STRZELECKI METALS LIMITED

ABN 35 116 249 060

ANNUAL REPORT 2010

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CHAIRMAN'S REPORT

Dear Shareholder

I am pleased to be able to report to you on progress in a financial year that presented your company with many challenges.

During the financial year your company concentrated its efforts on its Polish molybdenum-copper project near Myszków in southern Poland and its West Musgrave project, formerly the separate Warburton and Egerton projects, in Western Australia. Despite global financial conditions, both projects were advanced and your company is now in a position to capitalise on the positive aspects of both.

Since acquiring the Myszków project your company has defined a JORC Inferred Resource and commissioned a preliminary scoping or concept study which confirmed the potential viability of an underground mine at the Myszków deposit. Molybdenum and tungsten prices have proved volatile but recovery in commodities markets has been evident over the past quarters. The project contains one of the largest undeveloped primary Molybdenum deposits in the world and, with the extension of your company's concession to the year 2016, is ripe for a development partnership with a major mining company.

In all of this process the assistance of Andrew Zemek as Director of operations for Europe and of Dr Vic Bogacz as Director overseeing the Polish projects themselves was invaluable. Although subsequent events and changes at board level have resulted in the resignation of both Mr Zemek and Dr Bogacz from the board of the parent company they remain at the forefront of our efforts to fund the future development of the Myszków project.

In Western Australia, your company has obtained full project funding by joint venturing its West Musgrave project, and the results of reinvigourated exploration are starting to come in. Soil sampling has yielded anomalous nickel values in particular, and further exploration in the vicinity of recent, adjacent gold discoveries is progressing and encouraging. Following recent heritage surveys, planning is underway for further geochemical and geophysical surveys, which will be followed up by drilling of several defined anomalies in the coming financial year.

Aside from these two major projects, your directors have trimmed expenditure by relinquishing or selling what they see as non core projects. For the time being the Steere River gold project has been retained, with the cost of retention and exploration in this gold rich area being seen as likely to be outweighed by the potential benefit, particularly in view of record gold prices.

For the future, your company will be looking to conserve its funds and to undertake a consistent search of new projects in attractive commodities which might be available for partnership development. Your company has already been introduced to a number of potential projects and each of these and others to come will be assessed in a professional and forthright manner.

In closing, I would like to thank you, our shareholders, for your support during the year during which your company's share price suffered major reversals. I would also like to thank my fellow board members, particularly the outgoing members Dr Vic Bogacz and Mr Andrew Zemek, and to welcome incoming members Messrs Simon O'Loughlin and Stephen Evans.

Your company is continuing with its strategy to have the exploration and development of its projects in both Poland and Australia fully funded by third parties. This, together with the examination of new projects being offered to the company will, we believe, lead to a recovery in shareholder value.

Peter Hunt

Chairman of the Board

REVIEW OF OPERATIONS

Overseas Projects

Myszków Project

During the year the company made significant progress in advancing its Myszków Molybdenum-Copper project in Southern Poland. In particular, the company received the results of a Concept Study from Coffey Mining which, for the first time, looked in detail and confirmed the viability of mining of the deposit.

Further to this technical success, Strzelecki also initiated its own metallurgical testing to assess recovery rates for the production of Molybdenum, Copper and Tungsten concentrates from mining operations. Results from the company's consultants, Wardell Armstrong, confirmed the ease of treatment of concentrates from Myszków raw material.

Finally, the reassessment of existing geophysical data dating from the 1980s has been completed; with digitisation and reinterpretation of the data with modern computerised technology. These results, together with the results of previous drilling, have identified a number of potential targets within the wider Myszków concession area.

In addition to the technical matters referred to above, the company applied for and received an extension to its Myszków concession and initiated a formal dialogue with the Local Government and Community on the future development of the Myszków deposit. The company's Polish team of senior geologists, in conjunction with Strzelecki directors, highlighted the potential of the area and future mining has now been registered on the local Regional Development Plan.

Granting of an extension to the concession to the year 2016 has cemented the company's presence in Poland as well as providing a solid platform for negotiations with third parties for funding of future development through joint venture or partial sale. With expertise from both Australia and Poland, the company now has a complete team to advance the Myszków project from both technical and corporate points of view.

The Myszków project is a very large deposit with good mineral grades placing it among the top primary Molybdenum resources of the world. The project is generating significant interest in Europe among investors and miners as the company puts its effort into bringing it to the attention of the major industry participants.

In summary, since acquisition of the project:

- Three deep exploration holes have been drilled by the company in our concession area totalling 3016m of diamond drilling, with all intersecting mineralisation;
- A new JORC Inferred Resource estimate was produced based on company drilling plus over 30km of diamond drilling done by the Polish Government in the 1980s, resulting in the Myszków deposit being classified according to internationally recognised standards;
- An office and warehouse facility of some 750m^2 was acquired and refitted and now houses the company's Polish staff as well as providing storage and processing facilities for drill core;

Strzelecki's concession No 5/2006/p is located some 80 km NE of the city of Kraków in Poland (Figure 1) and, since renewal, covers 211 km^2, slightly reduced from the former 234 km^2 to eliminate one administrative region. The delineated Myszków deposit covers only 0.53 km^2, the balance of the concession being under explored and containing significant exploration potential and a number of targets have been identified (Figure 2).

Figure 1: Location of Myszków project in Southern Poland

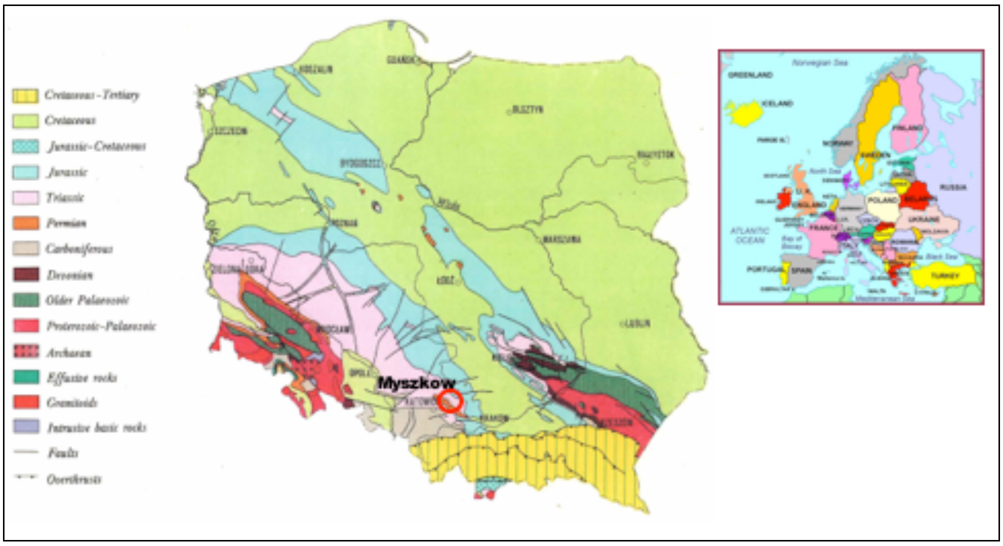
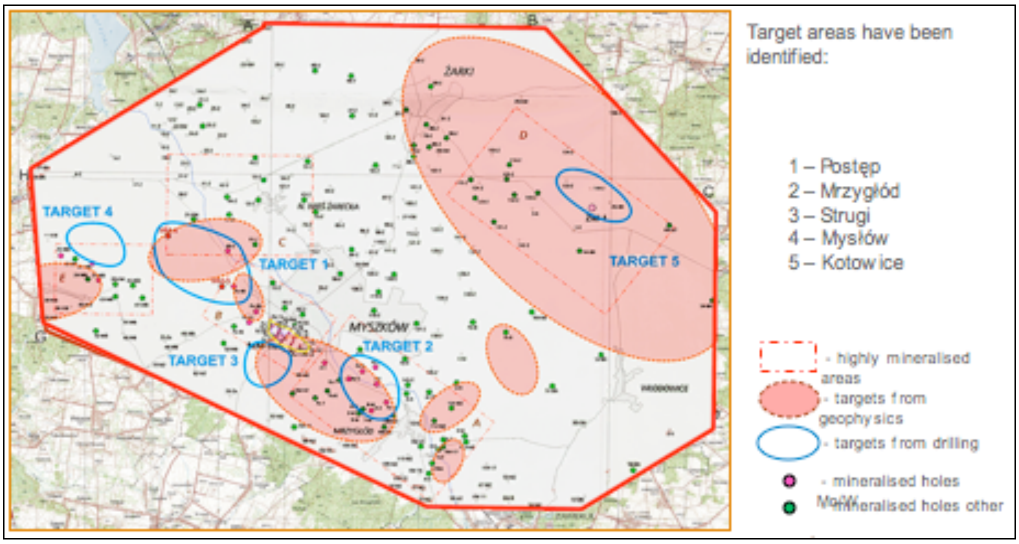


Figure 2: Exploration Potential in Myszków Concession



The Myszków Molybdenum Copper project is well located in the industrial heartland of Eastern Europe. Myszków township is in the centre of Europe, the world's largest Molybdenum consumer, accounting for nearly 30% of global metal consumption of the metal. There is no Molybdenum mined in Europe, the nearest production being in Iran and Armenia, yet there are over 300 steel mills within 1,000 km of Myszków which use the commodity.

The deposit comprises continuous mineralisation to a depth of over 1000m with the higher grade central part of the deposit potentially able to support a 20-year mine life. Being within the European Union a mine would have the advantage of likely protection from any disruptive trade barrier issues, which suppliers from other continents may face. The concession itself is in an area of highly developed infrastructure with adjacent sealed roads, major railway and high voltage power lines.

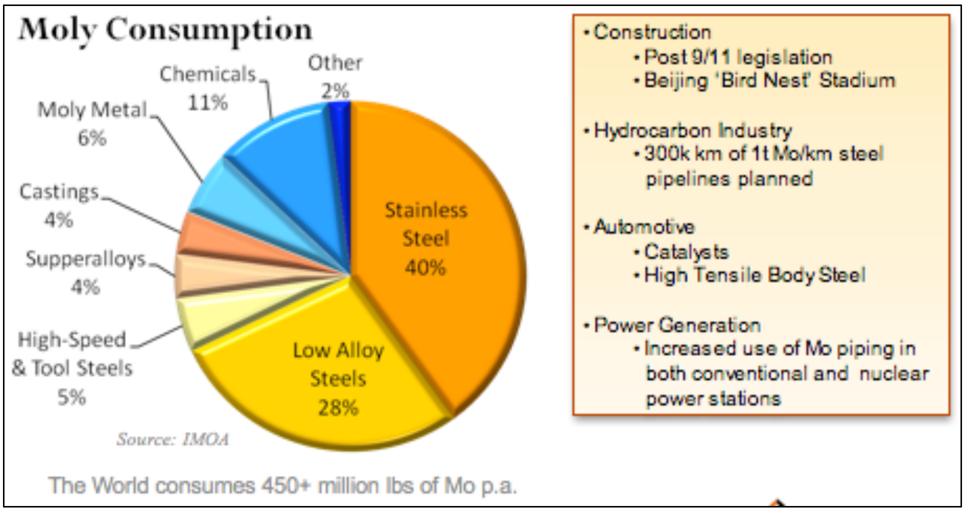
Following on from the technical development of the Myszków deposit and the extension of the period of grant of the concession the company will be seeking partners to assist with funding further development. The drilling program recommended as an outcome of the concept study will be undertaken once funding is in place.

Discussions have begun with a number of potential third parties interested in participating in the Myszków project. It is anticipated that drilling will recommence later this calendar year or early in 2011. Drilling will upgrade confidence in the present Inferred Resource as well as test the potential for copper rich extensions of mineralisation along the margins of the deposit.

In summary, the Myszków Project is located in an area of good Infrastructure and with no need for a mining camp, being close to the Myszków township. Land is available for the surface expressions of the mine itself, including such facilities as a processing plant and tailings ponds, and mining has been taken into account in recent regional planning. The project is within the European Community and in an area where development is high on the Community's list of priorities.

The uses of Molybdenum continue to grow and the company is confident that it is a metal with great potential (figure 3). The company believes that Myszków will be the home of a Molybdenum Copper mine at some time in the future.

Figure 3: Uses of Molybdenum

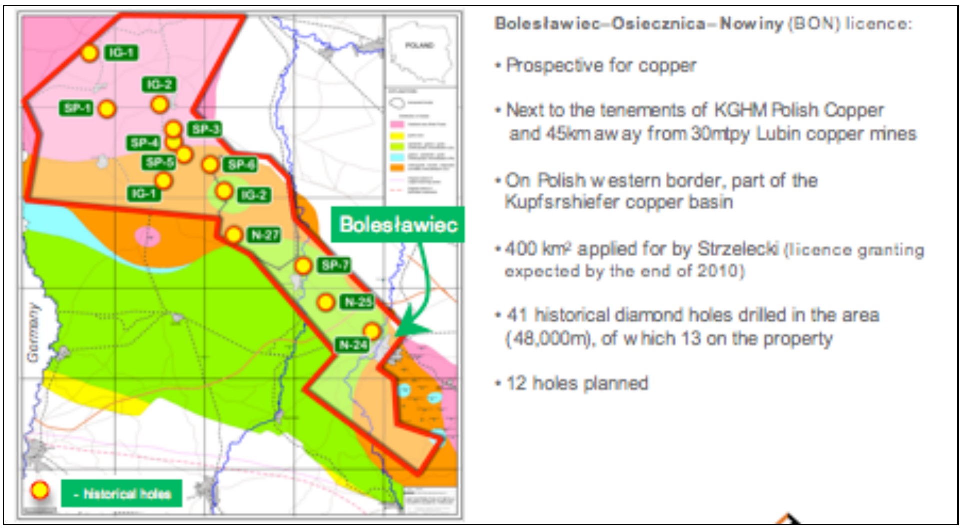


Kupferschieffer Project

During the year the company followed up on earlier work and applied for tenements in the Copper rich Kupferschieffer Basin, adjacent the giant Polish Copper mines of KGHM Polska Miedz SA (Figure 4). These tenements are in the Boles□awiec–Osiecznica–Nowiny area on the western border of Poland and are highly prospective for Copper.

The company's applications cover some 400 km^2 and the offer of one or more concessions may be as early as the end of calendar year 2010. 41 diamond drilled holes have been historically drilled in the area, (some 48,000 metres), of which 13 holes have been drilled on the area under application. The application contains a 12 hole drill program.

Figure 4: Kupferschieffer Basin

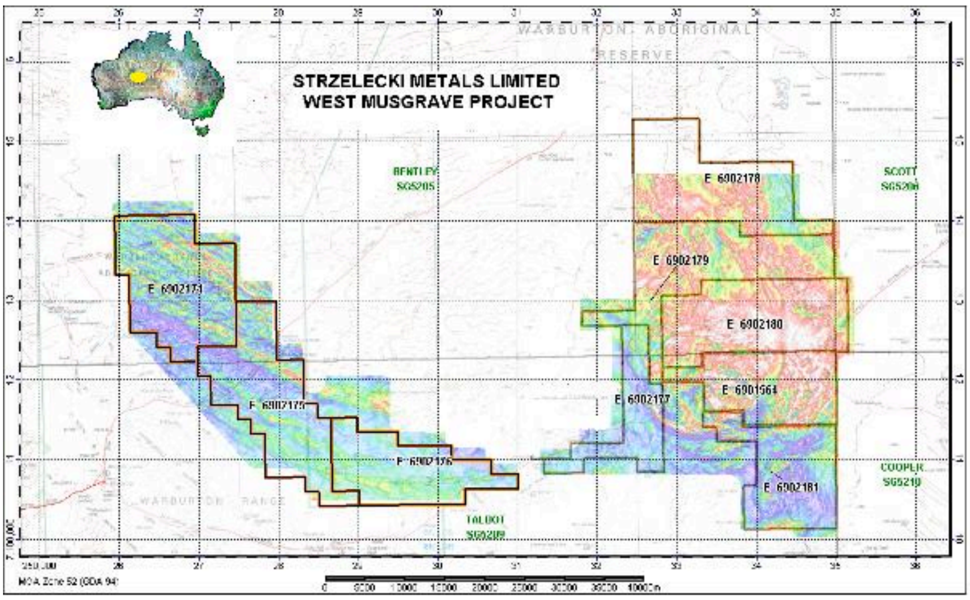


Australian Projects

West Musgrave

Strzelecki Metals has stepped up its exploration effort in West Musgrave. Following Marathon Resources Limited's withdrawal from the Warburton Joint Venture in August 2009, Strzelecki has successfully negotiated a new Joint Venture agreement with Tortuga Advisors Ltd. Under the terms of the new agreement, Tortuga can earn up to 80% interest in the project in return for spending $4m over the next four years. The project area covers 1,489 square kilometers and includes all of the nine tenements held by Strzelecki on the area as shown in figure 5.

Figure 5: General Location of West Musgrave Project Tenements



Heritage surveys over all tenements have been completed in conjunction with anthropologists from the Ngaanyatjarra Land Council and senior representatives of the Warburton Community. Subsequently extensive soil and rock chip sampling programs have been conducted over all tenements and over 3,000 samples have been collected.

The sampling programs have been designed to test for mafic affinities as these appear to be the primary hosts for mineralisation identified to date within the region as with the Nebo and Babel mafic hosted Nickel deposit of BHP Billiton, directly east of the project area.

Preliminary results from these programs are encouraging, and further analysis and in-fill sampling is currently being undertaken to help plan the next phase of exploration for these tenements.

STRZELECKI METALS LIMITED					
Tenement Status as at 22 September 2010					
Tenement Number	Registered Titleholder	Application/ Grant Date	Expiry Date	Expenditure Commitment	Comments
POLAND PROJECT					
5/206/P	□l□sko Krakowska Kompania Górnictwa Metali (SKKGM)	28/03/2006	21/06/2016	8,000,000	Myszków Concession granted by the Polish Government. SKKGM is a wholly owned subsidiary of STZ. Expenditure commitment is $8m over 5 years.
3/207/K	□l□sko Krakowska Kompania Górnictwa Metali (SKKGM)	1/10/2007		TBA	Kupferschieffer Concession under application. SKKGM is a wholly owned subsidiary of STZ
WARBURTON PROJECT					
E69/2177	STZ	17/10/2007	16/10/2012	32,000	Held by STZ and subject of a Joint Venture with Tortuga Limited
E69/2178	STZ	17/10/2007	16/10/2012	70,000	Held by STZ and subject of a Joint Venture with Tortuga Limited
E69/2179	STZ	17/10/2007	16/10/2012	70,000	Held by STZ and subject of a Joint Venture with Tortuga Limited
E69/2180	STZ	17/10/2007	16/10/2012	70,000	
E69/2181	STZ	17/10/2007	16/10/2012	51,000	Held by STZ and subject of a Joint Venture with Tortuga Limited
E69/1564	Urex Ltd	12/09/2001	11/09/2010	150,000	Held by Urex, a wholly owned subsidiary of STZ and subject to a Joint Venture with Tortuga Limited
EGERTON PROJECT					
E69/2174	STZ	17/10/2007	16/10/2012	70,000	Held by STZ and subject of a Joint Venture with Tortuga Limited
E69/2175	STZ	17/10/2007	16/10/2012	69,000	Held by STZ and subject of a Joint Venture with Tortuga Limited
E69/2176	STZ	17/10/2007	16/10/2012	50,000	Held by STZ and subject of a Joint Venture with Tortuga Limited
YANDEYARRA PROJECT (Subsequent to year end 30 June 2009 a contract for sale for all of the rights and entitlements under the Yandeyarra tenements has been agreed, subject to various ministerial and other party approvals).					
E47/1709	STZ	27/07/2007	26/07/2012	20,000	STZ 100%
E47/1710	STZ	27/07/2007	26/07/2012	15,000	STZ 100%
E47/1713	STZ	6/06/2006		0	Under application
E47/1714	STZ	6/06/2006		0	Under application
E47/1715	STZ	3/09/2007	2/09/2012	10,000	STZ 100%
E47/2168	STZ	27/10/09			Under application
M47/560	Chalice Gold Mines Limited	25/03/2003			ML application held by Chalice and STZ has alluvial rights.
M47/561	Chalice Gold Mines Limited	5/07/2006	4/07/2027	50,000	STZ has alluvial rights under the agreement to 3 metres.
STEERE PROJECT					
E74/383	STZ	15/05/2006			Application lodged. Covers flora and fauna reserve
E74/384	STZ	23/04/2007	22/04/2012	20000	Strzelecki Metals holds80% in its own right and 20% in trust for Pan Australia
PARAGON PROJECT					
EL 6190	The Colonial Copper Company Pty Ltd	4/02/2004	3/02/2011	45,000	STZ has a 50% interest in Colonial Copper
M6400	The Colonial Copper Company Pty Ltd	16/11/2003	15/11/2014	35,000	STZ has a 50% interest in Colonial Copper

CORPORATE GOVERNANCE STATEMENT

The Board of Strzelecki Metals Limited (Strzelecki) seeks to practice the highest ethical and commercial standards while executing its responsibilities in directing the business and affairs of the Company on behalf of its shareholders.

The Board of Strzelecki has considered the principles of good corporate governance and best practice recommendations as published by the ASX Corporate Governance Council (ASXCGC) in March 2003 and as revised in 2007. ASX Listing Rule 4.10.3 requires the Company to disclose the extent to which it follows or diverges from these best practice recommendations in its Annual Report.

This report discloses corporate governance practices Directors would like to highlight to stakeholders.

Additional information relating to corporate governance practices that the company has adopted can be found on the company's web site: www.strzeleckimetals.com.au.

The Role of the Board & Management

The company has formalised and disclosed the roles and responsibilities of the board and those delegated to senior management. The company does not currently have a Chief Executive Officer. However, the principle will apply upon the appointment of the CEO.

The Board of the company is responsible for the overall corporate governance of the Strzelecki Group, including its ethical behavior, strategic direction, establishing goals for management and monitoring the achievement of those goals with a view to optimising company performance and maximising shareholder value.

The role of management is to support the Chief Executive Officer and implement the running of the general operations and financial business of the company, in accordance with the delegated authority of the Board.

Full details of the matters reserved to the board and to senior management are available on the company's web site at www.strzeleckimetals.com.au.

Scheduled meetings of the Board are held at least eight times a year and the Board meets on other occasions to deal with matters that require attention between scheduled meetings. The responsibility for the operation and administration of the consolidated entity is delegated by the Board to the Chief Executive Officer.

The Board is responsible for:

- Setting the strategic direction of the company and establishing goals to ensure these strategic objectives are met;
- Appointing the Chief Executive Officer, setting objectives for the Chief Executive Officer and reviewing performance against those objectives, ensuring appropriate policies and procedures are in place for recruitment, training, remuneration and succession planning;
- Monitoring financial performance including approval of the annual and half-yearly financial reports and liaison with the company's auditors;
- Ensuring that risks facing the company and its controlled entities have been identified ensuring that appropriate and adequate controls, monitoring and reporting mechanisms are in place;
- Receiving detailed briefings from senior management on a regular basis during the year;
- Approving the Boards of Directors of subsidiary companies; and
- Ensuring the company complies with the law and conforms to the highest standards of financial and ethical behavior.

Strzelecki has obligations to its stakeholders to ensure the company is managed with appropriate due diligence and that all necessary processes are implemented to minimise risk and maximise business opportunities.

To this end, all commercial arrangements, capital expenditure, operational expenditure and other commitments are appropriately documented and have been authorised by either the Chief Executive Officer or the board as appropriate.

The composition of the Board is determined in accordance with the Company's constitution and the following principles and guidelines:

- The Board should comprise of at least three Directors with at least two Non-Executive Directors;
- The Board should comprise of Directors with an appropriate range of qualifications and expertise; and
- The Board should meet formally at least eight times per annum and informally on an as required basis with all Directors being made aware of, and having available, all necessary information, to participate in an informed discussion of all agenda items.

Directors in Office

At the date of this statement the following directors are considered independent by the Board:

Name	Position	Independent
Mr Peter Hunt	Chairman & Non-Executive Director	Yes
Mr John Santich	Non-Executive Director	No
Mr Stephen Evans	Non-Executive Director	Yes
Mr Simon O'Loughlin	Non-Executive Director	Yes

The skills, experience, expertise and tenure of each director are disclosed in the Directors' Report within this Annual Report.

Director Independence

The board considers three of Strzelecki's directors as independent under the guidelines.
In assessing the independence of directors, the board follows the ASX guidelines as set out:
An independent director is a non-executive director (i.e. is not a member of management) 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 other 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 another 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 perceived to, materially interfere with the director's ability to act in the best interests of the company.

Dr Santich is not considered to be independent because, either directly or indirectly through related parties, is a major shareholder in the company.

ASXCGC Recommendation 2.1 states that the majority of directors of the company should be independent. Strzelecki complies with that recommendation.

Through the Nominations Committee, which has met during the current financial year to consider appointments to management and the board, directors have considered the balance of skills and experience required of board members for the size and state of development of Strzelecki. The board believes that it has the right numbers and skill sets within its board members for the current size of the company, and is confident that each non-executive director brings independent judgement to bear on board decisions.

Where additional skills are considered necessary for specific purposes, access is made to independent professional advice at the expense of the company.

Chairman

The ASXCGC Recommendations recommend that the chairperson be independent. Mr Hunt is considered independent by the board under the guidelines as set out.

Appointment to the Board

The Board has appointed a Nomination Committee to identify and recommend potential director appointments. Where a casual vacancy arises during the year, the Committee has procedures to select the most suitable candidate with the appropriate experience and expertise to ensure a balanced and effective board. Any director appointed during the year to fill a casual vacancy or as an addition to the current board, holds office until the next Annual General Meeting and is then eligible for re-election by the shareholders.

A copy of the Nomination Committee's Charter is available on the company's web site at www.strzeleckimetals.com.au.

New directors receive a letter of appointment which sets out the terms of their appointment. On appointment, an induction program is available to directors that include one-on-one sessions with members of the senior management team.

Evaluation of Senior Executives

Senior executives, including the general manager or chief executive officer have a formal job description and letter of appointment describing their term of office, duties, rights, responsibilities and entitlements upon termination.

The performance of senior executives is reviewed annually before the budgets are approved for the next financial year. This process is a formal one with the executive's performance assessed against company, division and personal benchmarks. Benchmarks are agreed with the respective senior executives and reviews are based upon the degree of achievement against those benchmarks.

Induction procedures are in place to allow new senior executives to participate fully and actively in management decision-making. The induction program includes orientation of:

- The company's financial position, strategies, operations and risk management policies.
- The respective rights, duties, responsibilities and roles of the board and senior executives.

Ethical Business Practices

The Company has adopted a Code of Conduct to maintain confidence in the company's integrity, its legal obligations and the expectations of its stakeholders. The company is committed to being a socially responsible corporate citizen, using honest and fair business practices, to act in the best interests of clients so as to achieve the best outcome for shareholders.

The Board has procedures in place for reporting any matters that may give rise to unethical practices or conflicts between the interests of a director or senior executive and those of the company. These procedures are reviewed as required by the board. To this end, the company has adopted a Conflict of Interest Policy that clarifies the processes for directors and senior executives to determine and disclose when a conflict of interest exists.

The Code of Conduct is available on the company's web site at www.strzeleckimetals.com.au.

Shareholding and Trading

The Board encourages directors and senior executives to own shares in the company to further link their interests with the interests of all shareholders. Trading of shares by directors or senior executives is prohibited under certain circumstances and as described in the ASX Listing Rules and during certain periods of the financial year. A director or senior executive must not deal in the company shares at any time when he or she has unpublished information which, if generally available, might affect the share price. Directors are required to notify the Company Secretary following dealing.

The Trading Policy is available at the company's web site at www.strzeleckimetals.com.au.

Safeguard Integrity

The Board has established an Audit and Risk Management Committee comprised of the three non-executive directors. This committee operates under a charter to enable it to perform its role and responsibilities. The Charter is available at the company's web site at www.strzeleckimetals.com.au. Where considered appropriate, the company's external auditors and the company's management are invited to attend meetings. The members of the Audit and Risk Management Committee are:

Dr John Santich (Chair); Mr Peter Hunt; and Mr Stephen Evans.

The qualifications of members of the committee together with their attendances at committee meetings are disclosed in the Directors' Report within this Annual Report.

The role of the Audit and Risk Management Committee is to assist the board fulfill its responsibilities in relation to the identification of the areas of significant business risks and the monitoring of the following:

- Effective management of financial and other business risks;
- Reliable management reporting;
- Compliance with laws and regulations in respect to financial reporting;
- Maintenance of effective and efficient audits;
- Meeting with external auditors on a twice-yearly basis and informally as circumstances require; and

- Recommending to the board the appointment, rotation, removal and remuneration of the external auditors, and review their terms of engagement, and the scope and quality of the audit. Periodically, the Audit and Risk Management Committee reviews the appointment of the external audit engagement partners using a formal process of evaluation to determine the most appropriate level of skills and experience to suit the size and complexity of the company.

The Audit and Risk Management Committee provides the board with additional assurances regarding the reliability of financial information for inclusion in the financial statements. To that extent, the Company Secretary and the External Accountant are required to declare to the board that in their opinion the Financial Statements and notes to the Accounts within the Annual Report are in accordance with the Corporations Act 2001, comply with the Accounting Standards and the Corporations Regulations 2001 and give a true and fair view of the financial position of the company and are based upon a sound system of risk management and internal compliance and control prior to the signing of the Directors' Declaration in the Annual Report.

The committee is chaired by an independent chair who is not the chairman of the board.

Independent Advice

The Board recognises that in certain circumstances individual directors may need to seek independent professional advice, at the expense of the company. Any advice so received will be made available to other directors.

Timely and Balanced Disclosure

The board recognises the need to comply with ASX Listing Rule 3.1 concerning continuous disclosure.

At each meeting of directors, consideration is given as to whether notice of material information concerning the company, including its financial position, performance, ownership and governance has been made available to all investors.

The Continuous Disclosure Policy also requires senior executives in possession of disclosable information to comply with that policy.

The Continuous Disclosure Policy is available on the company's web site at www.strzeleckimetals.com.au.

Communication with Shareholders

The board aims to ensure that shareholders, on behalf of whom they act, are informed of all major developments affecting the company's activities and its state of affairs, including information necessary to assess the performance of the directors.

Communication with shareholders is achieved through the distribution of the following information:

- The Annual Report distributed to shareholders;
- The Half Yearly Report which is available on the company's web site;
- The Annual General Meeting and other meetings called to obtain shareholder approval for board action as appropriate. Shareholders are encouraged to attend and participate at the company's Annual General Meeting and other General Meetings;
- Letters to shareholders when considered to be appropriate and informative;
- Announcements to the Australian Securities Exchange; and
- Investor information through the Company's internet portal at www.strzeleckimetals.com.au.

The Company strives to ensure that company announcements via the ASX are made in a timely manner, are factual, do not omit material information and are expressed in a clear and objective manner.

The Communications Policy is available at the company's web site at www.strzeleckimetals.com.au.

Shareholders' Role

The shareholders of the Company are responsible for voting on the election of directors at the Annual General Meeting in accordance with the constitution.

All directors (other than a Chief Executive Officer) are subject to re-election by rotation, no later than every three years.

The Annual General Meeting also provides shareholders with the opportunity to express their views on matters concerning the company and to vote on other items of business for resolution by shareholders.
The company's auditor, Grant Thornton SA Partnership, make available a partner of the firm (Mr Justin Humphrey or other), to be in attendance at the Annual General Meeting and to be available to answer shareholder questions in relation to the audit.

Risk Management

The entire board is responsible for overseeing the risk management function. The company believes that it is crucial for all board members to be a part of the process and as such has established risk management as a component of the Audit and Risk Management Committee.

The board is responsible for ensuring the risks and opportunities are identified on a timely basis.

The board has a number of mechanisms in place to ensure the management's objectives and activities are aligned with the risks identified by the Committee. These include the following:

- Implementation of board approved operating plans and budgets;
- Board monitoring of progress against these budgets, including the monitoring of key performance indicators of both a financial and non financial nature; and
- The establishment of committees to report on specific risk as identified.

Internal Risk Management System Compliance

Management is accountable to the board to ensure that operating efficiency, effectiveness of risk management procedures, internal compliance control systems and controls and policies are all being monitored. Management has designed and implemented a risk management and internal control system to manage the company's material business risks and reports to the board at each meeting on the effective management of those risks. The company has developed a series of operational risks which the company believes to be inherent in the industry in which the company operates. These include:

- Changed operating, market or regulatory environments;
- Fluctuations in demand volumes;
- Fluctuations in exchange rates; and
- Increasing costs of operations.

These risk areas are provided here to assist investors better understand the nature of the significant risks faced by the company.

The board requires the External Accountant every half year to provide a statement confirming that a sound system of risk management and internal control is in place and that the system is operating effectively in all material respects in relation to financial risks. The board has received that assurance.

The Risk Management Policy is available at the company's web site at www.strzeleckimetals.com.au.

Monitoring Performance

The Board and senior management monitor the performance of all divisions through the preparation of monthly management accounts. The monthly management accounts are prepared using accrual accounting techniques and report each business unit's result as contribution after overhead allocation. These monthly management accounts are compared to monthly budgets, which have been set allowing for the seasonality of anticipated revenues and costs in each of the divisions.

The monitoring of the company's performance by the board and management assists in identifying the correct allocation of resources and staff to maximise the overall return to shareholders.

A performance evaluation for senior management was undertaken during the year and was in accordance with the process developed by the board for that purpose.

Details of the structure of non-executive directors' and senior executives' remuneration are included in the Remuneration Report within the Directors' Report in this Annual Report.

During the year the board undertook an informal performance review of the board, its committees and its directors, managed by the chair of the Remuneration Committee. The conclusions of the self assessment of the board's performance during the previous year and any recommendations for improvement which become apparent from that review are discussed by the board.

The performance evaluation was undertaken using the process disclosed above.

Nomination and Remuneration

Nomination Committee

The Board has a Nomination Committee comprising the four non-executive Directors, Mr Peter Hunt (Chairman), Dr John Santich Mr Stephen Evans and Mr Simon O'Loughlin. Their attendance at committee meetings is disclosed in the Directors' Report within this Annual Report.

The role of the Nomination Committee is to make recommendations to the board on the following matters:

- Determine the appropriate size and composition of the board;
- Determine the terms and conditions of appointment to and retirement from the board;
- Develop appropriate criteria for board membership;
- Reviewing membership of the board and proposing candidates for consideration by the board; and
- Arranging a review of the board's own performance.

The committee met during the year and considered that for the size of the company and the state of its development, the number of directors and their level of skills and experience were appropriate.

The Nomination Committee Charter is available at the company's web site at www.strzeleckimetals.com.au.

Remuneration Committee

The Board has a Remuneration Committee comprising the four non-executive Directors, Mr Peter Hunt (Chairman), Dr John Santich Mr Stephen Evans and Mr Simon O'Loughlin.

Details of the attendance of directors at committee meetings are disclosed in the Directors' Report in this Annual Report.

The role of the Remuneration Committee is to determine the company's remuneration plans, policies and practices, including compensation arrangements for the non-executive directors, executive directors, Chief Executive Officer and senior executives. It is also responsible for considering general remuneration policies and practices, recruitment and termination policies and superannuation requirements.

The company does not have a policy to preclude its executives from entering into transactions to limit their economic risk from investing in company shares, options or rights and has made executives aware of their obligations in relation to financial commitments against shares issued under the executive securities plan and has requested that they take sufficient professional advice in relation to their individual financial position.

The Remuneration Committee Charter is available at the company's web site at www.strzeleckimetals.com.au.

There are no retirement schemes or retirement benefits other than statutory benefits for non-executive directors.

DIRECTORS' REPORT

The directors of Strzelecki Metals Limited (the 'Company') present their report on the company and its controlled entities for the financial year ended 30 June 2010.

Directors

Directors in office during the year and to the date of this report are:

Mr Peter Hayden Hunt FCA
Non Executive Chairman
(Appointed a director on 9 November 2005; and chairman on 23 July 2008)
Peter Hunt is a partner of PKF Adelaide, Chartered Accountants. He is a member of the Audit Committee and a member of the Institute of Chartered Accountants in Australia. Peter is an experienced company director, having been a non-executive chairman of Intermin Resources Ltd for 20 years. Peter was appointed director of ASX listed Adelaide Energy Limited in February 2007 and continues to act as a non-executive director.

Dr John Santich BE M, EngSc, PhD, DipLaw, MSocSc
Non Executive Director
(Appointed a director on 13 June 2008)
John Santich is an engineer and lawyer with over four decades experience in mining geoscience and industry. He has been founder and director of a number of successful exploration companies including Marathon Resources Limited. He has also established companies in other technological areas, including bottled water, machine vibration analysis and renewable energy. John was an executive director of ASX listed Marathon Resources until his resignation on 30 June 2008.

Dr Wieslaw Bogacz MSc.Eng, PhD Eng
Non Executive Director
(Appointed a director on 13 June 2008; and resigned as a Director on 2 September 2010)
Wieslaw Bogacz is a highly qualified geologist and engineer with more than 30 years experience in successful ore body exploration and development in Australia and worldwide. He has an established reputation in the development of advanced interpretations of structural geological controls on mineralisation and in tectonic genesis of metalliferous deposits. He was co-founder and director of exploration company Marathon Resources Limited. Wieslaw was a director of ASX listed Marathon Resources until his resignation on 30 June 2008.

Mr Stephen Evans BA (Acc), FAICD
Non Executive Director
(Appointed a director on 2 September 2010)
Stephen Evans is the Managing Director of a leading Adelaide based accounting firm (RJC Evans & Co) which was established in 1920. Stephen has over 25 years experience in advising small, medium and large corporations in relation to tax, accounting, financial and business related matters. He is a member of the Taxation Institute of Australia, National Institute of Accountants and a fellow of the Institute of Company Directors. Stephen Evans is a Director and Non-Executive Chairman of Chesser Resources Limited, a Director of Panax Geothermal and Avenue Resources Limited. Stephen is a former Director of WCP Resources Limited, Innovance Limited and Newport Mining Limited, having resigned from these on 30 June 2009, 15 September 2010 and 22 June 2010 respectively.

Mr Simon O'Loughlin BA (Acc)
Non Executive Director
(Appointed a director on 2 September 2010)
Simon O'Loughlin is the founding member of O'Loughlin Lawyers, an Adelaide based medium sized specialist commercial law firm. For many years he has practised both in Sydney and Adelaide, in the corporate and commercial fields with, in more recent times, a particular focus on the resources sector. He also holds accounting qualifications. He is currently chairman of Bondi Mining Limited, Avenue Resources Ltd and Kagera Nickel Ltd; a director of Petratherm Limited, Probiomics Limited, Living Cell Technologies Limited, WCP Resources Limited, Aura Energy Limited; and Chesser Resources Ltd. He has extensive experience and involvement with companies in the small industrial and resource sectors. He is a former chairman of the Taxation Institute of Australia (SA Division) and Save the Children Fund (SA Division).

Mr Carl William Dorsch BSc, BEng, CEng, FIChemE
Non Executive Director
(Appointed as Executive Director on 9 March 2007; became a non executive director on 1 November 2008 and resigned as a Director on 2 September 2010)
Carl Dorsch is a Chartered Chemical Engineer with a career in oil, gas and other hardrock mining projects in Australia and Internationally. Over the last 8 years he secured the Australian hard rock interests in Strzelecki's exploration portfolio and helped in the acquisition of the Polish assets. Carl was appointed a director of ASX listed Adelaide Energy Limited in January 2006.

Mr Andrew Zemek MA (Hons) Ec
Executive Director
(Appointed a director on 15 September 2009, resigned 19 July 2010)
Andrew Zemek has over 30 years experience in the metals and mining sector ranging from copper and silver trading and hedging to concentrate trading, running exploration programs, fundraising (debt and equity) and research. Andrew qualified with M.A. (Hons) in Economics, Warsaw, Poland.
Andrew is fluent in Polish and is able to converse with Polish authorities and read Polish language historical reports without the need for translation. Andrew was a director and COO. of AIM-listed Angus & Ross PLC.

Director Independence

The board considers Chairman Peter Hunt and directors Stephen Evans and Simon O'Loughlin as independent as defined under the guidelines of the ASX Corporate Governance Council. Dr John Santich is not considered independent because he is a substantial shareholder either individually or through related parties of the individual.

Performance of Directors

In accordance with Principle 8(1) of the ASX Corporate Governance Principles and Recommendations (2nd Edition) the board is required to conduct a review of the performance of its directors and the board's function as a whole during the period. The evaluation of directors was undertaken in this year in accordance with the process established by the board, led by the chairman of the Remuneration and Nominations committee in June 2010.

Company Secretary

Mr Graham Allan Seppelt
(Appointed 9 November 2005)
Mr Seppelt is a Certified Practicing Accountant and has had extensive experience as a contract accountant and in corporate advisory roles. He is currently the company secretary for ASX listed BSA Limited, Austin Exploration Limited, Legend Corporation Limited, Mesbon China Nylon Limited and Uranium Exploration Australia Limited.

Directors' Meetings

The number of directors meetings and number of meetings attended by each of the directors of the company during the financial year are:

Director	**Director's Meetings**		**Audit Committee Meetings**		**Remuneration and Nomination Meetings**	
	A	**B**	**A**	**B**	**A**	**B**
Peter Hunt	11	11	2	2	1	1
Carl Dorsch	10	11	1	2	1	1
John Santich	11	11	2	2	1	1
Wieslaw Bogacz	10	11	2	2	1	1
Andrew Zemek*	5	10	-	-	-	-

A – Number of meetings attended
B – Number of meetings held during the time that the director held office during the year.
* Andrew Zemek was appointed on 15 September 2009

Principal Activities

The principal activities of the Consolidated Entity during the year consisted of the exploration for Molybdenum, Copper, Gold and other precious metals.

Operating Results

The net loss after income tax of the Consolidated Entity for the year ended 30 June 2010 was $20,725,932 (2009 $3,365,386). In the process of reviewing the carrying value of each of the company's tenements, directors reviewed the carrying value of the Myszków tenements in Poland and considered it appropriate that the carrying value should be reduced to the equivalent of the cash inputs made into the Myszków project by the company. The acquisition of Strzelecki Mining Pty Ltd in June 2008 was valued at $23,321,620. The resultant impairment from the directors' review is $18,841,356 and is the most significant contributor to the loss for the year ended 30 June 2010. It should be noted that this impairment is a non-cash expense.

Dividends Paid or Recommended

No dividends were paid or declared since the start of the year. No recommendation for payment of dividends has been made.

Review of Operations and Activities

Exploration

During 2009/2010 the company has reviewed its strategic direction and concentrated on the most significant areas of interest available to the company. In particular, the following activity has taken place during the year:

Myszków Activity:

- The company received the results of a Concept Study from Coffey Mining which, for the first time, looked in detail and confirmed the viability of mining of the deposit.
- Initiated its own metallurgical testing to assess recovery rates for the production of molybdenum, copper and tungsten concentrates from mining operations.
- Reassessed existing geophysical data dating from the 1980s has been completed; with digitisation and reinterpretation of the data with modern computerised technology.
- Applied for and received an extension to its Myszków concession and initiated a formal dialogue with the Local Government and Community on the future development of the Myszków deposit.
- Applied for tenements in the copper rich Kupferschieffer Basin, adjacent the giant Polish copper mines of KGHM Polska Miedz SA

Australian Activity:
Following Marathon's withdrawal from the Warburton Joint Venture in August 2009, Strzelecki has successfully negotiated a new Joint Venture agreement with Tortuga Advisors Ltd.

Significant Changes in State of Affairs

There have been no significant changes in the state of affairs of the company during the financial year.

Events Subsequent to Balance Date

Subsequent to balance date, the following events have occurred:

- Undertook a capital raising by way of a placement of 22,286,465 shares to raise $222,864;
- Undertook a capital raising by way of a fully underwritten non-renounceable rights issue of 180,000,000 shares to raise $1,800,000;
- Mr Andrew Zemek resigned from the Board of the Company. He will remain in a new executive capacity to assist in the joint venture or partial sale of the Myszków Project;
- Dr Vic Bogacz stepped down from the Board of the parent company upon the conclusion of the capital raising. He will remain Chairman of Polish subsidiary Slasko Krakowska Kompania Górnictwa Metali Sp. z o.o. and will focus his attention on the future of the Myszków Project. Dr Bogacz will also be available for professional advice in respect of future projects introduced to the Company;
- Mr Carl Dorsch retired as a director on conclusion of the Rights Issue;
- Mr Stephen Evans and Mr Simon O'Loughlin were appointed as directors on conclusion of the rights issue of shares;
- Borrowings of $500,000 were repaid by term deposit funds of $500,000

Future Developments

The likely future developments of the Consolidated Entity during the next financial year will involve the ongoing principal activity of mineral exploration both in Australia and Poland.

Environmental Regulation and Performance

The Consolidated Entity is subject to significant environmental regulations under Commonwealth, State and/or Territory laws. The company is also subject to similar laws in Poland. The Consolidated Entity has not been advised of any environmental breaches during the year.

REMUNERATION REPORT - AUDITED

This remuneration report details the nature and amount of remuneration for each key management person of the company, and for the executives receiving the highest remuneration.

Remuneration policy

The company's policy for determining the nature and amount of emoluments for board members and senior executives of the consolidated entity is as follows:

A. Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms to market practice for delivery of reward. The board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- Competitiveness and reasonableness;
- Acceptability to shareholders;
- Performance linkage / alignment of executive compensation;
- Transparency; and
- Capital management.

The Group has structured an executive remuneration framework that is market competitive and complimentary to the reward strategy of the organisation.

Alignment to shareholders' interests:

- Has the discovery and development of economic mineral deposits as a core objective;
- Focuses on sustained growth in shareholder wealth; and
- Attracts and retains high calibre executives.

Alignment to program participants' interests:

- Rewards capability and experience;
- Reflects competitive reward for contribution to growth in shareholder wealth;
- Provides a clear structure for earning rewards; and
- Provides recognition for contribution.

The Board has established a remuneration committee which provides advice on remuneration and incentive policies and practices and specific recommendations on remuneration packages and other terms of employment for executive directors, other senior executives and non-executive directors. The Corporate Governance Statement provides further information on the role of this committee.

- The remuneration policy, setting the terms and conditions for senior executives, was developed and approved by the board after seeking professional advice from independent external consultants.
- Senior executives receive a base salary (which is based on factors such as industry benchmarks and experience), superannuation, and may also receive shares or options.
- The remuneration committee reviews executive packages annually by reference to the consolidated entity's performance, available resources, executive performance and comparable information from industry sectors.

The performance of executives is measured against criteria agreed annually with each executive and is based predominantly on the forecast growth of the consolidated entity's shareholders' value. The board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the committee's recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

The non-executive directors and all executives receive a superannuation guarantee contribution required by the government and do not receive any other retirement benefits. Individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to directors and executives is valued at the cost to the company and expensed. Shares issued 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 and expensed in accordance with the vesting conditions.

The board policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The remuneration committee determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. 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. 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 and have been granted options.

Non-executive directors do not participate in any retirement benefits other than statutory benefits for non-executive Directors. Termination payments may be made to non-executive directors as determined on a case by case basis as and when circumstances dictate.

B. Details of remuneration

Details of the remuneration of the directors, the key management personnel of the Group (as defined in AASB 124 Related Party Disclosures) and specified executives of the company and the Group are set out in the following tables.

Group Key Management Personnel	Position held at 30 June 2010 and any changes during the year	Contract Details (Duration & Termination)	Proportions of elements of remuneration not related to performance
Peter Hunt	Chairman. Non-executive	3 year term on rotation	100%
Carl Dorsch	Executive director until 1 November 2008. Non-executive director from 2 November 2008.	3 year term on rotation	100%
John Santich	Non-executive director	3 year term on rotation	100%
Wieslaw Bogacz	Non-executive director	3 year term on rotation	100%
Don Triggs	General Manager up until 31 March 2009. Consultant from 1 April 2009.	No fixed term	100%
Graham Seppelt	Company Secretary	No fixed term	100%

	Short-term benefits	Post employment	Equity-settled share-based payments	
2010	**Salary, Fees and Commissions Paid**	**Superannuation Contributions**	**Options**	**Total**
Name	$	$	$	$
Directors				
Peter Hunt	60,000	-	-	60,000
Carl Dorsch	50,000	-	-	50,000
John Santich	-	50,000	-	50,000
Wieslaw Bogacz	50,000	-	-	50,000
Andrew Zemek	173,333	-	528	173,861
Stephen Evans *	-	-	-	-
Simon O'Loughlin **	-	-	-	-
Key Management Personnel				
Don Triggs***	129,838	-	-	129,838
Graham Seppelt ****	-	-	-	-
Total Key Management	**463,171**	**50,000**	**528**	**513,699**

* Stephen Evans was appointed as a Director on 2 September 2010

** Simon O'Loughlin was appointed as a Director on 2 September 2010

*** Don Triggs acts as a consultant in the form of a contractor

**** Graham Seppelt is Company Secretary and is remunerated as part of service agreements during the year with GS Corporate Services. Service fees paid to 30 June 2010 were $46,912 (2009: $43,643)

	Short-term benefits	**Post employment**	**Equity-settled share-based payments**	
2009	**Salary, Fees and Commissions Paid**	**Superannuation Contributions**	**Options**	**Total**
Name	$	$	$	$
Directors				
Peter Hunt	60,000	-	-	60,000
Carl Dorsch	53,333	-	-	53,333
John Santich	50,000	-	127,335	177,335
Wieslaw Bogacz	50,000	-	127,335	177,335
Key Management Personnel				
Don Triggs	183,378	-	-	183,378
Gerard Kaczmarek *(from 8 October 2008 to 16 February 2009)*	78,846	-	568	79,414
Graham Seppelt *	-	-	-	-
Total Key Management	**475,557**	**-**	**255,238**	**730,795**

* Graham Seppelt is Company Secretary and is remunerated as part of service agreements during the year with GS Corporate Services. Service fees paid to 30 June 2009 were $46,643.

The Company's Constitution specifies that the total amount of remuneration of non executive directors shall be fixed from time to time by a general meeting. The current maximum aggregate remuneration of non executive directors has been set at $500,000 per annum. Directors may apportion any amount up to this maximum amount amongst the non executive directors as they determine. Directors are also entitled to be paid reasonable travelling, accommodation and other expenses incurred in performing their duties as directors

C. Share-based Compensation

Options

Options over shares in Strzelecki Metals Limited were granted to Andrew Zemek on 30 July 2009 as an incentive to reach certain milestones for the company.

The terms and conditions of each grant of options affecting remuneration in the current and future reporting periods are as follows:

Grant Date	Date vested and exercisable	Expiry Date	Exercise Price	Value per option at grant date
30 July 2009	23 July 2009	23 July 2011	$0.10	$0.00026

Options granted carry no dividend or voting rights.

The exercise price and exercise period applicable to any options to be offered under the Option Plan will, at or before the time of issuing an invitation to eligible employees to subscribe for options, be determined by the Board in its absolute discretion.

Directors of Strzelecki Metals Limited	Number of options granted during the year		Number of options vested during the year		Number of options lapsed during the year	
Name	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
John Santich	-	-	-	-	5,000,000	-
Wieslaw Bogacz	-	-	-	-	5,000,000	-
Andrew Zemek	2,000,000	-	2,000,000	-	-	-

The assessed fair value at grant date of options granted to the individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above. Fair values at grant date are determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, 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.

Shares provided on exercise of remuneration options

No options were exercised during the year ended 30 June 2010.

D. Directors Interests in Shares and Options

The information on directors' interests in shares and options is set out in Note 5 of the financial statements.

RETIREMENT, ELECTION AND CONTINUATION IN OFFICE OF DIRECTORS

Directors are subject to retirement by rotation and election by shareholders at a general meeting. No director other than a Managing Director may remain on the Board for more than three years without re-election. Where a director is appointed during the year, the director will hold office until the next Annual General Meeting and then be eligible for election.

INDEMNIFYING OFFICERS

The Company has entered into Deeds of Indemnity with each of the Directors and Company Secretary and has taken out Directors and Officers Insurance (D&O) on behalf of each of the Directors and Company Secretary.

No liability has arisen under this indemnity as at the date of this report.

OPTIONS

As at the date of this report, the unissued ordinary shares of Strzelecki Metals Limited under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Option
11 November 2005	11 November 2010	$0.20	6,250,000
13 June 2008	27 February 2011	$0.275	46,720,036
16 January 2009	16 January 2012	$0.25	1,000,000
16 January 2009	31 December 2010	$0.25	1,000,000
30 July 2009	23 July 2012	$0.10	2,000,000
17 February 2010	17 February 2013	$0.10	2,250,000

All options are unlisted.

No ordinary shares of Strzelecki Metals Limited were issued on the exercise of options during the reporting year. No further shares have been issued since that date. No amounts are unpaid on any of the shares.

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened on behalf of the company with leave of the court under section 237 of the Corporations Act 2001.

AUDITOR

Grant Thornton South Australian Partnership continues in office in accordance with section 327 of the Corporations Act 2001.

NON AUDIT SERVICES

The company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company and/or group are important.

There was no provision of non-audit services by the auditor during the financial year.

AUDITORS INDEPENDENCE DECLARATION

The lead auditors' independence declaration for the year ended 30 June 2010 as required under section 307c of the Corporations Act 2001 has been received and can be found on page 22 of this report.

Dated at Adelaide this 30th day of September 2010.

Signed in accordance with a resolution of the directors

Peter Hunt	John Santich
Director	Director

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AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF STRZELECKI METALS LIMITED

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Strzelecki Metals Limited for the year ended 30 June 2010, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON
South Australian Partnership
Chartered Accountants

J L Humphrey
Partner

Adelaide, 30 September 2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010

	Note	Consolidated Group 2010	2009
		$	$
Revenue and Other Income from Continuing Operations	2	108,778	293,476
Expenses			
Employee benefits expense		(422,197)	(781,906)
Accounting audit & secretarial fees		(195,796)	(100,616)
Consultant's expenses		(78,794)	(179,981)
Depreciation and amortisation expense		(89,772)	(308,191)
Impairment of mineral tenements		(18,885,103)	(1,215,175)
Impairment of plant and equipment		-	(371,839)
Loss on Sale of Tenement		(123,733)	-
Finance costs		(63,133)	(51,644)
Materials and energy		(34,703)	-
Other expenses	3	(1,291,522)	(649,510)
(Loss) before income tax expense from continuing operations		(21,075,975)	(3,365,386)
Income tax (expense)/refund	4	350,043	-
(Loss) from continuing operations		(20,725,932)	(3,365,386)
(Loss) for the year		(20,725,932)	(3,365,386)
Other comprehensive income			
Exchange differences on translating foreign operations		145,590	(746,702)
Total comprehensive income for the year, net of tax		(20,580,342)	(4,112,088)
Total comprehensive income attributable to members of the parent entity		(20,580,342)	(4,112,088)
Earnings per share			
Basic earnings per share (cents per share)	7	(13.6)	(2.5)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010

	Note	Consolidated Group 2010 $	Consolidated Group 2009 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	600,670	1,505,424
Trade and other receivables	9	442,086	70,663
Other current assets	10	24,223	224,867
TOTAL CURRENT ASSETS		1,066,979	1,800,954
NON-CURRENT ASSETS			
Property, plant and equipment	11	671,741	1,054,883
Exploration and evaluation expenditure	12	9,601,793	28,208,020
TOTAL NON-CURRENT ASSETS		10,273,534	29,262,903
TOTAL ASSETS		11,340,513	31,063,857
CURRENT LIABILITIES			
Trade and other payables	13	182,964	343,341
Borrowings	15	510,460	597,393
Short-term provisions	14	24,676	44,002
TOTAL CURRENT LIABILITIES		718,100	984,736
NON-CURRENT LIABILITIES			
Borrowings	15	22,642	28,944
Long-term provisions	14	312	1,957
TOTAL NON-CURRENT LIABILITIES		22,954	30,901
TOTAL LIABILITIES		741,054	1,015,637
NET ASSETS		10,599,459	30,048,220
EQUITY			
Issued share capital	17	34,789,939	33,677,455
Reserves	16	2,669,422	2,504,735
Retained earnings		(26,859,902)	(6,133,970)
TOTAL EQUITY		10,599,459	30,048,220

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010

	Note	Issued Share Capital $	Share-based Payments Reserve $	Share Option Reserve $	Currency Translation Reserve $	Retained Earnings $	Total $
Balance at 1 July 2008		33,677,590	2,253,078	743,120	-	(2,768,584)	33,905,205
Issues during the year	17	-	-	-	-	-	-
Options reserve on recognition of the bonus element of options		-	255,238	-	-	-	255,238
Profit /(loss) attributable to members of the company		-	-	-	-	(3,365,386)	(3,365,386)
Foreign currency translation		-	-	-	(746,702)	-	(746,702)
Transaction costs (net of tax)		(135)	-	-	-	-	(135)
Balance at 30 June 2009		33,677,455	2,508,316	743,120	(746,702)	(6,133,970)	30,048,220
Issues during the year	17	1,154,000	-	-	-	-	1,154,000
Options reserve on recognition of the bonus element of options		-	19,097	-	-	-	19,097
Profit /(loss) attributable to members of the company		-	-	-	-	(20,725,932)	(20,725,932)
Foreign currency translation		-	-	-	145,590	-	145,590
Transaction costs (net of tax)		(41,516)	-	-	-	-	(41,516)
Balance at 30 June 2010		34,789,939	2,527,413	743,120	(601,112)	(26,859,902)	10,599,459

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2010

	Note	Consolidated Group 2010 $	Consolidated Group 2009 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		41,941	131,939
Interest received		69,391	198,987
Interest paid		(63,133)	(51,330)
Payments to suppliers and employees		(1,665,475)	(1,396,794)
Net cash used in operating activities	20	(1,617,276)	(1,117,198)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from the sale of plant and equipment		199,837	10,000
Purchase of property, plant and equipment		(17,410)	(838,550)
Payments for exploration activities - net of joint venture recoveries		(489,154)	(3,696,557)
Net cash used in investing activities		(306,727)	(4,525,107)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		1,154,000	-
Proceeds from borrowings		-	540,329
Repayment of Lease		(93,235)	-
Repayment of borrowings		-	(275,255)
Payments for the cost of capital raisings		(41,516)	(135)
Net cash provided by financing activities		1,019,249	264,939
Net (decrease) increase in cash held		(904,754)	(5,377,366)
Cash and cash equivalents at beginning of financial year		1,505,424	6,882,790
Cash and cash equivalents at end of financial year	8	600,670	1,505,424

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

The principal accounting policies adopted in the preparation of these consolidated financial statements are listed below. The financial report relate to the consolidated entity comprising Strzelecki Metals Limited and its controlled entities. Separate financial statements of Strzelecki Metals Limited as a separate parent entity are no longer presented as a consequence of a change to the *Corporations Act 2001*. However, limited financial information for the parent entity is disclosed in Note 27. It has been prepared on the same basis as the consolidated financial statements, as listed below. Strzelecki Metals Limited is a listed public company, incorporated and domiciled in Australia.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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 and the *Corporations Act 2001.*

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 Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

a. Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Strzelecki Metals Limited at the end of the reporting period. A controlled entity is any entity over which Strzelecki Metals Limited has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the consolidated group during the year, the financial performance of those entities are included only for the period of the year they were controlled. A list of controlled entities is contained in Note 19 to the financial statements. All controlled entities have a June financial year end.

All inter-company balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

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 consolidated Statement of Financial Position and Statement of 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.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Strzelecki Metals Limited.

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.

The purchase method of accounting is used to account for all business combinations including business combinations involving businesses or entities under common control, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange. Where equity instruments are issued in an acquisition, the fair value of the equity instruments is their published market price as at the date of exchange unless, in rare circumstances it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in business combinations are initially measured at their fair values at acquisition date irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the group's share of the fair value of the net assets acquired, the difference is recognised in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of the cash consideration is deferred, the amounts payable in future are discounted to present value at the date of exchange using the entity's incremental borrowing rate as the discount rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

b. Income Tax

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 are substantially enacted, as at end of the reporting period. 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 (income) 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 recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit.

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 the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred income tax assets relating to temporary differences and unused tax losses are recognised to the extent that it is probable that future tax profit will be available against which the benefits of the deferred tax asset can be utilised.
The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Consolidated Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

c. Trade Receivables

Trade receivables and other receivables are carried at amounts due less any provision for specific doubtful debts.

d. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses

Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the statement of comprehensive income. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of comprehensive income and depreciation based on the asset's original cost is transferred from the revaluation surplus to retained earnings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment

Plant and equipment are measured on the cost basis.

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 net expected cash flows have been discounted to their present values in determining recoverable amounts.

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 if comprehensive income during the financial period in which they are incurred

Depreciation

Items of property, plant and equipment, excluding freehold land, are depreciated over their estimated useful lives ranging from 3 to 40 years to write off the net cost of each asset during its expected useful life to the consolidated group commencing from the time that the asset is held ready for use. The diminishing value method of depreciation is used.

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use.

The assets residual values and useful lives are reviewed and adjusted if appropriate at each balance sheet date. 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 are determined by comparing proceeds received with the asset's carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

e. Exploration and Development Expenditure

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.

f. Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to entities in the consolidated group, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Leases are classified as operating leases where the lessor retains substantially all of the risks and benefits of ownership. Minimum lease payments are charged against profits over the accounting periods covered by the lease terms except where an alternative basis would be more representative of the pattern of benefits to be derived from the leased assets.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

g. Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For the 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).

Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are originally recognised at fair value and transaction costs are expensed in profit or loss.

Classification and subsequent measurement

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

a. the amount at which the financial asset or financial liability is measured at initial recognition;

b. less principal amounts;

c. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and

d. less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly 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 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) Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit-taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a Group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Assets in this category are classified as current assets.

(ii) 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 subsequently measured at amortised cost using the effective interest method.

Loans and receivables are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in the statement of financial position.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group has the positive intention and ability to hold-to-maturity. They are subsequently measured at amortised cost using the effective interest method.

Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

If during the period the Group sold or reclassified more than an insignificant amount of held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

(iv) 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.

Available-for-sale financial assets comprise principally marketable equity securities, and are classified as non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term. Such assets are subsequently carried at fair value.

Fair value

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.

Impairment

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments classified as available-for-sale are not reversed through the statement of comprehensive income.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires 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 either 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.

h. 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. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of 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.

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

i. Interests in Joint Ventures

The consolidated group's share of the assets, liabilities, revenue and expenses of joint venture operations are included in the appropriate items of the consolidated financial statements. Details of the consolidated group's interests are shown at Note 19 (b).

The consolidated group's interests in joint venture entities are brought to account using the equity method of accounting in the consolidated financial statements.

When the Group contributes assets to the joint venture or if the Group purchases assets from the joint venture, only the portion of the gain or loss that is not attributable to the Group's share of the joint venture shall be recognised. The Group however will recognise the full amount of any loss when the contribution results in a reduction in the net realisable value or current assets or an impairment loss.

j. Foreign Currency Transactions and Balances

Functional and presentation currency

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

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of comprehensive income.

Group companies

The financial results and position of foreign subsidiaries 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 date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

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 comprehensive income in the period in which the operation is disposed.

k. Employee Benefits

Provision is made for the company's liability for employee benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

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 one year are measured as the present value of the estimated future cash outflows to be made for those benefits. Those cash flows are discounted using market yields on national government bonds with terms to maturity which match the expected timing of cash flows.

Equity-settled compensation

The Group operates equity-settled share-based payment employee option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase in an equity account. The fair value of options is determined using a Black-Scholes option pricing model which incorporates all vesting conditions. In determining fair value, no account is taken of any performance conditions other than those related to market conditions. The cumulative expense recognised between grant date and vesting date is adjusted to reflect the directors' best estimate of the number of options that will ultimately vest because of internal conditions of the options, such as the employees having to remain with the company until vesting date, or such that employees are required to meet internal sales targets. No expense is recognised for options that do not ultimately vest because internal conditions were not met. An expense is still recognised for options that do not ultimately vest because a market condition was not met.

l. 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 three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

m. Revenue and Other Income

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

n. Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period which remains unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of liability.

o. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

p. Contributed Equity

Ordinary share capital is recognised at the fair value of the consideration received. Any transaction costs arising on the issue of shares are recognised (net of tax) directly in equity as a reduction in the share proceeds received.

q. 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.

r. Comparative Figures

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

When the Group applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period will be disclosed.

s. Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments 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.

Key Estimates

(i) *Impairment*

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Key judgments

(i*) Exploration and Evaluation*

The Group's policy for exploration and evaluation is discussed at Note 1(e). The application of this policy requires management to make certain estimates and assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised exploration and evaluation expenditure, management concludes that the capitalised expenditure is unlikely to be recovered by future sales or exploitation, then the relevant capitalised amount will be written off through the statement of comprehensive income statement.

t. Adoption of New and Revised Accounting Standards

During the current year, the Group adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of Strzelecki Metals Limited.

AASB 8: Operating Segments

In February 2007 the Australian Accounting Standards Board issued AASB 8 which replaced AASB 114: Segment Reporting. As a result, some of the required operating segment disclosures have changed with the addition of a possible impact on the impairment testing of goodwill allocated to the cash generating units (CGUs) of the entity. Below is an overview of the key changes and the impact on the Group's financial statements.

Measurement impact

Identification and measurement of segments – AASB 8 requires the 'management approach' to the identification measurement and disclosure of operating segments. The 'management approach' requires that operating segments be identified on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker, for the purpose of allocating resources and assessing performance. This could also include the identification of operating segments which sell primarily or exclusively to other internal operating segments. Under AASB 114, segments were identified by business and geographical areas, and only segments deriving revenue from external sources were considered.

The adoption of the 'management approach' to segment reporting has resulted in the identification of reportable segments largely consistent with the prior year.

Under AASB 8, operating segments are determined based on management reports using the 'management approach', whereas under AASB 114 financial results of such segments were recognised and measured in accordance with Australian Accounting Standards. This has resulted in changes to the presentation of segment results, with inter-segment sales and expenses such as depreciation and impairment now being reported for each segment rather than in aggregate for total group operations, as this is how they are reviewed by the chief operating decision maker.

AASB 101: Presentation of Financial Statements

In September 2007 the Australian Accounting Standards Board revised AASB 101 and as a result, there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the Group's financial statements.
Disclosure impact

Terminology changes – The revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

Reporting changes in equity – The revised AASB 101 requires all changes in equity arising from transactions with owners, in their capacity as owners, to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required that owner changes in equity and other comprehensive income be presented in the statement of changes in equity.

Statement of comprehensive income – The revised AASB 101 requires all income and expenses to be presented in either one statement, the statement of comprehensive income, or two statements, a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.
The Group's financial statements now contain a statement of comprehensive income.

Other comprehensive income – The revised version of AASB 101 introduces the concept of 'other comprehensive income' which comprises of income and expenses that are not recognised in profit and loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. Entities are required to disclose the income tax relating to each component of other comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

u. New Accounting Standards for Application in Future Periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Group follows:

- AASB 9: Financial Instruments and AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (applicable for annual reporting periods commencing on or after 1 January 2013).

These standards are applicable retrospectively and amend the classification and measurement of financial assets. The Group has not yet determined the potential impact on the financial statements.

The 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; and
- reclassifying financial assets 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.

- AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011).

This standard removes the requirement for government related entities to disclose details of all transactions with the government and other government-related entities and clarifies the definition of a related party to remove inconsistencies and simplify the structure of the standard. No changes are expected to materially affect the Group.

- AASB 2009-4: Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 &16] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2009-5: Further Amendments to Australian Accounting Standards arising from Annual Improvements Project [AASB 5, 8,101, 107, 117, 118, 136 and 139] (applicable for annual reporting periods commencing from 1 January 2010).

These standards detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the Group.
- AASB 2009-8: Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions [AASB 2] (applicable for annual reporting periods commencing on or after 1 January 2010).

These amendments clarify the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share-based payment transaction. The amendments incorporate the requirements previously included in Interpretation 8 and Interpretation 11 and as a consequence, these two Interpretations are superseded by the amendments. These amendments are not expected to impact the Group.

- AASB 2009-9: Amendments to Australian Accounting Standards – Additional Exemptions for First-time Adopters [AASB 1] (applicable for annual reporting periods commencing on or after 1 January 2010).

These amendments specify requirements for entities using the full cost method in place of the retrospective application of Australian Accounting Standards for oil and gases assets, and exempt entities with existing leasing contracts from reassessing the classification of those contracts in accordance with Interpretation 4 when the application of their previous accounting policies would have given the same outcome. These amendments are not expected to impact the Group.

- AASB 2009-10: Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132] (applicable for annual reporting periods commencing on or after 1 February 2010).

These amendments clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. These amendments are not expected to impact the Group.

- AASB 2009-12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039, & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

This standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the IASB. The standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. These amendments are not expected to impact the Group.

- AASB 2009-13: Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1] (applicable for annual reporting periods commencing on or after 1 July 2010).

This standard makes amendments to AASB 1 arising from the issue of Interpretation 19. The amendments allow a first-time adopter to apply the transitional provisions in Interpretation 19. This standard is not expected to impact the Group.

- AASB 2009-14: Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement [AASB Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2011).

This standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan.

- AASB Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments (applicable for annual reporting periods commencing on or after 1 July 2010).

This interpretation deals with how a debtor would account for the extinguishment of a liability through the issue of equity instruments. The Interpretation states that the issue of equity should be treated as the consideration paid to extinguish the liability, and the equity instruments issued should be recognised at their fair value unless fair value cannot be measured reliably in which case they shall be measured at the fair value of the liability extinguished. The Interpretation deals with situations where either partial or full settlement of the liability has occurred. This Interpretation is not expected to impact the Group.

The Group does not anticipate the early adoption of any of the above Australian Accounting Standards.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTE 2: REVENUE	Consolidated Group	
	2010	2009
	$	$
Operating activities		
- labour & equipment hire	39,387	94,361
- interest received from other parties	69,391	199,115
Total Revenue	108,778	293,476

NOTE 3: LOSS FOR THE YEAR

Loss from ordinary activities before income tax has been determined after:

	2010	2009
Impairment expense		
- Property, plant and equipment	-	371,839
- Mineral tenements	18,885,103	1,215,175
- Depreciation expense	89,772	308,191
Other Expenses:		
Administration	268,990	108,365
Insurances	16,109	18,421
Legal Fees	32,976	20,254
Listing and Compliance fees	65,561	39,432
Materials and energy	34,703	104,543
Occupancy costs	64,706	108,365
Other expenses	678,298	205,517
Travel and marketing	130,179	44,613
	1,291,522	649,510

NOTE 4: INCOME TAX EXPENSE

	Consolidated Group	
	2010	**2009**
(a) The components of income tax expense comprise:	**$**	**$**
Current Tax - Research and Development Concession	(350,043)	-
	(350,043)	-
(b) The prima facie tax benefit on loss from ordinary activities is reconciled to the income tax as follows:		
Net Loss	(21,075,975)	(3,365,386)
Prima facie tax benefit on loss from ordinary activities before income tax at 30%	(6,322,793)	(1,009,616)
Add/(less) the tax effect of:		
- Capital raising costs deductible	(80,787)	(80,916)
- Immediate write off of tenement expenditure	(174,047)	(304,449)
- Impairment expense	5,702,651	476,104
- Other temporary differences	34,304	65,085
- Other non deductible items	112,120	110,505
- Difference in foreign corporate tax rate	115,446	77,098
	(613,106)	(666,189)
Tax effect of tax losses not brought to account as they do not meet the recognition criteria	613,106	666,189
Research and Development Concession	(350,043)	-
Income tax benefit attributable to operating loss	(350,043)	-
Total income tax losses and temporary differences for which no deferred tax asset has been recognised		
Net temporary difference		
- Opening balance	(1,330,774)	(968,833)
- Movements for the year	307,831	(320,280)
Under/(over) statement in prior year	30,161	(41,661)
Closing balance	(992,782)	(1,330,774)
Tax losses		
- Opening balance	2,516,162	1,788,758
- Movement for the year	613,106	666,189
- Under/(over) statement in prior year	(282,523)	61,215
- Closing balance	2,846,745	2,516,162
Total	1,853,963	1,185,388

NOTE 5: INTERESTS OF 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 June 2010. The totals of remuneration paid to KMP of the company and the group during the year are as follows:

	2010	2009
Short term employee benefits	463,171	475,557
Post employment benefits	50,000	-
Share-based payments	528	255,238
	513,699	730,795

KMP Options and Rights Holdings

Number of Options held by each KMP of the Group During the Year

2010	Balance 01/07/09	Options exercised	Received as remuneration	Net change other*	Balance at end of year	Vested during the year	Vested and exercisable	Vested and un-exercisable
Mr Peter Hunt	798,000	-	-	-	798,000	-	798,000	-
Mr Carl Dorsch	4,500,000	-	-	-	4,500,000	-	4,500,000	-
Dr John Santich	23,688,013	-	-	(5,000,000)	18,688,013	-	18,688,013	-
Dr Wieslaw Bogacz	23,688,013	-	-	(5,000,000)	18,688,013	-	18,688,013	-
Andrew Zemek	-	-	2,000,000	-	2,000,000	2,000,000	2,000,000	-
Mr Don Triggs	-	-	-	-	-	-	-	-
Mr Graham Seppelt	-	-	-	-	-	-	-	-
Total	52,674,026	-	2,000,000	(10,000,000)	44,674,026	2,000,000	44,674,026	-

* Net change other refers to options which lapsed during the year

2009	Balance 01/07/08	Options exercised	Received as remuneration	Net change other	Balance at end of year	Vested during the year	Vested and exercisable	Vested and un-exercisable
Mr Peter Hunt	798,000	-	-	-	798,000	-	798,000	-
Mr Carl Dorsch	4,500,000	-	-	-	4,500,000	-	4,500,000	-
Dr John Santich	23,688,013	-	-	-	23,688,013	-	18,688,013	5,000,000
Dr Wieslaw Bogacz	23,688,013	-	-	-	23,688,013	-	18,688,013	5,000,000
Mr Gerard Kaczmarek	-	-	1,000,000	-	1,000,000	1,000,000	1,000,000	-
Mr Don Triggs	-	-	-	-	-	-	-	-
Mr Graham Seppelt	-	-	-	-	-	-	-	-
Total	52,674,026	-	1,000,000	-	53,674,026	1,000,000	43,674,026	10,000,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

KMP Shareholdings

The number of ordinary shares in Strzelecki Metals Limited held by each KMP of the group during the financial year is as follows:

2010	Balance 30/06/09	Net Change Other*	Balance 30/06/10
Mr Peter Hunt	60,000	76,923	136,923
Mr Carl Dorsch	10,462,744	653,846	11,116,590
Dr John Santich	19,735,017	76,923	19,811,940
Dr Wieslaw Bogacz	19,735,018	76,923	19,811,941
Mr Andrew Zemek	-	-	-
Mr Don Triggs	200,000	-	200,000
Mr Graham Seppelt	-	-	-
Total	50,192,779	884,615	51,077,394

2009	Balance 30/06/08	Net Change Other*	Balance 30/06/09
Mr Peter Hunt	60,000	-	60,000
Mr Carl Dorsch	10,462,744	-	10,462,744
Dr John Santich	19,735,017	-	19,735,017
Dr Wieslaw Bogacz	19,735,018	-	19,735,018
Mr Gerard Kaczmarek	-	-	-
Mr Don Triggs	-	200,000	200,000
Mr Graham Seppelt	-	-	-
Total	49,992,779	200,000	50,192,779

* Net Change Other refers to shares purchased or sold during the financial year.

NOTE 6: AUDITORS' REMUNERATION

	Consolidated Group 2010 $	2009 $
Remuneration of the auditor of the parent entity for:		
- auditing or reviewing the financial report	18,000	22,000
- Audit or review services provided by related practice of auditor	9,500	9,500
	27,500	31,500

No non audit services were provided during the year

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTE 7: EARNINGS PER SHARE	Consolidated Group 2010	2009
	$	$
Net profit/ (loss) attributed to ordinary equity holders	(20,725,932)	(3,365,386)
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	152,611,497	136,175,090
Basic earnings per share	(13.6)	(2.5)

NOTE 8: CASH AND CASH EQUIVALENTS

Cash at bank and in hand	35,017	931,924
Short term bank deposits	565,653	573,500
	600,670	1,505,424

The effective interest rate on short-term bank deposits was 4.6% (2009 (2.5%). These deposits are at call. In addition, $500,000 of the term deposits act as security for a bank loan utilised for the purchase of a property in Poland.

NOTE 9: TRADE AND OTHER RECEIVABLES

Trade receivables	442,086	70,663
	442,086	70,663

No receivables are noted as past due but not impaired

NOTE 10: OTHER CURRENT ASSETS

Prepayments	3,530	8,143
Other debtors	20,693	216,724
	24,223	224,867

NOTE 11: PROPERTY, PLANT AND EQUIPMENT

Land and Buildings

Land and buildings at cost	604,875	604,875
Currency Translation Differences	(58,541)	-
Accumulated depreciation	(22,498)	(9,141)
Total land and buildings	523,836	595,734

Plant and Equipment

Plant and equipment at Cost	742,536	1,451,514
Currency Translation Differences	(8,593)	-
Accumulated depreciation	(586,038)	(620,526)
Provision for impairment	-	(371,839)
Total Plant and Equipment	147,905	459,149
Total property, plant and equipment	671,741	1,054,883

a. Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year

Consolidated Group

	Land	Buildings	Motor Vehicles	Plant and Equipment	Total
	$	$	$	$	$
Balance at 1 July 2009	230,102	365,632	81,546	377,603	1,054,883
Additions	-	-	-	17,410	17,410
Currency translation differences	(22,611)	(35,930)	(4,704)	(3,889)	(67,134)
Disposals	-	-	-	(243,645)	(243,645)
Depreciation	-	(13,357)	(22,436)	(53,980)	(89,773)
Carrying amount at 30 June 2010	207,491	316,345	54,406	93,499	671,741

NOTE 12: EXPLORATION AND EVALUATION COSTS

	Consolidated Group 2010	Consolidated Group 2009
	$	$
Exploration Expenditure Capitalised		
Amounts capitalised	30,541,588	30,262,712
Accumulated Impairment of Exploration expenditure	(20,939,795)	(2,054,692)
Total exploration and evaluation costs	9,601,793	28,208,020

a. Movements in Carrying Amounts

Movement in the carrying amounts for exploration and evaluation costs during the current financial year

	2010	2009
Balance at 1 July 2009	28,208,020	26,335,347
Additions - net of joint venture recoveries	612,509	2,499,139
Disposals	(123,354)	-
Translation differences	(210,279)	588,709
Provision for impairment *	(18,885,103)	(1,215,175)
Carrying amount at 30 June 2010	9,601,793	28,208,020

* Includes $18,841,356 impairment of Myszków tenements in Poland

NOTE 13: TRADE AND OTHER PAYABLES

	2010	2009
CURRENT		
Trade payables	41,961	314,017
Sundry payables and accrued expenses	141,003	29,324
	182,964	343,341

NOTE 14: PROVISIONS FOR EMPLOYEE ENTITLEMENTS

Analysis of Total Provisions

	Consolidated Group 2010 $	2009 $
Current	24,676	44,002
Non-current	312	1,957
	24,988	45,959

	Short-term Employee Benefits $	Long-term Employee Benefits $
Opening balance – 1 July 2009	44,002	1,957
Additional provisions	28,351	447
Amounts used	(47,677)	(2,092)
Balance at 30 June 2010	24,676	312

Note 15: BORROWINGS

	Consolidated Group 2010 $	2009 $
Hire purchase liability	33,102	126,337
Bank loan	500,000	500,000
	533,102	626,337
a. Hire Purchase Commitments		
- current hire purchase liability	10,460	97,393
- non-current hire purchase liability	22,642	28,944
	33,102	126,337
b. Hire Purchase Commitments		
Payable - minimum mortgage payments		
- not later than twelve months	12,869	81,457
- between twelve months and two years	23,480	12,012
- greater than two years	-	41,041
Minimum payments	36,349	134,510
Less future finance charges	(3,247)	(8,173)
Present value of minimum payments	33,102	126,337

The hire purchase liabilities relate to motor vehicles. Mortgage payments are paid monthly in advance.

c. Bank loan

The bank loan is secured by a term deposit included in cash assets.

NOTE 16: RESERVES

		2010	2009
Share based payments reserve	(i)	2,527,414	2,508,317
Share option reserve	(ii)	743,119	743,119
Foreign currency translation reserve	(iii)	(601,111)	(746,701)
		2,669,422	2,504,735

i) The share based payment reserve represents the fair value of share options issued in return for goods and services.

ii) The share options reserve represents the proceeds paid by option holders to acquire options over ordinary shares.

iii) The translation reserve reflects translation differences on the translation of foreign subsidiaries to the reporting currency.

NOTE 17: ISSUED SHARE CAPITAL

(157,713,535 [2009: 136,175,090] fully paid ordinary shares)

	Consolidated Group	
	2010	2009
	$	$
a. Ordinary shares		
At the beginning of reporting period	33,677,455	33,677,590
Shares issued during the year		
Shares issued 09 September 2009	820,000	-
Shares issued 17 November 2009	334,000	-
	34,831,455	33,677,590
Less: Cost of capital raising (net of tax)	(41,516)	(135)
At the end of the reporting period	34,789,939	33,677,455

	No.	No.
At the beginning of reporting period	136,175,090	136,175,090
Shares issued during the year		
Shares issued 09 September 2009	16,400,000	-
Shares issued 17 November 2009	5,138,445	-
At the end of the reporting period	157,713,535	136,175,090

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

	Consolidated Group	
	2010	2009
b. Options	No.	No.
At the beginning of reporting period	105,440,072	103,440,072
Options issued during the year:		
16 January 2009 (unlisted)	-	2,000,000
31 July 2009 (unlisted)	2,000,000	-
11 December 2009 (unlisted)	500,000	-
1 March 2010 (unlisted)	2,250,000	-
Options exercised during the year:		
Options lapsed during the year:		
1 March 2010 (unlisted performance)	(10,000,000)	-
14 March 2010 (unlisted)	(1,000,000)	-
At the end of the reporting period	99,190,072	105,440,072

c. Capital management

Management controls the capital of the group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure the group continues as a going concern.

The group's debt and capital includes ordinary share capital, share options and hire purchase liabilities.

There are no externally imposed capital requirements. Management effectively manages the group's capital by assessing the financial risks and adjusting the capital structure in response to those risks. These responses include share issues.

NOTE: 18 OPERATING SEGMENTS

Segment Information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of geographical location since the diversification of the Group's operations has notable different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless otherwise stated, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Inter-segment transactions

Inter-segment loans payable and receivable are initially recognised at the consideration received net of transaction costs.
Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment.

Comparative Information

This is the first reporting period in which AASB 8: Operating Segments has been adopted. Comparative information has been restated to conform to the requirements of the Standard.

(i) Segment Performance

2010	**Australia**	**Poland**	**Total**
	$	**$**	**$**
Total segment revenue	471,058	75,747	546,805
Inter-segment elimination			(438,027)
Total group revenue			108,778
Segment net loss before tax	(835,028)	(19,890,904)	(20,725,932)

2009	**Australia**	**Poland**	**Total**
	$	**$**	**$**
Total segment revenue	593,828	2,027	595,855
Inter-segment elimination			(302,379)
Total group revenue			293,476
Segment net loss before tax	(2,631,527)	(734,019)	(3,365,546)

(ii) Segment assets

2010	**Australia**	**Poland**	**Total**
	$	**$**	**$**
Segment assets	26,984,043	2,684,472	29,668,515
Inter-segment eliminations			(18,328,002)
Total group assets from continuing operations			11,340,513
Segment asset increases for the year:			
capital expenditure	12,287	5,123	17,410
exploration expenditure	392,519	219,990	612,509
	404,806	225,113	629,919

2009	**Australia**	**Poland**	**Total**
	$	**$**	**$**
Segment assets	7,454,168	23,609,689	31,063,857
Inter-segment eliminations			-
Total group assets from continuing operations			31,063,857
Segment asset increases for the year:			
capital expenditure	97,173	576,528	673,701
exploration expenditure	920,609	1,578,530	2,499,139
	1,017,782	2,155,058	3,172,840

(iii) Segment liabilities

2010	**Australia**	**Poland**	**Total**
	$	**$**	**$**
Segment liabilities	4,428,748	5,788,857	10,217,605
Inter-segment eliminations			(9,476,551)
Total group liabilities from continuing operations			741,054

2009	**Australia**	**Poland**	**Total**
	$	**$**	**$**
Segment liabilities	772,336	243,301	1,015,637
Inter-segment eliminations			-
Total group liabilities from continuing operations			1,015,637

NOTE 19: CONTROLLED ENTITIES

a. Controlled Entities:

	Country of Incorporation	**Percentage Owned**	
		2010	**2009**
Parent Entity:			
Strzelecki Metals Limited	Australia		
Subsidiaries of Strzelecki Metals Limited:			
Urex Ltd	Australia	100	100
Strzelecki Mining Pty Ltd	Australia	100	100
Subsidiaries of Strzelecki Mining Pty Ltd			
Slasko Krakowska Kompania Gornictwa Metali Spz o.o. (SKKGM)	Poland	100	100

b. Joint Venture Entities:

Strzelecki Metals Limited has a 50% interest in a joint venture entity - The Colonial Copper Company Pty Ltd.

	Consolidated Group 2010 $	2009 $
(i) Carrying Value of investments in joint venture entity:		
Balance at the beginning of the year	-	-
Additional investments during the period	-	-
Provision for impairment	-	-
Balance at the end of the financial year	-	-

NOTE 20: CASH FLOW INFORMATION

a. Reconciliation of Cash Flow from Operations with Loss from Ordinary Activities after Income Tax

	2010	2009
Loss from ordinary activities after income tax	(20,725,932)	(3,365,386)
Non-cash flows in profit from ordinary activities		
Depreciation	89,772	308,191
Share based payment	19,097	255,328
Loss on Sale of Tenement	123,733	-
Loss on disposal of assets	11,731	13,037
Changes in assets and liabilities, net of subsidiaries acquired:		
(Increase)/decrease in trade receivables	(352,597)	14,054
(Increase)/decrease in other assets	204,174	61,190
Increase/(decrease) in trade payables and accruals	(160,377)	3,576
Increase/(decrease) in impairment provisions	18,885,103	1,586,924
Increase/(decrease) in provisions	(20,971)	5,888
Net amounts included in financing and investing activities	308,991	-
Cash flow from operations	(1,617,276)	(1,117,198)

NOTE 21: FINANCIAL INSTRUMENTS

a. Financial Risk Management Policies

The group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, loans to and from subsidiaries and hire purchase liabilities.

The main purpose of non-derivative financial instruments is to raise finance for group operations.

i. Treasury Risk Management

The board meets on a regular basis and analyses financial risk exposure and evaluates treasury management strategies in the context of the most recent economic conditions and forecasts. The board's overall risk management strategy seeks to assist the consolidated group in meeting its financial targets whilst minimising potential adverse effects on financial performance. Risk management is reviewed by the board on a regular basis and includes review of the group's cash flow requirements.

ii. Financial Risk Exposures and Management

The main risks the group is exposed to through its financial instruments are foreign currency risk, liquidity risk and credit risk.

Foreign currency risk

The group is exposed to fluctuations in foreign currencies arising from the activities in currencies other than the group's measurement currency.

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 liquidity risk by monitoring forecast cash flows. Management prepares and monitors cash flow forecasts and reports on a regular basis to the board.

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balanced date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets as disclosed in the statement of financial position and notes to the accounts.

There are no material amounts of collateral held as security at 30 June 2010.

The Group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Group.

b. Financial instrument composition and maturity analysis

The tables below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the balance sheet.

Consolidated Group	Weighted Average Effective Interest Rate		Floating Interest Rate		Non-interest Bearing		Total	
	2010	2009	2010 $	2009 $	2010 $	2009 $	2010 $	2009 $
Financial Assets:								
Cash and cash equivalents	4.6	2.5	600,670	1,505,424	-	-	600,670	1,505,424
Receivables	0.0	0.0	-	-	442,086	70,663	442,086	70,663
Total Financial Assets			600,670	1,505,424	442,086	70,663	1,042,756	1,576,087
Financial Liabilities:								
Bank loans	7.5	7.5	500,000	500,000	-	-	500,000	500,000
Trade and sundry payables	0.0	0.0	-	-	182,964	343,341	182,964	343,341
Hire purchases	8.0	8.0	33,102	126,337	-	-	33,102	126,337
Total Financial Liabilities			533,102	626,337	182,964	343,341	716,066	969,678

c. Net Fair Values

The net fair value of cash and cash equivalent and non- interest bearing monetary financial assets and financial liabilities of the consolidated entity approximate their carrying value.

The net fair value of other monetary financial assets and financial liabilities is based on discounting future cash flows by the current interest rates for assets and liabilities with similar risk profiles. The balances are not materially different from those disclosed in the statement of financial position of the consolidated entity.

No financial assets and financial liabilities are readily traded on organised markets in standardised form.

Financial assets, where the carrying value exceeds net fair values have not been written down as the consolidated group intends to hold these assets to maturity.

d. Sensitivity Analysis

The following tables illustrate sensitivities to the Group's exposures to changes in interest rates and exchange rates. The tables indicate the impact on how profit and equity values reported at balance date 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

At 30 June 2010, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant, would be as follows:

	Consolidated Group	
	2010	**2009**
	$	**$**
Change in profit		
Increase in interest rate by 2%	1,388	30,108
Decrease in interest rate by 2%	(1,388)	(30,108)
Change in equity		
Increase in interest rate by 2%	1,388	30,108
Decrease in interest rate by 2%	(1,388)	(30,108)

Foreign currency sensitivity

At 30 June 2010, the effect on profit and equity as a result of changes in the value of the Australian Dollar (AUD) to the Polish Zloty (PLN), with all other variables remaining constant, would be as follows:

Change in profit		
Improvement in AUD to PLN by 10%	(104,950)	(712,214)
Decline in AUD to PLN by 10%	104,951	712,214
Change in equity		
Improvement in AUD to PLN by 10%	(104,950)	(712,214)
Decline in AUD to PLN by 10%	104,951	712,214

NOTE 22: SHARE BASED PAYMENTS

The following share based payment arrangements existed at 30 June 20010.

On 11 November 2005, 5,250,000 share options were granted to directors to accept ordinary shares at an exercise price of $0.20. The options are exercisable after 11 November 2007 but before 11 November 2010. The options hold no voting or dividend rights. At balance date, no share option has been exercised.

On 13 June 2008, 49,337,545 shares were granted to parties related to Drs J Santich and W Bogacz as part of the consideration for the acquisition of Strzelecki Mining Pty Ltd. The fair value of the shares issued was $21,136,258.

On 13 June 2008, 23,360,018 options were granted to parties related to each of Drs J Santich and W Bogacz as part consideration for the acquisition of Strzelecki Mining Pty Ltd by the company. The options are exercisable before 27 February 2011. The fair value of the options issued was $2,146,958.

On 16 January 2009 1,000,000 options were granted to Mr Gerard Kaczmarek at an exercise price of $0.25. The options are exercisable until 15 October 2010. The fair value of the options issued was $568.

On 16 January 2009 1,000,000 options were granted to a broker at an exercise price of $0.25. The options are exercisable until 31 December 2010. The fair value of the options issued was $221.

On 31 July 2009 2,000,000 options were granted to Mr Andrew Zemek at an exercise price of $0.10. The options are exercisable until 23 July 2012. The fair value of the options issued was $528.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

On 11 December 2009 500,000 options were granted to a broker at an exercise price of $0.25. The options are exercisable until 31 December 2010. The fair value of the options issued was $20.

On 1 March 2010 2,250,000 options were granted to employees at an exercise price of $0.10. The options are exercisable until 1 March 2013. The fair value of the options issued was $18,000.

All options granted to key management personnel are ordinary shares in Strzelecki Metals Limited, which confer a right of one ordinary share for every option held.

	Consolidated Group			
	2010		2009	
	Number of Options	Weighted Average exercise Price cents	Number of Options	Weighted Average exercise Price cents
Options outstanding at 1 July 2009	105,440,072	25.32	103,440,072	25.32
Granted	4,750,000	11.58	2,000,000	25.00
Forfeited	-	-	-	-
Exercised	-	-	-	-
Expired	(11,000,000)	11.58	-	-
Options outstanding at 30 June 2010	99,190,072	23.24	105,440,072	25.32
Options exercisable at 30 June 2010	99,190,072	23.24	95,440,072	23.75

The options outstanding at 30 June 2010 had a weighted average exercise price of $0.2324 and a weighted average remaining contractual life of 0.78 years. The exercise price in respect of options outstanding at 30 June 2010 was $0.2320

The assessed fair value at grant date of options issued is determined using the Black Scholes option pricing model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free rate of return for the term of the option.

The price was calculated by using a Black-Scholes option pricing model applying the following inputs:

Consideration	Nil
Life	1 to 3 years
Share price at grant date	$0.03 - $0.07
Expected volatility	80% - 119%
Expected dividend yield	0%
Risk free interest rate	3.42% - 5.40%

The life of the options is based on the historical exercise patterns which may not eventuate in the future.

Included under employee benefits expense in the income statement is $18,528 (2009: $255,238) and relates, in full, to the equity-settled share-based payment transactions

NOTE 23: EVENTS AFTER THE BALANCE SHEET DATE

The following events have occurred since the balance sheet date.
On 26 July 2010, 22,286,465 shares were issued to raise $222,864.
On 28 July 2010, 180,000,000 shares were issued to raise $1,800,000.
On 26 August 2010 a $500,000 loan was repaid by term deposit funds
On 17 August 2010, 39,470,036 listed options expired.
On 2 September 2010, pursuant to the rights issue announced on 26 July 2010, Messrs Carl Dorsch and Wieslaw Bogacz retired as directors of Strzelecki Metals Limited, and Messrs Stephen Evans and Simon O'Loughlin were appointed in their stead.

NOTE 24: RELATED PARTY TRANSACTIONS

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

1) Directors and specified executives

Disclosures relating to key management personnel are set out in Note 5.

2) Transactions with Director-related Entities

During the year, the entity used the services of PKF Chartered Accountants for taxation services at a cost of $26,267. Mr Peter Hunt is a partner of PKF Chartered Accountants.

During the year, the entity leased office space from Dorsch Engineering Pty Ltd at a cost of $36,258 at normal commercial rates. Mr Carl Dorsch is a Director of Dorsch Engineering Pty Ltd.

During the year, the entity used the services of Archon Pty Ltd at a cost of $50,400. Dr Santich is a Director of Archon Pty Ltd.

Following approval the approval of shareholders, the entity sold it's interest in the Yandeyarra tenement, alluvial plant and associated assets to Farno-McMahon Pty Ltd for $225,000. Mr Carl Dorsch is a Director of Farno-McMahon Pty Ltd.

During the year, the entity used the services of Archon Resource Technologies Pty Ltd at a cost of $21,0145. Vic Bogacz is a Director of Archon Resource Technologies Pty Ltd.

3) Transactions with wholly owned subsidiaries

All transactions within the group are eliminated in full. Interest is charged at commercial rates on intercompany loans.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTE 25: CAPITAL COMMITMENTS RELATING TO JOINT VENTURES AND TENEMENTS

The company is required to meet minimum expenditure and requirements of various Government bodies.

These obligations may be subject to re-negotiation, may be farmed out or may be relinquished and have not been provided for in the financial statements.

	Consolidated Group	
	2010	2009
	$	$
Payables		
- due within one year	20,000	312,000
- due within 1 – 2 years	-	203,000

A significant portion of minimum expenditure if to be borne by the joint venture partners.

NOTE 26: OPERATING COMMITMENTS

The company has a lease for occupancy of its current principle place of business until November 2010. Committed expenditure in 2010/2011 is $13,312.

NOTE 27: PARENT ENTITY INFORMATION

	Parent Entity	
	2010	2009
	$	$
Statement of financial position		
Total current assets	1,089,153	1,557,107
Total non current assets	11,211,335	30,703,347
Total assets	**12,300,488**	**32,260,454**
Total current liabilities	201,988	741,436
Total non current liabilities	522,952	1,470,798
Total liabilities	**724,940**	**2,212,234**
Share capital	34,789,938	33,677,455
Reserves	3,270,533	3,251,436
Accumulated losses	(26,484,923)	(6,880,671)
Total Equity	**11,575,548**	**30,048,220**
Statement of comprehensive income		
Loss for the year	(19,604,253)	(4,112,088)
Total comprehensive income	(19,604,253)	(4,112,088)

	Parent Entity	
Commitments and contingencies	2010	2009
	$	$
Payables		
- due within one year	20,000	312,000
- due within 1 – 2 years	-	203,000

The Directors are not aware of any contingent liabilities that may affect the company.

DIRECTORS' DECLARATION

The directors of the company declare that:

1) The financial statements and notes, as set out on pages 23 to 55 are in accordance with the *Corporations Act 2001;* and**:**
   a) comply with Accounting Standards and the *Corporations Regulations 2001*; and
   b) give a true and fair view of the financial position as at 30 June 2010 and of the performance for the year ended on that date of the company and consolidated group;
2) 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;
3) The directors have been given the declarations by the Executive Director and Company Secretary required by Sec 295(a) of the *Corporations Act 2001* which declare 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 the 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.
4) These financial statements also comply with International Financial Reporting Standards as discussed in Note 1.

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

Peter Hunt	John Santich
Director	Director

Dated this 30th day of September 2010

Grant Thornton

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF STRZELECKI METALS LIMITED

Report on the financial report

We have audited the accompanying financial report of Strzelecki Metals Limited (the "Company"), which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes to the financial report 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 in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. The directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures 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 which require us to 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.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF STRZELECKI METALS LIMITED Cont

Auditor's responsibility Cont

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.

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

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 Strzelecki Metals Limited 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 2010 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2010. 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.

GrantThornton

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF STRZELECKI METALS LIMITED Cont

Auditor's opinion on the remuneration report

In our opinion, the Remuneration Report of Strzelecki Metals Limited for the year ended 30 June 2010, complies with section 300A of the Corporations Act 2001.

GRANT THORNTON
South Australian Partnership
Chartered Accountants

J L Humphrey
Partner

Adelaide, 30 September 2010

SHAREHOLDER INFORMATION

Additional Information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below.

a) Shareholdings as at 21 September 2010

Substantial shareholders

The following were substantial shareholders as at 21 September 2010:

Name	Number of fully paid ordinary shares held	% held
Archon Resource Technologies Pty Ltd	25,000,000	6.95
Archon Pty Ltd	24,811,940	6.89

Voting Rights

Fully paid ordinary shares
Subject to any rights or restrictions attached to any class of shares, at a meeting of members, on a show of hands, each member present (in person, by proxy, attorney or representative) has one vote and on a poll, each member present (in person, by proxy, attorney or representative) has one vote for each fully paid share they hold.

Distribution of equity security holders

Category	Holders of Ordinary Shares	% of Issued Capital
1 – 1000	46	0.00
1,001 – 5,000	38	0.07
5,001 – 10,000	120	0.63
10,001 – 100,000	386	9.92
100,001 – and over	208	89.38
Total number of security holders	798	100.00

Unmarketable Parcels

	Minimum Parcel Size	Number of Holders	Units
Ordinary Shares	$500.00 at $0.0130 /unit	340	5,073,680

b) Option holdings as at 21 September 2010

Quoted Securities

Options over Issued Shares

There were no quoted options on issue.

Unquoted Securities

Options over Unissued shares

A total of 59,720,036 options are on issue. 38,126,026 options are on issue to three directors. 21,594,010 options are on issue to 42 other holders.

SHAREHOLDER INFORMATION

Twenty largest shareholders – ordinary shares as at 21 September 2010

Name	Number of fully paid ordinary shares held	% held
Taycol Nominees Pty Ltd	27,438,681	7.62
Archon Pty Ltd	19,811,940	5.50
Archon Resource Technologies Pty Ltd	17,200,000	4.78
Symington Pty Ltd	10,100,000	2.81
Dorsch Consultants Pty Ltd	8,177,369	2.27
Mr Wieslaw Bogacz & Ms Halina Bogacz	7,800,000	2.17
Foresight Pty Ltd	7,528,840	2.09
Mr M A Whiting & Mrs T A Whiting	7,200,000	2.00
Stephen Peter Marinoff	6,359,782	1.77
Calama Holdings Pty Ltd	5,714,310	1.59
J P Morgan Nominees Australia Limited	5,142,411	1.43
Celtic Capital Pty Ltd	5,080,830	1.41
Mitchell Grass Holdings Pty Ltd	5,080,830	1.41
Sheoak Runner Pty Ltd	5,000,000	1.39
National Nominees Limited	4,240,895	1.18
Corporate Property Services Pty Ltd	4,200,000	1.17
Mrs C E Whiting	4,168,929	1.16
Fred Drake & Sons Pty Ltd	4,000,000	1.11
Mr P A Whiting & Mrs J M Whiting	3,920,000	1.09
AMH Custodian Pty Ltd	3,760,391	1.04
TOTAL	**161,925,208**	**44.99**

On market buy-back

There is no current on-market buy back.

Twenty largest option holders – Unquoted ordinary options

The names of the 20 largest holders of unquoted ordinary options constituting a class of quoted equity securities on the Australian Securities Exchange including the number and percentage held by those at 21 September 2010 are as follows:

Name	Reference	Number of unlisted options held	% held
Archon Pty Ltd	(a)	18,688,013	29.68
Archon Resource Technologies Pty Ltd	(a)	18,688,013	29.68
Carl Dorsch	(b)	2,000,000	3.18
Andrew Zemek	(c)	2,000,000	3.18
Taylor Collison Limited	(b)	1,500,000	2.38
Roderic Hollingswoth	(b)	1,000,000	1.59
Peter Hunt	(b)	750,000	1.19
Mark Deuter	(b)	750,000	1.19
David Lindh	(b)	750,000	1.19
Robert McLean	(a)	622,934	0.99
Peter Watson	(a)	622,934	0.99
Bernard Booth and Sharyn Booth	(a)	622,934	0.99
FennyBently Pty Ltd	(a)	622,934	0.99
Joseph Przbylko	(a)	622,934	0.99
Mark Wachnik and Margaret Wachnik	(a)	622,934	0.99
Stefan Dorsch	(d)	450,000	0.75
Gardera Pty Ltd	(a)	311,467	0.49
Mr G Bilton	(a)	311,467	0.49
Mr Mieczyslaw Ciezkowski	(a)	311,467	0.49
FMS Pty Ltd	(a)	311,467	0.49
TOTAL		**51,559,498**	**81.91**

(a) Options are exercisable at $0.275 per option on or before 27 February 2011

(b) Options exercisable at $0.20 per option on or before 11 November 2010

(c) Options exercisable at $0.10 per option on or before 23 July 2012

(d) Options exercisable at $0.10 per option on or before 1 March 2013

CORPORATE DIRECTORY

DIRECTORS
Mr. P H Hunt (Non-executive Chairman)
Dr J Santich (Non-executive Director)
Mr S Evans (Non-executive Director)
Mr S O'Loughlin (Non-executive Director)

COMPANY SECRETARY
Mr G A Seppelt

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AUDITORS
Grant Thornton South Australian Partnership
Chartered Accountants
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AUSTRALIAN SECURITIES EXCHANGE
The company is listed on the Australian Securities Exchange Limited.
The home exchange is Adelaide.

ASX Codes:
Shares: STZ