



HALF-YEAR REPORT

31 December 2015

THIS DOCUMENT SHOULD BE READ IN CONJUNCTION WITH THE
30 JUNE 2015 ANNUAL REPORT OF THE COMPANY
LODGED ON 28 OCTOBER 2015



ASX Code: SRK

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A.B.N. 94 088 488 724

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CORPORATE DIRECTORY

BOARD

Farooq Khan	Chairman
William Johnson	Managing Director
Victor Ho	Director
Malcolm Richmond	Non-Executive Director
Matthew Hammond	Non-Executive Director

COMPANY SECRETARY

Victor Ho

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DIRECTORS' REPORT

The Directors present their report on Strike Resources Limited ABN 94 088 488 724 (**Company** or **SRK**) and its controlled entities (the **Consolidated Entity** or **Strike**) for the financial half year ended 31 December 2015 (**Balance Date**).

Strike is a company limited by shares that was incorporated in Western Australia and has been listed on the Australian Securities Exchange (**ASX**) since 7 March 2000 (ASX Code: SRK).

The Company has prepared a consolidated financial report incorporating the entities that it controlled during the financial half year.

OPERATING RESULTS

Consolidated	December 2015	December 2014
	\$	\$
Total revenue	162,575	203,885
Total expenses	(812,012)	(487,035)
Loss before tax	(649,437)	(283,150)
Income tax expense	-	-
Loss after tax	(649,437)	(283,150)

FINANCIAL POSITION

Consolidated	December 2015	June 2015
	\$	\$
Cash	7,572,134	8,374,206
Receivables	43,650	7,739
Other assets	28,916	1,072
Liabilities	(661,513)	(742,914)
Net assets	6,983,187	7,640,103
Issued capital	148,439,925	148,439,925
Reserves	15,338,465	15,345,944
Accumulated losses	(156,795,203)	(156,145,766)
Total equity	6,983,187	7,640,103

REVIEW OF OPERATIONS

Update on Company Strategy

Strike has examined a range of new strategies for the Company in light of the poor outlook for the iron ore sector and the resources sector in general.

In particular, Strike has been investigating a number of technology related ventures and which could form the foundation for a new strategy for the Company.

Strike notes that any such change will necessarily be subject to Strike shareholder approval and compliance with the ASX Listing Rules and Corporations Act.

Strike has also been in close consultation with capital markets advisers as part of this process.

DIRECTORS' REPORT

Update on Iron Ore Projects in Peru

During the financial half year, the Company did not undertake any activity on its iron ore projects.

As previously reported, Strike has consolidated its holding of mineral concessions to the core concessions where JORC Resources have been delineated as well as a number of neighbouring concessions which have strategic value associated with the projects – this has reduced Strike's holding costs in Peru and provides Strike with the flexibility to pursue opportunities to realise value from these iron ore assets in the future if and when favourable market conditions return.

Bentley Capital's Takeover Bid for Strike

On 2 July 2015, Strike announced that a Takeover Response Committee of the Company's independent Directors (being Mr Malcolm Richmond, Ms Samantha Tough and Mr Matthew Hammond) had been established to respond to the off-market 5.5 cent per share cash takeover bid for Strike announced¹ by Bentley Capital Limited (ASX:BEL) (**Bentley**) on 30 June 2015 (the **Offer**).

In July 2015, Bentley lodged its Bidder's Statement relating to the Offer with ASIC and despatched the same to Strike's shareholders.²

In August 2015, the Company lodged its Target's Statement in response to the Offer.³

The Offer closed on 2 September 2015 and a total of 52,553,493 shares representing 36.16% of the Company's issued capital were acquired by Bentley during the bid. Bentley as a consequence is now the Company's largest shareholder.

Information concerning BEL may be viewed from its website: www.bel.com.au

BEL's market announcements may also be viewed from the ASX website (www.asx.com.au) under ASX code "BEL".

The Takeover Response Committee incurred a total cost of \$319,024 in relation to the Company's response to the Offer. This 'one-off' cost is reflected in total expenses of \$812,012 incurred for the financial half year (December 2014: \$487,035).

Board and Corporate Changes

On 2 October 2015, Strike announced a number of Board and corporate changes, as follows⁴:

- Farooq Khan's appointment as Director with effect on 1 October 2015 - Farooq Khan was an Alternate Director to Victor Ho (20 January 2014 to 1 October 2015) and has previously been a Director of Strike (between 3 September 1999 and 3 February 2011), including as the founding Executive Chairman and Managing Director after the Company's IPO in March 2000.
- Victor Ho's appointment as Company Secretary with effect on 30 September, to replace David Palumbo (a representative of [Mining Corporate](#)) - Victor Ho is also a Director of Strike (since 20 January 2014) and has previously been a Company Secretary of Strike (between 9 March 2000 and 30 April 2010).
- The cessation of Mining Corporate's engagement for the provision of outsourced accounting and company secretarial services to the Company at the end of October.
- A change in Strike's Perth registered office and contact details with effect on 1 October 2015, as a consequence of the transition out of Mining Corporate.

1 Refer Bentley's ASX Announcement dated 30 June 2015: [Cash Takeover Bid For Strike Resources At 5.5 Cents Per Share](#)

2 Refer Bentley's ASX Announcement dated 31 July 2015: [Despatch of Bidders Statement to Holders of Strike Resources Limited](#)

3 Refer Strike's [Target Statement](#) lodged on ASX on 14 August 2015 and despatched to shareholders.

4 Refer Strike ASX Announcement dated [2 October 2015: Board and Corporate Changes](#)

DIRECTORS' REPORT

On 30 November 2015, Strike announced that Non-Executive Director, Samantha Tough, had retired at the Annual General Meeting held that day.⁵ Ms Tough's retirement from the Strike Board to focus on her other non-executive director roles had been previously foreshadowed.⁶

On 18 December 2015, Strike announced that Farooq Khan had been appointed Chairman of the Board of Directors with effect on 18 December 2015, replacing Malcolm Richmond, who remains on the Board as Non-Executive Director.⁷ Malcolm Richmond had been Chairman since February 2011

Change of Auditors

Strike has changed its Auditors from [BDO](#) to Rothsay Auditing (a firm of Chartered Accountants with offices in [Perth](#) and [Sydney](#)), with effect on 12 February 2016.⁸ The transition of Auditors occurred as part of a review of the Company's corporate administration costs – Rothsay was selected after considering proposals received from BDO and a number of other audit firms. Rothsay will hold office as Auditor until the next annual general meeting of the Company, at which time shareholder approval will be sought for their re-appointment and continuation as Auditor.

DIVIDENDS

The Directors have not declared a dividend in respect of the financial half year ended 31 December 2015.

SECURITIES ON ISSUE

The Company has the following total securities on issue as at 31 December 2015 (and as at the date of this report):

	Quoted on ASX	Unlisted	Total
Fully paid ordinary shares	145,334,268	-	145,334,268
\$0.36 (23 November 2016) Unlisted Director's Options ⁹	-	1,166,668	1,166,668
\$0.42 (23 November 2016) Unlisted Director's Options ⁹	-	1,166,666	1,166,666
\$0.56 (23 November 2016) Unlisted Director's Options ⁹	-	1,166,666	1,166,666
\$0.30 (17 June 2018) Unlisted Managing Director's Options ¹⁰		3,000,000	3,000,000
Total	145,334,268	6,500,000	151,834,268

5 Refer Strike ASX announcement dated 30 November 2015: [Retirement of Director](#)

6 Refer Strike ASX announcement dated [2 July 2015: Takeover Response Committee Established and Samantha Tough to Resign \(Following Completion of Offer\)](#)

7 Refer Strike ASX announcement dated 18 December 2015: [Change of Chairman](#)

8 Refer Strike ASX announcement dated 12 February 2016: [Change of Auditors](#)

9 Refer Strike's ASX announcement dated 24 November 2011: [Appendix 3B - Issue of Personnel Options](#) and Strike's [Notice of AGM](#) lodged on ASX on 24 October 2011

10 Refer Strike's ASX announcement dated 18 June 2013: [Appendix 3B – Grant of Options and Cancellation of Options](#) and Strike's [Notice of General Meeting](#) lodged on ASX on 17 May 2013

DIRECTORS' REPORT

BOARD OF DIRECTORS

Farooq Khan	Chairman
<i>Appointed</i>	18 December 2015; Director since 1 October 2015
<i>Qualifications</i>	LLB, BJuris (<i>Western Australia</i>)
<i>Experience</i>	Mr Khan is a qualified lawyer having previously practised principally in the field of corporate law. Mr Khan is a previous Director of Strike Resources (September 1999 to February 2011, including as the founding Executive Chairman and Managing Director after the Company's IPO in March 2000) and has extensive experience in the securities industry, capital markets and the executive management of ASX-listed companies. In particular, Mr Khan has guided the establishment and growth of a number of public listed companies in the investment, mining and financial services sectors. He has considerable experience in the fields of capital raisings, mergers and acquisitions and investments.
<i>Special responsibilities</i>	Member of the Audit Committee Member of the Remuneration and Nomination Committee
<i>Relevant Interests in shares and options</i>	530,010 Shares (directly)
<i>Other current directorships in listed entities</i>	Executive Chairman of: Orion Equities Limited (ASX:OEQ) (since October 2006) Bentley Capital Limited (ASX:BEL) (Director since December 2003) Executive Chairman and Managing Director of: Queste Communications Ltd (ASX:QUE) (since March 1998)
<i>Former directorships in other listed entities in past 3 years</i>	Nil

William Johnson	Managing Director
<i>Appointed</i>	25 March 2013; Director since July 2006
<i>Qualifications</i>	MA (<i>Oxon</i>), MBA
<i>Experience</i>	Mr. Johnson holds a Masters degree in engineering science from Oxford University, England and an MBA from Victoria University, New Zealand. His 30 year business career spans multiple industries and countries, with executive/CEO experience in Oil and gas exploration (North Africa and Australia), Mineral exploration and investment (Australia, Peru, Chile, Saudi Arabia, Oman and Indonesia), Telecommunications infrastructure investment (New Zealand, India, Thailand and Malaysia) and Information Technology and Internet ventures (New Zealand, Philippines and Australia). Most recently, Mr Johnson has acted as an Executive and Non-Executive Director of a number of ASX listed technology, investment and resource companies. Mr Johnson brings a considerable depth of experience in business strategy, investment analysis, finance and execution.
<i>Special responsibilities</i>	None
<i>Relevant Interests in shares and options</i>	3,000,000 Unlisted Directors' Options (\$0.30, 17 June 2018) 249,273 Shares
<i>Other current directorships in listed entities</i>	Executive Director of: Bentley Capital Limited (ASX:BEL) (since 1 January 2016; Director since March 2009)
<i>Former directorships in other listed entities in past 3 years</i>	Orion Equities Limited (ASX:OEQ) (February 2003 – May 2013) Alara Resources Limited (ASX:AUQ) (October 2009 – October 2013) Cuervo Resources Inc. (CNQ:FE) (March 2013 – December 2013)

DIRECTORS' REPORT

Malcolm Richmond	Non-Executive Director
<i>Appointed</i>	Director since 25 October 2006; previously Chairman (3 February 2011 to 18 December 2015)
<i>Qualifications</i>	BSc Hons (Metallurgy) and B. Comm. Merit (Econs) (<i>New South Wales</i>)
<i>Experience</i>	<p>Malcolm 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. Malcolm Richmond has also served as a Member on the Boards of a number of public and governmental bodies and other public listed companies.</p> <p>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.</p> <p>Malcolm 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).</p>
<i>Special responsibilities</i>	Chairman of the Audit Committee Member of the Remuneration and Nomination Committee
<i>Relevant Interests in shares and options</i>	Nil
<i>Other current directorships in listed entities</i>	Non-Executive Director of: Argonaut Resources NL (ASX:ARE) (appointed 14 March 2012)
<i>Former directorships in other listed entities in past 3 years</i>	Advanced Braking Technology Ltd (ASX:ABV) (28 August 2006 – 1 April 2013) Cuervo Resources Inc. (CNQ:FE) (July 2011 – March 2013) Water Resources Group Limited (ASX:WRG) (4 July 2012 – 25 June 2013)

Matthew Hammond	Non-Executive Director
<i>Appointed</i>	25 September 2009
<i>Qualifications</i>	BA (Hons) (<i>Bristol</i>)
<i>Experience</i>	<p>Mr Hammond is Group Managing Director and CFO of Mail.ru, a leading European Internet communication and entertainment services group, which is listed on the London Stock Exchange. Prior to that he was Group Strategist for Metalloinvest Holdings, where he had broad-ranging responsibilities for part of the non-core asset portfolio and advised the Metalloinvest Board on strategic acquisitions and investments. He began his career at Credit Suisse and was Sector Head in Equity Research and in Private Bank Ultra High Net Worth Client Advisory advising on portfolio allocation, strategic M&A and individual investments. As a Technology Analyst at Credit Suisse, he was ranked #1 in the Extell and Institutional Investor surveys 8 times.</p>
<i>Special responsibilities</i>	Chairman of the Remuneration and Nomination Committees Member of the Audit Committee
<i>Relevant Interests in shares and options</i>	Nil
<i>Other current directorships in listed entities</i>	Managing Director and Chief Financial Officer of: Mail.Ru Group Limited (LSX:MAIL) (since April 2011; Director since May 2010; CFO since June 2013)
<i>Former directorships in other listed entities in past 3 years</i>	Non-Executive Director of: PuriCore plc (AIM:PURI) (appointed May 2010)
	Nautilus Minerals Inc. (TSE:NUS) (October 2009 to September 2013) Qivi plc (NASDAQ: QIVI) (September 2011 to September 2014)

DIRECTORS' REPORT

Victor Ho	Director and Company Secretary
<i>Appointed</i>	Director since 24 January 2014; Company Secretary since 30 September 2015
<i>Qualifications</i>	BCom, LLB (<i>Western Australia</i>), CTA
<i>Experience</i>	Mr Ho is a previous Director and Company Secretary of Strike Resources (2000 to 2010) and has been in Executive roles with a number of ASX listed companies across the investments, resources and technology sectors over the past 15+ years. Mr Ho is a Chartered Tax Adviser (CTA) and previously had 9 years' experience in the taxation profession with the Australian Tax Office and in a specialist tax law firm. Mr Ho has been actively involved in the structuring and execution of a number of corporate, M&A and international joint venture (in South America, Indonesia and the Middle East) transactions, capital raisings and capital management initiatives and has extensive experience in public company administration, corporations' law and stock exchange compliance and investor/shareholder relations.
<i>Special responsibilities</i>	Secretary of Audit Committee and Remuneration and Nomination Committee
<i>Relevant Interests in shares and options</i>	Nil
<i>Other current directorships in listed entities</i>	Executive Director (also Company Secretary) of: Orion Equities Limited (ASX:OEQ) (appointed July 2003) Queste Communications Ltd (ASX:QUE) (appointed April 2013)
<i>Former positions in other listed entities in past 3 years</i>	Company Secretary of Alara Resources Limited (ASX:AUQ) (4 April 2007 to 31 August 2015)

Samantha Tough (appointed 23 January 2012) retired as Non-Executive Director on 30 November 2015.¹¹

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 forms part of this Directors Report and is set out on page 8. This relates to the Auditor's Independent Review Report, where the Auditors state that they have issued an independence declaration.

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



Farooq Khan
Chairman

19 February 2016



William Johnson
Managing Director

¹¹ Refer Strike ASX announcement dated 30 November 2015: [Retirement of Director](#)

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The Directors
Strike Resources Limited
Level 2 23 Ventnor Ave
West Perth WA 6005

Dear Sirs

In accordance with Section 307C of the Corporations Act 2001 (the "Act") I hereby declare that to the best of my knowledge and belief there have been:

- i) no contraventions of the auditor independence requirements of the Act in relation to the audit review of the 31 December 2015 interim financial statements; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.



Graham R Swan (Lead auditor)

Rothsay Auditing

Dated 19 FEBRUARY 2016



Chartered Accountants

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the half year ended 31 December 2015

	Note	31 Dec 15	31 Dec 14
REVENUE		\$	\$
Interest revenue	2(a)	162,575	181,464
Other			
Other income		-	22,421
TOTAL REVENUE AND INCOME		162,575	203,885
EXPENSES	2(b)		
Corporate expenses		(423,274)	(77,914)
Personnel expenses		(280,556)	(267,656)
Occupancy expenses		(10,206)	-
Exploration and evaluation expenses		(38,549)	(457)
Finance expenses		(2,397)	(51,732)
Foreign exchange loss		(1,365)	(21,263)
Administration expenses		(55,665)	(68,013)
LOSS BEFORE INCOME TAX		(649,437)	(283,150)
Income tax expense		-	-
LOSS FOR THE HALF YEAR		(649,437)	(283,150)
OTHER COMPREHENSIVE INCOME			
Other Comprehensive Income, Net of Tax			
Exchange differences on translation of foreign operations		(7,479)	(226,534)
TOTAL COMPREHENSIVE LOSS FOR THE HALF YEAR		(656,916)	(509,684)
LOSS PER SHARE FOR LOSS ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE COMPANY:			
Basic and diluted loss per share (cents)	3	(0.45)	(0.35)

The accompanying notes form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2015

	Note	31 Dec 15 \$	30 Jun 15 \$
CURRENT ASSETS			
Cash and cash equivalents		7,572,134	8,374,206
Trade and other receivables		43,650	7,739
Other current assets		27,000	-
TOTAL CURRENT ASSETS		7,642,784	8,381,945
NON-CURRENT ASSETS			
Property, plant and equipment		1,916	1,072
Exploration and evaluation expenditure	4	-	-
TOTAL NON-CURRENT ASSETS		1,916	1,072
TOTAL ASSETS		7,644,700	8,383,017
CURRENT LIABILITIES			
Trade and other payables	5	656,483	734,214
Provisions		5,030	8,700
TOTAL CURRENT LIABILITIES		661,513	742,914
TOTAL LIABILITIES		661,513	742,914
NET ASSETS		6,983,187	7,640,103
EQUITY			
Issued capital	6	148,439,925	148,439,925
Reserve	7	15,338,465	15,345,944
Accumulated losses		(156,795,203)	(156,145,766)
TOTAL EQUITY		6,983,187	7,640,103

The accompanying notes form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the half year ended 31 December 2015

	Issued capital	Currency translation reserve	Share-based payments reserve	Accumulated losses	Total
	\$	\$	\$	\$	\$
BALANCE AT 1 JUL 2014	148,439,925	2,394,188	13,233,026	(155,627,902)	8,439,237
Loss for the half year	-	-	-	(283,150)	(283,150)
Other comprehensive income	-	(226,534)	-	-	(226,534)
Total comprehensive loss for the half year	-	(226,534)	-	(283,150)	(509,684)
BALANCE AT 31 DEC 2014	148,439,925	2,167,654	13,233,026	(155,911,052)	7,929,553
BALANCE AT 1 JUL 2015	148,439,925	2,112,918	13,233,026	(156,145,766)	7,640,103
Loss for the half year	-	-	-	(649,437)	(649,437)
Other comprehensive income	-	(7,479)	-	-	(7,479)
Total comprehensive loss for the half year	-	(7,479)	-	(649,437)	(656,916)
BALANCE AT 31 DEC 2015	148,439,925	2,105,439	13,233,026	(156,795,203)	6,983,187

The accompanying notes form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

for the half year ended 31 December 2015

	31 Dec 15	31 Dec 14
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(916,138)	(711,997)
NET CASH USED IN OPERATING ACTIVITIES	(916,138)	(711,997)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration and evaluation expenses	(38,549)	-
Interest received	162,575	140,135
Payment for purchases of plant and equipment	(1,117)	-
Proceeds from disposal of plant and equipment	-	22,421
NET CASH PROVIDED BY INVESTING ACTIVITIES	122,909	162,556
NET DECREASE IN CASH HELD	(793,229)	(549,441)
Cash and cash equivalents at beginning of financial year	8,374,206	10,350,983
Effect of exchange rate changes on cash held	(8,843)	-
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	7,572,134	9,801,542

The accompanying notes form part of these consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2015

1. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The half year financial statements are a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. These half year financial statements do not include notes of the type normally included in the annual financial statements and should be read in conjunction with the most recent annual financial statements and the Company's ASX announcements released from 1 July 2015 to the date of this report.

Basis of Preparation

The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half year financial statements are consistent with those adopted and disclosed in the Consolidated Entity's financial statements for the financial year ended 30 June 2015.

2. LOSS FOR THE HALF YEAR

The Consolidated Entity's operating loss before income tax includes the following items of revenue and expense:

	31 Dec 15	31 Dec 14
(a) Revenue	\$	\$
Interest revenue	162,575	181,464
	<u>162,575</u>	<u>181,464</u>
Other		
Other income	-	22,421
	<u>162,575</u>	<u>203,885</u>
(b) Expenses		
Corporate expenses		
Takeover response costs	319,024	-
Legal fees - reversal of provision	(41,575)	(232,721)
Professional fees	88,152	133,536
Audit	19,848	39,703
Accounting, taxation and related administration	12,304	25,100
ASX fees	21,005	18,674
Share registry	3,781	8,469
Other corporate expenses	735	85,153

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2015

2. LOSS FOR THE HALF YEAR (continued)

	31 Dec 15	31 Dec 14
	\$	\$
(b) Expenses (continued)		
Personnel expenses		
Salaries, fees and employee benefits	280,556	267,656
Occupancy expenses	10,206	-
Exploration and evaluation expenses		
Impairment loss	27,968	457
Other exploration and evaluation expenses	10,581	-
Finance expenses	2,397	51,732
Foreign exchange loss	1,365	21,263
Administration expenses		
Travel, accommodation and incidentals	12,975	21,273
Depreciation	272	15,495
Insurance	10,244	31,806
Other administration expenses	32,174	(561)
	812,012	487,035

3. LOSS PER SHARE

	31 Dec 15	31 Dec 14
	cents	cents
Basic and diluted loss per share	(0.45)	(0.35)
The following represents the loss and weighted average number of shares used in the loss per share calculations:		
	31 Dec 15	31 Dec 14
	\$	\$
Loss attributable to the ordinary equity holders of the Company used in calculating basic loss per share:	(656,916)	(509,684)
	Shares	Shares
Weighted average number of ordinary shares	145,334,268	145,334,268

Under AASB 133 (Earnings per share), potential ordinary shares such as options will only be treated as dilutive when their conversion to ordinary shares would increase the loss per share from continuing operations. Diluted loss per share has not been calculated as the Company's options does not increase the basic loss per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2015

4. EXPLORATION AND EVALUATION EXPENDITURE	31 Dec 15	30 Jun 15
	\$	\$
Opening balance	-	-
Exploration and evaluation costs	(27,968)	220,611
Impairment loss	27,968	(220,611)
Closing balance	<u>-</u>	<u>-</u>

The Consolidated Entity has assessed the carrying value of exploration and evaluation expenditure in accordance with AASB 6 (Exploration for and Evaluation of Mineral Resources) and has recognised an impairment expense in respect of all such costs incurred during the financial half year - this is in light of the Director's decision to suspend all development activities on its iron ore projects (refer ASX announcement dated 14 April 2014: Exit From Peru).

5. CURRENT TRADE AND OTHER PAYABLES	31 Dec 15	30 Jun 15
	\$	\$
Trade payables	49,917	23,771
Other creditors and accruals	1,468	99,565
Withholding tax *	605,098	610,878
	<u>656,483</u>	<u>734,214</u>

* Withholding tax comprises an accrual/provision of 1,472,822 Peruvian Soles in respect of Non-Resident Income Tax Withholding Tax (**WHT**) pertaining to Peruvian subsidiary, Apurimac Ferrum SAC (**AF**) – this relates to a SUNAT (the Peruvian Tax Administration) determination following an audit of AF's WHT obligations for the 2010 and 2011 fiscal years completed in June 2014.

SUNAT's original WHT determination was for 3,693,580 Soles (\$1,470,453 as accrued/provided for in the 30 June 2014 Consolidated Entity's accounts), which AF sought to formally review. In April 2015, SUNAT confirmed the legitimacy of a minor amount of (\$10,918) in WHT liabilities (and late payment penalties) and requested a re-audit of a number of matters as it believed that there was insufficient evidence compiled to support its initial findings. As a consequence of this decision, the Consolidated Entity reduced its accrual/provision to 1,472,822 Soles (\$610,446 as at 30 June 2015).

SUNAT has not advised the Consolidated Entity as to the status of completion of their re-audit. The Consolidated Entity reiterates that it intends to appeal any final WHT determination by SUNAT to the Tax Administration Court. The Consolidated Entity will continue to recognise an accrual/provision of 1,472,822 Soles pending the completion of SUNAT's re-audit.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2015

6. ISSUED CAPITAL	31 Dec 15	30 Jun 15
	\$	\$
145,334,268 (30 Jun 2015: 145,334,268) fully paid ordinary shares	<u>148,439,925</u>	<u>148,439,925</u>

There has been no movement in issued capital since 1 July 2015.

(a) Ordinary shares

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

(b) Capital risk management

The Company's objectives when managing its capital are to safeguard its 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 a capital structure balancing the interests of all shareholders.

The Board will consider capital management initiatives as is appropriate and in the best interests of the Company and shareholders from time to time, including undertaking capital raisings, share buy-backs, capital reductions and selling assets to reduce debt.

The Consolidated Entity has no external borrowings.

7. RESERVE	31 Dec 15	30 Jun 15
	\$	\$
Share-based payments reserve	13,233,026	13,233,026
Foreign currency translation reserve	2,105,439	2,112,918
	<u>15,338,465</u>	<u>15,345,944</u>

(a) Share-based payments reserve

The share-based payments reserve records the consideration (net of expenses) received by the Company on the issue of options. In relation to options issued to Directors and employees for nil consideration, the fair values of these options are included in the share-based payments reserve.

(b) Foreign currency translation reserve

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

8. RELATED PARTY DISCLOSURES

	31 Dec 15	30 Jun 15
	\$	\$
Loan from/(to) subsidiaries		
Opening balance	38,431,044	37,112,388
Loans advanced	-	1,318,656
Closing balance	<u>38,431,044</u>	<u>38,431,044</u>

The Company did not advance any loans to the subsidiaries during the financial half year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2015

9. SEGMENT INFORMATION

The operating segments are reported in a manner consistent with the internal reporting provided to the "Chief Operating Decision Maker". The "Chief Operating Decision Maker", who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

The Board has considered the business and geographical perspectives of the operating results and determined that the Consolidated Entity operates only in Australia and Peru. In April 2014, the Company announced that it had suspended development activities on its resource projects in Peru due to adverse market conditions.

31 Dec 2015	Peru	Australia	Total
Segment revenues	\$	\$	\$
Revenue	-	162,575	162,575
Total segment revenues	-	162,575	162,575
Personnel expenses	-	280,556	280,556
Corporate expenses	44,810	378,464	423,274
Finance expenses	1,438	959	2,397
Exploration and evaluation expenses	27,968	-	27,968
Depreciation expense	-	272	272
Other expenses	(58,469)	136,014	77,545
Total segment profit/(loss)	(15,747)	(633,690)	(649,437)
Adjusted EBITDA	(15,747)	(633,418)	(649,165)
Total segment assets	53,646	7,591,054	7,644,700
Total segment liabilities	644,388	17,125	661,513
31 Dec 2014			
Segment revenues			
Revenue	-	181,464	181,464
Other	22,421	-	22,421
Total segment revenues	22,421	181,464	203,885
Personnel expenses	(24,794)	292,450	267,656
Corporate expenses	(36,602)	114,516	77,914
Finance expenses	48,054	3,678	51,732
Exploration and evaluation expenses	2,662	(2,205)	457
Depreciation expense	15,224	270	15,494
Other expenses	27,335	46,447	73,782
Total segment profit/(loss)	(9,458)	(273,692)	(283,150)
Adjusted EBITDA	9,549	(271,392)	(261,843)
30 Jun 2015			
Total segment assets	103,406	8,279,611	8,383,017
Total segment liabilities	71,698	671,216	742,914

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2015

10. COMMITMENTS

The Consolidated Entity has no lease commitments as at 31 December 2015.

Mineral Tenement/Concession/Mining Rights - Commitments for Expenditure

(a) 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.

(b) Peruvian Mineral 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 number and area of concessions retained, relinquished or granted (if any) and cannot therefore be reliably estimated.

A number of non-core mineral concessions in Peru were allowed to lapse on 30 June 2015, significantly reducing the Consolidated Entity's annual expenditure in Peru. The Consolidated Entity continues to hold 14 core Apurimac and Cusco Project mineral concessions where JORC Mineral Resources of iron ore have been delineated (and neighbouring areas which have strategic value associated with the projects).

11. CONTINGENCIES

(a) Australian 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.

(c) Directors' Deeds

The Consolidated Entity has entered into deeds of indemnity with 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2015

11. CONTINGENCIES (continued)

(d) Deferred Payments from Settlement Agreement Relating to Apurimac Ferrum SAC (continued)

Pursuant to a settlement agreement dated 30 December 2012 whereby the Consolidated Entity acquired the (50%) balance of equity interest in Apurimac Ferrum SAC (**AF**) (the holder of the Apurimac and Cusco Projects) from D&C Pesca SAC, the Consolidated Entity has a series of deferred payment obligations as outlined below.¹²

The Consolidated Entity has payment obligations if certain milestones are achieved as follows:

- (i) **Resource Milestone Payment:** US\$2 million on the delineation of at least 500 Mt of JORC Mineral Resources at an average grade of at least 55% Fe with at least 275 Mt of contained iron having an average grade of at least 52.5% Fe, on the Apurimac Project mineral concessions.
- (ii) **Approvals Milestone Payment:** Up to US\$3 million on AF receiving all formal government environmental and community approvals for the construction and operation of an iron ore mine and required infrastructure with a design capacity of at least 10Mtpa of iron ore product, relating to the Apurimac Project mineral concessions.
- (iii) **Construction Milestone Payment:** Up to US\$5 million on formal approval of the AF Board to commence construction of an iron ore project or the commencement of bulk earthworks for an iron ore mine or processing plant, in either case with a design capacity of at least 10Mtpa of iron ore product, relating to the Apurimac Project mineral concessions.

The Consolidated Entity has royalty payment obligations as follows:

- (i) 1.5% of the net profits from sales of iron ore mined and iron ore products produced from the Apurimac and Cusco Project mineral concessions.
- (ii) 2% of the proceeds of sales of other metals (on a net smelter return basis) mined from the Apurimac and Cusco Project mineral concessions.

AF may extinguish the royalties (save for royalties on other metals up to a cap of US\$0.5 million per annum) by making an Extinguishment Payment as follows - US\$30 million, if paid 4 years from 20 December 2012 but before the Construction Milestone occurs or the 15th anniversary of the settlement agreement (whichever is sooner).

Due to the inherent uncertainty surrounding the achievement and timing of the above milestones/royalty triggers, the Consolidated Entity regards these future payment obligations as contingencies.

(e) Legal Disputes Involving Millenium Matter Over Apurimac Ferrum SAC Mineral Concessions¹³

- (i) In December 2015, the Second Commercial Court of Lima formally rejected the writ that had been filed by Millenium Trading SAC (**Millenium**) seeking to annul the Arbitration award (which ruled in favour of AF) issued by the Lima Chamber of Commerce in April 2014.
- (ii) AF continues to respond to a number of actions taken by Minera Apu SAC (**Minera Apu**), Millenium and Minera Los Andes Y El Pacifico S.A. (**MAPSA**) seeking to annul the appointment of the Arbitrator and the Arbitration award, on constitutional grounds. In the Consolidated Entity's view, these claims are groundless.

¹² Refer Strike's ASX Announcement dated 31 December 2012: [Strike Moves to 100% Ownership of AF](#)

¹³ This relates to an 2006 agreement for AF and Millenium to negotiate in good faith access for Millenium to carry out mining operation activities in one of AF's mineral concessions to extract a maximum quantity of 400,000 tonnes per annum over a maximum term of 10 years; Millenium (and its appointee, Minera Apu SAC) sought to terminate the 2006 agreement (and reinstate Millenium's option and mortgages over the AF concessions); AF initiated Arbitration proceedings in 2010 before the Lima Chamber of Commerce and the Arbitrator ruled in favour of AF in April 2014 (in effect, validating the 2006 agreement); refer also Strike's ASX Announcement dated 1 May 2014: [Strike Wins Millenium Arbitration Case in Peru](#)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2015

11. CONTINGENCIES (continued)

(e) Legal Disputes Involving Millenium Matter Over Apurimac Ferrum SAC Mineral Concessions (continued)

- (iii) The Consolidated Entity continues to respond to separate (but, in effect, similar) suits filed by Millenium and Minera Apu seeking the annulment of the 2006 agreement¹³, which was the subject of the abovementioned Arbitration case (which ruled in AF's favour). Millenium's original 2010 suit has been dismissed. Minera Apu's 2012 suit is pending a decision on AF's motion to dismiss (which was successful in dismissing Millenium's 2010 suit). Millenium (via a representative) filed another suit in 2013 (on, in effect, the same grounds as their 2010 suit) – this suit was declared inadmissible for procedural reasons and the plaintiff's request for clarification was also declared inadmissible – this is now the subject of an appeal. The Consolidated Entity is of the view that these outstanding suits will be dismissed for the same reasons that prevailed in the dismissal of Millenium's 2010 suit.
- (iv) The Consolidated Entity continues to respond to Minera Apu's 2013 suit seeking to annul ancillary agreements entered into contemporaneously with the 2006 agreement¹³, which is pending a decision on AF's motion to dismiss. The Consolidated Entity is of the view that this suit will be dismissed given the validation of the 2006 agreement in the abovementioned suits.

(f) Legal Disputes Involving Overlapping Claims to Apurimac and Cusco Project Mineral Concessions¹⁴

The Consolidated Entity is responding to a number of claims that have been initiated by Minera Apu and an associate of MAPSA over AF's mineral concessions. This relates to such parties lodging claims for mineral concessions over ground in the Apurimac and Cusco Project area which is already the subject of mineral concessions held by the Consolidated Entity. These claims (and appeals) have been dismissed by the relevant mining authorities (INGEMMET and the Mining Council) and the claimants have sought judicial review of the administrative decisions rejecting each mineral concession claim.

As a consequence of AF relinquishing a number of concessions on 30 June 2015, there are now only 21 claims of relevance vis a vis the Consolidated Entity's current concession holdings:

- (i) One claim has been rejected at first instance and has definitively concluded as the claimants did not file an appeal in time;
- (ii) Seven claims have been rejected at first instance and dismissed on appeal. The claimants have interposed extraordinary appeals (cessation writs) on two of the cases requesting revision by the Peruvian Supreme Court;
- (iii) Four claims have been rejected at first instance and are pending a decision on appeal;
- (iv) One claim has been rejected at first instance and is open to an appeal; and
- (v) Eight claims are pending a decision at first instance;

The Consolidated Entity is of the view that the outstanding claims do not have any reasonable basis for success and should be dismissed/definitively concluded for the same reasons that prevailed in the concluded cases.

12. EVENTS OCCURRING AFTER THE REPORTING PERIOD

No matter or circumstance has arisen since the end of the financial half year that significantly affected, or may significantly affect, the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial periods.

14 Refer Strike's ASX Announcement dated 1 May 2014: [Strike Wins Millenium Arbitration Case in Peru](#)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2015

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2015

11. CONTINGENCIES (continued)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2015

11. CONTINGENCIES (continued)

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12. EVENTS OCCURRING AFTER THE REPORTING PERIOD

No matter or circumstance has arisen since the end of the financial half year that significantly affected, or may significantly affect, the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial periods.

14 Refer Strike's ASX Announcement dated 1 May 2014: [Strike Wins Millenium Arbitration Case in Peru](#)

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Strike Resources Limited made pursuant to sub-section 303(5) of the *Corporations Act 2001 (Cth)*, we state that:

In the opinion of the Directors:

- (1) The financial statements and notes of the Consolidated Entity are in accordance with the *Corporations Act 2001 (Cth)*, including:
 - (a) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2015 and of its performance for the financial half year ended on that date; and
 - (b) complying with Accounting Standards AASB 134 "Interim Financial Reporting", *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (2) There are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

On behalf of the Board,



Farooq Khan
Chairman

19 February 2016



William Johnson
Managing Director



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Independent Review Report to the Members of Strike Resources Limited

The financial report and directors' responsibility

The interim consolidated financial report comprises the statement of financial position, statement of comprehensive income, statement of changes in equity, cashflow statement, accompanying notes to the financial statements, and the directors' declaration for Strike Resources Limited for the half-year ended 31 December 2015.

The Company's directors are responsible for the preparation and fair presentation of the consolidated financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim consolidated financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated financial position as at 31 December 2015 and the performance for the half year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Strike Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

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

- giving a true and fair view of the consolidated financial position as at 31 December 2015 and of the performance for the half-year ended on that date; and
- complying with Australian Accounting Standard AASB134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Rothsay Auditing

Graham R Swan

Registered company Auditor 4153
Partner

Dated

19 FEBRUARY 2016



Chartered Accountants

RESOURCE PROJECTS

APURIMAC IRON ORE PROJECT

Between mid-2006 and 2014, Strike's primary focus was on the development of its Apurimac Iron Ore Project in Peru, recognised as one of the highest grade, large scale magnetite projects in the world with the potential to support the establishment of a significant iron ore operation.

Current adverse market conditions however have led the Company to suspend all development activities on this and its other iron ore projects in Peru.¹⁵

Nevertheless, the nature of the Apurimac deposit and the development work undertaken to-date define this project as a potentially strategic asset in Peru which may, when market conditions improve, provide opportunity for the Company to recover value.

The exceptionally high grade 57% Fe is almost twice as high as magnetite deposits developed in Australia; ore bodies are coarse grained and soft, resulting in cheaper processing costs once in production.

A prefeasibility study completed in 2008¹⁶ and updated in 2010¹⁷ on the Apurimac Project indicated clear potential for development of a world class iron ore project:

- JORC Indicated and Inferred Mineral Resource of 269Mt of iron ore at 57.3% Fe (142 Mt Indicated Resource at 57.84% Fe and 127 Mt Inferred Resource at 56.7% Fe). Of this, potentially 67Mt of Direct Shipping Ore (DSO) at an average grade of 61.5% Fe has been identified.
- Mineralisation predominantly high-grade, coarse-grained magnetite providing comparatively high mass recoveries (>60%) at coarse grind size (>500 microns).
- Excellent exploration potential within current concessions with several targets containing ironstones grading >60% Fe in similar geological settings to the main Opaban concessions.
- Base case of 20Mtpa of concentrate produced by open pit mining and processing 20 – 27Mtpa of ore with transport of the high grade (>66% Fe) product to the coast via a slurry pipeline for drying and shipment to customers.
- Attractive life-of-mine operating expenses (2010) of US\$17 – 20 per tonne of product.
- Estimated capital expenditure (2010) of US\$2.6 – 2.9 billion, competitive with other major iron ore projects at the time.

CUSCO IRON ORE PROJECT

The Cusco Project lies approximately 150km to the south - east of the Apurimac Project and forms a potential secondary development target in Peru with an initial JORC Inferred Mineral Resource estimate of 104Mt at 32.6% Fe.

Like Apurimac, iron ore mineralisation at the project is coarse grained and dominated by magnetite, with high grades recorded. Preliminary metallurgical tests indicate a concentrate grade of >65% Fe could be produced from this ore using conventional grinding and magnetic separation processes.



¹⁵ Refer Strike's ASX Announcements dated 28 February 2014: [Legal Injunction and Suspension of Operations in Peru](#), 13 March 2014 [Lifting of Injunction and Strategic Review](#) and 14 April 2014: [Exit from Peru](#)

¹⁶ Refer Strike's ASX Announcement dated 23 July 2008: [Prefeasibility Results Confirm World Class Prospects in Peru](#)

¹⁷ Refer Strike's ASX Announcement dated 23 November 2010: [Apurimac Project Update](#) and Strike's [December 2010 Quarterly Report](#)

LIST OF MINERAL CONCESSIONS

The following mineral concessions were held as at the end of the financial half year (31 December 2015) and currently:

APURIMAC IRON ORE PROJECT (PERU)

(Strike – 100%)

Name	Area (Ha)	Province	Code	Title	File No
Opaban I	999	Andahuaylas	5006349X01	No 8625-94/RPM Dec 16, 1994	20001465
Opaban III	990	Andahuaylas	5006351X01	No 8623-94/RPM Dec 16, 1994	20001464
Ferrum 1	965	Andahuaylas	010298304	No 00228-2005-INACC/J Jan 19, 2005	11053798
Ferrum 4	1,000	Andahuaylas/ Aymaraes	010298604	No 00230-2005-INACC/J Jan 19, 2005	11053810
Ferrum 8	900	Andahuaylas	010299004	No 00232-2005-INACC/J Jan 19, 2005	11053827
Cristoforo 22	379	Andahuaylas	010165602	RP2849-2007-INGEMMET/PCD/PM Dec 13, 2007	11067786
Ferrum 31	327	Andahuaylas	010552807	RP 1266-2008-INGEMMET/PCD/PM May 12, 2008	11076509
Ferrum 37	695	Andahuaylas	010621507	RP 1164-2008-INGEMMET/PCD/PM May 12, 2008	11076534
Wanka 01	100	Andahuaylas	010208110	RP 3445-2010-INGEMMET/PCD/PM Oct 18,2010	11102187
Sillaccassa 1	700	Andahuaylas	010212508	RP 5088-2008-INGEMMET/PCD/PM Nov 19, 2008	11084877
Sillaccassa 2	400	Andahuaylas	010212608	RP 3183-2008-INGEMMET/PCD/PM Sept 8, 2008	11081449

CUSCO IRON ORE PROJECT (Peru)

(Strike – 100%)

Name	Area (Ha)	Province	Code	Title	File No
Flor de María	907	Chumbivilcas	05006521X01	No 7078-95-RPM Dec 29, 1995	20001742
Delia Esperanza	1,000	Chumbivilcas	05006522X01	No 0686-95-RPM Mar 31, 1995	20001743
El Pacifico II	1,000	Chumbivilcas	05006524X01	No 7886-94/RPM Nov 25, 1994	20001746

PAULSENS EAST IRON-ORE PROJECT (WESTERN AUSTRALIA)

(Strike – 100%)

Tenement No	Status	Grant Date	Expiry Date	Area (blocks/Ha)	Area (km ²)
Retention Licence RL 47/7	Granted	4/12/14	4/12/19	~381 Ha	~3.81

JORC MINERAL RESOURCES

APURIMAC IRON ORE PROJECT (PERU)

(Strike – 100%)

The Apurimac Project has a JORC Code (2012 Edition) compliant Mineral Resource of 269.4 Mt, consisting of:

- a 142.2 Mt Indicated Mineral Resource at 57.8% Fe; and
- a 127.2 Mt Inferred Mineral Resource at 56.7% Fe.

Category	Concession	Density t/m ³	Mt	Fe%	SiO ₂ %	Al ₂ O ₃ %	P%	S%
Indicated	Opaban 1	4	133.71	57.57	9.46	2.54	0.04	0.12
Indicated	Opaban 3	4	8.53	62.08	4.58	1.37	0.07	0.25
Inferred	Opaban 1	4	127.19	56.7	9.66	2.7	0.04	0.2
Total Indicated and Inferred			269.4	57.3	9.4	2.56	0.04	0.16

The information in this JORC Resource table was prepared and first disclosed under the [2004 JORC Code](#) (in Strike's ASX announcement dated [11 February 2010: Peruvian Apurimac Iron Ore Project Resource Increased to 269 Million Tonnes](#)) and has subsequently been upgraded to comply with the [2012 JORC Code](#) and disclosed in Strike's ASX Announcement dated [19 January 2015: Apurimac Mineral Resources Updated to JORC 2012 Standard](#).

CUSCO IRON ORE PROJECT (PERU)

(Strike – 100%)

The Cusco Project has a JORC Code (2004 Edition) compliant Mineral Resource of 104.4 Mt Inferred Mineral Resource at 32.62% Fe.

Category	Concession	Density t/m ³	Mt*	Fe%	SiO ₂ %	Al ₂ O ₃ %	P%	S%
Inferred	Santo Tomas	4	104.4	32.62	0.53	3.19	0.035	0.53

The information in this JORC Resource table was prepared and first disclosed under the 2004 JORC Code (in Strike's ASX announcement dated [17 June 2011: Cusco Project – Resource Estimate](#)). It has not been updated since to comply with the 2012 JORC Code on the basis that the information has not materially changed since it was last reported.

JORC CODE (2012) COMPETENT PERSON STATEMENT - APURIMAC PROJECT MINERAL RESOURCES

The information in this document that relates to Mineral Resources and other Exploration Results (as applicable) in relation to the Apurimac Iron Ore Project (Peru) is based on, and fairly represents, information and supporting documentation prepared by Mr Ken Hellsten, B.Sc. (Geology), who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Hellsten was a principal consultant to Strike Resources Limited and was also formerly the Managing Director of Strike Resources Limited (between 24 March 2010 and 19 January 2013). Mr Hellsten has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves" (JORC Code). Mr Hellsten has approved and consented to the inclusion in this document of the matters based on his information in the form and context in which it appears.

JORC CODE (2004) COMPETENT PERSON STATEMENT – CUSCO PROJECT MINERAL RESOURCES

The information in this document that relates to Mineral Resources and other Exploration Results (as applicable) in relation to the Cusco Iron Ore Project (Peru) is based on, and fairly represents, information and supporting documentation prepared by Mr Ken Hellsten, B.Sc. (Geology), who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Hellsten was a principal consultant to Strike Resources Limited and was also formerly the Managing Director of Strike Resources Limited (between 24 March 2010 and 19 January 2013). Mr Hellsten has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 204 Edition of the JORC Code. Mr Hellsten approves and consents to the inclusion in this document of the matters based on this information in the form and context in which it appears.

SECURITIES INFORMATION

as at 31 December 2015

ISSUED CAPITAL

Class of Security	Quoted on ASX	Unlisted	Total
Fully paid ordinary shares	145,334,268	-	145,334,268
\$0.36 (23 November 2016) Unlisted Director's Options ¹⁸	-	1,166,666	1,166,666
\$0.42 (23 November 2016) Unlisted Director's Options ¹⁸	-	1,166,666	1,166,666
\$0.56 (23 November 2016) Unlisted Director's Options ¹⁸	-	1,166,666	1,166,666
\$0.30 (17 June 2018) Unlisted Managing Director's Options ¹⁹	-	3,000,000	3,000,000
TOTAL	145,334,268	6,500,000	151,834,268

DISTRIBUTION OF FULLY PAID ORDINARY SHARES

Spread	of	Holdings	Number of Holders	Number of Shares	% of Total Issued Capital
1	-	1,000	376	160,547	0.110%
1,001	-	5,000	682	2,037,593	1.402%
5,001	-	10,000	290	2,351,323	1.619%
10,001	-	100,000	373	11,983,467	8.245%
100,001	-	and over	76	128,801,338	88.624%
TOTAL			1797	145,334,268	100%

UNMARKETABLE PARCELS

Spread	of	Holdings	Number of Holders	Number of Shares	% of Total Issued Capital
1	-	9,614	1,249	3,560,774	2.45%
9,615	-	over	548	141,773,494	97.55%
TOTAL			1,797	145,334,268	100.00%

An unmarketable parcel is considered, for the purposes of the above table, to be a shareholding of 9,614 shares or less (being a value of \$500 or less in total), based upon the Company's closing share price of \$0.052 on 31 December 2015.

¹⁸ Refer Strike's ASX announcement dated 24 November 2011: [Appendix 3B - Issue of Personnel Options](#) and Strike's [Notice of AGM](#) lodged on ASX on 24 October 2011

¹⁹ Refer Strike's ASX announcement dated 18 June 2013: [Appendix 3B – Grant of Options and Cancellation of Options](#) and Strike's [Notice of General Meeting](#) lodged on ASX on 17 May 2013

SECURITIES INFORMATION

as at 31 December 2015

TOP TWENTY, ORDINARY FULLY PAID SHAREHOLDERS

Rank	Holder name	Shares Held	% Issued Capital
1	Bentley Capital Limited	52,553,493	36.160
2	HSBC Custody Nominees (Australia) Limited	26,214,841	18.038
3	Database Systems Ltd	12,537,090	8.626
4	Orion Equities Limited	10,000,000	6.881
5	Ausinca Peru SA	1,718,973	1.183
6	ACN 139 886 025 Pty Ltd	1,536,471	1.057
7	JP Morgan Nominees Australia Limited	1,340,402	0.922
8	National Nominees Limited	1,267,251	0.872
9	Jetmax Trading Pty Ltd	1,130,524	0.778
10	Mr Chi Mau Phuong	1,088,657	0.749
11	D&C Pesca S.A.C.	1,081,027	0.744
12	Mr Ianaki Semerdziev	941,000	0.647
13	Mr Gordon Anthony	800,000	0.550
14	Classic Capital Pty Ltd	750,000	0.516
15	Empire Holdings WA Pty Ltd	700,000	0.482
16	Citicorp Nominees Pty Limited	648,371	0.446
17	ABN AMRO Clearing Sydney Nominees Pty Ltd	609,584	0.419
18	Mr John Fazzalori	579,479	0.399
19	TCH Holdings Pty Ltd <The Travis Investment A/C>	575,000	0.396
20	Mr Farooq Khan	530,010	0.365
	Total	116,602,173	80.23%

SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders	Registered Shareholder	Shares Held	% Voting Power
Bentley Capital Limited ²⁰	Bentley Capital Limited	52,553,493	36.16%
ABU Holding International Limited and Associates ²¹	HSBC Custody Nominees (Australia) Limited	25,825,000	17.77%
Database Systems Ltd and Ambreen Chaudhri ²²	Database Systems Ltd	12,537,090	8.63%
Orion Equities Limited ²³	Orion Equities Limited	10,000,000	6.88%
Queste Communications Ltd ²⁴	Orion Equities Limited	10,000,000	6.88%

20 Refer Bentley's [Notice of Change in Interests of Substantial Holder dated 4 September 2015](#)

21 Refer [Notice of Initial Substantial Holder dated 21 December 2012](#)

22 Based on [Notice of Change in Interests of Substantial Holder dated 4 June 2013](#)

23 Refer Orion's [Notice of Change in Interests of Substantial Holder dated 4 September 2015](#)

24 Refer Queste's [Notice of Change in Interests of Substantial Holder dated 4 September 2015](#); Orion is the registered holder of Strike Shares and Queste is taken under section 608(3)(b) of the Corporations Act to have a Relevant Interest in securities in which Orion has a relevant interest by reason of having control of Orion