

December 2007 Quarterly Report

For the 3 months to 31 December 2007

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HIGHLIGHTS FROM THE QUARTER

- Further CSIRO test work indicates that the Apurimac project ore is a mixture, ~50% Hematite and ~50% high grade Magnetite at ~62% Fe.
- Preliminary product specifications are high grade concentrate at better than 68% Fe, at coarse particles sizes of 125 and 250 microns. This high grade Fe and low impurities makes the concentrate highly desirable.
- PSI has selected a preferred pipeline route from the Apurimac project to port. The total pipe line length is 363 km and will require only two pumping stations (refer Appendix B).
- After delays with community approvals for the commencement of the 2007 drilling programme, 3 diamond core rigs are now working, two in Cuzco and one in Apurimac with two further drill rigs scheduled to start drilling in Apurimac in early February.
- The focus for the expanded drilling campaign is to target a JORC compliant Fe resource of 600Mt across both deposits by the end of the third quarter 2008. Strike plans to drill 65,000m in 2008.
- The Stage 2 Apurimac project pre-feasibility study continues to advance across all fronts of port, mine and pipeline with the port and pipeline sections nearing completion.

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CORPORATE SUMMARY

Strike expects to be in a position to release a new resource statement at the end of the March 2008 quarter for both the Apurimac and Cuzco deposits. Further resource statements will follow throughout the year as new drill results become available.

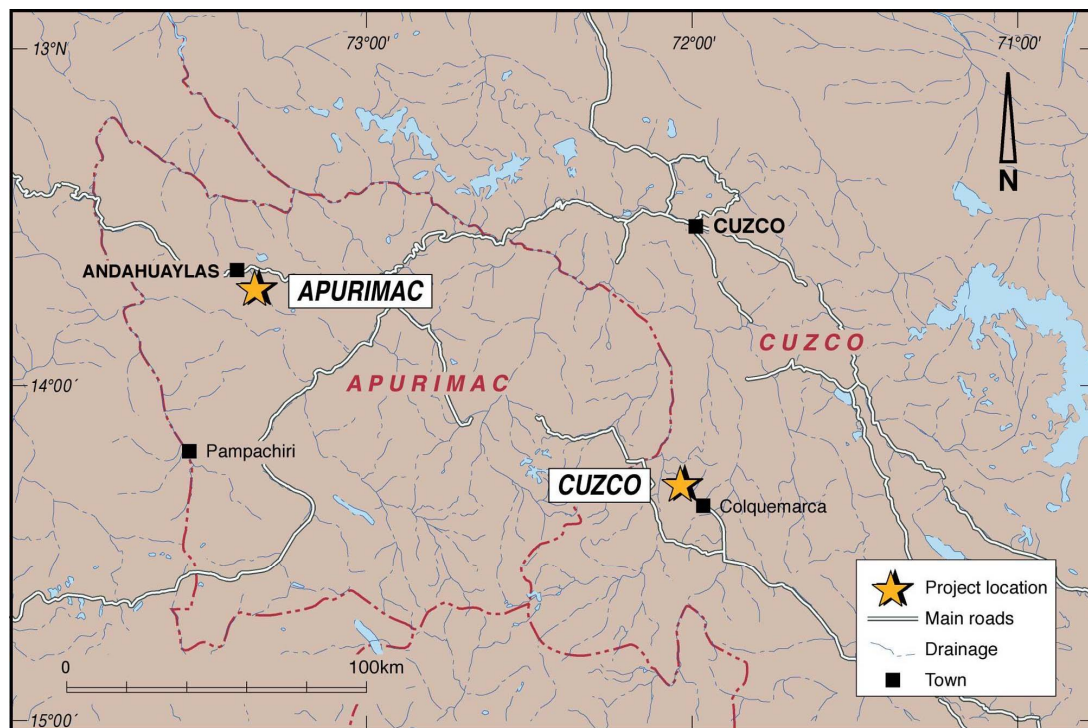
Strike with plans to produce 20Mt pa iron ore by 2011 is attracting interest from a range of steel mills and traders in China and Japan that would like to secure long term iron ore contacts. Discussions are continuing between the Company and steel mills for the lump production planned from the Stage 1 Cuzco project by 2009. Resource definition and feasibility for Stage 1 is presently underway.

Eligible Strike shareholders on 13 December 2007 received an in specie distribution of 16 million Alara Uranium Limited (**Alara**) shares (**In Specie Distribution**) via the Company undertaking an equal reduction of share capital (**Capital Return**), which was approved by shareholders at the recent 2007 Annual General Meeting.

The Company's cash position as at end December 2007 was \$15.7 million with a further holding of listed securities totalling \$3.3 million.



Apurimac Project



STRIKE RESOURCES LIMITED
PERU IRON ORE PROJECTS
PROJECT LOCATION PLAN

The Company continues to progress its objective of developing a world class iron ore mine supplying 20 million tonnes per annum of high grade concentrate to the steel mills of the world commencing in 2011.

Pre-feasibility studies coordinated by Sinclair Knight Merz and involving the Snowden Group, CSIRO and Pipeline Systems Incorporated (PSI) commenced in August 2007 are now 80% complete.

Concessions

The Company is pleased to announce that it has increased its concession holdings to 37 previously 25 in the Apurimac project area. The total surface holding is now 31,849 hectares.

The Opaban I and III concessions comprises only a small portion of the total land area of the Apurimac Project. The Company notes that most of the as yet un-drilled concessions have occurrences of high-grade outcrops of iron ore.

As a preliminary means of determining the extent of iron ore mineralisation in these concession areas, the Company undertook a reconnaissance mapping and sampling programme across 8 of the 37 concessions. This programme is ongoing and will upon completion provide a detailed surface outline of all 37 concessions in the Apurimac Project area.

The initial reconnaissance, mapping and sampling programme have been extremely encouraging, indicating the presence of numerous high grade iron mineralisation outcrops.

A map showing the sample locations with corresponding iron grades is set out on the following page.

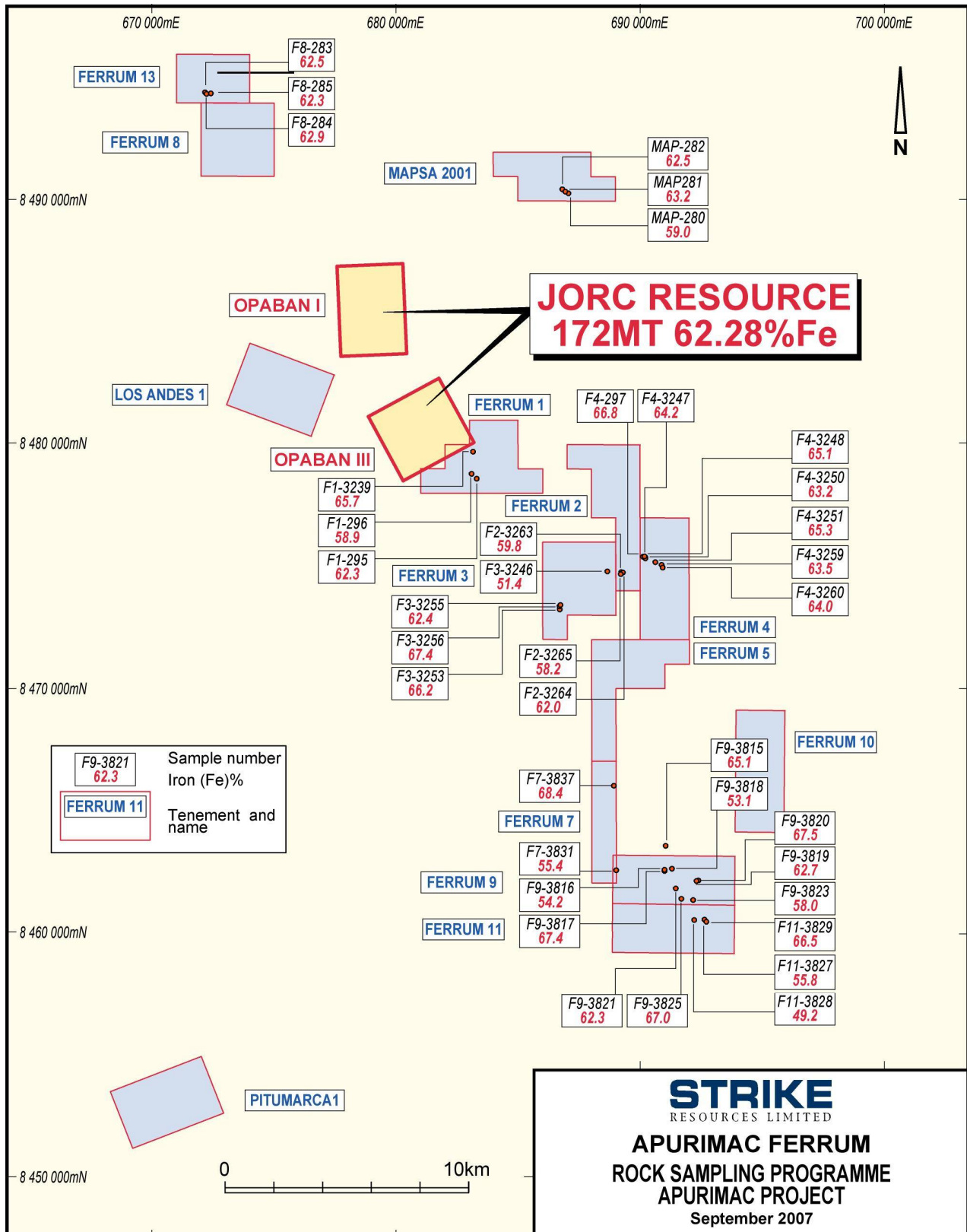
Exploration and Geology

As previously announced, the Company has already defined a substantial JORC Inferred Resource of 172Mt at 62.68% Fe at two of its concessions in the Apurimac region, Opaban I and Opaban III.

The Company has now received the results of further drilling conducted to the north of the currently defined mineralisation at Opaban I. The Company is pleased to advise that this drilling has indicated the continued presence of high grade mineralisation.

Significant targets with high grade surface mineralisation however remain untested and accordingly 60,000 meters of further drilling is planned at Apurimac during 2008, with a target of increasing the JORC Inferred Resource base in Apurimac to at least 300Mt by the end of the third quarter 2008.

There are currently 9 geologists working between the Apurimac and Cuzco Projects and with the increased drilling programme, the geological team will increase to 13.



Metallurgical Testwork

The CSRIO has continued to conduct its extensive test work program over the quarter to assist in finalising the final product specifications for overseas customers.

Laboratory scale beneficiation test work has been completed on representative diamond core samples from the Opaban I deposit at Apurimac. The results of this test work show that the material will upgrade by up to 3.18% Fe with simple crushing at 1mm and de-sliming.

In addition, Davis Tube test work on reverse circulation chip samples from Opaban I shows that the mineralised material at assay head grades of 51.17% Fe to 61.22% Fe would return product grades at coarse crushing with particle sizes of 80% passing 125 and 250 microns as follows:

Fe	68.02% to 68.28%
Al ₂ O ₃	0.30% to 0.35%
SiO ₂	1.51% to 1.77%
P	0.01% to 0.02%

These are excellent results and suggest low energy consumption for the beneficiation process, which means lower operating costs. The Company is now targeting further test work on bulk samples of around 400 kilograms each at average grades from 56% Fe to 62% Fe.

Another key area of work has been liaising with the plant design team to ensure that the crushing, grinding and screening delivers a product to customers within specifications.

Pipeline

International pipeline consultants PSI have identified a preferred pipeline route to transport iron ore from the mine to the coast, with a distance of 363 kilometres (refer Appendix B). The route allows for a mostly flat to gentle downhill gradient, allowing gravity to do most of the work thereby minimising the need for pumping.

PSI estimates that such a slurry pipeline route transporting 20 million tonnes a year will require only 2 pumping stations, indicating relatively low energy requirements which in turn leads to reduced operating costs. This reflects the relatively benign nature of the topography of the likely pipeline route, where a large portion of the pipeline will traverse the relatively flat (albeit high) Peruvian alti-plano before descending to the coastal plain.

The use of pipelines to transport iron ore concentrates is quite common with Samarco in Brazil pumping 18Mtpa of iron ore concentrate 396 km with gradients exceeding 15%. (refer Appendix A) and MMX Minas Rio building a pipeline approximately 525 kilometres long designed to carry 26.5 million tonnes of iron concentrates.

Port

Applications have been lodged for land and sea access to 3 alternative port locations at the coast, suitable for shipping 20 - 40 Mt of iron ore per annum. Preliminary site studies show that none of these sites will require any dredging and all 3 offer deep water access at 20m draft to load cape size vessels of larger than 150,000 tonne capacity.

The length of the access bridges from the coast to the deep water points are likely to be of the order of 250 metres to 1,900 metres (depending upon location). All 3 potential sites are located in bay areas protected from the southern currents.

These factors suggest relatively lower capital cost for building a port than previously envisaged.

Environmental Approvals and Community Relations

The Company employs a senior and experienced Environmental Manager and a Community Relations Manager and in addition 6 other community relations staff across both the Apurimac and Cuzco Projects. Their effort is supported by staff from a leading Community Relations consultant group in Peru.

Under Peruvian law, approvals to drill more than 19 holes must first be obtained from the Communities and the Ministry of Mines. The governmental approvals require companies to submit a baseline report on environmental evaluation with respect to flora, fauna, water pollution and ground disturbance activities.

During the last quarter of 2007, the Company has built up a strong team managing a steady stream of approvals both from the Communities and the Government departments.

Community approvals to progress with ongoing work are now beginning to be received in a regular and consistent manner from both the Apurimac and Cuzco Project areas.

In addition to approvals already obtained to drill more than 80 drill holes, the Company has recently lodged Environmental Evaluation reports for approval to drill a further 151 drill holes with the Ministry of Mines.

Environmental Evaluation reports to drill a further 297 drill holes are expected to be lodged with the Ministry of Mines shortly.

The Company is also working with its Community Relations consultant on long term objectives and policies. The Company has developed strong and supportive relationship with regional elected and governmental authorities including bodies such as the Energy and Mines Regional Directory for the Apurimac Region.

Cuzco Project

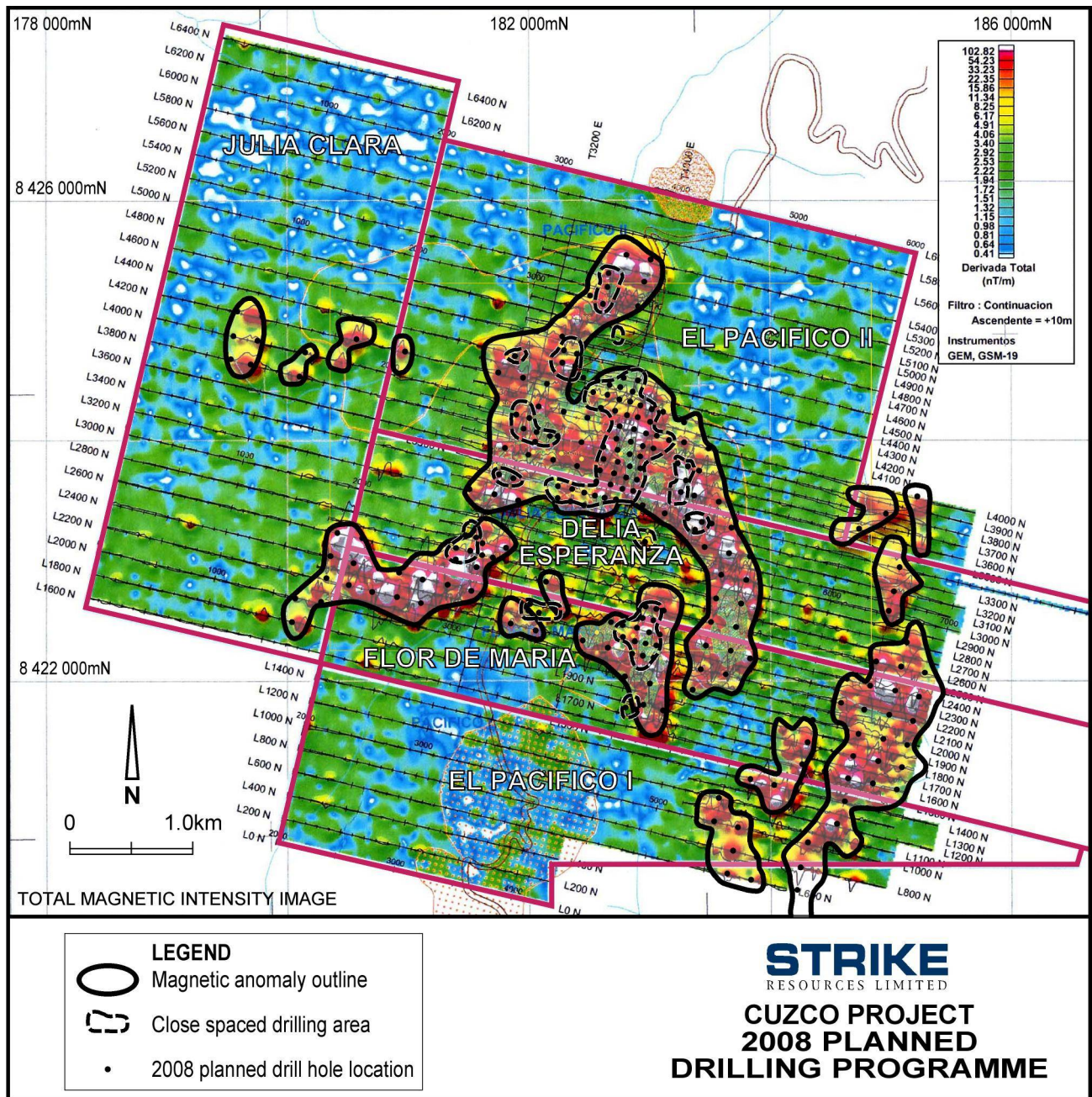
The Company's objective is to delineate a large ore body capable of supporting a 20 million tonnes per annum mining operation, which would take combined production from the Apurimac and Cuzco Projects to 40 million tonnes per annum.

The prospect of an independent early, smaller scale mining operation of up to two million tonnes per annum from scree and near surface mineralisation commencing in 2008/9 provides the potential for an early cash flow to support the Company's larger mining aspirations.

Exploration and Geology

Mineralogical/metallurgical test work by CSIRO from the 2007 scout drilling programme is currently in progress.

The Company has commenced a detailed programme of drilling, trenching and sampling scree deposits and shallow iron ore mineralisation (up to 10 metres deep) to endeavour to define a resource of 30 to 40 million tonnes of high grade iron ore to support a potential two million tonne per annum iron ore lump and fines mining operation.



Cuzco Lump Project Update (Stage 1)

Drilling to define the resource for the lump project commenced in late December 2007. Engineering consultants are presently working on the cost of building the road connection from the proposed mine at Colquemarca (Cuzco Project) to a rail siding on the existing rail system from Cuzco to Matarani, as well as infrastructure requirement at the Matarani port. The engineering studies are expected to be completed by the end of March 2008.

Paulsens East Project

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

The Company believes that there may be sufficient high-grade resource above the surface and at shallow depths up to 20 metres to support a small mining operation. The Company is currently investigating the feasibility of mining operations and the transportation of ore by truck to the Pilbara coast.

A close spaced sampling programme to evaluate the shallow resource is planned for the March quarter.

King Sound Project

The Company has completed a farm-out and joint venture agreement with Alara Uranium Limited over the King Sound mineral sands project. Alara can acquire a 70% interest in this project by funding to take the project to a decision to mine.

The project comprises 3 tenement applications covering a total area of 652 square kilometres, located approximately 10 kilometres south-west of the port town of Derby in the West Kimberley region of Western Australia.

During the quarter, a reconnaissance survey was conducted to collect sediment samples across the tenements to verify historical reported heavy mineral grades. A total of 50 samples from 46 locations were collected. These samples are currently awaiting heavy mineral analysis;

The proposed exploration programme for the March 2008 quarter comprises reviewing and analysing the heavy mineral sampling data and conduct petrographic analysis of the anomalous sample concentrate, and commence the heritage consultation process with the Kimberley Land Council to fast track grant of tenements.

INDONESIAN PROJECTS

Berau Coal Project

By a cooperation agreement dated 12 April 2007 between Strike Operations Pty Ltd (SOPL)^[1], PT Indo Batubara (PTIB)^[2] 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 (see map below for concession location).

On 27 June 2007, SOPL and PTIB reached agreement with Orion Indo Operations Pty Ltd (OIO)^[3] and PT Orion Indo Mining^[4] (PTOIM) for PTIB to assign 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's 30% interest is free-carried until a Decision to Mine^[5] is made by PTOIM.



^[1] A subsidiary of Strike Resources Limited

^[2] An Indonesian company 100% beneficially owned by SOPL

^[3] A subsidiary of Orion Equities Limited

^[4] An Indonesian company 100% beneficially owned by OIO

^[5] "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

A drilling programme comprising 21 diamond drill holes, for an aggregate advance of 1524 metres was conducted during a previous quarter. A total of 59 composite samples were analysed, with results indicating good quality coal. A summary of the coal sample results representing coal seams greater than 1.5 metres is shown in the table below:

	Total Moisture	Inherent Moisture	Ash	Volatile Matter	Fixed Carbon	Total Sulphur	Calorific Value (ar)	Calorific Value (adb)	Calorific Value (db)	Calorific Value (daf)	HGI
Minimum	12.80	11.28	1.26	32.09	32.47	0.19	4558	4753	5357	7016	45
Maximum	23.17	17.59	21.83	44.26	45.62	2.84	6099	6286	7214	7351	55
Average	17.28	14.29	5.32	39.76	40.62	0.61	5621	5824	6798	7242	51

Other exploration activities conducted within the priority area include a 1:5000 scale topographic survey, surface geological and structural mapping, and geophysical downhole logging.

A second diamond drilling programme is currently in progress to further delineate a coal resource.

Banten Project

This project comprises a 5,601 hectare concession located approximately 100 kilometres south-west of Jakarta. Strike has conducted exploration work to identify epithermal gold veins, gold stock works and associated porphyry copper targets within the concession.

Based on the results from the Companies exploration activities, the Company has determined that this project is not a core asset and intends to divest its interest in due course.

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

CORPORATE

In Specie Distribution of 16 Million Alara Uranium Limited (AUQ) Shares To Strike Shareholders

During the quarter, the Company completed a reduction of share capital effected by returning to eligible Strike shareholders, in proportion to the number of Strike shares held by them as at the record date (10 December 2007), 16,000,000 Alara Uranium Limited shares held by Strike (**Capital Return**).

Eligible Strike shareholders received ~0.18537 of an Alara share for every one Strike share held (as at the record date) on 13 December 2007 (**In Specie Distribution Date**).

The value of the Capital Return is calculated by reference to the market value of Alara shares on the , which was 12.0 cents per share, making the total value of the Capital Return \$1,920,000 or 2.2 cents per Strike share.

Reduction in Exercise Price of Options

The Capital Return also had the effect of reducing the exercise price of existing Strike options which remained unexercised after the record date by the value of the value of the Capital Return per Strike share, being 2.2 cents.

Conversion of Listed Options (ASX Code: SRKO)

During the quarter ending 31 December 2007, 8,839,690 listed \$0.20 (30 June 2008) options were exercised and converted into shares, raising a total of \$1,767,938.

Grant of Employee and Directors' Options

During the quarter, the following unlisted employee and directors' options were granted:

Date of Issue	Description of Unlisted Options	Pre Capital Return Exercise Price	Post Capital Return Exercise Price	Expiry Date	Vesting Criteria ¹	No. of Options
17 November 2007	\$2.878 (17 November 2012) Unlisted Employee's Options	\$2.90	\$2.878	17 November 2012	1/3 rd on completion of probation, 1/3 rd 6 months thereafter and 1/3 rd 6 months thereafter again	250,000
3 December 2007	\$3.978 (3 December 2012) Unlisted Directors' Options	\$4.00	\$3.978	3 December 2012	50% on grant 50% on 3 December 2009	4,000,000

¹ Options which have vested may be exercised at any time thereafter, up to their expiry date

ISSUED SECURITIES

	Quoted / To be Quoted	Not Quoted	Total
Fully paid ordinary shares	86,312,419	-	86,312,419
\$0.178 (30 June 2008) Options	3,106,748	-	3,106,748
\$0.178 (9 February 2011) Unlisted Options	-	1,833,333	1,833,333
\$0.278 (9 February 2011) Unlisted Options	-	1,666,667	1,666,667
\$0.938 (21 July 2011) Directors' Options	-	4,600,000	4,600,000
\$0.938 (13 September 2011) Unlisted Directors' Options		500,000	500,000
\$1.178 (6 October 2011) Unlisted Employee Options		150,000	150,000
\$2.078 (7 March 2012) Unlisted Directors' Options		500,000	500,000
\$2.788 (7 March 2012) Unlisted Directors' Options		3,300,000	3,300,000
\$2.878 (1 May 2012) Unlisted Employees' Options		133,000	133,000
\$2.878 (5 September 2012) Unlisted Employee Options		200,000	200,000
\$2.878 (17 November 2012) Unlisted Employee Options		250,000	250,000
\$3.978 (3 December 2012) Unlisted Directors' Options		4,000,000	4,000,000
Total	89,419,167	17,133,000	106,552,167

DISTRIBUTION OF ORDINARY FULLY PAID SHARES

Spread	of	Holdings	Number of Holders	Number of Units	% of Total Issue Capital
1	-	1,000	455	236,088	0.274
1,001	-	5,000	1,432	4,791,005	5.516
5,001	-	10,000	566	4,517,396	5.234
10,001	-	100,000	774	23,268,577	26.959
100,001	-	and over	95	53,529,353	62.018
Total			3,322	86,312,419	100.00%

TOP 20 ORDINARY FULLY PAID SHAREHOLDERS

Rank	Shareholders	Total Shares	% Issued Capital
1	DATABASE SYSTEMS LIMITED *	9,377,090	10.864
2	ANZ NOMINEES LIMITED <CASH INCOME A/C>	5,505,618	6.379
3	CITICORP NOMINEES PTY LIMITED	4,410,819	5.110
4	NATIONAL NOMINEES LIMITED	4,284,717	4.964
5	ORION EQUITIES LIMITED	3,490,802	4.044
6	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,050,173	3.534
7	CLASSIC CAPITAL PTY LTD	1,550,000	1.796
8	IRREWARRA INVESTMENTS PTY LTD	1,302,255	1.509
9	NEFCO NOMINEES PTY LTD	1,032,692	1.196
10	PATER INVESTMENTS PTY LTD	1,000,000	1.159
11	BLUE CRYSTAL PTY LTD	700,000	0.811
12	MR GEORGE BRYANT MACFIE	634,846	0.736
13	CITYSIDE INVESTMENTS PTY LTD	550,000	0.637
14	FAROOQ KHAN	530,010	0.614
15	DR SALIM CASSIM	500,000	0.579
16	MR SHANKER MADAN & MRS ANU MADAN	500,000	0.579
17	SURPION PTY LTD <M W SUHR & CO A/C>	490,000	0.568
18	RENMUIR HOLDING LIMITED	487,428	0.565
19	KATANA CAPITAL LIMITED	450,000	0.521
20	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	405,015	0.469
Total		40,251,465	46.635%

* Substantial shareholder of the Company

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	19	9,127	0.294
1,001	-	5,000	43	144,425	4.649
5,001	-	10,000	19	157,800	5.079
10,001	-	100,000	28	926,896	29.835
100,001	-	and over	6	1,868,500	60.143
Total			115	3,106,748	100.00%

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

Rank	Optionholder	Total Options	% Total Options On Issue
1	MR DENIS IVAN RAKICH	594,000	19.120
2	EMPIRE HOLDINGS PTY LTD	500,000	16.094
3	MR TROY VALENTINE	300,000	9.656
4	HSBC CUSTODY NOMINEES	269,500	8.675
5	WILLBURY HOLDINGS PTY LTD	205,000	6.599
6	NEFCO NOMINEES PTY LTD	100,000	3.219
7	MR PHILLIP NICOLAOU & MRS NATALIE LUCIANA NICOLAOU <P & N NICOLAOU FAMILY A/C>	100,000	3.219
8	MR RODNEY MALCOLM JONES & MRS CAROL ROBIN JONES <HOPERIDGE ENT P/L SUPER A/C>	80,000	2.575
9	BRISPOT NOMINEES PTY LTD <HOUSE HEAD NOMINEE NO 1 A/C>	78,000	2.511
10	ELMSDALE HOLDINGS PTY LTD	50,000	1.609
11	ANZ NOMINEES LIMITED <CASH INCOME A/C>	50,000	1.609
12	MR HAROLD DAVID LUXTON	37,500	1.207
13	DIPLOMAT HOLDINGS PTY LTD <MAXIMILLIA COZIJN A/C>	35,000	1.127
14	STORM PAVICIC <PAVICIC FAMILY A/C>	32,500	1.046
15	MR MATTHEW NORMAN BULL	30,400	0.979
16	MR GUIDO PADULA	30,000	0.966
17	CG SUPER PTY LTD	28,000	0.901
18	MS SUSAN MARIE RAKICH	25,000	0.805
19	MACHELL PTY LTD	20,000	0.644
20	KIRRIEMUIR NOMINEES PTY LTD <NOOR FAMILY FUND A/C>	20,000	0.644
Total		2,584,900	83.205

Appendix A

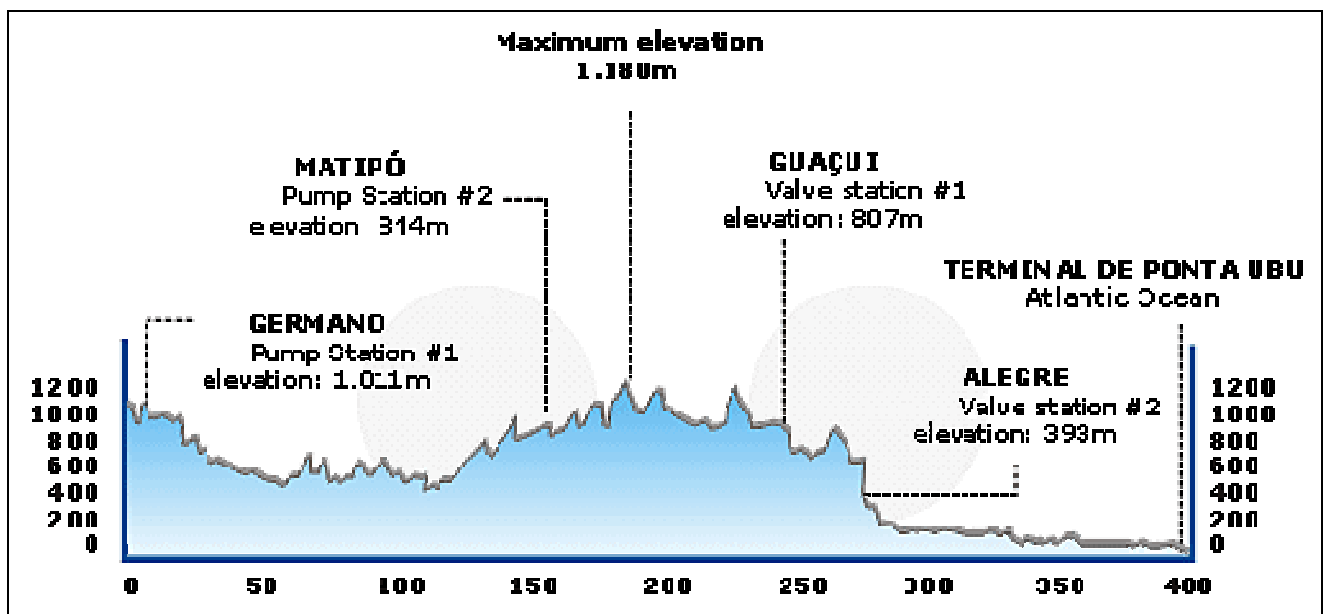
Samarco (Brazil) 396km long @ 18Mtpa

The pipe itself is made of API 5 LX-60 steel plates, and of its total 396 km, 346 km have a diameter of 20 " and 50 km a diameter of 18". The thickness of the walls varies between 8 and 19 mm. Almost all of the pipeline is buried at a depth of approximately 1.5 m, duly protected against corrosion by means of a PVC lining and a system of forced flow cathode protection.

The transportation velocity ranges from 1.5 m/s to 1.8 m/s, with a flowrate between 1,000 m³/h and 1,200 m³/h. Its highest point is the crossing of the Caparaó mountain range, at an elevation of 1,180m.

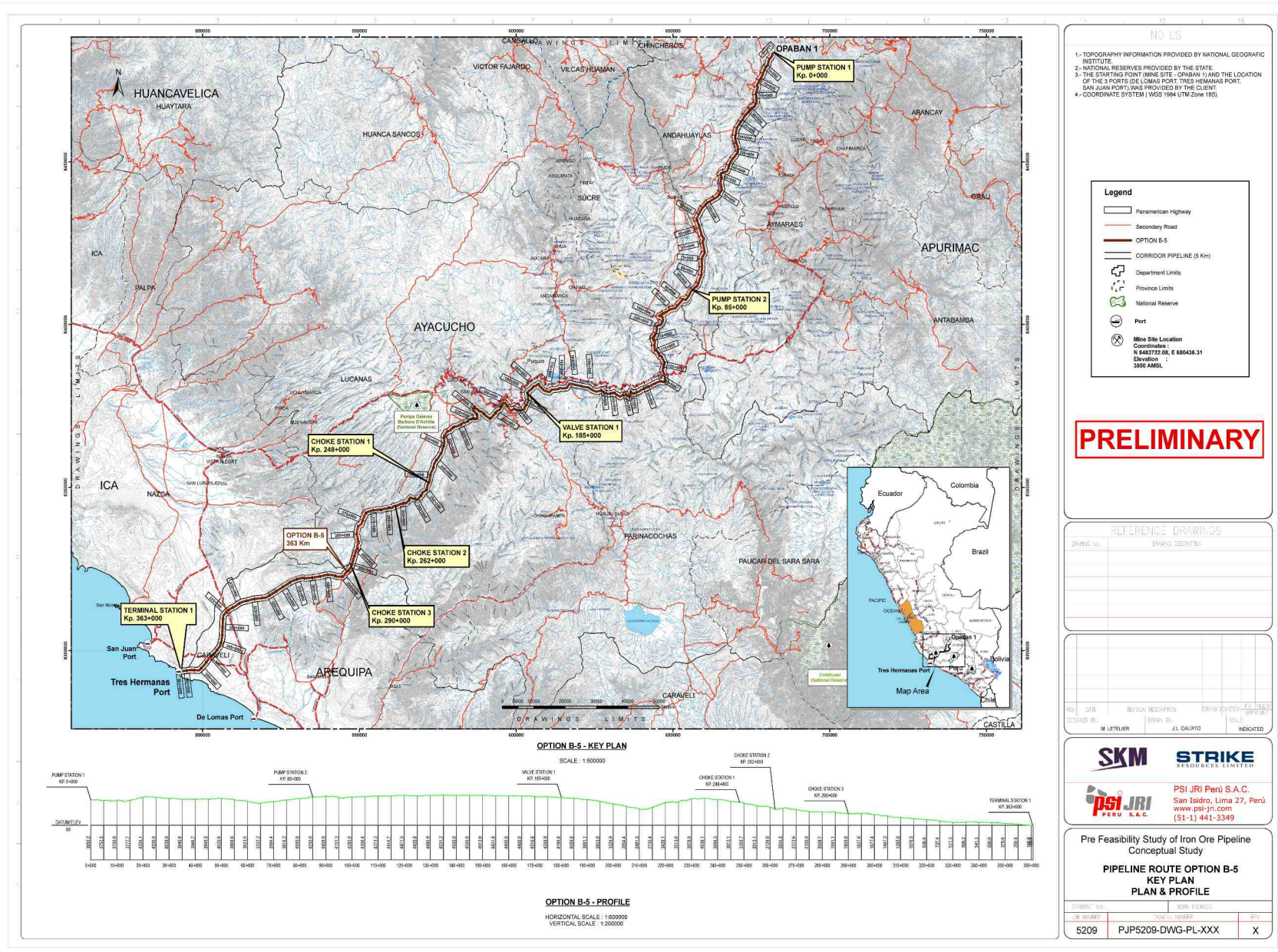
The time it takes to travel from Pump Station 1 to the Terminal is about 61 hours, at an average speed of 1.8 m/s.

Its useful life was initially estimated at 20 years, but due to its careful maintenance, improved operational control and lower corrosion and erosion rates, it is currently estimated that it can be double that.



(Source Samarco website)

Appendix B



Appendix 5B

Mining Exploration Entity Quarterly Report

Name of entity

STRIKE RESOURCES LIMITED and controlled entities

ACN or ARBN

088 488 724

Quarter Ended

31 December 2007

Consolidated statement of cash flows

Cash flows related to operating activities

1.1 Receipts from product sales and related debtors

1.2 Payments for

(a) exploration and evaluation

(b) development

(c) production

(d) administration

1.3 Dividends received

1.4 Interest and other items of a similar nature received

1.5 Interest and other costs of finance paid

1.6 Income taxes paid

1.7 Other (provide details if material)

(a) Professional fees

(b) Legal and settlement costs

Net operating cash flows

Consolidated

Current Quarter

Dec 2007

\$' 000

Year to Date

6 months

\$' 000

-

-

(367)

(1,207)

-

-

-

-

(621)

(1,036)

-

12

209

477

-

-

-

-

-

-

-

-

-

-

(779)

(1,754)

	Consolidated	
	Current Quarter Dec 2007 \$' 000	Year to Date 6 months \$' 000
1.8 Net operating cash flows (carried forward)	(779)	(1,754)
Cash flows related to investing activities		
1.9 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	(1,908)	(2,835)
(c) other fixed assets	-	-
1.10 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.11 Loans to other entities	(33)	(33)
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
Contribution towards development costs	-	-
Proceeds from return of capital	-	-
Net investing cash flows	(1,941)	(2,868)
1.14 Total operating and investing cash flows	(2,720)	(4,622)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	1,730	2,061
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other (provide details if material)	-	-
Net financing cash flows	1,730	2,061
Net increase (decrease) in cash held	(990)	(2,561)
1.21 Cash at beginning of quarter/year to date	16,795	18,328
1.22 Exchange rate adjustments to item 1.20	(139)	(101)
1.23 Cash at end of quarter	15,666	15,666

Payments to directors of the entity and associates of the directors Payments to related entities of the entity and associates of the related entities

	Current Quarter Dec 2007 \$' 000
1.24 Aggregate amount of payments to the parties included in item 1.2	(233)
1.25 Aggregate amount of loans to the parties included in item 1.10	-

1.26 Explanation necessary for an understanding of the transactions

(1) \$232,957 - Directors' fees, salaries and superannuation for the quarter.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity

None.

Financing facilities available

	Amount available \$' 000	Amount used \$' 000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	Next Quarter \$' 000
4.1 Exploration and evaluation	(7,128)
4.2 Development	-
Total	(7,128)

Note that 4.1 includes an estimated A\$6.81 million (US\$5.85 million) investment into Apurimac Ferrum S.A (the Peruvian company which holds the Apurimac and Cuzco Iron Ore Projects). The funds invested into Apurimac Ferrum will be applied towards exploration and evaluation expenses on the projects. An exchange rate of US\$1.00 = A\$0.86 has been adopted.

Reconciliation of cash

Reconciliation of cash at the end of the month (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows

	Consolidated	
	Current Quarter \$' 000	Previous Quarter \$' 000
5.1 Cash on hand and at bank	1,354	1,889
5.2 Deposits at call	14,312	14,906
5.3 Bank overdraft	-	-
5.4 Other (Bank Bills)	-	-
Total: cash at end of quarter (item 1.22)	15,666	16,795

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (4))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	The Company has completed a farm-out and joint venture agreement with Alara Uranium Limited over the King Sound mineral sands project. Alara can acquire a 70% interest in this project by meeting all exploration expenditure until a "decision to mine". The project comprises 3 tenement applications covering a total area of 652 square kilometres, located approximately 10 kilometres south-west of the port town of Derby in the West Kimberley region of Western Australia.		
6.2	Interests in mining tenements acquired or increased	None.		

Issued and quoted securities at end of current quarter

	Total number	Number quoted	security (see note 5) (cents)	security (see note 5) (cents)
7.1 Preference securities+	n/a			
7.2 Changes during quarter				
(a) Increases through issues				
(b) Decreases through returns of capital, buy-backs, redemptions				
7.3 Ordinary securities+	86,312,419	86,312,419		
7.4 Changes during quarter				
(a) Increases through issues Conversion of SRKO options	8,839,690	8,839,690	20 cents	N/A
(b) Decreases through returns of capital, buy-backs				
7.5 Convertible debt securities+				
7.6 Changes during quarter				
(a) Increases through issues				
(b) Decreases through securities matured, converted				
7.7 Options			<i>Exercise price</i>	<i>Expiry date</i>
Vendor options	1,833,333	1,833,333	17.8 cents	9 February 2011
Vendor options	1,666,667	1,666,667	27.8 cents	9 February 2011
Listed SRKO options	3,106,748	3,106,748	17.8 cents	30 June 2008
Directors' options	4,600,000		93.8 cents	21 July 2011
Directors' options	500,000		93.8 cents	13 September 2011
Employee's options	150,000		117.8 cents	6 October 2011
Directors' options	500,000		207.8 cents	7 March 2012
Directors' options	3,300,000		278.8 cents	7 March 2012
Employee's options	100,000		287.8 cents	1 May 2012
Employee's options	133,000		287.8 cents	1 May 2012
Employee's options	200,000		287.8 cents	5 September 2012
Employee's options	250,000		287.8 cents	17 November 2012
Directors' options	4,000,000		397.8 cents	3 December 2012
7.8 Issued during quarter				
Employee's options	250,000		287.8 cents	17 November 2012
Directors' options	4,000,000		397.8 cents	3 December 2012
7.9 Exercised during quarter	8,839,690		17.8 cents	30 June 2008
7.10 Expired during quarter				
7.11 Debentures (totals only)				
7.12 Unsecured notes				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement **does** give a true and fair view of the matters disclosed.



31 January 2008

Victor Ho
Director

+ See Chapter 19 for defined terms

NOTES

- 1) The Company currently holds the following share investments:

Company	No Shares	%	31-Dec-07	Market Value
			Last Bid Price	
Alara Uranium Limited (AUQ)	12,750,000	15.8%	\$0.125	\$1,593,750
Alara Uranium Limited Options (AUQO)	21,562,500	35.7%	\$0.039	\$840,938
Orion Equities Limited (OEQ)	505,026	2.8%	\$1.310	\$661,584
Queste Communications Ltd (QUE)	826,950	2.9%	\$0.300	\$248,085
Sofcom Limited (SOF)	12,420,439	27.8%	suspended	\$0
Total				\$3,344,357

Share investments are regarded as liquid assets to supplement the Company's cash reserves.

The Company is the largest shareholder in SOF which is currently suspended awaiting a potential recapitalisation and re-admission to ASX.

- 2) During the quarter ending 31 December 2007, 8,839,690 listed \$0.20 (30 June 2008) options were exercised and converted into shares, raising a total of \$1,767,938
- 3) The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note
- 4) The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent
- 5) Issued and quoted securities The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 6) The definitions in, and provisions of, AASB 1022: Accounting for Extractive Industries and AASB 1026: Statement of Cash Flows apply to this report.
- 7) Accounting Standards ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.