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**MOLYBDENUM COPPER PROJECT;
MYSZKOW-ZARKI CONCESSION, SOUTHERN POLAND**

**MYSZKOW DEPOSIT; HIGH RECOVERY OF MOLYBDENUM AND COPPER IN
WARDELL ARMSTORNG (UK) METALLURGICAL TESTING**

**GEOPHYSICAL STUDIES OVER THE CONCESSION AREA COMPLETED;
EXPLORATION TARGETS IDENTIFIED**

Minerals exploration and development company, Strzelecki Metals Limited (ASX:STZ) is pleased to announce that the Company has received two important technical reports from its consultants relating to Strzelecki's activities within its mineral concession in Poland. The reports are:

- Metallurgy of the Myszków molybdenum-copper-tungsten deposit identified within the Myszkow - Zarki concession (234 sq km); report on new metallurgical tests of ore by the metallurgical consultants Wardell Armstrong International (UK), and
- Geophysics: report on the results from digitisation and re-interpretation of magnetic and gravity data; report prepared by Warsaw (Poland) based geophysical consultants Mr Mirosław Musiatewicz (M.Sc.) and Mr Stefan Rulski (Ph.d.).

Highlights Include:

- **Metallurgy:**
 - **Production of three separate concentrates (Mo, Cu, W) achievable from the Myszków deposit;**
 - **High recoveries (80%+) possible for copper and molybdenum using standard flotation, improvement is likely with fine tuning.**
- **Geophysics:**
 - **Significant amount of historical geophysical data over the concession digitised, re-interpreted and cross referenced with the geological data from existing diamond drilling;**
 - **Five new drilling target areas identified from magnetic and gravity survey; all prospective for copper and molybdenum-copper-tungsten mineralisation within the concession area.**

Metallurgy; Myszkow Deposit

Following the recommendations from the **Coffey Mining** Concept Study, prepared late last year, Strzelecki Metals commissioned metallurgical tests on a MM-1 drill core recently drilled by the Company. Metallurgical tests on previously obtained (historical) drilled core were carried out by two Polish research institutions, the **Institute of Mining Engineering of Wroclaw Polytechnic** in 1990's, and more recently at the **Faculty of Mining and Geo-engineering of AGH-University of Science and Technology in Krakow**.

The purpose of the current tests was to assess the viability of producing three separate concentrates (Mo, Cu and W) from the granitoid type ore using the most recent international standard industry practice for such tests. A 48 kg core bulk sample of the ore from MM-1 hole, considered to be typical for the Myszkow deposit, was tested in the laboratories of **Wardell Armstrong International (WAI)** and **Camborne School of Mines** in Cornwall, UK. The samples were initially subjected to electron microscope analysis using QUEMSCAN technology, which allows the prediction of theoretical recoveries and concentrate grades, and was followed by empirical flotation tests. This stopped short of the full locked cycle.

Flotation test results demonstrated that the copper and molybdenum minerals could be readily recovered into a clean bulk concentrate at high overall recoveries at a primary grind size of 80 per cent passing 130mm (very coarse) and with a regrind stage ahead of bulk cleaning. A final metallurgical balance can only be determined through locked cycle flotation test work, which was outside the scope of work of this test programme. However, based on the WAI test work results and experience from similar operations, WAI recommended that the following parameters were likely:

- Copper concentrate grade of 25% Cu, and copper recovery of 80%;
- Molybdenum concentrate grade of 49% Mo, and molybdenum recovery of 80%.

Mineralogical examination of the tailings indicated that liberation characteristics of the molybdenum and copper minerals were excellent and therefore the probability of the minerals being recovered to their respective concentrates during continual processing from the Myszkow deposit (recycling of cleaner tailings products) was high. It was also found that the molybdenite was present as coarse, plate-like particles, which indicates that further optimisation of kerosene addition during cleaning will improve both molybdenum concentrate grade and recovery.

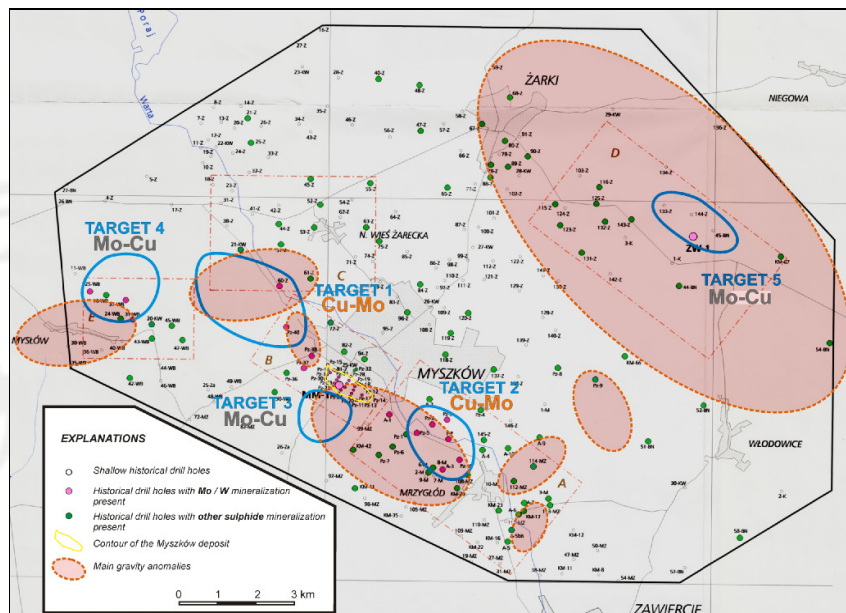
Tungsten was found to be present as scheelite with generally poor liberation characteristics. Gravity testing gave low concentrate grades and recoveries, but flotation did give satisfactory tungsten rougher recoveries, indicating that the scheelite mineral liberation is adequate to allow approximately 92 per cent of the mineral to be recovered as product (rougher flotation concentrate). It is therefore concluded that flotation offers the most viable means of producing a saleable tungsten concentrate.

The conclusion from the test work is that when the flotation process is fine tuned and locked cycle floatation used, the Myszków ore is capable of producing separate industry standard molybdenum and copper concentrates. Recovery of tungsten into a separate concentrate lags behind the other two metals and requires further work as flotation seems to be giving much better results than traditional gravity concentration. For financial modelling the Company is using 50 per cent recovery for tungsten.

Geophysics; Myszkow-Zarki Concession

The geophysical study was commissioned as part of the preparations for the next stage of the exploration drilling of the Myszków deposit and the concession area. The Polish Government exploration work in 1980's included magnetic and gravity surveys. Although these investigations have covered most of the Strzelecki's 234 sq km tenement and resulted in creation of a detailed geophysical (including ground magnetic and ground gravity) database and image interpretation, the data was available only in hard copies. Authors of the present report, Polish geophysical consultants Mr Musiatewicz & Dr Rulski, carried out digitisation of the original data using modern computer analytical and interpretation tools. Importantly, their study and interpretation included analysis and cross reference with the geology obtained from the Polish Government and more recently Strzelecki Metals diamond drilling.

Based on this combined approach, involving magnetic/gravity image interpretation and drill core geological information, **drilling targets 1 - 4**, generally placed along NW - SE extending gravity anomaly, were defined (figure below). The Myszków deposit itself is also locked to this anomaly. In the NE part of the tenement a significant gravity anomaly was reported. Presence of this also NW -SE extending gravity feature was confirmed by the current study. A **drilling target 5** is proposed within this anomaly (figure below). Although this area is poorly explored with only a single hole drilled (ZW-1 by Strzelecki Metals last year; other holes marked as green dots on figure below are shallow drilled in the overburden), the geology and assays are positive indicating presence of Mo-Cu-W mineralisation.



Drilling targets defined by geophysical studies

The combined geophysical and geological re-interpretation confirmed/identified two types of exploration drilling targets within the concession, i.e., Cu-Mo-W mineralisation associated with the typical for the Myszkow deposit intrusive granitoid host rock (targets 3, 4 and 5), and Cu dominant and lesser role of Mo and W mineralisation controlled by the metasediment lithologies developed in shallower parts of the geological profile and/or surround the intrusive granitoids. In particular drilling targets 1 and 2 are prospective for copper. For example target 1, located NW of the Myszkow deposit indicates the possibility for existence of a copper domain with higher Cu grade; this is an area where historical drill hole Pz-40 located on its edge displays a significant intersections of continuous copper mineralisation with grades up to 2% Cu.

Dr John Santich, Director of Strzelecki Metals Ltd commented that the two technical reports were highly encouraging and of great significance for Strzelecki Metals.

“The Metallurgical Report confirms that we can produce separate molybdenum, copper and tungsten concentrates using standard technology and at coarse grain size”, he said.

Dr Santich added that “The Geophysical Report has demonstrated the great potential of the concession containing the well delineated Myszków deposit. The five new target areas within our concession have the potential to produce another deposit of a size similar to Myszków”.

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves has been compiled by Dr W Bogacz, a Director of Strzelecki Metals Ltd and a Member of the Australian Institute of Geoscientists. Dr Bogacz has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person for the purposes of the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Bogacz consents to the inclusion in the report of these matters based on their information in the form and context in which it appears.

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ABOUT STRZELECKI METALS

Strzelecki Metals is a minerals exploration and development company, with offices in Adelaide, Australia and Krakow, Poland. Strzelecki is listed on the Australian Securities Exchange (ASX: STZ) and operates in Poland through its wholly owned subsidiary, Slasko Krakowska Kompania Górnictwa Metali Sp. z o.o. (SKKGM).

In Poland, SKKGM holds a Concession over the Myszków-Zarki mineral system in Southern Poland, which includes the Myszków molybdenum-copper-tungsten deposit. Based on existing drill hole data, this deposit has inferred resource of 726mT with an average grades 617ppm Mo, 1210ppm Cu, 404ppm W and 2.22ppm Ag. The depth and lateral extents of this resource are still open. Strzelecki is methodically drilling this resource to establish its full extent and accurately scope a mining operation to exploit this resource. The company is also actively looking to identify other projects in Poland and Central Europe, in particular Kupferschiefer type of copper mineralisation, for potential acquisition.

In Australia, Strzelecki holds highly prospective mineral tenements in Western Australia and South Australia where its focus is the discovery of commercial deposits of precious and base metals (Cu, Au, Ni & U) and the formation of joint ventures with major resource companies to leverage greater exploration flexibility.

For more information please visit the Company website: www.strzeleckimetals.com.au