

STRZELECKI METALS LTD (STZ)
ASX RELEASE

Monday, 30 April 2012

The Manager
Companies Announcements Office
Australian Securities Exchange
Electronic Lodgement

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QUARTERLY ACTIVITY REPORT (3 MONTHS TO 31/03/2012)

REVIEW OF OPERATIONS

During the quarter the Company assessed a number of mineral projects and evaluated ways in which the Company could increase the strength of its Board and Management.

Following the close of the quarter, the Company announced on 24 April 2012 a private placement of 15% of its issued capital and a restructure of its Board of Directors. The placement was made to nominees of Garrison Capital Pty Ltd, a corporate advisory firm specialising in the acquisition, funding and management of resources opportunities globally.

As part of the transaction, the Board has been restructured with the appointment of Mr Brian McMaster as Executive Chairman and Mr Matthew Wood as Executive Director. The previous chairman, Mr Peter Hunt, remains on the board as an independent director as does Dr John Santich, while Mr Simon O'Loughlin and Mr Stephen Evans have stepped down.

The placement of 54 million shares at 1.5 cents per share was conducted under the Company's existing placement capacity pursuant to Listing Rule 7.1. Proceeds from the placement will be allocated towards identifying acquisition opportunities.

POLISH ASSETS – SKKGM, MYSZKOW & KUPFERSCHIEFER

Background

The Company has 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 now holds 55% and can earn up to 75% of SKKGM subject to fulfilling its earn in commitments.

In March 2009, the company released the maiden Myszkow Inferred Resource estimate of 726 million tonnes, grading 0.0617% Mo, 0.040% W, 0.12% Cu and 2.2 g/t Ag, at a cut-off grade of 0.085% Mo equivalent.



Figure 1: Highway development in Poland with location of Myszkow and Kupferschiefer concessions

Myszkow Concession

During the quarter SKKGM continued exploration at Myszkow and in the Kupferschiefer basin. The current focus is on improving understanding of the distribution of mineralisation and metal grades within the core of the Myszkow porphyry copper-molybdenum-tungsten mineralized system.

During the quarter, results were received for the first Myszkow diamond drill hole MS-2 and the upper section of drill hole MS-3. The holes are located in the southwest portion of the core of the Myszkow mineralized porphyry system (fig 2). MS-2 was drilled at a declination of 80 degrees to the NNE and MS-3 was drilled 100metres to the SSW of MS-2. MS-2 and MS-3 are diamond drill holes starting with PQ size, reducing to HQ and the holes were completed with NQ size core. One meter lengths of half core were analysed for copper, molybdenum, lead, zinc and silver.

Drill hole MS-2 intersected polymetallic mineralization upon entering the porphyry at 154 metres depth after passing through Triassic cover rocks. The hole was mineralized through to 1,000metres where the hole was terminated (see table 1). Generally copper grades decreased slightly with depth and molybdenum and tungsten grades increased. Within the mineralized system there were zones of higher grades. These results are summarised in table 1.

Drill hole MS-3 passed through the Triassic unconformity at 165metres and was terminated as planned at 1,000metres. Analysis results are available for the interval 165metres to 666metres. Porphyry grades were generally weak to approximately 319metres, below which the grades improved and like MS-2 there were zones of higher grades within the 319-666metre interval.

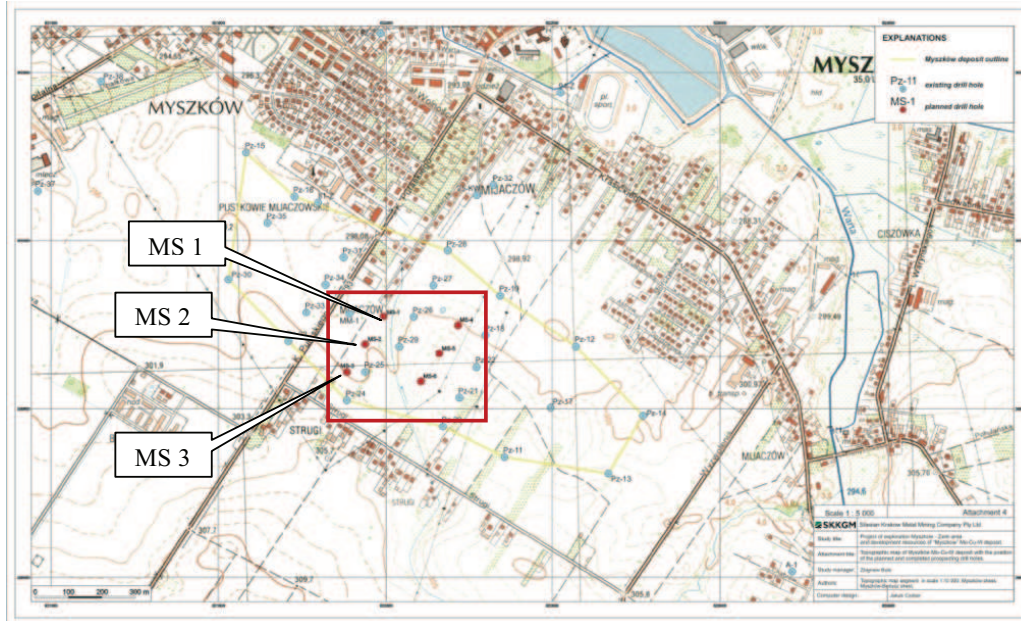


Figure 2: Myszów Deposit drill hole locations.
Current Program MS-1 to MS-6 in red, blue holes historic drilling.

At the end of the quarter MS-3 was completed to 1,000metres and the third hole in the current program, MS-1, collared 100metres to the NNE of MS-2, had reached 695.6metres. A total of 2,695.6metres of predominantly core drilling has been completed in the current program, which commenced on the 25th November 2011. Results from the bottom (666-1000metres) of drill hole MS-3 are expected in early May 2012 and results from MS-1 and MS-6, the next holes to be drilled will likely follow in the next quarter.

Table 1 Results Summary Diamond Drill Hole MS2, MS3 (incomplete)

Interval			Mineralization			
MS 2						
From (m)	To (m)	Width(m)	Cu %	Mo%	W%	Ag g/t
154	1,000	846	0.23	0.036	0.04	1.7
Including						
176	207	31	0.43	0.027	0.026	2.9
682	755	73	0.24	0.063	0.045	2.6
815	943	128	0.17	0.066	0.077	1.5
MS3						
319	666*	347	0.21	0.035	0.039	1.5
Including						
319	330	11	0.35	0.027	0.047	1.1
456	666*	210	0.24	0.041	0.043	1.7

*end of available results

The limited results available to date:

- confirm the consistent Cu-Mo-W mineralization of the Myszkow porphyry core zone.
- Indicate that there is a subtle increase in molybdenum and tungsten grades with depth while copper grades appear higher at shallow depths.
- Indicate that the entire porphyry in hole MS-2 is mineralised and the hole was terminated at 1000metres in mineralization.
- Suggest that both holes demonstrate significant widths of higher grade mineralisation within the broad mineralised zones.

Drilling is continuing and quality control programmes, which represent an important part of the Myszkow program, are on-going. Data to date suggests no significant anomalies are present in the database.

Kupferschiefer Concessions

Drilling in the Kupferschiefer concessions has been completed for the 2011-2012 season, and a review of the results from drill holes B-1 in concession 48/2010/p and N-1 in concession 6/2011/p is continuing.

As previously reported, the profile of drill hole B-1 was consistent with the planned profile but at further depth the rock was characterised by faults filled with hydrothermal clays. Porphyry rocks were encountered at further depth, but the hole was terminated at 330metres as the chance of encountering copper bearing shale at further depth was unlikely. Results of this hole together with further reinterpretation of existing data will allow for more precision in selecting the locations of future holes.

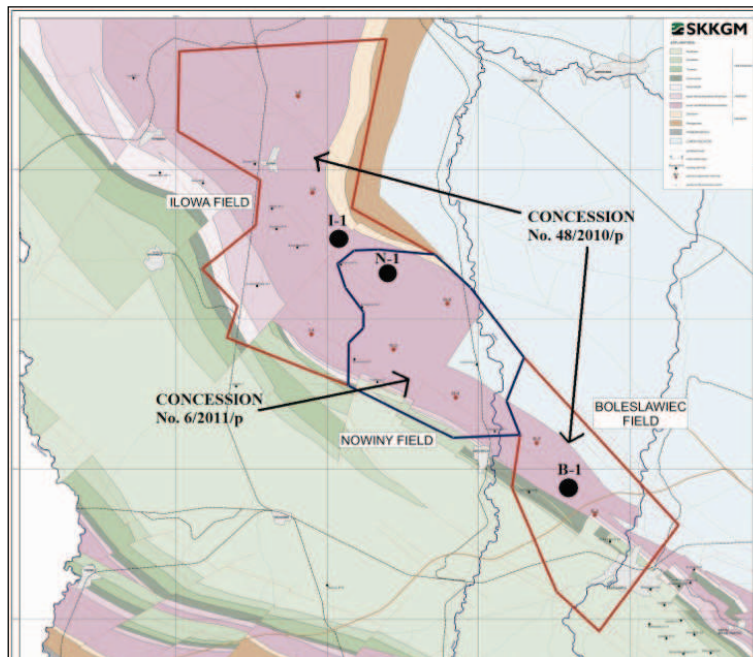


Figure 3: Concessions 48/2010/p and 6/2011/p

Drill hole N-1 intersected the target Kupferschiefer horizon at depths shallower than had been expected from historical data. The observed profile of this hole is encouraging but further drilling cannot be conducted until later in the year when drilling is again permitted. As with drill hole B-1, the inconsistencies between the planned hole construction and that observed in practice suggest a need to reassess drill hole siting in the region.

WESTERN AUSTRALIA ASSET, WEST MUSGRAVE JV,

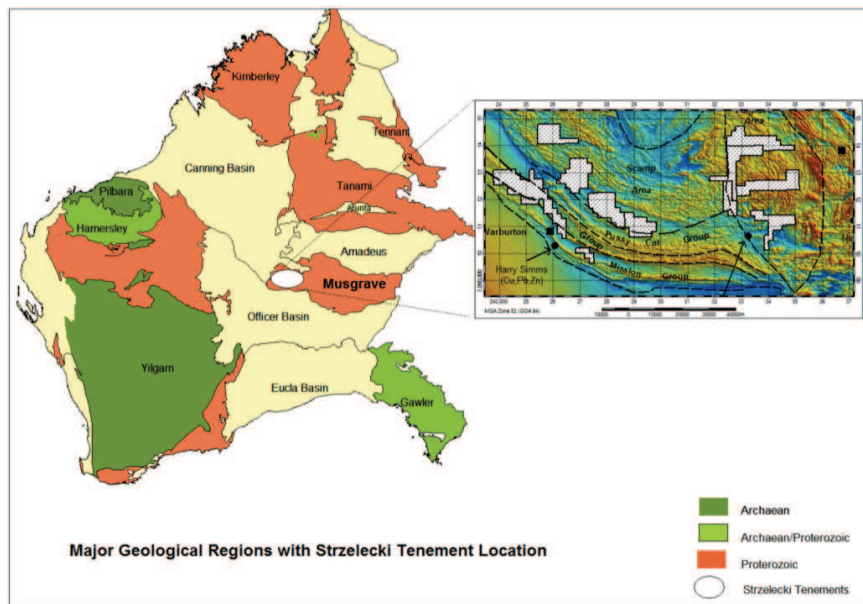


Figure 4: Major geological units of Western Australia with the location of West Musgrave tenements

The West Musgrave joint venture between the Company and Tortuga Advisors Ltd covers over 600 square kilometres of the West Musgrave Province on Ngaanyatjarra traditional land in Western Australia, with another 300 square kilometres under application. Pursuant to the Joint Venture Agreement, Tortuga (manager of the Joint Venture) can earn up to an 80% interest in the tenements (15% already earned) by expenditure on exploration over the central Australian tenements within five years commencing 29 January 2010.

The West Musgrave joint venture area is located in the western sequence of the Musgrave Proterozoic volcanics and sediments. This area has had no previous systematic exploration. Recent exploration activity in adjacent areas has shown that the sequence is prospective for strata-bound base metal mineralisation, vein style copper mineralisation in the Warburton area, and epithermal style gold in the Handpump area, as well as the ultramafic-hosted nickel-copper mineralisation at Nebo-Babel to the east.

The Company's tenements E69/2174 to 2181 have all been reduced by 50% and the new tenement licences have now been issued. The Company has also made applications to be granted tenements numbered E69/2997 to 2999 in Western Australia. These are located over the brecciated rhyolites and marls of the Pussycat Group which, in the light of recent observations, the Company believes to be prospective for strata-bound base metal deposits. It is anticipated that these tenements will be granted in the coming weeks.

As noted previously, the regional soil sampling program, in conjunction with previous work, has defined a number of geochemically anomalous areas in the volcano-sedimentary sequence, as shown in Figure 5.

A new program has been designed to follow up on the three targets that have been identified from anomalous geochemical results from previous soil sampling programs. This program is expected to commence in May 2012, initially concentrating on the Scamp Hill rare earth target. Infill sampling will be conducted to confirm the extent of the anomaly and all samples will be assayed for the full suite of rare earth minerals. This will be followed with ground electro-magnetic surveys over all three targets. These surveys will be configured as twin turn 200m

loops with 400m line spacing which will provide sufficient depth of penetration to further define the geological model below the extensive colluviums, alluvium and flood plain deposits. Where practical, auger drilling will be conducted to penetrate areas of shallow cover.

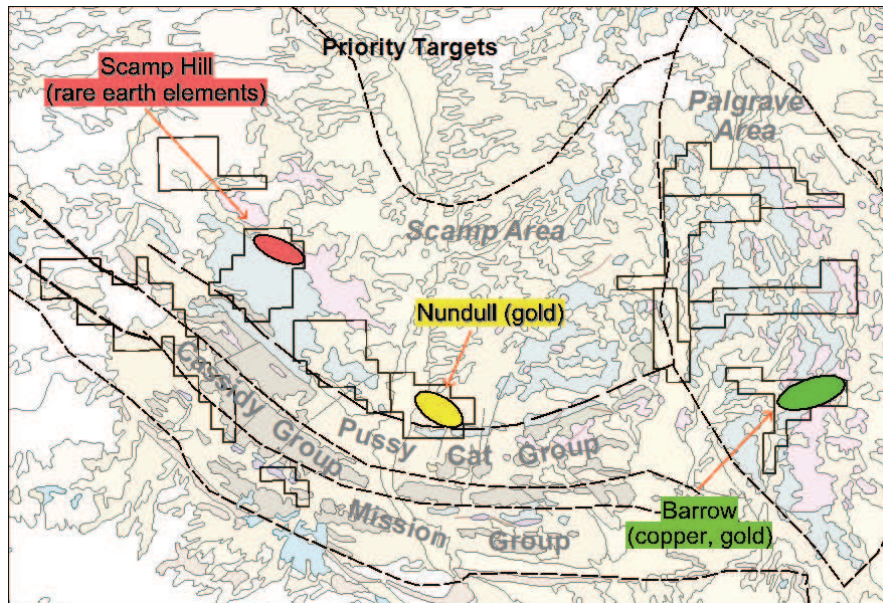


Figure 5: Priority targets identified by the joint venture

The technical information in this report relating to the Myszkow project has been reviewed and approved by Mr M Hatcher (a consultant to Strzelecki Metals Ltd) who is a member of the Australasian Institute of Mining and Metallurgy. Mr Hatcher has over 40 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 Hatcher consents to inclusion in this report of these matters based on the information in the form and context in which it appears.

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")

31 MARCH 2012

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) administration	(131)	(672)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	40	201
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (JV repayments)	-	-
	(91)	(471)
Net Operating Cash Flows		
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	(2)
1.9 Proceeds from sale of: (a) prospects	32	32
(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)	-	-
	32	30
Net investing cash flows		
1.13 Total operating and investing cash flows (carried forward)	(59)	(441)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(59)	(441)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (share issue costs)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(59)	(441)
1.20	Cash at beginning of quarter/year to date	4,174	4,556
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	4,115	4,115

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	93
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	140
Total	140

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	2,285	68
5.2 Deposits at call	1,830	4,106
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	4,115	4,174

Changes in interests in mining tenements

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

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

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

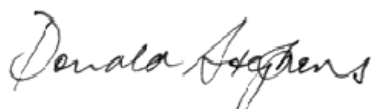
	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>	-	-	-	-
7.2 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 +Ordinary securities	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 +Convertible debt securities <i>(description)</i>	-	-	-	-
7.6 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through securities matured, converted	-	-	-	-
7.7 Options <i>(description and conversion factor)</i>			<i>Exercise price (Each)</i>	<i>Expiry date</i>
	2,000,000	-	\$0.10	22/07/2012
	2,250,000	-	\$0.10	17/02/2013
	10,000,000	-	\$0.033	28/11/2015
7.8 Issued during quarter	-	-	-	-
7.9 Exercised during quarter	-	-	-	-
7.10 Expired during quarter	1,500,000	-	\$0.25	16/01/2012

+ See chapter 19 for defined terms.

7.11	Debtures <i>(totals only)</i>	-	-
7.12	Unsecured notes <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: 30 April 2012
(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.