Annual Financial Report

Strike Resources Limited and its controlled entities for the year ended 30 June 2013

Strike Resources Limited
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Corporate Directory

Directors	Mr Malcolm Richmond Chairman / Non-Executive Director Mr William Johnson Managing Director Mr Matthew Hammond Non-Executive Director Ms Samantha Tough Non-Executive Director
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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 year ended 30 June 2013.

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 Matthew Hammond
William Johnson was appointed Managing Director on 25 March 2013.
Samantha Tough
Ken Hellsten was a director from the beginning of the financial year until his resignation on 19 January 2013.

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 Peru, South America.

The Consolidated Entity sold its Berau Thermal Coal Project in Indonesia during the year.

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

Highlights

- Move to 100% control of the Company's Peruvian iron ore projects, alongside retention of a strong balance sheet position.
- Decision to focus on the flagship Apurimac iron ore project, where the core objective is to validate Apurimac's high grade magnetite exploration target of at least 500Mt of iron ore (including current resources) at a grade of 56 – 58% Fe to support the establishment of a 15 – 20 Mtpa iron ore operation.
- Relocation of the Managing Director, William Johnston, to Peru successfully sees breakthrough made on community relations with a key Apurimac community.

The 2012-2013 year for Strike Resources saw both significant corporate success, with the successful move to acquire 100% control of the Company's key Peruvian projects, and some constraint on project activity as the Company made the necessary changes to adapt to this new strategic position.

By moving to 100% ownership, the Company is now in a position to completely control the direction and progress of the projects, as well as ensure that community relations are not compromised.

To capitalise on this focus, the Company rebased the management team, and Managing Director, to Peru.

The Company is now seeing some early success from the 100% focus on Peru, with initial community access agreements reached. The Company now hopes to commence drilling for additional resources at Apurimac in the second quarter of calendar 2014.

Balance sheet strength was retained during the year, with the Company ending the year with $14.4 million in cash. This healthy balance sheet will stand the Company in good stead, as capital for junior resources firms continues to prove scarce.

The year ahead should see significant value added at the Apurimac project, as the Company regains access and seeks environmental approvals to recommence drilling and add further JORC resources.

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

Significant Changes in the State of Affairs

In December 2012 the Company completed a 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.

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.

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

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

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. As a result Strike received US$4.3M in April 2013 for selling its interest in the project.

Matters Subsequent to the End of the Financial Year

On 30 July 2013 the Company advised of the increased resources reported at Cuervo Resources Inc.'s Cerro Ccopane project.

On 15 August 2013, the Company confirmed it had made a confidential non-binding offer to Cuervo Resources Inc. in respect of certain Peruvian iron ore assets including the Cerro Ccopane project. This offer was subsequently rejected by Cuervo.

On 9 September 2013, the Company reached an agreement with local Apurimac community to enable commencement of regulatory approvals for future drilling program. The approval forms part of key next stage in validating Apurimac's high grade magnetite exploration target of at least 500 million tonnes or iron ore.

There have been no further changes of significance since then.

Likely Developments and Expected Results of Operations

Strike's core objective is to validate its flagship Apurimac project's high grade magnetite exploration target of at least 500Mt of iron ore (including current resources) at a grade of 56 – 58% Fe to support the establishment of a 15 – 20 Mtpa iron ore operation. Current JORC Resources stand at 269Mt of iron ore at 57.3% Fe (142 Mt Indicated at 57.84% Fe and 127 Mt Inferred at 56.7% Fe).

Meeting the objective to validate the exploration target requires suitable access approvals from the local communities (in particular the Huinchos and Huancabamba communities), alongside a much stronger overall relationship with the communities. Necessary Government pre-approval on an environmental assessment of any planned drill program will also be required.

Accordingly, the pursuit of these community and Government approvals, alongside drill program planning and non-ground disturbing exploration work (surface mapping, ground sampling or remote sensing techniques including geophysics surveys) form the core of Strike's immediate activities.

Strike was successful during the year in reaching agreement with the Huinchos community in Apurimac. The agreement allows Strike to access its most important concessions for the purpose of preparing an Environmental Impact Assessment ("EIA") to enable assessment by the Peruvian Ministry of Energy and Mines of its proposed drilling campaign and to conduct non surface-disturbing exploration activities such as mapping, surveying and geophysical studies.

The agreement extends over the main Opaban 1 concession within Apurimac which contains the majority of resources defined to date at Apurimac and the majority of the project area that Strike is seeking to drill during 2014.

Approval of the EIA and the associated community agreement will clear the way for Strike to commence drilling at Apurimac. The EIA study process in Peru is expected to take 6 – 9 months to complete, so Strike is targeting the second quarter of 2014 for the commencement of Drilling at Opaban.

A two stage drilling program has been prepared in anticipation of receiving final approvals. Stage one of the drilling program consists of 135 mostly Reverse Circulation (RC) holes to test the extension of the Opaban ore bodies along strike and down dip. The strike length of the magnetic anomaly covering the Opaban ore bodies is 5.4km in Strike-owned concessions, with only 50% of this being tested to date with drilling. There is therefore considerable opportunity to significantly expand the current Opaban resource.

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.

JORC Code Competent Person Statement

The information in this document which relates to exploration results and mineral resources at the Apurimac, Cusco and Cerro Ccopane projects has been prepared by Mr Ken Hellsten, 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 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.

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	Professor Richmond has 30 years' experience with the Rio Tinto and CRA Groups in a number of positions including: Vice President, Strategy and Acquisitions; Managing Director, Research and Technology; Managing Director, Development (Hamersley Iron Pty Limited) and Director of Hismelt Corporation Pty Ltd. He was formerly Deputy Chairman of the Australian Mineral Industries Research Association and Vice President of the WA Chamber of Minerals and Energy. Professor Richmond 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. Professor 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)
Other current directorships in listed entities	Non-Executive Director of: 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) MIL Resources Limited (August 2001 to November 2011) Advanced Braking Technology Ltd (appointed August 2006 – April 2013) Cuervo Resources Inc (appointed July 2011 – March 2013)
William Johnson	**Managing Director**
Appointed	25 March 2013
Previous position held	Executive Director (21 January to 25 March 2013) Non-Executive Director (30 April 2010 to 21 January 2013) 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	None
Interests in shares and options	3,000,000 Unlisted Directors' Options 249,273 Shares
Other current directorships in listed entities	Non-Executive Director of: Alara Resources Limited (appointed October 2009) Bentley Capital Limited (appointed March 2009) Cuervo Resources Inc (appointed March 2013)
Former directorships in other listed entities in past 3 years	Orion Equities Limited (February 2003 – 3 May 2013)

Information on Directors (continued)

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

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	Member of the Audit Committee
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)

Company Secretary

David Palumbo	**Company Secretary**
Appointed	11 April 2012
Qualifications	BCom, CA
Experience	Mr Palumbo has been involved in the listing of junior explorer companies on the ASX and has experience in corporate advisory and company secretarial services. Mr Palumbo is currently Company Secretary of Krakatoa Resources Limited, Rumble Resources Limited and Western Mining Network Limited. Mr Palumbo is a Corporate Compliance & Accounting Manager at Mining Corporate.

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 2013, 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[1]	Attended	Meetings held[1]	Attended	Meetings held[1]
M Richmond	8	8	1	1	1	1
K Hellsten	2	2	-	-	**	**
W Johnson	8	8	-	-	-	-
M Hammond	7	8	1	1	1	1
S Tough	6	6	**	**	**	**

* 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 Johnson retired as Director by rotation under the Company's Constitution at the November 2012 AGM and was re-elected at that meeting. Ms Tough was elected as Director at the November 2012 AGM.

Remuneration Report (Audited)

The Directors are pleased to present the Company's 2013 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 6 –7 above	
Other key management personnel Julian Tambyrajah[1] Ian Cullen[2]	 Chief Financial Officer General Manager Exploration and Development

1. Mr Tambyrajah ceased from the position of Chief Financial Officer on 11 April 2013
2. 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

Role of Remuneration and Nomination Committee (continued)

- 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 to:

- assist the Managing Director and the Board to adopt and 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.

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.

Directors' fees (continued)

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	-	6,300	76,300
M Hammond[1]	Non-Executive Director	45,000	-	-	45,000
W Johnson [2]	Non-Executive Director	26,250	-	2,362	28,612
S Tough [3]	Non-Executive Director	80,000	-	7,200	87,200

1. The Director's fee for Mr Hammond was reviewed in October 2010.
2. Mr Johnson ceased from the position of a Non-Executive Director on 21 January 2013.
3. 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:

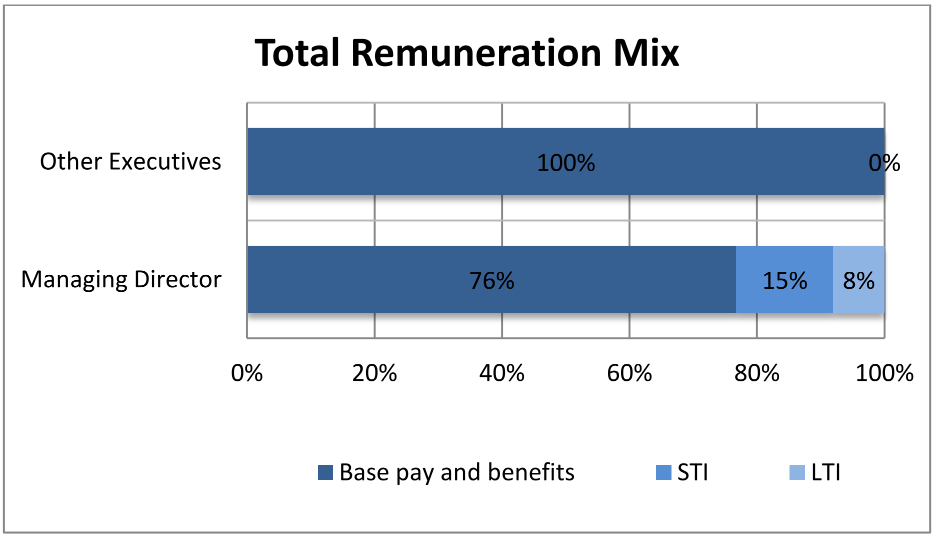
- competitive and reasonable, enabling the Company to attract and retain key talent
- aligned to the Company's strategic and business objectives and the creation of shareholder value
- transparent, and
- acceptable to shareholders.

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

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".



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 targets for the Managing Director in the 2013 financial year were set by the Remuneration Committee for the Managing Director as follows.

STI targets – Managing Director

Metrics	Weighting
Execution of key Community approvals in Peru	50%
Securing additional funding to advance exploration activities and/or securing a strategic investor into the Apurimac and/or Cusco Projects.	50%

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.

Director options were granted during the 2013 financial year which contributed to the long-term incentives. Details are contained within the notes to the accounts.

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.

Share Trading Policy (continued)

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 as www.strikeresources.com.au.

Voting and Comments Made at the Company's 2012 Annual General Meeting

Strike Resources Limited received more than 99% (2011: 94%) of "yes" votes on its remuneration report for the 2012 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	Total
	Cash salary and fees	Cash bonus	Non-monetary benefit	Other	Super-annuation	Long-service leave	Termination benefits	Options	
2013	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Non-Executive Directors:									
M Richmond	70,000	-	-	-	6,300	-	-	-	76,300
M Hammond	45,000	-	-	-	-	-	-	-	45,000
W Johnson[2]	26,250	-	-	-	2,362	-	-	-	28,612
S Tough	80,000	-	-	-	7,200	-	-	-	87,200
Executive Director:									
K Hellsten[1]	216,666	70,000	6,750	-	19,500	-	-	-	312,916
W Johnson[2]	142,356	-	-	-	6,812	-	-	42,000	191,168
Other key management personnel									
J Tambyrajah[3]	151,630	-	-	-	18,559	-	128,229	-	298,418
I Cullen[4]	13,977	-	-	-	1,420	-	5,402	-	20,799
Total	**745,879**	**70,000**	**6,750**	**-**	**62,153**	**-**	**133,631**	**42,000**	**1,060,413**

1. Mr Hellsten ceased from position of Managing Director on 21 January 2013
2. Mr Johnson ceased from a position of Non-Executive Director and was appointed as Executive Director on 21 January 2013 and as Managing Director on 25 March 2013.
3. Mr Tambyrajah was appointed as Chief Financial Officer on 2 April 2012 and ceased on 11 April 2013.
4. Mr Cullen was appointed as General Manager Exploration and Development on 1 July 2011 and ceased on 15 July 2012.

Detail of Remuneration (continued)

	Short-term employee benefits				Post-employment benefits	Long-term benefits		Share-based payments	Total
	Cash salary and fees	Cash bonus	Non-monetary benefit	Other	Super-annuation	Long-service leave	Termination benefits	Options	
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[5]	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[6]	52,500	-	1,832	-	4,725	-	-	83,742	142,799
D Lim[7]	173,687	15,000	2,100	7,258	15,883	-	-	76,930	290,858
I Cullen[8]	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**

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

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

Name	Fixed remuneration		At risk - STI		At risk – LTI #	
	2013	2012	2013	2012	2013	2012
Executive Director						
K Hellsten[1]	75%	66%	25%	13%	0%	21%
W Johnson	70%	0%	30%	0%	0%	0%
Other Key Management Personnel						
J Tambyrajah[2]	100%	42%	0%	0%	0%	58%
D Lim	0%	68%	0%	5%	0%	27%
I Cullen[3]	100%	82%	0%	3%	0%	15%

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.

1. Mr Hellsten resigned as a Managing Director on 21 January 2013
2. Mr Tambyrajah was appointed as Chief Financial Officer on 2 April 2012.
3. Mr Cullen was appointed as General Manager Exploration and Development on 1 July 2011 and ceased on 15 July 2012.

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 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.

All agreements with Executives may be terminated early by either party with notice periods from 1-3 months, except for the Managing Director who has a 6 month notice period.

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
18 June 2013	18 June 2013	17 June 2018	$0.30	$0.014	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 29 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	3,000,000	$42,000	3,000,000	-	-
S Tough	-	-	-	-	-
Other former key management personnel of the Consolidated Entity					
J Tambyrajah	-	-	-	-	-
I Cullen	-	-	-	-	-

* 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 (2012: nil).

Details of Remuneration: Bonuses and Share-based Compensation Benefits

For each cash bonus and grant of options included in the tables on pages 15, 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	-	-	2013	100%	-	2013
S Tough	-	-	-	-	-	-
K Hellsten	70,000	-	-	-	-	-
J Tambyrajah	*	*	-	-	-	-
I Cullen	*	*	-	-	-	-

* Service agreement does not contain cash bonuses.

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
24 November 2011*	23 November 2016	$0.36	833,334
24 November 2011*	23 November 2016	$0.42	833,333
24 November 2011*	23 November 2016	$0.56	833,333
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
18 June 2013	17 June 2018	$0.30	3,000,000

* 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 12 – 14 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

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	
	2013	2012
	$	$
Audit & Review Fees – BDO Audit (WA) Pty Ltd	47,500	84,774
Audit & Review Fees – Affiliated practices of BDO International	6,779	6,830
Total	**54,279**	**91,604**

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 17.

Auditor

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

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

William Johnson

Managing Director

30 September 2013

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Australia

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

As lead auditor of Strike Resources Limited for the year ended 30 June 2013, 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.

Wayne Basford

Director

BDO Audit (WA) Pty Ltd

Perth, 30 September 2013

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2013

	Note	Consolidated Entity 2013 $	2012 $
Revenue from continuing operations	5	1,281,593	5,630,977
Other income	5	33,162,958	1,558,348
		34,444,551	7,189,325
Operating expenses	5	(220,076)	(271,616)
Personnel costs	5	(1,765,610)	(2,235,607)
Other corporate costs	5	(1,655,322)	(2,025,915)
Fair value adjustment -financial assets held as fair value through profit and loss		(1,869,704)	(2,055,850)
Impairment expense	5	(3,014,621)	(12,570,185)
Loss on sale of fixed assets		(18,318)	(40,577)
Loss on sale of investment in associate		-	(826,397)
Loss on sale of asset classified as held for sale		(138,186)	-
Foreign exchange loss		(2,068,395)	-
Profit/(loss) before income tax		23,694,319	(12,836,822)
Income expense tax	6	(97,132)	(203,900)
Profit/(loss) from continuing operations		23,597,187	(13,040,722)
Profit/(loss) for the year		23,597,187	(13,040,722)
Profit/(loss) is attributable to:			
Equity holders of Strike Resources Limited		23,597,187	(13,040,722)
Other comprehensive income			
Items that may be reclassified subsequently to Profit and Loss			
Exchange differences on translation of foreign operations		3,086,017	(555,221)
Other comprehensive losses net of tax		3,086,017	(555,221)
Total comprehensive income/(loss) for the year		26,683,204	(13,595,943)
Total comprehensive income/(loss) for the year is attributable to:			
Equity holders of Strike Resources Limited		26,683,204	(13,595,943)
Basic earnings/(loss) per share (cents)	28	16.44	(9.20)
Diluted earnings/(loss) per share (cents)	28	16.44	(9.20)

This 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 30 June 2013

	Note	Consolidated Entity 2013 $	2012 $
Current assets			
Cash and cash equivalents	8	14,414,971	20,551,679
Trade and other receivables	9	1,119,228	3,583,457
Financial assets at fair value through profit or loss	10	40,982	1,742,253
Assets classified as held for sale	7	-	4,353,106
Total current assets		15,575,181	30,230,495
Non-current assets			
Trade and other receivables	9	8,483	26,335
Financial assets at fair value through profit or loss	10	68,634	114,364
Property, plant and equipment	12	592,572	59,291
Exploration and evaluation expenditure	13	41,842,078	-
Total non-current assets		42,511,767	199,990
Total assets		58,086,948	30,430,485
Current liabilities			
Trade and other payables	14	573,657	499,151
Provisions	15	100,600	61,418
Total current liabilities		674,257	560,569
Non-current liabilities			
Trade and other payables	14	706,296	219,395
Total non-current liabilities		706,296	219,395
Total liabilities		1,380,553	779,964
Net assets		56,706,395	29,650,521
Equity			
Issued capital	16	148,439,925	148,109,255
Reserves	17	15,132,922	12,004,905
Accumulated losses		(106,866,452)	(130,463,639)
Total equity		56,706,395	29,650,521

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 2013

	Contributed Equity $	Currency Translation Reserve $	Share-based Payments Reserve $	Accumulated Losses $	Total Equity $
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:					
Ordinary shares	2,250,000	-	-	-	2,250,000
Share options	-	-	410,693	(235,303)	175,390
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**
Total income for the period					
Current period profit	-	-	-	23,597,187	23,597,187
Other comprehensive income					
Exchange differences on translation of foreign operations	-	3,086,017	-	-	3,086,017
Total comprehensive income for the year	-	3,086,017	-	23,597,187	26,683,204
Transactions with owners in their capacity as owners:					
Ordinary shares	336,000	-	-	-	336,000
Share options	-	-	42,000	-	42,000
Share issue costs	(5,330)	-	-	-	(5,330)
Balance as at 30 June 2013	**148,439,925**	**1,899,896**	**13,233,026**	**(106,866,452)**	**56,706,395**

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

Consolidated Statement of Cash Flows

for the year ended 30 June 2013

	Note	Consolidated Entity 2013 $	Consolidated Entity 2012 $
Cash flows from operating activities			
Receipts from customers and associate		-	1,763,473
Payments to suppliers and employees		(4,739,748)	(4,232,584)
Tax paid		(97,132)	(203,900)
Interest received		803,088	1,688,264
Net cash outflow from operating activities	26	(4,033,792)	(984,747)
Cash flows from investing activities			
Exploration and evaluation expenditure		(1,279,099)	(2,712)
Payments for property, plant and equipment		(29,539)	(63,769)
Proceeds from sale of investments		-	1,889,236
Proceeds from sale of fixed assets		-	70,200
Investment in listed entity		(120,703)	(214,563)
Investment in associate		-	(23,101)
Loan to associate – Apurimac Ferrum		(4,954,844)	(9,310,500)
Loan to others		-	(5,001,943)
Other – Net Inflow from acquisition of subsidiary	22	209,723	-
Proceeds from held for sale assets		4,110,051	-
Net cash outflow from investing activities		(2,064,411)	(12,657,152)
Cash flows from financing activities			
Proceeds from exercise of share options		-	-
Payments for share issue cost		(5,100)	(8,460)
Net cash inflow from financing activities		(5,100)	(8,460)
Net increase/(decrease) in cash and cash equivalents		(6,103,303)	(13,650,359)
Cash and cash equivalents at beginning of the year		20,551,679	34,176,329
Effect of exchange rate changes on cash balance		(33,405)	25,709
Cash and cash equivalents at year end	8	14,414,971	20,551,679

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

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 years 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 2012 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 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. The amendment (part of AASB 2011-9 *Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income* introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to AASB 101, the statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income. The amendments to AASB 101 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to AASB 101 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

(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 2013 apart from the early adoption of AASB 9 'Financial Instruments'.

(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 and evaluation 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 2013 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)).

1. Summary of Significant Accounting Policies (continued)

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.

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.

1. Summary of Significant Accounting Policies (continued)

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 the cumulative 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.

1. Summary of Significant Accounting Policies (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.

1. Summary of Significant Accounting Policies (continued)

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 Consolidate 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.

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.

1. Summary of Significant Accounting Policies (continued)

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.

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.

1. Summary of Significant Accounting Policies (continued)

(i) Financial 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).

p. 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.

q. 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.

1. Summary of Significant Accounting Policies (continued)

r. 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.

(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 29.

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.

s. 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.

t. 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.

u. 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 and other 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.

1. Summary of Significant Accounting Policies (continued)

v. 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.

w. New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2013 reporting periods. The Consolidated Entity has elected not to early adopt any Standards or Interpretations. The Consolidated Entity's assessment of the impact of these new standards and interpretations is set out below:

Standard / Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 11 'Joint Arrangements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 12 'Disclosure of Interests in Other Entities' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 127 'Separate Financial Statements' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 128 'Investments in Associates and Joint Ventures' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'	1 January 2013	30 June 2014
AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'	1 January 2013	30 June 2014
AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'	1 July 2013	30 June 2014

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.

x. Parent Entity Financial Information

The financial information for the parent entity, Strike Resources Limited, disclosed in Note 30 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	
	2013	2012	2013	2012	2013	2012	2013	2012
Financial assets	$	$	$	$	$	$	$	$
Cash	408,559	380,586	12,436,381	18,236,381	1,570,031	1,924,634	14,414,971	20,541,601
Receivables	-	-	-	-	357,663	570,795	357,663	570,795
Loan receivable	728,181	3,038,997	-	-	-	-	728,181	3,038,997
Financial assets	-	-	-	-	109,616	1,856,617	109,616	1,856,617
	1,136,740	3,419,583	12,436,381	18,236,381	2,037,310	4,352,046	15,610,431	26,008,010
Financial liabilities								
Payables	-	-	-	-	(1,380,553)	(741,915)	(1,380,553)	(741,915)
Net financial assets	1,136,740	3,419,583	12,436,381	18,236,381	656,757	3,610,131	14,229,878	25,266,095

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, Peruvian 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	
	2013	2012	2013	2012	2013	2012
Financial assets						
Cash at bank	538,915	1,622,747	-	-	45,304	46,113
Receivables	217,370	183,032	-	-	-	-
Financial assets at fair value through profit or loss	-	-	109,616	1,856,617	-	-
Loan receivable	-	25,796	728,181	3,013,201	-	-
Financial liabilities						
Payables	(1,093,742)	(410,802)	-	-	-	(12,799)
	(337,457)	1,420,773	837,797	4,869,818	45,304	33,314

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% (2012: 10%) against the foreign currencies detailed above, with all the other variables held constant.

2. Financial Risk Management (continued)

	Consolidated Entity 2013	Consolidated Entity 2012
	$	$
Change in profit		
increase by 10%	(54,564)	(632,390)
decrease by 10%	54,564	632,390
Change in equity		
increase by 10%	-	-
decrease by 10%	-	-

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	
	2013	2012	2013	2012
	$	$	$	$
increase by 9%	6,177	10,293	-	-
decrease by 6%	(4,118)	(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 2013	Consolidated Entity 2012
	$	$
Cash at bank	1,978,590	2,305,220
Term deposit	12,436,381	18,236,381
	14,414,971	20,541,601
Weighted average interest rates	3.84%	5.06%

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 2013	Consolidated Entity 2012
	$	$
Change in profit		
increase by 25bps (2012: 25bps)	32,112	46,542
decrease by 25bps (2012: 25bps)	(32,112)	(46,542)
Change in equity		
increase by 25bps (2012: 25bps)	-	-
decrease by 25bps (2012: 25bps)	-	-

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.

2. Financial Risk Management (continued)

Pursuant to the Cuervo Investment Agreement, the Company holds a pledge over the shares of Minera Cuervo S.A.C., which pledge is exercisable if Cuervo defaults under the Investment Agreement.

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	
	2013	2012
	$	$
Cash and cash equivalents		
AA	12,822,393	14,376,627
A+	1,165,601	500,000
A	-	5,649,550
BB	-	-
BBB+	-	-
No external credit rating available	426,977	15,424
	14,414,971	20,541,601
Receivables and loans		
AA	59,721	133,426
A+	3,116	1,528
A	-	47,260
BB	-	-
BBB+	-	-
No external credit rating available	1,064,874	3,427,578
	15,542,682	24,151,393

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.

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 $12,436,381 (2012: $18,236,381) that mature within the next 3 months after 30 June 2013 that are expected to readily generate cash inflows for managing liquidity risk.

The financial liabilities disclosed have the following maturity obligation:

	Carrying Amount		Contractual Amount	
	2013	2012	2013	2012
Non-interest bearing	$	$	$	$
less than 6 months	336,067	522,520	336,067	522,520
6 to 12 months	338,190	219,395	338,190	219,395
more than 12 months	706,298	-	706,298	-
	1,380,555	741,915	1,380,555	741,915
Interest-bearing				
between 1 & 2 years	-	-	-	-
between 2 & 5 years	-	-	-	-
	-	-	-	-

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. 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.

2. Financial Risk Management (continued)

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. Techniques such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

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 2013 and 30 June 2012.

2013	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Financial assets at fair value through profit or loss				
– Trading securities	68,634	40,982	-	109,616
Available-for-sale financial assets				
– Equity securities	-	-	-	-
Total assets	68,634	40,982	-	109,616

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

3. Critical Accounting Estimates and Judgements

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 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, right of tenure and community approvals or access.

3. Critical Accounting Estimates and Judgements (continued)

b. 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 29. 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.

c. 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 such as Binomial pricing model. 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)*
- Peru (Iron Ore)

* Strike's Indonesian subsidiary was sold during the year, with the settlement being complete on 2 April 2013.

4. Segment Information (continued)

a. 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 2013 and 30 June 2012 are as follows:

2013	Indonesia	Peru	Australia	Total
Interest revenue	-	-	1,281,593	1,281,593
Fees for consulting to Apurimac Ferrum S.A.	-	-	22,648	22,648
Other income	-	-	33,140,310	33,140,310
Inter-segment revenue	-	-	-	-
Other income	**-**	**-**	**34,444,551**	**34,444,551**
Adjusted EBITDA	**-**	**1,402,857**	**20,137,798**	**21,540,655**
Depreciation and amortisation	-	(21,022)	(23,433)	(44,455)
Personnel costs	-	(245,185)	(1,520,425)	(1,765,610)
Impairment losses:				
- Resource projects	-	(1,546)	-	(1,546)
- Land	-	-	-	-
- Loan to Cuervo Resources Inc	-	-	(2,667,865)	(2,667,865)
Fair value adjustment – financial assets held at fair value through profit or loss	-	-	(1,869,704)	(1,869,704)
Loss/(gain) on sale of investment	-	-	138,186	138,186
Total segment assets	**-**	**43,651,072**	**15,039,587**	**58,690,659**
Total segment liabilities	**-**	**(13,316,569)**	**(36,485,673)**	**(49,802,242)**

2012	Indonesia	Peru	Australia	Total
Interest revenue	84	-	5,630,893	5,630,977
Fees for consulting to Apurimac Ferrum S.A.	-	-	835,942	835,942
Other income	-	-	-	-
Foreign exchange gain/(loss)	(541,818)	-	1,264,224	722,406
Inter-segment revenue	-	-	-	-
Other income	**(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)**

b. Other segment information

(i) *Segment revenue*

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

	2013 $	2012 $
Other income		
Interest revenue	1,281,593	5,630,977
Other income	32,162,958	1,558,348
	34,444,551	**7,189,325**

4. Segment Information (continued)

(ii) *Adjusted EBITDA*

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

	2013 $	2012 $
Adjusted EBITDA	**21,540,655**	**(28,416,125)**
Intersegment eliminations	2,198,119	15,656,826
Depreciation	(44,455)	(77,523)
	23,694,319	**(12,836,822)**
Profit/(loss) before tax from continuing operations	23,694,319	(12,836,822)
	23,694,319	**(12,836,822)**

(iii) *Segment assets and segment liabilities*

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

	2013 $	2012 $
Segment assets	**58,690,659**	**30,650,693**
Intersegment eliminations	(603,711)	(220,208)
Total assets as per the Consolidated Statement of Financial Position	**58,086,948**	**30,430,485**
Segment liabilities	(49,802,242)	(14,490,324)
Intersegment eliminations	48,421,687	13,710,360
Total liabilities as per the Consolidated Statement of Financial Position	**(1,380,555)**	**(779,964)**

5. Profit/(Loss) for the Year

	Consolidated Entity 2013	Consolidated Entity 2012
(a) Revenue	$	$
Revenue from continuing operations		
Interest received – Cuervo loan	-	3,697,727
Interest received – Cash on deposit	1,281,593	1,933,250
	1,281,593	5,630,977
Other income		
Foreign exchange gain	-	722,406
Consulting fees	22,648	835,942
Other income	7,808	-
Capitalisation of loans and receivables due from AF as a result of the acquisition on 28 December 2012	33,132,502	-
	33,162,958	1,558,348
Total revenue and other income	34,444,551	7,189,325
(b) Expenses		
Operating expenses		
Occupancy costs	200,598	257,804
Finance costs	19,478	13,812
	220,076	271,616
Personnel costs		
Cash remuneration	1,584,660	1,571,974
Superannuation expense	138,950	252,940
Directors' and employees' options expense	42,000	410,693
	1,765,610	2,235,607
Administration costs		
Consultancy fees	617,093	386,999
Professional fees	259,190	350,109
Depreciation	44,455	77,523
Other corporate expenses	734,584	1,211,284
	1,655,322	2,025,915
Impairment losses		
Resource projects	1,546	2,875,936
Land	-	219,305
Investment in associate entity	-	22,923
Loan to Cuervo Resources Inc.	2,665,865	2,125,576
Loans to associated entity	-	7,326,445
Sundry debtors	347,210	-
	3,014,621	12,570,185

6. Income Tax Expense

		Consolidated Entity 2013 $	Consolidated Entity 2012 $
(a)	**Income tax expense**		
	Current tax	97,132	203,900
	Deferred tax	-	-
		97,132	203,900
	Income tax expense attributable to:		
	Profit from continuing operations	97,132	203,900
	Profit from discontinued operations	-	-
	Aggregate income tax expense	97,132	203,900
(b)	**Numerical reconciliation between tax expense and pre-tax net profit/(loss)**		
	Profit/(loss) from continuing operations before income tax	23,694,319	(12,836,822)
		23,694,319	(12,836,822)
	Income-tax expense/(benefit) on above at 30%	7,108,296	(3,851,046)
	Increase in income tax due to:		
	Non-deductible expenses and foreign losses	774,257	2,214,454
	Current year tax losses not recognised	242,114	55,608
	Movement in unrecognised temporary differences	1,710,922	2,558,411
	Capital gains	-	-
	Decrease in income tax expenses due to:		
	Non assessable income	(9,835,589)	-
	Utilisation of prior year tax losses	-	(719,752)
	Deductible equity raising costs	-	(257,675)
	Net gain on loss of control of AF and IAC	-	-
	Effect of current-year revenue losses not recognised	-	-
	Under provision for prior-year taxable income	-	-
	Foreign jurisdiction withholding tax	97,132	203,900
	Income-tax expense attributable to operating profit	97,132	203,900
(c)	**Deferred tax assets not brought to account**		
	On income-tax account		
	– Carry-forward tax losses	6,133,121	6,612,251
	– Other	2,934,842	20,633,332
		9,067,963	27,245,583
	On capital account		
	– Carry-forward tax losses	-	-
	– Unrealised capital losses	-	-
		-	-
	Total deferred tax assets not brought to account	9,067,963	27,245,583
(d)	**Deferred tax liabilities**		
	Timing differences	-	482,465
	Offset by deferred tax assets recognised	-	(482,465)
		-	-

The deferred tax asset not brought to account for the 2013 and 2012 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

During the year ended 30 June 2012, the Board resolved to seek a settlement and exit its operations in Indonesia.

On 2 April 2013 the Company settled the dispute and exited the Berau Thermal Coal Project, receiving settlement proceeds of US$4.3 million.

b. Assets classified as held for sale

	2013	2012
	$	$
Land	-	332,078
Exploration and Evaluation	-	4,021,028
	-	4,353,106

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

	2013	2012
	$	$
Trade creditors	-	-
Provision	-	-
	-	-

8. Cash and Cash Equivalents

	Consolidated Entity	
	2013	2012
	$	$
Cash at bank	1,978,590	2,315,298
Term deposits	12,436,381	18,236,381
	14,414,971	20,551,679

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	
	2013	2012
Current:	$	$
Amounts receivable from sundry debtors	326,214	535,537
Loan to Cuervo Resources Inc.	5,216,470	5,216,470
Provision for impairment	(4,488,289)	(2,203,269)
	1,054,395	3,548,738
Goods and service tax (GST) recoverable in Australia	25,049	19,674
VAT credit & Income Tax Credit	368	-
Prepayments	39,416	15,045
	1,119,228	3,583,457
Non-Current:		
Amounts receivable from sundry debtors	8,483	539
Loans to associated entity (Apurimac Ferrum S.A.)	-	33,160,045
Provision for impairment	-	(33,134,249)
	8,483	26,335

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 2013	Consolidated Entity 2012
Investments comprise:		
Current:		
Cuervo Resources Inc. unlisted warrants – initial recognition	1,742,253	3,697,727
Add: net change in fair value	(1,701,271)	(1,955,474)
	40,982	1,742,253
Non-current:		
Financial assets at fair value through profit and loss		
Cuervo Resources Inc. shares – at cost	114,364	214,563
Add: net change in fair value	(45,730)	(100,199)
	68,634	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 Peru, South America.

In the financial year ended 30 June 2012, the Group'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 was not deemed to control AF pursuant to *AASB 127 Consolidated and Separate Financial Statements* and therefore did not consolidate the accounts of AF.

On 28 December 2012, the Group obtained control of AF, by acquiring the remaining 50% shares (13,126,085 shares) from its existing shareholders, increasing the Group's equity interest in AF from 50% to 100%. As a result, AF was accounted for as an acquisition of subsidiary – refer to note 22.

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	Assets	Liabilities	Loss
Apurimac Ferrum S.A.		$	$	$
2013	100%	-*	-*	-*
2012	50%	16,487,774	18,987,832	1,826,840

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

	2013	2012
	$	$
Opening share of carry-forward losses	3,568,360	1,741,520
Current year share of loss	-	1,826,840
Transfer of loss on date of control obtained	(3,568,360)	
Closing share of carry-forward losses	-	3,568,360

Prior to gaining control, 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).

* AF became a subsidiary on 28 December 2012

12. Property, Plant and Equipment

	Capital WIP	Land	Plant and equipment	Leasehold improvements	Total
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**
2013 Consolidated					
Carrying value at 1 July 2012	280	-	44,750	14,261	59,291
Foreign exchange adjustment	-	25,877	14,444	-	40,321
Cost of asset additions	-	-	29,539	-	29,539
Acquisition of AF - Peru subsidiary	-	427,290	122,500	-	549,790
Depreciation expense	-	-	(42,533)	(1,922)	(44,455)
Cost of asset disposals	-	-	(114,345)	(15,006)	(129,351)
Accumulated depreciation on disposed assets	-	-	84,770	2,667	87,437
Carrying value at 30 June 2013	**280**	**453,167**	**139,125**	**-**	**592,572**
At 30 June 2013					
Cost or fair value	280	453,167	460,031	-	913,478
Accumulated depreciation and impairment	-	-	(320,906)	-	(320,906)
Net carrying amount	**280**	**453,167**	**139,125**	**-**	**592,572**

13. Exploration and Evaluation Expenditure

	Consolidated Entity 2013 $	Consolidated Entity 2012 $
Balance at the beginning of the year	-	8,239,883
Exploration and evaluation recognised upon acquisition of AF	46,052,125	-
Foreign exchange adjustment	1,565,978	(1,345,053)
Exploration and evaluation expenditure additions	1,945,292	2,134
Re-estimation of deferred consideration	(7,722,863)	-
Impairment loss – exploration and evaluation	1,546	(2,875,936)
Reclassed to assets classified as held for sale	-	(4,021,028)
Balance at the end of the year	41,842,078	-

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 (p) & 3(a).

14. Trade and Other Payables

	Consolidated Entity 2013 $	Consolidated Entity 2012 $
Current		
Trade creditors	183,503	95,635
Other creditors and accruals	390,154	403,516
	573,657	499,151
Non Current		
Loan from associate	-	219,395
Other creditors and accruals	706,296	-
	706,296	219,395

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

15. Provisions

	Consolidated Entity 2013 $	Consolidated Entity 2012 $
Current		
Provision for employee entitlements – annual leave	48,602	61,306
Other	51,998	112
	100,600	61,418

16. Issued Capital

	Consolidated Entity 2013	Consolidated Entity 2012
145,334,268 (2012: 142,534,268) fully-paid ordinary shares	148,439,925	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
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**
Share issued	28 Dec 2012	2,800,000	336,000
Share issue expenses		-	(5,330)
At 30 June 2013		**145,334,268**	**148,439,925**

16. Issued Capital (continued)

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	
	2013	2012
	$	$
Foreign currency translation reserve	1,899,896	(1,186,121)
Share-based payments reserve	13,233,026	13,191,026
	15,132,922	12,004,905

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.

17. Reserves (continued)

2013 - Movement in share-based payment reserve	Grant date	Consolidated Entity No.	$
The number of unlisted options outstanding over unissued ordinary shares at the reporting date is as follows:			
Opening balance at 1 July 2012		10,250,000	13,191,026
Granted options			
Employee Options			
Unlisted options exercisable at $0.30; expiring 17 Jun 18	18 Jun 13	3,000,000	42,000
Lapsed options			
Other Options			
Lapsed options exercisable at $3.978; expired 3 Dec 12		(3,500,000)	-
Lapsed options exercisable at $2.50; expired 24 Nov 12		(750,000)	-
Lapsed options exercisable at $2.75; expired 24 Nov 12		(750,000)	-
Lapsed options exercisable at $3.25; expired 24 Nov 12		(750,000)	-
Lapsed options exercisable at $2.878; expired 3 Mar 13		(250,000)	-
Unlisted options cancelled at $0.36; cancelled 18 Jun 13		(250,000)	-
Unlisted options cancelled at $0.42; cancelled 18 Jun 13		(250,000)	-
Unlisted options cancelled at $0.56; cancelled 18 Jun 13		(250,000)	-
Closing balance at 30 June 2013		**6,500,000**	**13,233,026**

2012 - Movement in share-based payment reserve	Grant date	Consolidated Entity 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**

Equity-based Remuneration

On 18 June 2013 the Company granted 3,000,000 unlisted Director Options with an exercise price of $0.30, vesting immediately. The expiry date of these options is 17 June 2018.

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 85% for the underlying SRK shares (Note 29).

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	Managing Director (appointed 25 March 2013)
Samantha Tough	Non-Executive Director
Ken Hellsten	Managing Director (resigned on 21 January 2013)
Julian Tambyrajah	Chief Financial Officer (ceased 11 April 2013)
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)

b. Compensation of Key Management Personnel

	Consolidated Entity 2013	2012
	$	$
Short-term employee benefits	822,629	1,238,292
Post-employment benefits	62,153	96,324
Long-term benefits	-	-
Termination benefits	133,631	-
Share-based payments	42,000	333,764
	1,060,413	1,668,380

Detailed remuneration disclosures are provided in the remuneration report on pages 8 to 15.

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:

2013	Balance at 1 July 2012	Balance at appointment	Granted as compensation	Net change other[5]	Balance at 30 June 2013	Vested and exercisable	Unvested
M Richmond	600,000	-	-	(600,000)	-	-	-
M Hammond	-	-	-	-	-	-	-
W Johnson[1]	390,000	-	3,000,000	(390,000)	3,000,000	3,000,000	-
S Tough	-	-	-	-	-	-	-
K Hellsten[2]	1,500,000	-	-	(1,500,000)	-	-	-
J Tambyrajah[3]	1,000,000	-	-	(1,000,000)	-	-	-
I Cullen[4]	750,000	-	-	(750,000)	-	-	-
Total	4,240,000	-	3,000,000	(4,240,000)	3,000,000	3,000,000	-

1. Mr Johnson was appointed as Executive Director on 21 January 2013 and as Managing Director on 25 March 2013.
2. Mr Hellsten resigned as Managing Director on 21 January 2013
3. Mr Tambyrajah resigned as Chief Financial Officer on 11 April 2013.
4. Mr Cullen resigned as General Manager Exploration and Development on 15 July 2012.
5. Figures in "net change other" column represent final holding when the options have been cancelled or have lapsed.

2012	Balance at 1 July 2011	Balance at appointment	Granted as compensation	Net change other[5]	Balance at 30 June 2012	Vested and exercisable	Unvested
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[3]	-	-	750,000	-	750,000	750,000	-
D Lim[4]	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 Cullen was appointed as General Manager Exploration and Development on 1 July 2011.
5. Figures in "net change other" column represent final holding when the options have been cancelled or have lapsed.

18. Key Management Personnel Disclosures (continued)

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 year	Received during the year on the exercise of options	Net change other	Balance at the end of the year
2013				
M Richmond	100,000	-	-	100,000
M Hammond	-	-	-	-
W Johnson [1]	-	-	249,273	249,273
S Tough	-	-	-	-
K Hellsten [2]	217,083	-	(217,083)	-
J Tambyrajah[3]	-	-	-	-
I Cullen[4]	-	-	-	-
Total	**317,083**	**-**	**32,190**	**349,273**

1. Mr Johnson was appointed as Executive Director on 21 January 2013 and as Managing Director on 25 March 2013.
2. Mr Hellsten resigned as Managing Director on 21 January 2013
3. Mr Tambyrajah resigned as Chief Financial Officer on 11 April 2013.
4. Mr Cullen resigned as General Manager Exploration and Development on 15 July 2012.

	Balance at beginning of 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[3]	-	-	-	-
D Lim[4]	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 the Chief Financial Officer on 10 April 2012.
4. Mr Cullen was appointed as General Manager Exploration and Development on 1 July 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

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

19. Auditors' Remuneration

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

	Consolidated Entity 2013	Consolidated Entity 2012
	$	$
Auditors of the Consolidated Entity		
Audit and review of financial statements		
- BDO Audit (WA) Pty Ltd	47,500	84,774
Auditors of the Peruvian subsidiaries		
Audit and review of financial statements		
- BDO Pazos, Lopez de Romana, Rodriguez	6,779	6,830
	54,279	91,604

20. Contingent Assets and Liabilities

a. 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.

b. 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

c. 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.

d. Millenium Legal Dispute

Millenium Trading S.A.C ("Milenium") has the right to conduct a small-scale mining operation on an AF concession, the identity of which is to be agreed. A mining operation of this kind by Millenium will not materially affect AF's development plans. As the parties have been unable to agree on the identity of the concession, AF referred the matter to arbitration.

After Millenium questioned several arbitrators as a stalling tactic, the Lima Chamber of Commerce ("LCC") has now appointed Mr. Enrique Palacios who –despite being also challenged by Millenium was ratified in a final decision dated August 12 2013 by the Superior Counsel for Arbitration of the LCC.

The arbitrator has since taken charge of the proceedings. AF is unlikely to have any liability arising out of these proceedings.

e. Deferred Consideration to D&C

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).

Under the terms of Shootout Settlement Agreement, Apurimac Ferrum S.A will also 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).

Due to the inherent uncertainty surrounding the achievement and timing of the above milestones, as at 30 June 2013 the Company treated the deferred consideration as a contingent liability.

21. Commitments

a. Lease Commitments

	Consolidated Entity 2013	Consolidated Entity 2012
Non-cancellable operating lease commitments:		
not longer than one year	165,215	160,638
between 2 years and 5 years	241,840	236,388
	407,055	397,026

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. The Company does not currently have any material commitments for expenditure relating to Australian tenements.

Peruvian concessions

The Consolidated Entity is required to pay annual licence fees by 30 June of each year, at rates which vary on an amount per-hectare basis. The total amount of this commitment will depend upon the area of concessions relinquished (if any) and the area of new concessions granted (if any) and therefore cannot be reliably estimated. As a result of finalising the arbitration process with the shareholders of Apurimac Ferrum S.A.("**AF**"), the Consolidated Entity granted on option over Peruvian tenements held by its subsidiary, Strike Resources Peru S.A.C. Under the terms of the AF Settlement Agreement AF is obliged to make all necessary payments to keep the concessions in good standing. Financial commitments for subsequent periods are contingent upon the 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 Peruvian landowners and community groups

The Company notes that holding a mineral concession in Peru does not grant automatic access to the surface land. Notwithstanding an easement procedure is contemplated in Peruvian law, in practice, mining companies have to negotiate and enter into private agreements with landowners/community groups in order to have access to their land for the purposes of conducting mining activities (exploration, evaluation, development and mining). Multiple landowners/community groups are affected by the Consolidated Entity's proposed mining activities on a majority of the Consolidated Entity's Peruvian concessions. To date, approvals have been sought and obtained for drilling on a programme by programme basis.

Obtaining approvals from landowners/community groups can be a complicated and lengthy process. The Consolidated Entity will have to commit funds to community groups and/or landowners to secure land access agreements to develop its Peruvian projects. There can be no guarantees that such approvals will be obtained, or 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. 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 consideration	6,674,833
Acquisition costs	611,024
Total purchase consideration	7,621,857

Deferred consideration

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 treated the deferred payments as a contingent liability at 30 June 2013. Refer to note 20.

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

23. Related-Party Disclosures

a. Subsidiaries

Interests in subsidiaries are set out in Note 24.

During the year $ 4,954,844 (2012: Nil) was loaned to subsidiaries to fund exploration activities.

b. Associates

Apurimac Ferrum S.A. was an associate until 28 December 2012 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.

23. Related-Party Disclosures(continued)

Subsequent to Strike Resources acquiring the remaining 50% of ownership of AF, the intercompany loans between the two entities were extinguished and converted into equity in AF.

	2013 $	2012 $
Balance at 1 July	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)
Reclass to other receivables	(220,208)	-
Foreign exchange movements	(591,966)	1,408,431
Balance at 30 June	34,530,651	33,160,045
Less provision for impairment	34,530,651	33,134,249
Carrying value	-	25,796

	2013 $	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

c. Transactions with related parties

	2013 $	2012 $
Fees for services provided by:		
- Ms Helen Hellsten a related party of Mr Ken Hellsten	-	5,668

24. Investment in Controlled Entities

	Country of Incorporation	Percentage of Ownership	
		2013	2012
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%
Strike Indo Operations Pty Ltd ("**SIOPL**")	Australia	100%	100%
PT Orion Indo Mining (100% beneficially owned by SIOPL)*	Indonesia	-	100%
Ferrum Holdings Limited	British Anguilla	100%	100%
Strike Resources Peru S.A.C.	Peru	100%	100%
Apurimac Ferrum S.A.**	Peru	100%	50%

* On 2 April 2013, Strike Resources Limited sold its Berau Coal Project and its subsidiaries, PT Indo Batubara and PT Orion Indo Mining.
** On 28 December 2012, Strike Resources Limited obtained control of Apurimac Ferrum S.A. (AF), an iron ore explorer by acquiring the remaining 50% shares from its existing shareholders. As a result, the Group's equity interest in AF increased from 50% to 100%.

25. Events Occurring after the Reporting Period

On 30 July 2013 the Company advised of the increased resources reported at Cuervo Resources Inc's Cerro Ccopane project.

25. Events Occurring after the Reporting Period (continued)

On 15 August 2013, the Company confirmed it had made a confidential non-binding offer to Cuervo Resources Inc. in respect of certain Peruvian iron ore assets including the Cerro Ccopane project. This offer was subsequently rejected by Cuervo.

On 9 September 2013, the Company reached an agreement with local Apurimac community to enable commencement of regulatory approvals for future drilling program. The approval forms part of key next stage in validating Apurimac's high grade magnetite exploration target of at least 500 million tonnes or iron ore.

There have been no further changes of significance since then.

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

	Consolidated Entity	
	2013	2012
	$	$
Operating profit/(loss) after tax	23,597,187	(13,040,722)
Interest received – Cuervo loan	-	(3,697,727)
Consulting fees	22,648	(835,942)
Non cash flows in profit/(loss) from ordinary activities:		
Depreciation - plant & equipment	44,455	77,522
Adjustment for movement in foreign exchange	-	(1,011,269)
Adjustment on deconsolidation of subsidiary	-	-
Fair value adjustments		
Loan to associated entity	(33,132,502)	9,310,500
Loan to Cuervo Resources Inc.	-	2,125,576
Fair value through profit and loss financial assets	1,869,704	2,055,850
Sundry debtors impairment	347,210	-
Investment in associate	-	22,923
Exploration and evaluation impairment	1,546	2,875,936
Land impairment	-	219,305
Finance costs	-	-
Directors' and employees' options	42,000	410,693
Loss on sale of fixed assets	18,318	40,577
Loss on sale of held for sale assets	138,186	826,397
Decrease/(increase) in assets:		
Receivables	2,626,624	(362,162)
Increase/(decrease) in liabilities:		
Trade creditors and accruals	430,014	11,978
Provisions	(39,182)	(14,182)
Net cash outflows from operating activities	(4,033,792)	(984,747)

27. Non – cash Investing and Financing Activities

	Consolidated Entity	
	2013	2012
	$	$
Shares issued to acquire Apurimac Ferrum S.A.	336,000	2,250,000

On 28 December 2012, Strike Resources Limited issued 2,800,000 shares to Iron Associates Corporation, as part of the acquisition costs to acquire remaining 50% of Apurimac Ferrum S.A..

28. Earnings per Share

	Consolidated Entity	
	2013	2012
	cents	cents
(a) Basic earnings/(loss) per share		
From continuing operations attributable to the ordinary equity holders of the Company	16.44	(9.20)
(b) Diluted earnings/(loss) per share		
From continuing operations attributable to the ordinary equity holders of the Company	16.44	(9.20)

	Consolidated Entity	
	2013	2012
(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	23,597,187	(13,040,722)
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	143,555,270	141,671,254
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	143,555,270	141,671,254

29. 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 3,000,000 Employee Options were granted during the year (Note 18). The reasons for the grant of these options to the Managing Director are as follows:

(a) The options issue was designed to act as an incentive for the recipient 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 recipient which is linked to the Company's share price performance.

(c) Based on the option exercise price, 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 the recipient has been determined having regard to the level of the recipient's salary 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.

29. Share-Based Payments (continued)

	Consolidated Entity 2013	2012
	$	$
Share-based payments expense	42,000	410,693

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 - 2013								
3 Dec 07	3 Dec 12	3.978	3,500,000	-	-	(3,500,000)	-	-
4 Mar 08	4 Mar 13	2.878	250,000	-	-	(250,000)	-	-
25 Nov 09	25 Nov 12	2.50	750,000	-	-	(750,000)	-	-
25 Nov 09	25 Nov 12	2.75	750,000	-	-	(750,000)	-	-
25 Nov 09	25 Nov 12	3.25	750,000	-	-	(750,000)	-	-
24 Nov 11	23 Nov 16	0.36	1,083,334	-	-	(250,000)	833,334	833,334
24 Nov 11	23 Nov 16	0.42	1,083,333	-	-	(250,000)	833,333	833,333
24 Nov 11	23 Nov 16	0.56	1,083,333	-	-	(250,000)	833,333	833,333
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
18 Jun 13	17 Jun 18	0.30	-	3,000,000	-	-	3,000,000	3,000,000
			10,250,000	3,000,000	-	(6,750,000)	6,500,000	6,500,000
Weighted-average exercise price			*2.24*	*0.30*	-	*3.36*	*0.38*	*0.38*

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.

No options were exercised during the period.

The weighted-average remaining contractual life of share options outstanding at the end of the period was 1.78 years (2012: 2.08 years).

Fair value of options granted

The assessed fair value at grant date of options granted during the year ended 30 June 2013 was $0.014 for $0.30 options (2012: $0.086 for $0.36 options, $0.08 for $0.42 options and $0.07 for $0.56 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 2013 included:

29. Share-Based Payments (continued)

Options granted on 18 June 2013

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 $0.30
c. grant date: 18 June 2013
d. expiry date: 17 June 2018
e. share price at grant date: $0.043
f. expected price volatility of the Company's shares: 85.00%
g. expected dividend yield: 0%
h. risk-free interest rate: 2.84%

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.

30. Parent Entity Information

The following details information related to the parent entity, Strike Resources Limited, at 30 June 2013 and 30 June 2012. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

	2013 $	2012 $
Current assets	15,146,787	25,633,433
Non-current assets	(210,133)	199,990
Total assets	14,936,654	25,833,423
Current liabilities	260,468	395,249
Non-current liabilities	-	-
Total liabilities	260,468	395,249
Net assets	14,676,186	25,438,174
Contributed equity	148,439,925	148,109,255
Accumulated losses	(146,996,764)	(135,862,107)
Option reserve	13,233,025	13,191,026
Total equity	14,676,186	25,438,174
Profit/(loss) for the year	(11,134,658)	(28,114,264)
Other comprehensive income/(loss) for the year	-	(235,303)
Total comprehensive income/(loss) for the year	(11,134,658)	(28,349,567)

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 18-55 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 2013 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 8-15 (as the audited Remuneration Report).

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.

William Johnson
Managing Director
30 September 2013

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INDEPENDENT AUDITOR'S REPORT

To the members of Strike Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of Strike Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of profit or loss and other 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, 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.

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 2013 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.

Report on the Remuneration Report

We have audited the Remuneration Report in the directors' report for the year ended 30 June 2013. 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 2013 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO

Wayne Basford

Director

Perth, 30 September 2013