

# STRIKE

## RESOURCES LIMITED

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### HALF YEAR REPORT

31 December 2006

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THIS DOCUMENT SHOULD BE READ IN CONJUNCTION WITH THE  
2006 ANNUAL REPORT OF THE COMPANY  
RELEASED ON 21 AUGUST 2006

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ASX Codes: SRK + SRKO



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## CORPORATE DIRECTORY

### BOARD

John F. Stephenson	Chairman
H. Shanker Madan	Managing Director
Farooq Khan	Director
Victor P H Ho	Director
William M Johnson	Director
Malcolm R Richmond	Director

### COMPANY SECRETARY

Victor P H Ho

### PRINCIPAL & REGISTERED OFFICE

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### STOCK EXCHANGE

Australian Securities Exchange  
Perth, Western Australia

### ASX CODE

SRK

### AUDITORS

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### BANKER

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Level 1, 50 St Georges Terrace  
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## APPENDIX 4D HALF YEAR REPORT

This Half Year Report is provided to the Australian Securities Exchange (ASX) under ASX Listing Rule 4.2A.3

Current Reporting Period:	1 July 2006 to 31 December 2006
Previous Corresponding Period:	1 July 2005 to 31 December 2005
Balance Date:	31 December 2006
Company:	Strike Resources Limited ("SRK") (formerly Fast Scout Limited; name changed on 16 January 2006)
Consolidated Entity:	SRK and controlled entities: <ol style="list-style-type: none"> <li>(1) Strike Operations Pty Ltd (formerly Fast Scout Operations Pty Ltd and Virtual Web Pty Ltd, a wholly owned subsidiary during the whole of the current and previous corresponding period;</li> <li>(2) PT Indo Batubara, a company registered in Indonesia on 8 December 2005 in which Strike Operations Pty Ltd is the 100% beneficial owner.</li> </ol>

### Adoption of Australian International Financial Report Standards (AIFRS)

The Consolidated Entity's financial statements for the current reporting period have been prepared under AIFRS. Where necessary, comparative information (i.e. in relation to the previous corresponding period) has been adjusted for reporting under the applicable AIFRS. There is no material impact on equity as at 1 July 2005, 31 December 2005 and 30 June 2006 on the adoption of AIFRS.

### RESULTS FOR ANNOUNCEMENT TO THE MARKET

Consolidated Entity	Dec 2006 \$	Dec 2005 \$	% Change	Up / Down
Total revenues	543,847	119,982	353%	Up
Total expenses	(2,791,000)	(973,094)	187%	Up
Loss before tax	(2,247,153)	(853,112)	163%	Up
Income tax	-	-	Nil	Nil
Loss after tax attributable to members	(2,247,153)	(853,112)	163%	Up
Basic loss per share (cents)	(4.49)	(0.87)	416%	Up

### Brief Explanation of Results

Total Revenues include:

- (1) \$358,156 unrealised gains from share investments (Dec 2005: \$96,644);
- (2) \$101,255 interest received (Dec 2005: \$10,421);
- (3) \$65,151 profit on sale of associate entity (Dec 2005: \$nil).

## APPENDIX 4D HALF YEAR REPORT

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Total Expenses include:

- (1) \$681,120 provision for impairment (Dec 2005: \$nil);
- (2) \$902,501 directors' and employee options (Dec 2005: \$nil);
- (3) \$335,548 personnel costs (Dec 2005: \$105,173);
- (4) \$311,471 exploration and evaluation costs (Dec 2005: \$269,834);
- (5) \$141,916 professional fees (Dec 2005: \$ 31,706)

Please also refer to the balance of this Half Year Report.

### Dividends

No dividends have been paid or declared during the financial half year.

### Controlled Entities

The Company did not gain or lose control over any entity during the financial half year.

### Associates and Joint Venture Entities

The Company did not gain or lose an interest in any associate or joint venture entities during the financial half year.

For and on behalf of the Directors,



Date: 16 February 2006

Victor Ho  
Company Secretary

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Email: [info@strikeresources.com.au](mailto:info@strikeresources.com.au)

## COMPANY PROFILE

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Strike Resources Limited (ASX Code: SRK) is an Australian based mineral exploration and development company with a prospective portfolio of mineral exploration projects in Australia, Peru and Indonesia:

- (1) Apurimac and Cuzco (Peru) - Iron-Ore
- (2) Paulsens East (West Pilbara, Western Australia) - Iron-Ore and Gold
- (3) Bigrlyi South (Northern Territory) - Uranium
- (4) Pampacolca (Peru) - Uranium
- (5) Mt James (Gascoyne, Western Australia) - Uranium
- (6) Mt Lawrence Wells (East Murchison, Western Australia) - Uranium
- (7) Canning Well (Pilbara, Western Australia) - Uranium and Gold
- (8) West Java Banten (Indonesia) - Copper/Gold

As announced on 16 February 2007, the Company has entered into an agreement for the sale of its uranium assets in Peru, the Northern Territory and Western Australia to Alara Uranium Limited (**Alara**), subject to, amongst other matters, SRK shareholder approval and the completion by Alara of a \$6 million IPO capital raising (with a minimum of \$4 million and oversubscriptions of a further \$4 million) and listing on ASX. The Directors have secured a priority pool of \$4 million under the Alara IPO for SRK shareholders registered on 6 March 2007 as holding a minimum parcel of 5,000 SRK shares. Please refer to Review of Operations in the Directors' Report for further information about this transaction.

The Board has members with extensive experience in the resources sector, including Chairman, **Dr John Stephenson**, previously Exploration Director for Rio Tinto Australasia with more than 35 years experience in the mineral exploration business, Managing Director, **Mr H. Shanker Madan**, an experienced senior geologist with more than 30 years of world-wide experience in the exploration and evaluation of mineral deposits for various commodities, and **Professor Malcolm Richmond**, who has 30 years experience with the Rio Tinto and CRA Groups in a number of positions including: Vice President, Strategy and Acquisitions, Managing Director, Research and Technology, Managing Director Development (Hamersley Iron Pty Limited).

## COMPANY PROFILE

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### Apurimac and Cuzco Iron-Ore Projects

The Company has secured the right to progressively earn a 51% or greater interest in potentially large high grade hematite and magnetite deposits in Peru - the Apurimac and Cuzco Projects - through an investment in Apurimac Ferrum S.A. (AF), a Peruvian company that holds title to the projects.

The Company has previously announced details of these projects based upon reports issued by the Peruvian Ministry of Energy and Mines (PMEM).

Subsequent announcements by the Company have contained resource estimates for a portion of the Apurimac Project area based on drilling conducted within 2 of the 21 concessions for that area and a resource estimate for the Cuzco Project area based on detailed geophysical work conducted on that area.

The following table summarises these estimates:

	Estimate	Source
<b>Apurimac Project</b>	730 Mt target mineralisation	PMEM
<i>including Opaban I Concession</i>	210 - 260 Mt target mineralisation	Strike
<i>Opaban III Concession</i>	21 Mt JORC Inferred Mineral Resource	Strike
<b>Cuzco Project</b>	570Mt to 650Mt target mineralisation	Strike

(It is noted however that the target mineralisation referred to above is conceptual in nature as there has been insufficient exploration to define a JORC compliant Mineral Resource and it remains to be ascertained if exploration will result in the determination of a Mineral Resource.)

### Pampacolca Project (Peru)

The Company has recently applied for two concessions covering 1,500 hectare, ~7 to 12 kilometres south of the town of Pampacolca which is located approximately 136 kilometres north-west of the city of Arequipa in southern Peru.

The concessions cover at least six known structurally controlled occurrences of uranium, tantalum and rare earths in pegmatite veins in quartz-muscovite-feldspar schist within a well documented Precambrian gneissic terrain with known tantalum mineralisation.

Reported work by a Canadian Company, Nepheline Products Limited, returned up to 10.36% Tantalum - Niobium in surface rock chip samples and in 8 out of the 15 samples 0.13% to 0.29% Uranium Oxide.

# COMPANY PROFILE



**STRIKE RESOURCES LIMITED**  
**PERU IRON ORE AND URANIUM PROJECTS**  
**LOCATION PLAN**

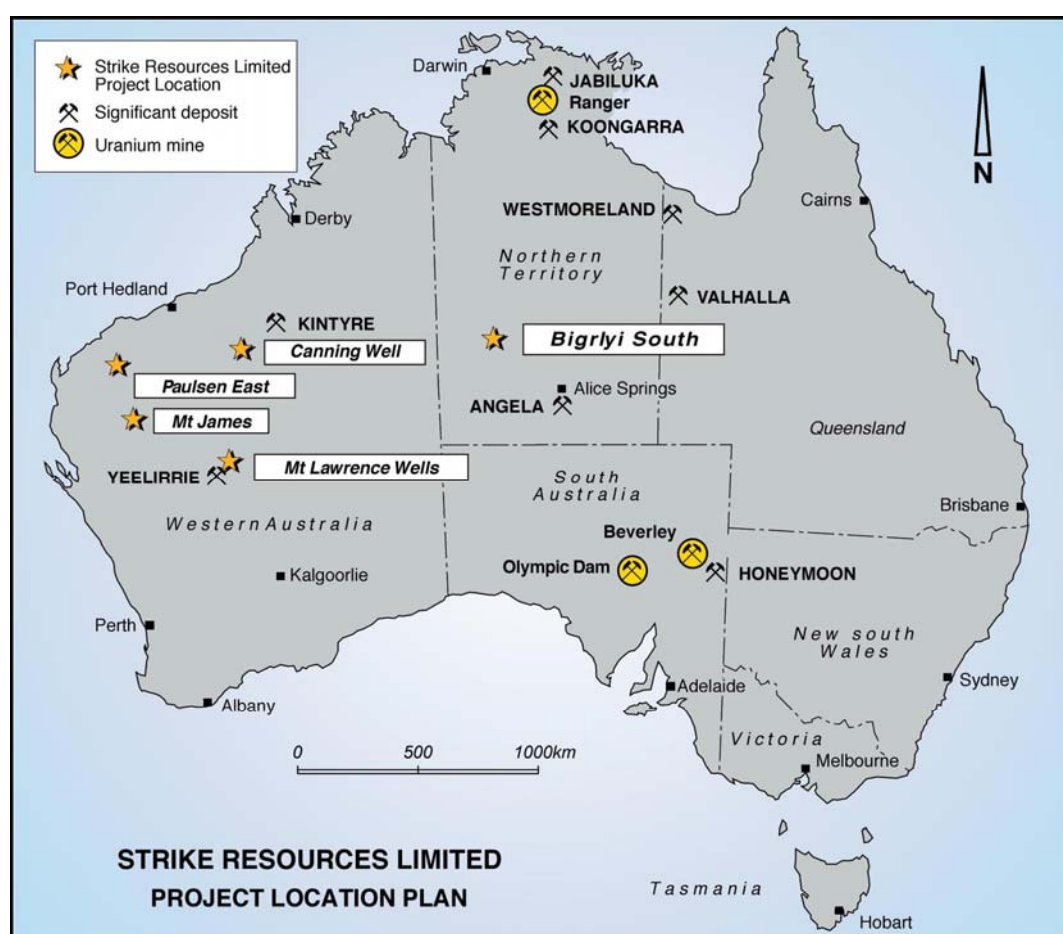
## COMPANY PROFILE

### Australian Projects

The Company has a 75% interest in a suite of uranium exploration tenement applications located principally in the northern part of the Ngalia Basin in the Northern Territory together with a 75% interest in a series of further tenement interests in Western Australia.

In addition, the Company has secured interests in further tenements prospective for other mineral commodities and has also directly pegged tenements in Western Australia.

The Company's project areas in the Northern Territory and Western Australia are located in the geographic map below.



As announced on 16 February 2007, the Company has entered into an agreement for the sale of its uranium assets in Peru, the Northern Territory and Western Australia to Alara Uranium Limited (**Alara**), subject to, amongst other matters, SRK shareholder approval and the completion by Alara of a minimum \$4 million IPO capital raising and listing on ASX. Please refer to Review of Operations in the Directors' Report for further information about this transaction.



# COMPANY PROFILE

## Indonesian Project

### West Java Banten Copper/ Gold

The Company has entered into an agreement to acquire a 100% interest in a 5,601 hectare concession located approximately 100 kilometres south-west of Jakarta. The Company has identified epithermal gold veins, gold stock works and associated porphyry copper targets within the concession.



**STRIKE RESOURCES LIMITED**  
**WEST JAVA BANTEN COPPER/GOLD PROJECT**  
**LOCATION PLAN**

# REVIEW OF PROJECTS

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## 1. Apurimac and Cuzco Iron-Ore Projects (Peru)

By agreement dated 2 July 2006 between the Company and Peruvian companies, Apurimac Ferrum S.A (AF), Minera los Andes y el Pacifico S.A. (MAPSA) and D&C Group S.A.C (D&C) (and a more formal shareholders' agreement dated 10 November 2006), the Company has secured the right to earn a 51% (or greater) interest in the Apurimac Project or the Cuzco Project or both (at the Company's election) through a progressive US\$6.5 million investment in AF (which holds title to such projects) and the exercise of options to acquire (at a total cost of \$34.5 million) AF shares from D&C and MAPSA, within a 5 year period.

Project summary details are as follows:

### (i) The Apurimac Project

- Based upon a report issued by the Peruvian Ministry of Energy and Mines: estimated target mineralisation of 730 million tonnes of high grade hematite and magnetite iron-ore grading at between 60 and 66% Fe, between 2 and 5% Silica and between 0.2 and 0.8% Alumina;
- 21 mining concessions having a total area of 18,488 hectares;
- Concessions are located close to the city of Andahuaylas in Peru's southern Andes.

### (ii) The Cuzco Project

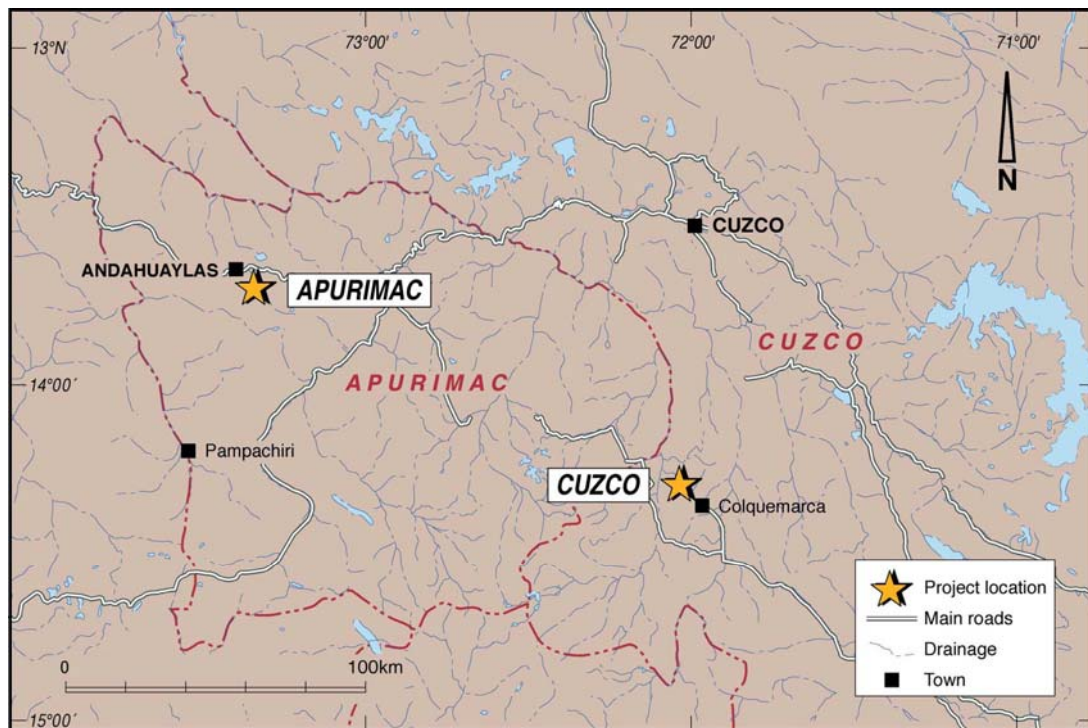
- The Company has revised the target mineralisation in the Cuzco concessions of between 570Mt to 650MT of high grade iron ore based on its review of a report on recent (2006) detailed geophysical surveys on the Cuzco project area by Val D'or Geofisica, a Peruvian geophysical consultancy group. This geophysical work was completed in part to validate a report on the iron ore target mineralisation within the Cuzco project area published by the Peruvian Ministry of Energy and Mines in December 1974 which suggested the target mineralisation to be in the order of 500Mt with an average grade of 64.96% Fe, 5.06% SiO<sub>2</sub>, 0.09% P and 0.2% Cu;
- The Company further believes that the estimate of 570Mt to 650Mt is based on conservative geophysical parameters adopted by Val D'or Geofisica and therefore this target may be conservative.
- Six mining concessions having a total area of 4,926 hectares;
- Concessions are located approximately 80 kilometres south from the city of Cuzco in Peru's southern Andes.

It is noted that the potential quantity and grades of the target mineralisation referred to above are conceptual in nature; there has been insufficient exploration to define a JORC compliant Mineral Resource; it remains to be ascertained if exploration will result in the determination of a Mineral Resource. The Company further notes that the Peruvian Ministry of Energy and Mines estimates have been based on mapping and surface sampling and have not been based on drilling. Detailed exploration will be required to confirm the above estimates and to determine the full iron-ore potential of the two projects.

The Company's investigations suggest that the iron oxide deposits in the Apurimac and Cuzco districts are metamorphic skarn deposits in limestone in the contact region of intrusive monzonite and granodiorite rocks. At both these locations, much of the contact is obscured by Quaternary sediments. Most of the deposits outcrop as massive hematite and hematite-magnetite deposits having being variously oxidised since their formation.

The Company believes that, based upon published literature and knowledge of similar deposits in Iran, these Peruvian deposits may range from high-grade hematite, hematite-goethite to high-grade hematite-magnetite and magnetite enrichment to various grades. Such deposits are generally known to be subsequently intruded by porphyry dykes and may also contain remnants of partly metamorphosed calcareous rocks or interbedded argillaceous or arenaceous layers.

## REVIEW OF PROJECTS



### STRIKE RESOURCES LIMITED PERU IRON ORE PROJECTS PROJECT LOCATION PLAN

## Programme of Works

The funds invested by the Company into Apurimac Ferrum are being applied towards an exploration and evaluation programme involving:

### Stage 1 (December 2006 and January 2007):

- A 2,000 metre RC drilling programme to determine a JORC compliant resource estimate within the Opaban I concession of the Apurimac Project area;
- A detailed gravity survey over existing outcrops and over large known magnetic anomalies in the Cuzco Project area.

A 2,168 metre, 21 drill hole infill RC drilling programme was completed on 17 December 2006 at the Opaban I concession within the Apurimac Project area. The drilling complemented the initial 1,564.7 metre, 15 drill hole diamond drilling programme conducted during 2005 to commence validation of the 730 million tonnes of high grade iron-ore target mineralisation estimated by Takahashi Trading S.A. in 1961 and the Peruvian Ministry of Energy and Mines to exist within the areas covered by the 21 concessions in the Apurimac Project.

The Company announced the results of drilling on 15 February 2007.

## REVIEW OF PROJECTS

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These results are substantial and significant, outlining deep zones of highly enriched iron mineralisation from near surface including:

Hole No	Intersection / Total Cumulative Intervals (metres)	Average Fe Grade
OP1-32	108m	62.7%
OP1-35	114m	63.1%
OP1-37	84m	61.3%
OP1-40	82m	63.4%
OP1-42	154m	62.8%
OP1-44	90m	62.9%

It is noted that OP1-32 and OP1-42 comprise continuous mineralisation starting from 18 and 2 metres depth respectively.

Three drill holes ended in mineralisation, being OP1-32, OP1-42 and OP1-45, indicating further mineralisation at depth.

In addition, it is noted that the iron ore mineralisation at Opaban 1 is still open to the north and west, indicating the potential for additional mineralisation.

Further details are disclosed below.

The fieldwork component of the detailed gravity survey and additional ground magnetic survey within the Cuzco Project were completed in December 2006. The gravity survey covered a total of 69 line kilometres over existing outcrops and over large known magnetic anomalies. An additional 26 line kilometres of ground magnetic survey was also conducted to extend the previous magnetic survey data completed in August 2006. Processing and interpretation of the current gravity and magnetic survey data is expected to be completed in February 2007.

### Stage 2 (March 2007 Quarter):

- A 1,500 metre diamond drilling programme to determine a JORC compliant resource estimate within the Cuzco Project area;
- A 1,000 metre diamond drilling programme to gain further confidence and improve the quality of the JORC compliant resource estimates within the Opaban I and III concessions of the Apurimac Project area;
- Detailed ground magnetic surveys over existing outcrops to define additional iron ore resources over priority concessions, including Opaban 1, Opaban III, Cristoforo 22, Los Andes, MAPSA 2001, Ferrum 4, Ferrum 2, Corominas 5 and Corominas 2 within the Apurimac Project area. In addition, gravity survey profile lines will be conducted to extend the current gravity survey data, and define existing anomalous iron ore gravity targets in Opaban III.

### Stage 3 (June 2007 Quarter):

- A regional 5,000 metre RC drilling programme to define additional iron ore resources, primarily targeting anomalous magnetic survey data, within the remaining 21 concessions of the Apurimac Project area;
- A regional 5,000 metre RC drilling programme to define additional iron ore resources, primarily targeting anomalous gravity and magnetic survey data, within the Cuzco Project area.

# REVIEW OF PROJECTS

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## Magnetite versus Hematite

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The Company notes that, with respect to West Australian iron-ores, the market currently appears to distinguish between hematite ores (generally regarded as 'high grade') and magnetite ore (generally regarded as 'low grade'). In comparison the mineralisation in the Opaban I and Opaban III concessions within the Apurimac Project is a mix of high grade hematite and high grade magnetite, which presents as an aggregate of the two minerals. This high grade nature of the aggregate mix makes the deposits significantly better in quality than the majority of the magnetite projects currently proposed in Western Australia and equivalent to many high grade hematite deposits in Western Australia.

## (1) THE APURIMAC PROJECT

### December 2006 Drilling Programme

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Details of the Company's Stage 1 drilling results are outlined in the table below and the locations of these 21 drill holes are shown in the figure below.

This widely spaced drilling appears to indicate that the mineralisation within the drilled area consists of tabular, near-horizontal bodies of high-grade iron ore over a total strike length of ~2.2 kilometres linked by thinning or necking of mineralisation between the bodies. Each of these bodies appears to be of the order of 150 to 400 metres wide, with potential for an increase in width towards the west.

The Company will undertake resource modelling on the drill results of Opaban 1 and expects to be able to announce a JORC compliant resource statement for the area drilled to date towards mid-year.

Given that the iron ore mineralisation at Opaban 1 is still open to depth and to the north and west, the Company will proceed with further drilling in these locations in March 2007.

The Company confirms the presence of other high priority targets including Opaban 3, Los Andes, MAPSA 2001, Ferrum 4 and Ferrum 9 concessions in the Apurimac Project area. These concessions either adjoin or are within close proximity to Opaban 1 and contain outcropping iron mineralisation with the potential for extension below cover and the ability to add to the resource base. In this regard the Company notes that the drilled mineralisation of Opaban 1 is outcropping or extends close to surface, such that potential open pit mining is likely to have a low stripping ratio.

The Company is accordingly conducting detailed ground magnetic surveys over these high priority areas to delineate additional drill targets. This will be done in conjunction with obtaining community approvals to undertake such drilling.

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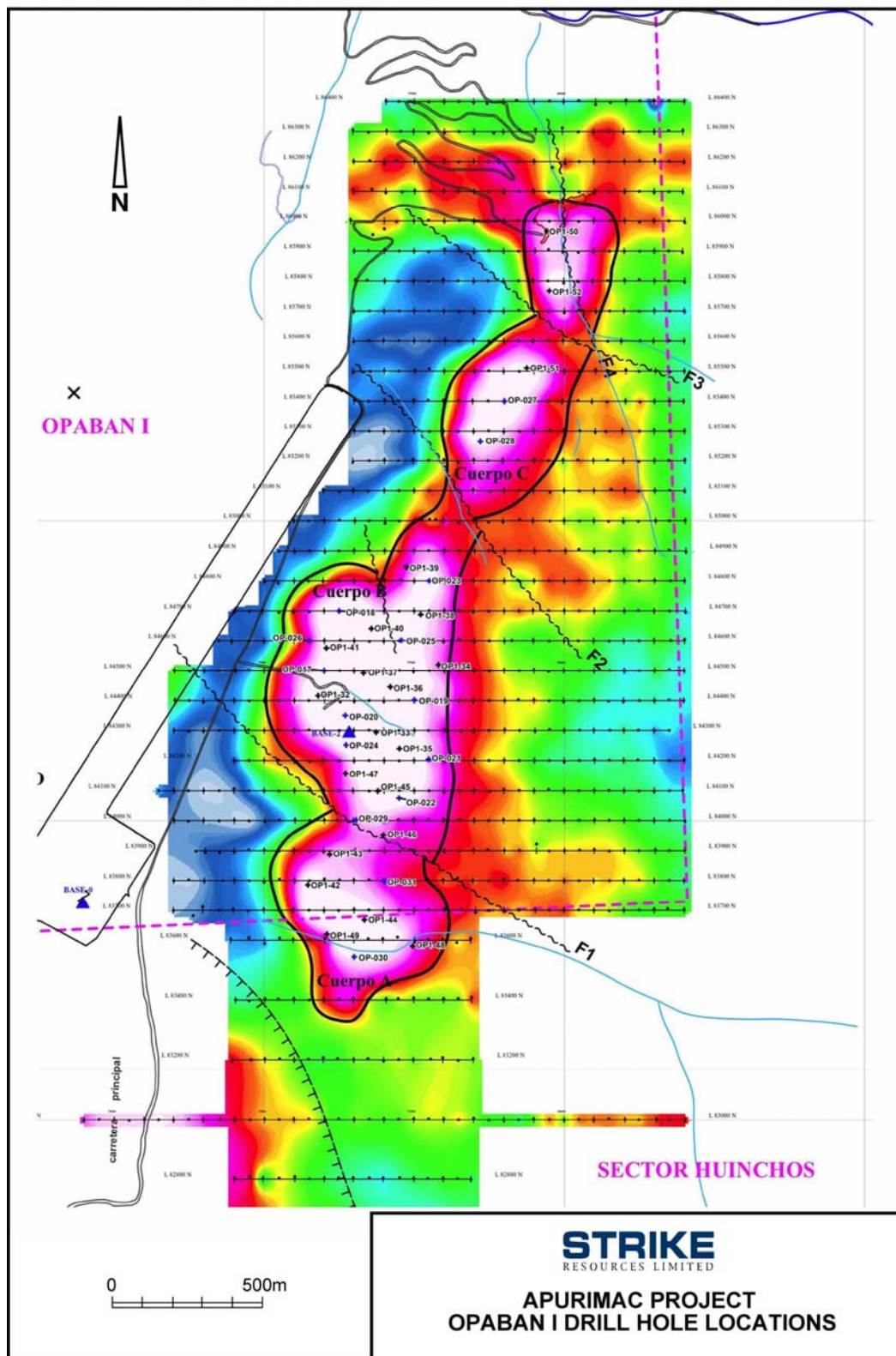
# REVIEW OF PROJECTS

## December 2006 Drilling Results for Opaban 1 Concession (Apurimac Project, Peru)

Hole	Easting	Northing	Dip	Depth	Mineralisation			Fe	Cu	MgO	P	S	SiO2	Al2O3	LOI 1000	Comment			
				m	From (m)	To (m)	Thickness (m)	%	%	%	%	%	%	%	%				
OP1-032	679180	8484416	-90	126	18	126	108	62.7	0.078	1.02	0.039	0.075	5.07	1.63	1.34	Drill hole ends in mineralisation			
OP1-33	679373	8484294	-90	116	6	86	80	60.7	0.023	1.77	0.02	0.013	8.48	2.05	1.37				
	Including				6	10	4	64.6	0.005	0.295	0.022	0.006	4.12	2.07	0.27				
	Including				18	62	44	64.3	0.008	1.3	0.015	0.01	6.08	0.95	-0.46				
	Including				68	86	18	61.5	0.065	1.76	0.025	0.024	6.56	1.68	0.64				
OP1-34	679580	8484520	-90	130	86	94	8	65.2	0.006	1.01	0.022	0.014	4.31	1	0.15				
					100	108	8	63.1	0.006	1.64	0.02	1.78	3.52	0.88	0.26				
OP1-35	679451	8484240	-90	154	6	142	136	59.3	0.05	1.71	0.026	0.04	8.03	2.05	1.37				
	Including				6	14	8	64.8	0.005	0.35	0.025	0.026	3.75	1.63	0.79				
	Including				20	42	22	62.5	0.04	1.19	0.11	0.026	5.1	1	0.83				
	Including				50	116	66	63.5	0.05	1.23	0.02	0.051	5.1	1.11	0.92				
	Including				124	142	18	60.3	0.07	2.64	0.034	0.04	6.5	1.87	0.74				
OP1-036	679420	8484445	-90	90	18	24	6	57.2	0.005	2.5	0.055	0.017	11.07	1.6	0.11				
OP1-37	679331	8484492	-90	110	0	104	104	57.8	0.053	1.49	0.043	0.07	9.96	2.38	1.31				
	Including				0	16	16	64.2	0.005	0.59	0.038	0.007	4.61	1.25	0.44				
	Including				20	32	12	59.3	0.005	1.96	0.048	0.005	9.35	1.44	0.14				
	Including				48	104	56	62.1	0.053	0.7	0.035	0.123	5.71	1.58	1.83				
OP1-038	679522	8484688	-90	100	38	68	30	62.5	0.029	1.5	0.038	0.011	6.48	1.04	0.36				
OP1-39	679474	8484846	-90	90	32	34	2	64.3	0.066	2.67	0.033	0.012	3.07	0.88	-0.47				
					36	38	2	60.6	0.104	2.38	0.023	0.027	7.22	1.9	0.08				
OP1-40	679357	8484641	-90	140	16	18	2	66	0.005	0.96	0.051	0.003	4.94	0.94	-0.56				
					30	32	2	67.4	0.005	0.83	0.019	0.017	4.04	0.83	-0.69				
					40	116	76	63.3	0.03	1.28	0.033	0.024	6.62	1.37	0.31				
					124	126	2	62.5	0.019	1.18	0.063	0.013	5.76	0.97	0.85				
OP1-041	679207	8484576	-90	80	24	52	28	61.6	0.045	1	0.033	0.029	7.12	1.75	0.95				
OP1-042	679146	8483786	-90	156	2	156	154	62.8	0.118	0.855	0.029	0.096	4.62	1.18	2.28	Drill hole ends in mineralisation			
OP1-043	679218	8483888	-90	90	28	36	8	62.1	0.089	0.84	0.036	0.05	5.5	1.19	2.38				
OP1-44	679334	8483670	-90	164	34	40	6	62.4	0.005	2.17	0.035	0.003	6.14	0.08	0.28				
					44	46	2	64.6	0.005	2.18	0.043	0.005	5.47	0.07	-0.67				
					58	100	42	64.5	0.082	1.81	0.028	0.057	4.12	0.89	0.28				
					110	146	36	60.6	0.05	2.29	0.037	1.97	4.66	1.1	0.367				
					154	158	4	65.6	0.028	1.73	0.03	1.02	3.19	0.69	-1.75				
OP1-45	679379	8484099	-90	76	0	4	4	60.8	0.005	1.9	0.045	0.007	8.66	1.83	-0.37				
					12	24	12	65.1	0.023	1.19	0.027	0.013	5.88	1.02	-0.67				
					32	60	28	60.5	0.075	1.51	0.04	0.06	7.22	1.72	1.73				
					72	76	4	64	0.077	1.25	0.02	0.042	3.94	0.85	1.13	Drill hole ends in mineralisation			
OP1-046	679397	8483952	-90	58	No economic intersection														
OP1-47	679271	8484157	-90	70	4	18	14	62.6	0.064	1	0.049	0.028	5.1	2.2	1.3				
					28	32	4	62.9	0.075	1.45	0.015	0.028	4	1.1	1.78				
OP1-048	679495	8483580	-90	100	No economic intersection														
OP1-49	679209	8483620	-90	76	14	16	2	65.3	0.059	1.39	0.056	0.009	3.56	0.73	-0.25				
					18	30	12	64.6	0.078	0.8	0.049	0.034	4.2	0.73	0.99				
OP1-50	679942	8485966	-90	78	0	16	16	60.8	0.079	2.38	0.038	0.019	7.1	2.27	0.55				
					20	24	4	61.8	0.037	1.37	0.023	0.039	5.36	1.71	1.66				
					28	52	24	60.5	0.097	2.05	0.03	0.72	6.78	2.1	0.2				
OP1-51	679869	8485522	-90	80	4	16	12	59.4	0.04	1.52	0.025	0.02	8.49	3.15	0.6				
					30	68	38	60	0.062	2.67	0.039	0.009	7.79	2.24	0.28				
	Including				42	54	12	66.7	0.066	2.09	0.023	0.009	2.9	0.88	-0.77				
	Including				56	62	6	65.6	0.056	1.41	0.008	0.007	4.28	0.85	-1.1				
OP1-052	679950	8485767	-90	70	18	26	8	65.1	0.04	1.2	0.021	0.028	4.64	1.4	-0.57				

# REVIEW OF PROJECTS

## Drill Hole Locations for Opaban 1 Concession (Apurimac Project, Peru)



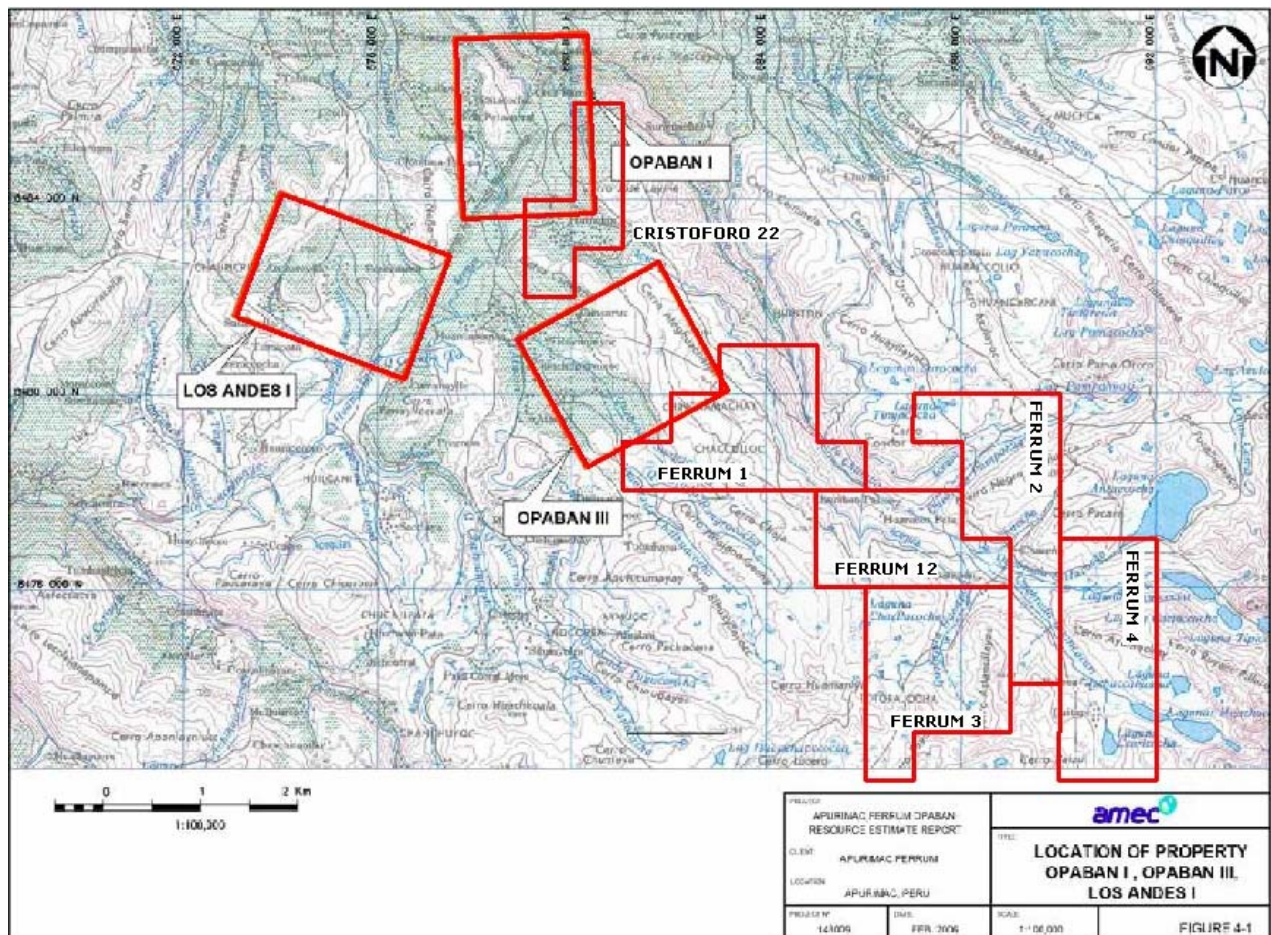
(Note that the 16 holes described as OP1-17 to OP1-31 were the drill locations for the 2005 drilling programme on the Opaban 1 concession, the results of which were announced by the Company on 23 August 2006.)



# REVIEW OF PROJECTS

## Reconnaissance 2005 Drilling Programme

The Company has analysed the drilling data and gravity survey results presented by AMEC Consultants (Peru) on reconnaissance drilling conducted in the first 2 (Opaban I and Opaban III) of the 21 concessions that make up the Apurimac Project.



*Location of 9 Apurimac Project Concessions in Opaban Area*

This drilling programme was undertaken by AMEC in 2005 to commence validation of the 730 million tonnes of high grade iron-ore resource estimated by Takahashi Trading S.A. in 1961 and the Peruvian Ministry of Energy and Mines to exist within the areas covered by the 21 concessions in the Apurimac Project.

Whilst the initial drilling has so far only covered outcropping targets in 2 of the 21 Apurimac Project concessions, the Company is encouraged by the high grade nature and thickness of mineralisation. Other nearby concession areas with significant outcropping mineralisation were not drilled. These provide an early opportunity to expand the resource base. The results to date appear to support the original Takahashi and Peruvian Ministry of Energy and Mines estimates for these concessions and, by extrapolation, for the Apurimac Project as a whole.

The gravity map on page 12 of this report illustrates the width and strike length of the two deposits at Opaban I and Opaban III.



# REVIEW OF PROJECTS

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## Resource Estimates

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From its analysis of the AMEC drilling data in the Opaban I and Opaban III concessions, the Company has previously provided the following resource estimate:

- A JORC compliant Inferred Resource of 21 million tonnes of 63.1% Fe based on drilling, located on a gravity anomaly, in Opaban III;
- A target mineralisation of 210 to 260 million tonnes at Opaban I, based on widely spaced drilling (15 drill holes over a strike distance of 2.2 kilometres); and a gravity anomaly which is of an order of magnitude 10 times larger than that encountered at Opaban III.

*(It is noted that the potential quantity of the target mineralisation referred to above in relation to Opaban I is conceptual in nature; there has been insufficient exploration to define a JORC compliant Mineral Resource in this concession and it remains to be ascertained if exploration will result in the determination of a Mineral Resource).*

The southern portion of Opaban III and 19 additional concession areas including prominent ones at Los Andes and Cristoforo 22 (near Opaban I) and Pampachiri (located approximately 40 kilometres south of Opaban I) are still to be drilled and analysed. It is expected that these deposits will also continue to be high grade with widths likely to be in excess of 100 metres in a similar manner to those at both Opaban I (between 100 to 500 metres) and Opaban III (average of 200 metres).

The Company also notes that the 21 million tonnes Inferred Resource in Opaban III is of sufficient size and grade to potentially commence a trucking operation of up to one million tonnes of direct shipping ore per year, that could generate short term cash-flow whilst the grades and tonnages of iron-ore in the remaining 26 concessions in both the Apurimac and the Cuzco Projects are being defined.



*Iron-ore surface samples from Apurimac Project*

The Company is encouraged by the high grade nature and thicknesses of mineralisation in Opaban I and Opaban III. However, additional drilling will be required to gain further confidence and improve the quality of the JORC resource estimate at Opaban III and to determine JORC compliant resource estimates within Opaban I and the other 19 concessions of the Apurimac Project areas.

## REVIEW OF PROJECTS

In addition, no drilling work has yet been undertaken in the Cuzco Project areas (located approximately 160 kilometres east-south east of the Opaban I concession in the Apurimac Project area). The Company has identified that the initial work in the Cuzco Project area should include a detailed gravity survey over existing outcrops and over large known magnetic anomalies prior to drilling.

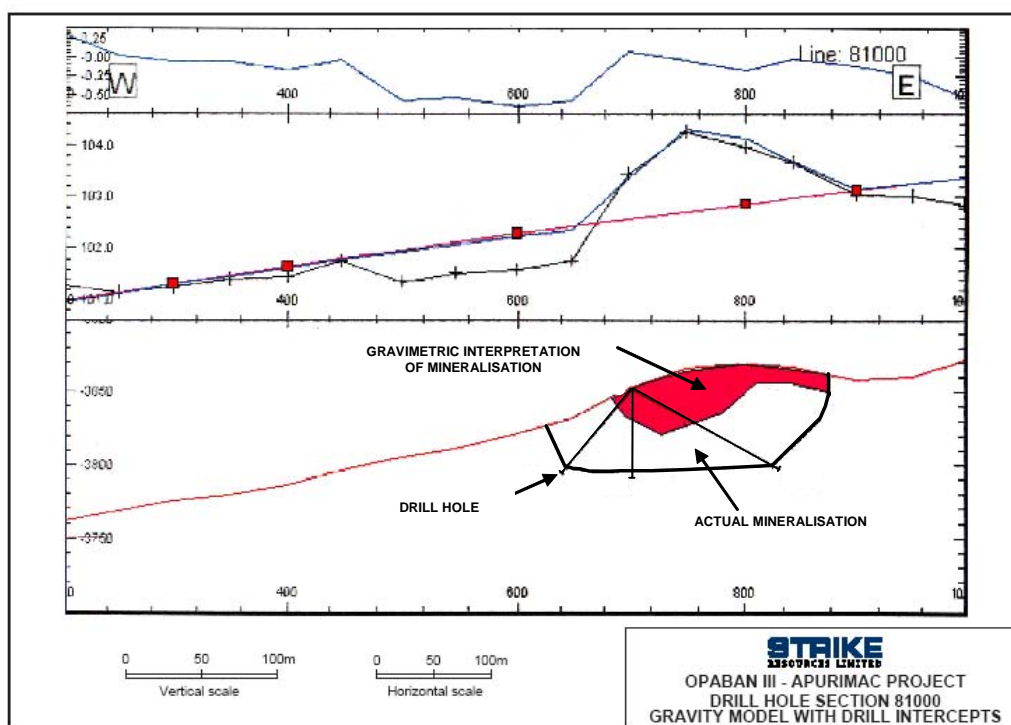
### Resource Quality

Drilling to date suggests high-grade magnetite/hematite mineralisation (63.1% Fe at Opaban III and between 51% and 64.4% Fe at Opaban I). The Company notes that deposits containing magnetite and hematite aggregate of such high quality and of this magnitude are limited and found in only a small number of locations throughout the world. Illustratively, various magnetite projects currently promoted in Australia are based on generally lower grades (29 to 36% Fe) magnetite, with iron minerals occurring in extremely fine grained rocks mostly within very hard banded iron formations (BIF) which typically require expensive crushing and beneficiation.

### Gravity Survey

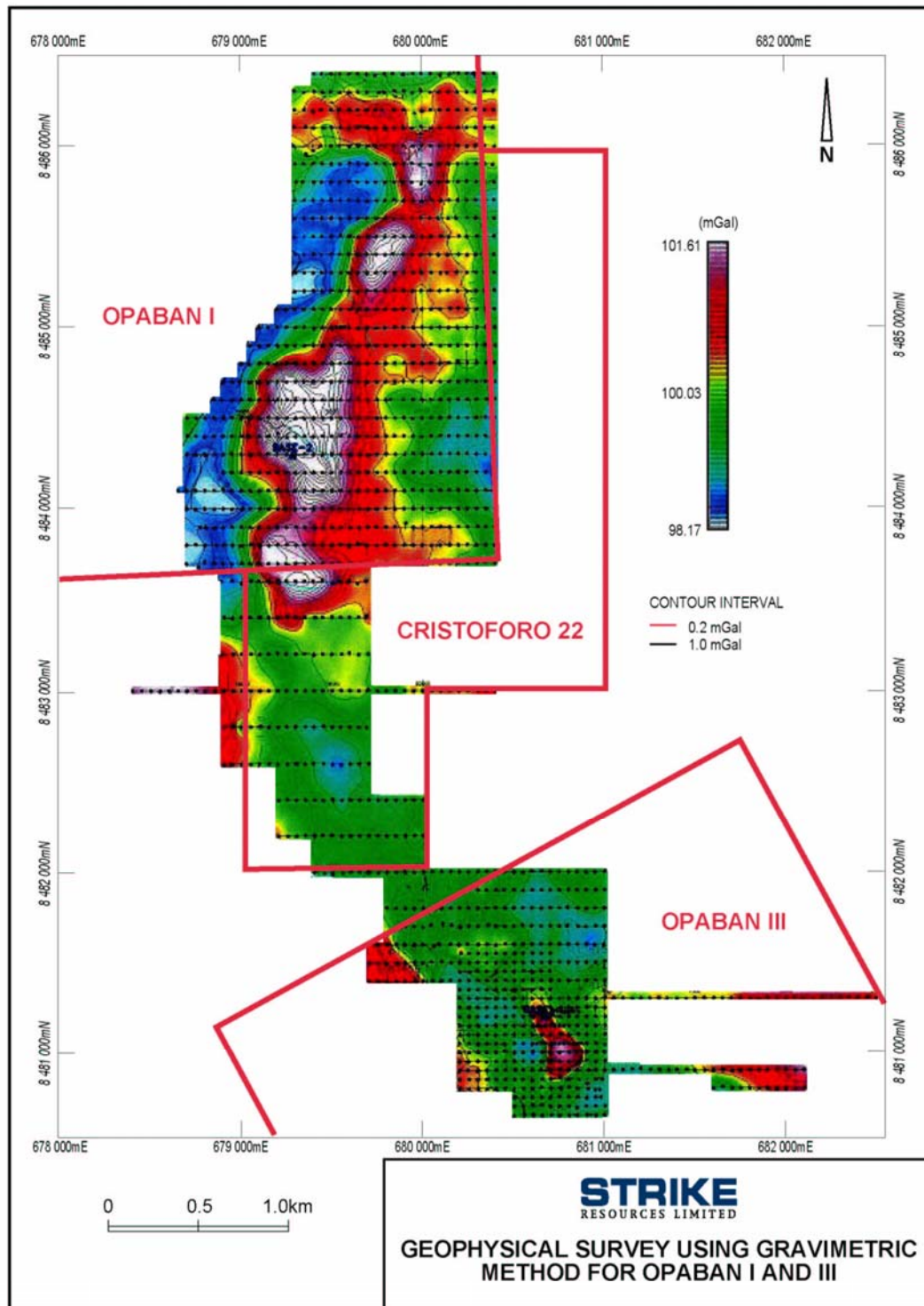
The high-grade nature of mineralisation in the Apurimac Project area lends itself to definition in the subsurface through the use of gravity surveys. Accordingly an initial orientation gravity survey was undertaken in Opaban I and Opaban III. The gravity survey included lines spaced east-west 100 metres apart in Opaban I and 50 metres apart in Opaban III with station spacings of 50 metres along the lines, covering parts of Opaban I and III. The gravity data was processed and a map showing the residual gravity was produced. It is shown on the following page.

Subsequent reconnaissance drilling in parts of the two concessions has shown that the gravity mapping picks up the extent of subsurface mineralisation quite well but it also shows that the modelling parameters used by Val D'Or Geofisica who conducted the survey and the subsequent interpretation are conservative and consistently underestimate the thickness and the extent of mineralisation. A cross section from Opaban III, shown below illustrates this. In the cross section the geophysical interpretation of the mineralisation is shown in solid red and the actual mineralisation encountered in drill holes as black outline surrounding the red.



## REVIEW OF PROJECTS

In Opaban I most of the drilling is scattered along the perimeter of the mineralised body defined by residual gravity. In Opaban III the drilling is concentrated around a smaller gravity anomaly at the north-central section of the concession to establish a smaller resource. It is noted that gravity mapping has not been conducted in the southern portion of this concession nor in the adjoining Cristoforo 22 concession.



*Residual Gravity Anomaly - Opaban I and Opaban III*

# REVIEW OF PROJECTS

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## Reconnaissance Drilling Results

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The reconnaissance drilling has confirmed the presence of high-grade iron-ore to vertical depths of 128 metres and 82.5 metres in the Opaban I and Opaban III concessions respectively. A total of 31 diamond core holes were drilled for a total of 2,667 metres.

### Opaban III

At Opaban III, a smaller outcrop area at the north-central section of the concession of approximately 500 x 200 metres was drilled approximately every 100 metres along strike and in a fan pattern across the width of the outcrop with 16 drill holes. The intercepts of continuous mineralisation along the drill holes varied from 22.6 metres to 106.95 metres in length (mostly commencing at or near surface). The iron grades in the reconnaissance holes in this concession ranged from 58.65% to 64.54% Fe. The best intercept recorded in this concession was 64.54% Fe for 92.27 metres. The average of all intercepts in this concession including the included waste (intrusive and unmineralised remnants) was reported as 62.29% Fe.

Drill intersections in Opaban III were previously reported in the September 2006 quarterly report. *Average grade for all mineralised intervals (+6.3mm fraction) in this deposit is 63.12%Fe, 2.10% LOI, 0.069%P, 3.98% SiO<sub>2</sub>, 1.16% Al<sub>2</sub>O<sub>3</sub>, and 0.11% S.*

Mapping and drilling suggest that the dimensions of the iron deposit in the north-central section of the concession are approximately 500 x 188 metres. 16 drill holes confirm the quality of the mineralised material and the extent of the deposit. Average thickness of the deposit is estimated at 62.5 metres. Density measurements made by AMEC on mineralised material from Opaban III suggest that the density varies between 3.23 tonnes per cubic metre (t/cum) in the near surface brecciated earthy ore to 4.25 t/cum in high grade massive ore at depth. Based on an average density of 4.0/cum and high grade material representing 90% of the deposit an **Inferred Resource of 21 million tonnes of high grade material averaging greater than 63% Fe** is estimated to occur at Opaban III.

### Opaban I

At Opaban I, the larger of the two resources, only 15 holes were drilled at wide spacing essentially to define the perimeter of the mineralisation. Surface outcrops in this deposit are up to 350 metres wide and extend with small gaps, for a strike distance of approximately 2.2 kilometres. The intercepts of continuous mineralisation along the drill holes varied from 29.5 metres to 132.3 metres in length (mostly commencing at or near surface). The iron grades for lump material (+6.3 millimetres) in the reconnaissance holes in this concession ranged from 45.64% (at the margin of the deposit) to 63.37% Fe (without using any cut-off grade). The best intercept recorded in this concession was 63.37% Fe for 87.9 metres of lump material and the reported average of all lump material intercepts in this concession including the included waste was 55% Fe.

Drill intersections and assay data for Opaban I were previously reported in the September 2006 quarterly report.

## REVIEW OF PROJECTS

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### (2) THE CUZCO PROJECT

#### Resource Estimates

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The Company has recently completed a review of detailed geophysical work conducted on the Cuzco project area by Val D'or Geofisica, a Peruvian geophysical consultancy earlier this year. This work included detailed ground magnetic survey, limited gravity and Induced Polarisation (IP) surveys.

The surveys were completed in part to validate a report on the iron-ore resources within the Cuzco project area published by the Peruvian Ministry of Energy and Mines in December 1974 which suggested the target mineralisation to be of the order of 500Mt with an average grade of 64.96% Fe, 5.06% SiO<sub>2</sub>, 0.09% P and 0.2% Cu.

From its analysis of the Val D'or Geofisica report, the Company advises that it has formed a target mineralisation estimate of between 570Mt and 650Mt of high grade iron-ore for the Cuzco Project area.

(It is noted however that the potential quantity and grade of the target mineralisations referred to above is conceptual in nature as there has been insufficient exploration to define a JORC compliant Mineral Resource and it remains to be ascertained if exploration will result in the determination of a Mineral Resource.)

#### Geophysical Surveys

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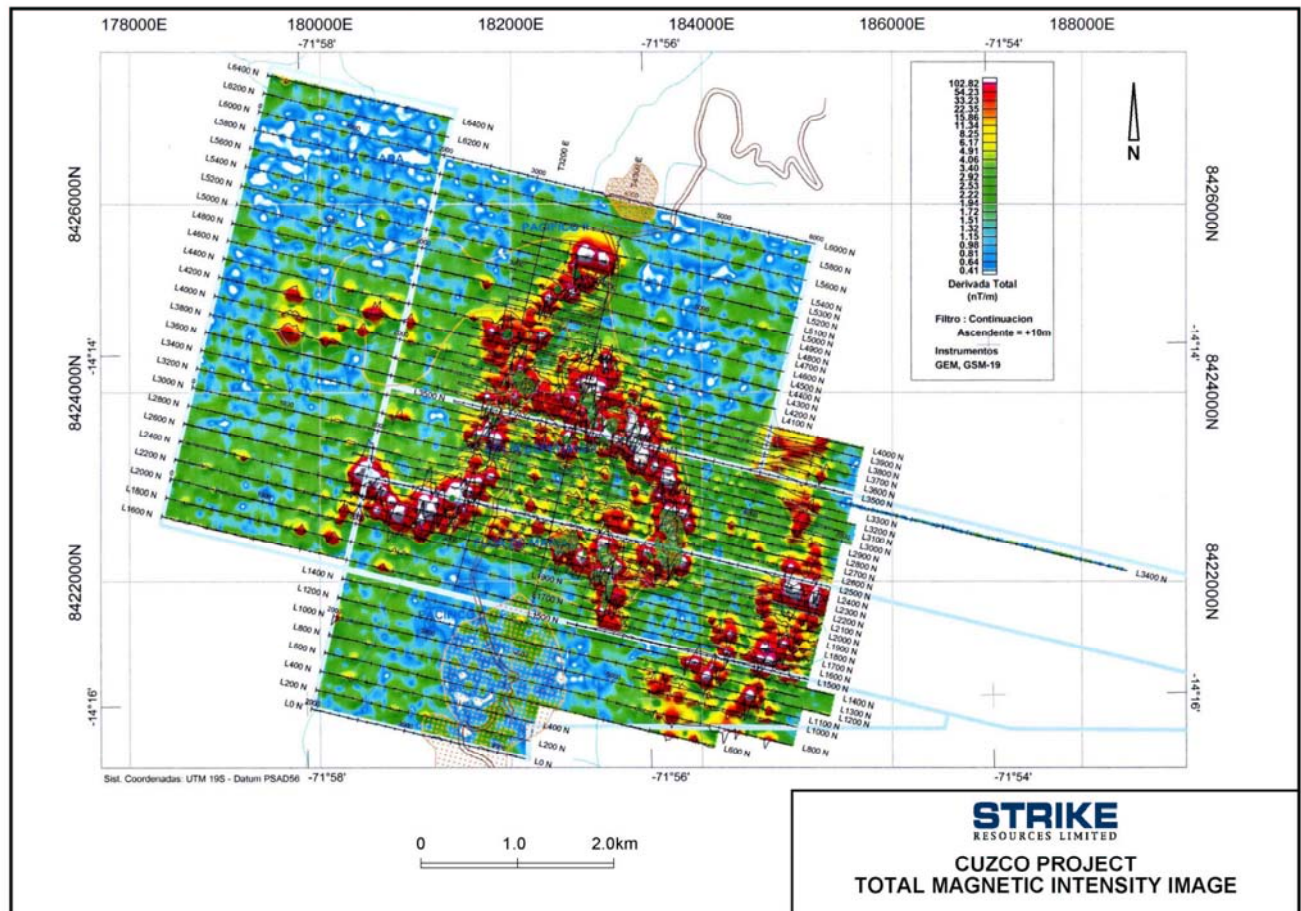
Val D'or Geofisica was engaged by Apurimac Ferrum to conduct geophysical work within the Cuzco project area. This engagement was a continuation of geophysical work previously conducted by Val D'or Geofisica on the Opaban I and Opaban III concessions within the Apurimac project area.

Val D'or Geofisica's geophysical work on the Cuzco project area included a detailed ground magnetic survey together with a limited gravity and IP survey.



## REVIEW OF PROJECTS

Outlined below is an image of the total magnetic intensity as prepared by Val D'or Geofisica.



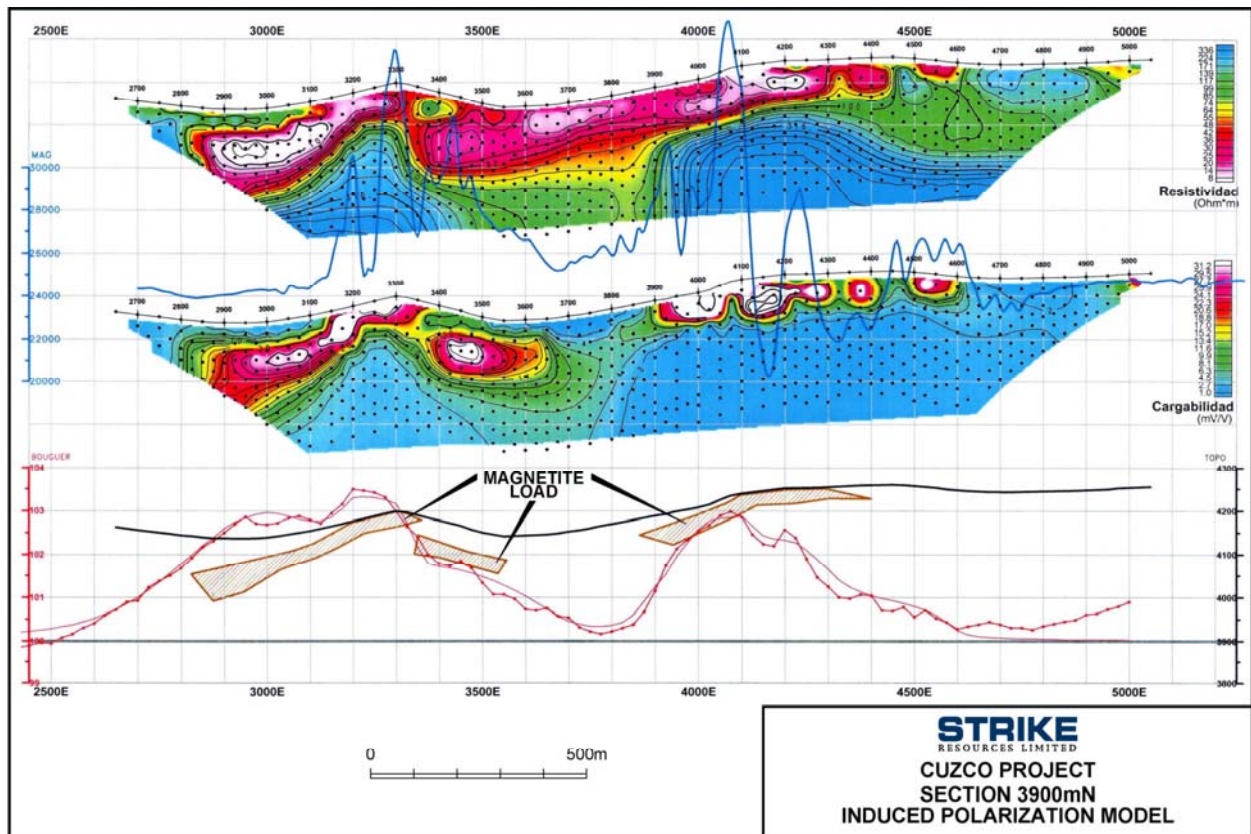
The survey indicates a potential zone of iron mineralisation of approximately 4 km by 4 km appearing as two curvilinear magnetic bodies (orange and red areas) around a small central core.

The radial nature of the deposit is best explained as an uplifted roof pendent of gently dipping mineralised bodies around an intrusive non-magnetic core providing the hydrothermal solutions responsible for the iron ore skarn mineralisation in the limestone.

This zone of mineralisation is also supported by various surface iron outcrops previously inspected by the Company.

## REVIEW OF PROJECTS

Cross sections drawn on the basis of geophysical modelling indicate iron ore bodies are likely to be sub-parallel or gently dipping commencing at or near the surface with potentially low waste to ore ratio.



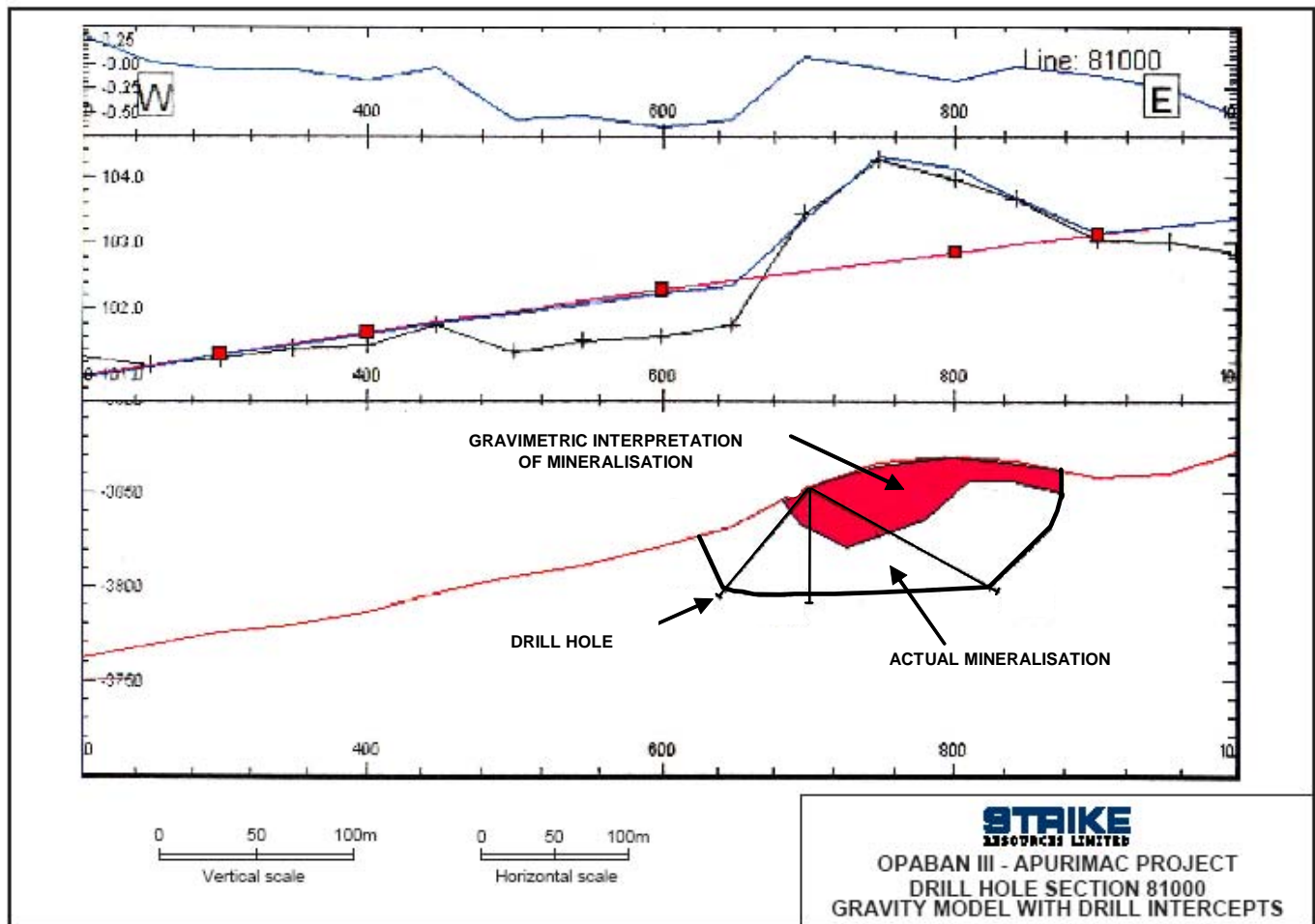
The Company notes that the geophysical modelling by Val D'Or Geofisica on the Cuzco project area estimates a mineralisation depth of between 10 to 60 metres

Val D'or Geofisica has confirmed that the geology of the Opaban concession areas in the Apurimac project and the Cuzco project is similar.

The Company further notes that drilling at Opaban I and Opaban III confirmed the actual mineralisation depth to extend to over 100 metres. However, it may be noted that the geophysical modelling of such iron ore bodies indicated significantly smaller depths essentially on the basis that a higher rock density of 4.5 tonnes per cubic metre (t/cum) was assumed in the modelling exercise whilst the actual rock density of the mineralised zones as measured in drill cores in the Opaban areas averaged between 3.8 and 4.0 t/cum. In addition, the ore bodies were generally wider and deeper than anticipated in the modelling.

## REVIEW OF PROJECTS

The conservative nature of the geophysical modelling is illustrated in a cross section from Opaban III which shows the geophysical interpretation of the mineralisation in solid red and actual high-grade mineralisation intersected in drill holes as a black outline through the drill holes surrounding the solid red area.



Based upon a comparison of the geophysical modelling and actual thicknesses and mass at Opaban I and Opaban III (determined through the previous drilling programme at such concessions conducted by AMEC Consultants in 2005) and the geophysical work on the Cuzco project area conducted by Val D'Or Geofisica in 2006, it is contemplated that the mineralisation depth of between 10-60 metres is conservative and the resource potential for the Cuzco project may be significantly larger than the 570-650 Mt stated above.

Whilst the Company is pleased with the results of the geophysical work conducted on the Cuzco concessions to date, it notes that no drilling has occurred to confirm either the resource size or the iron grades of such project.

The Company is accordingly moving to confirm this initial work on the Cuzco concessions through the conduct of a detailed gravity survey (which was completed in December 2006 with results pending) followed by drilling (Stages 2 and 3 of Programme of Works above to be completed by the end of the June 2007 quarter).

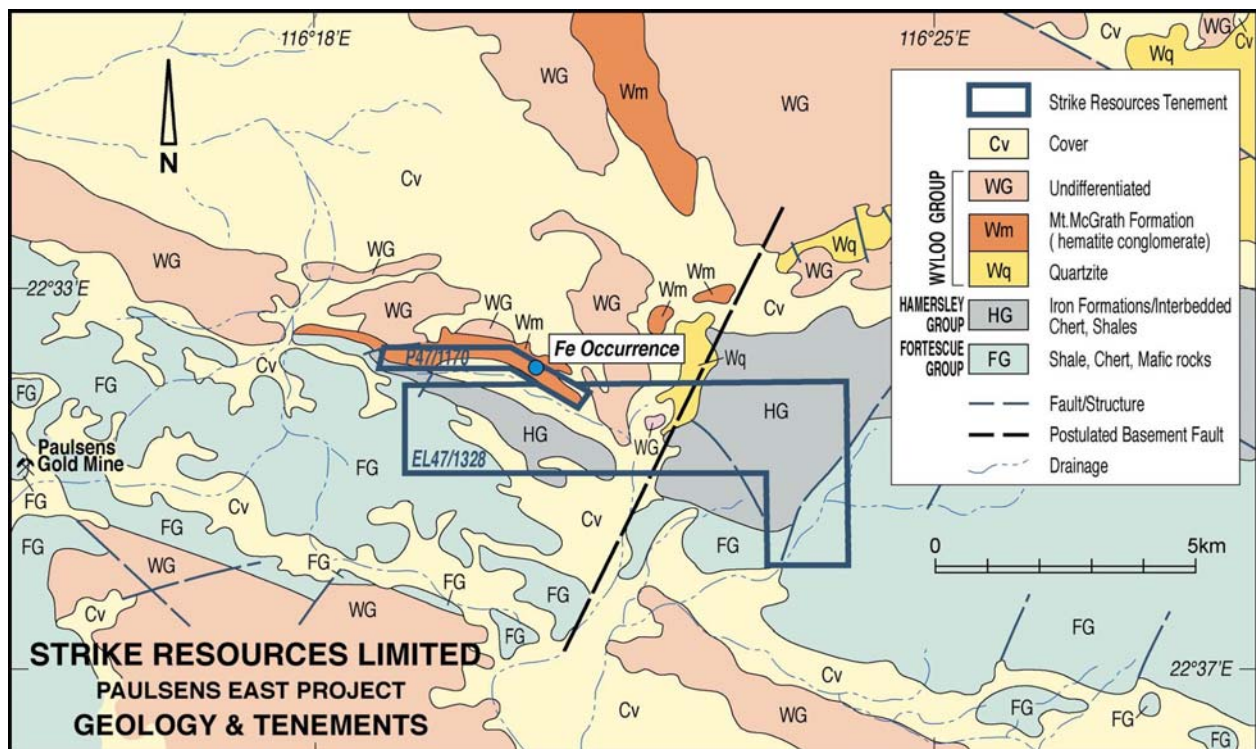


## REVIEW OF PROJECTS

### 2. Paulsens East Iron-Ore Project (West Pilbara Region, Western Australia, Australia)

The Paulsens East tenements cover a total area of 19.64 square kilometres. The tenements are located approximately 140 kilometres west of Tom Price (close to bitumised road) and eight kilometers east-northeast of the Paulsens Gold mine in the northwest of Western Australia.

A map outlining these tenements and the area of the high grade hematite conglomerate mineralisation is shown below.

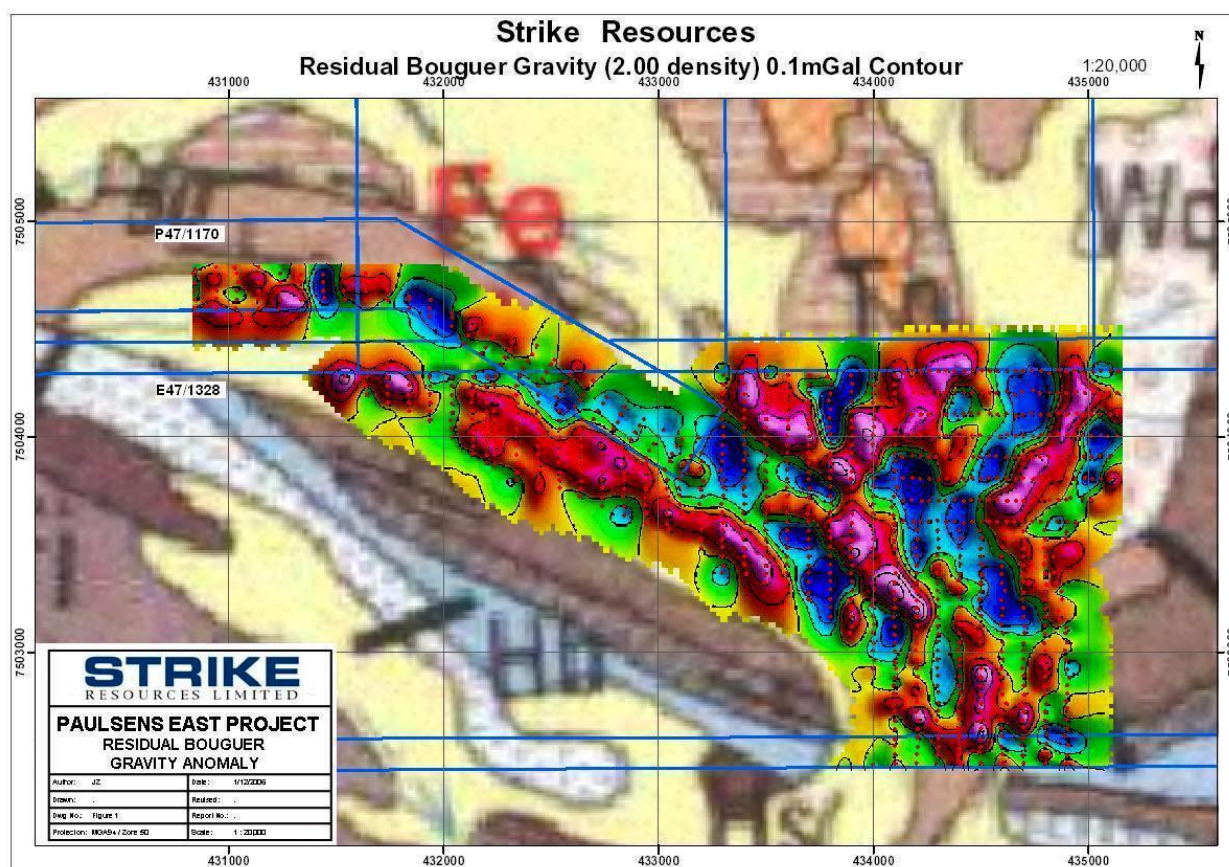


The Company has previously reported outcropping high-grade iron mineralisation varying in width from 6 to 12 metres outcropping on a ridge which extends for approximately 3,000 metres and rising on an average 60 metres above the valley floor. Rock chip samples collected along the ridge from the outcropping mineralisation in 2006 analysed between 62.59% and 67.03% Fe.

In October 2006, the Company completed a detailed gravity survey to extend the surface mineralisation along strike to the south-east, towards additional small outcrops of high-grade iron mineralisation more than 2 kilometres further to the south-east.

## REVIEW OF PROJECTS

The residual bouguer gravity data is illustrated below:



In December 2006, the Company completed an 8-hole 813 metre RC drilling programme to assess the extension of outcropping mineralisation at depth, prior to drilling gravity targets further to the south-east.

The drilling results show high-grade intersections in hole PC002 averaging 65.15% Fe from 13 to 15 metres and 63.4% Fe from 17 to 21 metres. However, in the remaining 7 holes designed to intersect the mineralisation at depths between 21 metres and up to 130 metres, only narrow thicknesses of 1 and 2 metres of high-grade conglomerate analysing between 60% and 65% Fe, sandwiched between siliceous metasediments, were encountered.

The Company believes it may have sufficient high-grade resource above the surface and at shallow depths up to 20 metres to support a small mining operation. The Company notes however that additional work needs to be undertaken before any mining operation could commence.

## REVIEW OF PROJECTS

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### 3. Bigrlyi South Uranium Project (North Territory, Australia)

The Company has a 75% interest in 5 exploration tenements located principally in the northern part of the Ngalia Basin in the Northern Territory (located approximately 390 kilometres north-west of Alice Springs). These tenements, having a total area of approximately 1,666 square kilometres, are adjacent to tenements surrounding the Bigrlyi Uranium Deposit (held by Energy Metals Limited - ASX Code: "EME") which has a stated JORC resource of 8.37 million pounds of  $U_3O_8$  at a cut-off grade of 0.1%<sup>1</sup>.

In particular, the Company's key NT uranium tenement (EL 24879) lies approximately 5 kilometres south of EME's Bigrlyi uranium deposit and ELA 24927, EL 24928 and EL 24929 also surround a number of EME's stated strategic uranium tenements in the Ngalia Basin (refer map below).

The Company's initial examination of the geology of EL 24879 indicates that it may contain a similar geological environment as that hosting the Bigrlyi Uranium Deposit and has a potential for economic uranium mineralisation. The Bigrlyi Uranium Deposit occurs in arkosic sandstones in the lower part of the late Devonian-late Carboniferous Mt Eclipse Sandstone which is host to 20 regional uranium prospects and radiometric anomalies principally along the northern margin of the Ngalia basin.

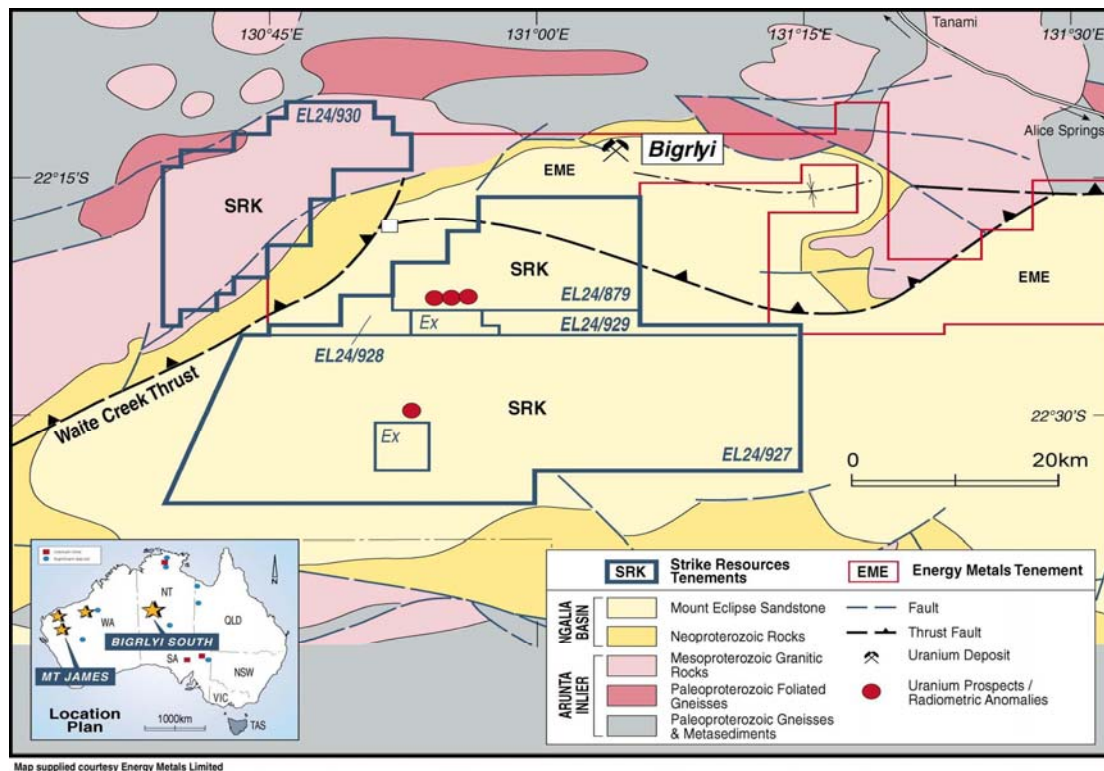
The Bigrlyi Uranium Deposit is regarded as a typical "modified roll front deposit" where uranium bearing oxidizing fluids meet with reducing conditions in layers of predominantly carbonaceous matter in a permeable formation. The uranium bearing fluids are believed to have flowed from north to south at the time of formation of the Bigrlyi deposit and other prospects in the area. Regional geological setting indicates these uraniferous fluids probably have originated from granites of the underlying Arunta complex, and migrated southwards. Here, reaction with the reductant lithologies led to the precipitation of uranium mineralisation in the rocks of the Mount Eclipse Sandstone.

The Company considers that this regional uranium-bearing formation continues into EL 24879.

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<sup>1</sup> EME market Announcement "JORC Compliant Reporting of Resource Estimate for Bigrlyi" dated 25 July 2006

## REVIEW OF PROJECTS



### STRIKE RESOURCES LIMITED BIGIRLYI SOUTH URANIUM PROJECT

All tenements which contain the lower Mt Eclipse Sandstone can be regarded as prospective for economic uranium mineralisation.

In particular the twin conditions of a pre-existing north to south flow regime (with EL 24879 lying in the path of the movement of these fluids and to the south) and the nature of permeable strata interlayered with carbonaceous matter may occur in EL 24879. Further, low angle thrust faults are postulated as additional primary fluid conduits into the Mt Eclipse Sandstone. These lines of evidence support the view that EL 24879 has potential to host economic uranium mineralisation.

Three radiometric anomalies are known to occur along the southern margin of the tenement.

The Company's geologists believe that the known thrust fault and fold hinges located in the tenement offer additional opportunities for the discovery of uranium mineralisation.

As announced on 16 February 2007, the Company has entered into an agreement for the sale of its uranium assets in the Northern Territory and Western Australia (which include the above project) to Alara, subject to SRK shareholder approval and the completion by Alara of a minimum \$4 million IPO capital raising and listing on ASX. Please refer to Review of Operations in the Directors' Report for further information about this transaction.

## REVIEW OF PROJECTS

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### 4. Pampacolca Project (Peru)

The Company has recently applied for two concessions covering a total area of 1,500 hectares. The concessions are situated approximately 7 to 12 kilometres south of the town of Pampacolca which is located approximately 136 kilometres north-west of the city of Arequipa in southern Peru.

The concessions cover at least six known structurally controlled occurrences of uranium, tantalum and rare earths in pegmatite veins in quartz-muscovite-feldspar schist within Precambrian gneissic terrain with known tantalum mineralisation.

Reported work by a Canadian company returned 0.13% to 0.29% Uranium Oxide ( $U_3O_8$ ) and up to 10.36% Tantalum - Niobium in 8 out of 15 surface rock chip samples.

Freyre (1945)<sup>2</sup> described the area as a Tantalum and rare earth pegmatite hosting Precambrian gneissic terrain.

A gold vein from same area returned 1.3 g/t gold where workings dating back to Spanish colonial times occur.

Apart from these known occurrences, the concession areas remains largely unexplored.

The Company is presently undertaking mapping of the geology of the area and sampling of the main historically reported occurrences.

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2 Freyre V., Alejandro, 1945: Yacimientos de Minerales radiactivos en Pampacolca. [Summary for the National Congress of Geology].

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## REVIEW OF PROJECTS

### 5. Mt James Uranium Project (Gascoyne Region, Western Australia, Australia)

EL 09/1253 and EL 09/1245 cover ground previously explored by AGIP Nucleare (Australia) Pty Ltd (AGIP), (a subsidiary of Italian multi-national energy group ENI) where 0.14% U (equivalent to 0.17%  $U_3O_8$ ) as uraninite in a diamond drill hole was discovered by AGIP in the 1970s.

The Company has determined that AGIP conducted significant exploration activity for uranium in the Gascoyne region in the 1970s. This activity included an airborne radiometric survey which identified a number of radiometric anomalies leading to drilling occurring on a number of those anomalies.

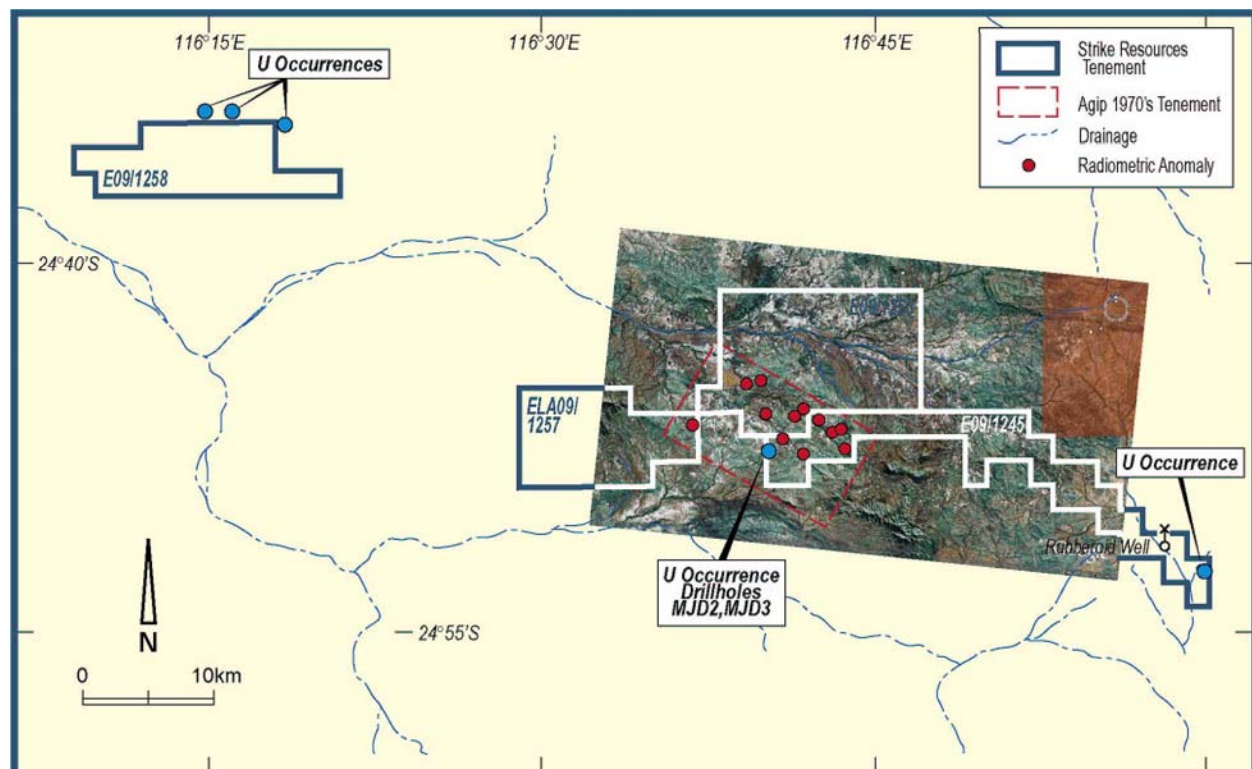
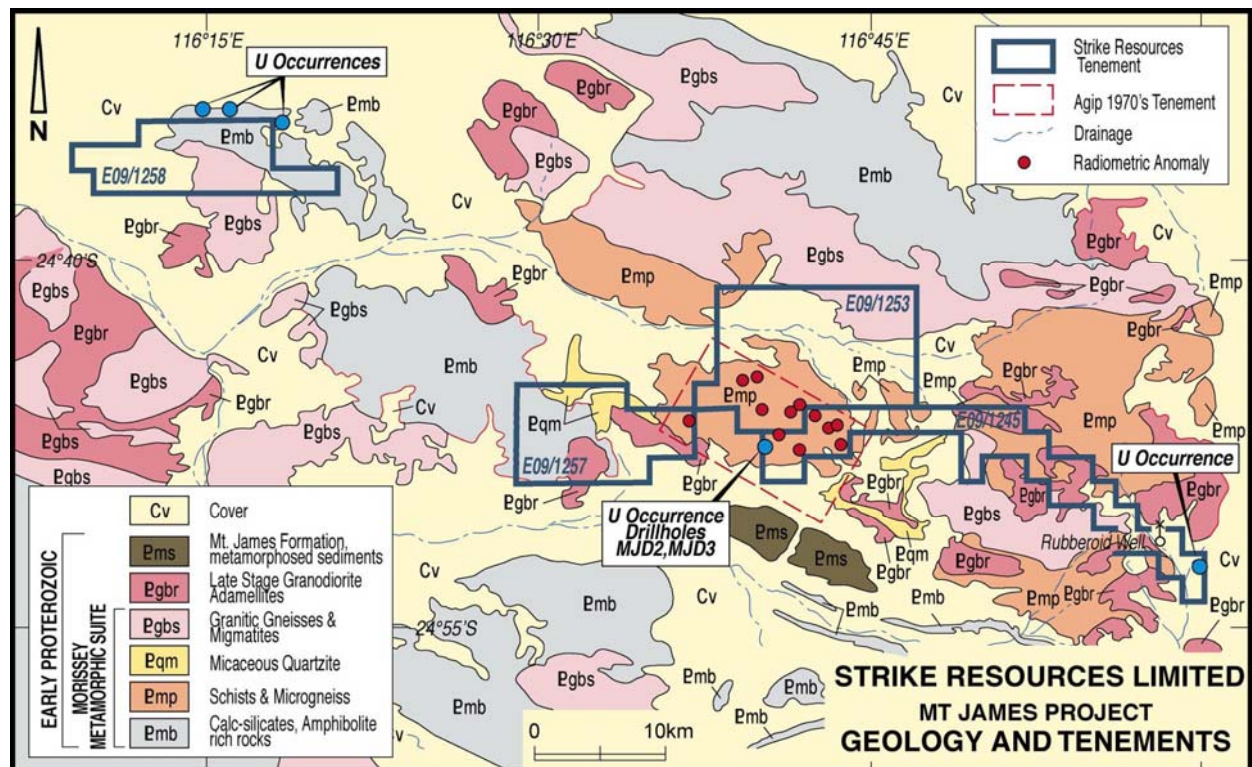
Temporary Reserve TR 5963H was applied for by AGIP and appears to have been the main focus of AGIP's exploration activities in the Gascoyne region during the 1970s. The Company has secured rights to a large portion of the area previously comprising TR 5963H including areas where AGIP conducted trenching and drilling for uranium and where AGIP's reports show that it intersected carnotite mineralisation in shallow trenches and up to 1400 ppm U over 0.2m from 69.45 metres in hole MJD3 (0.14% U or 0.17%  $U_3O_8$ ) as uraninite in a diamond drill hole in EL 09/1245. Lower grade uraninite mineralisation was also intersected in percussion drill holes nearby.

A summary of the diamond drilling results in two of the better holes referred to above are as follows:

Hole	From (m)	To (m)	U ppm	%U	Equivalent of % $U_3O_8$
MJD 3	69.10	69.25	100	0.0100%	0.0118%
MJD 3	69.25	69.45	520	0.0520%	0.0613%
MJD 3	69.45	69.65	1,450	0.1450%	0.1709%
MJD 3	69.65	70.00	24	0.0024%	0.0028%
MJD 3	89.30	89.50	105	0.0105%	0.0124%
MJD 3	90.60	90.80	260	0.0260%	0.0306%
MJD 3	91.80	92.10	430	0.0430%	0.0507%
MJD 2	108.30	108.60	10	0.0010%	0.0012%
MJD 2	108.60	108.90	1,200	0.1200%	0.1414%
MJD 2	108.90	109.25	75	0.0075%	0.0088%
MJD 2	109.25	109.55	220	0.0220%	0.0259%
MJD 2	109.55	109.90	140	0.0140%	0.0165%

Note: 32.5 (ppm) U = Equivalent 38.3 (ppm)  $U_3O_8$

## REVIEW OF PROJECTS



## REVIEW OF PROJECTS

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The presence of primary uraninite mineralisation in drill holes in this area (coupled with untested anomalies and with a broader pattern of a large number of uranium occurrences in the duricrust in the district) demonstrates the potential of the Company's interest in EL 09/1253 and EL 09/1245 as being prospective for vein type high-grade mineralisation associated with pegmatites in granitic rocks as well as carnotite mineralisation at shallow depth in the duricrust.

Available records show that AGIP investigated only a handful of the identified radiometric anomalies. The Company's initial investigations reveal that in the Mt James EL 09/1253 tenement alone, eight significant radiometric anomalies remain untested.

The Company believes that on the basis of previously encountered uranium mineralisation (including carnotite at shallow depth and uraninite at depth) and identified radiometric anomalies, that these tenements offer potential for both near surface secondary mineralisation in the saprolite zone as well as deeper primary vein-type mineralisation in pegmatite zones at depth.

The Company's other tenement interests in the area, EL 09/1257 and EL 09/1258 in the Injinu Hills and the Mortimer Hills areas, southwest and west respectively from EL 09/1253 and EL 09/1245 are covered with large areas of duricrust and known to host near surface uranium mineralisation as carnotite within adjacent ground. No detailed follow-up work was done in these areas.

As announced on 16 February 2007, the Company has entered into an agreement for the sale of its uranium assets in the Northern Territory and Western Australia (which include the above project) to Alara, subject to SRK shareholder approval and the completion by Alara of a minimum \$4 million IPO capital raising and listing on ASX. Please refer to Review of Operations in the Directors' Report for further information about this transaction.



## REVIEW OF PROJECTS

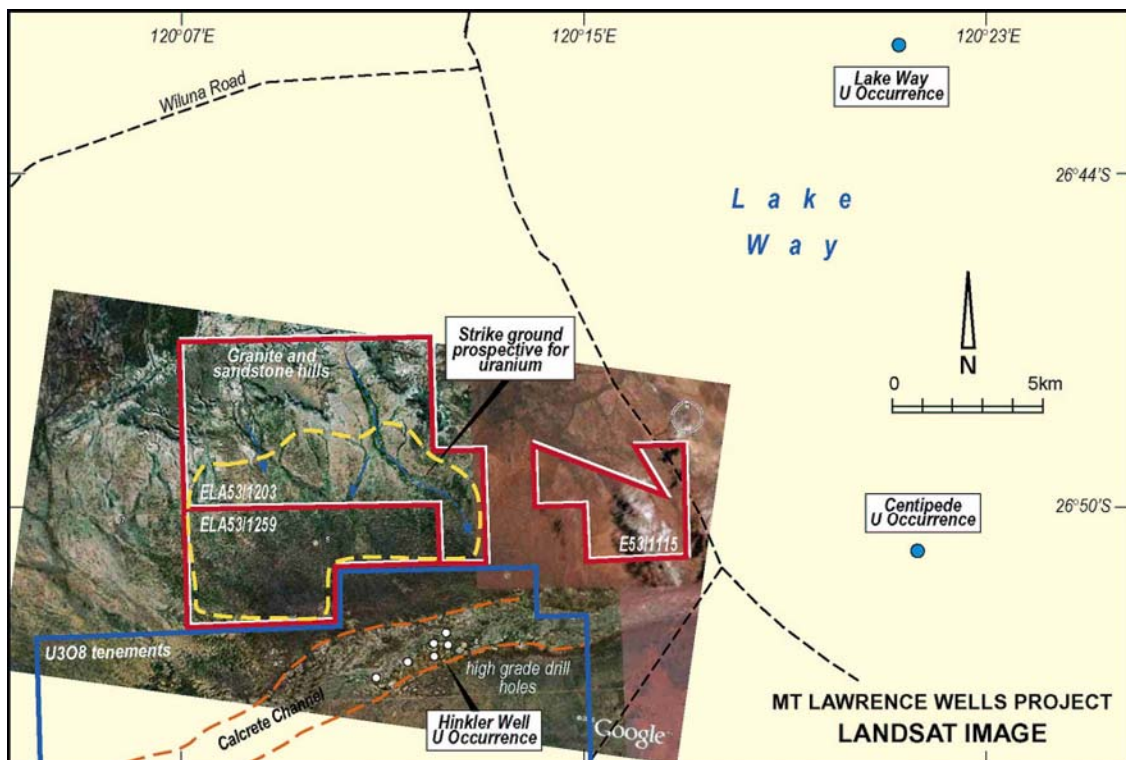
### 6. Mt Lawrence Wells Uranium Project (East Murchison Region, Western Australia, Australia)

These exploration licences are located 25 kilometres south of Wiluna and north of a palaeo drainage that hosts the Hinkler Well, Centipede and Millipede uranium prospects.

The project area is located immediately north of the Hinkler Well tenements of ASX listed U308 Limited where U308 Limited has recently announced uranium mineralisation in calcrete extending for approximately 20 kilometres. The mineralisation extends along an east west palaeo channel. Part of this calcrete channel and also the source of the gravels that cover the northern extent of the channel extend into the Company's tenements.

The Company believes the granite and the Proterozoic sandstone hills that drain into Hinkler Well palaeo channel and are situated in EL 53/1203 and ELA 53/1259, are the source for uranium mineralisation in the Hinkler Well deposit.

The Company owns 100% of two contiguous tenements north of the Hinkler Well deposit (EL 53/1203 and ELA 53/1259) and is earning an 85% interest in another (EL 53/1115).



The alluvial wash discharging into the palaeo drainage extends upstream into the Dawsons Well and Mt Wilkinson tenements for several kilometres. The nearby Lake Way uranium prospect consisting of carnotite as coatings and in bedding plain partings of rock fragments in alluvial gravels contains a JORC Inferred Mineral Resource of 8.51 million tonnes of ore at 0.054%  $U_3O_8$  or 4,600 tonnes of contained  $U_3O_8$ .<sup>3</sup>

As announced on 16 February 2007, the Company has entered into an agreement for the sale of its uranium assets in the Northern Territory and Western Australia (which include the above project) to Alara, subject to SRK shareholder approval and the completion by Alara of a minimum \$4 million IPO capital raising and listing on ASX. Please refer to Review of Operations in the Directors' Report for further information about this transaction.

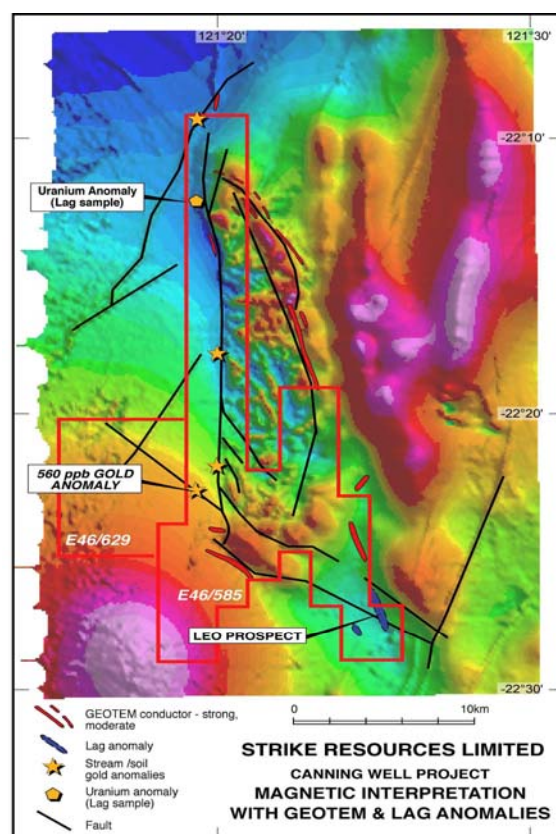
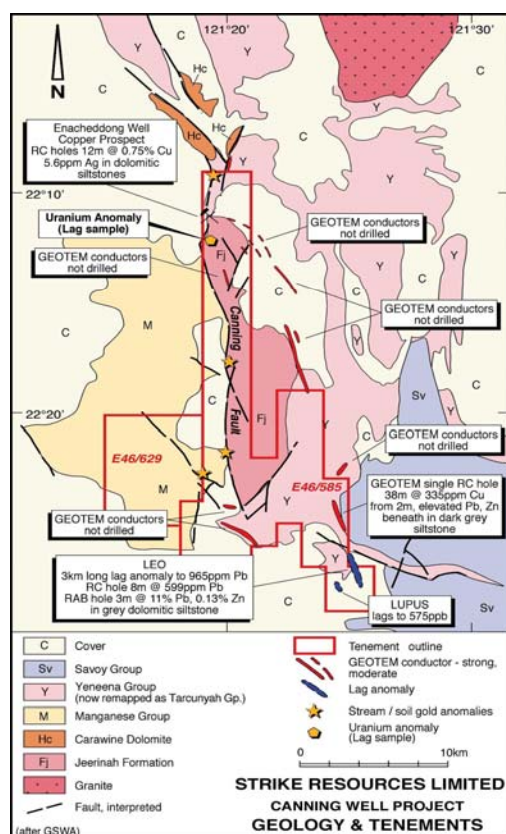
<sup>3</sup> Nova Energy Limited (NEL) Market Announcement "JORC Compliant Inferred Resource Upgraded to 9,000  $U_3O_8$ " dated 23 March 2006

## REVIEW OF PROJECTS

### 7. Canning Well Uranium and Gold Project (Pilbara Region, Western Australia, Australia)

The Company has a 75% interest in granted Canning Well Exploration Licence EL 46/629 and Little Sandy Desert Exploration Licence application ELA 46/585 (in the later case, to acquire 75% of Hume Mining NL's 85% interest therein, excluding manganese mineral rights which are retained by Giralia Resources NL) in the East Pilbara region. The Company's initial due diligence has indicated that uranium anomalies of up to 11 times the background were recorded in the project area in lag samples by previous explorers but were never followed up.

The project area is located approximately 80 kilometres west of the Kintyre uranium deposit and covers approximately 20 kilometres of the Canning Fault and associated splay and intersecting faults which bring together rocks of the Archaean Fortescue Group in juxtaposition with Proterozoic rocks of the Manganese Groups, the Tacunyah Group, the Yeneena Supergroup and the Savory Group.



Several major unconformities including Archaean to Proterozoic and within the Proterozoic rocks occur in close physical proximity to each other. The sandy facies of the Proterozoic rocks, which are wide-spread have been previously explored for copper and unconformity-type uranium mineralisation in the area of these two tenements.

Factors including significant uranium anomalies, the nature of unconformities in the Middle Proterozoic, the presence of sandy and carbonaceous rocks, suitable source basement rocks and the presence of regional faults are favourable for unconformity-type uranium mineralisation.

As announced on 16 February 2007, the Company has entered into an agreement for the sale of its uranium assets in the Northern Territory and Western Australia (which include the above project) to Alara, subject to SRK shareholder approval and the completion by Alara of a minimum \$4 million IPO capital raising and listing on ASX. Please refer to Review of Operations in the Directors' Report for further information about this transaction.

## REVIEW OF PROJECTS

### 8. Banten Copper/Gold Project (West Java, Indonesia)

The total area of the concession is 5,601 hectares. It is located approximately 100 kilometres south-west of Jakarta and is accessible by bitumen road from Jakarta via Serang. The concession is located close to the western tip of the island of West Java.

The Company has identified epithermal gold vein targets and potential for gold stock work systems in the Eocene Bayah Formation and Oligocene granodiorite. In parts of the concession area from where the gold system has been largely eroded, the underlying granodiorite offers a target for porphyry copper mineralisation. In addition, in the overlying Chikoto Formation, volcanic tuffs and breccias may contain rich pods of hydrothermal lead and zinc mineralisation.

During a recent mapping programme the Company's geologists noted extensive argillic and silicic alterations and several small gold workings, some of which are currently worked by the family members of the owner of the concession.



**STRIKE RESOURCES LIMITED**  
**WEST JAVA BANTEN COPPER/GOLD PROJECT**  
**LOCATION PLAN**

The Company conducted reconnaissance survey and sampling programmes in the concession area during the reporting period. The result of such programmes has shown that the previously reported historical rock chip sampling is repeated during the current sampling programme.

## REVIEW OF PROJECTS

A total of 59 samples were analysed, with anomalous results illustrated in the table below. Based upon these and historical sample results, three anomalous zones have been identified for further follow up investigation. This will comprise geochemical and geophysical exploration programmes.

A summary of the recently conducted sampling programme is outlined below:

SAMPLE	Au ppm	Ag ppm	Pb %	Zn %
003-R			2.8	3.58
006-R	3.36			
007-R	3.92			
011-R	1.06			
013-R	2.15	63		
018-R	6.83	1260		
020-R	2.61	302		
021-R	1.76	69		
023-R	3.07	80		
029-R			1.03	1.47
030-R			1.8	7.8
041-R	12.3	283		
045-R		106	2.71	10.2
046-R	1.3	80		2.18
047-R	15.3	185		
048-R	1.21	125		
052-R	6.45			
053-R				1.45
065-S/C	2.82	72		

By a cooperation agreement dated 16 March 2005 between SOPL, Indo Coal and PT Suda Miskin (Suda Miskin), Indo Coal has acquired the right to exclusively conduct general survey activities, explore for, exploit, mine and sell gold and any other minerals in the concession area (the West Java Gold Agreement) (West Java Copper/Gold Project).

Under the terms of the West Java Agreement, the Company has paid US\$55,000 (after exercising due diligence) to Suda Miskin and has the following future payment and profit sharing obligations to Suda Miskin:

- (a) US\$30,000 by April 2008; and
- (b) A 19% share of after tax net profits from production.

*The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves has been compiled by Mr Hem Shanker Madan who is a Member of The Australian Institute of Mining and Metallurgy. Mr Madan is the Managing Director of the Company. Mr Madan has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves (the JORC Code)." Mr Madan consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.*

## DIRECTORS' REPORT

The Directors present their report on Strike Resources Limited (**Company** or **Strike Resources** or **SRK**) and its controlled entities (the **Consolidated Entity**) for the financial half year ended 31 December 2005 (**Balance Date**).

The Company changed its name from Fast Scout Limited effective 16 January 2006.

Strike Resources is a company limited by shares that is incorporated and domiciled in Western Australia and has been listed on the Australian Securities Exchange (**ASX**) since 7 March 2000.

Strike Resources has prepared a consolidated financial report incorporating the entities that it controlled during the financial half year. Controlled entities were:

- (1) Strike Operations Pty Ltd ABN 12 102 978 370 (formerly Fast Scout Operations Pty Ltd and Virtual Web Pty Ltd) (**SOPL**), a wholly owned subsidiary incorporated in Western Australia;
- (2) PT Indo Batubara, a company registered in Indonesia on 8 December 2005 in which SOPL is the 100% beneficial owner.

## OPERATING RESULTS

Consolidated	Dec 2006 \$	Dec 2005 \$
Total revenues	543,847	119,982
Total expenses	(2,791,000)	(973,094)
Loss before tax	(2,247,153)	(853,112)
Income tax	-	-
Loss after income tax	(2,247,153)	(853,112)

## Brief Explanation of Results

Total Revenues include:

- (1) \$358,156 unrealised gains from share investments (Dec 2005: \$96,644);
- (2) \$101,255 interest received (Dec 2005: \$10,421);
- (3) \$65,151 profit on sale of associate entity (Dec 2005: \$nil).

Total Expenses include:

- (1) \$681,120 provision for impairment (Dec 2005: \$nil);
- (2) \$902,501 directors' and employee options (Dec 2005: \$nil);
- (3) \$335,548 personnel costs (Dec 2005: \$105,173);
- (4) \$311,471 exploration and evaluation costs (Dec 2005: \$269,834);
- (5) \$141,916 professional fees (Dec 2005: \$31,706)

## LOSS PER SHARE

Consolidated	Dec 2006	Dec 2005
Basic loss per share (cents)	(4.49)	(0.87)
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic loss per share	49,998,291	98,220,232

# DIRECTORS' REPORT

## FINANCIAL POSITION

Consolidated	Dec 2006 \$	Jun 2006 \$
Other financial assets (share investments)	833,442	475,287
Cash	10,538,193	1,309,813
Receivables	86,006	43,653
Other assets	-	47,309
Gross assets	11,524,191	1,880,983
Liabilities	(384,090)	(178,962)
Net assets	11,140,101	1,702,021
Issued capital	30,632,883	19,848,109
Reserves	1,148,714	248,255
Accumulated losses	(20,641,496)	(18,394,343)
Total equity	11,140,101	1,702,021

The Company has accounted for its 27.82% in ASX listed (but currently suspended) Sofcom Limited ABN 88 087 482 602 (SOF) as at Balance Date as an investment in an Associate entity (on an equity accounting basis). The Company is the largest shareholder in SOF. SOF is currently suspended from ASX awaiting a potential recapitalisation and the undertaking of a transaction to allow such companies to be re-admitted to ASX. The Company accounts for its shareholding in SOF without reflecting any potential "control premium" upon a possible sale of its shareholding in SOF.

## DIVIDENDS

No dividends have been paid or declared during the financial half year.

## REVIEW OF OPERATIONS

### 1. MAPSA Agreement (Over Apurimac Ferrum Shares)

On 7 February 2007, the Company was pleased to announce that it had entered into an agreement (the **MAPSA Agreement**) to acquire a controlling interest in a further 24.5% in its Apurimac and Cuzco Iron-Ore Projects in Peru from one of its Peruvian partners, Minera los Andes y el Pacífico S.A. (**MAPSA**), in consideration for staged payments totalling US\$10 million (being a combination of cash and if elected, SRK shares) over 2 years and a further US\$10 million when production and sales from these projects first exceeds 20 million tonnes per annum.

By way of background, the Company had previously secured<sup>4</sup> the right to earn a 51% (or greater) interest in the Apurimac Project or the Cuzco Project or both (at Strike's election) through a progressive US\$6.5 million investment in AF (which holds title to such projects) and the exercise of options to acquire AF shares from D&C

4 By agreement dated 2 July 2006 between Strike and Peruvian companies, Apurimac Ferrum S.A (AF), MAPSA and D&C Pesca S.A.C. (D&C) (and a more formal shareholders' agreement executed on 10 November 2006) (the **AF Agreement**).

## DIRECTORS' REPORT

and MAPSA (at a total cost of US\$34.5 million), within a 5 year period. After such investment and acquisition, Strike will hold a 51% shareholding in AF with D&C and MAPSA each holding a 24.5% interest in AF.

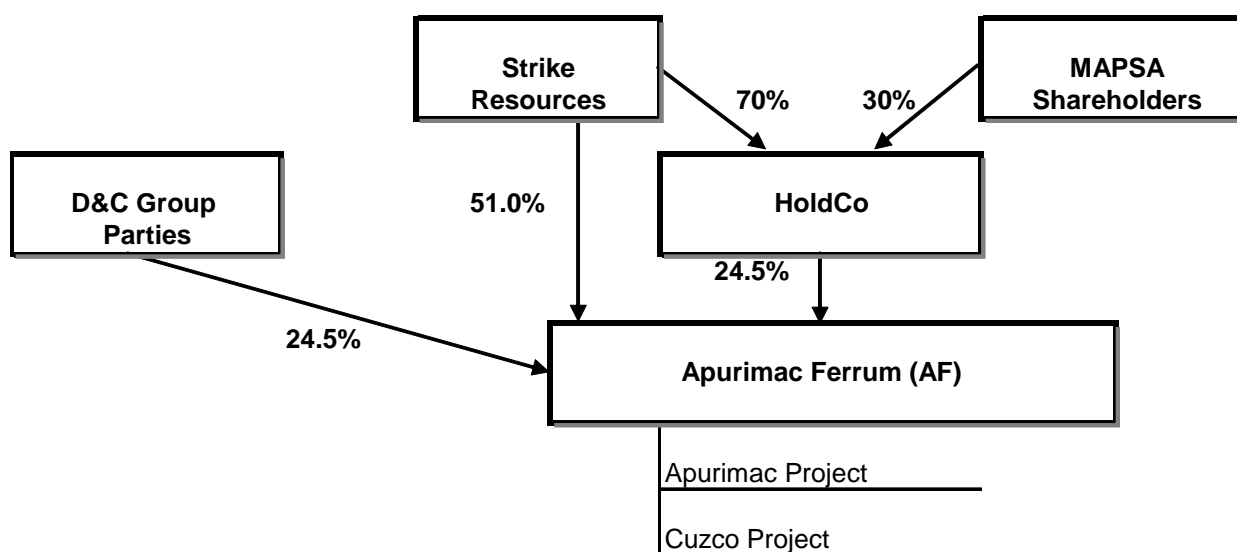
On 2 February 2007, Strike entered into the MAPSA Agreement with MAPSA and the shareholders of MAPSA (MAPSA Shareholders) whereby, upon the establishment by the MAPSA Shareholders of a new company (HoldCo) and the transfer of all the shares in AF currently held by MAPSA and not subject to Strike's option under the AF Agreement into HoldCo, Strike will acquire a 70% shareholding interest in HoldCo.

Therefore, upon the completion of Strike's obligations under the AF Agreement and the various steps required to complete the MAPSA Agreement, Strike will have gained a direct 51% shareholding interest in AF and a controlling 70% interest in a further 24.5% shareholding interest in AF held by HoldCo.

The diagram below illustrates the AF shareholding structure post completion of this MAPSA Agreement transaction and upon Strike exercising its options under the AF Agreement.

### Apurimac Ferrum Shareholding Structure following:

- Completion of MAPSA Agreement;
- \$US\$6.5 million invested by Strike into AF; and
- Exercise by Strike of Options under the AF Agreement.



## DIRECTORS' REPORT

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The Company believes this represents an excellent outcome in that:

- (1) It has acquired a further significant interest in the Apurimac and Cuzco Iron-Ore Projects at a very reasonable acquisition cost;
- (2) Whilst its economic interest in AF increases from 51% to 68.15%, its position as a 70% controlling shareholder in HoldCo (which will hold a 24.5% stake in AF) means it will effectively control a minimum of 75.5% of the issued share capital of AF;
- (3) It aligns a portion of MAPSA's upside appreciation in the projects to Strike and its share price if part of the consideration under this transaction is paid in SRK shares; and
- (4) The payment of US\$10 million of the consideration under this transaction being linked to production and sales of 20 million tonnes of iron ore illustrates MAPSA's confidence in the project proceeding to production.

The initial US\$10 million consideration payable to MAPSA Shareholders for Strike's 70% interest in HoldCo is:

- (1) US\$200,000 cash on signing;
- (2) US\$2,300,000 cash after Completion<sup>5</sup>, by no later than 30 March 2007;
- (3) US\$4,000,000 in cash or shares (as described below) after Completion:
  - (a) At Strike's election, US\$4 million cash or 3,000,000 SRK shares;
  - (b) At MAPSA Shareholder's election if Strike elects to pay US\$4 million cash under (a); 2,500,000 SRK shares.
- (4) US\$3,500,000 cash 2 years after payment (2) above.

A further US\$10 million is payable to MAPSA Shareholders if Strike exercises its options under the AF Agreement and AF's iron-ore production and sales from the Apurimac Project and/or Cuzco Project first reaches an amount equal to or higher than 20 million tonnes in a given fiscal year (this is a one off payment only).

Subject to Strike making payments (1), (2) and (3) above, Strike shall receive its 70% interest in HoldCo. This interest is subject to forfeiture either if payment (4) or the last payment of US\$10 million (if triggered) are not made by Strike.

In addition, under the MAPSA Agreement:

- (a) HoldCo will grant a royalty to MAPSA Shareholders of between US\$1.00 to \$1.20 per tonne on HoldCo's share of AF's sales, the royalty rate depending on whether the average FOB price of iron-ore sold by AF is less than US\$40 per tonne (US\$ 1.00 royalty per tonne) or greater than US\$55 per tonne (US\$1.20 royalty per tonne). Between such amounts, the royalty is payable on a pro-rata basis. For example, if HoldCo holds 24.5% of AF and AF achieves sales of 20 million tonnes, the royalty payable by HoldCo to MAPSA Shareholders will be: 20 million x 24.5% X \$1 = \$4.90 million;
- (b) Strike will "free carry" the MAPSA shareholders within HoldCo for 2 years after Strike has exercised either option under the AF Agreement;

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<sup>5</sup> Completion being upon the execution all further formal agreements required to implement the transaction contemplated under the MAPSA Agreement (including a formal shareholders' agreement) and delivery of share certificates for a 70% shareholding interest in HoldCo to Strike.

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## DIRECTORS' REPORT

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- (c) Any funding by Strike into HoldCo will be either by way of loans secured over the assets of HoldCo (attracting a commercial rate of interest) or by a convertible note on terms agreed between the parties;
- (d) MAPSA Shareholders in HoldCo have also granted an option for Strike to acquire a further 10% of HoldCo at an independently assessed market value; the option term is 5 years commencing upon the expiry of the 2 year free carried period referred to above.

### 2. Alara Uranium Limited - Uranium Assets Spin-Off Terms

As announced on 16 February 2007, the Company has entered into an agreement for the sale of its uranium assets in Peru, the Northern Territory and Western Australia (which comprise the projects described below) to Alara Uranium Limited (**Alara**), subject to, amongst other matters, SRK shareholder approval and the completion by Alara of a minimum \$4 million IPO capital raising and listing on ASX.

#### Summary of Spin-Off

- A capital raising of \$6 million (with a minimum subscription of \$4 million) together with a right to accept oversubscriptions of a further \$4 million, at an issue price of 25 cents per share;
- Strike shareholders holding at least 5,000 SRK shares on 6 March 2007 will receive a priority entitlement to subscribe for up to 16 million shares (\$4 million) in the Alara IPO on a pro-rata basis.
- If oversubscriptions are accepted, Strike shareholders will be entitled to receive a priority entitlement to subscribe for a further 6 million Alara shares (\$1.5 million).
- Based on the current SRK issued capital, this equates to an approximate 1 for 4 entitlement to SRK shareholders to subscribe for shares in the Alara IPO (that is one share in Alara for every four shares held in SRK). If oversubscriptions are accepted, this entitlement ratio will increase to approximately 3 for 8;
- Strike intends to conduct a capital return to SRK shareholders of 16 million shares it shall hold in Alara post IPO, within 6 months of the date of listing of Alara.
- Based on the current issued capital of SRK, this equates to a right for SRK shareholders to receive, for no consideration, approximately one Alara share for every four Strike shares held;
- Strike shall transfer all its uranium assets to Alara including recently acquired uranium concessions in Peru, details of which are outlined below.

Since the date of Strike's initial announcement regarding its uranium assets spin-off intentions<sup>6</sup>, Strike has endeavoured to broaden its portfolio of uranium properties. In this regard, Strike is pleased to confirm that it has applied for two adjoining mineral concessions in southern Peru (the "**Pampacolca Project**") which are prospective for uranium.

The Pampacolca Project concessions cover at least six known structurally controlled occurrences of uranium, tantalum and rare earths with reported historical work returning in 8 out of 15 surface rock chip samples 0.13% to 0.29% Uranium Oxide. Further details of this project are contained later in this announcement.

The spin-off of Strike's uranium assets will include all of its uranium interests in the Northern Territory, Western Australia and the Pampacolca Project in Peru.

Through the IPO, Alara intends to raise \$6 million (with a minimum subscription of \$4 million) together with a right to accept oversubscriptions of a further \$4 million, at an issue price of 25 cents per share, capping the IPO at \$10 million.

As consideration for the vending of Strike's uranium interests, Strike will receive 28.750 million shares at an IPO price of 25 cents in Alara. Assuming that Alara raises the maximum \$10 million at IPO, Strike will hold approximately 36% of the total issued share capital of Alara.

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<sup>6</sup> By ASX market announcement dated 28 November 2006 titled "Intention to Spin Off Uranium Assets"

## DIRECTORS' REPORT

Strike shareholders will be given a priority entitlement to subscribe for up to 16 million shares (\$4 million) in the Alara IPO on a pro-rata basis. In addition, should Alara accept oversubscriptions, Strike shareholders will be entitled to receive a priority entitlement to subscribe for a further 6 million shares (\$1.5 million) of such oversubscriptions.

This priority entitlement has been structured to allow existing Strike shareholders the opportunity to subscribe for (at their election) a significant portion of the proposed Alara IPO.

Indicatively and based upon Strike's existing issued capital of approximately 60 million shares and assuming no SRK options currently on issue are exercised prior to the Record Date for determining entitlement to participate in the priority subscription, the pool of 16 million Alara shares reserved for SRK shareholders will entitle such shareholders the right to subscribe for approximately one Alara share for every four Strike shares currently held by them.

Full details of the terms of such priority entitlement are outlined below.

In addition, Strike has determined that of the 28.75 million shares it shall hold in Alara post IPO, that 16 million of such shares will be distributed to SRK shareholders in-specie at a time to be nominated by the SRK Board but not more than 6 months from the date of Alara's listing, subject to ASX granting a waiver for such dealing of escrowed (or otherwise subject to escrow) shares, all regulatory approvals and consideration of the tax consequences arising therein.

Indicatively and based upon Strike's existing issued capital of approximately 60 million shares, assuming no SRK options currently on issue are exercised prior to the record date for determining entitlement to receive the distribution in-specie of part of SRK's holding of Alara shares, and subject to no further share issues in SRK occurring prior to such date, existing SRK shareholders will have a right to receive, for no consideration, approximately one Alara share for every 4 Strike shares currently held.

For a maximum of three years following the date of its agreement with Alara and as long as Strike holds a 5% or greater shareholding in Alara, any new uranium prospects acquired by Strike post Alara IPO will be transferred to Alara at cost; similarly, any iron ore prospects acquired by Alara post IPO will be transferred to Strike at cost.

Strike expects to convene a general meeting to seek shareholder approval (as required) for matters arising under the spin-off and proposed distribution in-specie of Alara shares to be held in early April 2007.

The Alara IPO prospectus is expected to be released after the despatch of these meeting documents in early March 2007 with a closing date shortly after the Strike general meeting.

### Capital Structure of Alara

The post-IPO capital structure of Alara (assuming Alara raises the maximum \$10 million) will be as follows:

Shareholder	Value (at listing)	Shares (issued at 25 cents)	% of Alara
Founding Alara Shareholders			
(unrelated parties to Strike and Orion)	\$1,375,000	5,500,000	6.83%
Vendor - Strike Resources Limited (SRK)	\$7,187,500	28,750,000	35.71%
Vendor - Orion Equities Limited (OEQ)	\$1,562,500	6,250,000	7.76%
IPO shares to be issued at 25 cents each			
Priority Entitlement to SRK Shareholders	\$4,000,000	16,000,000	19.88%
Priority Entitlement to OEQ/OEQ Shareholders	\$500,000	2,000,000	2.48%
Entitlement to Clients of Brokers to the Issue (including potential oversubscriptions)	\$4,000,000	16,000,000	19.88%
Priority Entitlement to SRK Shareholders if Oversubscriptions are accepted	\$1,500,000	6,000,000	7.45%
	<b>\$20,125,000</b>	<b>80,500,000</b>	<b>100.00%</b>
Total Alara IPO Proceeds (gross)	<b>\$10,000,000</b>		

# DIRECTORS' REPORT

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## Terms of SRK Shareholder Priority Entitlement to Alara IPO

SRK shareholders will receive a priority entitlement to participate under the Alara IPO as follows:

- (1) Eligible SRK shareholders (defined as holders of a minimum parcel of 5,000 SRK shares as at 6 March 2007- the "Record Date") being entitled to participate in \$4 million (16 million Alara shares) of the targeted Alara IPO capital raising of \$6 million;
- (2) Such eligible SRK shareholders will be entitled to the minimum \$2,000 (8,000 Alara shares) application where permitted;
- (3) Subscriptions received from eligible SRK shareholders in excess of \$2,000 will be scaled-back on a pro-rata basis if required to ensure compliance with (1) above;
- (4) If the scale-back of applications received from eligible SRK shareholders pursuant to (3) above still results in an excess of applications received after taking into consideration the \$4 million Alara IPO pool available for SRK shareholders, a scale-back will be undertaken on a first in time basis in relation to the lodgement of applications with Alara. That is, eligible SRK shareholders will be entitled to the minimum \$2,000 (8,000 Alara shares) application on a first in time lodged basis until SRK's Alara IPO pool is taken up;
- (5) Such eligible SRK shareholders will also be entitled to participate on a pro-rata basis in up to \$1.5 million (6,000,000 Alara shares) of the oversubscriptions of \$4 million permitted to be taken up by Alara.

## Alara Loyalty Options Issue

After the completion of the IPO, Alara will undertake a loyalty options issue upon the following terms:

- (1) The Alara options issue will occur 3 months from the date of listing of Alara on the ASX;
- (2) Alara shareholders will be entitled to subscribe for up to three options for every four Alara shares held as the entitlement date;
- (3) The issue price will be one cent per option;
- (4) The exercise price of each option will be 25 cents (in line with the Alara IPO issue price per share); and
- (5) The option expiry date will be 30 June 2009.

## Alara Board Composition

Directors from SRK, Dr John Stephenson (as proposed Chairman), Mr H. Shanker Madan (as proposed Managing Director), Mr Farooq Khan (as proposed Executive Director) and Mr Victor P.H. Ho (as proposed Company Secretary) will assume the executive management roles at Alara upon the completion of the IPO and admission of Alara to ASX.

## Orion Equities Limited Spin-Off to Alara

Alara will also be acquiring Orion Equities Limited's (OEQ) retained 25% interest in certain of Strike's Australian uranium tenements in consideration for the issue of 6.25 million Alara shares.

Accordingly, after the completion of the IPO and its agreements with Strike and Orion, Alara will have 100% of Strike and Orion's interest in their uranium projects.

As described above in the pro-forma Alara capital structure, Orion will also have a priority entitlement to subscribe for up to 2 million shares (\$0.5 million) in the Alara IPO.

# DIRECTORS' REPORT

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## The Uranium Assets

SRK's uranium assets the subject of this agreement comprise an interest in the following projects:

(i) **Bigirlyi South (Northern Territory)**

(75% in Exploration Licences 24879, 24928, 24929 and 24930 and application for EL 24927)

The Company has a 75% interest in 5 exploration tenements located principally in the northern part of the Ngalia Basin in the Northern Territory (located approximately 390 kilometres north-west of Alice Springs). These tenements, having a total area of approximately 1,666 square kilometres, are adjacent to tenements surrounding the Bigirlyi Uranium Deposit (held by Energy Metals Limited - ASX Code: "EME") which has a stated JORC resource of 8.37 million pounds of  $U_3O_8$  at a cut-off grade of 0.1%<sup>7</sup>.

(ii) **Pampacolca (Peru)**

(100% in two applications for metallic mineral concessions, covering 1,500 hectares, under the names "Pampacolca 1" (Code 01-01084-07, 900 hectares) and "Pampacolca 2" (Code 01-01085, 600 hectares) located in the Districts of Pampacolca and Tipan Aplao, Province of Castilla and the Districts of Aplao and Iray, Provinces of Castilla and Condesuyos, respectively, in the Department of Arequipa in the south of Peru)

Strike has applications for two mineral concessions covering a total area of 1,500 hectares. The concessions are situated approximately 7 to 12 kilometres south of the town of Pampacolca, which is located approximately 136 kilometres north-west of the city of Arequipa in southern Peru. The concessions cover at least six known structurally controlled occurrences of uranium, tantalum and rare earths in pegmatite veins in quartz-muscovite-feldspar schist within Precambrian gneissic terrain with known tantalum mineralisation. Reported historical work by a Canadian company returned 0.13% to 0.29% Uranium Oxide ( $U_3O_8$ ) and up to 10.36% Tantalum - Niobium in 8 out of 15 surface rock chip samples. A gold vein from same area returned 1.3 g/t gold where workings dating back to Spanish colonial times occur.

(iii) **Mt James (Gascoyne, Western Australia)**

(75% in EL 09/1253; 70% in EL 09/1245 and 100% in EL 09/1257 and EL 09/1258)

EL 09/1253 and EL 09/1245 cover ground previously explored by AGIP Nucleare (Australia) Pty Ltd (AGIP), (a subsidiary of Italian multi-national energy group ENI) where 0.14% U (equivalent to 0.17%  $U_3O_8$ ) as uraninite in a diamond drill hole was discovered by AGIP in the 1970s. EL 09/1257 and EL 09/1258 in the Injinu Hills and the Mortimer Hills areas, southwest and west respectively from EL 09/1253 and EL 09/1245 are covered with large areas of duricrust and known to host near surface uranium mineralisation as carnotite within adjacent ground.

(iv) **Mt Lawrence Wells (East Murchison, Western Australia)**

(85% in EL 53/1115; 100% in EL 53/1203 and ELA 53/1259)

These exploration licences are located 25 kilometres south of Wiluna and north of a palaeo drainage that hosts the Hinkler Well, Centipede and Millipede uranium prospects.

The project area is located immediately north of the Hinkler Well tenements of ASX listed U308 Limited where U308 Limited has recently announced uranium mineralisation in calcrete extending for approximately 20 kilometres. The mineralisation extends along an east west palaeo channel. Part of this calcrete channel and also the source of the gravels that cover the northern extent of the channel extend into the Company's tenements. The Company owns 100% of two contiguous tenements north of the Hinkler Well deposit (EL 53/1203 and ELA 53/1259) and is earning an 85% interest in another (EL 53/1115).

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<sup>7</sup>

EME market Announcement "JORC Compliant Reporting of Resource Estimate for Bigirlyi" dated 25 July 2006

# DIRECTORS' REPORT

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## (v) Canning Well (Pilbara, Western Australia)

(75% in EL 46/629 and 63.75% in ELA 46/585)

The Company has a 75% interest in granted Canning Well Exploration Licence EL 46/629 and Little Sandy Desert Exploration Licence application ELA 46/585 (in the later case, 75% of an 85% interest therein, excluding manganese mineral rights which are retained by Giralda Resources NL) in the East Pilbara region. The Company's initial due diligence has indicated that uranium anomalies of up to 11 times the background were recorded in the project area in lag samples by previous explorers but were never followed up.

The project area is located approximately 80 kilometres west of the Kintyre uranium deposit and covers approximately 20 kilometres of the Canning Fault and associated splay and intersecting faults which bring together rocks of the Archaean Fortescue Group in juxtaposition with Proterozoic rocks of the Manganese Groups, the Tacunyah Group, the Yeneena Supergroup and the Savory Group.

## 3. Summary Of The Apurimac Ferrum Peruvian Iron-Ore Agreement

By agreement dated 2 July 2006 between the Company and Peruvian companies, Apurimac Ferrum S.A (AF), Minera los Andes y el Pacifico S.A. (MAPSA) and D&C Group S.A.C (D&C) (and a more formal shareholders' agreement dated 10 November 2006), the Company has secured the right to earn a 51% (or greater) interest in the Apurimac Project or the Cuzco Project or both (at the Company's election) through a progressive US\$6.5 million investment in AF (which holds title to such projects) and the exercise of options to acquire (at a total cost of \$34.5 million) AF shares from D&C and MAPSA, within a 5 year period.

Due diligence was completed by the Company as announced on 9 October 2006.

Title to the project concessions previously held by MAPSA have been transferred to Apurimac Ferrum and officially recorded in the Cuzco Public Registry in the name of AF on 7 November 2006.

The Company has appointed three nominees to the Apurimac Ferrum board of five directors and have full operating control of the project concessions.

As at the date of this report, the Company has invested US\$0.850 million into AF to gain a 1.834% economic and shareholding interest in AF.<sup>8</sup>

The acquisition by the Company of a shareholding interest in AF has been structured on a staged basis as follows:

### Stage 1 - Share Investment During Earn-In Period

The Company has the right to progressively earn an initial 12.50% shareholding in AF by investing US\$6.5 million during a 5 year earn-in period (Earn-In Period) commencing on 9 November 2006 (the Go-Ahead Date) with a minimum investment commitment of US\$1.5 million spread over 5 tranches during the first 12 months..

The parties have committed AF to conduct an initial drilling programme of at least 1,500 metres on the Apurimac Project and 1,500 metres on the Cuzco Project within 12 months of the Go-Ahead Date.

The Company may accelerate its investment into AF at its election during the Earn-In Period.

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<sup>8</sup> US\$0.45 million was subscribed in December 2006; US\$0.30 million was subscribed in January 2007; US\$0.10 million was subscribed in February 2007 to the date of this report.

# DIRECTORS' REPORT

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The Company may withdraw from the agreement at any time after investing the US\$1.5 million minimum investment commitment.

## Stage 2 - Working Capital Loan During Earn-In Period

If further funds are required by AF (pre exercise of Options under Stage 3), the Company may provide a loan to AF (capped at US\$5 million), repayable within 12 months or convertible into equity in AF by the Company in accordance with an agreed dilution formula. For example, if the full US\$5 million loan is converted, the Company will increase its AF shareholding from 12.5% (post Stage 1) to 22.2% (post loan conversion/Stage 2).

## Stage 3 - Exercise of Options (at cost of up to US\$34.5 million)

During the Earn-In Period, the Company shall have the following Options to acquire an additional 38.5% shareholding interest in AF, taking its shareholding interest in AF to 51% (or greater if D&C and/or MAPSA are further diluted as a consequence of the Stage 2 loan being converted into equity in AF):

**Option 1: US\$17.5 million for the Apurimac Project concessions**, the Company may elect to pay US\$8.625 million to each of D&C and MAPSA; and/or

**Option 2: US\$17.5 million for the Cuzco Project concessions**, the Company may elect to pay US\$8.625 million to each of D&C MAPSA.

If the Company elects to exercise one but not both Options, then the concessions corresponding to the Option/Project that was not exercised by the Company is transferred into a new Peruvian incorporated company in which the shareholding interests shall be the same as the shareholding interests of the parties in AF immediately prior to the exercise of the Option.

## Further Working Capital

If the Company exercises both Options, each of D&C and MAPSA have agreed to provide loan/equity funds of US\$5 million to AF or a collective total of US\$10 million.

After Stage 1 and after the Company has exercised one or both of the Options under Stage 3, if further funds are required by AF each party (the Company, MAPSA and D&C) shall contribute its proportionate share of such funding according to its shareholding interest in AF at such time or otherwise such party shall be diluted in accordance with an agreed dilution formula.



# DIRECTORS' REPORT

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## SECURITIES IN THE COMPANY

### 1. Current Securities

The Company currently has the following total securities on issue:

13 February 2007	Quoted / To be Quoted	Not Quoted / Subject to Escrow	Total
Fully paid ordinary shares	60,141,352	-	60,141,352
\$0.20 (30 June 2008) Listed Options	19,077,814	-	19,077,814
\$0.20 (9 February 2011) Unlisted Options	-	1,833,333	1,833,333
\$0.30 (9 February 2011) Unlisted Options	-	1,666,667	1,666,667
\$0.96 (21 July 2011) Unlisted Directors' Options	-	4,600,000	4,600,000
\$0.96 (13 September 2011) Unlisted Directors' Options	-	500,000	500,000
\$1.20 (6 October 2011) Unlisted Employee Options	-	150,000	150,000

### 2. Recent Capital Raisings

On 30/31 October and 2 November 2006, the Company raised \$3 million from the issue of 2,307,693 shares at \$1.30 per share to institutional, professional and sophisticated investors.

On 21 November 2006, the Company closed a Share Purchase Plan (SPP) at the same price (\$1.30 per share) raising \$7.4 million.

Under the SPP, shareholders registered as at 7 November 2006 (the **Record Date**) were eligible to apply for either \$1,000, \$3,000 or \$5,000 of shares.

The Directors were pleased with the level of shareholder interest in the SPP with participation by ~55% of shareholders and an average application close to the maximum limit of \$5,000.

The \$10.4 million funds raised from the above placement and SPP have secured the Company's ability to accelerate its investment commitments in relation to the Apurimac and Cuzco Iron-Ore Projects in Peru (which is a total investment of US\$6.5 million over 5 years; a minimum of US\$1.5 million within the first 12 months).

## DIRECTORS' REPORT

### 2. Summary of Share Capital Changes

A summary of share capital changes during and subsequent to the half year is as follows:

Date	Description	Issue Price	No. Shares	Value of Issue	Running Balance of Issued Share Capital	Running Balance of Issued Listed Options
30/06/2006	Balance				47,835,701	23,369,141
3/07/2006	Conversion of options	\$0.20	5,000	\$1,000.00	47,840,701	23,364,141
13/07/2006	Conversion of options	\$0.20	28,917	\$5,783.40	47,869,618	23,335,224
19/07/2006	Conversion of options	\$0.20	30,000	\$6,000.00	47,899,618	23,305,224
27/07/2006	Conversion of options	\$0.20	97,034	\$19,406.80	47,996,652	23,208,190
1/08/2006	Conversion of options	\$0.20	539	\$107.80	47,997,191	23,207,651
2/08/2006	Conversion of options	\$0.20	80,000	\$16,000.00	48,077,191	23,127,651
8/08/2006	Conversion of options	\$0.20	55,167	\$11,033.40	48,132,358	23,072,484
14/08/2006	Conversion of options	\$0.20	50,000	\$10,000.00	48,182,358	23,022,484
17/08/2006	Conversion of options	\$0.20	24,000	\$4,800.00	48,206,358	22,998,484
24/08/2006	Conversion of options	\$0.20	11,000	\$2,200.00	48,217,358	22,987,484
12/09/2006	Conversion of options	\$0.20	80,000	\$16,000.00	48,297,358	22,907,484
14/09/2006	Conversion of options	\$0.20	16,000	\$3,200.00	48,313,358	22,891,484
26/09/2006	Conversion of options	\$0.20	62,000	\$12,400.00	48,375,358	22,829,484
28/09/2006	Conversion of options	\$0.20	17,200	\$3,440.00	48,392,558	22,812,284
6/10/2006	Conversion of options	\$0.20	24,370	\$4,874.00	48,416,928	22,787,914
10/10/2006	Conversion of options	\$0.20	30,334	\$6,066.80	48,447,262	22,757,580
13/10/2006	Conversion of options	\$0.20	25,834	\$5,166.80	48,473,096	22,731,746
16/10/2006	Conversion of options	\$0.20	76,001	\$15,200.20	48,549,097	22,655,745
19/10/2006	Conversion of options	\$0.20	115,500	\$23,100.00	48,664,597	22,540,245
24/10/2006	Conversion of options	\$0.20	139,168	\$27,833.60	48,803,765	22,401,077
27/10/2006	Conversion of options	\$0.20	20,000	\$4,000.00	48,823,765	22,381,077
30/10/2006	Share placement	\$1.30	1,633,693	2,123,800.90	50,457,458	22,381,077
31/10/2006	Conversion of options	\$0.20	106,000	\$21,200.00	50,563,458	22,275,077
31/10/2006	Share placement	\$1.30	599,000	\$776,700.00	51,162,458	22,275,077
1/11/2006	Conversion of options	\$0.20	563,266	\$112,653.20	51,725,724	21,711,811
2/11/2006	Share placement	\$1.30	75,000	\$97,500.00	51,800,724	21,711,811
2/11/2006	Conversion of options	\$0.20	167,635	\$33,527.00	51,968,359	21,544,176
3/11/2006	Conversion of options	\$0.20	104,171	\$20,834.20	52,072,530	21,440,005
3/11/2006	Conversion of options	\$0.20	8,000	\$1,600.00	52,080,530	21,432,005
3/11/2006	Conversion of options	\$0.20	18,167	\$3,633.40	52,098,697	21,413,838
7/11/2006	Reversal of options	\$0.20	(50,000)	-\$10,000.00	52,048,697	21,463,838
7/11/2006	Conversion of options	\$0.20	504,977	\$100,995.40	52,553,674	20,958,861
8/11/2006	Conversion of options	\$0.20	129,563	\$25,912.60	52,683,237	20,829,298

## DIRECTORS' REPORT

Date	Description	Issue Price	No. Shares	Value of Issue	Running Balance of Issued Share Capital	Running Balance of Issued Listed Options
10/11/2006	Conversion of options	\$0.20	40,000	\$8,000.00	52,723,237	20,789,298
21/11/2006	Conversion of options	\$0.20	4,667	\$933.40	52,727,904	20,784,631
24/11/2006	Conversion of options	\$0.20	20,834	\$4,166.80	52,748,738	20,763,797
27/11/2006	SPP Allotment	\$1.30	5,706,631	\$7,419,000	58,455,369	20,763,797
30/11/2006	Conversion of options	\$0.20	667	\$133.40	58,456,036	20,763,130
6/12/2006	Conversion of options	\$0.20	95,000	\$19,000.00	58,551,036	20,668,130
8/12/2006	Conversion of options	\$0.20	24,000	\$4,800.00	58,575,036	20,644,130
12/12/2006	Conversion of options	\$0.20	159,000	\$31,800.00	58,734,036	20,485,130
20/12/2006	Conversion of options	\$0.20	20,834	\$4,166.80	58,754,870	20,464,296
20/12/2006	Conversion of options	\$0.20	80,000	\$16,000.00	58,834,870	20,384,296
31/12/2006	Balance				58,834,870	20,384,296
3/01/2007	Conversion of options	\$0.20	116,684	\$23,336.80	58,951,554	20,267,612
5/01/2007	Conversion of options	\$0.20	10,060	\$2,012.00	58,961,614	20,257,552
10/01/2007	Conversion of options	\$0.20	56,974	\$11,394.80	59,018,588	20,200,578
12/01/2007	Conversion of options	\$0.20	75,200	\$15,040.00	59,093,788	20,125,378
18/01/2007	Conversion of options	\$0.20	3,300	\$660.00	59,097,088	20,122,078
22/01/2007	Conversion of options	\$0.20	834	\$166.80	59,097,922	20,121,244
23/01/2007	Conversion of options	\$0.20	31,550	\$6,310.00	59,129,472	20,089,694
25/01/2007	Conversion of options	\$0.20	59,435	\$11,887.00	59,188,907	20,030,259
2/02/2007	Conversion of options	\$0.20	291,300	\$58,260.00	59,639,874	19,579,292
5/02/2007	Conversion of options	\$0.20	283,658	\$56,731.60	59,923,532	19,295,634
9/02/2007	Conversion of options	\$0.20	20,000	\$4,000.00	59,943,532	19,275,634
13/02/2007	Conversion of options	\$0.20	197,820	\$39,564.00	60,141,352	19,077,814

### 3. Options

#### (a) Listed Options (ASX Code: SRKO)

During the financial half year, 2,984,845 listed \$0.20 (30 June 2008) options were exercised and converted into shares (as described in the above table), raising a total of \$596,970.

#### (b) Directors' Options

On 14 July 2006, shareholders approved the issue of a total of 4,600,000 options to its then four Directors (Messrs Stephenson, Madan, Khan and Ho). Such options were granted on 21 July 2006 on the following terms, including:

- at an exercise price of \$0.96 (being 133% of the volume weighted average share price of the Company's shares on ASX in the 5 trading days leading up to and including the date of the general meeting approving the issue;

## DIRECTORS' REPORT

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2. after they have vested, each option is exercisable at any time on or before 5 years from the date of issue (option expiry date).
3. the options will vest as follows:
  - (a) 30% of the options issued to each Director will vest at the date of issue of the options (which options may therefore be exercised at any time prior to the option expiry date);
  - (b) 30% of the options issued to each Director will vest at the date being 12 months after their date of issue (which options may therefore be exercised at any time thereafter and prior to the option expiry date); and
  - (c) 40% of the options issued to each Director will vest at the date being 24 months after their date of issue (which options may therefore be exercised at any time thereafter and prior to the option expiry date).
4. otherwise on the terms and conditions set out in Annexure A to the Explanatory Statement accompanying the Company's Notice of Meeting dated 31 May 2006.

On 13 September 2006, shareholders approved the issue of a total of 500,000 options to Mr William Johnson, who joined the Board as Non-Executive Director on 14 July 2006. Such options were granted on 13 September 2006 with an expiry date of 13 September 2011 and otherwise on the same terms as the 4.6 million \$0.96 (21 July 2011) Directors' Option, including an exercise price of \$0.96 per option.

The Company has agreed to issue (subject to shareholder approval (which will be sought at a general meeting convened for 6 March 2007) to Professor Malcolm Richmond, who joined the Board as Non-Executive Director on 25 October 2006, 500,000 options at the an exercise price of \$2.10 each and with the same 5 year term and vesting periods (and otherwise on the same terms as) the current directors' options on issue. This \$2.10 exercise price was determined based on 133% of the volume weighted average price (VWAP) of SRK shares on ASX in the 5 trading days after the closing date of the Company's Share Purchase Plan announced on 24 October 2006.

At the general meeting referred to above, shareholder approval will also be sought for the Company to issue a total of 3,300,000 options to the following Directors:

- (1) John Francis Stephenson - 350,000 options;
- (2) Hem Shanker Madan - 950,000 options;
- (3) Farooq Khan - 700,000 options;
- (4) Victor Poh Hong Ho - 350,000 options
- (5) William Mathew Johnson - 350,000 options; and
- (6) Malcolm Ross Richmond - 600,000 options.

Each option will entitle a Director to subscribe for one ordinary share in the Company at an exercise price equal to the greater of \$2.60 or 133% of the VWAP of the Company's shares on ASX in the 5 trading days leading up to (and excluding) the issue date (rounded down to the nearest whole cent); each option is exercisable at any time on or before 5 years from the date of issue (subject to 30% of the options being unable to be exercised until 12 months from the date of issue and 40% of the options being unable to be exercised until 24 months from the date of issue).

The terms and conditions of the above proposed option issues to Directors are set out in the Explanatory Statement accompanying a Notice of Meeting dated 24 January 2007 and released on ASX on 31 January 2007.

## DIRECTORS' REPORT

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### (C) Employee Options

On 6 October 2006, the Company granted 150,000 \$1.20 (6 October 2011) Unlisted Employee Options, on the following terms, including:

1. at an exercise price of \$1.20;
2. after they have vested, each option is exercisable at any time on or before 5 years from the date of issue (**Option Expiry Date**).
3. the options will vest as follows:
  - (a) one-third (50,000) of the options will vest on 6 March 2007 (which options may therefore be exercised at any time prior to the Option Expiry Date);
  - (b) one-third (50,000) of the options will vest on 6 March 2008 (which options may therefore be exercised at any time thereafter and prior to the Option Expiry Date); and
  - (c) one-third (50,000) of the options will vest on 6 March 2009 (which options may therefore be exercised at any time thereafter and prior to the Option Expiry Date).
4. otherwise on the terms and conditions set out in Annexure A to the Appendix 3B New Issue announcement dated 13 October 2006.

At the 6 March 2007 general meeting referred to above, shareholder approval will also be sought for the ratification of such issue to the Company's Senior Exploration Geologist, Mr Jerko Zuvela.

# DIRECTORS' REPORT

## DIRECTORS

During the current financial half year, the Board appointed Mr William Johnson (on 14 July 2006) and Professor Malcolm Richmond (on 25 October 2006) as Directors.

The experience and qualifications of current directors are as follows:

<b>John Stephenson</b>	— <b>Non-Executive Chairman</b>
<i>Appointed</i>	— 26 October 2005
<i>Qualifications</i>	— BSc (honours) in Geology from the University of London through the former University College of Rhodesia and a PhD in Geology from the University of Manitoba, Canada.
<i>Experience</i>	— Dr Stephenson is a highly experienced geologist with over 35 years experience in the mining sector. He has held senior positions in large mining companies, most recently as Exploration Director for Rio Tinto Australasia where he led Rio Tinto's exploration activities for five and a half years based in Perth.  Dr Stephenson has also during his career led and managed exploration teams for both junior and major mining companies in several parts of the world, mainly in Southern and East Africa, North America and Australia exploring for gold, uranium, diamonds and base metals. He has also been involved with projects in Europe, South America and India. He led teams responsible for the discovery of a world class diamond deposit, the Diavik diamond mine in Canada's Northwest Territories and a high grade gold deposit, the former Golden Patricia gold mine in Ontario.  Dr Stephenson has particular experience in the uranium sector having in the early to mid 1970's led reconnaissance airborne and ground surveys for uranium in Canada. Between 1978-1981, Dr Stephenson headed the ground follow-up of a country-wide airborne radiometric and magnetic survey for uranium and other minerals in Tanzania. In the early 90's Dr Stephenson led exploration for a subsidiary of Rio Tinto exploring for uranium and base metals in eastern Canada. Dr Stephenson also led Rio Tinto's exploration activities in Australia in the late 90's which included the search for uranium.
<i>Relevant interest in securities</i>	— Shares - 50,000 Listed \$0.20 (30 June 2008) options - 148,000 Unlisted \$0.96 (21 July 2011) directors' options - 800,000
<i>Other current directorships in listed entities</i>	— None

<b>H. Shanker Madan</b>	— <b>Managing Director</b>
<i>Appointed</i>	— 26 September 2005
<i>Qualifications</i>	— Honours and Masters Science degrees in Applied Geology
<i>Experience</i>	— Mr Madan has had world-wide experience in the exploration and evaluation of mineral deposits for various commodities. Mr Madan has been a Manager with Hamersley Iron, Group Leader with BHP Minerals, Chief Geologist with Hancock and Wright Prospecting and a Senior Geological Consultant to the Rio Tinto Group.  Mr Madan has managed a range of mineral evaluation studies in Iran, Brazil and Western Australia for BHP, Rio Tinto and Hamersley Iron. He has also acted as a consultant to Rio Tinto, Ashton Mining and others on mineral projects in Brazil, South Africa, India, the Philippines, Fiji and United States, working on a range of iron-ore, diamonds, gold, copper and chromite deposits.  He has been involved in the discovery of 3 world class iron deposits in Western Australia for TexasGulf and BHP Minerals. From 1997 to 2001, Mr Madan managed the evaluation of resource projects for Hamersley Iron and more recently completed a resource due diligence study of the billion-dollar West Angelas project in the Pilbara region of Western Australia.
<i>Relevant interest in securities</i>	— Shares - 337,179 Listed \$0.20 (30 June 2008) options - 166,667 Unlisted \$0.96 (21 July 2011) directors' options - 1,800,000
<i>Other current directorships in listed entities</i>	— None



# DIRECTORS' REPORT

## Farooq Khan — Executive Director

*Appointed* — 9 September 1999

*Qualifications* — BJuris , LLB. (*Western Australia*)

*Experience* — Mr Khan is a qualified lawyer having previously practiced principally in the field of corporate law. Mr Khan has extensive experience in the securities industry, capital markets and particularly capital raisings, mergers and acquisitions and investments. Mr Khan has also led the executive management of a number of ASX listed companies through their establishment and growth

*Relevant interest in securities* — Shares - 353,340 (directly) and 2,380,996(indirectly<sup>9</sup>)  
Listed \$0.20 (30 June 2008) options - 166,670 (directly) and 1,014,806 (indirectly<sup>7</sup>)  
Unlisted \$0.20 (9 February 2011) options - 1,833,333 (indirectly<sup>7</sup>)  
Unlisted \$0.30 (9 February 2011) options - 1,666,667 (indirectly<sup>7</sup>)  
Unlisted \$0.96 (21 July 2011) directors' options - 1,400,000 (directly)

*Other current directorships in listed entities* — Current Chairman and Managing Director of:  
(1) Queste Communications Ltd (since 10 March 1998)  
Current Chairman of:  
(2) Orion Equities Limited (OEO) (since 23 October 2006)  
(3) Bentley International Limited (BEL) (director since 2 December 2003)  
(4) Scarborough Equities Limited (SCB) (since 29 November 2004)

## Malcolm Richmond — Non-Executive Director

*Appointed* — 25 October 2006

*Qualifications* — B. Science Hons (Metallurgy) and B. Commerce Merit (Econs) (*New South Wales*)

*Experience* — Professor Richmond has 30 years experience with the Rio Tinto and CRA Groups in a number of positions including: Vice President, Strategy and Acquisitions, Managing Director, Research and Technology, Managing Director Development (Hamersley Iron Pty Limited) and Director of Hismelt Corporation Pty Limited. He was formerly Deputy Chairman of the Australian Mineral Industries Research Association and Vice President of the WA Chamber of Minerals and Energy. Professor Richmond also served as a Member on the Boards of a number of public and governmental bodies and other public listed companies.

Professor Richmond is a qualified metallurgist and economist with extensive senior executive and board experience in the resource and technology industries both in Australia and internationally. His special interests include corporate strategy and the development of markets for internationally traded minerals and metals - particularly in Asia.

He is currently a Visiting Professor at the Graduate School of Management and School of Engineering, University of Western Australia, and a Fellow of the Australian Academy of Technological Sciences & Engineering, a Fellow of Australian Institute of Mining and Metallurgy and a Member of Strategic Planning Institute (US).

*Relevant interest in securities* — Shares - 100,000 (indirectly)

*Other current directorships in listed entities* — Non-Executive Director of:  
(1) Magnesium International Limited (MGK) (since August 2001)  
(2) Structural Monitoring Systems Plc (SMN) (since 17 October 2006)  
(3) Safe Effect Technologies Limited (SAF) (since 28 August 2006)

<sup>9</sup>. Held by Orion Equities Limited (OEO); Queste Communications Ltd (QUE) is deemed to be a controlling shareholder of OEO; Mr Farooq Khan (and associated companies) is deemed to have a deemed relevant interest in the securities in which QUE has a relevant interest, by reason of having >20% voting power in QUE.

## DIRECTORS' REPORT

<b>William M. Johnson</b>	— <b>Executive Director</b>
<i>Appointed</i>	— 14 July 2006
<i>Qualifications</i>	— MA (Oxon), MBA
<i>Experience</i>	— Mr Johnson commenced his career in resource exploration and has most recently held senior management and executive roles in a number of public companies in Australia, New Zealand and Asia. Mr Johnson brings a considerable depth of experience in business strategy, investment analysis, finance and execution.  Mr Johnson is a director of Orion Equities Limited, a significant shareholder in Strike Resources Limited.
<i>Relevant interest in securities</i>	— Shares - 2,769 Listed \$0.20 (30 June 2008) options - 86,000 Unlisted \$0.96 (13 September 2011) directors' options - 500,000
<i>Other current directorships in listed entities</i>	— Current Director of: (1) Orion Equities Limited (OEQ) (since 28 February 2003) (2) Scarborough Equities Limited (SCB) (since 29 November 2004) (3) Drillsearch Energy Limited (DLS) (since 23 October 2006) (4) Sofcom Limited (SOF) (since 18 October 2005)

<b>Victor P. H. Ho</b>	— <b>Executive Director and Company Secretary</b>
<i>Appointed</i>	— Secretary since 9 March 2000 and Director since 12 October 2000
<i>Qualifications</i>	— BCom, LLB ( <i>Western Australia</i> )
<i>Experience</i>	— Mr Ho has been in company secretarial/executive roles with a number of public listed companies since early 2000. Previously, Mr Ho had 9 years experience in the taxation profession with the Australian Tax Office and in a specialist tax law firm. Mr Ho has been actively involved in the structuring and execution of a number of corporate transactions, capital raisings and capital management matters and has extensive experience in public company administration, corporations law and stock exchange compliance and shareholder relations.
<i>Relevant interest in securities</i>	— Shares - 16,667 Listed \$0.20 (30 June 2008) options - 184,334 Unlisted \$0.96 (21 July 2011) directors' options - 600,000
<i>Other positions held in listed entities</i>	— Current Executive Director and Company Secretary of: (1) Orion Equities Limited (OEQ) (Secretary since 2 August 2000 and Director since 4 July 2003) (2) Sofcom Limited (SOF) (Director since 3 July 2002 and Secretary since 23 July 2003)  Current Company Secretary of: (3) Queste Communications Ltd (QUE) (since 30 August 2000) (4) Bentley International Limited (BEL) (since 5 February 2004) (5) Scarborough Equities Limited (SCB) (since 29 November 2004)

## AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 forms part of this Directors Report and is set out on page 55. This relates to the Independent Review Report, where the Auditors state that they have issued an independence declaration.

## DIRECTORS' REPORT

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Signed for and on behalf of the Directors of Strike Resources Limited in accordance with a resolution of the Board,



William Johnson  
Director

Perth, Western Australia

16 February 2007



Victor Ho  
Director

16 February 2007

Board of Directors  
Strike Resources Limited  
Level 14, The Forrest Centre  
221 St Georges Terrace,  
Perth Western Australia, 6000

Dear Sirs

**RE: STRIKE RESOURCES LIMITED**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Strike Resources Limited.

As Audit Director for the review of the financial statements of Strike Resources Limited for the period ended 31 December 2006, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

**STANTONS INTERNATIONAL**  
**(Authorised Audit Company)**



**John Van Dieren**  
**Director**

## CONDENSED INCOME STATEMENT

### for the half year ended 31 December 2006

	Note	Consolidated Entity		Company	
		31 Dec 06	31 Dec 05	31 Dec 06	31 Dec 05
		\$	\$	\$	\$
Sales revenue	2	-	-	-	-
Cost of sales		297	(2,783)	297	(2,783)
<b>Gross Profit</b>		<u>297</u>	<u>(2,783)</u>	<u>297</u>	<u>(2,783)</u>
<b>Other income</b>		543,847	114,640	543,847	111,950
Occupancy costs		(19,511)	(4,887)	(19,511)	(4,887)
Personnel costs		(335,548)	(105,173)	(335,548)	(105,173)
Finance costs		(3,272)	(14,205)	(2,839)	(13,970)
Borrowing costs		(301)	(6,976)	(301)	(5,476)
Foreign exchange losses		(19,187)	-	(19,187)	-
Corporate costs					
- Provision for impairment		(681,120)	-	(681,120)	-
- Provision/(write back) for non recovery of subsidiary and associate loans		-	(25,000)	(57,765)	(228,500)
- Resource projects:					
Exploration and evaluation		(311,471)	(269,834)	(255,829)	(98,600)
- Loss on sale of share investments		-	(87,583)	-	(87,583)
- Other		(1,300,571)	(87,916)	(1,289,714)	(73,503)
Administration costs		(120,316)	(4,124)	(120,316)	(4,124)
<b>Loss before income tax expense</b>		<u>(2,247,153)</u>	<u>(493,841)</u>	<u>(2,237,986)</u>	<u>(512,649)</u>
Income tax expense		-	-	-	-
<b>Loss from continuing operations</b>		<u>(2,247,153)</u>	<u>(493,841)</u>	<u>(2,237,986)</u>	<u>(512,649)</u>
<b>Loss from discontinued operations</b>	3	<u>-</u>	<u>(359,271)</u>	<u>-</u>	<u>(361,526)</u>
<b>Loss for the period</b>		<u><u>(2,247,153)</u></u>	<u><u>(853,112)</u></u>	<u><u>(2,237,986)</u></u>	<u><u>(874,175)</u></u>
Basic loss (cents per share)	4	(4.49)	(0.87)	(4.48)	(0.89)

*The accompanying notes form part of this financial report*

# CONDENSED BALANCE SHEET

as at 31 December 2006

		Consolidated Entity		Company	
		30 Dec 06	30 Jun 06	30 Dec 06	30 Jun 06
	Note	\$	\$	\$	\$
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	5	10,538,193	1,309,813	10,512,609	1,275,224
Trade and other receivables		86,006	43,653	85,122	42,195
Other		-	492	-	492
<b>TOTAL CURRENT ASSETS</b>		<b>10,624,199</b>	<b>1,353,958</b>	<b>10,597,731</b>	<b>1,317,911</b>
<b>NON CURRENT ASSETS</b>					
Property, plant and equipment		66,550	51,738	66,550	51,738
Other financial assets	6	833,442	475,287	833,542	475,387
Investments accounted for using equity method	7	-	-	-	-
<b>TOTAL NON CURRENT ASSETS</b>		<b>899,992</b>	<b>527,025</b>	<b>900,092</b>	<b>527,125</b>
<b>TOTAL ASSETS</b>		<b>11,524,191</b>	<b>1,880,983</b>	<b>11,497,823</b>	<b>1,845,036</b>
<b>CURRENT LIABILITIES</b>					
Trade and other payables		244,440	136,470	244,852	136,470
Provision for annual leave		74,078	42,492	74,078	42,492
<b>TOTAL CURRENT LIABILITIES</b>		<b>318,518</b>	<b>178,962</b>	<b>318,930</b>	<b>178,962</b>
<b>NON CURRENT LIABILITIES</b>					
Provision for long service leave		65,572	-	65,572	-
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>65,572</b>	<b>-</b>	<b>65,572</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>384,090</b>	<b>178,962</b>	<b>384,502</b>	<b>178,962</b>
<b>NET ASSETS</b>		<b>11,140,101</b>	<b>1,702,021</b>	<b>11,113,321</b>	<b>1,666,074</b>
<b>EQUITY</b>					
Issued capital	8	30,632,883	19,848,109	30,632,883	19,848,109
Reserves	9	1,148,714	248,255	1,147,845	247,386
Accumulated losses		(20,641,496)	(18,394,343)	(20,667,407)	(18,429,421)
<b>TOTAL EQUITY</b>		<b>11,140,101</b>	<b>1,702,021</b>	<b>11,113,321</b>	<b>1,666,074</b>

The accompanying notes form part of this financial report



## CONDENSED STATEMENT OF CHANGES IN EQUITY

### for the half year ended 31 December 2006

	Number of shares	Issued Capital \$	Accumulated Losses \$	Reserves \$	Total \$
<b>Consolidated Entity</b>					
<b>At 1 July 2005</b>	81,593,281	16,414,372	(16,185,333)	-	229,039
Loss for the half year	-	-	(853,112)	-	(853,112)
Foreign currency translation differences	-	-	-	245	245
Settlement of Portal Classification Agreement	20,965,814	419,316	-	-	419,316
Share placement	2,290,000	229,000	-	-	229,000
Share placement	9,710,000	971,000	-	-	971,000
Acquisition of resource project	350,000	28,000	-	-	28,000
Capital raising expenses	-	(38,200)	-	-	(38,200)
<b>At 31 December 2005</b>	<b>114,909,095</b>	<b>18,023,488</b>	<b>(17,038,445)</b>	<b>245</b>	<b>985,288</b>
<b>At 1 July 2006</b>	47,835,701	19,848,109	(18,394,343)	248,255	1,702,021
Loss for the half year	-	-	(2,247,153)	-	(2,247,153)
Share placement	8,014,324	10,419,000	-	-	10,419,000
Capital raising expenses	-	(231,196)	-	-	(231,196)
Directors' and Employee options	-	-	-	902,501	902,501
Option (\$0.20 - 30 Jun 08) conversions	2,984,845	596,970	-	-	596,970
Option conversion expenses	-	-	-	(2,042)	(2,042)
<b>At 31 December 2006</b>	<b>58,834,870</b>	<b>30,632,883</b>	<b>(20,641,496)</b>	<b>1,148,714</b>	<b>11,140,101</b>

#### Company

<b>At 1 July 2005</b>	81,593,281	16,414,372	(16,188,658)	-	225,714
Loss for the half year	-	-	(874,175)	-	(874,175)
Settlement of Portal Classification Agreement	20,965,814	419,316	-	-	419,316
Share placement	2,290,000	229,000	-	-	229,000
Share placement	9,710,000	971,000	-	-	971,000
Acquisition of resource project	350,000	28,000	-	-	28,000
Capital raising expenses	-	(38,200)	-	-	(38,200)
<b>At 31 December 2005</b>	<b>114,909,095</b>	<b>18,023,488</b>	<b>(17,062,833)</b>	<b>-</b>	<b>960,655</b>
<b>At 1 July 2006</b>	47,835,701	19,848,109	(18,429,421)	247,386	1,666,074
Loss for the half year	-	-	(2,237,986)	-	(2,237,986)
Share placement	8,014,324	10,419,000	-	-	10,419,000
Capital raising expenses	-	(231,196)	-	-	(231,196)
Directors' and Employee options	-	-	-	902,501	902,501
Option (\$0.20 - 30 Jun 08) conversions	2,984,845	596,970	-	-	596,970
Option conversion expenses	-	-	-	(2,042)	(2,042)
<b>At 31 December 2006</b>	<b>58,834,870</b>	<b>30,632,883</b>	<b>(20,667,407)</b>	<b>1,147,845</b>	<b>11,113,321</b>

*The accompanying notes form part of this financial report*

## CONDENSED CASH FLOW STATEMENT

### for the half year ended 31 December 2006

	Consolidated Entity		Company	
	31 Dec 06	31 Dec 05	31 Dec 06	31 Dec 05
Note	\$	\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	-	4,744	-	-
Payments to suppliers and employees	(746,806)	(399,008)	(698,706)	(631,593)
Payments for exploration and evaluation expenditure	(311,471)	(338,944)	(350,566)	(167,535)
Dividends received	19,286	4,329	19,286	7,575
Interest received	63,900	10,421	63,900	10,383
Interest paid	(301)	(6,976)	(301)	(5,476)
<b>NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>	<b>(975,392)</b>	<b>(725,434)</b>	<b>(966,387)</b>	<b>(786,646)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for plant and equipment	(22,900)	-	(22,900)	-
Payments for investments	(681,120)	-	(681,120)	-
Receipts from return of capital	-	7,318	-	7,318
Proceeds from sale of investments	65,151	209,715	65,151	209,715
<b>NET CASH (OUTFLOW)/INFLOW FROM INVESTING ACTIVITIES</b>	<b>(638,869)</b>	<b>217,033</b>	<b>(638,869)</b>	<b>217,033</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from borrowings	-	150,000	-	150,000
Repayment for borrowings	34,573	(150,000)	34,573	(150,000)
Proceeds from share issues and options	11,041,307	1,200,000	11,041,307	1,200,000
Payment for share issue cost	(233,239)	(38,200)	(233,239)	(38,200)
<b>NET CASH INFLOW FROM FINANCING ACTIVITIES</b>	<b>10,842,641</b>	<b>1,161,800</b>	<b>10,842,641</b>	<b>1,161,800</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS HELD</b>	<b>9,228,380</b>	<b>653,399</b>	<b>9,237,385</b>	<b>592,187</b>
Cash and cash equivalents at beginning of the year	1,309,813	54,197	1,275,224	50,956
Effect of exchange rate changes on cash	-	-	-	-
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>5 10,538,193</b>	<b>707,596</b>	<b>10,512,609</b>	<b>643,143</b>

*The accompanying notes form part of this financial report*

# NOTE TO THE FINANCIAL STATEMENTS

## for the half year ended 31 December 2006

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### CORPORATE INFORMATION

The financial report of Strike Resources Limited (the Company) for the half-year ended 31 December 2006 was authorized for issue in accordance with a resolution of the directors on 15 February 2007.

Strike Resources Limited is a company incorporated in Australia and limited by shares, which is admitted to official quotation on the Australian Securities Exchange (ASX).

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the annual Financial Report of Strike Resources Limited as at 30 June 2006.

It is also recommended that the half-year financial report be considered together with any public announcements made by Strike Resources Limited and its controlled entities during the financial year ended 30 June 2006 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

#### 1.1 Basis of Preparation

The half-year consolidated financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, applicable Accounting Standards, including AASB 134 *Interim Financial Reporting* and other mandatory professional reporting requirements.

The half-year financial report has been prepared on a historical cost basis, except for investment properties, that have been measured at fair value. All amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

#### 1.2 Significant accounting policies

The half-year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2006.

#### 1.3 Basis of consolidation

The half-year consolidated financial statements comprise the financial statements of Strike Resources Limited and its subsidiaries as at 31 December 2006 ('the Consolidated Entity').

## Notes to the condensed financial statements for the half year ended 31 December 2006

### 2. LOSS FOR THE YEAR

The operating loss before income tax includes the following items of revenue and expense:

	Consolidated Entity		Company	
	31 Dec 06	31 Dec 05	31 Dec 06	31 Dec 05
	\$	\$	\$	\$
(a) Revenue				
Sales revenue	-	5,342	-	-
Other income				
Interest received - other	101,255	10,421	101,255	10,383
Profit on sale of associate	65,151	-	65,151	-
Unrealised gain from investments	358,156	96,644	358,156	93,992
Dividends from shares	19,285	7,575	19,285	7,575
	<u>543,847</u>	<u>114,640</u>	<u>543,847</u>	<u>111,950</u>
Total revenue	<u>543,847</u>	<u>119,982</u>	<u>543,847</u>	<u>111,950</u>
(c) Expenses				
Cost of sales	(297)	5,429	(297)	2,783
Operating expenses				
Classification and development works	-	3,700,119	-	3,699,678
Occupancy costs	19,511	4,887	19,511	4,887
Finance costs	3,272	14,205	2,839	13,970
Borrowing costs - interest paid	301	6,976	301	5,476
Foreign exchange losses	19,187	-	19,187	-
Administration costs				
Communications	11,786	1,748	11,786	1,748
Consultancy fees	108,530	2,376	108,530	2,376
Corporate costs				
Costs related to investments	74,771	-	74,771	-
Exploration and evaluation	311,471	269,834	255,829	98,600
Professional Fees	141,916	31,706	131,271	17,836
Loss on shares investments sold	-	87,583	-	87,583
Depreciation	8,089	6,578	8,089	6,578
Directors' and Employee options	902,501	-	902,501	-
Personnel costs	238,390	110,056	238,390	110,056
Provision for employee benefits	97,158	(4,883)	97,158	(4,883)
Provision for impairment	681,120	-	681,120	-
Provision for non recovery of subsidiary loans	-	25,000	57,765	228,500
Write back of previous amortisation of Internet Technologies	-	(3,338,152)	-	(3,338,152)
Other corporate expense	173,294	49,632	173,082	49,089
	<u>2,791,000</u>	<u>973,094</u>	<u>2,781,833</u>	<u>986,125</u>

### 3. DISCONTINUED OPERATIONS

On 11 May 2006, the Directors decided to close down its Virtual Web Internet Filtering and Monitoring Solution operations. Financial information relating to the discontinued business from 1 July 2005 to the date of cessation is set

Financial information relating to the discontinued operations, which has been incorporated into the Income Statement, is as follows:

	Consolidated Entity		Company	
	31 Dec 06	31 Dec 05	31 Dec 06	31 Dec 05
	\$	\$	\$	\$
Revenue	-	5,342	-	-
Expenses	-	(364,613)	-	(361,526)
Loss before income tax	-	(359,271)	-	(361,526)
Income tax expense	-	-	-	-
Loss after income tax	-	(359,271)	-	(361,526)

## Notes to the condensed financial statements for the half year ended 31 December 2006

### 3. DISCONTINUED OPERATIONS (continued)

	Consolidated Entity		Company	
	31 Dec 06	30 Jun 06	31 Dec 06	30 Jun 06
The carrying amounts of assets and liabilities of the operations at the date of cessation were:	\$	\$	\$	\$
Total assets	-	-	-	-
Total liabilities	-	-	-	-
Net asset	-	-	-	-
The net cash flows of the businesses, which have been incorporated into the Cash Flows Statement, are as follows:				
	31 Dec 06	31 Dec 05	31 Dec 06	31 Dec 05
	\$	\$	\$	\$
Net cash outflow from operating activities	-	(5,870)	-	(2,783)
Net cash outflow from investing activities	-	-	-	-
Net decrease in cash from businesses	-	(5,870)	-	(2,783)

### 4. LOSSES PER SHARE

	Consolidated Entity		Company	
	31 Dec 06	31 Dec 05	31 Dec 06	31 Dec 05
Basic loss per share (cents)	(4.49)	(0.87)	(4.48)	(0.89)
Net Loss	(2,247,153)	(853,112)	(2,237,986)	(874,175)
Weighted average number of ordinary shares outstanding during the period used in calculation of basic earnings per share	49,998,291	98,220,232	49,998,291	98,220,232
Weighted average number of options outstanding	20,399,591	-	20,399,591	-
	70,397,882	98,220,232	70,397,882	98,220,232

Under AASB 133 *Earnings per share*, potential ordinary shares such as options will only be treated as dilutive when their conversion to ordinary shares would increase loss per share from continuing operations.

### 5. CASH AND CASH EQUIVALENTS

	Consolidated Entity				Company	
	31 Dec 06	30 Jun 06	31 Dec 05	31 Dec 06	30 Jun 06	31 Dec 05
	\$	\$	\$	\$	\$	\$
Cash at bank	1,086,181	1,299,813	707,596	1,060,597	1,265,224	643,143
Term deposit	1,198,628	10,000	-	1,198,628	10,000	-
Bank bills	8,253,384	-	-	8,253,384	-	-
	10,538,193	1,309,813	707,596	10,512,609	1,275,224	643,143

### 6. FINANCIAL ASSETS

	Consolidated Entity		Company	
	31 Dec 06	30 Jun 06	31 Dec 06	30 Jun 06
	\$	\$	\$	\$
Investments comprise:				
Shares and options in listed companies	632,474	632,474	632,474	632,474
Shares in associated companies - at cost	-	-	-	995,374
Add: net change in fair value	200,968	(157,187)	200,968	(1,152,561)
	833,442	475,287	833,442	475,287
Shares in unlisted companies - at cost	681,120	-	681,120	-
Shares in controlled entities - at cost	-	-	100	100
Less: provision for impairment	(681,120)	-	(681,120)	-
	-	-	100	100
Total financial assets	833,442	475,287	833,542	475,387
Market value of investments at balance date				
Shares in listed companies	833,442	475,387	833,442	475,387

#### (a) Investment in Controlled Entities

	Percentage of Ownership	
	31 Dec 06	30 Jun 06
<b>Strike Operations Pty Ltd (formerly Virtual Web Pty Ltd) (SOPL)</b>	100%	100%
Incorporated in Australia, on 28 November 2002.		
<b>PT Indo Batubara (100% beneficially owned by SOPL)</b>	100%	100%
Incorporated in Indonesia on 8 December 2005		

## Notes to the condensed financial statements for the half year ended 31 December 2006

### 7. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Name of Associate Entity	Principal Activity	Ownership Interest	Consolidated Carrying Amount	
			31 Dec 06	30 Jun 06
			\$	\$
Sofcom Limited (SOF)	suspended from ASX	27.82%	-	-
Altera Capital Limited (AEA)		-	-	-
			-	-

On 25 May 2006 the Company entered into share sale agreement with a syndicate of investors to dispose of 20,002,860 shares (27.8%) in Altera Capital Limited (AEA) in consideration of \$65,151 cash. On 3 August 2006 AEA shareholders approved the sale and on 8 August 2006, the sale was completed with the Company also receiving \$34,573 from AEA being full repayment of a loan advanced to AEA. AEA also terminated an irrevocable unsecured letter of credit of \$33,000 provided by the Company to AEA on 12 June 2006.

Movement in carrying amounts	Consolidated Carrying Amount	
	31 Dec 06	30 Jun 06
	\$	\$
Equity accounted amount of investment at the beginning of the financial year	-	147,425
New investment during the year	-	23,003
Share of losses from ordinary activities before income tax expense	-	(20,352)
Return of capital receivable	-	(150,076)
Equity accounted amount of investment at the end of the financial year	-	-
Directors' valuation (as no "market value" due to Associate being suspended from ASX)	-	150,076
Share of associates' profits or losses		
Loss before income tax	-	(20,352)
Income tax expense	-	-
Loss after income tax	-	(20,352)

#### Summarised financial information of associates:

##### 31 December 2006

SOF

Consolidated Entity's share of			
Assets	Liabilities	Revenues	Loss
16,970	(2,813)	526	(4,143)
7,116	(20,831)	6,171	10,967
30,556	(12,257)	181,949	(62,726)
37,672	(33,087)	188,121	(51,760)

##### 30 June 2006

AEA

SOF

### 8. ISSUED CAPITAL

Issued and Paid-Up Capital	Consolidated Entity		Company	
	31 Dec 06	30 Jun 06	31 Dec 06	30 Jun 06
	\$	\$	\$	\$
58,834,870 (June 2006: 47,835,701) fully paid ordinary shares	30,632,883	19,848,109	30,632,883	19,848,109

Each fully paid ordinary share carries one vote per share and the right to participate in dividends.



## Notes to the condensed financial statements for the half year ended 31 December 2006

			Company	
	Date of movement	Number of shares	31 Dec 06 \$	30 Jun 06 \$
<u>Movement in Ordinary Share Capital</u>				
At 1 July 2005		81,593,281	16,414,372	16,414,372
Settlement of Portal Classification Agreement	19-Aug-05	20,965,814	419,316	419,316
Share placement	18-Oct-05	2,290,000	229,000	229,000
Share placement	23-Dec-05	9,710,000	971,000	971,000
Acquisition of resource projects	23-Dec-05	350,000	28,000	28,000
1 for 3 share conversion	03-Jan-06	(76,606,083)	-	-
Prospectus share offer	03-Feb-06	7,500,000	1,500,000	1,500,000
Acquisition of resource projects	09-Feb-06	1,666,667	333,333	333,333
Option (\$0.20 30 June 2008) conversions	Apr - Jun 06	366,022	73,204	73,204
Share offer expenses		-	(120,116)	(120,116)
At 30 June 2006		47,835,701	19,848,109	19,848,109
Option (\$0.20 30 June 2008) conversions	July - Dec 06	2,984,845	596,970	
Share placement	Oct - Nov 06	2,307,693	3,000,000	
Share Purchase Plan issue	27-Nov-06	5,706,631	7,419,000	
Capital raising expenses		-	(231,196)	
At 31 December 2006		58,834,870	30,632,883	

### 9. RESERVES

	Consolidated Entity		Company	
	31 Dec 06	30 Jun 06	31 Dec 06	30 Jun 06
	\$	\$	\$	\$
Options Reserve	1,147,845	247,386	1,147,845	247,386
Foreign Currency Translation Reserve	869	869	-	-
	1,148,714	248,255	1,147,845	247,386

#### Movement in Options Reserve

The number of unlisted options outstanding over unissued ordinary shares at balance date is as follows

Unlisted options exercisable at \$0.20; expiring 9 Feb 11  
Unlisted options exercisable at \$0.30; expiring 9 Feb 11

#### **Directors' Options**

Unlisted options exercisable at \$0.96; expiring 21 Jul 11  
Unlisted options exercisable at \$0.96; expiring 13 Sep 11

#### **Employee's Options**

Unlisted options exercisable at \$1.20; expiring 6 Oct 11

	Date of movement	Number of options	Company	
			31 Dec 06	30 Jun 06
			\$	\$
	10-Feb-06	1,833,333	5,238	5,238
	10-Feb-06	1,666,667	4,762	4,762
	21-Jul-06	4,600,000	767,961	-
	13-Sep-06	500,000	89,976	-
	06-Oct-06	150,000	44,564	-
		8,750,000	912,501	10,000
Listed options exercisable at 20 cents on or before 30 Jun 08	21-Apr-06	23,735,163	237,386	237,386
Options exercised	Apr - Jun 06	(366,022)	-	-
Options expenses		-	(2,042)	-
Options exercised	Jul - Dec 06	(2,984,845)	-	-
		20,384,296	235,344	237,386
<b>Total Option Reserve</b>			1,147,845	247,386

The Foreign Currency Translation Reserve records exchange rate differences arising on translation of monetary assets held by a controlled foreign entity.

The Option Reserve records the consideration (net of expenses) received by the Company on the issue of options.

#### Share based payments

On 21 July 2006, the Company issued 4,600,000 unlisted directors' options with an exercise price of \$0.96, a term of 5 years and a vesting period over 2 years from date of issue (\$0.96 21 July 2011 Directors' Options) to four directors, Dr J Stephenson and Messrs HS Madan, F Khan and V Ho.

On 13 September 2006, the Company issued 500,000 unlisted director's options with an exercise price of \$0.96, a term of 5 years and a vesting period over 2 years from date of issue (\$0.96 13 September 2011 Unlisted Director's Options) to director, Mr W Johnson.

On 6 October 2006, the Company issued 150,000 unlisted employee options with an exercise price of \$1.20, a term of 5 years and a vesting period over 2.5 years from date of issue (\$1.20 16 October 2011 Unlisted Employee Options).

The above share based payments amounted to \$902,501. The value of the options were calculated utilising the binomial tree method based on the volatility rate ranging 60% to 65%. The options will be expensed over the period from the grant date to the vesting date.

## Notes to the condensed financial statements for the half year ended 31 December 2006

### 10. SEGMENT REPORTING

The Consolidated Entity is based in Australia but has exposure to resource projects in Indonesia and Peru. The Consolidated Entity has closed its Virtual Web Internet Filtering and Monitoring Solution operations (effective 11 May 2006).

Primary Reporting- Business segments	External Revenue		Operating Results	
	31 Dec 06	31 Dec 05	31 Dec 06	31 Dec 05
Segment Revenues & Results	\$	\$	\$	\$
Resource projects	-	-	(424,645)	(269,834)
Internet Technologies	-	5,342	297	(362,054)
Investments	442,592	104,219	(671,455)	(8,364)
	442,592	109,561	(1,095,803)	(640,252)
Unallocated	101,255	10,421	(1,151,350)	(212,860)
	543,847	119,982		
Loss before income tax			(2,247,153)	(853,112)
Income tax expense			-	-
Loss after income tax			(2,247,153)	(853,112)

Segment Assets & Liabilities	Assets		Liabilities	
	31 Dec 06	30 Jun 06	31 Dec 06	30 Jun 06
	\$	\$	\$	\$
Internet Technologies	-	-	-	-
Resource projects	884	1,458	(106,958)	-
Investments	833,442	475,287	-	-
	834,326	476,745	(106,958)	-
Unallocated	10,689,865	1,404,238	(277,132)	(178,962)
	11,524,191	1,880,983	(384,090)	(178,962)

Other Segment Information	Internet Technologies		Investments	
	31 Dec 06	31 Dec 05	31 Dec 06	31 Dec 05
	\$	\$	\$	\$
Share of net losses of associate company accounted for under the equity method	-	-	-	(20,352)
Other non-cash expenses				
Write back of Internet Technology	-	3,338,152	-	-
Diminution of segment assets (write back)	-	-	(358,156)	96,644

### Secondary reporting - Geographical segments

	Segment revenues		Carrying amount of segment assets		Acquisitions of non-current segment assets	
	31 Dec 06	31 Dec 05	31 Dec 06	30 Jun 06	31 Dec 06	30 Jun 06
	\$	\$	\$	\$	\$	\$
Australia	543,847	119,982	11,524,191	1,880,983	22,900	21,338
Indonesia	-	-	-	-	-	-
Peru	-	-	-	-	681,120	-
	543,847	119,982	11,524,191	1,880,983	704,020	21,338

## Notes to the condensed financial statements for the half year ended 31 December 2006

### 11. COMMITMENTS

	Consolidated		Company	
	31 Dec 06	30 Jun 06	31 Dec 06	30 Jun 06
	\$	\$	\$	\$
(a) <b>Lease Commitments</b>				
Non-cancellable operating lease commitments:				
Not longer than one year	24,960	24,960	24,960	24,960
Between 12 months and 5 years	99,840	99,840	99,840	99,840
Greater than 5 years	37,440	49,920	37,440	49,920
	<u>162,240</u>	<u>174,721</u>	<u>162,240</u>	<u>174,721</u>

The lease is the Company's share of the office premises at Level 14, The Forrest Centre, 221 St Georges Terrace, Perth, Western Australia, and includes all outgoings (exclusive of GST). The lease is for a 7 year term expiring 30 June 2013 and contains a rent review increase each year alternating between 5% and the greater of market rate or CPI + 1%.

(b) **Exploration Tenement Leases - Commitments for Expenditure**

In order to maintain current rights of tenure to exploration tenements, the Company is required to outlay lease rentals and meet minimum expenditure commitments of \$0.345 million over a 12 month period), based on tenements which have been granted as at balance date.

Financial commitments for subsequent periods are contingent upon future exploration and evaluation results and cannot be estimated. These obligations are subject to renegotiation upon expiry of the tenement lease or when application for a mining lease is made and have not been provided for in the accounts.

(c) **Standard Heritage Protection Agreements**

These agreements facilitate the preservation of aboriginal heritage through the protection of aboriginal sites and objects upon the grant of mining tenements. The Heritage Protection Agreements require the Company to conduct aboriginal heritage surveys prior to conducting exploration that is not low impact in nature and detail procedures to be followed if an aboriginal site is identified.

(d) **Project Commitments**

Commitments exist in relation to certain resource projects of the Consolidated Entity over the next financial year, being the minimum commitment for each project:

- (i) **Apurimac Ferrum Peruvian Iron-Ore Agreement** - By agreement dated 2 July 2006 between the Company and Peruvian companies, Apurimac Ferrum S.A (AF), Minera los Andes y el Pacifico S.A. (MAPSA) and D&C Group S.A.C (D&C) (and a more formal shareholders' agreement dated 10 November 2006), the Company has secured the right to earn a 51% (or greater) interest in the Apurimac Project or the Cuzco Project or both (at the Company's election) through a progressive US\$6.5 million investment in AF (which holds title to such projects) and the exercise of options to acquire (at a total cost of \$34.5 million) AF shares from D&C and MAPSA, within a 5 year period (commencing November 2006) (Earn-In Period).

The Company has a minimum investment commitment of US\$1.5 million during the first 12 months of the Earn-In Period and can withdraw at any time thereafter with liability only for obligations incurred up to the date of withdrawal. As at the date of this report, the Company has invested US\$0.850 million into AF to gain a 1.1834% economic and shareholding interest in AF - US\$0.45 million was subscribed in December 2006; US\$0.30 million was subscribed in January 2007; US\$0.10 million was subscribed in February 2007 to the date of this report.

- (ii) **MAPSA Agreement (Over Apurimac Ferrum Shares)** - By agreement dated 2 February 2007 between the Company and Peruvian company, MAPSA and MAPSA's shareholders, the Company has acquired a controlling interest in a further 24.5% in its Apurimac and Cuzco Iron-Ore Projects in Peru from one of its Peruvian partners, Minera los Andes y el Pacifico S.A. (MAPSA), in consideration for staged payments totalling US\$10 million (being a combination of cash and if elected, SRK shares) over 2 years and a further US\$10 million when production and sales from these projects first exceeds 20 million tonnes per annum. US\$0.20 million was paid in February 2007 with a further US\$2.30 million required to be paid on or before 30 March 2007 along with a further US\$4 million cash or either 2.5 million SRK shares (at MAPSA's election) or 3 million SRK shares (at SRK's election).

## Notes to the condensed financial statements for the half year ended 31 December 2006

### 11. COMMITMENTS (continued)

- (iii) **West Java (Indonesia) Copper/Gold Agreement** - under a cooperation agreement dated 16 March 2005 with PT Suda Miskin (Suda Miskin) in relation to the West Java Copper/Gold Project, the Consolidated Entity has a contingent commitment to pay the vendor the last staged payment of US\$30,000 by April 2008.

### 12. CONTINGENT ASSETS AND LIABILITIES

Contingent assets and liabilities exist in relation to certain resource projects of the Consolidated Entity subject to the continued development and advancement of the same.

- (i) **Apurimac Ferrum Peruvian Iron-Ore Agreement** - refer to note 11(d)(i) for further details..
- (ii) **MAPSA Agreement (Over Apurimac Ferrum Shares)** - refer to note 11(d)(ii) for further details.
- (iii) **West Java (Indonesia) Copper/Gold Agreement** - Suda Miskin is entitled to a 19% after tax net profits royalty from production. The Consolidated Entity may withdraw from the project at any time without any further obligations after the date of withdrawal.
- (iv) **Hume Mining NL Agreement** - By an agreement dated 15 September 2005 (as amended) with Hume Mining NL, the Company acquired an interest in various tenements located in the Northern Territory and in Western Australia. Under the agreement, Hume is entitled to receive a royalty of 2% of gross revenues (exclusive of GST) arising from any commercial exploitation of any minerals from the tenements. The Company has been advised that such royalty has been assigned to Orion Equities Limited, the parent company of Hume Mining NL.
- (v) **Native Title** - the Company's mining tenements in Australia may be subject to native title applications in the future. At this stage it is not possible to quantify the impact (if any) that native title may have on the operations of the Company.

### 13. EVENTS AFTER BALANCE DATE

- (a) On 2 February 2007, the Company entered into the MAPSA Agreement (Over Apurimac Ferrum Shares) - refer to note 11(d)(ii) for further details
- (b) On 15 February 2007, the Company entered into an agreement for the sale of its uranium assets in Peru, the Northern Territory and Western Australia to Alara Uranium Limited, subject to, amongst other matters, SRK shareholder approval and the completion by Alara of a \$6 million IPO capital raising (with a minimum of \$4 million and oversubscriptions of a further \$4 million) and listing on ASX. The SRK Directors have secured a priority pool of \$4 million under the Alara IPO for SRK shareholders registered on 6 March 2007 as holding a minimum parcel of 5,000 SRK shares. Further details are contained the Company's ASX market announcement dated 16 February 2007. Shareholders are also referred to the Company's notice of meeting expected to be despatched in early March 2007.

## DIRECTORS' DECLARATION

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In accordance with a resolution of the directors of Strike Resources Limited made pursuant to sub-section 303(5) of the *Corporations Act 2001*, we state that:

In the opinion of the directors:

- (a) The financial statements and notes of the Consolidated Entity are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2006 and of its performance for the half year ended on that date; and
  - (ii) complying with Accounting Standards AASB 134 "Interim Financial Reporting" and *Corporations Regulations 2001*; and
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board,



William Johnson  
Director

Perth, Western Australia

16 February 2007



Victor Ho  
Director

## **INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF STRIKE RESOURCES LIMITED**

### **Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Strike Resources Limited, which comprises the consolidated condensed balance sheet as at 31 December 2006, and the consolidated condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

#### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2006 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Strike Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### *Independence*

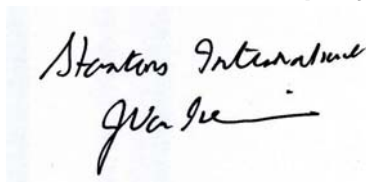
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Strike Resources Limited on 16 February 2007.

#### *Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Strike Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2006 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

#### **STANTONS INTERNATIONAL (Authorised Audit Company)**



**J P Van Dieren**  
Director

West Perth, Western Australia  
16 February 2007



# AUSTRALIAN TENEMENT SCHEDULE

as at 15 February 2007

## DETAILS OF THE AUSTRALIAN TENEMENTS IN WHICH THE COMPANY HAS SECURED INTERESTS IN

Project	Status	Application No	Grant / Application Date	Expiry Date	Area (Blocks)	Area (km <sup>2</sup> )	Location / Property Name	State	Company's Interest
Bigirlyi South	Granted	EL 24879	15/08/06	14/08/12	82	260	Mount Doreen	NT	75%
	Application	EL 24927	12/09/05	N/A	338	999	Haasts Bluff	NT	75%
	Granted	EL 24928	24/08/06	23/08/12	15	35	Mount Doreen	NT	75%
	Granted	EL 24929	24/08/06	23/08/12	26	56	Mount Doreen	NT	75%
	Granted	EL 24930	24/08/06	23/08/12	99	314	Mount Doreen	NT	75%
Mt James (Gascoyne Region)	Granted	EL 09/1253	29/06/06	28/06/11	49	147	Mt James	WA	75%
	Granted	EL 09/1245	23/03/06	22/03/11	35	105	Rubberoid Well	WA	70%
	Granted	EL 09/1257	28/06/06	27/06/11	27	81	Injinu Hills	WA	100%
	Granted	EL 09/1258	29/09/06	28/09/11	26	78	Mortimer Hills	WA	100%
Paulsen East (West Pilbara Region)	Granted	EL 47/1328	05/10/06	04/10/11	6	18	Paulsen East	WA	75%
	Granted	PL 47/1170	27/03/06	26/03/11	164 hectares	1.64	Paulsen East	WA	75%
Mt Lawrence Wells (East Murchison Region)	Granted	EL 53/1115	06/10/04	05/10/09	6	18	Dawsons Well	WA	85%
	Application	ELA 53/1259	20/07/06	N/A	8	24	Millgool Camp	WA	100%
	Granted	EL 53/1203	02/08/06	01/08/11	17	52	Mt Wilkinson	WA	100%
Canning Well (Pilbara Region)	Granted	EL 46/629	02/08/05	01/08/10	19	57	Canning Well	WA	75%
	Application	ELA 46/585	17/10/03	N/A	69	207	Canning Well	WA	63.75% (excluding manganese mineral rights)
Angela	Application	EL 25862	07/12/06	N/A	12	38	Alice Springs	NT	75%

# INFORMATION ON SECURITIES

as at 13 February 2007

The Company currently has the following total securities on issue:

	Listed	Unlisted	Total
Fully paid ordinary shares	60,141,352	-	60,141,352
\$0.20 (30 June 2008) Listed Options	19,077,814	-	19,077,814
\$0.20 (9 February 2011) Unlisted Options	-	1,833,333	1,833,333
\$0.30 (9 February 2011) Unlisted Options	-	1,666,667	1,666,667
\$0.96 (21 July 2011) Unlisted Directors' Options	-	4,600,000	4,600,000
\$0.96 (13 September 2011) Unlisted Directors' Options	-	500,000	500,000
\$1.20 (6 October 2011) Unlisted Employee Options	-	150,000	150,000

The Company has agreed to issue to Professor Malcolm Richmond, who joined the Board as Non-Executive Director on 25 October 2006, 500,000 options at the an exercise price of \$2.10 each and with the same 5 year term and vesting periods (and otherwise on the same terms as) the current directors' options on issue.

This \$2.10 exercise price was determined based on 133% of the volume weighted average price (VWAP) of SRK shares on ASX in the 5 trading days after the closing date of the Company's Share Purchase Plan announced on 24 October 2006. At the time of his appointment, the Company agreed to issue options to Professor Richmond on such terms, subject to shareholder approval - which will be sought at a general meeting convened for 6 March 2007.

At this general meeting, shareholder approval will also be sought for the Company to issue a total of 3,300,000 options to the following Directors:

- (1) John Francis Stephenson - 350,000 options;
- (2) Hem Shanker Madan - 950,000 options;
- (3) Farooq Khan - 700,000 options;
- (4) Victor Poh Hong Ho - 350,000 options
- (5) William Mathew Johnson - 350,000 options; and
- (6) Malcolm Ross Richmond - 600,000 options.

Each option will entitle a Director to subscribe for one ordinary share in the Company at an exercise price equal to the greater of \$2.60 or 133% of the VWAP of the Company's shares on ASX in the 5 trading days leading up to (and excluding) the issue date (rounded down to the nearest whole cent); each option is exercisable at any time on or before 5 years from the date of issue (subject to 30% of the options being unable to be exercised until 12 months from the date of issue and 40% of the options being unable to be exercised until 24 months from the date of issue).

The terms and conditions of the above proposed option issues to Directors are set out in the Explanatory Statement accompanying a Notice of Meeting dated 24 January 2007 and released on ASX on 31 January 2007.

# INFORMATION ON SECURITIES

as at 13 February 2007

## DISTRIBUTION OF LISTED ORDINARY FULLY PAID SHARES

Spread	of	Holdings	Number of Holders	Number of Units	% of Total Issue Capital
1	-	1,000	514	241,864	0.40%
1,001	-	5,000	1,336	4,595,396	7.67%
5,001	-	10,000	392	3,060,049	5.10%
10,001	-	100,000	586	18,127,219	30.24%
100,001	-	and over	76	33,919,004	56.58%
<b>Total</b>			<b>2,904</b>	<b>59,943,532</b>	<b>100.00%</b>

## TOP 20 LISTED ORDINARY FULLY PAID SHAREHOLDERS

Rank	Shareholders	Total Shares	% Issued Capital
1	DATA BASE SYSTEMS LIMITED *	8,939,356	14.91%
2	ORION EQUITIES LIMITED	2,380,996	3.97%
3	NEFCO NOMINEES PTY LTD	2,203,846	3.68%
4	HSBC CUSTODY NOMINEES	1,500,000	2.50%
5	DR SALIM CASSIM	1,300,846	2.17%
6	PATER INVESTMENTS PTY LTD	1,285,000	2.14%
7	SUNSHORE HOLDINGS PTY LTD	866,933	1.45%
8	BELL POTTER NOMINEES LTD	700,000	1.17%
9	BLUE CRYSTAL PTY LTD	675,000	1.13%
10	10 MRS LINDA SALA TENNA & MRS LISA SHALLARD	600,000	1.00%
11	MR GEORGE BRYANT MACFIE	584,846	0.98%
12	CLASSIC CAPITAL PTY LTD	583,846	0.97%
13	CITYSIDE INVESTMENTS PTY LTD	580,000	0.97%
14	ANZ NOMINEES LIMITED	539,189	0.90%
15	R & A MULE INVESTMENTS PTY LTD	500,000	0.83%
16	MR RUSS WALKER	400,000	0.67%
17	FAROOQ KHAN	353,340	0.59%
18	JOHN SELWYN INVESTMENTS PTY LTD	350,000	0.58%
19	19 MRS PATRICIA ULLMAN	341,260	0.57%
20	MR SHANKER MADAN & MRS ANU MADAN	337,179	0.56%
<b>Total</b>		<b>25,021,637</b>	<b>41.74%</b>

**INFORMATION ON SECURITIES**

as at 13 February 2007

**DISTRIBUTION OF LISTED \$0.20 (30 JUNE 2008) OPTIONS**

Spread	of	Holdings	Number of Holders	Number of Units	% of Total Issue Capital
1	-	1,000	29	15,765	0.08%
1,001	-	5,000	95	277,919	1.44%
5,001	-	10,000	54	471,732	2.45%
10,001	-	100,000	143	4,580,127	23.76%
100,001	-	and over	32	15,280,751	79.27%
<b>Total</b>			<b>352</b>	<b>19,077,814</b>	<b>100%</b>

**TOP 20 LISTED \$0.20 (30 JUNE 2008) OPTIONS**

Rank	Optionholder	Total Options	% Total Options On Issue
1	DATA BASE SYSTEMS LIMITED	4,537,734	23.54%
2	SUNSHORE HOLDINGS PTY LTD	1,360,879	7.06%
3	CLASSIC CAPITAL PTY LTD	1,140,000	5.91%
4	ORION EQUITIES LIMITED	1,014,806	5.26%
5	MR DENIS RAKICH	903,000	4.68%
6	TALEX INVESTMENTS PTY LTD	700,000	3.63%
7	ANZ NOMINEES LIMITED	532,492	2.76%
8	RENMUIR HOLDINGS LIMITED	417,917	2.17%
9	MR TROY VALENTINE	300,000	1.56%
10	HSBC CUSTODY NOMINEES	300,000	1.56%
11	CITYSIDE INVESTMENTS PTY LTD	281,666	1.46%
12	MRS LINDA SALA TENNA & MRS LISA SHALLARD	250,000	1.30%
13	MRS ANUPAM SHOBHA MADAN	238,000	1.23%
14	MS ROSANNA DE CAMPO	217,598	1.13%
15	BLUE CRYSTAL PTY LTD	200,000	1.04%
16	MR RODNEY MALCOLM JONES & MRS CAROL ROBIN JONES	190,000	0.99%
17	MR VICTOR HO	184,334	0.96%
18	FAROOQ KHAN	176,670	0.92%
19	MR SHANKER MADAN & MRS ANU MADAN	166,667	0.86%
20	WILLBURY HOLDINGS PTY LTD	155,000	0.80%
<b>Total</b>		<b>13,266,763</b>	<b>68.82%</b>