FULL YEAR REPORT:

Directors' Report
Auditors' Independence Declaration
Financial Report
Audit Report

30 June 2009

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CORPORATE DIRECTORY

BOARD

John F. Stephenson	Chairman
H. Shanker Madan	Managing Director
Farooq Khan	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
Matthew C. Hammond	Non-Executive Director

COMPANY SECRETARY
Victor P. H. Ho

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Australian Securities Exchange (ASX)
Perth, Western Australia

ASX CODE
SRK

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 2009 (**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 during the financial year were:

(i) Apurimac Ferrum S.A. (**AF**), a company incorporated in Peru which Strike controlled during the financial year, holding:

 (A) a 68.15% interest at all times during the financial year until 29 June 2009, comprised of a 51% direct shareholding interest and an indirect 17.15% interest via its then 70% shareholding in Iron Associates Corporation (IAC), which held approximately 24.5% of the shares in AF; and

 (B) a 75.5% interest on 30 June 2009, comprised of a 51% direct shareholding interest and an indirect interest of approximately 24.5% by virtue of the increase in its shareholding in IAC from 70% to 100% which commenced on that date[1];

(ii) Iron Associates Corporation (**IAC**), a company incorporated in Panama in which SRK held a 70% shareholding interest at all times during the financial year until 29 June 2009. Strike increased its shareholding in IAC to 100% on 30 June 2009;

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

(iv) PT Indo Batubara (**PTIB**), a company registered in Indonesia on 8 December 2005, controlled by SOPL during the whole of the financial year;

(v) Strike Resources Peru SAC (**Strike Peru**), a wholly-owned subsidiary company of the Strike during the whole of the financial year, incorporated in Peru on 28 December 2006;

(vi) Ferrum Holdings Limited (**FHL**), a wholly owned subsidiary company during the whole of the financial year, incorporated in British Anguilla on 29 May 2008;

(vii) 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, a wholly owned subsidiary company on and after 11 August 2008 when it was acquired from Orion Equities Limited (**Orion** or **OEQ**);

(viii) 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, a wholly owned subsidiary company on and after 11 August 2008 when it was acquired from Orion;

(ix) PT Orion Indo Mining, a company registered in Indonesia, which is controlled by SIO. Strike acquired control of this company on 11 August 2008 by virtue of the acquisition of SIO on that date; and

(x) Strike Finance Pty Ltd, a wholly owned subsidiary company incorporated in Australia on 3 April 2009.

No entities became controlled entities <u>after</u> the end of the financial year.

The following entities ceased to be controlled entities <u>after</u> the end of the financial year:

(i) AF ceased to be a controlled entity of Strike on 5 August 2009 when Strike's shareholding in AF was reduced to a direct interest of 43.976%, with no indirect interest, pursuant to the combination of the AF Settlement Agreement, the MAPSA Share Sale and Option Agreement and the MAPSA Settlement Agreement[2]; and

(ii) IAC ceased to be a controlled entity on 5 August 2009. Strike's shareholding in IAC was reduced to nil on that date pursuant to the MAPSA Settlement Agreement[3].

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1 This increase in Strike's holding in IAC was part of a series of transactions to resolve disputes between AF shareholders and reorganise the direct and indirect shareholdings in AF. These transactions are explained in full in notes 25(a) and (b) and 26(a) and (b).

2 These agreements are described in the notes 25(a) and (b) and 26(a) and (b).

3 This agreement is described in detail in note 25(b).

DIRECTORS' REPORT

AF became an associate entity of Strike on 5 August 2009 by virtue of the change in Strike's shareholding in AF referred to above.

OVERVIEW

The 2009 financial year has been a positive year for the Company despite adverse external circumstances. With a strong cash balance and project pipeline, and having put a frustrating dispute behind it, the Company has cash generation prospects in the context of current market conditions. The Company is also well placed to take advantage of an anticipated recovery in financial and resource markets and realise additional growth potential.

PRINCIPAL ACTIVITIES

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

- resolution of disputes with other AF shareholders and the maintenance of its iron ore projects in Peru;
- exploration, evaluation and development of its thermal coal project in Indonesia towards coal production;
- seeking opportunities to establish or acquire appropriate resource projects for investment, exploration, evaluation and development; and
- the management of its assets.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Gallagher Share Subscription

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 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] More details about the Gallagher transaction are provided in Part C of the "Review of Operations".

Berau Project Development

On 11 August 2008, the Company acquired the outstanding 70% interest in the Indonesian Berau Coal Project through the acquisition of Strike Indo Operations Pty Ltd (formerly Orion Indo Operations Pty Ltd) from its joint venture partner in the project, ASX-listed Orion Equities Limited (**Orion**). This acquisition took Strike to 100% ownership of the project.

The Company upgraded the JORC Coal Resource at the Berau Coal Project on 30 April 2009 to 20.8 million tonnes (Mt), an increase of 12.8 Mt from the previously-reported JORC Inferred Resource of 8.0 Mt. The resource includes Probable Coal Reserves of 7.7 Mt[6].

The Company completed its feasibility study into the Berau Coal Project on 11 June 2009. This study demonstrated this project to be commercially viable, with the potential to generate cash flows of ~US$33 million per annum[7].

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

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

6 Full details and JORC authorised person statements for this Resource are set out under the heading "Berau Thermal Coal Project (East Kalimantan, Indonesia)" in the "Review of Operations" section below and in the 11 June 2009 ASX market announcement entitled "Completion of Feasibility Study".

7 A detailed discussion of this project commences under the heading "Berau Thermal Coal Project (East Kalimantan, Indonesia)" in the "Review of Operations" section below.

DIRECTORS' REPORT

Peruvian Operations

On 17 October 2008 the Company suspended its Peruvian operations due to partner disputes preventing an agreement on funding project development, together with uncertainties in capital and resource markets.
On 30 June 2009 the Company executed two agreements with Minera los Andes y el Pacifico S.A. (**MAPSA**) resolving certain differences with that company regarding the IAC transaction and removing a contingent obligation on the Company to make payments totalling US$7 million to MAPSA/IAC (**MAPSA Settlement Agreements**). Completion of these agreements occurred on 5 August 2009, after the balance date.[8]

Other Matters

There were no other significant changes in the state of affairs of the Consolidated Entity during the financial year not otherwise disclosed in the Directors' Report or the Financial Statements.

EVENTS SUBSEQUENT TO BALANCE DATE

Completion of Peruvian Dispute Settlements

On 21 July 2009 the Company executed and completed an agreement settling its AF shareholder dispute with D&C[9] (**AF Settlement Agreement**). On 5 August 2009 completion occurred under the MAPSA Settlement Agreements.

The combined effect of completion of the AF Settlement Agreement and the MAPSA Settlement Agreements is to:

- Resolve all outstanding disputes and differences between shareholders in Apurimac Ferrum S.A.;
- Extinguish a Strike liability of US$17.25 million (A$21.4 million) and a contingent liability of US$7 million (A$8.7 million);
- Provide for a mechanism for funding AF for the next three years, under which Strike will advance (in its discretion) up to US$20 million to fund AF-approved operating budgets, secured by first-ranking mortgage over AF's mineral concessions;
- Establish that Strike has an undisputed 44% shareholding in AF with an option to acquire a further 19.25% for US$21.125 million; and
- Provide a mechanism for a party to move to 100% control of AF by making a superior offer to acquire the other parties' shareholdings, exercisable either immediately after Strike exercises its option or at the end of three years.

The Company regards these settlement agreements as a very positive development and as setting a foundation for the future development of the Peruvian iron ore projects.

Strategic Governance and Operations Review

On 25 September 2009 the Company completed a strategic review of its operations and corporate governance/Board structure.

Board Changes

The Board changes resulting from the review are:

- Dr John Stephenson has advised the Company that he intends to step down as Chairman. Dr Stephenson will remain on the Board as a Non-Executive Director. Dr Stephenson will formally step down once a new Chairman is appointed. In this regard, the Board has commenced a formal selection process for the appointment of a replacement Chairman.
- Mr Farooq Khan and Mr William Johnson will transition from Executive to Non-Executive Directors after the conclusion of the upcoming 2009 Annual General Meeting.
- Mr Victor Ho has resigned as an Executive Director but will remain as Company Secretary.

8 These agreements are described in detail in notes 25(b) and 26(b).

9 This agreement is described in detail in note 26(a).

DIRECTORS' REPORT

- Mr Matthew Hammond has been appointed to the Board as a Non-Executive Director. Mr Hammond is the Group Strategist at Metalloinvest Holdings, where he has responsibility for part of the non-core asset portfolio and advises the Board on strategic acquisitions and investments. Prior to joining Metalloinvest, Mr Hammond was a deputy Director at Credit Suisse, where he worked for 12 years. He has a BA (Hons) from Bristol University. Metalloinvest is a major shareholder in Strike.

Subsequent to the conclusion of these matters, the Board will comprise a new Chairman, Mr Shanker Madan as Managing Director and Dr John Stephenson, Professor Malcolm Richmond, Mr Farooq Khan, Mr Farhad Moshiri, Mr William Johnson and Mr Matthew Hammond as Non-Executive Directors.

This new Board structure is being implemented to accord with established corporate governance principles and will better accommodate the needs of the Company as it transitions from being an explorer to a developer of significant mining projects.

Operations Review

The development of the Apurimac Iron Ore Project, through its 44% interest in Peruvian company Apurimac Ferrum S.A. (AF), remains the Company's primary focus.[10] In addition, the Company continues with its development of its Berau Coal Project and the examination of various funding alternatives for this project.

Other Matters

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 or the Notes to the Accounts, 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.

OPERATING RESULTS

Consolidated	2009 $	2008 $
Total revenues	3,562,223	771,549
Total expenses	(85,953,234)	(14,065,633)
Profit / (loss) before tax	(82,391,011)	(13,294,084)
Income tax expense	-	-
Profit / (loss) after tax	(82,391,011)	(13,294,084)

Total revenues include:

(1) $2,759,280 interest received (2008: $1,011,364)

(2) $Nil gain on sale of associate (2008: $142,208)

(3) $793,219 foreign exchange gain (2008: $401,766 loss).

Total expenses include:

(1) $Nil share of associate's losses (2008: $1,921,441);

(2) $42,566,215 provision for impairment – resources projects (2008: $Nil)

(3) $18,501,437 provision for impairment – mining related expenditure (2008: $1,707,693)

(4) $11,031,731 provision for impairment – acquisition cost (2008: $Nil)

(5) $1,812,274 provision for impairment - share investments (2008: $313,077)

(6) $1,806,287 personnel expenses in relation to directors' and employees' options (2008: $5,721,502)

(7) $3,831,490 other personnel costs (2008: $1,547,289)

(8) $3,414,772 professional fees (2008: $576,761)

(9) $405,621 travel and incidentals (2008: $457,589)

10 The Peruvian projects are fully detailed in the "Review of Operations" section below.

DIRECTORS' REPORT

LOSS PER SHARE

Consolidated	2009	2008
Basic earnings/(loss) per share (cents)	(64.58)	(15.81)
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings/(loss) per share	127,574,360	84,078,628

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 2009 financial year.

FINANCIAL POSITION

Consolidated	2009 $	2008 $
Cash	55,726,752	23,801,331
Other investments	294,894	607,509
Intangibles	-	7,258,765
Resource and mining related expenditure	18,642,548	53,477,069
Receivables	6,496,971	2,782,622
Other assets	1,665,848	1,868,235
Gross assets	**82,827,014**	**89,795,531**
Liabilities	(32,678,808)	(26,102,035)
Net assets	**50,148,206**	**63,693,496**
Issued capital	145,759,107	79,983,760
Reserves	15,959,732	12,269,828
Accumulated losses	(112,010,485)	(30,547,081)
Parent entity interest	49,708,354	61,706,507
Minority interest	439,851	1,986,989
Total equity	**50,148,206**	**63,693,496**

Intangible asset comprise:

(1) $Nil goodwill on acquisition of IAC (2008: $7,258,765).

Resource and mining related expenditure includes:

(1) $Nil Apurimac Ferrum Project acquisition cost (Note 15) (2008: $41,433,964)

(2) $42,566,215 Impairment loss - resource projects (2008: $Nil)

(3) $12,162,533 Exploration and evaluation expenditure (2008: $12,905,698)

(4) $18,501,437 Impairment loss - mining related expenditure (2008: $1,707,693)

(5) $14,070,597 Berau Project acquisition cost (Note 8a) (2008: $Nil)

(6) $3,447,400 Paulsen East Project acquisition cost (Note 8a) (2008: $Nil)

(7) $3,447,400 Impairment loss - acquisition cost (2008: $Nil).

DIRECTORS' REPORT

Receivables include:

(1) $2,720,631 Value added tax (VAT) recoverable by AF in Peru (2008: $1,648,799)

(2) $Nil Amounts owed to AF by MAPSA (2008: $277,734).

Liabilities include:

(1) $21,915,775 Amounts owed to D&C by Strike and AF (2008: $18,616,823)

(2) $6,232,043 Amounts owed to MAPSA by AF (2008: $6,070,925).

Since the Balance Date the liabilities referred to in paragraphs (1) and (2) have been reduced to nil by reason of the following:

(a) of the amount referred to in item (1) above, the amount of US$17.25 million comprised an amount claimed by D&C against the Company. This was reduced to nil under the AF Settlement Agreement.

(b) as to the remainder of the amount referred to in item (1) above and the entire amount referred to in item (2) above, on and from 5 August 2009 the liabilities of AF are no longer liabilities of the Consolidated Entity due to the fact that, on that date, AF ceased to be part of the Consolidated Entity and became an associate entity.

REVIEW OF OPERATIONS

A. Projects

Strike Resources Limited is an Australian-based mineral development company with a diversified asset portfolio including hematite and an interest in magnetite iron ore projects in Peru, a thermal coal project in Indonesia and a hematite project in Australia.

During the past year, the Company has made substantial progress towards coal production from its Berau Coal Project. Production is expected to commence in the first to second quarter of calendar 2010.

Strike's principal objective remains the development of the Apurimac iron ore project in Peru. To support that strategy and create shareholder value in the near term, it is also seeking to bring online projects that will generate short term cash flow.

	PROJECT	LOCATION	Interest Held by Strike
(1)	Apurimac Iron Ore	Apurimac District, Peru	43.976%[11]
(2)	Cuzco Stage 2 Iron Ore	Cuzco District, Peru	43.976%[12]
(3)	Berau Thermal Coal	East Kalimantan, Indonesia Apurimac District, Peru	100%
(4)	Paulsens East Iron Ore	West Pilbara, Western Australia	100%

Strike has a 2-stage project development programme for Peru:

Apurimac: 20 million tonnes of concentrate production from the Apurimac Project;

Cuzco: an additional 20 million tonnes of concentrate production from the Cuzco Project.

1. Apurimac Iron Ore Project (Peru)[13]

The Apurimac Project currently comprises approximately 72 concessions totalling approximately 59,000 hectares[14] located 16 kilometres from Andahuaylas, the capital of the Apurimac Province in Peru's Southern Andes.

11 The level of Strike's shareholding in AF, the company that holds these tenements, on and from 5 August 2009, with Strike holding an option to acquire a further 19.25% in AF from D&C. At all times during the financial year until 29 June 2009 Strike's interest in AF was 68.15%. Strike's interest moved from 68.15% to 43.976% (with the option) in stages commencing on 30 June 2009 under a series of related transactions, detailed in notes 25(a) and (b) and 26(a) and (b).

12 Refer to footnote 11.

13 The information in this section that relates to exploration results and target mineralisation 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

On 23 July 2008[15] 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 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 JORC Indicated Resource, delivering a total JORC Indicated Resource of 133.5 million tonnes at 59.4% Fe.

There remains considerable scope for the expansion of this current JORC Indicated Resource. The Company is currently preparing a scope of drilling works for approval by the board of AF to increase this resource.

Resource drilling has also yet to be conducted on the (approximately) 70 remaining Apurimac concessions. Numerous rock chip samples with 60% iron content and above on the majority of the undrilled concessions indicate potential for significant additional discoveries.

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**

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.

Based on gravity anomalies, the Company has a target mineralisation of 210 - 260 Mt of iron ore at the Opaban I concession alone. Significant gravity anomalies also exist on the Opaban III concession. The current JORC resource at Opaban III is based on drilling on only one of these anomalies. Gravity surveying has not yet been extended to the other Apurimac concessions.

(The potential quantity and grade of the target iron ore mineralisation is conceptual in nature. There has been insufficient exploration to define a mineral resource in relation to that target iron ore. It is uncertain if further exploration will result in the determination of a mineral resource in relation to that target iron ore.)

Resource definition work at Apurimac was suspended in October 2008 due to various partner disputes including the lack of agreement on funding project development, together with uncertainties in capital and resource markets. All partner disputes were finally resolved by August 5, 2009. Resolution of the dispute has removed a major obstacle to the resumption of development of this project. Resource definition at Apurimac is planned to re-commence. To this end the AF Board has approved initiating the process of obtaining community and environmental approvals for a new drilling programme.

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 grade of +68% Fe concentrate; very low in Alumina, Phosphorous and other impurities;

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

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

DIRECTORS' REPORT

- Operating cash surplus of approximately US$890 million forecast for first full year of production (based on an assumed iron ore price of $US60 FOB per tonne of concentrate); and
- Cash flows sufficient to repay the project's total projected Capex capital cost in just over 2.5 years at the iron ore price assumed above.

In the Company's view, Opex and Capex projections are unlikely to have materially increased since the PFS was completed. Required Capex may in fact have fallen. A substantial part of projected Capex was comprised of steel costs, which have decreased in the intervening period.

2. Cuzco Iron Ore Project (Peru)[16]

The Cuzco Project currently comprises approximately 23 concessions totalling approximately 17,963 hectares[17] 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.

Cuzco Lump Pre-Feasibility Study: In February 2009 the Company completed a pre-feasibility study into the possibility of a 1.2 million tonne per annum lump iron ore operation at Cuzco, expandable to 2 million tonnes per annum. Based on projected prices for the iron ore product relative to estimated operating costs, the study concluded that the proposed operation was not viable.

Cuzco Stage 2: The medium to long-term objective for Cuzco is the development of a second 20 million tonne per annum mining operation and second slurry pipeline to integrate with the 20 million tonne per annum mining operation proposed at Apurimac, with the concentrate product being transported to the coast via a connection to the Apurimac slurry pipeline.

There currently exists a considerable number of drill samples awaiting assaying from the most recent drilling campaign conducted at Cuzco. Due to the partner funding disputes referred to earlier, these samples had not been assayed. As a consequence of the resolution of all partner disputes, the Company will seek the assay of these samples by AF as soon as possible.

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

Project Overview

The Berau Project is located 40 kilometres south-west of Tanjungredeb (Berau) and 350 kilometres north of Balikpapan, East Kalimantan, Indonesia. Strike holds a 100% interest in this project. Subject to obtaining all regulatory approvals, mining is targeted to commence in the first to second quarter of calendar 2010. Mining will be an open-pit operation undertaken by a contract miner. Coal will then be transported by truck along a ~30km road (to be constructed) to a barge port (also to be constructed) on the Segah River, where it will be stockpiled. Barges will then collect the coal and transport it ~90km the coast and then on to a trans-shipment point 30km offshore, where the coal will be offloaded to ships for delivery to customers.

The mine will be designed to target production of 1.5 Mt of coal in the first year, expanding to produce at a rate of 3Mtpa in subsequent years.

Feasibility Study

Strike completed a feasibility study on the Berau Coal project in June 2009[18].

In summary, the results of the study were:

- Projected annual operating surplus of approximately US$33m;
- Total capital cost of approximately US$19.5m;
- Average operating costs of approximately US$41 per tonne;

16 The information in this section that relates to exploration results has been compiled by Mr Hem Shanker Madan. Mr Madan's qualifications to make this statement and his consent to its inclusion are set out in footnote 13.

17 The Cuzco Project comprises concessions held by Apurimac Ferrum S.A and Strike Resources Peru S.A.C.

18 Refer to 11 June 2009 ASX market announcement entitled "Completion of Feasibility Study".

DIRECTORS' REPORT

- A projected coal price of approximately US$52/tonne, FOB ship;
- 3 Mt peak production per year;
- A run of mine coal product of medium calorific value of 5,400 - 5,600 kcal/kg GAR with low sulphur - 0.66%, as received (AR); ash - 7.3%, AR and total moisture - 16.6%, AR; and
- A development timetable of 7 months from receipt of development approvals to production.

Based on the current JORC Resource and the exploration target the Company is targeting 7-9 years' production from the mine.

Capital Costs

The total capital cost for the Berau Project is estimated at US$19.5 million (including contingencies), broken down as follows:

Item	US$m
Mine plant, infrastructure and land	1.25
Road construction and land access	9.25
Barge port	6.00
Other	3.00
Total capital cost	**19.50**

Operating Costs

Total operating costs per tonne of coal mined are estimated to be US$41.23 (+5/-10%).

Estimated operating costs for contract mining were based on 8 indicative bids, by disregarding the highest and the lowest bids and averaging the remaining 6 bids. A similar process was undertaken to estimate costs of road haulage, barging and ship loading. A breakdown of these costs is shown below.

Item	US$/tonne
Overburden	17.76
Coal mining	0.73
Coal handling/crushing	1.50
Coal hauling	4.65
Coal barge loading	0.65
Barging/trans-shipment	4.00
Stevedoring	0.60
Concession royalty	3.00
Government royalty	2.38
Administration	1.75
Compensation	0.75
Marketing	0.15
Licence fee	0.15
Quality control	0.25
VAT	2.91
Total operating cost per tonne	**41.23**

Cashflow Forecast

The Company has forecast a long-term sale price for coal from the Berau Project of US$52/tonne (FOB Ship).

Assuming Strike receives US$52 per tonne of coal sold, the mine is forecast to produce an annual operating surplus of ~US$33 million at the rate of 3Mtpa.

DIRECTORS' REPORT

Resources and Reserves[19]

The feasibility study was based on JORC Code compliant Coal Resource and Coal Reserve, estimated by independent consultants, Minarco-MineConsult Pty Ltd. The resource assessment was based upon a 5,500 metre diamond-core drilling campaign completed in March 2009, which built upon previous drilling campaigns totalling 4,500m.

Coal Resources

Concession Blocks	Coal Resources (Mt)			
	Measured	Indicated	Inferred	Sub-Total
Nyapa West	1.8	8.6	3.6	**14.0**
Nyapa East	-	-	6.8	**6.8**
Total	**1.8**	**8.6**	**10.4**	**20.8**

The in-situ coal at Nyapa West is of sub-bituminous rank, with the following average qualities:

- medium calorific value - 5,605 kcal/kg, GAR;
- total moisture - 16.6%, AR;
- ash - 5.8%, air dried basis (ADB); and
- sulphur - 0.71%, ADB.

The coal in the Nyapa East Block is of a similar quality.

Coal Reserves

From the total 20.8 Mt Coal Resource outlined above, a Coal Reserve of 7.7 Mt has been estimated by Minarco-MineConsult. The 7.7 Mt Coal Reserve is classified as a Probable Reserve and is located within the Nyapa West Block.

Probable Reserves	Calorific Value kcal/kg (GAR)	Total Sulphur (AR)	Ash (AR)	Total Moisture (AR)
7.7 Mt	5,546	0.66%	7.3%	16.6%

Coal Resources are reported inclusive of Coal Reserves: that is Coal Reserves are not additional to Coal Resources.

Exploration Target

Strike is seeking to expand the resource base outlined above. A further drilling programme comprised of 7,000m open hole touch cored drilling and 1,169m of full core drilling has just been completed. The objective of this drilling programme is to both discover additional coal in the Nyapa East Block and enhance the JORC Resource category of the coal in that Block. The drilling results are currently being analysed to determine the extent of additional coal mineralisation. A detailed topographical survey is also being conducted in the Nyapa East Block, which is necessary to support any upgrade of the JORC Resource in that Block that may be available.

This drilling programme is part of Strike's programme of targeting additional coal on the concession of 10 – 15 Mt. The target is based on the projected extension of the deposit comprising the 6.8Mt JORC Inferred Resource in the Nyapa East Block along a further 2km strike to the south-east and the "nose" of the syncline and preliminary results of drilling thus far. So far 9 coal seams have been identified in the

19 The information in this section that relates to Coal Resources was compiled by Mr William Park (BSc (Geology), BEcon, MAIG) who is a member of the Australian Institute of Geoscientists and, to the extent that the information in this document relates to Coal Reserves, was compiled by Mr Michael Trainor (BE (Mining), MAusIMM) who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Park and Mr Trainor are employees of Minarco-MineConsult Pty Ltd. Mr Park and Mr Trainor have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking, to qualify as Competent Persons as defined in the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves (the JORC Code)." Mr Park and Mr Trainor consent to the inclusion in this document of the matters based on their information in the form and context in which it appears.

area. These seams appear to be a continuation of the seams encountered within the Nyapa West Block on the other side of the Kelai River. The recent drilling programme was conducted in these seams.

The Company also notes that only 1,000 hectares of the 5,000 hectare concession area have been explored by drilling to date, leading to the possibility of additional coal being delineated through further drilling in this area.

(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. The target coal mineralisation is estimated to have similar quality to the Inferred Resources, +/- 10% of the assayed properties of existing Inferred Resources.)

Development Progress

The Berau Project mining concession was converted from a "KP" (under Indonesia's repealed Mining law) to an "IUP – Exploration" under the New Mining law in August 2009. Following AMDAL (environmental) approval an application will be lodged to convert this into an "IUP – Production"; which is required before coal mining can commence. The AMDAL approval is expected shortly.

Tenders have closed for contracts for mine-site civil works and road and port construction. The Company is currently assessing tenderers' responses with a view to awarding these contracts. The Company has also issued a tender for the provision of contract mining services, which is still open.

The contract to purchase land for the port site has been completed with titles transferred to a Strike group company.

Coal Sales

Strike has executed 2 Heads of Agreement to sell 4.8 Mt of coal over two years to major coal buyers in Taiwan and the Peoples' Republic of China. Each Heads of Agreement is subject to the negotiation of formal binding agreements consistent with its terms. In the event that a formal agreement cannot be executed either party may terminate the heads of agreement.

Project Finance

Strike is also considering various project financing options, including the following:

- The shifting of Strike's interest in the Berau Project into a new company to be registered in Singapore, which may ultimately become listed on the Singapore Stock Exchange;
- Strike is in discussions with Indian consortia in relation to establishing a joint venture where the incoming partner will secure an interest in the Berau Project by committing to meet the Capex costs to bring the project into production and entering into a coal off-take for the remaining available part of the anticipated 3Mtpa production; and
- Strike is in discussions with an Australian investment bank in relation to the provision of loan project financing.

Strike is also considering various other thermal coal investment opportunities in Kalimantan, Indonesia that complement the development of the Berau Project.

Acquisition History

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.

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

The Paulsens project tenements are located approximately 140 kilometres west of Tom Price (close to a bitumen road) and eight kilometres east-northeast of the Paulsens Gold mine in the northwest of Western Australia.

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The Company is currently in contractual negotiations with a project miner with a view to reaching an agreement for it to commence mining operations from the tenements and paying Strike a royalty on such production.

B. Peru Matters

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 AF options by Strike[20]. These disputes were initially the subject of court proceedings filed by D&C, which were then merged into Arbitration proceedings before the Lima Chamber of Commerce.

D&C also made allegations of irregularities associated with Strike's exercise of the Options to acquire AF shares from D&C and referred the matter to the Peruvian police.

Differences of opinion also arose between Strike and MAPSA, principally concerning whether amounts of up to US$7 million were payable by Strike under the IAC Transaction.

Strike, D&C and MAPSA negotiated a series of related agreements designed to bring all these matters to resolution and provide a clear path forward for AF, the vehicle through which Strike holds the majority of its interest in Peruvian iron ore projects.

Key details of the settlement agreements are:

(a) All parties terminated all current legal proceedings against the others parties, including criminal proceedings against Strike Directors;

(b) All previous agreements between the parties in relation to AF were terminated;

(c) Strike liabilities totalling US$24.25 million were extinguished, being:

    (i) a liability of US$17.25 million (A$21.4 million) comprised of a claim by D&C to be owed by Strike pursuant to Strike's exercise of the AF option, which Strike had disputed based on a counterclaim for damages against D&C; and

    (ii) a contingent liability of US$7 million (A$8.7 million) comprised of a claim by MAPSA/IAC arising from the IAC Transaction;

(d) Strike, D&C and IAC adjusted their respective shareholdings in AF such that Strike holds 43.98% of AF, D&C holds 43.75% and IAC holds 12.27%, with MAPSA moving to 100% ownership of IAC;

(e) Strike paid US$1.5 million to MAPSA/IAC, in lieu of the US$7 million previously claimed by MAPSA/IAC to be due;

(f) Strike will loan AF a minimum of US$3 million during the three-year period from the date of settlement ("Settlement Term"), with the right to advance up to a further US$17 million to fund AF board-approved operating budgets over that period. All such loans will be secured by a first-ranking mortgage over AF's mineral concessions;

(g) During the Settlement Term, AF's board of directors will consist of five directors, with two directors appointed by Strike, two by D&C and one by IAC. Any shareholder resolutions must be passed unanimously by the AF shareholders. After the Settlement Term no such limitations or obligations shall apply;

(h) No pre-emptive right restrictions shall apply to share sales or transfers by AF shareholders. During the Settlement Term, any proposed sale or transfer of shares to a third party will be subject to a 'tag-along' provision, by which such third party offer must first be made pro-rata and on the same terms to all shareholders;

20 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"
- 15 April 2009 entitled "Company Update".

DIRECTORS' REPORT

(i) Strike has granted AF a three year option to buy the rights to mineral concessions in Peru held by Strike (separate from the concessions owned by AF) for US$1.75 million;

(j) During the Settlement Term, Strike has the right to make a 'shootout offer' to acquire all the shares in AF that it does not already own from the other AF shareholders at a price set by Strike at its discretion. The other AF shareholders must either accept Strike's offer (in which case Strike will move to 100% of AF), or make an unconditional counter-offer to buy-out all of Strike's shareholding at the same price per share. Under a shootout offer, all debts owed by AF to existing shareholders are required to be contemporaneously paid out by the acquiring party in full;

(k) If a shootout offer is not made by Strike, at the end of the Shareholder Standstill all shareholder debts are capitalised according to an agreed formula. The D&C Group then has the option to contribute additional capital into AF within 60 days to maintain an equal shareholding with Strike or be diluted and continue as a minority shareholder, with Strike holding 51% or more of AF (depending upon the amount of debt owed by AF to Strike); and

(l) A shootout offer can be made by Strike under one of two scenarios:

   (i) At any time within 2.5 years from the settlement date, Strike has the right to acquire an additional 19.25% interest in AF from D&C for US$21.125 million, taking Strike's total direct interest in AF to 63%. Strike must then make a shootout offer to buy the remaining 37% interests in AF for an amount no less than US$47 million; and

   (ii) If Strike does not exercise the right above, at the end of three years it can make a shootout offer at any price it determines for the 56% of AF not already held by Strike.

C. Capital Raisings

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[21].

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 have a shareholding in Medusa Mining Limited (MML).

The placement was to occur in two tranches: A$49.7 million and A$53.4 million[22]. The first tranche was completed on 29 July 2008.

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.[23]

D. S&P/ASX 300 Index

The Company was 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. The Company was removed from that Index (effective from close of trade on 20 March 2009) as announced by Standard & Poor's Index Services on 6 March 2009.

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

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

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

DIRECTORS' REPORT

SECURITIES IN THE COMPANY

1. Issued Securities

The Company had the following total securities on issue as at 30 June 2009:

	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
$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
$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
$2.75 (13 October 2013) Unlisted Options		250,000	250,000
Total	**130,034,268**	**17,936,404**	**147,970,672**

2. Summary of Share Capital Changes

Date	Description	Issue Price	No. Shares	Value of Issue	Running Balance of Issued Share Capital
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 financial year, a total of 21,700 listed $0.178 (30 June 2008) options were converted into shares, raising a total of $3,862.60. All unexercised $0.178 (30 June 2008) options expired on 30 June 2008.

DIRECTORS' REPORT

(b) Unlisted Employee's Options

The following unlisted employee's options were issued during the financial year:

Date of Issue	Description of Unlisted Options	Exercise Price	Expiry Date	Vesting Criteria[24]	No. of Options
14 October 2008	$2.75 (13 October 2013) Employee's Options	$2.75	13 October 2013	83,334 on 13 January 2009 83,333 on 13 June 2009 83,333 on 13 October 2009	250,000

On 30 October 2008, 150,000 unlisted employee's options (with an exercise price of $1.178 each and expiring on 5 October 2011) lapsed. These options were held by a former employee and lapsed as they were not exercised within 30 days of cessation of employment, as required under the terms of issue.

On 4 January 2009, 250,000 unlisted employee's options (with an exercise price of $2.878 each and expiring on 16 November 2012) lapsed. These options were held by a former employee and lapsed as they were not exercised within 30 days of cessation of employment, as required under the terms of issue.

On 4 March 2009, 200,000 unlisted employee's options (with an exercise price of $2.878 each and expiring on 4 September 2012) lapsed. These options were held by a former employee and lapsed as they were not exercised within 30 days of cessation of employment, as required under the terms of issue.

(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 (on 29 July 2011).

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)*.[25]

On 9 October 2008, Strike announced that the Directors had determined that it was no longer appropriate for Strike to be undertaking this buy back as a consequence of the Gallagher Holdings Limited tranche 2 investment not occurring and the turbulent market conditions.[26]

No shares were bought back by Strike under this mechanism between those 2 announcements.

FUTURE DEVELOPMENTS

The Consolidated Entity notes the Government's proposed Carbon Pollution Reduction Scheme (**CPRS**). As the legislation is not yet passed, the Directors are unable to reliably quantify the potential future impact of both direct and indirect costs related to this scheme. As such any costs associated with the CPRS have not been taken into account when preparing budgets, forecasts and/or valuation models for measurement of recognised amounts.

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. The Consolidated Entity 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 Entity's licence conditions and environmental regulations.

24 Options which have vested may be exercised at any time thereafter, up to their expiry date.
25 Refer 25 September 2008 ASX market announcement entitled "Appendix 3C - Announcement of Share Buy Back".
26 Refer 9 October 2008 ASX market announcement entitled "Company Update".

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The Consolidated Entity notes the reporting requirements of both the Energy Efficiency Opportunities Act 2006 (**EEOA**) and the National Greenhouse and Energy Reporting Act 2007 (**NGERA**). The Energy Efficiency Opportunities Act 2006 requires affected companies to assess their energy usage, including the identification, investigation and evaluation of energy saving opportunities, and to report publicly on the assessments undertaken, including what action the company intends to take as a result. The National Greenhouse and Energy Reporting Act 2007 requires affected companies to report their annual greenhouse gas emissions and energy use. The Consolidated Entity has determined that it does not operate a recognised facility requiring registration and reporting under the NGERA and in any event, it would fall under the threshold of greenhouse gas emissions required for registration and reporting. Similarly, the Consolidated Entity's energy consumption would fall under the threshold required for registration and reporting under the EEOA.

The Consolidated Entity is not otherwise subject to any particular or significant environmental regulation under either Commonwealth or State legislation. To the extent that any environmental regulations may have an incidental impact on the Consolidated Entity's operations, the Directors are not aware of any breach by the Consolidated Entity of those regulations.

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.

On 25 September 2009, Victor P H Ho resigned his office of Director as part of the Board's strategic review of the operations of the Company and the objective of moving to a majority of Non-Executive Directors. Mr Ho remains Company Secretary.

Matthew Hammond was appointed a Non-Executive Director on 25 September 2009, also as part of achieving that objective.

It has also been proposed that Farooq Khan and William Johnson will transition from Executive Directors to Non Executive Directors after the 2009 Annual General Meeting of shareholders.

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

John Stephenson	**Chairman**
Appointed	26 October 2005
Qualifications	BSc (honours) in Geology from the University of London through the former University College of Rhodesia and a PhD in Geology from the University of Manitoba, Canada.
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 for which he received an industry award; 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 Resources Limited (AUQ) (since 18 May 2007)
Former directorships in other listed entities in past 3 years	None

DIRECTORS' REPORT

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 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 Resources Limited (AUQ) (since 18 May 2007)
Former directorships in other listed entities in past 3 years	None

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[27]) Unlisted $0.178 (9 February 2011) options – 1,833,333 (indirectly[28]) Unlisted $0.278 (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 Capital Limited (BEL) (director since 2 December 2003) Executive Director of: (4) Alara Resources Limited (AUQ) (since 18 May 2007) Current Non-Executive Director of: (5) Interstaff Recruitment Limited (ITS) (since 27 April 2006)
Former directorships in other listed entities in past 3 years	(1) Scarborough Equities Limited (SCB) (29 November 2004 until it merged with BEL on 13 March 2009 and was delisted)

27. 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

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	None

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) Bentley Capital Limited (BEL) (since 13 March 2009)
Former directorships in other listed entities in past 3 years	(1) Drillsearch Energy Limited (DLS) (24 October 2006 to 11 August 2008) (2) Sofcom Limited (SOF) (18 October 2005 to 19 March 2008) (3) Scarborough Equities Limited (SCB) (29 November 2004 until it merged with BEL on 13 March 2009 and was delisted)

DIRECTORS' REPORT

Victor P. H. Ho	**Executive Director (until 25 September 2009) and Company Secretary**
Appointed	Secretary since 9 March 2000 and Director from 12 October 2000 until 25 September 2009
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, IPOs, 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) Alara Resources Limited (AUQ) (since 4 April 2007)
Former directorships in other listed entities in past 3 years	(1) Sofcom Limited (SOF) (Director between 3 July 2002 and 19 March 2008; Secretary between 23 July 2003 and 19 March 2008) (2) Scarborough Equities Limited (SCB) (Secretary between 29 November 2004 until it merged with BEL on 13 March 2009 and was delisted)

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

DIRECTORS' REPORT

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)

Matthew Charles Hammond	**Non-Executive Director**
Appointed	25 September 2009
Qualifications	BA (Hons) (Bristol)
Experience	Mr Hammond is the Group Strategist at Metalloinvest Holdings, where he serves on the internal investment committee and has responsibility for the non-core asset portfolio. Mr Hammond advises the Metalloinvest Board on strategic acquisitions and investments. Prior to joining Metalloinvest, Matthew was a deputy Director at Credit Suisse, where he worked for 12 years.
Relevant interest in securities	Nil
Other current directorships in listed entities	None
Former directorships in other listed entities in past 3 years	None

Messrs Moshiri, Horn and Hammond 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	13	14
H. Shanker Madan	14	14
Farooq Khan	14	14
Victor Ho	14	14
William Johnson	13	14
Malcolm Richmond	13	14
A. Farhad Moshiri (represented by Mark Horn as his Alternate Director)	14	14

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 base level of Directors' salaries/fees received by the Board during the financial year was 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	$81,750
Malcolm Richmond	Non-Executive Director	$32,700
Farhad Moshiri	Non-Executive Director	$30,000
Mark Horn	Alternate Director for 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.

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 and shareholder wealth other than through the executive option scheme.

Equity Based Benefits: During the year, no unlisted directors' or employees' options were issued.

(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
2009	%	Cash salary and fees $	Non-cash benefit $	Superannuation $	Long service leave $	Options $	$
Executive Directors:							
Shanker Madan	-	275,000	-	24,750	-	381,301	681,051
Farooq Khan	-	214,361	-	14,538	-	304,731	533,630
Victor Ho	-	75,000	-	6,750	-	142,894	224,644
William Johnson	-	100,308	-	9,027	-	143,384	252,719
Non-Executive Directors:							
John Stephenson	-	77,900	-	7,011	-	157,848	242,759
Malcolm Richmond	-	100,700	-	9,063	-	299,365	409,128
Hark Horn	-	36,400	-	-	-	-	36,400
A. Farhad Moshiri	-	27,692	-	-	-	-	27,692

Key Management Personnel	Performance related	Short-term Benefits		Post Employment Benefits	Other Long-term Benefits	Equity Based 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

Victor Ho resigned as a Director on 25 September 2009 but remains Company Secretary of the Company.

DIRECTORS' REPORT

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.

(4) Unlisted Directors' and Employee's Options

During the year, no unlisted Directors' options were issued and 250,000 unlisted employee options were issued.

There were no shares issued as a result of the exercise of any Directors' or employees' options during the year (2008: 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 $11,409,782 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 below;

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

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

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

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

(f) the 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) the expected dividend yield is nil; and

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

Date of Issue	Description of Unlisted Options	Share Price at Grant Date	Risk Free Rate	Expected price volatility of the Company's shares	Value per Option at Grant date
14 October 2008	$2.75 (13 October 2013) Employee Options	$0.62	5.05%	80%	$0.239

DIRECTORS’ REPORT

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

		No. of options granted during the year			No. of options vested during the year		
Name of Director	**Office Held**	**2009**	**2008**	**2007**	**2009**	**2008**	**2007**
John Stephenson	Chairman	Nil	500,000 $3.978 (2 December 2012) Directors’ Options	800,000 $0.938 (20 July 2011) Directors’ Options	320,000 $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	140,000 $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
					250,000 $3.978 (2 December 2012) Directors’ Options	250,000 $3.978 (2 December 2012) Directors’ Options	
H. Shanker Madan	Managing Director	Nil	1,130,000 $3.978 (2 December 2012) Directors’ Options	1,800,000 $0.938 (20 July 2011) Directors’ Options	720,000 $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	380,000 $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
					565,000 $3.978 (2 December 2012) Directors’ Options	565,000 $3.978 (2 December 2012) Directors’ Options	
Farooq Khan	Executive Director	Nil	950,000 $3.978 (2 December 2012) Directors’ Options	1,400,000 $0.938 (20 July 2011) Directors’ Options	560,000 $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	280,000 $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	475,000 $3.978 (2 December 2012) Directors’ Options	
Victor Ho	Executive Director and Company Secretary	Nil	430,000 $3.978 (2 December 2012) Directors’ Options	600,000 $0.938 (20 July 2011) Directors’ Options	240,000 $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	140,000 $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	215,000 $3,978 (2 December 2012) Directors’ Options	
William Johnson	Executive Director	Nil	390,000 $3.978 (2 December 2012) Director’s Options	500,000 $0.938 (12 September 2011) Director’s Options	200,000 $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

DIRECTORS' REPORT

		No. of options granted during the year			No. of options vested during the year		
Name of Director	**Office Held**	**2009**	**2008**	**2007**	**2009**	**2008**	**2007**
				350,000 $2.788 (6 March 2012) Directors' Options	140,000 $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	195,000 $3.978 (2 December 2012) Director's Options	
Malcolm Richmond	Non-Executive Director	Nil	600,000 $3.978 (2 December 2012) Director's Options	500,000 $2.078 (6 March 2012) Director's Options	200,000 $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	240,000 $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	300,000 $3.978 (2 December 2012) Director's Options	

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 have 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	100%	-	30-Jun-09	nil	nil	349,440
	7 March 2007	100%	-	30-Jun-09	nil	nil	397,495
	3 December 2007	100%	-	30-Jun-09	nil	nil	477,050
H.Shanker Madan	21 July 2006	100%	-	30-Jun-09	nil	nil	786,240
	7 March 2007	100%	-	30-Jun-09	nil	nil	1,078,915
	3 December 2007	100%	-	30-Jun-09	nil	nil	1,078,133
Farooq Khan	21 July 2006	100%	-	30-Jun-09	nil	nil	611,520
	7 March 2007	100%	-	30-Jun-09	nil	nil	794,990
	3 December 2007	100%	-	30-Jun-09	nil	nil	906,395
Victor Ho	21 July 2006	100%	-	30-Jun-09	nil	nil	262,080
	7 March 2007	100%	-	30-Jun-09	nil	nil	397,495
	3 December 2007	100%	-	30-Jun-09	nil	nil	410,263
William Johnson	13 September 2006	100%	-	30-Jun-09	nil	nil	279,000
	7 March 2007	100%	-	30-Jun-09	nil	nil	397,495
	3 December 2007	100%	-	30-Jun-09	nil	nil	372,099
Malcolm Richmond	7 March 2007	100%	-	30-Jun-09	nil	nil	637,550
	7 March 2007	100%	-	30-Jun-09	nil	nil	681,420
	3 December 2007	100%	-	30-Jun-09	nil	nil	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 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 $	B Options $	Total $
John Stephenson	65%	84,911	157,848	242,759
H.Shanker Madan	56%	299,750	381,301	681,051
Farooq Khan	57%	228,899	304,731	533,630
Victor Ho	64%	81,750	142,894	224,644
William Johnson	57%	109,335	143,384	252,719
Malcolm Richmond	73%	109,763	299,365	409,128
Mark Horn	N/A	36,400	-	36,400
A. Farhad Moshiri	N/A	27,692	-	27,692

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 value of options which vested in Key Management Personnel in the financial year. No options were granted to Key Management Personnel in the financial year.

(5) Other Benefits Provided to Key Management Personnel

No Key Management Personnel has during or since the end of the 30 June 2009 financial year, received or become entitled to receive a benefit, other than a remuneration benefit as disclosed above, by reason of a contract made by the Company or a related entity with the Director or with a firm of which he is a member, or with a Company in which he has a substantial interest.

(6) Securities Trading Policy

The Company's securities trading policy provides guidance on acceptable transactions in dealing in the Company's securities. The Company's security trading policy prohibits:

(a) subscribing for, purchasing or selling Company Securities or entering into an agreement to do any of those things; and

(b) advising, procuring or encouraging another person (including a family member, friend, associate, colleague, family company or family trust) to trade in Company securities,

while in possession of market-sensitive information prior to disclosure of that information to the market and thereafter until adequate time has elapsed for this to be reflected in the security's prices, in accordance with the Corporations Act.

In order to further reduce the risk of inappropriate securities trading, the Directors must not deal in Company securities without providing written notification to the Chairman. The Chairman must not deal in Company securities without the prior approval of the Board of Directors. The Directors are responsible for informing the Company Secretary to enable disclosure to the market of all transactions or contracts they enter into involving the Company's securities for which disclosure is required by law or the rules of ASX Limited.

This concludes the audited Remuneration Report.

DIRECTORS' 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 (other than A. Farhad Moshiri and his Alternate Director Mark Horn) 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:

(a) 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); and

(b) 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.

AUDITORS

Details of the amounts paid or payable to the auditors (BDO Kendalls Audit & Assurance (WA) and BDO Pazos, Lopez de Romaña S.C.), for audit and non-audit services provided during the financial year are set out below:

Audit & Review Fees $	Fees for Other Services $	Total $
77,753	2,300	80,053

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

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 2009

BDO Kendalls

BDO Kendalls Audit & Assurance (WA) Pty Ltd
128 Hay Street
Subiaco WA 6008
PO Box 700 West Perth WA 6872
Phone 61 8 9380 8400
Fax 61 8 9380 8499
aa.perth@bdo.com.au
www.bdo.com.au

ABN 79 112 284 787

30 September 2009

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 2009, 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

Brad McVeigh
Director

BDO Kendalls

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

INCOME STATEMENTS
for the year ended 30 June 2009

	Note	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Company 2009 $	Company 2008 $
Revenue from continuing operations	2	2,763,873	1,031,107	3,056,108	1,099,905
Other income	2	798,351	(259,558)	1,636,197	(197,230)
Occupancy costs		(292,136)	(35,230)	(79,123)	(35,230)
Finance costs		(649,849)	(287,023)	(13,465)	(12,269)
Borrowing costs		(37)	(59)	(36)	(59)
Administration costs		(747,673)	(909,059)	(483,793)	(356,403)
Personnel costs					
Cash remuneration		(3,701,909)	(1,024,260)	(1,479,601)	(811,618)
Directors' and Employees' options		(1,806,287)	(5,721,502)	(1,806,287)	(5,721,502)
Provision for employee benefits		(129,581)	(523,029)	(117,045)	(45,277)
Corporate costs					
Impairment loss on resource projects		(42,566,215)	-	-	-
Impairment loss on mining related expenditure		(18,501,437)	(1,707,693)	(469,935)	(13,021)
Impairment loss on acquisition cost		(11,031,730)	-	-	-
Impairment loss on share investments		(1,499,660)	-	(2,499,000)	-
Impairment loss on subsidiary investment		-	-	(52,708,195)	-
Impairment loss on subsidiary loans		-	-	(10,021,128)	(1,974,464)
Fair value adjustment		(312,615)	(313,077)	(312,615)	(313,077)
Professional fees		(3,414,772)	(576,761)	(2,614,304)	(398,442)
Other corporate expenses		(1,299,333)	(1,046,499)	(945,319)	(725,260)
Share of Associates' Losses		-	(1,921,441)	-	-
Loss before income tax	2	(82,391,010)	(13,294,084)	(68,857,541)	(9,503,947)
Income tax expense	3	-	-	-	-
Loss for the half year		(82,391,010)	(13,294,084)	(68,857,541)	(9,503,947)
Loss is attributable to:					
Equity holders of Strike Resources Limited		(81,463,402)	(13,294,084)	(68,857,541)	(9,503,947)
Minority interests		(927,608)	-	-	-
		(82,391,010)	(13,294,084)	(68,857,541)	(9,503,947)
Basic loss per share (cents)	7	(64.58)	(15.81)	-	-

The accompanying notes form part of this financial report

BALANCE SHEETS
as at 30 June 2009

	Note	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Company 2009 $	Company 2008 $
CURRENT ASSETS					
Cash and cash equivalents	9	55,726,752	23,801,331	55,270,989	19,056,753
Trade and other receivables	10	4,162,775	2,782,622	161,482	5,743,103
Financial assets at fair value through profit and loss	13	294,895	607,509	294,895	607,509
Other	11	-	263,343	-	-
TOTAL CURRENT ASSETS		60,184,422	27,454,805	55,727,366	25,407,365
NON CURRENT ASSETS					
Other receivables	10	2,334,196	-	8,147,055	-
Property, plant and equipment	12	977,348	266,329	124,423	57,131
Available for sale investments	13	688,500	1,338,563	688,500	1,338,563
Other financial assets	13	-	-	18,715,451	52,040,223
Intangibles	14	-	7,258,765	-	-
Resource projects	15	18,642,548	53,477,069	331,691	528,363
TOTAL NON CURRENT ASSETS		22,642,592	62,340,726	28,007,120	53,964,280
TOTAL ASSETS		82,827,014	89,795,531	83,734,486	79,371,645
CURRENT LIABILITIES					
Trade and other payables	16	26,327,490	19,897,093	21,973,993	18,393,272
TOTAL CURRENT LIABILITIES		26,327,490	19,897,093	21,973,993	18,393,272
NON CURRENT LIABILITIES					
Trade and other payables	16	6,237,357	6,076,239	5,314	5,314
Non current provisions	17	113,961	128,703	93,452	99,986
TOTAL NON CURRENT LIABILITIES		6,351,318	6,204,942	98,766	105,300
TOTAL LIABILITIES		32,678,808	26,102,035	22,072,759	18,498,572
NET ASSETS		50,148,206	63,693,496	61,661,727	60,873,073
EQUITY					
Issued capital	18	144,846,669	79,983,760	144,846,669	79,983,760
Reserves	19	16,872,170	12,269,828	12,561,834	7,778,548
Accumulated losses		(112,010,483)	(30,547,081)	(95,746,776)	(26,889,235)
Parent interest		49,708,356	61,706,507	61,661,727	60,873,073
Minority interest		439,850	1,986,989	-	-
TOTAL EQUITY		50,148,206	63,693,496	61,661,727	60,873,073

The accompanying notes form part of this financial report

STATEMENTS OF CHANGES IN EQUITY
for the year ended 30 June 2009

	Issued Capital $	Reserves $	Minority Interest $	Accumulated Losses $	Total $
Consolidated Entity					
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	-	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)
Share placement	31,974,950	-	-	-	31,974,950
Share issue expenses	(1,678,534)	-	-	-	(1,678,534)
Options reserve	-	5,721,502	-	-	5,721,502
Movement in minority interest	-	-	1,644,132	-	1,644,132
Capital return distribution	(4,000,000)	-	-	-	(4,000,000)
Option conversion ($0.178/$0.20 (30/6/08))	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
At 1 July 2008	79,983,760	12,269,828	1,986,989	(30,547,081)	63,693,496
Available for sale investment reserve	-	1,065,223	-	-	1,065,223
Foreign currency translation	-	818,396	-	-	818,396
Net income and expense recognised directly in equity	-	1,883,619	-	-	1,883,619
Loss attributable to members of the Company	-	-	-	(81,463,402)	(81,463,402)
Loss attributable to minority interest	-	-	(927,608)	-	(927,608)
Total recognised income and expense for the year	-	1,883,619	(927,608)	(81,463,402)	(80,507,391)
Movement in minority interest	-	-	(619,531)	-	(619,531)
Options reserve	-	2,718,723	-	-	2,718,723
Share placement	49,687,236	-	-	-	49,687,236
Shares issued for acquisition of subsidiaries	18,715,000	-	-	-	18,715,000
Share issue expenses	(3,543,189)	-	-	-	(3,543,189)
Option conversion ($0.178/$0.20 (30/6/08))	3,862	-	-	-	3,862
At 30 June 2009	144,846,669	16,872,170	439,850	(112,010,483)	50,148,206
Company					
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
Capital return distribution	(4,000,000)	-	-	-	(4,000,000)
Share issue expenses	(1,678,534)	-	-	-	(1,678,534)
Option conversion ($0.178/$0.20 (30/6/08))	2,609,063	-	-	-	2,609,063
At 30 June 2008	79,983,760	7,778,548	-	(26,889,235)	60,873,073
At 1 July 2008	79,983,760	7,778,548	-	(26,889,235)	60,873,073
Available for sale reserve	-	2,064,563	-	-	2,064,563
Net income and expense recognised directly in equity	-	2,064,563	-	-	2,064,563
Loss for the year	-	-	-	(68,857,541)	(68,857,541)
Total recognised income and expense for the year	-	2,064,563	-	(68,857,541)	(66,792,978)
Options reserve	-	2,718,723	-	-	2,718,723
Share placement	68,402,236	-	-	-	68,402,236
Share issue expenses	(3,543,189)	-	-	-	(3,543,189)
Option conversion ($0.178/$0.20 (30/6/08))	3,862	-	-	-	3,862
At 30 June 2009	144,846,669	12,561,834	-	(95,746,776)	61,661,727

The accompanying notes form part of this financial report

CASH FLOW STATEMENTS
for the year ended 30 June 2009

	Note	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Company 2009 $	Company 2008 $
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		-	-	-	-
Payments to suppliers and employees		(4,586,001)	(1,366,433)	(5,351,769)	(1,976,777)
Payments for exploration and evaluation expenditure		(13,580,404)	(3,475,492)	(275,467)	(617,438)
Dividends received		4,593	19,743	4,593	19,743
Interest received		2,697,544	1,011,364	2,686,486	1,010,695
Interest paid		(37)	(59)	(37)	(59)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	9 a	(15,464,305)	(3,810,877)	(2,936,194)	(1,563,836)
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for plant and equipment		(824,403)	(250,440)	(96,349)	(19,354)
Cash held in trust for Apurimac Ferrum		(3,059,585)	-	-	-
Cash acquired from purchase of subsidiaries	8 a	76,971	-	-	-
Loan to subsidiaries		-	-	(12,549,512)	(7,561,468)
Loan repayment from subsidiaries		-	-	-	37,801
Acquisition of Iron Associates Corporation	8 b	(668,422)	-	(668,422)	-
Acquisition of Apurimac Ferrum		-	(22,983,662)	-	(22,671,573)
Payments for purchase of investments		-	(215,625)	-	(215,625)
Proceeds from sale of investments		-	199,500	-	199,500
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(4,475,439)	(23,250,227)	(13,314,283)	(30,230,719)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from share issues and options		49,691,099	34,589,088	49,691,099	34,589,088
Payment for share issue cost		(2,624,151)	(1,683,608)	(2,624,151)	(1,683,608)
Payment for unmarketable parcels		-	(170)	-	(170)
NET CASH INFLOW FROM FINANCING ACTIVITIES		47,066,948	32,905,310	47,066,948	32,905,310
NET INCREASE IN CASH AND CASH EQUIVALENTS HELD		27,127,204	5,844,206	30,816,471	1,110,755
Cash and cash equivalents at beginning of the year		23,801,331	18,358,891	19,056,753	18,285,436
Effect of exchange rate changes on cash		4,798,217	(401,766)	5,397,765	(339,438)
CASH AND CASH EQUIVALENTS AT YEAR END	9	55,726,752	23,801,331	55,270,989	19,056,753

The accompanying notes form part of this financial report

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

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 dependent 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.

- Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1.24.

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

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.

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 21 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

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for the year ended 30 June 2009

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 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.

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

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

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

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

1.14. Fair Value Estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of financial instruments traded in active markets (such as publicly-traded derivatives, and trading and available-for-sale securities) is based on

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

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.

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,

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

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.24). 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.

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 2009

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 applied by the Consolidated Entity:
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 IFRS	Accounting changes for presentation, recognition and measurement, as well as terminology and editorial changes.	Periods commencing on or after 1 July 2009
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 2009-2 Improving Disclosures about financial instruments	Financial Instruments	Additional disclosures required about fair values of financial instruments are the company's liquidity risk.	Periods commencing on or after 1 January 2009

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

AASB reference	Title and Affected Standard(s):	Applies to:	Application date applied by the Consolidated Entity:
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 2009

2. LOSS FOR THE YEAR

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

	Consolidated Entity		Company	
(a) Revenue	**2009**	**2008**	**2009**	**2008**
Revenue from continuing operations	**$**	**$**	**$**	**$**
Interest received - other	2,759,280	1,011,364	3,051,515	1,080,162
Dividends from shares	4,593	19,743	4,593	19,743
	2,763,873	1,031,107	3,056,108	1,099,905
Other income				
Proceeds on disposal of Associate	-	199,500	-	199,500
Cost of Associate sold	-	(57,292)	-	(57,292)
Gain on sale of Associate	-	142,208	-	142,208
Foreign exchange gain/(loss)	793,219	(401,766)	1,631,197	(339,438)
Other income	5,132	-	5,000	-
	3,562,224	771,549	4,692,305	902,675
(b) Expenses				
Operating expenses				
Occupancy costs	292,136	35,230	79,123	35,230
Finance costs	649,849	287,023	13,465	12,269
Borrowing costs - interest paid	37	59	36	59
Administration costs				
Consultancy fees	558,110	862,108	414,188	309,627
Communication	189,563	46,951	69,605	46,776
Personnel costs				
Cash remuneration	3,701,909	1,024,260	1,479,601	811,618
Directors' and Employees' options	1,806,287	5,721,502	1,806,287	5,721,502
Provision for employee benefits	129,581	523,029	117,045	45,277
Corporate costs				
Impairment loss - resource projects	42,566,215	-	-	-
Impairment loss - mining related expenditure	18,501,437	1,707,693	469,935	13,021
Impairment loss - acquisition cost	11,031,730	-	-	-
Impairment loss - share investments	1,499,660	-	2,499,000	-
Impairment loss - subsidiary investment	-	-	52,708,195	-
Impairment loss - subsidiary loans	-	-	10,021,128	1,974,464
Fair value adjustment	312,615	313,077	312,615	313,077
Professional Fees	3,414,772	576,761	2,614,304	398,442
Travel and incidentals	405,621	457,589	385,182	426,949
Depreciation	113,383	49,391	29,057	17,050
Write off obsolete assets	215,625	5,116	215,625	5,116
Other corporate expenses	564,704	534,403	315,455	276,145
Share of Associates' Losses	-	1,921,441	-	-
	85,953,234	14,065,633	73,549,846	10,406,622

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

3. INCOME TAX EXPENSE

	Consolidated Entity 2009	Consolidated Entity 2008	Company 2009	Company 2008
(a) Income tax expense	**$**	**$**	**$**	**$**
Current tax	-	-	-	-
Deferred tax	-	-	-	-
	-	-	-	-
(b) Numerical reconciliation between tax expense and pre-tax net loss				
Loss before income tax	(82,391,010)	(13,294,084)	(68,857,541)	(9,503,947)
Income tax expense/(benefit) on above at 30%	(24,717,303)	(3,988,225)	(20,657,262)	(2,851,184)
Increase in income tax due to:				
Non-deductible expenses and foreign losses	24,712,529	2,258,005	18,042,442	1,749,604
Gross up of franking credits on franked dividends	590	-	590	-
Gain on sale of subsidiaries subject to scrip for scrip rollover	-	1,140,064	-	1,140,064
Provisions on temporary differences	-	691,781	-	699,845
Unrealised foreign exchange gain	-	120,530	-	101,831
Movement in unrecognised temporary differences	1,577,853	-	4,470,910	-
Decrease in income tax expense due to:		-	-	-
Non assessable income	(172,656)	(5,923)	(172,656)	(5,923)
Software write off	-	(555,983)	-	(555,983)
Capitalised exploration expenditure	-	(3,767,694)	-	-
Utilisation of franking credits	(1,968)	-	(1,968)	-
Utilisation of prior year tax losses	(1,411,503)	-	(1,411,503)	-
Deductible equity raising costs	(335,240)	-	(335,240)	-
Derecognition of previously recognised losses	16,277	-	-	-
Effect of current year capital losses not recognised	64,687	-	64,687	-
Effect of current year revenue losses not recognised	266,734	4,107,445	-	(278,254)
Income tax benefit attributable to operating profit	-	-	-	-
The applicable weighted average effective tax rates are	-	-	-	-
(c) Deferred Tax Asset (at 30%) not brought to account				
On Income Tax Account				
Carry forward tax losses	4,359,860	9,696,481	3,680,630	4,963,967
Provisions	134,317	1,207,811	112,024	1,952,852
Other	2,713,474	250,084	2,713,474	250,084
	7,207,651	11,154,376	6,506,128	7,166,903
Gain on sale of subsidiaries subject to scrip for scrip rollover	(148,123)	(884,439)	(148,123)	(884,439)
Capitalised exploration expenditure	-	(3,894,528)	-	(31,813)
Other	(18,521)	-	(130,349)	-
	7,041,007	6,375,409	6,227,656	6,250,651
On Capital Account				
Carry forward tax losses	64,688	35,727	64,688	35,727
Unrealised capital losses	84,086	-	4,142,607	-
	148,774	35,727	4,207,295	35,727

(d) The Deferred Tax Asset not brought to account for the 2009 and 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.

(e) 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 2009

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgemetns are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the entity's accounting policies

(i) Impairment of goodwill (Note 14)

The Consolidated Entity tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 1.24. The Consolidated Entity made a significant judgement about the impairment of goodwill folowing the guidelines in AASB 136 *Impairment of Assets.* Refer to Note 14 for the details for the impairment.

(ii) Impairment of resource projects and acquisition costs (Note 15)

The Consolidated Entity tests annually whether the resource projects and acquisition costs have suffered any impairment, based on AASB 136 *Impairment of Assets.*

The ultimate recoverability of resource projects and acquisition cost related to mining interest is dependant on its successful development or sale. The Consolidated Entity and the Company has made a significant judgement about the impairment of its projects in Apurimac (Peru), Paulsens East (Australia) and Berau (Indonesia). It has been evaluated to fully impair Apurimac and Paulsens East Projects. With the completion of the Pre-Feasibiltiy Study on the Berau Project has allowed for the Consolidated Entity to confirm that there is no impairment event.

5. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Details of key management personnel (consolidated and company)

<u>**Directors**</u>

John Stephenson	Non-Executive Chairman
H.Shanker Madan	Managing Director
Farooq Khan	Executive Director
William Johnson	Executive Director
Victor Ho	Executive Director & Company Secretary
Malcolm Richmond	Non-Executive Director
Farhad Moshiri	Non-Executive Director (Appointed on 29 July 2008)
Mark P. M. Horn	Alternative Director for A. Farhad Moshiri (Appointed on 29 July 2008)

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

(b) Compensation of key management personnel

	Consolidated Entity		Company	
	2009	**2008**	**2009**	**2008**
Directors	**$**	**$**	**$**	**$**
Short-term employee benefits - cash fees	907,361	585,523	907,361	585,523
Post-employment benefits - superannuation	71,139	240,793	71,139	240,793
Share-based payments	1,429,523	5,301,313	1,429,523	5,301,313
	2,408,023	6,127,629	2,408,023	6,127,629

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

5. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

(c) Number of shares held by key management personnel

Directors	Balance at 1 July 2007	Net Change Other *	Balance at 30 June 08	Balance at appointment	Net Change Other	Balance at 30 June 09
John Stephenson	200,000	-	200,000		-	200,000
H.Shanker Madan	693,505	(82,667)	610,838		-	610,838
Farooq Khan	7,972,530	6,593,533	14,566,063		10,185,728	24,751,791
Victor Ho	204,334	(78,333)	126,001		-	126,001
William Johnson	-	-	-		-	-
Malcolm Richmond	102,460	-	102,460		-	102,460
Farhad Moshiri				-	-	-
Mark P. M. Horn				-	-	-

* Net Change Other refers to net shares purchased, sold or listed $0.178/$0.20 (30 June 08) 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. There were no shares issued on the exercise of these options during the financial year.

(e) Number options held by key management personnel

(i) Unlisted Directors Options'

2009	Balance at 1 July 2008	Granted as compensation	Net Change Other *	Balance at 30 June 09	Vested & Exercisable	Unvested
John Stephenson	1,650,000	-	-	1,650,000	1,650,000	-
H.Shanker Madan	3,880,000	-	-	3,880,000	3,880,000	-
Farooq Khan	3,050,000	-	-	3,050,000	3,050,000	-
Victor Ho	1,380,000	-	-	1,380,000	1,380,000	-
William Johnson	1,240,000	-	-	1,240,000	1,240,000	-
Malcolm Richmond	1,700,000	-	-	1,700,000	1,700,000	-
Farhad Moshiri		-	-	-	-	-
Mark P. M. Horn		-	-	-	-	-

2008	Balance at 1 July 2007	Granted as compensation	Net Change Other *	Balance at 30 June 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

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

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

(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 other transactions with key management personnel (or their personally related entities) during the financial year.

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

6. AUDITORS' REMUNERATION

	Consolidated Entity		Company	
	2009	2008	2009	2008
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	46,137	38,598	46,137	38,598
Non-audit services (BDO Kendalls (WA) Audit and Assurance Pty Ltd)				
Other services - tax compliance	2,300	1,900	2,300	1,900
Auditors of the Peruvian subsidiaries (BDO Pazos, López de Romaña S.C.)				
Audit and review of financial reports	31,616	27,653	-	-
Auditors of the Consolidated Entity (Stantons International)				
Audit and review of financial reports	-	48,128	-	48,128
Other services - tax services	-	356	-	356
	80,053	116,635	48,437	88,982

7. LOSSES PER SHARE

	Consolidated Entity	
	2009	2008
Basic loss per share (cents)	(64.58)	(15.81)
Net Loss	(82,391,010)	(13,294,084)
Weighted average number of ordinary shares outstanding during the year used in calculation of basic loss per share	127,574,360	84,078,628

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 loss per share is not disclosed if it does not increase the basic loss per share.

8. BUSINESS COMBINATION

(a) Orion Indo Operations and Central Exchange Mining Ltd

On 11 August 2008, the Company purchased a 70% interest in the Indonesian Berau Coal Project (via the purchase of Orion Indo Operations Pty Ltd) and 25% interest in the West Australian Paulsens East Iron Ore Project (via the purchase of Central Exchange Mining Ltd) from Orion.

The acquired companies contributed a net gain of $5,938 to the Consolidated Entity for the period from 11 August 2008 to 30 June 2009. If the acquisition had occurred on 1 July 2008, consolidated revenue and consolidated loss for the year ended 30 June 2009 would have been $4,323,702 and $81,082,832 respectively. These amounts have been calculated using the Consolidated entity's accounting policies and by adjusting the results of the subsidiary.

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

	$
Consideration paid, satisfied in shares (Note 9b)	18,715,000
Fair value of net identifiable assets acquired	(1,197,003)
Project acquisition interest (refer to Note 15)	17,517,997

Assets and liabilities arising from the acquisition are as follows:	Acquiree's carrying amount	Fair value
	$	$
Cash and cash equivalents	76,971	76,971
Trade and other receivables	197,969	197,969
Capitalised mining and resources related expenditure	934,820	934,820
Trade and other payables	(12,757)	(12,757)
	1,197,003	1,197,003

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

8. BUSINESS COMBINATION (continued)

Purchase consideration	**Consolidated Entity**		**Company**	
Outflow of cash to acquire subsidiary,	**2009**	**2008**	**2009**	**2008**
net of cash acquired	**$**	**$**	**$**	**$**
Cash consideration	-	-	-	-
Less balances acquired				
Cash and cash equivalents	(76,971)	-	-	-
Inflow of cash	(76,971)	-	-	-

(b) Iron Associates Corporation (IAC)

On 30 June 2009, the Company entered into an agreement with Minera los Andes y el Pacifico S.A. (MAPSA) to purchase 30% interest in IAC and the ownership transfer of the US$ 5.05 million loan owed by Apurimac Ferrum for a consideration of US$500,000.

The relevant mining assets are held in the controlled entity Apurimac Ferrum S.A. (AF) that is 24.55% owned by IAC and 50.95% directly by the Company, being a total interest of 75.5%. AF's main asset are the mineral concessions comprising of the Apurimac and Cuzco project.

The acquired company had no operational activity to affect the profit or loss statement during the financial year. The acquisition had the following effect on the consolidated entity's assets and liabilities on acquisition date:

	$
Consideration paid, satisfied in cash	668,422
Fair value of net identifiable assets acquired	(342,857)
Goodwill on acquisition of IAC (Note 14)	325,565

Assets and liabilities arising from the acquisition are as follows:	**Acquiree's carrying amount**	**Fair value**
	$	**$**
Interest in mining asset	342,857	342,857

Purchase consideration	**Consolidated Entity**		**Company**	
Outflow of cash to acquire subsidiary,	**2009**	**2008**	**2009**	**2008**
net of cash acquired	**$**	**$**	**$**	**$**
Cash consideration	668,422	22,671,573	-	-
Less balances acquired				
Cash and cash equivalents	-	312,089	-	-
Outflow of cash	668,422	22,983,662	-	-

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

9. CASH AND CASH EQUIVALENTS	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Company 2009 $	Company 2008 $
Cash at bank	20,633,213	18,566,596	20,177,450	13,822,018
Term deposit	35,093,539	5,234,735	35,093,539	5,234,735
	55,726,752	23,801,331	55,270,989	19,056,753
(a) Reconciliation of Loss after Tax to Net Cash Flows from Operations				
Operating loss after tax	(82,391,010)	(13,294,084)	(68,857,541)	(9,503,947)
Non cashflows in loss from ordinary activities				
Depreciation - plant & equipment	113,383	49,391	29,057	17,050
Write off obsolete assets	215,625	5,116	215,625	5,116
Foreign exchange (gains)/losses	(793,219)	401,766	(1,631,197)	339,438
Gain on sale of associate	-	(142,208)	-	(142,208)
Acquisition of resource projects impairment	42,566,215	-	-	-
Provision for impairment- share investments	1,499,660	-	2,499,000	-
Provision for impairment of subsidiary loans	-	-	10,021,128	1,974,464
Impairment loss on subsidiary investment	-	-	52,708,195	-
Impairment loss on acquisition cost	11,031,730	-	-	-
Fair value adjustment	312,615	313,077	312,615	313,077
Equity share of Associate's losses	-	1,921,441	-	-
Directors' and Employee options	1,806,287	5,721,502	1,806,287	5,721,502
Decrease/(Increase) in assets:				
Receivables	(391,421)	(2,612,500)	(340,343)	(121,436)
Prepayments	-	(263,343)	-	-
Resource projects	8,497,003	(6,672,119)	196,672	(422,319)
Increase/(Decrease) in liabilities:				
Trade creditors and accruals	1,799,900	10,689,663	209,011	210,150
Provisions	268,927	71,421	(104,703)	45,277
Net cash outflows from operating activities	(15,464,305)	(3,810,877)	(2,936,194)	(1,563,836)

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

On 11 August 2008, the Company purchased a 70% interest in the Indonesian Berau Coal Project (via the purchase of Orion Indo Operations Pty Ltd) and a 25% interest in the West Australian Paulsens East Iron Ore Project (via the purchase of 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 the acquisition, valued at $18.7 million based on Strike's closing bid price on ASX 11 August 2008 of $1.97 per share. Financial information on the gain of these controlled entities are in Note 8.

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 to Gallagher Holdings Limited. The exercise price of each option is $2.75 with an expiry date of 29 July 2011. All options issued as part of this transaction vested upon issue.

10. TRADE AND OTHER RECEIVABLES	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Company 2009 $	Company 2008 $
Current				
Amounts receivable from sundry debtors	1,409,812	792,041	132,448	68,565
Loans to subsidiary	-	-	-	5,618,671
Amounts owed to AF by MAPSA	-	277,734	-	-
Value added tax (VAT) recoverable by AF in Peru	2,720,631	1,648,799	-	-
Goods and services tax (GST) recoverable in Australia	32,332	64,048	29,034	55,867
	4,162,775	2,782,622	161,482	5,743,103
Non Current				
Loans to subsidiaries	-	-	21,675,459	3,507,276
Provision for impairment (a)	-	-	(13,528,404)	(3,507,276)
Amounts receivable from sundry debtors	2,334,196	-	-	-
	2,334,196	-	8,147,055	-

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

10. TRADE AND OTHER RECEIVABLES (continued)

Refer to Note **22** 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

A portion of the non-current receivables are partly and fully impaired in 2009. The non-current receivables were fully impaired in 2008.

	Consolidated Entity		Company	
(b) Past due but not impaired	**2009**	**2008**	**2009**	**2008**
	$	**$**	**$**	**$**
Up to 1 year	-	-	6,303,589	-
Over 1 year	-	-	1,843,466	-
	-	-	8,147,055	-

These above past due but not impaired non-current receivables are loan to subsidiaries that are not expected to repay the loan within the year.

	Company	
	2009	**2008**
(c) Movement in provision for impairment of receivables	**$**	**$**
At 1 July	(3,507,276)	(1,532,812)
Provision for impairment recognised during the year	(10,021,128)	(1,974,464)
At Balance date	(13,528,404)	(3,507,276)

The loans to subsidiaries includes a **~A$6.5 million (US$5.3 million)** loan advanced to AF. Interest is accruing on this loan at LIBOR (London Interbank Offer Rate) plus 2% per annum.

	Consolidated Entity		Company	
11. OTHER CURRENT ASSETS	**2009**	**2008**	**2009**	**2008**
	$	**$**	**$**	**$**
Prepayment	-	263,343	-	-

12. PROPERTY, PLANT AND EQUIPMENT

	Land	Plant and Equipment	Leasehold Improvement	Total
2009 Consolidated	**$**	**$**	**$**	**$**
At 1 July 2008, net of accumulated depreciation and impairment	-	257,642	8,687	266,329
Additions	627,474	166,603	30,325	824,402
Depreciation expense	-	(111,509)	(1,874)	(113,383)
At 30 June 2009, net of accumulated depreciation and impairment	627,474	312,736	37,138	977,348
At 1 July 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
At 30 June 2009				
Cost or fair value	627,474	501,663	56,183	1,185,320
Accumulated depreciation and impairment	-	(188,927)	(19,045)	(207,972)
Net carrying amount	627,474	312,736	37,138	977,348

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

12. PROPERTY, PLANT AND EQUIPMENT (continued)

	Plant and Equipment	Leasehold Improvement	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
2009 Company			
At 1 July 2008, net of accumulated depreciation and impairment	48,444	8,687	57,131
Additions	66,024	30,325	96,349
Depreciation expense	(27,183)	(1,874)	(29,057)
At 30 June 2008, net of accumulated depreciation and impairment	87,285	37,138	124,423
At 1 July 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
At 30 June 2009			
Cost or fair value	159,544	56,183	215,727
Accumulated depreciation and impairment	(72,259)	(19,045)	(91,304)
Net carrying amount	87,285	37,138	124,423
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

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

13. FINANCIAL ASSETS

	Consolidated Entity		Company	
	2009	2008	2009	2008
Investments comprise:	$	$	$	$
Financial assets at fair value through income statement				
Shares and options in listed companies - at cost	575,182	575,182	575,182	575,182
Add: net change in fair value	(280,287)	32,327	(280,287)	32,327
	294,895	607,509	294,895	607,509
Available for sale financial assets				
Shares and options in listed companies - at cost	2,188,160	2,403,785	2,188,160	2,403,785
Less: provision for impairment	(1,499,660)	(1,065,222)	(1,499,660)	(1,065,222)
	688,500	1,338,563	688,500	1,338,563
Other financial assets				
Shares in controlled entities - at cost	-	-	71,423,646	52,040,223
Less: provision for impairment	-	-	(52,708,195)	-
	-	-	18,715,451	52,040,223
Total financial assets	983,395	1,946,072	19,698,846	53,986,295
Market value of investments at balance date				
Shares in listed companies	983,395	1,946,072	983,395	1,946,072

Changes in fair value of financial assets at fair value through profit and loss are recorded as expense (Note 2b). The fair value of listed shares in financial assets at fair value through income statement and available for sale financial assets have been determined directly by reference to bid prices in an active market.

The controlled entity, Apurimac Ferrum S.A.'s (AF) acquisition cost is directly related to the mining interest asset. The Directors have made a strategic decision to impair AF project due to the current economic situation. The Company has therefore determined that this represents an impairment of the investments in the Apurimac Ferrum as such the impairment expense of $52,708,195 was recognised (Note 2b).

Information about the Consolidated Entity's exposure to market and price risk is provided in Note **22**(d).

(a) Investment in Controlled Entities

	Percentage of Ownership	
	2009	2008
Strike Operations Pty Ltd (SOPL)	100%	100%
Incorporated in Australia on 28 November 2002.		
Ferrum Holdings Limited (FH)	100%	100%
Incorporated in British Anguilla on 29 May 2008		
Iron Associates Corporation (IAC) (Panama)	70%	70%
The Company gained control on 26 February 2007		
Apurimac Ferrum S.A. (AF) (Peru)	75.50%	68.14%
The Company gained control on 29 May 2008		
PT Indo Batubara (100% beneficially owned by SOPL)	100%	100%
Incorporated in Indonesia on 8 December 2005		
Strike Resources Peru S.A.C. (subsidiary of SOPL)	100%	100%
Incorporated in Peru on 28 December 2006		
Strike Finance Pty Ltd (SFPL)	100%	-
Incorporated in Australia on 3 April 2009		
Strike Australian Operations Pty Ltd (SAO) (previously Central Exchange Mining Ltd)	100%	-
Incorporated in Australia on 27 April 2006		
Strike Indo Operations Pty Ltd (SIO) (previously Orion Indo Operations Pty Ltd)	100%	-
Incorporated in Australia on 30 March 2007		

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

14. INTANGIBLES	**Consolidated Entity 2009 $**	**Consolidated Entity 2008 $**	**Company 2009 $**	**Company 2008 $**
Goodwill on acquisition of IAC	7,584,330	7,258,765	-	-
Provision for impairment of acquisition cost	(7,584,330)	-	-	-
	-	7,258,765	-	-
Balance at the beginning of the year	7,258,765	7,258,765	-	-
Goodwill on acquisition of IAC (Note 8 b)	325,565	-	-	-
Impairment loss - acquisition cost	(7,584,330)	-	-	-
Balance at the end of the year	-	7,258,765	-	-

The Consolidated Entity has fully impaired the goodwill held in IAC. Upon the execution of the Strike-MAPSA_IAC Settlement Agreement on 30 June 2009, the Company was to transfer its 70% interest in IAC shares for cancellation. On 29 July 2009 MAPSA exercised its call option to re-acquire 30% of IAC shares (Note 9b), resulting in MAPSA holding 100%. interest in IAC. As a result, the Directors have decided to fully impair the intangible asset.

15. RESOURCE AND MINING RELATED EXPENDITURES	**Consolidated Entity 2009 $**	**Consolidated Entity 2008 $**	**Company 2009 $**	**Company 2008 $**
Balance at the beginning of the year	53,477,069	422,781	528,363	106,044
Berau Project acquistion cost (Note 8 a)	14,070,597	-	-	-
Paulsen East Project acquisition cost (Note 8 a)	3,447,400	-	-	-
Impairment loss - acquisition cost	(3,447,400)	-	-	-
Apurimac Ferrum Project acquisition cost	-	41,433,964	-	-
Other acquisition costs	-	422,319	(196,672)	422,319
Impairment loss - resource projects	(42,566,215)	-	-	-
Exploration and evaluation expenditure	12,162,534	12,905,698	469,935	13,021
Impairment loss - mining related expenditure	(18,501,437)	(1,707,693)	(469,935)	(13,021)
Balance at the end of the year	18,642,548	53,477,069	331,691	528,363

The ultimate recoverability of Deferred Exploration Expenditure is dependant on its successful development or sale. On 11 August 2008, the Company purchased a 70% interest in the Indonesian Berau Coal Project (via the purchase of Orion Indo Operations Pty Ltd) and 25% interest in the West Australian Paulsens East Iron Ore Project (via the purchase of Central Exchange Mining Ltd) from its joint venture partner in these projects, ASX listed Orion Equities Limited (Orion or OEQ). A total of 9.5 million Strike shares were issued to Orion as consideration for the sale.

Due to the current economic situation and the Directors' decision to concentrate on high priority or value opportunities within the resource sector, Apurimac Ferrum and the Paulsen East Project's mining acquisition cost has been fully provided for impairment.

16. TRADE AND OTHER PAYABLES	**Consolidated Entity 2009 $**	**Consolidated Entity 2008 $**	**Company 2009 $**	**Company 2008 $**
Current				
Trade creditors	69,597	376,684	14,738	186,833
Other creditors and accruals	3,956,381	333,629	525,358	235,817
Tax payable	385,737	569,957	-	-
Amounts owed to D&C by the Company and AF	21,915,775	18,616,823	21,433,897	17,970,622
	26,327,490	19,897,093	21,973,993	18,393,272
Non Current				
Amounts owed to MAPSA by AF	6,232,043	6,070,925	-	-
Unmarketable parcel trust account	5,314	5,314	5,314	5,314
	6,237,357	6,076,239	5,314	5,314
Total Trade and Other Payables	32,564,847	25,973,332	21,979,307	18,398,586

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

16. TRADE AND OTHER PAYABLES (continued)

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 Group (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).

(a) **Amounts not expected to be settled within the next 12 months**

Other creditors and accruals include accruals for annual leave. The entire obligation is presented as current, since the Consolidated Entity does not have an unconditional right to defer settlement. However based on past experience, the Consolidated Entity does not expect all employees to take the full amount of the accrued leave within the next 12 months. The following amounts reflect leave that is not expected to be taken within the next 12 months.

	Consolidated Entity		Company	
	2009	2008	2009	2008
	$	$	$	$
Annual leave obligation expected to be settled after 12 months	243,305	-	215,961	-

(b) Risk exposure

Details of the Consolidated Entity's exposure to risks arising from current payables are set out in Note **22**.

17. PROVISIONS

	Consolidated Entity		Company	
	2009	2008	2009	2008
Non Current	$	$	$	$
Provision for employee entitlements	113,961	128,703	93,452	99,986

18. ISSUED CAPITAL

Issued and Paid-Up Capital				
130,034,268 (2008: 102,444,482) fully paid ordinary shares	144,846,669	79,983,760	144,846,669	79,983,760

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

			Company	
	Date of	Number of	2009	2008
Movement in Ordinary Share Capital	movement	shares	$	$
At 1 July 2008		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	2,609,063
Capital return distribution	14-Dec-07		(4,000,000)	(4,000,000)
Share placement	20-May-08	13,051,000	31,974,950	31,974,950
Share issue expenses			(1,678,534)	(1,678,534)
At 30 June 2008		102,444,482	79,983,760	79,983,760
Option ($0.20/$0.178, 30 June 2008) conversions	Jul 08	21,700	3,862	-
Share placement	29-Jul-08	18,068,086	49,687,236	-
Shares issued for the acquisition of subsidiaries (Note **8**)	11-Aug-08	9,500,000	18,715,000	-
Share issue expenses			(3,543,189)	-
At 30 June 2009		130,034,268	144,846,669	79,983,760

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's non-cash investments can be realised to meet accounts payable arising in the normal course of business.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

18. ISSUED CAPITAL (continued)

Gearing ratios	**Consolidated Entity 2009 $**	**Consolidated Entity 2008 $**	**Company 2009 $**	**Company 2008 $**
Total trade and other payables (including borrowings)	32,564,847	25,973,332	21,979,307	18,398,586
Less: cash and cash equivalents (Note **9**)	(55,726,752)	(23,801,331)	(55,270,989)	(19,056,753)
Net debt	(23,161,905)	2,172,001	(33,291,682)	(658,167)
Total equity	50,148,206	63,693,496	61,661,727	60,873,073
Total capital	26,986,301	65,865,497	28,370,045	60,214,906
Gearing ratio	-86%	3%	-117%	-1%

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 decrease in the Company's gearing ratio is mainly due to the $49.7 million capital raising on 29 July 2008.

19. RESERVES

	Consolidated Entity 2009 $	**Consolidated Entity 2008 $**	**Company 2009 $**	**Company 2008 $**
Foreign currency translation reserve	4,310,336	3,491,940	-	-
Available for sale reserve	-	(1,065,222)	-	(2,064,562)
Options Reserve	12,561,834	9,843,110	12,561,834	9,843,110
	16,872,170	12,269,828	12,561,834	7,778,548

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.

Movement in Foreign currency translation reserve	**Consolidated Entity 2009 $**	**Consolidated Entity 2008 $**	**Company 2009 $**	**Company 2008 $**
Balance at beginning of the year	3,491,940	-	-	-
Currency translation differences arising during the period	818,396	3,491,940	-	-
Balance at end of financial period	4,310,336	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 $688,500 (Note **13**) at Balance Date.

Movement in Available for Sale Investment Reserve	**Consolidated Entity 2009 $**	**Consolidated Entity 2008 $**	**Company 2009 $**	**Company 2008 $**
Balance at beginning of the year	(1,065,223)	-	(2,064,563)	-
Movement in available for sale asset	(434,438)	(1,065,223)	-	(2,064,563)
Transfer to profit and loss (Note 2b)	1,499,661	-	2,064,563	-
Balance at end of financial year	-	(1,065,223)	-	(2,064,563)
Deferred tax asset (not brought to account)	-	319,567	-	619,369

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

19. RESERVES (continued)

Movement in Options Reserve			**Consolidated Entity**	
The number of unlisted options outstanding over unissued ordinary shares at balance date is as follows	**Grant date**	**Number of options**	**2009 $**	**2008 $**
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
Unlisted options exercisable at $2.75; expiring 29 Jul 11	29-Jul-11	903,404	912,438	-
Directors' Options				
Unlisted options exercisable at $0.938; expiring 20 Jul 11	21-Jul-06	4,600,000	2,009,280	1,986,410
Unlisted options exercisable at $0.938; expiring 12 Sep 11	13-Sep-06	500,000	279,000	267,550
Unlisted options exercisable at $2.078; expiring 6 Mar 12	07-Mar-07	500,000	637,550	550,683
Unlisted options exercisable at $2.788; expiring 6 Mar 12	07-Mar-07	3,300,000	3,747,810	3,237,164
Unlisted options exercisable at $3.978; expiring 2 Dec 12	03-Dec-07	4,000,000	3,816,400	3,018,710
Employees' Options				
Unlisted options exercisable at $1.178; expiring 5 Oct 11	06-Oct-06	150,000	150,450	136,624
Unlisted options exercisable at $2.878; expiring 1 May 12	08-May-07	100,000	104,440	82,094
Unlisted options exercisable at $2.878; expiring 1 May 12	05-Jun-07	33,000	34,465	27,084
Unlisted options exercisable at $2.878; expiring 4 Sep 12	05-Sep-07	200,000	249,000	161,281
Unlisted options exercisable at $2.878; expiring 3 Mar 13	04-Mar-08	250,000	321,637	130,166
Unlisted options exercisable at $2.75; expiring 13 Oct 13	14-Oct-08	250,000	54,020	-
		18,286,404	12,326,490	9,607,766

			Consolidated Entity	
	Date of movement	**Number of options**	**2009 $**	**2008 $**
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)	-	-
Options exercised	Jul 08	(21,700)	-	-
		3,985	235,344	235,344
Total Option Reserve			12,561,834	9,843,110

On 8 July 2008, a further 21,700 Listed $0.178/$0.20 (30 June 2008) options were converted into shares. These shares were not issued as at 30 June 2008 as the funds in respect of their exercise had not been cleared.

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

On 14 October 2008, the Company issued 250,000 unlisted employee's options with an exercise price of $2.75 with a term of 5 years and a vesting period of 12 months (a third 3 months from issue date, a third 6 months thereafter and a third 6 months thereafter again) from the date of issue ($2.75 (13 October 2013) Unlisted Employee Options) to an employee. The tranche vesting date was 14 October 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 80% for the underlying SRK shares.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

20. RELATED PARTY DISCLOSURES

		Company	
		2009	2008
Loan to subsidiaries	Note	$	$
Beginning of the year		9,125,977	1,532,813
Loans advanced		12,246,189	7,561,468
Loans repayment received		-	(37,801)
Interest receivable		303,293	69,497
End of year	10	21,675,459	9,125,977
Balances outstanding at Balance Date			
Subsidiaries of Strike Resources Limited			
Apurimac Ferrum S.A. (AF)		8,378,914	5,618,671
Strike Finance Pty Ltd (SFPL)		3,059,585	-
Strike Operations Pty Ltd (SOPL)		2,758,128	1,663,810
Strike Australian Operations Pty Ltd (SAO)		1,000	-
Subsidiaries of Strike Operations Pty Ltd			
Strike Resources Peru S.A.C. (SRP)		3,751,262	1,843,466
PT Indo Batubara (PTIB)		3,726,570	-
	10	21,675,459	9,125,947
Provision for impairment	10	(13,528,404)	(3,507,276)

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 partial impairment for SRP and full impairment of loans advanced to SOPL and 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.

21. SEGMENT REPORTING

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

	External Revenue		Operating Results	
Primary Reporting- Business segments	2009	2008	2009	2008
Segment Revenues & Results	$	$	$	$
Resource projects	-	-	(75,514,154)	(2,284,454)
Investments	9,725	161,951	(2,801,890)	(151,126)
	9,725	161,951	(78,316,044)	(2,435,580)
Unallocated	3,552,499	609,598	(4,074,966)	(10,858,504)
	3,562,224	771,549		
Loss before income tax			(82,391,010)	(13,294,084)
Income tax expense			-	-
Loss after income tax			(82,391,010)	(13,294,084)

	Assets		Liabilities	
	2009	2008	2009	2008
Segment Assets & Liabilities	$	$	$	$
Resource projects	21,491,567	60,735,834	(27,665,940)	(6,089,457)
Investments	983,395	1,946,072	-	-
	22,474,962	62,681,906	(27,665,940)	(6,089,457)
Unallocated	60,352,052	27,113,625	(5,012,868)	(20,012,578)
	82,827,014	89,795,531	(32,678,808)	(26,102,035)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

21. SEGMENT REPORTING (continued)

Other Segment Information	Resource Projects 2009 $	Resource Projects 2008 $	Investments 2009 $	Investments 2008 $
Share of net losses of Associate company accounted for under the equity method	-	-	-	1,921,441
Acquisition of segment assets	17,517,997	52,039,772	-	2,188,160
Other non-cash expenses				
Impairment loss - resource projects	(42,566,215)	(1,707,693)	-	(313,077)
Impairment loss - mining related expenditure	(18,501,437)	-	-	-
Impairment loss - acquisition cost	(11,031,730)	-	-	-
Impairment loss - share investments	-	-	(1,499,660)	-
Fair value adjustment	-	-	(312,615)	-
Depreciation	(63,992)	(33,558)	-	-

Secondary reporting - Geographical segments

	Segment revenues		Carrying amount of segment assets		Acquisitions of non-current segment assets	
	2009 $	2008 $	2009 $	2008 $	2009 $	2008 $
Australia	9,725	(177,487)	17,606,887	56,268,354	18,715,000	2,188,160
Peru	-	(62,838)	4,190,113	6,303,345	89,195	52,039,772
Indonesia	-	510	677,962	110,207	638,858	-
Unallocated	3,552,499	1,011,364	60,352,052	27,113,625	-	-
	3,562,224	771,549	82,827,014	89,795,531	19,443,053	54,227,932

22. 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, equity 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 the Amount Due to Related Parties amounting to **$21,433,897** (refer to **Note 16**). The financial investments are held for trading and are realised at the discretion of the Board of Directors

	Variable interest rate		Fixed interest rate		Non-interest bearing		Total	
Consolidated Entity	2009	2008	2009	2008	2009	2008	2009	2008
Financial assets	$	$	$	$	$	$	$	$
Cash	20,633,213	18,566,596	35,093,539	5,234,735	-	-	55,726,752	23,801,331
Receivables	-	-	-	-	4,162,775	2,782,622	4,162,775	2,782,622
Financial assets	-	-	-	-	983,395	1,946,072	983,395	1,946,072
	20,633,213	18,566,596	35,093,539	5,234,735	5,146,170	4,728,694	60,872,922	28,530,025
Financial liabilities								
Payables	-	-	-	-	(32,564,847)	(25,973,332)	(32,564,847)	(25,973,332)
Net financial assets	20,633,213	18,566,596	35,093,539	5,234,735	(27,418,677)	(21,244,638)	28,308,075	2,556,693

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

22. FINANCIAL RISK MANAGEMENT (continued)

	Variable interest rate		Fixed interest rate		Non-interest bearing		Total	
Company	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
Financial assets	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Cash	20,177,450	13,822,018	35,093,539	5,234,735	-	-	55,270,989	19,056,753
Receivables	-	-	-	-	161,482	5,743,103	161,482	5,743,103
Loans to subsidiaries	-	-	-	-	8,147,055	-	8,147,055	-
Financial assets	-	-	-	-	983,395	1,946,072	983,395	1,946,072
	20,177,450	13,822,018	35,093,539	5,234,735	9,291,932	7,689,175	64,562,921	26,745,928
Financial liabilities								
Payables	-	-	-	-	(21,979,307)	(18,398,586)	(21,979,307)	(18,398,586)
Net financial assets	20,177,450	13,822,018	35,093,539	5,234,735	(12,687,375)	(10,709,411)	42,583,614	8,347,342

(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.

	Consolidated Entity				Company			
		2009		**2008**		**2009**		**2008**
	%	**$**	%	**$**	%	**$**	%	**$**
Cash at bank	2.9	20,633,213	1.6	18,566,596	2.9	20,177,450	3.0	13,822,018
Term deposit	3.0	35,093,539	7.5	5,234,735	3.0	35,093,539	7.5	5,234,735
		55,726,752		23,801,331		55,270,989		19,056,753
Amounts owed to MAPSA by AF	2.0	(6,232,043)	2.0	(6,070,925)	-	-	-	-

(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	
	2009	**2008**	**2009**	**2008**
	USD	**USD**	**USD**	**USD**
Cash at bank	9,342,783	8,855,762	9,342,783	8,855,762
Receivables	-	-	5,255,459	5,225,629
Payables	(17,250,000)	(17,250,000)	(17,250,000)	(17,250,000)
	(7,907,217)	(8,394,238)	(2,651,758)	(3,168,609)

(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 amd can be assessed by reference to external credit ratings (if available with Standard & Poor's) or to historical information about counterparty default rates:

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

(c) Credit Risk (continued)

	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Company 2009 $	Company 2008 $
Cash and cash equivalents				
AA	23,011,494	14,345,096	23,011,494	14,345,096
A	31,227,402	4,707,713	31,227,402	4,707,713
C+	1,000,000	-	1,000,000	-
No external credit rating available	487,856	4,748,522	32,093	3,944
	55,726,752	23,801,331	55,270,989	19,056,753
Receivables				
No external credit rating available	4,162,775	2,782,622	161,482	5,743,103
Investments				
No external credit rating available	983,395	1,946,072	983,395	1,946,072
	60,872,922	28,530,025	56,415,866	26,745,928

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's non-cash investments can be realised to meet accounts payable arising in the normal course of business.
The financial liabilities disclosed have the following maturity obligation:

	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Company 2009 $	Company 2008 $
Non-derivatives				
Non-interest bearing				
less than 6 months	4,411,715	1,280,270	540,096	422,650
6 - 12 months	21,915,775	18,616,823	21,433,897	17,970,622
	26,327,490	19,897,093	21,973,993	18,393,272
Interest bearing				
between 1 and 2 years	5,314	5,314	5,314	5,314
between 2 and 5 years	6,232,043	6,070,925	-	-
	6,237,357	6,076,239	5,314	5,314

(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. The carrying amount of the financial liabilities at balance date as set out in Note 16 approximates the current fair value.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

22. FINANCIAL RISK MANAGEMENT (continued)

(g) Sensitivity Analysis

Interest Rate Risk Analysis

The Consolidated Entity has performed a sensitivity analysis on its exposure to interest rate risk at balance date. The management assessment is based upon an analysis of current and future market position. The analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

	Consolidated Entity		Company	
	2009	2008	2009	2008
Change in profit	$	$	$	$
Increase by 1%	552,710	190,568	552,710	190,568
Decrease by 1%	(552,710)	(190,568)	(552,710)	(190,568)
Change in equity				
Increase by 1%	552,710	190,568	552,710	190,568
Decrease by 1%	(552,710)	(190,568)	(552,710)	(190,568)

Equity Price Risk Analysis

The Consolidated Entity has performed a sensitivity analysis on its exposure to market price risk at balance date. The management assessment is based upon an analysis of current and future market position. 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	
	2009	2008	2009	2008
Change in profit	$	$	$	$
Increase by 15%	132,162	222,940	132,162	222,940
Decrease by 15%	(132,162)	(222,940)	(132,162)	(222,940)
Change in equity				
Increase by 15%	132,162	222,940	132,162	222,940
Decrease by 15%	(132,162)	(222,940)	(132,162)	(222,940)

Foreign Currency Risk Analysis

The Consolidated has performed a sensitivity analysis on its exposure to currency risk. The management assessment is based upon an analysis of current and future market position. 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 22 (b) with all the other variables held constant.

	Consolidated Entity		Company	
	2009	2008	2009	2008
Change in profit	$	$	$	$
Increase by 5%	376,794	(612,306)	55,422	150,886
Decrease by 5%	(416,454)	676,760	(61,256)	(166,769)
Change in equity				
Increase by 5%	376,794	(612,306)	55,422	150,886
Decrease by 5%	(416,454)	676,760	(61,256)	(150,886)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

23. SHARE-BASED PAYMENTS

A total of 250,000 employees' options were issued during the year (Refer to Note 19). 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.

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 date
21-Jul-06	20-Jul-11	0.938	4,600,000	-	-	4,600,000	4,600,000	$ 22,870
13-Sep-06	12-Sep-11	0.938	500,000	-	-	500,000	500,000	$ 11,450
06-Oct-06	05-Oct-11	1.178	150,000	-	-	150,000	150,000	$ 13,826
07-Mar-07	06-Mar-12	2.078	500,000	-	-	500,000	500,000	$ 86,867
07-Mar-07	06-Mar-12	2.788	3,300,000	-	-	3,300,000	3,300,000	$ 510,646
01-May-07	01-May-12	2.878	100,000	-	-	100,000	100,000	$ 22,346
05-Jun-07	01-May-12	2.878	33,000	-	-	33,000	33,000	$ 7,381
03-Dec-07	02-Dec-12	3.978	4,000,000	-	-	4,000,000	4,000,000	$ 797,690
04-Mar-08	04-Sep-12	2.878	200,000	-	-	200,000	200,000	$ 87,719
04-Jun-08	03-Mar-13	2.878	250,000	-	-	250,000	250,000	$ 191,471
14-Oct-08	13-Oct-13	2.75	-	250,000	-	250,000	166,667	$ 54,021
			13,633,000	250,000	0	13,883,000	13,799,667	1,806,287
Weighted average exercise price			2.41	2.75		2.41	2.41	

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	

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for the year ended 30 June 2009

23. 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-07	$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 confirmation, 65,000 options on 4 September 2008, 70,000 options on 3 March 2009	$2.09	6.30%	80%
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%
14-Oct-08	$2.75 (13 October 2013) Employee Options	83,334 options on 13 January 2009, 83,333 options on 13 June 2009, 83,333 options on 13 October 2009	$0.62	5.05%	80%

The assessed fair value at grant date of options granted during the year ended 30 June 2009 was $0.24 cents per option (2008: $1.13). The fair value at grant date is independently determined using the binomial tree option pricing model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share and the risk free interest rate for the term of the option.

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.

24. COMMITMENTS

(a) Lease Commitments

	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
Non-cancellable operating lease commitments:				
Not longer than one year	94,749	26,062	94,749	26,062
Between 12 months and 5 years	219,001	131,109	219,001	131,109
	313,750	157,171	313,750	157,171

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

24. COMMITMENTS (continued)

(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 $30,000 over a 12 month period, based on Australian tenements which have been granted as at the balance date. Financial commitments for subsequent periods are contingent upon future exploration and evaluation results and cannot be estimated. These obligations are subject to renegotiation upon expiry of the tenement lease or when application for a mining lease is made and have not been provided for in the accounts.

Peruvian concessions

The Consolidated Entity is required to pay annual licence fees by 30 June of each year, at rates which vary between US$3 and US$9 per hectare per annum. The total amount of this commitment will depend upon the area of concessions relinquished (if any) and the area of new concessions granted (if any) and therefore cannot be estimated

(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). Multiple landowners/community groups are affected by the Consolidated Entity’s proposed mining activities on a majority of the Consolidated Entity's Peruvian concessions. To date, approvals have been sought and obtained for drilling on a programme by programme basis.

Obtaining approvals from landowners/community groups can be complicated and time consuming. The Consolidated Entity will have to commit funds to community groups and/or landowners to secure land access agreements to develop its Peruvian projects. There can be no guarantees that such approvals will be obtained, or the terms upon which they will be 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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for the year ended 30 June 2009

25 CONTINGENT ASSETS AND LIABILITIES

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

(a) D&C Dispute

On 29 May 2008 Strike exercised options under the AF Agreement (since terminated - see note (i) below) to acquire a 19.25% shareholding in AF from each of D&C and **MAPSA** in consideration for US $17.25 million payable to each of D&C and MAPSA, for a total of US $38.5 million (**AF Options**). Strike paid the AF Option exercise money to MAPSA, however D&C initially rejected the tender by Strike of its portion of the AF Option exercise monies. D&C refused to accept that money on the basis of a dispute which it raised concerning, amongst other matters, the validity of the Company's acquisition of a 70% shareholding in IAC, which then held a 24.5% shareholding in AF, pursuant to the IAC Transaction. (The IAC Transaction is explained in more detail in note 25 (b) below). D&C subsequently claimed its portion of the AF Option exercise money. Strike had previously claimed damages against D&C for breach of the AF Agreement. Strike claimed in the arbitration to be entitled to set off those damages against any liability it may have had to pay D&C its portion of the AF Option exercise money. All of these disputes were ongoing throughout the 2008 – 2009 financial year.

These disputes were the subject of various judicial proceedings which, which were subsequently merged into arbitration proceedings before the Lima Chamber of Commerce (**LCC**). D&C also made allegations to the police of irregularities associated with Strike's exercise of the AF Options. The Company held the view at all times that there was no merit in D&C's allegations, and pursued that position vigorously in the above proceedings, while also seeking opportunities to reach a commercial settlement.

After the balance date, on 21 July 2009, Strike and D&C reached an agreement to settle all outstanding disputes between them (**AF Settlement Agreement**). This settlement is detailed in note 26(a), below.

(b) Settlement of issues with MAPSA

In or about early March 2009 a difference of opinion arose between the Company and MAPSA about the interpretation of the IAC Transaction. The IAC Transaction was an agreement between Strike, MAPSA and the MAPSA shareholders (MAPSA and its shareholders being referred to as the **MAPSA Parties**) dated 1 February 2007. Under the IAC Transaction MAPSA transferred the 24.548% shareholding that it previously held in AF to IAC and caused 70% of the shares in IAC (9552 IAC Shares) to be issued to Strike and 30% of the shares in IAC (4093 IAC Shares) to be issued to the MAPSA Parties.

Under the IAC Transaction:

(i) Strike had an option to pay the MAPSA parties US $3 million on 3 March 2009. MAPSA alleged that an election by Strike not to pay this amount would result in the IAC Transaction being unwound and Strike forfeiting its interest in IAC and the consideration previously given to acquire that interest (US$ 2.5 million cash and 3 million Strike shares that had been issued to the MAPSA Parties); and

(ii) - if Strike paid that amount – it would have also become obliged to advance US $3.5 million to IAC.

Strike and the MAPSA Parties had a difference of opinion about whether Strike was required to make the payments referred to above. Prior to 30 June 2009 AF owed MAPSA a loan of US $5.046 million (plus interest) (**Loan**). On 30 June 2009 Strike executed two agreements with IAC and the MAPSA Parties in order to resolve these differences and restructure the arrangement between them, namely:

(i) the MAPSA Share Sale and Option Agreement, under which Strike acquired the MAPSA Parties' 4093 IAC Shares (**Sale Shares**) and the Loan in consideration for the payment to the MAPSA Parties of US$ 500,000 and granted the MAPSA Parties a call option to re-purchase the Sale Shares and the Loan for US $505,000 (**Call Option**); and

(ii) The Strike-MAPSA Settlement Agreement, under which:

(A) all differences and disputes concerning the IAC Transaction were settled;

(B) the MAPSA Parties ratified the AF Settlement Agreement in advance. (This agreement was, at that time, in an advanced state of negotiation between Strike, D&C and related parties and was ultimately executed on 21 July 2009 – see note 26(a) below);

(C) Strike agreed to transfer its 70% shareholding in IAC (9552 IAC shares) back to IAC for cancellation. (Assuming the MAPSA parties had exercised the Call Option and re-acquired 30% of IAC from Strike, this cancellation would enlarge their 30% shareholding in IAC to 100% of IAC);

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(D) IAC would transfer 50% of its 24.5% shareholding in AF, being 3,238,368 AF shares, to Strike in consideration for US$ 1.5 million, against which Strike could off-set the US $505,000 due to if the Call Option was exercised; and

(E) The IAC Transaction would be terminated, with Strike having no liability to make further payments.

The MAPSA parties exercised the Call Option. Completion of the Call Option occurred on 5 August 2009 simultaneously with completion of the Strike-MAPSA Settlement Agreement. This is covered further under note 26 (b) as a post-balance-date event. Strike's acquisition of the Sale Shares under the MAPSA Share Sale and Option Agreement had the effect on the shareholdings in AF prior to the balance date set out below:

AF Shareholdings Pre 30 June 2009

Party	% of AF Shares
Strike	68.15*
D&C	24.5%
MAPSA	7.35%**
Total	**100%**

* comprised of a 51% direct shareholding and a 17.15% indirect shareholding, constituted by a 70% holding in IAC which in turn held a 24.5% direct shareholding in AF.

** being an indirect shareholding constituted by a 30% holding in IAC, with MAPSA having no direct shareholding in AF.

AF Shareholdings from 30 June 2009 to 20 July 2009

Party	% of AF Shares
Strike	75.5*
D&C	24.5%
MAPSA	0%
Total	**100%**

* comprised of a 51% direct shareholding and a 24.5% indirect shareholding constituted by a temporary 100% holding in IAC, which in turn held a 24.5% direct shareholding in AF.

(c) Cristoforo Agreement

On 18 May 2007, Strike Resources Peru SAC (the Company's Peruvian subsidiary) 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 paid for the assignment of mining rights to Strike Resources Peru SAC (or assignees) for a two year period was US$200,000. The option to acquire these three mineral concessions had an exercise period of two years and an exercise price of US$3 million. Under the AF Agreement, the rights under this agreement were required to be assigned to AF at cost. The Cristoforo Agreement was not assigned to AF due to the disputes with D&C. The May 2007 agreement expired in May 2008. A fresh heads of agreement was entered into on 10 July 2008, pursuant to which US$31,250 was paid on execution, US$100,000 is payable on registration of the 3 concessions in a new Peruvian company to be created to hold the concession and a US$1.05 million exercise price is payable, at Strike Peru's election, at the end of 2 years.

(d) Native Title - The Consolidated Entity's tenements in Australia may be subject to native title applications in the future. At this stage it is not possible to quantify the impact (if any) that native title may have on the operations of the Consolidated Entity.

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

(f) Berau Coal Project Royalties - The Consolidated Entity is liable to pay royalties to PT Kaltim Jaya Bara (**KJB**), the owner of the mining concession which the Consolidated Entity proposes to mine as its Berau Coal Project. At this stage it is not possible to quantify the potential financial obligation of the Consolidated Entity to pay royalties to KJB.

(g) Directors' Deeds - The Company has entered into deeds of indemnity with each of its Directors other than A. Farhad Moshiri and Mark Horn, 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.

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for the year ended 30 June 2009

26 EVENTS AFTER BALANCE DATE

(a) Settlement of Dispute with D&C

The dispute between Strike and D&C was settled by an agreement executed on 21 July 2009 (**AF Settlement Agreement**). The key commercial terms of the AF Settlement Agreement are:

(i) the AF Agreement was terminated with effect from 21 July 2009. All civil disputes between D&C and Strike were settled and arbitration proceedings were to be terminated (which has been substantially effected) and police complaints were to be withdrawn (which was fully effected on 1 August 2009);

(ii) the respective shareholdings of all shareholders in AF were varied. The AF Settlement Agreement was made in the knowledge of the MAPSA Share Sale and Option Agreement and the MAPSA Settlement Agreement. (**MAPSA Agreements**). The AF Settlement Agreement and the MAPSA Agreements were inter-related and had a cumulative effect on the shareholdings in AF. Those effects that occurred pre-balance date are specified in note 25(b) above and those effects that occurred post-balance date are specified in note 26(b) below;

(iii) AF acknowledges debts to the parties set out below, plus interest at the US-dollar London Interbank Offered Rate (**LIBOR**) plus 2% per annum. These debts are a continuation of debts previously owed by AF under the terminated AF Agreement, except that the repayment obligations have been varied such that the debts are only payable on the occurrence of an event referred to in paragraph (vii) or (viii) below and are subject to compulsory capitalisation in the circumstances specified in paragraph (ix) below:

Party	Debt Outstanding (US$)
Strike (Consolidated Entity)	US$ 7,376,716.50 (plus any applicable Peruvian VAT) for monies loaned to AF and payments/liabilities made/incurred on AF's behalf.
D&C	US$618,980, plus any applicable Peruvian VAT, for monies loaned to AF.
MAPSA	US$5,046,361, plus any applicable Peruvian VAT, for monies loaned to AF.

(iv) Strike will loan AF a minimum of US$3 million during the period ending 3 years from 20 July 2009 (**Standstill Period**), with the right to advance up to a further US$17 million to fund AF board-approved operating budgets over that period. All such loans will be secured by a first-ranking mortgage over AF's mineral concessions. The mortgage gas been granted;

(v) Strike Peru S.A.C. granted AF an option over its mining concessions exercisable at any time until 90 days after the Capitalisation Period for US$1.75 million. ("Capitalisation Period" means the period commencing on 21 July 2012 and ending on the last day of the 60 day period referred to in paragraph (x) below or such later date (if any) on which the capitalisation of any capital contributions under that paragraph have been put into effect);

(vi) D&C granted Strike an option to purchase 17.25% of the shares in AF from D&C for US$21.125 million, exercisable at any time within 2.5 years from the date of the agreement (Strike Option);

(vii) if Strike exercises the Strike Option it must also make an offer to buy each other party's AF shares for a specified price per share (of at least the price per AF share paid under the Strike Option) and offer to pay each AF shareholder the amount of the debt owed to it by AF. The other AF shareholders must either accept Strike's offer (in which case Strike will move to 100% of AF) or make a counter-offer to buy all other parties' AF shares for at least the price per share offered by Strike and to pay them the amount of the debts owed to them by AF;

(viii) between 60 to 70 days before the end of the Standstill Period Strike may offer to buy each other party's AF shares for a common price per share and to pay them the amount of the debts owed to them by AF (**Standstill Shootout**). The other AF shareholders have the same rights and obligations under this kind of shootout offer as they do under a shootout offer referred to in paragraph (vii);

(ix) if AF has two (2) or more shareholders after the period for conducting the Standstill Shootout the debts owed to them by AF and accrued interest will be capitalised at:

(A) three (3) Nuevo Soles per AF share; or

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

(B) such higher rate per AF share as is necessary to ensure that, upon capitalisation of all debts and accrued interest owed to shareholders, D&C's shareholding interest in AF does not fall below 25%;

(x) within 60 days after any such capitalisation D&C may contribute additional capital to AF to maintain an equal shareholding with Strike, or be diluted and continue as a minority shareholder in AF with Strike holding 51% or more of AF (depending upon the amount of the debt owed by AF to Strike); and

(xi) no pre-emptive rights apply to share sales or transfers by AF shareholders. During the Standstill Period, any proposed sale or transfer of shares to a third party will be subject to a 'tag-along' provision, by which such third party offer must first be made pro-rata and on the same terms to all shareholders.

(b) Effect of settlement agreements on AF shareholdings

Each of the AF Settlement Agreement, the Share Sale and Option Agreement and the Strike-MAPSA Settlement Agreement were interrelated and caused a change in the shareholdings in AF on three separate dates: 30 June (covered in note 25(b) above), 21 July and 5 August 2009. The agreements were intended to achieve a certain final outcome for the composition of AF as a package through a three-stage process. Those effects that occurred pre-balance date are specified in note 25(b) above. Those effects that occurred post-balance date are specified below:

(i) AF Shareholdings from 21 July 2009 to 4 August 2009

Party	% of AF Shares
Strike	56.25%*
D&C	43.75%
MAPSA	0%
Total	**100%**

* comprised of a 31.702% direct shareholding (reduced from 51% under the AF Settlement Agreement) and a 24.5% indirect shareholding constituted by a temporary 100% holding in IAC, which in turn held a 24.5% direct shareholding in AF. Under the AF Settlement Agreement Strike also has an option to acquire a further 19.25% of AF for US $21.125 million from D&C under the AF Settlement Agreement, exercisable at any time within 30 months from 21 July 2009.

(ii) AF Shareholdings from 5 August 2009 to the present

Party	% of AF Shares
Strike	43.976%*
D&C	43.75%
MAPSA	12.274%**
Total	**100%**

* comprised of a 31.702% direct shareholding under the AF Settlement Agreement and a 12.274% direct shareholding acquired from IAC under the Strike-MAPSA Settlement Agreement. Under the AF Settlement Agreement Strike has an option to acquire a further 19.25% of AF, referred to in the previous paragraph.

** being an indirect shareholding constituted by a 100% holding in IAC, which in turn retained a 12.274% direct shareholding in AF under the Strike-MAPSA Settlement Agreement.

(c) Other circumstances

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 31 to 67 above, 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 2009 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 23 to 28 (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 (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 2009

BDO Kendalls

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

Report on the Financial Report

We have audited the accompanying financial report of Strike Resources Limited, which comprises the balance sheet as at 30 June 2009, 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 opinions.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001* would be in the same terms if it had been given to the directors at the time that this auditor's report was made.

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 2009 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 consolidated 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 in the directors' report for the year ended 30 June 2009. 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 of Strike Resources Ltd Limited for the year ended 30 June 2009, complies with section 300A of the *Corporations Act 2001.*

BDO Kendalls Audit & Assurance (WA) Pty Ltd

BDO Kendalls

Brad McVeigh
Director

Dated this 30th day of September, 2009
Perth, Western Australia

SECURITIES INFORMATION
as at 22 September 2009

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
$2.078 (6 March 2012) Unlisted Employee's Options	-	500,000	500,000
$2.788 (6 March 2012) Unlisted Director's Options	-	3,300,000	3,300,000
$2.878 (30 April 2012) Unlisted Directors' Options	-	133,000	133,000
$3.978 (2 December 2012) Unlisted Employees' 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
$2.75 (13 October 2013) Unlisted Directors' Options	-	250,000	250,000
Total	**130,034,268**	**17,936,404**	**147,970,672**

DISTRIBUTION OF ORDINARY FULLY PAID SHARES

Spread	of	Holdings	Number of Holders	Number of Units	% of Total Issue Capital
1	-	1,000	608	335,950	0.258
1,001	-	5,000	1,700	5,347,127	4.112
5,001	-	10,000	661	5,297,976	4.074
10,001	-	100,000	804	23,472,461	18.051
100,001	-	and over	82	95,580,754	73.504
Total			**3,855**	**130,034,268**	**100%**

SECURITIES INFORMATION
as at 22 September 2009

TOP 20 ORDINARY FULLY-PAID SHAREHOLDERS

Rank	Shareholders		Total Shares	% Issued Capital
1	ANZ NOMINEES LIMITED		24,716,143	19.007
2	ORION EQUITIES LIMITED		13,090,802	10.144
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,436,424		
	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – GSCO ECA	7,162,108		
	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – A/C 3	1,766,507		
		Sub total	11,365,039	8.740
4	DATABASE SYSTEMS LIMITED		9,377,090	7.211
5	QUECHUA INVESTMENTS LIMITED		6,370,000	4.899
6	NEFCO NOMINEES PTY LTD		4,681,760	3.600
7	ALARA RESOURCES LIMITED		3,573,889	2.748
8	NATIONAL NOMINEES LIMITED		2,739,730	2.107
9	PATER INVESTMENTS PTY LTD		1,125,000	0.865
10	CS FOURTH NOMINEES PTY LTD		1,007,438	0.775
11	CITICORP NOMINEES PTY LTD		925,836	0.712
12	MR GORDON ANTHONY <ANTHONY FAMILY A/C>		800,000	0.615
13	MR GEORGE BRYANT MACFIE		800,000	0.615
14	ALIANA PTY LTD		700,000	0.538
15	EMPIRE HOLDINGS PTY LTD		700,000	0.538
16	M&M HOLDINGS PTY LTD		600,000	0.461
17	FAROOQ KHAN		530,010	0.408
18	MRS ANUPAM SHOBHA MADAN & MR HEM SHANKER MADAN		492,497	0.379
19	RENMUIR HOLDINGS LIMITED		487,428	0.375
20	JP MORGAN NOMINEES AUSTRALIA		418,025	0.321
Total			**84,500,687**	**65.058**

Substantial Shareholders

The following shareholders from the above table are substantial shareholders:

1	ANZ NOMINEES LIMITED		24,716,143	19.007
2	ORION EQUITIES LIMITED		13,090,802	10.144
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,436,424		
	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – GSCO ECA	7,162,108		
	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – A/C 3	1,766,507		
		Sub total	11,365,039	8.740
4	DATABASE SYSTEMS LIMITED		9,377,090	7.211

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