Full-Year Report

for Strike Resources Limited and its controlled entities
for the period ended 30 June 2010

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William Johnson	Non-Executive Director
Malcolm Richmond	Non-Executive Director
A. Farhad Moshiri	Non-Executive Director
Mark Horn	Alternate Director for A. F. Moshiri
Matthew Hammond	Non-Executive Director

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Review of Operations

A. Company Overview

Strike Resources is an Australian-listed resources company with two principal projects in the attractive bulk commodities market.

The Apurimac and Cuzco Iron Ore Projects in Peru are large-scale iron ore projects, with Apurimac in the Pre-feasibility Study stage. The Company is seeking to establish a 10 – 20 million tonne per annum ("**Mtpa**") operation based on current JORC Indicated and Inferred Resources of 270Mt with significant exploration upside.

The Berau Thermal Coal Project in Indonesia is an asset with near-term cash flow potential. With low capital expenditure and key approvals in place, this asset has the potential to become a producing asset in the short term.

Strike projects summary

Project	Location	Strike's Interest
Apurimac Iron Ore	Apurimac District, Peru	43.98%[1]
Cuzco Iron Ore	Cuzco District, Peru	43.98%[2]
Berau Thermal Coal	Berau Regency, East Kalimantan, Indonesia (subject to payment of a royalty to the concession owner)	100%
Paulsens East Iron Ore	West Pilbara, Western Australia (Strike has farmed out iron ore rights in this project and will receive a royalty on any iron ore produced)	Royalty

Operational Highlights 2009/2010

- Strong Cash position with $42M in cash reserves.
- Settlement of dispute on Peruvian assets and commencement of agreed program of almost US$20M to complete a detailed Pre-Feasibility Study.
- Apurimac Resources increased to 270Mt with a Resource estimate underway for Cuzco.
- Significant progress made on infrastructure and ore processing options.
- Establishment of a strong community relations team and constructive relationships with communities re-established.
- Grant of Production Licence (IUP) for Berau and key infrastructure permits secured.
- Board and management restructure undertaken.

B. Projects

1. Apurimac Iron Ore Project (Peru)

The Company holds a direct interest of 44% in Apurimac Ferrum S.A. ("**AF**"), the holder of the Peruvian mineral concessions. Strike is currently funding AF through a loan agreement with AF and Mr Hellsten, the Strike Managing Director, is President of AF. These loans will be capitalised by mid-2012 under the Settlement Agreement with the shareholders of AF.

Strike has continued to progress the Apurimac and Cuzco Projects in Peru. The Apurimac Project, located 25 kilometres from Andahuaylas, the capital of the Apurimac Province in Peru's Southern Andes region comprises 72 concessions totalling approximately 59,000 hectares[3].

Following the successful settlement of arbitration with the joint venture partners, progress continued on the project and Strike is pleased to announce that current joint venture relations are strong.

Following the settlement, the AF Board approved a $US 15 million project development budget. The AF development program principally consists of:

- Establishment of a strong Community Relations Team to deliver strong, sustainable relationships and programs with communities affected by the Project;
- A major drilling campaign (detailed further below) with the objectives of:
    - o Increasing total iron ore mineralisation to between 370Mt and 450Mt (including present Resources) with a grade of 57% to 62% Fe; and

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1 The percentage of Strike's shareholding in Apurimac Ferrum S.A. ("**AF**"), the company that holds these tenements, on and from 5 August 2009.

2 See footnote 1.

3 Strike's Apurimac Project comprises concessions held by AF and Strike Resources Peru S.A.C ("**SRP**"). AF holds an option to acquire the SRP concessions for an amount approximately equal to SRP's acquisition cost.

- Increasing the Indicated and Measured proportions of the Resource to the level which would support completion of mining reserve estimates.

  (The potential quantity and grade of the target iron ore mineralisation is conceptual in nature. There has been insufficient exploration to define an additional mineral Resource in relation to that target iron ore or to increase the JORC category of any of the existing Resource. It is uncertain whether further exploration will result in the determination of an additional Mineral Resource in relation to that target iron ore or in the increase of the JORC category of any existing Resource.)

- Trade-off studies to identify the optimum combination of annual mine production, products and product transport method to the coast.
- Completing geotechnical, hydrological and metallurgical core drilling and associated test work to facilitate mining studies and processing optimisation.
- Undertaking additional baseline environmental studies.
- Progressing infrastructure development plans in conjunction with the Peruvian Government and private proponents.

This work will be consolidated in a detailed Pre-Feasibility Study costing approximately US$ 5 million, as a precursor to a potential Bankable Feasibility Study.

JORC Resource Estimate

On 11 February 2010 the Company announced an increase in the iron ore Resources at the Apurimac Project Opaban 1 and Opaban 3 concessions, from a total of 133.5 million tonnes ("**Mt**") Indicated Mineral Resource at 59.4% Fe, to a total of 269.4 Mt, consisting of:

- a 142.2 Mt Indicated Mineral Resource at 57.84% Fe; and
- a 127.2 Mt Inferred Mineral Resource at 56.7% Fe.

The following table shows the grade and tonnages of the iron ore in the new Mineral Resources estimate at a 40% Fe cut-off grade for Opaban 1.

Opaban 1 (40% Fe cut-off)

Category	Density t/m^3	Mt*	Fe%	SiO_2%	Al_2O_3%	P%	S%
Inferred	4	127.2	56.7	9.7	2.7	0.04	0.20
Indicated	4	133.7	57.6	9.5	2.54	0.04	0.12
Totals		**260.9**	**57.2**	**9.6**	**2.62**	**0.04**	**0.16**

* million dry metric tonnes.

Contained within the above Mineral Resources at Opaban 1 is higher-grade mineralisation which is potential Direct Shipping Ore ("**DSO**"). Using a 61% Fe lower cut off there is 50.1 Mt at an average grade of 62.4% Fe comprising a 30.9 Mt Indicated Mineral Resource at 62.5% Fe and a 19.2 Mt Inferred Mineral Resource at 62.4% Fe. This material is shown in the table below. The balance of the Mineral Resource requires simple, low cost beneficiation to upgrade it to a ~68% Fe concentrate.

Opaban 1 (61% Fe cut-off)

Category	Density t/m^3	Mt*	Fe%	SiO_2%	Al_2O_3%	P%	S%
Inferred	4	19.2	62.4	5.5	1.49	0.03	0.14
Indicated	4	30.9	62.5	5.8	1.46	0.03	0.08
Totals		**50.1**	**62.4**	**5.7**	**1.48**	**0.03**	**0.10**

* million dry metric tonnes.

There was no change in the Mineral Resource on the Opaban 3 concession during the year. The Opaban 3 concession is presently estimated to contain an Indicated Mineral Resource of 8.53 Mt at 62.1% Fe within an envelope of 55% Fe.

Combined Mineral Resources for Opaban 1 (at a 40% Fe cut-off grade) and Opaban 3 are summarised in the table below.

Combined total Mineral Resources for Opaban 1 and Opaban 3

Category	Density t/m^3	Mt*	Fe%	SiO_2%	Al_2O_3%	P%	S%
Inferred	4	127.2	56.7	9.7	2.70	0.04	0.20
Indicated - Opaban 1 (40% Fe cut-off)	4	133.7	57.6	9.5	2.54	0.04	0.12
Indicated - Opaban 3 (within 55% Fe envelope)		8.5	62.1	4.6	1.37	0.07	0.25
Totals		**269.4**	**57.3**	**9.4**	**2.56**	**0.04**	**0.16**

Pre-Feasibility Study

AF is presently conducting a detailed Pre-Feasibility Study ("**PFS**") with the objective of defining the preferred project configuration and, subject to continued positive results, commencing a definitive (bankable) feasibility study.

AF completed its initial PFS in June 2008 based on the following primary parameters:

- 27Mtpa mining operation for 20Mtpa product;
- Coarse, wet magnetic beneficiation producing >68%Fe product with low impurities; and
- Product transportation via slurry pipeline to coast for dewatering and export.

(Full details of AF's initial PFS are contained in Strike's 23 July 2008 ASX announcement entitled: "Pre-Feasibility Results Confirm World-Class Prospects for Apurimac Project in Peru").

Production Profile Studies

In mid 2010 AF completed trade-off studies on the alternatives of production rates of 10 and 15Mtpa and producing a concentrate product or combined lump and fines products, to supplement the 20 Mtpa option in the initial PFS. The trade-off studies comprised:

- Process Plant and Port Facility Study – conducted by Ausenco;
- Mine Study – conducted by SRK Consulting; and
- Concentrate Pipeline Study – conducted by Ausenco PSI.

The trade-off studies, complete with capital and operating cost estimates for the 10 and 15Mtpa options, indicate that:

- The mine will have a strip ratio of between 1.2 and 1.76 when a practical mine design is applied.
- A high conversion ratio (>80%) of Resources to economically-recoverable material (design pit) is likely based on current operating costs. *(Although the pit optimisations and preliminary design pits are indicative of the potential economically-recoverable material, they do not represent Ore Reserves. Further drilling is required to confirm the results.)*
- Mine sensitivity analysis indicates a robust project, relatively insensitive to mining costs, pit-design parameters and mining recoveries.
- The mine has a potential life, based on an optimised pit on current Indicated and Inferred Resources, of 18yrs for 10Mtpa, 12yrs for 15Mtpa and 9yrs for 20Mtpa production rates.
- The 10 and 15Mtpa pipeline options are both viable based on a product price of US$66 per tonne FOB, due to modest capital cost savings.
- Estimated capital and operating expenditure for the alternative production rates (shown in the table below) indicate that both are relatively insensitive to production levels and that lower throughput options warrant further work.

  Capital and operating costs for alternative production rates

	20 Mtpa	15 Mtpa	10 Mtpa
Capex (US$)	$2,895m	$2,611m	$2,279m
Opex (US$)	$17.40/t	$17.40/t	$19.80/t

  (*Capital and operating expenses for the 20Mtpa options have been escalated from the 2008 PFS. Costs for the lower production options have been factored from the 20Mtpa case.*)
- The process plant and port facility for the 10 and 15Mtpa options offer advantages in reduced equipment sizing.

- The "lump and fines" option provides a considerably simplified process circuit and, hence, significantly reduced capital and operating costs. In addition, these products comprise the major portion of the iron ore market and hence provide increased marketing options.

Transport Options

AF is investigating the alternative of transporting product to port using conventional rail or a rope conveyor.

A study to determine whether transporting an alternative product mix of lump and sinter feed by rail is preferable to transporting slurry via a pipeline is well advanced. The rail study is considering the options of transporting 20Mtpa, 15Mtpa and 10Mtpa of product. This study is scheduled for completion in late October 2010.

The more innovative rope conveyor option has the potential for lower capital costs than the railway option. Rope conveyors offer large spans between supports and are currently used in similar downhill material transport applications over long distances in rugged terrain, including bauxite transport in the Caribbean. In addition, this equipment could facilitate the lower-cost "lump and fines" product option noted above. A more detailed study of this option commenced in August 2010. Results of the study are expected by November 2010.

Increased Resource Targets

During the 2010 financial year AF commenced the process of obtaining approvals for its next drilling campaign. (More details of the required approvals - principally community and environmental approvals - are contained in subsequent sections of this report.) The objective of the next drilling campaign is to identify iron ore mineralisation at Apurimac of 370 to 450 Mt at 56% to 62% Fe (including existing Mineral Resources). Priority targets are:

- 300 to 350Mt at 56% to 62% Fe on the Opaban 1 and 3 concessions. The Opaban Resource remains open at depth, as well as holding potential for parallel mineralised systems. The existing Resource was established by drilling gravity anomalies. It is planned to test several gravity "highs" identified by the same survey but not yet tested by drilling; and
- 70 to 100Mt at 56% to 62% Fe on the Colcabamba, Ferrum, Cristoforo and other prioritised satellite concessions.

(The potential quantity and grade of the target iron ore is conceptual in nature. There has been insufficient exploration to define an additional mineral Resource in relation to the target iron ore mineralisation. It is also uncertain whether further exploration will result in the determination of an additional mineral Resource in relation to the target iron ore mineralisation.)

Extensive field work was undertaken within the satellite concessions in the June 2010 quarter to prioritise existing targets and identify additional prospective areas for more detailed evaluation. Excellent exploration potential exists within AF's concessions, with several targets containing ironstones grading above 60% Fe in similar geological settings to the Opaban concessions. This work resulted in the up-grading of the Colcabamba area for drill testing during the present campaign and establishing target areas for further work at Pacunco. Key target areas comprise:

- Colcabamba, where three large magnetic anomalies lie coincident with major structural zones and extensive areas of outcropping ironstones recording >60% Fe in rock chip samples. Drill testing on this concession remains on track to commence in 2010; and
- Pacunco, where a large, strongly-magnetic diorite intrusive has been mapped over an area of approximately 1.2km by 1km.

Detailed geological work at the Opaban 1 and 3 concessions identified the mineralisation as primarily structural controlled hydrothermal style within both limestones and also adjacent intrusive rocks. Hydrothermal mineralisation is related to mineralised fluids migrating along large structures (faults) within the host rock, which can form large mineralised systems, especially when multiple structures are present. When these fluids intersect they can also form "skarn" deposits. Both sub-horizontal skarn style mineralisation and more steeply dipping iron-rich breccia systems within intrusives are present at Opaban. The recognition of this mineralisation style has enhanced the exploration potential of the AF concessions due to the presence of extensive structural (fault) systems throughout the region and the potential for mineralisation to extend at depth.

This improved geological understanding is being used to underpin the planning of the Resource extension drilling at Opaban and with the definition of exploration targets at the Apurimac satellite concessions.

Community Relations

The Apurimac Project concessions are located on land farmed by various indigenous communities. Formal community approvals (generally through a community assembly) are required before commencing any activity on community land, including field visits, drilling and remediation works. The community engagement process involves the establishment of strong, on-going relationships based on mutual trust and respect, to ensure that exploration proceeds smoothly and subsequent approvals are achieved. The relationship involves AF providing benefits to the communities to compensate them for inconvenience caused.

Establishing the required degree of trust is a gradual process. The seasonal priorities of the communities' agricultural and cultural activities generally take precedence over other matters. Before seeking a community's consent it is necessary to educate them about the likely impact of exploration and any subsequent mining, and the benefits that could ultimately flow to them through sharing the rewards of a successful resource project.

Leading Peruvian community relations consultants are advising AF on all aspects of its community relations program. AF has developed strong working relationships on community issues with three major mining companies recognised for their good practice in this area. A culture of sensitivity to community issues has been established throughout AF, which is essential to success in this field.

In 2008 AF obtained approvals from the communities on the Opaban 1 and 3 concessions for the drilling campaigns on which the current Resource is based. AF's relationships with these communities went into abeyance on the suspension of operations later that year. Since resuming operations in late 2009, AF has made significant progress in re-building the relationships with these communities. The key issues of compensation for past works and rehabilitation on the Opaban 1 and 3 concessions has been settled. Further engagement with these communities is delayed until after regional elections, scheduled for October, 2010. Strike expects to be in a position to recommence community consultations for Opaban drilling approvals once the transition to new office holders is complete. A new drilling timetable for these concessions will be set after those consultations are complete.

Elsewhere within the Company's mineral concessions community negotiations are progressing in line with the exploration plan. Approvals for drilling have been received for the Colcabamba concession and the Company is working with the community to establish meaningful and productive community programs in parallel with the drilling which is planned to commence during 2010.

Infrastructure

AF continued to work with proponents for infrastructure which would support the Apurimac and Cuzco projects. Discussions continued with ProInversion, the Government agency responsible for the award of the concession for the proposed San Juan bulk commodities port, as well as with existing rail operators and proponents for new railway operations that could service AF's projects.

JORC Code Competent Person Statements

The information in this document which relates to mineral Resources at the Apurimac project, Opaban 1 concession has been jointly compiled by Mr Bruce Sommerville, (BAppSc, BSc (Hons)) who is a member of the Australasian Institute of Mining and Metallurgy and is an employee of SRK Consulting Pty Ltd (which is unrelated to Strike Resources Limited) and Mr Hem Shanker Madan (M. Sc (Appl. Geol.) who is a Member of The Australasian Institute of Mining and Metallurgy and is the Chairman of Strike Resources Limited. Mr Madan is responsible for data collection and data quality in respect of the Opaban 1 concession and Mr Sommerville is responsible for mineral Resource estimation in respect of the Opaban 1 concession. The information in this document which relates to mineral Resources at the Opaban 3 concession has been solely compiled by Mr Madan. Information which relates to exploration targets has been compiled by persons other than Mr Sommerville, including Mr Madan. Mr Madan was not involved in compiling the statement concerning DSO on page 3 of this report.

Messrs Sommerville and Madan 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)." Messrs Somerville and Madan consent to the inclusion in this document of the matters based on their information in the form and context in which it appears.

2. Cuzco Iron Ore Project (Peru)

The Cuzco Project currently comprises approximately 22 concessions totalling approximately 17,563 hectares[4] located approximately 130 kilometres south-east of the Apurimac Project area and 80 kilometres south of the historical city of Cuzco.

Like Opaban, the Cuzco area contains high grade (>60% Fe) haematite deposits at surface with lower grade (>40% Fe) magnetite ore at depth. Drilling to date has been concentrated within 30% of the large magnetic anomaly and outcropping ironstones which define a circular target area in the order of 4km in diameter.

Assaying of drill samples from Cuzco was suspended in 2008 due to the joint venture arbitration. Following resumption of exploration activities, the samples have been re-logged using the "hydrothermal" mineralisation model (see above) as a prelude to preparing a Resource estimate, expected during the December quarter.

It is anticipated further drilling will be undertaken to test the remaining 70% of the target area which has not been drilled to date. In addition, metallurgical test work will be undertaken to determine the preferred processing options for the haematite and magnetite mineralisation.

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

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's interest in this project consists of a 100% interest in the rights to mine a mineral concession (IUP) and sell the product, subject to payment of a royalty to the IUP owner.

The operation will involve mining and transporting run-of-mine coal by truck approximately 30 km along a proposed haul road to a barge port to be constructed on the Segah River, where it will crushed and stockpiled prior to loading on barges. Barges will then transport the coal approximately 90km to the coast and then on to a trans-shipment point 30km offshore, where it 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 up to 3 Mtpa in subsequent years. The crushing plant and transport infrastructure will be established for 3 Mtpa of production.

Feasibility Studies

Strike completed a series of studies to feasibility standard on the Berau Coal project on 11 June 2009.

The results, based on a peak production rate of 3 Mtpa and a coal price of US$52 per tonne FOB ship were:

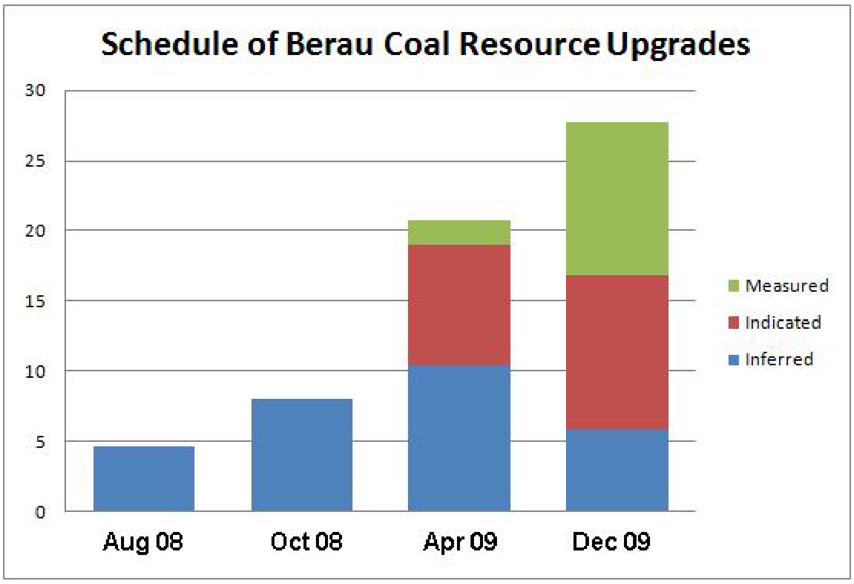
- Projected annual operating surplus of approximately US$33m.
- Total capital cost of approximately US$20m.
- Average operating costs of approximately US$41 per tonne.
- A run-of-mine coal product of medium calorific value of approximately 5,550 kcal/kg (gar) with low sulphur - 0.66%, as received ("**ar**"); ash - 7.3%, (ar) and total moisture - 16.6%, (ar).
- A development construction timetable of 7-8 months from receipt of development approvals to production with first shipment of product 2 months after completion of construction.

Based on the current JORC Resource and the exploration target the Company is targeting 7–9 years' mine life.

Coal Resources

On 11 December 2009 the Company announced an increased Coal Resource at the Berau project of 27.7 million tonnes ("**Mt**"), an increase of 6.9 Mt from the previously-reported JORC Resource of 20.8 Mt. Of the 27.7 Mt JORC Resources, 11 Mt is in the Measured category, 11.1 Mt is in the Indicated category and 5.6 Mt is in the Inferred category.

The table below outlines the growth in Coal Resources and at the Berau Coal project since the start of drilling in 2008.



The mineralisation upon which the current JORC Resource is based is contained within an area of approximately 1,000 hectares out of a total concession area of approximately 5,000 hectares. The Company notes that no significant exploration activity has been conducted outside of the current area of activity, though such areas are known to host coal seams.

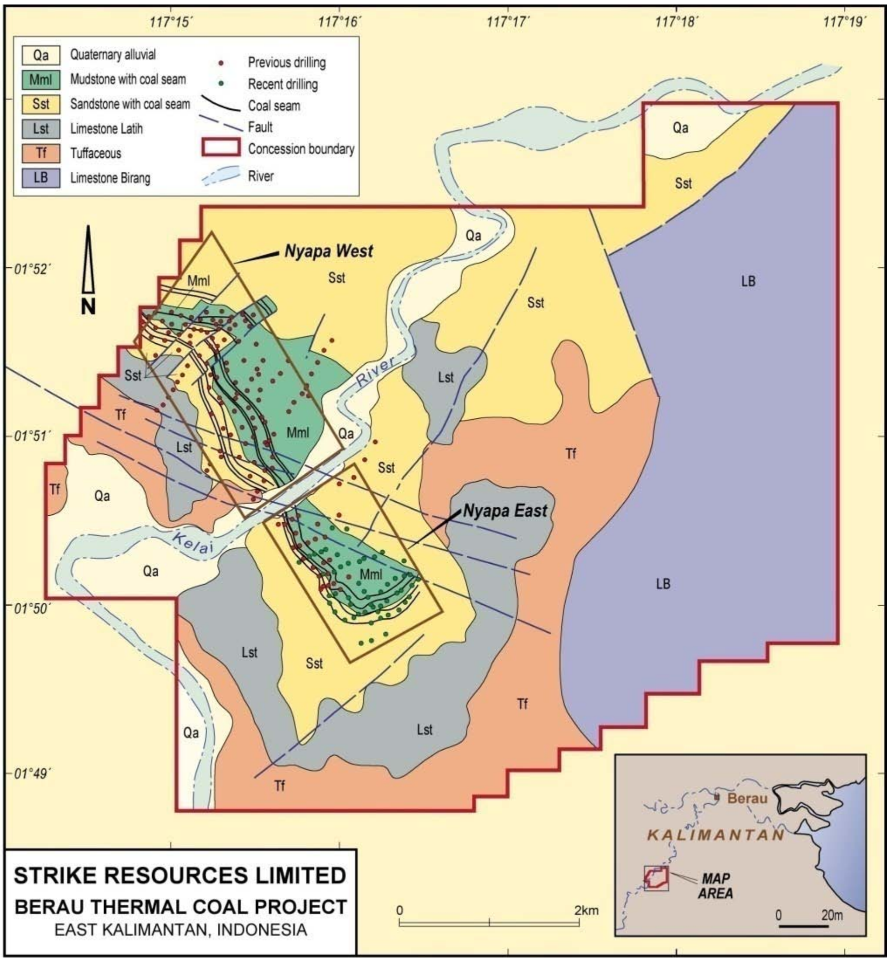
Whilst no target mineralisation can yet be provided for these areas, the Company is hopeful of delineating further significant additional coal deposits once further exploration is undertaken.

Project Geology

The Nyapa Coalfield is located in the southern Berau Sub-Basin. The identified Coal Resources occur within a sequence of mudstones, siltstones, sandstones and conglomerates - correlated as being within the Latih Formation of Miocene age.

A series of faults are interpreted to traverse the deposit. The figure below is a drill hole and geology map of the Berau concession.

Berau Project geological map



Basis of Resource Estimation

The latest JORC Resource assessment (December 2009) was conducted by independent consultants, SRK Consulting, based upon 9,866 metres of diamond core and open hole drilling. A total of 94 vertical holes were drilled and down-hole geophysical logging was performed on all drill holes.

The coal tonnage calculations are based on the relative density ("**RD**") model for the coal seams on an air dried basis ("**adb**"). A default density of 1.34 g/cc (deposit mean RD (adb)) was used where there was no borehole coverage. The Resource was vertically constrained by the modelled base of weathering surface.

The Resource upgrade was performed within the Nyapa East block only. No additional work was conducted within the Nyapa West block.

Coal Resources

Coal Resources for both blocks are summarised below:

Blocks within concession	JORC Coal Resources (Mt)			
	Measured	Indicated	Inferred	Sub-Total
Nyapa West	1.8	8.6	3.6	14.0
Nyapa East	9.2	2.5	2.0	13.7
Total	**11.0**	**11.1**	**5.6**	**27.7**

The Coal Resource in the Nyapa West block is estimated to be 14 Mt, comprising 1.8 Mt of Measured Resource, 8.6 Mt of Indicated Resource and 3.6 Mt of Inferred Resource.

The Coal Resource in the Nyapa East block is estimated to be 13.7 Mt, comprising 9.2 Mt of Measured Resource, 2.5 Mt of Indicated Resource and 2 Mt of Inferred Resource.

Structural Domain	Nyapa East Coal Resources (Mt)			
	Measured	Indicated	Inferred	Sub-Total
South Domain	9.2	1.5	0.4	11.1
North Domain	-	1.0	1.6	2.6
Total	**9.2**	**2.5**	**2.0**	**13.7**

The in situ coal within Nyapa West and Nyapa East Resources are of low ash, sub bituminous rank, with the following average qualities:

Deposit Name	Nyapa West	Nyapa East
Current JORC Resource	14 Mt	13.7 Mt
Calorific Value cal/g (gar)	5605	5633
Calorific Value cal/g (adb)	5800	5892
Total Moisture % (ar)	16.6	16.9
Inherent Moisture % (adb)	13.7	13.1
Ash % (adb)	5.8	6
Total Sulphur % (adb)	0.71	0.97

Within the 10.4Mt of Measured and Indicated Coal Resources in the Nyapa West block described above, 7.7 Mt of Probable Reserves have been estimated. This represents a conversion ratio of 74%.

Probable Reserves (Mt)	Calorific value kcal/kg (gross as received)	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). No studies have yet been undertaken to establish the extent of Coal Reserves in the Nyapa East block.

Project Approvals

Project approvals are proceeding in line with the project development timetable. The Project's Environmental Impact Analysis (*Analisis Mengenai Dampak Lingkungan* or AMDAL) was approved by the Regent of Berau in January 2010.

In February 2010 the Berau project coal concession was converted to a Mining Production Operations Licence (*Izin Usaha Pertambangan Operasi Produksi* or IUP Production Operations) under Indonesia's new Mining Law. Obtaining the IUP Production Operations is a key pre-requisite for the conduct of mining activities. This licence allows the mining and sale of coal, subject to final approval of the first year's annual budget and work plan by the Regent of Berau.

The budget and work plan has been submitted for approval and written confirmation is awaited.

Other granted approvals include the Special Area Port License.

Central Forestry approval for the alignment of the proposed mine-site to barge-port haul road and Regional Forestry approval of logging of trees in the area that will be disturbed by the mining operation have been granted, subject to completion of cataloguing tree species and quantities in the area of disturbance.

Analysis of all tenders is underway, including the second round of mining contract proposals. This work is aimed at confirming the key capital and operating cost components of the project, initially determined during the 2009 feasibility study, and facilitating the award of the mining and haul road contracts shortly after an investment decision is made on the project.

New Indonesian Mining Law

A new Mining Law came into force in Indonesia in January 2009. The new law foreshadowed the issue of a series of implementing regulations to clarify its operation in various key areas. The regulations were issued progressively over the following year. The new Mining Law, as supplemented by the regulations, prohibits a concession owner from receiving fees for work performed by a mining services provider and prevents concession owners from contracting out certain aspects of their mining and processing activities.

After taking advice on these matters, Strike and the concession owner commenced discussions about potential amendments to the contractual arrangements between them to ensure that they remain consistent with the new Mining Law and Regulations. Discussions are continuing at the date of this report. Strike continued to seek the permits required to commence mining in parallel with the discussions, however addressing the issues created by the new Mining Law has resulted in a delay to project commencement.

JORC Code Competent Person Statements

The information in this document which relates to estimated coal Mineral Resources at the Nyapa West block has been compiled by Mr William Park (BSc (Geology), BEcon, MAIG) who is a member of the Australian Institute of Geoscientists. The information in this document which relates to estimated coal Mineral Reserves at the Nyapa West block has been compiled by Mr Michael Trainor (BE (Mining), MAusIMM) who is a Member of The Australian Institute of Mining and Metallurgy. Mr Park and Mr Trainor are employees of PT Runge Indonesia, a related entity of RMMC Pty Ltd (formerly known as Minarco-MineConsult Pty Ltd) which was engaged by Strike Resources Limited to prepare those estimates. Messrs Park and 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)." Messrs Park and Trainor consent to the inclusion in this document of the matters based on their information in the form and context in which it appears.

The information in this document which relates to estimated coal Mineral Resources at the Nyapa East block is based on data compiled and supplied to SRK by an employee of Strike Resources Limited who is a Member of The Australasian Institute of Mining and Metallurgy. The Responsible Person for the Nyapa East Coal Resource estimate is Dr Gerry McCaughan who is a member of the AusIMM. Dr McCaughan is a full time employee of SRK Consulting Pty Ltd (which is unrelated to Strike Resources Limited) and has sufficient relevant experience to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr McCaughan consents to the inclusion in this document of the matters based on the coal Mineral Resource at the Nyapa East block in the form and context in which it appears.

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

The Paulsens East 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.

In November 2009 Strike executed a farm-out agreement for this project with Process Minerals International Pty Ltd ("**PMI**"), a subsidiary of ASX-listed Mineral Resources Limited.

Under the farm-out agreement PMI has exclusive rights to explore for and mine iron ore from Paulsens East. Strike retains the rights to other minerals. If PMI mines iron ore at this project it will pay Strike a royalty of A$ 3.20 per tonne, subject to variations in line with movements in an iron ore benchmark price.

PMI has completed field validation of Strike's drilling results and advised that it intends to conduct a desktop pre-feasibility study to assess the development options for the project. This study is expected to be completed by late 2010.

B. Peruvian Arbitration Settlement

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 Apurimac Ferrum options by Strike. 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 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 its interest in the Peruvian iron ore projects.

Key details of the settlement agreements are:

(a) All parties terminated all current legal proceedings against the others parties, including unfounded criminal proceedings brought by persons associated with D&C against two Strike Directors;

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

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

- US$17.25 million claimed 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
- US$7 million claimed 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 agreed to lend 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 are 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;

(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 converted to share capital according to an agreed formula. 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:

- 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 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
- 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. Corporate Matters

In September 2009 the Strike Board held a strategic review of operations and corporate governance.

Arising out of the strategic review:

- Strike reaffirmed that its principal focus is the Peruvian Iron Ore Projects and that it would seek to develop the Berau Coal Project to generate near-term cash flow to assist with funding Peruvian operations.
- Mr. Victor Ho resigned as Executive Director on 25 September 2009.
- Mr. Matthew Hammond was appointed as a Non-Executive Director on 25 September 2009. Details of Mr. Hammond's qualifications and experience can be found in the Directors' Report.

- Strike's then Chairman, Dr. John Stephenson, proposed to resign as Chairman and serve as an ordinary Non-Executive Director upon the Company securing a suitable successor. This succession plan was pre-empted by Dr. Stephenson's sad passing on 19 February 2010. Shanker Madan retired as Managing Director and was appointed to succeed as Dr Stephenson as Non-Executive Chairman on 24 March 2010.
- Mr. Ken Hellsten was appointed Managing Director on 24 March 2010 to succeed Mr Madan. Details of Mr. Hellsten's qualifications and experience can be found in the Directors' Report.
- Messrs Farooq Khan and William Johnson transitioned from Executive Directors to Non-Executive Directors on 30 April 2010.
- Victor Ho resigned as Company Secretary effective 30 April 2010.
- Stephen Gethin, Strike's General Counsel, was appointed to the role of Company Secretary on 30 April 2010, whilst also retaining his existing role.
- Strike implemented an Audit Committee and a Remuneration and Nomination Committee.

Directors' Report

The Directors present their report on Strike Resources Limited ("**Company**" or "**Strike**") and its controlled entities ("**Consolidated Entity**") for the financial year ended 30 June 2010 ("**Balance Date**").

Strike is a company limited by shares which 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 which it controlled during the financial year. Details of Strike's controlled entities during the financial year can be found at Note 12 of the Financial Statements.

No entities became controlled entities after the end of the financial year.

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

(a) 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; and

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

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 2010 financial year has been a positive year for the Company despite adverse external circumstances. With a strong cash balance, and having resolved a dispute with its partners in Apurimac Ferrum S.A., exploration and evaluation work recommenced in Peru on AF's iron ore projects. The Company is also well placed to take advantage of an anticipated recovery in financial and resource markets and to realise additional growth potential through the development of its interest in the prospective Apurimac and Cuzco iron ore projects and development of its Berau Thermal Coal Project.

Principal Activities

The principal activities of the Consolidated Entity during the financial year consisted of the ongoing exploration and evaluation of the Consolidated Entity's interest in the Apurimac and Cuzco Iron Ore Projects located in Peru, South America and its Berau Thermal Coal Project in Indonesia.

Significant Changes in the State of Affairs

Peruvian projects

On 30 June 2009 the Company executed two agreements with 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.

On 21 July 2009 the Company executed and completed an agreement settling its AF shareholder dispute with D&C Group S.A.C. and related companies ("**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 partners in Apurimac Ferrum;
- provide a framework for harmonious relations between the partners moving forward;
- extinguish Strike contingent liabilities of US$24.25 million;
- provide for a mechanism for funding AF for the next three years;
- establish that Strike has an undisputed 44% shareholding in AF with an option to acquire a further 19.25% for US$21 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.

These settlement agreements have been a very positive outcome, setting a foundation for the future development of the Company's interests in the Peruvian Iron Ore Projects.

Other Matters

Other than those mentioned above there were no other material changes in the state of affairs of the Consolidated Entity during the financial year.

Events Subsequent to Balance Date

There have been no events subsequent to the Balance Date requiring separate disclosure.

Operations Review

A detailed review of the operations of the Consolidated Entity can be found on pages 2 to 12 of this Full Year Report.

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 elsewhere in this Directors' Report or the Financial Report, that have significantly affected or may significantly affect the operations, the results of operations or the state of affairs of the Consolidated Entity in subsequent financial years.

Operating Results

The Consolidated Entity made an operating profit for the financial year of $19,961,626 (2009: loss $82,391,010) after booking a gain on the deconsolidation of subsidiaries on "loss of control" of $28,659,995 (2009: nil).

Gain/Loss per Share

Consolidated	2010	2009
Basic earnings/(loss) per share (cents)	15.35	(64.58)
Diluted earnings/(loss) per share (cents)	14.95	-
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings/(loss) per share	130,034,268	127,574,360

Dividends

No dividends have been paid or declared during the financial year. At the date of this Report no dividend has been recommended for payment in respect of the reporting period.

Capital Raisings

No capital raisings were undertaken during the current reporting period.

Summary of share capital changes during the period

Date	Description	Issue price	No. shares	Value of issue	Running balance of issued share capital
30/06/2009	Opening balance				130,034,268
	Movement in current period	N/A	-	-	-
30/06/2010	Closing balance				130,034,268

There were no movements in the share capital of the Consolidated Entity during the reporting period.

Options

Unlisted Directors' and employee options

During the financial year 450,000 unlisted employee options lapsed as a result of the cessation of employment of the option holder, refer Note 23.

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

Date of Issue	Description of unlisted options	Exercise price	Expiry date	No. of options	Vesting criteria
25 Nov 2009	$2.75 (24 Nov 2012) Director's Options	$2.50 $2.75 $3.25	24 Nov 2012	2,250,000	750,000 on 25 Nov 2009 750,000 on 25 Nov 2009 750,000 on 25 Nov 2009

Future Developments

During the reporting year, the Australian government proposed legislating a new tax that was to place an additional tax burden on resource mining companies with producing resource projects within Australia. At the date of this Report it is unclear if the proposed tax or a variant of the tax will be imposed on Australian resource projects. As the final structure of the proposed resource tax is unknown, the Company is unable to quantify how the tax will affect the Consolidated Entity's Australian project including its future financial performance.

Environmental Regulation and Performance

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 an affected company to assess its 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 25 September 2009, Mr. Victor Ho resigned from his directorship as part of the Board's strategic review of the Board's composition and structure. Mr and resigned as Company Secretary on 30 April 2010. The Board recognises Mr. Ho's dedication to the Company over the years and again wishes him well in his future endeavours.

As a result of the passing of Mr. John Stephenson in February 2010, Mr. H. Shanker Madan was appointed Non-Executive Chairman of the Board of Directors on 24 March 2010.

Mr. Ken Hellsten was appointed Managing Director on 24 March 2010, replacing Mr. H. Shanker Madan who was appointed Non-Executive Chairman on the same date.

On 30 April 2010, Mr. Farooq Khan and Mr. William Johnson transitioned from Executive Directors to Non-Executive Directors of the Company as a part of the Company's strategic review of the composition and structure of its Board.

Mr. Stephen Gethin was appointed Company Secretary on 30 April 2010, replacing Mr. Victor Ho on his resignation from that position.

Information concerning Directors who held office at the reporting date or during the reporting period is set out over the page.

Current Members of the Board of Directors

H. Shanker Madan	Chairman	
Appointed	24 March 2010	
Previous position held	Managing Director (26 September 2005 to 24 March 2010)	
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 the United States, working on a range of iron ore, diamond, gold, copper and chromate deposits. Mr. Madan has been involved in the discovery of 3 world-class iron deposits in Western Australia for Texas Gulf 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. Mr. Madan is a member of The Australian Institute of Mining and Metallurgy.	
Special responsibilities	Chair of the Board Member of the Audit Committee	
Relevant interest in securities	Shares	496,343
	Unlisted $0.938 (21 July 2011) directors' options	1,800,000
	Unlisted $2.788 (7 March 2012) directors' options	950,000
	Unlisted $3.978 (3 December 2012) directors' options	1,130,000
	Unlisted $2.500 (24 November 2012) directors' options	750,000
	Unlisted $2.750 (24 November 2012) directors' options	750,000
	Unlisted $3.250 (24 November 2012) directors' options	750,000
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	Nil	

Ken Hellsten	Managing Director	
Appointed	24 March 2010	
Qualifications	B. Sc Geology Hons (*Monash University*)	
Experience	Mr. Hellsten is a Geologist with over 30 years experience in the resources industry. He has been employed in senior executive roles ranging from exploration to development and operations with both large multi-national and smaller resources companies, including BHPBilliton, Centaur Mining, Ironclad Mining and Polaris Metals. During the past 20 years Mr. Hellsten has lead teams responsible for the definition and development of significant gold and nickel projects. Prior to his appointment to Strike, he served as Managing Director of Polaris Metals NL, where he added significant value for shareholders by progressing the company's iron-ore assets towards development, and leading a strategic partner search, which ultimately resulted in the acquisition of Polaris by Mineral Resources Limited in January 2010. Mr. Hellsten is a fellow of the Australasian Institute of Mining and Metallurgy and a member of the Australian Institute of Company Directors. He has previously served on the Executive Councils of the Association of Mining and Exploration Companies and the Northern Territory Chamber of Mines.	
Relevant interest in securities	Shares	187,083
Other current directorships in listed entities	Non-Executive Director of Heron Resources Ltd (HRR) and Brierty Limited (BYL)	
Former directorships in other listed entities in past 3 years	Polaris Metals NL (ceased 7 January 2010) Ironclad Mining Limited (ceased 29 February 2008)	

Farooq Khan	**Non-Executive Director**		
Appointed	30 April 2010		
Previous position held	Executive Director (3 September 1999 to 30 April 2010)		
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 sectors. He has considerable experience in the fields of capital raisings, mergers and acquisitions and investments.		
Special responsibilities	Member of the Audit Committee Member of the Remuneration and Nomination Committee		
Relevant interest in securities	Shares	530,010	(directly)
	Shares	13,190,802	(indirectly)
	Unlisted $0.178 (9 February 2011) options	1,833,333	(indirectly)
	Unlisted $0.278 (9 February 2011) options	1,666,667	(indirectly)
	Unlisted $0.938 (21 July 2011) directors' options	1,400,000	(directly)
	Unlisted $2.788 (7 March 2012) directors' options	700,000	(directly)
	Unlisted $3.978 (3 December 2012) directors' options	950,000	(directly)
Other current directorships in listed entities	Chairman and Managing Director of: Queste Communications Ltd (QUE) (since 10 March 1998) Chairman of: Orion Equities Limited (OEQ) (since 23 October 2006) Bentley Capital Limited (BEL) (Director since 2 December 2003) Executive Director of: Alara Resources Limited (AUQ) (since 18 May 2007) Non-Executive Director of: Interstaff Recruitment Limited (ITS) (since 27 April 2006)		
Former directorships in other listed entities in past 3 years	Scarborough Equities Limited (SCB) (29 November 2004 until it merged with BEL on 13 March 2009 and was delisted)		

William M. Johnson	**Non-Executive Director**	
Appointed	30 April 2010	
Previous position held	Executive Director (14 July 2006 to 30 April 2010)	
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 (13 September 2011) directors' options	500,000
	Unlisted $2.788 (7 March 2012) directors' options	350,000
	Unlisted $3.978 (3 December 2012) directors' options	390,000
Other current directorships in listed entities	Orion Equities Limited (OEQ) (since 28 February 2003) Bentley Capital Limited (BEL) (since 13 March 2009)	
Former directorships in other listed entities in past 3 years	Drillsearch Energy Limited (DLS) (24 October 2006 to 11 August 2008) Sofcom Limited (SOF) (18 October 2005 to 19 March 2008) Scarborough Equities Limited (SCB) (29 November 2004 until it merged with BEL on 13 March 2009 and was delisted)	

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 Ltd. 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).
Special responsibilities	Chairman of the Remuneration and Nomination Committee
Relevant interest in securities	Shares 100,000 (indirectly) Unlisted $2.078 (7 March 2012) directors' options 500,000 Unlisted $2.788 (7 March 2012) directors' options 600,000 Unlisted $3.978 (3 December 2012) directors' options 600,000
Other current directorships in listed entities	Non-Executive Director of: MIL Resources Limited (MGK) (since August 2001) Structural Monitoring Systems Plc (SMN) (since 17 October 2006) Advanced Braking Technology Ltd (ABV) (since 28 August 2006)
Former directorships in other listed entities in past 3 years	Nil

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	Nil
Former directorships in other listed entities in past 3 years	Nil

Mark P. M. Horn	Alternate 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 a mining and oil analyst.
Relevant interest in securities	Nil
Special responsibilities	Chairman of the Audit Committee
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 C. 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, Mr. Hammond was a deputy Director at Credit Suisse, where he worked for 12 years.
Special responsibilities	Member of the Remuneration and Nomination Committee
Relevant interest in securities	Nil
Other current directorships in listed entities	Nil
Former directorships in other listed entities in past 3 years	Nil

Directors Ceasing to Hold Office During the Year

John Stephenson	Non-Executive Chairman (ceased holding office on passing away on 19 February 2010)
Appointed	26 October 2005 (Non-Executive Chairman)
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 was a highly-experienced geologist with over 37 years' experience in the mining sector. He 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. During his career Dr. Stephenson also 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 was also 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.
Special Responsibilities	Former Non-Executive Chairman of the Board Former Member of the Audit Committee
Relevant interest in securities	Shares 200,000 Unlisted $0.938 (21 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	Nil
Former directorships in other listed entities in past 3 years	Chairman of Alara Resources Limited (AUQ)

Victor P. H. Ho	Executive Director (to 25 September 2009) and Company Secretary (to 30 April 2010)
Appointed	Secretary from 9 March 2000 and Director from 12 October 2000
Qualifications	BCom, LLB (*Western Australia*)
Experience	Mr. Ho has been in company secretarial/executive roles with a number of public listed companies since early 2000. Previously to this, 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 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 (6 March 2012) directors' options 350,000 Unlisted $3.978 (3 December 2012) directors' options 430,000
Other current directorships in listed entities	Executive Director of: Orion Equities Limited (OEQ) (Director since 4 July 2003)
Former directorships in other listed entities in past 3 years	Sofcom Limited (SOF) (Director between 3 July 2002 and 19 March 2008)

Company Secretary

Stephen Gethin	Company Secretary
Appointed	30 April 2010
Qualifications	Barrister and Solicitor of the Supreme Court of Western Australia, GradCert Tax *(Curtin)*
Experience	Mr. Gethin previously served as Company Secretary and general Counsel in ERG Limited from 2006 to 2008, when he joined Strike Resources as General Counsel. Mr. Gethin worked in the Corporate and Finance practice group in a national law firm from 2001 to 2004. He has extensive experience in capital raisings, corporate transactions and project agreements in Australia and overseas**.**

Directors' Meetings

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

	Board Meetings		Committee Meetings (Audit and Remuneration/Nomination)	
Name of Director	Attended	Maximum possible meetings	Attended	Maximum possible meetings
H. Shanker Madan	7	8	1	1
John Stephenson[1]	5	5	-	-
Ken Hellsten[2]	3	3	-	-
Farooq Khan	8	8	2	2
William Johnson	8	8	-	-
Malcolm Richmond	8	8	1	1
Victor Ho[3]	7	7	-	-
A. Farhad Moshiri (represented by Mark Horn as his Alternate Director)	8	8	1	1
Matthew Hammond[4]	6	7	1	1

1. Mr. Stephenson ceased holding office as a Director (Chairman) on 19 February 2010 on his passing away.
2. Mr. Hellsten was appointed Managing Director on 24 March 2010.
3. Mr. Ho ceased holding office as a Director on 25 September 2009.
4. Mr. Hammond was appointed a Director on 25 September 2009.

Board Committees

During the year the Company established an Audit Committee and a Remuneration and Nomination Committee. Each Committee consists of three Non-Executive Directors.

The Audit Committee was established to assist the Board in overseeing the Consolidated Entity's financial reporting and risk management systems. In addition to these matters, the Audit Committee Charter states that the Audit Committee assists the Board in overseeing the Consolidated Entity's external audit function. The Audit Committee reports to the Board on these matters at least twice a year and more frequently if required.

The Remuneration and Nomination Committee was established to assist the Board in the selection and retention of suitably-qualified directors and senior executives. Amongst its duties, the Remuneration and Nomination Committee is responsible for reviewing the performance and remuneration of the Board members and senior management of the Company. As part of the process of selecting and retaining suitable senior executives, the Remuneration and Nomination Committee is charged with the setting of goals for senior executives and the establishment of incentive schemes.

Remuneration Report (Audited)

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

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

(1) Remuneration Policy

The Board, with guidance from the Remuneration and Nomination Committee, determines the remuneration structure of all Key Management Personnel having regard to the Consolidated Entity's strategic goals, scale and scope of operations and other relevant factors, including experience and qualifications, length of service, market practice (including available data concerning remuneration paid by other listed companies, in particular companies of comparable size and nature) and the duties and responsibilities of the Key Management Personnel.

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, where applicable. The Non-Executive Directors of the Company are paid a maximum aggregate base remuneration of $500,000 per annum inclusive of employer superannuation contributions where applicable, to be divided as the Board determines appropriate.

During the year the aggregate fees paid to Non-Executive Directors of the Company were as follows:

Director	Office held	Gross salary/fees and employer superannuation for the period								
		Paid as an Executive Director				Paid as a Non-Executive Director				
		Base salary	Super-annuation	Long-service leave	Total executive fees	Base salary	Special exertions	Super-annuation	Total non-executive fees	Grand total
H. S. Madan[1]	Non-Executive Chairman	267,002	38,542	-	305,544	8,333	37,100	4,089	49,522	355,066
F. Khan[2]	Executive/Non-Executive Director	227,913	20,703	61,196	309,812	16,667	-	1,500	18,167	327,979
W. Johnson[3]	Executive/Non-Executive Director	70,021	6,276	-	76,297	7,500	18,204	2,313	28,017	104,314
M. Richmond	Non-Executive Director	-	-	-	-	-	53,200	33,706	86,906	86,906
F. Moshiri	Non-Executive Director	-	-	-	-	30,000	-	-	30,000	30,000
M. Horn	Alternate Director for Farhad Moshiri	-	-	-	-	-	36,400	-	36,400	36,400
M. Hammond	Non-Executive Director	-	-	-	-	22,962	-	-	22,962	22,962
J. Stephenson	Non-Executive Chairman	-	-	-	-	42,054	-	3,785	45,839	45,839
Total		**564,936**	**65,521**	**61,196**	**691,653**	**127,516**	**144,904**	**45,393**	**317,813**	**1,009,466**

1. Mr. Madan transitioned from Managing (Executive) Director to Non-Executive Chairman on 24 March 2010.
2. Mr. Khan transitioned from Executive Director to a Non-Executive Director on 30 April 2010.
3. Mr. Johnson transitioned from Executive Director to a Non-Executive Director on 30 April 2010.

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

- 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; and
- 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: Other than termination benefits disclosed in the section titled "Service Agreements" below, Key Management Personnel have no right to termination payments save for payment of accrued unused leave.

Post-employment benefits: Other than the legislated contributions to nominated complying superannuation funds of employees, the Company does not presently provide retirement benefits to Key Management Personnel.

Performance-related benefits: Details of performance-related benefits provided to Key Management Personnel can be found in the Service Agreements section below.

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

Equity-based benefits: Eligible Key Management Personnel are offered equity-based remuneration where the Board decides that it is appropriate to do so.

(2) Details of Remuneration of Key Management Personnel

Amounts of remuneration

Details of the remuneration of the Directors, the Key Management Personnel of the Group (as defined in *AASB 124 Related Party Disclosures*) and the five highest-paid executives of Strike Resources Limited and the Consolidated Entity are set out in the following tables.

The Key Management Personnel of the Group are the Directors of Strike Resources Limited (see pages 16 to 20 above) and those executives that report directly to the Managing Director being:

- Stephen Gethin *Company Secretary & General Counsel*
- Maxwell Hobson *Project Director – Peru*
- Michael Lowry *General Manager – Berau*
- David Lim *Chief Financial Officer*

The above-listed Key Management Personnel are also among the 5 highest remunerated Group and/or company executives as must be disclosed by the *Corporations Act 2001.*

Changes since the end of the reporting period

Maxwell Hobson resigned from the position of Project Director – Peru on 30 July 2010.

Key Management Personnel of the Group and other executives of the Company and the Group

Key Management Personnel	Short-term benefits		Post-employment benefits	Other long-term benefits	Termination benefits	Equity-based benefits	Total	Options as a % of total remuneration
2010	Cash salary and fees $	Non-cash benefit $	Super-annuation $	Long-service leave $	$	Options $	$	%
Non-Executive Directors:								
Matthew Hammond	22,962	-	-	-	-	-	22,962	-
Victor Ho	99,629	-	9,097	21,848	-	-	130,574	-
Mark Horn	36,400	-	-	-	-	-	36,400	-
Farooq Khan	244,580	-	22,203	61,196	-	-	327,979	-
William Johnson	95,725	-	8,589	-	-	-	104,314	-
Shanker Madan	312,435	4,445	42,631	-	-	423,719	783,230	54%
Farhad Moshiri	30,000	-	-	-	-	-	30,000	-
Malcolm Richmond	53,200	-	33,706	-	-	-	86,906	-
John Stephenson	42,054	-	3,785	-	-	-	45,839	-
Executive Directors:								
Ken Hellsten	85,000	74	7,650	-	-	-	92,724	-
Other key management personnel								
Stephen Gethin	121,965	6,575	65,343	-	-	-	193,883	-
Maxwell Hobson	231,651	-	20,849	-	152,905	-	405,405	-
David Lim	101,077	926	9,097	-	-	-	111,100	-
Michael Lowry	230,942	19,236	51,071	-	-	5,729	306,978	2%
Total	**1,707,620**	**31,256**	**274,021**	**83,044**	**152,905**	**429,448**	**2,678,294**	

Key Management Personnel	Short-term benefits		Post-employment benefits	Other long-term benefits	Termination benefits	Equity-based benefits	Total	Options as a % of total remuneration
2009	Cash salary and fees $	Non-cash benefit $	Super-annuation $	Long-service leave $	$	Options $	$	%
Non-Executive Directors:								
Mark Horn	36,400	-	-	-	-	-	36,400	-
A. Farhad Moshiri	27,692	-	-	-	-	-	27,692	-
Malcolm Richmond	100,700	-	9,063	-	-	299,365	409,128	73%
John Stephenson	77,900	-	7,011	-	-	157,848	242,759	65%
Executive Directors:								
Shanker Madan	275,000	-	24,750	-	-	381,301	681,051	56%
Farooq Khan	214,361	-	14,538	-	-	304,731	533,630	57%
Victor Ho	75,000	-	6,750	-	-	142,894	224,644	64%
William Johnson	100,308	-	9,027	-	-	143,384	252,719	57%
Total	**907,361**	**-**	**71,139**	**-**	**-**	**1,429,523**	**2,408,023**	

Cash fees paid to the Non-Executive Directors during the year include payments for additional services or the undertaking of any executive or other work for the Consolidated Entity 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 the Balance Date). This is described in further detail in section (3) of this Remuneration Report.

The relative proportions of remuneration received during the year that are linked to performance and those that are fixed are as follows:

Name	Fixed remuneration	At risk – STI	At risk – LTI#
Executive Directors			
Mr. H. S. Madan	46%	-	54%
Mr. K Hellsten	100%	-	-
Mr. V. Ho	100%	-	-
Mr. W. Johnson	100%	-	-
Other Key Management Personnel			
Mr. S. Gethin	100%	-	-
Mr. M. Hobson	100%	-	-
Mr. D. Lim	100%	-	-
Mr. M. Lowry	98%	-	2%

\# Long-term incentives relate to options issued to Key Management Personnel and the percentages disclosed are based on the value of the options expensed during the reporting period.

Service agreements: Details of the material terms of Service Agreements with Key Management Personnel are as follows:

- Mr S. Gethin's service agreement does not contain any incentive bonuses. Details of Mr Gethin's service agreement are as follows:
  - Commencement Date – 4 March 2008
  - Base Salary - $171,550 p.a.
- Mr K. Hellsten's service agreement contains incentive bonuses linked to the successful increase in the Consolidated Entity's resource inventory, completion of feasibilities studies and the successful development of the Consolidated Entity's projects. These bonuses are designed to incentivise Mr Hellsten to advance the Consolidated Entity's projects to the production phase. Details of Mr Hellsten's service agreement are as follows:
  - Commencement Date – 24 March 2010
  - Base Salary - $325,000 p.a.
  - Performance incentives:
    - Gross cash bonus of $100,000 or 30% of base salary per year. In the first year the bonus will be up to $100,000 in 3 tranches as outlined below:
      - $50,000, payable if Apurimac Ferrum S.A. ("**AF**") increases the JORC iron ore Resource at its Apurimac Project to 400 million tonnes ("**Mt**") within 12 months of his Commencement Date;
      - $25,000 payable if AF commences a bankable feasibility study into an iron ore mine on its Apurimac Project concessions within 12 months of Commencement Date; and
      - $25,000 payable if Strike develops or disposes of its interest in the Berau coal project within 6-9 months from Commencement Date.

  At the date of this report no cash bonuses had been granted to or forfeited by Mr. Hellsten in relation to the reporting period as the performance criteria had not been met.
  - Options – Mr Hellsten is to be issued the following options over the shares of Strike Resources, subject to shareholder approval.
    - 333,334 options, with an exercise price of $2.25, vesting on shareholder approval of the issue of the options;
    - 333,333 options, with an exercise price of $2.50, vesting on shareholder approval of the issue of the options; and
    - 333,333 options, with an exercise price of $2.75, vesting on shareholder approval of the issue of the options.

  At the date of this report no options have been granted to Mr Hellsten as a shareholder meeting had not be convened to approve the grant of the options.
  - Termination Benefit – 6 months gross base salary on termination other than for termination due to:
    - Misconduct;
    - Breach of contract; or
    - Removal as a Director by shareholders.
- Mr M. Hobson's service agreement did not contain any incentive bonuses. Details of Mr Hobson's service agreement are as follows:
  - Commencement Date – 7 September 2009

- Base Salary - $321,100 p.a.

- Mr D. Lim's service agreement does not contain any incentive bonuses. Details of Mr Lim's service agreement are as follows:
  - Commencement Date – 9 December 2009
  - Base Salary - $180,000 p.a.
- Mr M. Lowry's service agreement contains incentive bonuses linked to the successful development of the Consolidated Entity's Berau Thermal Coal Project and the Paulsens East Iron Ore Project. These incentive bonuses are designed to incentivise Mr Lowry to advance the Consolidated Entity's projects to production phase.
  - Commencement Date – 13 October 2008
  - Base salary - $273,000
  - Performance incentives:
    - Gross cash bonus of $100,000 on the commencement of production at the Company's Paulsens East Iron Ore Project, or sale of the project while still employed by the Company.
    - Gross cash bonus of $150,000 on the commencement of production at the Company's Berau Thermal Coal Project, or sale of the project while still employed by the Company.

  At the date of this report no cash bonuses had been granted to or forfeited by Mr. Lowry in relation to the reporting period as the performance criteria had not been met.
- All contracts with Key Management Personnel may be terminated by each party, with notice periods from 1 - 3 months. No specific termination benefits are payable on termination of the service agreements other than those payable to Mr Hellsten.
- Other than those listed above, no other member of Key Management Personnel have entitlements to cash bonuses included in their service agreements.
- Members of the Consolidated Entity's Key Management Personnel are entitled to participate in the Consolidated Entity's employee share option plan.

(3) Unlisted Directors' and Employee Options

During the year 2,250,000 options over ordinary shares of the Company were granted to a member of the Consolidated Entity's Key Management Personnel for no consideration. Key inputs for the valuation of the granted options are contained in the following table:

Grant date	Description of unlisted options	Exercise price	Share price at grant date	Risk-free rate	Vesting date/ condition	Expected volatility of Company's share price	Dividend yield
25 Nov 2009	$2.50 (24 Nov 2012) Directors' Options	$2.50	$0.77	4.97%	24 Nov 09	80%	nil
25 Nov 2009	$2.75 (24 Nov 2012) Directors' Options	$2.75	$0.77	4.97%	24 Nov 09	80%	nil
25 Nov 2009	$3.25 (24 Nov 2012) Directors' Options	$3.25	$0.77	4.97%	24 Nov 09	80%	nil

The fair value of Directors' and employee options are expensed on a pro rata basis, from their date of grant, over their vesting period. Fair values are determined as at date of grant using a Black-Scholes option valuation model that takes into account conditions such as the exercise price, the term of the option, the underlying share price as at date of grant, dividends paid, the expected price volatility of the underlying shares and the risk-free interest rate for the term of the option.

There were no shares issued as a result of the exercise of any Directors' or employee options during the year (2009: nil).

Unlisted options held by Key Management Personnel as at the reporting date are as follows:

	No. Granted	Grant date	Vested	Vest date & exercisable	Expiry date	Exercise price $	Value per option at grant date $	Fair value at grant date $
Directors								
V. Ho	430,000	03/12/2007	215,000	03/12/2007	02/12/2012	3.978	0.9541	205,132
			215,000	03/12/2008	02/12/2012	3.978	0.9541	205,123
	600,000	21/07/2006	180,000	21/07/2006	20/07/2011	0.938	0.4368	78,624
			180,000	21/07/2007	20/07/2011	0.938	0.4368	78,624
			240,000	21/07/2008	20/07/2011	0.938	0.4368	104,832
	350,000	07/03/2007	105,000	07/03/2007	06/03/2012	2.788	1.1357	119,249
			105,000	07/03/2008	06/03/2012	2.788	1.1357	119,249
			140,000	07/03/2009	06/03/2012	2.788	1.1357	158,998
W. Johnson	390,000	03/12/2007	195,000	03/12/2007	02/12/2012	3.978	0.9541	186,050
			195,000	03/12/2008	02/12/2012	3.978	0.9541	186,050
	500,000	13/09/2006	150,000	13/09/2006	12/09/2011	0.938	0.5580	83,700
			150,000	13/09/2007	12/09/2011	0.938	0.5580	83,700
			200,000	13/09/2008	12/09/2011	2.788	0.5580	111,600
	350,000	07/09/2007	105,000	07/03/2007	06/03/2012	2.788	1.1357	119,249
			105,000	07/03/2008	06/03/2012	2.788	1.1357	119,249
			140,000	07/03/2009	06/03/2012	2.788	1.1357	158,998
F. Khan	950,000	03/12/2007	475,000	03/12/2007	02/12/2012	3.978	0.9541	453,198
			475,000	03/12/2008	02/12/2012	3.978	0.9541	453,198
	1,400,000	21/07/2006	420,000	21/07/2006	20/07/2011	0.938	0.4368	183,456
			420,000	21/07/2007	20/07/2011	0.938	0.4368	183,456
			560,000	21/07/2008	20/07/2011	0.938	0.4368	244,608
	700,000	07/03/2007	210,000	07/03/2007	06/03/2012	2.788	1.1357	238,497
			210,000	07/03/2008	06/03/2012	2.788	1.1357	238,497
			280,000	07/03/2009	06/03/2012	2.788	1.1357	317,996
H. S. Madan	1,130,000	03/12/2007	565,000	03/12/2007	02/12/2012	3.978	0.9541	539,067
			565,000	03/12/2008	02/12/2012	3.978	0.9541	539,067
	1,800,000	21/07/2006	540,000	21/07/2006	20/07/2011	0.938	0.4368	235,872
			540,000	21/07/2007	20/07/2011	0.938	0.4368	235,872
			720,000	21/07/2008	20/07/2011	0.938	0.4368	314,496
	950,000	07/03/2007	285,000	07/03/2007	06/03/2012	2.788	1.1357	323,675
			285,000	07/03/2008	06/03/2012	2.788	1.1357	323,675
			380,000	07/03/2009	06/03/2012	2.788	1.1357	431,566
	750,000	24/11/2009	750,000	24/11/2009	24/11/2012	2.500	0.2069	155,197
	750,000	24/11/2009	750,000	24/11/2009	24/11/2012	2.750	0.1917	143,759
	750,000	24/11/2009	750,000	24/11/2009	24/11/2012	3.250	0.1664	124,763
M. Richmond	600,000	03/12/2007	300,000	03/12/2007	02/12/2012	3.978	0.9541	286,230
			300,000	03/12/2008	02/12/2012	3.978	0.9541	286,230
	500,000	07/03/2007	150,000	07/03/2007	06/03/2012	2.078	1.3628	204,426
			150,000	07/03/2008	06/03/2012	2.078	1.3628	204,426
			200,000	07/03/2009	06/03/2012	2.078	1.3628	272,568
	600,000	07/03/2007	180,000	07/03/2007	06/03/2012	2.788	1.0626	191,265
			180,000	07/03/2008	06/03/2012	2.788	1.0626	191,265
			240,000	07/03/2009	06/03/2012	2.788	1.0626	255,020
J. Stephenson	500,000	03/12/2007	250,000	03/12/2007	02/12/2012	3.978	0.9541	238,525
			250,000	03/12/2008	02/12/2012	3.978	0.9541	238,525
	800,000	21/07/2006	240,000	21/07/2006	20/07/2011	0.938	0.4368	104,832
			240,000	21/07/2007	20/07/2011	0.938	0.4368	104,832
			320,000	21/07/2008	20/07/2011	0.938	0.4368	139,776
	500,000	07/03/2007	105,000	07/03/2007	06/03/2012	2.788	1.1357	119,249
			105,000	07/03/2008	06/03/2012	2.788	1.1357	119,249
			140,000	07/03/2009	06/03/2012	2.788	1.1357	158,998
Other Key Management Personnel								
S. Gethin	250,000	04/06/2008	83,334	04/03/2008	05/03/2013	2.880	1.2865	107,213
			83,333	04/09/2008	05/03/2013	2.880	1.2865	107,212
			83,333	04/03/2009	05/03/2013	2.880	1.2865	107,212
M. Lowry	250,000	14/10/2008	83,334	14/01/2009	13/10/2013	2.750	0.2390	19,917
			83,333	14/06/2009	13/10/2013	2.750	0.2390	19.917
			83,333	14/10/2009	13/10/2013	2.750	0.2390	19,917

(4) Other Benefits Provided to Key Management Personnel

No Key Management Personnel has, during or since the end of the 30 June 2010 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 or with a firm of which the Key Management Personnel is a member, or with a company in which they have a substantial interest.

(5) Securities Trading Policy

The Company's Share Trading Policy regulates Key Management Personnel's dealings in the Company's securities. The 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,

whilst 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 price, in accordance with the Corporations Act. The Policy also prohibits communicating inside information to any other person when the Key Management Personnel should reasonably know that they may deal in the Company's securities or encourage another person to do so.

In order to further reduce the risk of inappropriate securities dealing, Key Management Personnel must not deal in Company securities without the written consent of the Chairman. The Chairman must not deal in Company securities without the written consent of the Chair of the Audit Committee. Consent will not be given during certain "blackout" periods before key reporting dates or while inside information exists. Key Management Personnel must inform the Company Secretary of all transactions they enter into involving the Company's securities to enable disclosure to the market, where required.

This concludes the audited remuneration report.

Directors' and Officers' Insurance

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

Directors' Deeds

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

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

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

Auditor

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

Audit & Review Fees – BDO Audit (WA) Pty Ltd	$72,450
Fees for non-audit services	-
Related parties of BDO Audit (WA) Pty Ltd	$8,334
Total	**$80,784**

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 Audit (WA) Pty Ltd continues in office in accordance with section 327B of the *Corporations Act 2001*.

Auditors' Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 forms part of this Directors' Report and is set out on page 29.

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 ended 30 June 2010.

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

H. Shanker Madan	**Ken Hellsten**
Chairman	Managing Director

28 September 2010

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38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

28 September 2010

The Directors
Strike Resources Limited
Level 8, 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 2010, 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.

Brad McVeigh
Director

BDO

BDO Audit (WA) Pty Ltd
Perth, Western Australia

Statement of Comprehensive Income

for the year ended 30 June 2010

	Note	Consolidated Entity 2010 $	2009 $
Revenue from continuing operations	2	2,191,586	2,763,873
Other income	2	1,797,640	798,351
		3,989,226	3,562,224
Occupancy costs		(353,840)	(292,136)
Finance costs		(38,254)	(649,849)
Borrowing costs		(167)	(37)
Personnel costs			
Cash remuneration		(2,970,564)	(3,701,909)
Directors' & employees' option expense		(429,448)	(1,806,287)
Provision for employee benefits		-	(129,581)
Other corporate costs		(3,020,361)	(5,461,778)
Net gains/(losses) on financial instruments held as fair value through profit and loss		440,295	(1,499,660)
Net gains/(losses) on financial instruments held as available-for-sale		-	(312,615)
Impairment losses	2	(6,315,256)	(72,099,382)
Gain on loss of control of subsidiaries	9	28,659,995	-
Profit/(loss) before income tax		19,961,626	(82,391,010)
Income expense tax	3	-	-
Profit/(loss) for the year		19,961,626	(82,391,010)
Profit/(loss) is attributable to:			
Equity holders of Strike Resources Limited		19,961,626	(81,463,402)
Non-controlling interests		-	(927,608)
		19,961,626	(82,391,010)
Other comprehensive income			
Exchange differences on translation of foreign operations		(4,669,610)	818,396
Net gain/(loss) on available-for-sale financial assets		-	1,065,223
Other comprehensive income/(loss) net of tax		(4,669,610)	1,883,619
Total comprehensive income/(loss) for the year		15,292,016	(80,507,391)
Total comprehensive income for the year is attributable to:			
Equity holders of Strike Resources Limited		15,292,016	(79,579,783)
Non-controlling interests		-	(927,608)
		15,292,016	(80,507,391)
Basic earnings/(loss) per share (cents)	6	15.35	(64.58)
Diluted earnings/(loss) per share (cents)	6	14.95	-

This statement of comprehensive income should be read in conjunction with the accompanying notes.

Balance Sheet

as at 30 June 2010

	Note	Consolidated Entity 2010 $	2009 $
Current assets			
Cash and cash equivalents	7	41,445,175	55,726,752
Trade and other receivables	8	890,338	4,162,775
Financial assets at fair value through profit and loss	11	327,190	294,895
Total current assets		42,662,703	60,184,422
Non-current assets			
Trade and other receivables	8	539	2,334,196
Property, plant and equipment	10	1,237,714	977,348
Available-for-sale financial assets	11	1,096,500	688,500
Exploration and evaluation expenditure	14	21,129,916	18,642,548
Total non-current assets		23,464,669	22,642,592
Total assets		66,127,372	82,827,014
Current liabilities			
Trade and other payables	15	564,586	26,084,185
Provisions	16	118,335	357,266
Total current liabilities		682,921	26,441,451
Non-current liabilities			
Trade and other payables	15	14,631	6,237,357
Total non-current liabilities		14,631	6,237,357
Total liabilities		697,552	32,678,808
Net assets		65,429,820	50,148,206
Equity			
Issued capital	17	144,846,669	144,846,669
Reserves	18	12,632,008	16,872,170
Accumulated losses		(92,048,857)	(112,010,483)
Capital and reserves attributable to owners of Strike Resources Limited		65,429,820	49,708,356
Non-controlling interests		-	439,850
Total equity		65,429,820	50,148,206

This balance sheet should be read in conjunction with the accompanying notes.

Statement of Changes in Equity
for the year ended 30 June 2010

	Issued Capital $	Currency Translation Reserve $	Revaluation Reserve $	Share-based Payments Reserve $	Accumulated Losses $	Total $	Non-Controlling Interest $	Total Equity $
Balance as at 1 July 2008	79,983,760	3,491,940	(1,065,223)	9,843,111	(30,547,081)	61,706,507	1,986,989	63,693,496
Total income for the period								
Current period loss	-	-	-	-	(81,463,402)	(81,463,402)	(927,608)	(82,391,010)
Other comprehensive income								
Change in fair value – available-for-sale assets	-	-	1,065,223	-	-	1,065,223	-	1,065,223
Exchange differences on translation of foreign operations	-	818,396	-	-	-	818,396	-	818,396
Total comprehensive income for the year	-	818,396	1,065,223	-	(81,463,402)	(79,579,783)	(927,608)	(80,507,391)
Transactions with owners in their capacity as owners:								
Share options	-	-	-	2,718,723	-	2,718,723	-	2,718,723
Share placement	49,687,236	-	-	-	-	49,687,236	-	49,687,236
Shares issued for acquisition of subsidiaries	18,715,000	-	-	-	-	18,715,000	-	18,715,000
Share issue expenses	(3,543,189)	-	-	-	-	(3,543,189)	-	(3,543,189)
Option conversion	3,862	-	-	-	-	3,862	-	3,862
Movement in non-controlling interest	-	-	-	-	-	-	(619,531)	(619,531)
Balance as at 30 June 2009	**144,846,669**	**4,310,336**	**-**	**12,561,834**	**(112,010,483)**	**49,708,356**	**439,850**	**50,148,206**
Total income for the period								
Current period profit	-	-	-	-	19,961,626	19,961,626	-	19,961,626
Other comprehensive income								
Exchange differences on translation of foreign operations	-	(4,669,610)	-	-	-	(4,669,610)	-	(4,669,610)
Total comprehensive income for the year	-	(4,669,610)	-	-	19,961,626	15,292,016	-	15,292,016
Transactions with owners in their capacity as owners:								
Share options	-	-	-	429,448	-	429,448	-	429,448
Movement in non-controlling interest	-	-	-	-	-	-	(439,850)	(439,850)
Balance as at 30 June 2010	**144,846,669**	**(359,274)**	**-**	**12,991,282**	**(92,048,857)**	**65,429,820**	**-**	**65,429,820**

This statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

for the year ended 30 June 2010

	Note	Consolidated Entity 2010 $	2009 $
Cash flows from operating activities			
Payments to suppliers and employees		(5,464,554)	(4,586,001)
Dividends received		-	4,593
Interest paid		(188)	(37)
Net cash outflow from operating activities	7a	(5,464,742)	(4,581,445)
Cash flows from investing activities			
Payments for property, plant and equipment		(726,684)	(824,403)
Cash held in trust for Apurimac Ferrum		-	(3,059,585)
Cash acquired from purchase of subsidiaries		-	76,971
Exploration and evaluation expenditure		(2,396,344)	(13,580,404)
Interest received		1,886,613	2,697,544
Acquisition of subsidiary		-	(668,422)
Acquisition of investment in associate		(1,138,786)	-
Loan to associate – Apurimac Ferrum		(6,519,966)	-
Net cash outflow from investing activities		(8,895,167)	(15,358,299)
Cash flows from financing activities			
Proceeds from share issues and options		-	49,691,099
Payments for share issue cost		-	(2,624,151)
Net cash inflow from financing activities		-	47,066,948
Net increase/(decrease) in cash and cash equivalents		(14,359,909)	27,127,204
Cash and cash equivalents at beginning of the year		55,726,752	23,801,331
Effect of exchange rate changes on cash balance		78,332	4,798,217
Cash and cash equivalents at year end	7	41,445,175	55,726,752

This statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

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 statements. The accounting policies have been consistently applied, unless otherwise stated.

The financial statements presented are for the Consolidated Entity consisting of Strike, its subsidiaries and its interest in associate entities. Separate financial statements for Strike Resources Limited the entity are no longer presented as consequence of a change to the *Corporations Act 2001* and Australian Accounting Standards, however summary financial information for the Company as a separate entity is included in Note 20.

Strike Resources Limited is a company limited by shares, incorporated and domiciled in Australia.

a) Basis of Preparation

The financial statements have 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 status 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 statements have been appropriately prepared on a going-concern basis.

Financial statement presentation

The Consolidated Entity has applied the revised *AASB 101 Presentation of Financial Statements* which came into effect on 1 January 2009. The revised standard requires the separate presentation of a statement of comprehensive income and a statement of changes in equity. All non-owner changes in equity must now be presented in the statement of changes in equity.

An amendment to the *Corporations Act 2001* in June 2010 has removed the requirement for an entity required to prepare consolidated accounts from having to prepare separate financial statements for the year ended 30 June 2010.

As a consequence of the above changes the Consolidated Entity has changed the presentation of its financial statements.

b) Statement of Compliance

The financial statements (comprising the financial statements and notes thereto) are general-purpose financial statements that have 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*.

Compliance with IFRS

The consolidated financial statements of the Strike Resources Group also comply with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board (IASB).

c) Basis of Measurement

The financial statements have been prepared on an accruals basis and are based on historical costs, modified by the revaluation of financial assets and financial liabilities to their fair value.

d) Early Adoption of Standards

The Group has adopted the revised *AASB 9 Financial Instruments* on 1 January 2010 and will apply the revised provisions to financial assets for the half-year commencing 1 July 2009. As allowed by *AASB 9* if adopted early, the Group has elected not to restate prior periods. Any adjustments between the previous carrying amounts and the carrying amount as restated have been recognised in the opening retained earnings at 1 July 2009, where required.

e) Critical Accounting Estimates and Judgements

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 is able to develop the relevant area of interest itself or, if not, whether it can successfully recover the capitalised exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the grade and quantity of 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.

The Consolidated Entity, through a co-operation agreement with the concession holder PT KJB, holds a coal mining right over the Berau coal concession. As a result of changes to the Indonesian mining law resulting in inconsistencies between the law and the co-operation agreement, both parties to the agreement are in the process of renegotiating terms of the agreement so that it complies with the new laws and regulations. The co-operation agreement provides that if any of its provisions conflict with any law the parties must negotiate in good faith to agree on amendments to address the issue. As it is anticipated that the inconsistencies between the law and the co-operation agreement will be resolved through the current negotiation process, the capitalised exploration and evaluation costs related to Berau are not considered impaired.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, the excess value above the recoverable value is expensed through the Statement of Comprehensive Income in the calculation of profit or loss for the period in which the 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 23. 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 are 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.

Fair value of investment in associate

On the reclassification of a subsidiary to an associate, due to “loss of control”, the Consolidated Entity is required to fair-value the investment in the associate on initial recognition. Where the investment relates to an investment in an entity with quoted securities the Consolidated Entity values the investment with reference to the bid price of the securities on the day of the transaction. Where there is no active market in the securities of the fair-valued financial asset the Consolidated Entity determines the fair value of the investment by reference to, among other things, the following:

- Current market conditions;
- Expected future cash flows; and
- Fair value of similar financial instruments or entities based on arm’s length market transactions between knowledgeable, willing parties.

When determining the fair value of an investment for which there is no active market the Consolidated Entity uses valuation techniques that best suit the financial asset being valued. Valuations are inherently subjective and the Consolidated Entity makes critical judgements and estimates when determining both the type and quantum of inputs used in the valuation model.

During the current reporting period the Consolidated Entity engaged an “Independent Expert” to fair-value its investment in an associate entity (Apurimac Ferrum S.A.). As the value of the associate was deemed to be represented by the value of the underlying exploration projects held by the entity and, due to the early exploration phase of the project, it was determined that the empirical/yardstick valuation method would be the most appropriate method to use in determining a fair value.

After receiving an initial independent valuation of the investment, due to the inherently uncertain nature of the inputs used in the valuation model, including the uncertainty surrounding the global economic climate, at the Balance Date the Board of the Consolidated Entity exercised its discretion and decided that for financial reporting purposes, it would be prudent to maintain a full impairment of the value of its shareholding in Apurimac Ferrum S.A. (2009: $nil). The Board and management of the Consolidated Entity continue to pursue the development of the iron ore projects held by Apurimac Ferrum S.A., along with its partners, and expects to re-evaluate the carrying value of the asset when a more robust valuation model is able to be used.

f) 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 12 to the financial statements. All inter-company balances and transactions between entities in the consolidated Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those policies applied by the Company.

Changes in ownership interests

The Consolidated Entity treats transactions with non-controlling interests that do not result in a loss of control as transactions with the equity owners of the Consolidated Entity. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve with equity attributable to owners of Strike Resources Limited.

When the Consolidated Entity ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying value recognised in profit or loss. The fair value is the initial carrying value amount for the purposes of subsequently accounting for the retained interest as an associate, joint controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a jointly-controlled entity or an associate is reduced but joint control or significant influence is retained, only a portion of the share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

g) Investments in Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the parent entity financial statements using the cost method, or at fair value on transition from a subsidiary, and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost, or at fair value on transition from a subsidiary.

The Consolidated Entity's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends received from associates are recognised in the parent entity's profit or loss, while in the consolidated financial statements they reduce the carrying amount of the investment.

When the Consolidated Entity's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the Consolidate Entity does not recognise any further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Consolidated Entity and its associate are eliminated to the extent of the Group's interest in the associate.

The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition (refer Note 9).

h) Mineral Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred is initially capitalised in respect of each identifiable area of interest where the Company has right of tenure. 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.

i) Operating Segments

As of 1 July 2009 the Group determines and presents operating segments based on the information which is provided to the Managing Director internally, who is the Group's chief operating decision maker. This change in accounting policy is due to the adoption of *AASB 8 Operating Segments.* Previously operating segments were determined and presented in accordance with *AASB 114 Segment Reporting*.

Comparative segment information has been re-presented in conformity with the transitional requirements of *AASB 8*. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.

An operating segment is a component of the Consolidated Entity which engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses which relate to transactions with any of the Group's other components. An operating segment is identified as a segment whose operating results are reviewed regularly by the Managing Director to make decisions about resources to be allocated to the segment, assess its performance, and for which discrete financial information is available.

Segment results which are reported to the Managing Director include items directly attributable to a segment as well as those which can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, foreign exchange movements and gain on loss of control of subsidiaries.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets other than goodwill.

j) Revenue Recognition

Revenue is measured as the fair value of the consideration received or receivable. 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:

(i) 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 and the risks and rewards of ownership of the goods/assets to the buyer.

(ii) Interest revenue

Interest revenue is recognised using the effective interest method, whereby interest is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

(iii) 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.

(iv) Other revenues

Other revenues are recognised on a receipts basis.

k) 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 Balance Date exchange rate. Exchange differences arising on the translation of monetary items are recognised in the Statement of Comprehensive Income, 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 Statement of Comprehensive Income.

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 exchange rates prevailing at the 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 Statement of Comprehensive Income in the period in which the operation is disposed.

l) 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 for 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, which at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The amount of deferred tax assets 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 will 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.

m) 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 expense. Receivables and payables in the balance sheet are shown inclusive of GST where applicable. Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

n) Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the 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 hence 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.

o) Director/Employee Options

The fair value of options granted by the Company to Directors and employees are recognised as an employment 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 (vesting period). The fair value at grant date is determined using the Black-Scholes valuation model that takes into account the exercise price, the term of the option, the vesting criteria, the share price at grant date, dividends, 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.

p) 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 six months or less and bank overdrafts. Bank overdrafts (if any) are shown within short-term borrowings in current liabilities on the balance sheet.

q) 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 Statement of Comprehensive Income.

r) Investments and Other Financial Assets

Recognition

The Group recognises receivables on the date that they originate. All other financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

Financial assets are classified based on the objective of the Group's business model for managing the financial assets and the characteristics of the contractual cash flows.

The Group derecognises a financial asset when the contractual cash flows from the asset expires, or it transfers the rights to receive the contractual cash flows such that substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial assets at fair value are measured initially at fair value, which includes transaction costs directly attributable to the acquisition of the financial asset. Subsequent movements in fair value are recognised in profit or loss.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period, in which case they are classified as non-current assets.

Available-for-sale financial assets

Available-for-sale financial assets comprising principally marketable equity securities are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the end of the reporting period. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Profit or loss arising on the sale of equity investments is recognised in profit or loss unless the election has been made to recognise fair value movements in other comprehensive income, in which case the profit or loss on sale is also recognised in other comprehensive income.

Impairment

Impairment losses on financial assets at fair value are recognised in profit or loss, unless the election has been made to recognise movements in fair value in other comprehensive income, in which case impairment losses are recognised in other comprehensive income.

s) 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 impairment has arisen. Impairment losses are recognised in the Statement of Comprehensive Income.

t) Fair Value Estimation

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

u) Property, Plant and Equipment

All property, plant and equipment are 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 property, 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 Statement of Comprehensive Income during the financial period in which they are incurred.

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

Furniture & fittings	15% to 66.67%
Computer equipment	33.33% to 66.67%
Plant & equipment	20%
Leasehold improvements	15%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting 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 consideration received with carrying amount. These are included in the Statement of Comprehensive Income in the period in which the disposal occurs.

v) 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 Statement of Comprehensive Income. 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.

w) Payables

These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year, which remain unpaid at the Balance Date. The amounts are unsecured and are usually paid within 30 days of invoice date.

x) 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.

y) Earnings per Share

Basic earnings per share are 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.

z) 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 Statement of Comprehensive Income is restated as if the operation had been discontinued from the start of the comparative period.

aa) Leases

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

ab) Parent Entity Financial Information

The financial information for the parent entity, Strike Resources Limited, disclosed in Note 20 has been prepared on the same basis as the consolidated financial statements.

ac) Business Combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred to the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

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.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

Change in accounting policy

A revised *AASB 3 Business Combinations* became operative on 1 July 2009. While the revised standard continues to apply the acquisition method to business combinations, there have been some significant changes.

All purchase consideration is now recorded at fair value at the acquisition date. Contingent payments classified as debt are subsequently remeasured through profit or loss. Under the Group's previous policy, contingent payments were only recognised when the payments were probable and could be measured reliably and were accounted for as an adjustment to the cost of acquisition.

Acquisition-related costs are expensed as incurred. Previously, they were recognised as part of the cost of acquisition and therefore included in goodwill.

Non-controlling interests in an acquiree are now recognised either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. Under the previous policy, the non-controlling interest was always recognised at its share of the acquiree's net identifiable assets.

If the Group recognises previous acquired deferred tax assets after the initial acquisition accounting is completed there will no longer be any adjustment to goodwill. As a consequence, the recognition of the deferred tax asset will increase the Group's net profit after tax.

ad) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Consolidated Entity'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.

ae) 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 Date. Increases due to additional environmental disturbances, relating to the development of an asset, are capitalised and amortised over the remaining life of the relevant project.

Annual increases in the provision relating to the change in the net present value of the provision are accounted for in the Statement of Comprehensive Income 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.

af) New Standards and Interpretations Released but not yet Adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2010 reporting periods and have not yet been applied in the financial report. The Company's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB Interpretation 19 Extinguished financial liabilities with equity instruments and AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19 (effective 1 July 2010)

AASB Interpretation 19 clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished by the debtor issuing its own equity instruments to the creditor (debt for equity swap). It requires a gain or loss to be recognised in profit or loss which is measured as the difference between the carrying value of the financial liability and the fair value of the equity instruments issued. The Company will apply the interpretation from 1 July 2010. It is not expected to have any impact on the Company's financial statements since it is only retrospectively applied from the beginning of the earliest period presented (1 July 2009) and the Company has not entered into any debt for equity swaps since that date.

None of the other amendments or interpretations are expected to affect the financial results of the Strike Resources Group.

2. Profit/(Loss) for the Year

		Consolidated Entity 2010	2009
		$	$
(a)	*Revenue*		
	Revenue from continuing operations		
	Interest received – other	2,191,586	2,759,280
	Dividends from shares	-	4,593
		2,191,586	2,763,873
	Other income		
	Foreign exchange gain/(loss)	1,797,640	793,219
	Other income	-	5,132
	Total revenue and other income	3,989,226	3,562,224
(b)	*Expenses*		
	Operating expenses		
	Occupancy costs	353,840	292,136
	Finance costs	38,254	649,849
	Borrowing costs – interest paid	167	37
		392,261	642,022
	Personnel costs		
	Cash remuneration	2,970,564	3,701,909
	Directors' and employees' options	429,448	1,806,287
	Provision for employee benefits	-	129,581
		3,400,012	5,637,777
	Administration costs		
	Consultancy fees	501,352	558,110
	Professional fees	1,515,062	3,414,772
	Communication	57,084	189,563
	Travel and incidentals	406,731	405,621
	Depreciation	56,893	113,383
	Write off obsolete assets	-	215,625
	Other corporate expenses	483,239	564,704
		3,020,361	5,461,778
	Impairment losses		
	Resource projects	-	42,566,215
	Mining-related expenditure	-	18,501,437
	Acquisition cost	-	11,031,730
	Loans to associated entity	6,315,256	-
		6,315,256	72,099,382
	Fair value adjustment – financial assets held as fair value through profit or loss	(440,295)	1,499,660
	Fair value adjustment – financial assets held as available-for-sale	-	312,615
	Gain on deconsolidation of subsidiary – Apurimac Ferrum S.A.	(29,802,852)	-
	Loss on deconsolidation of subsidiary – Iron Associates Corporation	1,142,857	-
		(15,972,400)	85,953,234

3. Income Tax Expense

		Consolidated Entity 2010 $	2009 $
(a)	Income tax expense		
	Current tax	-	-
	Deferred tax	-	-
		-	-
(b)	Numerical reconciliation between tax expense and pre-tax net profit/(loss)		
	Profit/(loss) before income tax	19,961,626	(82,391,010)
	Income-tax expense/(benefit) on above at 30%	5,988,488	(24,717,303)
	Increase in income tax due to:		
	Non-deductible expenses and foreign losses	2,891,995	24,712,529
	Gross up of franking credits on franked dividends	-	590
	Movement in unrecognised temporary differences	(2,559)	1,577,853
	Decrease in income tax expenses due to:		
	Non assessable income	-	(172,656)
	Utilisation of franking credits	-	(1,968)
	Utilisation of prior year tax losses	-	(1,411,503)
	Deductible equity raising costs	(335,240)	(335,240)
	De-recognition of previously recognised losses	-	16,277
	Net gain on loss of control of AF and IAC	(8,597,999)	-
	Effect of current-year capital losses not recognised		64,687
	Effect of current-year revenue losses not recognised	55,315	266,734
	Income-tax benefit attributable to operating profit	-	-
	The applicable weighted-average effective tax rates are:	-	-
(c)	Deferred tax assets not brought to account		
	On Income-Tax Account		
	Carry-forward tax losses	6,096,618	4,359,860
	Provisions	-	134,317
	Other	760,920	2,713,474
		6,857,538	7,207,651
	Gain on sale of subsidiaries subject to scrip for scrip rollover	-	(148,123)
	Other	-	(18,521)
		6,857,538	7,041,007
	On Capital Account		
	Carry-forward tax losses	64,676	64,688
	Unrealised capital losses	-	84,086
		64,676	148,774
	Total deferred tax assets not brought to account	6,922,214	7,189,781
(d)	Deferred tax liabilities		
	Timing differences	1,568,372	278,472
	Offset by deferred tax assets recognised	(1,568,372)	(278,472)
		-	-

(e) The deferred tax asset not brought to account for the 2010 and 2009 years will only be obtained if:

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

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

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

(f) 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.

4. Key Management Personnel Disclosures

(a) Details of Key Management Personnel During the Financial Year:

H. Shanker Madan	Non-Executive Chairman
John Stephenson	Non-Executive Chairman (ceased holding office 19 February 2010)
Matthew Hammond	Non-Executive Director (appointed 25 September 2009)
Ken Hellsten	Managing Director (appointed 24 March 2010)
Victor Ho	Non-Executive Director and Company Secretary (ceased as a Director on 25 September 2009, ceased as Company Secretary on 30 April 2010)
William Johnson	Non-Executive Director
Farooq Khan	Non-Executive Director
Farhad Moshiri	Non-Executive Director
Mark Horn	Alternate Director for Mr. F. Moshiri
Malcolm Richmond	Non-Executive Director
Stephen Gethin	Company Secretary (appointed 30 April 2010) & General Counsel
Maxwell Hobson	Project Director – Peru
David Lim	Chief Financial Officer (appointed 9 December 2009)
Mike Lowry	General Manager – Berau

(b) Compensation of Key Management Personnel

Key Management Personnel	Short-term benefits		Post-employment benefits	Other long-term benefits	Termination benefits	Equity-based benefits	Total
2010	Cash salary and fees $	Non-cash benefit $	Superannuation $	Long-service leave $	$	Options $	$
Non-Executive Directors:							
Matthew Hammond	22,962	-	-	-	-	-	22,962
Victor Ho	99,629	-	9,097	21,848	-	-	130,574
Mark Horn	36,400	-	-	-	-	-	36,400
Farooq Khan	244,580	-	22,203	61,196	-	-	327,979
William Johnson	95,725	-	8,589	-	-	-	104,314
Shanker Madan	312,435	4,445	42,631	-	-	423,719	783,230
Farhad Moshiri	30,000	-	-	-	-	-	30,000
Malcolm Richmond	53,200	-	33,706	-	-	-	86,906
John Stephenson	42,054	-	3,785	-	-	-	45,839
Executive Directors:							
Ken Hellsten	85,000	74	7,650	-	-	-	92,724
Other Key Management Personnel							
Stephen Gethin	121,965	6,575	65,343	-	-	-	193,883
Maxwell Hobson	231,651	-	20,849	-	152,905	-	405,405
David Lim	101,077	926	9,097	-	-	-	111,100
Michael Lowry	230,942	19,236	51,071	-	-	5,729	306,978
Total	**1,707,620**	**31,256**	**274,021**	**83,044**	**152,905**	**429,448**	**2,678,294**

Key Management Personnel	Short-term benefits		Post-employment benefits	Other long-term benefits	Termination benefits	Equity-based benefits	Total
2009	Cash salary and fees $	Non-cash benefit $	Superannuation $	Long-service leave $	$	Options $	$
Non-Executive Directors:							
Mark Horn	36,400	-	-	-	-	-	36,400
A. Farhad Moshiri	27,692	-	-	-	-	-	27,692
Malcolm Richmond	100,700	-	9,063	-	-	299,365	409,128
John Stephenson	77,900	-	7,011	-	-	157,848	242,759
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
Total	**907,361**	**-**	**71,139**	**-**	**-**	**1,429,523**	**2,408,023**

(c) Number of Shares Held by Key Management Personnel

	Balance at 1 July 2008	Net change other	Balance at 30 June 2009	Balance at appointment	Net change other	Balance at 30 June 2010
2010						
Stephen Gethin	-	-	-	-	-	-
Matthew Hammond	-	-	-	-	-	-
Ken Hellsten	-	-	-	-	187,083	187,083
Victor Ho	126,001	-	126,001	-	(126,001)[1]	-
Maxwell Hobson	-	-	-	-	-	-
Mark Horn	-	-	-	-	-	-
William Johnson	-	-	-	-	-	-
Farooq Khan	14,566,063	10,185,728	24,751,791	-	(10,810,186)[3]	13,941,605
David Lim	-	-	-	-	38,100	38,100
Mike Lowry	-	-	-	-	-	-
H.Shanker Madan	610,838	-	610,838	-	(114,495)[3]	496,343
Farhad Moshiri	-	-	-	-	-	-
Malcolm Richmond	102,460	-	102,460	-	(2,460)[3]	100,000
John Stephenson	200,000	-	200,000	-	(200,000)[2]	-

1. Mr. V. Ho ceased holding office as a Director on 25 September 2010 and ceased holding office as Company Secretary on 30 April 2010.
2. Mr. J. Stephenson ceased holding office as a Director on passing away on 19 February 2010.
3. These securities are no longer deemed to be held by a related party, pursuant to *AASB 124 - Related Party Disclosures*.

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.

(d) Number of Options Held by Key Management Personnel

	Balance at 1 July 2009	Balance at appointment	Granted as compensation	Net change other	Balance at 30 June 10	Vested & exercisable	Unvested
2010							
Stephen Gethin[1]	-	250,000	-	-	250,000	250,000	-
Matthew Hammond	-	-	-	-	-	-	-
Victor Ho[2]	1,380,000	-	-	(1,380,000)	-	-	-
Maxwell Hobson	-	-	-	-	-	-	-
Mark Horn	-	-	-	-	-	-	-
Ken Hellsten[3]	-	-	-	-	-	-	-
William Johnson	1,240,000	-	-	-	1,240,000	1,240,000	-
Farooq Khan	3,050,000	-	-	-	3,050,000	3,050,000	-
David Lim	-	-	-	-	-	-	-
Mike Lowry[4]	-	250,000	-	-	250,000	250,000	-
H.Shanker Madan	3,880,000	-	2,250,000	-	6,130,000	6,130,000	-
Farhad Moshiri	-	-	-	-	-	-	-
Malcolm Richmond	1,700,000	-	-	-	1,700,000	1,700,000	-
John Stephenson[5]	1,650,000	-	-	(1,650,000)	-	-	-

1. Mr. S. Gethin was deemed to be a member of Key Management Personnel from 1 May 2010.
2. Mr. V. Ho ceased holding the office of Director on 25 September 2010 and ceased holding the office of Company Secretary on 30 April 2010.
3. Mr. K. Hellsten commenced as Managing Director on 24 March 2010.
4. Mr. M. Lowry was deemed to be a member of Key Management Personnel during the current financial year.
5. Mr. J. Stephenson ceased holding office as a Director on 19 February 2010.

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

(e) Loans to Key Management Personnel

There were no loans to Key Management Personnel (or their personally-related entities) during the financial year.

(f) Other Transactions with Key Management Personnel

Fees for services provided by Mr. Mark Horn, Alternate Director for Mr. Farhad Moshiri, are paid to M. Horn and Co, a business of which Mr. Horn is a principal.

There were no other transactions with Key Management Personnel (or their personally-related entities) during the financial year.

5. Auditors' Remuneration

	Consolidated Entity 2010 $	2009 $
Auditors of the Consolidated Entity		
Audit and review of financial statements		
- BDO Audit (WA) Pty Ltd	72,450	46,137
Other services – tax compliance		
- BDO Corporate Tax (WA) Pty Ltd	-	2,300
Auditors of the Peruvian subsidiaries		
Audit and review of financial statements		
- BDO Pazos, Lopez de Romana S.C	8,334	31,616
	80,784	80,053

6. Earnings per Share

	Consolidated Entity 2010 cents	2009 Cents
Basic earnings/(loss) per share	15.35	(64.58)
Diluted earnings/(loss) per share	14.95	-
	$	**$**
Net profit/(loss)	19,961,626	(82,391,010)
	Number	**Number**
Weighted average number of ordinary shares outstanding during the year used in calculation of basic earnings/(loss) per share	130,034,268	127,574,360
Weighted average number of ordinary shares outstanding during the year used in calculation of diluted earnings/(loss) per share	149,588,069	-

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 decrease/increase the earning/(loss) per share from continuing operations.

Diluted earnings/(losses) per share is not disclosed if it does not increase the basic loss per share.

7. Cash and Cash Equivalents

	Consolidated Entity 2010 $	2009 $
Cash at bank	6,069,121	20,633,213
Term deposits	35,376,054	35,093,539
	41,445,175	55,726,752

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

	Consolidated Entity	
	2010	2009
	$	$
Operating profit/(loss) after tax	19,961,626	(82,391,010)
Interest income	(2,191,586)	(2,697,544)
Non cash flows in profit/(loss) from ordinary activities		
Depreciation – plant & equipment	56,893	113,383
Write off obsolete assets	-	215,625
Adjustment for movement in foreign exchange	147,548	(793,219)
Adjustment on deconsolidation of subsidiary	6,338,417	-
Acquisition cost of resource projects impaired	-	42,566,215
Impairment loss on acquisition cost	-	11,031,730
Fair value adjustment – listed investments	(440,295)	1,499,660
Fair value adjustment – investment in associate	-	312,615
Non-controlling interest's share of loss	-	-
Directors' and employee options	429,448	1,806,287
Decrease/(increase) in assets:		
Receivables	5,752,527	2,065,867
Resource projects	-	-
Increase/(decrease) in liabilities:		
Trade creditors and accruals	(24,270,023)	1,799,900
Provisions	(11,249,297)	19,889,046
Net cash outflows from operating activities	(5,464,742)	(4,581,445)

8. Trade and Other Receivables

	Consolidated Entity	
	2010	2009
Current:	$	$
Amounts receivable from sundry debtors	853,680	1,409,812
Value added tax (VAT) recoverable by AF in Peru	-	2,720,631
Goods and service tax (GST) recoverable in Australia	13,109	32,332
Prepayments	23,549	-
	890,338	4,162,775

	Consolidated Entity	
	2010	2009
Non-Current:	$	$
Amounts receivable from sundry debtors	539	2,334,196
Loans to associated entity	14,874,697	-
Provision for impairment*	(14,874,697)	-
	539	2,334,196

* $8,559,441of this loan was provided for while the entity was a subsidiary.

Refer to Note 22 for the Consolidated Entity's exposure to credit risk, foreign exchange risk and interest rate risk.

9. Investments Accounted for using the Equity Method

Apurimac Ferrum S.A. ("**AF**") is a company incorporated and domiciled in Peru, South America. During the financial year, Strike Resources Limited's shareholding in AF decreased from 75.50% as at 30 June 2009 to 43.98% on 5 August 2009. The decrease in Strike's shareholding in AF was the result of various settlement agreements executed between the shareholders of AF (details of the settlement agreements can be found in the Directors' Report, above). As a result of this reduced interest in AF, Strike's treatment of AF for reporting purposes changed from a fully-consolidated subsidiary to an equity-accounted investment in an associate. This change in accounting treatment resulted from Strike's deemed "loss of control' of AF as defined in *AASB 127 Consolidated and Separate Financial Statements*. As a result of Strike's "loss of control" of AF, the Consolidated Entity no longer consolidates the financial statements of AF and is required to fair value its remaining investment in AF as at the date of loss of control, being 5 August 2009.

On transition of AF from a controlled entity to an associate, Strike is required to apply *AASB 128 Investments in Associates* when accounting for its interest in AF.

As part of the "de-consolidation" process Strike commissioned an independent valuation of its investment in AF. The valuation was undertaken by an independent geologist who is a member of The AusIMM and who qualifies as an independent "Expert" under the definition of the Valmin Code. After receiving the initial valuation of the investment and due to the inherently uncertain nature of the inputs used in the valuation model, including the uncertainty surrounding the global economic climate at the Balance Date the Board of the Consolidated Entity exercised its discretion and decided that for financial reporting purposes it would be prudent to maintain a full impairment of the value of its shareholding in Apurimac Ferrum S.A. (2009: $nil). The Board and management of the Consolidated Entity continue to pursue the development of the iron ore projects held by Apurimac Ferrum S.A., along with its partners, and expects to re-evaluate the carrying value of the asset when a more robust valuation model is able to be used.

A gain has been recognised on the loss of control of AF and Iron Associates Corporation. A summary of the gain is listed below.

	$
Consideration[1]	-
Gain on deconsolidation of accumulated losses	7,243,179
Gain on deconsolidation of impairments on loss of control	65,973,147
Loss on initial recognition of associate impairments	(44,556,331)
Gain on loss of control of subsidiaries	28,659,995

1. There was no deemed consideration on loss of control as shares were exchanged in the relevant companies.

Summarised financial information of associate entity:

The Consolidated Entity's share of the results of its associate and it's aggregate assets and liabilities are as follows:

	Ownership interest %	Assets $	Liabilities $	Loss $
2010				
Apurimac Ferrum S.A.	44%	9,832,629	4,148,281	800,515

Consolidated Entity's share of associate losses not bought to account:

	2010 $	2009 $
Opening share of carry-forward associate losses	-	-
Current year share of associate loss	800,515	-
Closing share of carry-forward associate losses	800,515	-

The Consolidated Entity's share of the associate's loss has not been brought to account as the investment in the associate is fully impaired, refer Note 1(g).

10. Property, Plant and Equipment

2010 Consolidated	Capital WIP $	Land $	Plant and equipment $	Leasehold improvements $	Total $
Carrying value at 1 July 2009	-	627,474	312,736	37,138	977,348
Additions	381,043	15,955	27,870	37,079	461,947
Additions from capital WIP	-	-	159,514	2,673	162,187
Disposal of asset	-	-	(286,745)	-	(286,745)
Transfers to property, plant and equipment	(162,187)	-	-	-	(162,187)
Depreciation expense	-	-	(47,184)	(10,256)	(57,440)
Accumulated depreciation on disposed assets	-	-	104,534	-	104,534
Foreign exchange adjustment	-	34,838	3,232	-	38,070
Carrying value at 30 June 2010	**218,856**	**678,267**	**273,957**	**66,634**	**1,237,714**
At 1 July 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
At 30 June 2010					
Cost or fair value	218,856	678,267	510,068	95,935	1,503,126
Accumulated depreciation and impairment	-	-	(236,111)	(29,301)	(265,412)
Net carrying amount	**218,856**	**678,267**	**273,957**	**66,634**	**1,237,714**

2009 Consolidated	Capital WIP $	Land $	Plant and equipment $	Leasehold improvements $	Total $
Carrying value at 1 July 2008	-	-	257,642	8,687	266,329
Additions	-	627,474	166,603	30,325	824,402
Depreciation expense	-	-	(111,509)	(1,874)	(113,383)
Carrying value at 30 June 2009	-	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**

11. Financial Assets

Investments comprise:	Consolidated Entity 2010 $	Consolidated Entity 2009 $
Financial assets at fair value through profit and loss		
Shares in listed companies – at cost	575,182	575,182
Add: net change in fair value	(247,992)	(280,287)
	327,190	294,895
Available-for-sale financial assets		
Shares in listed companies – at cost	2,188,160	2,188,160
Less: provision for impairment	(1,091,660)	(1,499,660)
	1,096,500	688,500
Fair value of shares in listed companies	1,423,690	983,395

Changes in fair value of financial assets at fair value through profit and loss are recorded as an expense in the current reporting period (Note 1(r)). The fair value of listed shares in financial assets at fair value through profit and loss, and available-for-sale financial assets have been determined directly by reference to bid prices in an active market.

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

12. Investment in Controlled Entities

	Country of incorporation	Percentage of Ownership 2010	Percentage of Ownership 2009
Strike Finance Pty Ltd	Australia	100%	100%
Strike Australian Operations Pty Ltd	Australia	100%	100%
Strike Operations Pty Ltd ("**SOPL**")	Australia	100%	100%
PT Indo Batubara (100% beneficially owned by SOPL)	Indonesia	100%	100%
Strike Indo Operations Pty Ltd ("**SIOPL**")	Australia	100%	100%
PT Orion Indo Mining (100% beneficially owned by SIOPL)	Indonesia	100%	100%
Ferrum Holdings Limited	British Anguilla	100%	100%
Iron Associates Corporation ("**IAC**")[1]	Panama	-	70%
Apurimac Ferrum S.A. ("**AF**")[1]	Peru	-	75.50%
Strike Resources Peru S.A.C.	Peru	100%	100%

1. From the 5th August 2009, as a result of a reduced shareholding, AF and IAC were no longer controlled entities of Strike Resources Limited. As of this date, due to a 44% shareholding by Strike, AF became an associate entity (Note 9)

13. Intangibles

	Consolidated Entity 2010 $	Consolidated Entity 2009 $
Goodwill on acquisition of IAC	-	7,584,330
Provision for impairment of acquisition cost	-	(7,584,330)
	-	-
Balance at the beginning of the year	-	7,258,765
Goodwill on acquisition of IAC	-	325,565
Impairment loss – acquisition cost	-	(7,584,330)
Balance at the end of the year	-	-

As a result of the AF Settlement agreement, which was executed by the relevant parties on 21 July 2009, Strike Resources Limited ceased holding an interest in Iron Associates Corporation ("**IAC**"). As part of the deconsolidation process in relation to the "loss of control" of IAC, the goodwill on acquisition and subsequent provision for impairment raised are included in the calculation of the loss on deconsolidation of IAC recognised in the Statement of Comprehensive Income (Note 9).

14. Exploration and Evaluation Expenditure

	Consolidated Entity 2010 $	2009 $
Balance at the beginning of the year	18,642,548	53,477,069
Berau Project acquisition cost	-	14,070,597
Paulsen East Project acquisition cost	-	3,447,400
Impairment loss – acquisition cost	-	(3,447,400)
Impairment loss – resource projects (Note 2(b))	-	(42,566,215)
Exploration and evaluation expenditure additions	2,301,920	12,162,534
Impairment loss – mining related expenditure (Note 2(b))	-	(18,501,437)
Foreign exchange adjustment	185,448	-
Balance at the end of the year	21,129,916	18,642,548

The ultimate recoverability of deferred exploration and evaluation expenditure is dependent on the successful development or sale of the relevant area of interest. Refer to Note 1(e) & (h).

15. Trade and Other Payables

	Consolidated Entity 2010 $	2009 $
Current		
Trade creditors	326,323	69,597
Other creditors and accruals	136,296	3,713,076
Tax payable	101,967	385,737
Amounts owed to D&C	-	21,915,775
	564,586	26,084,185
Non Current		
Amounts owed to MAPSA by AF	-	6,232,043
Unmarketable parcel trust account	-	5,314
Loan from associate	14,631	-
	14 631	6,237,357

(a) Risk exposure

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

16. Provisions

	Consolidated Entity 2010 $	2009 $
Current		
Provision for employee entitlements – annual leave	110,160	243,305
Provision for employee entitlements – long service leave	-	113,961
Other	8,175	-
	118,335	357,266

17. Issued Capital

130,034,268 (2009: 130,034,268) fully-paid ordinary shares	144,846,669	144,846,669

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

	Date of movement	No.	$
Movement in ordinary share capital			
At 30 June 2008		102,444,482	79,983,760
Option ($0.20/$0.178, 30 June 2008) conversions	8 Jul 08	21,700	3,862
Share placement	29 Jul 08	18,068,086	49,687,236
Shares issued for the acquisition of subsidiaries	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**
At 30 June 2010		**130,034,268**	**144,846,669**

Capital risk management

The Consolidated 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.

18. Reserves

	Consolidated Entity 2010 $	Consolidated Entity 2009 $
Foreign currency translation reserve	(359,274)	4,310,336
Share-based payments reserve	12,991,282	12,561,834
	12,632,008	16,872,170

Foreign Currency Translation Reserve

Nature and purpose of reserve

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

Share-based payment reserve

Nature and purpose of reserve

The share-based payments 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 values of these options are included in the share-based payments reserve.

2010 - Movement in share-based payment reserve	**Grant date**	**Consolidated Entity No.**	**Consolidated Entity $**
The number of unlisted options outstanding over unissued ordinary shares at the Balance Date is as follows:			
Opening balance at 1 July 2009		18,286,404	12,561,834
Directors' Options			
Unlisted options exercisable at $2.50; expiring 24 Nov 12	25 Nov 09	750,000	155,197
Unlisted options exercisable at $2.75; expiring 24 Nov 12	25 Nov 09	750,000	143,759
Unlisted options exercisable at $3.25; expiring 24 Nov 12	25 Nov 09	750,000	124,763
Employees' Options			
Unlisted options exercisable at $2.75; expiring 13 Oct 13	14 Oct 08	-	5,729
Lapsed options exercisable at $2.878; expiring 1 May 12	8 May 07	(100,000)	-
Lapsed options exercisable at $1.178; expiring 3 Oct 11	6 Oct 06	(150,000)	-
Lapsed options exercisable at $2.878; expiring 5 Sep 12	5 Sep 07	(200,000)	-
Closing balance at 30 June 2010		**20,086,404**	**12,991,282**

2009 - Movement in share-based payment reserve	**Grant date**	**Consolidated Entity No.**	**Consolidated Entity $**
The number of unlisted options outstanding over unissued ordinary shares at the Balance Date is as follows:			
Unlisted options exercisable at $0.178; expiring 9 Feb 11	10 Feb 06	1,833,333	5,238
Unlisted options exercisable at $0.278; expiring 9 Feb 11	10 Feb 06	1,666,667	4,762
Unlisted options exercisable at $0.275; 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
Unlisted options exercisable at $0.938; expiring 12 Sep 11	13 Sep 06	500,000	279,000
Unlisted options exercisable at $2.078; expiring 6 Mar 12	07 Mar 07	500,000	637,550
Unlisted options exercisable at $2.788; expiring 6 Mar 12	07 Mar 07	3,300,000	3,747,810
Unlisted options exercisable at $3.978; expiring 2 Dec 12	03 Dec 07	4,000,000	3,816,400
Employees' options			
Unlisted options exercisable at $1.178; expiring 5 Oct 11	06 Oct 06	150,000	150,450
Unlisted options exercisable at $2.878; expiring 1 May 12	08 May 07	100,000	104,440
Unlisted options exercisable at $2.878; expiring 1 May 12	05 Jun 07	33,000	34,465
Unlisted options exercisable at $2.878; expiring 4 Sep 12	05 Sep 07	200,000	249,000
Unlisted options exercisable at $2.878; expiring 3 Mar 13	04 Mar 08	250,000	321,637
Unlisted options exercisable at $2.750; expiring 13 Oct 13	14 Oct 08	250,000	54,020
Listed options			
Listed options exercisable at $0.178/$0.20; expiring 30 Jun 08	21 Apr 06	23,735,163	237,386
Option issue expenses		-	(2,042)
Exercised options		(23,731,178)	-
Lapsed options		(3,985)	-
Closing balance at 30 June 2009		**18,286,404**	**12,561,834**

Equity-based Remuneration

On 25 November 2009, the Company issued 2,250,000 unlisted directors' options with an exercise price of $2.50 (750,000), $2.75 (750,000) and $3.25 (750,000) with a term of 3 years, vesting immediately to a Director. The expiry date of these options is 24 November 2012.

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 (Note 23).

19. Related-Party Disclosures

(a) Subsidiaries

Interests in subsidiaries are set out in Note 12.

During the year $8,391,752 (2009: $3,867,275) was loaned to subsidiaries to fund operations.

(b) Associates

Apurimac Ferrum S.A. is an associate as set out in Note 9.

On 21 July 2009, through the AF Settlement Agreement, Strike Resources entered into a replacement loan agreement with Apurimac Ferrum SA, in which US$21 million is able to be advanced in respect to the Apurimac and Cuzco Iron Ore projects. This loan is interest bearing (USD Monthly LIBOR rate + 2% per annum), as provided for under the AF Settlement Agreement.

Loans to associates - Apurimac Ferrum	**2010 $**	**2009 $**
Balance on recognition of investment in associate	8,615,492	-
Loans advanced	6,571,038	-
Interest charged	123,736	-
Loan revalued due to foreign exchange movements	(379,497)	-
Balance at 30 June	14,930,769	-
Less provision for impairment	(14,930,769)	-
Carrying value	-	-

(c) Transactions with related parties

	2010 $	**2009 $**
Fees for services provided by Mr. Mark Horn, Alternate Director for Mr. Farhad Moshiri, are paid to M. Horn and Co, a business of which Mr. Horn is a principal.	36,400	36,400
Amounts payable at year end to related parties:		
M. Horn & Co	-	-

20. Parent Entity Information

The following details information related to the parent entity, Strike Resources Limited, at 30 June 2010. The information presented here has been prepared using consistent accounting policies as presented in Note 1(a).

	2010 $	**2009 $**
Current assets	41,458,968	55,727,366
Non-current assets	37,159,607	28,007,120
Total assets	78,618,575	83,734,486
Current liabilities	697,290	21,973,993
Non-current liabilities	-	98,766
Total liabilities	697,290	22,072,759
Net assets	77,921,285	61,661,727
Contributed equity	144,846,669	144,846,669
Accumulated losses	(79,916,666)	(95,746,776)
Option reserve	12,991,282	12,561,834
Total equity	77,921,285	61,661,727
Profit/(loss) for the year	15,830,109	(68,857,541)
Other comprehensive income/(loss) for the year	-	-
Total comprehensive income/(loss) for the year	15,830,109	(68,857,541)

The parent entity does not have any contingent assets or liabilities.

21. Segment Reporting

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

2010	Indonesia (Coal)	Peru (Iron Ore)	Total
Depreciation and amortisation	5,170	7,257	12,427
Total segment results	(357,192)	(386,543)	(743,735)
Total segment assets	21,577,500	899,439	22,476,939
Total segment liabilities	-	14,631	14,631

2009	Indonesia (Coal)	Peru (Iron Ore)	Total
Total segment revenue	-	-	-
Depreciation and amortisation	191	82,129	82,320
Total segment results	(4,450,181)	(67,679,428)	(72,129,608)
Total segment assets	19,274,781	215,930	19,490,711
Total segment liabilities	454,116	31,496,477	31,950,593

	2010 $	2009 $
Adjusted EBITDA	(743,735)	(72,129,608)
Interest revenue	2,191,586	2,759,280
Foreign exchange gain	1,796,986	793,219
Depreciation	(44,465)	(31,063)
Gain/(loss) on control of subsidiaries	28,659,995	-
Impairment losses	(6,315,256)	(803,533)
Fair-value adjustments	440,295	(1,812,275)
Other corporate costs	(6,023,780)	(11,167,030)
	19,961,626	(82,391,010)

	2010 $	2009 $
Segment assets	22,476,939	19,490,711
Cash and cash equivalents	41,445,175	55,726,752
Trade and other debtors	317,404	6,496,971
Property, plant & equipment	482,651	129,185
Exploration expenditure	(18,487)	-
Available-for-sale financial assets	1,096,500	688,500
Financial assets at fair value through profit or loss	327,190	294,895
Total assets as per the balance sheet	66,127,372	82,827,014

	2010 $	2009 $
Segment liabilities	14,631	31,950,593
Trade & other payables	682,921	728,215
Total liabilities as per balance sheet	697,552	32,678,808

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 companies. 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 in the table below are due or payable within 30 days. 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	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Financial assets	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Cash	4,695,190	20,633,213	35,376,064	35,093,735	1,373,921	-	41,445,175	55,726,752
Receivables	-	-	-	-	854,219	1,409,812	854,219	1,409,812
Financial assets	-	-	-	-	1,423,690	983,395	1,423,690	983,395
	4,695,190	20,633,213	35,376,064	35,093,735	3,651,830	2,393,207	43,723,084	58,119,959
Financial liabilities								
Payables	-	-	-	-	(462,619)	(25,698,448)	(462,619)	(25,698,448)
Net financial assets	4,695,190	20,633,213	35,376,064	35,093,539	3,189,211	(23,305,241)	43,260,465	32,421,511

(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	
	2010	**2009**
	$	**$**
Cash at bank	6,069,121	20,633,213
Term deposit	35,376,054	35,093,539
	41,445,175	55,726,752
Amounts owed to MAPSA by AF	-	(6,232,043)

(b) Foreign Currency Risk

The Consolidated Entity is exposed to foreign currency risk on cash held by the Company and its controlled foreign entities, foreign resource project investment commitments and exploration and evaluation expenditure on foreign resource projects. The currencies giving rise to this risk are primarily US dollars (USD) and Indonesian Rupiah (IDR). The Consolidated Entity has not entered into any hedging, including forward exchange contracts as at the Balance Date and is currently fully exposed to foreign exchange risk. The Consolidated Entity's exposure to foreign currency risk at the reporting date was as follows:

	Consolidated Entity		Consolidated Entity	
	2010	**2009**	**2010**	**2009**
	USD	**USD**	**IDR**	**IDR**
Financial assets				
Cash at bank	995,400	9,342,783	307,767,433	3,601,044,375
Receivables	10,534	-	-	-
Financial liabilities				
Payables	-	(17,250,000)	-	-
	1,005,934	(7,907,217)	307,767,433	3,601,044,375

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

	Consolidated Entity	
	2010	**2009**
	$	**$**
Cash and cash equivalents		
AA	27,894,767	23,011,494
A	1,212,399	31,227,402
BB	6,001	-
BBB+	12,276,064	-
C+	-	1,000,000
No external credit rating available	55,944	487,856
	41,445,175	55,726,752
Receivables		
No external credit rating available	854,219	1,409,812
	42,299,394	57,136,564

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 and available-for-sale financial assets.

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	
	2010	**2009**
Non-interest bearing	**$**	**$**
less than 6 months	462,619	3,782,673
6 to 12 months	-	21,915,775
	462,619	25,698,448
Interest-bearing		
between 1 & 2 years	14,631	5,314
between 2 & 5 years	-	6,232,043
	14,631	6,237,357

(f) Net Fair Value of Financial Assets and Liabilities

The carrying amounts of financial instruments recorded in the financial statements represent their fair value determined in accordance with the accounting policies disclosed in Note 1(t). The aggregate fair value and carrying amount of financial assets at the Balance Date are set out in Note 9 and Note 11. The carrying amount of the financial liabilities at the Balance Date as set out in Note 15 approximates the current fair value.

(g) Fair Value Measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

As of 1 July 2009, Strike Resources Limited has adopted the amendment to *AASB 7 Financial Instruments*: *Disclosures* that requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table presents the Consolidated Entity's assets and liabilities measured and recognised at fair value at 30 June 2010. Comparative information has not been provided as permitted by the transitional provisions of the new rules.

	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Financial assets at fair value through profit and loss				
Trading securities	327,190	-	-	327,190
Available-for-sale financial assets				
Equity securities	1,096,500	-	-	1,096,500
Total assets	1,423,690	-	-	1,423,690

(h) Sensitivity Analysis

Interest rate risk analysis

The Consolidated Entity has performed a sensitivity analysis on its exposure to interest rate risk at the Balance Date. The management assessment is based upon an analysis of current and future market conditions, in particular comments from the Reserve Bank of Australia on the likely movement of interest rates. The analysis demonstrates the potential effect on the current year results and equity which could result from a change in these risks.

	Consolidated Entity 2010 $	Consolidated Entity 2009 $
Change in profit		
increase by 25bps (2009:100bps)	115,103	552,710
decrease by 25bps (2009:100bps)	(115,103)	(552,710)
Change in equity		
increase by 25bps (2009: 100bps)	115,103	552,710
decrease by 25bps (2009: 100bps)	(115,103)	(552,710)

Equity price risk analysis

The Consolidated Entity has performed a sensitivity analysis on its exposure to market price risk at the Balance Date. The management assessment is based upon an analysis of current and future market positions. 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 categorised as at fair value through profit or loss and available-for-sale financial assets.

	Consolidated Entity 2010 $	Consolidated Entity 2009 $
Change in profit		
increase by 15%	213,553	132,162
decrease by 15%	(213,553)	(132,162)
Change in equity		
increase by 15%	213,553	132,162
decrease by 15%	(213,553)	(132,162)

Foreign currency risk analysis

The Consolidated Entity 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% (2009: 5%) against the foreign currencies detailed in Note 22(b), with all the other variables held constant.

	Consolidated Entity 2010 $	Consolidated Entity 2009 $
Change in profit		
increase by 5%	(55,914)	376,794
decrease by 5%	61,800	(416,454)
Change in equity		
increase by 5%	(55,914)	376,794
decrease by 5%	61,800	(416,454)

23. Share-Based Payments

A total of 2,250,000 director's options were granted during the year (Note 18). Shareholder approval was obtained for the issue of all directors' options as required under the Corporations Act 2001 and under the ASX Listing Rules. The reasons for the grant of these options to the Directors and employees are as follows:

(a) The options issue was designed to act as an incentive for the recipients to strive to achieve the Company's goals with the aim of enhancing shareholder value.

(b) The options provide an equity holding opportunity for the recipients which is linked to the Company's share price performance.

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

(d) The number of options issued to recipients has been determined having regard to the level of Directors' fees and employees' salaries 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 recipients to remain with the Company with a view to improving the future growth of the Company.

(e) 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.

	Consolidated Entity	
	2010	**2009**
	$	**$**
Share-based payments expense	429,448	1,806,287

Grant date	Expiry date	Exercise price $	Balance at start of year	Granted during the year	Exercised during the year	Forfeited during the year	Balance at end of the year	Vested and exercisable at end of year
Consolidated entity - 2010								
21 Jul 06	20 Jul 11	0.938	4,600,000	-	-	-	4,600,000	4,600,000
13 Sep 06	12 Sep 11	0.938	500,000	-	-	-	500,000	500,000
06 Oct 06	05 Oct 11	1.178	150,000	-	-	(150,000)	-	-
07 Mar 07	06 Mar 12	2.078	500,000	-	-	-	500,000	500,000
07 Mar 07	06 Mar 12	2.788	3,300,000	-	-	-	3,300,000	3,300,000
01 May 07	01 May 12	2.878	100,000	-	-	(100,000)	-	-
05 Jun 07	01 May 12	2.878	33,000	-	-	-	33,000	33,000
03 Dec 07	02 Dec 12	3.978	4,000,000	-	-	-	4,000,000	4,000,000
04 Mar 08	04 Sep 12	2.878	200,000	-	-	(200,000)	-	-
04 Jun 08	03 Mar 13	2.878	250,000	-	-	-	250,000	250,000
14 Oct 08	13 Oct 13	2.750	250,000	-	-	-	250,000	250,000
25 Nov 09	25 Nov 12	2.500	-	750,000	-	-	750,000	750,000
25 Nov 09	25 Nov 12	2.750	-	750,000	-	-	750,000	750,000
25 Nov 09	25 Nov 12	3.250	-	750,000	-	-	750,000	750,000
			13,883,000	2,250,000	-	(450,000)	15,683,000	15,683,000
Weighted-average exercise price			2.41	2.83		3.90	2.47	2.47

Consolidated entity - 2009

21 Jul 06	20 Jul 11	0.938	4,600,000	-	-	-	4,600,000	4,600,000
13 Sep 06	12 Sep 11	0.938	500,000	-	-	-	500,000	500,000
06 Oct 06	05 Oct 11	1.178	150,000	-	-	-	150,000	150,000
07 Mar 07	06 Mar 12	2.078	500,000	-	-	-	500,000	500,000
07 Mar 07	06 Mar 12	2.788	3,300,000	-	-	-	3,300,000	3,300,000
01 May 07	01 May 12	2.878	100,000	-	-	-	100,000	100,000
05 Jun 07	01 May 12	2.878	33,000	-	-	-	33,000	33,000
03 Dec 07	02 Dec 12	3.978	4,000,000	-	-	-	4,000,000	4,000,000
04 Mar 08	04 Sep 12	2.878	200,000	-	-	-	200,000	200,000
04 Jun 08	03 Mar 13	2.878	250,000	-	-	-	250,000	250,000
14 Oct 08	13 Oct 13	2.750	-	250,000	-	-	250,000	166,667
			13,633,000	250,000	-	-	13,883,000	13,799,667
			2.41	2.75			2.41	2.41

No options expired during the periods covered by the above tables.

No options were exercised during the period.

The weighted-average remaining contractual life of share options outstanding at the end of the period was 1.82 years (2009: 1.73 years).

Fair value of options granted

The assessed fair value at grant date of options granted during the year ended 30 June 2010 was $0.21 for $2.50 options, $0.19 for $2.75 options and $0.17 for $3.25 options (2008: $0.24). The fair value at grant date is independently determined using the Black-Scholes 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, the expected dividend yield and the risk free interest rate for the term of the option.

The model inputs for options granted during the year ended 30 June 2010 included:

(a) options are granted for no consideration and vest immediately. Vested options are exercisable for a period of three years after vesting.

(b) exercise prices of $2.50, $2.75 and $3.25 (2009: $2.75)

(c) grant date: 25 November 2009 (2009: 14 October 2008)

(d) expiry date: 24 November 2012 (2009: 13 October 2013)

(e) share price at grant date: $0.77 (2009: $0.62)

(f) expected price volatility of the Company's shares: 80% (2009: 80%)

(g) expected dividend yield: 0% (2009: 0%)

(h) risk-free interest rate: 4.97% (2009: 5.05%)

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 Entity	
	2010	2009
Non-cancellable operating lease commitments:		
not longer than one year	230,372	94,749
between 1 year and 5 years	957,338	219,001
	1,187,710	313,750

The Consolidated Entity leases offices in Perth, Australia and Jakarta, Indonesia under non-cancellable operating leases with expiry dates between 2 and 4 years. Significant terms of each lease are as follows:

Perth office lease

The lease rent is subject to a fixed 4% increase on the anniversary of the commencement date. Strike is required to pay a portion of the annual outgoings incurred by the lessor. This figure is reviewed on an annual basis. The lease does not contain an option to renew the lease at expiry date.

Jakarta office lease

The lease does not contain an option to renew the lease on expiry.

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

Australian tenements

In order to maintain current rights of tenure to exploration tenements, the holders of Australian mineral tenements are required to outlay lease rentals and meet minimum expenditure commitments. During the financial year, the Consolidated Entity entered into a farm-in agreement with Process Minerals International Pty Ltd ("**PMI**"), a subsidiary of ASX-listed Mineral Resources Limited. Under this agreement PMI is required to meet the minimum expenditure commitments over the Australian tenements in which Strike holds an interest. Financial commitments for subsequent periods are contingent upon the continuity of the farm-in arrangement with PMI, future exploration and evaluation results, and as such cannot be reliably estimated.

Peruvian concessions

The Consolidated Entity is required to pay annual licence fees by 30 June of each year, at rates which vary on an amount per-hectare basis. 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 reliably estimated. As a result of finalising the arbitration process with the shareholders of Apurimac Ferrum S.A., the Consolidated Entity granted on option over Peruvian tenements held by its subsidiary, Strike Resources Peru S.A.C. Under the terms of the AF Settlement Agreement AF is obliged to make all necessary payments to keep the concessions in good standing. Financial commitments for subsequent periods are contingent upon the continuing of the agreement with AF, future exploration and evaluation results, and as such cannot be reliably estimated.

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.

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 a complicated and lengthy process. 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.

25. Contingent Assets and Liabilities

(a) Strike Resources Peru S.A.C. option

Strike Resources Peru S.A.C. (the Company's Peruvian subsidiary) granted AF an option over its mining concessions exercisable for US$1.75 million.

(b) Cristoforo Agreement

On 18 May 2007, Strike Resources Peru S.A.C. 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 S.A.C. (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 previous AF Shareholders Agreement, the rights under this option 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 2009. A fresh heads of agreement was entered into on 10 July 2009, 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 concessions, and a US$1.05 million exercise price is payable at Strike Resources Peru's election, at the end of 2 years.

(c) 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.

(d) 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 are 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.

(e) Berau Coal Project Royalties

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

(f) Directors' Deeds

The Consolidated Entity has entered into deeds of indemnity with certain Strike Resources Limited Directors, indemnifying them against liability incurred in discharging their duties as Directors/officers of the Consolidated Entity. As at the 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.

(g) Paulsens East Royalty

The Consolidated Entity entered into a farm-in agreement with Process Minerals International Pty Ltd ("**PMI**"), a subsidiary of ASX listed Mineral Resources Limited for the potential mining of iron ore from Strike's Paulsens East project (EL47/1328 and PL47/1170) located in the Pilbara. Under this agreement PMI will pay Strike A$ 3.20 per dry tonne of ore mined. As this royalty is contingent on the successful development of a mine and due to the uncertain nature of mine production it is not possible to quantify the potential financial benefit to the Consolidated Entity of this royalty.

26. Events after Balance Date

There have been no events subsequent to the Balance Date requiring separate disclosure.

Directors' Declaration

In the Directors' opinion:

1. The Financial Statements, comprising the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Statement of Cash Flows and accompanying notes as set out on pages 30-62 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 Consolidated Entity's financial position as at 30 June 2010 and its performance for the year ended on that date;
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
3. The remuneration disclosures set out in the Directors' Report on pages 21-27 (as the audited Remuneration Report) comply with section 300A of the *Corporations Act 2001*;
4. The Directors have been given the declarations by the Managing Director (the person who performs the chief executive function) and the Chief Financial Officer as required by section 295A of the *Corporations Act 2001*; and
5. Note 1 confirms that the Financial Statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the Directors and is signed for and on behalf of the Directors by:

H. Shanker Madan
Chairman

Ken Hellsten
Managing Director

28 September 2010

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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 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows 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 the financial statements comply 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 consolidated entity's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

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

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2010. 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 Limited for the year ended 30 June 2010, complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO

Brad McVeigh
Director

Perth, Western Australia
Dated this 28th day of September 2010