

Newstrike Resources Ltd. to Early Adopt IFRS in Fiscal 2011

TORONTO, ONTARIO--(December 9, 2009) – Newstrike Resources Ltd. (TSX VENTURE:NR) ("Newstrike") announced that the applicable Canadian Securities Administrators have approved its application to early adopt International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board, for the financial year beginning on April 1, 2010.

Accordingly, Newstrike will report interim and annual financial statements in accordance with IFRS beginning with the quarter ended June 30, 2010. Newstrike's fiscal 2011 interim and annual financial statements will include comparative fiscal 2010 financial statements, adjusted to comply with IFRS.

IFRS Transition Plan and Impact on Newstrike

Newstrike has established a comprehensive IFRS transition plan and engaged third-party advisers to assist with the planning and implementation of its transition to IFRS. The following summarizes Newstrike's progress and expectations with respect to its IFRS transition plan:

Initial scoping and analysis of key areas for which accounting policies may be impacted by the transition to IFRS.

- Complete

Detailed evaluation of potential changes required to accounting policies, information systems and business processes, including the application of IFRS 1 *First-time Adoption of International Financial Reporting Standards*.

- In progress, expected to be complete by December 31, 2009

Final determination of accounting policies and the quantitative impact of adopting IFRS on key line items in Newstrike's financial statements

- In progress, expected to be complete during fiscal 2010

As part of its analysis of anticipated changes to significant accounting policies on conversion to IFRS, Newstrike has identified some changes that will be required to its accounting systems and business processes. Newstrike believes the changes identified to date are minimal and that the systems and processes can accommodate the necessary changes. Newstrike has not identified any contractual arrangements that are significantly impacted by the adoption of IFRS.

Newstrike's staff and advisers that are involved in the preparation of the financial statements have been appropriately trained on the relevant aspects of IFRS and the anticipated changes to accounting policies. Newstrike's staff that will be affected by a change to business processes as a result of the conversion to IFRS have also been appropriately trained.

The Board of Directors and Audit Committee have been regularly updated on the progress of the IFRS transition plan, and are aware of the key aspects of IFRS affecting Newstrike. The Board of Directors and Audit Committee have also been made aware of the potential changes to accounting policies, and their effect on the financial statements.

First-time Adoption of IFRS

The adoption of IFRS requires the application of IFRS 1 *First-time Adoption of International Financial Reporting Standards ("IFRS 1")*, which provides guidance for an entity's initial adoption of IFRS. IFRS 1 generally requires retrospective application of IFRS effective at the end of its first annual IFRS reporting period. However, IFRS 1 also provides for certain optional exemptions and mandatory exceptions to this retrospective treatment. Newstrike expects to apply the following IFRS optional exemptions in its preparation of an opening IFRS statement of financial position as at April 1, 2009, Newstrike's "Transition Date":

- To apply IFRS 2 *Share-based Payments* only to equity instruments that were issued after November 7, 2002 and had not vested by the Transition Date.
- To apply IFRS 3 *Business Combinations* prospectively from the Transition Date, therefore not restating business combinations that took place prior to the Transition Date.

- To apply IAS 23 *Borrowing Costs* prospectively from the transition date. IAS 23 requires the capitalization of borrowing costs directly attributable to the acquisition, production or construction of certain assets.
- To apply the transition provisions of IFRIC 14 *Determining whether an Arrangement Contains a Lease*, therefore determining if arrangements existing at the Transition Date contain a lease based on the circumstances existing at that date.

IFRS 1 does not permit changes to estimates that have been made previously. Accordingly, estimates used in the preparation of Newstrike's opening IFRS statement of financial position will be consistent with those made when preparing the Company's financial statements under current Canadian GAAP. If necessary, estimates will be adjusted to reflect any differences in accounting policies.

Impact of Adopting IFRS on Newstrike's Financial Statements

The adoption of IFRS will result in some changes to Newstrike's accounting policies that are applied in the recognition, measurement and disclosure of balances and transactions in its financial statements.

The following provides a summary of Newstrike's evaluation to date of potential changes to accounting policies in key areas. This summary is intended only to highlight the areas Newstrike believes to be most significant based on its evaluations to date, and is not necessarily a complete list of changes that will result from adoption of IFRS. In addition, the International Accounting Standards Board has significant ongoing projects related to potential changes to IFRS that could affect the potential for changes to Newstrike's current accounting policies on adoption of IFRS.

Mineral Resource Properties—Subject to certain conditions, IFRS currently allows an entity to determine an accounting policy that specifies the treatment of costs related to the exploration for and evaluation of mineral properties. Newstrike expects to establish an accounting policy to expense, as incurred, all costs relating to exploration and evaluation until such time as it has been determined that a property has economically recoverable reserves. The application of this policy on the adoption of IFRS will have a significant impact on Newstrike's financial statements. On adoption of IFRS, the carrying value of the mineral resource properties will be reduced to zero (as at the Transition Date), with a corresponding adjustment to accumulated deficit. All subsequent exploration and evaluation costs will be expensed as incurred until such time as it has been determined that a property has economically recoverable reserves.

Impairment of (Non-financial) Assets—IFRS requires a write down of assets if the higher of the fair market value and the value in use of a group of assets is less than its carrying value. Value in use is determined using discounted estimated future cash flows. Current Canadian GAAP requires a write down to estimated fair value only if the undiscounted estimated future cash flows of a group of assets are less than its carrying value. Newstrike's accounting policies related to impairment of non-financial assets will be changed to reflect these differences, however Newstrike does not expect that this change will have an immediate impact to the carrying value of its assets. Newstrike will perform impairment assessments in accordance with IFRS at the Transition Date.

Share-based Payments—In certain circumstances, IFRS requires a different measurement of stock-based compensation related to stock options than current Canadian GAAP. Newstrike does not expect any changes to its accounting policies related to share-based payments that would result in a significant change to line items within its financial statements.

Asset Retirement Obligations (Decommissioning Liabilities)—IFRS requires the recognition of a decommissioning liability for legal or constructive obligations, while current Canadian GAAP only requires the recognition of such liabilities for legal obligations. A constructive obligation exists when an entity has created reasonable expectations that it will take certain actions. Newstrike's accounting policies related to decommissioning liabilities will be changed to reflect these differences, however Newstrike does not expect this change will have an immediate impact to the carrying value of its assets.

Investment in Joint Ventures—Under IFRS, the guidance for accounting for joint ventures is dependant on the nature of the arrangement, defined as jointly controlled operations, jointly controlled assets or jointly controlled entities. Canadian GAAP requires that all joint ventures be

accounted for using proportionate consolidation. Based on its preliminary analysis, Newstrike has determined that its joint venture agreement on the Commodore property will be defined as jointly controlled assets under IFRS, and accordingly will recognize its share of the jointly controlled assets, classified according to the nature of the assets, and its share of any liabilities incurred jointly with the other venture partner. Newstrike expects that the application of this accounting treatment will result in the same recognition and measurement in its financial statements as the current use of proportionate consolidation under Canadian GAAP.

Income Taxes—IFRS contains some different guidance related to recognition and measurement of future (deferred) income taxes. One of those differences relates to accounting for “flow-through” common shares, for which IFRS does not include the same level of specific guidance provided under current Canadian GAAP. Newstrike has not completed its detailed evaluation of the differences between IFRS and current Canadian GAAP related to accounting for income taxes. These differences could require changes to accounting policies that may impact Newstrike’s financial statements and require adjustments to future (deferred) income taxes and shareholders’ equity.

Subsequent Disclosures

Further disclosures of the IFRS transition process are expected as follows:

- Updates on the information contained in this press release will be included in Newstrike’s Management Discussion and Analysis for the remaining interim reporting periods of fiscal 2010 and the fiscal year ending March 31, 2010.
- Newstrike’s Management Discussion and Analysis for the fiscal year ended March 31, 2010 will include, to the extent known, quantitative information regarding the impact of adopting IFRS on key line items in the annual financial statements.
- Newstrike’s first financial statements prepared in accordance with IFRS will be the interim financial statements for the three months ending June 30, 2010, which will include notes disclosing transitional information and disclosure of new accounting policies under IFRS. The interim financial statements for the three months ending June 30, 2010 will also include fiscal 2010 financial statements for the comparative period, adjusted to comply with IFRS, and Newstrike’s transition date IFRS statement of financial position (as at April 1, 2009).

Forward-Looking Statements

Forward-looking statements in this press release include information being provided to allow investors and others to obtain a better understanding of Newstrike’s IFRS transition plan and the resulting possible effects on its financial statements. This information includes statements about the timeline for Newstrike’s conversion to IFRS, Newstrike’s readiness to transition from current Canadian GAAP to IFRS, and the impact of the conversion to IFRS on Newstrike’s accounting policies, financial reporting, accounting systems and business processes. Certain information set forth in this news release may contain forward-looking statements that involve substantial known and unknown risks and uncertainties. These forward-looking statements are subject to numerous risks and uncertainties, certain of which are beyond the control of Newstrike, including, but not limited to the impact of general economic conditions, industry conditions, volatility of commodity prices, risks associated with the uncertainty of resource and reserve estimates, currency fluctuations, dependence upon regulatory approvals, the availability of future financing and exploration risk. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements.

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