STRIKE RESOURCES

A.B.N. 94 088 488 724

REPORT 2012

CORPORATE DIRECTORY

Strike Resources Limited
A.B.N. 94 088 488 724

DIRECTORS

Mr Malcolm Richmond	Chairman/Non-Executive Director
Mr Ken Hellsten	Managing Director
Mr Matthew Hammond	Non-Executive Director
Mr William Johnson	Non-Executive Director
Ms Samantha Tough	Non-Executive Director

CHIEF FINANCIAL OFFICER

Mr Julian Tambyrajah

COMPANY SECRETARY

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STOCK EXCHANGE LISTING

Strike Resource Limited's shares are listed on the Australian Securities Exchange ("**ASX**")

ASX Code: **SRK**

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Colcabamba Project, Apurimac

Dear Shareholder,

On behalf of the Board of Directors and management of Strike Resources, I would like to take this opportunity to further discuss the 'shoot-out' process initiated May 18th 2012 with our Perúvian partners D&C Group. The 'shoot-out' is designed to produce a 100% ownership outcome of Apurimac Ferrum SA (AF), the company which holds our Perúvian assets. Both outcomes of this process are advantageous to Strike Resources as they enable the Company to take control of its future.

With the process underway, on August 3rd Strike made an offer to D&C Group to acquire all shares in AF and assume 100% ownership of the company. Following submission of this offer, D&C Group is required to either accept the offer or make a superior counter-offer for ownership of AF.

If Strike's offer is accepted by D&C Group, Strike will repay D&C's loans to AF of approximately US$3 million. Alternatively, if a superior counter-offer is submitted by D&C for 100% ownership of AF, Strike's loans of more than US$30 million will be repaid along with the counter-offer price for the shares.

I share the opinion of the Board and management that the preferred outcome of 'shoot-out' process for Strike Resources is 100% ownership of AF. This will give us control of unique, high-grade iron ore assets which we can progress to the next stage of development, a detailed pre-feasibility study.

Given the scope and cost of this work and subsequent studies and development costs, we believe this will be best achieved through a strategic partnership agreement with a larger company. This outcome represents tremendous option value for Strike's shareholders in both the near and long term.

However, the alternative outcome would also deliver significant benefits to shareholders. If D&C Group takes 100% ownership of AF, Strike will move to a very strong cash position with a repayment of loans by D&C Group in excess of US$30 million. Given our already strong cash position this would provide cash backing of at least $0.35 per share, before the value of our investment in Cuervo Resources is taken into account. This is turn would enable the Company to consider a range of capital management options.

As we move toward the conclusion of 'shoot-out' process, Strike's Board, management, and I, look forward to the change in direction for this company. We will either take control of our key asset and secure a strong partner to fund the next exciting stage of the Apurimac and Cusco iron ore projects or move to a very strong cash position which will provide valuable optionality in these times of constrained capital.

If you have any questions regarding 'shoot-out' process, please do not hesitate to contact either myself or Strike's Managing Director, Ken Hellsten, on 08 9324 7100.

Sincerely yours,

Malcolm R. Richmond
Chairman

COMPANY OVERVIEW

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

The Apurimac and Cusco Iron Ore Projects are large-scale iron ore projects in southern Perú, with Apurimac the most advanced with an initial Pre-feasibility Study completed in 2008. The Company is seeking to establish the basis for a 15 – 20 million tonne per annum (Mtpa) operation based on current JORC Indicated and Inferred Resources of 269Mt at its Opaban concessions in the Apurimac District.

The Company has strengthened its resource and exploration position in Perú through the acquisition of an additional 6% of Apurimac Ferrum S.A. (AF) - taking Strike to 50% of AF - and entering into a strategic option to acquire a major stake in Cuervo Resources Inc. (Cuervo) which holds high-quality exploration concessions in the Cusco district of southern Perú, which are complimentary to Strike's own concession interests in the same area.

Strike holds 100% of the rights to mine coal at the Berau Thermal Coal Project in Indonesia, subject to a royalty to the concession owner, through a Co-operation Agreement. The Company was in dispute with the owner over the terms of the agreement but reached in-principle agreement on a settlement in September, 2012 where Strike will receive US$4.3 million for its rights in the project.

Operational Highlights

Operational Highlights of the financial year ending 30 June 2012 and to the date of this report include:

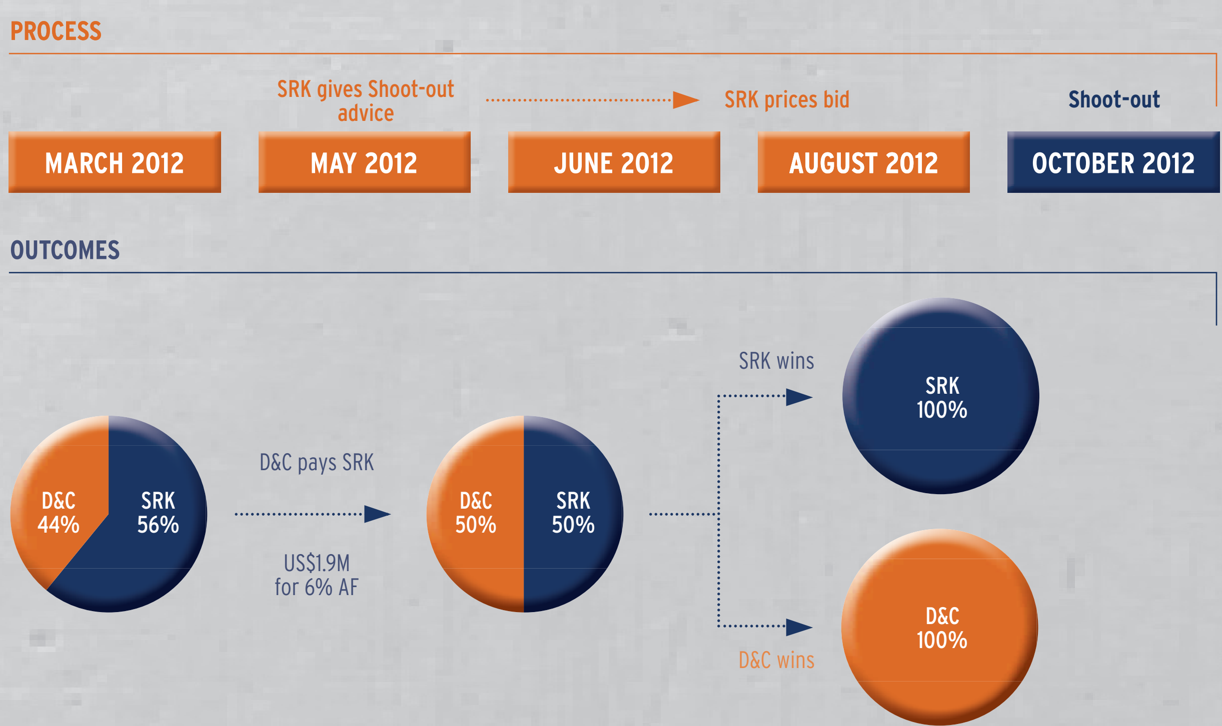
- Buy-out of the minority shareholder (IAC) in AF in July2011 and subsequent receipt of US$1.9 million from D&C to move from 44% to 50% ownership of AF.
- Agreement reached with Cuervo Resources to loan C$5.25 million in return for warrants entitling Strike to 32.5% of Cuervo's shares with an option to loan a further $9.75 million and move to 49% (undiluted) or 46% diluted.

- Drilling underway at Cerro Ccopane (Cuervo) project with ten holes completed so far targeting the 'Bob 1' zone which comprises strong surface mineralisation over a strike length of 3 kilometres. Assay results reported for the initial 7 holes over a strike length of 500 meters demonstrate substantial widths of mineralisation with some zones containing 50 – 60% Fe.
- Rothschild appointed as corporate advisor to assist with 'shoot-out' process and identification of potential strategic investors to develop Apurimac and Cusco projects over the long term.
- Initiation of the "shoot-out' provision in Settlement Agreement negotiated with Perúvian partner D&C Group in July 2009, providing the Company with a unique opportunity to optimise its asset portfolio in Perú by potentially acquiring 100% ownership of Apurimac Ferrum (AF).
- Shoot-out offer price lodged 6 August for a total consideration of US$3.2 million to acquire D&C Group's 50% interest in Apurimac Ferrum SA and repay its loans to AF.
- Community Relations team strengthened and revised plan to gain access to Opaban project progressing well,though local opposition may take some time to address.
- Significant progress at Santo Tomas (Cusco) with IP and mapping programs completed, environmental studies well advanced and successful community consultationprocess for drilling approvals.

STRIKE RESOURCES

- Negotiations regarding Berau dispute advanced further toward achieving a settlement.
- Strong cash balance retained by Strike with A$20.6 million in cash.
- Strike also holds secured loans to AF and Cuervo of approximately A$34 million and CAN$5.25 million respectively.

APURIMAC FERRUM - "Shoot-out"



Strike will have 100% of AF or >$30M additional cash

SRK receives >US$30M + bid price

CORPORATE

Strategy

Strike Resources is focused on further growing the resource base of its large scale iron ore projects Apurimac and Cusco in southern Perú. Development of Apurimac and Cusco into a viable 15-20 Mtpa iron ore business will require an estimated capital expenditure of US$2.9 billion. Initial pre-feasibility studies conducted to evaluate infrastructure developments for processing and delivery of iron ore reserves has indicated positive economics for the project if the resource base at Apurimac is > 500 million tonnes (Mt) or Cusco > 700m Mt for independent development.

Accordingly the Company's focus is continuing to advance exploration activities and project studies at Apurimac, undertaking and supporting drilling programs conducted at Cusco and identifying business development opportunities to expand its iron ore resources and exploration potential.

Significant progress has been made towards this end over the past year through strengthening the AF team, maintaining strong constructive relationships with the Company's Perúvian partner D&C, consolidating the equity position in Apurimac Ferrum and establishing itself as the major iron ore concession holder in Andean southern Perú.

Moving forward Strike Resources will look to work with corporate advisor Rothschild to leverage from its strong asset position by undertaking a program to secure a strategic investment partner to bring its projects into a development stage over the medium and longer term.

With a long term investment partner secured, Strike Resources will have the economic and strategic backing to develop and further grow its unique iron ore assets into the future.

Key Appointments

Mr Julian Tambyrajah joined Strike as Chief Financial Officer on 2 April 2012. Mr Tambyrajah brings a wealth of resource industry finance, commercial and operations experience and has a broad industry network, especially across the Asia-Pacific region. He has taken the leadership role in the settlement of the Berau dispute.

On 1 June 2012 AF appointed Mr Luis Romero Elmore to the role of Manager - Social Responsibility. Mr Romero has extensive experience in the community and government relations areas in the Perúvian mining industry, in similar situations to AF's projects. He will be responsible for gaining the necessary access approvals for AF's Apurimac and Cusco iron ore projects.

Organisational Restructuring at Apurimac Ferrum

Strike's 50% Perúvian joint venture company Apurimac Ferrum (AF) has undergone a restructure in preparation for the results of the shoot-out. The restructure also aligns staffing levels with current community relations and exploration activities while positioning it for rapid expansion once approvals are received.

As previously announced, either Strike or its joint venture partner D&C will move to 100% ownership of AF under the shoot-out process. The party that wins the shoot-out will integrate AF into its own operation, resulting in the need to reduce staffing levels at that time. The restructure serves to bring this process forward.

AF staff numbers have been reduced from 35 to 12, with the majority of the remaining roles being field based. Strike personnel will continue to provide support for AF's operations while consulting and contractor costs will reduce until field programs accelerate as approvals flow.

Under the restructure AF Finance Manager Cecilia Arce was appointed Acting General Manager, replacing outgoing CEO Tom Kelly. Ms Arce is an experienced finance and management professional, having worked at a senior level in the Perúvian operations of various multi-national companies before she joined AF in 2010.

The restructure is expected to realise cost savings of approximately US$250,000 per month from the December quarter onward.

D&C Payment for IAC Transaction "Top-Up" Complete

During September 2011 D&C exercised its option to acquire half (6%) of the 12% AF shareholding and loans (US$5.245 million) which Strike acquired from Iron Associates Corporation (IAC). Under that agreement D&C was required to pay Strike US$1.9 million upon certain regulatory requirements being met.

D&C paid Strike this amount on 22 June 2012 after the regulatory requirements were met and the transfer of the shares to D&C has been completed, bringing Strike's holding in AF to 50% and total cash reserves at 30 June 2012 to approximately A$20.6 million.

AF Shoot-out Update

On 18 May 2012 Strike announced that it had triggered the "shoot-out" process under the AF Settlement Agreement (SA) negotiated in July 2009 with its Perúvian partner, the D&C Group.

Once triggered, the "shoot-out" process requires Strike to make an offer to D&C to acquire 100% of its shares in AF, in addition to repaying D&C's loans to AF, in the amount of approximately US$3.2 million[1]. Strike was required to give D&C the shoot-out offer by 6 August 2012. D&C then has 60 days to either accept Strike's offer or make a superior counter-offer, including the re-payment of Strike's loans to AF in full.

Accordingly, the shoot-out process provides Strike with a unique opportunity to optimise its asset portfolio in Perú, resulting in Strike either:

- owning 100% of AF; or
- divesting its shares in AF for cash consideration and having its current and future loans to AF (currently estimated at approximately A$34m) repaid in full.

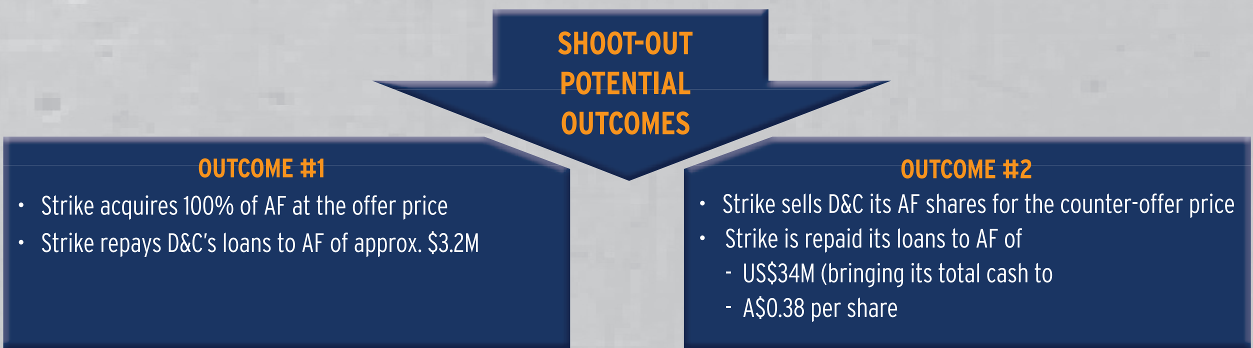
Both these alternatives are considered superior to the re-capitalisation plan which would have eventuated if Strike had not triggered the shoot-out process with D&C. Under that scenario, Strike was to capitalise its then US$30 million in loans to AF in exchange for only an additional 18% equity interest in AF.

As previously noted, the Strike Board appointed Rothschild to provide independent strategic and financial advice in relation to the shoot-out offer. Rothschild has undertaken a market valuation process for AF's assets to assist the Board determining the optimum shoot-out offer price. A key influence on the valuation is the current state of financial markets, with investors being risk averse.

On 6 August the Company submitted its offer to D&C to repay its loans to AF and purchase all their AF shares for a cash consideration of US$3.2 million. This offer was based on the Rothschild assessment of the current valuation of the AF assets and liabilities which include the Apurimac and Cusco projects and outstanding loans.

D&C has until 3 October to accept this offer or pay Strike at least US33.8 million for its AF shares and loans. D&C is currently undertaking an international search to secure a partner to fund the acquisition of Strike's shares and loans in AF. Given the status of the resources and financial markets as noted above the Company believes the most likely outcome of the shoot-out will be it moving to 100% ownership of AF.

[1] As at 25 May 2012 D&C's loan to AF was US$600,000. Since then D&C acquired a loan to AF in the amount of approximately US$2.6m from Strike in the transaction described above, bringing D&C's total loans to AF to US$3.2m.



Millenium Legal Dispute

On 8 October 2010 AF commenced arbitration proceedings against Perúvian Company Millenium Trading SAC (Millenium) to settle the terms on which Millenium may conduct a small-scale mining operation on an AF concession.

Under a 2006 agreement under which AF acquired certain mineral concessions (Option Termination Agreement) AF agreed to permit Millenium to mine up to 400,000 tonnes of iron ore per annum for 5 years on an unspecified AF concession, on terms to be agreed by subsequent negotiations (Mining Agreement). In return Millenium agreed with a third party, Minera los Andes y el Pacifico (MAPSA), to relinquish options over certain mineral concessions to enable MAPSA to sell them to AF.

AF and a Millenium-appointed party subsequently commenced negotiations for a Mining Agreement. The Millenium party ceased negotiating in 2007 with no agreement having been reached. In late 2010 Millenium re-asserted its right to enter into the Mining Agreement with AF but also rejected AF's approaches to enter into good faith negotiations for that purpose. AF considered that was appropriate to refer the matter to arbitration given that the terms of the Mining Agreement were not resolved by negotiation in 2007 and given Millenium's refusal to re-open good-faith negotiations in 2010.

After AF commenced arbitration Millenium commenced court proceedings claiming that the Option Termination Agreement should be set aside. AF has asked the court to decline jurisdiction over Millenium's claim on the basis that arbitration is the proper forum for that dispute according to the Option Termination Agreement.

An arbitration hearing to define the issues in dispute was held on 27 April 2012. The arbitrator agreed with AF's proposed statement of the issues to be resolved. A further hearing was held on 16 May 2012 to determine certain questions about the arbitrator's jurisdiction before the substantive hearing to resolve the dispute could be scheduled.

In early July 2012 the arbitrator asked the parties to make submissions about which concession would be most suitable for Millenium to conduct this operation. Submissions were made in August and a decision on this matter and the jurisdictional question is pending. AF has had legal advice that it has good prospects of defeating Millenium's claim.

Any mining operation of the type contemplated by the Concession Acquisition Agreement will not materially affect AF's own proposed mine.

Business Development

Business development activities in Perú have been placed on hold during the shoot-out process. Ian Cullen resigned as Business Development Manager under an agreed termination.

The Company will evaluate re-commencing business development programs in South America in light of the shoot-out outcome and political and social conditions in Perú and across the region late this year.

Cash Position

Strike's total cash holding on 30 June 2012 was approximately A$20.6 million. In addition, Strike holds a loan of CAD$5.25 million to Cuervo Resources Inc and loans of approximately A$34 million to Apurimac Ferrum.

PROJECTS

Apurimac Iron Ore Project (SRK 50%[2])

Background

AF holds concessions covering almost 600 square kilometres of highly prospective ground in the Andahuaylas-Yauri province in the Apurimac district of southern Perú. Historical work done by the Perúvian Government's Department of Mines and the Takahashi Trading Company indicate potential iron ore mineralisation in the Apurimac project of 700 Mt at 58% to 62% Fe.

(The potential quantity 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. It is uncertain whether further exploration will result in the determination of an additional Mineral Resource in relation to that target iron ore.)

The most advanced prospect, Opaban, currently contains iron ore resources totalling 269 Mt at an average grade of 57.3% Fe[3]. The resources are high quality, being dominantly course-grained and friable magnetite, which provides several competitive advantages. The high grade provides excellent potential for direct shipping ore (DSO) as well as high quality products using conventional magnetic separation techniques. Metal recoveries are more than twice that seen in most magnetite deposits and the coarse-grained nature of the ore provides significant energy savings as only coarse grinding is required to liberate the magnetite. The combination of these factors delivered a project with competitive capital costs and low operating costs in an initial Pre-feasibility Study (PFS) completed in 2008.

The current focus of AF's activities is to increase its iron ore mineralisation to at least 500Mt at similar grade to the Opaban deposit to support the establishment of a 15 – 20 Mtpa iron ore business.

(This mineralisation target is conceptual in nature and there has been insufficient exploration to define a mineral resource. It is uncertain whether further exploration will result in the target being delineated as a mineral resource).

Priority targets are:

- 300 to 350 Mt at 56% to 62% Fe on the Opaban 1 and 3 concessions. The Opaban Resource remains open along strike and at depth as well as holding potential for parallel mineralised systems. The existing Resource was established by drilling magnetic and gravity anomalies. It is planned to test several magnetic and gravity "highs" identified by the same surveys but as yet untested by drilling.
- Increasing the Indicated and Measured proportions of the Resource at Opaban 1 and 3 to the level which would support completion of mining reserve estimates.
- Ironstone outcrops and magnetic targets on the Colcabamba, Sillaccassa, Cristoforo and other high-priority "satellite" concessions.
- Pursing opportunities to consolidate concession holdings through acquisition, joint ventures or other transaction transaction structures.

[2] Strike holds its interest in this project via a 50% shareholding in Perúvian company, Apurimac Ferrum SA, which holds the project's mineral concessions.
[3] Comprised of an indicated resource of 142.2 Mt at 57.84% Fe and an inferred resource of 127 Mt at 56.7% Fe.

Colcabamba

The Colcabamba project is 30km to the south of the Company's Opaban concessions, and is considered to be a potential satellite deposit. The iron mineralisation is hosted by regional metasomatic skarns developed in both limestone roof pendants and diorite within the Andahuaylas-Yauri batholith. Although high-grade magnetite mineralisation was intersected in all of the eight holes which were drilled in 2011, the mineralised intersections were generally narrower than expected when interpreted as being controlled by sub-vertical structures.

A review of the geological controls and setting of the iron mineralisation at Colcabamba was completed in the December 2011 quarter by experienced Andean geological consultant Dr Warren Pratt. Key conclusions from this work were:

- Magnetite mineralisation is mainly located within the exoskarn and is probably stratiform, following the contact between a semi-regional batholith and the overlying (sub-horizontal) host limestone rock. This contrasts with the steeply dipping mineralisation model used in the original interpretation of the drilling results.
- Magnetite mineralisation is formed as a retrograde skarn which overprints an earlier garnet and diopside skarn alteration assemblage.
- The current geological model may have underestimated the iron-ore potential at Colcabamba.
- The presence of multiple phases of intrusives, anomalous copper and relatively high sulphur content at Colcabamba make it strongly prospective forcopper/gold mineralisation including skarn, epithermal and porphyry styles.


Colcabamba drilling access camp 2011

Minor levels of gold and copper were intersected during the original drilling program.

Geological mapping was completed over the area to which AF has access, and stratiform alteration zones were identified as well as structurally controlled magnetite zones. The relative importance of the two mineralisation styles needs to be tested by drilling.

A drilling program was planned and the necessary permits obtained. However, immediately prior to mobilisation of the rig the community Mayor was challenged and a change of community leadership occurred. The new leadership demanded significant cash payments in addition to the employment, social and infrastructure programs previously agreed with the community.

Accordingly, after further consultation and continued demands from the new leadership, AF halted the mobilisation of its drilling rigs and all community programs. AF has now withdrawn from Colcabamba and does not intend to return until the community agrees to honour the current agreement.

If access is gained AF will undertake an IP program and the planned drilling, however, as this prospect is not considered vital for the Apurimac iron ore project, no further work will be done until the existing agreements are honoured by the community.

STRIKE RESOURCES

Iron ore at Colcabamba

Activity

Opaban

AF has completed re-logging the Opaban drill core as part of its program of maximising the value of the current data and resources. This work focussed on quantifying the relative importance of the stratiform and steeper structurally controlled magnetite mineralisation and fine tuning drilling targets to extend the current resource once access is gained. This work is expected to be completed during the December quarter.

The Opaban deposit represents a large, high-quality magnetite deposit which has excellent physical and metallurgical characteristics with the potential to represent the core of a 15 – 20 Mtpa iron ore business. The deposit remains open along strike and at depth and the potential exists for adjacent magnetite mineralisation represented by existing untested magnetic and gravity anomalies with the Opaban concessions.

AF intends to undertake drilling to fully define the Opaban I and Opaban III deposits as well as test these exploration targets once approvals are received from the relevant communities.

Apurimac Satellite Concessions

AF has undertaken an initial evaluation of the Apurimac concessions outside the core Opaban area. This work has included detailed airborne magnetics over part of the concessions as well as regional reconnaissance work including rock chip sampling and an independent review of remote sensing imagery data.

While this remains work in progress a number of attractive exploration targets have been identified which warrant additional field work including drill testing. These include the Sillaccassa area where two zones of extensive magnetite outcrop have been mapped coincident with strong magnetic anomalies, the Ferrum and Cristoforo concessions where magnetic targets will be followed up with geological mapping, initial drill testing of areas of magnetite skarns identified by geological reconnaissance along with a range of prospective iron ore and copper/gold targets identified from the remote sensing review.

AF intends to test these targets as community approvals for access are progressively received.

Cusco Iron Ore Project, Santo Tomas (SRK 50%[4])

Background

The main Cusco project area of Santo Tomas is centred on a large 2 kilometre diameter circular magnetic anomaly with north and north-east trending magnetic highs extending both north and south of the circular feature. Extensive outcrops of high-grade iron ore coincide with the magnetic anomalies. Mapping and surface sampling indicates these outcropping zones commonly contain >60% Fe and contain a mixture of both haematite and magnetite.

A resource estimate completed in 2011 based on the 2008 drilling outlined an Inferred Resources of 104.4 Mt of iron ore at 32.6% Fe. The mineralisation remains open along strike and at depth. In addition, due to the broad nature of the drilling, a number of mineralised intercepts could not be included in the resource estimate.

This resource estimate was based on primarily steep-dipping, structurally controlled magnetite zones. The current interpretation of the deposit is that the bulk of the mineralisation is stratiform in nature and sub-horizontal with the current resource estimate believed to understate the resources and potential in terms of both tonnes and grade. At this stage a revised resource estimate is not considered essential until further drilling is completed.

The drilling programs to date have tested 30 - 40% of the target area for iron ore and further drilling is planned. The style of iron-ore mineralisation at Santo Tomas is similar to that seen at Opaban, being coarse-grained and dominated by magnetite. Preliminary metallurgical tests indicate a concentrate grade of >65% Fe can be produced from this ore using conventional grinding and magnetic separation processes.

A Concept-level study was completed in 2008 into a 1 Mtpa operation producing a lump product trucked 275 kilometres to Imata then railed to the port of Matarani for storage and export. The study indicated a capital cost of approximately US$160 million and operating costs of US$75 per tonne, which is not considered sufficiently attractive to pursue further.


Drilling at Cusco Iron Ore Project 2007/8

AF's Cusco concessions lie within 20 km of the Cerro Ccopane iron ore project of Cuervo Resources where iron ore resources of 179 Mt at an average grade of 48% Fe (see below for full details) have been outlined and drill testing of the exciting Bob 1 target area is underway.

Activity

Following completion of the access agreement with the community of Huinquiri during the first half of 2012 AF has initiated a number of exploration and drilling approvals activities within the central portion of the Santo Tomas project in the Cusco district.

Surface mapping program, re-logging of drilling samples and an IP program were undertaken in the current work area and these programs will be extended as more areas become available.

The results of the mapping and re-logging programs confirmed that the mineralisation is largely in stratiform exoskarn. The data from this work will be used to define criteria for a revised resource estimate to be undertaken in the future.

The IP survey provided significant data for both iron ore and copper-gold exploration. It confirmed the dominantly stratiform nature of the iron ore and also identified a number of moderate-sized deeper chargeability anomalies, which most likely outline sulphide-rich portions of the system. At this stage it appears that these targets are more likely to represent primarily gold targets, but drill testing is required to confirm this interpretation.

[4] Strike holds its interest in this project via a 50% shareholding in Perúvian company, Apurimac Ferrum S.A., which holds the project's mineral concessions.

This will be included in the drilling approvals process which is proceeding as planned. Initial environmental studies have been completed and presented to the community, which confirmed its support for AF's presence and exploration programs.

Drilling is expected from the June quarter of 2013 once all drilling and water supply approvals are received.

In addition to exploring the AF concessions the Company has also pursued opportunities to secure additional iron ore resources within the Apurimac and Cusco regions to accelerate the delineation of sufficient mineralisation to support a 15 – 20 Mtpa operation. Two important steps completed have been the move to a majority position in AF through the acquisition of the 12% of shares in AF held by IAC (see Strike's announcement: "Strategic Acquisition Apurimac/Cusco Iron" on 1 July 2011) and the entry into a loan agreement with Cuervo Resources (see Strike's announcement: "Strategic Option to Acquire Major Stake in Cuervo" on 17 June 2011).


Cusco Iron Ore project magnetite outcrop

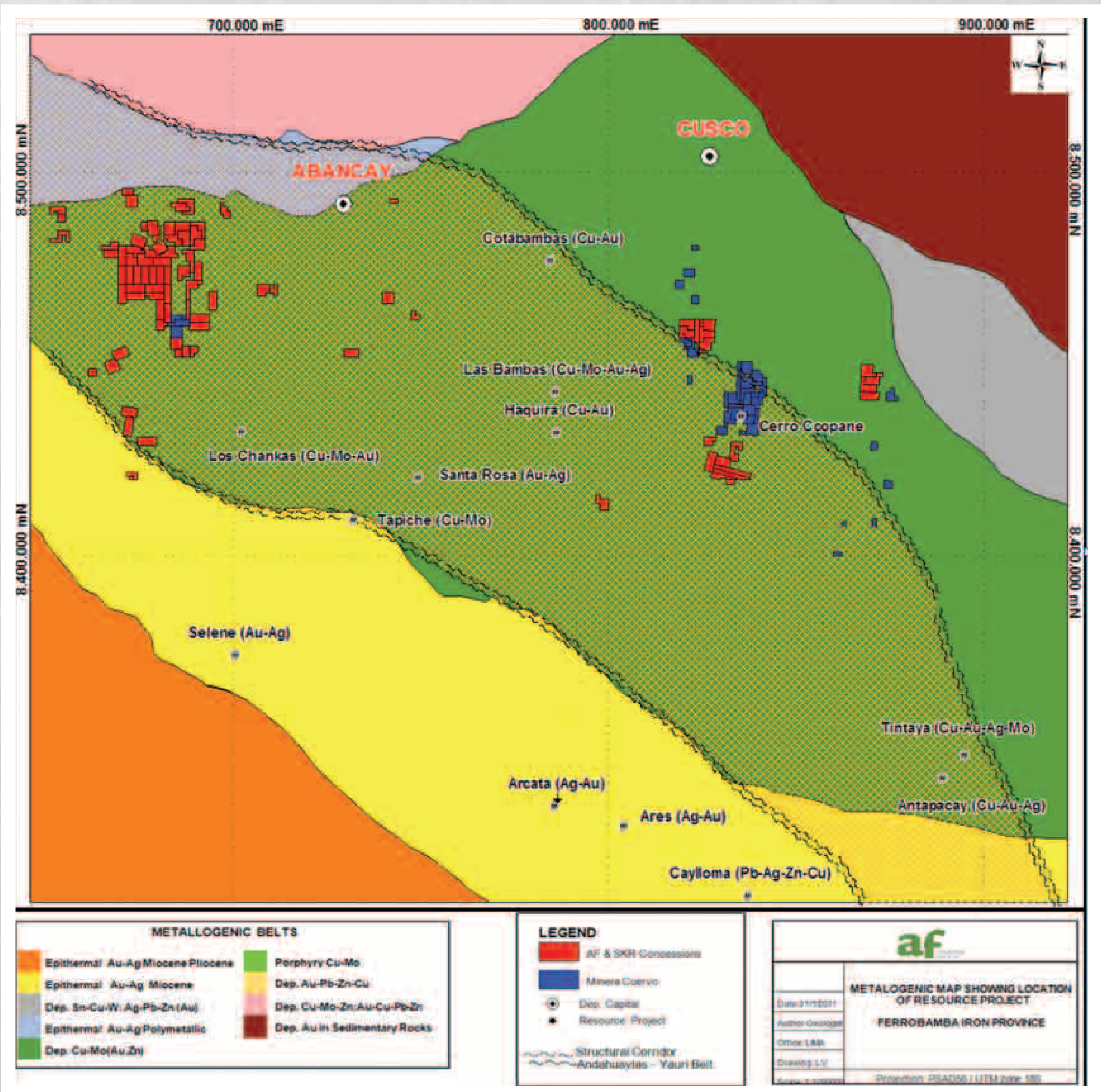

Drilling at Cusco Iron Ore project 2007/8

Cuervo Resources Inc.

Background

Cuervo Resources Inc. (CNSX code: FE) is Canadian mineral explorer listed on the Canadian National Stock Exchange ("CNSX") and also trades on the Frankfurt Stock Exchange. Cuervo is active in exploration for iron ore in Perú, most particularly at its wholly-owned Cerro Ccopane project lies within 20 kilometres of Apurimac Ferrum's Santo Tomas (Cusco) iron ore project (refer Figure 1). Cuervo and Strike believe that a cooperative exploration effort between them will be strategic to the development of Perú's large-scale iron ore potential.

Figure 1: Regional Geology and AF and Cuervo concessions in southern Perú



The Cerro Ccopane property covers 14,000 ha (140 square kilometres) of contiguous mineral concessions. At Cerro Ccopane (Figure 2), drilling in 167 holes in four zones of magnetite mineralisation has identified high-grade magnetite mineralisation at the Aurora, Orcopura, Hullique and Bob 1 prospects (see Figure 2).

The Orcopura Zone has a reported JORC-Code compliant mineral resource estimate of 106.4 million tonnes at 45.3% Fe which is detailed at Table 7 in the Resource Statement (page 24). The Orcopura mineralisation has been tested over a strike length of approximately 800 metres and remains open along strike and down dip in several areas.

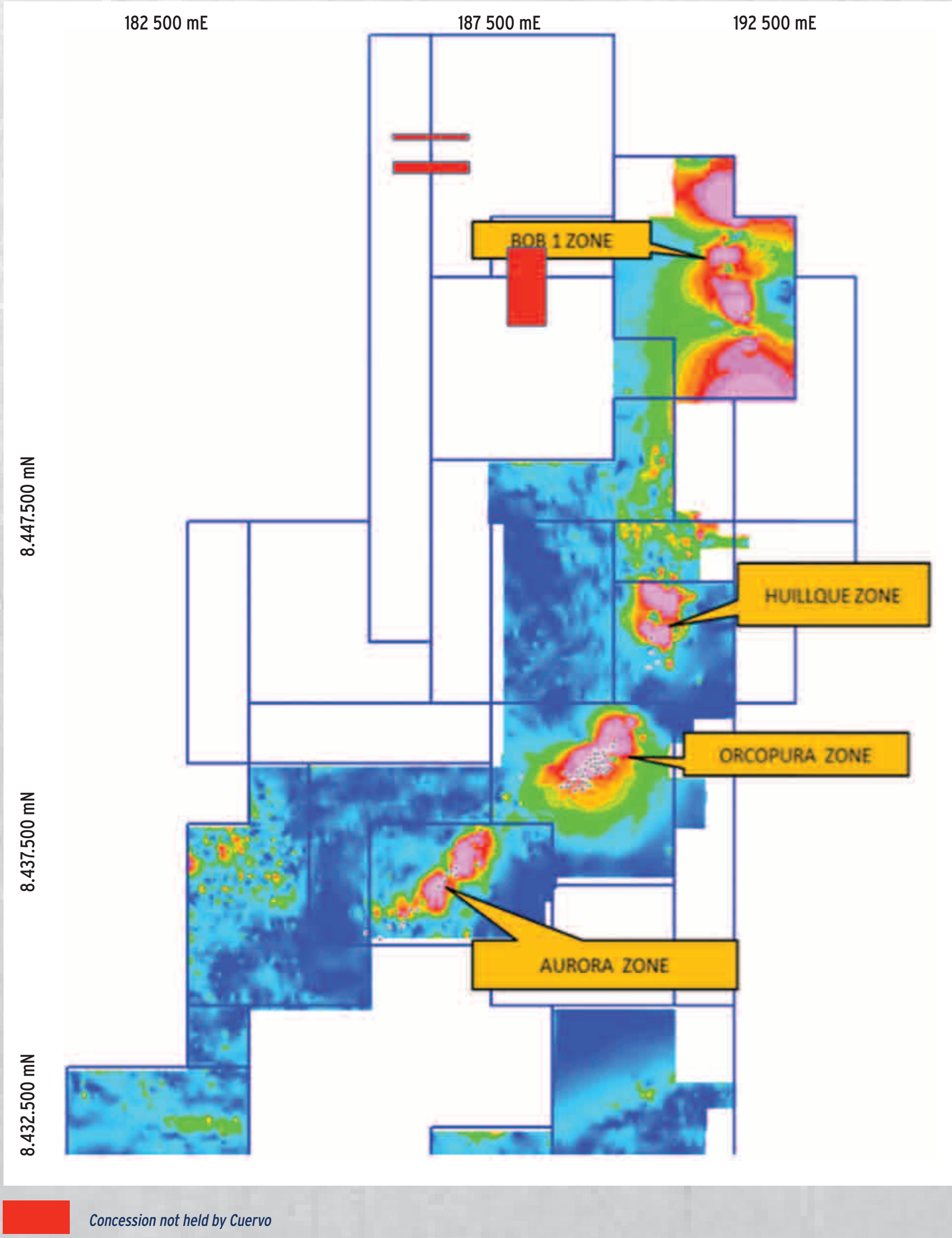
The magnetite mineralisation exhibits a clear geophysical expression with strong magnetic and gravity anomalies coincident with the iron ore.

The Bob 1 zone is considered highly prospective for iron ore. It contains strong magnetic and gravity anomalies (refer Figures 1 and 2) coincident with a broad band of magnetite outcrops extending over 3 kilometres in strike length, the largest yet identified on the Cerro Ccopane property. Rock chip samples from these outcrops averaged >63% Fe and the prospect is geologically similar to the Orcopura, Huillque and Aurora areas where previous drilling has outlined iron ore resources totalling 179 million tonnes at an average grade of 48.2% Fe (refer Table 7, at page 21, for a full breakdown of JORC Code categories and grades).

Strike has provided funding of the drilling program on the Bob 1 zone as part of a staged exploration program by Cuervo at its Cerro Ccopane project. Strike has advanced Cuervo CAD$5.25 million for the current (Stage 1) program and, in return, was granted warrants that can be converted into 32.5% of Cuervo's shares on an undiluted basis. Strike has the option to fund Cuervo's Stage 2 drilling program in the amount of CAD$9.75 million, under warrants which can be converted to a further 16.7% of Cuervo's shares (undiluted).

Cuervo Resources, magnetite Aurora zone 2011

Figure 2: Magnetic Data and Prospects for Cerro Ccopane Project, Cuervo Resources.



Activity

At the time of investment in July 2011, initial drill testing of the magnetic anomalies at the Huillque and Aurora prospects had intersected broad zones of iron ore mineralisation, however a resource estimate was not completed at that time. Better results from drilling at these zones include:

Table 2 - Selected intercepts from Huillque and Aurora prospects

HOLE ID	Interval (m)	Width (m)	True Width	Fe%	S%	P%	Prospect
HDH - 01	62.7 - 138.5	78.85	53	62.09	0.8	0.03	Huillque
HDH - 03	129.80 - 228.50	98.7	69	54.55	4.14	0.04	Huillque
HDH - 12	130.25 - 181.10	50.85	35	53.66	1.51	0.05	Huillque
HDH - 17	21.20 - 132.30	110.6		49.92	2.27	0.05	Huillque
ADH - 01	8.70 - 87.20	78.5	55	50.77	3.64	0.03	Aurora
ADH - 01	17.70 - 59.70	42	29	58.73	3.71	0.02	Aurora
ADH - 06	35.50 - 114.00	78.5	68	51.05	3.46	0.03	Aurora

The full list of significant intercepts from these zones is provided at Appendix 1 of a Strike announcement dated 17 July 2011 (Strategic Option to Acquire Major Stake in Perúvian Iron Ore Explorer).

In early 2012 a further resource estimate was released for the Aurora and Huillque prospects, which lie approximately 3 kilometres to the south west and north respectively of Cuervo's previously reported resources at the Orcopura prospect (see figure 2, on page 15). The new resource estimate is based on the results of approximately 5,000 m of diamond drilling and based on a 30% iron cut-off grade. The breakdown of the resource by mineralised zone is shown below:

Table 3 – Resource Aurora and Huillque

Zone	Mt (Inferred)	Head Fe (%)
Aurora South	7	49.7
Aurora North	9	49
Huillque	56	53.5
Total	**72**	**52.6**

The revised global resources on the Cerro Ccopane property, which includes all drilling performed on the Orcopura, Aurora and Huillque prospects, now stand at 179 million tonnes at an average grade of 48.3% Fe, as outlined in the table on page 25. In late 2011 Cuervo commenced an access program for a 4,500 metre diamond-drilling program at the "Bob 1" zone of its Cerro Ccopane Iron Project in southern Perú. As part of this work it completed a channel sampling program in costeans across areas of outcropping or inferred magnetite rocks.

A total of 460 m of channel sampling (360.3 m in horizontal length) has been carried out along fourteen E-W trenches (numbered "A" to "J" from south to north) across N-S outcropping magnetite mineralisation over a strike length of 1,000 metres. Analytical results from the channel samples are very similar to those encountered near surface in the other mineralised zones identified elsewhere at the Cerro Ccopane property. Included in the Bob 1 sample results are intersections of 46.44% Fe over 38 m (46.49% Fe over 35.6 m horizontal) in Trench A and 50.13% Fe over 60 m (50.08% Fe over 43.3m horizontal) in Trench D.

Drilling commenced in June 2012 and to date 10 holes have been completed of a planned program of up to 20 drill holes at Bob 1. One hole, BDH12-09 was abandoned prior to reaching the target depth due to drilling difficulties. These drill holes have been directed to test the surface exposures of magnetite mineralisation and the gravity and magnetic targets to a depth of around 200 metres.

All 10 drill holes completed to date at Bob 1 have intersected broad zones of magnetite rich rocks with several intervals of massive magnetite interspersed with relatively narrow intervals of intermediate composition intrusives. The magnetite and sulphides (mainly pyrite) are generally of similar grain size to that seen at Cuervo's Orcopura prospect approximately 20 kilometres to the SSW (refer Figure 2).

Assay results have been received and reported for the initial 7 drill holes (BDH12-01 to 07) which test approximately 500 metres of strike length in the central portion of Bob 1. Broad intervals (90 to almost 190 metres down hole) of iron with grades above 30% Fe have been intersected in every hole, with several holes containing zones of 50 - 60% Fe.

Table 4 - Significant intersections in drill holes BDH-12-01 to BDH-12-07

Hole	From	To	Length	Fe (%)	SiO2 (%)	S (%)	P (%)	Mn (%)	Cu (%)
BDH12-01	86.20m	219.20m	133.00m	49.6	14.4	2.36	0.09	0.14	0.11
BDH12-02	12.35m	194.35m	182.15m	39.6	23.2	2.3	0.08	0.16	0.1
BDH12-03	19.20m	175.20m	156.00m	40.9	23.3	2.92	0.06	0.19	0.12
BDH12-04	66.10m	255.00m	188.90m	32.6	28.5	1.8	0.08	0.23	0.06
BDH12-05	35.80m	179.55m	143.75m	38.3	22.6	1.83	0.09	0.2	0.08
BDH12-06	71.30m	181.90m	110.60m	41.1	21.1	2.79	0.08	0.17	0.10
BDH12-07	219.45m	311.45m	92.00m	36.6	24.5	2.64	0.07	0.22	0.09

Within these broad mineralised zones, higher-grade intervals have also been identified, including:

- 51.6% Fe over 21.05m from 103.45m and 52.8% Fe over26.0m from 140.50m in BDH12-02;
- 49.9% Fe over 24m from 122.70m, 61.6% Fe over 13.85m from 77.05m and 50.3% Fe over 43.35m from 107.15m in BDH12-03; and
- 55.9% Fe over 22.50m from 66.10m in BDH12-04.

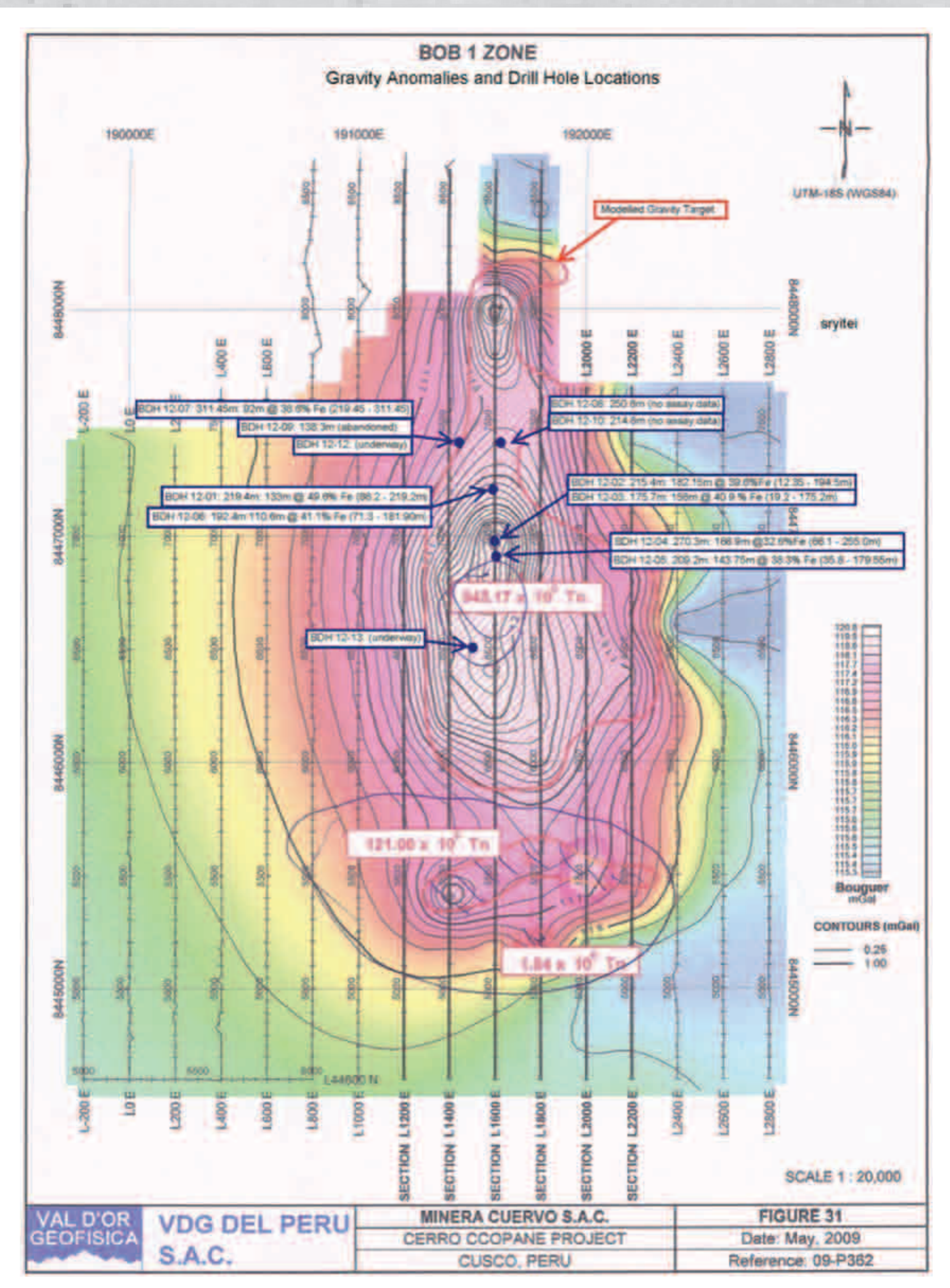
Given the challenging site access in some areas at Bob 1, in some cases both vertical and angled drill holes have been completed from a single drill platform to provide both a horizontal and vertical assessment of the magnetite mineralisation. Holes 03, 05, 06 and 07 were declined at 60 degrees, with the remaining holes being vertically orientated.

Preliminary low-intensity magnetic separation (Davis Tube) carried out previously on selected samples of sulphide-rich mineralisation from the Orcopura zone showed that both pyrite and chalcopyrite (Cu-bearing sulphide) could be removed to produce a high-grade iron ore concentrate. Cuervo plans to carry out Davis Tube processing on samples of the Bob 1 ore when more drill holes have been completed. The Bob 1 David Tube results are expected to be similar to those from Orcopura, given the similarity in magnetite mineralisation at these prospects.

While only a restricted portion of the target area has been tested to date the results are considered most encouraging due to the continuity of results both along and across strike, the strength of the geophysical anomalies and presence of massive magnetite at surface over the entire strike length of Bob 1.

Cuervo expects drilling to continue until at least late October and is aiming to have an initial resource estimate completed by late 2012 or early 2013, depending on drilling rates and assay turnaround times. For the remainder of the current drilling program it is planned to undertake step-out drilling to the north and south of the completed holes to provide an initial test of the bulk of the Bob 1 target area.

Figure 3: Bob 1 Prospect Gravity Contours and Drill Hole Locations



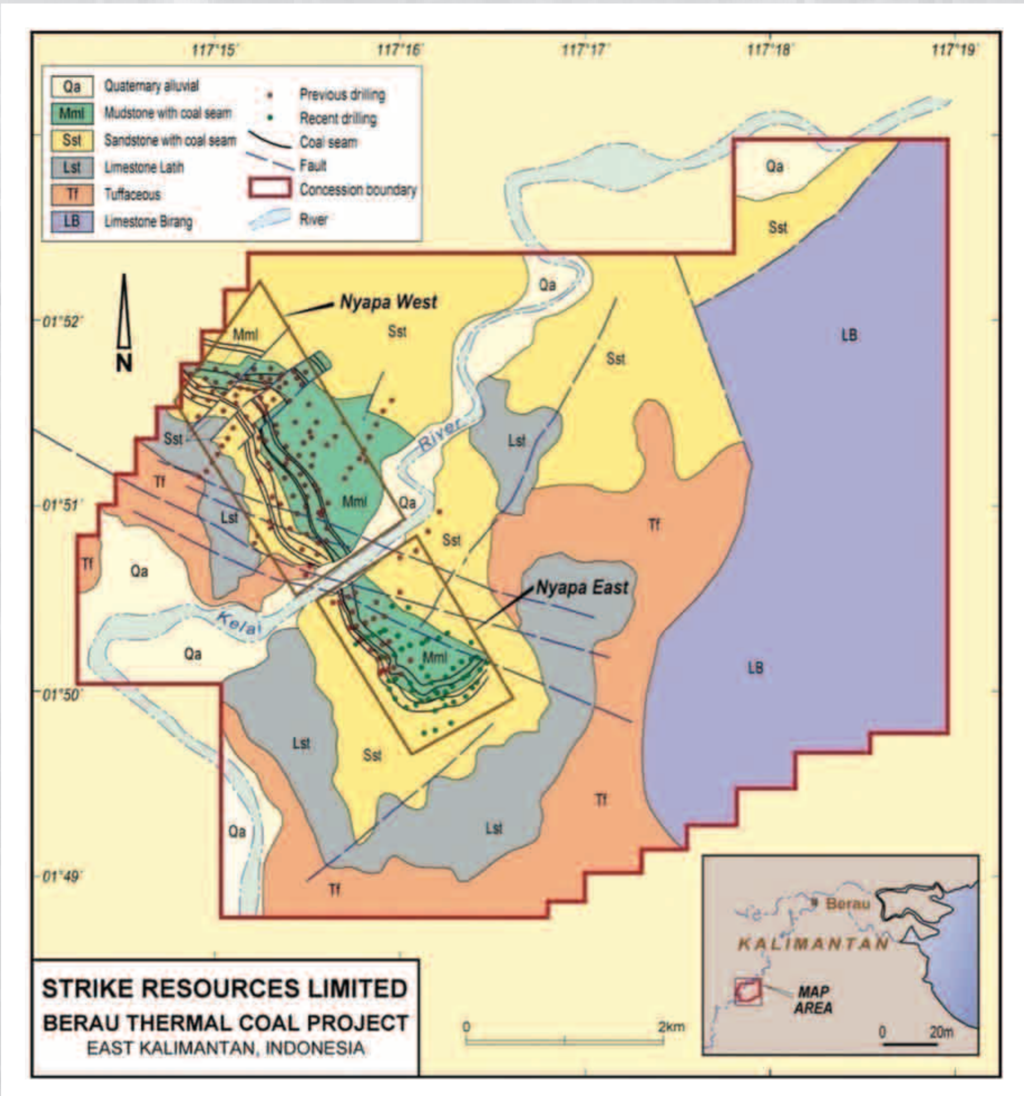
Berau Thermal Coal Project – Indonesia[5]

Overview of Previous Studies (2009 – 2010)

The Berau Project is located 40 kilometres south-west of Tanjungredeb (Berau) and 350 kilometres north of Balikpapan, East Kalimantan, Indonesia. Strike has 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.

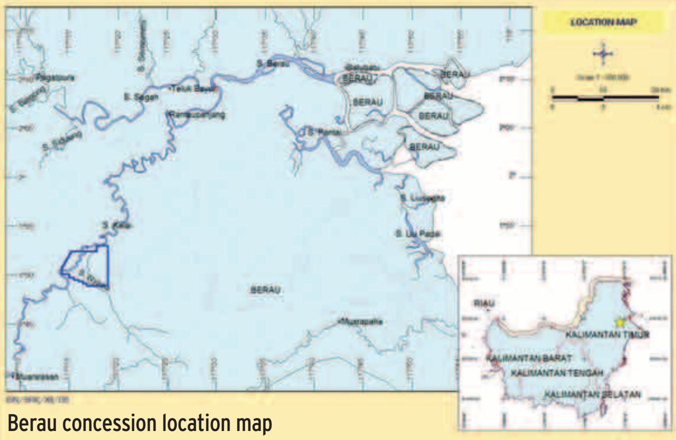
The project straddles the Kelai River with the focus for both exploration and studies being initially the Nyapa West area on the western side of the river which hosts over 50% of the resources and has simpler access (see Figure 4 below).

Figure 4 – Berau Drilling and Geology Map



5 Strike's rights in this project consist of 100% of the rights to mine the coal concession, subject to payment of a royalty to the concession owner.

STRIKE RESOURCES



Berau concession location map

A series of feasibility level studies were completed by Strike in 2009 based on 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 then transport the coal approximately 90km to the coast and then on to a trans-shipment point 30km offshore, where it will be off-loaded to ships for delivery to customers.

The target production was 1.5 Mt of coal in the first year, expanding to produce at a rate of up to 3 Mtpa in subsequent years. The run-of-mine coal product was expected to have a medium calorific value of approximately 5,550 kcal/kg (gar) with low sulphur (0.66%S as received), ash of 7.3% and total moisture of 16.6%.

The development timetable was assessed at approximately 8 months from receipt of development approvals to production with first shipment of product 2 months after completion of construction.

The study results indicated the project is relatively simple technically and delivers robust financial returns with an estimated capital cost of approximately US$20 million and operating costs estimated at US$40 – 45 per tonne based on a production rate of 3 Mtpa.

Project Approvals

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.

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 tenders was undertaken in 2010 along with a second round of mining contract proposals. This work confirmed the key capital and operating cost components of the project determined during the 2009 feasibility study.

Current Status

During the year management held extensive discussions with Strike's Indonesian partner with a view to reaching agreement on the restructure of the existing Cooperation Agreement to ensure it complies with the new Indonesian Mining Laws. Despite these efforts the partner has refused to negotiate in good faith.

During the June and September 2012 quarter, discussions continued with Strike's Indonesian partner with a view to resolving the dispute between the parties. These negotiations have resulted in the executing of a Term Sheet with the Indonesian partner to settle the dispute, under which Strike has agreed to exit the project for US$4.3M.

Just prior to signing the Term Sheet the Company had taken a conservative view and impaired the carrying value of the asset based on negotiations at that stage.

Paulsens East Iron Ore Project – Western Australia[6]

Background

The Paulsens East Project tenements are located approximately 140 kilometres west of Tom Price (close to transport infrastructure) and eight kilometres east-northeast of the Paulsens Gold mine in the northwest of Western Australia.

Under a farm-out agreement between Strike and Process Minerals International Pty Ltd (PMI) - a subsidiary of ASX-listed Mineral Resources Limited - PMI had exclusive rights to explore for and mine iron ore from Paulsens East. Strike retained the rights to other minerals. Strike was entitled to a royalty of A$ 3.20 per tonne, subject to variations in line with movements in an iron ore benchmark price.

In the September Quarter 2010 PMI completed field validation of Strike's previous drilling.

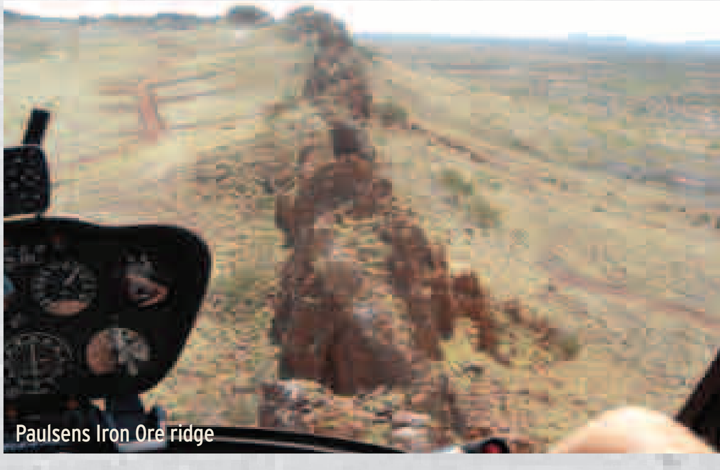
PMI carried out an initial internal analysis of potential mine plans, mine cost models and export options for the iron ore with a view to determining the optimum configuration for the project but did not undertake a planned drilling program aimed at expanding the existing resources. On 23 July PMI informally advised Strike that it intends to terminate the agreement and the transfer of technical data has commenced. The Company is assessing its options in relation to this project.

SUSTAINIBILITY

Perú – Social Climate

The social climate in Perú remains unsettled, with several high-profile disputes between resources companies and local communities having occurred during the year. The reasons for the protests are varied. In a number of cases the protest leaders have strong political aspirations and are primarily seeking to gain media attention. This makes understanding and addressing the core issues challenging and settling the disputes in a timely way very difficult.

[6] Strike's rights in this project consist of 100% of the rights to mine the coal concession, subject to payment of a royalty to the concession owner.


Paulsens Iron Ore ridge

The central government has imposed martial law in two cases in an attempt to halt violent protests and encourage the parties to undertake genuine dialogue to resolve outstanding matters. To date this approach has had some success but is only initiated for serious disputes on major projects.

It appears there is a general trend of increasing demands from communities on resources companies and, in some cases, rejection of existing formal and informal agreements. There continue to be many success stories in Perú where communities and resource companies work together successfully for the benefit of all stakeholders. These cases are invariably underwritten by relationships built over time based on mutual trust and respect. The situation is being closely monitored by AF and Strike and appropriate responses taken as required.

Community Approvals – Positive & Improving

- Patience and trust building required, especially following AF's previous scale-down in response to the GFC and partner dispute in 2008
- Colcabamba "pilot" successful along with innovative Camposol visits and expertise
- **Established "AF Information Offices"** in 2 main communities – Andahuaylas and Huininquiri
- **President Humala's visit** and positive mining industry messages to Andahuaylas and Apurima region
- Formal dialogue underway with key communities

- Some communities **pro-actively approaching** AF
- Requests from regional authorities to work with AF on regional information processes for communities
- Community **approvals flowing** and expected to accelerate over 2012/13
- **Environmental approvals in line with programs**

Cusco Approval

AF has an agreement with the community of Huinquiri at the Santo Tomas project and a number of agreed programs have been implemented. These include training workshops and trail opening programs proposed by the community and conducted for the benefit of the community members. Approximately 35 community members are currently employed in these activities, which are fully funded by AF.

Relations with the community remain positive. Several adjacent communities currently opposed to mining have established a committee to monitor the AF programs. AF welcomes this engagement and is pleased to be able to demonstrate the value of its cooperative programs with the community and its responsible approach to community relations.

AF has completed the environmental work required to obtain an environmental approval (EIS) that will allow for drilling and other work at the Santo Tomas concessions. The official MINEM consultation process was undertaken with the community on 17 July. Accordingly, the EIS will now be filed before the MINEM for approval during the December quarter.

All exploratory and/or geological works are being conducted according to plan and the formal drilling approvals are expected to be received from the relevant authorities during the first quarter of 2013, with drilling beginning in the June quarter.

Apurimac - Huinchos (Opaban 1) and Colcabamba

During the quarter AF undertook several engagement programs with the community of Huinchos, which is comprised of 4 main annexes or campesino communities. Activities included:

- discussions with community leaders regarding community aspirations and the establishment of information offices by AF to provide ready access to community members to AF and its programs;
- AF-sponsored trips for community members and leadership to the world-class agricultural operationsof Camposol, to view large-scale farming techniques, high-quality food preparation installations, water treatment and other infrastructure necessary for sustained commercial farming projects;
- Negotiating and agreeing access terms for exploration with the Antapata campesino community. However, in July when the AF team attempted to commence the establishment of its information offices they were confronted by a large group protesting their presence and demanding that they leave the community immediately.

The AF community relations team has been largely replaced, and has been placed under the fresh leadership of experienced Social Responsibility Manager, Luis Romero. Subsequently the new AF team has made significant progress in re-establishing constructive relationships and dialogue with the community of Huinchos based on openness, honesty and delivery of commitments. Key achievements to date include the recommencement of information sessions (internships) for community members on the benefits of economic development opportunities including mining, visits and information sessions to the Camposol agri-business, commencement of construction of a previously committed football field, investigating joint AF and community business opportunities and open dialogue on a range of issues and approvals.

AF intends to build on this positive start and work with the community leadership and broader population, as well as the authorities, with a view to gaining formal access during 2013. Respected social consulting group ProDialogo is working with AF to establish a plan to gain access, with the aim being to achieve this objective during the first half of 2013.

As noted above, all exploration and community programs have ceased at Colcabamba following demands for cash payments, beyond those already agreed, from the new community leadership. At this stage it is difficult to envisage when activities will recommence, although AF remains prepared to honour its obligations under the existing agreement should the community do the same.

Given that this prospect is not currently a priority, AF will wait until the community leadership indicates that it is prepared to honour the existing agreement before considering the recommencement of direct engagement or community programs.

Evaluation and Pre-Feasibility Studies

The initial Pre-feasibility Study (PFS) completed in 2008 focused upon the development of a 27 million tonne per annum (27 Mtpa) mining operation producing 20 Mtpa of high quality iron ore concentrate transported to the coast for shipment via a slurry pipeline.

Example rope conveyor, Papua New Guinea

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

- Average operating costs (OPEX) of approximately US$14.50 per tonne
- Total capital cost (CAPEX) of approximately US$2.3 billion
- High quality product grading +68% Fe, very low in alumina, phosphorous and other impurities

Operating cash surplus of approximately US$1.44 billion forecast for first full year of production (based on iron ore concentrate prices of approximately US$94 per tonne FOB).

The PFS included a series of studies project managed by Sinclair Knight Merz (SKM).

Since that time AF has undertaken a number of optimisation studies including further metallurgical test work, transport option analysis (including a rope conveyor option), water management studies and alternate production rate options; all been covered in detail in previous reports. The extensive body of study work has confirmed the concentrate and slurry pipeline configurations are the lowest technical risk option. Under this option production rates of 15 – 20 Mtpa are required over 15 to 20 years of operating life to provide robust financial returns.

Current resources at Opaban are sufficient to supply at least 10 years of ore supply at the above rate. The focus for AF remains the securing of access to Opaban and the Apurimac satellite concessions to complete exploration and resource definition programs to increase its iron ore to at least 500 Mt at similar grades to the Opaban prospect.

JORC RESOURCE STATEMENT

Apurimac Iron Ore Project - Apurimac Ferrum SA

Strike holds its interest in this project through its 50% holding in Perúvian joint venture company Apurimac Ferrum SA (AF). AF owns the project's mineral concessions. The other joint venture partner, D&C Group (D&C), holds 50% of AF. Strike provided loan funding to AF of US$27 million until mid-2012 under a loan agreement. D&C previously had the right to match this funding to move to 50% of AF or dilute to approximately 25% in mid-2012.

The Apurimac project has a JORC resource of 269.4 Mt, consisting of:
- a 142.2 Mt Indicated Mineral Resource at 57.8% Fe; and
- a 127.2 Mt Inferred Mineral Resource at 56.7% Fe.

Table 5 - Combined Mineral Resources for Opaban 1 and Opaban 3

Category	Project	Density t/m3	Mt[1]	Fe%	Si02%	Al203%	P%	S%
Inferred		4	127.19	56.7	9.66	2.7	0.04	0.2
Indicated	Opaban 1	4	133.71	57.57	9.46	2.54	0.04	0.12
Indicated	Opaban 3	4	8.53	62.08	4.58	1.37	0.07	0.25
Totals			**269.4**	**57.3**	**9.4**	**2.56**	**0.04**	**0.16**

[1] Opaban 1 (40% Fe cut-off), 2 Opaban 3 (within 55% Fe envelope)

Full details of the basis for the Resource estimation are contained in Strike's 11 February 2010 ASX Announcement: Apurimac Project Resource Upgrade.

Cusco Iron Ore Project - Apurimac Ferrum SA

The Cusco Iron Ore Project currently comprises approximately 22 concessions totalling approximately 18,000 hectares located 130 to 180 kilometres south-east of the Apurimac Project area and 80 kilometres south of the historical city of Cusco.

Table 6 – Resources for Cusco Santo Tomas Project

Category	Project	Density t/m3	Mt*	Fe%	Si02%	Al203%	P%	S%
Inferred	Santo Tomas	4	104.4	32.62	0.53	3.19	0.035	0.53
Totals			104.4	32.62	0.53	3.19	0.035	0.53

Cusco, Cerro Ccopane Project - Cuervo Resources Inc.

Cerro Ccopane lies within 10 kilometres of Apurimac Ferrum's Cusco Iron Ore project which is an asset owned by Cuervo Resources Inc (Cuervo) of which Strike has financed a C$5.75m loan facility which is convertible at C$0.30c per share (approximately 32.5% equity in Cuervo).

Table 7 – Resources for Cerro Ccopane Project

Prospect	Classification	Tonnes (Mt)	Head Fe (%)	Cut-off Fe (%)
Orcopura	Measured	19.7	48.26	20
	Indicated	35.9	45.91	20
	(Measured plus Indicated)	***55.6***	***46.75***	***20***
Orcopura	Inferred	51	43.7	20

OR

Prospect	Classification	Tonnes (Mt)	Head Fe (%)	Cut-off Fe (%)
Orcopura	Inferred*	46	45.8	30
Huillque and Aurora	Inferred	72	52.6	30
Total	***Inferred***	***118***	***50.4***	***30***

* Showing the inferred resource at Orcopura (previously modelled using a 20 % lower cut) now using a 30% lower cut, to enable a comparison between that resource and the inferred resource now defined at Huillque and the Aurora prospects.

Competent Person Statement

The information in this document that relates to exploration results and mineral resources has been compiled by Mr Ken Hellsten, B.Sc. (Geology), who is an employee of Strike Resources Ltd and is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Hellsten has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves" (the JORC Code). Mr Hellsten consents to the inclusion in this document of the matters based on this information in the form and context in which it appears.

Apurimac, Opaban 1

Your Directors present their report on the Consolidated Entity consisting of Strike Resources Limited (**"Company"** or **"Strike"**) and the entities it controlled at the end of, or during, the year ended 30 June 2012.

Directors

The following persons were Directors of Strike during the whole of the financial year and up to the date of this report:

Malcolm Richmond
Ken Hellsten
Matthew Hammond
William Johnson
Samantha Tough was appointed as a Director on 23 January 2012 and continues in office at the date of this report.

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 Cusco Iron Ore Projects located in Perú, South America.

In addition, the Consolidated Entity is also involved in the resale of land and its rights in the Berau Thermal Coal Project in Indonesia.

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.

Review of Operations

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

The Apurimac and Cusco Iron Ore Projects are large-scale iron ore projects in southern Perú, with Apurimac the most advanced with a high quality Concept-level Study completed in 2008. The Company is seeking to establish an iron ore mining operation based on its Opaban concessions located at Apurimac.

The Company has strengthened its resource and exploration position in Perú through the acquisition of an additional 6% of Apurimac Ferrum S.A. (AF) - taking Strike to 50% of AF - and entering into a strategic option to acquire a major stake in Cuervo Resources Inc. (Cuervo) which holds high-quality exploration concessions in the Cusco district of southern Perú, and which are complimentary to Strike's own concession interests in the same area.

Strike holds 100% of the rights to mine coal at the Berau Thermal Coal Project in Indonesia, subject to a royalty to the concession owner, through a Co-operation Agreement. The Company is in dispute with the owner over the terms of the agreement and currently negotiating a settlement.

A detailed discussion and analysis of Strike's operations will be set out in the annual report.

Significant Changes in the State of Affairs

During the year the Consolidated Entity continued to implement changes which were the result of a strategic review of the Company's operations.

On 1 July 2011 the Company announced that it had entered into an agreement dated 30 June 2011 with Iron Associates Corporation ("IAC") to purchase IAC's 12% shareholding in Apurimac Ferrum S.A. ("AF"). Key terms of the agreement are as follows:

- Strike acquired IAC's 12% shareholding in AF.
- IAC assigned to Strike a loan of US$ 5.462 million owed by AF to IAC. This loan is convertible to AF shares in July 2012 under the terms of the Settlement Agreement between the AF shareholders.
- IAC held a right, in certain circumstances, to convert its AF shareholding to a royalty from AF's future production. This royalty right was extinguished as a result of the IAC share purchase transaction.
- Strike paid IAC US$1.2m in cash on the execution of the agreement and has issued IAC 9 million Strike shares as consideration under the agreement. These shares represent 6.3% of Strike's issued capital.

On 19 July 2011 the Company announced that it had entered into an agreement with Canadian explorer, Cuervo Resources Inc. ("Cuervo"), to potentially earn up to 49.2% in Cuervo in return for Strike loaning Cuervo up to 15m Canadian dollars ("C$"). These funds are to be used by Cuervo to undertake advanced exploration activities on their Perúvian iron ore concessions. The program of work to be undertaken has been agreed by both parties. Cuervo is a junior iron ore explorer with concessions in Perú that are complementary to AF's concessions in the Cusco region in southern Perú. Cuervo's main project area, Cerro Ccopane, is 65km south of the city of Cusco and hosts four (4) zones of magnetite mineralisation being the Aurora, Orcopura, Huillque and Bob 1 prospects.

The first tranche of loan funds C$5.25m has been provided to Cuervo and drilling commenced in May 2012. The second tranche of C$9.75m is expected to be called on or about November 2012. Strike has the option whether to provide the second tranche funding.


Town of Colcabamba

On 13 October 2011 the Company announced that D&C had exercised an option to acquire 6% of AF shares and US$2.73m of debt which had been previously acquired by Strike in June 2011. The option was part of the IAC transaction (where Strike acquired 12% AF shares plus US$5.462m debt from IAC).

On 9 December 2011 the Company announced that it had substantially reduced AF's work programmes due to a failure to negotiate a financing agreement with D&C Group. At this time and based on budgeted expenditure, it was expected that the current AF loan facility would reach its US$20m limit by about March 2012.

The Company announced on 21 December 2011 that a court action by Millenium Trading against AF (Strike's Perúvian joint venture company) has been dismissed. Millenium sought to invalidate an agreement under which it relinquished options over certain mining concessions which were purchased by AF.

On 14 February 2012 the Company announced an increase in iron ore inferred resources at the Cerro Ccopane Project, Perú (with Strike's interest held via its investment in Cuervo Resources Inc.) of 72 million tonnes at 52.6%. The Cerro Ccopane Project lies with 10km of the Cusco Iron Ore Project owned Apurimac Ferrum SA, a joint venture between Strike and D&C Group.

On 18 May 2012 the Company announced that it had issued a "shootout notice" to its Perúvian partner D&C Group in the AF joint venture pursuant to the Settlement Agreement signed in July 2009. The shootout process provides the Company with a unique opportunity to either move to 100% ownership in AF or to sell its shares and receive repayment of its loans to AF of approximately US$33m (as at May 2012).

Cusco, Perú

Matters Subsequent to the End of the Financial Year

The Company announced on 31 July 2012 that Cuervo had commenced drilling at the Bob 1 prospect at its Cerro Ccopane Project.

On 23 July PMI informally advised Strike that it intends to terminate the agreement, although it has not yet given a formal notice. The Company is assessing its options in relation to this project.

On 15 August the Company announced the results of the initial drill hole completed by Cuervo Resources Inc. (Cuervo) on the "Bob 1" target zone of its Cerro Ccopane iron ore project in southern Perú. The initial drill hole (No. 2, drilled vertically) intersected 182.15 metres (m) of iron mineralisation (from 12.35m to 194.5m) at an average grade of 39.6% iron (Fe) with 23.2% Silica (SiO2), 2.3% Sulphur (S), 0.08% Phosphorous (P), 0.16% Manganese (Mn) and 0.10% Copper (Cu).

On 31 August 2012 Strike announced the results of the next two holes completed by Cuervo Resources Inc. (Cuervo) on the "Bob 1" target zone of its Cerro Ccopane iron ore project in southern Perú. Hole BDH-03, drilled adjacent to the initial hole BDH12-02 but angled at 60° to the south east intersected 156.0 metres (m) of iron mineralisation (from 19.2m to 175.2m) at an average grade of 40.9% Iron (Fe), 23.3% Silica (SiO2), 2.92% Sulphur (S), 0.06% Phosphorous (P), 0.19% Manganese (Mn) and 0.12% Copper (Cu) with higher grade zones of 43.35m of 50.4% Fe and 24.00m of 49.0% Fe.

Hole BDH 12-04 was drilled vertically 100 metres south of BDH-02 and 03 intersected 188.9m of iron mineralisation from 66.1m to 255.0m) at an average grade of 32.6% Fe, with 28.5% SiO2,1.8% S, 0.08% P, 0.23% Mn and 0.06% Cu including 22.50m of 55.9% Fe and 47.35m of 42.5% Fe.

Seven drill holes have been completed to date and results of samples for two of those holes are awaited from the laboratory and will be released once available.

On 6 September 2012 the Company announced that AF had restructured the organisation in line with current programmes and as a precursor to the result of the shootout. The shootout will result in one shareholder owning 100% of AF therefore enabling AF to be consolidated. The cost savings from the restructure are estimated at approximately US$250k per month from the December quarter onwards.

There have been no further changes of significance since then.

Likely Developments and Expected Results of Operations

By the end of the year Strike had given D&C Group a notice triggering the "shootout" process under the Settlement Agreement. On or about 6 August 2012, the Company gave notice to D&C Group of its shootout price, which gave an implied value of US$37m. By 6 October 2012 D&C Group must either provide a superior offer to Strike or accept the offer Strike has made. As a result one party will acquire the other party's AF shares and pay out the debt that AF owns it within 30 days and this will move to 100% of AF. Strike believes it has made a superior offer, and that it is unlikely D&C Group will beat it.

The Company has been in negotiations with its Indonesian partner to settle a long standing dispute. The current status of negotiations is a proposed settlement, where Strike will sell the land, data, reports and rights in relation to the Berau Thermal Coal Project. At the time of writing no documents had been executed, however, Strike was hopeful that this transaction would complete in the short term.

Environmental Regulation

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 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.

Information on Directors

Malcolm Richmond
Chairman

Appointed	13 July 2011
Previous positions held	Acting Chairman (3 February 2011 to 13 July 2011) Non-Executive director (25 October 2006 to 3 February 2011)
Qualifications	BSc Hons (Metallurgy) and B. Comm. Merit (Econs) (New South Wales)

Experience
Mr 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. Mr Richmond has also served as a Member on the Boards of a number of public and governmental bodies and other public listed companies.

He 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.

Mr Richmond is a nominee director on the board of Cuervo Resources Inc. for Strike Resources Limited. Mr Richmond served as Visiting Professor at the Graduate School of Management and School of Engineering, University of Western Australia until January 2012, and is 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 and member of the Audit Committee

Interests in shares and options
100,000 Shares (indirect) and 600,000 Unlisted Directors' Options

Other current directorships in listed entities
Non-Executive Director:
Advanced Braking Technology Ltd (appointed August 2006)
Cuervo Resources Inc (appointed July 2011)
Argonaut Resources Ltd (appointed March 2012)
Water Resources Group Ltd (appointed July 2012)

Former directorships in other listed entities in past 3 years
Structural Monitoring Systems Plc (October 2006 to November 2010)

Ken Hellsten
Managing Director

Appointed	24 March 2010
Qualifications	BSc 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 BHP Billiton, 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 that 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 nominee director on the board of Cuervo Resources Inc. for Strike Resources Limited.

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.

Special responsibilities
Executive Director

Interests in shares and options
217,083 Shares and 1,500,000 Unlisted Directors' Options

Other current directorships in listed entities
Non-Executive Director of:
Heron Resources Ltd (appointed December 2006)
Brierty Limited (appointed February 2010)
Cuervo Resources Inc (appointed July 2011)

Former directorships in other listed entities in past 3 years
Polaris Metals NL (March 2009 to January 2010)

Matthew Hammond
Non-Executive Director

Appointed	25 September 2009
Qualifications	BA (Hons) (Bristol)

Experience
Mr Hammond is the Group Managing Director of Mail.Ru, one of the largest European internet businesses. Prior to that he was Group Strategist at Metalloinvest Holdings, where he had responsibility for part of the non-core asset portfolio. Prior to joining Metalloinvest, Mr Hammond was a director at Credit Suisse, where he worked for 12 years as an investment analyst. During his time with Credit Suisse Mr Hammond was ranked number one 8 times in the Extell, Institutional Investor and Reuters surveys.

Special responsibilities
Member of the Audit and Remuneration and Nomination Committees

Interests in shares and options
Nil

Other current directorships in listed entities
Mail.Ru. (appointed April 2011)
Nautilus Minerals Inc (appointed October 2009)
Puricore Inc. (appointed May 2010)

Former directorships in other listed entities in past 3 years
Nil

William Johnson
Non-Executive Director

Appointed	30 April 2010
Previous positions 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 held senior management and executive roles in a number of public companies in Australia, New Zealand and Asia. Most recently, Mr Johnson has acted as an executive and non-executive director of a number of ASX listed resource exploration and development companies and brings a considerable depth of experience in business strategy, investment analysis, finance and execution.

Special responsibilities
Chairman of the Audit Committee and member of the Remuneration and Nomination Committee

Interests in shares and options
390,000 Unlisted Directors' Options

Other current directorships in listed entities
Executive Director of:
Orion Equities Limited (appointed February 2003)
Bentley Capital Limited (appointed March 2009)
Non-Executive Director of:
Alara Resources Limited (appointed October 2009)

Former directorships in other listed entities in past 3 years
Nil

Samantha Tough
Non-Executive Director

Appointed	23 January 2012
Qualifications	LIB, BJuris Western Australia, GAICD

Experience
Ms Tough is a professional company director and chairman, with more than 14 years' experience in public and private companies, including four positions as Chairman. She has strong, proven strategic expertise, particularly in identifying and implementing growth strategies for complex and substantial businesses and early-stage propositions.

Ms Tough has served at senior executive level or on the Board in a wide range of industries, including metals and mining in particular iron ore, oil and gas, engineering services, infrastructure, energy and energy efficiency, venture capital, e-commerce, international telecommunications and law. Her previous executive roles include Senior Vice President, Strategic Counsel – Natural Resources at the Commonwealth Bank, General Manager North West Shelf at Woodside Energy Ltd and Director Strategy Hardman Resources Ltd. She also led the Pilbara Power Project on behalf of the Premier's Department. Samantha's involvement in these industries has given her a sound understanding of conducting business internationally.

Special responsibilities
None

Interests in shares and options
Nil

Other current directorships in listed entities
Non-Executive Chairman of:
Southern Cross Goldfields Ltd (appointed July 2007)

Former directorships in other listed entities in past 3 years
Murchison Metals Ltd (May 2011 - Feb 2012)
Enerji Ltd (February 2010 - July 2010)

Julian Tambyrajah
Chief Financial Officer

Appointed	2 April 2012
Qualifications	BCom, ASA, ACIS, FIPA

Experience
Mr Tambyrajah is a global mining executive, a qualified Accountant and Company Secretary with 21 years' experience in the resources (mining, oil & gas) and manufacturing industries, working in different environments such as operator, service contractor, explorer, construction, joint ventures and alliances. Julian's extensive experienced covers financial and techno-commercial areas such as treasury, financing, accounting, supply and logistics, business development/acquisitions, investor relations, project evaluation, feasibility studies, life of mine modelling and economics, construction and development, and operations management.

Mr Tambyrajah has held the position of Chief Financial Officer, Director and Company Secretary at several Australian mining and petroleum companies, including Central Petroleum Limited, Crescent Gold Limited, Rusina Mining NL, DRDGold Limited, Dome Resources NL and held management and accounting roles for Hills Industries, Brown & Root, Woodside and Normandy Mining. Mr Tambyrajah has experience in raising equity and debt from national and international financial markets, some of which includes raising A$122m whilst at Crescent Gold and A$31m whilst at Central Petroleum.

Special responsibilities
Chief Financial Officer

Interests in shares and options
1,000,000 Unlisted Employee Options

Other current directorships in listed entities
None

Former directorships in other listed entities in past 3 years
None

Stephen Gethin
Company Secretary

The Company Secretary is Mr Stephen Gethin Barrister and Solicitor of the Supreme Court of Western Australia, Grad Cert Tax (Curtin). Mr Gethin was appointed to the position of Company Secretary on 30 April 2010. Prior to joining Strike, Mr Gethin previously served as Company Secretary and General Counsel for ERG Limited from 2006 to 2008. Mr Gethin worked in the Corporate and Finance practice group in a national law firm from 2001 to 2004.

Meetings of Directors

The numbers of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 30 June 2012, and the numbers of meetings attended by each director were:

Name of Director	Board Meetings		Committee Meetings (Audit)		Committee Meetings (Remuneration/ Nomination)	
	Attended	Meetings Held	Attended	Meetings Held	Attended	Meetings Held
M Richmond	11	12	2	2	1	1
K Hellsten	12	12	1*	2*	**	**
W Johnson	12	12	2	2	-	1
M Hammond	10	12	1	2	1	1
S Tough	5	5	**	**	**	**

* Attended by invitation, not a member of the relevant committee
** Not a member of the relevant committee

Retirement, Election and Continuance in Office of Directors

Mr Hammond retired as Director by rotation under the Company's Constitution at the November 2011 AGM and was re-elected at that meeting.

Remuneration Report (Audited)

The Directors are pleased to present the Company's 2012 remuneration report which sets out remuneration information for Strike Resources Limited's Non-Executive Directors, Executive Director and other key management personnel.

Directors and Key Management Personnel Disclosed in This Report

Name	Position
Non-executive and executive directors - see pages 30 - 36 above	
Other key management personnel	
Julian Tambyrajah[1]	Chief Financial Officer
David Lim[2]	Chief Financial Officer
Ian Cullen[3]	General Manager Exploration and Development

1. Mr Tambyrajah was appointed as Chief Financial Officer on 2 April 2012
2. Mr Lim ceased from the position of Chief Financial Officer on 10 April 2012
3. Mr Cullen was appointed as General Manager Exploration and Development on 1 July 2011 and ceased on 15 July 2012.

Role of Remuneration and Nomination Committee

The Remuneration and Nomination Committee is a committee of the Board. It is primarily responsible for making recommendations to the Board on:

- the necessary and desirable competencies of Directors and the extent to which these are reflected in the Board
- suitable candidates for the position of Managing Director, when required
- the development and review of Board succession plans
- the appointment and re-election of Directors
- making recommendations to the Board on policy governing the benefits of the Managing Director and any other Executive Director, including equity-based remuneration
- making recommendations to the Board on the specific benefits to be provided to the Managing Director within the policy
- conducting an annual review of Non-Executive Directors' fees and determining whether the limit on the Non-Executive Directors' fee pool remains appropriate, and
- assisting the Managing Director to determine the remuneration (including equity- based remuneration) of Senior Management and advise on those determinations.

The purposes of the Remuneration and Nomination Committee are:

- assist the Managing Director and the Board to adoptand implement a remuneration system that is required to attract, retain and motivate the personnel who will enable the Company to achieve long-term success; and
- identify appropriate candidates for membership of the Board and, when necessary, identify suitable candidates for the role of Managing Director.

In doing this, the Remuneration and Nomination Committee seeks advice from independent remuneration consultants and consults market and industry surveys (see page 42 below). Ultimate responsibility for the Company's remuneration and nomination policies and practices remains with the full Board. The Corporate Governance Statement provides further information on the role of this Committee. A copy of Strike's Remuneration and Nomination Committee Charter can be found on the Company's website at **www.strikeresources.com.au.**

Non-Executive Director Remuneration Policy

Fees and payments to Non-Executive Directors reflect the demands which are made on, and the responsibilities of, the directors. The Remuneration and Nomination Committee is responsible to review Non-Executive Directors' fees annually and makes recommendation to the Board. The Board has also considered the advice of independent market consultants to ensure Non-Executive Directors' fees and payments are appropriate and in line with the market. The Chair's fees are determined independently to the fees of Non-Executive Directors' based on comparative roles in the external market.

Pursuant to the Company's Constitution, each Director is 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.

Historically the Board had resolved to remunerate Non-Executive Directors for work over and above that included in their base Director's fee under a Special Exertion Policy. Where additional services are approved by the Board the Non-Executive Director is entitled to receive $350 per hour plus reimbursement of expenses.

With the exception of the above Special Exertion Policy, Non-Executive Directors do not receive performance-based pay. The Board had also previously resolved and issued Non-Executive Directors with options at various exercise prices and maturity dates as deemed appropriate at that time, however, in line with Corporate Governance Principles and Recommendations this is no longer the practice.

Directors' fees

Non-executive Directors' fees are determined within an aggregate Directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum currently stands at $500,000 per annum and was approved by shareholders at the annual general meeting on 25 November 2009.

The Chair's remuneration was reviewed upon his appointment, in February 2011.

Each Non-Executive Director receives $45,000 per year, except for Ms Tough. Ms Tough receives a higher fee, being the market rate that the Company determined was appropriate at the time she was appointed.

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

Director	Office held	Gross Salary/fees and Superannuation for the Period			
		Fees $	Special exertions $	Superannuation $	Total $
M Richmond	Chairman	70,000	33,250	9,293	112,543
M Hammond[1]	Non-Executive Director	45,000	-	-	45,000
W Johnson	Non-Executive Director	45,000	41,300	7,767	94,067
S Tough[2]	Non-Executive Director	40,000	-	3,600	43,600

1. The Director's fee for Mr Hammond was reviewed in October 2010.
2. Ms Tough was appointed as a Non-Executive Director on 23 January 2012. Her Director's fee was approved upon appointment.

Retirement Allowances for Non-Executive Directors

In line with the guidance from the ASX Corporate Governance Council on Non-Executive Directors' remuneration, no Non-Executive Directors receive retirement allowances. Superannuation contributions required under the Australian superannuation guarantee legislation continue to be made and are deducted from the directors' overall fee entitlements.

Executive Remuneration Policy and Framework

In determining executive remuneration, the Board aims to ensure that remuneration practices are:

- competitive and reasonable, enabling the Company to attract and retain key talent
- aligned to the Company's strategic and business objectives and the creation of shareholder value
- transparent, and
- acceptable to shareholders.

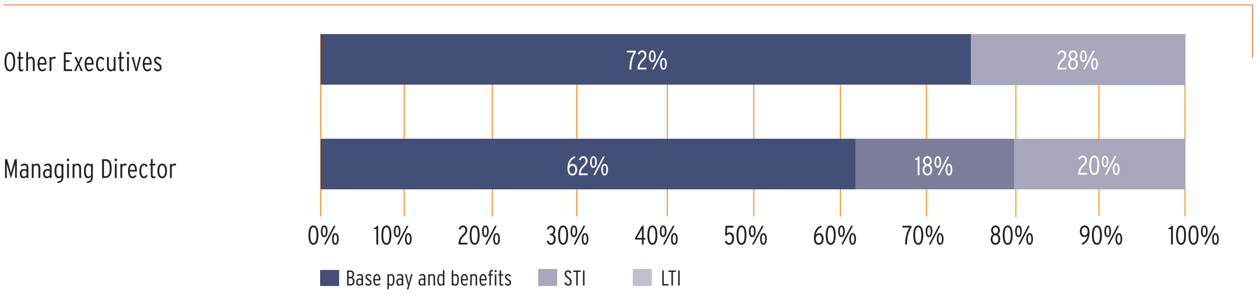
The executive remuneration framework has three components:

- base pay and benefits, including superannuation
- short-term performance incentives, and
- long-term incentives through participation in the Strike Resources Limited Employee Option Plan.

Executive Remuneration Mix

In accordance with the Company's objective to ensure that executive remuneration is aligned to Company performance, a significant portion of the Managing Director's target pay is "at risk". The following chart sets out the Executives' target remuneration mix:

Total Remuneration Mix



Base Pay and Benefits

Executives receive their base pay and benefits structured as a total employment cost (TEC) package which may be delivered as a combination of cash and prescribed non-financial benefits at the executive's discretion.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Independent remuneration consultants and/or reports provide analysis and advice to ensure base pay is set to reflect the market for a comparable role. Base pay for executives is also reviewed on promotion.

There are no guaranteed base pay increases included in the executives' contracts.

Short-term Incentives

The Managing Director has the opportunity to earn an annual short-term incentive (STI) if predefined targets are achieved. The targets are reviewed annually.

STI awards for the Managing Director and Other Executives in the 2012 calendar year were based on the scorecard measures and weighting as disclosed below. These targets were set by the Remuneration Committee for the Managing Director and by the Managing Director for Other Executives, which align management to the Company's strategic and business objectives.

STI targets – Managing Director

Metrics	Weighting
To maintain develop and lead a lean, effective organisation in both Perú and Perth, capable of meeting the broad objectives contained within the annual plan, yet accepting the reality of a volatile political environment	25%
To successfully provide guidance to the Cuervo organisation in their own orebody development and to develop the synergistic potential with Strike in an effective manner	25%
To achieve a satisfactory resolution to the dispute on the Berau Thermal Coal Project assets	25%
To achieve the best possible arrangements with regard to ownership and control of the AF Joint Venture	25%

STI targets – Other Executives

Metrics	Weighting
Safety/Security improvements on noncompliance and LTIs	10%
Community approvals Opaban I & III and Satellite Concessions	20%
Drilling at Bob 1, Opaban and selected Satellite sites	15%
Satellite Concession Exploration	15%
Budget or better achieved	10%
Berau Thermal Coal Project dispute resolution	10%
Perú Iron Ore Resource potential improved	10%
Reporting superior quality and on time	5%
Corporate: no material issues audit or corporate governance	5%

The Remuneration and Nomination Committee is responsible for assessing whether the KPIs are met. To assist in this assessment, the Committee receives detailed reports on performance from management which are verified by industry surveys and, where deemed appropriate, independent remuneration consultants. The Committee will make recommendations to the Board to adjust short-term incentives downwards in light of unexpected or unintended circumstances.

Other senior executives currently do not have any short term incentives such as cash bonuses included in their employment contracts. The executives' performance is assessed on an annual basis and bonuses may be awarded on achievement of key performance objectives by recommendation of the Managing Director and at the discretion of the Board.

Long-term Incentives

Long-term incentives are provided to certain employees via the Strike Resources Limited Employee Option Plan which was approved by shareholders at the 6 November 2008 annual general meeting. The Employee Option Plan was subsequently amended on 8 November 2011.

The Strike Resources Limited Employee Option Plan is designed to provide long-term incentives for executives to deliver long-term shareholder returns. Under the plan, participants are granted options which are vested on issue. The Board has discretion to determine the exercise price and maturity date. Participation in the plan is at Board discretion and will often form part of an employment contract.

In order to derive long-term shareholder returns, options granted in the financial year 2012 are exercisable from the grant date to 23 November 2016, in 3 equal tranches with exercise prices of 130%, 150%, and 200% of the one month volume-weighted average price at the grant date.

Share Trading Policy

The Company's Share Trading Policy regulates all Directors' and, employees' of Strike Resources Limited and its subsidiaries, and certain contractors', dealings in the Company's securities. The Policy prohibits:

- subscribing for, purchasing or selling Company securities or entering into an agreement to do any of those things; and
- 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 2001*. The Policy also prohibits communicating inside information to any other person when directors, employees of Strike Resources Limited and its subsidiaries, and certain contractors 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, directors, employees of Strike Resources Limited and its subsidiaries, and certain contractors, must not deal in Company securities without the written consent of the "Trading Officers" nominated in the Company's Share Trading Policy. Consent will not be given during certain "Prohibited Periods" before key reporting dates or while inside information exists. Directors, employees of Strike Resources Limited and its subsidiaries, and certain contractors must inform the Company Secretary of all transactions they enter into involving the Company's securities to enable disclosure to the market, where required.

A copy of Strike's Share Trading Policy can be found on the Company's website at **www.strikeresources.com.au.**

Use of Remuneration Consultant

During the year, the Company entered an agreement with PJ Kinder Consulting Pty Ltd ("Kinder") for the provision of remuneration recommendations in relation to the review of the Managing Director's benefits. Under the term of the engagement, Kinder provided remuneration recommendations as defined in section 9B of the *Corporations Act 2001* and was paid $500 for this service.

Kinder confirms that the above recommendations have been made free of undue influence by members of the group's key management personnel.

The following arrangements were made to ensure that the remuneration recommendations were free from undue influence:

- Kinder was engaged by, and reported directly to, the chair of the Remuneration and Nomination Committee. The agreement for the provision of remuneration consulting services was executed by the Chair of the Remuneration and Nomination Committee under delegated authority on behalf of the Board; and
- The report containing the remuneration recommendations was provided by Kinder directly to the Chair of the Remuneration and Nomination Committee; and
- PJ Kinder Consulting was not permitted to provide any member of management with a copy of its draft or final report that contained the remuneration recommendations.

As a consequence, the Board is satisfied that the recommendations were made free from undue influence from any members of the key management personnel.

Remuneration reviews and recommendations for executives and employees are generally based on salary surveys from Godfrey Remuneration Group Pty Ltd as recommended by the Managing Director and the Remuneration and Nomination Committee and at the discretion of the Board.

Voting and Comments Made at the Company's 2011 Annual General Meeting

Strike Resources Limited received more than 94% of "yes" votes on its remuneration report for the 2011 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

Detail of Remuneration

The following tables show details of the remuneration received by the Directors and the key management personnel of the Consolidated Entity for the current and previous financial year.

	Short-term employee benefits				Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees	Cash bonus	Non-monetary benefit	Other	Super-annuation	Long-service leave	Options	Total
	$	$	$	$	$	$	$	$
2012								
Non-Executive Directors:								
M Richmond	103,250	-	-	-	9,293	-	-	112,543
M Hammond	45,000	-	-	-	-	-	-	45,000
W Johnson	86,300	-	-	-	7,767	-	-	94,067
S Tough[1]	40,000	-	-	-	3,600	-	-	43,600
Executive Director:								
K Hellsten	325,000	75,000	8,400	-	36,000	-	115,395	559,795
Other key management personnel:								
J Tambyrajah[2]	52,500	-	1,832	-	4,725	-	83,742	142,799
D Lim[3]	173,687	15,000	2,100	7,258	15,883	-	76,930	290,858
I Cullen[4]	217,752	9,668	53,761	21,784	19,056	-	57,697	379,718
Total	**1,043,489**	**99,668**	**66,093**	**29,042**	**96,324**	**-**	**333,764**	**1,668,380**

1. Ms Tough was appointed as Non-Executive Director on 23 January 2012.
2. Mr Tambyrajah was appointed as Chief Financial Officer on 2 April 2012.
3. Mr Lim ceased from the position of Chief Financial Officer on 10 April 2012.
4. Mr Cullen was appointed as General Manager Exploration and Development on 1 July 2011 and ceased on 15 July 2012.

	Short-term employee benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees	Cash bonus	Non-monetary benefit	Super-Annuation	Long-service leave	Options	Total
	$	$	$	$	$	$	$
2011							
Non-Executive Directors:							
M Richmond	-	-	-	55,436	-	-	55,436
M Hammond	46,235	-	-	-	-	-	46,235
M Horn[7]	33,600	-	-	-	-	-	33,600
W Johnson	59,000	-	-	5,310	-	-	64,310
F Khan[5]	93,602	-	-	8,424	-	-	102,026
S Madan[6]	49,821	-	-	4,483	-	-	54,304
F Moshiri[7]	22,404	-	-	-	-	-	22,404
Executive Director:							
K Hellsten	325,000	25,000	41,230	29,250	-	-	420,480
Other key management personnel:							
D Lim	193,211	3,600	-	17,713	-	12,197	226,721
M Lowry[8]	295,973	-	13,324	21,181	-	-	330,478
A Napier	160,655	2,050	1,456	14,481	-	-	178,642
Total	**1,279,501**	**30,650**	**56,010**	**156,278**	**-**	**12,197**	**1,534,636**

5. Mr Khan ceased being a director on 3 February 2011.
6. Mr Madan ceased being a director on 3 February 2011.
7. Mr Moshiri ceased being a director on 3 February 2011 (Mr Horn was Mr Moshiri's alternate).
8. Mr Lowry ceased being an employee of the Company on 30 April 2011.

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

	Fixed remuneration		At risk - STI		At risk – LTI #	
	2012	2011	2012	2011	2012	2011
Executive Director:						
K Hellsten	66%	93%	13%	7%	21%	-
Other key management personnel:						
J Tambyrajah	42%	-	-	-	58%	-
D Lim	68%	93%	5%	2%	27%	5%
I Cullen	82%	-	3%	-	15%	-
M Lowry	-	100%	-	-	-	-
A Napier	-	99%	-	1%	-	-

Long-term incentives are provided exclusively by way of options, the percentages disclosed also reflect the value of remuneration consisting of options, based on the value of options expensed during the year. Negative amounts indicate expenses reversed during the year due to a failure to satisfy the vesting conditions.

Service Agreements

Appointment to the Board as a Director is via resolution which outlines the Director's agreed remuneration. The appointment is later ratified by shareholders at the next general meeting. No formal service agreements are executed for Non-Executive Directors. On the appointment to the Board, the Company enters into a deed with each Non-Executive Director to regulate certain matters between the Company and that Non-Executive Director, however Matthew Hammond has not executed such a deed.

Remuneration and other terms of employment for the Managing Director, Chief Financial Officer and other key management personnel are formalised in Employment Agreements. The Employment Agreement of the Managing Director provides for the provision of performance-related cash bonuses, which are reviewed annually by the Remuneration and Nomination Committee. No specific cash bonuses are provided in the Employment Agreements of other key management personnel.

Major provisions of the agreements relating to remuneration are set out below.

All agreements with Executives may be terminated early by either party with notice periods from 1-3 months, subject to termination payments as detailed below:

Name	Term of agreement	Base salary including superannuation	Termination benefit
K Hellsten - Managing Director	On-going commencing 1 March 2010	$354,250	*
J Tambyrajah - Chief Financial Officer	On-going commencing 2 April 2012	$238,000	**
I Cullen - General Manager Exploration and Development	On-going commencing 1 July 2011- terminated on 15 July 2012	$227,000	**
D Lim - Chief Financial Officer	On-going commencing 9 December 2009 - terminated on 10 April 2012	$225,000	**

* Six months' gross base salary on termination other than for termination due to misconduct; breach of contract; removal as a director by shareholders.

** No specific termination benefits are payable on termination of the service agreement.

Share-based Compensation

The terms and conditions of each grant of options affecting remuneration in the current or a future reporting period are as follows:

Grant date	Vesting and exercise date	Expiry date	Exercise price	Value per option at grant date	Performance achieved	% Vested
24 November 2011	24 November 2011	23 November 2016	$0.36	$0.085	N/A	100%
24 November 2011	24 November 2011	23 November 2016	$0.42	$0.079	N/A	100%
24 November 2011	24 November 2011	23 November 2016	$0.56	$0.067	N/A	100%
5 April 2012	5 April 2012	23 November 2016	$0.36	$0.091	N/A	100%
5 April 2012	5 April 2012	23 November 2016	$0.42	$0.085	N/A	100%
5 April 2012	5 April 2012	23 November 2016	$0.56	$0.075	N/A	100%

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

When exercisable, each option is convertible into one ordinary share within 5 business days after the exercise.

Details of options over ordinary shares in the Company provided as remuneration to each director of Strike Resources Limited and each of the key management personnel of the Company and the Consolidated Entity are set out below. When exercisable, each option is convertible into one ordinary share of Strike Resources Limited. Further information on the options is set out in note 28 to the financial statements.

Name	Number of options granted during the year	Value of options at grant date*	Number of options vested during the year	Number of options lapsed during the year	Value at lapse date**
Directors of Strike Resources Limited					
M Richmond	-	-	-	-	-
M Hammond	-	-	-	-	-
W Johnson	-	-	-	-	-
S Tough	-	-	-	-	-
K Hellsten	1,500,000	$115,395	1,500,000	-	-
Other key management personnel of the Consolidated Entity					
J Tambyrajah	1,000,000	$83,742	1,000,000	-	-
I Cullen	750,000	$57,697	750,000	-	-
D Lim	1,000,000	$76,930	1,000,000	1,600,000	$76,576

* The value at grant date calculated in accordance with *AASB 2 Share-based Payment* of options granted during the year as part of remuneration.

** The value at lapse date of options that were granted as part of remuneration and that lapsed during the year because a vesting condition was not satisfied, or the participant ceased to be employee of the Company. The value is determined at the time of lapsing, but assuming the condition was satisfied.

The assessed fair value at grant date of options granted to the individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above. Fair values at grant date are independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

Shares Provided on Exercise of Remuneration Options

There were no shares issued as a result of the exercise of Directors' or employee options which were issued as part of remuneration during the current year (2011: nil).

Details of Remuneration: Bonuses and Share-based Compensation Benefits

For each cash bonus and grant of options included in the tables on pages 43 - 46, the percentage of the available bonus or grant that was paid, or that vested, in the financial year and the percentage that was forfeited because the person did not meet the service and performance criteria is set out below. No part of the bonus is payable in future years. The options vest immediately and will lapse on termination of employment, except due to redundancy or disability, in which case they will continue for 12 months or until any earlier expiry date. The Board has discretion to vary the lapse dates of terminating employees' options.

Name	Bonus		Share-based compensation benefit (options)			
	Paid	Forfeited	Year granted	Vested	Forfeited/Lapsed	Financial years in which options may vest
M Richmond	-	-	-	-	-	-
M Hammond	-	-	-	-	-	-
W Johnson	-	-	-	-	-	-
S Tough	-	-	-	-	-	-
K Hellsten	75%	25%	2012	100%	-	2012
J Tambyrajah	*	*	2012	100%	-	2012
D Lim	*	*	2012 2011	100% 100%	100%*** 100%**	2012 2011
I Cullen	*	*	2012	100%	-	2012

* Service agreement does not contain cash bonuses.
** Options were cancelled in 2012.
*** Options lapsed in 2012 due to the termination of employment.

Shares under Options

Unissued ordinary shares of Strike Resources Limited under option at the date of this report are as follows:

Date of options granted	Expiry date	Issue price of shares	Number under option
3 December 2007	2 December 2012	$3.978	3,500,000
5 March 2008	3 March 2013	$2.878	250,000
25 November 2009	24 November 2012	$2.50	750,000
25 November 2009	24 November 2012	$2.75	750,000
25 November 2009	24 November 2012	$3.25	750,000
24 November 2011*	23 November 2016	$0.36	1,083,334
24 November 2011*	23 November 2016	$0.42	1,083,333
24 November 2011*	23 November 2016	$0.56	1,083,333
5 April 2012*	23 November 2016	$0.36	333,334
5 April 2012*	23 November 2016	$0.42	333,333
5 April 2012*	23 November 2016	$0.56	333,333

* Included in these options were options granted as remuneration to the directors and the five most highly remunerated officers during the year. Details of options granted to key management personnel are disclosed on page 43 – 46 above.

No option holder has any right under the options to participate in any other share issue of the Company.

This concludes the Audit Remuneration Report.

JORC Code Competent Person Statement

The information in this document which relates to Mineral Resources at the Apurimac, Cusco and Cerro Ccopane projects and to exploration results has been prepared by Mr Ken Hellsten, who is an employee of Strike Resources Limited and is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Hellsten has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as Competent Persons as defined in the 2004 Edition of the *"Australasian Code for Reporting of Mineral Resources and Ore Reserves"* (the JORC Code). Mr Hellsten consents to the inclusion in this document of the matters based on this information in the form and context in which it appears.

Insurance of Officer

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. The Company has executed Directors' deeds with each Director (other than Matthew Hammond) to indemnify the directors for liabilities or legal costs incurred as an officer and advance monies to meet costs in relation to the indemnities under the deed.

Proceedings on Behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings. No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001.*

Non-audit Services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Consolidated Entity are important.

Details of the amounts paid or payable to the auditor (BDO Audit (WA) Pty Ltd) and to other parties for work performed on behalf of the auditor, for audit and non-audit services provided during the year are set out below.

The Board of Directors has considered the position and, in accordance with advice received from the Audit Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartially and objectivity of the auditor.
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants.*

During the year the following fees were paid or payable for audit and non-audit services provided by the auditor of the Company, its related practices and non-related audit firms:

	Consolidated Entity	
	2012 $	2011 $
Audit & Review Fees – BDO Audit (WA) Pty Ltd	84,774	51,934
Fees for non-audit services	-	795
Audit & Review Fees – Affiliated practices of BDO International	6,830	7,187
Total	91,604	59,916

Auditors' Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 58.

Auditor

BDO Audit (WA) Pty Ltd continues in office in accordance with section 327 of the *Corporations Act 2001*
This report is made in accordance with a resolution of directors.

Ken Hellsten
Managing Director
25 September 2012

CORPORATE GOVERNANCE STATEMENT

Strike Resources Limited ("Company" or "Strike") and the Board are committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to review the framework and practices to ensure they meet the interests of shareholders. The Company and its controlled entities together are referred to as the Consolidated Entity in this statement.

A description of the Consolidated Entity's main corporate governance practices is set out below. All these practices were in place for the entire year and they comply with the ASX Corporate Governance Principles and Recommendations unless otherwise stated.

The Board of Directors strongly supports the Corporate Governance Principles and Recommendations. Strike's practices are consistent with the principles, subject to the exception that there is not an independent majority on the Board or on Board Committees. It is not considered appropriate to move to an independent Board majority immediately due to the scale of the Company's activities, however, the Board supports moving to that position as the Company's activities expand. An additional independent director was appointed in January 2012 and the Board continues to monitor the potential to further increase the number of its independent members in the future.

Principle 1: Lay a Solid Foundations for Management and Oversight

The relationship between the Board and senior management is critical to the Consolidated Entity's long term success. The Directors are responsible to shareholders for the performance of the Consolidated Entity in both the short term and the longer term and seek to balance sometimes competing objectives in the best interest of the Consolidated Entity as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Consolidated Entity is properly managed.

The responsibilities of the Board include:

- providing strategic guidance to the Consolidated Entity including contributing to the development of and approving the corporate strategy
- reviewing and approving business plans, the annual budget and financial plans including available resources and major capital expenditure initiatives
- overseeing and monitoring:
  - organisational performance and the achievement of the Consolidated Entity's strategic goals and objectives
  - compliance with the Company's Code of Conduct (see page 54)
  - progress in relation to the Company's diversity objectives and compliance with its diversity policy
  - progress of major capital expenditures and other significant corporate projects including any acquisitions and divestments
- monitoring financial performance including approval of the annual and half-year financial reports and liaison with the auditors
- appointment, performance assessment and, if necessary, removal of the Managing Director
- ratifying the appointment and/or removal and contributing to the performance assessment of the senior management team including the Chief Financial Officer and the Company Secretary
- ensuring there are effective management processes in place and approving major corporate initiatives
- enhancing and protecting the reputation of the organisation
- overseeing the operation of the Consolidated Entity's system for compliance and risk management reporting to shareholders
- ensuring appropriate resources are available to senior management.

Day to day management of the Consolidated Entity's affairs and the implementation of the corporate strategy and policy initiatives are formally delegated by the Board to the Managing Director and Senior Executives as set out in the Consolidated Entity's delegations policy. These delegations are reviewed on an annual basis.

A performance assessment for Senior Executives last took place in December 2011. The process for these assessments is described on the Company's website.

Principle 2: Structure the Board to Add Value

The Board operates in accordance with the broad principles set out in its charter which is available from the corporate governance information section of the Company's website at www.strikeresources.com.au. The charter details the Board's composition and responsibilities.

Board Composition

The charter states:

- the Board is to be comprised of both Executive and Non-Executive Directors with a majority of Non-Executive Directors. Non-Executive Directors bring a fresh perspective to the Board's consideration of strategic, risk and performance matters
- in recognition of the importance of independent views and the Board's role in supervising the activities of management, the Chairman must be an independent Non-Executive Director, the majority of the Board should be independent of management and all Directors are required to exercise independent judgement and review and constructively challenge the performance of management
- the Chairman is elected by the full board and is required to meet regularly with the Managing Director
- the Company is to maintain a mix of Directors on the board from different genders, age groups, ethnicity and cultural and professional backgrounds who have complementary skills and experience
- the Board will periodically consider the appropriate mix of skills required by the Board to maximise its effectiveness and its contribution to the Consolidated Entity.

The Board seeks to ensure that:

- at any point in time, its membership represents an appropriate balance between Directors with experience and knowledge of the Consolidated Entity and Directors with an external fresh perspective
- measurable board gender diversity objectives are established, to assess the objectives and progress in achieving them periodically
- the size of the Board is conducive to effective discussion and efficient decision-making.

Directors' Independence

The Board has adopted specific principles in relation to Directors' independence. These state that when determining independence, a Director must be Non-Executive and the Board should consider whether the Director:

- is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company
- is or has been employed in an executive capacity by the Company or any other Consolidated Entity member within three years before commencing to serve on the Board
- within the last three years has been a principal of a material professional adviser or a material consultant to the Company or any other Consolidated Entity member, or an employee of such adviser or consultant materially associated with the service provided
- is a material supplier or customer of the Company or any other Consolidated Entity member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer
- has a material contractual relationship with the Company or a controlled entity other than as a Director of the Consolidated Entity
- is free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's independent exercise of their judgement.

Materiality for these purposes is determined on both quantitative and qualitative bases. An amount of over 5% of annual turnover of the Company or Consolidated Entity is considered material for these purposes. In addition, a transaction of any amount or a relationship is deemed material if knowledge of it may impact the shareholders' understanding of the Director's performance.

Recent thinking on corporate governance has introduced the view that a Director's independence may be perceived to be impacted by lengthy service on the Board. To avoid any potential concerns, the Board has determined that a Director will not be deemed independent if he or she has served on the Board of the Company for more than ten years. The Board will continue to monitor developments on this issue.

The Board assesses independence each year. To enable this process, the Directors must provide all information that may be relevant to the assessment.

Board Members

Details of the members of the Board, their experience, expertise, qualifications, term of office, relationships affecting their independence and their independent status are set out in the directors' report under the heading 'Information on Directors'. At the date of signing the Directors' Report, there is one Executive Director and four Non-Executive Directors, two of whom have no relationships adversely affecting independence and so are deemed independent under the principles set out above:

- William Johnson and Matthew Hammond are both representative Directors for major shareholders and have therefore been deemed 'not independent' as Directors of the Company
- No Director has served on the Board of the Company for more than ten years.

Chair and Managing Director (MD)

The Chair is responsible for leading the Board, ensuring Directors are properly briefed in all matters relevant to their role and responsibilities, facilitating Board discussions and managing the Board's relationship with the Company's senior executives. In accepting the position, the Chair has acknowledged that it will require a significant time commitment and has confirmed that other positions will not hinder his effective performance in the role of Chair. The Chair of the Company is Malcolm Richmond, whose qualifications and experience are stated in the Company's Directors Report.

The MD is responsible for implementing Consolidated Entity strategies and policies. The board charter specifies that the roles of Chair and MD are separate roles to be undertaken by separate people.

Induction

The induction provided to new Directors and senior managers enables them to actively participate in Board and management decision-making, respectively, as soon as possible. It ensures that they have a full understanding of the Company's financial position, strategies, operations, culture, values and risk management policies. It also explains the respective rights, duties, responsibilities, interaction and roles of the Board and Senior Executives and the Company's meeting arrangements.

Commitment

The Board held twelve board meetings and an additional corporate strategy workshop during the year.

Non-Executive Directors are expected to spend the time required to prepare for and attending Board and Committee meetings and associated activities.

The number of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 30 June 2012, and the number of meetings attended by each Director is disclosed on page 36.

It is the Company's practice to allow its Executive Directors to accept appointments outside the Company with prior written approval of the Board. No appointments of this nature were accepted during the year ended 30 June 2012.

The commitments of Non-Executive Directors are considered by the Nomination Committee prior to the Directors' appointment to the Board of the Company and are reviewed each year.

Prior to appointment or being submitted for re-election, each Non-Executive Director is required to specifically acknowledge that they have and will continue to have the time available to discharge their responsibilities to the Company.

Conflict of Interests

No Director had business dealings with the Consolidated Entity during the year, other than provision of minor services as described in note 22 to the financial statements. In accordance with the board charter, the Directors concerned declared their interests in those dealings to the Company and took no part in decisions relating to them or the preceding discussions. In addition, those Directors did not receive any papers from the Consolidated Entity pertaining to those dealings.

Independent Professional Advice

Subject to prior consultation with the Chair, each Director has the right to seek independent legal and other professional advice at the Company's expense concerning any aspect of the Company's operations or undertakings in order to fulfil their Directors' duties.

Performance Assessment

The Board's has a policy to ensure that the Directors and Executives of the Company are equipped with the knowledge and information they need to discharge their responsibilities effectively and that individual and collective performance is regularly and fairly reviewed. Although the Company is not of a size to warrant the development of formal processes for evaluating the performance of its Board, individual Directors and Executives, there is on-going monitoring by the Chair and self-review by the Board. The Chair also speaks to Directors individually regarding their role as a Director.

Board Committees

The Board has established a number of committees to assist in the execution of its duties and to allow detailed consideration of complex issues. Current committees of the Board are the Remuneration and Nomination Committee and the Audit Committee. Each committee is comprised entirely of Non-Executive Directors.

Each Committee has its own written charter setting out its role and responsibilities, composition, structure, membership requirements and the manner in which the committee is to operate. All of these charters are available on the Company's website. All matters determined by committees are submitted to the full Board as recommendations for board decisions.

Minutes of committee meetings are tabled at the subsequent board meeting. Additional requirements for specific reporting by the Committees to the Board are addressed in the charter of the individual committees.

Nomination Committee

The Nomination Committee function is performed by the Remuneration and Nomination Committee (the Committee). The Strike Board is not of sufficient size to warrant separate Remuneration and Nomination Committees.

The Committee consists of the following Non-Executive Directors (a majority of whom are not independent):

Malcolm Richmond – Committee Chair (independent)
Matthew Hammond (not independent)
William Johnson (not independent)

Details of these Directors' attendance at Committee meetings are set out in the Directors' Report on page 36.

The Committee operates in accordance with its charter which is available on the Company's website. The main responsibilities of the Committee in relation to its nomination function are to make recommendations to the Board as to:

- the necessary and desirable competencies of Directors and the extent to which these are reflected in the Board
- suitable candidates for the position of Managing Director, when required
- the development and review of Board succession plans
- the appointment and re-election of Directors, and
- any other function conferred upon it by the Board related to Board membership and succession.

When a new Director is to be appointed, the Committee reviews the range of skills, experience and expertise on the Board, and to identify its needs. From this the Committee prepares a short-list of candidates with appropriate skills and experience. A number of channels are used to source candidates to ensure the Company benefits from a diverse range of individuals in the selection process. Where necess ary, advice is sought from independent search consultants.

The full Board then appoints the most suitable candidate. A Director appointed by the Board must stand for election at the next annual general meeting of the Company. The Board and the Committee are also aware of the advantages of Board renewal and succession planning.

Details of the nomination, selection and appointment processes are available on the Company's website.

Notices of meetings for the election of Directors comply with the ASX Corporate Governance Council's best practice recommendations.

All new Directors participate in a comprehensive, formal induction program which covers the operation of the Board and its Committees and financial, strategic, operations and risk management issues.

Principle 3: Promote Ethical and Responsible Decision Making

Code of Conduct

The Company has developed a Code of Conduct (the Code) which has been fully endorsed by the Board and applies to all Directors and employees. The code is periodically reviewed and will be updated as necessary to ensure it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Consolidated Entity's integrity and to take into account legal obligations and reasonable expectations of the Company's stakeholders.

In summary, the Code requires that at all times all Company personnel act with the utmost integrity, objectivity and in compliance with the letter and the spirit of the law and Company policies.

The Company has a trading policy which outlines the restrictions, closed periods and processes required when Directors, MD and key management personnel trade Company securities. Broadly, it states that the purchase and sale of Company securities by Directors and senior management is only permitted with written approval from the trading officer. Permission will not be given while inside information exists and will not in any case be given during the following blackout periods before the following key events:

Event	Start of Period
Release of full-year results on ASX.	28 days before the proposed date for release.
Release of half-year results on ASX.	28 days before the proposed date for release.
Release of quarterly cash-flow report on ASX.	14 days before the proposed date for release.
Annual General Meeting (AGM).	14 days before the AGM.
Significant exploration drilling campaign.	5 days before the proposed date for release of the drilling results on ASX.

Due to the Company's relatively small workforce, all staff is subject to the same securities trading restriction as Directors and senior management at the present time.

The Code and the Company's trading policy are discussed with each new employee as part of their induction training. Further training is periodically provided and all employees are asked to sign an annual declaration confirming their compliance with the Code and the trading policy.

The Code requires employees who are aware of unethical practices within the Consolidated Entity or breaches of the Company's trading policy to report these using the Company's whistleblower policy. This can be done anonymously.

The Directors are satisfied that the Consolidated Entity has complied with its policies on ethical standards, including trading in securities.

A copy of the Code and the trading policy are available on the Company's website.

Diversity Policy

The Company values diversity and recognises the benefits it can bring to the organisation's ability to achieve its goals. Accordingly the Company has developed a diversity policy, a copy of which can be found on the Company's website. This policy outlines the Company's diversity objectives in relation to gender, age, cultural background and ethnicity. It includes requirements for the Board to establish measurable objectives for achieving diversity, and for the Board to assess annually both the objectives, and the Company's progress in achieving them.

Principle 4: Safeguard Integrity in Financial Reporting

Audit Committee

The Audit Committee consists of the following Non-Executive Directors:

William Johnson – Committee Chair (not independent)
Matthew Hammond (not independent)
Malcolm Richmond (independent)

Details of these Directors' qualifications and attendance at Audit Committee meetings are set out in the Directors' Report on page 30 - 36.

All members of the Audit Committee are financially literate and have an appropriate understanding of the industries in which the Consolidated Entity operates.

The Audit Committee operates in accordance with a charter which is available on the Company's website. The main responsibilities of the committee are to:

- review, assess and approve the annual full and concise reports, the half-year financial report and all other financial information published by the Company or released to the market
- assist the Board in reviewing the effectiveness of the organisation's internal control environment covering:
  - effectiveness and efficiency of operations
  - reliability of financial reporting
  - compliance with applicable laws and regulations
- oversee the effective operation of the risk management framework
- recommend to the Board the appointment, removal and remuneration of the external auditors, and review the terms of their engagement, the scope and quality of the audit and assess performance
- consider the independence and competence of the external auditor on an ongoing basis
- review and approve the level of non-audit services provided by the external auditors and ensure it does not adversely impact on auditor independence
- review and monitor related party transactions and assess their propriety
- report to the Board on matters relevant to the committee's role and responsibilities.

In fulfilling its responsibilities, the Audit Committee:

- receives reports from management and the internal and the external auditors
- meets with the external auditors at least twice a year, or more frequently if necessary
- reviews the processes the Managing Director and Chief Financial Officer have in place to support their certifications to the Board
- reviews any significant disagreements between the auditors and management, irrespective of whether they have been resolved
- meets separately with the external auditors at least twice a year without the presence of management
- provides the external auditors with a clear line of direct communication at any time to either the Chair of the Audit Committee or the Chair of the Board.

The Audit Committee has authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party.

External Auditors

The Company and Audit Committee policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. BDO was appointed as the external auditor in 2008. It is BDO's policy to rotate audit engagement partners on listed companies at least every five years, and in accordance with that policy a new audit engagement partner will be introduced for the year ended 30 June 2013.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in the Directors' Report and in note 19 to the Financial Statements. It is the policy of the external auditors to provide an annual declaration of their independence to the Audit Committee.

The external auditor will attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

Principle 5 and 6: Make Timely and Balanced Disclosures and Respect the Rights of Shareholders

Continuous Disclosure

The Company has written policies and procedures on information disclosure that focus on continuous disclosure of any information concerning the Consolidated Entity that a reasonable person would expect to have a material effect on the price of the Company's securities. These policies and procedures also include the arrangements the Company has in place to promote communication with shareholders and encourage effective participation at general meetings. A summary of these policies and procedures is available on the Company's website.

The Company Secretary has been nominated as the person responsible for communications with the Australian Securities Exchange (ASX). This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

All information disclosed to the ASX is posted on the Company's website as soon as it is disclosed to the ASX. When analysts are briefed on aspects of the Consolidated Entity operations, the material used in the presentation is released to the ASX and posted on the Company's website. Analysts do not receive price-sensitive information at any time prior to disclosure to the market as a whole. Procedures have also been established for reviewing whether any price-sensitive information has been inadvertently disclosed and, if so, the policy requires this information to be immediately released to the market.

The website also enables users to provide feedback and has an option for shareholders to register their email address for direct email updates on Company matters.

All shareholders receive a copy of the Company's annual (full or concise) and half-yearly reports. In addition, the Company seeks to provide opportunities for shareholders to participate through electronic means. Recent initiatives to facilitate this include making all Company announcements, media briefings, details of Company meetings, press releases for the last three years and financial reports for the last five years available on the Company's website. In 2012, the Company will video record the Chairman and Managing Director's addresses to the Annual General Meeting and make them available on the website.

Where possible, the Company arranges for advance notification of significant group briefings (including, but not limited to, results announcements) and makes them widely accessible.

Principle 7: Recognise and Manage Risk

The Board is responsible for satisfying itself annually, or more frequently as required, that management has developed and implemented a sound system of risk management and internal control. Detailed work on this task is delegated to the Audit Committee and reviewed by the full Board.

The Audit Committee is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. They monitor the Company's risk management by overseeing management's actions in the evaluation, management, monitoring and reporting of material operational, financial, compliance and strategic risks. In providing this oversight, the committee:

- reviews the framework and methodology for risk identification, the degree of risk the Company is willing to accept, the management of risk and the processes for auditing and evaluating the Company's risk management system
- reviews group-wide objectives in the context of the abovementioned categories of corporate risk
- reviews and, where necessary, approves guidelines and policies governing the identification assessment and management of the Company's exposure to risk
- reviews and approves the delegations of financial authorities and addresses any need to update these authorities on an annual basis, and
- reviews compliance with agreed policies.

The Committee recommends any actions it deems appropriate to the Board for its consideration.

Management is responsible for designing, implementing and reporting on the adequacy of the Company's risk management and internal control system and has to report to the Audit Committee on the effectiveness of:

- the risk management and internal control system during the year, and
- the Company's management of its material business risks.

Risk Management Group

The Company's risk management policy and the operation of the risk management and compliance system are managed by the Company's risk management group which consists of senior executives chaired by the Chief Financial Officer. The Board receives quarterly reports from this group as to the effectiveness of the Company's management of material risks that may impede meeting business objectives.

The Chief Financial Officer and accounting staff, carry out regular systematic monitoring of control activities and reports to both relevant business unit management and the Audit Committee. In addition, each business unit reports on the key business risks in their area to the risk management group. The basis for this report is a half-yearly review of the past performance of their area of responsibility, and the current and future risks they face. The review is undertaken by business unit management. Results of Chief Financial Officer work are incorporated into this review if applicable.

The risk management group consolidates the business unit reports and recommends any actions to the Board for its consideration.

Corporate Reporting

In complying with recommendation 7.3, the Managing Director and Chief Financial Officer have made the following certifications to the Board:

- that the Company's financial reports are complete and present a true and air view, in all material respects, of the financial condition and operational results of the Company and Consolidated Entity and are in accordance with relevant accounting standards
- that the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board and that the Company's risk management and internal compliance and control is operating efficiently and effectively in all material respects in relation to financial reporting risks.

Principle 8: Remunerate Fairly and Responsibly

Remuneration and Nomination Committee

The membership of this Committee has been disclosed above.

The Remuneration and Nomination Committee, in performing its remuneration function, advises the Board on remuneration and incentive policies and practices generally, and makes specific recommendations on remuneration packages and other terms of employment for Executive Directors, other senior executives and Non-Executive Directors.

Each member of the senior executive team signs a formal Employment Contract at the time of their appointment covering a range of matters including their duties, rights, responsibilities and any entitlements on termination. The standard contract refers to a specific formal job description.

Further information on Directors' and Executives' remuneration, including principles used to determine remuneration, is set out in the Directors' Report under the heading "Remuneration Report".

In accordance with Consolidated Entity policy, participants in equity-based remuneration plans are not permitted to enter into any transactions that would limit the economic risk of options or other unvested entitlements. Details of this policy can be found on the Company's website.

The Committee also assumes responsibility for overseeing management succession planning, including the implementation of appropriate executive development programmes and ensuring adequate arrangements are in place, so that appropriate candidates are recruited for later promotion to senior positions. This includes overseeing processes in relation to meeting diversity objectives for executives and staff below board level.

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

25 September 2012

Strike Resources Limited
The Board of Directors
Level 2, 160 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 2012, 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 Audit (WA) Pty Ltd
Perth, Western Australia

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2012

	Note	Consolidated Entity 2012 $	2011 $
Revenue from continuing operations	5	5,630,977	2,663,221
Other income	5	1,558,348	1,704,408
		7,189,325	4,367,629
Operating expenses	5	(271,616)	(346,057)
Personnel costs	5	(2,235,607)	(2,210,535)
Other corporate costs	5	(2,025,915)	(1,682,301)
Fair value adjustment -financial assets held as fair value through profit and loss	5	(2,055,850)	-
Impairment expense	5	(12,570,185)	(22,644,435)
Profit on sale of financial assets at fair value	5	-	1,785,620
Loss on sale of fixed assets	5	(40,577)	(85,665)
Loss on sale of investment in associate	5	(826,397)	-
Foreign exchange loss		-	(3,636,311)
Profit/(loss) before income tax	6	(12,836,822)	(24,452,055)
Income expense tax		(203,900)	(439,564)
Profit/(loss) from continuing operations		(13,040,722)	(24,891,619)
Profit/(loss) for the year		(13,040,722)	(24,891,619)
Profit/(loss) is attributable to:			
Equity holders of Strike Resources Limited		(13,040,722)	(24,891,619)
Other comprehensive losses			
Exchange differences on translation of foreign operations		(555,221)	(271,626)
Other comprehensive losses net of tax		(555,221)	(271,626)
Total comprehensive income/(loss) for the year		(13,595,943)	(25,163,245)
Total comprehensive income/(loss) for the year is attributable to:			
Equity holders of Strike Resources Limited		(13,595,943)	(25,163,245)
Basic earnings/(loss) per share (cents)	27	(9.20)	(18.95)
Diluted earnings/(loss) per share (cents)	27	(9.20)	(18.95)

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

Consolidated Statement of Financial Position

for the year ended 30 June 2012

		Consolidated Entity	
	Note	2012 $	2011 $
Current assets			
Cash and cash equivalents	8	20,551,679	34,176,329
Trade and other receivables	9	3,583,457	688,261
Financial assets at fair value through profit or loss	10	1,742,253	-
Assets classified as held for sale	7	4,353,106	-
Total current assets		30,230,495	34,864,590
Non-current assets			
Trade and other receivables	9	26,335	97,806
Financial assets at fair value through profit or loss	10	114,364	-
Property, plant and equipment	12	59,291	849,460
Exploration and evaluation expenditure	13	-	8,239,883
Total non-current assets		199,990	9,187,149
Total assets		30,430,485	44,051,739
Current liabilities			
Trade and other payables	14	499,151	2,785,485
Provisions	15	61,418	56,545
Total current liabilities		560,569	2,842,030
Non-current liabilities			
Trade and other payables	14	219,395	132,999
Total non-current liabilities		219,395	132,999
Total liabilities		779,964	2,975,029
Net assets		29,650,521	41,076,710
Equity			
Contributed equity	16	148,109,255	145,632,412
Reserves	17	12,004,905	12,149,433
Retained earnings		(130,463,639)	(116,705,135)
Total equity		29,650,521	41,076,710

This consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

for the year ended 30 June 2012

	Contributed Equity $	Currency Translation Reserve $	Share-based Payments Reserve $	Retained Earnings $	Total Equity $
Balance as at 30 June 2010	**144,846,669**	**(359,274)**	**12,991,282**	**(92,048,857)**	**65,429,820**
Total income for the period					
Current period loss	-	-	-	(24,891,619)	(24,891,619)
Other comprehensive income					
Exchange differences on translation of foreign operations	-	(271,626)	-	-	(271,626)
Total comprehensive income for the year	-	(271,626)	-	(24,891,619)	(25,163,245)
Transactions with owners in their capacity as owners:					
Share options	-	-	(210,949)	235,341	24,392
Option conversion	789,667	-	-	-	789,667
Share issue costs	(3,924)	-	-	-	(3,924)
Balance as at 30 June 2011	**145,632,412**	**(630,900)**	**12,780,333**	**(116,705,135)**	**41,076,710**
Total income for the period					
Current period loss	-	-	-	(13,040,722)	(13,040,722)
Other comprehensive income					
Exchange differences on translation of foreign operations	-	(555,221)	-	-	(555,221)
Total comprehensive income for the year	-	(555,221)	-	(13,040,722)	(13,595,943)
Transactions with owners in their capacity as owners:					
Share options	2,250,000	-	410,693	(235,303)	2,425,390
Option conversion	235,303	-	-	-	235,303
Exploration impairment	-	-	-	(482,479)	(482,479)
Share issue costs	(8,460)	-	-	-	(8,460)
Balance as at 30 June 2012	**148,109,255**	**(1,186,121)**	**13,191,026**	**(130,463,639)**	**29,650,521**

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

STRIKE RESOURCES

Consolidated Statement of Cash Flows

for the year ended 30 June 2012

	Note	Consolidated Entity 2012 $	Consolidated Entity 2011 $
Cash flows from operating activities			
Receipts from customers and associate		1,763,473	-
Payments to suppliers and employees		(4,232,584)	(3,188,005)
Tax paid		(203,900)	(439,564)
Interest received		1,688,264	1,956,266
Net cash outflow from operating activities	25	(984,747)	(1,671,303)
Cash flows from investing activities			
Exploration and evaluation expenditure		(2,712)	(713,279)
Payments for property, plant and equipment		(63,769)	(114,215)
Proceeds from sale of investments		1,889,236	3,209,309
Proceeds from sale of fixed assets		70,200	37,140
Investment in listed entity		(214,563)	-
Investment in associate		(23,101)	(1,149,115)
Loan to associate - Apurimac Ferrum		(9,310,500)	(7,578,294)
Loan to others		(5,001,943)	(97,751)
Net cash outflow from investing activities		(12,657,152)	(6,406,205)
Cash flows from financing activities			
Proceeds from exercise of share options		-	789,667
Payments for share issue cost		(8,460)	(3,924)
Net cash inflow from financing activities		(8,460)	785,743
Net increase/(decrease) in cash and cash equivalents		(13,650,359)	(7,291,765)
Cash and cash equivalents at beginning of the year		34,176,329	41,445,175
Effect of exchange rate changes on cash balance		25,709	22,919
Cash and cash equivalents at year end	8	20,551,679	34,176,329

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

STRIKE RESOURCES

Notes to the Consolidated Financial Statements

1. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all yeas presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Strike Resources Limited, its subsidiaries and its interest in associate entities.

a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001.* Strike Resources Limited is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with IFRS

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

(ii) New and amended standards adopted by the Consolidated Entity

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2011 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods. However, the adoption of the revised AASB 124 *Related Party Disclosures* resulted in the disclosure of additional related party transactions and required the restatement of some comparative information in note 22, and the adoption of AASB 1054 *Australian Additional Disclosures* and AASB 2011-1 *Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project* enabled the removal of certain disclosures in relation to commitments and the franking of dividends.

(iii) Early adoption of standards

The Consolidated Entity has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2011.

(iv) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value though profit or loss, assets of disposal group held for sale and capitalised exploration expenditure.

(v) Critical accounting estimates

The preparation of financial statements 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. The area involving a higher degree of judgement or complexity, or area where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

b) Principles of Consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Strike Resources Limited ("**Company**" or "**Strike**") as at 30 June 2012 and the results of all subsidiaries for the year then ended. Strike Resources Limited and its subsidiaries together are referred to in this financial report as Consolidated Entity.

Subsidiaries are all entities over which the Consolidated Entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Consolidated Entity controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Consolidated Entity (refer to note 1(h)).

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the assets transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Statement of Comprehensive Income, Statement of Changes in Equity, and Consolidated Statement of Financial Position respectively.

(ii) Associates

Associates are all entities over which the Consolidated Entity 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 using the equity method of accounting, after initially being recognised at cost. The Consolidated Entity's investment in associates includes goodwill identified on acquisition.

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 other comprehensive income is recognised in other comprehensive income.

The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised as a reduction in 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 associates are eliminated to the extent of the Consolidated Entity's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

(iii) 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 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 within equity attributable to owners of Strike Resources Limited.

Notes to the Consolidated Financial Statements (continued)

When the Consolidated Entity ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for retained interest as an associate. In addition, any amounts previously recognised in Other Comprehensive Income in respect of that entity are accounted for as if the Consolidated Entity 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 an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in Other Comprehensive Income are reclassified to profit or loss where appropriate.

c) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Managing Director. The Managing Director is responsible for allocating resources and assessing performance of the operating segments.

d) Foreign Currency Translation

(i) Functional and presentation currency

Items included in the financial statements of each company in the Consolidated Entity are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Australian dollars, which is Strike Resources Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains or losses that relate to borrowings are presented in the Consolidated Statement of Comprehensive Income within finance costs. All other foreign exchange gains and losses are presented in the Consolidated Statement of Comprehensive Income on a net basis within other income or operating expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet

- income and expenses for Consolidated Statement of Comprehensive Income are translated at average exchange rates (unless this is not a reasonable approximation of thecumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in Other Comprehensive Income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in Other Comprehensive Income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

e) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Consolidated Entity recognises revenue when the amount of revenue can be reliably measured. It is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Consolidated Entity's activities as described below. The Consolidate Entity bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

(i) Consultancy fees

Revenue from consulting services is recognised in the accounting period in which the services are rendered.

(ii) 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.

(iii) Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the Consolidated Entity reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(iv) Dividends

Dividends are recognised as revenue when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence, refer note 1(m).

(v) Other revenues

Other revenues are recognised on a receipts basis.

Notes to the Consolidated Financial Statements (continued)

f) 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 applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and for unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill.

Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company 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 is recognised in profit or loss, except to the extent that it relates to items recognised in Other Comprehensive Income or directly in equity. In this case, the tax is also recognised in Other Comprehensive Income or directly in equity, respectively.

g) 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 Consolidated Statement of Comprehensive Income on a straight-line basis over the period of the lease.

h) Business Combinations

The acquisition method of accounting is used to account for all business combinations, 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 Consolidated Entity. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred. Identified 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 Consolidated Entity 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 and the amount of any non-controlling interest in the acquiree over the fair value 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 the Consolidated Statement of Comprehensive Income as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted at their present value as at the date of exchange. The discount rate used is the Consolidated 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.

i) Impairment of Assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which they are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

j) Cash and Cash Equivalents

For the purpose of presentation in the Consolidated Statement of Cash Flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Consolidated Statement of Financial Position.

Notes to the Consolidated Financial Statements (continued)

k) Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Consolidated Entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of impairment loss is recognised in the Consolidated Statement of Comprehensive Income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectable in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

l) Assets (or disposal groups) Held for Sale and Discontinued Operations

Assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the asset (or disposal group) is recognised at the date of de-recognition.

Assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the Consolidated Statement of Financial Position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the Consolidated Statement of Financial Position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of the business or area of operations, or is a subsidiary acquired exclusively with a view to resale.

The results of discontinued operations are presented separately in the Consolidated Statement of Comprehensive Income.

m) Investments and Other Financial Assets

Classification

The Consolidated Entity classifies its financial assets in the following categories: financial assets at fair value through profit or loss, and loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investment at initial recognition.

(i) 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 if they are expected to be settled within 12 months; otherwise they are classified as non-current.

(ii) 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 which are classified as non-current assets.

Financial assets-reclassification

The Consolidated Entity may choose to reclassify non-derivative trading financial assets out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term.

Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term.

In addition, the Consolidated Entity may choose to reclassify financial assets that would meet the definition of loans and receivables out of held for trading if the Consolidated Entity has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

Recognition and de-recognition

Regular way purchases and sales of financial assets are recognised on trade-date - the date on which the Consolidated Entity commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Consolidated Entity has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Consolidated Entity measures a financial asset at its fair value plus, in case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the profit or loss.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Notes to the Consolidated Financial Statements (continued)

Financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the "financial asset at fair value through profit or loss" category are presented in profit or loss within Other Comprehensive Income or Other Operating Expenses in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the Consolidated Statement of Comprehensive Income as part of revenue from continuing operations when the Consolidated Entity's right to receive payments is established. Interest income from these financial assets is included in the net gains/(losses).

Details on how the fair value of financial instruments is determined are disclosed in note 2.

Impairment

The Consolidated Entity assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset (or a group of financial assets) is impaired and the impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

(i) Assets carried at amortised cost

For loans and receivables, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

n) Property, Plant and Equipment

All items of 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.

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. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or re-valued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements, the shorter lease term as follows:

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 the end of each reporting period.

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 note 1(i). Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

o) Intangible Assets

(i) Goodwill

Goodwill is measured as detailed in note 1(h). Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purposes of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segments (note 4).

(ii) Mineral exploration and evaluation expenditure

Exploration and evaluation expenditure incurred is initially capitalised in respect of each identifiable area of interest where the Consolidated Entity 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 Consolidated Entity 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.

p) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

q) Employee Benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Notes to the Consolidated Financial Statements (continued)

(ii) Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the Consolidated Statement of Financial Position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(iii) Share-based payments

Shared-based compensation benefits are provided to employees via the Strike Resources Limited Employee Option Plan. Information on these schemes is set out in note 28.

The fair value of options granted under Strike Resources Limited Employee Option Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss with a corresponding adjustment to equity.

r) Contributed equity

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.

s) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

t) Earnings per Share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest andother financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

u) Goods and Services Tax ("GST") (including Value Added Tax – "VAT")

Revenues, expenses and assets are recognised net of the amount of any associated GST (VAT), unless the GST (VAT) incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST (VAT) receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST (VAT) components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

Notes to the Consolidated Financial Statements (continued)

v) New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2012 reporting periods. The Consolidated Entity's assessment of the impact of these new standards and interpretations is set out below:

AASB reference	Title and Affected Standard(s)	Nature of Change	Application date of standard	Impact on financial statements
AASB 10 (issued August 2011)	Consolidated Financial Statements	Introduces a single 'control model' for all entities, including special purpose entities (SPEs), whereby all of the following conditions must be present: • Power over investee (whether or not power used in practice) • Exposure, or rights, to variable returns from investee • Ability to use power over investee to affect the entity's returns from investee.	Annual reporting periods commencing on or after 1 January 2013	When this standard is first adopted for the year ended 30 June 2014, there will be no impact on transactions and balances recognised in the financial statements because the entity does not have any special purpose entities.
AASB 10 (issued August 2011)	Consolidated Financial Statements	Introduces the concept of 'de facto' control for entities with less than a 50% ownership interest in an entity, but which have a large shareholding compared to other shareholders. This could result in more instances of control and more entities being consolidated.	Annual reporting periods commencing on or after 1 January 2013	When this standard is first adopted for the year ended 30 June 2014, there will be no impact on transactions and balances recognised in the financial statements.
AASB 10 (issued August 2011)	Consolidated Financial Statements	Potential voting rights are only considered when determining if there is control when they are substantive (holder has practical ability to exercise) and the rights are currently exercisable. This may result in possibly fewer instances of control.	Annual reporting periods commencing on or after 1 January 2013	Potential voting rights are not substantive.
AASB 11 (issued August 2011)	Joint Arrangements	Joint arrangements will be classified as either 'joint operations' (where parties with joint control have rights to assets and obligations for liabilities) or 'joint ventures' (where parties with joint control have rights to the net assets of the arrangement). Joint arrangements structured as a separate vehicle will generally be treated as joint ventures and accounted for using the equity method (proportionate consolidation no longer allowed).	Annual reporting periods commencing on or after 1 January 2013	When this standard is first adopted for the year ended 30 June 2014, there will be no impact on transactions and balances recognised in the financial statements because the entity has not entered into any joint arrangements.
AASB 13 (issued September 2011)	Fair Value Measurement	Currently, fair value measurement requirements are included in several Accounting Standards. AASB 13 establishes a single framework for measuring fair value of financial and non-financial items recognised at fair value in the statement of financial position or disclosed in the notes in the financial statements.	Annual reporting periods commencing on or after 1 January 2013	The entity has yet to conduct a detailed analysis of the differences between the current fair valuation methodologies used and those required by AASB 13. However, when this standard is adopted for the first time for the year ended 30 June 2014, there will be no impact on the financial statements because the revised fair value measurement requirements apply prospectively from 1 July 2013.
AASB 13 (issued September 2011)	Fair Value Measurement	Additional disclosures required for items measured at fair value in the statement of financial position, as well as items merely disclosed at fair value in the notes to the financial statements. Extensive additional disclosure requirements for items measured at fair value that are 'level 3' valuations in the fair value hierarchy that are not financial instruments, e.g. land and buildings, investment properties etc.	Annual reporting periods commencing on or after 1 January 2013	When this standard is adopted for the first time for the year ended 30 June 2014, additional disclosures will be required about fair values.

AASB reference	Title and Affected Standard(s)	Nature of Change	Application date of standard	Impact on financial statements
AASB 2011-9 (issued September 2011)	Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income	Amendments to align the presentation of items of other comprehensive income (OCI) with US GAAP. Various name changes of statements in AASB 101 as follows: • statement of comprehensive income – to be referred to as 'statement of profit or loss and other comprehensive income' • statements – to be referred to as 'statement of profit or loss' and 'statement of comprehensive income'. OCI items must be grouped together into two sections: those that could subsequently be reclassified into profit or loss and those that cannot.	Annual periods commencing on or after 1 July 2012	When this standard is first adopted for the year ended 30 June 2013, there will be no impact on amounts recognised for transactions and balances for 30 June 2013 (and comparatives). However, the statement of comprehensive income will include name changes and include subtotals for items of OCI that can subsequently be reclassified to profit or loss in future (e.g. foreign currency translation reserves) and those that cannot subsequently be reclassified (e.g. fixed asset revaluation surpluses).
AASB 119 (reissued September 2011)	Employee Benefits	Main changes include: • Elimination of the 'corridor' approach for deferring gains/losses for defined benefit plans • Actuarial gains/losses on remeasuring the defined benefit plan obligation/asset to be recognised in OCI rather than in profit or loss, and cannot be reclassified in subsequent periods • Subtle amendments to timing for recognition of liabilities for termination benefits • Employee benefits expected to be settled (as opposed to due to settled under current standard) wholly within 12 months after the end of the reporting period are short-term benefits, and therefore not discounted when calculating leave liabilities. Annual leave not expected to be used wholly within 12 months of end of reporting period will in future be discounted when calculating leave liability.	Annual periods commencing on or after January 2013	The entity currently calculates its liability for annual leave employee benefits on the basis that it is due to be settled within 12 months of the end of the reporting period because employees are entitled to use this leave at any time. The amendments to AASB 119 require that such liabilities be calculated on the basis of when the leave is expected to be taken, i.e. expected settlement. When this standard is first adopted for 30 June 2014 year end, annual leave liabilities will be recalculated on 1 July 2012 as short-term benefits because they are expected to be settled wholly within 12 months after the end of the reporting period, there will be no impact on the classification and balances recognised in the financial statements.
AASB 12 (issued August 2011)	Disclosure of Interests in Other Entities	Combines existing disclosures from AASB 127 *Consolidated and Separate Financial Statements*, AASB 128 *Investments in Associates* and AASB 131 *Interests in Joint Ventures*. Introduces new disclosure requirements for interests in associates and joint arrangements, as well as new requirements for unconsolidated structured entities.	Annual reporting periods commencing on or after 1 January 2013	As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, additional disclosures will be required for interests in associates and joint arrangements, as well as for unconsolidated structured entities.
IFRS (issued December 2011)	Mandatory Effective Date of IFRS 9 and Transition Disclosures	Entities are no longer required to restate comparatives on first time adoption. Instead, additional disclosures on the effects of transition are required.	Annual reporting periods commencing on or after 1 January 2015	As comparatives are no longer required to be restated, there will be no impact on amounts recognised in the financial statements. However, additional disclosures will be required on transition, including the quantitative effects of reclassifying financial assets on transition.

There are no other standards that are not yet effective and that are expected to have material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

w) Parent Entity Financial Information

The financial information for the parent entity, Strike Resources Limited, disclosed in Note 29 has been prepared on the same basis as the consolidated financial statements.

2. 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 and loans to related parties. The main risks arising from the Consolidated Entity's financial instruments are interest rate risk, foreign exchange 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 in conjunction with a range of policies and procedures, which incorporate monitoring and reporting mechanisms, to assist in the management of the various risks to which the business is exposed. The effectiveness of the system is continually reviewed by management and at least annually by the Board.

The Consolidated Entity holds the following instruments.

	Variable interest rate		Fixed interest rate		Non-interest bearing		Total Equity	
	2012 $	2011 $	2012 $	2011 $	2012 $	2011 $	2012 $	2011 $
Financial assets								
Cash	380,586	1,152,637	18,236,381	32,525,164	1,924,634	498,528	20,541,601	34,176,329
Receivables	-	-	-	-	570,795	786,067	570,795	786,067
Loan receivable	3,038,997	-	-	-	-	-	3,038,997	-
Financial assets	-	-	-	-	1,856,617	-	1,856,617	-
	3,419,583	1,152,637	18,236,381	32,525,164	4,352,046	1,284,595	26,008,010	34,962,396
Financial liabilities								
Payables	-	-	-	-	(741,915)	(2,703,170)	(741,915)	(2,703,170)
Net financial assets	3,419,583	1,152,637	18,236,381	32,525,164	3,610,131	(1,418,575)	25,266,095	32,259,226

a) Market Risk

(i) Foreign Exchange Risk

The Consolidated Entity operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, Indonesian Rupiah (IDR), Perúvian Nuevo Soles and Canadian dollar.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The Consolidated Entity has a policy of not hedging foreign exchange risk and therefore has not entered into any hedging against movements in foreign currencies against the Australian dollar, including forward exchange contracts, as at the reporting date and is currently fully exposed to foreign exchange risk.

The Consolidated Entity's exposure to foreign exchange risk expressed in Australian dollar at the reporting date was as follows:

	USD		CAD		Others	
	2012	2011	2012	2011	2012	2011
Financial assets						
Cash at bank	1,622,747	350,179	-	-	46,113	23,566
Receivables	183,032	-	-	97,750	-	-
Financial assets at fair value through profit or loss	-	-	1,856,617	-	-	-
Loan receivable	25,796	-	3,013,201	-	-	-
Financial liabilities						
Payables	(410,802)	(174,719)	-	(149,145)	(12,799)	(36,090)
	1,420,773	175,460	4,869,818	(51,395)	33,314	(12,524)

Sensitivity

The Consolidated Entity has performed a sensitivity analysis on its exposure to exchange 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 10% (2011: 10%) against the foreign currencies detailed above, with all the other variables held constant.

	Consolidated Entity	
	2012 $	2011 $
Change in profit		
increase by 10%	(574,900)	(17,397)
decrease by 10%	702,656	(4,298)
Change in equity		
increase by 10%	(574,900)	(17,397)
decrease by 10%	702,656	(4,298)

2. Financial Risk Management (continued)

(ii) Price Risk

The Consolidated Entity is exposed to equity securities price risk. This arises from investments held by the Consolidated Entity and classified in the balance sheet as fair value through profit or loss. The Consolidated Entity is not exposed to commodity price risk.

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.

The table below summaries the impact of increases/decreases of the equity index on the Consolidated Entity's post-tax profit for the year. The analysis is based on the assumption that the equity index has increased by 9%/decreased by 6% with all other variables held constant.

	Impact on post-tax profit		Impact on other components of equity	
	2012 $	2011 $	2012 $	2011 $
increase by 9%	10,293	-	-	-
decrease by 6%	(6,862)	-	-	-

(iii) 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 cash deposits.

	Consolidated Entity	
	2012 $	2011 $
Cash at bank	2,305,220	1,651,165
Term deposit	18,236,381	32,525,164
	20,541,601	34,176,329
Weighted average interest rates	5.06%	6.04%

The Consolidated Entity has performed a sensitivity analysis on its exposure to interest rate risk at the reporting 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	
	2012 $	2011 $
Change in profit		
increase by 25bps (2011: 25bps)	46,542	81,438
decrease by 25bps (2011: 25bps)	(46,542)	(81,438)
Change in equity		
increase by 25bps (2011: 25bps)	46,542	81,438
decrease by 25bps (2011: 25bps)	(46,542)	(81,438)

b) 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.

Pursuant to the Cuervo Investment Agreement, the Company has a mortgage over the concessions held by Minera Cuervo S.A.C a wholly owned subsidiary of Cuervo Resources Inc. In addition, the Company holds a pledge over the shares of Minera Cuervo S.A.C., both securities are exercisable if Cuervo defaults under Investment Agreement.

The loan to Apurimac Ferrum S.A. is secured through a first ranking mortgage over all of the concessions included in the Mortgage Agreement signed between Strike Finance Pty Ltd and Apurimac Ferrum S.A.

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	
	2012 $	2011 $
Cash and cash equivalents		
AA	14,376,627	27,466,469
A+	500,000	6,300,000
A	5,649,550	403,717
BB	-	-
BBB+	-	-
No external credit rating available	15,424	6,143
	20,541,601	34,176,329
Receivables and loans		
AA	133,426	474,692
A+	1,528	92,032
A	47,260	-
BB	-	-
BBB+	-	-
No external credit rating available	3,427,578	219,343
	24,151,393	34,962,396

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, except interest on term deposits, are due within 30 days. None of the above receivables are past due.

2. Financial Risk Management (continued)

c) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities to meet obligations when due and to close out the market positions. At the end of the reporting period the Consolidated Entity held deposits of $18,236,381 (2011: $32,525,164) that mature within the next 3 months after 30 June 2012 that are expected to readily generate cash inflows for managing liquidity risk.

The financial liabilities disclosed have the following maturity obligation:

	Consolidated Entity 2012 $	Consolidated Entity 2011 $
Non-interest bearing		
less than 6 months	522,520	2,785,485
6 to 12 months	219,395	-
	741,915	2,785,485
Interest-bearing		
between 1 & 2 years	-	132,999
between 2 & 5 years	-	-
	-	132,999

The amounts disclosed are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

d) 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 3(f). The aggregate fair value and carrying amount of financial assets at the reporting date are set out in Notes 9 and 10. The carrying amount of the financial liabilities at the reporting date as set out in Note 14 approximates the current fair value.

e) Fair Value Measurements

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Consolidated Entity is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

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

AASB 7 Financial Instruments: Disclosures 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

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 financial instruments measured and recognised at fair value at 30 June 2012 and 30 June 2011.

2012	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Financial assets at fair value through profit or loss				
- Trading securities	114,364	1,742,253	-	1,856,617
Available-for-sale financial assets				
- Equity securities	-	-	-	-
Total assets	114,364	1,742,253	-	1,856,617

2011	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Financial assets at fair value through profit or loss				
- Trading securities	-	-	-	-
Available-for-sale financial assets				
- Equity securities	-	-	-	-
Total assets	-	-	-	-

3. Critical Accounting Estimates and Judgements (continued)

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

a) Impairment of Assets Classified as Held for Sale

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 which resulted in inconsistencies between the enacted legislation and the Co-operation Agreement, both parties to the agreement are in the process of negotiating to resolve the issues that have arisen.

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(s). Due to drawn out nature of the negotiations and the failure to date of Strike and PT KJB to resolve the dispute over the future development of the Berau Thermal Coal Project, management has deemed it prudent to impair the carrying value of the capitalised exploration and evaluation expenditure in relation to this project.

The impairment charge against the value of the capitalised exploration and evaluation expenditure in relation to the Berau Project has been expensed through the Consolidated Statement of Comprehensive Income in the calculation of profit or loss in the current period. Management continues to monitor the status of negotiations with PT KJB in relation to the Berau Project and will review the carrying value of the exploration and evaluation asset accordingly.

b) Impairment of Capitalised Exploration and Evaluation Expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including the Consolidated Entity's ability 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 impact the cost of mining, future legal changes (including changes to environmental restoration obligations), changes to commodity prices and right of tenure.

c) Share-based Payment Transactions

The Consolidated Entity measures the cost of equity-settled transactions with Directors and 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 using a Black-Scholes option valuation model, with the assumptions detailed in Note 28. 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.

d) Fair Value of Investment in Associate

On the reclassification of a subsidiary to an associate due to the "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 the control is lost. 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 a prior 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 reporting 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. (2011: full impairment). 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 expect to re-evaluate the carrying value of the asset when a more robust valuation model is able to be used.

e) Treatment of Investment in Apurimac Ferrum S.A. as an Associate

On 30 June 2011 Strike Resources Limited increased its shareholding in Apurimac Ferrum S.A. ("AF") from 44% to 56%. This shareholding was maintained until 22 June 2012, when the Company sold 50% of the shareholding (being 6% of shareholding in Apurimac Ferrum S.A.), and 50% of the debt owned by AF, which were acquired from Iron Associates Corporation on 30 June 2011.

Pursuant to AASB 127 *Consolidated and Separate Financial Statements* control is defined as "the power to govern the financial and operating policies so as to obtain a benefit from those activities", and is normally presumed for a shareholding of greater than 50%. However, in the case of Strike's investment in AF, the voting rights of AF's shareholders are governed by the terms of the "AF Settlement Agreement", which was executed in July 2009, until July 2012. This agreement requires unanimous support from all AF shareholders for a motion to be carried at a shareholders meeting. As a result of this requirement the board of Strike has determined that "control" does not exist and therefore Strike doesn't consolidate AF when presenting its consolidated financial statements.

f) 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 reporting date. The quoted market price used for financial assets held by the Consolidated Entity is the current bid price and 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 reporting 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.

4. Segment Information

a) Description of segments

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions.

The Board of Directors considers the business from both a product and a geographic perspective and has identified three reportable segments as follows:

- Australia
- Indonesia (Thermal Coal)
- Perú (Iron Ore)

b) Segment information provided to the Board of Directors

The segment information provided to the Board of Directors for the reportable segments for the year ended 30 June 2012 and 30 June 2011 are as follows:

2012	Indonesia	Perú	Australia	Total
Interest revenue	84	-	5,630,893	5,630,977
Fees for consulting to Apurimac Ferrum S.A.	-	-	835,942	835,942
Foreign exchange gain/(loss)	(541,818)	-	1,264,224	722,406
Inter-segment revenue	-	-	-	-
Revenue from external customers	**(541,734)**	**-**	**7,731,059**	**7,189,325**
Adjusted EBITDA	**(3,632,418)**	**(370,906)**	**(24,412,801)**	**(28,416,125)**
Depreciation and amortisation	(2)	-	(77,521)	(77,523)
Personnel costs	-	-	(2,235,607)	(2,235,607)
Impairment losses:				
- Resource projects	(2,657,633)	(218,303)	-	(2,875,936)
- Land	(219,305)	-	-	(219,305)
- Investment in associated entity	-	-	1,688,034	1,688,034
- Loan to Cuervo Resources Inc	-	-	(2,125,576)	(2,125,576)
- Loans to associated entity	-	-	(7,326,445)	(7,326,445)
Fair value adjustment - financial assets held as fair value through profit or loss	-	-	2,055,850	2,055,850
Loss/(gain) on sale of investment	-	-	(2,537,354)	(2,537,354)
Total segment assets	**4,363,184**	**477,501**	**25,810,008**	**30,650,693**
Total segment liabilities	**(10,619,550)**	**(3,443,885)**	**(426,889)**	**(14,490,324)**

2011	Indonesia	Perú	Australia	Total
Interest revenue	456	-	2,662,765	2,663,221
Fees for consulting to Apurimac Ferrum S.A.	16,820	-	1,638,726	1,655,546
Foreign exchange gain/(loss)	-	-	48,862	48,862
Inter-segment revenue	-	-	-	-
Revenue from external customers	**17,276**	**-**	**4,350,353**	**4,367,629**
Adjusted EBITDA	**(13,787,146)**	**(53,534)**	**(20,375,707)**	**(34,216,387)**
Depreciation and amortisation	(15,729)	(2,158)	(128,741)	(146,628)
Personnel costs	(57,554)	-	(2,152,980)	(2,210,534)
Impairment losses:				
- Resource projects	(13,465,031)	-	(2,879)	(13,467,910)
- Investment in associated entity	-	-	(3,399,115)	(3,399,115)
- Loans to associated entity	-	-	(5,777,410)	(5,777,410)
Loss/(gain) on sale of investment	-	-	1,785,620	1,785,620
Total segment assets	**8,665,001**	**659,400**	**50,202,206**	**59,526,607**
Total segment liabilities	**(10,683,971)**	**(3,115,311)**	**(2,794,477)**	**(16,593,759)**

c) Other segment information

(i) Segment revenue

Segment revenue reconciles to total revenue as per the Consolidated Comprehensive Income:

	2012 $	2011 $
Revenue		
Revenue	5,630,977	2,663,221
Other income	1,558,348	1,704,408
	7,189,325	4,367,629

4. Segment Information (continued)

(ii) Adjusted EBITDA

A reconciliation of adjusted EBITDA to operating profit before income tax is provided as follows:

	2012 $	2011 $
Adjusted EBITDA	**(28,416,125)**	**(34,216,387)**
Intersegment eliminations	15,656,826	9,910,960
Depreciation	(77,523)	(146,628)
	(12,836,822)	**(24,452,055)**
Profit before tax from continuing operations	(12,836,822)	(24,452,055)
	(12,836,822)	**(24,452,055)**

(iii) Segment assets and segment liabilities

Reportable segments' assets and liabilities are reconciled to total assets and liabilities respectively as follows:

	2012 $	2011 $
Segment assets	**30,650,693**	**59,526,607**
Intersegment eliminations	(220,208)	(15,474,868)
Total assets as per the Consolidated Statement of Financial Position	**30,430,485**	**44,051,739**
Segment liabilities	(14,490,324)	(16,593,759)
Intersegment eliminations	13,710,360	13,618,730
Total liabilities as per the Consolidated Statement of Financial Position	**(779,964)**	**(2,975,029)**

5. Profit/(Loss) for the Year

	Consolidated Entity 2012 $	Consolidated Entity 2011 $
a) Revenue		
Revenue from continuing operations		
Interest received - Cuervo loan	3,697,727	-
Interest received - Cash on deposit	1,933,250	2,663,221
	5,630,977	2,663,221
Other income		
Foreign exchange gain	722,406	-
Consulting fees	835,942	1,655,546
Other income	-	48,862
	1,558,348	1,704,408
Total revenue and other income	7,189,325	4,367,629
b) Expenses		
Operating expenses		
Occupancy costs	257,804	327,309
Finance costs	13,812	18,748
Borrowing costs - interest paid	-	-
	271,616	346,057
Personnel costs		
Cash remuneration	1,824,914	2,186,141
Directors' and employees' options	410,693	24,394
	2,235,607	2,210,535
Administration costs		
Consultancy fees	386,999	229,255
Professional fees	350,109	417,507
Depreciation	77,523	146,629
Other corporate expenses	1,211,284	888,910
	2,025,915	1,682,301
Impairment losses		
Resource projects	2,875,936	13,467,910
Land	219,305	-
Investment in associate entity	22,923	3,399,115
Loan to Cuervo Resources Inc.	2,125,576	-
Loans to associated entity	7,326,445	5,777,410
	12,570,185	22,644,435
Fair value adjustment - financial assets held as fair value through profit or loss	2,055,850	-
Loss/(gain) on sale of investment	826,397	(1,785,620)
Loss on disposal of property, plant and equipment	40,577	85,665
Foreign exchange loss	-	3,636,311
	2,922,824	1,936,356
Total expenses	20,026,147	28,819,684

6. Income Tax Expense

	Consolidated Entity	
	2012 $	2011 $
(a) Income tax expense		
Current tax	203,900	439,564
Deferred tax	-	-
	203,900	439,564
Income tax expense attributable to:		
Profit from continuing operations	203,900	439,564
Profit from discontinued operations	-	-
Aggregate income tax expense	203,900	439,564
(b) Numerical reconciliation between tax expense and pre-tax net profit/(loss)		
Profit/(loss) from continuing operations before income tax	(12,836,822)	(24,452,055)
	(12,836,822)	(24,452,055)
Income-tax expense/(benefit) on above at 30%	(3,851,046)	(7,335,616)
Increase in income tax due to:		
Non-deductible expenses and foreign losses	2,214,454	4,320,752
Current year tax losses not recognised	55,608	-
Movement in unrecognised temporary differences	2,558,411	-
Capital gains	-	731,811
Decrease in income tax expenses due to:		
Non assessable income	-	1,096,202
Utilisation of prior year tax losses	(719,752)	(731,811)
Deductible equity raising costs	(257,675)	(328,368)
Net gain or loss of control of AF and IAC	-	-
Effect of current-year revenue losses not recognised	-	2,247,030
Under provision for prior-year taxable income	-	653
Foreign jurisdiction withholding tax	203,900	438,911
Income-tax expense attributable to operating profit	203,900	439,564
(c) Deferred tax assets not brought to account		
On income-tax account		
- Carry-forward tax losses	6,612,251	7,448,146
- Other	20,633,332	-
	27,245,583	7,448,146
On capital account		
- Carry-forward tax losses	-	-
- Unrealised capital losses	-	-
	-	-
Total deferred tax assets not brought to account	27,245,583	7,448,146
(d) Deferred tax liabilities		
Timing differences	482,465	628,619
Offset by deferred tax assets recognised	(482,465)	(628,619)
	-	-

The deferred tax asset not brought to account for the 2012 and 2011 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) in relation to Australian carry forward income tax losses the Consolidated Entity is able to meet the continuity of ownership and/or continuity of business tests.

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

7. Assets and Liabilities Classified as Held for Sale

a) Description

The Company having undertaken a strategic review of its operations during the year, and due to the legal dispute, the Board resolved to seek a settlement which involves an exit of the operations in Indonesia.

The results of Land and Exploration and Evaluation of Berau Thermal Coal Project have been recorded in these financial statements as being held for sale. Under AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*, an asset is either held for recovery through use or for sale. As the Company is seeking settlement it has been classified as held for sale. The impairment of Berau Exploration and Evaluation to $4,021,028 is not a reflection of its commercial value rather a result of a prolonged dispute with the Indonesian partner which has excluded the possibility of a commercial sale. Related financial information is set out below. Further information is set out in note 4 – Segment Information and note 3(a) – Critical Accounting Estimates and Judgements/Impairment of Assets Classified as Held for Sale.

b) Assets classified as held for sale	**2012 $**	**2011 $**
Land	332,078	-
Exploration and Evaluation	4,021,028	-
	4,353,106	-

c) Liabilities directly associated with assets classified as held for sale	**2012 $**	**2011 $**
Trade creditors	-	-
Provision	-	-
	-	-

8. Cash and Cash Equivalents

	Consolidated Entity	
	2012 $	2011 $
Cash at bank	2,315,298	1,651,165
Term deposits	18,236,381	32,525,164
	20,551,679	34,176,329

Risk exposure

The Consolidated Entity's exposure to interest rate risk is discussed in note 2. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

9. Trade and Other Receivables

	Consolidated Entity	
	2012 $	2011 $
Current:		
Amounts receivable from sundry debtors	535,537	697,759
Provision for doubtful debts	-	(32,675)
Loan to Cuervo Resources Inc	5,216,470	-
Provision for impairment	(2,203,269)	-
	3,548,738	665,084
Goods and service tax (GST) recoverable in Australia	19,674	9,152
Prepayments	15,045	14,025
	3,583,457	688,261
Non-Current:		
Amounts receivable from sundry debtors	539	55
Loans to associated entity (Apurimac Ferrum S.A.)	33,160,045	25,714,498
Provision for impairment*	(33,134,249)	(25,714,498)
Loan to Cuervo Resources Inc	-	97,751
Provision for impairment	-	-
	26,335	97,806

* 2010 - $8,559,441 of this loan was provided for while the entity was a subsidiary.

Refer to Note 2 for the Consolidated Entity's exposure to credit risk, foreign exchange risk and interest rate risk.

10. Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss are held for trading and include the following:

	Consolidated Entity 2012 $	Consolidated Entity 2011 $
Investments comprise:		
Current:		
Cuervo Resources Inc. warrants - initial recognition	3,697,727	-
Add: net change in fair value	(1,955,474)	-
	1,742,253	-
Non-current:		
Financial assets at fair value through profit and loss		
Cuervo Resources Inc. shares - at cost	214,563	-
Add: net change in fair value	(100,199)	-
	114,364	-

Changes in fair value of financial assets at fair value through profit or loss are recorded as an expense in the current reporting period (Note 1(m)). The fair value of listed shares in financial assets at fair value through profit or loss has 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 2(a).

11. Investments Accounted for using the Equity Method

Apurimac Ferrum S.A. ("AF") is a company incorporated and domiciled in Perú, South America. During the financial year Strike Resources Limited's shareholding in AF decreased from 56% as at 30 June 2011 to 50% on 22 June 2012. Due to the operation of a series of agreements between the AF shareholders executed between 21 July and 5 August 2009 Strike is not deemed to control AF pursuant to AASB 127 *Consolidated and Separate Financial Statements* and therefore does not consolidate the accounts of AF.

Summarised financial information of associate entity:

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

	Ownership interest[1] $	Assets $	Liabilities $	Loss $
Apurimac Ferrum S.A.				
2012	50%	16,487,774	18,987,832	1,826,840
2011	56%	11,441,652	12,108,636	941,005

[1]Strike Resources Limited decreased its shareholding in Apurimac Ferrum S.A. from 56% to 50% on 22 June 2012.

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

	2012 $	2011 $
Opening share of carry-forward losses	1,741,520	800,515
Current year share of loss	1,826,840	941,005
Closing share of carry-forward losses	3,568,360	1,741,520

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(b) and 3(d).

12. Property, Plant and Equipment

	Capital WIP $	Land $	Plant and equipment $	Leasehold improvements $	Total $
At 1 July 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**
2011 Consolidated					
Carrying value at 1 July 2010	218,856	678,267	273,957	66,634	1,237,714
Adj. to opening balance	(102,891)	(37,628)	-	-	(140,519)
Additions to CWIP	35,252	-	-	-	35,252
Transfers out of CWIP	(150,257)	-	-	-	(150,257)
Transfers from CWIP	-	-	30,853	119,070	149,923
Depreciation expense	-	-	(125,103)	(21,526)	(146,629)
Cost of asset disposals	-	-	(217,518)	(93,262)	(310,780)
Accumulated depreciation on disposed assets	-	-	143,046	31,710	174,756
Carrying value at 30 June 2011	**960**	**640,639**	**105,235**	**102,626**	**849,460**
At 30 June 2011					
Cost or fair value	960	640,639	219,755	121,743	983,097
Accumulated depreciation and impairment	-	-	(114,520)	(19,117)	(133,637)
Net carrying amount	**960**	**640,639**	**105,235**	**102,626**	**849,460**
2012 Consolidated					
Carrying value at 1 July 2011	960	640,639	105,235	102,626	849,460
Foreign exchange adjustment	-	-	(29)	-	(29)
Additions to CWIP	41,769	-	-	-	41,769
Transfers out of CWIP	(42,449)	-	-	-	(42,449)
Transfers from CWIP	-	-	27,513	14,936	42,449
Depreciation expense	-	-	(70,063)	(7,458)	(77,521)
Cost of asset disposals	-	-	(77,905)	(121,743)	(199,648)
Accumulated depreciation on disposed assets	-	-	59,999	25,900	85,899
Reclassed to Assets classified as held for sale	-	(640,639)	-	-	(640,639)
Carrying value at 30 June 2012	**280**	**-**	**44,750**	**14,261**	**59,291**
At 30 June 2012					
Cost or fair value	280	-	169,323	14,936	184,539
Accumulated depreciation and impairment	-	-	(124,573)	(675)	(125,248)
Net carrying amount	**280**	**-**	**44,750**	**14,261**	**59,291**

13. Exploration and Evaluation Expenditure

	Consolidated Entity 2012 $	Consolidated Entity 2011 $
Balance at the beginning of the year	8,239,883	21,129,916
Foreign exchange adjustment	(1,345,053)	-
Exploration and evaluation expenditure additions	2,134	577,877
Impairment loss - exploration and evaluation	(2,875,936)	(13,467,910)
Reclassed to assets classified as held for sale	(4,021,028)	-
Balance at the end of the year	-	8,239,883

The impairment of Berau Exploration and Evaluation to $4,021,028 is not a reflection of its commercial value rather a result of a prolonged dispute with the Indonesian partner which has excluded the possibility of a commercial sale.

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 (o) (ii) & 3(b).

14. Trade and Other Payables

	Consolidated Entity 2012 $	Consolidated Entity 2011 $
Current		
Trade creditors	95,635	504,781
Other creditors and accruals	403,516	2,280,704
	499,151	2,785,485
Non Current		
Loan from associate	219,395	132,999

Details of the Consolidated Entity's exposure to risks arising from current payables are set out in Note 2.

15. Provisions

	Consolidated Entity 2012 $	Consolidated Entity 2011 $
Current		
Provision for employee entitlements - annual leave	61,306	56,545
Other	112	-
	61,418	56,545

16. Issued Capital

	Consolidated Entity 2012 $	Consolidated Entity 2011 $
142,534,268 (2011: 133,534,268) fully-paid ordinary shares	148,109,255	145,632,412

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 1 July 2010		130,034,268	144,846,669
Shares issued on exercise of options	11 Feb 2011	3,500,000	789,667
Share issue expenses		-	(3,924)
At 30 June 2011		**133,534,268**	**145,632,412**
Shares issued on exercise of options		-	235,303
Share issued	5 Aug 2011	9,000,000	2,250,000
Share issue expenses		-	(8,460)
At 30 June 2012		**142,534,268**	**148,109,255**

Ordinary share

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Options

Information relating to the Strike Resources Limited Employee Option Plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the reporting period, is set out in note 28.

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.

17. Reserves

	Consolidated Entity 2012 $	Consolidated Entity 2011 $
Foreign currency translation reserve	(1,186,121)	(630,900)
Share-based payments reserve	13,191,026	12,780,333
	12,004,905	12,149,433

Nature and Purpose of Other Reserves

(i) Share-Based Payment

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.

(ii) Foreign Currency Translation

Exchange differences arising on translation of the foreign controlled entities are taken to the foreign currency translation reserve as described in Note 1(d) and accumulate in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

		Consolidated Entity	
2012 - Movement in share-based payment reserve	**Grant**	**No.**	**$**
The number of unlisted options outstanding over unissued ordinary shares at the reporting date is as follows:			
Opening balance at 1 July 2011		17,786,404	12,780,333
Granted options			
Employee Options			
Unlisted options exercisable at $0.36; expiring 23 Nov 16	24 Nov 11	1,416,668	120,386
Unlisted options exercisable at $0.42; expiring 23 Nov 16	24 Nov 11	1,416,666	111,456
Unlisted options exercisable at $0.56; expiring 23 Nov 16	24 Nov 11	1,416,666	95,106
Unlisted options exercisable at $0.36; expiring 23 Nov 16	5 Apr 12	333,334	30,365
Unlisted options exercisable at $0.42; expiring 23 Nov 16	5 Apr 12	333,333	28,458
Unlisted options exercisable at $0.56; expiring 23 Nov 16	5 Apr 12	333,333	24,922
Lapsed options			
Other Options			
Lapsed options exercisable at $0.938; expired 21 Jul 11		(4,600,000)	-
Lapsed options exercisable at $0.938; expired 13 Sep 11		(500,000)	-
Lapsed options exercisable at $2.788; expired 7 Mar 12		(3,300,000)	-
Lapsed options exercisable at $2.078; expired 7 Mar 12		(500,000)	-
Lapsed options exercisable at $3.978; cancelled 7 Oct 11		(500,000)	-
Lapsed options exercisable at $2.75; expired 29 Jul 11		(903,404)	-
Lapsed options exercisable at $1.30; cancelled 23 Nov 11		(400,000)	-
Lapsed options exercisable at $1.50; cancelled 23 Nov 11		(400,000)	-
Lapsed options exercisable at $1.75; cancelled 23 Nov 11		(400,000)	-
Lapsed options exercisable at $2.75; expired 4 Mar 12		(250,000)	-
Lapsed options exercisable at $0.36; cancelled 12 Apr 12		(333,334)	-
Lapsed options exercisable at $0.42; cancelled 12 Apr 12		(333,333)	-
Lapsed options exercisable at $0.56; cancelled 12 Apr 12		(333,333)	-
Lapsed options exercisable at $2.878; expired 1 May 12		(33,000)	-
Closing balance at 30 June 2012		10,250,000	13,191,026

17. Reserves (continued)

		Consolidated Entity	
2011 - Movement in share-based payment reserve	**Grant**	**No.**	**$**
The number of unlisted options outstanding over unissued ordinary shares at the reporting date is as follows:			
Opening balance at 1 July 2010		20,086,404	12,991,282
Granted options			
Employee Options			
Unlisted options exercisable at $1.30; expiring 23 Mar 13	6 May 11	400,000	9,264
Unlisted options exercisable at $1.50; expiring 23 Mar 13	6 May 11	400,000	8,698
Unlisted options exercisable at $1.75; expiring 23 Mar 13	6 May 11	400,000	6,432
Exercised options			
Other Options			
Unlisted options exercised at $0.178	13 Feb 07	(1,833,333)	-
Unlisted options exercised at $0.278	13 Feb 07	(1,666,667)	-
Lapsed options			
Lapsed options exercisable at $0.178; expired 30 Jun 08		-	(235,343)
Closing balance at 30 June 2011		**17,786,404**	**12,780,333**

Nature Equity-based Remuneration

On 24 November 2011 and 5 April 2012 the Company granted 5,250,000 unlisted Employee Options with exercise prices of $0.36 (1,750,002), $0.42 (1,749,999) and $0.56 (1,749,999), vesting immediately. The expiry date of these options is 23 November 2016.

The fair value of these options are expensed over the period from their date of grant to each respective vesting date. The fair value is calculated using a Black-Scholes options valuation model with an assumed volatility rate of 70.5% and 80.19% for the underlying SRK shares (Note 28).

18. Key Management Personnel Disclosures

a) Details of Key Management Personnel during the financial year:

Current

Malcolm Richmond	Chairman/Non-Executive Director
Matthew Hammond	Non-Executive Director
William Johnson	Non-Executive Director
Tough Samantha	Non-Executive Director
Ken Hellsten	Managing Director
Julian Tambyrajah	Chief Financial Officer (appointed 2 April 2012)
Ian Cullen	General Manager Exploration and Development (appointed 1 July 2011 and ceased on 15 July 2012)

Past

David Lim	Chief Financial Officer (ceased on 10 April 2012)
Mark Horn	Alternate Director for Mr F Moshiri (ceased 3 February 2011)
Farooq Khan	Non-Executive Director (ceased 3 February 2011)
Mike Lowry	General Manager - Berau (ceased 30 April 2011)
H. Shanker Madan	Non-Executive Chairman (ceased 3 February 2011)
Farhad Moshiri	Non-Executive Director (ceased 3 February 2011)
Andrew Napier	Process Engineer (ceased 29 April 2011)

b) Compensation of Key Management Personnel

	Consolidated Entity	
	2012 $	2011 $
Short-term employee benefits	1,238,292	1,366,161
Post-employment benefits	96,324	156,278
Long-term benefits	-	-
Termination benefits	-	-
Share-based payments	333,764	12,197
	1,668,380	1,534,636

Detailed remuneration disclosures are provided in the remuneration report on pages 37 to 48.

18. Key Management Personnel Disclosures (continued)

c) Equity instrument disclosures relating to key management personnel

(i) 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.

(ii) Options holdings

The numbers of options over ordinary shares in the Company held during the financial year by each director of Strike Resources Limited and other key management personnel of the Consolidated Entity, including their personally related parties, are set out below:

	Balance at 1 July 2011	Balance at appointment	Granted as compensation	Net change other[7]	Balance at 30 June 2012	Vested and exercisable	Unvested
2012							
M Richmond	1,700,000	-	-	(1,100,000)	600,000	600,000	-
M Hammond	-	-	-	-	-	-	-
W Johnson	1,240,000	-	-	(850,000)	390,000	390,000	-
S Tough[1]	-	-	-	-	-	-	-
K Hellsten	-	-	1,500,000	-	1,500,000	1,500,000	-
J Tambyrajah[2]	-	-	1,000,000	-	1,000,000	1,000,000	-
I Cullen[4]	-	-	750,000	-	750,000	750,000	-
D Lim[3]	600,000	-	1,000,000	(1,600,000)	-	-	-
Total	3,540,000	-	4,250,000	(3,550,000)	4,240,000	4,240,000	-

1. Ms Tough was appointed as Non-Executive Director on 23 January 2012.
2. Mr Tambyrajah was appointed as Chief Financial Officer on 2 April 2012.
3. Mr Lim ceased his position as the Chief Financial Officer on 10 April 2012.
4. Mr Ian was appointed as General Manager Exploration and Development on 1 July 2011 and ceased on 15 July 2012.

	Balance at 1 July 2010	Balance at appointment	Granted as compensation	Net change other[7]	Balance at 30 June 2011	Vested and exercisable	Unvested
2011							
M Hammond	-	-	-	-	-	-	-
M Horn[1]	-	-	-	-	-	-	-
K Hellsten	-	-	-	-	-	-	-
W Johnson	1,240,000	-	-	-	1,240,000	1,240,000	-
F Khan[2]	3,050,000	-	-	(3,050,000)	-	-	-
D Lim	-	-	600,000	-	600,000	600,000	-
M Lowry[3]	250,000	-	-	-	250,000	250,000	-
H S Madan[4]	6,130,000	-	-	(6,130,000)	-	-	-
F Moshiri[5]	-	-	-	-	-	-	-
A Napier[6]	-	-	-	-	-	-	-
M Richmond	1,700,000	-	-	-	1,700,000	1,700,000	-
Total	**12,370,000**	**-**	**600,000**	**(9,180,000)**	**3,790,000**	**3,790,000**	**-**

1. Mr Horn ceased holding the office of alternate director on 3 February 2011.
2. Mr Khan ceased holding the office of director on 3 February 2011.
3. Mr Lowry ceased as a member of Key Management Personnel on 30 April 2011.
4. Mr Madan ceased holding the office of director on 3 February 2011.
5. Mr Moshiri ceased holding the office of director on 3 February 2011.
6. Mr Napier was deemed to be a member of Key Management Personnel from 7 July 2010 to 29 April 2011.
7. Figures in "net change other" column represent final holding when the individual ceased being a KMP.

(iii) Share holdings

The numbers of shares in the Company held during the financial year by each director of Strike Resources Limited and other key management personnel of the Consolidated Entity, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

	Balance at beginning of the year	Received during the year on the exercise of options	Net change other	Balance at the end of the year
2012				
M Richmond	100,000	-	-	100,000
M Hammond	-	-	-	-
W Johnson	-	-	-	-
S Tough[1]	-	-	-	-
K Hellsten	187,083	-	30,000	217,083
J Tambyrajah[2]	-	-	-	-
I Cullen[4]	-	-	-	-
D Lim[3]	38,100	-	(38,100)	-
Total	**325,183**	**-**	**(8,100)**	**317,083**

1. Ms Tough was appointed as Non-Executive Director on 23 January 2012.
2. Mr Tambyrajah was appointed as Chief Financial Officer on 2 April 2012.
3. Mr Lim ceased his position as Chief Financial Officer on 10 April 2012.
4. Mr Ian was appointed as General Manager Exploration and Development on 1 July 2011 and ceased on 15 July 2012.

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18. Key Management Personnel Disclosures (continued)

	Balance at beginning of year	Received during the year on the exercise of options	Net change other	Balance at the end of the year
2011				
M Hammond	-	-	-	-
K Hellsten	187,083	-	-	187,083
M Horn[4]	-	-	-	-
W Johnson	-	-	-	-
F Khan[1]	13,941,605	-	(13,941,605)	-
D Lim	38,100	-	-	38,100
M Lowry[2]	-	-	-	-
H S Madan[3]	496,343	-	(496,343)	-
F Moshiri[4]	-	-	-	-
A Napier[5]	-	-	-	-
M Richmond	100,000	-	-	100,000
Total	**14,763,131**	**-**	**(14,437,948)**	**325,183**

1. Mr Khan ceased being a director on 3 February 2011.
2. Mr Lowry ceased being a member of Key Management Personnel on 30 April 2011.
3. Mr Madan ceased being a director on 3 February 2011.
4. Mr Moshiri ceased be a director on 3 February 2011. (Mr. Horn was alternate director for Mr Moshiri).
5. Mr Napier was deemed to be a member of Key Management Personnel from 7 July 2010 to 29 April 2011.

d) Loans to Key Management Personnel

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

e) Other Transactions with Key Management Personnel

During the year, the Company paid Mrs Helen Hellsten, a related party of Mr Ken Hellsten, $5,668 for services provided during the year. There were no other transactions with Key Management Personnel (or their personally-related entities) during the financial year.

19. Auditors' Remuneration

	Consolidated Entity	
	2012 $	2011 $
Auditors of the Consolidated Entity		
Audit and review of financial statements		
- BDO Audit (WA) Pty Ltd	84,774	51,934
Other services – technical updates		
- BDO (WA) Pty Ltd	-	795
Auditors of the Perúvian subsidiaries		
Audit and review of financial statements		
- BDO Pazos, Lopez de Romana, Rodriguez	6,830	7,187
	91,604	59,916

20. Contingent Assets and Liabilities

a) Strike Resources Perú S.A.C. option

Strike Resources Perú S.A.C. (the Company's Perúvian subsidiary) granted Apurimac Ferrum S.A. an option over its mining concessions exercisable for US$1.75 million.

b) Cristoforo Agreement

On 15 June 2010, Strike Resources Perú S.A.C. ("Strike Perú") entered into an assignment of mining rights and option agreement with the Perúvian owner of three mineral concessions in the Apurimac District totalling 1,900 hectares, being the Cristoforo 14, Cristoforo 28 and Ferroso 29 concessions ("Cristoforo Agreement"). The consideration paid (and payable) under the agreement was US$31,250 (paid on execution), US$50,000 payable within 12 months and 15 business days from execution, US$50,000 payable within 6 months thereafter and a further US$1.05 million is payable if Strike Perú exercises the option to acquire the concessions. The option may be exercised on or before 13 June 2013. Under the terms of the AF Settlement Agreement Strike Perú was required to assign the Cristoforo Agreement to Apurimac Ferrum S.A. (AF) for no consideration (other than reimbursement of the money paid by Strike Perú to the Cristoforo vendor). Accordingly, Strike Perú assigned this option to AF on 15 March 2011.

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 Perú 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 Thermal Coal Project Royalties

The Consolidated Entity is liable to pay a royalty to PT Kaltim Jaya Bara ("KJB"), the owner of the mining concession on which the Consolidated Entity's Berau Thermal Coal Project is located. As a result of changes to the Indonesian mining law it is unclear if Strike would legally be able to pay this royalty should it commence production at Berau. Due to uncertainty created by the mining law changes and issues concerning the estimation of such a royalty at this stage of the project, it is not possible to quantify the potential financial obligation of the Consolidated Entity to pay a 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 reporting 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) Millenium Legal Dispute

On 20 December 2011 the Company announced that a court in Lima has dismissed Millenium Trading's legal action against Strike's joint venture vehicle Apurimac Ferrum (AF). Millenium's case sought to invalidate a 2006 agreement under which it relinquished options over certain mining concessions to enable AF to buy them (Cancellation Agreement). An appeal lodged by Millennium has also been dismissed on procedural grounds.

Despite AF's efforts the identity of the relevant concession has not yet been agreed. AF therefore commenced an arbitration to resolve this issue. The arbitration is ongoing. A mining operation of this kind by Milllenium will not materially affect AF's development plans.

20. Contingent Assets and Liabilities (continued)

An arbitration hearing to define the issues in dispute was held on 27 April 2012. The arbitrator agreed with AF's proposed statement of the issues to be resolved. A further hearing was held on 16 May 2012 to consider certain questions about the arbitrator's jurisdiction before the substantive hearing to resolve the dispute could be scheduled.

Millenium has the right to conduct a small-scale mining operation on an AF concession, the identity of which is to be agreed. As the parties have been unable to agree on the identity of the concession, AF referred the matter to arbitration. In early July the arbitrator asked the parties to make submissions about which concession would be most suitable for Millenium to conduct this operation. Submissions were made in August and a decision on this matter and the jurisdictional question is pending.

21. Commitments

a) Lease Commitments

	Consolidated Entity	
	2012 $	2011 $
Non-cancellable operating lease commitments:		
not longer than one year	160,638	220,365
between 2 years and 5 years	236,388	675,212
	397,026	895,577

The Consolidated Entity leases an office in Perth, Australia under a non-cancellable operating lease with an expiry date between 2 and 4 years. The lease rent is subject to a fixed 4.5% increase on each anniversary of the term. Strike is required to pay the annual outgoings incurred by the lessor in respect of the premises. This figure varies on an annual basis.

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. In the financial year ended 30 June 2010 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.

Perúvian 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.("AF"), the Consolidated Entity granted on option over Perúvian tenements held by its subsidiary, Strike Resources Perú 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 continuity 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 Perúvian landowners and community groups
The Company notes that holding a mineral concession in Perú does not grant automatic access to the surface land. Notwithstanding an easement procedure is contemplated in Perúvian 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 Perúvian 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 Perúvian projects. There can be no guarantees that such approvals will be obtained, or as to 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.

22. Related-Party Disclosures

a) Subsidiaries
Interests in subsidiaries are set out in Note 23.

During the year $ nil (2011: $6,232,056) was loaned to subsidiaries to fund exploration activities.

b) Associates
Apurimac Ferrum S.A. is an associate as set out in Note 11.

Loans to associates - Apurimac Ferrum
On 21 July 2009, through the AF Settlement Agreement, Strike Resources Limited entered into a replacement loan agreement with Apurimac Ferrum S.A.("AF") in which US$20 million may be advanced to AF to undertake exploration on the Apurimac and Cusco Iron Ore projects. This loan is interest bearing (USD Monthly LIBOR rate + 2% per annum) as provided for under the AF Settlement Agreement.

On 16 May 2012, Apurimac Ferrum S.A. entered into the AF Finance Agreement with Strike Finance Pty Ltd for a principal amount US$6m, interest rate is 10% for principal amounts drawn and repaid before 31 December 2012 and 15% for principal amounts repaid after 31 December 2012. The latest repayment date is 31 January 2014.

22. Related-Party Disclosures (continued)

	2012 $	2011 $
Balance at 1 July	25,714,498	14,957,202
Loans advanced	9,310,500	7,663,226
Interest charged	607,044	348,399
Loan and interest purchased from IAC (Iron Associates Corporation)	-	5,086,334
Loan and interest sold to D&C Group S.A.C	(2,715,628)	-
Expenses paid on behalf of AF	543,578	1,164,800
Reclassed to Expense Claim	(1,708,378)	-
Foreign exchange movements	1,408,431	(3,505,463)
Balance at 30 June	33,160,045	25,714,498
Less provision for impairment	33,134,249	25,714,498
Carrying value	25,796	-

Claimable expenses - Apurimac Ferrum

According to the Technical Service Agreement between Strike Resources Limited and Apurimac Ferrum S.A. (AF), Strike Resources Limited will invoice AF expenses of personnel who provide services to AF. This has been effective since 10 November 2009.

	2012 $	2011 $
Opening Balance	80,014	(26,433)
Reclassed from Loans to AF	1,708,378	-
Expenses paid on behalf of AF	146,256	106,447
Collected from AF	(1,741,052)	-
Closing Balance	193,596	80,014
Less provision for impairment	-	80,014
Carrying value	193,596	-

c) Transactions with related parties

	Consolidated Entity	
	2012 $	2011 $
Fees for services provided by:		
- Ms Helen Hellsten a related party of Mr Ken Hellsten	5,668	-
- Mr Mark Horn, Alternate Director for Mr Farhad Moshiri (paid to M Horn and Co, a business of which Mr Horn is a principal)	-	33,600

23. Investment in Controlled Entities

	Country of Incorporation	Percentage of Ownership	
		2012	2011
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%
Strike Resources Perú S.A.C.	Perú	100%	100%

24. Events Occurring after the Reporting Period

The Company announced on 31 July 2012 that Cuervo had commenced drilling at the Bob 1 project.

On 6 September 2012 the Company announced that AF had restructured the organisation in line with current programmes and as a precursor to the result of the shootout. The shootout will result in one shareholder owning 100% of AF and therefore enabling AF to be consolidated. The cost savings are estimated at approximately US$250k per month from the December quarter onwards.

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 has exclusive rights to explore for and mine iron ore from Paulsens East in return Strike will pay a royalty of 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.

On 23 July PMI informally advised Strike that it intends to terminate the agreement, although it has not yet given a formal notice. The Company is assessing its options in relation to this project.

There have been no further changes of significance since then.

25. Reconciliation of Profit after Income Tax to Net Cash Inflow from Operating Activities

	Consolidated Entity	
	2012 $	2011 $
Operating profit/(loss) after tax	(13,040,722)	(24,891,619)
Interest received - Cuervo loan	(3,697,727)	-
Consulting fees	(835,942)	-
Non cash flows in profit/(loss) from ordinary activities:		
Depreciation - plant & equipment	77,522	146,629
Adjustment for movement in foreign exchange	(1,011,269)	3,979,521
Adjustment on deconsolidation of subsidiary	-	-
Fair value adjustments		
Loan to associated entity	9,310,500	5,777,410
Loan to Cuervo Resources Inc.	2,125,576	-
Fair value through profit and loss financial assets	2,055,850	-
Available-for-sale financial assets	-	(2,268,015)
Investment in associate	22,923	1,149,115
Exploration and evaluation projects	2,875,936	13,467,910
Land	219,305	-
Directors' and employees' options	410,693	24,394
Loss on sale of fixed assets	40,577	85,665
Loss on sale of investments	826,397	482,395
Decrease/(increase) in assets:		
Receivables	(362,162)	(1,604,161)
Increase/(decrease) in liabilities:		
Trade creditors and accruals	11,978	2,640,742
Provisions	(14,182)	(661,289)
Net cash outflows from operating activities	(984,747)	(1,671,303)

26. Non-cash Investing and Financing Activities

	Consolidated Entity	
	2012 $	2011 $
Shares issued to acquire Apurimac Ferrum S.A.	2,250,000	-

On 5 August 2011, Strike Resources Limited issued 9,000,000 shares, as part of the acquisition costs, to Iron Associates Corporation to acquire 12% share and US$5m debts of Apurimac Ferrum S.A.

27. Earnings per Share

	Consolidated Entity	
	2012 cents	2011 cents
(a) Basic earnings/(loss) per share		
From continuing operations attributable to the ordinary equity holders of the Company	(9.20)	(18.95)
From discontinued operation	-	-
Total basic earnings per share attributable to the ordinary equity holders of the Company	(9.20)	(18.95)
(b) Diluted earnings/(loss) per share		
From continuing operations attributable to the ordinary equity holders of the Company	(9.20)	(18.95)
From discontinued operation	-	-
Total diluted earnings per share attributable to the ordinary equity holders of the Company	(9.20)	(18.95)
(c) Reconciliations of earnings used in calculating earnings per share		
Basic earnings per share		
Loss attributable to the ordinary equity holders of the Company used in Calculating basic earnings per share:		
From continuing operations	(13,040,722)	(24,891,619)
From discontinued operation	-	-
(d) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	141,671,254	131,367,145
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	141,671,254	131,367,145

28. Share-Based Payments

The establishment of the Strike Resources Limited Employee Option Plan was approved by shareholders on 6 November 2008. Options granted under the plan carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share within 5 business days after the exercise. A total of 5,250,000 Employee Options were granted during the year (Note 17). The reasons for the grant of these options to the 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 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.

	Consolidated Entity	
	2012 $	2011 $
Share-based payments expense	410,693	24,394

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28. Share-Based Payments (continued)

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 - 2012								
21 Jul 06	21 Jul 11	0.938	4,600,000	-	-	(4,600,000)	-	-
13 Sep 06	12 Sep 11	0.938	500,000	-	-	(500,000)	-	-
7 Mar 07	7 Mar 12	2.788	3,300,000	-	-	(3,300,000)	-	-
7 Mar 07	7 Mar 12	2.078	500,000	-	-	(500,000)	-	-
5 Jun 07	1 May 12	2.878	33,000	-	-	(33,000)	-	-
3 Dec 07	3 Dec 12	3.978	4,000,000	-	-	(500,000)	3,500,000	3,500,000
4 Mar 08	4 Mar 13	2.878	250,000	-	-	-	250,000	250,000
14 Oct 08	13 Oct 13	2.75	250,000	-	-	(250,000)	-	-
25 Nov 09	25 Nov 12	2.50	750,000	-	-	-	750,000	750,000
25 Nov 09	25 Nov 12	2.75	750,000	-	-	-	750,000	750,000
25 Nov 09	25 Nov 12	3.25	750,000	-	-	-	750,000	750,000
6 May 11	23 Mar 13	1.30	400,000	-	-	(400,000)	-	-
6 May 11	23 Mar 13	1.50	400,000	-	-	(400,000)	-	-
6 May 11	23 Mar 13	1.75	400,000	-	-	(400,000)	-	-
24 Nov 11	23 Nov 16	0.36	-	1,416,668	-	(333,334)*	1,083,334	1,083,334
24 Nov 11	23 Nov 16	0.42	-	1,416,666	-	(333,333)*	1,083,333	1,083,333
24 Nov 11	23 Nov 16	0.56	-	1,416,666	-	(333,333)*	1,083,333	1,083,333
5 Apr 12	23 Nov 16	0.36	-	333,334	-	-	333,334	333,334
5 Apr 12	23 Nov 16	0.42	-	333,333	-	-	333,333	333,333
5 Apr 12	23 Nov 16	0.56	-	333,333	-	-	333,333	333,333
			16,883,000	5,250,000	-	(11,883,000)	10,250,000	10,250,000
Weighted-average exercise price			*2.55*	*0.45*		*1.69*	*2.24*	*2.24*

* Options issued to individuals who ceased employment with Strike Resources Limited during the year, these options were not forfeited and did not lapse during the year.

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 - 2011								
21 Jul 06	21 Jul 11	0.938	4,600,000	-	-	-	4,600,000	4,600,000
13 Sep 06	13 Sep 11	0.938	500,000	-	-	-	500,000	500,000
13 Feb 07	9 Feb 11	0.178	1,833,333	-	(1,833,333)	-	-	-
13 Feb 07	9 Feb 11	0.278	1,666,667	-	(1,666,667)	-	-	-
7 Mar 07	7 Mar 12	2.788	3,300,000	-	-	-	3,300,000	3,300000
7 Mar 07	7 Mar 12	2.078	500,000	-	-	-	500,000	500,000
5 Jun 07	1 May 12	2.878	33,000	-	-	-	33,000	33,000
3 Dec 07	3 Dec 12	3.978	4,000,000	-	-	-	4,000,000	4,000,000
4 Mar 08	4 Mar 13	2.878	250,000	-	-	-	250,000	250,000
14 Oct 08	13 Oct 13	2.75	250,000	-	-	-	250,000	250,000
25 Nov 09	24 Nov 12	2.50	750,000	-	-	-	750,000	750,000
25 Nov 09	24 Nov 12	2.75	750,000	-	-	-	750,000	750,000
25 Nov 09	24 Nov 12	3.25	750,000	-	-	-	750,000	750,000
6 May 11	23 Mar 13	1.30	-	400,000	-	-	400,000	400,000
6 May 11	23 Mar 13	1.50	-	400,000	-	-	400,000	400,000
6 May 11	23 Mar 13	1.75	-	400,000	-	-	400,000	400,000
			19,183,000	1,200,000	(3,500,000)	-	16,883,000	16,883,000
Weighted-average exercise price			*2.06*	*1.52*	0.23		*2.55*	*2.55*

* Options issued to individuals who ceased employment with Strike Resources Limited during the year, these options were not forfeited and did not lapse during the year.

No options were exercised during the period.

The weighted-average remaining contractual life of share options outstanding at the end of the period was 2.08 years (2011: 0.89 years).

Fair value of options granted

The assessed fair value at grant date of options granted during the year ended 30 June 2012 was $0.086 for $0.36 options, $0.08 for $0.42 options and $0.07 for $0.56 options (2011: $0.023 for $1.30 options, $0.022 for $1.50 options and $0.016 for $1.75 options). 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, the 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 2012 included:

28. Share-Based Payments (continued)

Options granted on 24 November 2011

a. the options were granted for no consideration and vest immediately. Vested options are exercisable for a period of five years after vesting.

b. exercise prices of $0.36, $0.42 and $0.56 (2011: $1.30, $1.50 and $1.75)

c. grant date: 24 November 2011 (2011: 6 May 2010)

d. expiry date: 23 November 2016 (2011: 23 March 2013)

e. share price at grant date: $0.185 (2011: $0.365)

f. expected price volatility of the Company's shares: 70.5% (2011: 68%)

g. expected dividend yield: 0% (2011: 0%)

h. risk-free interest rate: 3.29% (2011: 5.145%)

Options granted on 5 April 2012

a. the options were granted for no consideration and vest immediately. Vested options are exercisable for a period of four and a half years after vesting.

b. exercise prices of $0.36, $0.42 and $0.56 (2011: $1.30, $1.50 and $1.75)

c. grant date: 5 April 2012 (2011: 6 May 2010)

d. expiry date: 23 November 2016 (2011: 23 March 2013)

e. share price at grant date: $0.180 (2011: $0.365)

f. expected price volatility of the Company's shares: 80.19% (2011: 68%)

g. expected dividend yield: 0% (2011: 0%)

h. risk-free interest rate: 3.555% (2011: 5.145%)

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.

29. Parent Entity Information

The following details information related to the parent entity, Strike Resources Limited, at 30 June 2012 and 30 June 2011. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

	2012 $	2011 $
Current assets	25,633,433	34,670,794
Non-current assets	199,990	19,023,382
Total assets	25,833,423	53,694,176
Current liabilities	395,249	2,793,971
Non-current liabilities	-	-
Total liabilities	395,249	2,793,971
Net assets	25,438,174	50,900,205
Contributed equity	148,109,255	145,632,412
Accumulated losses	(135,862,107)	(107,512,540)
Option reserve	13,191,026	12,780,333
	25,438,174	50,900,205
Profit/(loss) for the year	(28,114,264)	(27,831,215)
Other comprehensive income/(loss) for the year	(235,303)	235,341
Total comprehensive income/(loss) for the year	(28,349,567)	(27,595,874)

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

DIRECTORS' DECLARATION

In the Directors' opinion:

a) The Financial Statements, comprising the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows and accompanying notes as set out on pages 59 - 112 above, are in accordance with the *Corporations Act 2001*, and:

   (i) comply with Accounting Standards and the *Corporations Regulations 2001*;

   (ii) give a true and fair view of the Consolidated Entity's financial position as at 30 June 2012 and of its performance for the financial year ended on that date;

b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

c) The remuneration disclosures set out in the Directors' Report on pages 26 - 49 (as the audited Remuneration Report) comply with section 300A of the *Corporations Act 2001*.

Note 1 confirms that the Financial Statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

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*.

This declaration is made in accordance with a resolution of the Directors.

Ken Hellsten
Managing Director
25 September 2012

STRIKE RESOURCES

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

We have audited the accompanying financial report of Strike Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1(a)(i), 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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 company's preparation of the financial report that gives a true and fair view 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

INDEPENDENT AUDITOR'S REPORT

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 2012 and of its performance for the year ended on that date; and
  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1(a)(i).

Emphasis of Matter

Without qualifying our audit opinion, we draw attention to the matter disclosed in Note 1(l) and Note 13. There remains a dispute as to the mining rights of the Berau coal concession. Given this dispute there may be uncertainty as to the recoverability of the exploration and evaluation expenditure assets, which are classified as held for sale assets, of Strike Resources Limited. The recoverability of the exploration and evaluation expenditure assets is dependent upon successful resolution of this dispute and the successful development and commercialisation of the underlying areas of interests or their sale. This material uncertainty may cast doubt about the company's ability to realise the asset at the values stated in the statement of financial position. Our opinion is not qualified in respect of this matter.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2012. 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.

Opinion

In our opinion, the Remuneration Report of Strike Resources Limited for the year ended 30 June 2012 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO

Brad McVeigh
Director

Perth, Western Australia
Dated this 25th day of September 2012

The information in this section is current as at 2 October 2012

Issued Capital

Class of Security	Quoted	Not Quoted	Total
Fully-paid, ordinary shares	142,534,268		142,534,268
$3.978 (2 December 2012) director options	-	3,500,000	3,500,000
$2.878 (3 March 2013) employee options	-	250,000	250,000
$2.50 (24 November 2012) director options	-	750,000	750,000
$2.75 (24 November 2012) director options	-	750,000	750,000
$3.25 (24 November 2012) director options	-	750,000	750,000
$0.36 (23 November 2016) employee options	-	1,416,668	1,416,668
$0.42 (23 November 2016) employee options	-	1,416,666	1,416,666
$0.56 (23 November 2016) employee options	-	1,416,666	1,416,666
Total	**142,534,268**	**10,250,000**	**152,784,268**

Distribution of Fully-Paid, Ordinary Shares

Spread of Holdings	Number of Holders	Number of Units	% of Issued Capital
1 - 1,000	464	209,722	0.15
1,001 - 5,000	1,043	3,238,690	2.27
5,001 - 10,000	419	3,439,073	2.41
10,001 - 100,000	599	20,304,818	14.25
100,000 - and over	102	115,341,965	80.92
Total	**2,627**	**142,534,268**	**100%**

Unmarketable Parcels

Spread of Holdings	Number of Holders	Number of Units	% of Issued Capital
1 - 4,545	1,347	2,652,837	1.86
4,546 - over	1,280	139,881,431	98.14
Total	**2,627**	**142,534,268**	**100%**

Top 20 Holders of Fully-Paid, Ordinary Shares

Rank	Shareholder	Total Shares	% of Capital
1	HSBC Custody Nominees (Australia) Ltd	36,856,391	25.86
2	Orion Equities Limited	16,690,802	11.71
3	Database Systems Ltd	10,907,090	7.65
4	J P Morgan Nominees Australia Ltd	6,754,517	4.74
5	Ferrous Resources Ltd	6,370,000	4.47
6	Nefco Nominees Pty Ltd	5,352,914	3.76
7	Alara Resources Limited	3,573,889	2.51
8	Merrill Lynch (Aust) Nominees Pty Limited	2,465,000	1.73
9	National Nominees Ltd	1,646,500	1.16
10	Mr Nicholas Kenos & Mrs Pauline Kenos	1,200,000	0.84
11	Pater Investments Pty Ltd	1,125,000	0.79
12	Mr Gordon Anthony	800,000	0.56
13	Paul Lay	740,000	0.52
14	Empire Holdings Pty Ltd	700,000	0.49
15	Aliana Pty Ltd	700,000	0.49
16	Citicorp Nominees Pty Limited	699,279	0.49
17	ACN 139 886 025 Pty Ltd	612,895	0.43
18	Katana Asset Management Ltd	600,000	0.42
19	Matthew Norman Bull	565,670	0.4
20	Renmuir Holdings Limited	487,439	0.34
Total		**98,847,386**	**69.36**

Substantial Shareholders

Last Substantial Holder Notice	Substantial Shareholder(s)	Registered Holder(s)	Total Shares	% of Issued Capital
12-Dec-09	USM Steel and Mining Group	HSBC Custody Nominees (Australia) Ltd & NEFCO Nominees	25,825,000	18.12
1-May-12	Azhar Chaudhri and Associates	Orion Equities Limited	17,178,261	12.05
12-Aug-08	Database Systems Ltd, Ambreen Chaudhri	Database Systems Ltd	9,377,090	6.58

STRIKE RESOURCES

Apurimac Ferrum S.A. Concessions

Strike Resources has a 50% interest in the Apurimac Ferrum S.A. (AF) concessions at Apurimac and Cuzco, through its 50% interest in AF.

Apurimac Project, Perú – AF

	Concession Name	Area (Ha)	Province	Code	Title	File Number
(1)	Opaban I	999	Andahuaylas	05006349X01	No 8625-94/RPM Dec 16, 1994	20001465
(2)	Opaban III	990	Andahuaylas	05006351X01	No 8623-94/RPM Dec 16, 1994	20001464
(3)	Los Andes I	*999*	Andahuaylas	05006372X01	No 0134-95-RPM Jan 31, 1995	200001481
(4)	Pitumarca II	1,000	Andahuaylas	05006385X01	No 8686-94-RPM Dec 22, 1994	20001478
(5)	Lucrecia Esperanza	66	Andahuaylas	01-00649-99	No 00623-2001-INACC/J Jul 26, 2001	11032475
(6)	Nueva Oropampa 6	400	Andahuaylas	01-00860-99	No 04043-2000-RPM Oct 13, 2000	11032603
(7)	Mapsa 2001	800	Andahuaylas	01-01204-01	No 00590-2002-INACC/J Apr 8, 2002	11032600
(8)	Coriminas II	1,000	Andahuaylas	01-01624-99	No 02760-2000-RPM Jul 25, 2000	11032965
(9)	Coriminas V	1,000	Andahuaylas	01-01626-99	No 0936-00-RPM Mar 16, 2000	20003140
(10)	Ferrum 1	965	Andahuaylas	01-02983-04	No 00228-2005-INACC/J Jan 19, 2005	11053798
(11)	Ferrum 2	1,000	Andahuaylas	01-02984-04	No 00227-2005-INACC/J Jan 19, 2005	11053836
(12)	Ferrum 3	1,000	Andahuaylas	01-02985-04	No 00229-2005-INACC/J Jan 19, 2005	11053807
(13)	Ferrum 4	1,000	Andahuaylas/ Aymaraes	01-02986-04	No 00230-2005-INACC/J Jan 19, 2005	11053810
(14)	Ferrum 5	959	Aymaraes	01-02987-04	No 00323-2005-INACC/J Jan 25, 2005	11053816
(15)	Ferrum 7	437	Aymaraes	01-02989-04	No 00396-2005-INACC/J Jan 27, 2005	11053822
(16)	Ferrum 8	900	Andahuaylas	01-02990-04	No 00232-2005-INACC/J Jan 19, 2005	11053827
(17)	Ferrum 9	1,000	Aymaraes	01-02991-04	No 00326-2005-INACC/J Jan 25, 2005	11053830
(18)	Ferrum 10	1,000	Aymaraes	01-02992-04	No 00325-2005-INACC/J Jan 25, 2005	11053833
(19)	Ferrum 11	1,000	Aymaraes	01-02993-04	No 02512-2005-INACC/J Jun 16, 2005	11053835
(20)	Ferrum 13	600	Andahuaylas	01-03139-06	No 4416-2006-INACC/J Oct 16, 2006	11061068
(21)	Ferrum 26	827	Andahuaylas	01-02274-07	No 000853-2007-INGEMMET/PCD/PM Sept 7, 2007	11073793
(22)	Ferrum 27	1,000	Andahuaylas	01-02629-07	No 000581-2007-INGEMMET/PCD/PM Sept 5, 2007	11073799
(23)	Ferrum 36	1,000	Andahuaylas	10553307	RP 0176-2008-INGEMMET/PCD/PM Feb 29, 2008	11075418
(24)	Cristoforo 22	379	Andahuaylas	01-01656-02	RP2849-2007-INGEMMET/PCD/PM Dec 13, 2007	11067786
(25)	Ferrum 28	1,000	Andahuaylas	10507407	RP0601-2008-INGEMMET/PCD/PCM Mar 07, 2008	11075423
(26)	Ferrum 29	1,000	Andahuaylas	10507507	RP0365-2008-INGEMMET/PCD/PM Mar 07, 2008	11075419
(27)	Ferrum 30	963	Andahuaylas	10525907	PP 1024-2008-INGEMMET/PCD/PM May 05, 2008	11076757
(28)	Ferrum 31	327	Andahuaylas	10552807	RP 1266-2008-INGEMMET/PCD/PM May 12, 2008	11076509
(29)	Ferrum 32	900	Andahuaylas	10552907	RP0402-2008-INGEMMET/PCD/PM Mar 07, 2008	11075425
(30)	Ferrum 33	900	Andahuaylas	10553007	RP0547-2008-INGEMMET/PCD/PM Mar 07, 2008	11075421
(31)	Ferrum 34	800	Andahuaylas	10553107	RP0764-2008-INGEMMET/PCD/PM Apr 17, 2008	11075427
(32)	Ferrum 35	1,000	Andahuaylas	10553207	RP0347-2008-INGEMMET/PCD/PCM Mar 07, 2008	11075426
(33)	Ferrum 37	695	Andahuaylas	10621507	RP 1164-2008-INGEMMET/PCD/PM May 12, 2008	11076534
(34)	Ferrum 56	1,000	Andahuaylas	10133508	RP 1971-2008-INGEMMET/PCD/PM Jun 19, 2008	11077123
(35)	Ferrum 57	1,000	Andahuaylas	10133608	RP 3279-2008-INGEMMET/PCD/PM Sept 9, 2008	11081417
(36)	Ferrum 58	1,000	Andahuaylas	10133708	RP 2206-2008-INGEMMET/PCD/PM 27 Jun, 2008	11077127

Apurimac Ferrum S.A. Concessions (continued)

Apurimac Project, Perú – AF (continued)

Concession Name		Area (Ha)	Province	Code	Title	File Number
(37)	Ferrum 59	1,000	Andahuaylas	10133808	RP 2272-2008-INGEMMET/PCD/PM 27 Jun, 2008	11077122
(38)	Ferrum 61	1,000	Aymaraes	10073308	-	in process
(39)	Pacunco 1	800	Andahuaylas	10019508	RP 1806-2008-INGEMMET/PCD/PM May 29, 2008	11076523
(40)	Minas Huaycco	800	Abancay	10168708	RP 2541-2008-INGEMMET/PCD/PM Aug 08, 2008	11081416
(41)	Roncco	400	Aymaraes	10521708	Notification 153150-2008 INGE<<ET 30 Oct, 2008	TBA
(42)	Ferrum 12	700	Andahuaylas	10299404	RP 030326-2005-INACC/J 25 Jan, 2005	TBA
(43)	Sillaccassa 3	200	Andahuaylas	10491311	RP 000192-2012-INGEMMET/PCD/PM 30 Mar, 2012	TBA
(44)	Ferrum 21	999	Lucanas	10027007	RP 129-2008-MEM/CM 21 Apr, 2008	TBA
(45)	Cassio 100	400	Andahuaylas	10182808	RP 003321-2008- INGEMMET/PCD/PM 10 Sep, 2009	TBA
(46)	Ferrum 25	1,000	Andahuaylas	10227307	TBA	TBA
(47)	Ferrum 19	1,000	Cotabombas	10026807	RP 006426-2008-INGEMMER/PCD/PM 30 Dec, 2008	TBA
(48)	Ferrum 6	1,000	Aymaraes	10298804	RP 00231-2005-INACC/J 19 Jan, 2005	TBA
(49)	Ferrum 64	600	Andahuaylas	10073108	RP 000647-2009-INGEMMET/PCD/PM 27 Feb, 2009	TBA
(50)	Ferrum 20	800	Cajamarca	10026907	RP 000064-2009-INGEMMET/PCD/PM 28 Jan, 2009	TBA
(51)	Ferrum 16	1,000	Chumbivilcas	10026507	RP 001979-2007-INACC/J 24 May, 2007	TBA
(52)	Ferrum 38	800	Andahuaylas	10623507	RP1288-2008-INGEMMET/PCD/PM May 12, 2008	11064280

Cusco Project, Perú – AF

Concession Name		Area (Ha)	Province	Code	Title	File Number
(1)	Flor de María	907	Chumbivilcas	05006521X01	No 7078-95-RPM Dec 29, 1995	20001742
(2)	Delia Esperanza	1,000	Chumbivilcas	05006522X01	No 0686-95-RPM Mar 31, 1995	20001743
(3)	Julia Clara	1,000	Chumbivilcas	05006523X01	No 4600-95/RPM Sept 26, 1995	20001744
(4)	El Pacífico I	618	Chumbivilcas	05006536X01	No 7077-95/RPM Dec 29, 1995	20001785
(5)	El Pacífico II	1,000	Chumbivilcas	05006524X01	No 7886-94/RPM Nov 25, 1994	20001746
(6)	Ferrum 14	268	Chumbivilcas	01-03047-05	No 05032-2005-INACC/J Nov 30, 2005	11053842
(7)	Ferrum 15	992	Chumbivilcas	10494906	RJ 0753-2007-INACC/J Mar 05, 2007	11073796
(8)	Ferrum 17	500	Chumbivilcas	10026607	RP 1815-2007-INGEMMET/PCD/PM Oct 30, 2007	11073794
(9)	Ferrum 18	800	Chumbivilcas/ Cotabambas	10026707	RP 1761-2008-INGEMMET/PCD/PM May 29, 2008	11076514

Strike Resources Limited Concessions

The concessions at Apurimac and Cuzco listed in the tables below are 100% owned by Strike Resources, subject to an option for AF to acquire those concessions.

Apurimac Project, Perú – Strike Resources

	Concession Name	Area (Ha)	Province	Code	Title	File Number
(1)	Ferrum 39	1,000	Andahuaylas	10131408	RP 1573-2008-INGEMMET/PCD/PM May 29, 2008	11076755
(2)	Ferrum 40	1,000	Andahuaylas	10131508	RP 2905-2008-INGEMMET/PCD/PM Aug 19, 2008	11079783
(3)	Ferrum 41	*1,000*	*Andahuaylas*	10131608	RP 1965-2008-INGEMMET/PCD/PM Jun 19, 2008	11077113
(4)	Ferrum 42	1,000	Andahuaylas	10131708	RP 1975-2008-INGEMMET/PCD/PM Jun 19, 2008	11077114
(5)	Ferrum 43	1,000	Andahuaylas	10131808	RP 3243-2008-INGEMMET/PCD/PM Sept 9, 2008	11081446
(6)	Ferrum 44	1,000	Andahuaylas	10131908	RP 1934-2008-INGEMMET/PCD/PM Jun 19, 2008	11077115
(7)	Ferrum 45	1,000	Andahuaylas	10132008	RP 2283-2008-INGEMMET/PCD/PM Jun 27, 2008	11077116
(8)	Ferrum 46	1,000	Andahuaylas	10132108	RP 2523-2008-INGEMMET/PCD/PM Aug 08, 2008	11079784
(9)	Ferrum 47	1,000	Andahuaylas	10132208	RP 1908-2008-INGEMMET/PCD/PM Jun 18, 2008	11077117
(10)	Ferrum 48	1,000	Andahuaylas	10132308	RP 1756-2008-INGEMMET/PCD/PM May 29, 2008	11076584
(11)	Ferrum 49	1,000	Andahuaylas	10132408	RP 2000-2008-INGEMMET/PCD/PM Jun 19, 2008	11077118
(12)	Ferrum 50	900	Andahuaylas	10132508	RP 1922-2008-INGEMMET/PCD/PM Jun 19, 2008	11077120
(13)	Ferrum 51	1,000	Andahuaylas	10132608	RP 1893-2008-INGEMMET/PCD/PM Jun 18, 2008	11077121
(14)	Ferrum 52	1,000	Andahuaylas	10132708	RP 2803-2008-INGEMMET/PCD/PM Aug 18, 2008	11079786
(15)	Ferrum 53	1,000	Andahuaylas	10132808	RP 2550-2008-INGEMMET/PCD/PM Aug 08, 2008	11079787
(16)	Ferrum 54	700	Andahuaylas	10132908	RP 2899-2008-INGEMMET/PCD/PM Aug 19, 2008	11079788
(17)	Ferrum 55	800	Andahuaylas	10133408	RP 2951-2008-INGEMMET/PCD/PM Aug 19, 2008	11079789
(18)	Ferrum 60	200	Abancay	10073208	RP 6379-2008-INGEMMET/PCD/PM Dec 29, 2008	11084879
(19)	Ferrum 62	900	Abancay	10073408	RP 3147-2008-INGEMMET/PCD/PM Aug 28, 2008	11079791
(20)	Ferrum 63	300	Grau	10073008	RP 1492-2008-INGEMMET/PCD/PM May 26, 2008	11076586
(21)	Pichirhua 1	800	Abancay	10151708	RP 2638-2008-INGEMMET/PCD/PM Aug 11, 2008	11079794
(22)	Pichirhua 2	400	Abancay	10151808	RP 3244-2008-INGEMMET/PCD/PM Sept 9, 2008	11081445
(23)	Colcabamba 1	600	Aymaraes	10212308	RP 2986-2008-INGEMMET/PCD/PM Aug 19, 2008	11079780
(24)	Colcabamba 2	500	Aymaraes	10212408	RP 3177-2008-INGEMMET/PCD/PM Sept 8, 2008	11081451
(25)	Colcabamba 3	900	Aymaraes	10217208	RP 3040-2008-INGEMMET/PCD/PM Aug 28, 2008	11079781
(26)	Colcabamba 4	400	Aymaraes	10580108	RP 1117-2009-INGEMMET/PCD/PM Mar 31, 2009	11093827
(27)	Sillaccassa 1	700	Andahuaylas	10212508	RP 5088-2008-INGEMMET/PCD/PM Nov 19, 2008	11084877
(28)	Sillaccasa 2	400	Andahuaylas	10212608	RP 3183-2008-INGEMMET/PCD/PM Sept 8, 2008	11081449
(29)	Helimag 1	900	Andahuaylas	10294109	No 000741-2010 INGEMMET/PCD/PM Mar 22, 2010	TBA
(30)	Quimsa 1	1,000	Melgar	10248007	RP 000913-2007-INGEMMET/PCD/PM Sept 7, 2007	TBA
(31)	Quimsa 2	1,000	Melgar	10246007	RP 000345-2007-INGEMMET/PCD/PM Aug 09, 2007	TBA
(32)	Pucaccasa	600	Andahuaylas	10353408	RP 005978-2008-INGEMMET/PCD/PM Dec 17, 2008	TBA

Strike Resources Limited Concessions

Cusco Project, Perú – Strike Resources

Concession Name		Area (Ha)	Province	Code	Title	File Number
(1)	Ferrum 72	1,000	Paruro	10408208	RP 4435-2008-INGEMMET/PCD/PM Oct 21, 2008	11084851
(2)	Ferrum 73	1,000	Paruro	10409608	RP 5050-2008-INGEMMET/PCD/PM Nov 19, 2008	11084874
(3)	Ferrum 74	1,000	Chumbivilcas/ Paruro	10409708	RP 5006-2008-INGEMMET/PCD/PM Nov 19, 2008	11084871
(4)	Ferrum 75	303	Chumbivilcas	10409808	RP 5130-2008-INGEMMET/PCD/PM Nov 19, 2008	11084873
(5)	Ferrum 76	974	Chumbivilcas	10409908	RP 4323-2008-INGEMMET/PCD/PM Oct 20, 2008	11084870
(6)	Ferrum 77	1,000	Paruro	10408108	RP 5227-2008-INGEMMET/PCD/PM Nov 19, 2008	11084868
(7)	Ferrum 65	1,000	Paruro	10580008	RP 0337-2009-INGEMMET/PCD/PM Feb 19, 2009	11093825
(8)	Ferrum 66	100	Paruro	10580208	RP 1613-2009-INGEMMET/PCD/PM Jun 4, 2009	11093823
(9)	Ferrum 67	100	Chumbivilcas	10579908	RP 5849-2008-INGEMMET/PCD/PM Dec 17, 2008	11084880
(10)	Ferrum 68	1,000	Acomayo	10579808	RP 1185-2009-INGEMMET/PCD/PM Mar 31, 2009	11093824
(11)	Ferrum 69	1,000	Acomayo	10579708	RP 1633-2009-INGEMMET/PCD/PM Jun 4, 2009	TBA
(12)	Ferrum 70	1,000	Acomayo	10579608	RP 1848-2009-INGEMMET/PCD/PM Jun 11, 2009	TBA
(13)	Ferrum 71	1,000	Acomayo	10579508	RP 1120-2009-INGEMMET/PCD/PM Mar 31, 2009	TBA

Paulsens East Project – Western Australia

These concessions are 100% beneficially owned by Strike Resources, subject to the farm-out agreement detailed under the section on the Paulsens East Project.

Tenement No		Status	Grant Date	Expiry Date	Area (blocks/ha)	Area (km^2)
(1)	EL 47/1328	Granted	05/10/06	04/10/13	6 blocks	18
(2)	PL 47/1170	Granted	27/03/06	26/03/13	164 hectares	1.64
(3)	M 47/1437+	Pending	N/A	N/A	164 hectares	1.64

* Subject to the farm-out referred to in the Paulsens East Project section of this report.

\+ Representing an application to convert PL 47/1170 into a mining lease.

View from the road Abancay - Colcabamba