Half-Year Financial Report

Strike Resources Limited and its controlled entities
for the half year ended 31 December 2012

Strike Resources Limited
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Corporate Directory

Directors	Mr Malcolm Richmond Chairman / Non-Executive Director Mr William Johnson Executive Director Mr Matthew Hammond Non-Executive Director Ms Samantha Tough Non-Executive Director
Chief Financial Officer	Mr Julian Tambyrajah
Company Secretary	Mr Stephen Gethin
Registered Office	Level 2, 160 St George's Terrace Perth, Western Australia, 6000 Telephone: +61 8 9324 7100 Facsimile: +61 8 9324 7199 Local telephone: 1300 974 700
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Auditors	BDO Audit (WA) P/L 38 Station Street Subiaco, Western Australia 6008 Telephone: +61 8 9382 4600 Facsimile: +61 8 9382 4601 Website: www.bdo.com.au
Solicitors to the Company	Ashurst Level 36, Grosvenor Place 225 George St Sydney, NSW 2000 Telephone: +61 2 9258 6000 Facsimile: +61 2 9258 6999 Website: www.ashurst.com
Stock Exchange Listing	Strike Resource Limited's shares are listed on the Australian Securities Exchange ("**ASX**") ASX Code: **SRK**

Directors' Report

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 half-year ended 31 December 2012.

Directors

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

Malcolm Richmond
Matthew Hammond
William Johnson
Samantha Tough

Ken Hellsten was a director from the beginning of the financial year until his resignation on 19 January 2013.

Review of Operations

Profit for the half year

Prior to the acquisition of Apurimac Ferrum S.A. ("AF") Strike provided loans to AF which were fully provided (provision for non-recoverable loans). On consolidation of AF the provisions were reversed which has resulted in a $33,132,502 credit to the profit and loss (see note 3). Strike therefore has reported a profit of $29,627,619 for the half-year ended 31 December 2012.

Strike Moves to 100% of AF

In December 2013 completed a settlement agreement (Shootout Settlement Agreement) with its Peruvian joint venture partner D&C, to acquire the remaining 50% equity interest in Apurimac Ferrum S.A. (AF). Under the Shootout Settlement Agreement Strike moved to 100% ownership of AF. D&C has received the following consideration

The key commercial terms of the Settlement Agreement are detailed below.

- D&C transferred its 50% shareholding in AF to Strike.
- 2,800,000 Strike shares were issued to D&C, with D&C now holding just under 2% of Strike.
- AF repaid D&C's loans of approximately US$3.5M, funded by Strike.
- D&C will receive the following deferred payments if AF achieves the milestones below:
  - US$2M on AF defining a JORC Resource at the Apurimac project of 500 million tonnes (Mt) of iron ore with an average grade of at least 55% iron (Fe) or 275 Mt of contained iron at an average grade of 52.5% Fe or above.
  - US$3M on AF achieving environmental and community approvals for the construction of an iron ore mine and associated infrastructure with a design capacity of at least 10 million tonnes per annum (Mtpa) of iron ore product.
  - US$5M on formal AF Board approval to commence construction of an iron ore project, or the commencement of bulk earthworks for an iron ore processing plant, with a design capacity of at least 10 Mtpa of iron ore product (**Construction Milestone**).

  AF is under no obligation to meet the milestones.

- D&C will receive the following royalties:
  - 1.5% of the net profits from sales of iron ore, and
  - 2% of the proceeds of sales of base and precious metals (on a net smelter return basis).

  AF is under no obligation to commence production.

- AF may extinguish the royalties by paying D&C any one of the following amounts (**Extinguishment Payment)**:
  - US$13M within 2 years from 20 December 2012 (**Execution)**,
  - US$15M between 2 and 3 years from Execution,
  - US$20M between 3 and 4 years from Execution, or
  - US$30M[1] after 4 years from Execution but before the Construction Milestone occurs or the 15th anniversary of the agreement (whichever is sooner).

Any royalty that is being paid on sales of base and precious metals at the date the Extinguishment Payment is made remains in place, up to a cap of US$500,000 per year.

[1] This amount is indexed to changes in the US CPI, commencing on the second anniversary of the execution of the Shootout Settlement Agreement.

The Settlement Agreement represents the achievement of Strike's long-held objective of moving to 100% ownership of AF. Importantly, the acquisition terms were designed to preserve Strike's cash. Moving to full control of AF enables Strike to focus on driving exploration efforts and progressing key project milestones at Apurimac.

Management Restructure

On 18 January 2013 Mr Ken Hellsten announced his retirement as Managing Director, a position he had held since March 2010.

Following the successful move to 100% ownership of AF, the Company determined that it would be best served by having its key management and technical team based in Lima, Peru. Mr Hellsten is unable to relocate to Peru and the role that will remain in Perth does not warrant a person of his skills and experience. Mr Hellsten will remain in a consulting role until the end of February and retains his role as a Strike appointee on the Board of Cuervo Resources Inc.

Non-Executive Director William Johnson was appointed Executive Director to succeed Mr Hellsten in the senior management role. Mr Johnson has been a Strike Director since 2006, serving in an executive capacity until 2010.

Since securing 100% of AF, Strike's key focus is on negotiating the community approvals necessary to enable it to re-start drilling on those concessions that have the best prospects of increasing the Company's resource inventory. Mr Johnson's immediate task as senior executive is to review AF's management structure, resource levels and forward plans to ensure that it is best positioned to achieve this outcome.

Apurimac Iron Ore Project Regional exploration review

During the half year ending 31 December 2012 AF completed a review of previous exploration data within the Apurimac concessions and the interpretation of high-quality remote sensing data. The objective of the review was to assess the potential for iron ore and copper/gold within its concessions and adjacent areas, to prioritise exploration targets and community relations programs to secure exploration access agreements.

The data review included a compilation of the available airborne and ground magnetic surveys, geological mapping at the reconnaissance and prospect level, regional geochemistry, surface sampling and drilling results and the interpretation of detailed multi-spectral remote sensing (ASTER) data by an independent expert. The outcome of the review was the creation of a series of ranked exploration targets.

The review also identified a number of high-priority satellite deposits in the Apurimac concessions, warranting further magnetic surveys and additional reconnaissance mapping and sampling prior to drill testing. The key potential satellite targets are Sillaccassa and Colcabamba.

The top priority drilling area remains the Opaban prospect and, in particular, the extension of the existing resources at both Opaban I and Opaban III. The strike length of the magnetic anomaly on Opaban I and III is approximately 5.4 kilometres in Strike-owned concessions. Drilling presently only covers 50% of this area, so there is strong potential to discover additional iron ore on these properties. Analysis to identify the relative contributions of exoskarn (limestone hosted) and endoskarn (intrusive hosted) to the current Opaban resource will be undertaken. The results of this analysis will affect the design of the proposed Opaban resource extension the drilling and exploration programs for adjacent AF concessions that have the potential to extend and/or repeat the Opaban deposits.

Re-commencement of drilling at Opaban depends upon securing access approvals from the communities on whose land the concessions are located; which is discussed further in the Social Approvals and Community Relations section below.

Cusco Project, Santo Tomas Prospect Regional exploration review

Strike's Cusco concessions were included in the regional review referred to in the Apurimac Project section above. Two concessions show ASTER iron and alteration anomalies. The ASTER interpretation has also shown numerous copper anomalies on the periphery of Santo Tomas. Two strong circular/semi-circular magnetic anomalies with apparent alteration overprint consisting of gossan/high sulphidation type are also present. The review recommended conducting further drilling, aimed at increasing the iron ore resource estimate for Santo Tomas, based on applying an interpretation using stratigraphic rather than structural controls.

The review also assessed the copper/gold potential of the Cusco concessions. Malachite and azurite were identified in surface mapping and artisanal (informal) gold mining is occurring in the area. Although generally low levels of copper and gold were identified during previous drilling, an interval of 28 metres averaging 1%Cu was intersected in the southern portion of the project. An Induced Polarization (IP) survey was undertaken in order to assess the potential for a large porphyry copper/gold system. The surface extent of this survey was limited by community access agreements. There was no indication of a large porphyry system to a depth of 700 m but several small chargeable bodies were identified. Given the presence of artisanal mining, these anomalies may be associated with high grade gold and/or copper mineralisation and will be followed up during a subsequent drilling campaign.

Cuervo Resources Inc. Drilling Campaign

During the half year Cuervo Resources Inc. (Cuervo) completed its initial 4,500 m diamond-drilling program at the "Bob 1" zone of its Cerro Ccopane iron ore project in southern Perú, with 18 holes completed. The campaign commenced during the June 2012 quarter, with two rigs in the field from July 2012, and continued until November 2012.

This drilling program was designed to test below-surface exposures of magnetite mineralisation and coincident gravity and magnetic anomalies to a depth of around 200 m and outlined a broad zone of massive and semi-massive magnetite extending over at least 2 kilometres of strike length. The mineralised zone dips moderately to the west and remains open in all directions. Further drilling will be required to fully assess the extent of the Bob1 mineralisation as well as its extension to the north known as Parco.

Assay results for the first 18 drill holes have been received and are summarised below.

Table 1 - Significant intersections in drill holes BDH12-01 to BDH12-18

Hole	From	To	Length	Fe (%)	SiO_2 (%)	S (%)	P (%)	Mn (%)	Cu (%)
BDH12-01	86.2m	219.2m	133m	49.6	14.4	2.36	0.09	0.14	0.11
BDH12-02	12.35m	194.35m	182m	39.6	23.2	2.3	0.08	0.16	0.1
BDH12-03	19.2m	175.2m	156m	40.9	23.3	2.92	0.06	0.19	0.12
BDH12-04	66.1m	255m	188.9m	32.6	28.5	*1.8*	0.08	0.23	0.06
BDH12-05	35.8m	179.55m	143.75m	38.3	22.6	1.83	0.09	0.2	0.08
BDH12-06	71.3m	181.9m	110.6m	41.1	21.1	2.79	0.08	0.17	0.1
BDH12-07	219.45m	311.45m	92m	36.6	24.5	2.64	0.07	0.22	0.09
BDH12-08	45.1m	230m	184.9m	47.5	16.7	*2.3*	0.09	0.11	0.11
BDH12-09	abandoned								
BDH12-10	83.10m	210.20m	217.10m	54.1	10	2.67	0.06	0.12	0.13
BDH12-11	25.70m	112.25m	86.55m	33.8	25.8	0.55	0.06	0.23	0.04
BDH12-12	216.80m	390.15m	173.35m	30.1	26.5	*2.17*	0.07	0.2	0.08
BDH12-13	272.40m	299.20m	26.80m	23.3	34	1.22	0.12	0.22	0.05
BDH12-14	267.75m	291.00m	23.25m	29.6	27.9	2.41	0.06	0.21	0.07
BDH12-15	190.30m	237.00m	46.70m	19.9	35.4	1.7	0.07	0.22	0.06
BDH12-16	18.30m	83.40m	65.10m	40.9	21.2	*1.27*	0.06	0.17	0.09
BDH12-17	67.3m	179.8m	112.5m	49.3	14.7	2.81	0.04	0.11	0.12
BDH12-18	5.3m	40.7m	35.4m	52.4	11.2	1.46	0.12	0.14	0.09

The independent geologist conducting the resource estimate has monitored all drilling, sampling and assaying and has commenced the formal resource estimate process now that the final assay results have been received. The resource estimate is expected to be released in the first quarter of 2013.

Social Approvals and Community Relations

During the December 2012 quarter AF reopened dialogue with the important community of Huinchos, located on its Opaban I concession, which was put on hold earlier in the year following the increase in regional activism that began in late 2011.

In November 2012 AF completed construction of a multipurpose sports field for the Huinchos community, which has been very well received. AF is now planning to open a community information office in the community. Through this office AF will be able to provide information to community members about the iron exploration and development process. AF is in discussions with other villages within the Huinchos community about the potential to build them additional sporting facilities and open further information offices.

Huinchos sports field

In 2012 the Peruvian Government commenced a program to encourage artisanal (informal) miners to bring their activities within the law. In general terms, the new regime permits informal miners to continue to operate if they obtain the support of the relevant concession owners and comply with certain environmental and safety standards. AF considers that there may be potential mutual benefits in assisting informal miners on its concessions to register under the new system. Informal mining on AF's concessions is on a small scale and does not have a significant impact on the Group's operations, but can be an important source of revenue for locals. AF organised a meeting between Huinchos community leaders and the Regional Mining Office to discuss the formalisation process and environmental management issues.

The AF community relations team was restructured during the Shoot-out and Luis Romero was appointed as the new Manager – Social Responsibility and is performing well in this role. Strike is hopeful of obtaining community approvals to recommence drilling on the Opaban I and III concessions during the first half of calendar 2013 and will keep shareholders updated on developments.

Berau Thermal Coal Project – Indonesia

On 7 December 2012, after protracted negotiations, Strike and its partner signed a set of agreements to settle the dispute over the Berau Coal Project. In summary, Strike will receive US$4.3M by June 2013 and exit the project.

JORC Code 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 a consultant to Strike Resources Limited 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.

Auditor's 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 7.

This report is made in accordance with a resolution of directors.

William Johnson
Executive Director
6 March 2013

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6 March 2013

Strike Resources Limited
The Board of Directors
Level 2
160 St Georges Terrace
PERTH WA 6000

Dear Sirs,

DECLARATION OF INDEPENDENCE BY WAYNE BASFORD TO THE DIRECTORS OF STRIKE RESOURCES LIMITED

As lead auditor for the review of Strike Resources Limited for the half-year ended 31 December 2012, I declare that, to the best of my knowledge and belief, the only contraventions of:

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

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

Wayne Basford
Director

BDO Audit (WA) Pty Ltd
Perth, Western Australia

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the half-year ended 31 December 2012

		Consolidated	
		31 December 2012	31 December 2011
	Note	$	$
Revenue		1,221,706	5,311,975
Other income	3	33,132,502	-
		34,354,208	5,311,975
Occupancy costs		(98,183)	(130,159)
Finance costs		(6,461)	(4,706)
Personnel costs			
Cash remuneration		(804,566)	(951,011)
Director's and employee's options expense		-	(326,951)
Corporate costs			
Professional fees		(516,925)	(528,273)
Other corporate expenses		(234,290)	(699,656)
Foreign exchange gain/(loss)		(563,128)	1,851,760
Impairment loss			
Exploration and evaluation costs		(188,398)	(1,774)
Loan to Cuervo Resources Inc.		(851,985)	(5,189,462)
Investment in associate		-	(22,407)
Financial assets at fair value through profit or loss		(1,407,303)	(1,210,571)
Loss on disposal of fixed assets		-	(43,437)
Profit/(Loss) before income tax		29,682,969	(1,944,672)
Income tax expense		(55,350)	(119,460)
Profit/(Loss) for the half year		29,627,619	(2,064,132)
Other comprehensive income			
Items that will be reclassified to profit or loss			
Exchange differences on translation of foreign operations		(46,609)	(45,364)
Other comprehensive (loss) for the half year		(46,609)	(45,364)
Total comprehensive profit/(loss) for the period, net of income tax attributable to the owners		29,581,010	(2,109,496)
Basic profit/(loss) per share from profit/(loss) from continuing operations attributable to the ordinary equity holders of the Company		20.78	(0.01)
Diluted earnings per share from profit/(loss) from continuing operations attributable to the ordinary equity holders of the Company		20.78	n/a

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

as at 31 December 2012

	Note	Consolidated 31 December 2012 $	Consolidated 30 June 2012 $
Current assets			
Cash and cash equivalents		14,411,638	20,551,679
Trade and other receivables		375,630	570,256
Financial assets at fair value through profit or loss	4	-	-
Assets classified as held for sale	10	4,092,835	4,353,106
Total current assets		18,880,103	25,475,041
Non-current assets			
Trade and other receivables		2,180,608	3,039,536
Financial assets at fair value through profit or loss	4	570,017	1,856,617
Property, plant and equipment	5	594,400	59,291
Exploration and evaluation expenditure	6	46,052,125	-
Total non-current assets		49,397,150	4,955,444
Total assets		68,277,253	30,430,485
Current liabilities			
Trade and other payables		1,164,054	499,151
Provisions	7	2,478,757	61,418
Total current liabilities		3,642,811	560,569
Non-current liabilities			
Trade and other payables		-	219,395
Provisions	7	5,067,142	-
Total non-current liabilities		5,067,142	219,395
Total liabilities		8,709,953	779,964
Net assets		59,567,300	29,650,521
Equity			
Contributed equity	8	148,445,024	148,109,255
Reserves		11,958,296	12,004,905
Retained earnings		(100,836,020)	(130,463,639)
Total equity		59,567,300	29,650,521

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

for the half-year ended 31 December 2012

	Contributed equity	Currency translation reserve	Share-based payments reserve	Retained earnings	Total equity
Consolidated entity	**$**	**$**	**$**	**$**	**$**
At 1 July 2011	145,632,412	(630,900)	12,780,333	(116,705,135)	41,076,710
Total comprehensive income for the period					
Loss for the half-year	-	-	-	(2,064,132)	(2,064,132)
Other comprehensive income					
Exchange differences on translation of foreign operations	-	(45,364)	-	-	(45,364)
Total comprehensive loss for the half year	-	(45,364)	-	(2,064,132)	(2,109,496)
Transactions with owners in their capacity as owners:					
Issue of share options	235,303	-	326,951	(235,303)	326,951
Issue of shares	2,250,000	-	-	-	2,250,000
Share issue costs	(8,460)	-	-	-	(8,460)
At 31 December 2011	**148,109,255**	**(676,264)**	**13,107,284**	**(119,004,570)**	**41,535,705**
At 1 July 2012	148,109,255	(1,186,121)	13,191,026	(130,463,639)	29,650,521
Total comprehensive income for the period					
Profit for the half- year	-	-	-	29,627,619	29,627,619
Other comprehensive income					
Exchange differences on translation of foreign operations	-	(46,609)	-	-	(46,609)
Total comprehensive income/(loss) for the half year	-	(46,609)	-	29,627,619	29,581,010
Transactions with owners in their capacity as owners:					
Issue of share options	-	-	-	-	-
Issue of shares	335,769	-	-	-	335,769
Share issue costs	-	-	-	-	-
At 31 December 2012	**148,445,024**	**(1,232,730)**	**13,191,026**	**(100,836,020)**	**59,567,300**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

for the half-year ended 31 December 2012

	Note	31 December 2012 $	31 December 2011 $
Cash flows from operating activities			
Payments to suppliers and employees		(1,783,441)	(2,127,882)
Receipts from customers		-	123,144
Income tax payments		(55,350)	(119,460)
Net cash outflow from operating activities		(1,838,791)	(2,124,198)
Cash flows from investing activities			
Payments for exploration and evaluation expenditure		(1,858)	(2,352)
Payments for plant and equipment		-	(24,050)
Payments for investment in associate		-	(2,626)
Payments for financial assets at fair value through profit or loss		(120,702)	(204,879)
Interest received		564,823	1,241,487
Net cash inflow from acquisition of subsidiary	13	209,723	-
Proceeds from disposal of fixed assets		-	70,000
Loans to associate/expenses paid on behalf of associate		(4,954,844)	(2,889,484)
Loans to Cuervo Resources Inc.		-	(5,001,943)
Net cash outflow from investing activities		(4,302,858)	(6,813,847)
Cash flows from financing activities			
Share issue costs		-	(8,460)
Net cash outflow from financing activities		-	(8,460)
Net decrease in cash and cash equivalents held		(6,141,649)	(8,946,505)
Cash and cash equivalents at the beginning of the financial year		20,551,679	34,176,329
Effect of exchange rate changes on cash held		1,608	22,572
Cash and cash equivalents at end of the period		14,411,638	25,252,396

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

for the half-year ended 31 December 2012

1. Basis of preparation of half-year report

This consolidated interim financial report for the half-year reporting period ended 31 December 2012 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001.*

This consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2012 and any public announcements made by Strike Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2012 interim reporting period and have not been applied in these financial statements. New, amended and revised standards that are mandatory for the period to 31 December 2012 did not result in any changes to the accounting policies. Where applicable certain comparative amounts have been reclassified to conform to the current period's presentation.

AASB reference	Title and Affected Standard(s)	Nature of Change	Application date	Impact on Initial Application
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 reference	Title and Affected Standard(s)	Nature of Change	Application date	Impact on Initial Application
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 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 2012-9 (issued December 2012)	Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039	Deletes Australian Interpretation 1039 *Substantive Enactment of Major Tax Bills In Australia* from the list of mandatory Australian Interpretations to be applied by entities preparing financial statements under the Corporations Act 2001 or other general purpose financial statements.	Annual reporting periods beginning on or after 1 January 2013	There will be no impact on first-time adoption of this amendment as the group does not account for proposed changes in taxation legislation until the relevant Bill has passed through both Houses of Parliament, which is consistent with the views expressed by the Australian Accounting Standards Board in their agenda decision of December 2012.
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 beginning 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.

2. Segment information

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)
- Peru (Iron Ore)

Segment information provided to the Board of Directors

The segment information provided to the Board of Directors for the reportable segments for the half-year 31 December 2012 and 31 December 2011 are as follows:

Half-year 2012	Indonesia	Peru	Australia	Total
Interest revenue	1,079	-	1,036,128	1,037,207
Fees for consulting to Apurimac Ferrum S.A.	-	-	184,499	184,499
Other income	-	218,462	32,914,040	33,132,502
Inter-segment revenue	-	-	-	-
Revenue from external customers	**1,079**	**218,462**	**33,134,667**	**34,354,208**
Adjusted EBITDA	**(254,188)**	**215,918**	**(10,293,544)**	**(10,331,814)**
Depreciation and amortisation	-	-	(14,729)	(14,729)
Personnel costs	-	-	(804,566)	(804,566)
Impairment losses:				
- Resource projects	(109,562)	-	(1,859)	(111,421)
- Land	(76,977)	-	-	(76,977)
- Loan to Cuervo Resources Inc	-	-	(851,985)	(851,985)
Fair value adjustment – financial assets held as fair value through profit or loss	-	-	(1,407,303)	(1,407,303)
Total segment assets	**4,117,343**	**47,144,070**	**18,040,012**	**69,301,425**
Total segment liabilities	**(10,561,375)**	**(49,114,039)**	**(946,787)**	**(60,622,201)**

Half-year 2011	Indonesia	Peru	Australia	Total
Interest revenue	13	-	4,870,930	4,870,943
Fees for consulting to Apurimac Ferrum S.A.	-	-	600,614	600,614
Inter-segment revenue	-	-	(159,582)	(159,582)
Revenue from external customers	**13**	**-**	**5,311,962**	**5,311,975**
Adjusted EBITDA	**170,124**	**(29,158)**	**(5,974,083)**	**(5,833,117)**
Depreciation and amortisation	(2)	-	(49,747)	(49,749)
Personnel costs	-	-	(1,277,962)	(1,277,962)
Impairment losses:				
- Resource projects	-	-	(1,773)	(1,773)
- Loans to associated entity and subsidiaries	-	-	(5,156,788)	(5,156,788)
Fair value adjustment – financial assets held as fair value through profit or loss	-	-	(1,232,976)	(1,232,976)
Total segment assets 30 June 2012	**4,363,184**	**477,501**	**25,810,008**	**30,650,693**
Total segment liabilities 30 June 2012	**(10,619,550)**	**(3,443,885)**	**(426,889)**	**(14,490,324)**

Other segment information

(i) *Adjusted EBITDA*

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

	Half-year	
	2012	2011
	$	$
Adjusted EBITDA	**(10,331,814)**	**(5,833,117)**
Intersegment eliminations	40,029,512	3,938,194
Depreciation	(14,729)	(49,749)
	29,682,969	**(1,944,672)**
Profit/(loss) before tax from continuing operations	29,682,969	(1,944,672)
	29,682,969	**(1,944,672)**

(ii) *Segment assets and segment liabilities*

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

	31 December 2012 $	30 June 2012 $
Segment assets	**69,301,425**	**30,650,693**
Intersegment eliminations	(1,024,172)	(220,208)
Total assets as per the Consolidated Statement of Financial Position	**68,277,253**	**30,430,485**
Segment liabilities	**(60,622,201)**	**(14,490,324)**
Intersegment eliminations	51,912,248	13,710,360
Total liabilities as per the Consolidated Statement of Financial Position	**(8,709,953)**	**(779,964)**

The amounts provided to the Board of Directors with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

3. Profit for the half-year

	Half-year	
	2012	2011
Profit for the half year includes the following items that are unusual because of their nature, size or incidence:		
Other income		
Reversal of provision for loans and receivables due from AF as a result of the acquisition on 28 December 2012:		
Loan and interest – AF Settlement Agreement 21 July 2009[1]	20,240,010	-
Loan and interest – AF Finance Agreement 16 May 2012[2]	2,948,220	-
Loan and interest – Purchase from Iron Associates Corporation	2,791,377	-
Loan and interest – AF Settlement Agreement 21 July 2009[3]	6,959,299	-
Other receivables[4]	193,596	-
	33,132,502	-

Prior to the acquisition of Apurimac Ferrum S.A. ("**AF**") Strike provided loans to AF which were fully provided (provision for non-recoverable loans). On consolidation of AF the provisions were reversed which has resulted in the above $33,132,502 credit to the profit and loss.

1. On 21 July 2009, through the AF Settlement Agreement, Strike Resources Limited entered into a replacement loan agreement with 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.
2. On 16 May 2012, AF 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.
3. On 21 July 2009, through the AF Settlement Agreement, Strike Resources Limited entered into a replacement loan agreement with AF in which debts outstanding to Strike Resources Limited and Strike Resource Peru S.A.C. of A$6,426,993 were acknowledged. This loan is interest bearing (USD Monthly LIBOR rate + 2% per annum) as provided for under the AF Settlement Agreement.
4. According to the Technical Service Agreement between Strike Resources Limited and AF, Strike Resources Limited will invoice AF expenses of personnel who provide services to AF. This has been effective since 10 November 2009.

4. Current financial assets at fair value through profit or loss

The following table presents the Consolidated Entity's financial assets measured and recognised at fair value at 31 December 2012 and 30 June 2012.

At 31 December 2012	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Financial assets at fair value through profit or loss				
– Trading securities	209,394	360,623	-	570,017
Available-for-sale financial assets				
– Equity securities	-	-	-	-
Total assets	209,394	360,623	-	570,017

At 30 June 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

5. Property, plant and equipment

	Capital WIP	Land	Plant and equipment	Leasehold improvements	Total
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**
Half-year ended 31 December 2012					
Opening carrying amount	280	-	44,750	14,261	59,291
Exchange differences	-	-	48	-	48
Additions	-	427,290	122,500	-	549,790
Transfers out of CWIP	-	-	-	-	-
Transfers from CWIP	-	-	-	-	-
Depreciation expense	-	-	(13,725)	(1,004)	(14,729)
Carrying amount at 31 December 2012	**280**	**427,290**	**153,573**	**13,257**	**594,400**
At 31 December 2012					
Cost or fair value	280	427,290	523,408	14,936	965,914
Accumulated depreciation and impairment	-	-	(369,835)	(1,679)	(371,514)
Net carrying amount	**280**	**427,290**	**153,573**	**13,257**	**594,400**

6. Exploration and Evaluation Expenditure

	31 December 2012	30 June 2012
	$	$
Beginning balance	-	8,239,883
Exchange differences	-	(1,345,053)
Exploration and evaluation expenditure additions – Apurimac Ferrum S.A.	46,052,125	2,134
Exploration and evaluation expenditure additions – Paulsens East	1,859	-
Impairment loss – exploration and evaluation	(1,859)	(2,875,936)
Reclassed to assets classified as held for sale	-	(4,021,028)
Ending balance	46,052,125	-

7. Provision

The Group recognised deferred consideration to acquire 50% shares of Apurimac Ferrum S.A from D&C Group. A provision of $1,607,691 and $5,067,142 were recognised as current and non-current provision respectively during the period. Refer to note 13.

8. Equity securities issued

	Consolidated Entity	
	2012	2011
145,334,268 (2011: 142,534,268) fully-paid ordinary shares	148,445,024	148,109,255

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 2011		133,534,268	145,632,412
Shares issued on exercise of options		-	235,303
Shares issued	5 Aug 2011	9,000,000	2,250,000
Share issue expenses		-	(8,460)
At 31 December 2011		**142,534,268**	**148,109,255**
Shares issued on exercise of options		-	-
Share issued	28 Dec 2012	2,800,000	336,000
Adjustments		-	(231)
Share issue expenses		-	-
At 31 December 2012		**145,334,268**	**148,445,024**

9. Dividends

No dividends were paid or provided for during the half-year ended 31 December 2012.

10. Assets and Liabilities classified as held for sale

a. Description

The Group having undertaken a strategic review of its operations during the year ended 30 June 2012, 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 Group is seeking settlement it has been classified as held for sale. The impairment of Berau Exploration and Evaluation to $4,092,835 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 2 – Segment Information.

b. Assets classified as held for sale

	31 December 2012	30 June 2012
	$	$
Land	237,956	332,078
Exploration and Evaluation	3,854,879	4,021,028
	4,092,835	4,353,106

c. Liabilities directly associated with assets classified as held for sale

	31 December 2012	30 June 2012
	$	$
Trade creditors	-	-
Provision	-	-
	-	-

11. Contingent Liabilities and Contingent Assets

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

Strike Resources Peru S.A.C. (the Company's Peruvian 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 Peru S.A.C. ("**Strike Peru**") entered into an assignment of mining rights and option agreement with the Peruvian 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 Peru 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 Peru 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 Peru to the Cristoforo vendor). Accordingly, Strike Peru 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 Peru are between 1% to 3% based on the value of production. At this stage it is not possible to quantify the potential financial obligation of the Consolidated Entity under Government royalties

e. Berau 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

In 2011 Millenium Trading SAC (Millenium) commenced court proceedings against AF seeking to invalidate a 2006 agreement under which it (Millenium) relinquished options over certain mining concessions to enable AF to buy them from their then owner (Cancellation Agreement). In December 2011 the court dismissed Millenium's claim. An appeal lodged by Millennium was also dismissed on procedural grounds. Minera Apu S.A.C. (Apu), which is believed to be related to or acting in concert with Millennium, sought to be joined into the proceedings as co-plaintiff, however this application was also dismissed.

Apu also commenced separate court proceedings against AF on similar grounds to those in Millenium's claim. A defence has been filed but the matter has not yet been determined. Millennium and Apu have adopted the tactic of filing various procedural motions, and appeals from the dismissals of such motions, which is having the effect of prolonging proceedings.

Under the Cancellation Agreement Millenium is permitted to conduct a small-scale mining operation on a single AF concession, the identity of which is to be agreed. As the parties were unable to agree on the identity of the concession despite AF's good faith efforts to agree, AF referred the matter to arbitration for determination in 2010. During the course of the arbitration a conflict of interest arose involving the arbitrator and he withdrew from the case. A replacement arbitrator was appointed in December 2012. The arbitration is continuing.

A Milllenium mining operation of the kind permitted by the Cancellation Agreement will not materially affect AF's development plans.

h. Royalties paid to D&C Group

Under the terms of Shootout Settlement Agreement, Apurimac Ferrum S.A will pay D&C Group the following royalties:

- 1.5% of the net profits from sales of iron ore.
- 2% of the proceeds of sales of other metals (on a net smelter return basis).

Or Apurimac Ferrum S.A may extinguish the royalties by paying D&C Group any one of the following amounts (Extinguishment Payment):

- US$13 million within 2 years from 20 December 2012, or
- US$15 million between 2 and 3 years from 20 December 2012, or
- US$20 million between 3 and 4 years from 20 December 2012, or
- US$30 million after 4 years from today but before the Construction Milestone occurs or the 15th anniversary of the agreement (whichever is sooner).

12. Commitments

No new commitments have been entered into by the Group since 30 June 2012.

13. Acquisition of subsidiary

On 28 December 2012, the Group obtained control of Apurimac Ferrum S.A. (AF), an iron ore explorer, by acquiring the remaining 50% shares (13,126,085 shares) from its existing shareholders. As a result, the Group's equity interest in AF increased from 50% to 100%.

The acquisition of AF was assessed by the Board in the current period and it was determined that the acquisition was an asset acquisition, rather than a business combination as the substance and intent of the transaction was for the Group to acquire the exploration and evaluation assets of AF for the purpose of expanding the Group's overall resource base.

The value of net assets acquired at the date of acquisition were as follows:	
Cash and cash equivalents	209,723
Trade and other receivables	258,568
Land	427,290
Property, plant and equipment	122,500
Exploration and evaluation expenditure	46,052,125
Trade and other payables	(1,456,177)
Loans and interests from Strike Resources Limited and Strike Finance Pty Ltd	(37,992,172)
Net assets acquired	7,621,857

Acquisition consideration:	
Shares issued (2,800,000 shares at $0.12 each), at fair value	336,000
Deferred payments	6,674,833
Acquisition costs	611,024
Total purchase consideration	7,621,857

Deferred payments

D&C Group receives the following deferred payments if certain milestones are achieved:

a. US$2 million on Apurimac Ferrum defining a JORC Resource at the Apurimac project of 500 Mt of iron ore with an average grade of at least 55% iron (Fe) or 275 Mt of contained iron at an average grade of 52.5% Fe or above.

b. US$3 million on Apurimac Ferrum S.A achieving environmental and community approvals for the construction of an iron ore mine and associated infrastructure with a design capacity of at least 10Mtpa of iron ore product.

c. US$5 million on formal Apurimac Ferrum Board approval to commence construction of an iron ore project, or the commencement of bulk earthworks for an iron ore processing plant, with a design capacity of at least 10Mtpa of iron ore product (Construction Milestone).

The Company estimated the US$2 million, US$3 million and US$5 million were discounted at 20% and were estimated to be paid in 1 year, 2 years and 2.5 years respectively.

Contingent consideration

Refer to note 11(h). Royalties were not recognised in the consolidated financial statements as at 31 December 2012.

The cash inflow on acquisition is as follows:	
Net cash acquired with subsidiary	209,723
Net cash outflow	-
Net cash inflow on acquisition of subsidiary, net of cash acquired	209,723

14. Related party transactions

Apurimac Ferrum S.A is an associate of the Group from beginning of the year until 27 December 2012. Refer to note 13.

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.

	27 December 2012 $	30 June 2012 $
Beginning balance	33,160,045	25,714,498
Loans advanced	1,584,900	9,310,500
Interest charged	597,880	607,044
Loan and interest purchased from IAC (Iron Associates Corporation)	-	-
Loan and interest sold to D&C Group S.A.C	-	(2,715,628)
Expenses paid on behalf of AF	-	543,578
Reclassed to Expense Claim	-	(1,708,378)
Reclassed to other receivable	(220,208)	
Foreign exchange movements	(591,966)	1,408,431
Ending balance	34,530,651	33,160,045
Less provision for impairment	34,530,651	33,134,249
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.

	27 December 2012 $	30 June 2012 $
Opening Balance	193,596	80,014
Reclassed from Loans to AF	-	1,708,378
Expenses paid on behalf of AF	153,614	146,256
Collected from AF	-	(1,741,052)
Closing Balance	347,210	193,596
Less provision for impairment	-	-
Carrying value	347,210	193,596

15. Events occurring after the reporting period

There have been no significant events occurring after the reporting date.

Directors' Declaration

In the Directors' opinion:

1. the consolidated financial statements and notes as set out on pages 8 to 20 are in accordance with the *Corporations Act 2001,* including:
   a) complying with Accounting Standards, the *Corporations Regulations 2001*, and other mandatory professional reporting requirements, and
   b) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date, and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

William Johnson
Director
6 March 2013

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Strike Resources Limited, which comprises the consolidated statement of financial position as at 31 December 2012, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Strike Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, 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 review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Strike Resources Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO Audit (WA) Pty Ltd

BDO

Wayne Basford
Director

Perth, Western Australia
Dated this 6th day of March 2013