46,732	-	-	-	-	10,290	57,022	18%
	2012	-	-	-	-	-	-	-	-
N. Little ⁶	2013	-	-	-	-	-	-	-	-
	2012	72,533	-	-	-	-	-	72,533	-
E. Mead ⁷	2013	-	-	-	-	-	-	-	-
	2012	161,697	-	-	14,553	-	-	176,250	-
S. Chalabian ⁸	2013	-	-	-	-	-	-	-	-
	2012	36,697	-	-	3,303	-	-	40,000	-
V. Fayad ⁹	2013	-	-	-	-	-	-	-	-
	2012	-	-	-	-	-	-	-	-
L. McCreery	2013	-	-	-	-	-	-	-	-
	2012	59,733	-	-	-	-	-	59,733	-
Total KMP	2013	631,069	-	-	3,303	-	159,313	793,685	20%
Total KMP	2012	367,357	-	-	21,159	-	64,000	452,516	14%

¹ T Sage was appointed on 29 June 2012. Mr Sage's fees have been paid to Okewood Pty Ltd (of which Mr Sage is a director and shareholder) and are disclosed full in Note 18 "Related Party Transactions".

² Mr Roberts remuneration roles as director, fees have been paid to ViaMex Pty Ltd (of which Mr Roberts is a director and shareholder) and are disclosed fully in Note 18 "Related Party Transactions".

³ D Kelly was appointed on 29 June 2012.

⁴ B Hill was appointed on 29 June 2012. Mr Hill's fees have been paid to Ariel Partners LLP (of which Mr Hill is a director and shareholder) and are disclosed full in Note 18 "Related Party Transactions".

⁵ D Shaw was appointed on 18 February 2013. Mr Shaw's fees have been paid to Duckmanton Partners Ltd (of which Mr Shaw is a director and shareholder) and are disclosed fully in Note 18 "Related Party Transactions".

⁶ N Little resigned 22 March 2012. Mr Little's fees have been paid to Feon Investments Ltd (of which Mr Little is a director and shareholder) and are billed on a time basis and are disclosed fully in Note 18 "Related Party Transactions".

⁷ E Mead resigned 13 February 2012. In addition to Mr Mead's remuneration for his role as director, in the prior year fees have been paid to Doreda Pty Ltd (of which Mr Mead is a director and shareholder) and are billed on a time basis and are disclosed fully in Note 18 "Related Party Transactions."

⁸ S Chalabian resigned 29 June 2012.

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DIRECTORS' REPORT



⁹ V Fayad was appointed 22 March 2012 and resigned 29 June 2012. Mr Fayad consulting fees have been paid to Lawler Corporate Services Pty Ltd (of which Mr Fayad is a director) and are billed on a time basis and are disclosed fully in Note 18 "Related Party Transactions."

Other consultancy services provided by the director related company are disclosed in Note 18(b).

(b) Key Management Personnel

Other than the Directors and the Company Secretary, the Company had no Key Management Personnel for the financial year ended 30 June 2013.

(c) Employee Related Share-based compensation

To ensure that the Company has appropriate mechanisms to continue to attract and retain the services of Directors and employees of a high calibre, the Company has a policy of issuing options that are exercisable in the future at a certain fixed price.

Options Granted to Key Management Personnel

The following options were granted to Key Management Personnel during the year. The options are subject to the following vesting conditions:

- (i) one third (1/3) of the options (**Tranche 1**) vest on:
 - A. the Company successfully raising a minimum of €5,000,000 (by way of debt or equity placement);
 - B. completion of Zone 2 drilling program at the Wolfsburg Project; and
 - C. completion of 2x500/t bulk sample from the Wolfsburg Project,as announced to ASX on or before the first anniversary of the issue date of the options;
- (ii) one third (1/3) of the options (**Tranche 2**) shall vest on the earlier of:
 - A. commencement of a bulk mining trial in respect of the Wolfsburg Project; and
 - B. commencement of a bankable feasibility study in respect of the Wolfsburg Project; or
 - C. the increase size of maiden JORC resource at the Wolfsburg Project by 100%,as announced to ASX on or before the second anniversary of the issue date of the options; and
- (iii) one third (1/3) of the options (**Tranche 3**) shall vest on the earlier to occur of:
 - A. the grant of a mining licence over the Wolfsburg Project; and
 - B. production of a lithium concentrate at the Wolfsburg Project; or
 - C. submission of plans for the development and construction of a lithium carbonate conversion plant at the Wolfsburg Project,as announced to ASX on or before the third anniversary of the issue date of the options.

The amount payable upon exercise of each option will be:

- (i) \$0.075 in respect of the Tranche 1 options;
- (ii) \$0.15 in respect of the Tranche 2 options; and
- (iii) \$0.25 in respect of the Tranche 3 options.

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DIRECTORS' REPORT



Grant date	Expiry date	Exercise price	Value per option at grant date	Number Issued
23 November 2012	13 December 2015	\$0.075	\$0.085	1,266,666
23 November 2012	13 December 2015	\$0.15	\$0.079	1,266,667
23 November 2012	13 December 2015	\$0.25	\$0.074	1,266,667

The fair value is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the options, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. Further details on the share options issued to key management personnel are included in the Directors report.

The model inputs for options granted during the year ended 30 June 2013 included:

1. Exercise price of \$0.075, \$0.15 and \$0.25 on or before expiry date.
2. Expected price volatility 155%, based on historical data.
3. Risk-free interest rate of 2.75%.
4. Dividends – none.

Value of Options Issued to Directors, Executives and Key Management Personnel

The options were issued for nil consideration in November 2012 following shareholder approval. Performance conditions were attached to the options as outlined above.

All of the options that were issued to Directors, executives and key management personnel during the year are disclosed in the table below. The options issued during the year will vest according to the conditions disclosed on page 29.

2013	Options Granted Value at Grant Date	Options Exercised Value at Exercise Date	Options Lapsed Value at Time of Lapse	Total Value of Options Granted, Exercised or Lapsed	Percentage of Total Remuneration for the Year that Consists of Options
Directors	\$	\$	\$	\$	%
T. Sage	67,537	-	-	67,537	20%
A. Roberts	-	-	-	-	21%
D. Kelly	13,507	-	-	13,507	11%
B. Hill	67,537	-	-	67,537	23%
D. Shaw	-	-	-	-	-
Other Key Management Personnel					
P. Leverington	22,512	-	-	22,512	18%
Total	171,093	-	-	171,093	

2012	Options Granted Value at Grant Date	Options Exercised Value at Exercise Date	Options Lapsed Value at Time of Lapse	Total Value of Options Granted, Exercised or Lapsed	Percentage of Total Remuneration for the Year that Consists of Options
Directors	\$	\$	\$	\$	%
A. Roberts	186,000	-	-	186,000	62%
Total	186,000	-	-	186,000	

DIRECTORS' REPORT



2013	Number of Options Granted	Number of Options Exercised	Number of Options Lapsed	Total Number of Options Granted, Exercised or Lapsed
	Number	Number	Number	Number
Directors				
T. Sage	1,500,000	-	-	1,500,000
A. Roberts	-	-	-	-
D. Kelly	300,000	-	-	300,000
B. Hill	1,500,000	-	-	1,500,000
D. Shaw	-	-	-	-
Other Key Management Personnel				
P. Leverington	500,000	-	-	500,000
Total	3,800,000	-	-	3,800,000

2012	Number of Options Granted	Number of Options Exercised	Number of Options Lapsed	Total Number of Options Granted, Exercised or Lapsed
	Number	Number	Number	Number
Directors				
A. Roberts	1,000,000	-	-	1,000,000
Total	1,000,000	-	-	1,000,000

Shares Granted to Key Management Personnel

No shares were granted as remuneration to Key Management Personnel during the year and during 2012.

(d) Share and Option holdings

All equity dealings with Directors have been entered into with terms and conditions no more favourable than those that the entity would have adopted if dealing at arm's length.

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DIRECTORS' REPORT

Shares held by Directors and Officers

Ordinary shares held by Directors, Officers and their associated entities

	Balance at 1 July 2012	Received as Remuneration	Held at Date of Appointment	Additional	Disposals	Adjustment for 5:1 consolidation	Adjustment at Date of Resignation	Balance at 30 June 2013
T. Sage	-	-	-	-	-	-	-	-
A. Roberts	40,000	-	-	-	-	-	-	40,000
D. Kelly	-	-	-	-	-	-	-	-
B. Hill	-	-	-	-	-	-	-	-
D. Shaw	-	-	-	-	-	-	-	-
P. Leverington	-	-	-	-	-	-	-	-

	Balance at 1 July 2011	Received as Remuneration	Held at Date of Appointment	Additional	Disposals	Adjustment for 5:1 consolidation	Adjustment at Date of Resignation	Balance at 30 June 2012
T. Sage	-	-	-	-	-	-	-	-
A. Roberts	-	-	-	200,000	-	(160,000)	-	40,000
D. Kelly	-	-	-	-	-	-	-	-
B. Hill	-	-	-	-	-	-	-	-
P. Leverington	-	-	-	-	-	-	-	-
N. Little	1,000,000	-	-	-	-	n/a	1,000,000	-
E. Mead	2,800,000	-	-	-	-	n/a	2,800,000	-
S. Chalabian	2,771,823	-	-	700,000	(2,438,493)	(826,666)	206,664	-
V. Fayad	-	-	12,565,615	1,680,425	-	(13,059,057)	1,186,983	-
L. McCreery	1,981,201	-	-	-	-	(1,584,961)	396,240	-



DIRECTORS' REPORT

Options Held by Directors, Officers and their associated entities

	Balance at 30 June 2012	Received as Remuneration	Held at Date of Appointment	Additions	Disposals	Adjustment for 5:1 consolidation	Adjustment at Date of Resignation	Balance at 30 June 2013
T. Sage	-	1,500,000	-	-	-	-	-	1,500,000
A. Roberts	1,000,000	-	-	-	-	-	-	1,000,000
D. Kelly	-	300,000	-	-	-	-	-	300,000
B. Hill	-	1,500,000	-	-	-	-	-	1,500,000
D. Shaw	-	-	-	-	-	-	-	-
P. Leverington	-	500,000	-	-	-	-	-	500,000
	Balance at 30 June 2011	Received as Remuneration	Held at Date of Appointment	Additions	Disposals	Adjustment for 5:1 consolidation	Adjustment at Date of Resignation	Balance at 30 June 2012
T. Sage	-	-	-	-	-	-	-	-
A. Roberts	-	5,000,000	-	-	-	(4,000,000)	-	1,000,000
D. Kelly	-	-	-	-	-	-	-	-
B. Hill	-	-	-	-	-	-	-	-
P. Leverington	-	-	-	-	-	-	-	-
N. Little	500,000	-	-	-	-	n/a	500,000	-
E. Mead	10,000,000	-	-	-	-	n/a	10,000,000	-
S. Chalabian	5,500,000	-	-	-	-	(4,400,000)	1,100,000	-
V. Fayad	-	-	2,321,428	-	-	(1,857,142)	464,286	-
L. McCreery	1,126,196	-	-	-	-	(900,957)	225,239	-

DIRECTORS' REPORT



Options

At the date of this report, the unissued ordinary shares of Global Strategic Metals NL under option are as follows:

Type	No. Issued	No. Quoted	Exercise Price	Expiry Date
Unlisted Options	2,400,000	-	\$0.20	8 December 2013
Unlisted Options	1,000,000	-	\$0.20	31 December 2013
Unlisted Options	150,000	-	\$0.07	29 June 2014
Unlisted Options	5,950,000	-	Various*	13 December 2013
Unlisted Options	3,200,000	-	\$0.10	31 January 2015
Unlisted Options	6,800,000	-	\$0.10	23 May 2015

At the date of this report, there were no unissued partly paid shares of Global Strategic Metals NL under option.

The fair value of the options using a Black-Scholes pricing model is recognised as an expense over the period from grant date to vesting date.

*Exercise price varies from \$0.075 to \$0.25 over a 3 year period based on differing vesting conditions, details contained on page 29 above.

SERVICE AGREEMENTS

(a) Executive Directors

The engagement conditions of the Executive Director, Anthony Roberts were approved by the Board on 8 December 2010 with Directors fees of \$40,000 (2012: \$40,000) per annum plus consultancy fees of \$260,000 (2012: \$260,000) per annum plus GST to be paid to ViaMex Pty Ltd (of which Mr Roberts is a director and shareholder).

(b) Non-Executive Directors

The engagement conditions of Non-Executive Director Tony Sage are set out in a service agreement dated 29 June 2012 with a fee of \$120,000 per annum plus GST. The agreement may be terminated by Mr Sage by giving one (1) months notice. Alternatively, the Company may terminate the agreement at any time.

The engagement conditions of Non-Executive Director Declan Kelly are set out in a letter of appointment dated February 2013 with an effective date of 29 June 2012 with a fee of \$48,000 per annum plus GST. There are no termination clauses included in the agreement.

The engagement conditions of Non-Executive Director Ben Hill are set out in a consultancy agreement dated February 2013 with an effective date of 29 June 2012 with a fee of \$102,000 per annum plus GST. There are no termination clauses included in the agreement.

The engagement conditions of Non-Executive Director Davis Shaw are set out in a consultancy agreement effective 18 February 2013 with a fee of \$48,000 per annum plus GST. There are no termination clauses included in the agreement.

DIRECTORS' REPORT



PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceeding to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the period ended 30 June 2013 has been received and can be found on the following page. Non-audit services have been provided by the auditor of the Company during the year for the preparation of an independent experts report (\$9,250).

This report is made in accordance with a resolution of the Directors.

Tony Sage
Chairman

Perth 30 August 2013

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AUDITOR'S INDEPENDENCE DECLARATION



Stantons International Audit and Consulting Pty Ltd
trading as

Stantons International
Chartered Accountants and Consultants

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30 August 2013

Board of Directors
Global Strategic Metals NL
32 Harrogate Street
West Leederville WA 6007

Dear Directors

RE: GLOBAL STRATEGIC METALS NL

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Global Strategic Metals NL.

As Audit Director for the audit of the financial statements of Global Strategic Metals NL for the year ended 30 June 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Martin Michalik
Director

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2013



		CONSOLIDATED	
		2013	2012
		\$	\$
Revenue	2	18,957	30,921
Exploration expenses written off	3	(38,235)	(46,528)
Impairment of exploration assets	10	(605,187)	-
Consultancy fees		(176,289)	(630,134)
Compliance costs		(217,905)	(179,721)
Depreciation		(6,960)	(8,755)
Directors, officers and employee benefits		(328,519)	(594,296)
Finance costs	3	(366,116)	(225,027)
Legal fees		(104,017)	(175,503)
Occupancy expenses		(133,973)	(112,213)
Foreign exchange		(178,497)	35,750
Share and option based payments	22	(281,967)	(64,000)
Other expenses		(94,599)	(448,487)
(LOSS) BEFORE INCOME TAX		(2,513,307)	(2,417,993)
Income tax benefit	4	-	-
(LOSS) FROM CONTINUING OPERATIONS FOR THE YEAR		(2,513,307)	(2,417,993)
OTHER COMPREHENSIVE INCOME/(LOSS)			
Items that may be reclassified subsequent to profit and loss			
Change in fair value of financial assets		(24)	(132)
Exchange differences on translation foreign controlled entities		1,859,117	(533,034)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		1,859,093	(533,166)
TOTAL LOSS AND OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		(654,214)	(2,951,159)
(LOSS) FOR THE YEAR ATTRIBUTABLE TO:			
Members of the parent entity		(2,482,765)	(2,362,298)
Non-controlling interest		(30,542)	(55,695)
		(2,513,307)	(2,417,993)
OTHER COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO:			
Members of the parent entity		1,394,450	(405,606)
Non-controlling interest		464,643	(127,560)
		1,859,093	(533,166)
TOTAL COMPREHENSIVE (LOSS) FOR THE YEAR		(654,214)	(2,951,159)
Earnings per share			
Basic (loss) per share	19	(1.63) cents	(0.68) cents

The Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the attached notes.

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STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2013



		CONSOLIDATED	
		2013	2012
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	5	93,211	1,860,358
Trade and other receivables	6	21,924	62,376
TOTAL CURRENT ASSETS		<u>115,135</u>	<u>1,922,734</u>
NON-CURRENT ASSETS			
Financial assets	7	5	29
Plant and equipment	8	19,753	29,163
Other non current assets		155,850	-
Exploration and evaluation expenditure	10	17,303,272	14,683,882
TOTAL NON-CURRENT ASSETS		<u>17,478,880</u>	<u>14,713,074</u>
TOTAL ASSETS		<u>17,594,015</u>	<u>16,635,808</u>
CURRENT LIABILITIES			
Trade and other payables	11	440,529	176,976
Financial liabilities	12	4,333,895	3,511,795
TOTAL CURRENT LIABILITIES		<u>4,774,424</u>	<u>3,688,771</u>
NON CURRENT LIABILITIES			
Financial liabilities	12	-	1,877,293
TOTAL NON-CURRENT LIABILITIES		<u>-</u>	<u>1,877,293</u>
TOTAL LIABILITIES		<u>4,774,424</u>	<u>5,566,064</u>
NET ASSETS		12,819,591	11,069,744
EQUITY			
Issued capital	13	30,952,881	28,830,787
Reserves	14	1,861,612	185,195
Accumulated losses		(20,226,733)	(17,743,968)
Parent entity interest		12,587,760	11,272,014
Non-controlling interest		231,831	(202,270)
TOTAL EQUITY		<u>12,819,591</u>	<u>11,069,744</u>

The Statement of Financial Position is to be read in conjunction with the attached notes.

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STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2013

	Issued Capital	Fair Value Reserve	Options Reserve	Share Base payment reserve	Foreign Currency Translation Reserve	Accumulated Losses	Non- Controlling Interest	Total
	\$	\$	\$	\$	\$	\$	\$	\$
CONSOLIDATED								
BALANCE AT 1 JULY 2011	16,631,564	151	526,650	-	-	(15,381,670)	-	1,776,695
(Loss) for the year	-	-	-	-	-	(2,362,298)	(55,695)	(2,417,993)
Change in fair value of financial assets (net of deferred Tax)	-	(132)	-	-	-	-	-	(132)
Foreign currency translation reserve	-	-	-	-	(405,474)	-	(127,560)	(533,034)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	-	(132)	-	-	(405,474)	(2,362,298)	(183,255)	(2,951,159)
Issue of share capital	12,842,809	-	-	-	-	-	-	12,842,809
Recognition of non-controlling interest upon acquisition of subsidiaries	-	-	-	-	-	-	(19,015)	(19,015)
Costs associated with capital issues	(643,586)	-	-	-	-	-	-	(643,586)
Share based payment	-	-	-	64,000	-	-	-	64,000
BALANCE AT 30 JUNE 2012	28,830,787	19	526,650	64,000	(405,474)	(17,743,968)	(202,270)	11,069,744
BALANCE AT 1 JULY 2012	28,830,787	19	526,650	64,000	(405,474)	(17,743,968)	(202,270)	11,069,744
(Loss) for the year	-	-	-	-	-	(2,482,765)	(30,542)	(2,513,307)
Change in fair value of financial assets (net of deferred Tax)	-	(6)	-	-	-	-	-	(6)
Derecognition of fair value reserve upon disposal	-	(18)	-	-	-	-	-	(18)
Foreign currency translation reserve	-	-	-	-	1,394,474	-	464,643	1,859,117
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	-	(24)	-	-	1,394,474	(2,482,765)	434,101	(654,214)
Issue of share capital	2,122,094	-	-	-	-	-	-	2,122,094
Costs associated with capital issues	-	-	78,410	-	-	-	-	78,410
Share based payment	-	-	-	203,557	-	-	-	203,557
BALANCE AT 30 JUNE 2013	30,952,881	(5)	605,060	267,557	989,000	(20,226,733)	231,831	12,819,591

The Statement of Changes in Equity is to be read in conjunction with the attached notes.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2013



		CONSOLIDATED	
		2013	2012
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
	Receipts from customers	-	50
	Payments to suppliers and employees	(1,080,695)	(2,191,326)
	Interest received	20,011	32,278
	Interest paid	-	(85,662)
	Other – VAT/GST Refund	193,403	-
	NET CASH (USED IN) OPERATING ACTIVITIES	23	(867,281)
CASH FLOWS FROM INVESTING ACTIVITIES			
	Acquired(disposal) of subsidiary, net of cash received (disposed)	24	-
	Payments for exploration expenditure	(1,223,091)	(1,387,219)
	Purchase of property, plant and equipment	-	-
	Other – Moving non-restricted cash to restricted	(121,800)	-
	NET CASH (USED IN) INVESTING ACTIVITIES	(1,344,891)	(18,669)
CASH FLOWS FROM FINANCING ACTIVITIES			
	Proceeds from issue of shares	381,500	6,091,522
	Proceeds from loans	1,250,000	-
	Repayment of borrowings	(1,317,472)	(3,181,472)
	NET CASH PROVIDED BY FINANCING ACTIVITIES	314,028	2,910,050
	NET (DECREASE)/INCREASE IN CASH HELD	(1,898,144)	646,721
	Cash at the beginning of the financial year	1,860,358	1,333,218
	Effect of exchange rates on cash holdings in foreign currencies	130,997	(119,581)
	CASH AT THE END OF THE FINANCIAL YEAR	5	93,211
		1,860,358	1,860,358

The Statement of Cash Flows is to be read in conjunction with the attached notes.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013



These consolidated financial statements and notes represent those of Global Strategic Metals NL (the **Company** or **Parent**) and its controlled entities (**Consolidated Entity** or **Group**). The Company is a no liability company incorporated in Australia. The addresses of its registered office and principal place of business is 32 Harrogate Street, West Leederville WA 6007.

The separate financial statements of the parent entity, Global Strategic Metals NL have not been presented within this financial report as permitted by the *Corporations Act 2001*.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) BASIS OF PREPARATION

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements were authorised for issue on 30 August 2013 by the directors of the Company.

b) GOING CONCERN

The consolidated financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

For the year ending 30 June 2013 the Group incurred losses of \$2,513,307 (2012: Loss \$2,417,993). Based on the Groups ability to modify expenditure outlays if required and the Directors confidence of sourcing additional funds, the Directors consider there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable, and therefore the going concern basis preparation is considered to be appropriate for the 2013 financial report.

The Board of Directors is aware, having prepared a cash-flow forecast, of the Company's working capital requirements and the need to access additional equity or debt funding within the next 12 months.

In the event that the Company is not able to continue as a going concern, it may be required to realise assets and extinguish liabilities other than in the normal course of business and at amounts different to those stated in its financial report

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities, that might be necessary if the company and consolidated entity do not continue as going concerns.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013



1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

c) CONSOLIDATION POLICY

A controlled entity is an entity over which Global Strategic Metals NL has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern the existence and effect of holdings of actual and potential voting rights are considered.

A list of controlled entities is contained in note 9 to the financial statements.

As at the reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the period then ended.

The effects of all transactions between entities in the economic entity have been eliminated in full and the consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent are shown separately within the Equity section of the Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

d) BUSINESS COMBINATIONS

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (i.e. parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated financial statements, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquiree.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Fair value uplifts in the value of pre-existing equity holdings are taken to the Statement of Profit or Loss and Other Comprehensive Income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013



1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

d) BUSINESS COMBINATIONS (CONT'D)

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement. Rights to refunds of consideration previously paid are recognised as a receivable. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is remeasured each reporting period to fair value through the Statement of Profit or Loss and Other Comprehensive Income unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the Statement of Profit or Loss and Other Comprehensive Income.

e) INCOME TAXES

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income). Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses. Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity. Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised. Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013



1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

f) PROPERTY, PLANT AND EQUIPMENT

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the Consolidated Entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit or Loss and Other Comprehensive Income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a diminishing value basis over the asset's useful life to the Consolidated Entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Motor Vehicles	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Profit or Loss and Other Comprehensive Income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to accumulated losses.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013



1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

g) EXPLORATION AND EVALUATION COSTS

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

h) LEASES

A distinction is made between finance leases which transfer from the lessor to the lessee substantially all the risks and rewards incident to ownership of the leased asset and operating leases under which the lessor retains substantially all the risks and rewards.

Where an asset is acquired by means of a finance lease, the fair value of the leased property or the present value of minimum lease payments, if lower, is established as an asset at the beginning of the lease term. A corresponding liability is also established and each lease payment is apportioned between the finance charge and the reduction of the outstanding liability.

Operating lease rental expense is recognised as an expense on a straight line basis over the lease term, or on a systematic basis more representative of the time pattern of the user's benefit.

i) FINANCIAL INSTRUMENTS

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes party to the contractual provisions of the financial instrument. For financial assets, this is equivalent to the date that the Company commits itself to either the purchase or sale of the asset (i.e. Trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013



1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

i) FINANCIAL INSTRUMENTS (CONT'D)

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method*.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense item in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

(i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, where they are expected to mature within 12 months after the end of the reporting period.

(ii) *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

(iii) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses and foreign exchange gains and losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in non-current assets where they are not expected to be sold within 12 months after the end of the reporting period. All other financial assets are classified as current assets.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013



1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

i) FINANCIAL INSTRUMENTS (CONT'D)

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in profit or loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

j) IMPAIRMENT OF ASSETS

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit or Loss and Other Comprehensive Income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

k) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the Statement of Financial Position.

l) REVENUE RECOGNITION

Interest revenue is recognised using the effective interest method. It includes the amortisation of any discount or premium.

m) BORROWING COSTS

Borrowing costs are recognised as an expense in the period in which they are incurred except borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period to get ready for its intended use or sale. In this case the borrowing costs are capitalised as part of the cost of such a qualifying asset.

The amount of borrowing costs relating to funds borrowed generally and used for the acquisition of qualifying assets has been determined by applying a capitalisation rate to the expenditures on those assets. The capitalisation rate comprises the weighted average of borrowing costs incurred during the period.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013



1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

n) EMPLOYEE BENEFITS

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than [insert number] year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wages increases and the probability that the employee may satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Equity-settled compensation

The Group operates an employee share ownership plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

o) GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST. Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

p) FOREIGN CURRENCY TRANSACTIONS

The functional currency of each of the Company's controlled entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the Group's functional and presentation currency.

Transactions in foreign currencies have been converted at rates of exchange ruling on the date of those transactions. At reporting date, amounts receivable and payable in foreign currencies are translated to Australian currency at rates of exchange at that date. Realised and unrealised gains and losses are brought to account in determining the profit or loss for the financial year.

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting period;
- income and expenses are translated at average exchange rates for the period; and
- accumulated losses are translated at the exchange rates prevailing at the date of the transaction.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013



1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

p) FOREIGN CURRENCY TRANSACTIONS (CONT'D)

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the Statement of Profit or Loss and Other Comprehensive Income in the period in which the operation is disposed.

q) TRADE AND OTHER PAYABLES

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

r) TRADE AND OTHER RECEIVABLES

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

s) COMPARATIVE FIGURES

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

t) ADOPTION OF NEW AND REVISED STANDARDS

New and amended standards adopted by the group

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2012 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods. However, amendments made to AASB 101 Presentation of Financial Statements effective 1 July 2012 now require the Statement of Profit or Loss and Other Comprehensive Income to show the items of comprehensive income grouped into those that are not permitted to be reclassified to profit or loss in a future period and those that may have to be reclassified if certain conditions are met.

New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group.

At the date of this financial report the following accounting standards, which may impact the Group in the period of initial application, have been issued but are not yet effective:

Standard / Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)', and AASB 2012-6 'Amendments to Australian Accounting Standards-Mandatory Effective date of AASB 9 and Transition Disclosures'	1 January 2015	30 June 2016
AASB 10 'Consolidated Financial Statements'	1 January 2013	30 June 2014
AASB 11 'Joint Arrangements'	1 January 2013	30 June 2014

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013



1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

t) ADOPTION OF NEW AND REVISED STANDARDS (CONT'D)

Standard / Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 12 'Disclosure of Interests in Other Entities'	1 January 2013	30 June 2014
AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'	1 January 2013	30 June 2014
AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 19 (2011)'	1 January 2013	30 June 2014
AASB 127 'Separate Financial Statements (2011), AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 128 'Investments in Associates and Joint Ventures' (2011), AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'	1 July 2013	30 June 2014
AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 2012-2 'Amendments to Australian Accounting Standards- Disclosures-Offsetting Financial Assets and Liabilities' (Amendments to AASB 7)	1 January 2013	30 June 2014
AASB 2012-3 'Amendments to Australian Accounting Standards- Disclosures-Offsetting Financial Assets and Liabilities' (Amendments to AASB 132)	1 January 2014	30 June 2015
AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements cycle'	1 January 2013	30 June 2014
AASB 2012-6 'Amendments to Australian Accounting Standards- Mandatory Effective date of AASB 9 and Transition Disclosures'	1 January 2013	30 June 2014
Interpretation 20 'Stripping Costs in the Production Phase of a Surface Mine' and AASB 2011-12 'Amendments to Australian Accounting Standards arising from Interpretation 20'.	1 January 2013	30 June 2014

The Group has decided not to early adopt any of the new and amended pronouncements. Of the above new and amended Standards and Interpretations the Group's assessment of those new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below.

AASB 9: Financial Instruments (December 2010) and AASB 2010-7 and AASB 2012-6: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013



1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

t) ADOPTION OF NEW AND REVISED STANDARDS (CONT'D)

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

The Group has not yet been able to reasonably estimate the impact of these pronouncements on its financial statements.

AASB 10: Consolidated Financial Statements, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interests in Other Entities, AASB 127: Separate Financial Statements (August 2011), AASB 128: Investments in Associates and Joint Ventures (August 2011) and AASB 2011-7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (applicable for annual reporting periods commencing on or after 1 January 2013)

AASB 10 replaces parts of AASB 127: Consolidated and Separate Financial Statements (March 2008, as amended) and Interpretation 112: Consolidation - Special Purpose Entities. AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. The Group has not yet been able to reasonably estimate the impact of this Standard on its financial statements.

AASB 11 replaces AASB 131: Interests in Joint Ventures (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either "joint operations" (whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or "joint ventures" (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). Joint ventures are required to adopt the equity method of accounting (proportionate consolidation is no longer allowed).

AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a "structured entity", replacing the "special purpose entity" concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will only affect disclosures and

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013



1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

t) ADOPTION OF NEW AND REVISED STANDARDS (CONT'D)

is not expected to significantly impact the Group.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued. These Standards are not expected to significantly impact the Group.

AASB 13: Fair Value Measurement and AASB 2011-8: Amendments to Australian Accounting Standards arising from AASB 13 (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurements.

AASB 13 requires:

- inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
- enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) measured at fair value.

These Standards are not expected to significantly impact the Group.

AASB 2011-4: Amendments to Australian Accounting Standards to remove the individual key management Personnel Disclosure Requirements (applicable for annual reporting periods commencing on or after 1 January 2013)

This standard makes amendments to AASB 124; Related Party Disclosures to remove the individual key management personnel disclosure requirements (including paras Aus 29.1 to Aus 29.9.3). These amendments serve a number of purposes, including furthering the trans-Tasman conversion, removing differences from IFRSs, and avoiding any potential confusion with the equivalent Corporations Act 2001 disclosure requirements.

This standard is not expected to significantly impact the Group's financial report as a whole.

AASB 119 (September 2011) includes changes to the accounting for termination benefits

The Group has not yet been able to reasonably estimate the impact of these changes to AASB 119.

AASB 2012-2 'Amendments to Australian Accounting Standards-Disclosures-Offsetting Financial Assets and Liabilities' (Amendments to AASB 7); AASB 2012-3 'Amendments to Australian Accounting Standards-Disclosures-Offsetting Financial Assets and Liabilities' (Amendments to AASB 132); AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements cycle'; AASB 2012-6 'Amendments to Australian Accounting Standards-Mandatory Effective date of AASB 9 and Transition Disclosures'; and Interpretation 20 'Stripping Costs in the Production Phase of a Surface Mine' and AASB 2011-12 'Amendments to Australian Accounting Standards arising from Interpretation 20'

These standards are not expected to impact the Group.

u) SIGNIFICANT JUDGEMENTS AND KEY ASSUMPTIONS

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013



1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

u) SIGNIFICANT JUDGEMENTS AND KEY ASSUMPTIONS (CONT'D)

Key judgements

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at reporting date at \$17,303,272 (2012: \$14,683,882).

It is currently assumed that the Company's main assets, exploration expenditure carried forward will generate profitable results in the future. Should this assumption prove incorrect then material adjustments may have to be made for impairment losses in respect of exploration expenditure.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with consultants by reference to the fair value of the equity instrument at the date at which they are granted. The fair value is determined using the Black-Scholes pricing model, taking into account the terms and condition upon which the instruments were granted.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013



2. REVENUE AND OTHER INCOME

	Consolidated Group	
	2013	2012
	\$	\$
Interest received – unrelated parties	18,957	30,921
	18,957	30,921

3. LOSS FOR THE YEAR

Interest expense on financial liabilities	366,116	225,027
Impairment write-downs:		
- Capitalised exploration and evaluation expenditure	38,235	46,528
	404,351	271,555

4. INCOME TAX EXPENSE

- a) No income tax is payable by the parent or consolidated entities as they recorded losses for income tax purposes for the year.

Accounting (loss)	(2,513,307)	(2,417,993)
Tax at 30% (2012:30%)	(753,992)	(725,398)
Tax effect of non-deductible expenses		
- share based payment expense	61,067	19,200
- loan option expense	23,523	-
- other non-deductible expenses	138,180	(4,776)
Tax rate differential on foreign income	136,343	39,954
Deferred tax assets not recognised	(394,879)	(671,020)
Income tax expense	-	-
The applicable weighted average effective tax rates are as follows:	0%	0%

A deferred tax asset attributable to income tax losses has not been recognised at the reporting date as the probability disclosed in note 1(e) is not satisfied and such benefit will only be available if the conditions of deductibility also disclosed in note 1(e) are satisfied.

- b) Deferred tax balances not brought to account:

Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in note 1 (c) occur:

Deferred tax assets

- Other	38,923	-
- Tax losses	111,077	-
- Gross deferred tax assets	150,000	-
- Set off against deferred tax liabilities	(150,000)	-
- Net deferred tax assets	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013



4. INCOME TAX EXPENSE (CONT'D)

	Consolidated Group	
	2013	2012
	\$	\$
Deferred tax liabilities		
- Capitalised exploration and evaluation expenditure	(150,000)	-
- Gross deferred tax liabilities	(150,000)	-
- Set off against deferred tax assets	150,000	-
- Net deferred tax liabilities	-	-
Unrecognised deferred tax assets		
Deferred tax assets were not recognised in relation to the following:		
- Other temporary differences	-	245,030
- Tax losses: operating losses	4,296,410	9,544,005
	4,296,410	9,789,035

The recoupment of available tax losses as at 30 June 2013 are contingent upon, the Group deriving assessable income of a nature and of an amount sufficient to enable the benefit from the losses to be realised, the conditions for deductibility imposed by tax legislation continuing to be complied with and there being no changes in tax legislation which would adversely affect the Group from realising the benefits from the losses.

Unrecognised deferred tax liabilities

Deferred tax liabilities not brought to account, the outflows from which will only be realised if it becomes probable that the temporary difference will reverse in the foreseeable future:

- Temporary differences	-	4,005,118
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The deferred tax liability disclosed in 2012 included \$3,994,393 for the Wolfsberg project. This was calculated on the assumption that an upfront deduction is allowed however under Austrian tax law a deduction equal to capitalised expenditure amortised over the life of mine is only allowed once production commences therefore no temporary differences have been disclosed in the current year.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents	93,211	1,860,358
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013



6. TRADE AND OTHER RECEIVABLES

	Consolidated Group	
	2013	2012
	\$	\$
CURRENT		
Trade and other receivables	1,797	47,344
Prepayments	20,127	15,032
	21,924	62,376

Provision for Impairment of Receivables

A provision for impairment is recognised when there is objective evidence that an individual receivable is impaired. There has been no impairment recognised in relation to receivables.

Credit Risk – Trade and other receivables

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. The class of assets described as Trade and Other Receivables is considered to be the main source of credit risk related to the Group.

The following table details the Group's trade and other receivables exposure to credit risk with ageing analysis. Amounts are considered as 'past due' when the debt has not been settled, with the terms and conditions agreed between the Group and the counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully recoverable by the Group.

	Gross amount	Past due and impaired	Past due but not impaired				Within initial trade terms
			<30	31-60	61-90	>90	
2013							
Trade receivables	1,797	-	-	-	-	-	1,797
	1,797	-	-	-	-	-	1,797
2012							
Trade receivables	47,344	-	-	-	-	-	47,344
	47,344	-	-	-	-	-	47,344

7. OTHER FINANCIAL ASSETS

NON-CURRENT

Available for sale investments in related parties carried at fair value:

- ASX listed shares

	5	29
	5	29

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013



8. PLANT AND EQUIPMENT

	Consolidated Group	
	2013	2012
	\$	\$
Opening Balance at 1 July	29,163	4,037
Additions	-	33,881
Less Depreciation	(6,960)	(8,755)
Less Other Adjustments	(2,450)	-
Closing Balance at 30 June	19,753	29,163
Cost	40,809	41,625
Accumulated Depreciation	(21,056)	(12,462)
Closing Balance at 30 June	19,753	29,163

9. CONTROLLED ENTITIES

	Country of Incorporation	Ownership % 2013	Ownership % 2012
Parent Entity:			
Global Strategic Metals NL	Australia	-	-
Subsidiaries:			
East Coast Metals Pty Limited	Australia	100	100
East Coast Minerals (Australia) Pty Ltd	Australia	100	100
ECM Lithium Holdings Ltd	British Virgin Islands	80	80
ECM Lithium (Investments) Ltd	British Virgin Islands	80*	80*
ECM Lithium AT GMBH	Austrian	80*	80*
ECM Lithium AT Operating GmbH	Austrian	80*	80*

* These entities are all wholly owned subsidiaries of ECM Lithium Holdings Ltd and thus Global Strategic Metals NL has an indirect interest of 80% in these entities.

The Company lodged applications for the deregistration of East Coast Metals Pty Limited and East Coast Minerals (Australia) Pty Ltd with ASIC and notices of the proposed deregistrations were published on ASIC's insolvency website on 28/05/2013. East Coast Metals Pty Limited and East Coast Minerals (Australia) Pty Ltd were deregistered on 28/07/2013.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013



10. EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated Group	
	2013	2012
	\$	\$
NON-CURRENT		
Capitalised exploration and evaluation expenditure – at cost	19,984,525	16,759,948
Less: allowance for impairment	(2,681,253)	(2,076,066)
Capitalised exploration and evaluation expenditure	17,303,272	14,683,882
(a) Reconciliation of carrying amount		
Balance at beginning of financial period	14,683,882	566,606
Acquisition of prospects – Project	-	13,361,056
Expenditure in current for the year	1,060,565	756,220
Movements in foreign exchange	2,164,012	-
Impairment of exploration assets	(605,187)	-
Balance at end of reporting period	17,303,272	14,683,882

Exploration and Evaluation Phase Costs

Costs capitalised on areas of interest have been reviewed for impairment factors, such as resources prices, ability to meet expenditure going forward and potential resource downgrades. It is the Directors' opinion that the Company has ownership, or title to the areas of interests it has capitalised expenditure on and has reasonable expectations that its activities are ongoing, and the values of these tenements have not been impaired.

11. TRADE AND OTHER PAYABLES

CURRENT (Unsecured)		
Trade payables	423,297	140,530
Sundry payables and accrued expenses	17,232	36,446
	440,529	176,976
Financial liabilities at amortised cost classified as trade and other payables		
Total current	440,529	176,976
	440,529	176,976

12. FINANCIAL LIABILITIES

CURRENT		
Unsecured loan facility – at amortised cost*	768,303	1,877,223
Secured loan – at amortised cost**	-	1,634,572
Unsecured loan ***	1,301,904	-
Unsecured Convertible Note - at cost (€1,500,000)****	2,263,688	-
	4,333,895	3,511,795
NON CURRENT LIABILITY		
Unsecured Convertible Note - at cost (€1,500,000)****	-	1,877,293
	-	1,877,293

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013



12. FINANCIAL LIABILITIES (CONT'D)

* The unsecured loan facility relates to the funds owing to Kärntner Montanindustrie GmbH (**KMI**), for the acquisition of the Wolfsberg Project. This loan is due and payable in three equal instalments of €500,000 due on 30 June 2012, 31 December 2012 and 30 June 2013 and accrues interest at 5% per annum. The loan was fully repaid on the 31 July 2013.

** The secured loan of \$1,634,572 (€1,322,696) was due to Exchange Minerals Group (comprising of Exchange Minerals Limited and Exchange Minerals (Holdings) Limited) which was an advance to ECM Lithium holdings Ltd to satisfy the mining authority in issuing the mining and exploration licences. The Exchange Minerals Group agreed to settle all amounts owing pursuant to the loan by the issue of 24,865,627 shares as announced on 4 December 2012 and following shareholder approval on 23 November 2012.

*** The unsecured loan of \$1,301,904 at 30 June 2013 is due to the Exchange Minerals Group \$877,575 and Cape Lambert Resources Limited \$424,329 and was issued on the following terms;

- (i) Term: Repayment to be made the earlier of:
 - a. that day which is five (5) days after receipt of cleared funds of no less than A\$1,500,000 by the Company by way of a debt or equity fundraising;
 - b. 31 December 2013; and
 - c. default or breach by the Company of the terms of the Loan Agreement.
- (ii) Interest rate: 12% pa.
- (iii) In part consideration for entering into the loan agreement, the Company agreed to issue and allot:
 - a. 3,200,000 options exercisable at A\$0.10 each on or before that date which is two (2) years from the date of issue to Cape Lambert (or nominee); and
 - b. 6,800,000 options exercisable at A\$0.10 each on or before that date which is two (2) years from the date of issue to Exchange Minerals (or nominee)
- (iv) The note can be repaid in whole or part at any time by the Company.
- (v) Unsecured.
- (vi) The note is not transferable without the consent of the Company.

**** The unsecured Convertible Note was issued to KMI on the following terms;

- (i) Term: two years from 12 April 2012.
- (ii) Interest rate: 5% pa.
- (iii) The note can be repaid in whole or part at any time by the Company.
- (iv) Unsecured.
- (v) The note is not transferable without the consent of the Company.
- (vi) At the end of the term of the note can be repaid at the election of the Company or converted into shares based on the following formula; Principal sum of \$1,877,293 (€1,500,000), less repayments multiplied by a fixed exchange rate of 1.25 times and converted by a fixed price of 10 cents (pre-Consolidation). In the event that none of principal sum outstanding is paid by the maturity date of the Note, the maximum number of shares that would be issued is 18.75 million (pre-Consolidation) 3.75 million (post -Consolidation).
- (vii) KMI agreed to terminate its previous security rights.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013



13. ISSUED CAPITAL

Consolidated Group	
2013	2012
\$	\$
30,171,994	28,049,900
780,887	780,887
30,952,881	28,830,787

171,761,366 (2012: 114,324,660) fully paid ordinary shares
 Nil (2012: 7,808,870) ordinary shares paid to 10c (forfeited)

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders' meetings each ordinary share is entitled to one vote when a poll is called.

Reconciliation of movements in share capital during the year:

	Fully Paid Ordinary Shares		Fully Paid Ordinary Shares	
	2013	2012	2013	2012
	No. Shares	No. Shares	\$	\$
Balance at beginning of reporting period:	114,324,660	268,886,586	28,049,900	15,812,213
Shares issued during the year:				
• 24 November 2011	-	1,087,697	-	50,652
• 2 December 2011	-	116,744,444	-	5,224,066
• 22 December 2011	-	15,333,333	-	460,000
• 30 December 2011	-	18,860,999	-	848,745
• 17 January 2012	-	700,000	-	21,000
• 23 February 2012	-	118,633,333	-	3,559,000
• 1 March 2012	-	15,033,333	-	451,000
• 4 April 2012	-	138,138	-	11,051
• 12 April 2012	-	74,750	-	5,980
• 19 April 2012	-	241,450	-	19,316
• 30 April 2012	-	68,850	-	5,508
• 8 May 2012	-	1,400,000	-	68,600
• 16 May 2012	-	6,000,000	-	140,000
• 15 May 2012 (Consolidation 5:1)*	-	(477,683,329)	-	-
• 26 June 2012	-	785,711	-	55,000
• 29 June 2012	-	28,019,365	-	1,961,356
• 3 December 2012	23,348,890	-	-	-
• 4 December 2012	5,450,000	-	381,500	-
• 23 November 2012	24,865,627	-	1,740,594	-
• 30 December 2012	3,772,189	-	-	-
Cost of capital	-	-	-	(643,586)
Balance at end of reporting period	171,761,366	114,324,660	30,171,994	28,049,900

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013



13. ISSUED CAPITAL (CONT'D)

	Ordinary Shares Paid to 2c		Ordinary Shares Paid to 2c	
	2013	2012	2013	2012
	No. Shares	No. Shares	\$	\$
Balance at beginning of reporting period:	7,808,870	40,967,538	780,887	819,351
Shares issued during the year:				
• 4 April 2012	-	(138,138)	-	(2,763)
• 12 April 2012	-	(74,750)	-	(1,495)
• 19 April 2012	-	(241,450)	-	(4,829)
• 30 April 2012	-	(68,850)	-	(1,377)
• 8 May 2012	-	(1,400,000)	-	(28,000)
• 15 May 2012 (Consolidation 5:1)*	-	(31,235,480)	-	-
• 23 November 2012	(7,808,870)	-	-	-
Balance at end of reporting period	-	7,808,870	780,887	780,887

The partly paid ordinary shares are issued at 8 cents per share with 6 cents outstanding. A call of 6 cents was made on 13 March 2012 which resulted in 523,188 shares being paid up and at the subsequent auction which was held on 8 May 2012, a total of 1,400,000 were acquired and paid up. The remaining partly paid shares were forfeited from partly paid holders and cancelled following shareholder approval at the annual general meeting of the Company's shareholders on 23 November 2012.

*On 7 May 2012, the company announced that from 23 May 2012, the Company's Shares and Options were consolidated on the basis of 5 to 1. The approval for this was granted by shareholders at a general meeting held on 14 May 2012. The resolution was approved and the capital was reduced as announced to shareholders on 5 June 2012.

Capital Risk Management

The Board controls the capital of the Group in order to ensure that the Group can fund its operations and continue as a going concern. The Group's capital includes ordinary share capital, both fully paid and partly paid. There are no externally imposed capital requirements.

The Board effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels and share issues.

There have been no changes in the strategy adopted by the Board to control the capital of the Group since the prior year. This strategy is to maintain share capital as dictated by operational requirements and market conditions.

The gearing ratios for the year ended 30 June 2013 and 30 June 2012 are as follows:

	Note	Consolidated Group	
		2013	2012
		\$	\$
Total borrowings	11,12	4,774,424	5,566,064
Less cash and cash equivalents	5	(93,211)	(1,860,358)
Net debt		4,681,213	3,705,706
Total equity		12,819,591	11,069,744
Total capital		17,500,804	14,775,450
Gearing ratio		27%	25%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013



14. RESERVES

	Consolidated Group	
	2013	2012
Note	\$	\$
Options reserve	605,060	526,650
Fair value reserve	(5)	19
Foreign currency translation reserve	989,000	(405,474)
Share based payment reserve	267,557	64,000
	1,861,612	185,195

a) Options reserve

The options reserve represents the charge for outstanding options which have met all conditions precedent to vest, but which have not been exercised. The number of options outstanding at 30 June 2013 is 41,594,294 (2012: 33,344,244).

b) Fair value reserve

The fair value reserve represents the revaluation of available for sale financial assets.

c) Foreign currency translation reserve

The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiaries.

d) Share based payment reserve

The option reserve records items recognised as expenses on valuation of options.

15. FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments comprise mainly of deposits with banks, account payable and receivables and financial liabilities.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Consolidated Group	
	2013	2012
	\$	\$
Financial Assets		
Cash and cash equivalents	93,211	1,860,358
Trade and other receivables	1,797	47,344
Financial assets	5	29
	95,013	1,907,731
Financial Liabilities		
Trade and other payables	440,529	176,976
Financial liabilities	4,333,895	5,389,088
	4,774,424	5,566,064

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013



15. FINANCIAL RISK MANAGEMENT (CONT'D)

Financial Risk Management Policies

The board's overall risk management strategy seeks to assist the Consolidated Entity in meeting its financial targets, while minimising potential adverse effects on financial performance. Its functions include the review of future cash flow requirements.

Specific Financial Risk Exposure and Management

The main risks arising from the Company's financial instruments are interest rate risk, credit risk liquidity risk and price risk.

a) Interest rate risk

The Group's main interest rate risk arises from exposure to earnings volatility on cash deposits to be applied to exploration and development areas of interest.

It is the Group's policy to invest cash in short term deposits to minimise the Group's exposure to interest rate fluctuations. The Group's deposits were denominated in Australian dollars throughout the year. The Group did not enter into any interest rate swap contracts during the period ended 30 June 2013.

The financial liabilities of the Group are at fixed rates as disclosed in Note 12, consequently, the impact on reported profit and equity based on the Group's exposure to interest rate risk within reasonably expected ranges would not be material.

b) Credit Risk

Credit risk refers to the risk that counterparties will default on its contractual obligations resulting in financial loss to the Group.

The Group has adopted the policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The cash transactions of the Group are limited to high credit quality financial institutions.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Group's maximum exposure to credit risk.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at balance date, excluding the value of any collateral or other security held, is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the Statement of Financial Position.

The Group has no significant concentration of credit risk with any single counterparty or group of counterparties. Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed at Note 6. The trade receivables balances at 30 June 2013 and 30 June 2012 do not include any counterparties with external credit ratings.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013



15. FINANCIAL RISK MANAGEMENT (CONT'D)

c) Liquidity Risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following:

- Preparing forward-looking cash flow analyses in relation to its operational, investing and financing activities;
- Monitoring undrawn credit facilities;
- Managing credit risk related to financial assets; and
- Only investing surplus cash with major financial institutions

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities.

	Within 1 year		1 to 5 years		Over 5 years		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
	\$	\$	\$	\$	\$	\$	\$	\$
<i>Financial liabilities - due for payment:</i>								
Trade and other payables	440,529	176,976	-	-	-	-	440,529	176,976
Financial liabilities	4,333,895	3,511,795	-	1,877,293	-	-	4,333,895	5,389,088
Total contractual outflows	4,774,424	3,688,771	-	1,877,293	-	-	4,774,424	5,566,064
<i>Financial assets – cash flows realisable</i>								
Cash & cash equivalents	93,211	1,860,358	-	-	-	-	93,211	1,860,358
Trade & other receivables	1,797	47,344	-	-	-	-	1,797	47,344
Financial assets	5	29	-	-	-	-	5	29
Total anticipated inflows	95,013	1,907,731	-	-	-	-	95,013	1,907,731
Net inflow/(outflow) on financial instruments	(4,679,411)	(1,781,040)	-	(1,877,293)	-	-	(4,679,411)	(3,658,333)

Cash flows from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflect the earliest contractual settlement dates and do not reflect management's expectations that facilities will roll forward.

d) Foreign currency risk

The Group operates in Austria and is exposed to foreign exchange risk arising from commercial transactions. The Consolidated Entity converted assets and liabilities into the functional currency where balances were denominated in a currency other than the Australian dollar.

The Consolidated Entity also has transactional currency exposures. Such exposure arises from sales or purchases by an operating entity in currencies other than the functional currency.

As at 30 June 2013, the Consolidated Entity had the following exposure to foreign currency:

	Consolidated Group	
	2013	2012
<i>Financial assets:</i>		
Cash and cash equivalents – EUR	€18,484	€595,044
Trade and other receivables - EUR	€959	€231
<i>Financial liabilities:</i>		
Trade and other payables – EUR	€228,979	€0
Financial liabilities - EUR	€2,131,302	€3,032,523

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013



15. FINANCIAL RISK MANAGEMENT (CONT'D)

d) Foreign Currency Risk (Cont'd)

Management will continue to monitor and measure the impact of foreign exchange movements using sensitivity analysis and cash flow forecasting techniques.

e) Price Risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices largely due to demand and supply factors, and performance of the underlying asset.

The Group is exposed to securities price risk on investments held for medium to longer terms. Such risk is managed through an appropriate level of review of the fundamentals of each investment or acquisition. The impact on reported profit and equity based on the Group's exposure to securities price risk within reasonably expected ranges would not be material.

Fair value of financial assets and financial liabilities

There is no difference between the fair values and the carrying amounts of the Company's financial instruments. The Company has no unrecognised financial instruments at balance date.

Sensitivity analysis

The following table illustrates sensitivities to the Group's exposures to changes in interest rates. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

Interest Rate Sensitivity Analysis

	Carrying amount \$	-1% change		+1% change	
		Profit \$	Equity \$	Profit \$	Equity \$
2013					
Financial Assets					
Cash and cash equivalents	93,211	(932)	(932)	932	932
Total Increase/(Decrease)		<u>(932)</u>	<u>(932)</u>	<u>932</u>	<u>932</u>
2012					
Financial Assets					
Cash and cash equivalents	1,860,358	(18,603)	(18,603)	18,603	18,603
Total Increase/(Decrease)		<u>(18,603)</u>	<u>(18,603)</u>	<u>18,603</u>	<u>18,603</u>

Financial Instruments Measured at Fair Value

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

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15. FINANCIAL RISK MANAGEMENT (CONT'D)

e) Price Risk (Cont'd)

Consolidated	Level 1	Level 2	Level 3	Total
2013	\$	\$	\$	\$
Available-for-sale Financial assets:				
listed investments	5	-	-	5
	5	-	-	5
2012				
Available-for-sale Financial assets:				
listed investments	29	-	-	29
	29	-	-	29

16. COMMITMENTS FOR EXPENDITURE

The Consolidated Entity currently has non contractual commitments for expenditure on its exploration tenements and contractual commitments on its office lease as follows:

	Consolidated Group	
	2013	2012
	\$	\$
Not later than 12 months	168,601	2,949,763
Between 12 months and 5 years	217,627	149,600
Greater than 5 years	-	-
	386,228	3,099,363

17. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

At 30 June 2013 (2012: Nil), the Group has the following contingent liabilities:

Contingent Liabilities - Fee payable in relation to the capital raising	86,200	-
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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**). In the event the Company enters into an alternative transaction that is independent of FDC, the Company is obliged to pay FDC a break fee of £50,000 (\$86,200) on successful completion of the alternative transaction.

18. RELATED PARTY TRANSACTIONS

a) Key Management Personnel (KMP)

Refer to the remuneration report contained in the Directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2013.

Other than the Directors and the Company Secretary, the Company had no key management personnel for the financial year ended 30 June 2013 or 30 June 2012.

The totals of remuneration paid to KMP of the consolidated entity during the year are as follows:

Short-term employee benefits	631,069	367,357
Other long term benefits	3,303	21,159
Share based payments	159,312	64,000
	793,685	452,516

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

18. RELATED PARTY TRANSACTIONS (CONT'D)

KMP Options and Rights Holdings

The number of options over ordinary shares held by each KMP of the Group during the financial year is as follows:

	Balance at 30 June 2012	Received as Remuneration	Held at Date of Appointment	Additions	Disposals	Adjustment for 5:1 consolidation	Adjustment at Date of Resignation	Balance at 30 June 2013
T. Sage	-	1,500,000	-	-	-	-	-	1,500,000
A. Roberts	1,000,000	-	-	-	-	-	-	1,000,000
D. Kelly	-	300,000	-	-	-	-	-	300,000
B. Hill	-	1,500,000	-	-	-	-	-	1,500,000
D. Shaw	-	-	-	-	-	-	-	-
P. Leverington	-	500,000	-	-	-	-	-	500,000
	Balance at 30 June 2011	Received as Remuneration	Held at Date of Appointment	Additions	Disposals	Adjustment for 5:1 consolidation	Adjustment at Date of Resignation	Balance at 30 June 2012
T. Sage	-	-	-	-	-	-	-	-
A. Roberts	-	5,000,000	-	-	-	(4,000,000)	-	1,000,000
D. Kelly	-	-	-	-	-	-	-	-
B. Hill	-	-	-	-	-	-	-	-
P. Leverington	-	-	-	-	-	-	-	-
N. Little	500,000	-	-	-	-	n/a	(500,000)	-
E. Mead	10,000,000	-	-	-	-	n/a	(10,000,000)	-
S. Chalabian	5,500,000	-	-	-	-	(4,400,000)	(1,100,000)	-
V. Fayad	-	-	2,321,428	-	-	(1,857,142)	(464,286)	-
L. McCreery	1,126,196	-	-	-	-	(900,957)	(225,239)	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

18. RELATED PARTY TRANSACTIONS (CONT'D)

KMP Shareholdings

The number of ordinary shares in Global Strategic Metals NL held by each KMP of the Group during the financial year is as follows:

Ordinary shares held by Directors, Officers and their associated entities

	Balance at 1 July 2012	Received as Remuneration	Held at Date of Appointment	Additional	Disposals	Adjustment for 5:1 consolidation	Adjustment at Date of Resignation	Balance at 30 June 2013
T. Sage	-	-	-	-	-	-	-	-
A. Roberts	40,000	-	-	-	-	-	-	40,000
D. Kelly	-	-	-	-	-	-	-	-
B. Hill	-	-	-	-	-	-	-	-
D. Shaw	-	-	-	-	-	-	-	-
P. Leverington	-	-	-	-	-	-	-	-

	Balance at 1 July 2011	Received as Remuneration	Held at Date of Appointment	Additional	Disposals	Adjustment for 5:1 consolidation	Adjustment at Date of Resignation	Balance at 30 June 2012
T. Sage	-	-	-	-	-	-	-	-
A. Roberts	-	-	-	200,000	-	(160,000)	-	40,000
D. Kelly	-	-	-	-	-	-	-	-
B. Hill	-	-	-	-	-	-	-	-
P. Leverington	-	-	-	-	-	-	-	-
N. Little	1,000,000	-	-	-	-	n/a	(1,000,000)	-
E. Mead	2,800,000	-	-	-	-	n/a	(2,800,000)	-
S. Chalabian	2,771,823	-	-	700,000	(2,438,493)	(826,666)	(206,664)	-
V. Fayad	-	-	12,565,615	1,680,425	-	(13,059,057)	(1,186,983)	-
L. McCreery	1,981,201	-	-	-	-	(1,584,961)	(396,240)	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013



18. RELATED PARTY TRANSACTIONS (CONT'D)

KMP Shareholdings

Ordinary partly paid shares held by Directors, Officers and their associated entities

	Balance at 1 July 2012	Received as Remuneration	Held at Date of Appointment	Additional	Disposals~	Adjustment for 5:1 consolidation	Other	Balance at 30 June 2013
E. Mead	-	-	-	-	-	-	-	-
V. Fayad	-	-	-	-	-	-	-	-
L. McCreery	-	-	-	-	-	-	-	-

	Balance at 1 July 2011	Received as Remuneration	Held at Date of Appointment	Additional	Disposals*	Adjustment for 5:1 consolidation	Other	Balance at 30 June 2012
E. Mead	200,000	-	-	-	(200,000)	n/a	-	-
V. Fayad	-	-	1,795,308	-	(1,795,308)	n/a	-	-
L. McCreery	5,000	-	-	-	(5,000)	n/a	-	-

*The partly paid shares were forfeited on 11 April 2012

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013



18. RELATED PARTY TRANSACTIONS (CONT'D)

b) Other Related Parties

Transactions with related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

	Consolidated Group	
	2013	2012
	\$	\$
Lawler Corporate Services Pty Ltd – related party of Mr Vince Fayad. Payments made were for consultancy fees during the period he was an executive director.		
Paid during the period as a Director.	-	101,955
At year end unpaid amount in Trade Creditors	-	-
Okewood Pty Ltd - related party of Mr T Sage. Payments made were for director fees during the period he was Non-Executive Chairman.		
Paid during the year.	120,000	-
At year end unpaid amount in Trade Creditors.	-	-
ViaMex Pty Ltd - related party of Mr T Roberts. Payments made were for consulting fees outside the role of an executive director.		
Paid during the year.	260,000	260,000
At year end unpaid amount in Trade Creditors.	-	-
Feon Investments Ltd - related party of Mr Little. Payments were made for consulting fees.		
Paid during the year.	-	72,533
At year end unpaid amount in Trade Creditors.	-	-
Ariel Partners LLP - related party of Mr B Hill. Payments made were for director fees during the period he was Non-Executive Director.		
Paid during the year.	102,000	-
At year end unpaid amount in Trade Creditors.	-	-
Duckmanton Partners Ltd - related party of Mr D Shaw. Payments made were for director fees during the period he was Non-Executive Director.		
Paid during the year.	17,640	-
At year end unpaid amount in Trade Creditors.	-	-
Doraleda Pty Ltd - related party of Mr E Mead. Payments made were for consulting and director fees during the period he was Non-Executive Director.		
Paid during the year.	-	161,697
At year end unpaid amount in Trade Creditors.	-	-
State Capital Advisers Pty Ltd - related party of S Chalabian. Payments made were for consultancy fees.		
Paid during the year.	-	40,000
At year end unpaid amount in Trade Creditors.	-	-

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013



18. RELATED PARTY TRANSACTIONS (CONT'D)

b) Other Related Parties (Cont'd)

	Consolidated Group	
	2013	2012
	\$	\$
Exchange Minerals Ltd – substantial shareholder of the Company. Recharge of rent of London office during period he was a Director. Incurred during the period.	77,824	18,828
At year end unpaid amount in Trade Creditors.	5,986	5,555
Cape Lambert Resources Ltd – substantial shareholder of the Company. Mr Sage is an Executive Director of Cape Lambert Resources Ltd. Recharge of rent, outgoings, parking, staffing, travel, insurance and legal costs associated with the Perth office during period he was a Director.	146,507	-
At year end unpaid amount in Trade Creditors.	11,973	-

Agreements entered into

The Company entered into a lease agreement with Cape Lambert Resources Ltd, a company of which Mr Sage is an Executive Director of, for the sub-lease of 32 Harrogate Street, West Leederville, WA, 6007 on 6 July 2012. The lease covers the rental, outgoings and parking charges for the term of the lease (1 July 2012 to 31 March 2017).

The lease was made on commercial terms and conditions at market rates. Refer to the table above which outlines the amount paid to Cape Lambert Resources Ltd during the current year for rent, outgoings and parking.

19. EARNINGS PER SHARE

Reconciliation of earnings per share

Loss as per Statement of Profit or Loss and Other Comprehensive Income	(2,513,307)	(2,417,993)
Less: Loss attributable to non-controlling interest	30,542	55,695
Loss used to calculate basic earnings per share	(2,482,765)	(2,362,298)

Reconciliation of weighted average number of ordinary shares

Weighted average number of ordinary shares outstanding during the year used in calculating basic earnings per share	147,757,716	346,638,128
Weighted average number of dilutive options outstanding	-	-
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive earnings per share	147,757,716	346,638,128

Anti-dilutive options on issue not used in dilutive earnings per share calculation	41,594,294	33,344,294
--	------------	------------

The company currently has a number of unlisted options as disclosed in the directors' report and Note 22 "Share Based Payments". These options could potentially dilute basic earnings per share in the future, but have not been included in the earnings per share calculation above due to being anti-dilutive for the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013



20. SEGMENT INFORMATION

The Group's operations in 2013 are managed in Australia and involve exploration of its mineral properties in Austria (Lithium) and Western Australia (Silver). Segment assets are allocated to countries based on where the assets are located.

No revenues (2012 - Nil) were derived from an external customers.

LITHIUM

The Company is currently conducting exploration on its tenements considered prospective for lithium. No income has been derived from the recovery of lithium in the year ending 30 June 2013 (2012: Nil).

SILVER

The Company is currently conducting exploration on its tenements considered prospective for silver. No income has been derived from the recovery of silver during the year (2012: Nil).

The segment information provided to the Board of Directors for the reportable segments for the year ended 30 June 2013 is as follows:

Continuing Operations

	Silver \$	Lithium minerals \$	Corporate \$	Total \$
2013				
Revenue				
Other revenues	-	-	18,957	18,957
Total segment revenue	-	-	18,957	18,957
Result				
Segment result	-	(152,710)	(2,360,597)	(2,513,307)
Interest Revenue	-	-	18,957	18,957
Depreciation	-	(4,946)	(2,014)	(6,960)
Assets and Liabilities				
Segment assets				
- Exploration Expenditure	500,000	16,803,272	-	17,303,272
- Plant and Equipment	-	19,753	-	19,753
- Cash and cash equivalents	-	26,296	66,915	93,211
- Other non current assets	124,751	28,024	3,075	155,850
	624,751	16,877,345	69,990	17,572,086
Unallocated assets				
- Trade and other receivables	-	-	21,924	21,924
- Financial assets	-	-	5	5
	-	-	21,929	21,929
Total assets as per the Statement of Financial Position	624,751	16,877,345	91,919	17,594,015
Segment liabilities				
Financial Liabilities	-	325,746	114,783	440,529
Unallocated liabilities				
- Trade and other Payables	-	-	4,333,895	4,333,895
Total liabilities as per the Statement of Financial Position	-	325,746	4,448,678	4,774,424

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013



20. SEGMENT INFORMATION (CONT'D)

Continuing Operations

2012	Silver \$	Lithium minerals \$	Corporate \$	Total \$
Revenue				
Other revenues	-	-	30,921	30,921
Total segment revenue	-	-	30,921	30,921
Result				
Segment result	-	(278,472)	(2,139,521)	(2,417,993)
Interest Revenue	-	-	30,921	30,921
Depreciation	-	(6,732)	(2,023)	(8,755)
Assets and Liabilities				
Segment assets				
- Exploration Expenditure	808,515	13,875,367	-	14,683,882
- Plant and Equipment	-	27,149	2,014	29,163
- Cash and cash equivalents	-	735,349	1,125,009	1,860,358
	808,515	14,637,865	1,127,023	16,573,403
Unallocated assets				
- Trade and other receivables	-	-	62,376	62,376
- Financial Assets	-	-	29	29
	-	-	62,405	62,405
Total assets as per the Statement of Financial Position	808,515	14,637,865	1,189,428	16,635,808
Segment liabilities				
Financial Liabilities	-	1,634,572	3,754,516	5,389,088
Unallocated liabilities				
- Trade and other Payables	-	-	176,976	176,976
Total liabilities as per the Statement of Financial Position	-	1,634,572	3,931,492	5,566,064

21. AUDITORS' REMUNERATION

	Consolidated Group	
	2013 \$	2012 \$
Paid or payable to RSM Bird Cameron Partners		
Audit or review of the financial statements	16,000	35,000
	16,000	35,000
Paid or payable to Stantons International		
Audit or review of the financial statements	31,500	-
Other non-audit services	9,250	-
	40,750	-
	56,750	35,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013



22. SHARE BASED PAYMENTS

Goods or services received or acquired in a share-based payment transaction are recognised as an increase in equity if the goods or services were received in an equity-settled share-based payment transaction or as a liability if the goods and services were acquired in a cash settled share-based payment transaction.

For equity-settled share-based transactions, goods or services received are measured directly at the fair value of the goods or services received provided this can be estimated reliably. If a reliable estimate cannot be made the value of the goods or services is determined indirectly by reference to the fair value of the equity instrument granted.

Transactions with employees and others providing similar services are measured by reference to the fair value at grant date of the equity instrument granted.

Share-based payments granted during the current year

During the current year 5,950,000 options (of which 3,800,000 were for Key Management Personnel) were issued to Directors, key management personnel and consultants to the Company. The options were issued for no consideration as part of their remuneration package. The options issued were approved by the Company's shareholders at the Annual General Meeting of the Company's shareholders on 23 November 2012.

The options are subject to the following vesting conditions:

- (i) one third (1/3) of the options (**Tranche 1**) vest on:
 - A. the Company successfully raising a minimum of €5,000,000 (by way of debt or equity placement);
 - B. completion of Zone 2 drilling program at the Wolfsburg Project; and
 - C. completion of 2x500/t bulk sample from the Wolfsburg Project,as announced to ASX on or before the first anniversary of the issue date of the options;
- (ii) one third (1/3) of the options (**Tranche 2**) shall vest on the earlier of:
 - A. commencement of a bulk mining trial in respect of the Wolfsburg Project; and
 - B. commencement of a bankable feasibility study in respect of the Wolfsburg Project; or
 - C. the increase size of maiden JORC resource at the Wolfsburg Project by 100%,as announced to ASX on or before the second anniversary of the issue date of the options; and
- (iii) one third (1/3) of the options (**Tranche 3**) shall vest on the earlier to occur of:
 - A. the grant of a mining licence over the Wolfsburg Project; and
 - B. production of a lithium concentrate at the Wolfsburg Project; or
 - C. submission of plans for the development and construction of a lithium carbonate conversion plant at the Wolfsburg Project,as announced to ASX on or before the third anniversary of the issue date of the options.

The amount payable upon exercise of each option will be:

- (i) \$0.075 in respect of the Tranche 1 options;
- (ii) \$0.15 in respect of the Tranche 2 options; and
- (iii) \$0.25 in respect of the Tranche 3 options.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013



22. SHARE BASED PAYMENTS (CONT'D)

Grant date	Expiry date	Exercise price	Value per option at grant date	Number Issued
23 November 2012	13 December 2015	\$0.075	\$0.085	1,983,333
23 November 2012	13 December 2015	\$0.15	\$0.079	1,983,333
23 November 2012	13 December 2015	\$0.25	\$0.074	1,983,334

The fair value is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the options, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. Further details on the options issued to key management personnel are included in the Directors report.

The model inputs for options granted during the year ended 30 June 2013 included:

1. Exercise price of \$0.075, \$0.15 and \$0.25 on or before expiry date.
2. Expected price volatility 155%, based on historical data.
3. Risk-free interest rate of 2.75%.
4. Dividends – none.

During the current year 3,200,000 options were issued to Cape Lambert Resources Limited. The options were issued as part consideration for the loan funded to the Company.

The model inputs for options granted during the year ended 30 June 2013 included:

1. Exercise price of \$0.10 on or before expiry date.
2. Expected price volatility 94%, based on historical data.
3. Risk-free interest rate of 2.71%.
4. Dividends – none.

During the current year 6,800,000 options were issued to the Exchange Minerals Group. The options were issued as part consideration for the loan funded to the Company.

The model inputs for options granted during the year ended 30 June 2013 included:

1. Exercise price of \$0.10 on or before expiry date.
2. Expected price volatility 57%, based on historical data.
3. Risk-free interest rate of 2.46%.
4. Dividends – none.

Grant date	Expiry date	Exercise price	Value per option at grant date	Number Issued
1 February 2013	31 January 2015	\$0.10	\$0.029	3,200,000
23 May 2013	23 May 2015	\$0.10	\$0.0027	6,800,000

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013



22. SHARE BASED PAYMENTS (CONT'D)

Share-based payments granted during the prior year

During the year ended 30 June 2012, 1,000,000 options (post consolidation) were issued to Directors, Key Management Personnel and consultants to the Company. These options are not exercisable unless the Company's share price reaches a point equal to or greater than \$0.20.

Grant date	Expiry date	Exercise price	Value per option at grant date	Number Issued
14 October 2011	31 December 2013	\$0.20	\$0.186	1,000,000 (post consolidation)

The model inputs for options granted during the year ended 30 June 2012 included:

1. Exercise price of \$0.20 on or before expiry date.
2. Expected price volatility 120%, based on historical data.
3. Risk-free interest rate of 3.6%.
4. Dividends – none.

Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period has been reflected in the Statement of Profit or Loss and Other Comprehensive Income as follows:

	Consolidated Group	
	2013	2012
	\$	\$
Expenses related to options issued to:		
- Directors, key management personnel and consultants	203,558	64,000
- Other	78,409	-
Total expenses arising from share-based payments	281,967	64,000
Items recognised directly in equity:		
- Options issued to underwriters (costs associated with capital issues)	-	-

Other information

A summary of the movements in options issued during the year is as follows:

	Number of options	Weighted average exercise price
Options outstanding as at 30 June 2012	33,344,294	
Granted during the period	15,950,000	\$0.12
Exercised during the period	(5,450,000)	\$0.07
Expired during the period	(2,250,000)	\$0.00
Options outstanding as at 30 June 2013	41,594,294	
Options outstanding as at 30 June 2011	101,054,658	
Granted during the period and before the 5:1 consolidation	43,666,667	\$0.20
Expired during the period	(6,000,000)	-
Consolidation of options	(110,977,031)	-
Granted post consolidation	5,600,000	\$0.07
Options outstanding as at 30 June 2012	33,344,294	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013



23. CASH FLOW INFORMATION

a) Reconciliation of net cash used in operating activities with loss after income tax

	Consolidated Group	
	2013	2012
	\$	\$
(Loss) after income tax	(2,513,307)	(2,417,993)
- Non-cash flows in loss:		
- Depreciation	6,960	8,755
- Share based payments	281,967	114,652
- Impairment of exploration assets	605,187	-
- Unrealised foreign exchange	(134,860)	
- Interest	282,611	143,817
Changes in assets and liabilities during the financial period:		
- Decrease in prepayments	(5,095)	(4,956)
- (Increase)/decrease in trade and other receivables	45,547	(18,117)
- Increase/(decrease) in trade and other payables	563,709	(70,818)
Net cash used in operating activities	(867,281)	(2,244,660)

b) Non-cash Financing and Investing Activities Share based payments:

During the year 5,950,000 options were issued to Directors, Key Management Personnel and consultants to the Company on 23 November 2012.

24. BUSINESS COMBINATION

a) Current Year

No business combinations took place during the current year.

b) Prior Year - Acquisition of 80% interest in the Wolfsberg Lithium Project

On 5 December 2011, the Company acquired 80% interest in the Project from Exchange Minerals Group (**Exchange Minerals**).

The acquisition was effected by the Company acquiring from Exchange Minerals, an 80% shareholding in ECM Lithium Holdings AT Limited (**ECM AT**). ECM AT's wholly owned subsidiary, ECM Lithium AT GmbH (**ECM Lithium**) is the owner of the Project.

The acquisition of an 80% interest in the Wolfsberg Lithium Project is not a business combination, but rather an acquisition of mining tenements.

Under the terms of the acquisition at Completion, the Company issued to Exchange Minerals 135,605,383 fully paid GSZ ordinary shares as the provisional settlement consideration. The details of the consideration are as follows:

Consideration and Valuation

Recipient	Instrument	No. of Instruments	Valuation
Vendors	Cash[1]	-	\$1
Vendors	Ordinary Shares[2]	135,605,443	\$6,072,811
Total			\$6,072,812

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013



24. BUSINESS COMBINATIONS (CONT'D)

[1] Consideration paid for 80% equity interest in ECM Lithium Holdings AT Limited.

[2] Shares issued by assignment of debts from vendors to Global Strategic Metals NL (previously named East Coast Minerals N.L.)

In addition to the above, an amount of \$3,754,446 (€3,000,000) is owed to KMI at reporting date and represents the balance of settlement monies due to vendor from the acquisition of the mining and exploration rights for the Wolfsberg Lithium Project. Refer to Note 12 for term and conditions of the loans.

The assets acquired and liabilities assumed at the date of acquisition are as follows:

	Recognised on Acquisition
	\$
Cash and cash equivalent	1,368,550
Capitalised Exploration	12,910,830
Other Assets	36,391
Liabilities	(15,704,022)
Net Liabilities	(1,388,251)

25. PARENT COMPANY INFORMATION

	Parent Company	
	2013	2012
	\$	\$
Current assets	87,475	1,187,099
Total assets	715,507	15,841,353
Current liabilities	4,448,678	2,054,199
Total liabilities	4,448,678	3,931,492
Total equity	(3,733,171)	11,909,860
Loss for the year	(17,409,267)	(2,130,025)
Total comprehensive loss	(17,409,243)	(2,130,157)

The parent company has not provided any guarantees. The contingent liabilities and capital commitments of the parent company are the same as those of the Consolidated Entity.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013



26. SIGNIFICANT AFTER BALANCE DATE EVENTS

CONVERTING LOAN AGREEMENT

As announced on 15 July 2013, Cape Lambert Resources Limited (**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), 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 GSZ or default or breach by the Company of the terms of the Converting Loan Agreement; and
- (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.

REDUCTION OF DEBT OWING TO KMI

As announced on 5 August 2013, the Company has repaid KMI, the former vendor of the Wolfsberg Project, the final instalment of €500,000 plus accrued interest owing pursuant to a loan facility agreement.

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 repaid 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.

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DIRECTORS' DECLARATION



The Directors of the Company declare that:

1. the financial statements and notes, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards, which, as stated in accounting policy Note 1(a) to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
 - b. give a true and fair view of the financial position as at 30 June 2013 and of the performance for the year ended on that date of the company and consolidated group;
2. the Director and Company Secretary have each declared that:
 - a. the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
 - b. the financial statements and notes for the financial year comply with the Accounting Standards; and
 - c. the financial statements and notes for the financial year give a true and fair view;
3. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Tony Sage
Chairman

Perth

30 August 2013

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INDEPENDENT AUDITOR'S REPORT



Stantons International Audit and Consulting Pty Ltd
trading as

Stantons International
Chartered Accountants and Consultants

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GLOBAL STRATEGIC METALS NL

Report on the Financial Report

We have audited the accompanying financial report of Global Strategic Metals NL, which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In note 1, the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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INDEPENDENT AUDITOR'S REPORT



Stantons International

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

- (a) the financial report of Global Strategic Metals NL is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- (b) the consolidated financial report also complies with International Financial Reporting Standards as disclosed in note 1.

Emphasis of Matter Regarding Going Concern

Without qualification to the opinion expressed above, attention is drawn to the following matter:

As referred to in Note 1 to the consolidated financial statements, the consolidated financial statements have been prepared on a going concern basis. At 30 June 2013 the consolidated entity had cash and cash equivalents totalling \$93,211, a deficiency in working capital of \$4,659,289, had incurred a loss before tax for the year of \$2,513,307. The ability of the parent company and consolidated entity to continue as going concerns is subject to the successful recapitalisation of the parent company and consolidated entity. In the event that the Board is not successful in recapitalising the parent and consolidated entity and in raising further funds, the company and its subsidiaries may not be able to meet their liabilities as they fall due and the realisable value of the company's and its subsidiaries assets may be significantly less than book values.

Report on the Remuneration Report

We have audited the remuneration report included in pages 26 to 34 of the directors' report for the year ended 30 June 2013. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards

Auditor's opinion

In our opinion the remuneration report of Global Strategic Metals NL for the year ended 30 June 2013 complies with section 300A of the *Corporations Act 2001*.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit & Consulting Pty Ltd

Martin Michalik
Director

West Perth, Western Australia
30 August 2013

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ADDITIONAL INFORMATION



The following additional information is required by the Australian Securities Exchange pursuant to Listing Rule 4.10. The information is current as at 15 August 2013.

Distribution of Shareholders

Number held	Total holders of fully paid shares	Number of fully paid shares	% of fully paid shares
1 – 1,000	1,098	339,730	0.20
1,001 - 5,000	277	721,078	0.42
5,001 - 10,000	72	559,057	0.33
10,001 - 100,000	217	9,274,081	4.40
100,001+	137	160,867,419	93.66
TOTAL	1,801	171,761,365	100.00

The number of shareholders who hold less than a marketable parcel of fully paid ordinary shares is 1,526 and they hold 2,988,631 securities.

Twenty largest holders of each class of quoted equity security

Ordinary Shares

Name	No of Ordinary Shares	%
1. DEMPSEY RESOURCES PTY LTD	33,469,365	19.49
2. EXCHANGE MINERALS LIMITED	24,865,627	14.48
3. EXCHANGE MINERALS LIMITED	13,560,539	7.89
4. EXCHANGE MINERALS (HOLDINGS) LIMITED	11,011,433	6.41
5. EXCHANGE MINERALS LIMITED	8,692,217	5.06
6. MINING INVESTMENTS LIMITED	3,950,000	2.30
7. PERSHING AUSTRALIA NOMINEES PTY LTD	3,607,552	2.10
8. KAFTA ENTERPRISES PTY LIMITED	2,867,381	1.67
9. THE TRUST COMPANY (SUPERANNUATION) LTD	2,840,000	1.65
10. CATHOLIC CHURCH INSURANCE LIMITED	2,733,334	1.59
11. FALAFEL INVESTMENTS PTY LIMITED	2,284,381	1.33
12. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,271,762	1.32
13. WEBFIRE PTY LTD	1,997,223	1.16
14. CITICORP NOMINEES PTY LIMITED	1,541,290	0.90
15. WARR HOLDINGS PTY LTD	1,433,334	0.83
16. PRIME SECURITIES INVESTMENT GROUP PTY LTD	1,398,468	0.81
17. E C NARUDNE PTY LIMITED	1,150,000	0.67
18. GROSVENOR PIRIE MANAGEMENT LTD	1,147,598	0.67
19. MR ROBERT MICHAEL AVERY + MRS CHERYL MAY AVERY	1,000,000	0.58
20. J J GREER NOMINEES PTY LTD	1,000,000	0.58
TOTAL	122,821,504	71.51

Substantial shareholders

Name	No of Ordinary Shares	%
EXCHANGE MINERALS LIMITED	47,118,383	27.43
DEMPSEY RESOURCES PTY LTD	33,469,365	19.49
EXCHANGE MINERALS (HOLDINGS) LIMITED	11,011,433	6.41

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