

**STRZELECKI METALS LTD (STZ)**  
**ASX RELEASE****Friday, 28 October 2011****The Manager**  
**Companies Announcements Office**  
**Australian Securities Exchange**  
**Electronic Lodgement****QUARTERLY ACTIVITY REPORT (3 MONTHS TO 30/09/2011)****REVIEW OF OPERATIONS****Summary**

During the quarter the company accelerated its search for one or more new mineral projects as it continued to overview activities of its partners working on its Polish assets and in the West Musgrave region of Western Australia.

Strzelecki's Polish asset is a 45% share in the Polish company Slasko-Krakowska Kompania Gornictwa Metali Sp. z.o.o. (SKKGM) which holds mineral concession 5/2006/p over the Myszkow project in southern Poland and mineral concessions 48/2010/p and 6/2011/p in the Kupferschiefer basin in south west Poland. SKKGM is the subject of an earn-in by Electrum Strategic Metals Eastern Europe SA which holds 55% and can earn up to 75% of the company.

The West Musgrave joint venture between Strzelecki Metals and Tortuga Advisors Ltd covers over 600 sq km of the West Musgrave Province on Ngaanjabatjarra traditional land in Western Australia, with another 300 sq km under application. Under the joint venture Tortuga (manager of the Joint Venture) can earn up to 80% interest in the tenements (15% already earned) by expenditure on exploration over the central Australian tenements within five years.

**Polish Assets - SKKGM**

During the quarter SKKGM continued the development of its exploration program at Myszkow and in the Kupferschiefer basin in Poland, Figure 1. The principal objective is to advance the Myszkow project with drilling to further confirm the earlier results at Myszkow and to establish the mineralisation pattern in the kupferschiefer concessions.



Figure 1: Poland in Central Europe with Myszkow location

### ***Myszkow Concession***

The Myszkow molybdenum-copper deposit covers an area of 211 square kilometres, Figure 2. The current focus is on improved understanding of the distribution of mineralisation and metal grades at Myszkow. Better definition of high-grade zones may lead to improvement of the grade and size of the deposit.

At Myszkow approval is expected shortly from the Polish Mining Department for the Drilling Operational Plan. Once the plan is formally approved the drill crew will enter the site, with drilling to commence two weeks later, expected to be mid to late November. Permits for land lease and access to the drill site are already in place for the first hole.

The drilling contractor is prepared for the timetable with mobilization in the first two weeks of November and drilling commencing in the second half of the month. There are still some steps remaining in the permitting process but it is expected that drilling will commence in mid to late November.

A water well is currently in the process of being drilled at Myszkow.

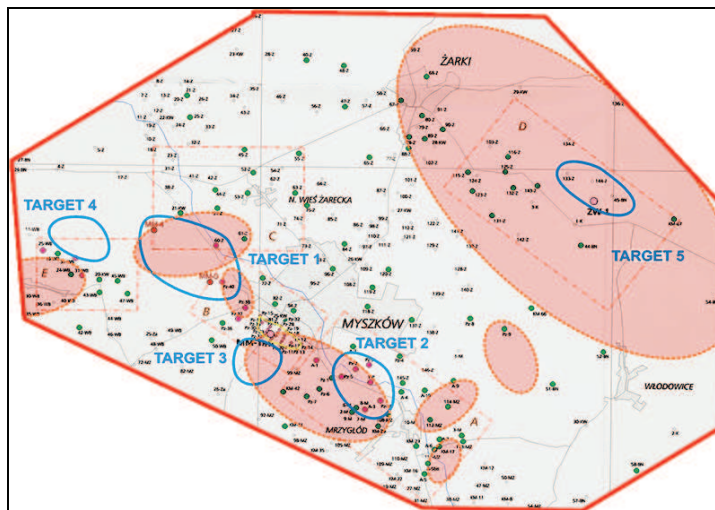


Figure 2: Myszkow Concession in southern Poland

### ***Kupferschiefer Concessions***

The Kupferschiefer concessions with planned drilling are shown in Figure 3. The first hole planned for concession 48/2010/p is drill hole B-1 (changed from the initially planned I-1 because of easier access) on this concession. The permitting process required for drilling in this location is complete, and the drill crew is on site mobilizing. Drilling of this early stage exploration hole is expected to commence before the end of the month.

Drill hole B-1 will be drilled to approximately 400m depth with the last 50m or so being the target depth where coring will occur. It is estimated that hole completion will be in mid to late December with assay results a few weeks later.

The second drill hole, N-1, is planned for concession 6/2011/p. This concession was in dispute but the Polish Ministry of Environment has, after reassessing its original decision to grant the concession to SKKGM, confirmed that decision. The permitting process to commence drilling hole N-1 has therefore been initiated and the Drilling Operational Plan lodged. The Mining Department has four weeks to approve the plan following which the drill crew can enter the site and begin preparatory works. Drilling can commence two weeks later, with a target depth of 685m with the bottom section cored.

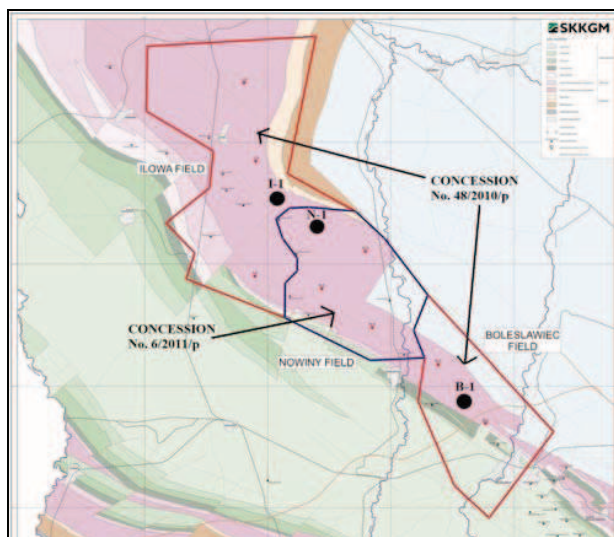


Figure 3: Concessions 48/2010/p and 6/2011/p

### West Musgrave Project, Western Australia

The Western Musgrave Project comprises eight exploration licenses covering a total area over 600 square kilometres, with another 300 sq km under application. The tenements, listed in the table below and located as shown in Figure 4, are prospective for gold, nickel and copper.

Tenement Number	Area (km <sup>2</sup> ), current	Blocks, current	Grant Date	Expiry Date
E69/2174	98	35	17-10-07	16-10-12
E69/2175	97	34	17-10-07	16-10-12
E69/2176	70	25	17-10-07	16-10-12
E69/2177	45	16	17-10-07	16-10-12
E69/2178	98	35	17-10-07	16-10-12
E69/2179	98	35	17-10-07	16-10-12
E69/2180	98	35	17-10-07	16-10-12
E69/2181	72	26	17-10-07	16-10-12
E69/2997	17	6	Application	
E69/2998	66	24	Application	
E69/2999	188	68	Application	

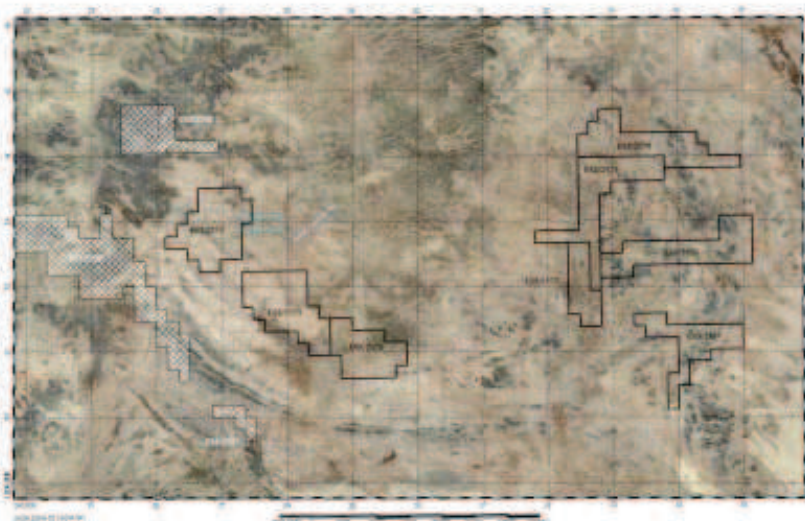


Figure 4: West Musgrave Tenements in Western Australia

During the quarter the soil sampling program was continued over both the eastern and western tenement groups, in order to infill and extend previous anomalous results, and to characterise structural and geophysical target areas not previously covered. A total of 957 sample locations were collected over 127 line kilometres. Results for approximately one third of the samples have been received to date. A number of previously defined anomalous areas have been confirmed, and a number of new geochemical target areas have been defined.

In the Nundull prospect area, on E69/2176, previous reconnaissance sampling indicated the presence of anomalous gold values over a broad area of the upper Bentley Group sequence. Further sampling has confirmed elevated Au and Ag over a strike of at least 4 km. Field investigation has confirmed the presence of strong epithermal quartz veining with comb textures in this strongly fractured area. Outcropping individual veins up to 2m in width, plus significant micro-fracturing has been observed in a variety of host rocks.

In the Barrow Range prospect area, on E69/2181, low levels of anomalous gold and copper are associated with major north-east trending faults which form prominent landscape feature in the area. Much of the region is shallowly covered by sand and much of the first pass sampling may be ineffective. Structural features in this area trend south-west along strike towards the Handpump gold mineralisation of Beadell Resources Ltd.

Soil coverage over the tenements is now extensive and results are informing the next phase of exploration, the program for which will be finalised once all the outstanding results are received. Coverage to date is shown in Figure 5.

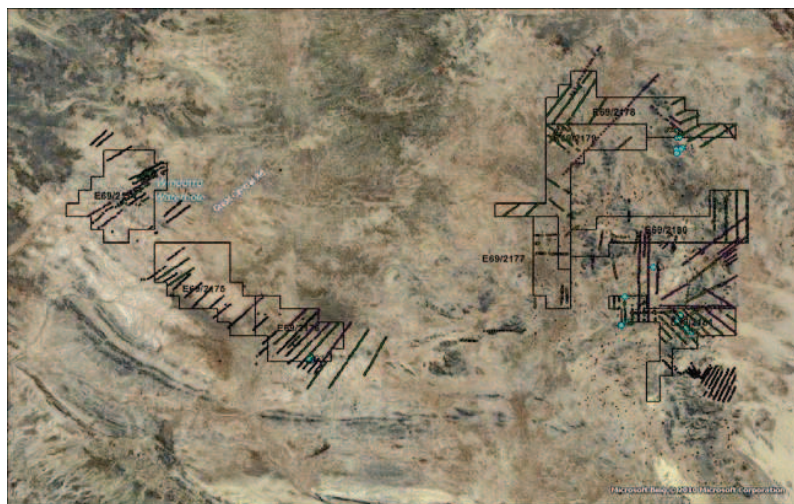


Figure 5: West Musgrave Tenements, soil sampling coverage

Visual inspection of outcrop over the tenements indicates the potential for a variety of mineralisation styles in the area as follows:

- Epithermal gold mineralisation in an extensive vein system outcropping on E69/2176, and within the central Palgrave area on the southern part of E69/2180;
- Gold and copper-gold mineralisation associated with fault structures in E69/2181 extending westwards towards the Handpump gold mineralisation;
- Porphyry intrusive copper-gold mineralisation in the eastern tenement areas of E69/2178;
- Stratiform base metal sulphide potential within the upper Palgrave sequence along the southern boundary of the tenement group, especially in E69/2175 and E69/2176;
- As yet unproven nickel-copper potential associated with small ultramafic rock outcrops in the eastern side of the tenements areas.



### ***New Projects***

During the quarter the company reviewed several new project opportunities. The company completed its review of one such project, as announced on 25 October 2011, and is currently looking at other opportunities with the potential to enhance investor value.

*The technical information in this report relating to the West Musgrave Joint Venture has been reviewed and approved by Mr D Walker (a director of joint venture participant and manager Tortuga Advisors Ltd) who is a member of the Australasian Institute of Mining and Metallurgy. Mr Walker has over 25 years' experience in the industry and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration to report these results. Mr Walker consents to inclusion in this report of these matters based on the information in the form and context in which it appears.*

### **For further information please contact:**

Dr John Santich, Director  
Strzelecki Metals Ltd  
Tel +61 412 065 294

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

STRZELECKI METALS LTD

ABN

35 116 249 060

Quarter ended ("current quarter")

30 SEPTEMBER 2011

### Consolidated statement of cash flows

	Current quarter \$A'ooo	Year to date (3 months) \$A'ooo
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) administration	(223)	(223)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	120	120
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (JV repayments)	-	-
	<b>(103)</b>	<b>(103)</b>
<b>Net Operating Cash Flows</b>		
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
	-	-
<b>Net investing cash flows</b>		
1.13 Total operating and investing cash flows (carried forward)	(103)	(103)

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(103)	(103)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (share issue costs)	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	<b>(103)</b>	<b>(103)</b>
1.20	Cash at beginning of quarter/year to date	4,556	4,556
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>4,453</b>	<b>4,453</b>

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	105
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Directors' fees, wages and superannuation for the quarter

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

+ See chapter 19 for defined terms.

### Financing facilities available

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	-
4.2 Development	-
4.3 Production	-
4.4 Administration	177
<b>Total</b>	<b>177</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	385	602
5.2 Deposits at call	4,068	3,954
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>4,453</b>	<b>4,556</b>

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1		Interests in mining tenements relinquished, reduced or lapsed		
6.2		Interests in mining tenements acquired or increased		

+ See chapter 19 for defined terms.



**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

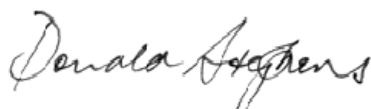
	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference securities</b> <i>(description)</i>	-	-	-	-
7.2 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 <b>+Ordinary securities</b>	360,000,000	360,000,000		
7.4 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs	-	-	-	-
7.5 <b>+Convertible debt securities</b> <i>(description)</i>	-	-	-	-
7.6 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through securities matured, converted	-	-	-	-
7.7 <b>Options</b> <i>(description and conversion factor)</i>			<i>Exercise price (Each)</i>	<i>Expiry date</i>
	1,500,000	-	\$0.25	16/01/2012
	2,000,000	-	\$0.10	22/07/2012
	2,250,000	-	\$0.10	17/02/2013
7.8 Issued during quarter	-	-	-	-
7.9 Exercised during quarter	-	-	-	-
7.10 Expired during quarter				

+ See chapter 19 for defined terms.

7.11	<b>Debentures</b> <i>(totals only)</i>	-	-
7.12	<b>Unsecured notes</b> <i>(totals only)</i>	-	-

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: ..... Date: 28 October 2011  
(Company Secretary)

Print name: Donald Stephens.....

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.