STRIKE RESOURCES LIMITED

FULL YEAR REPORT:

Directors' Report
Auditors' Independence Declaration
Financial Report
Audit Report

30 June 2008

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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
A. Farhad Moshiri	Non-Executive Director
Mark P. M. Horn	Alternate Director For A. F. Moshiri

COMPANY SECRETARY
Victor P H Ho

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

ASX CODE
SRK

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** or **SRK**) and its controlled entities (the **Consolidated Entity**) for the financial year ended 30 June 2008 (**Balance Date**).

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

(1) Apurimac Ferrum S.A. (**AF**), a company incorporated in Peru in which Strike gained control on 29 May 2008, moving from a 12.5% to 51% direct shareholding interest in addition to its existing indirect 17.15% interest (via its 70% shareholding in IAC, which holds a ~24.5% shareholding in AF);

(2) Iron Associates Corporation (**IAC**), a company incorporated in Panama in which SRK acquired a 70% shareholding interest on 26 February 2007;

(3) Strike Operations Pty Ltd ABN 12 102 978 370 (**SOPL**) a wholly owned subsidiary during the whole of the financial year;

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

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

(6) Ferrum Holdings Limited (**FHL**), a wholly owned subsidiary company incorporated in British Anguilla on 29 May 2008.

The following entities became a controlled entity <u>after</u> the end of the financial year:

(1) Strike Australian Operations Pty Ltd ACN 119 438 265 (formerly Central Exchange Mining Ltd) (**SAO**), which holds a 25% interest in the West Australian Paulsens East Iron Ore Project, was acquired from Orion Equities Limited (**Orion** or **OEQ**) on 11 August 2008 in consideration for 1,750,000 Strike shares;

(2) Strike Indo Operations Pty Ltd ACN 124 702 245 (formerly Orion Indo Operations Pty Ltd) (**SIO**), which holds a 70% interest in the Indonesian Berau Coal Project, was acquired from Orion on 11 August 2008 in consideration for 7,750,000 Strike shares; and

(3) PT Orion Indo Mining, a company registered in Indonesia which is 100% beneficially owned by SIO.

PRINCIPAL ACTIVITIES

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

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

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 23 May 2008, Strike completed a $32 million share placement to Australian, UK and US based institutional and professional clients of BBY Limited through the issue of 13.051 million shares at an issue price of $2.45 per share.[1]

1 Refer 13 May 2008 ASX market announcement entitled "Completion of $32 Million Institutional Capital Raising".

DIRECTORS' REPORT

On 29 May 2008, Strike exercised two Options[2] to acquire an additional 38.5% direct shareholding interest in Apurimac Ferrum S.A. (**AF**) in consideration for US$34.5 million. From a pre-existing 12.5% direct interest and a 17.15%[3] indirect interest in AF, Strike has now taken its total economic interest in AF to 68.15%. Payment of US$17.25 million, in respect of the MAPSA Option, was effected on 17 June 2008. The US$17.25 million exercise monies in respect of the D&C Option is available to but has not been collected by D&C as at the date of this report. More details are provided in section B.1 of Review of Operations.

D&C has raised disputes, amongst other matters, over the validity of the IAC Transaction[3] and the exercise of the Options by Strike. These disputes are currently the subject of Arbitration proceedings before the Lima Chamber of Commerce. Based on advice from highly respected Peruvian counsel, Strike believes that there is no basis for D&C's claims. More details are provided in section B.2 of Review of Operations.

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

EVENTS SUBSEQUENT TO BALANCE DATE

On 25 July 2008, Strike entered into a share subscription agreement with Gallagher Holdings Limited (**Gallagher**) for a A$103 million capital raising at $2.75 per share.[4] The first tranche of 18,068,086 shares was completed on 29 July 2008, raising A$49.7 million. On 29 July 2008, A. Farhad Moshiri was appointed to the Board as a Non-Executive Director as a nominee of Gallagher. Mr Moshiri appointed Mark Horn as his Alternate Director.

On 11 August 2008, the Company acquired a 70% interest in the Indonesian Berau Coal Project (via the acquisition of Strike Indo Operations Pty Ltd (formerly Orion Indo Operations Pty Ltd)) and a 25% interest in the West Australian Paulsens East Iron Ore Project (via the acquisition of Strike Australian Operations Pty Ltd (formerly Central Exchange Mining Ltd)) from its joint venture partner in these projects, ASX listed Orion Equities Limited (**Orion**). A total of 9.5 million Strike shares were issued to Orion as consideration for these sales.

On 22 September 2008, Gallagher advised that its due diligence investigations under the share subscription agreement in relation to the tranche 2 investment of A$53.4 million had not been satisfied as a result of the uncertainty created by the international financial crisis.[5] Gallagher has advised the Company that it is still desirous of making a further investment into the Company. The parties are continuing to engage in good faith negotiations to replace tranche 2 with an alternative investment mechanism into Strike. More details about the Gallagher transaction are provided in section C of Review of Operations.

On 25 September 2008, the Company announced that it intended to conduct an on-market share buy back within the "10%/12 month limit" permitted under section 257B(4) of the *Corporations Act 2001 (Cth)*.[6] As at the date of this report, no shares have been bought back by the Company under this mechanism.

The Directors are not aware of any other matters or circumstances at the date of this Directors' Report, other than those referred to in this Directors' Report (in particular, in this section and in Review of Operations) or the financial statements or notes thereto (in particular Subsequent Events Note 27), 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.

2 Pursuant to a shareholders' agreement dated 10 November 2006 between Strike, Minera Los Andes y el Pacífico S.A. (**MAPSA**), D&C and AF (**AF Shareholders Agreement**), Strike was granted options by MAPSA and D&C Group S.A.C (**D&C**) over AF shares equivalent to 38.5% of AF's issued capital, exercisable by the payment to MAPSA and D&C of US$17.25 million each (US$34.5 million in total) (**Options**).

3 Strike holds a 70% shareholding in Iron Associates Corporation (**IAC**) which it acquired from MAPSA and its shareholders in February 2007 (**IAC Transaction**). IAC's sole asset is a 24.5% shareholding in AF. Strike's indirect holding in AF, through IAC, equates to a 17.15% interest in AF.

4 Refer 28 July 2008 ASX market announcement entitled "$103 Million Capital Raising".

5 Refer 23 September 2008 ASX market announcement entitled "Update on Gallagher Share Placement"

6 Refer 25 September 2008 ASX market announcement entitled "Appendix 3C - Announcement of Share Buy Back"

DIRECTORS' REPORT

OPERATING RESULTS

Consolidated	2008 $	2007 $
Total revenues	1,173,315	8,148,982
Total expenses	(14,467,399)	(7,007,636)
Profit / (loss) before tax	(13,294,084)	1,141,346
Income tax expense	-	-
Profit / (loss) after tax	(13,294,084)	1,141,346

Total revenues include:

(1) $1,011,364 interest received (2007: $369,946);

(2) $142,208 gain on sale of associate (2007: $65,151).

Total expenses include:

(1) $1,921,441 share of Associate's losses (2007: $105,433);

(2) $1,707,693 exploration and evaluation expenditure (2007: $440,333);

(3) $313,077 provision for impairment - share investments (2007: $nil)

(4) $5,721,502 personnel expenses in relation to directors' and employees' options (2007: $3,876,264);

(5) $1,547,289 other personnel costs (2007: $903,478);

(6) $576,761 professional fees (2007: $318,035);

(7) $457,589 travel and incidentals (2007: $384,879);

(8) $401,766 foreign exchange losses (2007: $274,878).

LOSS PER SHARE

Consolidated	2008	2007
Basic earnings/(loss) per share (cents)	(15.81)	1.99
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings/(loss) per share	84,078,628	74,167,491

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 2008 financial year.

DIRECTORS' REPORT

FINANCIAL POSITION

Consolidated	2008 $	2007 $
Cash	23,801,331	18,358,891
Investments in Associate entities	-	11,563,736
Other investments	1,946,072	977,877
Intangibles	7,258,765	7,258,765
Resource and mining related expenditure	53,477,069	422,781
Receivables	2,782,622	170,123
Other assets	529,672	70,396
Gross assets	**89,795,531**	**38,822,569**
Liabilities	(26,102,035)	(532,820)
Net assets	**63,693,496**	**38,289,749**
Issued capital	79,983,760	51,078,281
Reserves	12,269,828	4,121,608
Accumulated losses	(30,547,081)	(17,252,997)
Parent entity interest	61,706,507	37,946,892
Minority interest	1,986,989	342,857
Total equity	**63,693,496**	**38,289,749**

Intangible asset comprise:

(1) $7,258,765 Goodwill on acquisition of IAC (2007: $7,258,765).

Resource and mining related expenditure includes:

(1) $41,433,964 Apurimac Ferrum Project acquisition cost (Note 9) (2007: $nil);

(2) $12,905,698 Exploration and evaluation expenditure (2007: $440,333);

(3) $422,319 Other acquisition costs (2007: $485,879).

Receivables include:

(1) $1,648,799 Value added tax (VAT) recoverable by AF in Peru (2007: $nil);

(2) $277,734 Amounts owed to AF by MAPSA (2007: $nil).

Liabilities include:

(1) $18,616,823 Amounts owed to D&C by Strike and AF (2007: $Nil);

(2) $6,070,925 Amounts owed to MAPSA by AF ($(2007: $Nil).

DIRECTORS' REPORT

REVIEW OF OPERATIONS

A. PROJECTS

Strike Resources Limited (ASX Code: SRK) is an Australian-based mineral development company with a diversified asset portfolio including hematite and magnetite iron ore projects in Peru, hematite and minerals sands projects in Australia and a thermal coal project in Indonesia.

During the past year, significant developments have occurred in the evolution of Strike from a grassroots exploration to a project development company planned to enter into production from mid 2009.

On a staged basis, Strike has the objective of bringing into production up to 5 projects in Peru, Indonesia and Australia, each with an expectation of generating significant revenues for the Company:

PROJECTS		LOCATION	Interest Held by Strike
(1)	Berau Thermal Coal	East Kalimantan, Indonesia Apurimac District, Peru	100%
(2)	Cuzco Lump Iron Ore	Cuzco District, Peru	68.15%
(3)	Paulsens East Iron Ore	West Pilbara, Western Australia	100%
(4)	Apurimac Iron Ore	Apurimac District, Peru	68.15%
(5)	Cuzco Iron Ore	Apurimac District, Peru	68.15%

Strike has a 3 stage project development programme target for Peru:

(a) **Cuzco Lump:** up to 2 million tonnes per annum lump ore production from the Cuzco Project;

(b) **Apurimac:** An additional 20 million tonnes of concentrate production from the Apurimac Project;

(c) **Cuzco Stage 2:** An additional 20 million tonnes of concentrate production from the Cuzco Project.

1. Apurimac Iron Ore Project (Peru)

The Apurimac Project currently comprises approximately 77 concessions totalling approximately 60,000 hectares[7] located 16 kilometres from Andahuaylas, the capital of the Apurimac Province in Peru's southern Andes.

On 23 July 2008[8] Strike announced the results of the Pre-Feasibility Study (**PFS**) undertaken by AF, which focussed on the development of a 20 million tonnes per annum mining operation from the Apurimac district with iron ore concentrate transported by slurry pipeline to a proposed new port at Tres Hermanas, near the town of San Juan.

The resource estimate by Snowden Group (completed as part of the PFS) has provided a significant re-rating of the resource on two Apurimac concessions, from JORC Inferred Resource of 172 million tonnes at 62.68% Fe to a more refined JORC Indicated status, delivering a total JORC Indicated Resource of 133.5 million tonnes.

JORC Indicated Resource Estimate

Concession	Tonnes	Fe%	Al_2O_3%	SiO_2%	P%	S%
Opaban I	125,000,000	59.26	2.12	7.87	0.04	0.14
Opaban III	8,530,000	62.08	1.37	4.58	0.07	0.25
Total/Average	**133,530,000**	**59.40**	**2.07**	**7.66**	**0.04**	**0.15**

7 Strike's Apurimac Project comprises concessions held by Apurimac Ferrum S.A and Strike Resources Peru S.A.C.

8 Refer 23 July 2008 ASX market announcement entitled "Pre-Feasibility Results Confirm World Class Prospects for Apurimac Project in Peru"

DIRECTORS' REPORT

The main Opaban I resource is an iron-skarn deposit, tabular-shaped and generally flat-lying. Drilling has so far defined the dimensions of a mineralised body as being approximately 1,600 metres long by 300 metres wide, in a zone in which massive iron oxide deposits occur in several locations along a 5 kilometre northwest trend.

Community approvals and environmental permits are being sought for a total of approximately 45,000 metres of RC and diamond drilling in the Apurimac region, including in-fill drilling at the Opaban I and III concessions to expand the current JORC resource.

Results of Pre Feasibility Study (PFS)

The PFS has confirmed that the Apurimac Iron Ore Project has the potential to become a highly profitable world class iron ore operation, with:

- Average operating costs (**OPEX**) of approximately **US$14.50 per tonne**
- Total capital cost (**CAPEX**) of approximately **US$2.3 billion**
- High quality product grading **+68% Fe**, very low in Alumina, Phosphorous and other impurities
- Operating cash surplus of approximately US$1.44 billion forecast for first full year of production (based on current iron ore prices)
- Cash flows sufficient to repay the project's total capital cost within 2 years

A summary of the OPEX and CAPEX costs and Strike's financial evaluation of the project is as follows:

Operating Costs

Average operating costs (excluding contingency, royalty and depreciation charges) per tonne of dry concentrate at full production are estimated (with an accuracy of +25%/-10%) to be US$14.50 per tonne.

An additional provision for contingency or 'risk' costs has been estimated at US$1.45 per tonne.

Description	Cost US$/t Dry Concentrate
Process, General and Administration	0.93
Reagents and Consumables	1.03
Infrastructure	0.40
Power	2.74
Spares	2.78
Mining and Geology	6.30
Port Operations	0.32
Total	**14.50**
Contingency	1.45
Total including Contingency	**15.95**

Table 1: OPEX costs from PFS

These operating costs are extremely competitive when compared with current and planned producers in Australia.

DIRECTORS' REPORT

Capital Cost Estimates

Total direct and indirect costs for the project including engineering, procurement and commissioning are estimated (with an accuracy of +25%/-10%) to be approximately US$2.3 billion.

An additional provision for contingency or 'risk' costs (which also includes an allowance for further possible savings, presently under review) has been estimated at US$200 million.

Description	Cost US$M
Mine Site and off site infrastructure	361,082
Process Plant	341,971
Tailings	48,329
Concentrate Pipeline	489,962
Port	280,962
Water Supply	34,886
Electrical and Communications	54,654
Total Indirects	692,765
Total	**2,304,611**
Contingency	200,555
Total incl. Contingency	**2,505,166**

Table 2: CAPEX costs from PFS

Indirect costs include (among other items) an allowance for Engineering, Procurement, Construction Management (**EPCM**), equipment freight and insurance, customs duties, start-up and commissioning.

The capital cost estimates were developed from a detailed work breakdown structure of each process, with costs for equipment based upon budget quotations from major suppliers. A selection of contractors and suppliers were interviewed to compile relevant information for setting applicable rates and costings. A field survey in Peru was also completed, to check the correctness of rates.

Financial Evaluation

Financial analysis by Strike confirms that the project economics are potentially highly attractive.

The capital and operating cost estimates from the studies, together with a conservative assumption of an average price of US$60 FOB per tonne of concentrate, suggest the project will generate an operating cash surplus in the first full year of production of approximately US$890 million.

If iron ore prices maintain their current levels (equivalent to approximately US$94 FOB), operating cash surplus in the first full year of production is forecast to reach approximately US$1.44 billion and would be sufficient to repay the project's capital cost within 2 years.

Railway Alternative

Strike is also investigating project alternatives to the central case described in the PFS, including the use of contract mining (to reduce direct capital costs) and the use of a railway instead of a slurry pipeline.

A preliminary scoping study suggests that a railway for transporting sinter fines and lump from the mine to the coast is technically feasible and would offer significant cost savings at the mine beneficiation plant. Further work is currently underway to more accurately analyse the value trade off.

DIRECTORS' REPORT

2. Cuzco Iron Ore Project (Peru)

The Cuzco Project currently comprises approximately 16 concessions totalling approximately 13,363 hectares[9] located approximately 130 kilometres south-east of the Apurimac Project area and 80 kilometres south of the historical city of Cuzco. Two small towns, Santa Tomas and Colquemarca, are located within a few kilometres of the project area.

Strike has two areas of focus within this project:

(1) **Cuzco Lump:** The establishment of an early cash flow generating, two million tonnes per annum lump iron ore operation by late 2009 mining high grade near surface hematite mineralisation with the direct shipping ore (**DSO**) being transported to the existing port of Matarani using a third party contractor, Peru Rail; and

(2) **Cuzco Stage 2:** The development of a second 20 million tonnes per annum mining operation and second slurry pipeline to integrate with the 20 million tonnes per annum mining operation proposed at Apurimac with the concentrate product being transported to the coast through the first slurry pipeline.

Cuzco Lump Ore Project

Strike is conducting a scoping study on the mining and transportation of 1.2 million tonnes initially, expandable to 2 million tonnes, per annum of high-grade (+60% Fe) lump iron ore from its Cuzco Project area through to the existing port of Matarani.

Preliminary findings indicate that the ore could be trucked 275 kilometres through to a railhead near the town of Imata and thererafter loaded onto trains and railed 312 kilometres through to Matarani port using Peru Rail.

Environmental and community approvals have been granted for a 296-hole drilling programme. The first drilling campaign will seek to define a near-surface JORC resource to support the lump iron ore operation. Subsequent drilling campaigns will seek to define a JORC resource at depth to support a proposed 20 million tonnes per annum concentrate operation.

3. Berau Thermal Coal Project (East Kalimantan, Indonesia)[10]

On 11 August 2008, the Company acquired a 70% interest in the Berau project concession (via the acquisition of Strike Indo Operations Pty Ltd (formerly Orion Indo Operations Pty Ltd)) from its joint venture partner, Orion. Strike now holds a 100% interest in this project. A total of 7.75 million Strike shares were issued to Orion as consideration for this sale. Strike now holds a 100% interest in this project.

The Berau Coal Project is located approximately 40 kilometres south-west of Tanjungredeb (Berau) and approximately 350 kilometres north of Balikpapan (the capital of Kalimantan).

9 Strike's Cuzco Project comprises concessions held by Apurimac Ferrum S.A and Strike Resources Peru S.A.C.

10 The information in this section which relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Philip A. Jones and Mr Allen J. Maynard, who are Corporate Members of the Australasian Institute of Mining and Metallurgy and Members of the Australian Institute of Geoscientists and independent consultants to the Company. They have over 30 years of exploration and mining experience in a variety of mineral deposit styles including coal mineralisation. Mr Jones & Mr Maynard have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which is being undertaken to qualify as Competent Persons as defined in the 2004 Edition of the "Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Jones & Mr Maynard consent to inclusion in this section of the matters based on this information in the form and context in which it appears.

DIRECTORS' REPORT

A JORC **Inferred Thermal Coal Resource of ~4.6 million tonnes** with a **calorific value of ~5,800 kcal/kg** has been estimated for the project.[11] The coal has low ash (~5.6%), low sulphur (~0.64%) and Inherent Moisture of ~14 %.

Resource modelling also indicates a **target resource of an additional 4 to 5 million tonnes of coal with a calorific value** of **5,200 - 6,000 kcal/kg**, with the same properties +/-10%.

The results are summarised in the table below:

	Inferred Resource	Target Mineralisation
Coal Tonnes (millions)	**4.6**	**4 - 5**
CVADB = Calorific Value Air Dried Basis	**5,800**	**5,200 - 6,000**
IMADB = Inherent Moisture Air Dried Basis	**14**	**13 - 15**
TSADB = Total Sulphur Air Dried Basis	**0.64**	**0.55 - 0.70**
AADB = Ash Air Dried Basis	**5.6**	**5.0 - 6.0**
FCADB = Fixed Carbon Air Dried Basis	**40**	**35 - 45**
VMADB = Volatile Matter Air Dried Basis	**40**	**35 - 45**
CVAR = Calorific Value As Received	**5,600**	**5,100 - 6,000**
TMAR = Total Moisture As Received	**17**	**16 - 18**
CVDB = Calorific Value Oven Dried	**6,800**	**6,400 - 7,000**
CVDAF = Calorific Value Dry Ash Free	**7,200**	**7,000 - 7,400**
HGI = Hardgrove Grindability Index	**50**	**45 - 55**

(The potential quantity and grade of the target mineralisation coal is conceptual in nature. There has been insufficient exploration to define a mineral resource in relation to that target coal. It is uncertain if further exploration will result in the determination of a mineral resource in relation to that target coal. At Berau, the target mineralisation is interpreted as having similar quality to the Inferred resources and for the required purpose of including a range of 'grades' the same properties are quoted as +/-10% of the assayed properties.)

A low-cost strip mining operation is planned of 1.5 million tonnes per annum initially, commencing in mid 2009, and increasing to 3 million tonnes per annum. It is proposed that the coal will be trucked and barged to ships for transport to markets in Asia.

Additional exploration is currently being planned to test coal seam extensions to the south-east, to the north-east and to the south-west of the current work area where the current Inferred Resource has been defined.

4. Paulsens East Iron Ore Project (West Pilbara, Western Australia)

On 11 August 2008, the Company acquired a 25% interest in the Paulsens East project tenements (via the acquisition of Strike Australian Operations Pty Ltd (formerly Central Exchange Mining Ltd)) from its joint venture partner, Orion. A total of 1.75 million Strike shares were issued to Orion as consideration for this sale. Strike now holds a 100% interest in this project.

The project 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.

Strike is targeting a 1 to 1.5 million tonne per annum mining operation from this project with direct shipping (**DSO**) quality iron ore being trucked to an existing port in either Onslow or Dampier, commencing in early 2010.

11 Refer 1 August 2008 ASX market announcement entitled "JORC Inferred Coal Resource of 4.6Mt at Berau Project"

DIRECTORS' REPORT

5. King Sound Mineral Sands Project (Kimberley, Western Australia)

Strike has, through a joint venture with ASX listed Alara Uranium Limited (**Alara**), a 30% interest (free-carried until decision to mine) in the King Sound Mineral Sands Project, currently comprising three tenement applications covering a total area of 652 square kilometres, located approximately 10 kilometres west of the port town of Derby in the West Kimberley region of Western Australia.

The JV has identified the King Sound area as being prospective for the accumulation of heavy minerals, such as zircon, rutile and ilmenite.

The JV is awaiting the grant of these tenements prior to conducting additional sampling for test work to produce and characterise the heavy minerals to determine an effective processing pathway and develop a conceptual work flow sheet as part of an overall scoping study on the feasibility of the project.

B. PERU MATTERS

1. Strike's investment in Apurimac Ferrum S.A. (AF)

On 27 February 2008, Strike completed its obligation to invest US$6.5 million (A$7.7 million) into AF in consideration for receiving 12.5% of AF's total issued share capital. This was almost 4 years ahead of schedule as Strike had 5 years from the date of the AF Shareholders Agreement (executed on November 2006) to complete this obligation.

Subsequent to completion of this US$6.5 million equity contribution into AF, Strike advanced US$5 million (A$5.3 million) in unsecured loan funds to AF as provided for under the AF Shareholders Agreement. This loan is interest bearing and convertible into equity in AF if approved by AF.

On 29 May 2008, Strike exercised its Options[12] to acquire a 19.25% interest in AF from each of MAPSA and D&C in consideration of US$17.25 million to each (being a total of US$34.5 million for 38.5%).

From a pre-existing 12.5% direct interest and a 17.15% indirect interest (via an interest in IAC)[13] in AF, Strike has now taken its direct interest to 51% and its total economic interest in AF to 68.15%.

Immediately post Options exercise and as at the date of this report, the shareholding structure of AF, as reflected in AF´s share ledger book[14], is as follows:

(1) Strike – 13,443,015 shares (50.952%);

(2) IAC – 6,476,735 shares (24.548%); and

(3) D&C, D&C Pesca S.A.C. and Ausinca Peru S.A (together, **D&C/Ausinca**) – 6,464,025 shares (24.5%).

The US$17.25 million Options exercise monies payable to MAPSA was collected by MAPSA on 17 June 2008. In this regard, US$12.5 million (A$13.04 million) was paid to MAPSA and US$5 million (A$5.3 million) was advanced to AF as a loan from MAPSA (as provided for under the AF Agreement).

The US$17.25 million options exercise monies payable to D&C/Ausinca is available to but has not been collected by those parties as at the date of this report. Of that US$17.25 million, US$5 million is to be advanced to AF by D&C as a loan, as provided for under the AF Agreement. In this regard, the US$5 million loan component has not yet been advanced to AF. An amount of A$17.97 million has been disclosed as a liability on Strike's balance sheet (under "Trade and other payables") as at balance date

12 Refer footnote 2.

13 Refer footnote 3.

14 Peruvian lawyers have advised that under Peruvian General Corporate Law, AF must regard the persons who appear as owners of shares in AF's share ledger book as being the owners of such shares.

DIRECTORS' REPORT

2. D&C Claims and Arbitration Proceedings[15]

The Company refers to its previous market announcements in relation to D&C's claims and allegations concerning, amongst other matters, the validity of the IAC Transaction and the exercise of the Options by Strike. These disputes are currently the subject of Arbitration proceedings before the Lima Chamber of Commerce filed initially by Strike and followed subsequently by Arbitration applications filed by D&C.

The Company has been advised by its Peruvian lawyers that the Lima Chamber of Commerce has compiled a list of proposed Arbitration Panel members, which includes a foreign citizen as Chairman. The Panel, once formally installed, will set a timetable for the future conduct of the Arbitration proceedings between Strike and D&C.

D&C has also recently made allegations of irregularities associated with Strike's exercise of the Options and referred the matter to the Peruvian police.

Strike remains confident (based on a number of clear legal opinions from leading Peruvian lawyers) that D&C's claims and allegations have no merit.

Whilst each party has clearly stated its legal position against the other, both parties continue to investigate the possibility of a commercial settlement of the dispute.

Further details about the Arbitration proceedings and D&C's claims and allegations are disclosed in Note 26 (Contingent Assets and Liabilities) of the financial statements.

C. Capital Raisings

On 23 May 2008, Strike completed a $32 million share placement to Australian, UK and US based institutional and professional clients of BBY Limited through the issue of 13.051 million shares at an issue price of $2.45 per share (the **$32 Million Share Placement**).[16]

On 25 July 2008, Strike entered into a share subscription agreement with Gallagher Holdings Limited **(Gallagher**) for a $103 million capital raising at $2.75 per share[17].

Gallagher has advised that it is one of the investment holding companies for the interests of Mr Alisher Usmanov, who is a leading Russian businessmen. Mr Usmanov is the founder and principal shareholder of Gallagher and Metalloinvest. Metalloinvest is a large mining and metals company in Russia. It is comprised of the biggest Commonwealth of Independent States (CIS) iron ore producer, has large iron ore reserves globally and is one of the leading steel producers within Russia. Metalloinvest and its affiliated companies also have interests in telecommunications, media and leisure. The Gallagher/Metalloinvest groups have previously invested in ASX listed companies Mount Gibson Iron Limited (MGX) and Aztec Resources Ltd (AZR) and currently has a shareholding in Medusa Mining Limited (MML).

The placement was to occur in two tranches: A$49.7 million and A$53.4 million[18]. The first tranche was completed on 29 July 2008 with completion of the second tranche being subject to completion of due diligence by Gallagher, Foreign Investment Review Board (**FIRB**) approval and Strike shareholder approval.

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15 Refer to the following market announcements on this matter:
- 2 June 2008 entitled "Strike Moves to 68.5% Interest in Peruvian Iron Ore Projects";
- 18 June 2008 entitled "Update Regarding Strike's Interest in Peruvian Iron Ore Assets";
- 18 July 2008 entitled "Update – Strike's Interest in Peruvian Iron Ore Assets";
- 24 July 2008 entitled "General Company Update";
- 28 August 2008 entitled "Company Update"
- 15 September 2008 entitled "Project Development and Company Update"

16 Refer footnote 1.

17 Refer footnote 4.

18 The first tranche was for 18,068,086 shares raising A$49,687,237 (gross); the second tranche was to be for 19,412,471 shares to raise A$53,384,295 (gross).

DIRECTORS' REPORT

On 22 September 2008, Gallagher advised that its due diligence investigations under the share subscription agreement in relation to the tranche 2 investment of A$53.4 million had not been satisfied as a result of the uncertainty created by the international financial crisis.[19] Gallagher also advised that its extensive due diligence into the merits of the D&C claims lead it to believe that such claims have little or no merit. Gallagher has advised the Company that it is still desirous of making a further investment into the Company. The parties are continuing to engage in good faith negotiations to replace tranche 2 with an alternative investment mechanism into Strike.

D. CAPITAL MANGEMENT

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

During the financial year, 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 (**Alara**) 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 (for taxation purposes and under the ASX Listing Rules) is calculated by reference to the market value of Alara shares on the In Specie Distribution Date, 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.

2. 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 Capital Return per Strike share, being 2.2 cents.

3. Entry into S&P/ASX 300 Index

The Company has been included in the S&P/ASX 300 Index (effective from close of trade on 19 September 2008), as announced by Standard & Poor's Index Services on 5 September 2008.

4. On Market Share Buy Back

On 25 September 2008, the Company announced that it intended to conduct an on-market share buy back within the "10%/12 month limit" permitted under section 257B(4) of the *Corporations Act 2001 (Cth)*.[20] As at the date of this report, no shares have been bought back by the Company under this mechanism.

[19] Refer 23 September 2008 ASX market announcement entitled "Update on Gallagher Share Placement"

[20] Refer footnote 7

DIRECTORS' REPORT

SECURITIES IN THE COMPANY

1. Issued Securities

The Company had the following total securities on issue as at 30 June 2008:

	Quoted on ASX	Not Quoted on ASX	Total
Fully paid ordinary shares	102,444,482	-	102,444,482
$0.178 (8 February 2011) Unlisted Options	-	1,833,333	1,833,333
$0.278 (8 February 2011) Unlisted Options	-	1,666,667	1,666,667
$0.938 (20 July 2011) Directors' Options	-	4,600,000	4,600,000
$0.938 (12 September 2011) Unlisted Director's Options		500,000	500,000
$1.178 (5 October 2011) Unlisted Employee's Options		150,000	150,000
$2.078 (6 March 2012) Unlisted Director's Options		500,000	500,000
$2.788 (6 March 2012) Unlisted Directors' Options		3,300,000	3,300,000
$2.878 (30 April 2012) Unlisted Employees' Options		133,000	133,000
$2.878 (4 September 2012) Unlisted Employee's Options		200,000	200,000
$2.878 (16 November 2012) Unlisted Employee's Options		250,000	250,000
$3.978 (2 December 2012) Unlisted Directors' Options		4,000,000	4,000,000
$2.878 (3 March 2013) Unlisted Employee's Options		250,000	250,000
Total	**102,444,482**	**17,383,000**	**119,827,482**

Subsequent to the end of the financial year (and to the date of this report), the Company issued the following securities:

	Shares	Options
Shares issued on conversion of listed $0.178 (30 June 2008) Options	21,700	-
Shares issued under placement at $2.75 per share	18,068,086	-
Unlisted $2.75 (29 July 2011) Options issued to broker	-	903,404
Shares in consideration for acquisition of interests in resource projects	9,500,000	
Total	**27,589,786**	**903,404**

The Company currently has 130,034,268 shares on issue.

DIRECTORS' REPORT

2. Summary of Share Capital Changes

Date	Description	Issue Price	No. Shares	Value of Issue	Running Balance of Issued Share Capital
30/6/2007	**Balance**				**76,009,248**
20/5/2008	Share Placement	$2.45	13,051,000	$31,974,950	89,060,248
1/7/2007 to 30/6/2008	Conversion of listed $0.178 (30 June 2008) Options	$0.178	13,384,234	$2,609,063	102,444,482
30/06/2008	**Balance**				**102,444,482**
8/7/2008	Conversion of listed $0.178 (30 June 2008) Options	$0.178	21,700	$3,863	102,466,182
29/7/2008	Share Placement	$2.75	18,068,086	$49,687,237	120,534,268
11/8/2008	Share issue to vendor	Note (A)	7,750,000	Note (C)	128,284,268
11/8/2008	Share issue to vendor	Note (B)	1,750,000	Note (C)	130,034,268

Notes:

(A) Pursuant to acquisition of Strike Australian Operations Pty Ltd (formerly Central Exchange Mining Ltd) (**SAO**), which holds a 25% interest in the West Australian Paulsens East Iron Ore Project from Orion Equities Limited (**Orion**);

(B) Pursuant to acquisition of Strike Indo Operations Pty Ltd (formerly Orion Indo Operations Pty Ltd) (**SIO**), which holds a 70% interest in the Indonesian Berau Coal Project from Orion.

(C) The value of the 9.5 million shares issued to Orion under (A) and (B) above is based on the market price of Strike shares on ASX as at the date of issue, which was $1.97 per share.

3. Options

(a) Listed $0.178 (30 June 2008) Options

During the year ended 30 June 2008, a total of 13,384,234 listed $0.178 (30 June 2008) options were exercised and converted into shares, raising a total of $2,609,063.41.

Subsequent to the end of the financial year, a further 21,700 options have been exercised raising $3,862.60. All unexercised $0.178 (30 June 2008) options expired on 30 June 2008.

(b) Unlisted Directors' and Employee Options

During the year, a total of 4,000,000 unlisted $3.878 (2 December 2012) Directors' Options were issued to Directors after receiving shareholder approval on 30 November 2007: [21]

Date of Issue	Description of Unlisted Options	Exercise Price	Expiry Date	Vesting Criteria[22]	No. of Options
3 December 2007	$3.978 (2 December 2012) Directors' Options	$3.978	2 December 2012	50% on grant and 50% on 3 December 2008	4,000,000

21 The terms and conditions of options issued to employees and directors are set out in an Explanatory Statement accompanying the Company's Notice of Meeting dated 22 October 2007 and released on ASX on 31 October 2007.

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

DIRECTORS' REPORT

During the year, a total of 700,000 unlisted employee options were issued:

Date of Issue	Description of Unlisted Options	Exercise Price	Expiry Date	Vesting Criteria[19]	No. of Options
9 October 2007	$2.878 (4 September 2012) Employee's Options[23]	$2.878	4 September 2012	30% on 2 February 2008, 30% on 27 August 2008 and 40% on 2 February 2009	200,000
17 November 2007	$2.878 (16 November 2012) Employee's Options[24]	$2.878	16 November 2012	30% on 17 May 2008, 30% on 17 November 2008 and 40% on 17 May 2009	250,000
4 March 2008	$2.878 (3 June 2013) Employee's Options[21]	$2.878	3 June 2013	30% on 4 June 2008, 30% on 4 December 2008 and 40% on 4 June 2009	250,000

(c) Other Unlisted Options

On 29 July 2008, the Company issued 903,404 unlisted options to a third party as part remuneration for brokering the $49.7 million share placement by Gallagher Holdings Limited. The exercise price of each option is $2.75 and the term is 3 years from date of issue.

FUTURE DEVELOPMENTS

Other than as referred to in this report, additional information as to future developments and business strategies and operations of the Consolidated Entity and the expected results of those operations in subsequent financial years would, in the opinion of the Directors, be speculation and not in the bests interests of the Company.

ENVIRONMENTAL REGULATION AND PERFORMANCE

In the course of its mineral exploration, evaluation and development activities, the Consolidated Entity adheres to mineral tenement/concession licence conditions and environmental regulations imposed upon it by various authorities. To the best of its knowledge, the Company has complied with all licence conditions and environment requirements up to the date of this report. There have been no material breaches of the Consolidated Entities licence conditions and environmental regulations.

23 Terms and conditions of issue are set out in a Notice of Annual General Meeting and Explanatory Statement dated 22 October 2007 for an Annual General Meeting held on 30 November 2007

24 Terms and conditions of issue are set out in a Notice of Meeting and Explanatory Statement dated 26 May 2008 for a General Meeting held on 25 June 2008

DIRECTORS' REPORT

DIRECTORS AND COMPANY SECRETARY

On 29 July 2008, A. Farhad Moshiri was appointed to the Board as a Non-Executive Director. Mr Moshiri appointed Mark Horn as his Alternate Director. Mr Moshiri was appointed as a nominee of Gallagher Holdings Limited under the terms of their A$49.7 million share placement into the Company. Mr Moshiri is Chairman of Gallagher and Metalloinvest.

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.
Relevant interest in securities	Shares – 200,000 Unlisted $0.938 (20 July 2011) directors' options – 800,000 Unlisted $2.788 (6 March 2012) directors' options – 350,000 Unlisted $3.978 (2 December 2012) directors' options – 500,000
Other current directorships in listed entities	Chairman of Alara Uranium Limited (AUQ) (since 18 May 2007)
Former directorships in other listed entities in past 3 years	None

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 $0.938 (20 July 2011) directors' options – 1,800,000 Unlisted $2.788 (6 March 2012) directors' options – 950,000 Unlisted $3.978 (2 December 2012) directors' options – 1,130,000
Other current directorships in listed entities	Managing Director of Alara Uranium Limited (AUQ) (since 18 May 2007)
Former directorships in other listed entities in past 3 years	None

DIRECTORS' REPORT

Farooq Khan	**Executive Director**
Appointed	9 September 1999
Qualifications	BJuris , LLB. (*Western Australia*)
Experience	Mr Khan is a qualified lawyer having previously 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 – 530,010 (directly) and 13,190,802 (indirectly[25]) Unlisted $0.20 (9 February 2011) options – 1,833,333 (indirectly[28]) Unlisted $0.30 (9 February 2011) options - 1,666,667 (indirectly[28]) Unlisted $0.938 (20 July 2011) directors' options – 1,400,000 (directly) Unlisted $2.788 (6 March 2012) directors' options – 700,000 (directly) Unlisted $3.978 (2 December 2012) directors' options – 950,000 (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) Current Non-Executive Director of: (6) Interstaff Recruitment Limited (ITS) (since 27 April 2006)
Former directorships in other listed entities in past 3 years	(1) Altera Capital Limited (AEA) (9 November 2001 to 18 October 2005) (2) Sofcom Limited (SOF) (3 July 2002 to 18 October 2005)

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 $2.078 (6 March 2012) directors' options – 500,000 Unlisted $2.788 (6 March 2012) directors' options – 600,000 Unlisted $3.978 (2 December 2012) directors' options – 600,000
Other current directorships in listed entities	Non-Executive Director of: (1) MIL Resources Limited (MGK) (since August 2001) (2) Structural Monitoring Systems Plc (SMN) (since 17 October 2006) (3) Advanced Braking Technology Ltd (ABV) (since 28 August 2006)
Former directorships in other listed entities in past 3 years	(1) Territory Resources Limited (TTY) (5 February 2005 to 28 December 2005)

25. 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 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.
Relevant interest in securities	Unlisted $0.938 (12 September 2011) directors' options – 500,000 Unlisted $2.788 (6 March 2012) directors' options – 350,000 Unlisted $3.978 (2 December 2012) directors' options – 390,000
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)
Former directorships in other listed entities in past 3 years	(1) Drillsearch Energy Limited (DLS) (24 October 2006 to 11 August 2008) (2) Altera Capital Limited (AEA) (18 October 2005 to 8 August 2006) (3) Sofcom Limited (SOF) (18 October 2005 to 19 March 2008)

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, IPO's, various other 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 $0.938 (21 July 2011) directors' options – 600,000 Unlisted $2.788 (7 March 2012) directors' options – 350,000 Unlisted $3.978 (3 December 2012) directors' options – 430,000
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) Current Company Secretary of: (2) Queste Communications Ltd (QUE) (since 30 August 2000) (3) Bentley International Limited (BEL) (since 5 February 2004) (4) Scarborough Equities Limited (SCB) (since 29 November 2004) (5) Alara Uranium Limited (AUQ) (since 4 April 2007)
Former directorships in other listed entities in past 3 years	(1) Altera Capital Limited (AEA) (Director between 9 November 2001 and 8 August 2006; Secretary between 26 November 2001 and 8 August 2006) (2) Sofcom Limited (SOF) (Director between 3 July 2002 and 19 March 2008; Secretary between 23 July 2003 and 19 March 2008)

DIRECTORS' REPORT

A. Farhad Moshiri	**Non-Executive Director**
Appointed	29 July 2008
Qualifications	B.Econ (Hons), FCCA
Experience	Farhad Moshiri graduated from the University of London with an honours degree in Economics and Statistics and subsequently qualified as a Chartered Certified Accountant (FCCA). He worked for a number of the major accounting firms, latterly focusing on financial services. He joined Global Natural Energy, a London listed company with energy and commodity interests, where he was the Chief Executive for eight years. He helped set up Gallagher Holdings Limited, where he has been instrumental in developing and acquiring its various interests in mining and metals, including its holding in Metalloinvest, a leading Russian mining and metals group where he is Executive Chairman. Farhad Moshiri sits on a number of other Boards.
Relevant interest in securities	Nil
Other current directorships in listed entities	None
Former directorships in other listed entities in past 3 years	None

Mark P. M. Horn	**Alternative Director for A. Farhad Moshiri**
Appointed	29 July 2008
Qualifications	B.A.(Hons) (First Class), M.A. (Rhodes), LLB(Hons) (London), Dip.B.Admin (Manchester), FSI(dip)
Experience	Mark Horn holds a B.A.(Hons) (First Class), M.A. (Rhodes), LLB(Hons) (London), Dip.B.Admin (Manchester), FSI(dip). He is also qualified as a Barrister of the Honourable Society of Lincoln's Inn. He is the CEO of M. Horn & Co., an FSA authorised corporate finance boutique based in the UK specialising in international mining and energy. He has worked in the City of London since 1987 as a fund manager, analyst and corporate financier, and has been a rated mining and oil analyst.
Relevant interest in securities	Nil
Other current directorships in listed entities	None
Former directorships in other listed entities in past 3 years	Mount Gibson Iron Limited (MGX) (between 1 July 2007 and 1 May 2008)

Messrs Moshiri and Horn are resident overseas.

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	11	11
H. Shanker Madan	10	11
Farooq Khan	11	11
Victor Ho	10	11
William Johnson	11	11
Malcolm Richmond	11	11

There were no meetings of committees of the Board.

DIRECTORS' REPORT

Board Committees

During the financial year, 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 during the financial, matters typically dealt with by an Audit or Remuneration Committee were dealt with by the full Board.

REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for each Director and Company Executive (being a company secretary or senior managers with authority and responsibility for planning, directing and controlling the major activities of the Company or Consolidated entity, directly or indirectly) (**Key Management Personnel**) of the Consolidated Entity.

The information provided under headings (1) to (5) below has been audited as required under section 308(3)(c) of the *Corporations Act 2001*.

(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
Farhad Moshiri	Non-Executive Director	$30,000
Mark Horn	Alternate Director of Farhad Moshiri	$Nil

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 and 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).

DIRECTORS' REPORT

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

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: During the year, a total of 4,000,000 unlisted $3.978 (2 December 2012) options were issued to Directors after receiving shareholder approval on 30 November 2007 as required under the Corporations Act 2001 and under the ASX Listing Rules. [26]

No. of Options Issued to Key Management Personnel		Date of Issue	Description of Unlisted Options	Exercise Price	Expiry Date	Vesting Criteria[27]
John Stephenson	500,000	3 December 2007	$3.978 (2 December 2012) Directors' Options[28]	$3.978	2 December 2012	50% on grant and 50% on 2 December 2008
H. Shanker Madan	1,130,000					
Farooq Khan	950,000					
Malcolm Richmond	600,000					
William Johnson	390,000					
Victor Ho	430,000					

During the year, a total of 700,000 options were also issued to employees - these employees are not regarded as Company Executives. [29]

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 small 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 to directors and employees carry no dividend or voting rights.

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

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

28 Terms and conditions of issue are set out in a Notice of Meeting and Explanatory Statement dated 22 October 2007 for a General Meeting held on 30 November 2007

29 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:

Key Management Personnel	Performance related	Short-term Benefits		Post Employment Benefits	Other Long-term Benefits	Equity Based Benefits	Total
2008	**%**	**Cash salary and fees $**	**Non-cash benefit $**	**Superannuation $**	**Long service leave $**	**Options $**	**$**
Executive Directors:							
Shanker Madan	-	213,250	-	86,500	-	1,459,238	1,758,988
Farooq Khan	-	210,000	-	18,900	-	1,170,733	1,399,633
Victor Ho	-	75,000	750	6,750	-	542,001	624,501
William Johnson	-	40,000		3,600	-	528,461	572,061
Non-Executive Directors:							
John Stephenson	-	17,308	-	37,192	-	613,638	668,138
Malcolm Richmond	-	29,215	-	87,851	-	987,242	1,104,308

Key Management Personnel	Performance related	Short-term Benefits		Post Employment Benefits	Other Long-term Benefits	Equity Based Equity Based Benefits	Total
2007	**%**	**Cash salary and fees $**	**Non-cash benefit $**	**Superannuation $**	**Long service leave $**	**Options $**	**$**
Executive Directors:							
Shanker Madan	-	119,909	-	105,113	-	766,631	991,653
Farooq Khan	-	114,198	-	42,385	-	582,860	739,443
Victor Ho	-	56,669	-	5,100	-	328,715	390,484
William Johnson	-	28,134	-	2,532	-	260,281	290,947
Non-Executive Directors:							
John Stephenson	-	52,384	-	8,713	-	315,824	376,921
Malcolm Richmond	-	50,657	-	4559	-	379,255	434,471

Victor Ho is also Company Secretary of the Company.

Cash fees paid to the 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 non-executive director's 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[30]	No. of Options	Fair Value of vested options expensed up to balance date	Total Fair Value as at date of issue
9 October 2007	$2.878 (4 September 2012) Employees' Options [31]	$2.878	4 September 2012	30% on 2 February 2008, 30% on 27 August 2008 and 40% on 2 February 2009	200,000	$161,281 or $0.81 each	$249,000 or $1.25 each
17 November 2007	$2.878 (16 November 2012) Employees' Options [32]	$2.878	16 November 2012	30% on completion of probation, 30% vests 6 months after tranche 1 and 40% vests 6 months after tranche 2	250,000	$Nil (as tranche 1 has not yet vested)	$Nil (as probation has not yet been passed)
3 December 2007	$3.978 (2 December 2012) Directors' Options [26]	$3.978	2 December 2012	50% on grant and 50% on 3 December 2008	4,000,000	$3,018,710 or $0.75 each	$3,816,400 or $0.95 each
4 March 2008	$2.878 (3 June 2013) Employees' Options [27]	$2.878	3 June 2013	30% on 4 June 2008, 30% on 4 December 2008 and 40% on 4 June 2009	250,000	$130,166 or $0.52 each	$321,636 or $1.29 each
	Total				**4,700,000**	**$3,310,157**	**$4,387,036**

There were no shares issued as a result of the exercise of any Directors' or Employees options during the year (2007: 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 $11,350,032 in total; the fair value of vested options expensed up to balance date in the above tables 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.

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

31 Terms and conditions of issue are set out in a Notice of Annual General Meeting and Explanatory Statement dated 22 October 2007 for an Annual General Meeting held on 30 November 2007

32 Terms and conditions of issue are set out in a Notice of Meeting and Explanatory Statement dated 26 May 2008 for a General Meeting held on 25 June 2008

DIRECTORS’ REPORT

Date of Issue	Description of Unlisted Options	Share Price at Grant Date	Risk Free Rate	Expected price volatility of the Company’s shares
9 October 2007	$2.878 (4 September 2012) Employees’ Options	$2.09	6.30	80%
17 November 2007	$2.878 (16 November 2012) Employees’ Options	N/A	N/A	N/A
3 December 2007	$3.978 (2 December 2012) Directors’ Options	$2.09	6.50	65%
4 March 2008	$2.878 (3 June 2013) Employees’ Options	$2.09	6.61	80%

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

		No. options granted during the year		No. options vested during the year	
Name of Director	Office Held	2008	2007	2008	2007
John Stephenson	Chairman	500,000 $3.978 (2 December 2012) Directors’ Options	800,000 $0.938 (20 July 2011) Directors’ Options	240,000 $0.938 (20 July 2011) Directors’ Options	240,000 $0.938 (20 July 2011) Directors’ Options
			350,000 $2.788 (6 March 2012) Director's’ Options	105,000 $2.788 (6 March 2012) Directors’ Options	105,000 $2.788 (6 March 2012) Directors’ Options
				250,000 $3.978 (2 December 2012) Directors’ Options	
H. Shanker Madan	Managing Director	1,130,000 $3.978 (2 December 2012) Directors’ Options	1,800,000 $0.938 (20 July 2011) Directors’ Options	540,000 $0.938 (20 July 2011) Directors’ Options	540,000 $0.938 (20 July 2011) Directors’ Options
			950,000 $2.788 (6 March 2012) Directors’ Options	285,000 $2.788 (6 March 2012) Directors’ Options	285,000 $2.788 (6 March 2012) Directors’ Options
				585,000 $3.978 (2 December 2012) Directors’ Options	
Farooq Khan	Executive Director	950,000 $3.978 (2 December 2012) Directors’ Options	1,400,000 $0.938 (20 July 2011) Directors’ Options	420,000 $0.938 (20 July 2011) Directors’ Options	420,000 $0.938 (20 July 2011) Directors’ Options
			700,000 $2.788 (6 March 2012) Directors’ Options	210,000 $2.788 (6 March 2012) Directors’ Options	210,000 $2.788 (6 March 2012) Directors’ Options
				475,000 $3.978 (2 December 2012) Directors’ Options	
Victor Ho	Executive Director and Company Secretary	430,000 $3.978 (2 December 2012) Directors’ Options	600,000 $0.938 (20 July 2011) Directors’ Options	180,000 $0.938 (20 July 2011) Directors’ Options	180,000 $0.938 (20 July 2011) Directors’ Options
			350,000 $2.788 (6 March 2012) Directors’ Options	105,000 $2.788 (6 March 2012) Directors’ Options	105,000 $2.788 (6 March 2012) Directors’ Options
				215,000 $3,978 (2 December 2012) Directors’ Options	
William Johnson	Executive Director	390,000 $3.978 (2 December 2012) Director’s Options	500,000 $0.938 (12 September 2011) Director’s Options	150,000 $0.938 (12 September 2011) Director’s Options	150,000 $0.938 (12 September 2011) Director’s Options
			350,000 $2.788 (6 March 2012) Directors’ Options	105,000 $2.788 (6 March 2012) Directors’ Options	105,000 $2.788 (6 March 2012) Directors’ Options
				195,000 $3.978 (2 December 2012) Director’s Options	
Malcolm Richmond	Non-Executive Director	600,000 $3.978 (2 December 2012) Director’s Options	500,000 $2.078 (6 March 2012) Director’s Options	150,000 $2.078 (6 March 2012) Director’s Options	150,000 $2.078 (6 March 2012) Director’s Options
			600,000 $2.788 (6 March 2012) Directors’ Options	180,000 $2.788 (6 March 2012) Directors’ Options	180,000 $2.788 (6 March 2012) Directors’ Options
				300,000 $3.978 (2 December 2012) Director’s Options	

DIRECTORS' REPORT

Fair Value of Unvested Options as at Balance Date

The fair value of Equity based benefits (consisting of options) provided to Key Management Personnel which has not yet vested as at balance date is summarised below:

Name of Director	Date granted	Vested %	Forfeited %	Financial years in which options may vest	Minimum total fair value of options granted but yet to vest	Maximum total fair value of options granted but yet to vest	Total Fair Value as at date of issue
John Stephenson	21 July 2006	60%	-	30-Jun-09	nil	3,977	349,440
	7 March 2007	60%	-	30-Jun-09	nil	54,159	397,495
	3 December 2007	50%	-	30-Jun-09	nil	99,711	477,050
H.Shanker Madan	21 July 2006	60%	-	30-Jun-09	nil	8,949	786,240
	7 March 2007	60%	-	30-Jun-09	nil	147,004	1,078,915
	3 December 2007	50%	-	30-Jun-09	nil	225,347	1,078,133
Farooq Khan	21 July 2006	60%	-	30-Jun-09	nil	6,960	611,520
	7 March 2007	60%	-	30-Jun-09	nil	108,319	794,990
	3 December 2007	50%	-	30-Jun-09	nil	189,451	906,395
Victor Ho	21 July 2006	60%	-	30-Jun-09	nil	2,983	262,080
	7 March 2007	60%	-	30-Jun-09	nil	54,159	397,495
	3 December 2007	50%	-	30-Jun-09	nil	85,752	410,263
William Johnson	13 September 2006	60%	-	30-Jun-09	nil	11,450	279,000
	7 March 2007	60%	-	30-Jun-09	nil	54,159	397,495
	3 December 2007	50%	-	30-Jun-09	nil	77,775	372,099
Malcolm Richmond	7 March 2007	60%	-	30-Jun-09	nil	22,676	637,550
	7 March 2007	60%	-	30-Jun-09	nil	92,845	681,420
	3 December 2007	50%	-	30-Jun-09	nil	119,654	572,460

Note: The vesting conditions are detailed earlier in this Remuneration Report. Options will not vest if the vesting conditions are not satisfied and accordingly, the minimum fair value of options yet to vest is nil. The maximum fair value of options yet to vest is based on the fair value of options as at date of issue less the fair of options recognised as an expense in earlier years.

Fair Value of 2008 Options at Date of Grant, Exercise and Lapse

The fair value of Equity based benefits (consisting of options) provided to Key Management Personnel during the year as at date of grant, exercise and lapse is summarised below:

Name of Director	A Equity based benefits (consisting of options) %	Cash $	Options $	Total $	B Fair value at grant date $	C Fair value at exercise date $	D Fair value at lapse date $
John Stephenson	92%	54,500	613,638	668,138	1,223,985	-	-
H.Shanker Madan	83%	299,750	1,459,238	1,758,988	2,943,288	-	-
Farooq Khan	84%	228,900	1,170,733	1,399,633	2,312,905	-	-
Victor Ho	87%	82,500	542,001	624,501	1,069,838	-	-
William Johnson	92%	43,600	528,461	572,061	1,048,594	-	-
Malcolm Richmond	89%	117,066	987,242	1,104,308	1,891,430	-	-

Notes:

A = The percentage of the value of Equity based benefits (consisting of options) is based on' the value of options expensed during the current year.

B = The fair value at grant date is calculated in accordance with AASB 2 - share based payment of options' granted during the year as part of remuneration.

C = The fair value at exercise date relates to options that were granted as part of remuneration and were exercised during the year, being the intrinsic value of the options at that date.

D = The fair value at the date of lapse of options that were granted as part of remuneration relates to options that lapsed during the year because a vesting condition was not satisfied. The value is determined at the time of lapsing and assuming the condition was satisfied.

DIRECTORS' REPORT

(5) Other Benefits Provided to Key Management Personnel

No Key Management Personnel has during or since the end of the 30 June 2008 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.

This concludes the audited Remuneration Report.

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.

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

AUDITOR

Details of the amounts paid or payable to the auditor (BDO Kendalls Audit & Assurance (WA)), for audit and non-audit services provided during the financial year are set out below:

Audit & Review Fees $	Fees for Other Services $	Total $
38,598	1,900	40,498

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.

BDO Kendalls Audit & Assurance (WA) 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 29. This relates to the Audit Report, where the Auditors state that they have issued an independence declaration.

DIRECTORS' REPORT

LEGAL PROCEEDINGS (DERIVATIVE ACTIONS) 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.

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

John Stephenson
Chairman

Shanker Madan
Managing Director

30 September 2008

BDO Kendalls

BDO Kendalls Audit & Assurance (WA) Pty Ltd
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www.bdo.com.au

ABN 79 112 284 787

30 September 2008

The Directors
Strike Resources Limited
Level 14, The Forrest Centre
221 ST Georges Terrace
PERTH WA 6000

Dear Sirs

DECLARATION OF INDEPENDENCE BY BRAD MCVEIGH TO THE DIRECTORS OF STRIKE RESOURCES LIMITED

As lead auditor of Strike Resources Limited for the year ended 30 June 2008, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Strike Resources Limited and the entities it controlled during the period.

B. McVeigh

BG McVeigh
Director

BDO Kendalls

BDO Kendalls Audit & Assurance (WA) Pty Ltd
Perth, Western Australia

INCOME STATEMENTS
for the year ended 30 June 2008

	Note	Consolidated Entity 2008 $	Consolidated Entity 2007 $	Company 2008 $	Company 2007 $
Sales revenue	2	-	-	-	-
Cost of sales		-	297	-	297
Gross Profit		-	297	-	297
Revenue		1,031,107	400,942	1,099,905	400,615
Other income		142,208	7,748,040	142,208	7,748,040
Occupancy costs		(35,230)	(33,818)	(35,230)	(33,818)
Personnel costs					
- Directors' and Employees' options		(5,721,502)	(3,876,264)	(5,721,502)	(3,876,264)
- Cash remuneration		(1,024,260)	(779,860)	(811,618)	(628,717)
- Provision for employee benefits		(523,029)	(123,618)	(45,277)	(110,383)
Finance costs		(287,023)	(7,316)	(12,269)	(6,154)
Borrowing costs		(59)	(401)	(59)	(401)
Foreign exchange losses		(401,766)	(274,878)	(339,438)	(261,175)
Corporate costs					
- Provision for impairment- share investments		(313,077)	-	(313,077)	-
- Provision for impairment of subsidiary loans		-	-	(1,974,464)	(715,110)
- Resource projects:					
Acquisition of resource projects		-	(63,098)	-	(36,126)
Exploration and evaluation - impairment		(1,707,693)	(440,333)	(13,021)	(285,039)
- Other		(1,623,260)	(1,095,743)	(1,123,702)	(944,504)
Administration costs		(909,059)	(207,171)	(356,403)	(207,128)
Share of Associates' Losses		(1,921,441)	(105,433)	-	-
Profit / (Loss) before income tax		(13,294,084)	1,141,346	(9,503,947)	1,044,133
Income tax expense	3	-	-	-	-
Profit / (Loss) for the year		(13,294,084)	1,141,346	(9,503,947)	1,044,133
Net profit/(loss) attributable to minority interests		-	-	-	-
Net profit/(loss) attributable to members of the company		(13,294,084)	1,141,346	(9,503,947)	1,044,133
Basic earnings / (loss) per share (cents)	7	(15.81)	1.99	(11.30)	1.82
Diluted earnings / (loss) per share (cents)	7	n/a	1.54	n/a	1.41

The accompanying notes form part of this financial report

BALANCE SHEETS
as at 30 June 2008

		Consolidated Entity		Company	
		2008	2007	2008	2007
	Note	$	$	$	$
CURRENT ASSETS					
Cash and cash equivalents	8	23,801,331	18,358,891	19,056,753	18,285,436
Trade and other receivables	10	2,782,622	170,123	5,743,103	72,465
Other	11	263,343	-	-	-
TOTAL CURRENT ASSETS		26,847,296	18,529,014	24,799,856	18,357,901
NON CURRENT ASSETS					
Trade and other receivables	10	-	-	-	-
Property, plant and equipment	12	266,329	70,396	57,131	59,943
Financial assets at fair value through profit and loss	13	607,509	977,877	607,509	977,877
Available for sale investments	13	1,338,563	-	53,378,786	18,585,529
Investments accounted for using equity method	14	-	11,563,736	-	-
Intangibles	15	7,258,765	7,258,765	-	-
Resource and mining related expenditure	16	53,477,069	422,781	528,363	106,044
TOTAL NON CURRENT ASSETS		62,948,235	20,293,555	54,571,789	19,729,393
TOTAL ASSETS		89,795,531	38,822,569	79,371,645	38,087,294
CURRENT LIABILITIES					
Trade and other payables	17	19,788,266	361,227	18,295,106	114,334
Current provisions	18	108,827	132,680	98,166	122,896
TOTAL CURRENT LIABILITIES		19,897,093	493,907	18,393,272	237,230
NON CURRENT LIABILITIES					
Trade and other payables	17	6,076,239	5,484	5,314	5,484
Non current provisions	18	128,703	33,429	99,986	29,979
TOTAL NON CURRENT LIABILITIES		6,204,942	38,913	105,300	35,463
TOTAL LIABILITIES		26,102,035	532,820	18,498,572	272,693
NET ASSETS		63,693,496	38,289,749	60,873,073	37,814,601
EQUITY					
Issued capital	19	79,983,760	51,078,281	79,983,760	51,078,281
Reserves	20	12,269,828	4,121,608	7,778,548	4,121,608
Accumulated losses		(30,547,081)	(17,252,997)	(26,889,235)	(17,385,288)
Parent interest		61,706,507	37,946,892	60,873,073	37,814,601
Minority interest		1,986,989	342,857	-	-
TOTAL EQUITY		63,693,496	38,289,749	60,873,073	37,814,601

The accompanying notes form part of this financial report

STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 June 2008

Consolidated Entity	**Issued Capital $**	**Reserves $**	**Minority Interest $**	**Accumulated Losses $**	**Total $**
At 1 July 2006	19,848,109	248,255	-	(18,394,343)	1,702,021
Profit for the year (restated Note 5)	-	-	-	1,141,346	1,141,346
Total recognised income and expense for the year	-	-	-	1,141,346	1,141,346
Options reserve	-	3,873,353	-	-	3,873,353
Share placement	18,120,001	-	-	-	18,120,001
Share purchase plan issue	7,419,000	-	-	-	7,419,000
Acquisition of subsidiary	4,884,331	-	-	-	4,884,331
Option conversion ($0.20 (30 June 08))	1,991,844	-	-	-	1,991,844
Share issue expenses	(1,185,004)	-	-	-	(1,185,004)
Movement in minority interest	-	-	342,857	-	342,857
At 30 June 2007	51,078,281	4,121,608	342,857	(17,252,997)	38,289,749
At 1 July 2007	51,078,281	4,121,608	342,857	(17,252,997)	38,289,749
Available for sale investment reserve	-	(1,065,222)	-	-	(1,065,222)
Foreign currency translation reserve	-	3,491,940	-	-	3,491,940
Net income and expense recognised directly in equity	-	2,426,718	-	-	2,426,718
Loss for the year	-	-	-	(13,294,084)	(13,294,084)
Total recognised income and expense for the year	-	2,426,718	-	(13,294,084)	(10,867,366)
Options reserve	-	5,721,502	-	-	5,721,502
Share placement	31,974,950	-	-	-	31,974,950
Capital return distribution	(4,000,000)	-	-	-	(4,000,000)
Share issue expenses	(1,678,534)	-	-	-	(1,678,534)
Movement in minority interest	-	-	1,644,132	-	1,644,132
Option conversion ($0.178/$0.20 (30 June 08	2,609,063	-	-	-	2,609,063
At 30 June 2008	79,983,760	12,269,828	1,986,989	(30,547,081)	63,693,496
Company					
At 1 July 2006	19,848,109	247,386	-	(18,429,421)	1,666,074
Profit for the year (restated Note 5)	-	-	-	1,044,133	1,044,133
Total recognised income and expense for the year	-	-	-	1,044,133	1,044,133
Options reserve	-	3,874,222	-	-	3,874,222
Share placement	18,120,001	-	-	-	18,120,001
Share purchase plan issue	7,419,000	-	-	-	7,419,000
Acquisition of subsidiary	4,884,331	-	-	-	4,884,331
Option conversion ($0.20 (30 June 08))	1,991,844	-	-	-	1,991,844
Share issue expenses	(1,185,004)	-	-	-	(1,185,004)
At 30 June 2007	51,078,281	4,121,608	-	(17,385,288)	37,814,601
At 1 July 2007	51,078,281	4,121,608	-	(17,385,288)	37,814,601
Available for sale investment reserve	-	(2,064,562)	-	-	(2,064,562)
Net income and expense recognised directly in equity	-	(2,064,562)	-	-	(2,064,562)
Loss for the year	-	-	-	(9,503,947)	(9,503,947)
Total recognised income and expense for the year	-	(2,064,562)	-	(9,503,947)	(11,568,509)
Options reserve	-	5,721,502	-	-	5,721,502
Share placement	31,974,950	-	-	-	31,974,950
Option conversion ($0.178/$0.20 (30 June 08))	2,609,063	-	-	-	2,609,063
Capital return distribution	(4,000,000)	-	-	-	(4,000,000)
Share issue expenses	(1,678,534)	-	-	-	(1,678,534)
At 30 June 2008	79,983,760	7,778,548	-	(26,889,235)	60,873,073

The accompanying notes form part of this financial report

CASH FLOW STATEMENTS
for the year ended 30 June 2008

	Note	Consolidated Entity 2008 $	Consolidated Entity 2007 $	Company 2008 $	Company 2007 $
CASH FLOWS FROM OPERATING ACTIVITIES	8 a				
Receipts from customers		-	-	-	-
Payments to suppliers and employees		(1,366,433)	(1,980,237)	(1,976,777)	(2,662,836)
Payments for exploration and evaluation expenditure		(3,475,492)	(1,013,718)	(617,438)	(380,380)
Dividends received		19,743	30,996	19,743	30,996
Interest received		1,011,364	369,946	1,010,695	369,370
Interest paid		(59)	(401)	(59)	(401)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES		(3,810,877)	(2,593,414)	(1,563,836)	(2,643,251)
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for plant and equipment		(250,440)	(36,389)	(19,354)	(25,936)
Proceeds from sale of plant and equipment		-	1,898	-	1,898
Loan to subsidiaries		-	-	(7,561,468)	-
Loan repayment from subsidiaries		-	34,573	37,801	34,573
Acquisition of Apurimac Ferrum	9	(22,983,662)	-	(22,671,573)	-
Payments for share investments		(215,625)	(6,513,247)	(215,625)	(6,513,598)
Proceeds from sale of investments		199,500	65,151	199,500	65,151
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(23,250,227)	(6,448,014)	(30,230,719)	(6,437,912)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from share issues and options		34,589,088	27,530,845	34,589,088	27,530,845
Payment for share issue cost		(1,683,608)	(1,187,047)	(1,683,608)	(1,187,047)
Payment for unmarketable parcels		(170)	-	(170)	-
NET CASH INFLOW FROM FINANCING ACTIVITIES		32,905,310	26,343,798	32,905,310	26,343,798
NET INCREASE IN CASH AND CASH EQUIVALENTS HELD		5,844,206	17,302,370	1,110,755	17,262,635
Cash and cash equivalents at beginning of the year		18,358,891	1,309,813	18,285,436	1,275,224
Effect of exchange rate changes on cash		(401,766)	(253,292)	(339,438)	(252,423)
CASH AND CASH EQUIVALENTS AT END OF YEAR	8	23,801,331	18,358,891	19,056,753	18,285,436

The accompanying notes form part of this financial report

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

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

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), Australian Accounting 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).

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:

- Impairment of capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Consolidated Entity decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors which could impact the future recoverability include the level of proved, probable and inferred mineral resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

- Share-based payment transactions

The Consolidated Entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted and applying an estimated probability that they will vest. The fair value is determined by using a Black-Scholes model, with the assumptions detailed in Note 24. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

- Impairment of property, plant and equipment

Property, plant and equipment is reviewed for impairment if there is any indication that the carrying amount may not be recoverable. Where a review for impairment is conducted, the recoverable amount is assessed by reference to the higher of 'value in use' (being the net present value of expected future cash flows of the relevant cash generating unit) and 'fair value less costs to sell'.

In determining value in use, future cash flows are based on:

- Estimates of the quantities of ore reserves and mineral resources for which there is a high degree of
- confidence of economic extraction;
- Future production levels;
- Future commodity prices; and
- Future cash costs of production and capital expenditure.

Variations to the expected future cash flows, and timing thereof, could result in significant changes to any impairment losses recognised, if any, which could in turn impact future financial results.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2008

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.

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2008

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 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 are recognised are recognised and carried at original invoice amount less any provision for impairment.

A provision for impairment of trade receivables is made when there is objective evidence that the consolidated entity will not be able to collect debts. Indicators of impairment would include financial difficulties of the debtor, likelihood of the debtor's insolvency and default in payment. Any impairment is recognised in the income statement.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2008

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 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 to 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.

1.22 Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2008

1.23 Business combinations

The purchase method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (refer to note I (t)). If the cost of acquisition is less than the Group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

1.24 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the Group's investment in each country of operation by each primary reporting segment

1.25 Rehabilitation costs

Long-term environmental obligations are based on the Consolidated Entity's environmental management plans, in compliance with current environmental and regulatory requirements.

Full provision is made based on the net present value of the estimated cost of restoring the environmental disturbance that has occurred up to the balance sheet date. Increases due to additional environmental disturbances, relating to the development of an asset, are capitalised and amortised over the remaining lives of the area of interest.

Annual increases in the provision relating to the change in the net present value of the provision are accounted for in the income statement as borrowing costs.

The estimated costs of rehabilitation are reviewed annually and adjusted as appropriate for changes in legislation, technology or other circumstances. Cost estimates are not reduced by potential proceeds from the sale of assets.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2008

1.26 New Standards and Interpretations Released But Not Yet Adopted

The following new Accounting Standards and Interpretations (which have been released but not yet adopted) have no material impact (except where stated below) on the Company's accounts/financial statements or the associated notes therein.

AASB reference	Title and Affected Standard(s):	Applies to:	Application date:
AASB 123 (revised Jun 2007)	Borrowing Costs	To the extent that borrowing costs are directly attributable to the acquisition, construction or production of a qualifying asset, the option of recognising borrowing costs immediately as an expense has been removed. Consequently all borrowing costs for qualifying assets will have to be capitalised.	Periods commencing on or after 1 January 2009
AASB 3 (reissued March 2008)	Business Combinations	Released as part of long term international convergence project between IASB and FASB. The revised standard introduces more detailed guidance on accounting for step acquisitions, adjustments to contingent consideration, assets acquired that the purchaser does not intend to use, reacquired rights and share-based payments as part of purchase consideration. Also, all acquisition costs will have to be expensed instead of being recognised as part of goodwill.	Business combinations where the acquisition date is on or after the beginning of the first reporting period that commences 1 July 2009 or later
AASB 127 (reissued March 2008)	Consolidated and Separate Financial Statements	The revised standard clarifies that changes in ownership interest which result in control being retained are accounted for within equity as transactions with owners. Losses will be attributed to the non-controlling interest even if this results in a debit balance for the non-controlling interest. Investments retained where there has been a loss of control will be recognised at fair value at date of sale.	Periods commencing on or after 1 July 2009
AASB 2008-3 (issued March 2008)	Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 [AASB 1, AASB 2, AASB 4, AASB 5, AASB 7, AASB 101, AASB 107, AASB 112, AASB 114, AASB 116, AASB 121, AASB 128, AASB 131, AASB 132, AASB 133, AASB 134, AASB 136, AASB 137, AASB 138, AASB 139, Interpretation 9 and Interpretation 107]	Makes consequential amendments to 20 standards and 2 interpretations arising from the reissue of AASB 3 and AASB 127, including to AASB 128: Investments in Associates and AASB 131: Interests in Joint Ventures. When an investment ceases to be an associate or jointly controlled entity and is subsequently accounted for under AASB 139, the fair value of the investment at the date when it ceases to be an associate or jointly controlled entity is its fair value.	Periods commencing on or after 1 July 2009
AASB 2008-5 and AASB 2008-6 (issued July 2008)	Improvements to IFRSs	Accounting changes for presentation, recognition and measurement, as well as terminology and editorial changes.	Periods commencing on or after 1 July 2009

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2008

1.26 New Standards and Interpretations Released But Not Yet Adopted (continued)

AASB 8 (Issued Feb 2007)	Operating Segments	Replaces the disclosure requirements of AASB 114: *Segment Reporting. The adoption of this standard will result in changes to the nature and extent of segment reporting for the entity. The full impact has not yet been quantified.*	Periods commencing on or after 1 January 2009
AASB 101 (Revised Sep 2007)	Presentation of Financial Statements	Amendments to presentation and naming of the financial statements.	Annual reporting periods commencing on or after 1 January 2009
AASB Interpretation 4 (revised Feb 2007)	Determining whether an Arrangement contains a Lease [revised]	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
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]	Mainly editorial changes	Periods commencing on or after 1 January 2008
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]	Mainly editorial changes	Periods commencing on or after 1 January 2009
AASB 2007-6 (issued Jun 2007)	Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]	Mainly editorial changes.	Periods commencing on or after 1 January 2009
AASB 2007-8 (issued Sep 2007)	Amendments to Australian Accounting Standards arising from AASB 101	Mainly editorial changes.	Periods commencing on or after 1 January 2009
AASB 2007-10 (issued Dec 2007)	Further Amendments to Australian Accounting Standards Arising from AASB 101	Replaces the term 'financial report' with the term used in the corresponding IFRS	Periods commencing on or after 1 January 2009

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

2. LOSS FOR THE YEAR

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

	Consolidated Entity 2008 $	Consolidated Entity 2007 $	Company 2008 $	Company 2007 $
(a) Revenue				
Sales revenue	-	-	-	-
Interest received - other	1,011,364	369,946	1,080,162	369,620
Dividends from shares	19,743	30,996	19,743	30,995
	1,031,107	400,942	1,099,905	400,615
Other income				
Proceeds on disposal of Associate	199,500	65,151	199,500	65,151
Cost of Associate sold	(57,292)	-	(57,292)	-
Gain on sale of Associate	142,208	65,151	142,208	65,151
Proceeds on disposal of subsidiaries	-	7,187,500	-	7,187,500
Cost of subsidiaries sold	-	(439,157)	-	(439,157)
Gains on sale of subsidiaries	-	6,748,343	-	6,748,343
Acquisition of resource projects (written back)	-	431,955	-	431,955
Unrealised gains from investments	-	502,591	-	502,591
Total revenue	1,173,315	8,148,982	1,242,113	8,148,655
(b) Expenses				
Cost of sales	-	(297)	-	(297)
Operating expenses				
Occupancy costs	35,230	33,818	35,230	33,818
Finance costs	287,023	7,316	12,269	6,154
Borrowing costs - interest paid	59	401	59	401
Foreign exchange losses	401,766	274,878	339,438	261,175
Administration costs				
Communication	46,951	20,396	46,776	20,353
Consultancy fees	862,108	186,775	309,627	186,775
Corporate costs				
Exploration and evaluation expenditure	1,707,693	440,333	13,021	285,039
Impairment loss on acquisition of resource projects	-	63,098	-	36,126
Travel and incidentals	457,589	384,879	426,949	384,879
Professional Fees	576,761	318,035	398,442	296,315
Depreciation	49,391	15,833	17,050	15,833
Personnel costs				
- Directors' and Employees' options	5,721,502	3,876,264	5,721,502	3,876,264
- Cash remuneration	1,024,260	779,860	811,618	628,717
- Provision for employee benefits	523,029	123,618	45,277	110,383
Provision for impairment- share investments	313,077	-	313,077	-
Provision for impairment of subsidiary loans	-	-	1,974,464	715,110
Write off obsolete assets	5,116	-	5,116	-
Other corporate expenses	534,403	376,996	276,145	247,477
Share of Associates' Losses	1,921,441	105,433	-	-
	14,467,399	7,007,636	10,746,060	7,104,522

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2008

3. INCOME TAX EXPENSE

	Consolidated Entity		Company	
	2008	2007	2008	2007
(a) Income tax expense	$	$	$	$
Current tax	-	-	-	-
Deferred tax	-	-	-	-
	-	-	-	-
(b) The prima facie income tax on profit/ (loss) before income tax is reconciled to the income tax provided in the accounts as follows:				
Profit/(Loss) before income tax	(13,294,084)	1,141,346	(9,503,947)	1,044,133
Prima facie tax payable on profit/(loss) before income tax at 30% (2006:30%)	(3,988,225)	342,404	(2,851,184)	313,240
Tax effect of permanent differences				
Assessable income	(5,923)	3,985	(5,923)	3,985
Other non deductible expenses	2,267,824	778,470	1,759,422	778,470
Tax effect of temporary differences				
Gain on sale of subsidiaries subject to scrip for scrip rollover	1,140,064	(2,024,503)	1,140,064	(2,024,503)
Provision for impairment- share investments	93,923	-	93,923	-
Unrealised gain from investments	-	(150,777)	-	(280,152)
Provision for impairment of subsidiary loans	-	-	592,339	214,533
Provision for employee entitlements	21,426	37,085	13,583	33,115
Other non deductibles	(9,818)	4,800	(9,818)	4,800
Software write off	(555,983)	(730,471)	(555,983)	(730,471)
Unrealised foreign exchange gain	120,530	75,727	101,831	75,727
Capitalised exploration expenditure	(3,767,694)	(126,834)	-	(31,813)
Diminution of investment in Associates	576,432	-	-	(308,909)
Tax losses not brought to account as future income tax benefits	4,107,445	1,790,114	(278,254)	1,951,978
Income tax benefit attributable to operating profit/loss	-	-	-	-
Provision for deferred tax liability	-	-	-	-
Net income tax	-	-	-	-
The applicable weighted average effective tax rates are	-	-	-	-
(c) Deferred Tax Asset (at 30%) not brought to account				
On Income Tax Account				
Provisions	1,207,811	31,539	1,952,852	358,037
Other	250,084	1,125,811	250,084	1,125,811
Carry forward tax losses	9,696,481	4,685,970	4,963,967	4,618,221
	11,154,376	5,843,320	7,166,903	6,102,069
Gain on sale of subsidiaries subject to scrip for scrip rollover	(884,439)	(2,024,503)	(884,439)	(2,024,503)
Capitalised exploration expenditure	(3,894,528)	(126,834)	(31,813)	(31,813)
	6,375,409	3,691,983	6,250,651	4,045,753
On Capital Account				
Carry forward tax losses	35,727	314,794	35,727	314,794

(c) The Deferred Tax Asset not brought to account for the 2008 year will only be obtained if:

(i) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit to be realised;

(ii) the Company continues to comply with the conditions for deductibility imposed by tax legislation; and

(iii) the Company is able to meet the continuity of ownership and/or continuity of business tests.

The Company and controlled entities of the Company have not elected to consolidate for taxation purposes and have not entered into a tax sharing and funding agreement in respect of such arrangements.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

4. DIRECTORS' AND EXECUTIVES' DISCLOSURE

(a) Details of key management personnel (consolidated)

<u>Directors</u>

John Stephenson	Non-Executive Chairman
H.Shanker Madan	Managing Director
Farooq Khan	Executive Director
Victor Ho	Executive Director & Company Secretary
William Johnson	Executive Director
Malcolm Richmond	Non-Executive Director

The Consolidated Entity does not have any Company Executives (other than Executive Directors).

(b) Compensation of key management personnel

	Consolidated Entity		Company	
	2008	2007	2008	2007
Directors	$	$	$	$
Short-term employee benefits - cash fees	585,523	421,951	585,523	421,951
Post-employment benefits - superannuation	240,793	168,402	240,793	168,402
Share-based payments	5,301,313	3,759,204	5,301,313	3,759,204
	6,127,629	4,349,557	6,127,629	4,349,557

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report.

(c) Number of shares held by key management personnel

Directors	Balance at 1.7.06	Balance at Appointment	Net Change Other *	Balance at 30.6.07	Net Change Other *	Balance at 30.6.08
John Stephenson	50,000		150,000	200,000	-	200,000
H.Shanker Madan	333,333		360,172	693,505	(82,667)	610,838
Farooq Khan	12,297,811		(4,325,281)	7,972,530	6,593,533	14,566,063
Victor Ho	25,000		179,334	204,334	(78,333)	126,001
William Johnson		-	-	-	-	-
Malcolm Richmond		-	102,460	102,460	-	102,460

* Net Change Other refers to net shares purchased, sold or listed $0.20/$0.178 (30 June 2008) options exercised during the year

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

Details of options provided as remuneration are disclosed in the Remuneration Report section of the Directors' Report.

The disclosures of equity holdings in (c) above and (d) above 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.

(e) Number listed and unlisted options held by key management personnel

(i) Listed $0.178/$0.20 (30 June 08) Options

2008	Balance at 30.6.07	Net Change Other *	Balance at 30.6.08	Vested & Exercisable
John Stephenson	-	-	-	-
H.Shanker Madan	-	-	-	-
Farooq Khan	6,524,733	(6,524,733)	-	-
Victor Ho	1,667	(1,667)	-	-
William Johnson	-	-	-	-
Malcolm Richmond	-	-	-	-

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2008

4. DIRECTORS' AND EXECUTIVES' DISCLOSURE (continued)

(e) Number listed and unlisted options held by key management personnel (continued)

(i) Listed $0.178/$0.20 (30 June 08) Options

2007	Balance at 1.7.06	Balance at Appointment	Net Change Other *	Balance at 30.6.07	Vested & Exercisable
John Stephenson	148,000		(148,000)	-	-
H.Shanker Madan	456,667		(456,667)	-	-
Farooq Khan	6,623,069		(98,336)	6,524,733	6,524,733
Victor Ho	188,501		(186,834)	1,667	1,667
William Johnson		88,000	(88,000)	-	-
Malcolm Richmond		-	-	-	-

(ii) Unlisted Directors' Options

2008	Balance at 1.7.07	Granted as Compensation	Net Change Other *	Balance at 30.6.08	Vested & Exercisable	Unvested
John Stephenson	1,150,000	500,000	-	1,650,000	940,000	710,000
H.Shanker Madan	2,750,000	1,130,000	-	3,880,000	2,215,000	1,665,000
Farooq Khan	2,100,000	950,000	-	3,050,000	1,735,000	1,315,000
Victor Ho	950,000	430,000	-	1,380,000	785,000	595,000
William Johnson	850,000	390,000	-	1,240,000	705,000	535,000
Malcolm Richmond	1,100,000	600,000	-	1,700,000	960,000	740,000

2007	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

* Net Change Other refers to net options that have been forfeited, exercised or sold during the year

(f) Loans to key management personnel

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

(g) Other transactions with key management personnel

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

5. RESTATED COMPARATIVE DATA FOR SHARE BASED PAYMENTS

The value of "Personnel costs – directors' and employees options" (as equity based remuneration) has been understated by $330,920 for the half year ended 31 December 2006 and $857,810 for the financial year 30 June 2007, being a total of $1,188,730. This was as a consequence of the Company applying a 25% discount in calculating the value of these options (under an options valuation/pricing model) in light of the fact that these options were unlisted, vested in tranches and had restrictions on their transfer by the option holders. However, the Company has determined that under AASB 2, the value of unlisted options (as equity based remuneration) should not be discounted in this manner. In accordance with this Accounting Standard, the value of equity based remuneration has been re-calculated without a discount. Accordingly, certain comparative data has been restated to reflect the correct option valuation/pricing model.

This restatement has the effect of:

(a) increasing each of "reserves" and "accumulated losses" by a total of $1,188,730 for the financial year ended 30 June 2007;

(b) understating each of "profit before income tax" and "profit after income tax" by $1,188,730 for the financial year ended 30 June 2007;

(c) decreasing basic "earnings per share" by $2.07 and diluted "earnings per share" by $1.60 for the financial year ended 30 June 2007.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2008

5. RESTATED COMPARATIVE DATA FOR SHARE BASED PAYMENTS (continued)

The restated financial statement line items for the prior year (30 June 2007), as described previously in this note, is as follows:

Consolidated Entity		**Restatement**	**Adjusted**
Income statement	**30-Jun-07**	**Adjustment**	**30-Jun-07**
Directors' and Employees' options	2,687,534	1,188,730	3,876,264
Profit before income tax expense	2,330,076	(1,188,730)	1,141,346
Profit after income tax expense	2,330,076	(1,188,730)	1,141,346
Basic earnings per share (cents)	4.06	(2.07)	1.99
Diluted earnings per share (cents)	3.14	(1.60)	1.54
Statement of Change in Equity & Balance Sheet			
Reserves	2,932,878	1,188,730	4,121,608
Accumulated Losses	(16,064,267)	1,188,730	(17,252,997)
Company			
Income statement			
Directors' and Employees' options	2,687,534	1,188,730	3,876,264
Profit before income tax expense	2,232,863	(1,188,730)	1,044,133
Profit after income tax expense	2,232,863	(1,188,730)	1,044,133
Basic earnings per share (cents)	3.89	(2.07)	1.82
Diluted earnings per share (cents)	3.01	(1.60)	1.41
Statement of Change in Equity & Balance Sheet			
Reserves	2,932,878	1,188,730	4,121,608
Accumulated Losses	(16,196,558)	1,188,730	(17,385,288)

6. AUDITORS' REMUNERATION

	Consolidated Entity		**Company**	
	2008	**2007**	**2008**	**2007**
Amounts received or due and receivable:	**$**	**$**	**$**	**$**
Auditors of the Consolidated Entity (BDO Kendalls (WA) Audit and Assurance Pty Ltd)				
Audit and review of financial reports	38,598	-	38,598	-
Non-audit services (BDO Kendalls (WA) Audit and Assurance Pty Ltd)				
Other services - tax compliance	1,900	-	1,900	-
Auditors of the Peruvian subsidiaries (BDO Pazos, López de Romaña S.C.)				
Audit and review of financial reports	27,653	-	-	-
Auditors of the Consolidated Entity (Stantons International)				
Audit and review of financial reports	48,128	42,664	48,128	42,664
Auditors of the Consolidated Entity (Stantons International)				
Other services - tax services	356	4,455	356	4,455
	48,484	47,119	48,484	47,119

BDO Kendalls (WA) Audit and Assurance Pty Ltd replaced Stantons International as the Company's auditors after the 2007 annual general meeting.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2008

7. EARNINGS / (LOSSES) PER SHARE	Consolidated Entity 2008	Consolidated Entity 2007	Company 2008	Company 2007
Basic earnings / (losses) per share (cents)	(15.81)	1.99	(11.30)	1.82
Diluted earnings / (losses) per share (cents)	n/a	1.54	n/a	1.41
Net Profit (Loss)	(13,294,084)	1,141,346	(9,503,947)	1,044,133
Weighted average number of ordinary shares outstanding during the year used in calculation of basic earnings/(loss) per share	84,078,628	57,370,679	84,078,628	57,370,679
Weighted average number of options outstanding		16,796,812		16,796,812
Weighted average number of ordinary shares outstanding during the year used in calculation of diluted earnings/(loss) per share	84,078,628	74,167,491	84,078,628	74,167,491

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

Diluted EPS is not calculated if it does not increase the loss per share.

8. CASH AND CASH EQUIVALENTS	Consolidated Entity 2008 $	Consolidated Entity 2007 $	Company 2008 $	Company 2007 $
Cash at bank	18,566,596	1,209,844	13,822,018	1,136,389
Term deposit	5,234,735	3,723,202	5,234,735	3,723,202
Bank bills	-	13,425,845	-	13,425,845
	23,801,331	18,358,891	19,056,753	18,285,436

Refer to Note 23 for the Consolidated Entity and Company's exposure to interest rate risk, foreign currency risk and credit rate risk.

(a) Reconciliation of Loss after Tax to Net Cash Flows from Operations

	Consolidated Entity 2008	Consolidated Entity 2007	Company 2008	Company 2007
Operating profit/(loss) after tax	(13,294,084)	1,141,346	(9,503,947)	1,044,133
Non cashflows in loss from ordinary activities				
Depreciation - plant & equipment	49,391	15,833	17,050	15,833
Write off obsolete assets	5,116	-	5,116	-
Foreign exchange losses	401,766	252,424	339,438	252,424
Gain on sale of associate	(142,208)	(65,151)	(142,208)	(65,151)
Gain on sale of subsidiaries	-	(6,748,343)	-	(6,748,343)
Write back acquisition of resource projects	-	(431,955)	-	(431,955)
Acquisition of resource projects impairment	-	63,098	-	36,126
Provision for diminution - share investments	313,077	-	313,077	-
Provision/(write back) for non recovery of subsidiary and associate loans	-	-	1,974,464	715,110
Unrealised gain from investments	-	(502,591)	-	(502,591)
Equity share of Associate's losses	1,921,441	105,433	-	-
Directors' and Employee options	5,721,502	3,876,264	5,721,502	3,876,264
Decrease/(Increase) in assets:				
Receivables	(2,612,500)	(161,041)	(121,436)	(779,952)
Prepayments	(263,343)	492	-	492
Resource projects	(6,672,119)	(493,082)	(422,319)	(149,373)
Increase/(Decrease) in liabilities:				
Trade creditors and accruals	10,689,663	230,242	210,150	(16,651)
Provisions	71,421	123,617	45,277	110,383
Net cash outflows from operating activities	(3,810,877)	(2,593,414)	(1,563,836)	(2,643,251)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2008

8. CASH AND CASH EQUIVALENTS (continued)

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

During the year, 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 (for taxation purposes and under the ASX Listing Rules) is calculated by reference to the market value of Alara shares at last bid price, 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. The value of the Capital Return for accounting purposes is $4 million - refer note 19.

Options Remuneration

During the year, the Company issued a total of 4,000,000 $3.978 (2 December 2012) Unlisted Directors' Options, 200,000 $2.878 (4 September 2012) Unlisted Employee Options, 250,000 $2.878 (16 November 2012) Unlisted Employee Options and 250,000 $2.878 (3 March 2013) Unlisted Employee Options for nil consideration.

9. GAINS IN INTERESTS OF CONTROLLED ENTITY

Business combination

Apurimac Ferrum S.A. (**AF**) was incorporated in Peru on 13 September 2004 and holds the mineral concessions comprising the Apurimac and Cuzco Projects in Peru. By the AF Agreement and the MAPSA Agreement, the Company has secured the right to earn and has earned a 68.15% (or greater) interest in AF.

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 had secured the right to earn a 51% (or greater) interest in the AF through a progressive US$6.5 million investment in AF to acquire 38.5% of AF 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 would hold a 51% shareholding in AF with D&C and MAPSA each holding a 24.5% interest in AF.

The **MAPSA Agreement** refers to an agreement dated 1 February 2007 between Strike, MAPSA and shareholders of MAPSA (**MAPSA Shareholders**), pursuant to which Strike has acquired a 70% interest in Iron Associates Corporation (**IAC**) (which holds a 24.5% shareholding 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.

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 acquiring a 70% interest in IAC on 23 February 2007 under the MAPSA Agreement .

During the year, Strike completed its US$6.5 million investment into AF nearly 4 years ahead of schedule, giving it a 12.5% direct shareholding interest in AF.

On 29 May 2008, Strike exercised its options to acquire a further 38.5% shareholding interest in AF from MAPSA and D&C collectively in consideration for a total of US$34.5 million.

Accordingly, as at balance date and currently, Strike has a 50.952% direct and 17.1836% indirect (via IAC) interest in AF, being a total of 68.1356%.

Under Accounting Standard AASB 3 (Business Combinations), Strike is considered to have an interest in mining assets held by its subsidiary, AF, via its direct 50.952% holding in AF and via its controlling (70%) interest in IAC. AFs main assets are the mineral concessions comprising the Apurimac and Cuzco Projects in Peru.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2008

9. GAINS IN INTERESTS OF CONTROLLED ENTITY (continued)

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

	$
Consideration paid, satisfied in cash	43,981,007
Fair value of net identifiable assets acquired	(43,981,007)
Goodwill	-

Assets and liabilities arising from the acquisition are as follows:	**Acquiree's carrying amount**	**Fair Value**
	$	**$**
Cash and cash equivalents	312,089	312,089
Trade and other receivables	2,661,529	2,661,529
Property, plant and equipment	153,201	153,201
Resource projects	8,316,613	68,433,307
Trade and other payables	(1,489,165)	(1,489,165)
Provisions	(403,078)	(403,078)
Loans from related parties	(5,122,819)	(5,122,819)
	4,428,370	64,545,064
Minority interest		(20,564,057)
Net identifiable assets acquired		43,981,007

	Consolidated Entity		**Company**	
Purchase consideration	**2008**	**2007**	**2008**	**2007**
Outflow of cash to acquire subsidiary, net cash acquired	**$**	**$**	**$**	**$**
Cash consideration	22,671,573	-	22,671,573	-
Less balances acquired				
Cash and cash equivalents	312,089	-	-	-
Outflow of cash	22,983,662	-	22,671,573	-

10. TRADE AND OTHER RECEIVABLES	**Consolidated Entity**		**Company**	
	2008	**2007**	**2008**	**2007**
Current	**$**	**$**	**$**	**$**
Amounts receivable from				
Sundry debtors	792,041	80,569	68,565	58,370
Loans to subsidiaries	-	-	5,618,671	-
Amounts owed by Associate companies	-	75,459	-	-
Amounts owed to AF by MAPSA	277,734	-	-	-
Valued added tax (VAT) recoverable by AF in Peru	1,648,799	-	-	-
Goods and services tax (GST) recoverable in Australia	64,048	14,095	55,867	14,095
	2,782,622	170,123	5,743,103	72,465
Non Current				
Loans to subsidiaries	-	-	3,507,276	1,532,812
Provision for impairment	-	-	(3,507,276)	(1,532,812)
	-	-	-	-

Refer to Note 23 for the Consolidated Entity and Company's exposure to credit risk, foreign exchange risk and interest rate risk.

(a) Impaired receivables and receivables past due

The non-current receivables were fully impaired in 2008 and 2007.

The Loan to subsidiaries includes a ~A$5.3 million (US$5 million) loan advanced to AF. Interest is accruing on this loan at LIBOR (London Interbank Offer Rate) plus 2% per annum. This loan is also capable of conversion to equity in AF in accordance with an agreed dilution formula under the AF Agreement, if determined by AF.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2008

	Consolidated Entity		Company	
11. OTHER CURRENT ASSETS	**2008**	**2007**	**2008**	**2007**
	$	**$**	**$**	**$**
Prepayment	263,343	-	-	-

12. PROPERTY, PLANT AND EQUIPMENT	Plant and Equipment	Leasehold Improvements	Total
2008 Consolidated	**$**	**$**	**$**
At 1 July 2007, net of accumulated depreciation and impairment	60,176	10,220	70,396
Additions	250,440	-	250,440
Depreciation expense	(47,858)	(1,533)	(49,391)
Disposal of asset	(99,927)	-	(99,927)
Reversal of disposed assets' accumulated depreciation	94,811	-	94,811
At 30 June 2008, net of accumulated depreciation and impairment	257,642	8,687	266,329
At 1 July 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
At 30 June 2008			
Cost or fair value	335,060	25,858	360,918
Accumulated depreciation and impairment	(77,418)	(17,171)	(94,589)
Net carrying amount	257,642	8,687	266,329
2008 Company			
At 1 July 2007, net of accumulated depreciation and impairment	49,723	10,220	59,943
Additions	19,354	-	19,354
Depreciation expense	(15,517)	(1,533)	(17,050)
Disposal of asset	(99,927)	-	(99,927)
Reversal of disposed assets' accumulated depreciation	94,811	-	94,811
At 30 June 2008, net of accumulated depreciation and impairment	48,444	8,687	57,131
At 1 July 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
At 30 June 2008			
Cost or fair value	93,520	25,858	119,378
Accumulated depreciation and impairment	(45,076)	(17,171)	(62,247)
Net carrying amount	48,444	8,687	57,131
2007 Consolidated			
At 1 July 2006, net of accumulated depreciation and impairment	43,921	7,817	51,738
Additions	32,318	4,071	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	60,176	10,220	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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

12. PROPERTY, PLANT AND EQUIPMENT (continued)

	Plant and Equipment	Leasehold Improvements	Total
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
2007 Company			
At 1 July 2006, net of accumulated depreciation and impairment	43,921	7,817	51,738
Additions	21,865	4,071	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	49,723	10,220	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

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

13. FINANCIAL ASSETS

	Consolidated Entity		Company	
	2008	**2007**	**2008**	**2007**
Investments comprise:	**$**	**$**	**$**	**$**
Financial assets at fair value through income statement				
Shares and options in listed companies - at cost	575,182	632,474	575,182	632,474
Add: net change in fair value	32,327	345,403	32,327	345,403
	607,509	977,877	607,509	977,877
Available for sale financial assets				
Shares and options in listed companies - at cost	2,403,785	-	2,403,785	-
Shares in Associate companies - at cost	-	-	-	10,526,312
Less: provision for impairment	(1,065,222)	-	(1,065,222)	-
	1,338,563	-	1,338,563	10,526,312
Shares in controlled entities - at cost	-	-	52,040,223	8,059,217
Less: provision for impairment	-	-	-	-
	-	-	52,040,223	8,059,217
Total financial assets	1,946,072	977,877	53,986,295	19,563,406
Market value of investments at balance date				
Shares in listed companies	1,946,072	977,877	1,946,072	8,596,627

Changes in fair value of financial assets at fair value through profit and loss are recorded as Income (Note 2(a)). Changes in available for sale financial assets are recorded as equity (Note 20).

	Consolidated Entity		Company	
	2008	**2007**	**2008**	**2007**
	$	**$**	**$**	**$**
Net gains on sale of financial assets at fair value through profit or loss	142,208	567,742	142,208	567,742

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

13. FINANCIAL ASSETS (continued)

Risk Exposure

Information about the Consolidated Entity's exposure to market and price risk is provided in Note **23**(d).

(a) Investment in Controlled Entities	Percentage of 2008	Percentage of 2007
Strike Operations Pty Ltd (SOPL) Incorporated in Australia on 28 November 2002.	100%	100%
PT Indo Batubara (100% beneficially owned by SOPL) Incorporated in Indonesia on 8 December 2005	100%	100%
Strike Resources Peru S.A.C. (subsidiary of SOPL) Incorporated in Peru on 28 December 2006	100%	100%
Iron Associates Corporation (IAC) (Panama) The Company gained control on 26 February 2007	70%	70%
Apurimac Ferrum S.A. (AF) (Peru) The Company gained control on 29 May 2008	68.14%	20.94%
Ferrum Holdings Limited (FH) Incorporated in British Anguilla on 29 May 2008	100%	-

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Name of Associate Entity	Principal Activity	Ownership Interest 2008	Ownership Interest 2007	Consolidated Carrying Amount 2008 $	Consolidated Carrying Amount 2007 $
Sofcom Limited (**SOF**)	suspended from ASX	-	27.82%	-	-
Alara Uranium Limited (**AUQ**)	listed exploration company	15.84%	35.71%	-	7,159,751
Apurimac Ferrum S.A. (**AF**)	unlisted exploration and development company	68.14%	20.94%	-	4,403,985
				-	11,563,736

Alara Uranium Limited: On 13 December 2007, 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 (for taxation purposes and under the ASX Listing Rules) is calculated by reference to the market value of Alara shares at last bid price, 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. As a consequence of this in specie distribution, the Company's shareholding interest in Alara decreased from 35.71% to 15.84% and accordingly, Alara has ceased to be regarded as an Associate entity (effective from 14 December 2007).

Apurimac Ferrum S.A.: AF ceased to be an Associate entity on 29 May 2008 when it became a controlled entity. Refer Note 9 for further details.

Sofcom Limited: On 29 February 2008, Company disposed of its shareholding in Sofcom Limited in consideration for $199,500 (Note 2(a)). Accordingly, SOF ceased to be regarded as an Associate entity effective from 29 February 2007

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2008

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

	Consolidated Carrying Amount	
	2008	2007
Movement in carrying amounts	$	$
Equity accounted amount of investment at the beginning of the financial year	11,563,736	-
New listed investment during the year	-	7,187,500
New unlisted investment during the year - at cost	4,353,435	4,481,669
Share of losses after income tax	(1,921,441)	(105,433)
Reversal of AUQ share of losses	999,340	-
Reversal of AF share of losses	1,027,535	-
Reversal of AUQ investment not accounted for using equity method	(7,187,500)	-
Reversal of AF investment not accounted for using equity method	(8,835,105)	-
Equity accounted amount of investment at the end of the financial year	-	11,563,736
Share of Associates' profits or losses		
Loss before income tax	(1,921,441)	(105,433)
Income tax expense	-	-
Loss after income tax	(1,921,441)	(105,433)

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

15. INTANGIBLES

	Consolidated Entity		Company	
	2008	2007	2008	2007
	$	$	$	$
Goodwill on acquisition of IAC	7,258,765	7,258,765	-	-

The goodwlll on acquisition of IAC has been tested for impairment. The valuation of the investment that IAC holds in AF has indicated that the value of the asset is recoverable, hence there is no impairment event.

The recoverability is determined based on an Net Present Value (NPV) calculation of AF's Apurimac Iron Ore Project with the following assumptions:

(i) project life of 20 years;
(ii) discount rate of 10%; and
(iii) annual maximum production at 20 million tonnes per annum.

16. RESOURCE AND MINING RELATED EXPENDITURES

	Consolidated Entity		Company	
	2008	2007	2008	2007
Exploration and evaluation	$	$	$	$
Balance at the beginning of the year	422,781	-	106,044	-
Apurimac Ferrum Project acquisition cost (Note 9)	41,433,964	-	-	-
Other acquisition costs	422,319	485,879	422,319	142,170
Provision for impairment	-	(63,098)	-	(36,126)
Exploration and evaluation expenditure	12,905,698	440,333	13,021	285,039
Provision for impairment	(1,707,693)	(440,333)	(13,021)	(285,039)
Balance at the end of the year	53,477,069	422,781	528,363	106,044

The ultimate recoverability of resource and mining related expenditure is dependant on the resource projects' successful development or sale.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

17. TRADE AND OTHER PAYABLES

	Consolidated Entity		Company	
	2008	**2007**	**2008**	**2007**
Current	**$**	**$**	**$**	**$**
Trade creditors	376,684	26,855	186,833	26,855
Other creditors and accruals	224,802	334,372	137,651	87,479
Tax payable	569,957	-	-	-
Amounts owed to D&C by the Company and AF	18,616,823	-	17,970,622	-
	19,788,266	361,227	18,295,106	114,334
Non Current				
Amounts owed to MAPSA by AF	6,070,925	-	-	-
Unmarketable parcel trust account	5,314	5,484	5,314	5,484
	25,864,505	366,711	18,300,420	119,818

Amounts owed to MAPSA by AF comprises predominantly a US$5 million loan repayable on a staged basis within 5 years, accruing interest at LIBOR (London Interbank Offer Rate) plus 2% per annum.

Amounts owed to D&C by the Company comprise the US$17.25 million options exercise monies (pending collection by D&C) under the AF Agreement (A$17,970,622). Refer to Note 25(a).

Details of the Consolidated Entity's exposure to risks arising from current payables are set out in Note **23**.

18. PROVISIONS

	Consolidated Entity		Company	
	2008	**2007**	**2008**	**2007**
Current	**$**	**$**	**$**	**$**
Provision for employee entitlements	108,827	132,680	98,166	122,896
Non Current				
Provision for employee entitlements	128,703	33,429	99,986	29,979
	237,530	166,109	198,152	152,875

19. ISSUED CAPITAL

Issued and Paid-Up Capital				
102,444,482 (2007: 76,009,248) fully paid ordinary shares	79,983,760	51,078,281	79,983,760	51,078,281

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

			Company	
Movement in Ordinary Share Capital	**Date of movement**	**Number of shares**	**2008 $**	**2007 $**
At 1 July 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	1,991,844
Share placement (at $1.30)	Oct - Nov 06	2,307,693	3,000,001	3,000,001
Share purchase plan issue (at $1.30)	27-Nov-06	5,706,632	7,419,000	7,419,000
Acquisition of subsidiary	05-Apr-07	3,000,000	4,884,331	4,884,331
Share placement (at $2.10)	31-May-07	7,200,000	15,120,000	15,120,000
Share issue expenses			(1,185,004)	(1,185,004)
At 30 June 2007		76,009,248	51,078,281	51,078,281
Option ($0.20/$0.178, 30 June 2008) conversions	July - Jun 08	13,384,234	2,609,063	
Capital return distribution	14-Dec-07		(4,000,000)	
Share placement	20-May-08	13,051,000	31,974,950	
Share issue expenses			(1,678,534)	
At 30 June 2008		102,444,482	79,983,760	

Reduction in exercise price of options as a consequence of a in specie distribution of 16 million Alara Uranium Limited (AUQ) shares to Strike shareholders

During the year, 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).

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2008

19. ISSUED CAPITAL (continued)

Capital risk management

The consolidated entity's and parent entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may return capital to shareholders, issue new shares or sell assets to reduce debt. The consolidated entity has no borrowings. The consolidated entity's non-cash investments can be realised to meet accounts payable arising in the normal course of business.

	Consolidated Entity		Company	
Gearing ratios	**2008**	**2007**	**2008**	**2007**
	$	**$**	**$**	**$**
Total trade and other payables (including borrowings)	25,864,505	366,711	18,300,420	119,818
Less: cash and cash equivalents (Note 8)	(23,801,331)	(18,358,891)	(19,056,753)	(18,285,436)
Net debt	2,063,174	(17,992,180)	(756,333)	(18,165,618)
Total equity	63,693,496	38,289,749	60,873,073	37,814,601
Total capital	65,756,670	20,297,569	60,116,740	19,648,983
Gearing ratio	3%	-89%	-1%	-92%

The Consolidated Entity and the Company monitor the capital on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including trade and other payables) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the balance sheet (including minority interest) plus net debt. Based on the above gearing ratio, the increase in the Company's gearing ratio is mainly due to the amount available to but yet to be collected by D&C under the AF Agreement of A$17.9 million (US$17.25 million). The Company's cash and cash equivalents is able to meet any debt obligations. At the Consolidated entity level, the increase is also due to a loan by MAPSA to AF of $6 million. The gearing ratio is lower than 10% which is acceptable to the Consolidated entity's strategy. Referring to Note 27(b) on 25 July 2008, the Company has entered into a share subscription agreement for $103 million as part of the capital risk management strategy.

20. RESERVES	Consolidated Entity		Company	
	2008	**2007**	**2008**	**2007**
	$	**$**	**$**	**$**
Foreign currency translation reserve	3,491,940	-	-	-
Available for sale investment reserve	(1,065,222)	-	(2,064,562)	-
Options Reserve	9,843,110	4,121,608	9,843,110	4,121,608
	12,269,828	4,121,608	7,778,548	4,121,608

Foreign currency translation reserve

Exchange differences arising on translation of a foreign controlled entity are taken to the foreign currency translation reserve as described in Note 1. The reserve is recognised when the net investment is disposed off.

	Consolidated Entity		Company	
	2008	**2007**	**2008**	**2007**
Movement in Foreign currency translation reserve	**$**	**$**	**$**	**$**
Balance at beginning of the year	-	-	-	-
Currency translation differences arising during the year	3,491,940	-	-	-
Balance at end of financial period	3,491,940	-	-	-

Available for sale investment reserve

The Available for Sale Investment Reserve relates to a revaluation of the Company's investment in AUQ based on AASB 139: Financial Instruments: Recognition and Measurement to a carrying value of $1,338,562 (Note 13) at Balance Date.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2008

20. RESERVES (continued)

	Consolidated Entity		Company	
	2008	2007	2008	2007
Movement in Available for Sale Investment Reserve	$	$	$	$
Balance at beginning of the year	-	-	-	-
Movement in available for sale asset	(1,065,223)	-	(2,064,563)	-
Balance at end of financial year	(1,065,223)	-	(2,064,563)	-
Deferred tax asset (not brought to account - Note 3(c))	319,567	-	619,369	-

Movement in Options Reserve			Company	
The number of unlisted options outstanding over unissued ordinary shares at balance date is as follows	Grant date	Number of options	2008 $	2007 $
Unlisted options exercisable at $0.178; expiring 9 Feb 11	10-Feb-06	1,833,333	5,238	5,238
Unlisted options exercisable at $0.278; expiring 9 Feb 11	10-Feb-06	1,666,667	4,762	4,762
Directors' Options				
Unlisted options exercisable at $0.938; expiring 20 Jul 11	21-Jul-06	4,600,000	1,986,410	1,553,793
Unlisted options exercisable at $0.938; expiring 12 Sep 11	13-Sep-06	500,000	267,550	194,475
Unlisted options exercisable at $2.078; expiring 6 Mar 12	07-Mar-07	500,000	550,683	292,353
Unlisted options exercisable at $2.788; expiring 6 Mar 12	07-Mar-07	3,300,000	3,237,164	1,718,583
Unlisted options exercisable at $3.978; expiring 2 Dec 12	03-Dec-07	4,000,000	3,018,710	-
Employees' Options				
Unlisted options exercisable at $1.178; expiring 5 Oct 11	06-Oct-06	150,000	136,624	93,108
Unlisted options exercisable at $2.878; expiring 1 May 12	08-May-07	100,000	82,094	18,012
Unlisted options exercisable at $2.878; expiring 1 May 12	05-Jun-07	33,000	27,084	5,940
Unlisted options exercisable at $2.878; expiring 4 Sep 12	09-Oct-07	200,000	161,281	-
Unlisted options exercisable at $2.878; expiring 16 Nov 12	17-Nov-07	250,000	-	-
Unlisted options exercisable at $2.878; expiring 3 Mar 13	04-Mar-08	250,000	130,166	-
		17,383,000	9,607,766	3,886,264
	Date of movement			
Listed $0.178/$0.20 (30 June 2008) options	21-Apr-06	23,735,163	237,386	237,386
Option issue expenses			(2,042)	(2,042)
Options exercised	Apr 06 - Jun 06	(366,022)	-	-
Options exercised	Jul 06 - Jun 07	(9,959,222)	-	-
Options exercised	Jul 07 - Jun 08	(13,384,234)	-	-
		25,685	235,344	235,344
Total Option Reserve			9,843,110	4,121,608

After the balance date, a further 21,700 Listed $0.178/$0.20 (30 June 2008) options were converted into shares. These shares were not issued as at balance date as cleared funds in respect of their exercise had not been received.

The Option Reserve records the consideration (net of expenses) received by the Company on the issue of options. In relation to options issued to Directors and Employees for nil consideration, the fair value of these options are included in the Option Reserve.

Equity based remuneration

During the year, the Company issued a total of 4,000,000 $3.978 (2 December 2012) Unlisted Directors' Options, 200,000 $2.878 (4 September 2012) Unlisted Employee Options, 250,000 $2.878 (16 November 2012) Unlisted Employee Options and 250,000 $2.878 (3 March 2013) Unlisted Employee Options for nil consideration.

(a) On 5 September 2007, the Company issued 200,000 unlisted employee's options with an exercise price of $2.90/2.878, a term of 5 years and a vesting period over 15 months (a third on completion of probation, a third 6 months thereafter and a third 6 months thereafter again) from date of issue ($2.878 (4 September 2012) Unlisted Employee Options) to an employee. The tranche 1 vesting date was 4 March 2008.

NOTES TO THE FINANCIAL STATEMENTS
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Equity based remuneration (continued)

(b) On 17 November 2007, the Company issued 250,000 unlisted employee's options with an exercise price of $2.90/2.878, a term of 5 years and a vesting period over 18 months (a third on completion of probation, a third 6 months thereafter and a third 6 months thereafter again) from date of issue ($2.878 (16 November 2012) Unlisted Employee Options) to an employee. Tranche 1 has not vested as at balance date as probation is still pending.

(c) On 3 December 2007, the Company issued 4,000,000 unlisted directors' options with an exercise price of $4.00/3.978, a term of 5 years and a vesting period over 12 months (50% on grant, 50% on 3 December 2008) from date of issue ($3.978, 2 December 2012 Directors' Options) to six directors, J Stephenson, HS Madan, F Khan, W Johnson, M Richmond and V Ho.

(d) On 5 March 2008, the Company issued 250,000 unlisted employee's options with an exercise price of 2.878, a term of 5 years and a vesting period over 15 months (a third on completion of probation, a third 6 months thereafter and a third 6 months thereafter again) from date of issue ($2.878 (4 September 2012) Unlisted Employee Options) to an employee. The tranche 1 vesting grant date was 4 June 2008.

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 a Black Scholes options valuation model with an assumed volatility rate of 65% for the underlying SRK shares. From 1 January 2008, the fair value is calculated using an assumed volatility rate of 80% for the underlying SRK shares.

21. RELATED PARTY DISCLOSURES

	Company	
	2008	**2007**
Loan to subsidiaries	**$**	**$**
Beginning of the year	1,532,813	817,703
Loans advanced	7,561,468	775,960
Loans repayment received	(37,801)	(60,850)
Interest receivable	69,467	-
End of year	9,125,947	1,532,813
Balances outstanding at Balance Date		
Subsidiaries of Strike Resources Limited		
Strike Operations Pty Ltd (SOPL)	1,663,810	1,160,978
Apurimac Ferrum S.A. (AF)	5,618,671	-
Subsidiaries of Strike Operations Pty Ltd		
Strike Resources Peru S.A.C. (SRP)	1,843,466	371,835
	9,125,947	1,532,813
Provision for impairment	(3,507,276)	(1,532,812)

Details of the percentage of ordinary shares held in controlled entities are disclosed in Note 13 to the financial statements. The above amounts remain outstanding at balance date. The Company has provided for full impairment of loans advanced to SOPL and SRP. No provision for doubtful debts have been raised in relation to any outstanding balances amounts owed by AF. Interest is not charged on outstanding subsidiary amounts except for the loan to AF which accrues interest at the LIBOR rate + 2% per annum, as provided for under the AF Agreement.

22. SEGMENT REPORTING

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

Primary Reporting- Business segments	**External Revenue**		**Operating Results**	
	2008	**2007**	**2008**	**2007**
Segment Revenues & Results	**$**	**$**	**$**	**$**
Resource projects	-	7,180,298	(2,284,454)	6,413,163
Investments	161,951	598,738	(151,126)	598,738
	161,951	7,779,036	(2,435,580)	7,011,901
Unallocated	1,011,364	369,946	(10,858,504)	(5,870,555)
	1,173,315	8,148,982		
Profit/(Loss) before income tax			(13,294,084)	1,141,346
Income tax expense			-	-
Profit/(Loss) after income tax			(13,294,084)	1,141,346

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2008

22. SEGMENT REPORTING (continued)

Segment Assets & Liabilities	Assets 2008 $	Assets 2007 $	Liabilities 2008 $	Liabilities 2007 $
Resource projects	60,735,834	7,681,546	(6,089,457)	(13,218)
Investments	1,946,072	12,541,613	-	-
	62,681,906	20,223,159	(6,089,457)	(13,218)
Unallocated	27,113,625	18,599,410	(20,012,578)	(519,602)
	89,795,531	38,822,569	(26,102,035)	(532,820)

Other Segment Information	Resource Projects 2008 $	Resource Projects 2007 $	Investments 2008 $	Investments 2007 $
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	-	-	(1,921,441)	(105,433)
Acquisition of segment assets	52,039,772	11,397,578	2,188,160	7,187,500
Other non-cash expenses				
Diminution of segment assets (write back)	-	-	-	(502,591)
Impairment of share investments	-	-	(313,077)	-

Secondary reporting - Geographical segments	Segment revenues 2008 $	Segment revenues 2007 $	Carrying amount of segment assets 2008 $	Carrying amount of segment assets 2007 $	Acquisitions of non-current segment assets 2008 $	Acquisitions of non-current segment assets 2007 $
Australia	161,441	7,778,384	56,268,354	8,560,409	2,188,160	7,187,500
Peru	-	-	6,303,345	11,662,750	52,039,772	11,397,578
Indonesia	510	326	110,207	-	-	-
Unallocated	1,011,364	369,946	27,113,625	18,599,410	-	-
	1,173,315	8,148,656	89,795,531	38,822,569	54,227,932	18,585,078

23. FINANCIAL RISK MANAGEMENT

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, price risk and liquidity risk.

The Board of Directors is responsible for the overall internal control framework (which includes risk management) but no cost effective internal control system will preclude all errors and irregularities. The system is based, in part, on the appointment of suitably qualified management personnel. The effectiveness of the system is continually reviewed by management and at least annually by the Board.

The financial receivables and payables of the consolidated entity and company in the table below are due or payable within 30 days except for $17,970,622 owed to D&C which is pending collection by D&C (refer to Note 17). The financial investments are held for trading and are realised at the discretion of the Board of Directors.

Consolidated Entity	Variable Interest Rate 2008	Variable Interest Rate 2007	Fixed Interest Rate 2008	Fixed Interest Rate 2007	Non-Interest Bearing 2008	Non-Interest Bearing 2007	Total 2008	Total 2007
Financial assets	$	$	$	$	$	$	$	$
Cash	18,566,596	1,209,844	5,234,735	17,149,047	-	-	23,801,331	18,358,891
Receivables	-	-	-	-	2,782,622	170,123	2,782,622	170,123
Investment in Associates	-	-	-	-	-	11,563,736	-	11,563,736
Shares in listed companies	-	-	-	-	1,946,072	977,877	1,946,072	977,877
	18,566,596	1,209,844	5,234,735	17,149,047	4,728,694	12,711,736	28,530,025	31,070,627
Financial liabilities								
Payables	-	-	-	-	(25,864,505)	(366,711)	(25,864,505)	(366,711)
Net financial assets	18,566,596	1,209,844	5,234,735	17,149,047	(21,135,811)	12,345,025	2,665,520	30,703,916

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for the year ended 30 June 2008

23. FINANCIAL RISK MANAGEMENT (continued)

	Variable Interest Rate		Fixed Interest Rate		Non-Interest Bearing		Total	
Company	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**
Financial assets	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Cash	13,822,018	1,136,389	5,234,735	17,149,047	-	-	19,056,753	18,285,436
Receivables	-	-	-	-	5,743,103	72,465	5,743,103	72,465
Loans to subsidiaries	-	-	-	-	-	-	-	-
Shares in listed companies	-	-	-	-	1,946,072	11,504,189	1,946,072	11,504,189
	13,822,018	1,136,389	5,234,735	17,149,047	7,689,175	11,576,654	26,745,928	29,862,090
Financial liabilities								
Payables	-	-	-	-	(18,300,420)	(119,818)	(18,300,420)	(119,818)
Net financial assets	13,822,018	1,136,389	5,234,735	17,149,047	(10,611,245)	11,456,836	8,445,508	29,742,272

(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 Entity				Company			
		2008		**2007**		**2008**		**2007**
	%	**$**	%	**$**	%	**$**	%	**$**
Cash at bank	1.6	18,566,596	5.7	1,209,844	3.0	13,822,018	5.7	1,136,389
Term deposit	7.5	5,234,735	6.0	3,723,202	7.5	5,234,735	6.0	3,723,202
Bank bills	-	-	6.1	13,425,845	-	-	6.1	13,425,845
		23,801,331		18,358,891		19,056,753		18,285,436

(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 (USD). The consolidated entity has not entered into any hedging, including forward exchange contracts as at balance date and is currently fully exposed to foreign exchange risk. The Consolidated Entity's exposure to foreign currency risk at reporting date was as follows:

	Consolidated Entity		Company	
	2008	**2007**	**2008**	**2007**
	USD	**USD**	**USD**	**USD**
Cash at bank	8,855,762	3,150,000	8,855,762	3,150,000
Receivables	-	-	5,225,629	-
Payables	-	-	(17,250,000)	-
	8,855,762	3,150,000	(3,168,609)	3,150,000

(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. This financial year there was no necessity to obtain collateral.

The credit quality of the financial assets are neither past due nor impaired. The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised below:

	Consolidated Entity		Company	
	2008	**2007**	**2008**	**2007**
	$	**$**	**$**	**$**
Cash and cash equivalents	23,801,331	18,358,891	19,056,753	18,285,436
Receivables	2,782,622	170,123	5,743,103	72,465
Investments	1,946,072	12,541,613	1,946,072	11,504,189
	28,530,025	31,070,627	26,745,928	29,862,090

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2008

(c) Credit Risk (continued)

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.

All receivables noted above are due within 30 days. None of the above receivables are past due.

(d) Equity Price Risk

Equity 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.

Equity securities price risk arises on the financial assets at fair value through profit or loss.

At the share investment portfolio level, the consolidated entity is not overly exposed (by majority of its net assets) to one company or one particular industry sector of the market.

(e) 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. The consolidated entity's non-cash investments can be realised to meet accounts payable arising in the normal course of business.

The financial liabilities disclosed in the above table have a maturity obligation of within 30 days.

(f) Net Fair Value of Financial Assets and Liabilities

The carrying amount of 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 at balance date are set out in Note 10 and Note 13 and financial liabilities at balance date are set out in Note 17.

(g) Sensitivity Analysis

<u>Interest Rate Risk Analysis</u>

The Consolidated Entity has performed a sensitivity analysis on its exposure to interest rate risk at balance date. The analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

	Consolidated Entity		Company	
	2008	2007	2008	2007
Change in profit	$	$	$	$
Increase by 1%	190,568	182,854	190,568	182,854
Decrease by 1%	(190,568)	(182,854)	(190,568)	(182,854)
Change in equity				
Increase by 1%	190,568	182,854	190,568	182,854
Decrease by 1%	(190,568)	(182,854)	(190,568)	(182,854)

<u>Equity Price Risk Analysis</u>

The Consolidated Entity has performed a sensitivity analysis on its exposure to market price risk at balance date. The analysis demonstrates the effect on the current year results and equity which could result from a change in these risks. The All Ordinaries Index was utilised as the benchmark for the listed share investments which are at fair value through profit or loss.

	Consolidated Entity		Company	
	2008	2007	2008	2007
Change in profit	$	$	$	$
Increase by 15%	222,940	151,594	222,940	151,594
Decrease by 15%	(222,940)	(151,594)	(222,940)	(151,594)
Change in equity				
Increase by 15%	222,940	151,594	222,940	151,594
Decrease by 15%	(222,940)	(151,594)	(222,940)	(151,594)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

23. FINANCIAL RISK MANAGEMENT (continued)

Foreign Currency Risk Analysis

The Consolidated has performed a sensitivity analysis on its exposure to currency risk. The analysis demonstrates the effect on the current year results and equity when the Australian dollar strengthened or weakened by 5% (2007: 5%) against the foreign currencies detailed in Note 23(b) with all the other variables held constant.

	Consolidated Entity		Company	
	2008	2007	2008	2007
Change in profit	$	$	$	$
Increase by 5%	(612,306)	(150,000)	150,886	(150,000)
Decrease by 5%	676,760	165,789	(166,769)	165,789
Change in equity				
Increase by 5%	(612,306)	(150,000)	150,886	(150,000)
Decrease by 5%	676,760	165,789	166,769	165,789

24. SHARE-BASED PAYMENTS

A total of 12,900,000 Directors' and 733,000 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 small 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.

Directors' and employees' options carry no dividend or voting rights.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2008

24. SHARE-BASED PAYMENTS (continued)

Grant date	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 of vested options expensed up to balance
21-Jul-06	20-Jul-11	0.938	4,600,000	-	-	4,600,000	2,760,000	$ 432,617
13-Sep-06	12-Sep-11	0.938	500,000	-	-	500,000	300,000	$ 73,075
06-Oct-06	05-Oct-11	1.178	150,000	-	-	150,000	100,000	$ 43,516
07-Mar-07	06-Mar-12	2.078	500,000	-	-	500,000	300,000	$ 258,330
07-Mar-07	06-Mar-12	2.788	3,300,000	-	-	3,300,000	1,980,000	$ 1,518,581
01-May-07	01-May-12	2.878	100,000	-	-	100,000	66,667	$ 64,082
05-Jun-07	01-May-12	2.878	33,000	-	-	33,000	22,000	$ 21,144
03-Dec-07	02-Dec-12	3.978	-	4,000,000	-	4,000,000	2,000,000	$ 3,018,710
04-Mar-08	04-Sep-12	2.878	-	200,000	-	200,000	65,000	$ 161,281
-	16-Nov-12	2.878	-	250,000	-	250,000	-	$ -
04-Jun-08	03-Mar-13	2.878	-	250,000	-	250,000	83,334	$ 130,166
			9,183,000	4,700,000	-	13,883,000	7,677,001	$5,721,502
Weighted average exercise price			1.70	3.81		2.41	2.31	
21-Jul-06	20-Jul-11	0.938	-	4,600,000	-	4,600,000	1,380,000	$1,122,035
13-Sep-06	12-Sep-11	0.938	-	500,000	-	500,000	150,000	$ 139,609
06-Oct-06	05-Oct-11	1.178	-	150,000	-	150,000	50,000	$ 91,966
07-Mar-07	06-Mar-12	2.078	-	500,000	-	500,000	150,000	$ 172,389
07-Mar-07	06-Mar-12	2.788	-	3,300,000	-	3,300,000	990,000	$ 1,137,764
01-May-07	01-May-12	2.878	-	100,000	-	100,000	33,333	$ 17,875
05-Jun-07	01-May-12	2.878	-	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	

The weighted average remaining contractual life of share options outstanding at the end of the period was 3.85 (2007: 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 the Black Scholes option pricing 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 $11,350,032 in total; the value in the above table reflects the fair value of options which the Company is required to expense for the year, 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.

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24. SHARE-BASED PAYMENTS (continued)

Date of issue	Description of Unlisted Options	Vesting Criteria	Share Price at Grant Date	Risk Free Rate	Price volatility
21-Jul-06	$0.938 (21 July 2011) Directors' Options	30% on grant, 30% on 21 July 2007 and 40% on 21 July 2008	$0.78	5.67%	65%
13-Sep-06	$0.938 (13 September 2011) Director's Options	30% on grant, 30% on 13 September 2007 and 40% on 13 September 2008	$0.93	5.61%	65%
06-Oct-06	$1.178 (6 October 2011) Employee Options	1/3rd on 6 March 2007, 1/3rd on 6 March 2008 and 1/3rd on 6 March 2009	$1.52	5.50%	65%
07-Mar-07	$2.078 (7 March 2012) Director's Options	30% on grant, 30% on 7 March 2008 and 40% on 7 March 2009	$2.10	5.85%	65%
07-Mar-07	$2.788 (7 March 2012) Directors' Options	30% on grant, 30% on 7 March 2008 and 40% on 7 March 2009	$2.10	5.85%	65%
01-May-07	$2.878 (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	$2.878 (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%
03-Dec-12	$3.978 (2 Dec 2012) Directors' Options	50% on grant, 50% on 3 December 2008	$2.09	6.50%	65%
09-Oct-07	$2.878 (4 September 2012) Employee Options	65,000 options on completion of probation, 65,000 options on 4 September 2008, 70,000 options on 3 March 2009	$2.09	6.30%	80%
17-Oct-07	$2.878 (16 September 2012) Employee Options	83,334 options on compleiton of probation (which is still pending), 83,333 options 6 months thereafter and, 83,333 options 12 months thereafter	-	-	-
04-Mar-08	$2.878 (3 March 2013) Employee Options	83,334 options on confirmation, 83,333 options on 3 December 2008, 83,333 options on 3 June 2009	$2.09	6.61%	80%

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.

25. COMMITMENTS

	Consolidated 2008 $	Consolidated 2007 $	Company 2008 $	Company 2007 $
(a) Lease Commitments				
Non-cancellable operating lease commitments:				
Not longer than one year	26,062	24,960	26,062	24,960
Between 12 months and 5 years	131,109	99,840	131,109	99,840
Greater than 5 years	-	24,960	-	24,960
	157,171	149,760	157,171	149,760

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

(b) 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 $27,500 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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2008

25. COMMITMENTS (continued)

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. This is estimated to be approximately US$220,000.

(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

The Company notes that 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 the Consolidated Entity's Peruvian concession, there are often multiple landowners/community groups who are affected by the Consolidated Entity’s proposed mining activities. To date, approvals have been sought and obtained on drilling on a programme by programme basis.

The Consolidated Entity employs community relations staff across both the Apurimac and Cuzco Projects. Their effort is supported by Community Relations consultants. The Consolidated Entity is in current and on-going consultations with communities in the Consolidated Entity’s project areas to secure permissions for drilling and conducting mining operations. The Consolidated Entity is also working with its Community Relations consultant on longer term objectives and policies.

The obtaining of approvals from landowners/community groups can be complicated and time consuming. The Consolidated Entity 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 have not occurred whilst these consultations are being conducted and permissions finalised. The Consolidated Entity 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 in this regard.

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26. CONTINGENT ASSETS AND LIABILITIES

The Company and Consolidated Entity has the following contingent assets and liabilities which may affect future operating results and the financial position of the Consolidated Entity:

(a) Arbitration and D&C Claims - D&C has raised disputes, amongst other matters, over the validity of the Company's acquisition of a 70% shareholding in IAC (which holds a 24.5% shareholding in AF) (pursuant to the IAC Transaction) and the exercise of the Options (under the AF Agreement) by Strike. These disputes are currently the subject of Arbitration proceedings before the Lima Chamber of Commerce (**LCC**) filed initially by Strike and followed subsequently by Arbitration applications filed by D&C. D&C has also made allegations of irregularities associated with Strike's exercise of the Options and referred matters to the police. Strike views such actions as tactics by D&C to obstruct and delay Strike's arbitration proceedings. Based on advice from highly respected Peruvian counsel, Strike believes that there is no basis for D&C's claims and allegations.

The Company has been advised by its Peruvian lawyers that the Lima Chamber of Commerce has compiled a list of proposed Arbitration Panel members, which includes a foreign citizen as Chairman. The Panel, once formally installed, will set a timetable for the future conduct of the Arbitration proceedings between Strike and D&C.

Whilst each party has clearly stated its legal position against the other, both parties continue to investigate the possibility of a commercial settlement of the dispute.

The following summarises the background to this matter:

(1) On May 29, 2008 the Company exercised the Options to acquire a 38.5% shareholding interest in AF from D&C and MAPSA in consideration for US$34.5 million;

(2) D&C obtained a Judicial Precautionary Measure (**JPM**) against AF, comprising three orders:

  (a) for the provisional suspension (with respect to Strike, MAPSA and IAC) of the effects, rights and obligations derived from the AF Agreement. This order took legal effect on 14 July 2008;

  (b) for the provisional suspension of a share pledge agreement entered into by D&C and Strike (whereby D&C granted Strike certain voting rights in respect of its AF shares). This order took legal effect on 4 June 2008; and

  (c) for the provisional suspension (with respect to Strike, MAPSA and IAC) of the effects, rights and obligations contained in the MAPSA Agreement. This order was took legal effect on 30 May 2008;

(3) A JPM is an interim remedy under Peruvian law which the applicant applies for *ex parte* to the court - that is without notice to the party against whom the JPM is sought. It is designed to ensure the effectiveness of the final ruling and it is in force while the applicant pursues its substantive claim. Strike has not been served by the court with any order or notice of D&C's JPM;

(4) Nevertheless, it is understood that the principal allegation from D&C was that the AF Agreement prescribed the manner in which Strike was to earn its 51% interest in AF (via an initial investment of US$6.5 million to gain 12.5% and the exercise of Options to acquire a further 38.5%) and that the IAC Transaction allowed Strike to gain control over a greater percentage of AF when it was not allowed, in D&C's opinion, to do so under the AF Agreement;

(5) On 6 June 2008, Strike filed its own arbitration request seeking a final declaration that the IAC Transaction remains valid and binding on the parties (accordingly, reaffirming Strike's 17.15% interest in AF through IAC) and a final declaration as to the validity of the exercise of the options;

(6) Strike will be seeking substantial damages from D&C as a consequence of its actions in this matter;

(7) On 9 July 2008, the Peruvian Judiciary issued an order clarifying the JPM, to the effect that it was inapplicable to, and did not operate to prevent or set aside, the exercise of the Options effected by Strike. An entry recording that order has been made in the AF share ledger book;

(8) In a tactic which Strike believes was designed by D&C to obtain a perceived advantage in the civil dispute referred to above, in July 2008, D&C made a complaint to the Peruvian police alleging irregularities associated with Strike's exercise of the Options. Strike strongly rejects any assertio0ns made by D&C and believes the proper forum for resolution of a civil dispute is via the prescribed dispute resolution mechanism under the AF Agreement, namely arbitration proceedings conducted by the Lima Chamber of Commerce;

(9) On 26 August and 15 September 2008, D&C/Ausinca served arbitration proceedings on Strike seeking various declarations in relation to the subject matter of its dispute including the IAC Transaction, the exercise of the Options by Strike and the termination of the AF Agreement;

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for the year ended 30 June 2008

(10) The Company notes that D&C's arbitration proceedings substantially overlap the subject matter of Strike's own arbitration proceeding.

(b) Suspension of AF Agreement – As a consequence of the JPM orders obtained by D&C referred to in (a), the AF Agreement is currently suspended. This includes a suspension of the mechanism by which AF may raise funding from its shareholders to meet its on-going exploration, evaluation and project development costs. Arguably, AF may still raise funding from its shareholders and third parties under its by-laws. The Company proposes to make submissions to the convened Arbitration Panel (who will assume jurisdiction of this dispute) to seek a mechanism by which AF may raise funding from its shareholders whilst the dispute is being considered by the Arbitration Panel to ensure that AF is funded to maintain its operations. There is no assurance that an appropriate funding mechanism will be established that is satisfactory to AF and its shareholders and that this mechanism will result in AF raising sufficient funds from its shareholders (or third parties) to continue its operations. In such circumstances, AF's operations may be suspended pending resolution of the dispute through Arbitration proceedings.

(c) US$5 million loan advanced to AF under AF Agreement - During the financial year, the Company advanced A$5.3 million (US$5 million) to Apurimac Ferrum S.A. (**AF**) as an unsecured interest bearing loan under the terms of the AF Agreement. Interest is accruing on this loan at LIBOR (London Interbank Offer Rate) plus 2% per annum. This loan is capable of conversion to equity in AF by Strike in accordance with the agreed dilution formula set out in the AF Agreement, at AF's determination.

(d) MAPSA Agreement/IAC Transaction - The Company has a contingent commitment to pay the MAPSA Shareholders (under the IAC Transaction) 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 of iron ore once AF has achieved 20 million tonnes of production; 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.

The Company may also be liable to assume a US$5 million loan advanced by MAPSA to AF (under the AF Agreement). This loan is repayable on a staged basis over 5 years and accrues interest at LIBOR plus 2% per annum.

(e) 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$140,000 has been paid to date and US$60,000 is payable on 18 November 2008. The option to acquire these three mineral concessions is for a period of two years and the exercise price is US$3 million. Under the AF Agreement, the rights under this agreement are required to be and will be assigned to AF at cost.

(f) Native Title - The Consolidated Entity's mineral 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.

(g) Government Royalties - The Consolidated Entity is liable to pay royalties on production obtained from its mineral tenements/concessions in Australia, Peru and Indonesia. 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 Governmental royalty regimes.

(h) 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. As at balance date, 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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2008

27. EVENTS AFTER BALANCE DATE

(a) Completion of Pre Feasibility Study (PFS) for Apurimac Project (Peru)- On 23 July 2008, the Company announced the results of the PFS undertaken by AF, which focuses on the development of a 20 million tonnes per annum mining operation in the Apurimac district with iron ore concentrate transported by slurry pipeline to a proposed new port at Tres Hermanas, near the town of San Juan.

(b) Share placement to Gallagher Holdings Limited - On 25 July 2008, the Company entered into a share subscription agreement with Gallagher Holdings Limited (**Gallagher**) for a $103 million capital raising at $2.75 per share (in two tranches). The first tranche of 18,068,086 shares was completed on 29 July 2008, raising A$49.7 million. On 29 July 2008, A. Farhad Moshiri was appointed to the Board as a Non-Executive Director as a nominee of Gallagher. Mr Moshiri appointed Mark Horn as his Alternate Director. On 22 September 2008, Gallagher advised that its due diligence investigations under the share subscription agreement in relation to the tranche 2 investment of A$53.4 million had not been satisfied as a result of the uncertainty created by the international financial crisis.

(c) Acquisition of Resource Projects - On 11 August 2008, the Company acquired a 70% interest in the Indonesian Berau Coal Project (via the acquisition of Strike Indo Operations Pty Ltd (formerly Orion Indo Operations Pty Ltd)) and a 25% interest in the West Australian Paulsens East Iron Ore Project (via the acquisition of Strike Australian Operations Pty Ltd (formerly Central Exchange Mining Ltd)) from its joint venture partner in these projects, ASX listed Orion Equities Limited (**Orion**). A total of 9.5 million Strike shares were issued to Orion as consideration for these sales. Upon completion of these transactions, Strike held a 100% interest in each project. The value of the 9.5 million shares issued to Orion under these transactions is based on the market price of Strike shares on ASX as at the date of issue, which was $1.97 per share.

(d) Arbitration and D&C Claims - refer to Note 26(a) for further details about post balance date developments in this matter.

(e) On market share buy back - On 25 September 2008, the Company announced that it intended to conduct an on-market share buy back within the "10%/12 month limit" permitted under section 257B(4) of the *Corporations Act 2001 (Cth)*. As at the date of this report, no shares have been bought back by the Company under this mechanism.

No other matter or circumstance has arisen since the end of the financial period 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.

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 30 to 66, 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 2008 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 21 to 26 (as the audited Remuneration Report) comply with section 300A of the *Corporations Act 2001*; and

4. The Directors have been given the declarations by the Managing Director (the person who performs the chief executive function) and the Company Secretary (who is also an Executive Director) (the person who performs the chief financial officer function) as required by section 295A of the *Corporations Act 2001*.

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

30 September 2008

BDO Kendalls

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

We have audited the accompanying financial report of Strike Resources Limited, which comprises the balance sheet as at 30 June 2008, 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, 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.

Directors' Responsibility for the Financial 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 establishing and maintaining internal controls 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 Accounting Standard AASB 101 *Presentation of Financial Statements,* that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial 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 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.

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

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 2008 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*; and

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

Report on the Remuneration Report

We have audited the Remuneration Report included within the Directors' Report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report included within the Director's Report of Strike Resources Limited for the year ended 30 June 2008, complies with section 300A of the *Corporations Act 2001.*

BDO Kendalls Audit and Assurance (WA) Pty Ltd

BDO Kendalls

BG McVeigh
Director

Dated this 30th day of September, 2008
Perth, Western Australia

SECURITIES INFORMATION
as at 19 September 2008

ISSUED CAPITAL

	Quoted on ASX	Not Quoted on ASX	Total
Fully paid ordinary shares	130,034,268	-	130,034,268
$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 (20 July 2011) Directors' Options	-	4,600,000	4,600,000
$0.938 (12 September 2011) Unlisted Director's Options	-	500,000	500,000
$1.178 (5 October 2011) Unlisted Employee's Options	-	150,000	150,000
$2.078 (6 March 2012) Unlisted Director's Options	-	500,000	500,000
$2.788 (6 March 2012) Unlisted Directors' Options	-	3,300,000	3,300,000
$2.878 (30 April 2012) Unlisted Employees' Options	-	133,000	133,000
$2.878 (4 September 2012) Unlisted Employee's Options	-	200,000	200,000
$2.878 (16 November 2012) Unlisted Employee's Options	-	250,000	250,000
$3.978 (2 December 2012) Unlisted Directors' Options	-	4,000,000	4,000,000
$2.878 (3 March 2013) Unlisted Employee's Options	-	250,000	250,000
$2.75 (29 July 2011) Unlisted Options	-	903,404	903,404
Total	**130,034,268**	**18,286,404**	**148,320,672**

DISTRIBUTION OF ORDINARY FULLY PAID SHARES

Spread	of	Holdings	Number of Holders	Number of Units	% of Total Issue Capital
1	-	1,000	668	385,655	0.297
1,001	-	5,000	1,844	5,879,298	4.521
5,001	-	10,000	679	5,414,680	4.164
10,001	-	100,000	837	25,115,911	19.315
100,001	-	and over	89	93,238,724	71.703
Total			**4,117**	**130,034,268**	**100%**

SECURITIES INFORMATION

as at 19 September 2008

TOP 20 ORDINARY FULLY-PAID SHAREHOLDERS

Rank	Shareholders		Total Shares	% Issued Capital
1	ANZ NOMINEES LIMITED		18,068,086	13.895
2	ORION EQUITIES LIMITED		13,090,802	10.067
3	CITICORP NOMINEES PTY LIMITED <CFS DEVELOPING COMPANIES A/C>	700,973		
	CITICORP NOMINEES PTY LIMITED	9,239,657		
	CITICORP NOMINEES PTY LIMITED <DPSL A/C>	227		
		Sub total	9,940,857	7.645
4	DATABASE SYSTEMS LIMITED		9,377,090	7.211
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – GSI ECSA	221,798		
	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,595,689		
	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – GSCO ECA	23,875		
	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – A/C 2	2,887,318		
	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – A/C 3	3,340,862		
		Sub total	8,069,542	6.206
6	ANZ NOMINEES LIMITED <CASH INCOME A/C>		7,410,421	5.699
7	NATIONAL NOMINEES LIMITED		2,963,277	2.279
8	PAN AUSTRALIAN NOMINEES PTY LIMITED		1,849,922	1.423
9	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	1,216,948		1.010
	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED <BENDALE A/C>	200,000		
		Sub total	1,631,313	1.255
10	JP MORGAN NOMINEES AUSTRALIA LIMITED		1,548,794	1.191
11	PATER INVESTMENTS PTY LTD		1,000,000	0.769
12	SANDINI PTY LTD <KARRATHA RIGGING UNIT A/C>		970,000	0.746
13	MR GORDON ANTHONY <ANTHONY FAMILY A/C>		800,000	0.615
14	COGENT NOMINEES PTY LIMITED		716,844	0.551
15	MR GEORGE BRYANT MACFIE		634,846	0.488
16	FAROOQ KHAN		530,010	0.408
17	EMPIRE HOLDINGS PTY LTD		500,000	0.385
18	MRS ANUPAM SHOBHA MADAN & MR HEM SHANKER MADAN		500,000	0.385
19	QUECHUA INVESTMENTS LIMITED		488,830	0.376
20	NEFCO NOMINEES PTY LTD		483,846	0.372
Total			**80,574,480**	**62.976**

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