STRZELECKI
Metals Limited

ABN 35 116 249 060

Annual Report

30 June 2012

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CORPORATE DIRECTORY

Directors
Mr. Brian McMaster (Chairman)
Mr. Matthew Wood (Executive Director))
Dr. John Santich (Executive Director)
Mr. Peter Hunt (Non-Executive Director)

Company Secretary
Mr. Aaron Bertolatti

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Stock Exchange
Australian Securities Exchange Limited
(Home Exchange: Sydney, New South Wales)
ASX Code: STZ

Directors' Report

The Directors present their report for Strzelecki Metals Limited ("Strzelecki Metals" or "the Company") and its subsidiaries for the year ended 30 June 2012.

DIRECTORS

The names, qualifications and experience of the Company's Directors in office during the period and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Mr. Brian McMaster (appointed 24 April 2012)
Chairman

Mr. McMaster is a Chartered Accountant, a registered and official liquidator and has almost 20 years' experience in the area of corporate reconstruction and turnaround / performance improvement. Mr. McMaster's experience includes numerous reorganisations and turnarounds, including being instrumental in the recapitalisation and listing of 12 Australian companies on the ASX. Recently, Mr. McMaster was a partner of the restructuring firm Korda Mentha and prior to that was a partner at Ernst & Young. His experience includes significant working periods in the United States, South America, Asia and India.

Mr. McMaster is currently a Director of Copper Range Limited, Lindian Resources Limited and Range River Gold Limited. Mr. McMaster is also a director in venture capital and advisory firm Garrison Capital Pty Ltd. Mr. McMaster has not held any other listed directorships in the past three years.

Mr. Matthew Wood (appointed 24 April 2012)
Executive Director

Mr. Wood has over 19 years experience in the resource sector with both major and junior resource companies and has extensive experience in the technical and economic evaluation of resource projects throughout the world. Mr. Wood's expertise is in project identification, negotiation, acquisition and corporate development. Mr. Wood has an honours degree in geology from the University of New South Wales in Australia and a graduate certificate in mineral economics from the Western Australian School of Mines.

Mr. Wood is currently a director of ASX listed Voyager Resources Limited, Copper Range Limited, Lindian Resources Limited, Haranga Resources Limited and Avanco Resources Limited. Mr. Wood is a founding director in venture capital and advisory firm Garrison Capital Pty Ltd and unlisted Wolf Petroleum Limited.

Dr. John Santich
Executive Director

Dr. 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 Ltd. He has also established companies in other technological areas, including bottled water, machine vibration analysis and renewable energy. Dr. Santich was an Executive Director of ASX listed Marathon Resources until his resignation on 30 June 2008.

Mr. Peter Hunt
Non-Executive Director

Mr. Peter Hunt is former partner of PKF Adelaide, Chartered Accountants, having retired on 30 June 2011. He is a member of the Audit Committee and a member of the Institute of Chartered Accountants in Australia. Mr. Hunt is an experienced company Director, having been a Non-Executive Chairman of Intermin Resources Ltd for 20 years. Mr. Hunt is currently a Non-Executive Director of Metaliko Resources Limited (appointed 28 June 2012). Mr. Hunt was previously a Director of Adelaide Energy Ltd (resigned December 2011) and MUI Corporation Ltd (resigned December 2011).

Mr. Simon O'Loughlin (resigned 24 April 2012)
Non-Executive Director

Mr. Simon O'Loughlin is the founding member of O'Loughlins 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.

Mr. O'Loughlin is currently Chairman of Bondi Mining Ltd and Kibaran Nickel Ltd; a Director of Petratherm Ltd, Probiomics Ltd, WCP Resources Ltd, Aura Energy Ltd 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), Avenue Resources Ltd and Save the Children Fund (SA Division).

Mr. Stephen Evans (resigned 24 April 2012)
Non-Executive Director

Mr. 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.

Mr. Evans is a Director and Non- Executive Chairman of Chesser Resources Ltd, a Director and Non-Executive Chairman of TW Holdings Ltd and a Director of Panax Geothermal. Stephen is a former Director of WCP Resources Ltd, Innovance Ltd, Newport Mining Ltd, and Avenue Resources Ltd.

COMPANY SECRETARIES

Mr. Aaron Bertolatti (appointed 21 May 2012)
Mr. Bertolatti is a qualified Chartered Accountant and Company Secretary with over 8 years experience in the mining industry and accounting profession. Mr. Bertolatti has both local and international experience. Mr. Bertolatti provides assistance to a number of resource companies operating in Australia and Mongolia with financial accounting and stock exchange compliance. Mr. Bertolatti has significant experience in the administration of ASX listed companies, corporate governance and corporate finance.

Mr. Bertolatti is currently company secretary of the ASX listed Voyager Resources Limited, Copper Range Limited, Haranga Resources Limited and Highfield Resources Limited.

Mr. Donald Stephens (resigned 21 May 2012)
Mr. Donald Stephens is a Chartered Accountant and corporate adviser with over 25 years' experience in the accounting industry, including 14 years as a partner of HLB Mann Judd Stephens, a firm of Chartered Accountants.

Mr. Stephens is a Director of Papyrus Australia Ltd, CRW Holdings Ltd and Mithril Resources Ltd, and is Company Secretary to Toro Energy Ltd, Mithril Resources Ltd, Minotaur Exploration Ltd and Petratherm Ltd (all ASX-listed entities). He holds other public Company Secretarial positions and Directorships with private companies and provides corporate advisory services to a wide range of organisations.

INTERESTS IN THE SECURITIES OF THE COMPANY

As at the date of this report, the interests of the Directors in the securities of Strzelecki Metals Limited are:

Director	Ordinary Shares	Options – exercisable at \$0.033 each on or before 28/11/2015
Brian McMaster	10,000,000	-
Matthew Wood	15,359,097	-
John Santich	24,811,940	2,750,000
Peter Hunt	273,846	2,750,000

RESULTS OF OPERATIONS

The Group's net loss after taxation attributable to the members of Strzelecki Metals for the year ended 30 June 2012 was \$2,707,631 (2011: net loss of \$5,301,994).

DIVIDENDS

No dividend was paid or declared by the Company during the year ended 30 June 2012 and up to the date of this report.

CORPORATE STRUCTURE

Strzelecki Metals Limited is a company limited by shares, which is incorporated and domiciled in Australia.

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

The principal activities of companies within the Group during the financial year ended were mineral exploration and examination of new resource opportunities. There have been no significant changes in the nature of these activities during the year.

REVIEW OF OPERATIONS

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

On 16 July 2012 the Company announced that it had entered into a Heads of Agreement with Wolf Petroleum Limited, pursuant to which Strzelecki Metals would acquire all of the issued capital in Wolf Petroleum through an offer to Wolf Petroleum shareholders of twenty five Strzelecki Shares for every one Wolf Petroleum Share.

About Wolf Petroleum Limited

Wolf Petroleum Limited is an unlisted public company which focuses on oil and gas exploration, development and production in Mongolia. Wolf Petroleum currently holds joint survey exploration block contracts at Jinst and Baruun Urt and has been recently been awarded a third block at Sukhbaatar with a product sharing contract (PSC) to be awarded. Highlights of the Wolf Petroleum acquisition include:

- Aggressive onshore, low cost exploration with elephant upside.
- Giant exploration package assembled across three blocks (72,791 km2), with additional blocks being assessed.
- Shallow targets depths at between 500 metres and 3,000 metres.
- Strong and growing market domestically in Mongolia and in China.
- Blocks are proximal to multi-billion barrel oil fields located within Mongolia and within China to the south.
- Near term development potential subject to successful exploration.
- Experienced Board of Directors. The Board of Directors and senior management team have an enviable track record operating in Mongolia.
- Mongolia is open for business and is actively encouraging investment in its resources sector.

Baruun Urt Block
The Baruun Urt block is 8,744 km2 and is located in eastern Mongolia in a region with a proven petroleum system. The geological structures found on the Baruun Urt block are similar to those found on current operating oil fields.

Jinst Block
The Jinst block is currently the largest exploration block in Mongolia. On the eastern side of the block, two significant sub basins have been identified. Geological and geophysical studies have been completed on this block and further geochemical work is planned.

Sukhbaatar Block
The Sukhbaatar block is 23,047 km2 and is located in the East of Mongolia. Wolf Petroleum recently bid on an international open tender for Sukhbaatar block. It successfully passed through the selection process and has signed the initial Product Sharing Contract.

The Board believes this is a unique opportunity to participate in an oil and gas project which has potential to generate significant organic growth and widespread market support for the Company. Completion of the Acquisition will be subject to conditions including ASX and shareholder approval, completion of due diligence and Strzelecki becoming entitled to acquire 100% of Wolf Petroleum as a result of Wolf Petroleum shareholders accepting the offers to be made to them by Strzelecki.

Subject to Shareholder approval Strzelecki is proposing that the name of the Company be changed to “Wolf Petroleum Limited”.

SKKGM, MYSZKOW AND KUPFERSCHIEFER - POLAND
The Company has a 40% 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 60% and can earn up to 75% of SKKGM subject to fulfilling its earn in commitments.

Drilling of the third diamond core hole, MS-1 was completed on 14 April 2012. Drilling of the fourth hole, MS-6, commenced on 16 April 2012 and was completed on the 30 May 2012. The core from the fourth hole (MS-6) has been cut, logged, and sent for chemical assays. In summary, four holes have been completed to date as part of the current drilling program (MS-l, MS-2, MS-3, and MS-6), each to a depth of 1,000m, with assays having been received for drill holes MS-1, MS-2 and MS-3. The drilling program in Myszków has been suspended pending receipt and analysis of all outstanding assays.

WEST MUSGRAVE JV – WESTERN AUSTRALIA
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 breciated 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.

CORPORATE
The Company completed a placement of 54 million shares at an issue price of 1.5 cents per share to raise $810,000. 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 was 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 both resigned on 24 April 2012.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS
There have been no significant changes in the state of affairs of the Group which occurred during the financial year.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE
On 16 July 2012 the Company announced that it had entered into a Heads of Agreement with Wolf Petroleum Limited, pursuant to which Strzelecki Metals would acquire all of the issued capital in Wolf Petroleum through an offer to Wolf Petroleum shareholders of twenty five Strzelecki Shares for every one Wolf Petroleum Share.

Completion of the Acquisition is subject to conditions including ASX and shareholder approval and Strzelecki becoming entitled to acquire 100% of Wolf Petroleum as a result of Wolf Petroleum shareholders accepting the offers to be made to them by Strzelecki.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Directors have excluded from this report any further information on the likely developments in the operations of the Company and the expected results of those operations in future financial years, as the Directors believe that it would be speculative and prejudicial to the interests of the Company.

ENVIRONMENTAL REGULATIONS AND PERFORMANCE

The Group is aware of its responsibility to impact as little as possible on the environment, and where there is any disturbance, to rehabilitate sites.

The Group is committed to minimising environmental impacts during all phases of exploration, development and production through a best practice environmental approach. The Group shares responsibility for protecting the environment for the present and the future. It believes that carefully managed exploration programs should have little or no long-lasting impact on the environment. The Group properly monitors and adheres to this approach and there were no environmental incidents to report for the year under review. Furthermore, the Group is in compliance with the state and/or commonwealth environmental laws for the jurisdictions in which it operates. The operations of the Group are presently subject to environmental regulation under the laws of the Commonwealth of Australia and Poland. The Group is at all times in full environmental compliance with the conditions of its licences.

RISK MANAGEMENT

The Group takes a proactive approach to risk management. The board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the Group's objectives and activities are aligned with the risks and opportunities identified by the board.

The Group believes that it is crucial for all board members to be a part of this process, and as such the board has not established a separate risk management committee.

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

- Board approval of a strategic plan, which encompasses the Group's vision, mission and strategy statements, designed to meet stakeholder's needs and manage business risk.
- Implementation of board approved operating plans and budgets and board monitoring of progress against these budgets, including the establishment and monitoring of performance indicators of both a financial and non-financial nature.

SHARE OPTIONS

As at the date of this report, there were 12,250,000 unissued ordinary shares under options (14,250,000 at the reporting date). The details of the options at the date of this report are as follows:

Number	Exercise Price $	Expiry Date
2,250,000	$0.10	17 February 2013
10,000,000	$0.033	28 November 2015
12,250,000		

No option holder has any right under the options to participate in any other share issue of the company or any other entity. During the financial year 3,000,000 options lapsed due to not being exercised within the given exercise period.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has made an agreement indemnifying all the Directors and officers of the Company against all losses or liabilities incurred by each Director or officer in their capacity as Directors or officers of the Company to the extent permitted by the Corporation Act 2001. The indemnification specifically excludes wilful acts of negligence. The Company paid insurance premiums in respect of Directors' and Officers' Liability Insurance contracts for current officers of the Company, including officers of the Company's controlled entities. The liabilities insured are damages and legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group. The total amount of insurance premiums paid has not been disclosed due to confidentiality reasons.

DIRECTORS' MEETINGS

During the financial period, in addition to regular Board discussions, the number of meetings of directors held during the year and the number of meetings attended by each director were as follows:

Director	Number of Meetings Eligible to Attend	Number of Meetings Attended
Brian McMaster	-	-
Matthew Wood	-	-
John Santich	6	6
Peter Hunt	6	6
Simon O'Loughlin	6	6
Stephen Evans	6	6

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

CORPORATE GOVERNANCE
In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Strzelecki Metals Limited support and have adhered to the principles of sound corporate governance. The Board recognises the recommendations of the Australian Securities Exchange Corporate Governance Council, and considers that Strzelecki Metals is in compliance with those guidelines to the extent possible, which are of importance to the commercial operation of a junior listed resources company.
During the financial period ended, shareholders continued to receive the benefit of an efficient and cost-effective corporate governance policy for the Company. The Company's Corporate Governance Statement and disclosures are contained elsewhere in the annual report.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES
Section 307C of the Corporations Act 2001 requires the Company's auditors to provide the Directors of Strzelecki Metals with an Independence Declaration in relation to the audit of the financial report. A copy of that declaration is included at page 29 of this report.

Non-Audit Services
Grant Thornton South Australian Partnership, in its capacity as auditor for Strzelecki Metals Ltd, has not provided any non-audit services throughout the reporting period.

REMUNERATION REPORT (AUDITED)
This report outlines the remuneration arrangements in place for directors and executives of Strzelecki Metals Limited in accordance with the requirements of the Corporation Act 2001 and its Regulations. For the purpose of this report, Key Management Personnel (KMP) of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group.

Details of Key Management Personnel

Mr. Brian McMaster	Chairman (appointed 24 April 2012)
Mr. Matthew Wood	Executive Director (appointed 24 April 2012)
Dr. John Santich	Executive Director
Mr. Peter Hunt	Non-Executive Director
Mr. Simon O'Loughlin	Non-Executive Director (resigned 1 January 2012)
Mr. Stephen Evans	Non-Executive Director (resigned 24 April 2012)
Mr. Aaron Bertolatti	Company Secretary (appointed 21 May 2012)
Mr. Donald Stephens	Company Secretary (resigned 21 May 2012)

Remuneration Policy
The Board is responsible for determining and reviewing compensation arrangements for the Directors.

The board is responsible for determining remuneration policies applicable to Directors and senior executives of the Group. The broad policy is to ensure that remuneration properly reflects the individuals' duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people with appropriate skills and experience. At the time of determining remuneration consideration is given by the board to the Group's financial performance.

The board currently determines the nature and amount of remuneration for board members and senior executives of the Group. The policy is to align Director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives.

The Non-Executive Directors and other executives receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits. Some individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation. All remuneration paid to Directors and executives is expensed as incurred. Executives are also entitled to participate in the Company share option scheme. Options are valued using the Black-Scholes methodology.

The board policy is to remunerate Non-Executive Directors at market rates based on comparable companies for time, commitment and responsibilities. The board determines payments to Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. No independent external advice was sought during the year ended 30 June 2012.

The Chairman and the Non-Executive Directors are entitled to draw Director's fees and receive reimbursement of reasonable expenses for attendance at meetings. The Group is required to disclose in its annual report details of remuneration to Directors. The maximum aggregate annual remuneration which may be paid to Non-Executive Directors is $500,000. This amount cannot be increased without the approval of the Group's shareholders. Please refer to the remuneration report within the Directors' report for details regarding the remuneration structure of the Executive Director and senior management.

Loans to Directors and Executives

There were no loans to directors and executives during the financial year ending 30 June 2012.

Service and Corporate Advisory Agreements

The Company entered a service agreement for corporate advisory services and a fully serviced office including administration and information technology support for a term of two years with Garrison Capital Pty Ltd, a company of which Mr. Wood and Mr. McMaster are Director's. The Company is required to give three months written notice to terminate the agreement.

Details of Remuneration

Details of the nature and amount of each element of the remuneration of each Director and Executive of the Company as required by the Corporations Act 2001, for the year ended 30 June 2012 are as follows:

	Short term	Options	Post employment			
2012	Base Salary $	Share Based Payments $	Superannuation $	Prescribed Benefits $	Total $	Option related %
Directors						
Brian McMaster	20,000	-	-	-	20,000	-
Matthew Wood	20,000	-	-	-	20,000	-
John Santich	143,788	38,225	45,833	-	227,846	16.8
Peter Hunt	60,000	38,225	-	-	98,225	38.9
Simon O'Loughlin*	45,833	27,800	-	-	73,633	37.8
Stephen Evans*	45,833	27,800	-	-	73,633	37.8
Key Management Personnel						
Aaron Bertolatti**	-	-	-	-	-	-
Donald Stephens***	-	6,950	-	-	6,950	100
	335,454	**139,000**	**45,833**	**-**	**520,287**	

* Simon O'Loughlin and Stephen Evans resigned from their position as Directors of the Company on 24 April 2012.

** Garrison Capital Pty Ltd has received professional fees for accounting services provided during the year of $6,206 (2011: nil). Aaron Bertolatti is an employee of Garrison Capital Pty Ltd.

*** HLB Mann Judd (SA) Pty Ltd has received professional fees for accounting, and secretarial services provided during the year of $101,334 (2011: $37,783). Donald Stephens is a consultant to HLB Mann Judd (SA) Pty Ltd. Donald Stephens resigned from his position as Company Secretary of the Company on 21 May 2012.

There were no other executive officers of the Company during the financial year ended 30 June 2012.

	Short term	Options	Post employment			
2011	Salary and Fees $	Share Based Payments $	Superannuation $	Prescribed Benefits $	Total $	Option related %
Executive Directors						
John Santich	60,000	-	50,000	-	110,000	-
Peter Hunt	60,000	-	-	-	60,000	-
Simon O'Loughlin	41,667	-	-	-	41,667	-
Stephen Evans	41,667	-	-	-	41,667	-
Wieslaw Bogacz	37,500	-	-	-	37,500	-
Carl Dorsch	35,833	-	-	-	35,833	-
Andrew Zemek	53,632	-	-	-	53,632	-
Key Management Personnel						
Donald Stephens *	-	-	-	-	-	-
Graham Seppelt **	-	-	-	-	-	-
	330,299	**-**	**50,000**	**-**	**380,299**	**-**

* Donald Stephens was appointed Company Secretary on 26 November 2010. HLB Mann Judd (SA) Pty Ltd has received professional fees for accounting, and secretarial services provided during the year of $37,783 (2010: $nil). Donald Stephens is a consultant to HLB Mann Judd (SA) Pty Ltd.

** Graham Seppelt resigned as Company Secretary on 26 November 2010. Graham Seppelt was remunerated as part of a service agreement with GS Corporate Services. Service fees paid to 30 June 2011 were $18,240.

There were no other executive officers of the Company during the financial period ended 30 June 2011.

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

2012	Grant Date	Grant Number	Expiry date/last exercise date	Fair Value per option at grant date	Exercise price per option	Value of options at grant date *
Executive Directors						
John Santich	28/11/2011	2,750,000	28/11/2015	$0.0139	$0.033	$38,225
Peter Hunt	28/11/2011	2,750,000	28/11/2015	$0.0139	$0.033	$38,225
Simon O'Loughlin	28/11/2011	2,000,000	28/11/2015	$0.0139	$0.033	$27,800
Stephen Evans	28/11/2011	2,000,000	28/11/2015	$0.0139	$0.033	$27,800
		9,500,000				**$132,050**
Key Management Personnel						
Donald Stephens	28/11/2011	500,000	28/11/2015	$0.0139	$0.033	$6,950

* the value at grant date has been calculated in accordance with AASB 2 Share based payments.

Voting and comments made at the company's 2011 Annual General Meeting
Strzelecki Metals Limited received more than 98% of "yes" votes on its remuneration report for the 2011 financial year. The company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

END OF AUDITED REMUNERATION REPORT

Signed on behalf of the board in accordance with a resolution of the Directors.

Mr. Brian McMaster
Chairman
3 September 2012
Perth, Western Australia

CORPORATE GOVERNANCE STATEMENT

The board of Directors is responsible for the corporate governance of Strzelecki Metals Limited (the Company) and its controlled entities (the Group). The Group operates in accordance with the corporate governance principles as set out by the ASX Corporate Governance Council and required under ASX listing rules.

The Group details below the corporate governance practices in place at the end of the financial year, all of which comply with the principles and recommendations of the ASX Corporate Governance Council unless otherwise stated. Some of the charters and policies that form the basis of the corporate governance practices of the Group may be located on the Group's website, www.strzeleckimetals.com.

The ASX Corporate Governance Council released amendments dated 30 June 2010 to the second edition Corporate Governance Principles and Recommendations (Principles and Recommendations) in relation to diversity, remuneration, trading policies and briefings. The Group has addressed the amended principles within this statement.

Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1: Role of the board and management

The board are accountable to the Shareholders for the performance of the Group and have overall responsibility for its operations. Day to day management of the Group's affairs and the implementation of the corporate strategy and policy initiatives, are formally delegated by the board to the Executive Director.

The key functions reserved to the board include:

- Approving the strategic direction and related objectives of the Group and monitoring management performance in the achievement of these objectives;
- Adopting budgets and monitoring the financial performance of the Group;
- Reviewing annually the performance of the Executive Director against the objectives and performance indicators established by the board;
- Overseeing the establishment and maintenance of adequate internal controls and effective monitoring systems;
- Overseeing the implementation and management of effective safety and environmental performance systems;.
- Ensuring all major business risks are identified and effectively managed; and
- Ensuring that the Group meets its legal and statutory obligations.

For the purposes of the proper performance of their duties, the Directors are entitled to seek independent professional advice at the Group's expense, unless the board determines otherwise. The board schedules meetings on a regular basis and other meetings as and when required.

The Group has formally established the functions reserved to the board and those delegated to senior executives in accordance with recommendations 1.1 and 1.3 of the ASX Corporate Governance Council. Full details of the matters reserved to the board and to senior management are available on the Company's website at www.strzeleckimetals.com.

Recommendation 1.2: Performance evaluation of senior management

The Executive Director participates in annual performance reviews. The performance of staff is measured against the objectives and performance indicators established by the board. A performance evaluation for the Executive Director took place for the current reporting period in accordance with the Group's documented process. The performance of the Executive Director is reviewed by comparing performance against agreed measures, examining the effectiveness and results of his contribution and identifying areas for potential improvement. In accordance with recommendations 1.2 and 1.3 of the ASX Corporate Governance Council the Group has not disclosed a description of the performance evaluation process in addition to the disclosure above.

Principle 2: Structure the board to add value

Size and composition of the board

At the date of this statement the board consists of two Executive Directors and two Non-Executive Directors. Directors are expected to bring independent views and judgement to the board's deliberations. The term in office held by each Director in office at the date of this report is as follows:

Name	Term in office
Matthew Wood	5 months
Brian McMaster	5 months
John Santich	4 years, 2 months
Peter Hunt	6 years, 10 months

The board considers this to be an appropriate composition given the size and development of the Group at the present time. A profile of each Director including their skills, qualifications and experience is set out in the Directors' report of this Annual Report.

Recommendation 2.1: Independence

The board is conscious of the need for independence and ensures that where a conflict of interest may arise, the relevant Director(s) leave the meeting to ensure a full and frank discussion of the matter(s) under consideration by the rest of the board.

Those Directors who have interests in specific transactions or potential transactions do not receive board papers related to those transactions or potential transactions, do not participate in any part of a Directors meeting which considers those transactions or potential transactions, are not involved in the decision making process in respect of those transactions or potential transactions, and are asked not to discuss those transactions or potential transactions with other Directors. Each Director is required by the Company to declare on an annual basis the details of any financial or other relevant interests that they may have in the Company.

In accordance with the definition of independence Mr. Peter Hunt is the only Independent Director. Accordingly, a majority of the board is not considered independent and therefore the Group has not complied with recommendation 2.1 of the Corporate Governance Council. The Directors however consider that the current structure and composition of the Board is appropriate to the size and nature of operations of the Group.

Recommendations 2.2, 2.3: Role of the Chairman

The role of the Chairman is to provide leadership to the board and facilitate the efficient organisation and conduct of the boards functioning. Mr. Brian McMaster, the Chairman of the Group is not an independent Director and therefore the Company does not comply with recommendations 2.2 and 2.3 of the Corporate Governance Council. However, the Directors consider that the current structure and composition of the Board is appropriate to the size and nature of operations of the Group.

Recommendation 2.4: Nomination, retirement and appointment of Directors

The board has established a nomination committee and a remuneration committee in accordance with recommendation 2.4 of the Corporate Governance Council. The Group has established remuneration and nomination committee charters in accordance with recommendations 2.4 and 2.6 of the ASX Corporate Governance Council. These are available at the Company's website *www.strzeleckimetals.com.*

Recommendation 2.5: Evaluation of board performance

The board continues to review performance against appropriate measures and identify ways to improve performance. A performance evaluation of the board, its Committees and individual Directors took place for the current reporting period in accordance with the Group's documented process. The board has not formally disclosed the process in accordance with recommendations 2.5 and 2.6 of the ASX Corporate Governance Council. The board takes ultimate responsibility for these matters and does not consider the disclosure of the performance evaluation necessary at this stage.

Principle 3: Promote ethical and responsible decision making

Recommendation 3.1: Code of Conduct

The board recognises the need for Directors and employees to observe the highest standards of behaviour and business ethics when engaging in corporate activity. The Group intends to maintain a reputation for integrity and is highly committed to demonstrating appropriate corporate practices and decision making. The Group's officers and employees are required to act in accordance with the law and with the highest ethical standards. The board has adopted and disclosed a formal code of conduct applying to the board and all employees in accordance with recommendations 3.1 and 3.3 of the Corporate Governance Council.

Securities Trading Policy Effective from the 1 January 2011, the Group is required to adopt and disclose a securities trading policy under ASX Listing Rules. The Group has established a policy concerning trading in Group securities by Directors, senior executives and employees, and this is available on the ASX website www.asx.com.au. Therefore the Company complies with recommendation 3.2 of the second edition of the Corporate Governance Council principles.

Recommendations 3.2, 3.3, 3.4: Diversity

The ASX Corporate Governance Council has released amendments dated 30 June 2010 to the second edition Corporate Governance Principles and Recommendations (Principles and Recommendations) in relation to diversity.
The Company is committed to workplace diversity and to ensuring a diverse mix of skills and talent exists amongst its Directors, officers and employees, to enhance Company performance. The Board has adopted a Diversity Policy which addresses equal opportunities in the hiring, training and career advancement of Directors, officers and employees.

In accordance with this policy, the Board provides the following information pertaining to the proportion of women across the organisation at the date of this report.

	Actual	
	Number	Percentage
Women in the whole organisation	-	-
Women in senior executive positions	-	-
Women on the board	-	-

The Group is highly aware of the positive impacts that diversity may bring to an organisation. The Group has not disclosed in its annual report its measurable objectives for achieving gender diversity and progress towards achieving them and therefore has not complied with the recommendations 3.2 and 3.3 of the Corporate Governance Council effective from 1 January 2011.

The Board continues to monitor diversity across the organisation and is satisfied with the current level of gender diversity within the Company as disclosed above. Due to the size of the Company and its small number of employees, the Board does not consider it appropriate at this time, to formally set measurable objectives for gender diversity.

Principle 4: Safeguard integrity in financial reporting
The Group has structured financial management to independently verify and safeguard the integrity of their financial reporting. The structure established by the Group includes:
- Review and consideration of the financial statements by the audit committee;
- A process to ensure the independence and competence of the Group's external auditors.

Recommendations 4.1, 4.2, 4.3: Audit Committee
The audit and risk management committee comprises Dr. John Santich (Chairman), Mr. Peter Hunt and Mr. Brian McMaster. Mr. Peter Hunt is considered independent; however this does not represent a majority of independent directors. The board will annually confirm the membership of the committee.
The committee's primary responsibilities are to:
- oversee the existence and maintenance of internal controls and accounting systems;
- oversee the management of risk within the Group;
- oversee the financial reporting process;
- review the annual and half-year financial reports and recommend them for approval by the board of Directors;
- nominate external auditors;
- review the performance of the external auditors and existing audit arrangements; and
- ensure compliance with laws, regulations and other statutory or professional requirements, and the Group's governance policies.

The Group has not complied with recommendation 4.2 of the Corporate Governance Council because it does not consist of a majority of Non-Executive Directors. Given the skills and experience of the audit committee, the board believes the structure and process to be adequate. The board continues to monitor the composition of the committee and the roles and responsibilities of the members.

The board has adopted and disclosed a formal committee charter in accordance with recommendations 4.3 and 4.4 of the Corporate Governance Council.

Principle 5: Make timely and balanced disclosure
The Group has a policy that all shareholders and investors have equal access to the Group's information. The board ensures that all price sensitive information is disclosed to the ASX in accordance with the continuous disclosure requirements of the Corporations Act and ASX Listing Rules. The Company Secretary has primary responsibility for all communications with the ASX and is accountable to the board through the Chair.

Recommendations 5.1: Disclosure policy
The Group has publicly disclosed a formal disclosure policy in accordance with recommendations 5.1 and 5.2 of the Corporate Governance Council.

Principle 6: Respect the rights of shareholders
The board strives to ensure that Shareholders are provided with sufficient information to assess the performance of the Group and its Directors and to make well-informed investment decisions.

Recommendations 6.1: Communications policy
Information is communicated to Shareholders through:
- annual, half-yearly and quarterly financial reports;
- annual and other general meetings convened for Shareholder review and approval of board proposals;
- continuous disclosure of material changes to ASX for open access to the public; and
- the Group maintains a website where all ASX announcements, notices and financial reports are published as soon as possible after release to ASX.

All information disclosed to the ASX is posted on the Group's web site *www.strzeleckimetals.com.*

The auditor is invited to attend the annual general meeting of Shareholders. The Chairman will permit Shareholders to ask questions about the conduct of the audit and the preparation and content of the audit report.

The Group has publicly disclosed a communications policy in accordance with recommendations 6.1 and 6.2 of the Corporate Governance Council.

Principle 7: Recognise and manage risk
The board has identified the significant areas of potential business and legal risk of the Group. In addition the board has developed the culture, processes and structures of the Company to encourage a framework of risk management which identifies, monitors and manages the material risks facing the organisation.

Recommendations 7.1, 7.2: Risk management policy
The identification, monitoring and, where appropriate, the reduction of significant risk to the Group is the responsibility of the Executive Director and the board. The board has also established the audit and risk management committee which addresses the risks of the Group.

The board reviews and monitors the parameters under which such risks will be managed. Management accounts are prepared and reviewed with the Executive Director at subsequent board meetings. Budgets are prepared and compared against actual results.
Management and the board monitor the Group's material business risks and reports are considered at regular meetings.

The Group has publicly disclosed a policy for the oversight and management of material business risks in accordance with recommendations 7.1 and 7.4 of the Corporate Governance Council.

Recommendations 7.3: Declaration from Executive Director and Company Secretary

The Executive Director and the Company Secretary will be required to state in writing to the board that the Group's financial reports present a true and fair view, in all material respects, of the Group's financial condition and operational results are in accordance with relevant accounting standards. Included in this statement will be confirmation that the Group's risk management and internal controls are operating efficiently and effectively.

Principle 8: Remunerate fairly and responsibly

The Chairman and the Non-Executive Directors are entitled to draw Director's fees and receive reimbursement of reasonable expenses for attendance at meetings. The Group is required to disclose in its annual report details of remuneration to Directors. The maximum aggregate annual remuneration which may be paid to Non-Executive Directors is $500,000. This amount cannot be increased without the approval of the Group's shareholders. Please refer to the remuneration report within the Directors' report for details regarding the remuneration structure of the Executive Director and senior management.

Recommendation 8.1: Remuneration Committee

The board has established a remuneration committee comprising the three Directors, Mr. Peter Hunt, Dr. John Santich and Mr. Brian McMaster, and has disclosed a committee charter on the Company website. Therefore the Company has complied with recommendations 8.1 and 8.3 of the Corporate Governance Council.

Consolidated Statement of Comprehensive Income *for the year ended 30 June 2012*

	Notes	2012 $	2011 $
Revenue	4(a)	249,582	109,692
Impairment of non-current assets	4(b)	(1,565,933)	(1,396,889)
Employee benefits expense	4(c)	(391,948)	(408,075)
Depreciation expense	4(b)	(8,014)	(26,864)
Borrowing costs		-	(10,839)
Share of losses of associates accounted for using the equity method	9	(401,091)	(101,816)
Share based payments expense	22(a)	(139,000)	-
Other expenses	4(d)	(451,227)	(759,598)
Loss from continuing operations before income tax		(2,707,631)	(2,594,389)
Income tax expense	5	-	(48,482)
Loss from continuing operations after income tax		**(2,707,631)**	**(2,642,871)**
Loss for the year from discontinued operations	10	-	(2,659,123)
Loss for the year		**(2,707,631)**	**(5,301,994)**
Other comprehensive loss			
Exchange differences arising on translation of foreign operations		-	(176,485)
Other comprehensive loss for the year, net of tax		**-**	**(176,485)**
Total comprehensive loss for the year		**(2,707,631)**	**(5,478,479)**
Earnings per Share		**Cents**	**Cents**
Continuing and discontinued operations			
Basic loss per share (cents)	20	(0.73)	(1.54)
Diluted loss per share (cents)	20	(0.73)	(1.54)
Continuing and discontinued operations			
Basic loss per share (cents)	20	(0.73)	(0.77)
Diluted loss per share (cents)	20	(0.73)	(0.77)

Consolidated Statement of Financial Position *as at 30 June 2012*

	Notes	2012 $	2011 $
Current Assets			
Cash and cash equivalents	6	4,790,716	4,556,316
Other receivables	7	18,057	16,181
Other current assets	8	-	62,412
Total Current Assets		4,808,773	4,634,909
Non-Current Assets			
Investment in associate	9	669,027	1,070,118
Property, plant and equipment	11	-	8,014
Exploration & evaluation expenditure	12	613,612	2,179,545
Total Non-Current Assets		1,282,639	3,257,677
Total Assets		6,091,412	7,892,586
Current Liabilities			
Trade and other payables	13	90,339	84,270
Total Current Liabilities		90,339	84,270
Total Liabilities		90,339	84,270
Net Assets		**6,001,073**	**7,808,316**
Equity			
Issued capital	14	37,461,067	36,699,679
Reserves	15	2,666,413	2,527,413
Accumulated losses	16	(34,126,407)	(31,418,776)
Total Equity		**6,001,073**	**7,808,316**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows *for the year ended 30 June 2012*

	Notes	2012 $	2011 $
Cash flows from operating activities			
Payments to suppliers and employees		(744,494)	(1,282,780)
Borrowing costs		-	(10,839)
Interest received		217,310	52,280
Other receipts		195	-
Receipt from research and development tax concession		-	350,043
Net cash used in operating activities	6	**(526,989)**	**(891,296)**
Cash flows from investing activities			
Proceeds from disposal of subsidiary		-	3,542,926
Payments for exploration expenditure		-	(24,142)
Net cash used in investing activities		**-**	**3,518,784**
Cash flows from financing activities			
Proceeds from issue of shares		810,000	2,022,865
Repayment of borrowings		-	(533,102)
Payments for share issue costs		(48,611)	(161,605)
Net cash (used in)/provided by financing activities		**761,389**	**1,328,158**
Net (decrease)/increase in cash held		234,400	3,955,646
Cash and cash equivalents at beginning of the year		4,556,316	600,670
Cash and cash equivalents at end of the year	6	**4,790,716**	**4,556,316**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity *for the year ended 30 June 2012*

	Issued capital $	Accumulated losses $	Share-based payments reserve $	Share option reserve $	Currency translation reserve $	Total $
Balance 1 July 2011	**36,699,679**	**(31,418,776)**	**2,527,413**	**-**	**-**	**7,808,316**
Loss for the year	-	(2,707,631)	-	-	-	(2,707,631)
Other comprehensive loss	-	-	-	-	-	-
Total comprehensive loss for the year	-	(2,707,631)	-	-	-	(2,707,631)
Transactions with owners in their capacity as owners						
Shares issued via placement	810,000	-	-	-	-	810,000
Costs of issue	(48,612)	-	-	-	-	(48,612)
Share based payments	-	-	139,000	-	-	139,000
Balance at 30 June 2012	**37,461,067**	**(34,126,407)**	**2,666,413**	**-**	**-**	**6,001,073**
Balance at 1 July 2010	**34,789,939**	**(26,859,902)**	**2,527,413**	**743,120**	**(601,111)**	**10,599,459**
Loss for the year	-	(5,301,994)	-	-	-	(5,301,994)
Other comprehensive loss						
Foreign currency translation	-	-	-	-	(176,485)	(176,485)
Total comprehensive loss for the year	-	(5,301,994)	-	-	(176,485)	(5,478,479)
Transactions with owners in their capacity as owners						
Shares issued via placement	222,865	-	-	-	-	222,865
Shares issued via rights issue	1,800,000	-	-	-	-	1,800,000
Costs of issue	(113,125)	-	-	-	-	(113,125)
Derecognition of foreign currency translation reserve	-	-	-	-	777,596	777,596
Transfer of share option reserve	-	743,120	-	(743,120)	-	-
Balance at 30 June 2011	**36,699,679**	**(31,418,776)**	**2,527,413**	**-**	**-**	**7,808,316**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

1. Corporate Information

The financial statements of Strzelecki Metals Limited ("Strzelecki Metals" or "the Group") for the year ended 30 June 2012 were authorised for issue in accordance with a resolution of the directors on 30 August 2012.

Strzelecki Metals Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The nature of the operations and the principal activities of the Company are described in the Director's Report.

2. Summary of Significant Accounting Policies

This financial report includes the consolidated financial statements and notes of Strzelecki Metals Ltd and its controlled entities ('Group').

(a) Basis of Preparation

The financial report is a general-purpose financial report, which 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 to which they apply.

Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accrual 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.

(b) Compliance Statement

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(c) Basis of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Strzelecki Metals Ltd at the end of the reporting period. A controlled entity is any entity over which Strzelecki Metals Ltd has the ability and right to govern the financial and operating policies so as to obtain benefits from the entity's activities.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 19 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated in full on consolidation.

Non-controlling interests, being the equity in a controlled entity not attributable, indirectly or indirectly, to a parent, are reported 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. The financial statements of the controlled entities are prepared for the same reporting period as the parent company, using consistent accounting policies.

(d) Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.
A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

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

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

(e) New accounting standards and interpretations

The following applicable accounting standards and interpretations have been issued or amended but are not yet effective. These standards have not been adopted by the Group for the year ended 30 June 2012, and no change to the Group's accounting policy is required:

Reference	Title	Summary	Impact on Group's financial report	Application date for Group
AASB 2011-9	Amendments to Australian Accounting Standards – Presentation of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]	This Standard requires entities to group items presented in other comprehensive income on the basis of whether they might be reclassified subsequently to profit or loss and those that will not.	1 July 2012	1 July 2012
AASB 9	Financial Instruments	AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below. (a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. (b) Allows 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. (c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. (d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: ► The change attributable to changes in credit risk are presented in other comprehensive income (OCI) ► The remaining change is presented in profit or loss If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7 and 2010-10.	1 January 2013	1 July 2013
AASB 10	Consolidated Financial Statements	AASB 10 establishes a new control model that applies to all entities. **It replaces parts of AASB 127 *Consolidated and Separate Financial Statements* dealing with the accounting for consolidated financial statements and UIG-112 *Consolidation – Special Purpose Entities.*** The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. Consequential amendments were also made to other standards via AASB 2011-7.	1 January 2013	1 July 2013

AASB 11	Joint Arrangements	AASB 11 replaces AASB 131 *Interests in Joint Ventures* and UIG-113 *Jointly- controlled Entities – Non-monetary Contribution by Ventures.* AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method. Consequential amendments were also made to other standards via AASB 2011-7 and amendments to AASB 128.	1 January 2013	1 July 2013
AASB 12	Disclosure of Interests in Other Entities	AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structures entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.	1 January 2013	1 July 2013
AASB 13	Fair Value Measurement	AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets. AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined. Consequential amendments were also made to other standards via AASB 2011-8.	1 January 2013	1 July 2013
Annual Improvements 2009–2011 Cycle	Annual Improvements to IFRSs 2009–2011 Cycle	This standard sets out amendments to International Financial Reporting Standards (IFRSs) and the related bases for conclusions and guidance made during the International Accounting Standards Board's Annual Improvements process. These amendments have not yet been adopted by the AASB. The following items are addressed by this standard: IFRS 1 First-time Adoption of International Financial Reporting Standards ▪ Repeated application of IFRS 1 ▪ Borrowing costs IAS 1 Presentation of Financial Statements ▪ Clarification of the requirements for comparative information IAS 16 Property, Plant and Equipment ▪ Classification of servicing equipment IAS 32 Financial Instruments: Presentation ▪ Tax effect of distribution to holders of equity instruments IAS 34 Interim Financial Reporting ▪ Interim financial reporting and segment information for total assets and liabilities	1 January 2013	1 July 2013

AASB 1053	Application of Tiers of Australian Accounting Standards	This Standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements: (a) Tier 1: Australian Accounting Standards (b) Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements. The following entities apply Tier 1 requirements in preparing general purpose financial statements: (a) For-profit entities in the private sector that have public accountability (as defined in this Standard) (b) The Australian Government and State, Territory and Local Governments The following entities apply either Tier 2 or Tier 1 requirements in preparing general purpose financial statements: (a) For-profit private sector entities that do not have public accountability (b) All not-for-profit private sector entities (c) Public sector entities other than the Australian Government and State, Territory and Local Governments. Consequential amendments to other standards to implement the regime were introduced by AASB 2010-2, 2011-2, 2011-6, 2011-11 and 2012-1.	1 July 2013	1 July 2013

The group has not elected to early adopt any new Standards or Interpretations.

Changes in accounting policies and disclosures
In the year ended 30 June 2012, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

(f) Foreign Currency Translation

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 that 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 functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated 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 profit or loss.

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

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

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- 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 with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. These differences are recognised in profit or loss in the period in which the operation is disposed.

(g) Plant and Equipment

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

Property
Freehold land and buildings is recorded at cost.

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

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

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

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. Repairs and maintenance expenditure is charged to the statement of comprehensive income during the financial period in which it is incurred.

Depreciation
The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the Group commencing from the time the asset is held ready for use.

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

Class of Fixed Asset	*Depreciation Rate*
Land and Buildings	2%
Plant and Equipment	2-33 %

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting 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 on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income.

(h) Impairment of Assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be 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 amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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.

(i) Exploration expenditure

Exploration and evaluation expenditures incurred are capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered 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.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area of interest.

Costs of site restoration are provided over the life of the project 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 local laws and regulations and clauses of the 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.

(j) Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

(k) Share-based payment transactions

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

(l) Other Receivables

Other receivables, which generally have 30-90 day terms, are recognised initially at fair value and subsequently at amortised cost less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified. Intercompany loans are impaired based on the ability of the subsidiaries to generate future cash flows to repay the loans.

(m) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, and other short-term highly liquid investments with original maturities of three months or less.

(n) 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 financial assets, this is equivalent to the date that the Group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

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

Classification and subsequent measurement
Finance instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method. Fair value is determined based on current bid prices for all quoted investments.

Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

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

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

i. *Financial assets at fair value through profit or loss*
Financial assets are classified at "fair value through profit or loss" when they are 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. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

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 are subsequently measured at amortised cost.

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

iii. *Held-to-maturity investments*
Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.
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Held-to-maturity investments are included in non-current assets where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as current assets.

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. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments. They are subsequently measured at fair value with changes in such fair value (ie gains or losses) recognised in other comprehensive income (except for impairment losses and foreign exchange gains and losses).

When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in non-current assets where they are expected to be sold within 12 months after the end of the reporting period. All other financial assets are classified as current assets.

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

Impairment
At the end of each reporting period, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

Impairment losses are recognised in profit or loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

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

(o) Investment in Associates

Associates are companies in which the Group has significant influence through holding, directly or indirectly, 20% or more of the voting power of the Group. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate company. In addition, the Group's share of the profit or loss of the associate company is included in the Group's profit or loss.

The carrying amount of the investment includes goodwill relating to the associate. Any discount on acquisition whereby the Group's share of the net fair value of the associate exceeds the cost of investment is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Group will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised. Details of the Group's investments in associates are provided in Note 11.

(p) Trade and other payables

Liabilities for trade creditors and other amounts are recognised initially at fair value and subsequently at amortised cost, which is the fair value of the consideration to be paid in the future for goods and services received that are unpaid, whether or not billed to the Group.

(q) 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 profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

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

(r) Issued Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(s) Revenue

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. When the inflow of consideration is deferred, it is treated as the provision of financing and is discounted at a rate of interest that is accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

(t) 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 profit or loss in the period in which they are incurred.

(u) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

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

(v) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the result attributable to equity holders of the Group, excluding any costs of servicing equity other than dividends, by the weighted average number of ordinary shares, adjusted for any bonus elements.

Diluted earnings per share

Diluted earnings per share is calculated as net result attributable to members of the Group, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus elements.

(w) Goods and Services Tax and Value Added Tax

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 Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(x) Critical accounting estimates and judgements

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 Judgements — Exploration and evaluation
The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage that permits a reasonable assessment of the existence of reserves.

While there are certain areas of interest from which no reserves have been extracted, the Directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded.

3. 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 locations as the diversification of the Group's operations inherently have different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Information reported to the board of Directors for the purposes of resources allocation and assessment of performance is more specifically focused on the areas in which the Group is exploring. The Group's reportable segments under AASB 8 are therefore as follows:

- Exploration activities conducted in Australia; and
- Exploration activities conducted in Poland.

Basis of accounting for purposes of reporting by operating segments

a) *Accounting policies adopted*
Unless stated otherwise, all amounts reported to the board of Directors, being the chief decision makers 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.

b) *Intersegment transactions*
Intersegment loans payable and receivable are initially recognised at the consideration received/to be received net of transaction costs. If intersegment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

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

d) *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. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

e) *Unallocated items*
The following items of revenue, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- impairment of assets and other non-recurring items of revenue or expense;
- income tax expense;
- current tax liabilities; and
- other financial liabilities.

The following is an analysis of the Group's revenue and results by reportable operating segment for the periods under review.

	Segment Revenue		**Segment Result**	
	2012	**2011**	**2012**	**2011**
	$	**$**	**$**	**$**
Continuing Operations				
Mineral exploration - Australia	249,582	109,692	(2,306,540)	(2,492,573)
Mineral exploration - Poland	-	-	(401,091)	(101,816)
	249,582	109,692	(2,707,631)	(2,594,389)

The revenue reported above represents revenue generated from various sources detailed in Note 4(a).

2012	Opening Balance $	Net Capital Expenditure $	Other $	Closing Balance $
Continuing Operations				
Mineral exploration - Australia	6,822,468	-	(1,400,082)	5,422,386
Mineral exploration - Poland	1,070,118	-	(401,091)	669,027
Inter-segment eliminations	-	-	-	-
Total segment assets	**7,892,586**	**-**	**(1,801,173)**	**6,091,413**

2011	Opening Balance $	Net Capital Expenditure $	Other $	Closing Balance $
Continuing Operations				
Mineral exploration - Australia	26,984,043	24,142	(20,185,717)	6,822,468
Mineral exploration - Poland	2,684,472	-	(1,614,354)	1,070,118
Inter-segment eliminations	(18,328,002)	-	18,328,002	-
Total segment assets	**11,340,513**	**24,142**	**(3,472,069)**	**7,892,586**

4. Revenue and Expenses

	2012 $	2011 $
(a) Revenue		
Bank interest received or receivable	217,310	109,692
Other income	32,272	-
	249,582	109,692
(b) Expenses		
Impairment of non-current assets		
Capitalised tenement costs written off	1,565,933	1,396,889
Total impairment of non-current assets	1,565,933	1,396,889
Depreciation of non-current assets		
Plant and equipment	8,014	26,864
Total depreciation	8,014	26,864
(c) Employee benefits expense		
Wages, salaries, directors fees and other remuneration expenses	346,115	352,998
Superannuation	45,833	55,077
	391,948	408,075
(d) Other Expenses		
Administration	30,613	96,677
Occupancy costs	818	34,247
Accounting, audit and secretarial	181,729	141,526
Insurance costs	27,780	41,923
Consultancy	25,000	185,727
Legal fees	29,547	102,727
Listing and compliance fees	58,944	50,341
Travel expenses	79,430	8,320
Provision for doubtful debts	-	32,077
Other expenses	17,366	66,033
	451,227	759,598

5. Income Tax

A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:

	2012 $	2011 $
Accounting loss before income tax	(2,707,631)	(5,253,512)
At the Group's statutory income tax rate of 30% (2011: 30%)	(812,289)	(1,576,054)
Expenditure not allowable for income tax purposes	-	467,217
Other deductible items:		
Deferred tax asset not realised as recognition criteria of AASB 112 not met	(6,000)	316,866
Capital raising costs deductible	(2,917)	(62,472)
Immediate write off of capital expenditure	-	(7,243)
Impairment expense	469,780	420,566
Other temporary differences	345,426	441,120
Subtotal	-	-
Tax portion of capital raising costs written off	-	48,482
	-	48,482

The Group has tax losses arising in Australia of $3,627,595 (2011: $2,852,376) that are available indefinitely for offset against future taxable profits of the companies in which the losses arose.

Deferred Tax Asset (DTA) arising from tax losses are not recognised at the reporting date as realisation of the benefit is not regarded as probable:

	2012 $	2011 $
Timing Difference at 30%	(1,713)	(395,393)
Tax losses at 30%	3,627,595	2,852,376
	3,625,882	2,456,983

The benefit for tax losses will only be obtained if:

i. the Company derives future assessable income in Australia of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised, and
ii. the Company continues to comply with the conditions for deductibility imposed by tax legislation in Australia and
iii. no changes in tax legislation in Australia, adversely affect the Company in realising the benefit from the deductions for the losses.

6. Cash and Cash Equivalents

Reconciliation of Cash

	2012 $	2011 $
Cash comprises of:		
Cash at bank	4,790,716	4,556,316
Reconciliation of operating loss after tax to net cash flows from operations		
Loss after tax	(2,707,631)	(5,301,994)
Non cash items		
Share based payment	139,000	-
Depreciation	8,014	26,864
Loss on disposal of assets	-	41,849
Impairment of non-current assets	1,565,933	3,459,810
Share of associates' net losses	401,091	101,816
Change in assets and liabilities		
Trade and other receivables	55,536	425,905
Other assets	5,000	(38,189)
Trade and other payables	6,068	(98,694)
Provisions	-	(24,988)
Net amounts included in financing and investing activities	-	516,325
Net cash outflow from operating activities	(526,989)	(891,296)

7. Other Receivables – Current

	2012 $	2011 $
GST receivable	18,057	16,181
	18,057	16,181

Goods and services tax is non-interest bearing and generally receivable on 30 day terms. It is neither past due nor impaired. The amount is fully collectible. Due to the short term nature of this receivable, the carrying value is assumed to approximate the fair value.

	2012 $	2011 $
8. Other Current Assets		
Prepayments	-	5,000
Other	-	57,412
	-	62,412

9. Investment in Associate

Non-current		
Investment in associate:		
Investment in SKKGM	669,027	1,070,118
	669,027	1,070,118

The Group holds an investment in Slasko Krakowska Kompania Gornictwa Metali Spz o.o (SKKGM), and as such, the carrying amount of the investment is accounted for under the equity method. The Group has a 40% interest in SKKGM Ltd at 30 June 2012 (2011: 45%).

Share of associate statement of financial position		
Current assets	138,639	72,559
Non-current assets	1,420,533	1,165,855
	1,559,172	1,238,414
Current liabilities	665,370	13,666
Non-current liabilities	-	154,630
	665,370	168,296
Net Assets	893,802	1,070,118
Share of associate statement of comprehensive income		
Comprehensive loss for the period	(401,091)	(101,816)
	(401,091)	(101,816)
Reconciliation of movement in carrying amount of investment in associate		
Balance at the beginning of period	1,070,118	-
Acquisitions of investments in associate	-	2,770,815
Impairment of investment in associate	-	(1,598,881)
Share of comprehensive loss for the period	(401,091)	(101,816)
Carrying amount of investment in associate	669,027	1,070,118

10. Discontinued Operations

On 28 March 2011, the Company completed its agreement with Electrum Strategic Metals Eastern Europe SA (“Electrum”) with the acquisition by Electrum of 55% of the Company’s Polish subsidiary Slasko-Krakowska Kompania Gornictwa Metali Sp.z o.o (“SKKGM”). On completion, the Company received a payment of US$3.5m with Electrum committed to a mandatory exploration expenditure of US$1m to earn a further 5% of SKKGM, following which it may elect to spend a further US$2m and US$3m to earn an additional 5% and 10%, respectively, of SKKGM.

The financial performance presented is for the period ended 28 March 2011 and the year ended 30 June 2010.

	2011 $	2010 $
Revenue	-	75,747
Expenses	(639,683)	(18,140,777)
Profit before income tax	(639,683)	(18,065,030)
Income tax expense	-	-
Loss after income tax of discontinued operation	(639,683)	(18,065,030)
Loss on sale before income tax	(2,019,440)	-
Loss from discontinued operation	(2,659,123)	(18,065,030)
Loss attributable to owners of the parent entity relates to:		
Loss from continuing operations	(2,642,871)	(2,660,902)
Loss from discontinued operations	(2,659,123)	(18,065,030)
	(5,301,994)	(20,725,932)
Details of the sale of the subsidiary:		
Consideration received	3,542,926	-
Carrying amount of net assets sold	(5,562,366)	-
Loss on sale before income tax	(2,019,440)	-

11. Property, Plant and Equipment

Land and Buildings

	2012 $	2011 $
Opening balance	-	523,836
Additions	-	-
Disposals	-	(515,722)
Net exchange differences on translation	-	-
Depreciation charge for the year	-	(8,114)
Closing balance	-	-

Plant and Equipment

	2012 $	2011 $
Opening balance	8,014	147,905
Additions	-	-
Disposals	-	(121,141)
Net exchange differences on translation	-	-
Depreciation charge for the year	(8,014)	(18,750)
Closing balance	-	8,014
Cost	75,000	75,000
Accumulated depreciation	(75,000)	(66,986)
Net carrying amount	-	8,014

12. Exploration and Evaluation Expenditure

Exploration and evaluation costs carried forward in respect of areas of interest:

	2012 $	2011 $
Non-Current		
Exploration and evaluation phases - Joint Ventures	613,612	2,179,545
	613,612	2,179,545

Capitalised tenement expenditure movement reconciliation

	2012 $	2011 $
Opening balance	2,179,545	9,601,793
Exploration and evaluation expenditure incurred during the period	-	24,141
Disposals	-	(6,049,500)
Net exchange differences on translation	-	-
Impairment of exploration expenditure	(1,565,933)	(1,396,889)
Closing balance	613,612	2,179,545

The ultimate recoupment of costs carried forward for exploration expenditure is dependent on the successful development and commercial exploitation or sale of the respective mining areas.

13. Trade and Other Payables

	2012 $	2011 $
Other payables	52,339	37,570
Accruals	38,000	46,700
	90,339	84,270

Trade creditors and other creditors are non-interest bearing and generally payable on 60 day terms. Due to the short term nature of these payable, their carrying value is assumed to approximate their fair value.

14. Issued Capital

(a) Issued and paid up capital

	2012 $	2011 $
Ordinary shares fully paid	37,461,067	36,699,679

(b) Movements in shares on issue

	2012 No. of shares	2012 $	2011 No. of shares	2011 $
Opening balance	360,000,000	36,699,679	157,713,535	34,789,939
Shares issue	54,000,000	810,000	202,286,465	2,022,865
Costs of issue	-	(48,612)	-	(113,125)
Closing balance	414,000,000	37,461,067	360,000,000	36,699,679

(c) Ordinary shares

The Company does not have authorised capital nor par value in respect of its issued capital. Ordinary shares have the right to receive dividends as declared and, in the event of a winding up of the Company, to participate in the proceeds from sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or proxy, at a meeting of the Company.

(d) Capital risk management

The Group's capital comprises share capital, reserves less accumulated losses amounting to a net equity of $6,021,073 at 30 June 2012 (2011: $7,808,316). The Group manages its capital to ensure its ability to continue as a going concern and to optimise returns to its shareholders. The Group was ungeared at year end and not subject to any externally imposed capital requirements. Refer to Note 21 for further information on the Group's financial risk management policies.

(e) Share Options

As at the date of this report, there were 12,250,000 unissued ordinary shares under options (14,250,000 at the reporting date). The details of the options at the date of this report are as follows:

Number	Exercise Price $	Expiry Date
2,250,000	$0.10	17 February 2013
10,000,000	$0.033	28 November 2015
12,250,000		

No option holder has any right under the options to participate in any other share issue of the company or any other entity. During the financial year 3,000,000 options lapsed due to not being exercised within the given exercise period.

15. Reserves

	2012 $	2011 $
Share based payments reserve	2,666,413	2,527,413
Share option reserve	-	-
Foreign currency translation reserve	-	-
	2,666,413	2,527,413

Movements in Reserves

	2012 $	2011 $
Share based payments reserve:		
Opening balance	2,527,413	2,527,413
Share based payments expense	139,000	-
Closing balance	2,666,413	2,527,413

The share based payment reserve is used to record the value of equity benefits provided to directors and executives as part of their remuneration and non-employees for their goods and services. Refer to Note 22 for further details of the options issued during the financial period ended 30 June 2012.

	2012 $	2011 $
Share option reserve:		
Opening balance	-	743,120
Options issued	-	(743,120)
Closing balance	-	-

The option premium reserve is used to record the premium paid on the issue of options.

	2012 $	2011 $
Foreign currency translation reserve:		
Opening balance	-	(601,111)
Foreign currency translation	-	(176,485)
Derecognition of foreign currency translation reserve	-	777,596
Closing balance	-	-

The Foreign Exchange differences arising on translation of foreign controlled entities are taken to the foreign currency translation reserve, as described in Note 2(f). The reserve is recognised in the statement of comprehensive income when the net investment is disposed of.

16. Accumulated losses

	2012 $	2011 $
Movements in accumulated losses were as follows:		
Opening balance	(31,418,776)	(26,859,902)
Loss for the year	(2,707,631)	(5,301,994)
Transfer from share option reserve	-	743,120
Closing balance	(34,126,407)	(31,418,776)

17. Auditor's Remuneration

The auditor of Strzelecki Metals Limited is Grant Thornton SA Partnership

	2012 $	2011 $
Amounts received or due and receivable for:		
- an audit or review of the financial statements of the entity and any other entity in the Consolidated group	28,500	28,500
- auditor review services provided by a related practice of the auditor	565	650
	29,065	29,150

There were no other services provided by the auditor during the years ended 30 June 2012 and 30 June 2011.

18. Key Management Personnel Disclosures

(a) Remuneration of Key Management Personnel

Details of the nature and amount of each element of the emolument of each Director and Executive of the Group for the financial year are as follows:

	2012 $	2011 $
Short term employee benefits	335,454	330,299
Post-employment benefits	45,833	50,000
Share based payments	139,000	-
Total remuneration	520,287	380,299

For detailed Key Management Personnel remuneration information please refer to the Remuneration Report on page 5.

(b) Shareholdings of Key Management Personnel

Share holdings

The number of shares in the company held during the financial year held by each director of Strzelecki Metals Limited, including their personally related parties, is set out below. There were no shares granted during the reporting period as compensation.

2012	Balance at the start of the year	Granted during the year as compensation	On exercise of share options	Other changes during the year	Balance at the end of the year
Brian McMaster	-	-	-	10,000,000	10,000,000
Matthew Wood	-	-	-	15,359,097	15,359,097
John Santich	24,811,940	-	-	-	24,811,940
Peter Hunt	273,846	-	-	-	273,846
Simon O'Loughlin*	3,000,000	-	-	(3,000,000)	-
Stephen Evans*	3,500,000	-	-	(3,500,000)	-
Aaron Bertolatti	-	-	-	1,000,000	1,000,000
Donald Stephens**	-	-	-	-	-

* Simon O'Loughlin and Stephen Evans resigned from their position as Directors of the Company on 24 April 2012.
** Donald Stephens resigned from his position as Company Secretary of the Company on 21 May 2012.

2011	Balance at the start of the period	Granted during the period as compensation	On exercise of share options	Other changes during the period	Balance at the end of the period
John Santich	19,811,940	-	-	5,000,000	24,811,940
Peter Hunt	136,923	-	-	136,923	273,846
Simon O'Loughlin	-	-	-	3,000,000	3,000,000
Stephen Evans	-	-	-	3,500,000	3,500,000
Wieslaw Bogacz *	19,811,941	-	-	(19,811,941)	-
Carl Dorsch *	11,116,590	-	-	(11,116,590)	-
Andrew Zemek**	-	-	-	-	-
Donald Stephens	-	-	-	-	-
Graham Seppelt ***	-	-	-	-	-

* Wieslaw Bogacz and Carl Dorsch resigned as Directors on 2 September 2010.
** Andrew Zemek resigned as Directors on 19 July 2010.
*** Graham Seppelt resigned as Company Secretary on 26 November 2010.

All other changes refer to shares purchased or sold directly or indirectly by Key Management Personnel.

All equity transactions with key management personnel other than arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

(c) Option holdings of Key Management Personnel

The numbers of options over ordinary shares in the company held during the financial year by each director of Strzelecki Metals Limited and specified executive of the group, including their personally related parties, are set out below:

2012	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Other changes during the year	Balance at the end of the year	Exercisable	Un-exercisable
Brian McMaster	-	-	-	-	-	-	-
Matthew Wood	-	-	-	-	-	-	-
John Santich	-	-	-	2,750,000	2,750,000	2,750,000	-
Peter Hunt	-	-	-	2,750,000	2,750,000	2,750,000	-
Simon O'Loughlin	-	-	-	-	-	-	-
Stephen Evans	-	-	-	-	-	-	-
Aaron Bertolatti	-	-	-	-	-	-	-
Donald Stephens	-	-	-	-	-	-	-

There were no forfeitures and no options issued to directors lapsed during the year ended 30 June 2012.

2011	Balance at the start of the period	Granted during the period as compensation	Exercised during the period	Other changes during the period	Balance at the end of the period	Exercisable	Un-exercisable
John Santich	-	-	-	-	-	-	-
Peter Hunt	-	-	-	-	-	-	-
Simon O'Loughlin	-	-	-	-	-	-	-
Stephen Evans	-	-	-	-	-	-	-
Wieslaw Bogacz	-	-	-	-	-	-	-
Carl Dorsch	-	-	-	-	-	-	-
Andrew Zemek	2,000,000	-	-	(2,000,000)	-	-	-
Donald Stephens	-	-	-	-	-	-	-
Graham Seppelt	-	-	-	-	-	-	-

There were no forfeitures and no options lapsed during the year ended 30 June 2011.

Options granted as part of remuneration have been valued using the 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, the expected price volatility of the underlying share and the risk free interest rate for the term of the option. Options granted under the plan carry no dividend or voting rights. For details on the valuation of options, including models and assumptions used, please refer to Note 22.

(d) Other transactions with Key Management Personnel

RJC Evans & Co has received professional fees for accounting services provided during the year of $12,500 (2011: $68,409). Stephen Evans (resigned 24 April 2012) is the Managing Partner of RJC Evans & Co.

O'Loughlins Lawyers has received professional fees for legal services provided during the year of $2,639 (2011: $2,896). Stephen Evans (resigned 24 April 2012) is a Partner of O'Loughlins Lawyers.

HLB Mann Judd (SA) Pty Ltd has received professional fees for accounting and secretarial services provided during the year of $101,867 (2011: $37,783). Donald Stephens, the Company Secretary (resigned 21 May 2012), is a consultant with HLB Mann Judd (SA) Pty Ltd. Nil (2011: nil) was outstanding at year end.

Garrison Capital Pty Ltd, a company of which Mr. Wood and Mr. McMaster are directors, provided the Company with a fully corporate advisory services and a fully serviced office including administration and information technology support totalling $15,000 and reimbursement of payments for financial accounting fees, courier and other minor expenses, at a cost of $10,743. A total of $10,743 was outstanding at year end.

These transactions have been entered into under normal commercial terms and have been included in Note 18(a) Remuneration of Key Management Personnel.

19. Related Party Disclosures

(a) Key management personnel

For Director related party transactions please refer to Note 18 "Key Management Personnel Disclosures".

(b) Subsidiaries

The consolidated financial statements include the financial statements of Strzelecki Metals Limited and the subsidiaries listed in the following table:

		Equity Holding	
Name of Entity	**Country of Incorporation**	**2012**	**2011**
Urex Limited	Australia	100%	100%
Strzelecki Mining Pty Ltd	Australia	100%	100%
The Colonial Copper Company Pty Ltd	Australia	100%	100%

(c) Terms and conditions

There is no allowance account for impaired receivables in relation to any outstanding balances, and no expense has been recognised in respect of impaired receivables due from related parties. All other transactions were made on normal commercial terms and conditions and at market rates. Outstanding balances are unsecured and are repayable in cash.

	2012 $	**2011 $**
20. Loss per Share		
Continuing and discontinued operations		
Loss used in calculating basic and dilutive EPS	(2,707,631)	(5,301,994)
Continuing operations		
Loss used in calculating basic and dilutive EPS	(2,707,631)	(2,642,871)

	Number of Shares	
Weighted average number of ordinary shares used in calculating basic loss per share:	368,580,822	344,604,252
Effect of dilution:		
Share options	-	-
Adjusted weighted average number of ordinary shares used in calculating diluted loss per share:	368,580,822	344,604,252

There is no impact from 12,250,000 options outstanding at 30 June 2012 on the earnings per share calculation because they are anti-dilutive. These options could potentially dilute basic EPS in the future. There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

21. Financial Risk Management

Exposure to interest rate, liquidity and credit risk arises in the normal course of the Group's business. The Group does not hold or issue derivative financial instruments.

The Group uses different methods as discussed below to manage risks that arise from these financial instruments. The objective is to support the delivery of the financial targets while protecting future financial security.

(a) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities.

The Group manages liquidity risk by maintaining sufficient cash facilities to meet the operating requirements of the business and investing excess funds in highly liquid short term investments. The responsibility for liquidity risk management rests with the Board of Directors.

Alternatives for sourcing our future capital needs include our cash position and the issue of equity instruments. These alternatives are evaluated to determine the optimal mix of capital resources for our capital needs. We expect that, absent a material adverse change in a combination of our sources of liquidity, present levels of liquidity along with future capital raising will be adequate to meet our expected capital needs.

Maturity analysis for financial liabilities

Financial liabilities of the Group comprise trade and other payables. As at 30 June 2012 and 30 June 2011 all financial liabilities are contractually matured within 30 days.

(b) Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments.

The Group's exposure to market risk for changes to interest rate risk relates primarily to its earnings on cash and term deposits. The Group manages the risk by investing in short term deposits.

	2012 $	2011 $
Cash and cash equivalents	4,709,716	4,556,316

Interest rate sensitivity

The following table demonstrates the sensitivity of the Group's statement of comprehensive income to a reasonably possible change in interest rates, with all other variables constant.

Judgements of reasonably possible movements	Effect on Post Tax Losses Increase/(Decrease)	
	2012 **$**	**2011** **$**
Increase 100 basis points	47,097	45,563
Decrease 100 basis points	47,097	45,563

A sensitivity of 100 basis points has been used as this is considered reasonable given the current level of both short term and long term Australian Dollar interest rates. The change in basis points is derived from a review of historical movements and management's judgement of future trends.

(c) Credit Risk Exposures

Credit risk represents the risk that the counterparty to the financial instrument will fail to discharge and obligation and cause the Group to incur a financial loss. The Group's maximum credit exposure is the carrying amounts on the statement of financial position. The Group holds financial instruments with credit worthy third parties.

At 30 June 2012, the Group held cash at bank. These were held with financial institution with a rating from Standard & Poors of AA or above (long term). The Group has no past due or impaired debtors as at 30 June 2012.

(e) Fair Value

There were no financial assets or liabilities at 30 June 2012 requiring fair value estimation and disclosure.

22. Share Based Payment Plan

(a) Recognised share based payment transactions

Share based payment transactions recognised as operation expenses in the statement of comprehensive income during the year were as follows:

	2012 $	2011 $
Employee share based payments	139,000	-

(b) Employee share based payments

The fair value at grant date of options granted during the reporting period was determined using the 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, the expected price volatility of the underlying share and the risk free interest rate for the term of the option.

The table below summaries options granted for the year ended 30 June 2012:

Grant Date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired /forfeited during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
28/11/2011	28/11/2015	$0.033	-	10,000,000	-	-	10,000,000	10,000,000
Weighted remaining contractual life (years)				3.33			3.33	3.33
Weighted average exercise price				$0.33			$0.33	$0.33

The weighted average fair value of options granted during the year ended 30 June 2012 was $0.139.

The model inputs, not included in the table above, for options granted during the year ended 30 June 2012 included:

a) options are granted for no consideration and vest immediately;
b) expected life of options was 4 years;
c) 5 day VWAP of $0.03;
d) expected volatility had a range 86%;
e) expected dividend yield of Nil; and
f) a risk free interest rate of 3.64%

The expected price volatility is based on the historic volatility (based on the remaining life of the options) adjusted for any expected changes to future volatility due to publicly available information.

(c) Share-based payment to suppliers:

There were no options granted to suppliers during the year ended 30 June 2012 and 30 June 2011.

23. Parent Entity Information

The following details information related to the parent entity, Strzelecki Metals Limited, at 30 June 2012. The information presented here has been prepared using consistent accounting policies as presented in Note 2.

	2012 $	2011 $
Current assets	4,808,772	4,608,737
Total assets	8,442,463	9,842,554
Current liabilities	(90,339)	(84,278)
Total liabilities	(90,339)	(84,278)
Net Assets	**8,352,124**	**9,758,276**
Issued capital	37,461,066	36,699,679
Reserves	2,666,414	2,527,413
Accumulated losses	(31,775,356)	(29,468,816)
	8,352,124	**9,758,276**
Profit or loss of the parent entity	(2,306,541)	(3,727,012)
Other comprehensive income for the year	-	-
Total comprehensive income of the parent entity	**(2,306,541)**	**(3,727,012)**

24. Commitments

Rental and services agreement
The Group entered into both a service agreement and corporate advisory agreement with Garrison Capital Pty Ltd for a term of 2 years starting in June 2012. The Group is required to give 3 month's written notice to terminate both agreements.
Payable:

	2012 $	2011 $
Within one year	180,000	-
After one year but not longer than 5 years	165,000	-
	345,000	**-**

Expenditure commitments
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.
Payable:

	2012 $	2011 $
Within one year	-	369,000
	-	**369,000**

All minimum expenditure is to be borne by the joint venture partners.

25. Events Subsequent to Reporting Date

On 16 July 2012 the Company announced that it had entered into a Heads of Agreement with Wolf Petroleum Limited, pursuant to which Strzelecki Metals would acquire all of the issued capital in Wolf Petroleum through an offer to Wolf Petroleum shareholders of twenty five Strzelecki Shares for every one Wolf Petroleum Share.

Completion of the Acquisition is subject to conditions including ASX and shareholder approval and Strzelecki becoming entitled to acquire 100% of Wolf Petroleum as a result of Wolf Petroleum shareholders accepting the offers to be made to them by Strzelecki.

26. Contingent Liabilities

There are no known contingent liabilities.

27. Dividends

No dividend was paid or declared by the Group in the period since the end of the financial year and up to the date of this report. The Directors do not recommend that any amount be paid by way of dividend for the financial year ended 30 June 2012.

In accordance with a resolution of the Directors of Strzelecki Metals Limited, I state that:

1. In the opinion of the director's:

   a) the financial statements and notes of Strzelecki Metals Limited for the year ended 30 June 2012 are in accordance with the Corporations Act 2001, including:

      i. giving a true and fair view of the consolidated financial position as at 30 June 2012 and of its performance for the year ended on that date; and

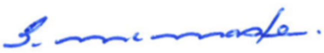
      ii. Complying with Accounting Standards (including the Australian Accounting Interpretations), the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

   b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2(b).

2. 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. This declaration has been made after receiving the declarations required to be made by the Director's in accordance with sections of 295A of the Corporations Act 2001 for the financial period ended 30 June 2012.

On behalf of the Board



Mr. Brian McMaster
Chairman
3 September 2012
Perth, Western Australia

Grant Thornton

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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 2012, 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

GRANT THORNTON SOUTH AUSTRALIAN PARTNERSHIP
Chartered Accountants

J L Humphrey
Partner

Adelaide, 3 September 2012

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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 "Entity"), which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Entity 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 Entity are responsible for the preparation of the financial report that gives a true and fair view of the financial report in accordance with Australian Accounting Standards and the Corporations Act 2001. This responsibility includes such internal controls as the Directors determine are necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error. 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.

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 2012 and of its performance for the year ended on that date; and

  ii complying with Australian Accounting Standards 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 pages 5 to 7 of the directors' report for the year ended 30 June 2012. The Directors of the Entity are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Strzelecki Metals Limited for the year ended 30 June 2012, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON SOUTH AUSTRALIAN PARTNERSHIP
Chartered Accountants

J L Humphrey
Partner

Adelaide, 3 September 2012

ASX Additional Information

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current at 16 August 2012.

Distribution of Share Holders

	Ordinary Shares	
	Number of Holders	**Number of Shares**
1 - 1,000	9	1,910
1,001 - 5,000	31	112,669
5,001 - 10,000	99	922,421
10,001 - 100,000	337	15,441,969
100,001 - and over	326	397,521,031
TOTAL	**802**	**414,000,000**

There were 234 holders of ordinary shares holding less than a marketable parcel.

Top Twenty Share Holders

The names of the twenty largest holders of quoted equity securities are listed below:

Name	Number	%
Sheoak Runner Pty Ltd <J R Santich Super Fund A/C>	18,000,000	4.35
Foresight Pty Ltd	12,171,040	2.94
Mr Matthew Gaden Western Wood	10,970,905	2.65
Archon Resource Superannuation Pty Ltd <Super Fund A/C>	10,800,000	2.61
Symington Pty Ltd	10,100,000	2.44
Mr Timothy James Flavel <The Flavel Investments A/C>	10,000,000	2.42
Reeve Ventures Pty Ltd <The Vega Account>	10,000,000	2.42
Mr Jason Peterson + Mrs Lisa Peterson <J & L Peterson S/F A/C>	8,650,000	2.09
Dorsch Consultants Pty Ltd <Dorsch Family A/C>	8,177,369	1.98
Mrs Carmel Elizabeth Whiting	7,284,500	1.76
Mr Michael Andrew Whiting + Mrs Tracey Anne Whiting <Whiting Family S/F A/C>	7,200,000	1.74
Archon Resource Technologies Pty Ltd <Bogacz A/C>	7,150,000	1.73
Mr Peter Anthony Whiting + Mrs Jane Mary Whiting <Petefish P/L Super Fund A/C>	7,000,000	1.69
Sheoak Runner Pty Ltd <Archon Santich Discret A/C>	6,811,940	1.65
Steven Peter Marinoff	6,359,782	1.54
Calama Holdings Pty Ltd <Mambat Super Fund A/C>	5,714,310	1.38
Mrs Kathleen Mary Eddington <Kathie Eddington No2 S/F A/C>	5,700,000	1.38
Ibraham Adam Geha + Anna Geha	5,000,000	1.21
Taycol Nominees Pty Ltd	4,300,000	1.04
Corporate Property Services Pty Ltd <K W Share A/C>	4,200,000	1.01
Total	**165,589,846**	**40.00**

Unquoted Equity Securities

Options

Class	Number of securities	Holders with more than 20%
Options over ordinary shares exercisable at $0.10 on or before 17 February 2013	2,250,000	-
Options over ordinary shares exercisable at $0.033 on or before 28 November 2015	10,000,000	Peter Hunt 2,750,000 options John Santich 2,750,000 options

On-Market Buy Back

There is no current on-market buy back.

Voting Rights

All ordinary shares carry one vote per share without restriction. Options have no voting rights.

Use of Proceeds

In accordance with listing rule 4.10.19, the Company confirms that it has used cash and assets in a form readily convertible to cash in a way consistent with its business objectives during the financial year ended 30 June 2012.