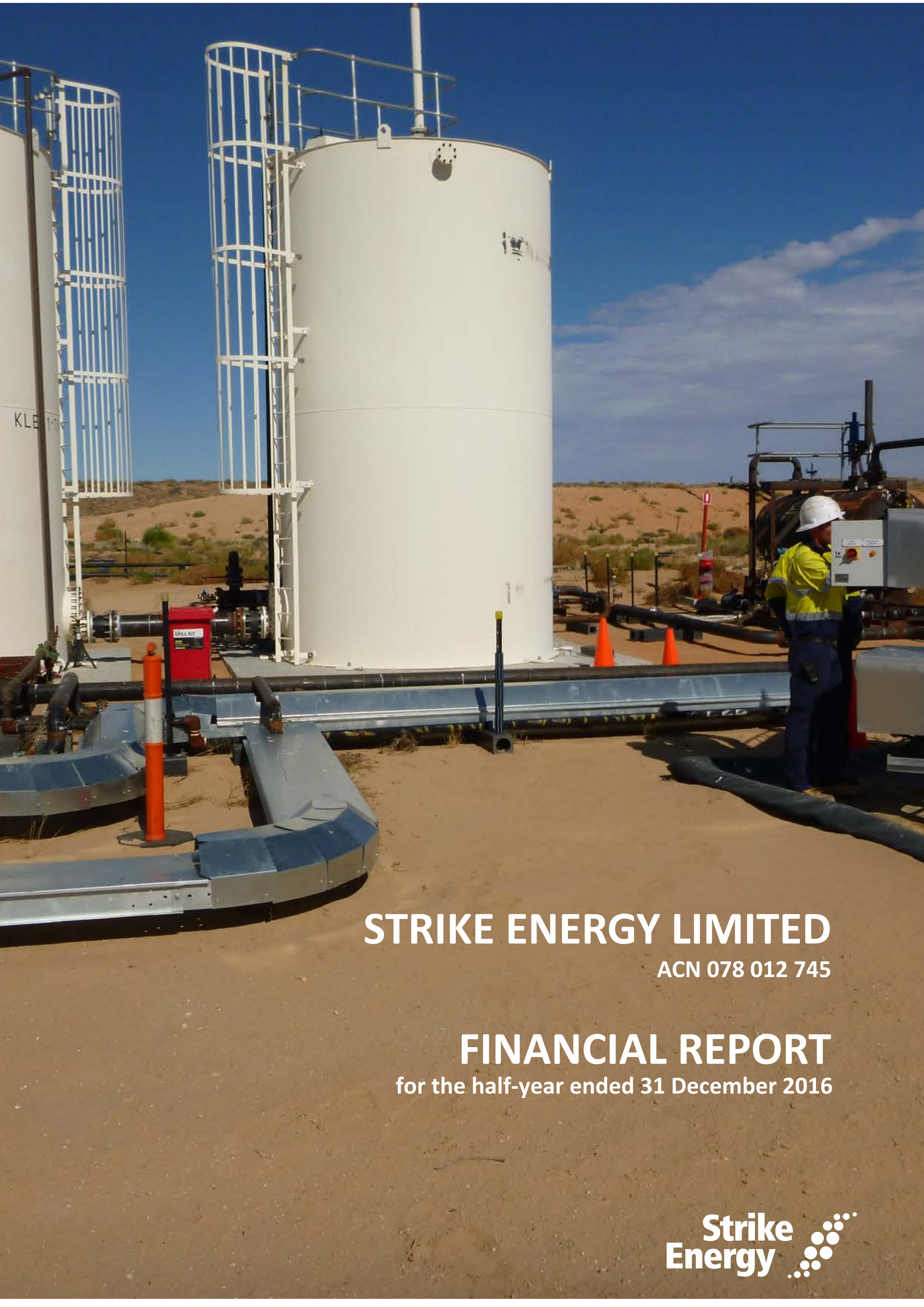


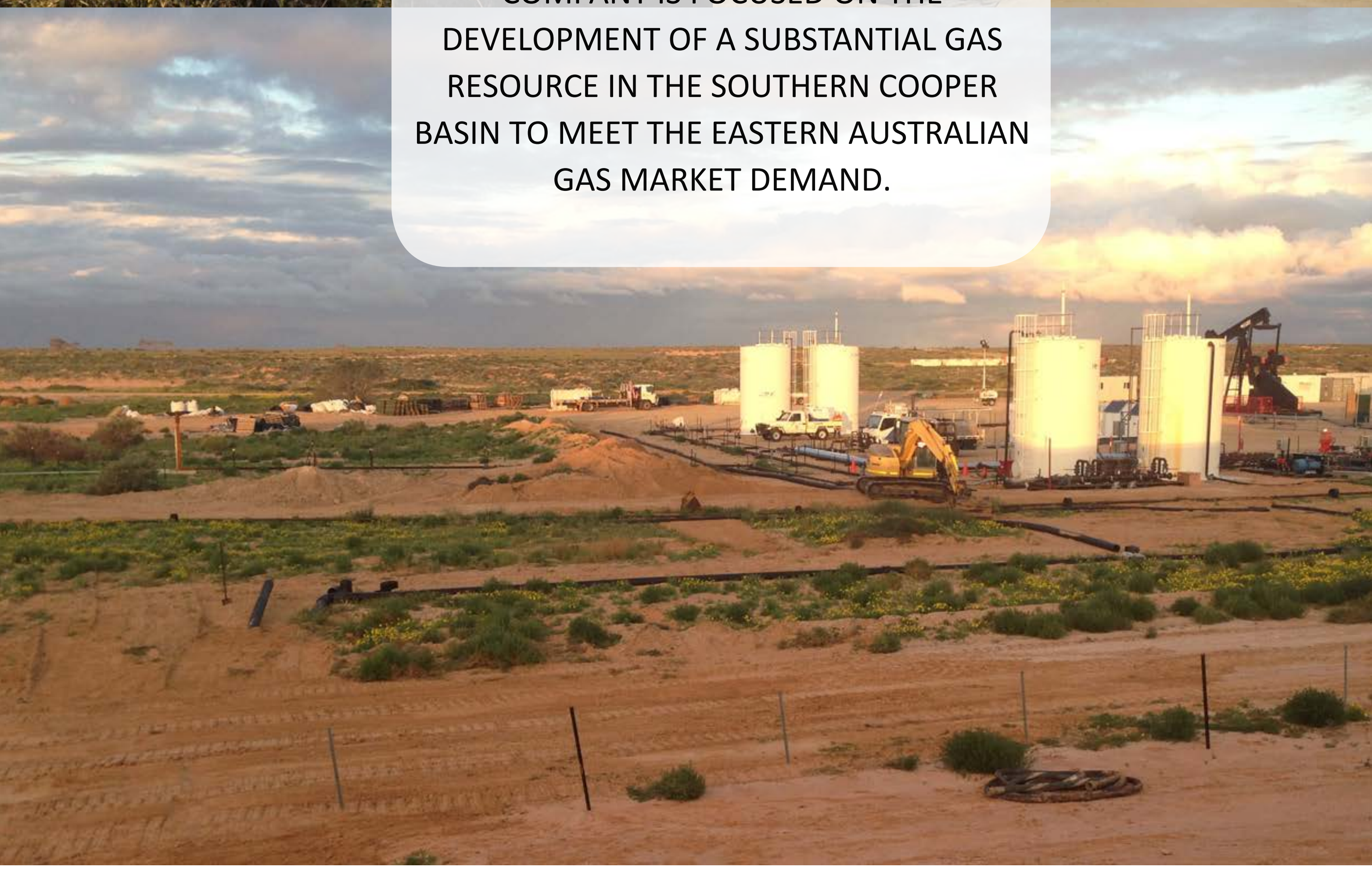
STRIKE ENERGY LIMITED

ACN 078 012 745

FINANCIAL REPORT

for the half-year ended 31 December 2016

STRIKE ENERGY LIMITED (ASX:STX) IS AN AUSTRALIAN BASED, INDEPENDENT OIL AND GAS EXPLORATION 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.



CONTENTS

Directors' Report

The Board of Directors (the "Board" or the "Directors") of Strike Energy Limited (the "Company") and its subsidiaries (together referred to as the "Group") submit their report for the half-year period ended 31 December 2016.

The names and details of the Company's Directors and Officers who were in office during or since the end of the half-year period and until the date of this report are outlined below. All Directors and Officers were in office for this entire period, unless otherwise indicated:

• Mr Mark Carnegie	Chairman	
• Ms Jody Rowe	Non-Executive Director	
• Mr Simon Ashton	Non-Executive Director	
• Mr Brendan Ostwald	Non-Executive Director	
• Mr David Baker	Managing Director	(appointed 9 September 2016)
• Mr David Wrench	Managing Director	(resigned 9 September 2016)
• Mr Sean McGuinness	Company Secretary	(resigned 30 January 2017)
• Mr Matthew Montano	Company Secretary	(appointed 30 January 2017)

Review of operations

During the half-year period, the Group focused on the advancement and further evaluation of its Southern Cooper Basin assets in South Australia and entered into sale agreements for its production assets in the United States.

Exploration and development

Strike is one of the largest exploration lease holders in the South Australian Cooper Basin with over 2.2 million acres across five permits.

Production testing continued during the first half of the financial year with a focus on uninterrupted water production from the Klebb wells. The beam pump on Klebb 1 recorded exceptionally high up-time which was also achieved for the jet pumps on Klebb 2 and Klebb 3. Post completion of the first half of the financial year, Klebb 3 re-initiated gas flow affirming our confidence of achieving commercial flow rates from the current pilot configuration.

We expect to build upon this success, maintaining high availability, reducing well pressures through uninterrupted de-watering and increasing gas production to commercial rates in the second half of the financial year. Additional pilot enhancements will be implemented with the near-term deployment of beam pumps in the Klebb 2 and 3 wells to ensure that future peak gas flows are not constrained by the mechanical limitations of the jet pumps.

The distributed power project was also successfully completed with net annualised savings of $250,000. This project has delivered 100% standby generation, which provides redundancy and allows maintenance to be completed without interrupting production at the pilot.

Klebb wells

The de-watering effort conducted has increased the drainage area of Klebb 3 by approximately three times. The average reservoir pressure within the Klebb 3 drainage area has been reduced by an estimated 30% over the past 9 months. We are extremely pleased with this performance, supporting our confidence in our ability to successfully dewater the reservoir across a large drainage area. The January 2017 re-initiation of gas desorption from Klebb 3 was realised at an estimated pressure slightly lower than observed in February 2016.

This re-initiation of gas desorption from Klebb 3, the most productive of the four wells in the Klebb pilot, is particularly encouraging. History matching of this new data supports management's previous estimates of gas content and saturation for the coal and the commercial potential of the resource.

The Klebb 1 beam-pump maintained its steady operation, with consistent uptime and flowing pressure allowing the gas rate to slowly increase and the flare to build from sporadic to continuous. The uptime performance of Klebb 2 has been consistent supporting the de-watering effort.

Performance issues have continued to affect the Klebb 4 ESP and the well was shut-in during December awaiting a vendor technician inspection and recommendation. Further operations to reinstate the pump are currently being investigated and will not impact the core objectives of the pilot.

Directors' Report

Planned activities

Expanding the desorption area around the Klebb wells is a key goal over the coming months. As the reservoir pressure is gradually reduced below the critical desorption pressure in a progressively larger area, gas flows will increase. The revised jet-pump set-up has already delivered a multi-fold benefit in the rate of dewatering. However, to ensure our ability to continue to build to peak gas flow for the current wells, additional beam-pumps have been procured.

This beam-pump equipment will be delivered in the second half of the financial year, with the current plan requiring one week of downtime to convert each well. The final timing of any well workover, if required to progress from commercial to peak gas flows, will be dictated by individual well performance once all surface preparation works are complete.

Our history matched model of Klebb 3 performance indicates peak gas flows should be achieved in the first half of next financial year. Along the path to achieving peak gas flows from the Klebb 3 pilot, we expect to achieve gas flow results that conclusively demonstrate the underlying reservoir parameters and confirm our ability to successfully commercialise the resource. We are confident that if pumping performance and uptime is maintained and we can continue to lower bottom-hole pressure, proof of concept should be achieved later this financial year.

Commercial and financial initiatives

During the half-year period, the Group continued to advance a number of its financial and commercial initiatives in support of the appraisal and accelerated development of the SCBGP. The key highlights are:

- Confirmation and receipt of the $6.3 million refund from the Australian Taxation Office relating to eligible research and development activities undertaken in the year ended 30 June 2016. The Group repaid the $4.0 million principal outstanding and subsequently extinguished the R&D facility with Macquarie.
- Successfully closed a $4.5 million fully underwritten one (1) for fourteen (14) non-renounceable pro rata rights issue that was over-subscribed.
- Established a new 2017 R&D Facility for funding of up to $3.6 million in respect of its current financial year eligible R&D activities and expenditure.
- The Company submitted an application for funding under the South Australian Government's $24 million PACE Gas Grant Program to accelerate investment in gas projects in South Australia through targeted, competitive grants. The application is currently under review with the announcement of successful applications expected by the end of February.
- Completed the sale of the US production assets, reducing current indebtedness by US$2.4 million whilst also divesting all future restoration and rehabilitation obligations. The Company retains various royalty and override interests.

US operations

During the half-year period, 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.

The Group also entered into agreements to dispose its interest in the Louise and Permian Basin project areas separately to third parties. The sale transaction was only executed and completed in early January 2017.

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. The transactions were settled in January 2017 with a gain on sale (excluding foreign exchange differences) of approximately US$1.9 million to be recognised in the profit or loss component of the statement of comprehensive income.

There were no new exploration or field development activities that occurred during the period.

Directors' Report

Prior to the divestment of the US assets, the Group had working interests in the following assets located in the United States:

- a 27.5% interest in the Eagle Landing Joint Venture which is focused on the Eagle Ford Shale gas-condensate fairway within northern Lavaca and southern Fayette counties, Texas. During the half-year period, the Bigham #1H well produced at an average rate of 6 Bbl of oil and 4 Mcf of gas per day, net to the Group.
- a 25% interest in the MB Clearfork Project which produces oil from 20 conventional Permian Basin wells in Martin County, Texas. During the half-year period, the MB Clearfork Project produced at an average rate of 11 Bbl of oil and 24 Mcf of gas per day, net to the Group.
- a 40% interest in the Eaglewood Joint Venture which produces from the Louise gas-condensate field in Wharton County, Texas. During the half-year period, the Louise Field Project produced at an average rate 10 Bbl of oil and 554 Mcf of gas per day, net to the Group.

As at the end of the half-year period, there was no impairment charge (2015: $33,000) recognised in the profit or loss component of the statement of comprehensive income.

Other Australian assets

The Group continues to hold a 35% interest in the PEL 94 Joint Venture and a 50% interest in the PEL 95 Joint Venture (includes PPL 210) which are operated by Beach Energy Limited. In addition, the Group holds a 100% interest in PEL 515 and PELA 640.

Directors' Report

Financial review

For the half-year period ended $'000	31 Dec 2016	31 Dec 2015
Revenue from oil and gas sales	652	878
Cost of sales	(299)	(535)
Gross profit	**353**	**343**
Amortisation and depreciation	(81)	(263)
Exploration, evaluation and production assets impairment	-	(33)
Net other income	5,193	6,373
Profit from operating activities	**5,465**	**6,420**
Net financial expenses	(256)	(572)
Profit before income tax	**5,209**	**5,848**

The Group realised a profit from operating activities of $5.5 million for the half-year period (2015: $6.4 million). The decline was due to a combination of lower R&D refund in relation to eligible exploration activity and unwinding of the share based payments expense due to the forfeiture or surrender of employee options and performance rights.

During the half-year period, the Group realised revenue of approximately $0.7 million (2015: $0.9 million) which was generated from its United States oil and gas production assets. Production volumes for gas declined 22% to 582 Mcf per day (2015: 746 Mcf per day) and production volumes for oil declined 29% to 26 Bbl per day (2015: 37 Bbl per day). Consistent with trends in the US domestic energy pricing, the Group experienced no movement in the average realised price for oil-condensate of US$43.72/Bbl (2015: $43.78/Bbl) and a 19% increase in the average realised price for gas to US$2.95/Mcf (2015: US$2.48/Mcf).

Earnings per share

For the half-year period ended	31 Dec 2016	31 Dec 2015
Basic earnings per share (cents per share)	0.57	0.70
Diluted earnings per share (cents per share)	0.57	0.70

Cash flows

For the half-year period ended $'000	31 Dec 2016	31 Dec 2015
Operating cash flows	3,512	5,813
Investing cash flows	(4,808)	(6,943)
Financing cash flows	1,298	(4,292)

Operating cash flows

The net operating cash inflow for the period of $3.5 million (2015: $5.8 million) includes the receipt of the R&D Incentive refund of $6.3 million (2015: $8.5 million).

Investing cash flows

The net investing cash outflow for the period of $4.8 million (2015: $6.9 million) includes exploration and evaluation expenditure focused on the rapid commercialisation of the Group's Southern Cooper Basin Gas Project as detailed in the Review of operations.

Directors' Report

Financing cash flows

The net financing cash inflow for the period of $1.3 million (2015: outflow of $4.3 million) includes the proceeds received from the November 2016 rights issue of $4.5 million (2015: Nil).

Risk management

The Group takes a proactive approach to risk management. The Directors are responsible for ensuring that risks and opportunities are identified on a timely basis and that the Group's objectives and activities are aligned with these risks and opportunities.

Dividends

There were no dividends declared or paid during the half-year period ended 31 December 2016 (2015: nil). There were no dividends declared or paid since 31 December 2016.

Significant changes in the state of affairs

Except as disclosed in the review of results and operations, and subsequent events (refer to note 21), there have been no significant changes in the state of affairs of the Group during the current reporting period.

Environmental regulation and performance

The Group is bound by the requirements and guidelines of the relevant environmental protection authorities for the management and rehabilitation of oil and gas exploration and development areas either owned or previously owned by the Group. There have been no known breaches of these obligations or conditions during the period.

Competent person's statement

Information in this report that relates to oil and gas reserve estimates is based on information compiled by Mr Christopher Thompson who holds a B.Sc in Geology, a Graduate Dip in Reservoir Evaluation and Engineering and is a member of the Society of Petroleum Engineers. Mr Thompson is an employee of the Group and has worked in the petroleum industry as a practicing reservoir engineer for over 20 years. Mr Thompson has consented to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Auditor's independence declaration

We have obtained an independence declaration from our auditors, Deloitte Touche Tohmatsu, which follows the Directors' Report.

Rounding off 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 interim unaudited condensed consolidated financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

Subsequent events

The agreements to dispose the Group's interest in the Louise and Permian Clearfork project areas were executed in January 2017. The Group no longer holds any interest in US production assets. Refer to note 11 for further details on the sales transaction.

With the exception of the above, there have been no other events subsequent to 31 December 2016 that would require adjustment to or disclosure in the interim unaudited condensed consolidated financial statements.

The Directors' Report is signed in accordance with a resolution of the Directors made pursuant to s.306(3) of the Corporations Act 2001.

Directors' Report

On behalf of the Directors

David Baker, Managing Director

Sydney, New South Wales, 23 February 2017

Deloitte.

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1219 Australia

DX 10307SSE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

Board of Directors
Strike Energy Limited
120 B Underwood Street
Paddington NSW 2021

23 February 2017

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 review of the financial statements of Strike Energy Limited for the half-year ended 31 December 2016, 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 review; and

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

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Jason Thorne
Partner
Chartered Accountants

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1220 Australia

Tel: +61 2 9322 7000
Fax: +61 9322 7001
www.deloitte.com.au

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

We have reviewed the accompanying half-year financial report of Strike Energy Limited which comprises the condensed statement of financial position as at 31 December 2016, the condensed statement of comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the director's declaration comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 10 to 26.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Strike Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Deloitte.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Strike Energy Limited would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

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

(a) giving a true and fair view of the financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Jason Thorne
Partner
Chartered Accountants
Sydney, 23 February 2017

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; and

(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 consolidated entity.

Signed in accordance with a resolution of the Directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Directors

David Baker

David Baker

Managing Director

Sydney, New South Wales

23 February 2017

Interim Unaudited Condensed Consolidated Statement of Comprehensive Income

For the half-year period ended

$'000	***Note***	**31 Dec 2016**	**31 Dec 2015**
Revenue from oil and gas sales	**7(a)**	652	878
Cost of sales	**7(b)**	(299)	(535)
Gross profit		**353**	**343**
Other income	**7(c)**	7,849	9,437
Gain on sale of oil and gas production asset		47	-
Corporate expenses		(259)	(204)
Amortisation and depreciation	**7(d)**	(81)	(263)
Employee benefits expenses	**7(e)**	(1,272)	(1,728)
Exploration, evaluation and production assets impairment		-	(33)
Other expenses	**7(f)**	(1,172)	(1,132)
Profit from operating activities		**5,465**	**6,420**
Financial income	**8**	44	75
Financial expense	**8**	(300)	(647)
Net financial expense		**(256)**	**(572)**
Profit before income tax		**5,209**	**5,848**
Income tax	**9**	-	-
Profit for the period		**5,209**	**5,848**
Other comprehensive loss, net of income tax			
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations		(70)	(101)
Other comprehensive loss for the period, net of income tax		**(70)**	**(101)**
Total comprehensive income for the period		**5,139**	**5,747**
Total comprehensive income attributable to owners of the Company		**5,139**	**5,747**
Earnings per share			
- Basic (cents per share)	**18**	0.57	0.70
- Diluted (cents per share)	**18**	0.57	0.70

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

Interim Unaudited Condensed Consolidated Statement of Financial Position

As at

$'000	***Note***	**31 Dec 2016**	**30 June 2016**
Cash and cash equivalents	**10**	7,205	7,214
Assets classified as held for sale	**11**	742	-
Trade and other receivables		254	346
Other financial assets	**12**	144	74
Total current assets		**8,345**	**7,634**
Other financial assets	**12**	33	33
Exploration and evaluation assets	**13**	62,410	58,365
Oil and gas production assets	**14**	-	817
Property, plant and equipment		146	164
Total non-current assets		**62,589**	**59,379**
Total assets		**70,934**	**67,013**
Trade and other payables		(1,039)	(2,996)
Employee benefits		(122)	(101)
Liabilities classified as held for sale	**11**	(3,555)	-
Borrowings	**15**	(1,229)	(4,265)
Total current liabilities		**(5,945)**	**(7,362)**
Employee benefits		(73)	(78)
Derivatives		-	(26)
Provisions		-	(226)
Borrowings	**15**	(2,502)	(5,602)
Unearned revenue		(12,100)	(12,100)
Total non-current liabilities		**(14,675)**	**(18,032)**
Total liabilities		**(20,620)**	**(25,394)**
Net assets		**50,314**	**41,619**
Equity			
Issued capital	**16**	132,275	128,122
Reserves	**17**	(6,133)	(5,466)
Accumulated losses		(75,828)	(81,037)
Total equity		**50,314**	**41,619**

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

Interim Unaudited Condensed Consolidated Statement of Changes in Equity

For the half-year period ended

$'000	Issued Capital	Share-based payments reserve	Foreign currency translation reserve	Total Reserves	Accumulated Losses	Total Equity
Balance at 1 Jul 2015	**121,806**	**4,726**	**(10,863)**	**(6,137)**	**(85,364)**	**30,305**
Exchange differences arising on translation of foreign operations	-	-	(101)	(101)	-	(101)
Profit for the period	-	-	-	-	5,848	5,848
Total comprehensive income for the period	**-**	**-**	**(101)**	**(101)**	**5,848**	**5,747**
Recognition of share-based payments	-	374	-	374	-	374
Balance at 31 Dec 2015	**121,806**	**5,100**	**(10,964)**	**(5,864)**	**(79,516)**	**36,426**
Balance at 1 Jul 2016	**128,122**	**5,459**	**(10,925)**	**(5,466)**	**(81,037)**	**41,619**
Exchange differences arising on translation of foreign operations	-	-	(70)	(70)	-	(70)
Profit for the period	-	-	-	-	5,209	5,209
Total comprehensive income for the period	**-**	**-**	**(70)**	**(70)**	**5,209**	**5,139**
Recognition of share-based payments	-	(597)	-	(597)	-	(597)
Issue of ordinary shares during the period	4,502	-	-	-	-	4,502
Share issue costs	(349)	-	-	-	-	(349)
Balance at 31 Dec 2016	**132,275**	**4,862**	**(10,995)**	**(6,133)**	**(75,828)**	**50,314**

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

Interim Unaudited Condensed Consolidated Statement of Cash Flows

For the half-year period ended

$'000	31 Dec 2016	31 Dec 2015
Cash flows from operating activities		
Receipts from customers	655	973
R&D refund	6,334	8,454
Payments to suppliers and employees	(3,288)	(3,172)
Interest received	47	73
	3,748	6,328
Interest paid	(236)	(515)
Net cash provided by operating activities	**3,512**	**5,813**
Cash flows from investing activities		
Payments for exploration, evaluation expenditure and oil and gas production assets	(4,840)	(6,932)
Proceeds from sale of assets (including Eagle Ford acreage)	44	-
Payments for property, plant and equipment	(12)	(11)
Net cash used in investing activities	**(4,808)**	**(6,943)**
Cash flows from financing activities		
Proceeds from issue of equity instruments	4,502	-
Proceeds from borrowings	1,320	1,850
Payment of transaction costs on borrowings and equity issues	(411)	(63)
Repayment of borrowings	(4,113)	(6,079)
Net cash provided by/(used in) financing activities	**1,298**	**(4,292)**
Net increase/(decrease) in cash and cash equivalents	**2**	**(5,422)**
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	(11)	89
Cash and cash equivalents at the end of the period	**7,205**	**6,361**

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

Notes to the Interim Unaudited Condensed Consolidated Financial Statements

For the half-year period ended 31 December 2016

1. Reporting entity

Strike Energy Limited (the "Company") 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 interim unaudited condensed consolidated financial statements of the Company as at and for the six month or half-year period ended 31 December 2016 comprise 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 120B Underwood Street, Paddington, NSW, 2021, Australia.

2. Basis of preparation

2.1 Statement of compliance

The interim unaudited condensed consolidated financial statements have been prepared in accordance with the Corporations Act and *AASB 134 Interim Financial Reporting*. The interim unaudited condensed consolidated financial statements also comply with International Financial Reporting Standards and Interpretations ("IFRS") as issued by the International Accounting Standards Board ("IASB") where relevant. The disclosures required in these interim unaudited condensed consolidated financial statements are less extensive than the disclosure requirements for annual financial statements. The interim unaudited condensed consolidated financial statements should be read in conjunction with the annual financial report of the Group for the year ended 30 June 2016.

The interim unaudited condensed consolidated financial statements comprise the condensed statements of comprehensive income, financial position, changes in equity and cash flows as well as the relevant notes to the interim unaudited condensed consolidated financial statements.

2.2 Going concern

The interim unaudited condensed consolidated financial statements have been prepared using the going concern assumption. Cash resources on hand at balance date as reported are sufficient to meet the forecast cash outflows associated with current exploration and evaluation activities over the next 12 months. Any further exploration and evaluation expenditure outside the current program will require further financing.

2.3 Basis of measurement

The interim unaudited condensed consolidated financial statements have been prepared under the historical cost convention except for derivatives which are measured at fair value.

2.4 Presentation currency

These interim unaudited condensed consolidated financial statements are presented in Australian Dollars ("AUD"), which is 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 interim unaudited condensed consolidated financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

2.6 Reclassification of comparative information

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

Notes to the Interim Unaudited Condensed Consolidated Financial Statements

For the half-year period ended 31 December 2016

2.7 Accounting policies and recently issued accounting pronouncements

The accounting policies applied by the Group in these interim unaudited condensed consolidated financial statements are the same as those applied by the Group in the annual financial statements for the year ended 30 June 2016.

Standards and Interpretations affecting amounts reported in the current period

The following new and revised Standards and Interpretations have been adopted in the current financial period.

- AASB 1057 Application of Australian Accounting Standards, 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 (Amendments to IAS 27)
- AASB 2014-10 Amendments to Australian Accounting Standards – 'Sale or Contribution of Assets between an Investor and its Associates or Joint Venture'
- AASB 2015-5 Amendments to Australian Accounting Standards - Investment Entities: Applying the Consolidation Exception

The initial adoption of each of the above standards, interpretations and revisions has not had a material impact on the amounts reported in these interim unaudited condensed consolidated financial statements but may affect the accounting for future transactions or arrangements.

Standards and Interpretations in issue not yet adopted

At the date of authorising the interim unaudited condensed consolidated financial report, the following Standards and Interpretations listed below were issued but not yet effective.

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 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

Notes to the Interim Unaudited Condensed Consolidated Financial Statements

For the half-year period ended 31 December 2016

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 still 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 continues to progress its assessment of the impact of AASB 15.

3. Seasonality

The Group's operations are currently not exposed to material changes due to seasonality.

4. Financial risk management

Exposure to market risk (including currency risk, interest rate risk and commodity prices risk), credit risk and liquidity risk arises in the normal course of the Group's business. During the half-year ended 31 December 2016, the Group continued to apply the risk management objectives and policies as disclosed in the annual financial report for the year ended 30 June 2016.

5. Use of estimates and judgements

The preparation of these interim unaudited condensed consolidated financial statements 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 period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. 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 consistent to those as disclosed in the annual financial report for the year ended 30 June 2016.

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 Chief Operating Decision Makers ("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 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.

Consistent with the Group's strategy to focus its exploration and evaluation activity in Australia, with effect from 1 July 2015, the Group continues to have two reportable segments, Australia and the United States, managed by geographical location. The accounting policies of each of the reportable segments are the same as the Group's accounting policies. The segment results represent the profit or loss generated by each segment without allocation of corporate expenses, depreciation, employment benefits expense, finance costs and other income and expenses. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

Notes to the Interim Unaudited Condensed Consolidated Financial Statements

For the half-year period ended 31 December 2016

For the half-year period ended $'000	Australia		USA		Group	
	2016	2015	2016	2015	2016	2015
Continuing operations						
Revenue from oil and gas sales	-	-	652	878	652	878
Cost of sales	(1)	(17)	(298)	(518)	(299)	(535)
Gross profit	**(1)**	**(17)**	**354**	**360**	**353**	**343**
Amortisation	-	-	(55)	(248)	(55)	(248)
Exploration, evaluation and production asset impairment	-	-	-	(33)	-	(33)
Segment result	**(1)**	**(17)**	**299**	**79**	**298**	**62**
Depreciation					(26)	(15)
Other income					5,193	6,373
Net financial expense					(256)	(572)
Profit before income tax					**5,209**	**5,848**
Income tax					**-**	**-**
Group profit for the period					**5,209**	**5,848**

Information about major customers

Included in revenue from oil and gas sales is $543,521 (2015: $657,162) which arose from sales to the Group's largest customer.

7. Revenue and expenses

For the half-year period ended $'000	31 Dec 2016	31 Dec 2015
(a) Revenue from oil and gas sales		
Gas sales	408	468
Oil sales	244	410
	652	**878**
(b) Cost of sales		
Production costs	(117)	(293)
Royalties and taxes	(182)	(242)
	(299)	**(535)**
(c) Other income		
Cost recoveries	1,481	926
Royalty income	4	14
Eligible R&D refund	6,334	8,454
Other income	30	43
	7,849	**9,437**
(d) Amortisation and depreciation		
Amortisation – oil and gas production assets	(55)	(248)
Depreciation – property, plant and equipment	(26)	(15)
	(81)	**(263)**
(e) Employee benefits expenses		
Salary, wages and bonus	(1,633)	(1,103)
Superannuation	(112)	(72)
Share-based payment expense	597	(374)
Other	(124)	(179)
	(1,272)	**(1,728)**

Notes to the Interim Unaudited Condensed Consolidated Financial Statements

For the half-year period ended 31 December 2016

For the half-year period ended $'000	31 Dec 2016	31 Dec 2015
(f) Other expenses		
Impairment loss on gas transmission rights	(449)	(469)
Legal fees	(329)	(187)
Consulting fees	(157)	(147)
Office costs	(72)	(126)
Other	(165)	(203)
	(1,172)	**(1,132)**

8. Net financial expense

For the half-year period ended $'000	31 Dec 2016	31 Dec 2015
Interest income on cash and cash equivalents	44	72
Net foreign currency exchange gain	-	3
Financial income	**44**	**75**
Interest expense on financial liabilities	(255)	(515)
Financing transaction costs and fees	(36)	(116)
Net foreign currency exchange loss	(9)	-
Net loss on derivative financial instruments	-	(16)
Financial expense	**(300)**	**(647)**

9. Income tax

For the half-year period ended $'000	31 Dec 2016	31 Dec 2015
Reconciliation of effective tax rate		
Profit from operations	**5,209**	**5,848**
Income tax expense calculated at 30%	(1,563)	(1,754)
Effect of income and expenditure that is either not assessable or deductible in determining taxable profit	180	(115)
Effect of tax concessions (research and development and other allowances)	1,900	2,536
Effect of different tax rate on US subsidiaries	26	65
Effect of tax losses not brought to account	(543)	(732)
	-	-

10. Cash and cash equivalents

As at $'000	31 Dec 2016	30 June 2016
Cash and cash equivalents	3,705	3,914
Short term deposits	3,500	3,300
	7,205	**7,214**

Notes to the Interim Unaudited Condensed Consolidated Financial Statements

For the half-year period ended 31 December 2016

11. Assets and liabilities classified as held for sale

As at $'000	31 Dec 2016	30 June 2016
Assets classified as held for sale		
Oil and gas production assets	734	-
Prepayments	8	-
	742	**-**
Liabilities classified as held for sale		
BlueRock Facility	(3,352)	-
Provision for site restoration and rehabilitation	(180)	-
Derivatives	(23)	-
	(3,555)	**-**

As announced on 30 December 2016, the Group entered into agreements to dispose 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 announced on 13 January 2017, both transactions are now completed with the Group not holding any further interest in US production assets. As the transactions have an effective date of 1 January 2017, the disposal of the assets and the derecognition of the associated liabilities were recognised in the full year financials.

On entering into the agreements in December 2016, all assets and liabilities were classified as current.

12. Other financial assets

As at $'000	31 Dec 2016	30 June 2016
Current		
Prepayments	125	66
Security deposits	8	8
Advances	11	-
	144	**74**
Non-current		
Security deposits	33	33
	33	**33**

Notes to the Interim Unaudited Condensed Consolidated Financial Statements

For the half-year period ended 31 December 2016

13. Exploration and evaluation assets

For the half-year period ended $'000	Texas, USA	Cooper Basin, Australia	Other	Total
Balance at 1 July 2016	**-**	**57,836**	**529**	**58,365**
Additions	-	4,044	1	4,045
Balance at 31 December 2016	**-**	**61,880**	**530**	**62,410**

14. Oil and gas production assets

The following table details the consolidated expenditures on the Group's oil and gas production assets located in Texas (USA) for the half-year ended 31 December 2016:

For the half-year period ended $'000	Texas, USA
Balance at 1 July 2016	**817**
Disposals	(46)
Transfer to assets classified as held for sale	(734)
Amortisation of oil and gas production assets	(55)
Foreign exchange movement	18
Balance at 31 December 2016	-

Disposals

During the half-year period, 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.

Transfer to assets classified as held for sale

As outlined in note 11, the Group has entered into agreements to dispose its interest separately in the Louise and Permian Basin project areas to third parties. The Group transferred the value of the assets subject to the transaction to assets held for sale.

Impairment charge

During the half-year period, the Group did not recognise an impairment charge (2015: $32k) in respect of the carrying value of certain of its US production assets. Any impairment charge is recognised in the profit or loss component of the statement of comprehensive income.

Notes to the Interim Unaudited Condensed Consolidated Financial Statements
For the half-year period ended 31 December 2016

15. Borrowings

As at $'000	31 Dec 2016	30 June 2016
BlueRock Facility (a)(i)	-	283
Macquarie Facility (b)(iii)	-	3,978
CBA Facility (c)(iv)	1,225	-
Finance lease liabilities	4	4
Total current borrowings	**1,229**	**4,265**
BlueRock Facility (a)(i)	-	3,098
Orica Facility (ii)	2,500	2,500
Finance lease liabilities	2	4
Total non-current borrowings	**2,502**	**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	1,320	-
Debt issuance costs	(95)	-
Carrying amount	**1,225**	**-**

(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 as outlined in note 14, 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.

As outlined in note 11, upon completion of the disposal of the Group's interest in the Louise and Permian Clearfork project areas in January 2017, 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, as at 31 December 2016, the Group has classified the amount owing under the BlueRock facility as a current liability held for sale under note 11.

(ii) The terms and conditions of the Orica Facility are the same as those disclosed in the annual financial report for the year ended 30 June 2016.

(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 by September 2017) and is secured by a charge over the assets of the Company.

Notes to the Interim Unaudited Condensed Consolidated Financial Statements

For the half-year period ended 31 December 2016

16. Issued capital

	Number of shares (No'000)		Issued capital ($'000)	
For the period ended	**31 Dec 2016**	**30 June 2016**	**31 Dec 2016**	**30 June 2016**
Balance at beginning of period	900,331	833,331	128,122	121,806
Rights issues during the period, net of transaction costs	64,309	-	4,153	-
Placements during the period, net of transaction costs	-	67,000	-	6,316
Balance at end of period	**964,640**	**900,331**	**132,275**	**128,122**

There were no movements in the issued capital of the Company in the half-year period ended 31 December 2015.

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.

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.

17. Reserves

As at **$'000**	**31 Dec 2016**	**30 June 2016**
Foreign currency translation reserve	(10,995)	(10,925)
Share-based payments reserve	4,862	5,459
	(6,133)	**(5,466)**

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.

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 11 November 2016, both share options and performance rights can be granted to eligible employees for no consideration. 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.

Notes to the Interim Unaudited Condensed Consolidated Financial Statements

For the half-year period ended 31 December 2016

Change in instruments on issue

For the half-year period ended 31 December 2016	Number of instruments ('000)	Weighted average exercise price ($)
Balance at beginning of period		
- Options	**11,200**	**0.2000**
- Performance rights	**28,950**	**-**
Performance rights granted during the period	-	-
Options expired during the period	(7,000)	0.2000
Performance rights cancelled/forfeited during the period	(11,000)	-
Options cancelled/forfeited during the period	(3,000)	0.1993
Exercised during the period	-	-
Balance at end of period		
- Options	**1,200**	**0.1960**
- Performance rights	**17,950**	**-**

During the half-year period ended 31 December 2016, the Group did not issue any Performance Rights or Options (2015: 450,000 Performance Rights and Nil Options) under the Plan. In addition, 11,000,000 Performance Rights and 3,000,000 Options were forfeited or surrendered (2015: 150,000 Performance Rights and Nil Options), and Nil Performance Rights and 7,000,000 Options expired (2015: Nil Performance Rights and 500,000 Options). The reduction in net expense recognised in the profit or loss component of the statement of comprehensive income in relation to share-based payments was $597,225 (2015: net expense of $373,497).

Instruments outstanding

The balance of share options and performance rights on issue as at 31 December 2016 is as follows:

Instrument	Date granted	Date exercisable	Expiry date	Exercise price of instrument	Number of instruments	Fair value at grant date
Options	1 November 2012	1 November 2013	1 November 2017	$0.1993[1]	500,000	$0.10
Options	1 November 2012	1 November 2014	1 November 2017	$0.1993[1]	500,000	$0.10
Options	10 April 2013	10 April 2014	10 April 2018	$0.1793[1]	100,000	$0.04
Options	10 April 2013	10 April 2015	10 April 2018	$0.1793[1]	100,000	$0.04
Total Options					**1,200,000**	
Performance rights	23 May 2016	Up to 30 October 2018	30 October 2018	-	566,667	$0.07
Performance rights	23 May 2016	Up to 30 October 2018	30 October 2018	-	566,667	$0.03
Performance rights	23 May 2016	Up to 30 October 2018	30 October 2018	-	566,666	$0.02
Performance rights	30 October 2014	Up to 30 October 2018	30 October 2018	-	5,266,668	$0.07
Performance rights	30 October 2014	Up to 30 October 2018	30 October 2018	-	5,266,667	$0.05
Performance rights	30 October 2014	Up to 30 October 2018	30 October 2018	-	5,266,665	$0.03
Performance rights	7 August 2015	Up to 30 October 2018	30 October 2018	-	150,000	$0.09
Performance rights	7 August 2015	Up to 30 October 2018	30 October 2018	-	150,000	$0.06
Performance rights	7 August 2015	Up to 30 October 2018	30 October 2018	-	150,000	$0.04
Total Performance Rights					**17,950,000**	
Total Outstanding					**19,150,000**	

[1] As announced on 24 November 2014 and as a result of the rights issue (refer to note 16), the exercise price of the options was changed from $0.20 to $0.1993 and from $0.18 to $0.1793 respectively under the terms of the Plan.

Dividends

No dividends have been declared or paid during the period.

Notes to the Interim Unaudited Condensed Consolidated Financial Statements
For the half-year period ended 31 December 2016

18. Earnings per share

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

As at/for the half-year period ended	31 Dec 2016	31 Dec 2015
Net profit attributed to ordinary shareholders (in $'000)	5,209	5,848
Profit used in calculating basic and diluted earnings per share (in $'000)	**5,209**	**5,848**
Number of shares (No '000)	964,640	833,331
Weighted average number of ordinary shares used in calculating basic earnings per share (No '000)	906,972	833,331
Diluted earnings per share:		
The weighted average number of instruments which are potential ordinary shares that are not dilutive and hence not used in the valuation of the diluted earnings per share (No '000)	19,150	40,060
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share (No '000)	**906,972**	**833,331**
Basic earnings per share (cents per share)	0.57	0.70
Diluted earnings per share (cents per share)	0.57	0.70

19. Fair value of financial instruments

The fair value representing the mark-to-market of a financial asset or a financial liability is the amount at which the asset could be exchanged or liability settled in a current transaction between willing parties after allowing for transaction costs.

The fair values of cash and cash equivalents, trade and other receivables, trade and other payables and other financial assets approximate to their carrying values, as a result of their short maturity or because they carry floating rates of interest.

The fair value of financial instruments traded in active markets such as publicly traded available-for-sale assets are based on quoted market prices at the statement of financial position date. The quoted market price used for financial instruments held by the Group is the current bid price. The nominal value less estimated credit adjustments of trade receivables and payables approximate their fair values as they are within agreed settlement terms.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 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	31 Dec 2016	Level 1	Level 2	Level 3	30 Jun 2016
Financial liabilities at fair value								
Foreign exchange derivatives	-	-	-	-	(3)	-	-	(3)
Embedded derivatives – held for sale	-	-	(23)	(23)	-	-	(23)	(23)

Notes to the Interim Unaudited Condensed Consolidated Financial Statements

For the half-year period ended 31 December 2016

20. Contingencies and commitments

There have been no material changes in contingent liabilities, contingent assets or commitments since the last annual reporting date, being 30 June 2016.

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.

21. Subsequent events

The agreements to dispose the Group's interest in the Louise and Permian Clearfork project areas were executed in January 2017. The Group no longer holds any interest in US production assets. Refer to note 11 for further details on the sales transaction.

With the exception of the above, there have been no other events subsequent to 31 December 2016 that would require adjustment to or disclosure in the interim unaudited condensed consolidated financial statements.

CORPORATE DIRECTORY

Directors
Mr M Carnegie (Chairman)
Mr D Baker (Managing Director)
Ms J Rowe (Non-Executive Director)
Mr S Ashton (Non-Executive Director)
Mr B Ostwald (Non-Executive Director)

Company Secretary
Mr M Montano

Registered Office
120B Underwood Street
Paddington, New South Wales 2021

PO Box 400
Woollahra NSW 1350
Telephone: (+61) 2 9195 5600
Facsimile: (+61) 2 8003 9282
Website: www.strikeenergy.com.au
Enquiries: web.query@strikeenergy.com.au

Auditors
Deloitte Touche Tohmatsu
Level 9, Grosvenor Place
225 George Street
Sydney, NSW 2000

Share Registry
Boardroom Pty Limited
Level 12, Grosvenor Place
225 George Street
Sydney, NSW 2000

Telephone: (+61) 2 9290 9600
Facsimile: (+61) 2 9279 0664
Website: www.boardroomlimited.com.au
Enquiries: enquiries@boardroomlimited.com.au

Stock Exchange Listing
Australian Securities Exchange – Code STX
Frankfurt and Munich Stock Exchanges – Code RJN