STRIKE RESOURCES LIMITED

FULL YEAR REPORT:

Directors' Report
Auditors' Independence Declaration
Financial Report
Audit Report

30 June 2007

Registered Office:

Level 14, The Forrest Centre
221 St Georges Terrace
Perth, Western Australia 6000

T | (08) 9214 9700
F | (08) 9322 1515
E | info@strikersources.com.au
W | www.strikeresources.com.au

A.B.N. 94 088 488 724

ASX Codes: SRK + SRKO

Share Registry:

Advanced Share Registry Services
110 Stirling Highway
Perth, Western Australia 6009

T | (08) 9389 8033
F | (08) 9389 7871
E | admin@advancedshare.com.au
W | www.asrshareholders.com

CONTENTS

Overview of Performance	2
Directors' Report	5
Auditor's Independence Declaration	24
Income Statement	25
Balance Sheet	26
Statement of Changes in Equity	27
Cash Flow Statement	28
Notes to Financial Statements	29
Directors' Declaration	53
Independent Audit Report	54
Securities Information	56

www.strikeresources.com.au

Visit our website for:

- Latest News
- Market Announcements
- Financial Reports

Register your email with us to receive latest Company announcements and releases

EMAIL US AT:

info@strikeresources.com.au

CORPORATE DIRECTORY

BOARD

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

COMPANY SECRETARY
Victor P H Ho

PRINCIPAL & REGISTERED OFFICE
Level 14, The Forrest Centre
221 St Georges Terrace
Perth, Western Australia 6000

Telephone: +61 8 9214 9700
Facsimile: +61 8 9322 1515

Email: info@strikeresources.com.au
Internet: www.strikeresources.com.au

SHARE REGISTRY
Advanced Share Registry Services
110 Stirling Highway
Nedlands, Western Australia 6009

Telephone: +61 8 9389 8033
Facsimile: +61 8 9389 7871
Email: admin@advancedshare.com.au
Internet: www.asrshareholders.com

STOCK EXCHANGE
Australian Securities Exchange (ASX)
Perth, Western Australia

ASX CODES
SRK (Shares)
SRKO (Options - $0.20 (30 June 2008))

AUDITORS
Stantons International
1 Havelock Street
West Perth, Western Australia 6005
Telephone: +61 8 9481 3188
Facsimile: +61 8 9321 1204
Email: info@stanton.com.au
Web: www.stantons.com.au

OVERVIEW OF PERFORMANCE

Current Reporting Period:	Financial year ended year ended 30 June 2007
Previous Corresponding Period:	Financial year ended year ended 30 June 2006
Balance Date:	30 June 2007
Company:	Strike Resources Limited (**Strike** or **SRK**)
Consolidated Entity:	SRK and controlled entities:

1. Strike Operations Pty Ltd (**SOPL**) a wholly owned subsidiary during the whole of the current and previous corresponding period;
2. PT Indo Batubara (**PTIB**), a company registered in Indonesia on 8 December 2005 in which SOPL is the 100% beneficial owner.
3. Strike Resources Peru SAC (**Strike Peru**), a wholly owned subsidiary company of SOPL incorporated in Peru on 28 December 2006.
4. Iron Associates Corporation (**IAC**), a company incorporated in Panama on 15 February 2007 in which SRK acquired a 70% shareholding interest on 23 February 2007.

SUMMARY OF RESULTS

Consolidated

	2007 $	2006 $	% Change	Up / Down
Total revenues	8,148,982	74,912	10778%	Up
Total expenses	(5,818,906)	(2,283,922)	155%	Up
Profit / (loss) after tax attributable to members	2,330,076	(2,209,010)	205%	Profit Up
Basic earnings / (loss) per share (cents)	4.06	(5.64)	169%	Earnings Up
Diluted earnings / (loss) per share (cents)	3.14	(5.64)	190%	Earnings Up

OVERVIEW OF PERFORMANCE

Total revenues include:

(1) $6,748,343 gains on sale of subsidiaries (2006: nil);

(2) $502,591 unrealised gains from share investments (2006 $Nil unrealised loss);

(3) $369,946 interest received (2006: $49,732);

(4) $431,955 acquisition of resource projects written back (2006: ($527,552) acquisition costs).

Total expenses include:

(1) $2,687,534 Directors' and Employees' options (2006: nil);

(2) $779,860 personnel costs (2006: $254,321);

(3) $467,305 exploration and evaluation expenditure (2006: $799,696);

(4) $384,879 travel and incidentals (2006: $92,963);

(5) $318,035 professional fees (2006: $52,795);

(6) $274,878 foreign exchange losses (2006: nil);

The Consolidated Entity expensed $105,433 losses attributable to its investment in associate entities, Alara Uranium Limited and Apurimac Ferrum S.A .

Please refer to the attached Directors' Report and Financial Report for further information on a review of the Consolidated Entity's operations and the financial position and performance of the Consolidated Entity and Company for the year ended 30 June 2007.

Associates and Joint Venture Entities

The following entities became an associate entity during the financial year:

(1) Apurimac Ferrum S.A. (**AF**) became an associate entity on 23 February 2007 when Strike increased its direct and indirect shareholding interest in AF to beyond 20%. This occurred upon Strike gaining a 70% interest in Iron Associates Corporation (**IAC**) on 23 February 2007 under the MAPSA Agreement[1] (as IAC had a 27.6% direct shareholding interest in AF as at this date under the AF Agreement[2]). After such investment in IAC, Strike held a 1.62% direct shareholding interest and a 19.32% indirect shareholder interest in AF (via IAC), being a total interest of 20.94%. This direct/indirect shareholding interest in AF was maintained to 30 June 2007.

AF was incorporated in Peru on 13 September 2004 and holds the mineral concessions comprising the Apurimac and Cuzco Projects. By the AF Agreement and the MAPSA Agreement, the Company has secured the right to earn a 68.15% (or greater) interest in the Apurimac Project or the Cuzco Project or both (at the Company's election).

(2) Alara Uranium Limited (**AUQ**) became an associate entity on 21 May 2007 when the Company completed the sale of its uranium tenement interests in Peru, the Northern Territory and Western Australia held in the subsidiary companies Strike Uranium Peru Pty Ltd and Strike Uranium Pty Ltd to Alara Uranium Limited (Alara) (ASX Code: AUQ) in consideration for 28.75 million Alara shares. After successfully completing a $10 million Initial Public Offering (IPO) (at $0.25 per share) in May 2007, Alara was admitted to the Official List of the ASX and AUQ shares commenced trading on ASX on 24 May 2007.

---

1 By an agreement dated 1 February 2007 between Strike, Minera los Andes y el Pacífico S.A. (**MAPSA**) and shareholders of MAPSA (**MAPSA Shareholders**), Strike has acquired a 70% interest in MAPSA's residual interest in AF, in consideration for staged payments totalling US$10 million (being a combination of $6 million cash and the issue of 3 million Strike shares) over 2 years and a further US$10 million when production and sales from these projects first exceeds 20 million tonnes per annum.

2 By an agreement dated 2 July 2006 between Strike and Peruvian companies, AF, MAPSA and D&C Pesca S.A.C. (**D&C**) (and a more formal shareholders' agreement executed on 10 November 2006) pursuant to which Strike has secured 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 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.

OVERVIEW OF PERFORMANCE

Controlled Entities

The following entity became a controlled entity during the financial year:

(1) IAC was incorporated in Panama on 14 February 2007; Strike acquired a 70% shareholding in IAC on 23 February 2007 under the MAPSA Agreement.

The following companies ceased to be controlled entities during the financial year:

(2) Alara Operations Pty Ltd ABN 123 780 441 (formerly Strike Uranium Pty Ltd) (**AO**) was incorporated on 5 February 2007 and sold to Alara Uranium Limited (**Alara** or **AUQ**) on 18 May 2007;

(3) Alara Peru Operations Pty Ltd ABN 124 334 103 (formerly Strike Uranium Peru Pty Ltd) (**APO**) was incorporated on 9 March 2007 and sold to Alara on 18 May 2007;

(4) Alara Peru S.A.C. (formerly Strike Uranium Peru S.A.C.) (**AP**) was incorporated in Peru on 1 March 2007 and is a wholly owned subsidiary of APO.

ANNUAL GENERAL MEETING

Details of the Company's Annual General Meeting (which is required to be held by no later than 30 November 2007) is still to be determined by the Board.

For and on behalf of the Directors,

Date: 21 September 2007

Victor Ho
Company Secretary

Telephone: (08) 9214 9700
Email: info@strikeresources.com.au

The information in this report that relates to exploration results 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 in excess of the minimum of 5 years experience which is relevant to the style of mineralisation under consideration and qualifies 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 year ended 30 June 2007 (**Balance Date**).

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

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

(1) Strike Operations Pty Ltd (**SOPL**) a wholly owned subsidiary during the whole of the financial year;

(2) PT Indo Batubara (**PTIB**), a company registered in Indonesia on 8 December 2005 in which SOPL is the 100% beneficial owner.

(3) Strike Resources Peru SAC (**Strike Peru**), a wholly owned subsidiary company of SOPL incorporated in Peru on 28 December 2006.

(4) Iron Associates Corporation (IAC), a company incorporated in Panama on 15 February 2007 in which SRK acquired a 70% shareholding interest on 23 February 2007.

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity during the financial year were:

- exploration and evaluation of its resource projects in Australia, Peru and Indonesia;
- the pursuit of appropriate resource projects for investment, evaluation and development;
- the management of its assets.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 2 July 2006, the Company entered into the "AF Agreement" pursuant to which Strike has secured the right to earn a 51% (or greater) interest in Apurimac Ferrum SA, the company which holds the mineral concessions comprising the Apurimac and Cuzco Projects in Peru (refer Review of Operations).

On 1 February 2007, the Company entered into the "MAPSA Agreement" pursuant to which Strike acquired a 70% interest in Iron Associates Corporation, a company which holds a residual 24.5% interest in Apurimac Ferrum SA (refer Review of Operations).

On 18 May 2007, the Company completed the sale of its uranium tenement interests in Peru, the Northern Territory and Western Australia to Alara Uranium Limited (**Alara**) (ASX Code: AUQ) in consideration for 28.75 million Alara shares. After successfully completing a $10 million Initial Public Offering (**IPO**) (at $0.25 per share) in May 2007, Alara was admitted to the Official List of the ASX and AUQ shares commenced trading on ASX on 24 May 2007.

There were no other material changes in the state of affairs of the Consolidated Entity during the financial year.

OPERATING RESULTS

Consolidated	2007 $	2006 $
Total revenues	8,112,856	74,912
Total expenses	5,782,780	2,283,922
Profit / (loss) before tax	2,330,076	(2,209,010)
Income tax expense	-	-
Profit / (loss) after tax	2,330,076	(2,209,010)

DIRECTORS' REPORT

Total revenues include:

(1) $6,748,343 gains on sale of subsidiaries (2006: nil);

(2) $502,591 unrealised gains from share investments (2006 $Nil unrealised loss);

(3) $369,946 interest received (2006: $49,732);

(4) $431,955 acquisition of resource projects written back (2006: $527,552 acquisition costs).

Total expenses include:

(1) $2,687,534 Directors' and Employees' options (2006: nil);

(2) $779,860 personnel costs (2006: $254,321);

(3) $467,305 exploration and evaluation expenditure (2006: $799,696);

(4) $384,879 travel and incidentals (2006: $92,963);

(5) $318,035 professional fees (2006: $52,795);

(6) $274,878 foreign exchange losses (2006: nil);

The Consolidated Entity expensed $105,433 losses attributable to its investment in associate entities, Alara Uranium Limited and Apurimac Ferrum S.A .

FINANCIAL POSITION

Consolidated	2007 $	2006 $
Cash	18,358,891	1,309,813
Investments in Associate entities	11,563,736	-
Other investments	977,877	475,287
Resource projects	7,681,546	-
Receivables	170,123	43,653
Other assets	70,396	52,230
Gross assets	**38,822,569**	**1,880,983**
Liabilities	(532,820)	(178,962)
Net assets	**38,289,749**	**1,702,021**
Issued capital	51,078,281	19,848,109
Reserves	2,932,878	248,255
Accumulated losses	(16,064,267)	(18,394,343)
Parent entity interest	37,946,892	1,702,021
Minority interest	342,857	-
Total equity	**38,289,749**	**1,702,021**

DIVIDENDS

No dividends have been paid or declared during the financial year. The Company is not in a position to declare a dividend in respect of the 30 June 2007 financial year.

DIRECTORS' REPORT

REVIEW OF OPERATIONS

1. Company Projects

Strike Resources is an Australian based mineral exploration and development company with a prospective portfolio of mineral exploration projects in Peru, Australia and Indonesia:

PROJECTS		LOCATION	COMMODITY	AREA (Hectares)
(1)	Apurimac	Apurimac District, Peru	Iron Ore	20,888
(2)	Cuzco	Cuzco District, Peru	Iron Ore	4,926
(3)	Banten	West Java, Indonesia	Copper/Gold	5,601
(4)	Paulsens East	West Pilbara, Western Australia	Iron Ore and Gold	1,964
(5)	King Sound	West Kimberley, Western Australia	Mineral Sands	65,200

Peru is a major mining country and a top five producer of several base and precious metals, including copper and gold. Strike's confidence in Peru's mining and contractual laws is supported by the presence in the country of some of the world's leading mining companies. Although the country has had a long history of mining, its mineral potential is still considered outstanding as mineral discoveries continue to be made.

2. Apurimac and Cuzco Iron Ore Projects (Peru)

By the AF Agreement and the MAPSA Agreement, the Company has secured the right to progressively earn a 68.15% 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 concessions in the projects.

On 19 July 2007, the Company announced a total **JORC Compliant Inferred Resource within the Opaban I and III concessions of 172 million tonnes grading 62.28%**, based on 6,383 metres of assayed RC and diamond drilling conducted at Opaban I and 1,102 metres of assayed diamond drilling conducted at Opaban III (Apurimac Project).

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 JORC compliant resource estimates for a portion of the Apurimac Project area based on drilling conducted within 2 (Opaban I and III) of the 25 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
Apurimac Project	730 Mt target mineralisation	PMEM
Including: Opaban I Concession	151 Mt JORC Inferred Mineral Resource	Strike [3]
Opaban III Concession	21 Mt JORC Inferred Mineral Resource	Strike [4]
Cuzco Project	570Mt to 650Mt target mineralisation	Strike [5]

(It is noted however that the target mineralisation referred to above by PMEM and for the Cuzco Project 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.)

3 19 July 2007: ASX market announcement titled "Apurimac Project - JORC Resource Statement"

4 23 August 2006: ASX market announcement titled "Peru Iron Ore Update on Apurimac Project "

5 1 November 2006: ASX market announcement titled "Peru Iron Ore Update - Cuzco Project

DIRECTORS' REPORT

3. Investment in Apurimac Ferrum S.A (Peru)

AF Agreement

On 2 July 2006, the Company entered into the "AF Agreement" with Peruvian companies, Apurimac Ferrum S.A. (**AF**), Minera los Andes y el Pacífico S.A. (**MAPSA**) and D&C Pesca S.A.C. (**D&C**) (with a more formal shareholders' agreement executed on 10 November 2006) pursuant to which Strike has secured the right to earn a 51% (or greater) direct 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 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 direct 51% shareholding in AF with D&C and MAPSA each holding a residual 24.5% interest in AF.

During the financial year, Strike contributed US$2.70 million into AF, of which US$0.75 million has been capitalised into fully paid shares in AF, giving Strike a 1.622% shareholding interest in AF as at 30 June 2007.

On 2 August 2007, AF shareholders approved the capitalisation of the balance of Strike's contributions, giving Strike a 5.208% direct shareholding interest in AF. Strike's current direct and indirect (via its 70% shareholding in Iron Associates Corporation) is approximately 23.83%.

The Company has contributed a further US$0.4 million into AF between 1 July 2007 and the date of this report which is pending AF shareholder approval for capitalisation into AF shares.

After the completion of Strike's obligations to contribute a total of US$6.5 million into AF, Strike will have earned a 12.5% shareholding interest in AF. Strike's interest will increase to a 51% direct interest upon exercising options to acquire an aggregate 38.5% interest from MAPSA and D&C in consideration for US$34.5 million.

A detailed summary of the terms of the AF Agreement is contained in the Company's ASX market announcement dated 4 July 2006 and titled "Peru Iron Ore Update."

MAPSA Agreement

On 1 February 2007, the Company entered into the "MAPSA Agreement" with MAPSA and shareholders of MAPSA (**MAPSA Shareholders**) pursuant to which Strike acquired a 70% interest in MAPSA's residual interest in AF, in consideration for staged payments totalling US$10 million (being a combination of US$6 million cash and the issue of 3 million Strike shares) over 2 years and a further US$10 million when production and sales from these projects first exceeds 20 million tonnes per annum.

Strike has fulfilled its obligations to date in paying US$2.5 million cash and electing to issue 3 million shares (in lieu of a US$4 million cash payment) to the MAPSA Shareholders during the financial year.

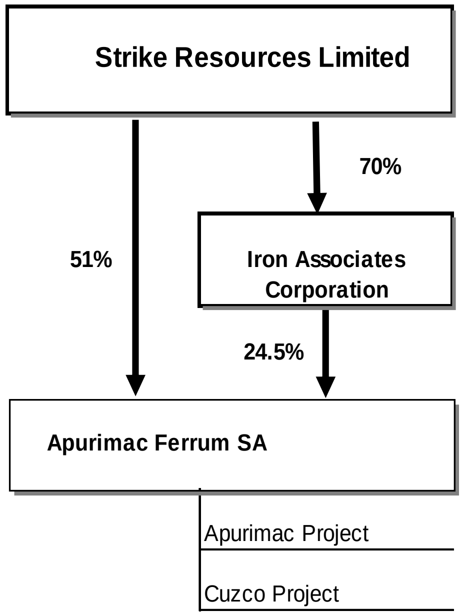
A detailed summary of the terms of the MAPSA Agreement is contained in the Company's ASX market announcement dated 7 February 2007 and titled "Strike Acquires Further Interest in Apurimac and Cuzco Iron Ore Projects in Peru."

Therefore, upon the completion of Strike's obligations under the AF Agreement, Strike will have gained a direct 51% shareholding interest in AF in addition to its controlling 70% interest in a further 24.5% shareholding interest in AF held by IAC.

DIRECTORS' REPORT

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:
a) US6.5 million invested by Strike into AF; and
b) Exercise by Strike of Options under the AF Agreement.



4. Acquisition of Additional Concessions In Apurimac District (Peru)

On 18 May 2007, Strike Resources Peru SAC (the Peruvian subsidiary of the Company) entered into an assignment and option agreement with a Peruvian vendor in respect of three mineral concessions in the Apurimac District totalling 1,900 hectares, being the Cristoforo 14, Cristoforo 28 and Ferroso 29 concessions.

The agreement was executed as the Company had determined that these concessions contained outcrops of iron ore mineralisation which extend from Apurimac Ferrum's existing concessions. The Company believes these concessions have the potential to expand the total resource base of the Apurimac Project.

The consideration payable for the assignment of mining rights to Strike Resources Peru SAC (or assignees) for a two year period is US$200,000, of which US$70,000 was paid on execution of the agreement and US$70,000 is payable after 12 months and US$60,000 is payable after 18 months.

The option to acquire these three mineral concessions is for a period of two years and the exercise price is US$3 million.

Strike Resources Peru SAC's rights under this assignment and option agreement is assignable and as the concessions are located near some of the Apurimac Project concessions held by Apurimac Ferrum, it is intended that these concessions be assigned to Apurimac Ferrum at cost.

DIRECTORS' REPORT

5. Uranium Assets Spin-Off Into Alara Uranium Limited

It was announced on 16 February 2007 that Alara was acquiring Strike's and Orion Equities Limited's (**Orion**) uranium tenement interests and would be undertaking an Initial Public Offering (**IPO**) of up to $10 million at 25 cents per share.

Alara lodged its IPO Prospectus on 3 April 2007, which successfully closed on 9 May 2007 with 40 million shares issued raising $10 million. Alara was admitted to the Official List of the ASX and AUQ shares commenced trading on ASX on 24 May 2007.

The share sale agreements for Alara to acquire uranium assets from Strike and Orion were completed on 18 May 2007 with 35 million shares issued to these vendors.

18,750,000 shares were issued to Strike as consideration for the acquisition of Strike Uranium Pty Ltd (now known as Alara Operations Pty Ltd) and Strike Uranium Peru Pty Ltd (now known as Alara Peru Operations Pty Ltd); Alara Peru Operations Pty Ltd has a Peruvian subsidiary, Alara Peru S.A.C (formerly Strike Uranium Peru S.A.C).

These shares are subject to escrow for 24 months from the date of official quotation of Alara's shares on ASX.

This shareholding represents 35.7% of the current total issued share capital of Alara.

The Company recorded a gain on disposal of the above subsidiaries of $6.75 million (based on the Alara shares received as consideration being valued at Alara's IPO issue price of $0.25 per share).

The post-IPO (and current) share capital structure of Alara is as follows:

	Alara Shares	% of Issued Capital
Existing shares (at incorporation)	5,500,000	6.8%
Issue to Strike under Strike Uranium Agreement[6]	18,750,000	23.3%
Issue to Strike under Peru Sale Agreement[7]	10,000,000	12.4%
Issue to Orion under Hume Sale Agreement[8]	6,250,000	7.8%
Shares issued under the Prospectus:		
Strike Priority Pool to Eligible Strike Shareholders[9]	22,000,000	27.3%
Orion Priority Pool[10]	2,000,000	2.5%
Public Offer pool	16,000,000	19.9%
Total	**80,500,000**	**100.00%**

Strike's Distribution Of Alara Shares In Specie

Strike has agreed to undertake an *in-specie* distribution of up to 16,000,000 shares in Alara held by Strike (the ***In-Specie* Distribution**) to Strike shareholders at a time to be nominated by the Strike board but being not more than 6 months after the Alara shares commence quotation on the ASX, subject to the ASX granting a waiver for such dealing of escrowed shares, all regulatory and shareholder approvals and consideration by Strike of the tax consequences arising therein.

As at the date of this report, the Strike Board has not yet determined the timetable for the *In-Specie* Distribution.

Strike's current 28.75 million Alara shares are currently escrowed for 24 months from the date of official quotation of Alara's shares on ASX. ASX has confirmed that the *In-Specie* Distribution received by Strike shareholders (other than the related parties and promoters of Alara, Strike or any of their associates) will cease to be subject to restriction after the despatch of holding statements to Strike shareholders.

---

6 The share sale agreement between Alara and Strike dated 19 March 2007 for the company to acquire Strike Uranium Pty Ltd (now known as Alara Operations Pty Ltd)

7 The share sale agreement between Alara and Strike dated 20 March 2007 for the company to acquire Strike Uranium Peru Pty Ltd (now known as Alara Peru Operations Pty Ltd)

8 The share sale agreement between Alara and Orion dated 19 March 2007 for the company to acquire Hume Mining NL

9 Strike shareholders holding 5,000 or more SRK shares as at 6 March 2007

10 Orion Equities Limited

DIRECTORS' REPORT

6. Sale of Interest In Berau Coal Project (East Kalimantan, Indonesia)

By a cooperation agreement dated 12 April 2007 between SOPL, PTIB and PT Kaltim Jaya Bara (**KJB**), PTIB had acquired the right to exclusively conduct general survey activities, explore for, exploit, mine and sell coal and methane gas and other minerals in the concession area (of 5,000 hectares located approximately 40 kilometres south-west of Tanjungredeb (Berau) and approximately 350 kilometres north of Balikpapan (the capital city of Kalimantan).

Under the terms of the agreement, Strike had paid US$30,000 (after execution of the agreement) to KJB and had the following future payment and royalty obligations to KJB:

(a) Three staged cash payments totalling US$0.50 million over a 12 month period; and

(b) Royalties of between US$1.00 to $4.00 per dry metric tonne of coal mined and sold from the concession area, depending on the calorific value of the coal (ranging from 5,000 to 6,000 KCal and above) and the waste to ore ratio.

On 27 June 2007, SOPL and PTIB reached agreement with Orion Indo Operations Pty Ltd (**OIO**) and PT Orion Indo Mining[11] (**PTOIM**) for PTIB assigned to PTOIM 70% of its interest in the Berau Coal Project; PTOIM has agreed to assume the obligations (effective from 19 June 2007) under the original cooperation agreement with KJB; PTIB 30% interest is free-carried until a Decision to Mine[12] is made by PTOIM.

If a party elects not to contribute to expenditure in such circumstances, its interest in the Berau Coal Project shall be diluted on a pro-rata basis. If PTIB's interest is diluted to below 10%, PTIB's interest shall be transferred to PTOIM in consideration for a royalty to PTIB of 7.5% of net profits derived from coal resources produced and sold.

The decision to farm-out its interest in this project was made to allow Strike to focus on development of its core Peruvian iron ore projects.

SECURITIES IN THE COMPANY

1. Issued Securities

The Company had the following total securities on issue as at 30 June 2007:

	Quoted / To be Quoted	Not Quoted	Total
Fully paid ordinary shares	76,009,248	-	76,009,248
$0.20 (30 June 2008) Options	13,409,919	-	13,409,919
$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 Director's Options		500,000	500,000
$1.20 (6 October 2011) Unlisted Employee Options		150,000	150,000
$2.10 (7 March 2012) Unlisted Director's Options		500,000	500,000
$2.81 (7 March 2012) Unlisted Directors' Options		3,300,000	3,300,000
$2.90 (1 May 2012) Unlisted Employees' Options		133,000	133,000
Total	**89,419,167**	**12,683,000**	**102,102,167**

Since the Balance Date (to 13 September 2007), a further 1,371,069 listed $0.20 (30 June 2008) Options have been exercised and converted into shares, raising $274,213.80. 12,038,850 $0.20 (30 June 2008) Options remains to be exercised as at 13 September 2007.

11 A subsidiary of OIO, which, in turn, is a subsidiary of Orion Equities Limited.

12 **"Decision to Mine"** means PTOIM providing written notice to PTIB that, having completed an exploration programme and project feasibility study, it wishes to proceed to commercial exploitation of coal resources in the concession area

DIRECTORS' REPORT

2. Summary of Share Capital Changes

The Company completed 3 major capital raisings totalling $25.54 million during the financial year:

(a) In October/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;

(b) In November 2006, the Company raised $7.42 million under a Share Purchase Plan (**SPP**) from the issue of 5,706,631 share at the same issue price of $1.30 per share;

(c) In May 2007, the Company raised $15.12 million from the issue of 7,200,000 shares to UK and US based institutional and professional clients of Patersons Securities Limited at $2.10 per share.

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

Date	Description	Issue Price	No. Shares	Value of Issue	Running Balance of Issued Share Capital
30/06/2006	**Balance**				**47,835,701**
1/7 to 30/9/2006	Conversion of listed $0.20 (30 June 2008) Options	$0.20	556,857	$111,371.40	48,392,558
30 & 31/10 and 1/11 2006	Share Placement	$1.30	2,307,693	$3,000,000.90	N/A
27/11/2006	Share Purchase Plan allotment	$1.30	5,706,631	$7,419,000.00	N/A
1/10 to 31/12/2006	Conversion of listed $0.20 (30 June 2008) Options	$0.20	2,427,988	$485,597.60	58,834,870
5/03/2007	Allotment under a Cleansing Prospectus	$1.30	1	$1.30	N/A
28/03/2007	Issued to MAPSA Shareholders		3,000,000	$4,884,331[13]	N/A
1/1 to 31/3/2007	Conversion of listed $0.20 (30 June 2008) Options	$0.20	5,888,582	$1,177,716.40	67,723,453
30/05/2007	Share Placement	$2.10	7,200,000	$15,120,000.00	N/A
1/4 to 30/6/2007	Conversion of listed $0.20 (30 June 2008) Options	$0.20	1,085,795	$217,159.00	76,009,248
30/06/2007	**Balance**				**76,009,248**
1/7 to 13/9/2007	Conversion of listed $0.20 (30 June 2008) Options	$0.20	1,371,069	$274,213.80	77,294,350

13 At the election of Strike in lieu of making a US$4,000,000 cash payment to the MAPSA Shareholders under the MAPSA Agreement

DIRECTORS' REPORT

3. Options

(a) Listed $0.20 (30 June 2008) Options

During the year ended 30 June 2007, a total of 9,959,222 listed $0.20 (30 June 2008) options were exercised and converted into shares, raising a total of $$1,991,844.40.

Since the Balance Date (to 13 September 2007), a further 1,371,069 options have been exercised raising $274,213.80.

12,038,850 options remains to be exercised as at 13 September 2007.

(b) Unlisted Directors' and Employee Options

Details of 8,900,000 Directors' and 283,000 employee options issued during the financial year are contained in Section 4 of the Remuneration Report below.

FUTURE DEVELOPMENTS

In the opinion of the Directors, it may prejudice the interests of the Consolidated Entity to provide additional information (beyond that reported in this Directors' Report) in relation to future developments and business strategies and operations of the Consolidated Entity and the expected results of those operations in subsequent financial years.

ENVIRONMENTAL REGULATION AND PERFORMANCE

In the course of its mineral exploration and evaluation activities, the Consolidated Entity adheres to environmental regulations imposed upon it by various authorities. The Company has complied with all environment requirements up to the date of this report. No reportable environmental breaches occurred during the financial year.

DIRECTORS AND COMPANY SECRETARY

The Board has members with extensive experience in the resources sector, including Chairman, John Stephenson, previously Exploration Director for Rio Tinto Australasia with more than 35 years experience in the mineral exploration business, Managing Director, 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 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).

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

DIRECTORS' REPORT

Information concerning Directors in office during or since the financial year is as follows:

John Stephenson — **Chairman**

Appointed: 26 October 2005

Qualifications: BSc (honours and special 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.

Experience: Dr Stephenson is a highly experienced geologist with over 37 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.

Relevant interest in securities:
Shares – 200,000
Unlisted $0.96 (21 July 2011) directors' options – 800,000
Unlisted $2.81 (7 March 2012) directors' options – 350,000

Other current directorships in listed entities: Chairman of Alara Uranium Limited (AUQ) (since 18 May 2007)

H. Shanker Madan — **Managing Director**

Appointed: 26 September 2005

Qualifications: Honours and Masters Science degrees in Applied Geology

Experience: 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.

Relevant interest in securities:
Shares – 503,846
Unlisted $0.96 (21 July 2011) directors' options – 1,800,000
Unlisted $2.81 (7 March 2012) directors' options – 950,000

Other current directorships in listed entities: Managing Director of Alara Uranium Limited (AUQ) (since 18 May 2007)

DIRECTORS' REPORT

Farooq Khan	**Executive Director**
Appointed	9 September 1999
Qualifications	BJuris , LLB. (*Western Australia*)
Experience	Mr Khan is a qualified lawyer having previously practised principally in the field of corporate law. Mr Khan has extensive experience in the securities industry, capital markets and the executive management of ASX listed companies. In particular, Mr Khan has guided the establishment and growth of a number of public listed companies in the investment, mining and financial services sector. He has considerable experience in the fields of capital raisings, mergers and acquisitions and investments.
Relevant interest in securities	Shares - 353,340 (directly) and 2,380,996(indirectly[14]) Listed \$0.20 (30 June 2008) options – 176,670 (directly) and 1,014,806 (indirectly[11]) Unlisted \$0.20 (9 February 2011) options – 1,833,333 (indirectly[11]) Unlisted \$0.30 (9 February 2011) options - 1,666,667 (indirectly[11]) Unlisted \$0.96 (21 July 2011) directors' options – 1,400,000 (directly) Unlisted \$2.81 (7 March 2012) directors' options – 700,000 (directly)
Other current directorships in listed entities	Current Chairman and Managing Director of: (1) Queste Communications Ltd (QUE) (since 10 March 1998) Current Chairman of: (2) Orion Equities Limited (OEQ) (since 23 October 2006) (3) Bentley International Limited (BEL) (director since 2 December 2003) (4) Scarborough Equities Limited (SCB) (since 29 November 2004) Executive Director of: (5) Alara Uranium Limited (AUQ) (since 18 May 2007)

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) Unlisted \$2.10 (7 March 2012) directors' options – 500,000 Unlisted \$2.81 (7 March 2012) directors' options – 600,000
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)

14. Held by Orion Equities Limited (**OEQ**); Queste Communications Ltd (**QUE**) is deemed to be a controlling shareholder of OEQ; 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

William M. Johnson — **Executive Director**

Appointed 14 July 2006

Qualifications MA (Oxon), MBA

Experience 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.

Relevant interest in securities
Unlisted $0.96 (13 September 2011) directors' options – 500,000
Unlisted $2.81 (7 March 2012) directors' options – 350,000

Other current directorships in listed entities
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)

Victor P. H. Ho — **Executive Director and Company Secretary**

Appointed Secretary since 9 March 2000 and Director since 12 October 2000

Qualifications BCom, LLB (*Western Australia*)

Experience 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 ASX compliance and shareholder relations.

Relevant interest in securities
Shares - 16,667
Unlisted $0.96 (21 July 2011) directors' options – 600,000
Unlisted $2.81 (7 March 2012) directors' options – 350,000

Other positions held in listed entities
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)
(6) Alara Uranium Limited (AUQ) (since 4 April 2007)

DIRECTORS' MEETINGS

The following table sets out the numbers of meetings of the Company's Directors held during the financial year (excluding Directors' circulatory resolutions), and the numbers of meetings attended by each Director of the Company:

Name of Director	Meetings Attended	Maximum Possible Meetings
John Stephenson	10	10
H. Shanker Madan	10	10
Farooq Khan	10	10
Victor Ho	10	10
William Johnson	10	10
Malcolm Richmond	7	8

There were no meetings of committees of the Board.

DIRECTORS' REPORT

Board Committees

During the financial year and as at the date of this Directors' Report, the Company did not have separate designated Audit or Remuneration Committees. In the opinion of the Directors, in view of the size of the Board and nature and scale of the Consolidated Entity's activities, matters typically dealt with by an Audit or Remuneration Committee are dealt with by the full Board.

REMUNERATION REPORT

This report details the nature and amount of remuneration for each Director of the Company and Executive Officer of the Consolidated Entity.

The information provided under headings (1) to (5) below in this Remuneration Report includes remuneration disclosures that are required under Accounting Standard AASB 124 Related Party Disclosures. These disclosures have been transferred from the financial report and have been audited. The disclosures in (6) and (7) below in this Remuneration Report are additional disclosures required by the Corporations Act 2001 and the Corporations Regulations 2001 which have not been audited.

(1) Remuneration Policy

The Board determines the remuneration structure of all Directors and Company Executives (being a company secretary or senior manager) (**Key Management Personnel**) having regard to the Consolidated Entity's nature, scale and scope of operations and other relevant factors, including the frequency of Board meetings, length of service, particular experience and qualifications, market practice (including available data concerning remuneration paid by other listed companies in particular companies of comparable size and nature), the duties and accountability of Key Management Personnel and the objective of maintaining a balanced Board which has appropriate expertise and experience, at a reasonable cost to the Company.

Fixed Cash Short Term Employment Benefits: The Key Management Personnel of the Company are paid a fixed amount per annum plus applicable employer superannuation contributions. The Non-Executive Directors of the Company are paid a maximum aggregate base remuneration of $175,000 per annum inclusive of employer superannuation contributions where applicable, to be divided as the Board determines appropriate.

The current base level of Directors' salaries/fees being received by the Board is as follows:

Director	Office Held	Gross salary/fees and employer superannuation per annum
John Stephenson	Chairman	$54,500
H. Shanker Madan	Managing Director	$299,750
Farooq Khan	Executive Director	$228,900
Victor Ho	Executive Director and Company Secretary	$81,750
William Johnson	Executive Director	$43,600
Malcolm Richmond	Non-Executive Director	$32,700

Special Exertions and Reimbursements: Pursuant to the Company's Constitution, each Director is also entitled to receive:

(1) Payment for the performance of extra services or the undertaking of any executive or other work for the Company beyond his or her general duties.

(2) Payment for travelling and other expenses properly incurred by a Director in attending meetings of the Company or the Board or in connection with the Company's business.

Long Term Benefits: Key Management Personnel have no right to termination payments save for payment of accrued annual leave (other than Non-Executive Directors).

Post Employment Benefits: The Company does not presently provide retirement benefits to Key Management Personnel.

DIRECTORS' REPORT

Performance Related Benefits: The Company does not presently provide incentive/performance based benefits related to the Company's performance to Key Management Personnel, including payment of cash bonuses. The current remuneration of Key Management Personnel is fixed, is not dependent on the satisfaction of a performance condition and is unrelated to the Company's performance.

Service Agreements: The Company does not presently have formal service agreements or employment contracts with any Key Management Personnel.

Financial Performance of Company: There is no relationship between the Company's current remuneration policy and the Company's performance.

Equity Based Benefits: A total of 8,900,000 Directors' and 283,000 employees' options were issued during the year[15]. Shareholder approvals were obtained for the issue of options to Directors as required under the Corporations Act 2001 and under the ASX Listing Rules.

The reasons for the grant of these options to Directors and employees are as follows:

- The options issue was designed to act as an incentive for the recipient Directors and employees to strive to achieve the Company's goals with the aim of enhancing shareholder value.
- The options provide an equity holding opportunity for each recipient Director and employee which is linked to the Company's share price performance.
- Based on the option exercise price and the rate at which the options vest, the exercise of the options by the Directors and employees is potentially only likely to occur if there is sustained upward movement in the Company's share price.
- The number of options issued to the Directors and employees have been determined having regard to the level of Directors and employees' salaries/fees being paid and is a cash free, effective and efficient way of providing an appropriate level of remuneration as well as providing ongoing equity based incentives for the Directors and employees to remain with the Company with a view to improving the future growth of the Company.
- As a relatively junior exploration company with much of its available funds dedicated or committed to its resource projects (and also in seeking opportunities in relation to the same) and in financing its day to day working capital requirements, the Company is not always in a position to maintain competitive cash salary ranges for its Directors and employees within the industry in which it operates.

Options granted under the plan carry no dividend or voting rights.

These Directors' and employees' options will lapse immediately upon the occurrence of any of the circumstances described below:

Where options are vested and therefore able to be exercised	Where options are not vested (and therefore unable to be exercised)
(a) Upon their expiry date	(a) Upon their expiry date
(b) Upon determination by the Board that the Director/Employee has acted fraudulently, dishonestly or in breach of his obligations to the Company	(b) Upon determination by the Board that the Director/Employee has acted fraudulently, dishonestly or in breach of his obligations to the Company
(c) Upon the Director/Employee ceasing to be a director/employee of the Company (for whatever reason including by retrenchment, redundancy or retirement) and has not exercised the option within thirty days following that event (unless a longer period is otherwise determined by the Board)	(c) Upon the Director/Employee ceasing to be a director/employee of the Company (for whatever reason including by retrenchment, redundancy or retirement)
(d) 6 months after the death, permanent illness or permanent physical or mental incapacity of a Director/Employee (unless a longer period is otherwise determined by the Board)	(d) Upon the death, permanent illness or permanent physical or mental incapacity of a Director/Employee

15 Refer Section 3(b) of "Securities in the Company" above

DIRECTORS' REPORT

(2) Details of Remuneration of Key Management Personnel - Directors

Details of the nature and amount of each element of remuneration of each Director of the Company paid or payable by the Consolidated Entity during the financial year are as follows:

		Short Term Employment Benefits		Post Employment Benefits					
Name of Director	Office Held	Cash Salary/Fees $	Cash Bonuses $	Superannuation $	Long Term Benefits $	Equity Based Benefits $	Total $	Performance Related %	Percentage of Total Related to Equity Based Benefits (including shares and options) %
John Stephenson	Chairman	52,384	-	8,713	-	315,824	376,921	-	84%
H. Shanker Madan	Managing Director	119,909	-	105,113	-	766,631	991,653	-	77%
Farooq Khan	Executive Director	114,198	-	42,385	-	582,860	739,443	-	79%
Victor Ho	Executive Director and Company Secretary	56,669	-	5,100	-	266,946	328,715	-	81%
William Johnson	Executive Director (appointed 14 July 2006)	28,134	-	2,532	-	260,281	290,947	-	89%
Malcolm Richmond	Non-Executive Director (appointed 25 October 2006)	50,657	-	4,559	-	379,255	434,471	-	87%

Cash fees paid to the Chairman and Non-Executive Director during the year includes payments for the performance of extra services or the undertaking of any executive or other work for the Company beyond their general duties.

The value of Equity based benefits are based on the fair value of directors' options (vested and unvested as at balance date); this is described in further detail in section (4) of this Remuneration Report.

(3) No Company Executives

The Company did not have any Company Executives (other than Executive Directors) during the financial year.

DIRECTORS' REPORT

(4) Unlisted Directors' and Employee Options

During the year, the following unlisted directors' and employees options were issued.

Date of Issue	Description of Unlisted Options	Exercise Price	Expiry Date	Vesting Criteria[16]	No. of Options	Total Fair Value
21 July 2006	$0.96 (21 July 2011) Directors' Options[17]	$0.96	21 July 2011	30% on grant, 30% on 21 July 2007 and 40% on 21 July 2008 months	4,600,000	$1,122,035 or $0.24 each
13 September 2006	$0.96 (13 September 2011) Director's Options[18]	$0.96	13 September 2011	30% on grant, 30% on 13 September 2007 and 40% on 13 September 2008	500,000	$139,609 or $0.28 each
6 October 2006	$1.20 (6 October 2011) Employee's Options[19]	$1.20	6 October 2011	1/3rd on 6 March 2007, 1/3rd on 6 March 2008 and 1/3rd on 6 March 2009	150,000	$91,966 or $0.61 each
7 March 2007	$2.10 (7 March 2012) Director's Options[20]	$2.10	7 March 2012	30% on grant, 30% on 7 March 2008 and 40% on 7 March 2009	500,000	$172,389 or $0.34 each
7 March 2007	$2.81 (7 March 2012) Directors' Options[21]	$2.81	7 March 2012	30% on grant, 30% on 7 March 2008 and 40% on 7 March 2009	3,300,000	$1,137,764 or $0.34 each
1 May 2007	$2.90 (1 May 2012) Employees' Options[22]	$2.90	1 May 2012	1/3rd on 1 November 2007, 1/3rd on 1 November 2008 and 1/3rd on 1 November 2009	100,000	$17,875 or $0.18 each
5 June 2007	$2.90 (1 May 2012) Employees' Options[23]	$2.90	1 May 2012	1/3rd on 1 November 2007, 1/3rd on 1 November 2008 and 1/3rd on 1 November 2009	33,000	$5,896 or $0.18 each
	Total				**9,183,000**	**$2,687,534**

There were no shares issued as a result of the exercise of any Directors' or Employees options during the year (2006: nil).

The fair value of directors' and employees' options are expensed, from their date of grant, over their vesting period; fair values are determined as at date of grant using a binomial tree options valuation model that takes into account the exercise price, the term of the option, the underlying share price as at date of grant, the expected price volatility of the underlying shares and the risk-free interest rate for the term of the option.

The cost of all directors' and employees options assessed at fair value as at date of grant is $4,853,292 in total; the value in the above table reflects the fair value of options which the Company is required to expense from their date of grant to the balance date, on the basis that the fair value cost at date of grant is apportioned over the vesting period applicable to each option.

16 Options which have vested may be exercised at any time thereafter, up to their expiry date

17 Terms and conditions of issue are set out in a Notice of Meeting and Explanatory Statement dated 31 May 2006 for a General Meeting held on 14 July 2006

18 Terms and conditions of issue are set out in a Notice of Annual General Meeting and Explanatory Statement dated 1 August 2006 for an Annual General Meeting held on 13 September 2006

19 Terms and conditions of issue are set out in an ASX Appendix 3B New Issue Announcement dated 13 October 2006 and in a Notice of Meeting and Explanatory Statement dated 24 January 2007 for a General Meeting held on 6 March 2007

20 Terms and conditions of issue are set out in a Notice of Meeting and Explanatory Statement dated 24 January 2007 for a General Meeting held on 6 March 2007

21 Refer footnote 20

22 Terms and conditions of issue are set out in an ASX Appendix 3B New Issue Announcement dated 11 May 2007

23 Terms and conditions of issue are set out in an ASX Appendix 3B New Issue Announcement dated 11 June 2007

DIRECTORS' REPORT

The model inputs for assessing the fair value of options granted during the year are as follows:

(a) options are granted for no consideration and vest as described in the table above;

(b) exercise price is as described in the table above;

(c) grant date is as described in the table above;

(d) expiry date is as described in the table above;

(e) share price is based on the last bid price on ASX as at date of grant, as described in the table below;

(f) expected price volatility of the Company's shares has been assessed independently by BDO Kendalls Corporate Finance (WA) Pty Ltd, as described in the table below;

(g) expected dividend yield is nil;

(h) risk-free interest rate is based on the 5 year Commonwealth bond yield, as described in the table below.

Date of Issue	Description of Unlisted Options	Share Price at Grant Date	Risk Free Rate	Expected price volatility of the Company's shares
21 July 2006	$0.96 (21 July 2011) Directors' Options	$0.79	5.67%	60%
13 September 2006	$0.96 (13 September 2011) Director's Options	$0.93	5.61%	60%
6 October 2006	$1.20 (6 October 2011) Employee Options	$1.51	5.50%	65%
7 March 2007	$2.10 (7 March 2012) Director's Options	$1.94	5.85%	65%
7 March 2007	$2.81 (7 March 2012) Directors' Options	$1.94	5.85%	65%
1 May 2007	$2.90 (1 May 2012) Employee Options	$2.00	6.02%	65%
5 June 2007	$2.90 (1 May 2012) Employee Options	$2.00	6.02%	65%

Each Director's holdings of unlisted Directors' options as at balance date are as follows:

Name of Director	Office Held	No. options granted during the year 2007	No. options granted during the year 2006	No. options vested during the year 2007	No. options vested during the year 2006
John Stephenson	Chairman	800,000 $0.96 (21 July 2011) Directors' Options	-	240,000 $0.96 (21 July 2011) Directors' Options	-
		350,000 $2.81 (7 March 2012) Director's' Options		105,000 $2.81 (7 March 2012) Directors' Options	
H. Shanker Madan	Managing Director	1,800,000 $0.96 (21 July 2011) Directors' Options	-	540,000 $0.96 (21 July 2011) Directors' Options	-
		950,000 $2.81 (7 March 2012) Directors' Options		285,000 $2.81 (7 March 2012) Directors' Options	
Farooq Khan	Executive Director	1,400,000 $0.96 (21 July 2011) Directors' Options	-	420,000 $0.96 (21 July 2011) Directors' Options	-
		700,000 $2.81 (7 March 2012) Directors' Options		210,000 $2.81 (7 March 2012) Directors' Options	
Victor Ho	Executive Director and Company Secretary	600,000 $0.96 (21 July 2011) Directors' Options	-	180,000 $0.96 (21 July 2011) Directors' Options	-
		350,000 $2.81 (7 March 2012) Directors' Options		105,000 $2.81 (7 March 2012) Directors' Options	
William Johnson	Executive Director (appointed 14 July 2006)	500,000 $0.96 (13 September 2011) Director's Options	-	150,000 $0.96 (13 September 2011) Director's Options	-
		350,000 $2.81 (7 March 2012) Directors' Options		105,000 $2.81 (7 March 2012) Directors' Options	
Malcolm Richmond	Non-Executive Director (appointed 25 October 2006)	500,000 $2.10 (7 March 2012) Director's Options	-	150,000 $2.10 (7 March 2012) Director's Options	--
		600,000 $2.81 (7 March 2012) Directors' Options		200,000 $2.81 (7 March 2012) Directors' Options	

DIRECTORS' REPORT

(5) Other Benefits Provided to Key Management Personnel

No Key Management Personnel has during or since the end of the 30 June 2007 financial year, received or become entitled to receive a benefit, other than a remuneration benefit as disclosed above, by reason of a contract made by the Company or a related entity with the Director or with a firm of which he is a member, or with a Company in which he has a substantial interest.

(6) Directors' and Officers' Insurance

The Directors have not included details of the nature of the liabilities covered or the amount of premiums paid in respect of a Directors and Officers liability and legal expenses' insurance contract, as such disclosure is prohibited under the terms of the contract.

(7) Directors' Deeds

In addition to the rights of indemnity provided under the Company's Constitution (to the extent permitted by the Corporations Act), the Company has also entered into a deed with each of the Directors to regulate certain matters between the Company and each Director, both during the time the Director holds office and after the Director ceases to be an officer of the Company, including the following matters:

(i) The Company's obligation to indemnify a Director for liabilities or legal costs incurred as an officer of the Company (to the extent permitted by the Corporations Act);

(ii) Subject to the terms of the deed and the Corporations Act, the Company may advance monies to the Director to meet any costs or expenses of the Director incurred in circumstances relating to the indemnities provided under the deed and prior to the outcome of any legal proceedings brought against the Director; and

Shareholders have approved the entry into such deeds by the Company.

AUDITOR

Details of the amounts paid or payable to the auditor for audit and non-audit services provided during the financial year are set our below:

Audit & Review Fees $	Fees for Other Services $	Total $
42,664	4,455	47,119

The Board is satisfied that the provision of non audit services by the auditor during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001.* The Board is satisfied that the nature of the non-audit services disclosed above did not compromise the general principles relating to auditor independence as set out in the Institute of Chartered Accountants in Australia and APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

Stantons International continues in office in accordance with section 327B of the *Corporations Act 2001*.

AUDITORS' 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 24. This relates to the Audit Report, where the Auditors state that they have issued an independence declaration.

LEGAL PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of a court to bring proceedings on behalf of the Consolidated Entity or intervene in any proceedings to which the Consolidated Entity is a party for the purpose of taking responsibility on behalf of the Consolidated Entity for all or any part of such proceedings. The Consolidated Entity was not a party to any such proceedings during and since the financial year.

DIRECTORS' REPORT

EVENTS SUBSEQUENT TO BALANCE DATE

The Directors are not aware of any matters or circumstances at the date of this Directors' Report, other than those referred to in this Directors' Report (in particular, in Review of Operations) or the financial statements or notes thereto (in particular Subsequent Events Note 26), that have significantly affected or may significantly affect the operations, the results of operations or the state of affairs of the Company and Consolidated Entity in subsequent financial years.

Signed for and on behalf of the Directors in accordance with a resolution of the Board.

John Stephenson Chairman	Shanker Madan Managing Director

21 September 2007

Stantons International

ABN 41 103 088 697

LEVEL 1, 1 HAVELOCK STREET
WEST PERTH WA 6005, AUSTRALIA
PH: 61 8 9481 3188 • FAX: 61 8 9321 1204
www.stantons.com.au

21 September 2007

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

Dear Directors

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 audit of the financial statements of Strike Resources Limited for the year ended 30 June 2007, 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 audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

STANTONS INTERNATIONAL
(Authorised Audit Company)

John Van Dieren
Director

INCOME STATEMENT
for the year ended 30 June 2007

	Note	Consolidated Entity 2007 $	Consolidated Entity 2006 $	Company 2007 $	Company 2006 $
Sales revenue	2	-	28	-	28
Cost of sales		297	(10,359)	297	(10,359)
Gross Profit		297	(10,331)	297	(10,331)
Other income	2	8,148,982	69,017	8,148,655	68,810
Occupancy costs		(33,818)	(12,769)	(33,818)	(12,769)
Personnel costs					
- Directors' and employees' options		(2,687,534)	-	(2,687,534)	-
- Cash remuneration		(779,860)	(254,321)	(628,717)	(254,321)
- Provision for employee benefits		(123,618)	(20,760)	(110,383)	(20,760)
Finance costs		(7,316)	(3,335)	(6,154)	(2,218)
Borrowing costs		(401)	(7,022)	(401)	(5,522)
Foreign exchange losses		(274,878)	-	(261,175)	-
Corporate costs					
- Writeback of provision for impairment of share investments		-	96,644	-	93,992
- Provision for non recovery of subsidiary and associate loans		-	-	(715,110)	(795,715)
- Resource projects:					
Acquisition of resource projects expensed		(63,098)	(527,552)	(36,126)	(412,413)
Exploration and evaluation		(440,333)	(799,696)	(285,039)	(179,681)
- Loss on sale of share investments		-	(87,583)	-	(87,583)
- Other		(1,095,743)	(251,277)	(944,504)	(221,031)
Administration costs		(207,171)	(39,289)	(207,128)	(39,289)
Share of Associates' Losses		(105,433)	-	-	-
Profit / (Loss) before income tax		2,330,076	(1,848,274)	2,232,863	(1,878,831)
Income tax expense		-	-	-	-
Profit / (Loss) from continuing operations		2,330,076	(1,848,274)	2,232,863	(1,878,831)
Loss from discontinued operations	5	-	(360,736)	-	(361,932)
Profit / (Loss) for the year		2,330,076	(2,209,010)	2,232,863	(2,240,763)
Basic earnings / (loss) per share (cents)	7	4.06	(5.64)	3.89	(5.72)
Diluted earnings / (loss) per share (cents)	7	3.14	(5.64)	3.01	(5.72)

The accompanying notes form part of this financial report

BALANCE SHEET
as at 30 June 2007

		Consolidated Entity		Company	
		2007	2006	2007	2006
	Note	$	$	$	$
CURRENT ASSETS					
Cash and cash equivalents	8	18,358,891	1,309,813	18,285,436	1,275,224
Trade and other receivables	10	170,123	43,653	72,465	42,195
Other	11	-	492	-	492
TOTAL CURRENT ASSETS		18,529,014	1,353,958	18,357,901	1,317,911
NON CURRENT ASSETS					
Property, plant and equipment	12	70,396	51,738	59,943	51,738
Other financial assets	13	977,877	475,287	19,563,406	475,387
Investments accounted for using equity method	14	11,563,736	-	-	-
Internet technologies	15	-	-	-	-
Resource projects	16	7,681,546	-	106,044	-
TOTAL NON CURRENT ASSETS		20,293,555	527,025	19,729,393	527,125
TOTAL ASSETS		38,822,569	1,880,983	38,087,294	1,845,036
CURRENT LIABILITIES					
Trade and other payables	17	366,711	136,470	119,818	136,470
Current provisions	18	132,680	42,492	122,896	42,492
TOTAL CURRENT LIABILITIES		499,391	178,962	242,714	178,962
NON CURRENT LIABILITIES					
Non current provisions	18	33,429	-	29,979	-
TOTAL NON CURRENT LIABILITIES		33,429	-	29,979	-
TOTAL LIABILITIES		532,820	178,962	272,693	178,962
NET ASSETS		38,289,749	1,702,021	37,814,601	1,666,074
EQUITY					
Contributed equity	19	51,078,281	19,848,109	51,078,281	19,848,109
Reserves	20	2,932,878	248,255	2,932,878	247,386
Accumulated losses		(16,064,267)	(18,394,343)	(16,196,558)	(18,429,421)
Parent interest		37,946,892	1,702,021	37,814,601	1,666,074
Minority equity interest		342,857	-	-	-
TOTAL EQUITY		38,289,749	1,702,021	37,814,601	1,666,074

The accompanying notes form part of this financial report

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2007

	Issued Capital	Reserves	Accumulated Losses	Reserves	Total
Consolidated Entity	$	$	$	$	$
At 1 July 2005	16,414,372	-	(16,185,333)		229,039
Loss for the year	-	-	(2,209,010)		(2,209,010)
Foreign currency translation differences	-	869	-		869
Options reserve	-	247,386	-		247,386
Settlement of Portal Classification Agreement	419,316	-	-		419,316
Share placement	229,000	-	-		229,000
Share placement	971,000	-	-		971,000
Acquisition of resource project	28,000	-	-		28,000
1 for 3 share conversion	-	-	-		-
Share offer	1,500,000	-	-		1,500,000
Share issue expenses	(120,116)	-	-		(120,116)
Acquisition of resource projects	333,333	-	-		333,333
Option conversion ($0.20 (30 June 2008))	73,204	-	-		73,204
At 30 June 2006	19,848,109	248,255	(18,394,343)	-	1,702,021
At 1 July 2006	19,848,109	248,255	(18,394,343)		1,702,021
Gain for the year	-	-	2,330,076		2,330,076
Movement in minority interest	-	-	-	342,857	342,857
Options reserve	-	2,684,623	-		2,684,623
Share placement	3,000,001	-	-		3,000,001
Share purchase plan issue	7,419,000	-	-		7,419,000
Share placement	15,120,000	-	-		15,120,000
Acquisition of subsidiary	4,884,331	-	-		4,884,331
Share issue expenses	(1,185,004)	-	-		(1,185,004)
Option conversion ($0.20 (30 June 2008))	1,991,844	-	-		1,991,844
At 30 June 2007	51,078,281	2,932,878	(16,064,267)	342,857	38,289,749
Company					
At 1 July 2005	16,414,372	-	(16,188,658)		225,714
Loss for the year	-	-	(2,240,763)		(2,240,763)
Options reserve	-	247,386	-		247,386
Settlement of Portal Classification Agreement	419,316	-	-		419,316
Share placement	229,000	-	-		229,000
Share placement	971,000	-	-		971,000
Acquisition of resource project	28,000	-	-		28,000
1 for 3 share conversion	-	-	-		-
Share offer	1,500,000	-	-		1,500,000
Share issue expenses	(120,116)	-	-		(120,116)
Acquisition of resource projects	333,333	-	-		333,333
Option conversion ($0.20 (30 June 2008))	73,204	-	-		73,204
At 30 June 2006	19,848,109	247,386	(18,429,421)	-	1,666,074
At 1 July 2006	19,848,109	247,386	(18,429,421)		1,666,074
Gain for the year	-	-	2,232,863		2,232,863
Options reserve	-	2,685,492	-		2,685,492
Share placement	3,000,001	-	-		3,000,001
Share purchase plan issue	7,419,000	-	-		7,419,000
Share placement	15,120,000	-	-		15,120,000
Acquisition of subsidiary	4,884,331	-	-		4,884,331
Share issue expenses	(1,185,004)	-	-		(1,185,004)
Option conversion ($0.20 (30 June 2008))	1,991,844	-	-		1,991,844
At 30 June 2007	51,078,281	2,932,878	(16,196,558)	-	37,814,601

The accompanying notes form part of this financial report

CASH FLOW STATEMENT

for the year ended 30 June 2007

	Note	Consolidated Entity 2007 $	Consolidated Entity 2006 $	Company 2007 $	Company 2006 $
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		-	8,235	-	28
Payments to suppliers and employees		(1,980,237)	(786,029)	(2,662,836)	(1,549,405)
Payments for exploration and evaluation expenditure		(1,013,718)	(827,907)	(380,380)	(203,234)
Payments for acquisition of resource projects		-	(164,996)	-	(49,857)
Dividends received		30,996	19,286	30,996	19,286
Interest received		369,946	49,733	369,370	49,525
Interest paid		(401)	(7,022)	(401)	(5,522)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	8 a	(2,593,414)	(1,708,700)	(2,643,251)	(1,739,179)
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for plant and equipment		(36,389)	(16,583)	(25,936)	(16,583)
Proceeds from sale of plant and equipment		1,898	-	1,898	-
Payments for Internet Technologies		-	(142,189)	-	(142,189)
Payments for share investments		(6,513,247)	-	(6,513,598)	-
Receipts from return of capital		-	7,318	-	7,318
Proceeds from sale of investments		65,151	209,715	65,151	209,715
NET CASH (OUTFLOW)/INFLOW FROM INVESTING ACTIVITIES		(6,482,587)	58,261	(6,472,485)	58,261
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		-	150,000	-	150,000
Repayment for borrowings		34,573	(150,000)	34,573	(150,000)
Proceeds from share issues and options		27,530,845	3,025,373	27,530,845	3,025,373
Payment for share/option issue costs		(1,187,047)	(120,116)	(1,187,047)	(120,116)
Payment for unmarketable parcels		-	(71)	-	(71)
NET CASH INFLOW FROM FINANCING ACTIVITIES		26,378,371	2,905,186	26,378,371	2,905,186
NET INCREASE IN CASH AND CASH EQUIVALENTS HELD		17,302,370	1,254,747	17,262,635	1,224,268
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		(253,292)	869	(252,423)	-
CASH AND CASH EQUIVALENTS AT END OF YEAR	8	18,358,891	1,309,813	18,285,436	1,275,224

The accompanying notes form part of this financial report

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

The financial report includes separate financial statements for Strike Resources Limited (**SRK**) as an individual parent entity (the **Company**) and the consolidated entity consisting of Strike Resources Limited, its subsidiaries and its interest in associate entities. Strike Resources Limited is a company limited by shares, incorporated and domiciled in Australia.

These financial statements were approved by the Company's Board of Directors on 21 September 2007.

Basis of Preparation

The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business. The going concern of the consolidated entity is dependant upon it maintaining sufficient funds for its operations and commitments. The directors continue to monitor the ongoing funding requirements of the consolidated entity. The directors are confident that sufficient funding can be secured if required to enable the consolidated entity to continue as a going concern and as such are of the opinion that the financial report has been appropriately prepared on a going concern basis.

Statement of Compliance

The financial report (comprising the financial statements and notes thereto) is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of Australian Accounting Standards Board (AASB), Urgent Issues Group Interpretations and the Corporations Act 2001. Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the consolidated financial statements and notes of SRK comply with International Financial Reporting Standards (IFRS).

The Company's financial statements and notes also complies with the IFRS except that it has elected to apply the relief provided to parent entities in respect to certain disclosure requirements relating to *AASB 132: Financial Instruments: Disclosure and Presentation*, and *AASB 139: Financial Instruments: Recognition and Measurement*.

Basis of measurement

The financial report has been prepared on an accruals basis and is based on historical costs, modified by the revaluation of financial assets and financial liabilities at fair value basis of accounting through profit or loss has been applied.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated Entity's accounting policies. Estimates and underlying assumptions are reviewed on an ongoing basis. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are:

- Carrying value of Mineral Exploration and Evaluation Expenditure;
- Fair value of unlisted financial assets and Director/Employee Options;
- Impairment of assets

1.1. Principles of Consolidation

A controlled entity is any entity the Company has the power to control the financial and operating policies of so as to obtain benefits from its activities. A list of controlled entities is contained in note 13 to the financial statements. All controlled entities have a June financial year-end. All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the Company.

1.2. Investments in Associates

Investments in associates are accounted for in the consolidated financial statements using the equity method. Under this method, the consolidated entity's share of the post-acquisition profits or losses of associates is recognised in the consolidated income statement, and its share of post-acquisition movements in reserves is recognised in consolidated reserves. The cumulative post-acquisition movements are adjusted against the cost of the investment. Associates are those entities over which the consolidated entity exercises significant influence, but not control. A list of associates is contained in note 14 to the financial statements. All controlled entities have a June financial year-end.

1.3. Mineral Exploration and Evaluation Expenditure

Exploration, evaluation and development expenditure incurred is accumulated (i.e. capitalised) in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence or otherwise of economically recoverable reserves. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

Under AASB 6 "Exploration for and Evaluation of Mineral Resources", if facts and circumstances suggest that the carrying amount of any recognised exploration and evaluation assets may be impaired, the Company must perform impairment tests on those assets and measure any impairment in accordance with AASB 136 "Impairment of Assets". Any impairment loss is to be recognised as an expense. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

1.4. Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments. The consolidated entity's segment reporting is contained in note 22 of the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

1.5. Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the consolidated entity and the revenue can be reliably measured. All revenue is stated net of the amount of goods and services tax (GST). The following specific recognition criteria must also be met before revenue is recognised:

(a) Sale of Goods and Disposal of Assets
Revenue from the sale of goods and disposal of other assets is recognised when the consolidated entity has passed control of the goods or other assets to the buyer.

(b) Contributions of Assets
Revenue arising from the contribution of assets is recognised when the consolidated entity gains control of the asset or the right to receive the contribution.

(c) Interest Revenue
Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

(d) Dividend Revenue
Dividend revenue is recognised when the right to receive a dividend has been established. The consolidated entity brings dividend revenue to account on the applicable ex-dividend entitlement date.

(e) Other Revenues
Other revenues are recognised on a receipts basis.

1.6. Foreign Currency Transaction and Balances

Functional and presentation currency

The functional currency of each entity within the consolidated entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge. Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

Group companies

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

(a) assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;

(b) income and expenses are translated at average exchange rates for the period; and

(c) retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the consolidated entity's foreign currency translation reserve in the balance sheet. These differences are recognised in the income statement in the period in which the operation is disposed.

1.7. Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the notional income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses (if applicable).

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The amount of deferred tax assets benefits brought to account or which may be realised in the future, is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

1.8. Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST. Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

investing and financing activities, which are disclosed as operating cash flows.

1.9. Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Employer superannuation contributions are made by the consolidated entity in accordance with statutory obligations and are charged as an expense when incurred.

1.10. Director/Employee Options

The fair value of options granted by the Company to directors and employees is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the directors/employees become unconditionally entitled to the options. The fair value at grant date is determined using the binomial tree options valuation model that takes into account the exercise price, the term of the option, the vesting criteria, the unlisted nature of the option, the share price at grant date and the expected price volatility of the underlying shares in the Company, and the risk-free interest rate for the term of the option. Upon the exercise of options, the balance of the reserve relating to those options is transferred to share capital.

1.11. Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts (if any) are shown within short-term borrowings in current liabilities on the balance sheet.

1.12. Receivables

Trade receivables and other receivables are recorded at amounts due less any provision for doubtful debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when considered non-recoverable.

1.13. Investments and Other Financial Assets

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss - A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: *Recognition and Measurement of Financial Instruments*. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Loans and receivables - Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments - These investments have fixed maturities, and it is the consolidated entity's intention to hold these investments to maturity. Any held-to-maturity investments held by the consolidated entity are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets - Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities - Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

At each reporting date, the consolidated entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

1.14. Fair Value Estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the consolidated entity is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined using valuation techniques. The consolidated entity may use a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the consolidated entity for similar financial instruments.

1.15. Property, Plant and Equipment

All property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present value in determining recoverable amount.
Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Consolidated Entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

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

Class of Fixed Asset	Depreciation Rate	Depreciation Method
Plant and Equipment	15-40%	Diminishing Value
Leasehold Improvements	15%	Diminishing Value

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

1.16. Impairment of Assets

At each reporting date, the consolidated entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement. Impairment testing is performed annually for goodwill and intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.17. Payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

1.18. Issued Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

1.19. Earnings Per Share

Basic Earnings per share is determined by dividing the operating result after income tax by the weighted average number of ordinary shares on issue during the financial period.

Diluted Earnings per share adjusts the figures used in the determination of basic earnings per share by taking into account amounts unpaid on ordinary shares and any reduction in earnings per share that will probably arise from the exercise of options outstanding during the financial period.

1.20. Research and Development Costs

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably. Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

1.21. Discontinued Operations

A discontinued operation is a component of the Consolidated Entity's business that represents a separate major line of business that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria ti be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is restates as if the operation had been discontinued from the start of the comparative period.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

1.22 New Standards and Interpretations Released and Adopted

These new standards and interpretations have no impact on the financial statements and the associated notes to the financial statements.

AASB reference	Title and Affected Standard(s):	Applies to:	Application date:
AASB 101 (revised Oct 2006)	Presentation of Financial Statements	Removes Australian specific paragraphs (economic dependence and where functional currency is different to presentation currency) and example formats for balance sheet and income statement in appendix.	Periods commencing on or after 1 January 2007
AASB 2007-1 (issued Feb 2007)	Amendments to Australian Accounting Standards arising from AASB Interpretation 11 [AASB 2]	Consequential amendments to AASB 2: Share-based Payment arising from AASB Interpretation 11: AASB 2 – Group and Treasury Share Transactions. Affects equity transactions with employees whether shares given by / issued by shareholders or apparent entity.	Periods commencing on or after 1 March 2007
AASB 2007-4 (issued Apr 2007)	Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments [AASB 1, 2, 3, 4, 5, 6, 7, 102, 107, 108, 110, 112, 114, 116, 117, 118, 119, 120, 121, 127, 128, 129, 130, 131, 132, 133, 134, 136, 137, 138, 139, 141, 1023 & 1038]	Implements the proposals in ED 151: Australian additions to, and Deletions from, IFRSs. Changes to 34 standards. Introduction of new accounting policy choices and removal of various Australian-specific disclosure requirements (internationalising specific Australian treatments). Allows choice of reporting in cash flow statement from direct only to now include indirect, proportionate consolidation now allowed for joint ventures, tax reconciliation can now be done on tax rate basis, and changes to accounting for government grants.	Periods commencing on or after 1 July 2007
AASB Interpretation 10 (issued Sept 2006)	Interim Financial Reporting and Impairment AASB 134: Interim Financial Reporting, AASB 136: Impairment of Assets, and AASB 139: Financial Instruments: Recognition and Measurement	Prevents the reversal of impairment losses between interim and final reporting periods in respect of goodwill, investments in equity instruments, and financial assets carried at cost because fair value cannot be reliably determined.	Periods commencing on or after 1 November 2006
AASB Interpretation 11 (issued Feb 2007)	AASB 2 – Group and Treasury Share Transactions	Addresses the classification of a share-based payment transaction (as equity or cash settled) under AASB 2: Share-based Payment. It clarifies that when an entity's employees are granted rights to the entity's equity instruments either by the entity or its shareholders, the transactions are accounted for as equity-settled transactions. It also specifies the accounting in a subsidiary's financial statements for share-based payment arrangements involving equity instruments of the parent.	Periods commencing on or after 1 March 2007

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

1.23 New Standards and Interpretations Released But Not Yet Adopted.

These new standards and interpretations have no impact on the financial statements and the associated notes to the financial statements.

AASB reference	Title and Affected Standard(s):	Applies to:	Application date:
AASB 7 (issued Aug 2005)	Financial Instruments: Disclosures	Significant new disclosures of financial instruments – replaces and expands parts of AASB 132. This new standard affects disclosure only and will have no impact on accounting policies.	Periods commencing on or after 1 January 2007
AASB 2005-10 (issued Sept 2005)	Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]	Changes to AASB 132 and 9 other standards arising from the issue of AASB 7 (see above). Amends AASB 101 to require the disclosure of the entity's objectives, policies and processes for managing capital (for reporting entities under Part 2M.3 of the Corps Act).	Periods commencing on or after 1 January 2007
AASB 2007-2 (issued Feb 2007)	Amendments to Australian Accounting Standards arising from AASB Interpretation 12 [AASB 1, AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 131 & AASB 139]	Consequential amendments to 8 standards arising from AASB Interpretation 12: Service Concession Arrangements	Periods commencing on or after 1 January 2008
AASB 8 (issued Feb 2007)	Operating Segments	Disclosure of operating segments – replaces AASB 114: Segment Reporting. Applies to listed entities and similar only. Early adoption is permitted and likely to occur for many unlisted reporting entities to avoid segment reporting disclosures. Significantly changes the way segment information is given.	Periods commencing on or after 1 January 2009
AASB 2007-3 (issued Feb 2007)	Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038]	Changes to 10 standards arising from the issue of AASB 8 (see above)	Periods commencing on or after 1 January 2009
AASB 2007-7 (issued Jun 2007)	Amendments to Australian Accounting Standards [AASB 1, AASB 2, AASB 4, AASB 5, AASB 107 & AASB 128]	Makes editorial amendments to six Standards, removes the encouragement in AASB 107: Cash Flow Statements to adopt a particular format for the cash flow statement and deletes superseded implementation guidance accompanying AASB 4 Insurance Contracts.	Periods commencing on or after 1 July 2007
AASB Interpretation 12 (issued Feb 2007)	Service Concession Arrangements (recognition and measurement)	Addresses the accounting principles on recognising and measuring obligations and related rights for Service Concession Arrangements under which private sector entities participate in the development, financing, operation and maintenance of infrastructure for the provision of public services e.g. toll roads, airports	Periods commencing on or after 1 January 2008
AASB Int 129 (issued Feb 2007)	Service Concession Arrangements: Disclosures [revised]	Addresses the appropriate disclosures for Service Concession Arrangements e.g. toll roads, airports	Periods commencing on or after 1 January 2008
AASB Interpretation 4 (revised Feb 2007)	Determining whether an Arrangement contains a Lease [revised]	Determining whether an Arrangement contains a Lease. Treats lease-like arrangements as leases. The Interpretation's scope has been amended to exclude service concession arrangements because these are now covered by AASB Interpretation 12.	Periods commencing on or after 1 January 2008

Notes to the Financial Statements
for the year ended 30 June 2007

2. PROFIT /(LOSS) FOR THE YEAR

The operating profit/ (loss) before income tax includes the following items of revenue and expense. The revenues and expenses are inclusive of the loss from discontinued operations in Note 5.

	Note	Consolidated Entity 2007 $	Consolidated Entity 2006 $	Company 2007 $	Company 2006 $
(a) Revenue					
Sales revenue		-	5,895	-	28
Other income					
Interest received - other		369,946	49,732	369,620	49,525
Gain on sale of associate	2(c)	65,151	-	65,151	-
Gain on sale of subsidiaries	2(c)	6,748,343	-	6,748,343	-
Write back of acquisition of resource projects		431,955	-	431,955	-
Unrealised gains from listed investments		502,591	-	502,591	-
Dividends from share investments		30,996	19,285	30,995	19,285
		8,148,982	69,017	8,148,655	68,810
Total revenue		8,148,982	74,912	8,148,655	68,838
(b) Expenses					
Cost of sales		(297)	14,995	(297)	10,765
Operating expenses					
Classification and development works		-	3,700,119	-	3,699,678
Occupancy costs		33,818	12,769	33,818	12,769
Finance costs		7,316	3,335	6,154	2,218
Borrowing costs - interest paid		401	7,022	401	5,522
Foreign exchange losses		274,878	-	261,175	-
Administration costs					
Communication		20,396	10,488	20,353	10,488
Consultancy fees		186,775	28,801	186,775	28,801
Corporate costs					
Exploration and evaluation		440,333	799,696	285,039	179,681
Acquisition of resource projects impairment		63,098	527,552	36,126	412,413
Travel and incidentals		384,879	92,963	384,879	92,963
Professional fees		318,035	52,795	296,315	29,910
Loss on shares investments sold		-	87,583	-	87,583
Depreciation		15,833	12,517	15,833	12,517
Directors' and employees' options		2,687,534	-	2,687,534	-
Personnel costs - cash remuneration		779,860	254,321	628,717	254,321
Provision for employee benefits		123,618	20,760	110,383	20,760
Writeback of provision for impairment of share investments		-	(96,644)	-	(93,992)
Provision for non recovery of subsidiary loans		-	-	715,110	795,715
Write back of previous amortisation of Internet Technologies		-	(3,338,152)	-	(3,338,152)
Write off obsolete assets		-	4,392	-	4,392
Other corporate expenses		376,996	88,610	247,477	81,249
Share of Associates' Losses		105,433	-	-	-
		5,818,906	2,283,922	5,915,792	2,309,601

(c) The gains on disposal of subsidiaries and associate were as follows:

	Consolidated Entity 2007 $	Consolidated Entity 2006 $	Company 2007 $	Company 2006 $
Proceeds on disposal of associate	65,151	-	65,151	-
Cost of associate sold	-	-	-	-
	65,151	-	65,151	-
Proceeds on disposal of subsidiaries	7,187,500	-	7,187,500	-
Cost of subsidiaries sold	(439,157)	-	(439,157)	-
	6,748,343	-	6,748,343	-

Notes to the Financial Statements
for the year ended 30 June 2007

	Consolidated Entity		Company	
	2007	2006	2007	2006
3. INCOME TAX EXPENSE	$	$	$	$
(a) The prima facie income tax on profit/ (loss) from ordinary activities before income tax is reconciled to the income tax provided in the accounts as follows:				
Profit /(Loss) before income tax	2,330,076	(2,209,010)	2,232,863	(2,240,763)
Prima facie tax payable on profit /(loss) from ordinary activities before income tax at 30% (2006:30%)	699,023	(662,703)	669,859	(672,229)
Tax effect of permanent differences				
Write back of previous amortisation of Internet Technologies	-	(1,001,446)	-	(1,001,446)
Assessable income	3,985	2,480	3,985	2,480
Other non deductible expenses	778,470	83,211	778,470	83,211
Tax effect of timing differences				
Gain on sale of subsidiaries subject to scrip for scrip rollover	(2,024,503)	-	(2,024,503)	-
Unrealised gain from investments	(150,777)	(28,993)	(280,152)	(28,198)
Provision for non recovery of subsidiary loans	-	-	214,533	238,715
Provision for employee entitlements	37,085	6,228	33,115	6,228
Other provisions	4,800	(5,100)	4,800	(5,100)
Software write off	(730,471)	689,420	(730,471)	689,420
Unrealised foreign exchange gain	75,727	-	75,727	-
Capitalised exploration expenditure	(126,834)	-	(31,813)	-
Diminution of Altera Capital Ltd investment	-	-	(308,909)	308,762
Tax losses not brought to account as future income tax benefits	1,433,495	916,903	1,595,359	378,157
Income tax attributable to operating profit	-	-	-	-
The applicable weighted average effective tax rates are	-	-	-	-
(b) Deferred Tax Asset (at 30%) not brought to account				
On Income Tax Account				
Provisions	31,539	16,420	358,037	17,548
Other	1,125,811	490,150	1,125,811	490,150
Carry forward tax losses (Note (i) below)	4,685,970	3,531,542	4,618,221	3,301,928
	5,843,320	4,038,112	6,102,069	3,809,626
Gain on sale of subsidiaries subject to scrip for scrip rollover	(2,024,503)	-	(2,024,503)	-
Capitalised exploration expenditure	(126,834)	-	(31,813)	-
	3,691,983	4,038,112	4,045,753	3,809,626
On Capital Account				
Carry forward tax losses (Note (ii) below)	314,794	35,727	314,794	35,727

(i) Comparative of carry forward losses amended from $2,882,129 for company and for consolidated entity to reflect losses per 2006 tax returns

(ii) Comparative of carry forward losses amended from $9,452 for company and for consolidated entity to reflect losses per 2006 tax returns

(iii) The Deferred Tax Asset not brought to account for the 2007 year will only be obtained if:

- the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit to be realised;
- the Company continues to comply with the conditions for deductibility imposed by tax legislation; and
- the Company is able to meet the continuity of ownership and/or continuity of business tests.

Notes to the Financial Statements
for the year ended 30 June 2007

4. DIRECTORS' AND EXECUTIVES' DISCLOSURE

(a) Details of key management personnel (consolidated)

Directors

John Stephenson	Non-Executive Chairman
H.Shanker Madan	Managing Director
Farooq Khan	Executive Director
Victor Ho	Executive Director & Company Secretary
William Johnson	Executive Director (Appointed on 14 July 2006)
Malcolm Richmond	Non-Executive Director (Appointed on 25 October 2006)

Executives

The Consolidated Entity does not have any key executives (other than Executive Directors).

(b) Compensation of key management personnel (consolidated)

	Consolidated Entity		Company	
	2007	2006	2007	2006
Directors	$	$	$	$
Short-term employee benefits - cash fees	421,951	177,040	421,951	177,040
Post-employment benefits - superannuation	168,402	64,081	168,402	64,081
Long-term benefits	-	-	-	-
Share-based payments	2,571,797	-	2,571,797	-
	3,162,150	241,121	3,162,150	241,121

The Company has taken advantage of the relief provided by Corporations Regulation 2M.6.04 and has transferred the detailed remuneration disclosures to the directors' report. The relevant information can be found in the remuneration report on pages 17 to 22.

(c) Options provided as remuneration and shares issued on exercise of such options

Details of options provided as remuneration are disclosed in the remuneration report on pages 17 to 22.

There were no shares issued on the exercise of these options during the financial year.

(d) Number of shares held by key management personnel (consolidated)

Directors	Balance at 1.7.06	Balance at Appointment	Net Change Other *	Balance at 30.6.07
John Stephenson	50,000		150,000	200,000
H.Shanker Madan	333,333		360,172	693,505
Farooq Khan	12,297,811		(4,325,281)	7,972,530
Victor Ho	25,000		179,334	204,334
William Johnson		-	-	-
Malcolm Richmond		-	102,460	102,460

* Net Change Other refers to net shares purchased, sold or listed $0.20 (30 June 2008) options exercised during the year

(e) Number options held by key management personnel (consolidated)

Unlisted Directors Options'	Balance at 1.7.06	Balance at Appointment	Granted as Compensation	Net Change Other *	Balance at 30.6.07	Vested & Exercisable	Unvested
John Stephenson	-		1,150,000	-	1,150,000	345,000	805,000
H.Shanker Madan	-		2,750,000	-	2,750,000	825,000	1,925,000
Farooq Khan	-		2,100,000	-	2,100,000	630,000	1,470,000
Victor Ho	-		950,000	-	950,000	285,000	665,000
William Johnson		-	850,000	-	850,000	255,000	595,000
Malcolm Richmond		-	1,100,000	-	1,100,000	330,000	770,000

* No options were exercised, forfeited or transferred during the year

Notes to the Financial Statements
for the year ended 30 June 2007

(f) Number options held by key management personnel (consolidated) (continued)

Listed $0.20 (30 June 2008) Options	Balance at 1.7.06	Balance at Appointment	Net Change Other *	Balance at 30.6.07
John Stephenson	148,000		(148,000)	-
H.Shanker Madan	456,667		(456,667)	-
Farooq Khan	6,623,069		(98,336)	6,524,733
Victor Ho	188,501		(186,834)	1,667
William Johnson		88,000	(88,000)	-
Malcolm Richmond		-	-	-

* Net Change Other refers to net options purchased, sold or exercised during the year

The disclosures of equity holdings in (c) above and (d) below are in accordance with the accounting standards which requires a disclosure of direct and indirect holdings of spouses, relatives, spouses of relatives and entities under the control or significant influence of each of the same.

(g) Loans to key management personnel

There were no loans to key management personnel (or their personally related entities) during the financial year.

(h) Other transactions with key management personnel

There were no transactions with key management personnel (or their personally related entities) during the financial year.

5. 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 out below.
In subsequent years, the consolidated entity may incur expenses for servicing existing clients until the expiry of their licences. The amount and volume of such service expenses is not expected to be material.

Financial information relating to the discontinued operations, which has been incorporated into the Income Statement, is as follows:	Consolidated Entity 2007 $	Consolidated Entity 2006 $	Company 2007 $	Company 2006 $
Revenue	-	5,867	-	-
Expenses	-	(366,603)	-	(361,932)
Loss before income tax	-	(360,736)	-	(361,932)
Income tax expense	-	-	-	-
Loss after income tax	-	(360,736)	-	(361,932)
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:	2007 $	2006 $	2007 $	2006 $
Net cash outflow from operating activities	-	(7,020)	-	(43,316)
Net cash outflow from investing activities	-	(142,189)	-	(15,227)
Net decrease in cash from businesses	-	(149,209)	-	(58,543)

Notes to the Financial Statements
for the year ended 30 June 2007

6. AUDITORS' REMUNERATION	Consolidated Entity		Company	
	2007	2006	2007	2006
Amounts received or due and receivable by the Consolidated Entity's auditors for:	$	$	$	$
Auditor of the parent entity				
Audit and review of financial reports	42,664	14,111	42,664	14,111
Other services - tax compliance	4,455	2,015	4,455	2,015
	47,119	16,126	47,119	16,126

7. EARNINGS / (LOSSES) PER SHARE	Consolidated Entity		Company	
	2007	2006	2007	2006
Basic earnings / (losses) per share (cents)	4.06	(5.64)	3.89	(5.72)
Diluted earnings / (losses) per share (cents)	3.14	(5.64)	3.01	(5.72)
Net Profit (Loss)	2,330,076	(2,209,010)	2,232,863	(2,240,763)
Weighted average number of ordinary shares outstanding during the year used in calculation of basic earnings per share	57,370,679	39,197,665	57,370,679	39,197,665
Weighted average number of options outstanding	16,796,812	26,869,141	16,796,812	26,869,141
	74,167,491	66,066,806	74,167,491	66,066,806

8. CASH AND CASH EQUIVALENTS	Consolidated Entity		Company	
	2007	2006	2007	2006
	$	$	$	$
Cash at bank	1,209,844	1,299,813	1,136,389	1,265,224
Term deposit	3,723,202	10,000	3,723,202	10,000
Bank bills	13,425,845	-	13,425,845	-
	18,358,891	1,309,813	18,285,436	1,275,224
(a) Reconciliation of Profit/(Loss) after Tax to Net Cash Flows from Operations				
Operating profit/(loss) after tax	2,330,076	(2,209,010)	2,232,863	(2,240,763)
Non cashflows in profit/(loss) from ordinary activities				
Depreciation - plant & equipment	15,833	12,517	15,833	12,517
Foreign exchange losses	252,424	-	252,424	-
Write off obsolete assets	-	4,392	-	4,392
Classification and development works	-	3,693,346	-	3,693,346
Loss/(Gain) on sale of investments	(65,151)	87,583	(65,151)	87,583
Gain on sale of subsidiaries	(6,748,343)	-	(6,748,343)	-
Write back of acquisition of resource projects	(431,955)	-	(431,955)	-
Acquisition of resource projects impairment	63,098	-	36,126	-
Provision for diminution - share investments	-	(96,644)	-	(93,992)
Provision/(write back) for non recovery of subsidiary and associate loans	-	-	715,110	795,715
Write back of previous amortisation of Internet Technologies	-	(3,338,152)	-	(3,338,152)
Unrealised gain from investments	(502,591)	-	(502,591)	-
Equity share of Associate's losses	105,433	-	-	-
Directors' and Employee options	2,687,534	-	2,687,534	-
Acquisition of resource projects through issue of shares		361,333		361,333
Decrease/(Increase) in assets:				
Receivables	(161,041)	(32,778)	(779,952)	(829,871)
Prepayments	492	(492)	492	(492)
Resource projects	(493,082)	-	(149,373)	-
Increase/(Decrease) in liabilities:				
Trade creditors and accruals	230,242	(211,555)	(16,651)	(211,555)
Provisions	123,617	20,760	110,383	20,760
Net cash outflows from operating activities	(2,593,414)	(1,708,700)	(2,643,251)	(1,739,179)

Notes to the Financial Statements
for the year ended 30 June 2007

8. CASH AND CASH EQUIVALENTS (continued)

(b) Disclosure of Non-Cash Financing and Investing Activities

On 18 May 2007, the Company completed the sale of its uranium tenement interests in Peru, the Northern Territory and Western Australia which were held in the subsidiary companies Strike Uranium Peru Pty Ltd and Strike Uranium Pty Ltd to Alara Uranium Limited (Alara) (ASX Code: AUQ) in consideration for 28.75 million Alara shares. After successfully completing a $10 million Initial Public Offering (IPO) (at $0.25 per share) in May 2007, Alara was admitted to the Official List of the ASX and AUQ shares commenced trading on ASX on 24 May 2007.

On 5 April 2007, the Company issued 3,000,000 fully paid shares in lieu of (at its election) making a US$4m cash payment to the shareholders of Iron Associates Corporation as part of the consideration for the acquisition of a 70% interest in the same.

Options Remuneration

During the year, the Company issued a total number of 9,183,000 unlisted options to Directors and Employees. Further details are provided in Notes 20, 21 and 27.

9. GAINS IN INTERESTS OF CONTROLLED ENTITIES

Business combination

Between 7 February 2007 and 14 March 2007, the Company paid A$3.2m (US$2.5m) cash to the shareholders of Iron Associates Corporation as part consideration for the acquisition of a 70% interest in the same.
Furthermore, on 5 April 2007, the Company issued 3,000,000 fully paid shares in lieu of (at its election) making a US$4m cash payment to the vendors as part consideration.

The acquisition had the following effect on the consolidated entity's assets and liabilities on acquisition date:

	Pre-acquisition amounts
Net assets of subsidiary (less minority interest)	800,000
Excess of consideration for mining assets acquired (Note 16)	7,258,765
Consideration paid, satisfied in cash	(3,174,434)
Consideration paid, satisfied in shares	4,884,331

The excess of consideration of net assets acquired over the cost of the acquisition has been classified as interest in mining assets. The relevant mining assets are held in the associated company Apurimac Ferrum S.A. that is 27.6% owned by Iron Associates Corporation and 1.62% directly by Strike Resources Limited. Apurimac Ferrum S.A.'s main asset are the mineral concessions comprising of the Apurimac and Cuzco projects.

10. TRADE AND OTHER RECEIVABLES

	Consolidated Entity		Company	
	2007	2006	2007	2006
Current	$	$	$	$
Amounts receivable from				
Sundry debtors	80,569	2,187	58,370	2,187
Amounts owed by Associate companies	75,459	34,323	-	34,323
Goods and services tax recoverable	14,095	7,143	14,095	5,685
	170,123	43,653	72,465	42,195
Non Current				
Amounts receivable from				
Amounts owed by controlled entities	-	-	1,532,812	817,703
Provision for doubtful debt	-	-	(1,532,812)	(817,703)
	-	-	-	-

11. OTHER CURRENT ASSETS

Prepayment	-	492	-	492

Notes to the Financial Statements
for the year ended 30 June 2007

12. PROPERTY, PLANT AND EQUIPMENT

<u>2007 Consolidated</u>

	Plant and Equipment	Leasehold Improvements	Total
	$	$	$
At 1 July 2006, net of accumulated depreciation and impairment	43,921	7,817	51,738
Additions	36,389	-	36,389
Depreciation expense	(14,165)	(1,668)	(15,833)
Disposal of asset	(2,361)	-	(2,361)
Reversal of disposed assets' accumulated depreciation	463	-	463
At 30 June 2007, net of accumulated depreciation and impairment	64,247	6,149	70,396
At 1 July 2006			
Cost or fair value	154,589	21,788	176,377
Accumulated depreciation and impairment	(110,668)	(13,971)	(124,639)
Net carrying amount	43,921	7,817	51,738
At 30 June 2007			
Cost or fair value	184,547	25,858	210,405
Accumulated depreciation and impairment	(124,371)	(15,638)	(140,009)
Net carrying amount	60,176	10,220	70,396

<u>2007 Company</u>

	Plant and Equipment	Leasehold Improvements	Total
At 1 July 2006, net of accumulated depreciation and impairment	43,921	7,817	51,738
Additions	25,936	-	25,936
Depreciation expense	(14,165)	(1,668)	(15,833)
Disposal of asset	(2,361)	-	(2,361)
Reversal of disposed assets' accumulated depreciation	463	-	463
At 30 June 2007, net of accumulated depreciation and impairment	53,794	6,149	59,943
At 1 July 2006			
Cost or fair value	154,589	21,788	176,377
Accumulated depreciation and impairment	(110,668)	(13,971)	(124,639)
Net carrying amount	43,921	7,817	51,738
At 30 June 2007			
Cost or fair value	174,094	25,858	199,952
Accumulated depreciation and impairment	(124,371)	(15,638)	(140,009)
Net carrying amount	49,723	10,220	59,943

<u>2006 Consolidated and Company</u>

	Plant and Equipment	Leasehold Improvements	Total
At 1 July 2005, net of accumulated depreciation and impairment	38,113	9,196	47,309
Additions	21,338	-	21,338
Depreciation expense	(11,138)	(1,379)	(12,517)
Disposal of obsolete stock	(22,435)	-	(22,435)
Reversal of disposed assets' accumulated depreciation	18,043	-	18,043
At 30 June 2006, net of accumulated depreciation and impairment	43,921	7,817	51,738
At 1 July 2005			
Cost or fair value	155,686	21,787	177,473
Accumulated depreciation and impairment	(117,573)	(12,591)	(130,164)
Net carrying amount	38,113	9,196	47,309
At 30 June 2006			
Cost or fair value	154,589	21,788	176,377
Accumulated depreciation and impairment	(110,668)	(13,971)	(124,639)
Net carrying amount	43,921	7,817	51,738

Aggregate depreciation during the year is recognised as an expense (refer Note 2).

Notes to the Financial Statements
for the year ended 30 June 2007

13. FINANCIAL ASSETS

	Consolidated Entity		Company	
	2007	2006	2007	2006
Investments comprise:	$	$	$	$
Financial assets at fair value through income statement				
Shares and options in listed companies - at cost	632,474	632,474	632,474	632,474
Shares in Associate companies - at cost	-	-	-	995,374
Add: net change in fair value	345,403	(157,187)	345,403	(1,152,561)
	977,877	475,287	977,877	475,287
Shares in Associate companies - at cost	-	-	10,526,312	-
	-	-	10,526,312	-
Shares in controlled entities - at cost	-	-	8,059,217	100
Less: provision for impairment	-	-	-	-
	-	-	8,059,217	100
Total financial assets	977,877	475,287	19,563,406	475,387
Market value of investments at balance date				
Shares in listed companies	977,877	475,387	8,596,627	475,387

(a) **Investment in Controlled Entities**

	Percentage of Ownership 2007	2006
Strike Operations Pty Ltd (SOPL)	100%	100%
Incorporated in Australia on 28 November 2002.		
PT Indo Batubara (100% beneficially owned by SOPL)	100%	100%
Incorporated in Indonesia on 8 December 2005		
Strike Resources Peru S.A.C. (subsidiary of SOPL)	100%	0%
Incorporated in Peru on 28 December 2006		
Iron Associates Corporation (controlled by the Company)	70%	0%
Incorporated in Panama on 15 February 2007; the Company acquired its 70% interest on 26 February 2007		
Strike Uranium Peru Pty Ltd	0%	0%
Incorporated in Australia on 5 February 2007; acquired by Alara Uranium Ltd on 18 May 2007		
Strike Uranium Pty Ltd	0%	0%
Incorporated in Australia on 5 February 2007; acquired by Alara Uranium Ltd on 18 May 2007		

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Name of Associate Entity	Principal Activity	Ownership Interest	Consolidated Carrying Amount 2007 $	2006 $
Sofcom Limited (**SOF**)	suspended from ASX	27.82%	-	-
Alara Uranium Limited (**AUQ**)	mining exploration in Australia and Peru	35.71%	7,159,751	-
Apurimac Ferrum S.A. (**AF**)	mining exploration in Peru	20.94%	4,403,985	-
Altera Capital Limited (**AEA**)		-	-	-
			11,563,736	-

Alara Uranium Limited: On 18 May 2007, the Company completed the sale of its uranium tenement interests in Peru, the Northern Territory and Western Australia held in the subsidiary companies Strike Uranium Peru Pty Ltd and Strike Uranium Pty Ltd to Alara Uranium Limited (Alara) (ASX Code: AUQ) in consideration for 28.75 million Alara shares. After successfully completing a $10 million Initial Public Offering (IPO) (at $0.25 per share) in May 2007, Alara was admitted to the Official List of the ASX and AUQ shares commenced trading on ASX on 24 May 2007.

Apurimac Ferrum S.A.: Apurimac Ferrum S.A. (AF) became an associate entity on 23 February 2007 when Strike increased its direct and indirect shareholding interest in AF to beyond 20%; This occurred upon Strike gaining a 70% interest in Iron Associates Corporation (IAC) on 23 February 2007 under the MAPSA Agreement (as IAC had a 27.6% direct shareholding interest in AF under the AF Agreement as at this date). After such investment in IAC, Strike held a 1.62% direct shareholding interest and a 19.32% indirect shareholder interest in AF (via IAC), being a total interest of 20.94%. This direct/indirect shareholding interest in AF was maintained to 30 June 2007.

Notes to the Financial Statements
for the year ended 30 June 2007

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)

AF was incorporated in Peru on 13 September 2004 and holds the mineral concessions comprising the Apurimac and Cuzco Projects. By the AF Agreement and the MAPSA Agreement, the Company has secured the right to earn a 68.15% (or greater) direct/indirect interest in the Apurimac Project or the Cuzco Project or both (at the Company's election).

The **AF Agreement** refers to an agreement dated 2 July 2006 between Strike and Peruvian companies, AF, Minera los Andes y el Pacífico S.A. (MAPSA) and D&C Pesca S.A.C. (D&C) (and a more formal shareholders' agreement executed on 10 November 2006) pursuant to which Strike has secured 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 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 direct 51% shareholding in AF with D&C and MAPSA each holding a 24.5% interest in AF.

During the financial year, Strike contributed US$2.70 million into AF, of which US$0.75 million has been capitalised into fully paid shares in AF, giving Strike a 1.622% shareholding interest in AF as at 30 June 2007.

On 2 August 2007, AF shareholders approved the capitalisation of the balance of Strike's contributions, giving Strike a 5.622% direct shareholding interest in AF.

After the completion of Strike's obligations to contribute a total of US$6.5 million into AF, Strike will have earned a direct 12.5% shareholding interest in AF. Strike's interest will increase to 51% direct holding upon exercising options to acquire an aggregate 38.5% interest from MAPSA and D&C in consideration for US$34.5 million.

The **MAPSA Agreement** refers to an agreement dated 1 February 2007 between Strike, MAPSA and shareholders of MAPSA (MAPSA Shareholders), Strike has acquired a 70% interest in MAPSA's residual interest in AF, in consideration for staged payments totalling US$10 million (being a combination of US$6 million cash and the issue of 3 million Strike shares) over 2 years and a further US$10 million when production and sales from these projects first exceeds 20 million tonnes per annum.

Therefore, upon the completion of Strike's obligations under the AF Agreement, Strike will have gained a direct 51% shareholding interest in AF in addition to its controlling 70% interest in a further 24.5% shareholding interest in AF held by IAC.

The investment in Apurimac Ferrum includes an amount of $2,369,775 for which shares were only issued by Apurimac Ferrum subsequent to balance sheet date.

	Consolidated Carrying Amount 2007 $	2006 $
Movement in carrying amounts		
Equity accounted amount of investment at the beginning of the financial year	-	147,425
New listed investment during the year	7,187,500	23,003
New unlisted investment during the year - at cost	4,481,669	-
Share of losses after income tax	(105,433)	(20,352)
Return of capital receivable	-	(150,076)
Equity accounted amount of investment at the end of the financial year	11,563,736	-
Directors' valuation - at cost	4,481,669	65,151
Market value of listed Associate entity (Alara)	7,618,750	-
Share of associates' profits or losses		
Loss before income tax	(105,433)	(20,352)
Income tax expense	-	-
Loss after income tax	(105,433)	(20,352)

Summarised financial information of associates:	Consolidated Entity's share of Assets	Liabilities	Revenues	Loss
30 June 2007				
Sofcom Limited (**SOF**)	13,919	(3,797)	946	8,181
Alara Uranium Limited (**AUQ**)	5,347,748	(82,974)	53,283	27,749
Apurimac Ferrum S.A. (**AF**)	1,406,760	(529,679)	-	77,685
	6,768,427	(616,450)	54,229	113,615
30 June 2006				
Altera Capital Limited (**AEA**)	7,116	(20,831)	6,171	10,967
Sofcom Limited (**SOF**)	30,556	(12,257)	181,949	(62,726)
	37,672	(33,088)	188,120	(51,759)

The Company disposed of its shareholding in AEA on 8 August 2006.

Notes to the Financial Statements
for the year ended 30 June 2007

15. INTERNET TECHNOLOGIES

	Consolidated Entity		Company	
	2007	2006	2007	2006
Portal Technology Development Works:	$	$	$	$
Category Works	30,877	30,877	30,877	30,877
Portal Delivery System Development Works	156,153	156,183	156,153	156,153
Classification Works	4,178,428	4,178,428	4,178,428	4,178,428
Recoverable Amount Written Down	(4,365,458)	(4,365,488)	(4,365,458)	(4,365,458)
	-	-	-	-
Virtual Web Development Works:				
Virtual Web development works	98,365	98,365	98,365	98,365
Recoverable Amount Written Down	(98,365)	(98,365)	(98,365)	(98,365)
	-	-	-	-
Total Development Works	-	-	-	-

As a consequence of the Company's change of activities to a mineral exploration and development company in December 2005, the Company has ceased development and active marketing of its Virtual Web Internet Filtering and Monitoring Solution.

16. RESOURCE PROJECTS

	Consolidated Entity		Company	
	2007	2006	2007	2006
	$	$	$	$
Balance at the beginning of the year	-	-	-	-
Acquisition costs	485,879	527,552	142,170	412,413
Excess of consideration for mining assets acquired (Note 9)	7,258,765	-	-	-
Provision for impairment	(63,098)	(527,552)	(36,126)	(412,413)
Exploration and evaluation expenditure	440,333	799,696	285,039	179,681
Provision for impairment	(440,333)	(799,696)	(285,039)	(179,681)
Balance at the end of the year	7,681,546	-	106,044	-

17. TRADE AND OTHER PAYABLES

Trade creditors	26,855	14,022	26,855	14,022
Other creditors and accruals	334,372	64,344	87,479	64,344
Amounts due to related parties	-	47,837	-	47,837
Options exercise monies held pending conversion to shares	-	4,783	-	4,783
Unmarketable parcel trust account	5,484	5,484	5,484	5,484
	366,711	136,470	119,818	136,470

18. PROVISIONS

<u>Current</u>				
Provision for employee entitlements	132,680	42,492	122,896	42,492
<u>Non Current</u>				
Provision for employee entitlements	33,429	-	29,979	-
	166,109	42,492	152,875	42,492
Number of employees at Balance Date (including Executive Directors and Officers)	7	5	5	5

Notes to the Financial Statements
for the year ended 30 June 2007

19. ISSUED CAPITAL

	Consolidated Entity 2007	Consolidated Entity 2006	Company 2007	Company 2006
Issued and Paid-Up Capital	$	$	$	$
76,009,247 (2006: 47,835,701) fully paid ordinary shares	51,078,281	19,848,109	51,078,281	19,848,109

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

Movement in Ordinary Share Capital	Date of movement	Number of shares	Company 2007 $	Company 2006 $
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 (at $0.10)	18-Oct-05	2,290,000	229,000	229,000
Share placement (at $0.10)	23-Dec-05	9,710,000	971,000	971,000
Acquisition of resource project	23-Dec-05	350,000	28,000	28,000
1 for 3 share conversion	03-Jan-06	(76,606,083)	-	-
Prospectus share offer (at $0.20)	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 issue 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 - Jun 07	9,959,222	1,991,844	
Share placement (at $1.30)	Oct - Nov 06	2,307,693	3,000,001	
Share purchase plan issue (at $1.30)	27-Nov-06	5,706,631	7,419,000	
Acquisition of subsidiary	05-Apr-07	3,000,000	4,884,331	
Institutional share placement (at $2.10)	31-May-07	7,200,000	15,120,000	
Share issue expenses			(1,185,004)	
At 30 June 2007		76,009,247	51,078,281	

20. RESERVES

	Consolidated Entity 2007 $	Consolidated Entity 2006 $	Company 2007 $	Company 2006 $
Foreign Currency Translation Reserve	-	869	-	-
Options Reserve	2,932,878	247,386	2,932,878	247,386
	2,932,878	248,255	2,932,878	247,386

Movement in Options Reserve The number of unlisted options outstanding over unissued ordinary shares at balance date is as follows	Date of movement	Number of options	Company 2007 $	Company 2006 $
Unlisted options exercisable at $0.20; expiring 9 Feb 11	10-Feb-06	1,833,333	5,238	5,238
Unlisted options exercisable at $0.30; expiring 9 Feb 11	10-Feb-06	1,666,667	4,762	4,762
Directors' Options				
Unlisted options exercisable at $0.96; expiring 21 Jul 11	21-Jul-06	4,600,000	1,122,035	-
Unlisted options exercisable at $0.96; expiring 13 Sep 11	13-Sep-06	500,000	139,609	-
Unlisted options exercisable at $2.10; expiring 7 Mar 12	07-Mar-07	500,000	172,389	-
Unlisted options exercisable at $2.81; expiring 7 Mar 12	07-Mar-07	3,300,000	1,137,764	-
Employees' Options				
Unlisted options exercisable at $1.20; expiring 6 Oct 11	06-Oct-06	150,000	91,966	-
Unlisted options exercisable at $2.90; expiring 2 May 12	01-May-07	100,000	17,875	-
Unlisted options exercisable at $2.90; expiring 2 May 12	05-Jun-07	33,000	5,896	-
		12,683,000	2,697,534	10,000
Listed $0.20 (30 June 2008) options	21-Apr-06	23,735,163	237,386	237,386
Option issue expenses			(2,042)	-
Options exercised	Apr 06 - Jun 06	(366,022)	-	-
Options exercised	Jul 06 - Jun 07	(9,959,222)	-	-
		13,409,919	235,344	237,386
Total Option Reserve			2,932,878	247,386

Notes to the Financial Statements
for the year ended 30 June 2007

20. RESERVES (continued)

The Foreign Currency Translation Reserve records exchange rate differences arising on translation of the 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.

Equity based remuneration (Refer to Note 27 for further information)
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 (30% on grant, 30% on 21 July 2007 and 40% on 21 July 2008 months) from date of issue ($0.96, 21 July 2011 Directors' Options) to four directors, J Stephenson, 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 (30% on grant, 30% on 13 September 2007 and 40% on 13 September 2008) over 2 years from date of issue ($0.96, 13 September 2011 Unlisted Director's Options) to director, W Johnson.

On 6 October 2006, the Company issued 150,000 unlisted employee's options with an exercise price of $1.20, a term of 5 years and a vesting period over 2.5 years (1/3rd on 6 March 2007, 1/3rd on 6 March 2008 and 1/3rd on 6 March 2009) from date of issue ($1.20, 16 October 2011 Unlisted Employee Options).

On 7 March 2007 the Company issued 500,000 unlisted director's options with an exercise price of $2.10, a term of 5 years and a vesting period over 2 years (30% on grant, 30% on 7 March 2008 and 40% on 7 March 2009) from date of issue ($2.10, 7 March 2012 Directors' Options) to director, M Richmond. The Company also issued a further 3,300,000 unlisted directors' options with an exercise price of $2.81, a term of 5 years and a vesting period over 2 years (30% on grant, 30% on 7 March 2008 and 40% on 7 March 2009) from date of issue ($2.81, 7 March 2012 Directors' Options) to six directors, J Stephenson, M Richmond, HS Madan, F Khan, W Johnson and V Ho.

On 1 May 2007, the Company issued 100,000 unlisted employee's options with an exercise price of $2.90, a term of 5 years and a vesting period over 2.5 years (1/3rd on 1 November 2007, 1/3rd on 1 November 2008 and 1/3rd on 1 November 2009) from date of issue ($2.90, 2 May 2012 Unlisted Employee Options).

On 5 June 2007, the Company issued 33,000 unlisted employee's options on the same terms as the $2.90, 2 May 2012 Unlisted Employee Options.

The fair value of these options are expensed over the period from their date of grant to each respective vesting date; fair value is calculated using the binomial tree options valuation model using an assumed volatility rate of 60/65% for the underlying SRK shares.

21. RELATED PARTY DISCLOSURES

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year.

Transactions with Controlled Entities	Note	Amount owed by related parties	Asset transfer to subsidiaries
Strike Operations Pty Ltd	10	1,160,978	-
Strike Resources Peru S.A.C		371,835	-
Strike Uranium Pty Ltd		-	431,955
Other related transactions between subsidiaries			
Loan by Strike Operations Pty Ltd			
PT Indo Batubara (subsidiary of Strike Operations Pty Ltd)		109,000	-

Details of the percentage of ordinary shares held in controlled entities are disclosed in Note 13 to the financial statements. Interest is not charged on outstanding amounts.

Notes to the Financial Statements
for the year ended 30 June 2007

22. SEGMENT REPORTING

The Consolidated Entity is based in Australia but has exposure to other resource projects in Indonesia and Peru.

	External Revenue		Operating Results	
Primary Reporting- Business segments	2007	2006	2007	2006
Segment Revenues & Results	$	$	$	$
Resource projects	7,180,298	-	6,413,163	(1,327,248)
Internet Technologies	-	5,895	-	(371,067)
Investments	598,738	19,285	598,738	28,346
	7,779,036	25,180	7,011,901	(1,669,969)
Unallocated	369,946	49,732	(4,681,825)	(539,041)
	8,148,982	74,912		
Loss before income tax			2,330,076	(2,209,010)
Income tax expense			-	-
Loss after income tax			2,330,076	(2,209,010)

	Assets		Liabilities	
	2007	2006	2007	2006
Segment Assets & Liabilities	$	$	$	$
Internet Technologies	-	-	-	-
Resource projects	7,681,546	1,458	(13,218)	-
Investments	12,541,613	475,287	-	-
	20,223,159	476,745	(13,218)	-
Unallocated	18,599,410	1,404,238	(519,602)	(178,962)
	38,822,569	1,880,983	(532,820)	(178,962)

	Internet Technologies		Investments	
Other Segment Information	2007	2006	2007	2006
	$	$	$	$
Carrying value of investments accounted for using the equity method	-	-	11,563,736	-
Share of net losses of Associate company accounted for under the equity method	-	-	(105,433)	(20,352)
Acquisition of segment assets	-	-	7,187,500	-
Other non-cash expenses				
Write back of Internet Technologies	-	3,338,152	-	-
Diminution of segment assets (write back)	-	-	(502,591)	96,644

Secondary reporting - Geographical segments

	Segment revenues		Carrying amount of segment assets		Acquisitions of non-current segment assets	
	2007	2006	2007	2006	2007	2006
	$	$	$	$	$	$
Australia	8,148,656	74,912	27,159,819	1,880,983	7,187,500	21,338
Peru	-	-	11,662,750	-	11,397,578	-
Indonesia	326	-	-	-	-	-
	8,148,982	74,912	38,822,569	1,880,983	18,585,078	21,338

Notes to the Financial Statements
for the year ended 30 June 2007

23. FINANCIAL INSTRUMENTS

Financial Risk Management Objectives and Policies

The consolidated entity's financial instruments mainly consist of deposits with banks, accounts receivable and payable, loans to related parties and shares in listed securities. The main risks arising from the consolidated entity's financial instruments are interest rate risk, foreign currency risk, credit risk, market price risk and liquidity risk.

(a) Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The consolidated entity's exposure to market risk for changes in interest rates relate primarily to investments held in interest bearing instruments. The consolidated entity has no borrowings.

Consolidated	Weighted Average Interest Rate	Variable Interest Rate	Fixed Interest Rate	Non Interest Bearing	Total
2007		$	$	$	$
Financial assets					
Cash and cash equivalents	6.1%	18,358,891	-	-	18,358,891
Trade and other receivables		-	-	170,123	170,123
Investment in Associates		-	-	11,563,736	11,563,736
Shares in listed companies		-	-	977,877	977,877
		18,358,891	-	12,711,736	31,070,627
Financial liabilities					
Trade and other payables		-	-	(366,711)	(366,711)
		-	-	(366,711)	(366,711)
Net financial assets		18,358,891	-	12,345,025	30,703,916
2006					
Financial assets					
Cash and cash equivalents	6.6%	1,299,813	10,000	-	1,309,813
Trade and other receivables		-	-	43,653	43,653
Shares in listed companies		-	-	475,287	475,287
		1,299,813	10,000	518,940	1,828,753
Financial liabilities					
Trade and other payables		-	-	(136,470)	(136,470)
		-	-	(136,470)	(136,470)
Net financial assets		1,299,813	10,000	382,470	1,692,283

Reconciliation of net financial assets to net assets	Consolidated Entity 2007	Consolidated Entity 2006
	$	$
Net financial assets as above	30,703,916	1,692,283
Non-financial assets and liabilities		
Prepayment	-	492
Property, plant and equipment	70,396	51,738
Resource projects	7,681,546	-
Employee entitlements	(132,680)	(42,492)
Provisions	(33,429)	-
	38,289,749	1,702,021

Notes to the Financial Statements
for the year ended 30 June 2007

(b) **Foreign Currency Risk**

The consolidated entity is exposed to foreign currency risk on cash held by the Company and a controlled foreign entity, foreign resource project investment commitments and exploration and evaluation expenditure on foreign resource projects. The currency risk giving rise to this risk is primarily US dollars. The consolidated entity has not entered into any forward exchange contracts as at balance date and is currently fully exposed to foreign exchange risk.

(c) **Credit Risk**

Credit risk refers to the risk that a counterparty under a financial instrument will default (in whole or in part) on its contractual obligations resulting in financial loss to the consolidated entity. Concentrations of credit risk are minimised primarily by undertaking appropriate due diligence on potential investments, carrying out all market transactions through approved brokers, settling non-market transactions with the involvement of suitably qualified legal and accounting personnel (both internal and external), and obtaining sufficient collateral or other security (where appropriate) as a means of mitigating the risk of financial loss from defaults.

Market prices of listed financial instruments generally incorporate credit assessments into valuations and risk of loss is implicitly provided or in the carrying value of such assets in the financial statements as they are marked to market at balance date. The consolidated entity measures credit risk on a fair value basis. The carrying amount of financial assets recorded in the financial statements, net of any provision for losses, represents the consolidated entity's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained (if any).

(d) **Net Fair Value of Financial Assets and Liabilities**

The carrying amount financial instruments recorded in the financial statements represent their fair value determined in accordance with the accounting policies disclosed in note 1. The aggregate fair value and carrying amount of financial assets and financial liabilities at balance date are:

	Consolidated Entity			
	Carrying Amount 2007	Net Fair Value 2007	Carrying Amount 2006	Net Fair Value 2006
Financial Assets				
Cash and cash equivalents	18,358,891	18,358,891	1,309,813	1,309,813
Receivables	170,123	170,123	43,653	43,653
Investments accounted for using equity method	11,563,736	11,563,736	-	-
Investments	977,877	977,877	475,287	475,287
Total Financial Assets	31,070,627	31,070,627	1,828,753	1,828,753
Financial Liabilities				
Payables	(366,711)	(366,711)	(136,470)	(136,470)

(e) **Market price risk**

Market price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments in the market. Market risk is minimised through ensuring that investment activities are undertaken in accordance with Board established mandate limits and investment strategies.

(f) **Liquidity risk**

Liquidity risk is the risk that the consolidated entity will encounter difficulty in meeting obligations associated with financial liabilities. The consolidated entity has no borrowings.

24. COMMITMENTS

	Consolidated		Company	
	2007	2006	2007	2006
(a) **Lease Commitments**	$	$	$	$
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	24,960	49,920	24,960	49,920
	149,760	174,720	149,760	174,720

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%.

Notes to the Financial Statements
for the year ended 30 June 2007

(b) Mineral Tenement/Concession/Mining Rights - Commitments for Expenditure

Australian tenements

In order to maintain current rights of tenure to exploration tenements, the Consolidated Entity is required to outlay lease rentals and meet minimum expenditure commitments of approximately $21,000 over a 12 month period), based on Australian 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.

Peruvian concessions

The Consolidated Entity is required to pay annual license fees by 30 June of each year, currently charged at the rate of US$3.00 per hectare per annum.

(c) Australian 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 in Western Australia. The Heritage Protection Agreements require the Consolidated Entity 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) Agreements with Peruvian Landowners and Community Groups

Under the AF Agreement (refer note 14), the Company has an obligation to invest US$6.5 million into AF over a 5 year period; these funds will be used principally by AF in the exploration, evaluation and development of its Apurimac and Cuzco iron ore projects in Peru. Holding a mineral concession in Peru does not grant automatic access to the surface land. Notwithstanding an easement procedure is contemplated in Peruvian law, in practice, mining companies have to negotiate and enter into private agreements with landowners/community groups in order to have access to their land for the purposes of conducting mining activities (exploration, evaluation, development and mining). With respect to a majority of AF's concession, there are often multiple landowners/community groups who are affected by AF's proposed mining activities. To date, approvals have been sought and obtained on drilling on a programme by programme basis.

The Company and AF have determined to approach community relations on a long term basis, recognising the importance of sustaining positive long term relationships with the local communities. To this end, AF has appointed Socios Peru, a consulting firm that assists in fostering relationships between project developers and local community groups. Socios Peru and AF's own in-house community relations manager and staff are in current and on-going consultations with communities in AF's project areas to secure permissions for drilling and for the long-term development of an iron ore mining operation and associated transportation and port infrastructure.

The obtaining of approvals from landowners/community groups can be complicated and time consuming. AF is currently experiencing delays in dealing with certain community groups, particularly in the northern Andahuaylas district areas (where the Opaban I and III concessions are located). Accordingly drilling in several areas within the Apurimac project has been temporarily suspended whilst these consultations are being conducted and permissions finalised. AF will have to commit funds to community groups and or landowners to secure land access agreements to develop the Apurimac and Cuzco projects. There can be no guarantees as to the obtaining of such approvals or the terms upon which approvals are obtained. At this stage, it is not possible to quantify the potential financial obligation of the Consolidated Entity or AF in this regard.

25. 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) AF Agreement - Refer to Note 14 for details of the Company's obligations under this agreement.
The Company has satisfied US$2.70 million of its US$6.5 million investment commitment due over a 5 year period which commenced on 9 November 2006.

(ii) MAPSA Agreement - refer to Note 14 for further details of the Company's obligations under this agreement.
The Company has a contingent commitment to pay the vendor the last staged payment of US$3.5 million by February 2009 and a further US$10 million when production and sales from the Apurimac and/or Cuzco projects first exceeds 20 million tonnes per annum.

Iron Associates Corporation (IAC) has a contingent royalty obligation to the MAPSA Shareholders of between US$1.00 to $1.20 per tonne based on IAC's share of AF's sales; the royalty rate depends 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.

(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. Suda Miskin is also 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.

Notes to the Financial Statements
for the year ended 30 June 2007

(iv) **Cristoforo Agreement** - On 18 May 2007, Strike Resources Peru SAC (the Peruvian subsidiary of the Company) entered into an assignment and option agreement with a Peruvian vendor in respect of three mineral concessions in the Apurimac District totalling 1,900 hectares, being the Cristoforo 14, Cristoforo 28 and Ferroso 29 concessions. The consideration payable for the assignment of mining rights to Strike Resources Peru SAC (or assignees) for a two year period is US$200,000, of which US$70,000 was paid on execution of the agreement and US$70,000 is payable after 12 months and US$60,000 is payable after 18 months. The option to acquire these three mineral concessions is for a period of two years and the exercise price is US$3 million.

(v) **Native Title** - The Consolidated Entity's 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 Consolidated Entity.

(vi) **Government Royalties** - The Consolidated Entity is liable to pay royalties on production obtained from its mineral tenements/concessions. For example, the applicable Government royalties in Peru is between 1 to 3% based on the value of production. At this stage, it is not possible to quantify the potential financial obligation of the Consolidated Entity under Government royalties.

(vii) **Directors' Deeds** - The Company .has entered into deeds of indemnity with each of its Directors indemnifying them against liability incurred in discharging their duties as directors/officers of the Consolidated Entity. At the end of the financial year, no claims have been made under any such indemnities and accordingly, it is not possible to quantify the potential financial obligation of the Consolidated Entity under these indemnities.

26. EVENTS AFTER BALANCE SHEET DATE

(i) During the financial year, Strike contributed US$2.70 million into AF, of which US$0.75 million had been capitalised into fully paid shares in AF, giving Strike a 1.622% direct shareholding interest in AF as at 30 June 2007.

On 2 August 2007, AF shareholders approved the capitalisation of the balance of Strike's contributions, giving Strike a 5.208% direct shareholding interest in AF. Strike's current direct and indirect (via its 70% shareholding in Iron Associates Corporation) is approximately 23.83%. The Company has contributed a further US$0.4 million into AF between 1 July 2007 and the date of this report which is pending AF shareholder approval for capitalisation into AF shares.

(ii) On 3 September 2007, associate entity, Alara Uranium Limited (Alara) lodged a prospectus for a non-renounceable rights issue of 3 options for every 4 shares held by shareholders as at the record date (5.00pm WST on 12 September 2007) at an issue price of 1 cent per option. Each option is exercisable at a price of 25 cents, at any time on or before 30 June 2009. Strike intends to take up its maximum entitlement under this options issue of 21,562,500 options at a cost of $215,625.

No other matter or circumstance has arisen since the end of the financial year that significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

27. SHARE-BASED PAYMENTS

A total of 8,900,000 Directors' and 283,000 employees' options were issued during the year (Refer to Note 20). Shareholder approvals were obtained for the issue of options to Directors as required under the Corporations Act 2001 and under the ASX Listing Rules. The reasons for the grant of these options to Directors and employees are as follows:

(i) The options issue was designed to act as an incentive for the recipient Directors and employees to strive to achieve the Company's goals with the aim of enhancing shareholder value.

(ii) The options provide an equity holding opportunity for each recipient Director and employee which is linked to the Company's share price performance.

(iii) Based on the option exercise price and the rate at which the options vest, the exercise of the options by the Directors and employees is potentially only likely to occur if there is sustained upward movement in the Company's share price.

(iv) The number of options issued to the Directors and employees have been determined having regard to the level of Directors and employees' salaries/fees being paid and is a cash free, effective and efficient way of providing an appropriate level of remuneration as well as providing ongoing equity based incentives for the Directors and employees to remain with the Company with a view to improving the future growth of the Company.

(v) As a relatively junior exploration company with much of its available funds dedicated or committed to its resource projects (and also in seeking opportunities in relation to the same) and in financing its day to day working capital requirements, the Company is not always in a position to maintain competitive cash salary ranges for its Directors and employees within the industry in which it operates.

Options granted under the plan carry no dividend or voting rights.

Notes to the Financial Statements
for the year ended 30 June 2007

27. SHARE-BASED PAYMENTS (continued)

Date of issue	Expiry Date	Exercise Price	Balance at start of the year	Granted during the year	Exercised during the year	Balance at end of the year	Vested and exercisable at end of the year	Fair value at balance date
21-Jul-06	21-Jul-11	$0.96	-	4,600,000	-	4,600,000	1,380,000	$1,122,035
13-Sep-06	13-Sep-11	$0.96	-	500,000	-	500,000	150,000	$139,609
06-Oct-06	06-Oct-11	$1.20	-	150,000	-	150,000	50,000	$91,966
07-Mar-07	07-Mar-12	$2.10	-	500,000	-	500,000	150,000	$172,389
07-Mar-07	07-Mar-12	$2.81	-	3,300,000	-	3,300,000	990,000	$1,137,764
01-May-07	01-May-12	$2.90	-	100,000	-	100,000	33,333	$17,875
05-Jun-07	01-May-12	$2.90	-	33,000	-	33,000	11,000	$5,896
			-	9,183,000	-	9,183,000	2,764,333	$2,687,534
Weighted average exercise price			-	$1.72	-	$1.72	$1.72	$0.29

The weighted average remaining contractual life of share options outstanding at the end of the period was 4.53 years.

No options expired during the periods covered by the above tables. There were no shares issued as a result of the exercise of any Directors' or Employees options during the year (2006: nil).

The fair value of directors' and employees' options are expensed, from their date of grant, over their vesting period; fair values are determined as at date of grant using a binomial tree options valuation model that takes into account the exercise price, the term of the option, the underlying share price as at date of grant, the expected price volatility of the underlying shares and the risk-free interest rate for the term of the option. The cost of all directors' and employees options assessed at fair value as at date of grant is $4,853,292 in total; the value in the above table reflects the fair value of options which the Company is required to expense from their date of grant to the balance date, on the basis that the fair value cost at date of grant is apportioned over the vesting period applicable to each option.

The model inputs for assessing the fair value of options granted during the year are as follows:

(a) options are granted for no consideration and vest as described in the table above;
(b) exercise price is as described in the table above;
(c) grant date is as described in the table above;
(d) expiry date is as described in the table above;
(e) share price is based on the last bid price on ASX as at date of grant, as described in the table below;
(f) expected price volatility of the Company's shares has been assessed independently by BDO Kendalls Corporate Finance (WA) Pty Ltd, as described in the table below;

(g) expected dividend yield is nil;
(h) risk-free interest rate is based on the 5 year Commonwealth bond yield, as described in the table below.

Date of issue	Description of Unlisted Options	Vesting Criteria	Share Price at Grant Date	Risk Free Rate	Price volatility
21-Jul-06	$0.96 (21 July 2011) Directors' Options	30% on grant, 30% on 21 July 2007 and 40% on 21 July 2008 months	$0.79	5.67%	60%
13-Sep-06	$0.96 (13 September 2011) Director's Options	30% on grant, 30% on 13 September 2007 and 40% on 13 September 2008	$0.93	5.61%	60%
06-Oct-06	$1.20 (6 October 2011) Employee Options	1/3rd on 6 March 2007, 1/3rd on 6 March 2008 and 1/3rd on 6 March 2009	$1.51	5.50%	65%
07-Mar-07	$2.10 (7 March 2012) Director's Options	30% on grant, 30% on 7 March 2008 and 40% on 7 March 2009	$1.94	5.85%	65%
07-Mar-07	$2.81 (7 March 2012) Directors' Options	30% on grant, 30% on 7 March 2008 and 40% on 7 March 2009	$1.94	5.85%	65%
01-May-07	$2.90 (1 May 2012) Employee Options	1/3rd on 1 November 2007, 1/3rd on 1 November 2008 and 1/3rd on 1 November 2009	$2.00	6.02%	65%
05-Jun-07	$2.90 (1 May 2012) Employee Options	1/3rd on 1 November 2007, 1/3rd on 1 November 2008 and 1/3rd on 1 November 2009	$2.00	6.02%	65%

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

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements, comprising the Income Statement, Balance Sheet, Statement of Changes in Equity and Cash Flow Statement, and accompanying notes as set out on pages 25 to 52, are in accordance with the *Corporations Act 2001* and:
   (a) comply with Accounting Standards and the Corporations Regulations 2001; and
   (b) give a true and fair view of the Company's and Consolidated Entity's financial position as at 30 June 2007 and of their performance for the year ended on that date;

2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

3. The remuneration disclosures set out in the Directors' Report on pages 17 to 22 (where applicable and audited) comply with Accounting Standards AASB 124 Related Party Disclosures and the Corporations Regulations 2001.

3. The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* by the Managing Director, the person who performs the chief executive function, and by the Company Secretary, the person who performs the chief financial officer function, for the purposes of section 295A, who have each declared that:
   (a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
   (b) the financial statements are in accordance with the *Corporations Act 2001,* comply with Accounting Standards and the Corporations Regulations 2001 and give a true and fair view of the Company's financial position as at 30 June 2006 and of its performance for the year ended on that date; and
   (c) the financial statements are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board. The Company's risk management and internal compliance and control systems are operating efficiently and effectively in all material respects.

This declaration is made in accordance with a resolution of the Directors made pursuant to section 295(5) of the *Corporations Act 2001*.

John Stephenson
Chairman

Shanker Madan
Managing Director

21 September 2007

Stantons International
ABN 41 103 088 697
LEVEL 1, 1 HAVELOCK STREET
WEST PERTH WA 6005, AUSTRALIA
PH: 61 8 9481 3188 • FAX: 61 8 9321 1204
www.stantons.com.au

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

Report on the Financial Report

We have audited the accompanying financial report of Strike Resources Limited, which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

As permitted by the Corporations Regulations 2001, the Company has disclosed the information about the remuneration of directors and executives ("remuneration disclosures"), required by Australian Accounting Standard AASB 124 Related Party Disclosures, under the heading "Remuneration report" of the Directors' report and not the financial report. We have audited these remuneration disclosures.

Directors' Responsibility for the Financial Report and the AASB 124 remuneration disclosures contained in the Directors' Report

The directors of the company are responsible for the preparation and fair presentation of the 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 control relevant to the preparation and fair presentation of the 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. In note 1, the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report of the Group, comprising the financial statements and notes, complies with International Financial Reporting Standards, but that the financial report of the Company does not comply.

The directors of the Company are also responsible for the remuneration disclosures contained in the Directors' report.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement. Our responsibility is also to express an opinion that the remuneration disclosures contained in the Directors' report comply with Australian Accounting Standard AASB 124.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report and the remuneration disclosures contained in the Directors' report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report and the remuneration disclosures contained in the Directors' report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report and the remuneration disclosures contained in the Directors' report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report and the remuneration disclosures contained in the Directors' report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

1. In our opinion:

(a) the financial report of Strike Resources Limited is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2007 and of their performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

(b) the financial report of the Group also complies with International Financial Reporting Standards as disclosed in note 1.

(c) the remuneration disclosures required by paragraphs Aus 25.4 to Aus 25.7.2 of Australian Accounting Standard AASB 124 Related Party Disclosures that are contained in the Remuneration report in the Directors' report comply with Australian Accounting Standard AASB 124 Related Party Disclosures.

STANTONS INTERNATIONAL
(An Authorised Audit Company)

Stantons International

John Van Dieren
Director

West Perth, Western Australia
21 September 2007

SECURITIES INFORMATION
as at 30 June 2007

ISSUED CAPITAL

	Quoted / To be Quoted	Not Quoted	Total
Fully paid ordinary shares	76,009,248	-	76,009,248
$0.20 (30 June 2008) Options	13,409,919	-	13,409,919
$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) 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
$2.10 (7 March 2012) Unlisted Directors' Options		500,000	500,000
$2.81 (7 March 2012) Unlisted Directors' Options		3,300,000	3,300,000
$2.90 (1 May 2012) Unlisted Employee' Options		133,000	133,000
Total	89,419,167	12,683,000	102,102,167

DISTRIBUTION OF ORDINARY FULLY PAID SHARES

Spread	of	Holdings	Number of Holders	Number of Units	% of Total Issue Capital
1	-	1,000	407	197,760	0.260
1,001	-	5,000	1,300	4,523,590	5.951
5,001	-	10,000	497	3,845,429	5.059
10,001	-	100,000	642	20,594,749	27.095
100,001	-	and over	95	46,847,720	61.634
Total			2,941	76,009,248	100%

TOP 20 ORDINARY FULLY PAID SHAREHOLDERS

Rank	Shareholders	Total Shares	% Issued Capital
1	ANZ NOMINEES LIMITED <CASH INCOME A/C>	5,785,587	7.612
2	DATABASE SYSTEMS LIMITED	4,839,356	6.367
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – A/C 2	4,047,171	5.325
4	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,657,500	3.496
5	ORION EQUITIES LIMITED	2,380,996	3.498
6	NATIONAL NOMINEES LIMITED	1,855,500	2.441
7	CLASSIC CAPITAL PTY LTD	1,580,000	2.321
8	CITICORP NOMINEES PTY LIMITED	1,541,334	2.028
9	PATER INVESTMENTS PTY LTD	1,523,710	2.005
10	NEFCO NOMINEES PTY LTD	1,244,846	1.638
11	DR SALIM CASSIM	1,100,846	1.448
12	BLUE CRYSTAL PTY LTD	800,000	1.053
13	BELL POTTER NOMINEES LTD <100905 A/C>	700,000	1.028
14	MR GEORGE BRYANT MACFIE	634,846	0.933
15	CITYSIDE INVESTMENTS PTY LTD	550,000	0.724
16	R & A MULE INVESTMENTS PTY LTD	500,000	0.735
17	EMPIRE HOLDINGS PTY LTD	500,000	0.735
18	MR SHANKER MADAN & MRS ANU MADAN	500,000	0.735
19	MR RUSS WALKER	410,000	0.539
20	MRS LINDA SALA TENNA & MRS LISA SHALLARD	400,000	0.526
Total		33,551,692	45.187%

SECURITIES INFORMATION
as at 30 June 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	17	7,290	0.054
1,001	-	5,000	58	183,412	1.368
5,001	-	10,000	29	229,718	1.713
10,001	-	100,000	52	1,702,451	12.695
100,001	-	and over	21	11,287,048	84.169
Total			186	13,409,919	100%

TOP 20 LISTED $0.20 (30 JUNE 2008) OPTIONS

Rank	Optionholder	Total Options	% Total Options On Issue
1	DATABASE SYSTEMS LIMITED	4,537,734	33.839
2	SUNSHORE HOLDINGS PTY LTD	1,360,879	10.148
3	ORION EQUITIES LIMITED	1,014,806	7.568
4	MR DENIS IVAN RAKICH	903,000	6.734
5	TALEX INVESTMENTS PTY LTD	700,000	5.220
6	RENMUIR HOLDINGS LIMITED	417,917	3.116
7	MR TROY VALENTINE	300,000	2.237
8	CITYSIDE INVESTMENTS PTY LTD	281,666	2.100
9	ANZ NOMINEES LIMITED	254,778	1.900
10	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	250,000	1.864
11	MS ROSANNA DE CAMPO	217,598	1.623
12	BERENES NOMINEES PTY LTD	201,001	1.499
13	FAROOQ KHAN	176,670	1.317
14	MR RODNEY MALCOLM JONES & MRS CAROL ROBIN JONES	160,000	1.193
15	WILLBURY HOLDINGS PTY LTD	155,000	1.156
16	MRS LINDA SALA TENNA & MRS LISA SHALLARD	150,000	1.119
17	MRS CLARA ELISABETH HALDANE	133,000	0.992
18	MR DENIS IVAN RAKICH	126,000	0.940
19	NEFCO NOMINEES PTY LTD	100,000	0.746
20	MR PHILLIP NICOLAOU & MRS NATALIE LUCIANA NICOLAOU <P & N NICOLAOU FAMILY A/C>	100,000	0.746
Total		11,540,049	86.057

STRIKE RESOURCES LIMITED
A.B.N. 94 088 488 724

Level 14, The Forrest Centre
221 St Georges Terrace
Perth Western Australia 6000

T | + 61 8 9214 9700
F | + 61 8 9322 1515
E | info@strikeresources.com.au
W | www.strikeresources.com.au

ASX Codes:
SRK and SRKO

FOR SHARE REGISTRY ENQUIRIES:

Advanced Share Registry Services
110 Stirling Highway
Nedlands Western Australia 6009

T | + 61 8 9389 8033
F | + 61 8 9389 7879
E | admin@advancedshare.com.au
W | www.asrshareholders.com