



ASX Markets Supervision Pty Ltd
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4 May 2010

Graham Seppelt
 Company Secretary
 Strzelecki Metals Limited
 Level 5, 70 Pirie Street
 Adelaide SA 5000

By email: seppelt@bold.net.au

Dear Graham,

Strzelecki Metals Limited (the "Company")

I refer to the Company's Quarterly Report in the form of Appendix 5B for the period ended 31 March 2010, released to ASX Limited ("ASX") on 30 April 2010 (the "Appendix 5B").

ASX notes that the Company has reported the following.

1. Nil receipts from product sales and related debtors.
2. Net negative operating cash flows for the quarter of \$472,000.
3. Cash at end of quarter of \$472,000.
4. Estimated cash outflows for the next quarter of \$404,000.

In light of the information contained in the Appendix 5B please respond to each of the following questions.

1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 5B, taking into account future administration costs, the Company may not have sufficient cash to fund its activities. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?
2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 5B for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?
3. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?
4. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?
5. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

Australian Securities Exchange

Australian Stock Exchange
 Sydney Futures Exchange

Australian Clearing House
 SFE Clearing Corporation

ASX Settlement and Transfer Corporation
 Austraclear

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rule 3.1".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

This letter and your response may be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to me by e-mail at justin.nelson@asx.com.au or by facsimile on facsimile number (08) 8216 5099. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than **5:00 p.m. E.S.T. on Wednesday 5 May 2010**.

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

If you have any queries, please do not hesitate to contact me on (08) 8216 5026.

Yours sincerely,



Justin Nelson
Manager, Issuers (Adelaide)

**STRZELECKI**
Metals Limited

Wednesday, May 5, 2010

Justin Nelson
Manager, Issuers (Adelaide)
Australian Securities Exchange
Electronic Lodgement

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By email: Justin.Nelson@asx.com.au

Dear Justin

Your query of 4 May 2010; cash reserves

We refer to your letter of 4 May 2010 and respond as follows:

1. While it is possible to conclude as you indicate in the first sentence of this paragraph, there are other factors to take into account. We note that the Appendix 5B is a Statement of Cash Flows and not a Statement of Financial Position. As a consequence, the cash at bank position does not show, amongst other items, the potential recoupment of such amounts which may be available from Joint Venture operations or trade or other debtors. In addition, there are a number of mechanisms available to an exploration company to raise funds including, inter alia, placements and rights issues. The company is aware of the low level of cash at bank and is able to avail itself of one or more of the above mechanisms to improve its financial position and maintain its viability and business objectives.
2. The company does in the future expect to have similar negative operating cash flows to those reported and is taking the steps referred to in paragraph 1 above to accommodate that situation.
3. Refer paragraph 1 above.
4. The company confirms that it is compliance with the listing rules, including rule 3.1.
5. In view of the matters referred to in paragraph 1 above, the company is of the view that the ASX is in a position to conclude under listing rule 12.2 that the company's financial position is such that it warrants continued listing and quotation of shares. Although the Statement of Cash Flows has given rise to your query, the company does have access to funds (as noted in paragraph 1 above) and submits that its financial condition will be enhanced accordingly.

We trust that you will understand the company's position on this matter and assure you that the company will make relevant announcements in compliance with Listing Rule 3.1 as and when appropriate.

Yours faithfully

Graham Seppelt
Company Secretary