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## **MYSZKOW MOLYBDENUM-COPPER PROJECT, POLAND**

**INFERRED RESOURCE OF 726 MILLION TONNES AT 0.12% MOLYBDENUM EQUIVALENT, NOW THE SUBJECT OF A PRELIMINARY SCOPING STUDY**

**MOLYBDENUM-COPPER POTENTIAL TO EXTEND BEYOND PRESENT ENVELOPE OF 1.327 BILLION TONNES MINERALISATION AT 0.96% MOLYBDENUM EQUIVALENT**

### **UPDATE ON DRILLING:**

**DRILL HOLE MM2 – TESTING POTENTIAL FOR NORTH-EAST EXTENSION OF THE MYSZKOW DEPOSIT**

**DRILL HOLE ZW1 – EXPLORING MINERALISATION ON GRAVITY ANOMALY IN THE EASTERN PART OF THE CONCESSION**

## **1. Myszkw Deposit – Resource Analysis**

The Myszkw deposit's 726Mt Inferred Resource has been identified within a presently known envelope of 1.327 billion tonnes of molybdenum-copper-polymetallic mineralisation at 0.096% eMo (molybdenum equivalent) using 0.05% eMo cutoff. The deposit is located within Strzelecki's concession of 234 square kilometers in southern Poland. It is developed on the Central European scale north-west trending structure known as the Hamburg-Krakow Fault Zone (HKFZ), as is the Lubin Kupferschiefer type copper-polymetallic deposit, one of the world's largest metalliferous ore systems located some 120km north-west of Myszkw (Figures 1 & 2).

The host rock of the Myszkw deposit is a predominantly granodiorite/porphyry massive intrusive body, which is surrounded by thick metasediment/black schist sequences intersected by numerous porphyry intercalations (Figure 3).

The resource of the Myszkow deposit was estimated by SMG Consultants (Brisbane), using 0.085%, 0.10% and 0.15% eMo cut off, as summarised in Table 1 below:

**Table 1: Resource Estimate**

Cutoff eMo	Million Tonnes	eMo %	eCu %	Mo %	W %	Cu %	Ag g/t
0.085%	726	0.12	0.60	.0617	.0404	.1210	2.22
0.10%	506	0.13	0.66	.0671	.0460	.1295	2.19
0.15%	102	0.17	0.85	.0779	.0631	.2022	2.30

The estimate demonstrates that for 726Mt of the resource, with a cut off 0.085% eMo, the Myszkow deposit contains:

- 448,000 tonnes (985 million pounds) of Molybdenum (Mo);
- 878,000 tonnes (1.93 billion pounds) of Copper (Cu);
- 293,000 tonnes (645 million pounds) of Tungsten (W); and
- 57,000,000 ounces of Silver (Ag).

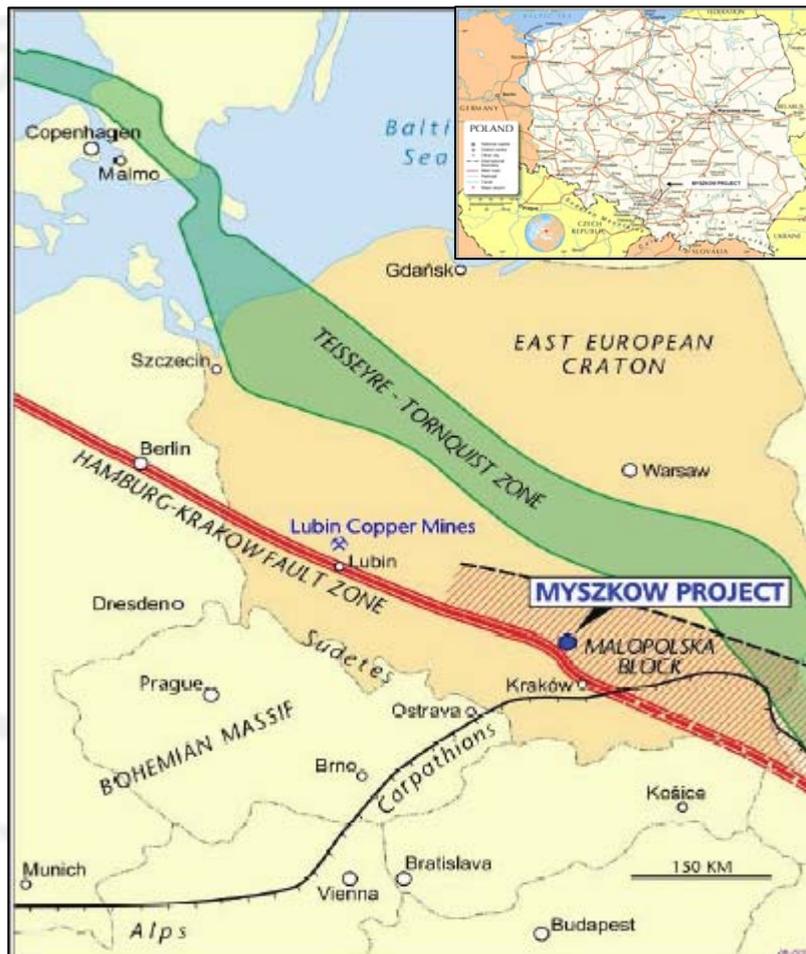


Figure 1: Regional structural geological setting of Myszkow deposit on Hamburg Krakow Fault Zone (HKFZ)

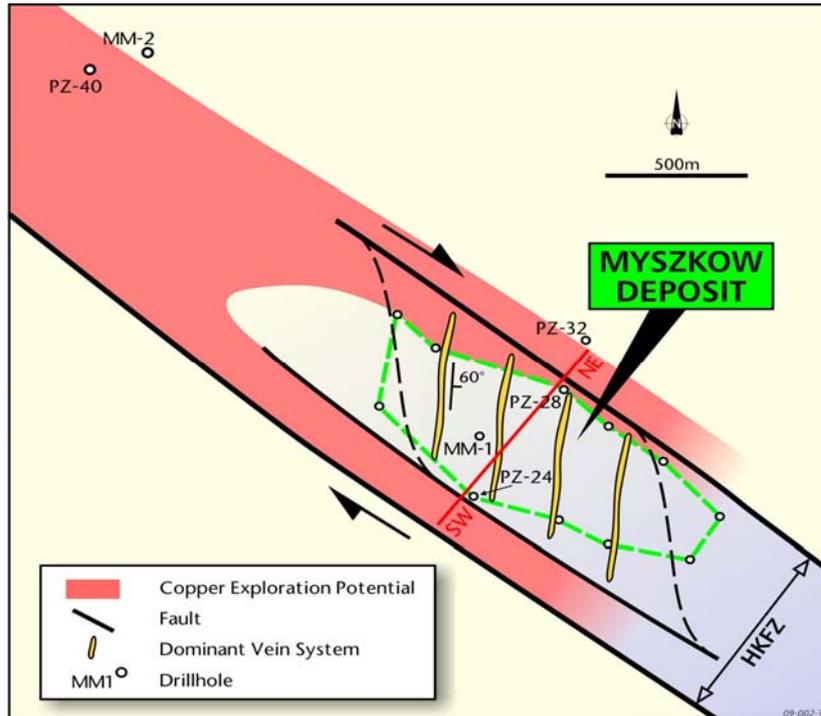


Figure 2: Myszkow Mo/Cu deposit in granodiorite/porphyry host rock, and additional exploration potential for Cu dominant mineralisation in metasediment/black schist host rock

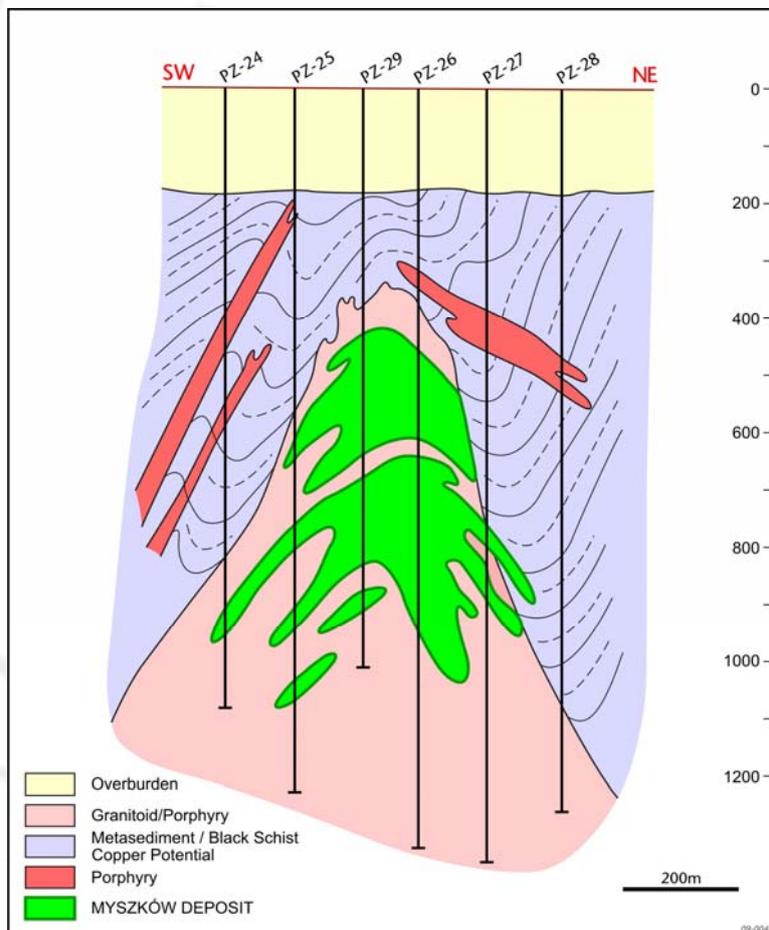


Figure 3: Cross section SW-NE (see Figure 2) showing granodiorite/porphyry controlled Myszkow deposit and metasediment/black schist lithologies with copper potential

## 2. Myszkow Deposit – Preliminary Scoping Study and Further Drilling

Following on from the deposit model and resource estimate prepared by SMG Consultants, a preliminary scoping is under way by the Coffey Mining consulting group. Discussions with both SMG Consultants and Coffey Mining have lead to a proposal for the drilling of a further two or three holes in the Myszkow deposit centered on MM1, with a view to increasing the confidence level of the 506 million tonnes 0.10% cut off Inferred Resource (Figure 4). More specifically, this proposed drilling is aimed at the 102 million tonnes with 0.15% cut off higher grade core, situated within the central part of the 506 million tonne portion of the deposit (S1 and S2 drill holes in Figure 5).

Principal intersections of interest in drill hole MM1 with Mo and Cu grades were presented in the Company ASX release in December 2008. The average grade of the entire 1,030m hole is: Mo .053%, Cu .22%, W .033%, and Ag 2.45g/t. For convenience, examples of significant higher grade Mo zones from MM1 are shown below:

- 60m @ .065% Mo, Cu .30% from 490m
- 250m @ .083% Mo, Cu .22% from 580m
- 110m @ .084% Mo, Cu .20% from 860m

It is expected that this proposed drilling program will be sufficient to upgrade a portion of the 102 million tonnes of higher grade core towards Indicated Resource, and the provision of the host rock geotechnical properties to proceed to a full scoping study, and a pre-feasibility study.

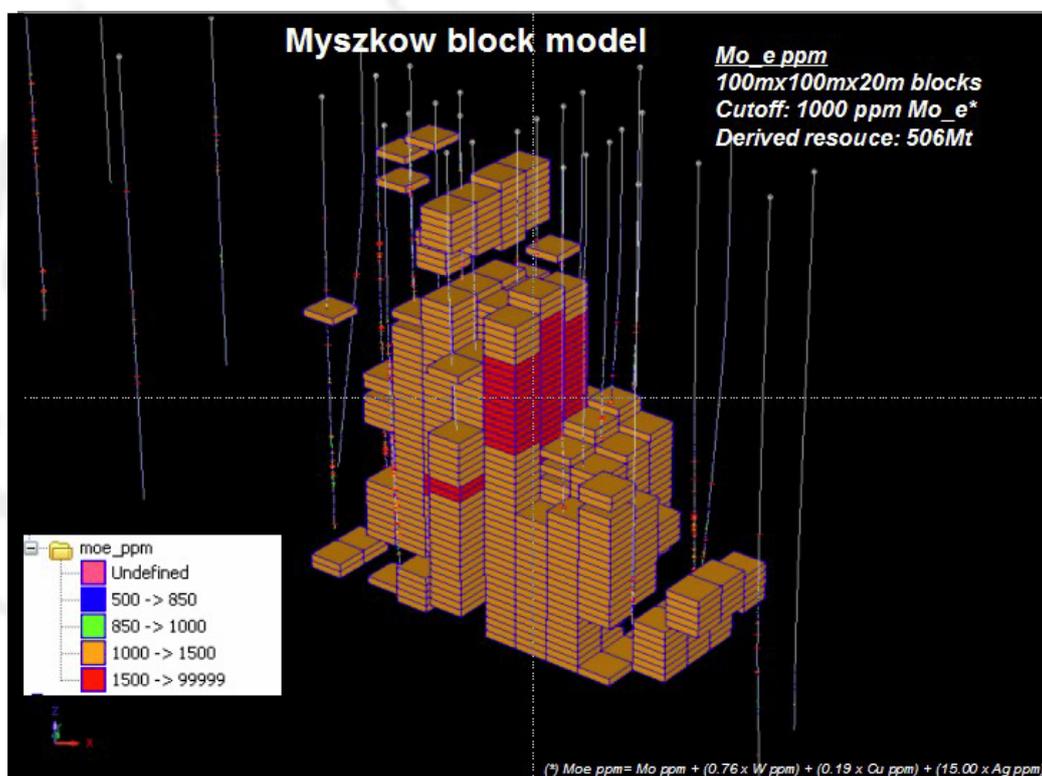


Figure 4: Deposit block model Inferred Resource of 506 Mt at 0.13% eMo, 0.10% cutoff grade

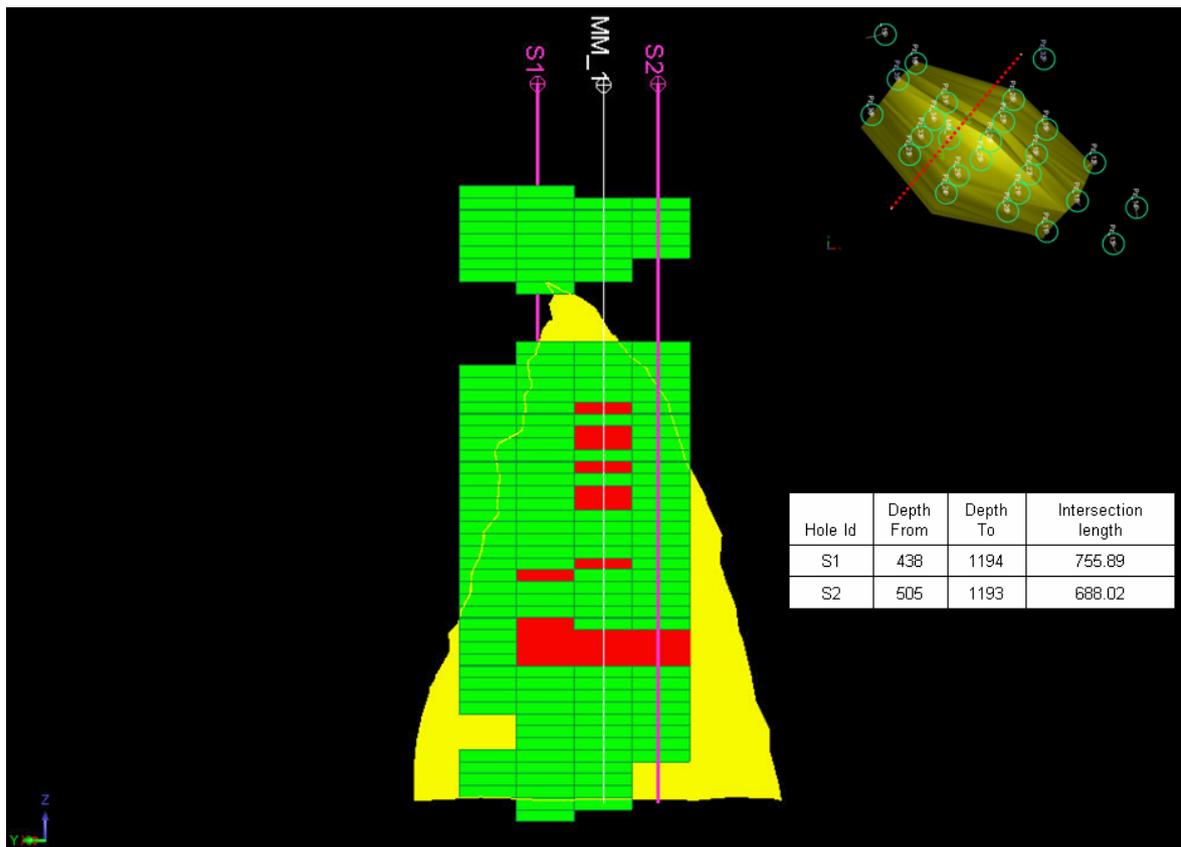


Figure 5: Cross section through proposed drill holes (S1 & S2) and MM1 showing mineralised intrusion (yellow) and model grid blocks >0.10% (green) and 0.15% (red) eMo

### 3. Potential for the Extension of the Myszkow Deposit

#### 3.1 Review of historical PZ40 and PZ28 drill core data

Assessment of geological and assay data from historical drilling, especially from diamond drill holes PZ40 and PZ28, together with the recent deposit's mineralisation model produced by SMG Consultants, suggests that the Myszkow mineral system extends beyond the currently known granodiorite/porphyry controlled Mo-Cu Myszkow deposit. Potential for further molybdenum and copper mineralisation in adjacent metasediment/black schist profile is shown in drill holes PZ40 and PZ28. In particular, a possibility for a higher grade copper domain within the upper part of this profile (to a depth of approximately 700m) is demonstrated from the assay data.

Drill hole PZ28 includes (Figure 6):

- 0.30% Cu - 4.70% Cu at 287.5m – 325.5m depth,
- 0.35% Cu - 1.20% Cu at 381.0m – 387.5m, and
- 0.30% Cu - 3.04% Cu at 648.0m – 659.0 m.

Drill hole PZ40 includes (Figure 6):

- 47.5m (299.5m – 347.5m) intersection with 0.503% Cu average contents, including 0.803% Cu at depth 333.0m – 338.5m,
- 41.5m (369.5m – 411.0m) intersection with 0.514% Cu average contents, including 1.061% Cu at depth 402.0m - 407.5m, and
- 5.0m (592.0m - 597.0m) intersection with 0.709% Cu average contents.

In PZ40, 166.5m (299.5m – 466.0m) of metasediment/black schist with 0.423% Cu average contents, and individual assays up to 2% Cu were reported by the Polish geological surveys.

Drill holes PZ40 and PZ28 are approximately 2 km apart. These holes are situated along NW strike of an interpreted tectonic contact between metasediment/black schist lithologies, and granodiorite/porphyry intrusives of the Myszkow deposit (Figures 2 & 3). Encouraging correlation of copper rich zones between these two drill holes is illustrated in Figure 6. Historically, the metasediments/black schist sequences were drilled by only a few holes and never as a conceptual copper exploration target.

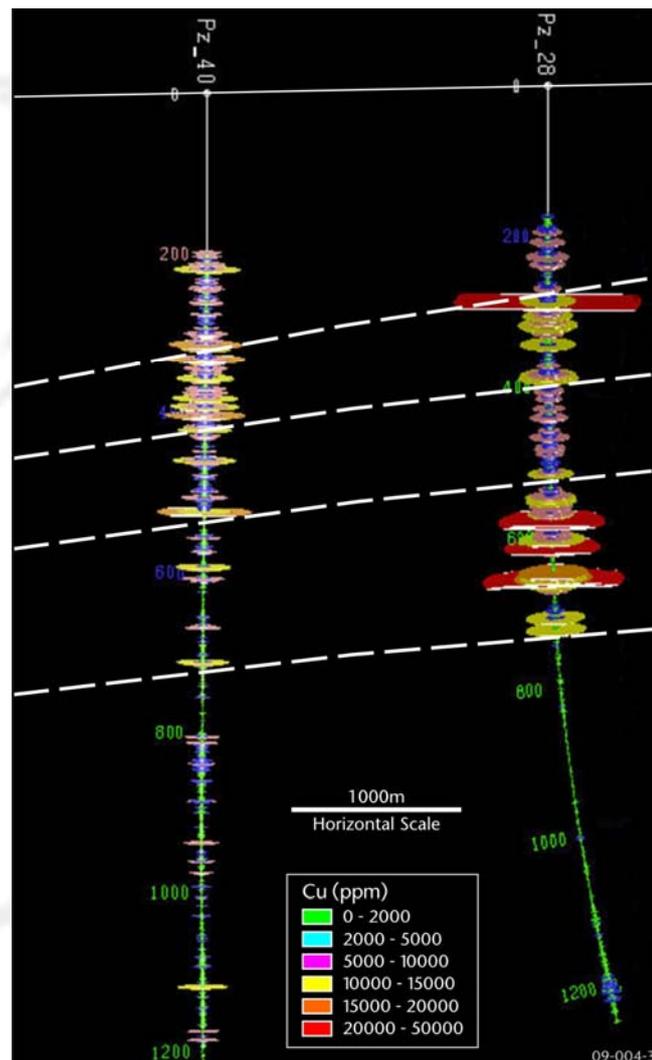


Figure 6: Copper assay distribution in historical PZ40 and PZ28 drill holes

### 3.2 MM2 drill hole – review of geological and assay results

Strzelecki's recently drilled MM2 hole is located about 400m east of PZ40 (Figure 2). Geological profile intersected in the hole includes 187m of overburden, and 830m of mineralised basement rocks. These include about 661m profile of metasediment/black schist (Figure 7), and about 167m granodiorite in the bottom part of the hole. Both lithologies carry mineralisation.

Assay analysis of 1165 samples from 806m of drill core was recently carried out by ALS Chemex Laboratory (Vancouver). The results show the presence of molybdenum (molybdenite) and copper (chalcopyrite, pyrite and minor bornite), as well as tungsten (scheelite) and silver mineralisation over the length of the hole, including a number of higher grade zones. Molybdenum mineralisation is open and strengthening at depth.

Selected molybdenum-copper assay intervals of interest include:

- 2m @ 0.094% Mo from 227m
- 2m @ 0.101% Mo from 288m
- 3m @ 0.089% Mo, 0.35% Cu from 370.5m
- 4m @ 0.086% Mo, 0.17% Cu from 575.5m
- 1m @ 0.21% Mo, 0.31% Cu from 587.5m
- 10m @ 0.12% Mo, 0.20% Cu from 660m
- 4m @ 0.13% Mo, 0.05% Cu from 686m
- 8m @ 0.17% Mo, 0.17% Cu from 700m
- 18m @ 0.045% Mo, 0.16% Cu, 7.6 g/t Ag from 802m
- 19m @ 0.089% Mo, 0.36% Cu, 2.01 g/t Ag from 846m
  - Including 7m @ 0.15% Mo, 0.35% Cu from 855m
- 13m @ 0.057% Mo, 0.21% Cu, 3.33 g/t from 872m
- 16m @ 0.081% Mo, 0.22% Cu from 902m
  - Including 5m @ .165% Mo, .26% Cu from 902m
- 31m @ 0.066% Mo, 0.13% Cu from 936m
  - Including 7m @ 0.11% Mo, 0.16% Cu from 936m
  - Including 7m @ 0.08% Mo, 0.13% Cu from 960m

Selected copper – molybdenum assays include the following intervals:

- 2m @ 1.10% Cu, .079% W, 6.5g/t Ag from 380m
- 1m @ 1.12% Cu, 18g/t Ag from 407.5m
- 1/2m @ 0.69% Cu, 0.095% Mo, 22.6 g/t Ag from 570.5m
- 1m @ 0.78% Cu, .099% Mo, 4 g/t Ag from 610m
- 1m @ 0.80% Cu, 3.5g/t Ag from 615m
- 5m @ 0.60% Cu, 0.030% Mo, 3.2g/t Ag from 847m
- 1m @ 0.80% Cu, 0.099% Mo, 4.1 g/t Ag from 856.5m
- 1/2m @ 0.58% Cu, 28.2 g/t Ag from 882m

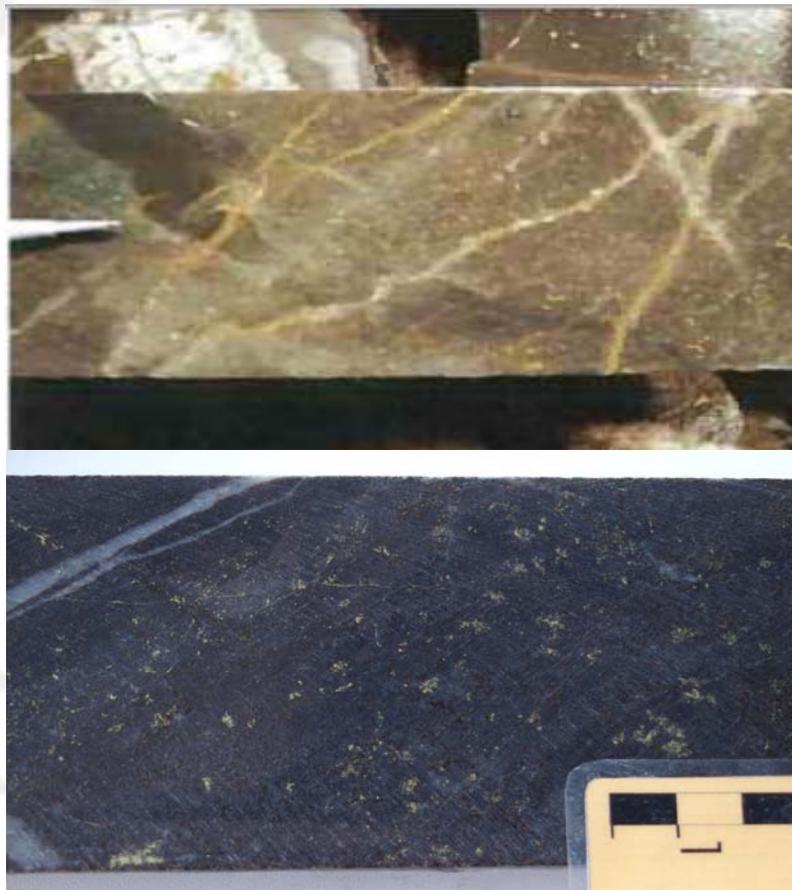
The geological data obtained from MM2 demonstrates that the intersected metasediment/black schist dominant geological and molybdenum-copper mineralisation profile is similar in style to those of PZ40, some 400m to the south-west, and PZ28 which is located about 2 km to south-

east (Figure 2). With regards to copper, both vein controlled and disseminated mineralisation are present (Figures 8).

The MM2 drilling was to test north-eastern margin of the metasediment/black schist lithologies north-east of the line PZ40 and PZ28, which were thought to follow the NE trending tectonic structure along the contact with granodiorite of the Myszkow deposit.



*Figure 7: Black schist: drill hole MM2*



*Figure 8*

*Upper - Copper Mineralisation, veinlet and disseminated chalcopryite in metasediments in PZ40  
Lower - Disseminated copper mineralisation, drill hole MM2*

### **3.3 Further drilling – metasediment/black schist**

In addition to a drilling program for an Indicated Resource within the Myszkow deposit itself, consideration is being given to the drilling of a further two holes between drill holes PZ40 and PZ28, with a view to exploring the copper dominant extensions to the Myszkow deposit. The potential of the extended area is demonstrated in Figure 2 and Figure 6, which show the encouraging copper content of drill holes Pz-40 and Pz-28. The Company has undertaken re-logging of existing drill core and analysis of detailed magnetic and gravity geophysical data to determine more precisely the location of a further two drill holes within the copper prospective areas of the metasediment/black schist sequence.

## **4. Exploration Drilling – Eastern Part of the Concession**

### **4.1 ZW1 Drill Hole**

Most recently, Strzelecki Metals completed an exploration hole ZW1 to test the mineralisation potential of a gravity anomaly located about 10km north-east of the Myszkow Deposit (Figure 9). The recently received assay results conducted by ALS Chemex in Vancouver indicate presence of Mo, Cu, W, and Ag mineralisation. The drill hole intersected 479m of overburden, and beneath 321m of mineralised basement sequences. The total depth of the drill hole is 800m. Assays from ZW1 show further potential for occurrence of significant mineralisation in other areas within the held concession. An upcoming detailed geophysical survey will determine future drilling targets within the vicinity of ZW1.

Elevated levels of mineralisation include:

- 2m at .087% Mo from 481m
- 2m at 10.5g/t Ag from 644m
- 2m at .38% Mo from 650m,
- 12m at .043% Mo from 736m
  - Including 2m at .15% Mo from 736m
- 2m at .47% Cu, .06% W from 750m

Strzelecki remains optimistic that this highly unexplored region of the concession has potential to host a large poly-metallic mineralisation system.

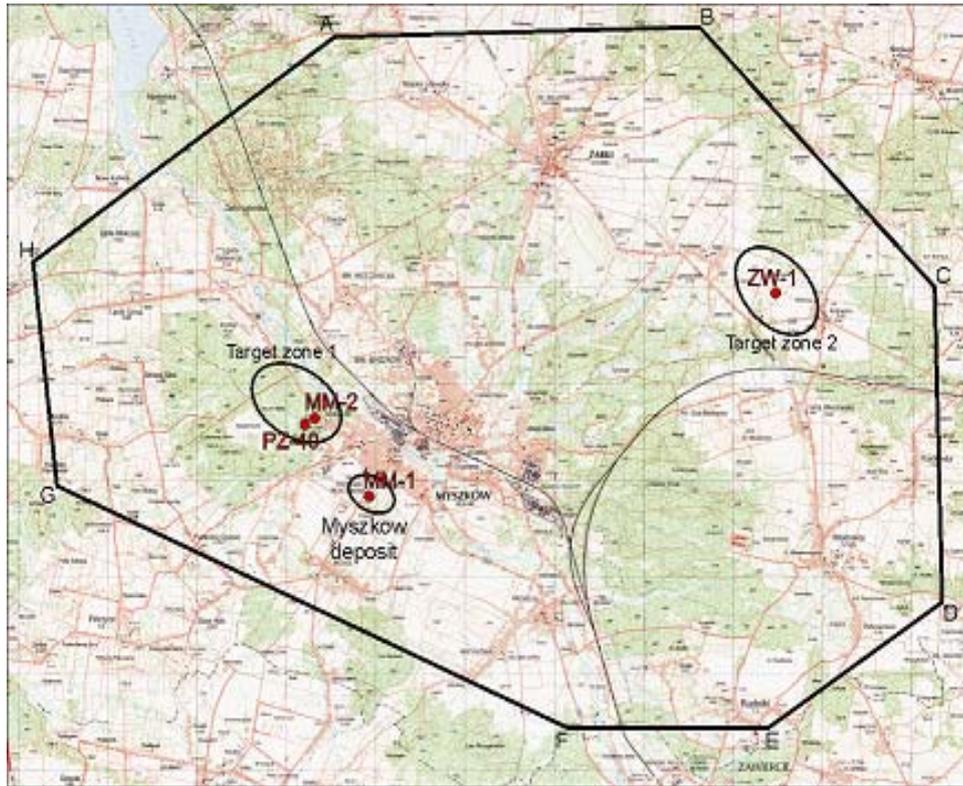


Figure 9: Location of Myszkow deposit, drill hole MM2 & exploration drill hole ZW1

## 5. Summary

Strzelecki's model of the Myszkow deposit clearly demonstrates the massive continuous nature of the deposit and the high degree of consistency between the block model and the previously interpreted lithology. Preliminary scoping study by Coffey Mining is in progress. A drilling program which can lead to the definition of an Indicated Resource in a higher grade core part of the deposit is delineated.

Strzelecki's recent drill hole MM2, and historical drilling adjacent to the Myszkow deposit, indicate further copper-molybdenum mineralisation. There is potential for extension of the existing deposit, with the possibility for higher concentration of copper mineralisation in the upper part of the metasediment/black schist sequences surrounding the granodiorite host rock of the Myszkow deposit. A program of the diamond drill holes to test this potential is at an advanced stage.

*The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves has been compiled by Dr W Bogacz, Director of Strzelecki Metals Ltd and a Member of the Australian Institute of Geoscientists. Dr Bogacz has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person for the purposes of the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Bogacz consents to inclusion in the report of these matters based on their information in the form and context in which it appears.*

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