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STRZELECKI METALS LTD (STZ)
ASX RELEASE

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STRZELECKI WITHDRAWS FROM HEADS OF AGREEMENT ON COAL ASSET IN KYRGYZSTAN

As announced on 23 September 2011, Strzelecki Metals Limited entered into an option agreement with Posit Coal Pty Ltd (“**Posit**”) to procure the acquisition (subject to due diligence and notice of intention to proceed) of 100% of the issued capital of Posit, a private mineral exploration company with a 100% owned Kyrgyzstan subsidiary holding an ultimate 72% interest in the Kara Keche Centralny coal deposit in the democratic republic of Kyrgyzstan.

Since signing the Heads of Agreement, the company has vigorously pursued its due diligence with a visit to the site in Kyrgyzstan, followed up with arrangements with technical, legal and financial due diligence consultants and with discussions with independent consultants for engagement on possible risk and project analysis should a further expert’s report have been required. In parallel, the company also made internal arrangements for internal technical reporting and risk analysis.

In the event, and being in a position to accelerate relatively extensive processes for technical, legal and financial due diligence, the company’s directors found themselves with sufficient information to recognise that it was not in the best interests of shareholders to proceed with the project on the basis of the terms or processes set out in the Heads of Agreement referred to above.

Accordingly, and taking into account the requirements of the project proponents, the company has decided that it will not proceed with the acquisition as announced on 23 September 2011.

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