ASX Announcement

20 October 2017

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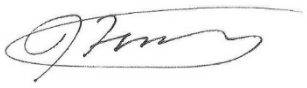
The Company Announcement Officer ASX Ltd
via electronic lodgement

Annual Financial Report Revision

Strike Energy Limited (ASX: STX) (**Strike**) announces the following report replaces the previously released 2017 Annual Financial Report on 27 September 2017. There are no changes to the Financial Statements, or the Notes to the Financial Statements.

Yours faithfully



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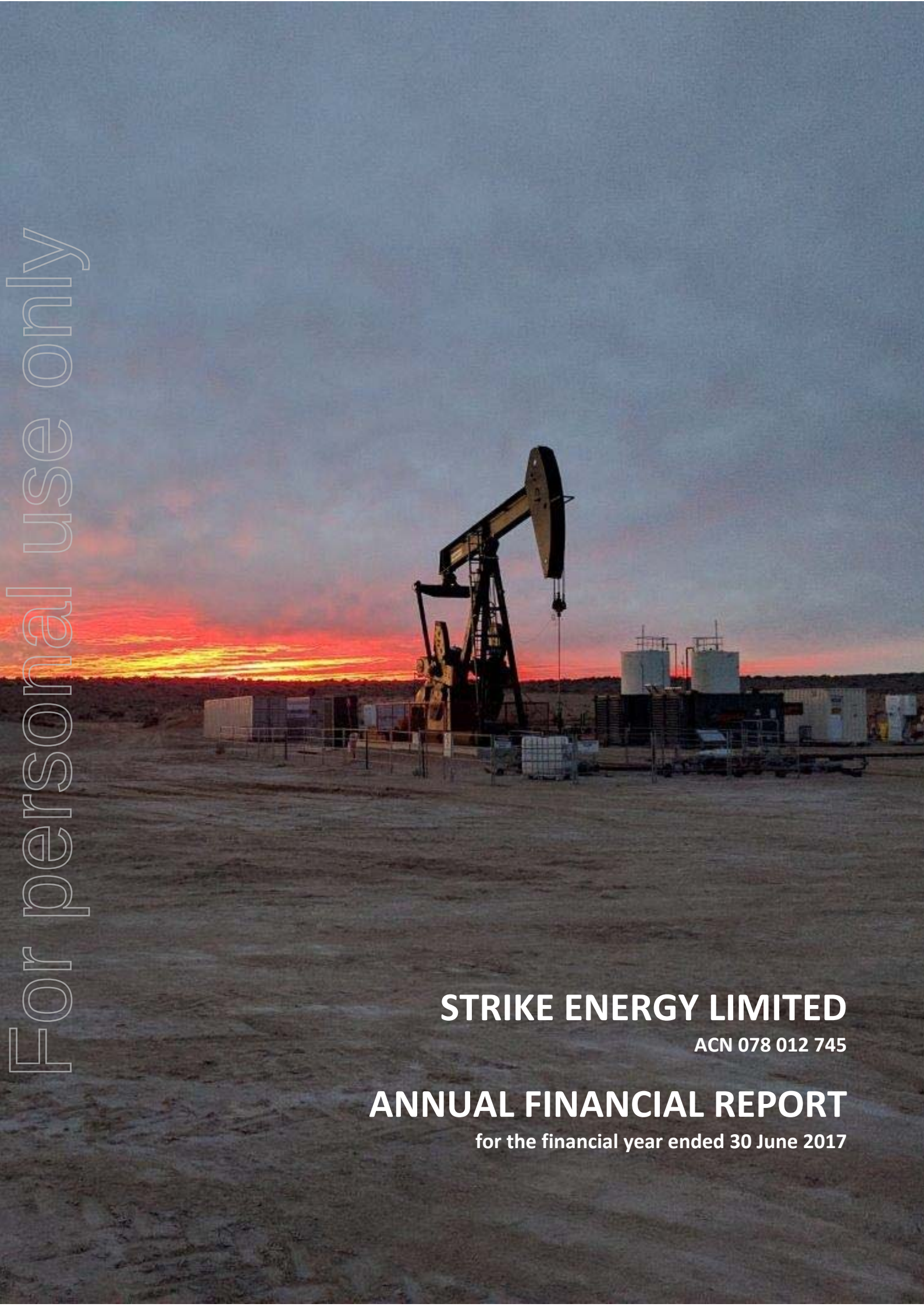

STRIKE ENERGY LIMITED

ACN 078 012 745

ANNUAL FINANCIAL REPORT

for the financial year ended 30 June 2017

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STRIKE ENERGY LIMITED (ASX:STX) IS AN AUSTRALIAN BASED, INDEPENDENT OIL AND GAS EXPLORATION AND PRODUCTION COMPANY. THE COMPANY IS FOCUSED ON THE DEVELOPMENT OF A SUBSTANTIAL GAS RESOURCE IN THE SOUTHERN COOPER BASIN TO MEET THE EASTERN AUSTRALIAN GAS MARKET DEMAND.

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Chairman's Report

Dear Shareholders,

Following significant changes to the board and management of Strike during 2017, we believe that the company now has the requisite expertise to commercialise our major resource.

Constrained supply and rising demand in the east coast gas market have created a highly prospective environment for Strike. Federal and State Government concerns around energy security have resulted in the threat of legislative imposts regarding the allocation of exports but ironically the exploration moratoria which could ease the problem, are still in place.

This dynamic highlights the fact that the Southern Cooper Basin Gas Project (SCBGP) is one of only a handful of credible gas opportunities in the east coast energy system that can transform the supply-side equation. Strike is rapidly progressing its major project to enable gas to be an affordable, abundant and reliable source of energy.

During the year, Strike simplified its portfolio by selling its United States (US) assets. This has led to a renewed focus on the SCBGP and Strike's role as an industry leader in deep coal seam gas in Australia.

The SCBGP is a premier upstream project in a gas-starved landscape. Its value driven by the resource's location and density. The appeal of the SCBGP is further cemented by the pro-development legislative environment in South Australia and its close proximity to major infrastructure for both processing of raw gas and transport to market.

Earlier this year, Strike was awarded $2 million by the South Australian Government under Round 1 of its PACE Program. This funding has enabled us to achieve our Technical Success milestone more rapidly than would have otherwise been the case. We are most grateful for this expression of support and have submitted an application for a further Grant under Round 2 of the Program.

Over the balance of this year, Strike looks forward to achieving our long-held ambition of commercialising our strategically valuable resource. The Jaws Project will benefit from the reservoir knowledge gained from the wells we have drilled to date as well as implementation of the best US onshore technologies. Our aim is to book a reserve and trigger a Final Investment Decision on an initial 50 TJ/day of production during calendar 2018.

I acknowledge with appreciation, the hard work and dedication of the entire Strike team as well as our contractors during this period of change and renewal.

To you our loyal shareholders, I extend a particular thanks for your patience and support. Rest assured that my fellow directors and I remain totally focussed on delivering value to you.

Yours sincerely



John Poynton AO

Chairman – Strike Energy Limited

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Managing Director's Report

During the last financial year, Strike has refreshed its approach to the pioneering of the Southern Cooper Basin Gas Project and has made significant progress toward the realisation of its new strategy.



Strategy

In April 2017, structural changes to the management team at Strike Energy saw the reset of the company's strategy. This new approach is designed to bring the company's geological foundations upward in order to accelerate the Southern Cooper Basin Gas Project (SCBGP) development. The strategy has six pillars of operational imperative which include:

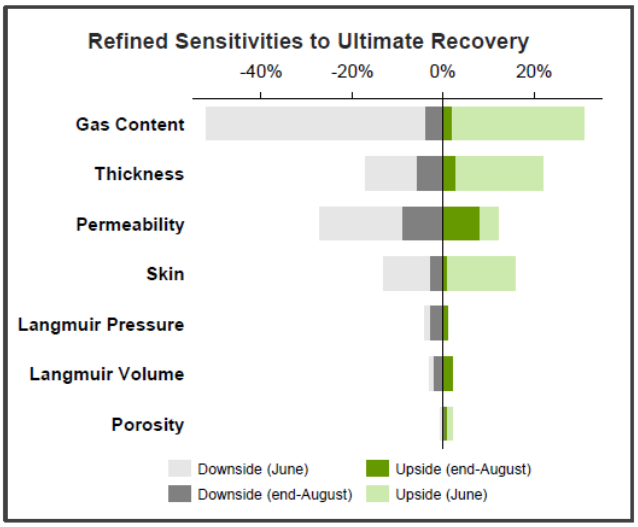
1. A subsurface focus for all decision making;
2. Capturing of a resource that is material to underpin the risks in a field development;
3. Rapid deployment of U.S. 'shale' technology;
4. Employment of a repeatable modular well design, in order to improve delivery time;
5. Generating strategic level partnerships to simplify Strike's commercial model; and
6. Instilling of operational excellence to reduce short term costs and drive performance in a play which cannot be benchmarked for cost of supply.

Since April, Strike has recruited a new leadership team that is capable of delivering this strategy and releasing the SCBGP's full value potential. Organisationally, Strike has restructured its technical teams, hired new drilling, fracture and completion experts and focused the company on the delivery of the full-scale development of the resource.

Technical Success

Over the last six months Strike has validated its resource and reservoir characteristics. This analysis was conducted by industry leading (ex-Royal Dutch Shell plc) unconventional geologist Tony Cortis from Igesi Consulting. Tony's critical analysis of Strike's resource has resulted in the determination that the coal beds in the SCBGP are producible and the reservoir parameters are within Strike's commercial thresholds.

Mr Cortis' independent review of the Klebb facilities identified the wells were under engineered and sub-optimally operated for the task of achieving commercial production and booking a reserve. As a result, Strike decoupled technical and commercial success in order to refocus on the subsurface inputs. This resulted in a plan to recomplete the existing Klebb wells using beam pumps and to conduct sufficient production testing in order to determine the gas content in the coals. Post Strike's longest period of sustained operations it declared Technical Success and refined the final reservoir parameters in the Vu Upper coal which included a gas content of 6.1-6.0 m^3/t. The chart to the right shows the reduction in variance of the reservoir characteristics since recompleting and production testing the Vu Upper coal seam at the Klebb facilities.



Commercial Success

Since achieving technical success, Strike has completed the detailed design and tendering of the commercial appraisal program known as the 'Jaws' project. During August 2017, Strike submitted the Jaws project plan to the South Australian Government for consideration in the PACE Round 2 funding program.

Managing Director's Report

The Jaws project is a horizontal well campaign designed to complete the final de-risking of the coals and prove the commercial nature of the vast deep coal seam play. In conjunction with the spud of Jaws in Q1 2018 will be remaining low cost exploration at the existing Klebb facilities.

Gas Supply Agreements

As announced on the 17th of August 2017, Strike has renegotiated the major supply agreement between itself and Orica International Pte Ltd (Orica). The new agreement entails Strike supplying Orica with up to 64PJ of gas from the SCBGP at an improved price that supports the commercial development of the project. The negotiations also resulted in an extension of the date for repayment by Strike of the $2.5 million loan made by Orica in 2013 from July 2018 to December 2021.

Funding

In March of 2017, Strike was awarded $2 million by the South Australian Government for Round 1 of its PACE Program. These funds were instrumental in achieving technical success in the Vu Upper coals of the Klebb area.

Also during the financial year, the Group began transferring its head office to Adelaide in South Australia. This was completed in August 2017. As a result of this relocation, the Economic Investment Fund granted Strike $990,000 to encourage the relocation and support Strike's growth trajectory.

In late September 2017 Strike announced it had successfully raised $9.1 million through the placement of 130,000,000 fully paid ordinary shares at $0.07 per share. The placement in conjunction with R&D incentives will ensure that Strike has the requisite capital to complete the Jaws-1 well as outlined above.

United States Operations

In January 2017, Strike completed the sale of the remaining production assets in the US. Consequently, Strike has fully divested and relieved itself in full of all future restoration and rehabilitation obligations.

Health, Safety and the Environment

Strike believes that the safety of its employees, contractors and all personnel involved in its business is of paramount importance. Strike continues to place safety at the highest agenda item in all operational decisions. Strike continually monitors its operations to ensure compliance with its safety policies and all relevant laws and regulations. The protection of Strike's environment and adherence to its environmental policy and all relevant laws and regulations remains a commitment from Strike. During the year, Strike did not record any serious environmental incidents.

The Company is well positioned with cash on hand of $11 million as at the date of this report, to build on its achievements in the coming year. Strike thanks all stakeholders for their continued involvement and is extremely appreciative of its loyal shareholders who it looks forward to rewarding with good results in 2018.

Yours sincerely



Stuart Nicholls

Managing Director

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Production and Reserves

Production

During the second half of the financial year, Strike disposed of all its US oil and gas production assets. This has resulted in a reduction in annual oil-condensate production and gas production as compared to the previous year.

A summary of the Company's share of production for the 2017 year (pre and post royalty deductions) is shown below.

Production		Louise Field	MB Clearfork	Bigham 1	Total
Gas (MMcf)	*Before royalties*	*101.1*	*5.5*	*0.3*	*106.9*
	After royalties	***75.7***	***4.4***	***0.2***	***80.3***
Oil-condensate (Bbls)	*Before royalties*	*1,813*	*2,394*	*496*	*4,703*
	After royalties	***1,360***	***1,914***	***372***	***3,646***

Reserves and Resource Statement

Strike's reserves pertaining to its US operations (after deduction of landowner royalties) and resources pertaining to its Australian Operations (Southern Cooper Basin Gas Project) are shown in the table below.

All projects by product		Gas (MMcf)	Oil (Mbbls)	Total (Mboe)
	Developed	-	-	-
1P	Undeveloped	-	-	-
	Developed and undeveloped	**-**	**-**	**-**
Proportion of total 1P reserves that are unconventional				
	Developed	-	-	-
2P	Undeveloped	-	-	-
	Developed and undeveloped	**-**	**-**	**-**
Proportion of total 2P reserves that are unconventional				
Contingent resources (2C)		**103,588**	**-**	**17,265**

All projects by region		US (Mboe)	SCBGP (Mboe)	Total (Mboe)
	Developed	-	-	-
1P	Undeveloped	-	-	-
	Developed and undeveloped	**-**	**-**	**-**
Proportion of total 1P reserves that are unconventional				
	Developed	-	-	-
2P	Undeveloped	-	-	-
	Developed and undeveloped	**-**	**-**	**-**
Proportion of total 2P reserves that are unconventional				
Contingent resources (2C)		**-**	**17,265**	**17,265**

Proved developed and undeveloped reserves reconciliation by product	Gas (MMcf)	Oil (Mbbls)	Total (Mboe)
30 June 2016	1,246.7	42.8	250.6
Revision to previous estimates	-	-	-
Extensions and discoveries	-	-	-
Acquisitions and divestments	(1,139.8)	(38.1)	(228.1)
Annual production	(106.9)	(4.7)	(22.5)
30 June 2017	-	-	-

Proved plus probable developed and undeveloped reserves reconciliation by product	Gas (MMcf)	Oil (Mbbls)	Total (Mboe)
30 June 2016	1,246.7	42.8	250.6
Revision to previous estimates	-	-	-
Extensions and discoveries	-	-	-
Acquisitions and divestments	(1,139.8)	(38.1)	(228.1)
Annual production	(106.9)	(4.7)	(22.5)
30 June 2017	-	-	-

2C Contingent resources annual reconciliation by region and product	SCBGP Gas (MMcf)	Total (Mboe)
30 June 2016	103,588	17,265
Revision to previous estimates	-	-
Extensions and discoveries	-	-
Acquisitions and divestments	-	-
30 June 2017	**103,588**	**17,265**

*Barrels of oil equivalent (boe) and cubic feet of gas equivalent (cfe) are calculated on an industry standard 6:1 energy equivalence basis. The ratio does not reflect the relative commercial value of gas and oil-condensate.

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Production and Reserves

Oil and gas reserves estimation process

Strike estimates and reports its petroleum resources in accordance with the definitions and guidelines of the Petroleum Resources Management System 2007, published by the Society of Petroleum Engineers (SPE PRMS).

All estimates of petroleum reserves (reported on a deterministic basis) reported by the Group are prepared by members of management. Strike reviews and updates its oil and gas reserves position on an annual basis and reports these updated estimates as of 30 June each year except for the end of this financial year as all US producing assets have been divested during the financial year.

Oil and gas reserves estimation process

The information in this report that relates to oil and gas reserve estimates at 30 June 2017 is based on information compiled or reviewed by Mr A Farley who holds a B.Sc in Geology Petroleum Engineering, a Graduate Diploma in Reservoir Evaluation and Management and is a member of the Society of Petroleum Engineers. Mr A Farley is the Geoscience Manager of the Group and has worked in the petroleum industry as a practicing reservoir engineer for over 15 years. Mr A Farley has consented to the inclusion in this report of matters based on his information in the form and context in which it appears.



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Directors' Report

The Directors of Strike Energy Limited (the "Company") submit herewith the annual report of the Company, its subsidiaries (together referred to as the "Group") and the Group's interest in associates, joint ventures, joint operations and jointly controlled entities at the end of, or during, the financial year ended 30 June 2017. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Information about the Directors

The names and particulars of the Directors of the Company in office at the date of this report are:

Name	Particulars
Mr J Poynton	Chairman (non-executive), AO CitWA B Com Hon D Com SF Fin FAICD FAIM Mr Poynton joined the Board as Chairman on 10 April 2017. He has previously served as the Chairman, Deputy Chairman or Non-Executive Director of a number of ASX listed companies, Federal Government boards, education institutions and not-for-profit enterprises.
Mr T Goyder	Director (non-executive) Mr Goyder joined the Board on 10 April 2017. He is an experienced investor and entrepreneur in the Australian and international mining and energy sectors and has a thorough understanding of the Australian and global equities markets, exploration for and development of resource projects, commercial negotiation and corporate M&A.
Ms J Rowe	Director (non-executive), Dip Acc; Dip FM; MAICD; MCIP Ms Rowe joined the Board on 30 June 2014. She has over 20 years' experience in the oil and gas sector, having held a number of senior positions with a focus in the areas of contracts and procurement.
Mr A Seaton	Director (non-executive), BE (Chem) Hons, Grad Dip Bus Admin, GAICD Mr Seaton joined the Board on 18 August 2017. Mr Seaton has over 30 years' experience in the resources sector, encompassing a broad range of finance, strategy, commercial, investment banking, engineering and project management roles. He has a deep understanding of domestic Australian gas markets and the global LNG industry dynamics having worked with Santos Ltd for 12 years, including 6 years as Chief Financial Officer. His prior experience includes M&A, advisory and equity and debt capital markets transactions with Merrill Lynch in Australia and New York.
Mr S Nicholls	Managing Director, B.Comm (Acct & Fin) Mr Nicholls initially joined Strike as Chief Executive Officer on 10 April 2017 and was appointed to the Board as Managing Director on 18 August 2017. He is an energy industry professional with experience within Finance, Commercial – Joint Ventures, Economics, Strategy and Exploration and has held senior leadership positions in the Australian Army for six years. He has worked in Australia, The Netherlands, Myanmar and Malaysia in both a corporate and operational capacity.

The above-named directors held office during and since the end of the financial year. The following individuals held the office of Director during the financial year but were not Directors at the date of this report:

Mr M Carnegie	Resigned 7 April 2017
Mr D Wrench	Resigned 9 September 2016
Mr D Baker	Appointed 9 September 2016, resigned 10 April 2017
Mr S Ashton	Resigned 18 August 2017
Mr B Ostwald	Resigned 18 August 2017

Company Secretary

Mr J Ferravant, a member of CPA Australia, held the position of Company Secretary from 31 August 2017 onwards.

Mr M Montano held the position of Company Secretary from 30 January 2017 to the end of the financial period and until his resignation on 31 August 2017. Mr S McGuinness held the position of Company Secretary from the start of the financial period until his resignation on 30 January 2017.

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Directors' Report

Directorships of other listed companies

Directorships of other listed companies held by Directors in the three years immediately before the end of the financial year are as follows:

Director	Company	Period of Directorship
Mr T Goyder	Chalice Gold Mines	2005 to present
	Liontown Resources Limited	November 2006 to present
	Uranium Equities	March 2002 to present
Mr J Poynton	Orbital Corporation Limited	18 March 2015 to 12 April 2017
Mr M Carnegie	Chandler Macleod Group Limited	February 2009 to 16 February 2015

Directors' shareholdings

The following table sets out each Director's relevant interest in shares, debentures, and rights or options in shares or debentures of the Company or a related body corporate as at the date of this report.

Director	Number of fully paid ordinary shares	Number of options/ performance rights
Mr J Poynton	2,000,000	7,000,000
Mr T Goyder	36,900,000	5,000,000
Ms J Rowe	792,913	-
Mr A Seaton	-	-
Mr S Nicholls	-	2,000,000

Directors' meetings

The following table sets out the number of Directors' meetings held during the financial year and the number of meetings attended by each Director (while they were a Director). During the financial year, ten Board meetings, one Nomination and Remuneration committee meeting and two Audit and Risk committee meetings were held.

Director	Board of Directors		Nomination and Remuneration Committee		Audit and Risk Committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Mr J Poynton	2	2	-	-	-	-
Mr S Ashton	10	9	1	1	2	2
Ms J Rowe	10	8	-	-	2	2
Mr M Carnegie	8	7	-	-	-	-
Mr T Goyder	2	2	-	-	-	-
Mr B Ostwald	10	9	1	1	-	-
Mr D Wrench	3	3	-	-	-	-
Mr D Baker	8	8	-	-	2	2

Share options and performance rights granted to Directors and senior management

During the financial year, a total of 2,000,000 options were granted to the following executives as part of their remuneration:

Executive	Number of options granted	Number of ordinary shares under options	Expiry date
Mr S Nicholls	2,000,000	2,000,000	7 April 2020

Remuneration of key management personnel

Information about the remuneration of key management personnel is set out in the Remuneration Report on pages 14 to 20. The term 'key management personnel' refers to those persons having authority and responsibility for planning,

directing and controlling the activities of the consolidated entity, directly or indirectly, including any Director (whether executive or otherwise) of the Group.

Principal activities

The Group is principally engaged in the exploration and development of oil and gas resources in Australia.

Changes in state of affairs

During the financial year, all of the Group's US assets were disposed and all US subsidiaries were liquidated. This is consistent with the Group's strategy to focus its exploration and evaluation activity in Australia. In addition, Strike relocated its head office in Sydney to Adelaide to enhance relationships with the South Australian Government, Partners and Customers, as well as to deliver cost savings, improvements in decision making and the establishment of a Strike local culture.

There were no other significant changes in the Group's state of affairs during the financial year.

Review of operations

Refer to the Managing Director's Report on page 5.



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Directors' Report

Financial review

For the year ended $'000	30 June 2017	30 June 2016 Restated
Continuing operations		
Revenue from oil and gas sales	-	-
Cost of sales	(3)	(19)
Gross profit/(loss)	**(3)**	**(19)**
Amortisation and depreciation	(55)	(35)
Net other income/(expenses)	(1,631)	(2,673)
Profit/(Loss) from operating activities	**(1,689)**	**(2,727)**
Net financial income/(expenses)	(230)	(384)
Profit/(Loss) for the period from continuing operations	**(1,919)**	**(3,111)**
Income tax benefit/(expense)	**6,334**	**8,454**
Profit/(Loss) after tax for the period from continuing operations	**4,415**	**5,343**
Discontinued operations		
Profit/(Loss) for the period from discontinued operations	**(8,735)**	**(1,016)**
Profit/(Loss) for the period	**(4,320)**	**4,327**

The profit after tax from its continuing operations decreased by $0.9 million from $5.3 million in the previous financial year to $4.4 million in the current financial year. This is mainly due to a decrease in the Group's eligible ATO R&D refunds from the AusIndustry R&D Incentive Scheme by $2.2 million (2017: $6.3 million; 2016: $8.5 million) arising from overall reduced exploration and evaluation expenditure in the relevant financial periods. This is partially offset by higher capitalisation of costs to exploration and evaluations assets.

During the financial year, the Group divested its oil and gas production assets in the US which resulted in a realised loss of $8.3 million out of the total loss from the discontinued operations in the US of $8.7 million (2016: loss of $1 million).

For the year ended $'000	30 June 2017	30 June 2016
Operating cash flows	1,153	4,960
Investing cash flows	(6,309)	(12,897)
Financing cash flows	2,889	3,394

Operating cash flows

The net operating cash inflow for the year of $1.2 million (2016: $5.0 million) includes receipt of the 2016 R&D incentive of $6.3 million (2016: $8.5 million).

Investing cash flows

The net investing cash outflow for the year of $6.3 million (2016: $12.9 million) principally reflects the Group's focused efforts to further advance the evaluation program for the commercialisation of the Group's SCBGP and includes receipt of the PACE grant of $2.0 million (2016: Nil).

Financing cash flows

The net financing cash inflow for the year of $2.9 million (2016: $3.4 million) includes the net proceeds received from equity raising of $4.3 million (2016: $6.3 million). The Group's eligibility for AusIndustry R&D Incentive Scheme allowed the Group to use the funds as security to obtain financing of $3.2 million (2016: $4.0 million). The proceeds of the 2016 R&D Incentive were used to repay the funding facility and provided continued eligibility to secure a facility for the 2017 year.

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Directors' Report

Historical Group performance

The table below summarises the Group's earnings and movements in shareholder wealth for the five years to 30 June 2017:

	2017	2016	2015	2014	2013
	$'000	$'000	$'000	$'000	$'000
Revenue	697	1,492	2,696	4,268	4,589
Net profit/(loss) after tax	(4,320)	4,327	(9,725)	(26,179)	(14,218)
	$	$	$	$	$
Share price at start of year	$0.115	$0.13	$0.15	$0.07	$0.15
Share price at end of year	$0.06	$0.115	$0.13	$0.15	$0.07
Basic profit/(loss) per share (cents)	(0.46)	0.51	(1.17)	(3.59)	(2.31)
Diluted profit/(loss) per share (cents)	(0.46)	0.51	(1.17)	(3.59)	(2.31)
Market capitalisation (million)	57.9	103.5	108.3	125.0	43.0

Future developments

The Company's main focus is exploration and evaluation activities in the Klebb and Jaws areas of the SCBGP.

Environmental regulations

The Group is subject to environmental regulations under State and Territory laws where it holds exploration permits and tenements. The Group is not aware of any breaches of these laws.

Non-audit services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 10 to the financial statements.

The Directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in note 10 to the financial statements do not compromise the external auditor's independence, based on advice received from the Audit and Risk committee, for the following reasons:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the audits; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 'Code of Ethics for Professional Accountants' issued by the Accounting Professional & Ethics Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Auditor's independence declaration

The auditor's independence declaration is included on page 22.

Rounding of amounts

The Company and Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016. In accordance with that legislative instrument, amounts in the Directors' Report and the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

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Directors' Report

Remuneration report

This remuneration report, which forms part of the Directors' Report, sets out information about the remuneration of the Company's key management personnel (KMP) for the financial year ended 30 June 2017.

For the purposes of this report, key management personnel of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Company. The prescribed details for each person covered by this report are detailed below under the following headings:

- Key management personnel;
- Remuneration policy;
- Remuneration structure;
- Remuneration of key management personnel; and
- Key terms of employment contracts.

Key management personnel

The following persons currently act as Directors and other KMP of the Group. Except as noted, the named persons held their current position for the whole of and since the end of the financial year:

Mr J Poynton	Chairman and non-executive director (appointed 7 April 2017)
Mr T Goyder	Non-executive director (appointed 7 April 2017)
Ms J Rowe	Non-executive director
Mr A Seaton	Non-executive director (appointed 18 August 2017)
Mr S Nicholls	Chief Executive Officer (appointed 10 April 2017) and Managing Director (appointed 18 August 2017)
Mr J Ferravant	Chief Financial Officer (appointed 21 August 2017) and Company Secretary (appointed 31 August 2017)

The following persons were Directors and other KMP of the Group during the financial year but did not hold office at the date of this report:

Mr S Ashton	Non-executive director (resigned 18 August 2017)
Mr B Ostwald	Non-executive director (resigned 18 August 2017)
Mr M Carnegie	Chairman and non-executive director (resigned 7 April 2017)
Mr D Baker	Executive director – commercial (resigned 9 September 2016)
Mr D Wrench	Managing Director (executive) (resigned 9 September 2016)
Mr D Baker	Managing Director (executive) (appointed 9 September 2016, resigned 10 April 2017)
Mr C Thompson	Chief Operating Officer (resigned 8 May 2017)
Mr M Montano	Chief Financial Officer (appointed 30 January 2017, resigned 21 August 2017) and Company Secretary (appointed 30 January 2017, resigned 31 August 2017)
Mr S McGuinness	Chief Financial Officer and Company Secretary (resigned 30 January 2017)

Remuneration policy

The compensation program for KMP of the Group is designed to ensure that the level and form of compensation achieves certain objectives including:

- Attracting and retaining talented, qualified and effective personnel;
- Motivating their short term and long term performance; and
- Aligning their interests with those of the Company's shareholders.

The Nomination and Remuneration committee and ultimately the Board are responsible for determining and reviewing remuneration arrangements for the Directors and senior management.

Generally, compensation is provided by the Company to its executive directors and senior management by way of base salary, superannuation, short term incentives (STI) and long term incentives (LTI). The overall objective is to ensure maximum stakeholder benefit from the retention of a high quality and high performing executive team.

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Directors' Report

Remuneration structure

Non-executive director remuneration

In line with corporate governance principles, non-executive directors are remunerated by way of fees and superannuation and may, from time to time and subject to obtaining all requisite shareholder approvals, be issued with securities as part of their remuneration where it is considered appropriate to do so and as a means of aligning their interests with shareholders. Non-executive directors do not receive retirement benefits (other than in the form of superannuation) or bonuses, nor do they participate in any incentive programs.

Given the evolving nature of the Group's business, the Board continues to review the overall compensation plan for Directors so as to continue to address the remuneration philosophy objectives identified above.

The total fees paid to the Chairman and non-executive directors of the Board are kept within the total approved by shareholders. Since 1 September 2010, the fees payable to each non-executive director (which are inclusive of the associated superannuation obligations) have been set at $45,600 per annum with an incremental fee of $17,100 per annum being paid to the Chairman of the Board. From 1 July 2014, in addition to these fees, the respective chairs of the Audit and Risk and Nomination and Remuneration committees will be paid an additional fee of $4,000 per annum. This fee structure is comparable and has been based on other peer entities with a similar market capitalisation.

The remuneration of non-executive directors for the years ended 30 June 2017 and 30 June 2016 is presented within the remuneration of key management personnel tables within this report.

Executive officer remuneration

The Group aims to reward senior management with a level and mix of remuneration commensurate with their position and responsibilities to ensure consistency with the remuneration philosophy objectives identified above.

The Group has entered into standard contracts of employment with its senior management. Remuneration under these contracts consists of the following key elements:

- Fixed remuneration: being base salary, superannuation and other benefits (including non-monetary); and
- Variable remuneration: being a mix of STI and LTI.

Fixed remuneration

Fixed remuneration is reviewed annually by the Nomination and Remuneration committee with recommendations made to the Board. This process consists of a review of both the Company's and individual's performance, a comparison of current/proposed remuneration with data attained from industry relevant peers or industry associations and advice or input from external parties.

Variable remuneration – short term incentive (STI)

The objective of the STI program is to link the achievement of the Group's short term performance objective with the remuneration received by senior management and employees charged with achieving those measures. The total potential STI available is set at a level so as to: (i) provide sufficient incentive for senior management and employees to achieve the performance measures; and (ii) ensure costs of the Group are managed.

STI payments granted are dependent on the extent to which performance measures are met. These measures consist of a variety of criteria focusing in the areas of safety and the environment, project exploration and development performance and targets, and financial performance. These measures were selected as they represent the key drivers for the short-term success of the business and provide a framework for delivering longer term value.

On an annual basis, after consideration of the Group's performance against performance measures, the Nomination and Remuneration committee will recommend to the Board the amount, if any, of the STI to be paid. This process usually occurs within four months of the balance date. Payments can be made either in cash or through the award of equity instruments in the Company.

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Directors' Report

Variable remuneration – long term incentive (LTI)

The objective of the LTI program is to reward senior management in a manner that aligns remuneration with the creation of shareholder wealth. LTI grants to senior management are delivered in the form of either share options or performance rights under the Company's Employee Share Incentive Plan ("the Plan").

Instruments granted under the Plan are at the discretion of the Board and are based on recommendations provided by the Nomination and Remuneration committee. Depending on the nature of the award, instruments will have a variety of vesting conditions attached to them such as continuity of employment and overall share price performance.

Where a recipient ceases employment prior to the required vesting conditions being met, the instruments are forfeited unless considered inappropriate by the Board. Instruments that have already vested automatically expire 90 days after the date of cessation of employment by a recipient unless considered inappropriate by the Board.

The Company's Security Trading policy prohibits speculative trading in the Company's securities or hedging of options granted under the Plan. Prohibited hedging practices include put/call arrangements over "in-the-money" options to hedge against a future drop in share price. The Board considers such hedging to be against the spirit of the Plan and inconsistent with shareholder objectives. Further information on the Plan is set out under note 23.

Remuneration consultant

From time to time, the Nomination and Remuneration committee will engage advisors to assist in the continual evolution and development of the Group's remuneration policies and framework. There were no payments for remuneration consultants during the financial year.

Shares issued on exercise of remuneration of options or performance rights

No Director or KMP exercised options or performance rights during the year ended 30 June 2017 (2016: Nil).

Remuneration of key management personnel

	Short-term employee benefits							
$	Salary and fees	Bonus	Non-monetary	Other	Post emp benefits Super	Termin-ation benefits	Share-based payments	Total
Year ended 30 June 2017								
Non-executive directors								
Mr J Poynton	13,202	-	1,005	-	1,254	-	-	15,461
Mr S Ashton	45,297	-	4,020	-	4,303	-	-	53,620
Mr T Goyder	11,620	-	1,005	-	-	-	-	12,625
Mr B Ostwald	45,600	-	4,020	-	-	-	-	49,620
Ms J Rowe	49,596	-	4,020	-	-	-	-	53,616
Mr M Carnegie	52,250	-	3,350	-	-	-	-	55,600
Executive officers								
Mr S Nicholls	62,404	-	1,005	-	4,904	-	24,000	92,313
Mr M Montano	124,147	-	5,010	-	9,808	-	-	138,965
Mr D Wrench [(ii)]	209,032	12,500	14,722	-	4,904	-	(718,303)	(477,145)
Mr D Baker [(i)]	408,124	5,000	7,520	-	17,226	-	43,265	481,135
Mr C Thompson	328,342	6,000	18,210	-	18,558	190,125	59,890	621,125
Mr S McGuinness [(ii)]	195,496	6,000	17,918	-	13,227	-	(196,192)	36,449
Total	**1,545,110**	**29,500**	**81,805**	**-**	**74,184**	**190,125**	**(787,340)**	**1,133,384**

Directors' Report

$	Short-term employee benefits: Salary and fees	Bonus	Non-monetary	Other	Post emp benefits Super	Termination benefits	Share-based payments	Total
Year ended 30 June 2016								
Non-executive directors								
Mr M Carnegie	62,700	-	-	-	-	-	-	62,700
Mr S Ashton	45,910	-	-	-	3,690	-	-	49,600
Ms J Rowe	49,596	-	-	-	-	-	-	49,596
Mr B Ostwald	45,600	-	-	-	-	-	-	45,600
Executive officers								
Mr D Wrench	441,602	60,000	17,503	-	21,172	-	278,143	818,420
Mr D Baker [(i)]	253,675	20,000	-	-	-	-	139,072	412,747
Mr C Thompson	375,314	40,000	12,832	-	20,200	-	162,279	610,625
Mr S McGuinness	312,710	30,000	15,282	-	19,308	-	131,251	508,551
Total	**1,587,107**	**150,000**	**45,617**	**-**	**64,370**	**-**	**710,745**	**2,557,839**

(i) Salary and fees comprise director fees (2017: $377,311; 2016: $45,600) and consulting fees (2017: $30,813; 2016: $208,075).
(ii) The net credit to the share-based payments expense relates to forfeiture of performance rights arising changes in key management personnel.

Other than disclosed above, no key management personnel appointed during the period received additional payment as part of his or her consideration for agreeing to hold their position.

Employee share incentive plan

The Group operates an employee share incentive plan ("the Plan") to which executive directors, senior management, employees and contractors or associated entities are able to participate. Under the terms of the Plan which was last approved by the Shareholders of the Company on 30 October 2014, both share options and performance rights can be granted to eligible employees for no consideration.

At the end of the financial year, the following share-based payment arrangements were in existence for KMP:

Instrument/Grant date	Expiry date	Fair value at grant date	Exercise price of instrument	Number
Options - 1 November 2012 [(i)]	1 November 2017	$0.1025	$0.1993[(vii)]	500,000
Options - 1 November 2012 [(ii)]	1 November 2017	$0.1047	$0.1993[(vii)]	500,000
Options – 7 April 2017 [(iii)]	7 April 2020	$0.0120	$0.1200	2,000,000
Performance rights – 23 May 2016 [(iv)]	30 October 2018	$0.0650	Nil	250,000
Performance rights – 23 May 2016 [(v)]	30 October 2018	$0.0300	Nil	250,000
Performance rights – 23 May 2016 [(vi)]	30 October 2018	$0.0150	Nil	250,000
Performance rights – 30 Oct 2014 [(iv)]	30 October 2018	$0.0710	Nil	3,500,001
Performance rights – 30 Oct 2014 [(v)]	30 October 2018	$0.0470	Nil	3,500,000
Performance rights – 30 Oct 2014 [(vi)]	30 October 2018	$0.0340	Nil	3,499,999
				14,250,000

(i) Vests one year from date of grant.
(ii) Vests two years from date of grant.
(iii) Vests from the grant date to the expiry date.
(iv) Vests from the grant date to the expiry date if the closing price of the shares on the ASX is $0.20 or greater on five consecutive trading days.
(v) Vests from the grant date to the expiry date if the closing price of the shares on the ASX is $0.35 or greater on five consecutive trading days.
(vi) Vests from the grant date to the expiry date if the closing price of the shares on the ASX is $0.50 or greater on five consecutive trading days.
(vii) As announced on 24 November 2016 and as a result of the rights issue (refer to note 23), the exercise price of the options was changed from $0.20 to $0.1993 under the terms of the Plan.

The following table summarises the grants of share-based payment instruments made to executive officers in the current financial year.

Name	Instrument/Grant date[(i)]	Number granted	Number vested	% of grant vested	% of grant forfeited
Mr S Nicholls	Options – 7 April 2017 [(ii)]	2,000,000	2,000,000	100%	-

(i) The value of options and performance rights granted during the period is recognised in compensation over the vesting period of the grant, in accordance with Australian accounting standards.
(ii) The details of the grant are fair value of $0.012 per option at grant date, exercise price $0.12, no amounts payable by recipient on exercise of option, vests on grant date and exercisable up to expiry date 7 April 2020, and lapses 90 days after the date of cessation of employment. The value of the share options at grant date is $24,000.

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Directors' Report

The following table summarises the value of share-based payment instruments that has lapsed during the current financial year as a result of cessation of employment.

Name	Instrument/Number of instruments	Fair value of instruments at grant date[(i)]	Exercise price of instrument	Value of instruments exercised at the exercise price	Value of instruments lapsed at the date of lapse[(ii)]
Mr S McGuinness	Performance rights – 1,500,000	$0.0710	Nil	-	$106,500
Mr S McGuinness	Performance rights – 1,500,000	$0.0470	Nil	-	$70,500
Mr S McGuinness	Performance rights – 1,500,000	$0.0340	Nil	-	$45,769
Mr S McGuinness	Performance rights – 250,000	$0.0650	Nil	-	$12,311
Mr S McGuinness	Performance rights – 250,000	$0.0300	Nil	-	$3,906
Mr S McGuinness	Performance rights – 250,000	$0.0150	Nil	-	$1,736
Mr D Wrench	Performance rights – 3,666,667	$0.0710	Nil	-	$260,333
Mr D Wrench	Performance rights – 3,666,667	$0.0470	Nil	-	$143,611
Mr D Wrench	Performance rights – 3,666,666	$0.0340	Nil	-	$87,906
Mr D Wrench	Options – 3,000,000	$0.0825	$0.1933[(iii)]	-	$247,500
Mr D Wrench	Options – 2,000,000	$0.0751	$0.2000	-	$150,200
Mr D Wrench	Options – 2,000,000	$0.0751	$0.2000	-	$150,200
Mr D Wrench	Options – 3,000,000	$0.0744	$0.2000	-	$223,200

(i) The value of share options and performance rights granted during the period are recognised in compensation over the vesting period of the grant, in accordance with Australian accounting standards.

(ii) The value of share options and performance rights at the date of lapsing or expiring as a result of the instruments failing to satisfy the vesting conditions (performance rights and options) or not being exercised as a result of the prevailing market price for the Company's shares.

(iii) As announced on 24 November 2016 and as a result of the rights issue (refer to note 23), the exercise price of the options was changed from $0.20 to $0.1993 under the terms of the Plan.

Key management personnel equity holdings

	Balance at 1 July 2016	Granted as compensation	Received on exercise of options	Net other change	Balance at 30 June 2017	Balance held nominally
Mr J Poynton	-	-	-	2,000,000	2,000,000	-
Mr M Carnegie [(i)]	64,836,456	-	-	4,631,176	69,467,632	-
Mr S Ashton	10,199,382	-	-	285,714	10,485,096	-
Ms J Rowe	792,913	-	-	56,637	849,550	-
Mr B Ostwald	2,179,445	-	-	154,881	2,334,326	-
Mr T Goyder	-	-	-	35,892,858	35,892,858	-
Mr S Nicholls	-	-	-	-	-	-
Mr D Wrench [(i)]	3,486,919	-	-	(700,000)	2,786,919	-
Mr D Baker [(i)]	4,875,000	-	-	(683,931)	4,191,069	-
Mr C Thompson [(i)]	-	-	-	-	-	-
Mr M Montano	-	-	-	379,842	379,842	-
Mr S McGuinness [(i)]	198	-	-	(198)	-	-
Total	**86,370,313**	-	-	42,016,979	**128,387,292**	-

(i) These key management personnel resigned during the financial year.

Key management personnel option and performance rights holdings

	Balance at 1 July 2016	Granted as compensation	Exercised	Expired	Net other change	Balance at 30 June 2017
Mr S Nicholls	-	2,000,000	-	-	-	2,000,000
Mr D Wrench [(i)]	21,000,000	-	-	(7,000,000)	(14,000,000)	-
Mr D Baker [(i)]	5,500,000	-	-	-	-	5,500,000
Mr C Thompson [(i)(ii)]	6,750,000	-	-	-	-	6,750,000
Mr S McGuinness [(i)]	5,250,000	-	-	-	(5,250,000)	-
Total	**38,500,000**	2,000,000	-	(7,000,000)	(19,250,000)	**14,250,000**

(i) These key management personnel resigned during the financial year.

(ii) Options and rights lapsed 7 August 2017

Directors' Report

Key terms of employment contracts

Mr S Nicholls, Chief Executive Officer (appointed 10 April 2017) and Managing Director (appointed 18 August 2017)

Term of agreement – no fixed term.

Total fixed remuneration – Salary inclusive of superannuation of $300,000 effective 10 April 2017.

Variable remuneration - Eligibility to be considered for an annual incentive award of up to 100% of his total fixed remuneration as determined by the Board.

Share-based payments - Mr Nicholls will be granted 2,000,000 options to subscribe for fully paid ordinary shares within 7 days of commencement of his employment at an exercise price of $0.12 and exercisable within 3 years.

Termination notice periods – By either party on 3 months' notice, or by the Company on summary notice for cause. If there has been (or will be as a result of the planned sale or transfer of some or all of the assets of any business), in Mr Nicholls' reasonable opinion, a material reduction in Mr Nicholls' authority, status or responsibilities or where Mr Nicholls ceases to report to the Board, Mr Nicholls can terminate the agreement for redundancy and, subject to Mr Nicholls entering into a deed of release with Strike, Strike will pay Mr Nicholls an amount equal to 12 months of his Total fixed remuneration.

Termination payments – Payment of accrued but unpaid remuneration and leave entitlements as at termination, payment in lieu of any notice period (if the Company so elects), payment of an amount equal to 12 months of his Total fixed remuneration less applicable tax in circumstances where Mr Nicholls terminates for redundancy (which is inclusive of payment in lieu of a notice period and any statutory redundancy pay). Mr Nicholls is also entitled to payment on satisfactory completion of a maximum 6 month non-compete period following termination of employment of an amount calculated by reference to his Total fixed remuneration as at the termination date for the relevant restraint period.

Mr M Montano, Chief Financial Officer (resigned 21 August 2017) & Company Secretary (resigned 31 August 2017)

Term of agreement – no fixed term.

Total fixed remuneration – Salary inclusive of superannuation of $284,700 effective 12 January 2017.

Variable remuneration - Eligibility to be considered for an annual incentive award of up to 100% of his total fixed remuneration as determined by the Board.

Termination notice periods – By either party on 4 weeks' notice, or by the Company on summary notice for cause.

Termination payments – Payment of accrued but unpaid remuneration and leave entitlements as at termination, payment in lieu of any notice period (if the Company so elects).

Mr Justin Ferravant, Chief Financial Officer (appointed 21 August 2017) & Company Secretary (appointed 31 August 2017)

Term of agreement – no fixed term.

Total fixed remuneration – Salary inclusive of superannuation of $273,750 effective 21 August 2017.

Variable remuneration - Eligibility to be considered for an annual incentive award of up to 100% of his total fixed remuneration as determined by the Board.

Termination notice periods – By either party on 4 weeks' notice, or by the Company on summary notice for cause, or by Mr Ferravant on summary notice for redundancy where there is or will be a material reduction in Mr Ferravant's authority, status or responsibilities or where Mr Ferravant ceases to report directly to the Chief Executive Officer or Managing Director.

Termination payments – Payment of accrued but unpaid remuneration and leave entitlements as at termination, payment in lieu of any notice period (if the Company so elects), payment of an amount equal to 12 months of his total fixed remuneration less applicable tax in circumstances where Mr Ferravant terminates for redundancy (which is inclusive of payment in lieu of a notice period and any statutory redundancy pay). Mr Ferravant is also subject to a 6 month non-compete period following termination of employment.

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Directors' Report

Shares under option or performance rights

Details of unissued shares or interests under options or performance rights as at the date of this report are:

Instrument/Grant date	Expiry date	Exercise price of instrument	Number
Options - 10 April 2013 (i)	10 April 2018	$0.1793 (viii)	100,000
Options - 10 April 2013 (ii)	10 April 2018	$0.1793 (viii)	100,000
Options - 7 April 2017 (iii)	7 April 2020	$0.1200	2,000,000
Options - 1 June 2017 (iii)	1 June 2020	$0.1500	1,000,000
Options - 21 August 2017 (iii)	21 August 2020	$0.1500	13,000,000
Performance rights – 23 May 2016 (iv)	30 October 2018	Nil	66,667
Performance rights – 23 May 2016 (v)	30 October 2018	Nil	66,667
Performance rights – 23 May 2016 (vi)	30 October 2018	Nil	66,666
Performance rights – 30 October 2014 (iv)	30 October 2018	Nil	2,050,001
Performance rights – 30 October 2014 (v)	30 October 2018	Nil	2,050,000
Performance rights – 30 October 2014 (vi)	30 October 2018	Nil	2,049,999
Performance rights – 7 August 2015 (iv)	30 October 2018	Nil	150,000
Performance rights – 7 August 2015 (v)	30 October 2018	Nil	150,000
Performance rights – 7 August 2015 (vi)	30 October 2018	Nil	150,000
			23,000,000

(i) Vests one year from date of grant.
(ii) Vests two years from date of grant.
(iii) Vests from the grant date to the expiry date.
(iv) Vests from the grant date to the expiry date if the closing price of the shares on the ASX is $0.20 or greater on five consecutive trading days.
(v) Vests from the grant date to the expiry date if the closing price of the shares on the ASX is $0.35 or greater on five consecutive trading days.
(vi) Vests from the grant date to the expiry date if the closing price of the shares on the ASX is $0.50 or greater on five consecutive trading days.
(vii) As announced on 24 November 2016 and as a result of the rights issue (refer to note 23), the exercise price of the options was changed from $0.20 to $0.1993 under the terms of the Plan.
(viii) As announced on 24 November 2016 and as a result of the rights issue (refer to note 23), the exercise price of the options was changed from $0.18 to $0.1793 respectively under the terms of the Plan.

The holders of options and performance rights do not have any rights, by virtue of these instruments, to participate in any share issues or interest issue of the Company or of any other body corporate or registered scheme.

There have been no shares issued during the year ended or since 30 June 2017 as a result of the exercise of options or performance rights.

Indemnification of officers and auditors

During the financial year, the Company paid premiums in respect of a contract insuring the Directors of the Company, the Company Secretary and all executive officers of the Company and of any related body corporate against a liability incurred as a Director, Company Secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as an officer or auditor.

Dividends

In respect of the financial year ended 30 June 2017, the Directors recommend no payment of a dividend to the holders of fully paid ordinary shares at this time.

In respect of the financial year ended 30 June 2016, no dividend was paid to the holders of fully paid ordinary shares.

Corporate Governance Statement

A copy of the Company's Corporate Governance Statement is available at http://www.strikeenergy.com.au/about-strike-energy/corporate-governance/

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Directors' Report

Subsequent events

As announced on 17th August 2017, the Group successfully negotiated with Orica International Pte Ltd (Orica) to withdraw its claim for the repayment of the $7.5 million prepayment for gas under the original gas sales agreement in 2014. In addition, a new Gas Sales Agreement has been entered into which replaces the existing sales agreement entered into in 2014.

Additionally, Orica has agreed to extend the date for repayment by Strike of the $2.5 million load made by it in 2013 from 30 June 2018 to 31 December 2021, effective upon execution of a new Gas Sales Agreement. The existing loan of $2.5 million will accrue interest at 5.8% and the principal and accrued interest will be convertible into the Company's ordinary shares in whole or in part at Orica's election after 1 September 2018 at a conversion price that is equal to the 30-day volume weighted average price but not less than 20 cents.

The Company relocated its registered corporate and operational offices to Adelaide, South Australia. The Department of Premier & Cabinet through the Economic Investment Fund have supported the relocation and the Company's commitment to generate 85 full time equivalent roles through a grant totalling $1.0 million with a percentage payable upon evidence of such employment growth. The Company will complete a funding deed to finalise the award.

On 30 August, technical success was announced in the Klebb area of the Southern Cooper Basin Gas Project which enables the Company to refine gas content in the Vu Upper coal seam to between 6.1 m3/t and 6.0m3/t with external validation by Igesi Consulting. The confirmation of the producibility of the Vu Upper coal leads to commercial appraisal of the field with optimised production systems with the Jaws Project.

In late September 2017 Strike announced it had successfully raised $9.1 million (before costs) through the placement of 130,000,000 fully paid ordinary shares at $0.07 per share.

With the exception of the above, there has been no other events subsequent to 30 June 2017 that would require accrual or disclosure in the consolidated financial statements.

This Directors' Report is signed in accordance with a resolution of Directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors



Stuart Nicholls

Managing Director

Adelaide, South Australia

26 September 2017

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Auditor's Independence Declaration

Deloitte.

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26 September 2017

The Board of Directors
Strike Energy Limited
Unit 1
31-35 George Street
THEBARTON SA 5031

Dear Board Members

Strike Energy Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Strike Energy Limited.

As lead audit partner for the audit of the financial statements of Strike Energy Limited for the financial year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Jason Thorne
Partner
Chartered Accountants

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Member of Deloitte Touche Tohmatsu Limited

Independent Auditor's Report

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Independent Auditor's Report to the Members of Strike Energy Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Strike Energy Limited (the "Company") and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

1) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and

2) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Availability of funding *Refer to Note 2.2.* The Group's primary strategy is to realise value from its Southern Cooper Basin Gas Project. The Southern Cooper Basin Gas Project is in the exploration and evaluation phase and therefore the Group is reliant on having sufficient funding to progress its asset portfolio. We have focused on whether there are sufficient cash resources in place to allow the group to continue as a going concern as the group currently has no significant cash-generating assets in operation and there is a finite cash resource to fund ongoing activities.	Our procedures included, but were not limited to: • inquiring of management and the directors as to knowledge of events and conditions that may impact the assessment of the Group's ability to continue as a going concern; • challenging the assumptions contained in management's forecast in relation to the Group's ability to continue as a going concern; and • comparing the cash flow forecasts with the Board approved budget. We also assessed the appropriateness of the disclosures in Note 2.2 to the financial statements.

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Independent Auditor's Report

Deloitte.

Exploration and evaluation assets *Refer to Note 14.* Exploration and evaluations assets of $66.9m relate to costs incurred where there is expected future activity but no approved development plan. The exploration and evaluation assets relate to the Southern Cooper Basin Gas Project. Assessment of the carrying value of exploration and evaluation assets requires significant judgement, including the Group's intention and ability to proceed with a future work programme to realise value from the prospective resource, the likelihood of licence renewal or extension, and the success of exploration and appraisal activities including drilling and geological and geophysical analysis.	Our procedures included, but were not limited to: • assessing the latest status and future appraisal plans on each licence with operational staff and Group management; • evaluating evidence such as budgets, field exploration plans, contracts for future drilling and exploration activities to verify that management's intention to continue exploration efforts is supported by funding commitments; • evaluating management's assessment of whether there were any indicators of impairment as per the applicable accounting standards, and • assessing the status of each project and the key metrics associated with commercial viability to ensure the treatment, as an exploration and evaluation asset is appropriate. We also assessed the appropriateness of the disclosures in Note 14 to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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Independent Auditor's Report

Deloitte.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 20 of the Directors' Report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Strike Energy Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Jason Thorne
Partner
Chartered Accountants
Sydney, 26 September 2017

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Directors' Declaration

The Directors declare that:

a) In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

b) In the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and give a true and fair view of the financial position and performance of the Company and the consolidated entity;

c) In the Directors' opinion, the financial statements and notes thereto are in compliance with International Financial Reporting Standards issued by the International Accounting Standards Board, as stated in note 2; and

d) The Directors have been given the declarations required by s.295A of the Corporations Act.

Signed in accordance with a resolution of the Directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors



Stuart Nicholls

Managing Director

Adelaide, South Australia

26 September 2017

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Consolidated Statement of Comprehensive Income

For the year ended

$'000	Note	30 June 2017	30 June 2016 Restated
Continuing operations			
Revenue from oil and gas sales	7(a)	-	-
Cost of sales	7(b)	(3)	(19)
Gross profit/(loss)		**(3)**	**(19)**
Other income	7(c)	3,686	2,214
Corporate expenses		(555)	(433)
Amortisation and depreciation	7(d)	(55)	(35)
Employment benefits expense	7(e)	(3,625)	(3,522)
Other expenses	7(f)	(1,137)	(932)
Profit/(Loss) from operating activities		**(1,689)**	**(2,727)**
Financial income	8	65	114
Financial expenses	8	(295)	(498)
Net financial income/(expenses)		**(230)**	**(384)**
Profit/(Loss) before income tax		**(1,919)**	**(3,111)**
Income tax benefit/(expense)	9	6,334	8,454
Profit/(Loss) for the period from continuing operations		**4,415**	**5,343**
Discontinued operations			
Profit/(loss) for the period from discontinued operations	22	**(8,735)**	**(1,016)**
Profit/(Loss) for the period		**(4,320)**	**4,327**
Other comprehensive income/(loss), net of income tax			
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations		-	(62)
Other comprehensive income/(loss) for the period, net of income tax		**-**	**(62)**
Total comprehensive income/(loss) for the period		**(4,320)**	**4,265**
Total comprehensive income/(loss) attributable to owners of the Company		**(4,320)**	**4,265**
Profit/(Loss) per share			
From continuing and discontinued operations			
- Basic (cents per share)	23	(0.46)	0.51
- Diluted (cents per share)	23	(0.46)	0.51
From continuing operations			
- Basic (cents per share)		0.47	0.63
- Diluted (cents per share)		0.47	0.63

The consolidated statement of comprehensive income should be read in conjunction with the notes to the financial statements.

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Consolidated Statement of Financial Position

As at

$'000	Note	30 June 2017	30 June 2016
Cash and cash equivalents	11	4,863	7,214
Trade and other receivables	12	417	346
Other financial assets	13	104	74
Total current assets		**5,384**	**7,634**
Other financial assets	13	33	33
Exploration and evaluation assets	14	66,946	58,365
Oil and gas production assets	15	-	817
Property, plant and equipment	16	139	164
Total non-current assets		**67,118**	**59,379**
Total assets		**72,502**	**67,013**
Trade and other payables	17	(1,004)	(2,996)
Employee benefits	18	(97)	(101)
Deferred tax liability	9	-	-
Provisions	19	(12)	-
Borrowings	20	(3,158)	(4,265)
Total current liabilities		**(4,271)**	**(7,362)**
Employee benefits	18	(28)	(78)
Derivatives		-	(26)
Provisions	19	-	(226)
Borrowings	20	(2,500)	(5,602)
Other liabilities	21	(14,100)	(12,100)
Total non-current liabilities		**(16,628)**	**(18,032)**
Total liabilities		**(20,899)**	**(25,394)**
Net assets		**51,603**	**41,619**
Equity			
Issued capital	23	132,272	128,122
Reserves		762	(5,466)
Accumulated losses		(81,431)	(81,037)
Total equity		**51,603**	**41,619**

The consolidated statement of financial position should be read in conjunction with the notes to the financial statements.

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Consolidated Statement of Changes in Equity

For the year ended

$'000	Issued Capital	Share-based payments reserve	Foreign currency translation reserve	Total Reserves	Accumulated Losses	Total Equity
Balance at 1 July 2015	**121,806**	**4,726**	**(10,863)**	**(6,137)**	**(85,364)**	**30,305**
Exchange differences arising on translation of foreign operations	-	-	(62)	(62)	-	(62)
Profit/(Loss) for the period	-	-	-	-	4,327	4,327
Total comprehensive income/(loss) for the period	**-**	**-**	**(62)**	**(62)**	**4,327**	**4,265**
Recognition of share-based payments	-	733	-	733	-	733
Issue of ordinary shares during the period	6,700	-	-	-	-	6,700
Share issue costs	(384)	-	-	-	-	(384)
Balance at 30 June 2016	**128,122**	**5,459**	**(10,925)**	**(5,466)**	**(81,037)**	**41,619**
Balance at 1 July 2016	**128,122**	**5,459**	**(10,925)**	**(5,466)**	**(81,037)**	**41,619**
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-
Profit/(Loss) for the period	-	-	-	-	(4,320)	(4,320)
Total comprehensive income/(loss) for the period	**-**	**-**	**-**	**-**	**(4,320)**	**(4,320)**
Recognition of share-based payments	-	(771)	-	(771)	-	(771)
Transfer of foreign currency translation reserve to profit or loss on disposal of foreign operations	-	-	10,925	10,925	-	10,925
Transfer of share-based payments reserve to accumulated losses	-	(3,926)	-	(3,926)	3,926	-
Issue of ordinary shares during the period	4,502	-	-	-	-	4,502
Share issue costs	(352)	-	-	-	-	(352)
Balance at 30 June 2017	**132,272**	**762**	**-**	**762**	**(81,431)**	**51,603**

The consolidated statement of changes in equity should be read in conjunction with the notes to the financial statements.

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Consolidated Statement of Cash Flows

For the year ended

$'000	30 June 2017	30 June 2016
Cash flows from operating activities		
Receipts from customers	903	1,590
R&D refund	6,334	8,454
Net receipts from joint venture recoveries	1,120	646
Payments to suppliers and employees	(7,204)	(5,730)
Net cash provided by/(used in) operating activities	**1,153**	**4,960**
Cash flows from investing activities		
Payments for exploration, evaluation expenditure and oil and gas production assets	(8,000)	(13,058)
PACE grant	2,000	-
Payment of security deposits	(50)	(8)
Refund of security deposits	8	287
Advances made to JV Participants	(308)	-
Repayment of advances made to JV Participants	-	-
Proceeds from sale of oil and gas production assets	68	-
Proceeds from sale of property, plant and equipment	1	-
Payments for property, plant and equipment	(28)	(118)
Net cash provided by/(used in) investing activities	**(6,309)**	**(12,897)**
Cash flows from financing activities		
Proceeds from issue of equity instruments of the Company	4,502	6,700
Payment of share issue costs	(352)	(384)
Proceeds from borrowings	3,199	4,000
Repayment of borrowings	(4,113)	(6,129)
Payment of borrowing costs	(109)	(62)
Interest received	70	110
Interest paid	(308)	(841)
Net cash provided by/(used in) financing activities	**2,889**	**3,394**
Net increase/(decrease) in cash and cash equivalents	**(2,267)**	**(4,543)**
Cash and cash equivalents at the beginning of the period	**7,214**	**11,694**
Effects of exchange rate changes on the balance of cash held in foreign currencies	(84)	63
Cash and cash equivalents at the end of the period	**4,863**	**7,214**

The consolidated statement of cash flows should be read in conjunction with the notes to the financial statements.

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Consolidated Statement of Cash flows (continued)

Reconciliation of the Profit/(Loss) for the year to the net cash provided by operating activities

For the year ended

$'000	30 June 2017	30 June 2016
Profit/(Loss) for the period	(4,320)	4,327
Adjustments for:		
Depreciation and amortisation	109	484
Share-based payments expense	(771)	733
Loss on sale of property, plant and equipment	-	4
Impairment loss on exploration and evaluation expenditure	-	1
Loss on sale of oil and gas production assets and liquidation of US companies	8,284	-
Net financial (income)/expenses	343	911
Non-cash related cost recoveries	(2,455)	(1,607)
Change in trade and other receivables	207	95
Change in trade and other payables	(199)	(25)
Change in provisions and employee benefits	(45)	37
Net cash provided by operating activities	**1,153**	**4,960**

The consolidated statement of cash flows should be read in conjunction with the notes to the financial statements.

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Notes to the Financial Statements

1. Reporting entity

Strike Energy Limited (the "Company" or "Strike") is a for profit company limited by shares and incorporated and domiciled in Australia. The Company's shares are publicly traded on the Australian Securities Exchange, with additional listings on the Frankfurt and Munich stock exchanges in Germany.

The financial report of Strike as at and for the year ended 30 June 2017 comprises the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates, joint ventures, joint operations and jointly controlled entities.

The Group is principally engaged in the exploration and development of oil and gas resources in Australia.

The address of the registered office of the Company is Unit 1, 31-35 George Street, Thebarton, SA 5031, Australia, with effect from 1 September 2017. The previous address of the registered office was 120B Underwood Street, Paddington, NSW, 2021, Australia.

2. Basis of presentation

2.1 Statement of compliance

The financial report is a general purpose financial report and has been prepared in accordance with Australian Accounting Standards ("AASBs") adopted by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001.

The financial report also complies with International Financial Reporting Standards and Interpretations ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The financial report was approved by the Board of Directors (the "Directors") on 26 September 2017.

2.2 Going concern

The consolidated financial statements have been prepared on the going concern basis, which assumes that the Group will be able to realise its assets and discharge its liabilities in the normal course of business. The Group has incurred a net loss of $4.3 million during the year ended 30 June 2017 and, as at that date, the Group's current assets exceeded its current liabilities by $1.1million.

A cash flow forecast has been prepared which indicates that the Group will be able to meet its liabilities as and when they fall due over the 12 month period from the date of signing this report. In addition to the $8.6 million (net of issue costs) raised though the September 2017 share issue, the cash flow forecast is based on the assumption that the Group will continue to qualify for and obtain funds from the PACE Grant and the R&D facility that has been used in the past.

The directors are confident that they will achieve these matters and therefore consider it appropriate to continue to prepare the financial statements on the going concern basis.

2.3 Basis of measurement

The financial report has been prepared under the historical cost convention except for derivatives which are measured at fair value. The methods used to measure fair values are discussed further in note 5.

Information as disclosed in the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the current year is for the 12-month period ended 30 June 2017. Information for the comparative year is for the 12-month period ended 30 June 2016.

2.4 Presentation currency

The financial report of the Company and the Group is presented in Australian Dollars ("AUD"), which is both the Company's and the Group's presentation currency.

2.5 Rounding of amounts

The Company and Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016. In accordance with that legislative instrument, amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

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Notes to the Financial Statements

2.6 Use of estimates and judgements

The preparation of this financial report requires the Directors to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses and disclosure of contingent assets and liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both the current and future years.

Information about the significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most material effect on the amounts recognised in the financial report are described in note 4.

2.7 Reclassification of comparative information

Certain elements of the information presented for comparative purposes have been revised to conform with the current year presentation.

Strike Energy has historically recorded its Research and Development incentive as Other Income. The Directors are of the opinion that the tax incentives should be recorded as an Income tax benefit which is represented as a credit to the income tax expense line in the Consolidated Statement of Comprehensive Income. The Consolidated Statement of Comprehensive Income for the year ended 30 June 2017 has been presented on this basis. For the comparative period (year ended 30 June 2016), an amount of $8.5m has been reclassified from Other Income to Income Tax Benefit in the restated Consolidated Statement of Comprehensive Income. The restated Other Income balance in 2016 is $2.2m. This adjustment does not have an impact on the 2016 balance sheet and retained earnings.

3. Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all years presented in this financial report and have been applied consistently by all Group entities.

3.1 Basis of consolidation

(a) Subsidiaries

Subsidiaries are entities controlled by the Company or the Group. Control is achieved when the Company or the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. This is achieved when the Company or the Group:

- has power over an investment;
- is exposed to or has rights to variable returns in an investment; and
- has the ability to use its power to affect its returns.

In assessing control, potential voting rights that are presently exercisable are taken into account. Control is required to be assessed where changes in circumstances require a reassessment of the above factors. The financial statements of controlled investments are included in the financial report of the Group from the date control (or effective control) commences until the date that control (or effective control) ceases.

The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of the acquisition, including the fair value of any contingent consideration and share-based payment awards (as measured in accordance with AASB 2 Share Based Payment) of the acquiree that are mandatorily replaced as a result of the transaction. Transaction costs that the Group incurs in connection with an acquisition are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, irrespective of the extent of any non-controlling interests. Non-controlling interests are initially recognised at their proportionate share of the fair value of the net assets acquired.

During the measurement year, an acquirer can report provisional information for a business combination if by the end of the reporting year in which the combination occurs, the accounting is incomplete. The measurement year, however, ends at the earlier of when the acquirer has received all of the necessary information to determine the fair values or one year from the date of the acquisition.

When the Group loses control of a subsidiary, a gain or loss is recognised in the profit or loss component of the statement of comprehensive income and is calculated as the difference between the aggregate fair value of the consideration received and the fair value of the retained interest compared to the previous value of the net assets (adjusted for non-controlling interests). All amounts previously recognised in other comprehensive income in relation to that investment are accounted for as if the Group had disposed of the investment. Any residual interest in the investment retained is initially fair valued.

(b) Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies (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 and are initially recognised at cost. Investments in associates include goodwill identified on acquisition, net of accumulated impairment losses (if any).

The Group's share of its associates' post-acquisition profits or losses and movements in other comprehensive income is recognised in the Group's statement of comprehensive income (after adjustments (as required) are made to align the accounting policies of the associate with those of the Group). The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has a financial obligation or has made payments on behalf of the investee.

(c) Joint arrangements

Joint arrangements are those operations or assets in which the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic, financial and operating decisions. Interests in joint venture operations that are considered not to be under joint control are accounted for either as subsidiaries and consolidated or associates and accounted for under the equity method of accounting.

Interests in jointly controlled assets and operations are reported in the financial report by including the Group's proportionate share of assets employed in the joint venture, the share of liabilities incurred in relation to the joint venture and the share of any revenue or expenses earned or incurred in relation to the joint venture in their respective classification categories.

(d) Transactions eliminated on consolidation

Intra-group balances and unrealised items of income and expense arising from intra-group transactions are eliminated in preparing the financial report. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same manner as gains, but only to the extent that there is no evidence of impairment.

(e) Transactions and non-controlling interests

The Group accounts for transactions with non-controlling interests as transactions with the equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is re-measured 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 the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group 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 is reclassified to profit or loss where appropriate.

(f) Transactions between entities under common control

Common control transactions arise between entities that are under the ultimate ownership of the Company.

Certain transactions between entities that are under common control may not be transacted on an arm's length basis. Accordingly, any gains or losses on these types of transactions are recognised directly in equity when they occur in the same legal/tax jurisdiction. Examples of such transactions include but are not limited to:

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- debt forgiveness transactions;
- transfer of assets for greater than or less than fair value; and
- acquisition or disposal of subsidiaries for no consideration or consideration greater than or less than fair value.

3.2 Foreign currency

(a) Functional and presentation currency

Items included in the financial report of each of the Group's entities 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 ($AUD), which is also the functional currency of the Parent Company.

(b) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency of the respective entities at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at historical cost are translated to the functional currency of the respective entities at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency of the respective entities at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on translation are recognised in the statement of comprehensive income as a component of the profit or loss, except for differences arising on the translation of a financial liability designated as a hedge of the net investment in a foreign operation (see (c) further).

(c) Foreign operations

The results and financial position of those entities that have a functional currency different from the presentation currency of the Group are translated into the Group's presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date of the statement of financial position;
- income and expense items for each profit or loss item are translated at average exchange rates;
- items of other comprehensive income are translated at average exchange rates; and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings and other currency instruments designated as hedges of such investments are recognised as a component of equity and included in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in the statement of comprehensive income as a component of the profit or loss as part of the gain or loss on the sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated on this basis.

(d) Changes in functional currency

Any change in functional currency of the Group's entities is applied prospectively from the date of the change. All items are translated into the new functional currency using the exchange rate at the date of the change. The resultant translated amounts for non-monetary items are thereafter treated as their historical cost.

3.3 Non-derivative financial instruments

Non-derivative financial instruments comprise cash and cash equivalents, receivables, available-for-sale financial assets, trade and other payables, interest bearing borrowings and compound instruments.

A non-derivative financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Non-derivative financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all the risks and rewards of the asset. Non-derivative financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

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Notes to the Financial Statements

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through the profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described further.

Non-derivative financial instruments are recognised on a gross basis unless a current and legally enforceable right to off-set exists and the Group intends to either settle the instrument net or realise the asset and liability simultaneously.

Upon initial acquisition, the Group classifies its financial instruments in one of the following categories, which is dependent on the purpose for which the financial instruments were acquired.

(a) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks, restricted cash and other short-term highly liquid investments with maturities of less than three months. Bank overdrafts are included within borrowings and are classified as current liabilities on the statement of financial position except where these are repayable on demand, in which case they are included separately as a component of current liabilities. In the statement of cash flows, overdrafts are included as a component of cash and cash equivalents.

(b) Financial instruments at fair value through profit or loss

An instrument is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on the instrument's fair value. Upon initial recognition (at the trade date), attributable transaction costs are recognised in the statement of comprehensive income as a component of the profit or loss. Subsequent to initial recognition, financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in the statement of comprehensive income as a component of the profit or loss.

(c) 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 instruments with maturities greater than 12 months from the reporting date, which are classified as non-current assets. The Group's loans and receivables comprise trade and other receivables (including related party receivables) which are stated at their cost less impairment losses.

(d) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intention to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment losses.

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest over the relevant years. The effective interest method results in an interest rate that exactly discounts estimated future cash payments or receipts over the expected life of the financial instrument, or where appropriate, a shorter period to the net amount of the financial instrument.

(e) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date.

Available-for-sale financial assets are measured at fair value on initial recognition plus transaction costs. Subsequent to initial recognition, the assets are measured at fair value and changes therein, other than impairment losses and foreign exchange gains and losses on available-for-sale monetary items, are recognised directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to the statement of comprehensive income as a component of the profit or loss.

(f) Other liabilities

Other liabilities comprise all non-derivative financial liabilities that are not disclosed as liabilities at fair value through profit or loss. Other liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. The Group's other liabilities comprise trade and other payables and interest bearing borrowings, including compound instruments and those with related parties. The Group's other liabilities are measured as follows:

(i) Trade and other payables

Subsequent to initial recognition, trade and other payables are stated at amortised cost using the effective interest method.

(ii) Interest bearing borrowings including related party borrowings

Subsequent to initial recognition, interest bearing loans and borrowings are measured at amortised cost using the effective interest method.

3.4 Derivative financial instruments

A derivative financial instrument is recognised if the Group becomes a party to the contractual provisions of an instrument at the trade date.

Derivative financial instruments are initially recognised at fair value (which includes, where applicable, consideration of credit risk), with transaction costs being expensed as incurred. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on re-measurement to fair value is recognised in the statement of comprehensive income as a component of the profit or loss unless the derivative financial instruments qualify for hedge accounting. Where a derivative financial instrument qualifies for hedge accounting, recognition of any resulting gain or loss depends on the nature of the hedging relationship (see further). Derivative financial instruments are recognised on a gross basis unless a current and legally enforceable right to off-set exists.

Derivative financial assets are derecognised if the Group's contractual right to the cash flows from the instrument expire or if the Group transfers the financial asset to another party without retaining control or substantially all the risks and rewards of the asset.

(a) Cash flow hedges

Changes in the fair value of a derivative financial instrument designated as a cash flow hedge are recognised directly in equity as a component of other comprehensive income to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in the statement of comprehensive income as a component of the profit or loss for the year.

If a hedging instrument no longer meets the criteria for hedge accounting or if it expires, is sold, terminated or exercised, then hedge accounting is discontinued prospectively. At this point in time, the cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in equity is transferred to the carrying amount of the asset when it is recognised. In all other cases, the amount recognised in equity is transferred within the statement of comprehensive income in the same year that the hedged item affects this statement and is recognised as part of financial income or expenses. If the forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred within the statement of comprehensive income and is recognised as part of financial income or expenses in the profit or loss.

(b) Fair value hedges

Changes in the fair value of a derivative financial instrument designated as a fair value hedge are recognised in the statement of comprehensive income as a component of the profit or loss in financial income or expenses, together with any changes in the fair value of the hedged assets or liabilities that are attributable to the hedged risk.

(c) Embedded derivatives

Embedded derivatives are separated from the host contract and accounted for separately if the following conditions are met:

- the economic characteristics and risks of the host contract and the embedded derivative are not closely related;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- the combined instrument is not measured at fair value through profit or loss.

At the time of initial recognition of the embedded derivative, an equal adjustment is also recognised against the host contract. The adjustment against the host contract is amortised over the remaining life of the host contract using the effective interest method.

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Any embedded derivatives that are separated are measured at fair value, with changes in fair value recognised through financial income or expense in the statement of comprehensive income, as a component of the profit or loss.

3.5 Inventories

(a) Raw materials, work in progress and finished goods

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based either on the first in first out ("FIFO") or weighted average principles and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured or refined inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Inventory expected to be sold or consumed within the next 12 months is classified as current, with amounts expected to be consumed or sold after this time being classified as non-current.

(b) Maintenance materials

Maintenance materials (representing either critical or long order spares) are measured at the lower of cost and net realisable value. The cost of these inventories is based on the weighted average principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is determined with reference to the cost of replacement of such items in the ordinary course of business compared to the current market prices.

3.6 Property, plant and equipment

(a) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses (if any).

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of property, plant and equipment acquired in a business combination is determined by reference to its fair value at the date of acquisition. The cost of self-constructed assets includes the cost of materials and direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of the cost of that equipment.

(b) Assets under construction

Assets under construction are transferred to the appropriate asset category when they are ready for their intended use. Assets under construction are not depreciated but tested for impairment at least annually or when there is an indication of impairment.

(c) Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of an item of property, plant and equipment are capitalised until such time as the assets are substantially ready for their intended use. The interest rate used equates to the effective interest on debt where general borrowings are used or the relevant interest rate where specific borrowings are used to finance the construction.

(d) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within that part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of comprehensive income as a component of the profit or loss as incurred.

Depreciation

Depreciation is recognised in the statement of comprehensive income as a component of the profit or loss or capitalised as a component of inventory in the statement of financial position (which is subsequently released to the profit or loss through the cost of goods sold on the sale of the underlying product) using a method that reflects the pattern in which

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the economic benefits embodied within the asset are consumed. Generally, this is on either a straight-line or diminishing value basis that reflects the estimated useful life of each part or component of an item of property, plant and equipment.

The estimated useful lives for the material classes of property, plant and equipment are as follows:

Leasehold improvements	1 - 5 years	Furniture and fittings	2 – 15 years
Plant and equipment	5 – 15 years	Computer equipment	1 – 5 years
Assets under finance lease	4 years		

Depreciation methods, useful lives and residual values are reassessed on an annual basis. Gains and losses on the disposal of items of property, plant and equipment are determined by comparing the proceeds (if any) at the time of disposal with the net carrying amount of the asset.

3.7 Exploration, evaluation and development expenditure

(a) Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. Exploration and evaluation expenditure includes:

- researching and analysing historical exploration data;
- gathering exploration data through topographical, geochemical and geophysical studies;
- exploratory drilling, trenching and sampling;
- determining and examining the volume and grade of the hydrocarbon resource;
- surveying transportation and infrastructure requirements;
- conducting market and finance studies;
- administration costs that are directly attributable to a specific exploration area; and
- licensing costs.

These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area of interest, or where activities in the area have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

Upon technical feasibility and commercial viability of an area of interest, capitalised exploration and evaluation expenditure for that area of interest is tested for impairment and the balance is transferred from exploration and evaluation expenditure to oil and gas production assets.

A regular review is undertaken for each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Accumulated costs in relation to an abandoned area of interest are written off in full in the statement of comprehensive income as a component of the profit or loss in the period in which the decision to abandon the area is made.

(b) Oil and gas production assets

Once an area of interest has been established as commercially viable and technically feasible, expenditure other than that relating to non-operational land, buildings and plant and equipment is capitalised as oil and gas production assets. Oil and gas production assets include previously capitalised exploration and evaluation expenditure, pre-production development expenditure and other expenditure directly related to subsurface and surface expenditure pertaining to the area of interest.

Oil and gas production assets are accumulated in respect of each separate area of interest. Costs associated with commissioning new assets in the period before they are capable of operating in the manner intended by management are capitalised. Costs incurred after the commencement of production are capitalised to the extent they are expected to give rise to a future economic benefit.

When an area of interest is abandoned or the Directors decide that it is not commercially viable or technically feasible, any accumulated costs in respect of that area are written off in full in the statement of comprehensive income as a component of the profit or loss in the period in which the decision to abandon the area is made, to the extent that they will not be recoverable in the future.

Oil and gas production assets are assessed for impairment if the facts and circumstance suggest that the carrying amount exceeds the recoverable amount. For the purpose of impairment testing, oil and gas production assets are allocated to the cash-generating units ("CGUs") based on geographical location.

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(c) Amortisation of oil and gas production assets

Amortisation of oil and gas production assets is recognised either in the statement of comprehensive income as a component of the profit or loss or capitalised as a component of inventory in the statement of financial position (which is subsequently released to the profit or loss through the cost of goods sold on the sale of the underlying product) on a units of production basis which aims to recognise cost proportionally to the depletion of the economically proved developed and undeveloped recoverable reserves. Costs are amortised from the commencement of commercial production.

3.8 Impairment

The carrying amounts of the Group's assets are reviewed regularly and at least annually to determine whether there is any objective evidence of impairment. An impairment loss is recognised whenever the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the statement of comprehensive income as a component of the profit or loss.

(a) Impairment of loans and receivables and held-to-maturity financial assets

The recoverable amount of the Group's loans and receivables and held-to-maturity financial assets carried at amortised cost is calculated with reference to the present value of the estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at the date of initial recognition of these financial assets). Receivables with a short duration are not discounted.

Impairment losses on individual instruments that are considered significant are determined on an individual basis through an evaluation of the specific instruments' exposures. For trade receivables which are not significant on an individual basis, impairment is assessed on a portfolio basis taking into consideration the number of days overdue and the historical loss experiences on a portfolio with a similar number of days overdue.

The criteria that the Group uses to determine whether there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as default or delinquency in respect of interest or principal repayment; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio.

(b) Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at least annually to determine whether there is any indication of impairment. If any such indicators exist, then the asset or CGU's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amounts are estimated at least annually and whenever there is an indication that they may be impaired.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its recoverable amount. A CGU is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in the statement of comprehensive income as a component of the profit or loss. Impairment losses recognised in respect of a CGU are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amount of the other non-financial assets in the CGU on a pro-rata basis.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In assessing the fair value less cost to sell, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include a discounted future cash flow analysis and adjusted EBITDA (forecasted) multiplied by a relevant market indexed multiple.

In respect of assets other than goodwill, impairment losses recognised in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's revised carrying amount will not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised.

3.9 Employee benefits

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(a) Pension and superannuation obligations

A defined contribution superannuation plan is a plan under which the employee and the Group pay fixed contributions to a separate entity. The Group has no legal or constructive obligation to pay further contributions in relation to an employee's service in the current and prior years. The contributions are recognised in the statement of comprehensive income as a component of the profit or loss as and when they fall due.

(b) Short-term employee benefits

Short-term employee benefits are measured on an undiscounted basis and are expensed in the statement of comprehensive income as a component of the profit or loss as the related services are provided. A provision is recognised for the amount expected to be paid under short-term cash bonus plans and outstanding annual leave balances if the Group has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be estimated reliably.

(c) Other long-term employee benefits

The liability for long service leave for which settlement can be deferred beyond 12 months from the balance date is measured as the present value of expected future payments to be made in respect of services provided by employees. 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 reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(d) Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognised if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted and the number of acceptances can be estimated reliably.

(e) Incentive compensation plans

The Group recognises a liability and associated expense for incentive compensation plans based on a formula that takes into consideration certain threshold targets and the associated measures of profitability. The Group recognises a provision when it is contractually obligated or when there is a past practice that has created a constructive obligation to its employees.

3.10 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefit will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision for the passage of time is recognised as a financial expense in the statement of comprehensive income as a component of the profit or loss.

(a) Business closure and rationalisation

A provision for business closure and rationalisation is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been publicly announced. Future operating costs are not provided for.

(b) Rehabilitation

The oil and gas production activities of the Group give rise to obligations for asset and site rehabilitation. Rehabilitation obligations can include facility decommissioning and dismantling, removal or treatment of waste materials, land rehabilitation and site restoration. The extent of work required and the associated costs are estimated based on current restoration standards and techniques. Provisions for the cost of each rehabilitation programme are recognised at the time that the environmental disturbance occurs.

Rehabilitation provisions are initially measured at the expected value of future cash flows required to rehabilitate the relevant site, discounted to their present value. The value of the provision is progressively increased over time as the effect of discounting unwinds. When provisions for rehabilitation are initially recognised, the corresponding cost is capitalised as a component of the Group's oil and gas production assets representing part of the cost of acquiring the future economic benefits of the operation. Amounts capitalised are amortised accordingly.

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Where rehabilitation is expected to be conducted systematically over the life of the operation rather than at the time of closure, a provision is made for the present obligation or estimated outstanding continuous rehabilitation work at each balance sheet date with the costs recognised in the statement of comprehensive income as a component of the profit or loss in line with the remaining future cash flows.

At each reporting date, the rehabilitation liability is re-measured to account for any new disturbance, updated cost estimates, changes to the estimated lives of the associated operational assets, new regulatory requirements and revisions to discount rates. Changes to the rehabilitation liability are added or deducted from the related rehabilitation asset and amortised accordingly.

3.11 Royalties

Royalties are treated as taxation arrangements when they have the characteristics of a tax. This is considered to be the case when they are imposed under government authority and the amount payable is calculated by reference to revenue derived (net of any allowable deductions) after adjustment for temporary differences. For such arrangements, current and deferred tax is provided on the same basis as described in note 3.18(a) for other forms of taxation. Obligations arising from royalty arrangements that do not satisfy these criteria are recognised as current provisions and included as part of the cost of goods sold in the statement of comprehensive income as a component of profit or loss.

3.12 Dividends

Dividends to the Group's shareholders are recognised as a liability in the Group's statement of financial position in the period in which the dividends are declared.

3.13 Share capital

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

Where equity instruments are reacquired by the Group, for example, as a result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the statement of comprehensive income and the consideration paid including any directly attributable incremental costs (net of income taxes) is directly recognised in equity.

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3.14 Share-based payment

Share-based remuneration benefits are provided to employees via a variety of schemes which are further set out in note 23.

The fair values of the options or performance rights granted under these various schemes are recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at the grant date and recognised over the period during which the employees become unconditionally entitled to the options or performance rights.

The fair value at grant date is independently determined using a pricing model that takes into account the exercise price, the term of the instrument, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the instrument.

The fair value of the options and performance rights granted is measured to reflect the expected market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and production targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At the end of each reporting period, the Group revises its estimates of the number of options and performance rights that are expected to become exercisable. The employee benefits expense recognised in each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the statement of comprehensive income as a component of profit or loss, with a corresponding adjustment to equity.

3.15 Revenue

(a) Oil and gas sales

Revenue from oil and gas sales is measured at the fair value of the consideration received or receivable, net of volume rebates and other customer incentives. Revenue is recognised when the significant risks and rewards of ownership have been substantially transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

Transfers of risks and rewards vary depending on the individual terms of the contract of sale.

(b) Government grants

Government grants are recognised when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant. Grants that compensate the Group for an item which is to be expensed are recognised in the statement of comprehensive income on a systematic basis in the same year in which the expenses are recognised or, for expenses already incurred, the grants are recognised in the year in which they become receivable. Grants that compensate the Company for future exploration and evaluation expenditure which will be capitalised once incurred are initially recognised as deferred income in the balance sheet. Once the expenditure is incurred and capitalised, the deferred income is applied to the expenditure as a reduction in the carrying amount of the exploration and evaluation asset.

(c) Dividend income

Dividend income is recognised when the right to receive payment is established.

(d) Royalties

Royalty revenue is recognised on an accruals basis in accordance with the substance of the relevant agreement (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably). Royalties determined on a time basis are recognised on a straight-line basis over the period of the agreement. Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

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3.16 Lease payments

Minimum lease payments made under finance leases are apportioned between the finance charges and the reduction of the outstanding liability. The finance charges which are recognised in the statement of comprehensive income as a component of the profit or loss are allocated to each year during the lease term so as to produce a constant rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for in the years in which the payments are incurred.

Payments made under operating leases are recognised in the statement of comprehensive income as a component of the profit or loss on a straight-line basis over the term of the lease, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent lease payments arising under operating leases are recognised as an expense in the year in which the payments are incurred.

In the event that lease incentives are received to enter into an operating lease, such incentives are deferred and recognised as a liability. The aggregated benefits of the lease incentives are recognised as a reduction to the lease expenses on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

3.17 Financial income and expenses

Financial income comprises interest income, foreign currency gains and gains on derivative financial instruments in respect of financing activities that are recognised in the statement of comprehensive income as a component of the profit or loss. Interest income is recognised as it accrues using the effective interest method.

Financial expenses comprise interest expense, foreign currency losses, impairment losses recognised on financial assets (except for trade receivables) and losses in respect of financing activities on derivative instruments that are recognised in the statement of comprehensive income as a component of the profit or loss. All borrowing costs not qualifying for capitalisation are recognised in the statement of comprehensive income as a component of the profit or loss using the effective interest method.

3.18 Income tax

(a) Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of comprehensive income as a component of the profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised with the associated items on a net basis.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method of providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the carrying amounts for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future and the Group is in a position to control the timing of the reversal of the temporary differences. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time the liability to pay the related dividend is recognised. Deferred income tax assets and liabilities in the same jurisdiction are offset in the statement of financial position only to the extent that there is a legally enforceable right to offset current tax assets and current tax liabilities and the deferred balances relate to taxes levied by the same taxing authority and are expected either to be settled on a net basis or realised simultaneously.

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(b) Tax consolidation

The Company and its wholly-owned Australian resident entities have formed a tax-consolidated group with effect from 1 July 2013 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is Strike Energy Limited. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

Entities within the tax-consolidated group have entered into a tax sharing agreement and funding with the Company. The tax sharing and funding agreement entered into between members of the tax-consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the Company default on its tax payment obligations or if an entity should leave the tax-consolidated group.

The effect of the tax sharing and funding agreement is that each member's liability for tax payable by the tax-consolidated group is limited to the amount payable to the head entity under the tax funding arrangement.

(c) Research and development tax incentives

To the extent that research and development costs are eligible activities under the "Research and Development Tax Incentive" programme, a refundable tax offset is available for companies with annual turnover of less than $20 million. The Company recognises refundable tax offsets in the financial year as an income tax benefit in the statement of comprehensive income as a component of the profit or loss, resulting from the monetisation of available tax losses that otherwise would have been carried forward.

3.19 Sales tax, value added tax and goods and services tax

All amounts (including cash flows) are shown exclusive of sales tax, value added tax ("VAT") and goods and services tax ("GST") to the extent the taxes are reclaimable, except for receivables and payables that are stated inclusive of sales tax, VAT and GST.

3.20 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

(a) The Group as lessor – finance leases

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases.

(b) The Group as lessee – finance leases

Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. The corresponding liability to the lessor is included within loans and borrowings as a finance lease obligation. Subsequent to initial recognition, the liability is accounted for in accordance with the accounting policy described at note 3.3(f) and the asset is accounted for in accordance with the accounting policy applicable to that asset.

3.21 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders 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 period, adjusted for bonus elements in ordinary shares issued during the financial period.

(b) Diluted earnings per share

Diluted earnings per share adjusts the amount used in the determination of the 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. Potential ordinary shares are treated as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share from continuing operations.

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3.22 Segment reporting

The Group's operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Makers ("CODM") in order to allocate resources to the segment and to assess its performance.

3.23 Company entity financial information

The financial information for the Company entity as disclosed in note 25 has been prepared on the same basis as that applied by the Group, except as set out below:

(a) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial information of the Company. Dividends received from associates are recognised in the statement of comprehensive income as a component of profit or loss, rather than being deducted from the carrying amount of these investments.

(b) Effect of tax consolidation

Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group, are accounted for by the Company rather than by the members of the tax-consolidated group themselves.

3.24 New and revised standards and interpretations

(a) Amendments to AASBs and the new Standards and Interpretation that are mandatorily effective for the current year

In the current year, the Group has applied a number of amendments to AASBs issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective for an accounting period that begins on or after 1 July 2016, and therefore relevant for the current year end.

- AASB 1057 'Application of Australian Accounting Standards' and AASB 2015-9 'Amendments to Australian Accounting Standards – Scope and Application Paragraphs',
- AASB 2014-3 'Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations',
- AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation',
- AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle',
- AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101',
- AASB 14 ' Regulatory Deferral Accounts' and AASB 2014-1 'Amendments to Australian Accounting Standards' – Part D: 'Consequential Amendments arising from AASB 14',
- AASB 2014-9 'Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements',
- AASB 1056 'Superannuation Entities',
- AASB 2014-6 'Amendments to Australian Accounting Standards – Agriculture: Bearer Plants',
- AASB 2015-5 'Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception',
- AASB 2015-6 'Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities', and
- AASB 2015-7 'Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities'.

The initial adoption of each of the above amendments to AASBs has not had a material impact on the amounts reported in these consolidated financial statements.

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Notes to the Financial Statements

(b) Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial report, the Standards and Interpretations that were issued but not yet effective are listed below.

Standard/Interpretation	Effective for the annual reporting period beginning on	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards [1]	1 January 2018	30 June 2019
AASB 15 'Revenue from Contracts with Customers', AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15', AASB 2015-8 'Amendments to Australian Accounting Standards – Effective Date of AASB 15', and AASB 2016-3 'Amendments to Australian Accounting Standards – Clarifications to AASB 15'	1 January 2018	30 June 2019
AASB 16 'Leases'	1 January 2019	30 June 2020
AASB 2014-10 'Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture' and AASB 2015-10 'Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128'	1 January 2018	30 June 2019
AASB 2016-1 'Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses'	1 January 2017	30 June 2018
AASB 2016-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107'	1 January 2017	30 June 2018
AASB 2017-2 Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016	1 January 2017	30 June 2018
AASB 2016-5 Amendments to Australian Accounting Standards - Classification and Measurement of Share-based Payment Transactions	1 January 2018	30 June 2019
AASB 2016-6 Amendments to Australian Accounting Standards – Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts	1 January 2018	30 June 2019
AASB 2017-1 Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments	1 January 2018	30 June 2019
Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018	30 June 2019

1 The AASB has issued the following versions of AASB 9:

- AASB 9 'Financial Instruments' (December 2009) and the relevant amending standard;
- AASB 9 'Financial Instruments' (December 2010) and the relevant amending standards;
- AASB 2013-9 'Amendment to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments', Part C – Financial Instruments
- AASB 9 'Financial Instruments' (December 2014) and the relevant amending standards

All the standards have an effective date of annual reporting periods beginning on or after 1 January 2018. Either AASB 9 (December 2009) or AASB 9 (December 2010) can be early adopted if the initial application date is before 1 February 2015. After this date, only AASB 9 (December 2014) can be early adopted.

The Directors anticipate, with the exception of AASB 15 (which is yet to be fully assessed), that the above amendments and interpretations will not have a material impact on the financial report of the Group in the year or period of initial application. The Group is in the process of assessing the impact of AASB 15.

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Notes to the Financial Statements

4. Critical accounting estimates and assumptions

In the process of applying the Group's accounting policies, management has made certain estimates and assumptions about the carrying values of assets and liabilities, income and expenses and the disclosure of contingent assets and liabilities. Management has not made any significant judgements apart from those involving estimations (as discussed further). The key assumptions concerning the future and other key sources of uncertainty in respect of estimates at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial reporting period are as follows.

(a) Impairment of assets

In determining the recoverable amount of assets, in the absence of quoted market prices, estimations are made regarding the present value of future cash flows using asset-specific discount rates. For oil and gas properties, expected future cash flow estimation is based on reserves, future production profiles, commodity prices, foreign exchange rates, operating costs and any future development costs necessary to produce reserves. Estimates of future commodity prices are based on market consensus prices where available. A recoverable amount is then determined by discounting the expected net cash flows to their present values using a post-tax discount rate. The post-tax discount rate used in determining the recoverable amount of the oil and gas production assets in prior year was 10%.

(b) Reserve estimates

Reserves are estimates of the amount of hydrocarbons that can be economically and legally extracted from the Group's oil and gas production licences. In order to calculate reserves, estimates and assumptions are required to be formulated about a range of geological, technical and economic factors including quantities, production techniques, recovery rates, production costs, transportation costs, commodity demand, commodity prices and exchange rates. Estimating the quantity and/or grade of reserves requires the size, shape and depth of the resource/hydrocarbon body or field to be determined by analysing geological data such as drilling samples. This process may require complex and difficult geological judgement and calculation to interpret the data.

As the economic assumptions used to estimate reserves change from period to period, and because additional geological data is generated during the course of operations, estimates of reserves may change from period to period.

Changes in reported reserves may affect the Group's financial results and financial position in a number of ways, including:

- asset carrying values may be affected due to changes in the estimated future cash flows; and
- amortisation charges in the statement of comprehensive income may change as result of the change in the useful economic lives of assets.

(c) Income taxes

The Group is subject to income taxes in multiple jurisdictions which require significant judgement to be exercised in determining the Group's provision for income taxes. During the financial year, the Group's US operations were disposed of and all US companies were liquidated. As a result, the Group no longer has income tax in multiple jurisdictions. There are a number of transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Current tax liabilities and assets are recognised at the amount expected to be paid to or recovered from the taxation authorities.

(d) Realisation of deferred tax assets

The Group assesses the recoverability of deferred tax assets with reference to estimates of future taxable income. To the extent that actual taxable income differs from management's estimate of future taxable income, the value of recognised deferred tax assets may be affected. Deferred tax assets have been recognised to offset deferred tax liabilities to the extent that the deferred tax assets and liabilities are expected to be realised in the same jurisdiction and reporting period. Deferred tax assets have also been recognised based on management's best estimate of the recoverability of these assets against future taxable income. Deferred income tax assets and liabilities in the same jurisdiction are offset in the statement of financial position only to the extent that there is a legally enforceable right to offset current tax assets and current tax liabilities and the deferred balances relate to taxes levied by the same taxing authority and are expected either to be settled on a net basis or realised simultaneously.

(e) Exploration and evaluation expenditure

The Group's accounting policy for exploration and evaluation expenditure results in certain items of expenditure being capitalised for an area of interest where it is considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. This policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised the expenditure under the policy, a judgement is made that recovery of the expenditure is unlikely, the relevant capitalised amount will be written off to the statement of comprehensive income.

(f) Restoration and rehabilitation expenditure

The Group's accounting policy for its restoration and rehabilitation closure provisions requires significant estimates and assumptions such as: requirements of the relevant legal and regulatory framework; the magnitude of possible contamination; and the timing, extent and costs of required closure and rehabilitation activity. These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision recognised is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for operating sites are recognised in the statement of financial position by adjusting both the closure and rehabilitation asset and the provision.

5. Determination of fair values

A number of the Group's accounting policies and associated disclosures require the determination of fair values for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information regarding the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. Given the short-term nature of trade receivables, the carrying amount is a reasonable approximation of fair value.

(b) Investments in equity securities

The fair value of investments in listed equity securities is determined by reference to their quoted bid price at the reporting date.

(c) Derivatives

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

The fair value of interest rate swaps is based on broker quotes. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract using market interest rates for a similar instrument at the measurement date.

The fair value of commodity and other price derivatives is based on a valuation model. The valuation model (which includes, where relevant, the consideration of credit risk) discounts the estimated future cash flows based on the terms and maturity of each contract using forward curves and market interest rates at the reporting date.

(d) Non-derivative financial liabilities

The fair value of non-derivative financial liabilities, which is determined for disclosure purposes, is calculated by discounting the future contractual cash flows at the current market interest rates that are available for similar financial instruments.

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6. Segment reporting

AASB 8 Operating Segments ("AASB 8") requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the CODM in order to allocate resources to the segment and to assess its performance.

The Group's CODM are the Board of Directors of the Company, the Chief Executive Officer or Managing Director and the Chief Financial Officer. Information reported to the Group's CODM for the purposes of resource allocation and assessment of performance currently focuses on the Group's exploration and production activities in both Australia and the United States.

Following the divestment of all of the Group's US assets, and consistent with the Group's strategy to focus its exploration and evaluation activities in Australia, management has, with effect from 1 January 2017, revised the form and content of the information and results presented to the CODM. This alignment has resulted in the Group having one reportable segment – Exploration & Evaluation activity in Australia. Previously, the Group had two reportable segments, Australia and the United States, managed by geographical location. This sole segment is reported to the CODM for the purposes of resource allocation and assessment of performance.

Reference should be made to the Consolidated Financial Statements for the financial position and performance of the sole segment.

Geographical information

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

For the year ended $'000	Australia		USA		Group	
	2017	2016	2017	2016	2017	2016
Continued operations						
Revenue from oil and gas sales	-	-	-	-	-	-
Non-current assets	67,118	58,562	-	-	67,118	58,562

Information about major customers

There is no revenue from continuing operations. Included in revenue from oil and gas sales arising from discontinued operations of $696,532 (2016: $1,492,032) are revenues of approximately $531,993 (2016: $1,119,662) which arose from sales to the Group's largest customer.

Information about major products and services

There is no revenue from continuing operations. Details about the revenues arising from discontinued operations are disclosed in note 22.

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7. Revenue and expenses

The following is an analysis of the Group's revenue and expenses from continuing operations.

For the year ended $'000	30 June 2017	30 June 2016 Restated
(a) Revenue from oil and gas sales		
Gas sales	-	-
Oil sales	-	-
	-	**-**
(b) Cost of sales		
Production costs	(3)	(19)
	(3)	**(19)**
(c) Other income		
Cost recoveries	3,659	2,162
Other	27	52
	3,686	**2,214**
(d) Amortisation and depreciation		
Amortisation – oil and gas production assets	-	-
Depreciation – property, plant and equipment	(55)	(35)
	(55)	**(35)**
(e) Employee benefits expense		
Salary, wages and bonuses	(3,896)	(2,344)
Superannuation	(286)	(148)
Share-based payments expense	771	(733)
Redundancy payout due to office relocation	(26)	-
Other	(188)	(297)
	(3,625)	**(3,522)**
(f) Other expenses		
Legal fees	(190)	(72)
Consulting fees	(450)	(261)
Office costs	(163)	(230)
Other	(334)	(369)
	(1,137)	**(932)**

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8. Net financial income/(expenses)

The following is an analysis of the Group's net financial income/(expenses) from continuing operations.

For the year ended $'000	30 June 2017	30 June 2016
Interest income on cash and cash equivalents	65	114
Net foreign currency exchange gain	-	-
Net gain on derivative financial instruments	-	-
Financial income	**65**	**114**
Interest expense on financial liabilities	(188)	(356)
Financing transaction costs and fees	(91)	(123)
Net foreign currency exchange loss	(16)	(19)
Net loss on derivative financial instruments	-	-
Financial expenses	**(295)**	**(498)**

9. Income tax relating to continuing operations

For the year ended $'000	30 June 2017	30 June 2016
Income tax recognised in the statement of comprehensive income		
Tax benefit/(expense) comprises:		
Current tax benefit/(expense) in respect of the current year	326	1,137
Benefit arising from previously unrecognised tax losses, tax credits or temporary difference of a prior period used to reduce current tax expense	-	-
Eligible R&D refund	6,334	8,454
Deferred tax benefit/(expense) relating to the origination and reversal of temporary differences	(1,984)	(4,445)
Deferred tax benefit/(expense) not brought to account	1,658	3,308
Total income tax benefit/(expense) relating to continuing operations	**6,334**	**8,454**

The prima facie income tax expense on pre-tax accounting profit/(loss) from continuing operations reconciles to the income tax expense in the financial statements as follows:

For the year ended $'000	30 June 2017	30 June 2016
Reconciliation of effective tax rate		
Profit/(Loss) from continuing operations	**(1,919)**	**(3,111)**
Income tax benefit/(expense) calculated at 30%	576	933
Effect of income and expenditure that is either not assessable or deductible	226	(266)
Effect of tax concessions (research and development and other allowances)	3,764	4,232
Effect of different tax rate on US subsidiaries	-	-
Effect of deferred tax arising from equity	110	247
Effect of deferred tax expense not brought to account	1,658	3,308
	6,334	**8,454**

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

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Deferred tax balances

For the year $'000	Not recognised (opening balance)	Foreign exchange differences	Recog in profit or loss	Recog in equity	Liquidation of subsidiary	Other taxable income/ (deductions)	Not recognised (closing balance)
30 June 2017							
Temporary differences							
Exploration and evaluation assets	(17,510)	-	(2,574)	-	-	-	(20,084)
Oil and gas production assets	9,205	-	-	-	(9,205)	-	-
Accrued interest income	(2)	-	2	-	-	-	-
Prepayments	360	-	-	-	(360)	-	-
Borrowings	-	-	-	-	-	-	-
Accruals	41	-	(1)	-	-	-	40
Derivatives	8	-	-	-	(8)	-	-
Provisions	135	-	(12)	-	(82)	-	41
Deferred income (PACE grant)	-	-	600	-	-	-	600
Intercompany loan	-	-	-	-	-	-	-
	(7,763)	-	(1,985)	-	(9,655)	-	(19,403)
Business capital expenditure (Section 40-880)	247	-	1	(4)	-	-	244
	(7,516)	-	(1,984)	(4)	(9,655)	-	(19,159)
Unused tax losses and credits							
- Revenue	7,939	-	304	-	(4,297)	-	3,968
- Revenue subject to available fraction	16,923	-	-	-	-	-	16,923
- Capital in nature	10,438	-	-	-	-	4,197	14,635
- Capital in nature subject to available fraction	347	-	-	-	-	-	347
- Capital in nature excess percentage depletion	2,674	-	-	-	(2,674)	-	-
	38,321	-	304	-	(6,971)	4,197	35,873
	30,805	-	(1,680)	(4)	(16,626)	4,197	16,714

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For the year $'000	Not recognised (opening balance)	Foreign exchange differences	Recog in profit or loss	Recog in equity	Liquidation of subsidiary	Other taxable income/ (deductions)	Not recognised (closing balance)
30 June 2016							
Temporary differences							
Exploration and evaluation assets	(13,108)	-	(4,402)	-	-	-	(17,510)
Oil and gas production assets	8,141	1,230	(166)	-	-	-	9,205
Accrued interest income	(1)	-	(1)	-	-	-	(2)
Prepayments	242	37	81	-	-	-	360
Borrowings	(1)	-	1	-	-	-	-
Accruals	86	-	(45)	-	-	-	41
Derivatives	6	1	1	-	-	-	8
Provisions	139	13	(17)	-	-	-	135
Intercompany loan	191	29	(220)	-	-	-	-
	(4,305)	1,310	(4,768)	-	-	-	(7,763)
Business capital expenditure (Section 40-880)	379	-	-	(132)	-	-	247
	(3,926)	1,310	(4,768)	(132)	-	-	(7,516)
Unused tax losses and credits							
- Revenue	14,026	1,741	1,640	-	-	(9,468)	7,939
- Revenue subject to available fraction	16,923	-	-	-	-	-	16,923
- Capital in nature	-	-	-	-	-	10,438	10,438
- Capital in nature subject to available fraction	347	-	-	-	-	-	347
- Capital in nature excess percentage depletion	2,282	-	-	-	-	392	2,674
	33,578	1,741	1,640	-	-	1,362	38,321
	29,652	3,051	(3,128)	(132)	-	1,362	30,805

Income tax recognised directly in equity

There were no current and deferred amounts charged/(credited) directly to equity during the period (2016: Nil).

Net unrecognised deferred tax assets

Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following:

As at $'000	30 June 2017	30 June 2016
Tax losses – revenue	3,968	7,939
Tax losses - revenue subject to available fraction	16,923	16,923
Tax losses - capital in nature	14,635	10,438
Tax losses - capital in nature subject to available fraction	347	347
Tax losses - capital in nature (excess percentage depletion)	-	2,674
	35,873	38,321
Temporary differences (deferred tax asset)	925	9,996
Temporary differences (deferred tax liability)	(20,084)	(17,512)
Net unrecognised deferred tax assets	**16,714**	**30,805**

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The Group has tax losses arising in Australia of $69,564,488 (2016: $68,552,417) and the United States of $Nil (2016: $12,275,985).

The Group has recognised a deferred tax asset in relation to these losses to the extent necessary to offset deferred tax liabilities.

The Group has capital losses arising in Australia of $49,939,969 (2016: $35,950,389). The Group has not recognised a deferred income tax asset in relation to these losses. The Group has no excess percentage of depletion losses arising in the United States (2016: $7,639,750) as a result of the liquidation of the US Group of entities. The Group has not recognised a deferred income tax asset in relation to these losses.

The Company and its wholly owned Australian controlled entities implemented the tax consolidation legislation from 1 July 2013. The accounting policy in relation to this legislation is set out in note 3.18 (b).

10. Remuneration of auditors

For the year ended $	30 June 2017	30 June 2016
Amounts received/receivable by Deloitte Touche Tohmatsu (Aus) for:		
Audit or review of the financial report of the Group	100,343	99,000
Corporate advisory	-	-
Total audit remuneration	**100,343**	**99,000**

11. Cash and cash equivalents

As at $'000	30 June 2017	30 June 2016
Cash and cash equivalents (i)	4,863	3,914
Short term deposits (ii)	-	3,300
	4,863	**7,214**

(i) Cash at bank earns interest at floating rates based on daily deposit rates.

(ii) Short term deposits are at call and earn interest at prevailing short term deposit rates.

12. Trade and other receivables

As at $'000	30 June 2017	30 June 2016
Current		
Trade receivables (i)	-	175
GST receivable	-	148
Other receivables	417	23
	417	**346**

(i) The average credit period on current trade receivables is 60 days (2016: 60 days). All amounts were collected within the average credit period. An allowance is made when there is objective evidence that a trade receivable is impaired. There was no evidence that impairment existed at balance date (2016: Nil). There were no amounts that were past due but not considered to be impaired at balance date (2016: Nil).

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13. Other financial assets

As at $'000	30 June 2017	30 June 2016
Current		
Advances (i)	3	-
Security deposits (ii)	50	8
Prepayments	51	66
	104	**74**
Non-current		
Security deposits (ii)	33	33
	33	**33**

(i) Advances represent payments made to the operators of certain of the Group's joint ventures, which will be used for exploration and evaluation activities in the future.

(ii) Security deposits relate to cash provided to secure certain leasing obligations. The weighted average interest was 2.24% (2016: 2.4%).

14. Exploration and evaluation assets

For the year ended $'000	Texas, USA	Louisiana, USA	Carnarvon Basin, Australia	Future Gas Project, Australia	Cooper Basin, Australia	Other	Total
Balance at 1 July 2016	**-**	**-**	**-**	**-**	**57,836**	**529**	**58,365**
Foreign exchange movements	-	-	-	-	-	-	-
Additions	-	-	-	-	8,515	66	8,581
Transfer to oil and gas producing assets	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-
Impairment charge	-	-	-	-	-	-	-
Balance at 30 June 2017	**-**	**-**	**-**	**-**	**66,351**	**595**	**66,946**
Balance at 1 July 2015	**-**	**-**	**-**	**-**	**43,667**	**26**	**43,693**
Foreign exchange movements	-	-	-	-	-	-	-
Additions	1	-	-	-	14,169	503	14,673
Transfer to oil and gas producing assets	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-
Impairment charge	(1)	-	-	-	-	-	(1)
Balance at 30 June 2016	**-**	**-**	**-**	**-**	**57,836**	**529**	**58,365**

Impairment charge

During the financial year, the Group did not recognise a non-cash impairment charge (2016: $1k). Impairment charges are recognised in the profit or loss component of the statement of comprehensive income.

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15. Oil and gas production assets

The following table details the consolidated expenditure on the Group's oil and gas production assets located in Texas (USA):

For the year ended $'000	30 June 2017	30 June 2016
Balance at 1 July	817	1,232
Additions	-	11
Transfer from exploration expenditure	-	-
Change in restoration and rehabilitation obligations	-	(28)
Amortisation of oil and gas production assets	(55)	(449)
Impairment charge	-	-
Disposal	(749)	-
Foreign exchange movement	(13)	51
Balance at 30 June	**-**	**817**

There was no amortisation during the current year (2016: Nil) that was capitalised as part of inventory or the cost of other assets.

Change in restoration and rehabilitation obligations

Refer to note 19 for further details relating to the Group's restoration and rehabilitation obligations.

Impairment charge

During the financial year, the Group did not recognise a non-cash impairment charge (2016: Nil). Impairment charges are recognised in the profit or loss component of the statement of comprehensive income.

16. Property, plant and equipment

As at $'000	30 June 2017	30 June 2016
At cost	330	324
Accumulated depreciation and impairment charges	(191)	(160)
Carrying value	**139**	**164**

There was no depreciation during the current year (2016: Nil) that was capitalised as part of inventory or other assets.

17. Trade and other payables

As at $'000	30 June 2017	30 June 2016
Trade payables	421	978
Accruals and other payables	583	2,018
Total trade and other payables	**1,004**	**2,996**
Current	1,004	2,996
Non-current	-	-

Trade and other payables are non-interest bearing and are normally settled within 30 days (2016: 30 days).

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18. Employee benefits

As at $'000	30 June 2017	30 June 2016
Provision for annual leave	71	101
Provision for long service leave	28	78
Provision for redundancy payout	26	-
Total employee benefits	**125**	**179**
Current	97	101
Non-current	28	78

19. Provisions

As at $'000	Restructuring	Restoration and rehabilitation	Total
Balance at 1 July 2016	**-**	**226**	**226**
Provisions made during the year	12	-	12
Effect of discounting	-	(3)	(3)
Foreign exchange movement	-	-	-
Derecognition of provision at date of disposal of US production assets	-	(223)	(223)
Balance at 30 June 2017	**12**	**-**	**12**
Current	12	-	12
Non-current	-	-	-
Total provisions at 30 June 2017	**12**	**-**	**12**
Current	-	-	-
Non-current	-	226	226
Total provisions at 30 June 2016	**-**	**226**	**226**

Restructuring

As announced on 1 June 2017, Strike relocated its head office from Sydney to Adelaide to enhance relationships with the South Australian Government, partners and customers, as well as to deliver cost savings, improvements in decision making and the establishment of a Strike local culture.

A provision for the cost of restructuring has been made, and includes make good costs to the Sydney office and office furniture removalist costs. In addition, a provision for redundancy payout has been made under provision for employee benefits (note 18).

Restoration and rehabilitation

The Group's oil and gas production activities in the US give rise to obligations for site restoration and rehabilitation. The key areas of uncertainty in estimating the provisions for these obligations are set out in note 4.

The provision recognised represents the expected cost to dismantle and dispose of the production surface level infrastructure, certain components of the subsurface infrastructure (including the plugging of well) and to also rehabilitate the surrounding disturbed land areas to a state acceptable under the various provisions as prescribed by various regulatory authorities. The provision is based on the estimated cost of restoring the production facilities. Final site restoration is not expected to occur until the cessation of operations which are determined on a location by location basis. During the financial year and at the date of disposal of the Group's US production assets, the provision for restoration and rehabilitation activities in respect of those assets were derecognised.

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20. Borrowings

As at $'000	30 June 2017	30 June 2016
BlueRock Facility (a)(i)	-	283
Macquarie Facility (b)(iii)	-	3,978
CBA Facility (c)(iv)	3,158	-
Finance lease liabilities	-	4
Total current borrowings	**3,158**	**4,265**
BlueRock Facility (a)(i)	-	3,098
Orica Facility (ii)	2,500	2,500
Finance lease liabilities	-	4
Total non-current borrowings	**2,500**	**5,602**
(a) BlueRock Facility	-	3,381
Carrying amount	**-**	**3,381**
(b) Macquarie Facility	-	4,000
Debt issuance costs	-	(22)
Carrying amount	**-**	**3,978**
(c) CBA Facility	3,199	-
Debt issuance costs	(41)	-
Carrying amount	**3,158**	**-**

(i) On 22 May 2013, the Group entered into a production payment funding facility (the BlueRock Facility) with BlueRock Energy Capital, for the purpose of funding the drilling and completion costs for the Group's existing Eagle Ford Shale and Permian Basin wells in the United States. Repayments under the BlueRock facility are dependent upon revenue generated from certain of the Group's US production assets. On 1 November 2015, the Group entered into an amendment to the BlueRock facility, reducing the repayment obligations for the period from 1 November 2015 to 30 June 2016 from 80% of net revenue to 50% of net revenue, while for the period from 1 January 2016 to 30 June 2016, the interest rate on the loan will be reduced from 18% to 9.5%. On 22 June 2016, the Group entered into a second amendment extending the reduced repayment obligations and interest to be applied to the BlueRock Facility for a further six-month period commencing 1 July 2016.

In October 2016, as part of the disposal of the Group's interest in the Bigham 1 well in the Eagle Ford JV area, an agreement was reached between the Group and BlueRock Energy Capital for the proceeds from the sale to be applied to the BlueRock Facility, and for the terms of the facility to be modified so that Strike Energy Eagle Ford LLC is released from its production payment obligations. Strike Energy Permian Basin LLC and Strike Energy Wilcox LLC would remain the joint borrowers and guarantors under the facility.

In January 2017, upon completion of the disposal of the Group's interest in the Louise and Permian Clearfork project areas, and upon receiving the consideration of US$175,000 from the purchasers of the Permian Clearfork project area, BlueRock Energy Capital would release both Strike Energy Permian Basin LLC and Strike Energy Wilcox LLC from its production payment obligations, and assign the obligations to the purchaser of the Louise project area. As a result of the transaction, the Group has derecognised the amount owing under the BlueRock facility.

(ii) On 15 July 2013, the Group entered into a loan agreement with Orica Australia Pty Ltd (Orica) for the purpose of funding components of the budgeted and approved programme associated with the PEL 96 Joint Venture operations (the Orica Facility). The loan is interest free and repayable 5 years from the date of drawdown or at a date as mutually agreed between the parties.

(iii) On 1 September 2016, the Group repaid in full the $4.0 million outstanding under the terms of the FY16 Macquarie Facility from the proceeds of its FY16 R&D refund.

(iv) On 15 November 2016, the Group established a new facility with the Commonwealth Bank of Australia (CBA) (the FY17 CBA Facility) to provide pre-funding for eligible R&D expenditure to be incurred during the year ended 30 June 2017. The FY17 CBA Facility has a limit of $3.6 million, which can be drawn down after the related eligible R&D expenditure incurred is validated by the Group's R&D advisors in accordance with the prescribed ATO guidelines and requirements. The FY17 CBA Facility is collateralised in full from the proceeds of the Company's 2017 R&D refund (which is anticipated to be received in 4th quarter 2017) and is secured by a charge over the assets of the Company.

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21. Other liabilities

As at $'000	30 June 2017	30 June 2016
Unearned revenue – Gas prepayment agreements	12,100	12,100
Deferred income - unapplied PACE grant	2,000	-
Total other liabilities	**14,100**	**12,100**
Current	-	-
Non-current	**14,100**	**12,100**

Unearned revenue represents amounts received under the terms of various innovative gas prepayment and option agreements pertaining to the future delivery of gas from the Group's Southern Cooper Basin Gas Project.

Deferred income or unapplied PACE grant represents amounts received under the South Australia State Government's Plan for Accelerating Exploration (PACE Grant) that would be applied to eligible future exploration and evaluation expenditure. The application of the PACE grant to future expenditure would reduce the carrying amount of the exploration and evaluation asset.

22. Discontinued operations

As disclosed in the half-year financials, in October 2016, the Group, along with the participants to the Eagle Ford Joint Venture, entered into and completed the disposal of its working interest in the Eagle Ford JV project area to a third party. The proceeds, net of transaction costs, were applied to pay down a portion of the BlueRock facility.

In addition, with effect from 1 January 2017, the Group disposed its interest separately in the Louise and Permian Clearfork project areas to third parties. Under the terms of these agreements, the purchaser of the Permian Clearfork project area is to pay consideration of US$175,000 (which is to be used to reduce the principal under the BlueRock facility), and the purchaser of the Louise project areas would assume in full the remaining obligations under the BlueRock facility.

As at $'000	30 June 2017	30 June 2016
Profit for the year from discontinued operations		
Revenue	697	1,492
Cost of sales	(244)	(900)
Other income	31	104
Gain on sale of oil and gas production assets	2,595	-
Loss on sale of oil and gas production assets (foreign currency translation reserve)	(10,879)	-
Loss on liquidation of US companies (foreign currency translation reserve)	(46)	-
Expenses	(889)	(1,712)
Profit/(loss) before tax	(8,735)	(1,016)
Attributable income tax expense	-	-
Profit/(loss) for the year from discontinued operations (attributable to owners of the company)	**(8,735)**	**(1,016)**
Cash flows from discontinued operations		
Net cash inflows/(outflows) from operating activities	(376)	(103)
Net cash inflows/(outflows) from investing activities	296	364
Net cash inflows/(outflows) from financing activities	179	(714)
Net cash inflows/(outflows)	**99**	**(453)**

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23. Equity and reserves

Share capital

	Number of shares (No'000)		Issued capital ($'000)	
For the year ended	30 June 2017	30 June 2016	30 June 2017	30 June 2016
Balance at beginning of year	900,331	833,331	128,122	121,806
Rights issues during the period, net of transaction costs	64,309	-	4,150	-
Placements during the period, net of transaction costs	-	67,000	-	6,316
Balance at end of year	**964,640**	**900,331**	**132,272**	**128,122**

On 11 November 2016, the Company announced a fully underwritten non-renounceable pro-rata rights issue of one (1) ordinary share for every fourteen (14) ordinary shares held by eligible shareholders at an issue price of $0.07 per new share to raise up to approximately $4.5 million (before costs and expenses). Under the terms of the offer, a total of 64.3 million new shares were issued on 12 December 2016.

All issued ordinary shares are fully paid and have no par value.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share. All shares rank equally with regards to the Group's residual assets in the event of a wind-up.

Reserves

Employee share incentive plan - share-based payments reserve

Under the terms of the employee share incentive plan (the Plan) which was last approved by the Shareholders of the Company on 30 October 2014, both share options and performance rights can be granted to eligible employees for no consideration. Typically, awards are granted for a two to three year period, with a number of vesting conditions attached. Entitlements under these awards vest as soon as the associated vesting conditions have been met. Awards cannot be settled in cash. Awards under the plan carry no dividend or voting rights.

The following tables outline details of the instruments granted during the financial year:

Instrument issued	Date granted	Date exercisable	Expiry date	Exercise price of instrument	Number of instruments	Fair value at grant date
Options	7 April 2017	7 April 2017	7 April 2020	$0.1200	2,000,000	$0.0120
Options	1 June 2017	1 June 2017	1 June 2020	$0.1500	1,000,000	$0.0030
					3,000,000	

The following tables outline details of the instruments expired or forfeited during the financial year:

Instrument expired/forfeited	Date granted	Date vested	Expiry date	Exercise price of instrument	Number of instruments	Fair value at grant date
Options	18 November 2011	18 November 2011	18 November 2016	$0.2000	2,000,000	$0.0751
Options	18 November 2011	18 November 2012	18 November 2016	$0.2000	2,000,000	$0.0751
Options	18 November 2011	18 November 2013	18 November 2016	$0.2000	3,000,000	$0.0744
Options	18 November 2011	18 November 2013	18 November 2018	$0.1993[(i)]	3,000,000	$0.0825
Performance rights	30 October 2014	30 October 2014	30 October 2018	Nil	5,216,667	$0.0710
Performance rights	30 October 2014	30 October 2014	30 October 2018	Nil	5,216,667	$0.0470
Performance rights	30 October 2014	30 October 2014	30 October 2018	Nil	5,216,666	$0.0340
Performance rights	23 May 2016	23 May 2016	30 October 2018	Nil	250,000	$0.0650
Performance rights	23 May 2016	23 May 2016	30 October 2018	Nil	250,000	$0.0300
Performance rights	23 May 2016	23 May 2016	30 October 2018	Nil	250,000	$0.0150
					26,400,000	

(i) As announced on 24 November 2016 and as a result of the rights issue (refer to note 23), the exercise price of the options was changed from $0.20 to $0.1993 respectively under the terms of the Plan.

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The net income recognised in the statement of comprehensive income in relation to share-based payments was $771k (2016: net expense of $733k). This was mainly due to forfeiture of performance rights arising from employee terminations.

Instruments outstanding

The balance of share options and performance rights on issue as at 30 June 2017 is as follows:

Instrument	Date granted	Expiry date	Exercise price of instrument	Number of instruments	Fair value at grant date
Options (i)	1 November 2012	1 November 2017	$0.1993(vii)	500,000	$0.1025
Options (ii)	1 November 2012	1 November 2017	$0.1993(vii)	500,000	$0.1047
Options (i)	10 April 2013	10 April 2018	$0.1793(viii)	100,000	$0.0431
Options (ii)	10 April 2013	10 April 2018	$0.1793(viii)	100,000	$0.0439
Options (iii)	7 April 2017	7 April 2020	$0.1200	2,000,000	$0.0120
Options (iii)	1 June 2017	1 June 2020	$0.1500	1,000,000	$0.0030
Performance rights (iv)	30 October 2014	30 October 2018	Nil	3,716,668	$0.0710
Performance rights (v)	30 October 2014	30 October 2018	Nil	3,716,667	$0.0470
Performance rights (vi)	30 October 2014	30 October 2018	Nil	3,716,665	$0.0340
Performance rights (iv)	7 August 2015	30 October 2018	Nil	150,000	$0.0940
Performance rights (v)	7 August 2015	30 October 2018	Nil	150,000	$0.0560
Performance rights (vi)	7 August 2015	30 October 2018	Nil	150,000	$0.0360
Performance rights (iv)	23 May 2016	30 October 2018	Nil	316,667	$0.0650
Performance rights (v)	23 May 2016	30 October 2018	Nil	316,667	$0.0300
Performance rights (vi)	23 May 2016	30 October 2018	Nil	316,666	$0.0150
				16,750,000	

(i) Vests one year from date of grant.
(ii) Vests two years from date of grant.
(iii) Vests from the grant date to the expiry date.
(iv) Vests from the grant date to the expiry date if the closing price of the shares on the ASX is $0.20 or greater on five consecutive trading days.
(v) Vests from the grant date to the expiry date if the closing price of the shares on the ASX is $0.35 or greater on five consecutive trading days.
(vi) Vests from the grant date to the expiry date if the closing price of the shares on the ASX is $0.50 or greater on five consecutive trading days.
(vii) As announced on 24 November 2016 and as a result of the rights issue (refer to note 23), the exercise price of the options was changed from $0.20 to $0.1993 respectively under the terms of the Plan.
(viii) As announced on 24 November 2016 and as a result of the rights issue (refer to note 23), the exercise price of the options was changed from $0.18 to $0.1793 respectively under the terms of the Plan.

The weighted average remaining contractual life for options and performance rights on issue at the end of the year was 2.13 years and 1.3 years respectively (2016: 1.0 years, 2.3 years).

The weighted average exercise prices for options on issue at the end of the year was $0.1488 (2016: $0.1996). Performance rights, when vested, are exercisable for no consideration.

The fair value of the options granted during the period is estimated as at the date of grant using a Binomial tree option pricing model taking into account the terms and conditions upon which the instruments were granted.

The following table lists the inputs used to value instruments issued during the year ended 30 June 2017:

	7 April 2017 (i)	**1 June 2017** (i)
Instrument	Options	Options
Number	2,000,000	1,000,000
Expiry date	7 April 2020	1 June 2020
Dividend yield	Nil%	Nil%
Expected volatility	50.0%	50.0%
Risk-free interest rate	1.59%	1.55%
Expected life of instruments (years)	1.5	1.5
Share price at grant date	$0.087	$0.070

(i) Under the terms of the award, the options vest from grant date to expiry date and expires 90 days after the date of cessation of employment.

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For details of the fair values of instruments issued in previous financial periods, please refer to the annual financial reports of the Group for the year ended 30 June 2016 or earlier. The expected life of instruments is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

Instruments exercised during the financial year

There were no options or performance rights exercised during the financial year (2016: Nil).

Change in instruments on issue

For the year ended	30 June 2017		30 June 2016	
	Number of instruments	Weighted average exercise price ($)	Number of instruments	Weighted average exercise price ($)
Balance at beginning of year				
- Options	11,200,000	0.1996	11,700,000	0.1997
- Performance rights	28,950,000	-	28,650,000	-
Options granted during the year	3,000,000	0.1300	-	-
Performance rights granted during the year	-	-	2,150,000	-
Options cancelled/forfeited during the year	(3,000,000)	0.1993	-	-
Performance rights cancelled/forfeited during the year	(16,400,000)	-	(150,000)	-
Options expired during the year	(7,000,000)	0.2000	(500,000)	0.2000
Performance rights expired during the year	-	-	(1,700,000)	-
Exercised during the year	-	-	-	-
Balance at end of year				
- Options	4,200,000	0.1488	11,200,000	0.1996
- Performance rights	12,550,000	-	28,950,000	-
Options exercisable at end of year	4,200,000	0.1488	5,200,000	0.1992

Foreign currency translation reserve

Exchange differences relating to the translation from the functional currencies of the Group's foreign controlled entities into Australian dollars are brought to account by entries made directly to the foreign currency translation reserve.

These exchange differences include those relating to an AUD intercompany loan from an Australian subsidiary to a US subsidiary. From 1 July 2016 onwards, management's view is that settlement is not likely to occur in the foreseeable future, and that it would be accounted for as a net investment in a foreign operation. All foreign exchange differences was taken to other comprehensive income, and on translation of foreign operations on consolidation, in other comprehensive income and foreign currency translation reserve.

During the financial year, all of the Group's US production assets were disposed. In accordance to accounting policy note 3.2(c) above, the exchange differences in the foreign currency translation reserve was recognised in the statement of comprehensive income as a component of the profit or loss as part of the gain or loss on the sale.

Dividends

No dividends have been declared or paid during the period.

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Profit/(Loss) per share

The profit/(loss) and weighted average number of ordinary shares used in the calculations of basic and diluted profit/(loss) per share are as follows:

As at/for the year ended	30 June 2017	30 June 2016
Net profit/(loss) attributed to ordinary shareholders (in $'000)	(4,320)	4,327
Profit/(loss) for the year from discontinued operations used in the calculation of basic profit/(loss) per share from discontinued operations	(8,735)	(1,016)
Profit/(loss) used in the calculation of basic profit/(loss) per share from continuing operations	4,415	5,343
Profit/(Loss) used in calculating basic and diluted profit/(loss) per share (in $'000)	**(4,320)**	**4,327**
Number of shares (No'000)	964,640	900,331
Weighted average number of ordinary shares used in calculating basic profit/(loss) per share (No'000)	936,098	847,649
Diluted profit/(loss) per share:		
The number of instruments which are potential ordinary shares that are not dilutive and hence not used in the valuation of the diluted profit/(loss) per share (No'000)	16,750	40,150
Adjusted weighted average number of ordinary shares used in calculating diluted profit/(loss) per share (No'000)	936,098	847,649
Basic profit/(loss) per share (cents per share)	(0.46)	0.51
Diluted profit/(loss) per share (cents per share)	(0.46)	0.51

Diluted profit/(loss) per share adjusts the figures used in determining the basic profit/(loss) 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 shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

The following potential ordinary shares are not dilutive and are therefore excluded from the weighted average number of ordinary shares for the purposes of calculating diluted profit/(loss) per share:

As at	30 June 2017	30 June 2016
Employee options and performance rights (No '000)	16,750	40,150
	16,750	**40,150**

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Capital management

The Directors are responsible for monitoring and managing the Group's capital structure.

The Directors' policy is to maintain an acceptable capital base to promote the confidence of the Group's financiers, creditors and partners and to sustain the future development of the business. The Directors monitor the Group's financial position to ensure that it complies at all times with its financial commitments and arrangements.

In order to maintain or adjust the capital structure, the Directors may elect to take a number of measures including, for example, to dispose of assets or operating segments of the business, to alter its short to medium term plans in respect of capital projects and working capital levels, or to re-balance the level of equity and external debt in place. Capital comprises share capital, external debt and reserves.

24. Financial risk management

Overview

This note presents information about the Group's exposure to market risk, credit risk and liquidity risk, and, where applicable, the Group's objectives, policies and procedures for managing these risks.

Exposure to market, credit and liquidity risks arises in the normal course of the Group's business. The Directors and management of the Group have overall responsibility for the establishment and oversight of the Group's risk management framework.

The Directors have established policies that identify risks faced by the Group and sets out policies and procedures to mitigate those risks. Monthly consolidated reports are prepared for the Directors, who ensure compliance with the Group's risk management policies and procedures.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and commodity prices will affect the Group's cash flows or the fair value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Foreign exchange risk

Foreign exchange risk exposures exist on purchases and assets that are denominated in foreign currencies (i.e. currencies other than the functional currency of each of the Group's operating entities). These transactions are primarily denominated in USD.

The Group takes advantage of natural offsets to the extent possible. When considered appropriate, the Group may enter into forward exchange contracts to hedge foreign exchange risk arising from specific transactions.

Certain subsidiaries within the Group are exposed to foreign exchange risk on purchases denominated in currencies that are not the functional currency of that subsidiary. In these circumstances, a change in exchange rates would impact the net operating profit or loss recognised in the profit or loss component of the Group's statement of comprehensive income.

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Exposure to foreign exchange risk

The Group is exposed to foreign exchange risk on financial assets and financial liabilities that are denominated in foreign currencies (i.e. currencies other than the functional currency of each of the Group's operating entities). The Group's exposure on financial assets and liabilities by currency which have the potential of impacting the profit or loss component of the statement of comprehensive income is detailed below.

As at	30 June 2017			30 June 2016		
$'000	AUD	USD	Total	AUD	USD	Total
Cash and cash equivalents	-	5	5	-	657	657
Trade and other receivables	-	-	-	-	-	-
Trade and other payables	-	(48)	(48)	-	(108)	(108)
Derivatives	-	-	-	-	(3)	(3)
Borrowings	-	-	-	-	-	-
Total exposure	**-**	**(43)**	**(43)**	**-**	**546**	**546**

In addition, the Group is exposed to foreign exchange risk on translation of its operations that are denominated in currencies other than AUD. The Group's net assets denominated in currencies other than the AUD which have the potential of impacting the other comprehensive income component of the statement of comprehensive income are:

As at $'000	30 June 2017	30 June 2016
Net asset exposure - USD functional currency	-	(2,028)

During the financial year, the Group's US operations have been disposed of and there is no longer a foreign exchange risk on translation of its operations that are denominated in currencies other than AUD.

Significant exchange rates

The following significant exchange rates were applied to the translation of net assets of the Group's entities which are denominated in currencies other than AUD:

	Average rate for the year ended		Closing rate at	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
USD	0.7545	0.7285	0.7692	0.7426

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Sensitivity analysis

A change in exchange rates would impact future payments and receipts of the Group's financial assets and liabilities denominated in differing currencies to each respective member of the Group's functional currency. A 10% strengthening or weakening of these currencies against the respective Group member's functional currency, at the reporting date, would have increased/(decreased) the reported profit or loss for the year by the amounts shown. This analysis assumes that all other variables, in particular interest rates, remain constant. The same basis has been applied for all periods presented.

For the year ended $'000	Increase/(Decrease) in profit or loss for the year ended 30 June 2017		Increase/(Decrease) in profit or loss for the year ended 30 June 2016	
	10% Strengthening	10% Weakening	10% Strengthening	10% Weakening
USD	(5)	4	61	(50)

A change in exchange rates would also impact the translation of net assets of the Group's operations whose functional currencies are denominated in currencies other than AUD, which is the Group's presentation currency. A 10% strengthening or weakening of these currencies against the Group's presentation currency, at the reporting date, would have increased/(decreased) the reported net asset position with a corresponding change to the foreign currency translation reserve ('FCTR') for the year by the amounts shown. This analysis assumes that all other variables remain constant. The same basis has been applied for all periods presented.

For the year ended $'000	Increase/(Decrease) in FCTR for the year ended 30 June 2017		Increase/(Decrease) in FCTR for the year ended 30 June 2016	
	10% Strengthening	10% Weakening	10% Strengthening	10% Weakening
USD	-	-	248	(303)

During the financial year, the Group's US operations have been disposed of and there is no longer a foreign exchange risk that would impact the translation of net assets of the Group's operations whose functional currencies are denominated in currencies other than AUD.

Interest rate risk

The Group's interest rate risk arises from long-term borrowings at both fixed and floating rates and deposits which earn interest at floating rates. Borrowings and deposits at floating rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose the Group to fair value interest rate risk.

The Group's primary exposure is to fixed rate borrowings in Australia.

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Interest rate risk on borrowings is partially offset by the Group as it has a component of its cash deposits in both floating and fixed rate accounts. The following table sets out the Group's interest rate risk re-pricing profile:

As at $'000	Total	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years
30 June 2017					
Fixed rate instruments					
Cash and cash equivalents	-	-	-	-	-
Other financial assets	86	35	51	-	-
Borrowings – Orica Facility	(2,500)	-	-	(2,500)	-
Borrowings – Macquarie Facility	-	-	-	-	-
Borrowings – BlueRock Facility	-	-	-	-	-
Borrowings – CBA Facility	(3,158)	(3,158)	-	-	-
Borrowings – finance leases	-	-	-	-	-
Total fixed rate instruments	**(5,572)**	**(3,123)**	**51**	**(2,500)**	**-**
Floating rate instruments					
Cash and cash equivalents	4,863	4,863	-	-	-
Total floating rate instruments	**4,863**	**4,863**	**-**	**-**	**-**
30 June 2016					
Fixed rate instruments					
Cash and cash equivalents	3,300	3,300	-	-	-
Other financial assets	41	41	-	-	-
Borrowings – Orica Facility	(2,500)	-	-	-	(2,500)
Borrowings – Macquarie Facility	(3,978)	(3,978)	-	-	-
Borrowings – BlueRock Facility	(3,381)	-	-	-	(3,381)
Borrowings – CBA Facility	-	-	-	-	-
Borrowings – finance leases	(8)	-	-	-	(8)
Total fixed rate instruments	**(6,526)**	**(637)**	**-**	**-**	**(5,889)**
Floating rate instruments					
Cash and cash equivalents	3,914	3,914	-	-	-
Total floating rate instruments	**3,914**	**3,914**	**-**	**-**	**-**

The Group's sensitivity to interest rate risk can be expressed in two ways:

Fair value sensitivity analysis

A change in interest rates impacts the fair value of the Group's fixed rate borrowings. Given all debt instruments are carried at amortised cost, a change in interest rates would not impact the profit or loss component of the statement of comprehensive income or the statement of financial position.

Cash flow sensitivity analysis

A change in interest rates would have an impact on future interest payments and receipts on the Group's floating rate assets and liabilities. An increase or decrease in interest rates of 200 basis points at the reporting date would negatively or positively impact both the statement of financial position and the profit or loss component of the statement of comprehensive income by the amounts shown, based on the assets and liabilities held at the reporting date and a one year time frame. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for comparative periods.

For the year ended $'000	30 June 2017	30 June 2016
200 basis point parallel increase in interest rates	97	78
200 basis point parallel decrease in interest rates	(97)	(78)

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Commodity and other price risk

Commodity and other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting all similar financial instruments traded in the market.

During the financial year, the Group's US operations have been disposed of and there is no longer a commodity and price risk that would impact the Group.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade receivables from customers and cash deposits with financial institutions.

Other receivables consist primarily of cash calls receivable from Joint Arrangement partners for which the Company does not consider to represent a significant credit risk exposure to the Group.

In addition, the Group limits credit risk on its cash deposits by only transacting with high credit-rated Australian financial institutions.

Liquidity risk

Liquidity risk is the risk that the Group will not meet its contractual obligations as they fall due. The Group's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet its liabilities as and when they fall due and comply with covenants under both normal and stressed conditions.

The Group evaluates its liquidity requirements on an on-going basis and ensures that it has sufficient cash to meet expected operating expenses including the servicing of its financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following table sets out contractual cash flows for all financial liabilities.

As at $'000	Weighted average effective interest rate	Total	1 month or less	1 to 3 months	3 months to 1 year	1 to 5 years
30 June 2017						
Derivative financial liabilities						
Foreign exchange contract	-	-	-	-	-	-
Non-derivative financial liabilities						
Trade and other payables	-	1,004	421	583	-	-
Borrowings	3.34%	5,808	-	53	3,255	2,500
Total non-derivative financial liabilities		6,812	421	636	3,255	2,500
Total		**6,812**	**421**	**636**	**3,255**	**2,500**
30 June 2016						
Derivative financial liabilities						
Foreign exchange contract	-	3	3	-	-	-
Non-derivative financial liabilities						
Trade and other payables	-	2,996	978	2,018	-	-
Borrowings	7.9%	9,867	44	98	4,434	5,291
Total non-derivative financial liabilities		12,863	1,022	2,116	4,434	5,291
Total		**12,866**	**1,025**	**2,116**	**4,434**	**5,291**

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Classification and fair values

As at $'000	Cash, loans and receivables	Other liabilities	Total carrying amount	Total fair value
30 June 2017				
Assets				
Cash and cash equivalents	4,863	-	4,863	4,863
Trade and other receivables	417	-	417	417
Other financial assets	86	-	86	86
Total assets	**5,366**	**-**	**5,366**	**5,366**
Liabilities				
Trade and other payables	-	(1,004)	(1,004)	(1,004)
Derivatives	-	-	-	-
Borrowings	-	(5,658)	(5,658)	(5,658)
Total liabilities	**-**	**(6,662)**	**(6,662)**	**(6,662)**
30 June 2016				
Assets				
Cash and cash equivalents	7,214	-	7,214	7,214
Trade and other receivables	346	-	346	346
Other financial assets	41	-	41	41
Total assets	**7,601**	**-**	**7,601**	**7,601**
Liabilities				
Trade and other payables	-	(2,996)	(2,996)	(2,996)
Derivatives	-	(26)	(26)	(26)
Borrowings	-	(9,867)	(9,867)	(9,867)
Total liabilities	**-**	**(12,889)**	**(12,889)**	**(12,889)**

The only financial assets or financial liabilities that the Group classified as fair value through profit or loss are derivatives.

The methods used in determining fair values of financial instruments are outlined in note 5.

Fair value measurements recognised in the statement of comprehensive income

Subsequent to initial recognition, the Group measures financial instruments at fair value grouped into the following levels based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at $'000	Level 1	Level 2	Level 3	30 June 2017	Level 1	Level 2	Level 3	30 June 2016
Financial liabilities at fair value								
Foreign exchange derivatives	-	-	-	**-**	(3)	-	-	**(3)**
Embedded derivatives [(i)]	-	-	-	**-**	-	-	(23)	**(23)**

(i) Represents the estimated fair value of the perpetual overriding royalty interest of 0.5%-1% in certain of the Group's US production assets as granted under the terms of the BlueRock Facility (Refer to note 20).

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Notes to the Financial Statements

25. Parent entity disclosures

For the year ended/As at $'000	30 June 2017	30 June 2016
Assets		
Current assets	5,472	8,078
Non-current assets	54,512	40,566
Total assets	59,984	48,644
Liabilities		
Current liabilities	(2,842)	(361)
Non-current liabilities	(5,539)	(6,664)
Total liabilities	(8,381)	(7,025)
Net assets	51,603	41,619
Equity		
Issued capital	132,272	128,122
Share-based payments reserve	762	5,459
Accumulated losses	(81,431)	(91,962)
Total equity	51,603	41,619
Profit/(Loss) for the year	(4,320)	4,265
Other comprehensive income/(loss)	-	-

The Company has provided no guarantees to the debts of its subsidiaries.

The guarantee provided in favour of Cypress E&P Corporation (the operator of the Eagle Ford Joint Venture) in respect of future payment obligations of Strike Energy Eagle Ford LLC of up to US$ 338,826 relating to future gas transmission and transportation was released during the financial year when the final payment was made.

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Notes to the Financial Statements

26. Investments in subsidiaries

Name	Country of incorporation	Percentage interest held (%)	
		30 June 2017	30 June 2016
Strike Oil Corp [ii] [iv]	USA	-	100
Strike Energy Eagle Ford LLC [ii] [ix]	USA	-	100
Strike Energy Wilcox LLC [ii] [ix]	USA	-	100
Strike Energy Permian Basin LLC [ii] [x]	USA	-	100
Strike Energy Holdings Australia Pty Limited [i] [iii]	Australia	-	100
Strike Energy Western Australia Pty Ltd [i] [viii]	Australia	-	100
Strike Energy South Australia Pty Ltd [i]	Australia	100	100
Strike Energy USA Pty Ltd [i] [vii]	Australia	-	100
Strike Energy 96 Holdings Pty Ltd[i] [ii]	Australia	100	100
Strike Energy 95 Holdings Pty Ltd[i] [ii]	Australia	100	100
Strike Energy 94 Holdings Pty Ltd[i] [ii]	Australia	100	100
Strike Energy Cooper Holdings Pty Ltd[i] [ii]	Australia	100	100
Strike Energy 96 Pty Ltd[i] [ii]	Australia	100	100
Strike Energy 95 Pty Ltd[i] [ii]	Australia	100	100
Strike Energy 94 Pty Ltd[i] [ii]	Australia	100	100
Strike Energy Cooper Pty Ltd [i] [ii]	Australia	100	100
Strike Energy USA Holdings Pty Ltd [i]	Australia	100	100
Strike Energy Holdings Pty Ltd [v]	Australia	100	-
A.C.N. 616 395 398 Pty Ltd [i] [ii] [vi]	Australia	100	-

(i) These entities are not required to prepare or lodge audited accounts in Australia.
(ii) Reflects indirect ownership interest.
(iii) Name changed from Hybrid Energy Australia Pty Ltd on 25 June 2015. Deregistered on 16 February 2017.
(iv) Name changed from Strike Oil Corp to Strike Energy Corp on 13 April 2017. Liquidated on 23 June 2017.
(v) Entity incorporated on 9 December 2016.
(vi) Entity incorporated on 12 December 2016.
(vii) Deregistered on 16 February 2017.
(viii) Deregistered on 3 March 2017.
(ix) Liquidated on 26 April 2017.
(x) Liquidated on 9 June 2017.

27. Interest in petroleum permits and mineral tenements

The Group is a participant in the following petroleum permits and mineral tenements and properties:

Permit	Operator		Percentage interest held (%)	
			30 June 2017	30 June 2016
Cooper-Eromanga Basin – Australia				
PEL 94	Beach Energy Limited	#	35%	35%
PEL 95	Beach Energy Limited	#	50%	50%
PEL 96	Strike Energy Limited	#	66.667%	66.667%
PEL 515	Strike Energy Limited		100%	100%
PELA 640	Strike Energy Limited		100%	100%
PPL 210	Beach Energy Limited	*	50%	50%
Texas – USA				
Eaglewood JV area	Cypress E&P Corporation	*	0%	40%
Eagle Ford JV area	Cypress E&P Corporation	*	0%	27.5%
Louise project area	Cypress E&P Corporation	*	0%	40%
Permian Clearfork project area	Torch Production Company, LLC	*	0%	25%

* Indicates petroleum permits subject to joint venture arrangements which undertake a combination of exploration, evaluation and oil and gas production activities. During the financial year, the ownership interests have been divested to third parties.

# Indicates petroleum permits subject to joint venture arrangements which undertake exploration and evaluation activities.

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Notes to the Financial Statements

28. Commitments for expenditure

As at $'000	30 June 2017	30 June 2016
Permit and lease commitments		
Less than one year	373	373
Between one and five years	6,554	7,370
Total	6,927	7,743

The 30 June 2017 commitments relate to the Group's permits and the Group's estimated minimum share of expenditure commitments made to the South Australian Authorities. In addition to the commitments made to the South Australian Authorities, the 30 June 2016 commitments for expenditure amounts also include the expected minimum lease payment to be made to land owners in respect of the Group's exploration and production properties in the United States to maintain the Group's interest in each of the permit areas.

29. Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

As at $'000	30 June 2017	30 June 2016
Less than one year	76	36
Between one and five years	15	-
More than five years	-	-
Total	**91**	**36**

During the year ended 30 June 2017, $118k (2016: $253k) was recognised as an expense in the profit or loss component of the statement of comprehensive income in respect of operating leases.

30. Interest in Joint Arrangements

Details relating to the Group's interests in petroleum permits and mineral tenements which are subject to Joint Arrangements are detailed in note 27.

The Group's interests in assets and liabilities that are subject to Joint Arrangements are listed below. These assets and liabilities are included in the consolidated financial report in their respective asset classes.

As at $'000	30 June 2017	30 June 2016
Current assets		
Cash and cash equivalents	1,239	359
Trade and other receivables	310	159
Other financial assets	50	-
	1,599	**518**
Non-current assets		
Other financial assets	33	41
Exploration and evaluation assets	65,924	57,410
Oil and gas production assets	-	817
	65,957	**58,268**
Share of total assets of joint arrangements	**67,556**	**58,786**
Current liabilities		
Trade and other payables	(398)	(2,499)
Derivatives	-	(3)
Share of total liabilities of joint arrangements	**(398)**	**(2,502)**
Share of net assets of joint arrangements	**67,158**	**56,284**

Notes to the Financial Statements

31. Key management personnel compensation

The aggregate compensation made to key management personnel of the Group is set out below:

For the year ended $	30 June 2017	30 June 2016
Short-term employee benefits	1,656,415	1,782,724
Post-employment benefits	74,184	64,370
Other long-term benefits	-	-
Termination benefits	190,125	-
Share-based payments	(787,340)	710,745
Total	**1,133,384**	**2,557,839**

Other details of remuneration of key management personnel are provided in the remuneration report which forms part of the Directors' Report to shareholders.

32. Related party transactions

Equity interests in subsidiaries

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 26.

Equity interests in associates and joint ventures

Details of interests in joint ventures are disclosed in note 27.

Transactions with key management personnel

During the year, the following were paid/payable to key management personnel and their related entities:

- $4,994 (2016: $3,150) was paid/payable to Challenger Geological Services Pty Limited (a director related entity via Mr S Ashton) for geological sample analysis, handling and storage;
- $118,388 (2016: $141,110) was paid/payable to M H Carnegie & Co (a director related entity via Mr M Carnegie) for commercial office space;
- $Nil (2016: $278,012) was paid/payable to Ostwald Bros Pty Ltd (a director related entity via Mr B Ostwald) for construction services; and
- $1,369 (2016: $Nil) was paid/payable to Mulloway Pty Ltd (a director related entity via Mr J Poynton) for commercial office space.

There were no other transactions or balances with key management personnel other than in the ordinary course of business.

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Notes to the Financial Statements

Transactions with other related parties

During the financial year, the following transactions occurred between the Company and its related parties:

The Company advanced $6,004,388 (2016: $2,706,970) for the working capital requirements of its Australian subsidiaries. No interest is charged on loans or advances by the Company to its Australian subsidiaries.

The Company provided management services to its subsidiaries and joint ventures totalling $3,506,289 (2016: $1,984,846).

The following balances arose from transactions between the Company and its related parties and are outstanding at reporting date:

- Loan receivables totalling $41,234,943 (2016: $36,831,857) from subsidiaries; and
- Trade receivables totalling $321,532 (2016: $43,053) from joint ventures.

All amounts advanced to related parties are unsecured.

Amounts outstanding will be settled unless it is considered that the related party will be unable to repay the amounts, in which case, a bad debt is recognised. No guarantees have been received.

Transactions between the Company and its related parties were eliminated in the preparation of the consolidated financial statements of the Group.

Parent entity

The parent and ultimate parent entity in the Group is Strike Energy Limited. Strike Energy Limited was incorporated in Australia.

33. Contingencies

Litigation and legal proceedings

As a result of its operations, the Group has certain contingent liabilities related to certain litigation and legal proceedings. The Group has determined that the possibility of a material outflow related to these contingent liabilities is remote.

34. Subsequent events

As announced on 17th August 2017, the Group successfully negotiated with Orica International Pte Ltd (Orica) to withdraw its claim for the repayment of the $7.5 million prepayment for gas under the original gas sales agreement in 2014. In addition, a new Gas Sales Agreement has been entered into which replaces the existing sales agreement entered into in 2014.

Additionally, Orica has agreed to extend the date for repayment by Strike of the $2.5 million load made by it in 2013 from 30 June 2018 to 31 December 2021, effective upon execution of a new Gas Sales Agreement. The existing loan of $2.5 million will accrue interest at 5.8% and the principal and accrued interest will be convertible into the Company's ordinary shares in whole or in part at Orica's election after 1 September 2018 at a conversion price that is equal to the 30-day volume weighted average price but not less than 20 cents.

The Company relocated its registered corporate and operational offices to Adelaide, South Australia. The Department of Premier & Cabinet through the Economic Investment Fund have supported the relocation and the Company's commitment to generate 85 full time equivalent roles through a grant totalling $1.0 million with a percentage payable upon evidence of such employment growth. The Company will complete a funding deed to finalise the award.

On 30 August, technical success was announced in the Klebb area of the Southern Cooper Basin Gas Project which enables the Company to refine gas content in the Vu Upper coal seam to between 6.1 m3/t and 6.0m3/t with external validation by Igesi Consulting. The confirmation of the producibility of the Vu Upper coal leads to commercial appraisal of the field with optimised production systems with the Jaws Project.

In late September 2017 Strike announced it had successfully raised $9.1 million (before costs) through the placement of 130,000,000 fully paid ordinary shares at $0.07 per share.

With the exception of the above, there have been no other events subsequent to 30 June 2017 that would require accrual or disclosure in the consolidated financial statements.

Additional Securities Exchange Information

As at 31 August 2017

1. Number of holders of equity securities

964,640,299 fully paid ordinary shares are held by 3,428 individual shareholders.

23,000,000 unlisted options and performance rights are held by 9 individuals.

2. Voting rights

In accordance with the Company's constitution, on a show of hands every shareholder present in person or by a proxy, attorney or representative of a shareholder has one vote and on a poll every shareholder present in person or by a proxy, attorney or representative has in respect of fully paid shares, one vote for every share held. No class of option holder has a right to vote, however the shares issued upon exercise of options will rank pari passu with the existing issued fully paid ordinary shares.

3. Distribution of shareholdings

Holdings	Number of shares
< 1,000	19,933
1,001 to 5,000	1,172,585
5,001 to 10,000	3,393,781
10,001 to 100,000	66,398,379
> 100,001	893,655,621
Holder of less than a marketable parcel	512

4. Substantial shareholders

Name	% Interest
MHC Fund Services Pty Ltd	7.2

The above shareholdings are disclosed pursuant to section 671B (3) of the Corporations Act 2001 but the relevant interests shown do not necessarily represent the beneficial interest in the share capital of the Company or parties concerned.

5. The 20 largest holders of quoted equity securities

Ranking	Shareholder	Number of shares	% Held
1	MHC Fund Services A Pty Ltd	69,467,632	7.20%
2	J P Morgan Nominees Australia Limited	37,809,737	3.92%
3	Timothy Rupert Barr Goyder	35,892,858	3.72%
4	Calm Holdings Pty Ltd	26,385,459	2.74%
5	HSBC Custody Nominees (Australia) Limited	21,077,692	2.19%
6	Orica Investments Pty Ltd	20,833,333	2.16%
7	Gremar Holdings Pty Ltd	19,256,419	2.00%
8	Hazardous Investments Pty Ltd	14,995,130	1.55%
9	Mark Christopher Jobling	14,407,143	1.49%
10	Citicorp Nominees Pty Limited	13,204,888	1.37%
11	Raynesford Investments Pty Ltd	12,428,571	1.29%
12	Stewart Robert Hosken	12,350,000	1.28%
13	S & Y Ashton Nominees Pty Ltd	10,433,276	1.08%
14	Raejan Pty Ltd	9,500,000	0.99%
15	Garry Noel Bungey & Vivienne Alice Nola Bungey	8,000,000	0.83%
16	BNP Paribas Noms (NZ) Ltd	7,812,842	0.81%
17	Ross Oliphant Richardson & Kathryn Valerie Richardson	7,600,000	0.79%
18	Ginostra Capital Pty Limited	7,500,000	0.78%
19	Greg Hackshaw	7,380,714	0.77%
20	Grant Charles Duff	7,125,000	0.74%

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Corporate Directory

DIRECTORS

Chairman
Mr J Poynton

Managing Director
Mr S Nicholls

Non-Executive Director
Ms J Rowe

Non-Executive Director
Mr T Goyder

Non-Executive Director
Mr A Seaton

COMPANY SECRETARY
Mr J Ferravant

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STOCK EXCHANGE LISTING

Australian Securities Exchange
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Frankfurt and Munich
Stock Exchanges
Code: RJN

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